

# Annual Report 2022



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## 1 Mission, Vision and Goals

ČD Cargo, a.s. is a modern, dynamic company that builds its future on four pillars. The Company is aware that this is not possible without modern vehicles so one of the pillars is interoperability. A sufficient number of interoperable locomotives is a necessary condition for fulfilling the goals of the next pillar, which is expansion abroad. The Company is a holder of all the necessary authorizations to operate rail freight transport in a number of countries – in Austria and Germany through its branches, in Poland, Slovakia, Hungary and Croatia through subsidiaries. The third pillar of the Company's long-term strategy is intermodality. The Company is a partner of all major combined transport operators and operates combined transport trains. Through the subsidiary ČD Cargo Logistics. a.s., the Company owns a share in the terminals in Lovosice and Brno, as well as in the new terminal in Mošnov. Therefore other similar projects are being prepared. ČD Cargo, a.s. is constantly expanding its transport portfolio using modern Innofreight technology. The Company is socially responsible and considers CSR as the fourth pillar of its business. ČD Cargo, a.s. is the proud founder of the ČD Group Endowment Fund - ŽELEZNICE SRDCEM ("THE RAILWAY WITH THE HEART"). The Company also provides transportation of humanitarian aid goods. Reducing the energy demand of the Company's operations as well as developing the system for ensuring safety is a great commitment for ČD Cargo, a.s.



## 2 Company Profile

ČD Cargo, a.s. was established on 1 December 2007 by the contribution of part of the joint-stock company České dráhy, a.s. The sole founder and 100% shareholder is the joint stock company České dráhy. ČD Cargo, a.s. is a subsidiary of České dráhy, a.s. specialised in providing of freight transport.

### Name, Address and Identification of the Company

Business entity: ČD Cargo, a.s.

Registered office: Prague 7, Holešovice, Jankovcova 1569/2c, postal code 170 00

Corporate ID: 28196678

Registered in the Register of Companies held by the Municipal Court in Prague, File B, Insert 12844

### Basic Characteristics of the Company

ČD Cargo, a.s., provides the railway transport of goods and a comprehensive list of related services. The goal of the Company is to improve its leading position and to be the driving force in the freight transport market in the Czech Republic and the Central European region. The business activity of ČD Cargo, a.s. can be divided into two principal segments:

- Transportation,
- Additional Services.

Transportation segment is further structured according to the type of transportation as follows:

- local,
- export,
- import,
- transit,
- transport only outside the territory of the Czech Republic.

The Company transports almost all types of goods, which can be divided into the following groups:

- iron and engineering products,
- construction materials,
- brown coal,
- black coal and coke,
- chemical products and liquid fuels,
- wood and paper products,



- food and agricultural products,
- combined transportation,
- automotive,
- other.

The Company offers railway transportations and a wide range of complementary services such as:

- customs services,
- logistics services (loading, unloading, storage),
- security advisor services,
- lease of railway vehicles,
- repairs and maintenance of railway vehicles,
- siding and border performances,
- and more.



### 3 Basic Economic Indicators of ČD Cargo Group

ČD Cargo Group consists of the Parent Company ČD Cargo, a.s., its subsidiaries and other capital participations.

With the liberalisation of railway freight transport in Europe, gradual removal of barriers to enter foreign markets, and in the effort to provide customers with quality services "Across Europe", the importance of ČD Cargo Group is growing. As a result, ČD Cargo group provides comprehensive services to customers all over Europe.

Key financial indicators of ČD Cargo Group according to the consolidated financial statements under IFRS								
	2022	2021	2020	2019	2018	2017	2016	2015
Structure of assets and liabilities (CZK million)								
Total assets**	34,481	30,472	27,172	25,016	20,093	18,470	18,172	17,742
Fixed assets**	30,022	26,565	24,185	22,190	16,698	15,626	15,280	14,588
Equity	10,022	9,792	9,419	9,726	9,126	8,529	7,718	6,727
Structure of profit/(loss) (CZK million)								
Revenues*	14,667	12,899	12,266	13,037	13,076	11,923	11,760	12,063
Operating profit/(loss)	667	634	(78)	988	1,020	1,097	1,372	968
Profit/(loss) before tax	310	388	(276)	791	878	947	1,153	698
Ratio indicators (%)								
Current liquidity (current assets/current liabilities)	58%	67%	57%	50%	80%	83%	83%	62%
Total indebtedness (liabilities /total assets)**	71%	68%	65%	61%	55%	54%	58%	62%
Average number of employees	6,558	6,531	6,877	7,158	7,134	7,130	7,065	7,335
Performance indicators								
Volume of transports (millions of tonnes)	64.2	62.8	61.0	65.0	68.4	66.1	65.9	66.4

\* As a result of IFRS 15 implementation, lease income is reported within the "Revenues" since 2018

\*\* Since 2019, the level of assets and indebtedness have been affected by the implementation of IFRS 16

The main business segments of the ČD Cargo Group can be divided into the Transportation and Additional Services related to transportation.

In the conditions of ČD Cargo, a.s., the transportation segment is implemented through the product of unit trains and the product of individual wagon consignments, which ČD Cargo, a.s. offers to its customers worldwide as the only carrier in the Czech Republic. In the segment of Additional Services, the Company offers products, which are directly linked to the transportation segment.



They can be characterised by activities such as siding operations, customs services, safety advisory services, warehousing, leasing of unnecessary capacity of freight wagons and locomotives or maintenance and repair of railway vehicles to third parties.

These activities are provided both by the Parent Company's own capacities and in cooperation with companies with capital participation.

The potential of the subsidiaries is used mainly in the implementation of foreign expansion, which is one of the strategic goals of ČD Cargo, a.s. In 2022, the development of transportation which primarily grew in Austria and Germany continued through the branches of Niederlassung Wien and Germany. In cooperation with its subsidiaries, ČD Cargo also provides transportation for its customers in Poland, Slovakia and Hungary.

With a transport volume of 64.2 million tonnes of goods, the ČD Cargo Group thus ranks among the most important rail freight carriers in Europe. ČD Cargo, a.s. is also an important employer in the Czech Republic.

Segmental analysis (CZK million)		Transportation	Additional Services	Elimination	Total
Revenue	2022	13,528	3,726	(2,587)	<b>14,667</b>
	2021	11,418	3,762	(2,281)	<b>12,899</b>
Services, material and energy consumption	2022	(6,699)	(2,416)	2,640	<b>(6,475)</b>
	2021	(5,307)	(2,531)	2,291	<b>(5,547)</b>
Employee benefits costs	2022	(4,201)	(691)	-	<b>(4,892)</b>
	2021	(3,944)	(579)	-	<b>(4,523)</b>
Depreciation and amortization	2022	(2,051)	(434)	(22)	<b>(2,507)</b>
	2021	(1,861)	(417)	32	<b>(2,246)</b>
<b>Profit from operating activities before tax</b>	2022	508	367	(208)	<b>667</b>
	2021	397	322	(85)	<b>634</b>
<b>Profit before tax</b>	<b>2022</b>	<b>189</b>	<b>326</b>	<b>(205)</b>	<b>310</b>
	<b>2021</b>	<b>181</b>	<b>283</b>	<b>(76)</b>	<b>388</b>
<b>Profit for the period from continuing operations</b>	2022	149	262	(202)	<b>209</b>
	2021	151	220	(82)	<b>289</b>



## Transportation Segment

In 2022, the transportation segment achieved a net profit before tax of CZK 189 million, which is a comparable result with the previous period. The year 2022 was marked by a significant increase in the prices of energy, fuel, interest rates and almost all supplies of goods and services. The Company thus struggled with the sharp growth of almost all cost to which it had to respond by increasing sales prices.

The segment's profitability was also maintained in a turbulent cost period by the completion of the notification of the act on the promotion of electricity produced from selected sources, i.e. the exemption of rail transport using electric traction from the charge for renewable electricity sources in the prices of traction electricity. In 2022, there was a decline in the productivity of many industrial sectors which had a negative impact on the transport of some important goods. On the contrary, the energy situation in Europe has led to significant increase in demand for brown coal. Fuel transport also developed positively and combined transport also grew slightly, which, together with the necessary increase in transport prices, contributed to a year-on-year increase in revenues by CZK 2.1 billion and to maintaining a stable profit in the transportation segment.

## Additional Services Related with Transportation

In 2022, in the additional services segment, the ČD Cargo Group generated a profit before tax of CZK 326 million, which is CZK 43 million more than in 2021. Despite the higher utilization of internal capacity for freight transport, the volume of additional services offered did not decrease significantly, and the proceeds from the sale of redundant, non-operational fleet of freight wagons and locomotives also had a positive impact. Subsidiaries operating in foreign markets and in the Czech Republic, which offer a number of logistics and terminal services or lease the necessary capacity of locomotives and trucks, also make a significant contribution to the stable profit of the additional services segment.



## 4 Major Events in 2022

### *January*

- Start of transportation of brown coal to the Mělník power plant using Innofreight superstructures. Unloading at the power plant takes place using stationary unloading equipment;
- Realization of coal transport from Australia with reloading from a ship in the port of Děčín-Loubí and subsequent transport by ČD Cargo, a.s. to Ostrava;
- Successful completion of the ECM certification process;

### *February*

- On 27 February, the departure of the first military train in classified mode towards Ukraine;

### *March*

- Commencement of train with humanitarian aid to war-torn Ukraine;
- On 2 March, a train with fuel left from the ČEPRO, a.s. siding in Šlapanov to Chop. ČD Cargo, a.s. donated the revenue of CZK 1.2 million for securing this business case to the SOS Ukraine account of the People in Need organization;

### *April*

- On 4 April 2022, ČD Cargo ADRIA d.o.o. became the holder of all necessary authorizations to operate rail freight transport in Croatia;
- Commencement of transportation of new sets from Škoda Transportation designed for the Warsaw metro;

### *May*

- Conclusion of the contract between ČD Cargo, a.s. and CZ LOKO, a.s. for the modernisation of another 25 locomotives of 742 series into 742.71 series (EffiShunter 1000M). Modernization will take place in 2023-2024;
- Commencement of the construction of a new repair centre of freight wagons in České Budějovice;

### *June*

- On 7 June, a train left the Czech Republic with a state donation for Ukraine - firefighting equipment, hygiene supplies and other goods;
- On 7-9 June, ČD Cargo, a.s. successfully participated in the Rail Business Days Brno. At the same time, it carried out the last servicing of the railway siding to the Brno exhibition centre before its liquidation;
- Provision of transport of the TGV high-speed unit as part of its presentation by the Správa železnic;
- Completion of the grant project for equipping freight wagons with composite LL brake blocks. By the end of June, over 11.5 thousand freight wagons were equipped under this project, the fitting-out subsequently continued until the end of the year.



### **July**

- On 2 and 3 July, 120th anniversary of the start of operations on the Tanvald - Kořenov rack railway was celebrated in Kořenov. The highlight of the celebration was the "electronic" 743.007 in renewed retro painting;
- ČD Cargo, a.s. and Siemens Mobility Česká republika signed a contract in mid-July for the purchase of 10 interoperable multi-system Siemens Vectron MS electric locomotives (variant A54);
- On 21 July – 4 August, a test train with the newly developed Digital Automatic Coupling (DAC) ran on selected lines;

### **August**

- On 20 August, ČD Cargo, a.s. carried out the transport of the Slovenská strela railcar from Kopřivnice to the exhibition in Ostrava;
- On 30 August, the first ČD Cargo, a.s. train from Trieste arrived at the new Mošnov Terminal;

### **September**

- On 24 September, ČD Cargo, a.s. took part in the celebration of the National Railway Day in Pilsen. There was great interest in the exhibited vehicles of ČD Cargo, a.s.;
- On 27 September, ČD Cargo, a.s., presented its offer to ensure the transportation of waste at the Green City Day in the area of the future ZEVO in České Budějovice;

### **October**

- On 4 October, ČD Cargo, a.s., in accordance with its slogan "Anything - anywhere", ensured the transport of the historic steam locomotive Pt 47-65 from Lichkov for repair to Kolín;
- On 5 October, the last converted locomotive 363.256 was taken over as part of the project of conversion of 163 series locomotives into 363 series with support from the Transport Operational Programme;
- On 19 October, the opening ceremony of the Mošnov Terminal took place;
- On 26 October, celebrations of the 60th anniversary of military transport took place in Stará Boleslav with the participation of ČD Cargo, a.s. as an important partner;



### *November*

- On 1 November, ČD Cargo, a.s. symbolically took over the last locomotive of 363 series equipped with the ETCS from the supplier association ČD – Telematika, a.s., and AŽD in Pilsen;
- On 3 November, the Chairman of the Board of Directors of ČD Cargo received the Cross of Merit from the Minister of Defence of the Czech Republic for helping Ukraine;
- On 25 November, the approval of the modernised rolling stock repair centre in Třinec took place;

### *December*

- At the beginning of December, ČD Cargo, a.s. took over the last modernised 742.760 locomotive from the manufacturer CZ LOKO, a.s.;
- On 13-14 December, the humanitarian aid of the City of Prague for Ukraine was loaded in Prague-Libni;
- Completion of delivery of 60 new Zacns tank wagons;
- Conclusion of the contract for the purchase of 2 locomotives of 163 series and 9 locomotives of 242 series from České dráhy.



## 5 Statement of the Chairman of the Board of Directors

Dear Ladies and Gentlemen, Business Partners,

2022 was special for ČD Cargo, a.s. in many ways. We faced with a significant increase in the prices of almost all cost inputs, we had to deal with the effects of the war conflict on commodity flows, look for new routes, new technologies. At the end of the year, we celebrated 15 years of our Company's successful operation on the transport market. During that time, we have transformed from a local carrier into a European predator, which today operates rail freight transport in seven European countries.

We can look back on 2022 with due pride. ČD Cargo, a.s., as well as our most important subsidiaries, ended their operations with positive economic results, despite a number of previously mentioned unfavourable circumstances. Together, we proved that we are a reliable and strategically important part of the České dráhy Group. Once again, it turned out that the four pillars on which we are building our future are solid, correctly placed and, what is most important to me personally, we are successively achieving their sub-goals. I have already mentioned that we are licensed to operate rail freight in seven European countries, and this is certainly not the final number. We would like to continue our foreign expansion in the Balkans, we also consider the Benelux countries to be promising. To conquer these territories, we need modern technology, which is why we continue to acquire new interoperable locomotives and freight wagons. We are also modernising the facilities for their maintenance and repairs. Speaking of evaluating individual pillars, we have also been successful in terms of interoperability. We started transporting coal to the Mělník power plant using Innofreight technology, our subsidiary ČD Cargo Logistics, a.s. became a shareholder in the new Mošnov terminal. I will leave the evaluation of CSR activities to the public. The military conflict in Ukraine forced us to react quickly and efficiently in order to provide assistance to people in need. I am convinced that we have done our best.

I would like to take this opportunity to thank not only our business partners, but also our employees, for their significant contribution to the results achieved in 2022, as well as in the past 15 years of our Company's existence. ČD Cargo, a.s. is a strong and successful company that is consistently based on its good name, economic results and positive public perception. I am delighted to be at the head of this team.

Tomáš Tóth

Chairman of the Board of Directors of ČD Cargo, a.s.



## 6 Statutory Bodies and management of the Company

ČD Cargo, a.s. is fully owned by České dráhy, a.s. which acts in the role of the General Meeting, i.e. the Company's supreme body. The Company's statutory body is the Board of Directors, which comprises three members; the Company's oversight body is the Supervisory Board, which has six members. Pursuant to Act No. 93/2009 Coll. on Auditors, a three-member Audit Committee was established as at 1 October 2009.

### Board of Directors and Management

#### **Ing. Tomáš Tóth**

*Chairman of the Board of Directors (member since 4 December 2020, Chairman since 4 December 2020), age: 41 years*

An experienced manager who, after graduating from university in 2007 (graduated from the Faculty of Transport Engineering at the University of Pardubice - management, marketing and logistics), joined the railway, specifically ČD, a.s., as a Supply Centre Officer in Česká Třebová. In preparation for the establishment of ČD Cargo, he was a member of the Supply Team. In ČD Cargo, a.s., he first worked as a Purchasing and Supply Specialist, then he focused on project management and IT development. In 2012 - 2013 he worked as the Director of the Implementation Department of ČD – Information systems, a.s. In 2013 - 2018 he held the position of Director of the Department of Economics and Financial Management ČD Cargo, a.s. In the years 2018 - 2020, was the Executive Director of the Company. On 4 December 2020, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., decided to appoint Ing. Tomáš Tóth as a member of the Board of Directors of ČD Cargo, a.s. On 4 December 2020, the Board of Directors of ČD Cargo, a.s. elected him Chairman.

#### **Zbyszek Waclawik**

*Member of the Board of Directors (member since 1 June 2022), age: 43 years*

Zbyszek Waclawik is a graduate of ISS Commercial Entrepreneurship. He worked in many companies in the railway sector, in the ČD Group and in the TOP management of a number of private railway companies. In 2004, he worked as the Marketing Director of ČD – Telematika, a.s. Later, he initiated the creation of the Polish subsidiary Koleje Czeskie (later CD Cargo Poland Sp. z o.o.), in which he held the position of Chairman of the Board of Directors for a long time. In the past, he already worked at ČD Cargo, a.s., he was a Member of the Board of Directors and the Company's Commercial Director in 2015. From 1 June 2022, he is a member of the Board of Directors of ČD Cargo, a.s., and at the same time he is entrusted with the management of the trade department.



### **Martin Svojanovský**

*Member of the Board of Directors (member since 1 June 2022), age: 48 years*

Martin Svojanovský dedicated his entire professional life to the railway. After successfully graduation from the Secondary Industrial School of Railways in Letohrad - in the field of transport, he started working on the railways on 1 July 1993 at the Česká Třebová railway station as a transit worker. In 1994, he started working as a dispatcher and performed this function (in various stations) until 2005, when he was promoted to OPŘ Česká Třebová to the position of traffic dispatcher. In 2007, during the division of České drahy, he became an employee of ČD Cargo, a.s., where he worked successively at Česká Třebová Operation Control as an operational, control, and finally as a central dispatcher. He gained experience in managing the operation of long-distance freight trains. He expanded his operational experience at the turn of 2016/2017 working as a manager of a newly established customer service center. Between 2017 and 2019, he worked in the management positions of Česká Třebová Operation Control, first as head of the operational management group and later as head of the operational management department. From 1 April 2019 to 31 May 2022, he was assigned to the position of director of Česká Třebová Operation Control. Since 1 June 2022, he has been a member of the Board of Directors of ČD Cargo, a.s., and he is also responsible for management of the Company's operations department.

## **Supervisory Board**

### **Mgr. Michal Krapinec**

*Chairman of the Supervisory Board (member of the Supervisory Board since 1 September 2022, Chairman since 1 September 2022), age: 36 years*

Mgr. Michal Krapinec graduated from the Faculty of Law of Charles University in Prague, majoring in law and legal science. He started his career in advocacy. He worked in ČD Cargo, a.s. from 2012 to 2017, first as the Secretary of the Board of Directors and then worked in the field of administration and asset management. From 2014 to 2017, he was also a member of the Board of Directors of the joint-stock company ČD Logistics. Between 2017 and 2020, he worked for České dráhy, a.s. as Director of the economics and informatics office, Director of the strategy and assets management department and Director of the project office department. From 2020, he became a Member of the Board of Directors and later the Chairman of the Board of Directors and General Director of ČD – Telematika, a.s. In March 2022, he became the Chairman of the Board and General Director of České drahy, a.s. Since 1 September 2022, he is the Chairman of the Supervisory Board of ČD Cargo, a.s.



### **Mgr. Ing. Jan Kasal**

*Member of the Supervisory Board (member since 16 March 2022), age: 71 years*

Mgr. Ing. Jan Kasal graduated from the Czech Technical University. From 1975 he worked at Žďárské strojírný as a development worker. From 1990 to 2010, he was a member of the Czech National Council, then the Chamber of Deputies of the Parliament of the Czech Republic for the KDU-ČSL. Since 2011, he has worked at ČD Cargo, a.s. From 2014 to 2019, he was a member of the Supervisory Board of ČD Cargo, a.s. and from 2014 to 2018 he was a member of the Supervisory Board of Česká pošta s.p. Since 16 March 2022, he is again a member of the Supervisory Board of ČD Cargo, a.s.

### **Tomáš Vrbík**

*Member of the Supervisory Board (member since 16 March 2022), age: 49 years*

Tomáš Vrbík graduated from the Secondary School of Chemistry, then studied andragogy at the Faculty of Arts of Charles University. He began his professional career in 1992 in the press section of the Main Office of the ODS party. In 1995 he worked in the Office of the Chamber of Deputies of the Parliament of the Czech Republic. Between 1996 and 1998 and 2000 to 2003, he worked in the private sector in the field of advertising and public relations. He was a representative of Prague 2 and the capital city of Prague. In 2003, he became a member of the Czech Republic Parliament. From 2006, he worked as the Director of the Cabinet of the Minister of Finance and subsequently from 2007 to 2009 as the Director of the Office of the Deputy Minister of the Interior for Public Administration, Informatics, Legislation and Archives. In 2010, he was appointed as Deputy Minister of the Environment and from 2012 he was the head of advisors to Prime Minister Petr Nečas. Between 2014 and 2021, he held the position of Secretary of the Office of the Chamber of Commerce of the Czech Republic. In January 2022, he was appointed as Deputy Minister of Transport of the Czech Republic. Since 16 March, 2022, he is a member of the Supervisory Board of ČD Cargo, a.s.

### **Ing. Mgr. Drago Sukalovský**

*Member of the Supervisory Board (member since 16 March 2022), age: 60 years*

Ing. Mgr. Drago Sukalovský graduated the Faculty of Electrical Engineering at the Technical University in Brno. He first worked in the national company TOS Kuřim and later in other companies as a programmer and later as a system analyst. Since 1993, he has been professionally engaged in public relations and marketing, working as a PR consultant. Between 2008 and 2012, he studied marketing at the Faculty of Multimedia Studies of the Tomáš Bata University in Zlín. In 2002, he became a representative of the town of Kuřim. In 2006, he was elected a town councillor and in 2010 he became the mayor of Kuřim. In 2012, as a member of the STAN organization, he was elected representative of the South Moravian region. Since 16 March 2022, he is a member of the Supervisory Board of ČD Cargo, a.s.



### **Radek Nekola**

*Member of the Supervisory Board (from 1 December 2007 to 30 November 2008 and since 1 December 2008), age: 58 years*

*Since 1 December 2018, re-elected by the Company's employees for another term*

Radek Nekola graduated from the Technical Vocational School in Prague and the Transportation high school in Prague, specialising in operations management. In 1981, he joined the then Československé státní dráhy, where he worked as a motor vehicle mechanic in the railway vehicles depot in Ústí and Labem. He has worked in ČD Cargo, a.s. since 1 December 2007, and he has been granted a long-term leave for the position of Chairman of the Corporate committee of the railway workers trade union association of ČD Cargo, a.s. Currently, he is the deputy Chairman of the Railway Workers Union (OSŽ).

### **Bc. Marta Urbancová**

*Member of the Supervisory Board (since 1 December 2018, elected by the Company's employees)*

Bc. Marta Urbancová graduated from the Railway high school in Šumperk, specialising in railway transportation. In 1995, after secondary school leaving examination, she started work as a train preparer in Ostrava and then as vehicle dispatcher and railway treasurer. Since 1 July 2009 she has been granted a leave for position of secretary of Chairman of the Corporate committee of the railway workers trade union association of ČD Cargo, a.s. In 2012, she completed her higher education and obtained a bachelor's degree at Silesian University in Opava, specialising in social policy and labour.

### **Ing. Jan Vrátník**

*Member of the Supervisory Board (since 4 October 2020), age: 59 years*

Ing. Jan Vrátník received his university education in Czechoslovakia and completed it at the University of Twente in Enschede. Immediately after graduation, he began his long-term work in the banking sector, his name is known mainly from his work in Erste Bank and Erste Bank Group, which also includes the largest Czech bank - Česká spořitelna, a.s. He also worked in this banking company in important positions, specifically as an executive director in the years 2007 - 2017. On 18 September 2020, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., decided to appoint Jan Vrátník to the Supervisory Board of ČD Cargo, a.s. with effect from 4 October 2020.

**Membership in the Company's supervisory board ended on 15 February 2022.**



## Audit Committee

### **Mgr. Oldřich Vojíš, Ph.D.**

*Chairman of the Audit Committee (member since 15 December 2009, Chairman since 18 February 2010), age: 61 years*

*(Since 17 December 2019 re-appointed for another term)*

Oldřich Vojíš graduated from the Faculty of Education of Jan Evangelista Purkyně University in Ústí nad Labem and graduated from a doctoral study at the Transport Faculty of the University of Pardubice. He was a member of the Parliament of the Czech Republic and he managed or supervised business, energy and transportation companies. At present, he manages Enima pro, a.s., which focuses on engineering and work in the construction industry, electro-technology and transportation technology in Prague, with branches in Ostrava and Most.

### **Ing. Libor Joukl**

*Member of the Audit Committee (since 15 December 2009), age: 56 years*

*(on 17 December 2019, he was re-appointed for another term)*

Libor Joukl graduated from the Brno University of Technology. In 1989, he joined ŽĐAS in Žďár and Sázavou, dealing with plant equipment construction and design. From 1991 to 1992 he worked as an independent agent for the PENTA Žďár nad Sázavou advertising agency. Since 1992, he has been self-employed. Between 1994 and 2000, he acted as the Production Manager of JMZ-CATONEX s.r.o. In 2000, he became a Statutory Executive and Director of APOLY s.r.o. Příbrav. Since 2002, he has been a member of the Town Council of Příbrav. He was a member of the Supervisory Board of MERO, a.s., Kralupy nad Vltavou from 2003 to 2006 and its Vice Chairman from 2004 to 2006. Since 2004, he has been a member of the Regional Council of Vysočina; in November 2008 he became the Deputy Governor of the Vysočina Region for transportation and property. Currently, he is a member of the Regional Administration and Maintenance of Roads Vysočina Regional Council Board.



**Ing. Miroslav Zámečník**

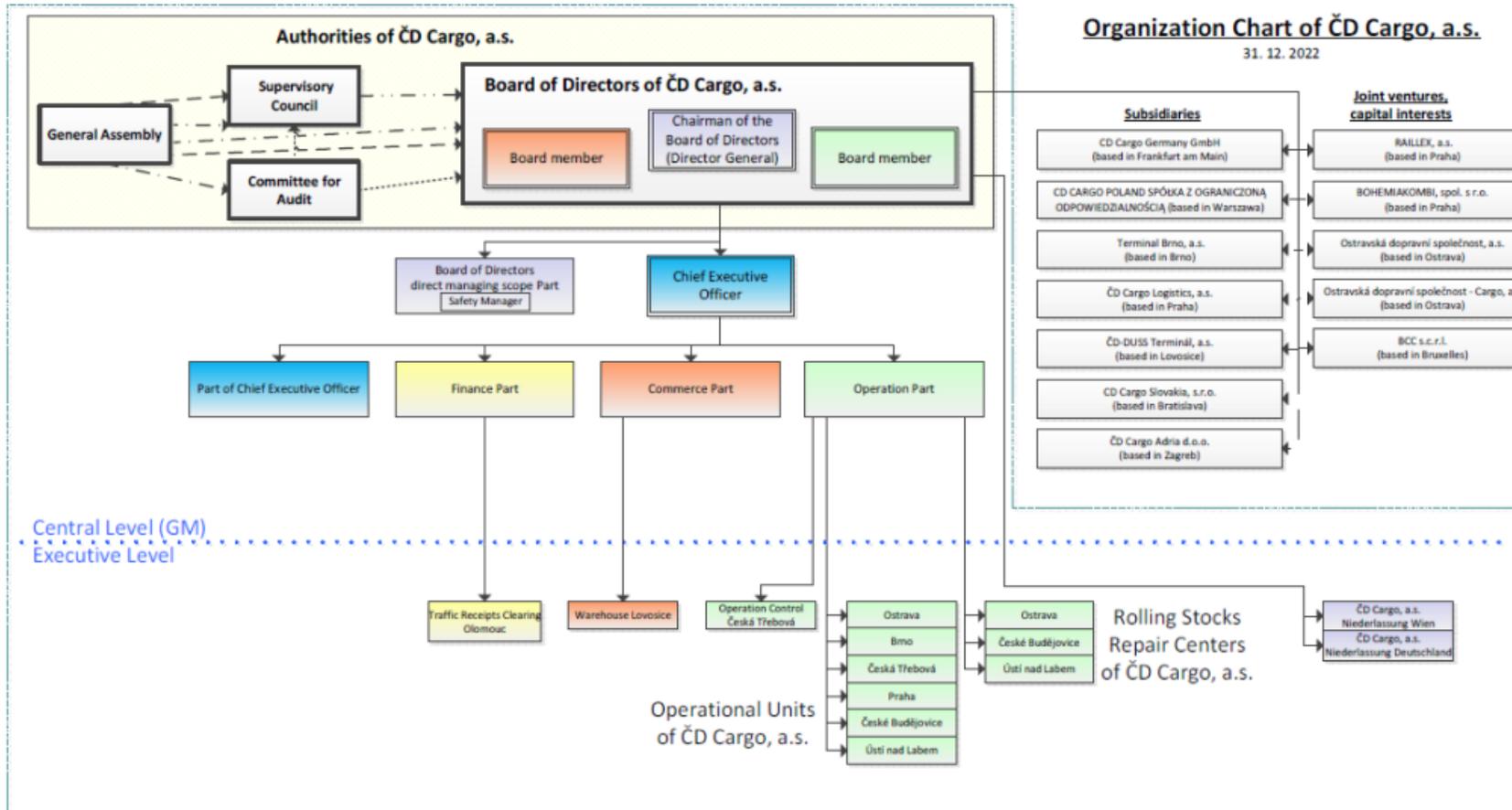
*Member of the Audit Committee (since 15 December 2009), age: 60 years*

*(on 17 December 2019, he was re-appointed for another term)*

Miroslav Zámečník graduated from the University of Economics in Prague and Pew Fellow School of Foreign Services, Georgetown University, Washington. From 1990 to 1993, he worked as an advisor to the federal Minister of Finance and then the head of the Centre for Economic Analysis of the Office of President Václav Havel. Between 1994 and 1998, he was a representative of the Czech Republic at the World Bank in Washington, D.C. Since 2001, he has worked as an independent economic consultant specialising in the restructuring of companies. He was a member of the National Economic Council of the Czech Government.

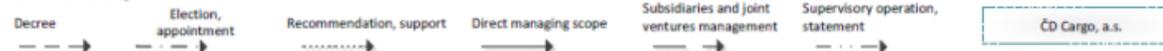


## 7 Organizational Structure of ČD Cargo, a.s. as at 31 December 2022



### Explanations / notes:

#### Control Relationships





## 8 Report of the Board of Directors on the Business Activities and Position of ČD Cargo, a.s. for the period of 1 January 2022 – 31 December 2022

### Operation of freight transport

#### Freight Transportation

Despite all the unfavourable circumstances, ČD Cargo, a.s. transported almost 61 million tonnes of goods on the domestic market. The largest contribution of this year-on-year increase was due to increased interest in the transportation of brown coal as well as strategic liquid fuels. Among the unfavourable circumstances, the war conflict in Ukraine, the energy crisis and rocketing prices for almost all production costs should be mentioned. However, the increase in costs has an impact not only on ČD Cargo, a.s., but also on customers as it fundamentally affects production volumes.

In 2022, revenue from freight transport reached a value of CZK 12.1 billion, which is CZK 1.3 billion more than in 2021. The largest year-on-year sales exceedance was achieved in the commodities brown coal, wood and paper products, chemical products and liquid fuels, and in combined transport. On the other hand, the largest year-on-sales decline was occurred in the automotive industry. In 2022, the ČD Cargo Group transported a total of 64.2 million tonnes of goods (this statistic represents a consolidated view of the transport volume, i.e. a tonne realised by companies in the Group on interstate routes is counted only once).

In 2022, we transported more than 10.5 million tonnes of brown coal, which is approximately 3 million tonnes more than in 2021 and 2020. In connection with the high prices of natural gas, a number of heating plants returned to burning brown coal (for example, the Tábor heating plant) and the residents of the Czech Republic increasingly turned to traditional sources of energy. This confirms the interest of almost all coal warehouses. Among the interesting transports we can mention in this context, for example, the transport of coal to Straškov, where regular freight trains have not been running for many years. The increased demand for brown coal transport required the adoption of a whole series of measures for their successful implementation.

On the other hand, we transported less coal and coke than in 2021, namely less than 5 million tonnes. The volume of transport was negatively affected by the embargo on imports and transit of Russian coal through Poland and the restriction of imports through Belarusian border crossings. The import of thermal coal from Poland was also significantly limited, as Polish mines clearly preferred Polish customers in connection with the energy crisis, and only a minimal part of the production was intended for export. Domestic smelters and coke plants thus began to look for alternative sources of this fuel. Therefore, since January, we have carried out the transport of hard coal from Australia. In one case even



in combination with river transport on the Elbe. In the autumn, in cooperation with the German branch and the subsidiary CD Cargo Poland Sp. z o.o., we transported several complete coal trains from Amsterdam to Ostrava.

Another industry closely related to solid fuels is metallurgy. While the beginning of the year was marked by a boom and increased interest in metallurgical products, the end of the year was not so cheerful. In the first months of 2022, uncertainty regarding the extraction of iron ore in the war-affected areas of Ukraine created significant problems, but supplies were not interrupted and were realised to an even greater extent. However, in July one of the two blast furnaces at Liberty Ostrava, a.s. was shut down, and at the end of September a tipper broke down in Třinecké železářny, a.s. Transports of iron scrap maintained a stable level almost throughout the year. In the commodity sector, we managed to implement a whole range of new transports – from Koper to Ostrava, rails from Třinec to Rijeka, etc.

We transported 2.3 million tonnes of construction materials and the situation in this commodity was stable throughout the year. At the end of the year the recession in construction production began slightly in cement shipments. In contrast, shipments of desulphurizing limestone to power plants increased. Despite the crisis in the glass industry, we managed to maintain the transport of glass sand to Poland. ČD Cargo, a.s. also actively participated in transports to road closures, including the important road closure on the corridor line near Velimi. Another novelty was the transport of wastelands from Přerov and Chocno to the landfill in Mydlovary, carried out in the second half of the year.

For the year 2022, we transported almost 5 million tonnes of wood and paper products. As in previous years, we participated in the removal of wood from forests affected by the calamity. Large volumes of wood were transported from Podkrkonoší, Pošumaví, Český les and Ore Mountains. For example, the mountain line Chomutov - Vejprty was brought back to life by freight transport. Due to the overflow of the siding in Lenzing Paskov, a loading ban had to be announced in the autumn.

We also transported chemical products and especially liquid fuels 100 thousand tonnes more last year than in 2021. Imports of fuels proceeded according to plan, but major problems were caused by the insufficient capacity of the line in the Elbe valley to Dresden and partly also by the high maintenance condition of the tank wagons. The transport of aviation fuel to the airport in Prague was also stable. A number of new shipments were also carried out, for example bio-components from Germany to Most. We have again acquired gas shipments from Austria to Poland in transit through the Czech Republic.

At the beginning of the year, grain trade was limited. Further changes in the market were expected. This was also reflected in the results in the commodity food and agricultural products. Spot transports of sugar, export of beet seeds from various stations in the Czech Republic and other commercial matters were carried out. The big challenge then was to ensure the transportation of grain from Ukraine in completely new routes and with the use of new technologies, for example dump containers, big bags,



etc. In September, the traditional transport of sugar beet to Hrušovan nad Jevišovkou was started, including deliveries from Slovakia by the carrier CD Cargo Slovakia, a.s., unfortunately the harvest was not very good. Unfortunately, we lost to the competition for the transport of beverages from Prague to Hungary.

In 2022, combined transport was affected by the fading Covid-19 pandemic. Prolonged restrictions in Chinese ports, gradual cooling of trade relations with the Republic of China, changes in cargo flows - all this had an impact on the volume of container transport. We deepened our relations with the operator Metrans and started running part of the trains from Prague, or České Třebová to Hamburg on the entire route by ČD Cargo, a.s. locomotive, and with the use of train drivers from our German branch. In August, the first intermodal train of the MSC operator arrived at the new terminal in Mošnov. These transports were previously carried out via the PKP CI terminal in Paskov, including carriage.

Last year was not easy for the automotive industry either. Closely related to the war conflict is the end of transport of disassembled cars in containers from Mladá Boleslav to assembly plants in Russia and the limitation of transport to Solomonov, Ukraine. Performance in the automotive commodity was also affected by the fire in Mladá Boleslav and also by the lack of some production components. Škoda cars were delivered from the production plants to external warehouses throughout the Czech Republic. A big problem was also the already mentioned insufficient capacity of the border line through the Elbe valley through Děčín to Germany. The related poor quality was the reason for the redirection of some transports from Slovakia to Germany via Austria and also the loss of some transports.

In the other commodity, there was a significant increase in military transports, whether related to the war conflict in Ukraine, transports for military exercises in the Baltics or domestic movements of soldiers and military equipment. On the other hand, the transport of postal consignments decreased slightly, which was affected by the large-scale lockout at Bezprávi during the year. We retrieved several transformers, containers for spent nuclear fuel. One of the very interesting transports was the transport of new units for the Warsaw metro realised in cooperation with the carrier CD Cargo Poland Sp. z o.o.

## **Operational Management (Operational Structure)**

The operational work of ČD Cargo, a.s. was also organised in 2022 at three basic levels – planning, management and executive. Long-term plans are created on the basis of the requirements of the sales department, or the transport management department, including coverage of all requirements. Operative orders are then provided for special transports within the framework of the medium-term plan. With regard to the scope of works on the infrastructure, it is very important to create lockout measures that ensure a complete description of the lockout technology.

The implementation of the plan is top-level ensured by the Česká Třebová Operation Control, whose employees develop medium-term operational plans and, in cooperation with the transport management department, and in response to the current status of orders, further refine and create short-term (shift)



plans, which they implement through the dispatch apparatus. The executive component of ČD Cargo, a.s., in the provision and realization of transports, are the Operational Units of ČD Cargo, a.s. Their main task is to fully secure local traffic and maintain reloading points and sidings on their premises. At the same time, they ensure the capacity of locomotive crews to cover the medium-term plan and operational extraordinary orders of the dispatch apparatus.

The foreign branches have their own planning component, the so-called Zugplanung (separately for the German and Austrian branches), ensuring, among other things, the capacity of the transport route, traction vehicles and train drivers. The so-called Dispo provides dispatch management (separately during daytime hours, in 24/7 mode only Dispo in Vienna for both branches).

Within the operational management of ČD Cargo, a.s. it is necessary to mention the Customer Transport Management project, the aim of which is the digitization of most processes related to the planning and carrying out transports. This results in other benefits in the form of more efficient planning, monitoring and evaluation of the quality of transport. Around 75% of all transports in unit trains are already carried out using TMS/ELITE information systems. More than 750 actively used order sheets are processed, for which more than two thousand operational technologies have been created.

The remaining 25 % of transport is planned to be transferred to the new system in 2023. In 2022, the requirements arising from the newly set Safety Management System (SMS) were implemented, when the use of the mentioned information systems will significantly simplify the registration of transports and their safety aspects (for example, when transporting goods according to RID).

ČD Cargo, a.s. transports more than 4,000 trains per week (excluding Lv rides) and transports approximately 1.5 million tonnes of goods. An average of 2,500 of the total number of trains are trains of the individual wagon consignment system. This set train system is continuously monitored and possibly modified in order to ensure its maximum efficiency while maintaining operational quality.

The remaining more than 1,500 trains are unit trains carrying various goods. ČD Cargo, a.s. became part of the solution to the energy crisis in 2022. There has been a significant increase in demand for the transportation of solid fuels. ČD Cargo, a.s. had to adapt both capacity planning and subsequent implementation to this priority vehicle.

## Operational Safety

In the area of the system for ensuring the safety of rail transport operations in 2022, there have been significant changes both in the area of structure and organization of individual activities, as well as within individual activities and the introduction of new elements. The implementation of the requirements of European legislation into the safety assurance system at our Company continued, and at the same time, it was necessary to reflect this into individual internal standards in order to start the preparation process for obtaining the Single Safety Certificate.



In the area of organisational structure, a separate Department of Safety of Rail Transport Operations was established from 1 October 2022 for the purpose of more effective management of the transport operation safety. The department took over agendas related to the safety assurance system from the Department of Operational Technology, the Office of the Executive Director and the Office of the Director of Operations. From 1 November 2022, the internal standard ORz-51-A-2022 System for ensuring the safety of the operation of rail transport of ČD Cargo, a.s. entered into force, which redefines the framework for the safety system for the operation of rail transport in the Czech Republic, Austria and Germany. This internal standard is followed by further subsequent internal standards specifying individual activities, both of general validity (in all countries of operation) and valid for individual countries. At the end of the year, preparatory communication with the European Union Agency for Railways (ERA) was launched in order to obtain the Single Safety Certificate, when the required documentation was submitted and an initial meeting was held between ERA representatives, representatives of individual safety authorities (railway authorities) and representatives of ČD Cargo, a.s., including foreign branches.

As part of the exchange of safety information and knowledge, ČD Cargo, a.s. was intensively involved in solving safety issues not only within the Association of Railway Freight Carriers - ŽESNAD.CZ, but also on other platforms and in the field of other types of transport.

One of the safety performance indicators is the accident rate analysis, which is an irreplaceable part of the main safety goals of ČD Cargo, a.s. In 2022, it records a total of 241 extraordinary events, including 2 serious accidents, 48 accidents and 191 incidents.

The data known as at 18 January 2023, supplemented by known and alleged facts the pending cases (a total of 47 extraordinary events as at that date), show that ČD Cargo, a.s. is responsible or co-responsible for the occurrence of 138 extraordinary events. The employees of ČD Cargo, a.s. have (or are presumed to have) responsibility or joint responsibility for the occurrence of a total of 119 extraordinary events.

The total damage caused by all extraordinary events in 2022 reaches a historically record amounted to CZK 406,954,710. It is an estimation of damages, regardless of who caused it. The stated amount is fundamentally influenced by the estimate of the damage incurred (CZK 218,000 thousand) on the Pendolino unit of České drahy, a.s., which was damaged in a serious accident on 27 June 2022 at the Bohumín railway station, when train IC 516 collided with a shunting locomotive of ČD Cargo, a.s., after the previous illegal driving of train 516 past the departure signal with the sign "Stop".

In the area of preventive activity and control, a new type of preventive activity, so-called internal audits of SMS activities, was fully implemented in 2022. The aim of these audits is to systematically check compliance with the set rules of the individual sub-processes of the safety assurance system within ČD Cargo, a.s. and, based on the findings, to take measures to improve the situation. In 2022, these specialised audits were carried out at the operational technology department, Česká Třebová Operational



Control, Operating Unit Brno and a new joint audit of the foreign branches of Niederlassung Wien and Niederlassung Deutschland was also conducted. Quarterly thematic inspections, which are used to determine the status of compliance with rules and procedures in certain areas of interest in connection with findings from extraordinary events investigations, the introduction of changes or findings of national security authorities or the above-mentioned audits of SMS activities, remain an important pillar of control. In 2022, the level of familiarisation of operational staff with the new SŽ D1 PART ONE Traffic and signalling regulations for lines not equipped with a ECTS, the state and level of aids for employees to secure vehicles against run-off, negotiating and carrying out a shift, knowledge of employees in the field of filling train documentation were checked. In 2022, audits of the safety assurance system of important suppliers of ČD Cargo, a.s. were also introduced. Lokotrain, s. r. o. and ZSSK Cargo, a.s. were among the first companies where these audits were carried out.

From the point of view of ensuring safety, it is also important to mention the creation or participation in the creation of tools and aids to support the activities of employees. This is mainly the electronic application "Train Drivers Rule Book", which, based on European legislation, provides the train driver with a structured and comprehensive overview of the documents needed for the performance of work activities, as well as participation in the project of introducing a simulator for train drivers at ČD Cargo, a.s.

A fundamental priority in the field of safety in 2023 will be the obtaining the Single Safety Certificate from the European Railway Agency and the further development of the safety assurance system, including the awareness of the employees of ČD Cargo, a.s. about this issue.

## Information on the Company's Assets

### The Real Estate of ČD Cargo, a.s.

In addition to common basic means of production, i.e. railway vehicles, the ČD Cargo, a.s. also owns real estate. Without this, the business activity of the Company would be limited, therefore it should be considered as strategically significant. A total of 225 buildings and 262 plots of land owned by the Company is registered at the Czech Cadastral Office. The year-on-year changes are the result of a process of unifying plots of land or buildings into logical units, demolitions of unneeded and unused buildings, and settling ownership relations that had not yet been settled. The built-up area has almost 118 thousand square meters. The total land area is 999 thousand square metres (including built-up areas of individual buildings). Regular maintenance of the real estate is carried out by the Repair Centres for the Railway Wagons in line with the financial plan, the investment activity is carried out in line and in cooperation with the General Directorate of ČD Cargo, a.s.

In 2022, ČD Cargo, a.s. completed the process of acquiring real estate in Nymburk and Bohumín-Vrbice, which are intended for the Company's strategic development interests.



Following the change in the licence for the operation of railway transportation, real estate tax returns for all land and buildings owned by the Company have been filed since 2015. Property tax returns were previously applicable only to immovable assets which were not directly related to activities of public interest or were, at least partially, subject to lease agreements. ČD Cargo, a.s., paid property tax to 10 relevant tax offices in the amount of CZK 4,123 million.

## Lease of Railway Vehicles

One of the important business activities within other business is the lease of railway vehicles in the form of long-term and short-term lease. In the form of a long-term lease, our partners rent drive vehicles adapted for operation in a specific area, outside the territory of the Czech Republic. Short-term lease is performed for locomotives in individual business cases, outside our infrastructure, where mainly interoperable locomotives are used. Primarily, the traction vehicles are rented within the ČD Cargo Group, these are series 130, 163, 181, 363, 363.5, 742 and 753.7.

With regard to the lease of freight wagons, we provide our customers with both long-term and short-term or repeated leases of vehicles for spot and one-off transactions. For these purposes, wagons released from total unbound capacity are used. We offer the lease of most lines of wagons, including tanks. Additionally, we try to cooperate in projects for the use of non-operating vehicles. These are various forms of ensuring the operation of unused wagons and their subsequent operation. In 2022, 4,412 freight wagon were leased (as part of short-term and long-term leases).

The spare capacity of rolling stock used in commercial transactions in cooperation with our subsidiaries as part of joint expansion on foreign markets is becoming more common.

## Vehicles Fleet, Management of Vehicles

As at 31 December 2022, in order to ensure the operation of freight trains, ČD Cargo, a.s. held 745 traction vehicles, of which 63 were locomotives subject to leaseback agreements. 697 locomotives were used for operations. As at 31 December 2022, freight wagons fleet consisted of total 19,277 freight wagons of different series. 15,719 wagons out of total wagons fleet were on average in operating condition. The fleet size was expanded according to needs by a group of 4,302 leased vehicles, in average, and by up to 12 interoperable locomotives.

During 2022, 35 freight wagons were scrapped due to wear and tear, obsolescence or poor technical condition. Furthermore, 313 wagons were sold. In the course of 2022, 30 dissolved locomotive was scrapped, and 3 machines were sold. Suitable spare parts from disposed vehicles were recovered for their use in the repair of other vehicles.

Maintenance and repair of railway vehicles were carried out mainly by own repair centres, and also externally. In 2022, in total 4,025 vehicles got through the periodical repair (2,671 overhaul repairs and 1,354 technical inspections).



The Repair Centres for the Railway Wagons of ČD Cargo, a.s. participated in the installation of measuring electricity for electric locomotives, assembly of stations for GSM-R and Occupational Health and Safety (OHS) operations on traction units. Within the Eas freight wagons 52 and 53 series used for the transport of wood, scrap or coal the change of combined wooden floors with full metal floors continued.

In 2022, the locomotive fleet of ČD Cargo, a.s. was expanded to include 5 interoperable locomotives of 388 series. 17 modernised locomotives of the 742.71 series (modernization of the 742 series locomotive) were delivered, thereby ending the part of the contract concerning the comprehensive modernization of a total of 50 engine locomotives, which also includes equipping the locomotives with ETCS. The part of the project concerning the equipping of locomotives of the 742.71 series with mobile parts of the ETCS system is co-financed by the European Union's Connecting Europe Facility. Furthermore, the fleet of traction vehicles was strengthened by one locomotive of the 753.7 series.

In 2022, the additional implementation of ETCS (so-called retrofitting) to locomotives of the 130, 753.7 series and then to the locomotives 163, 363 took place, while the physical installation of all 78 vehicles was achieved in this project. As in the case of locomotives of the 742.71 series, this project is also co-financed by the European Union's Connecting Europe Facility.

As part of the implementation of ETCS in locomotives of the 130 and 753.7 series, ČD Cargo, a.s. receives financial support from the Transportation Operational Programme, i.e. projects are co-financed by the European Union (Cohesion Fund).

In 2022, the conversion of locomotives of the 163 series into 363 was completed (a total of 18 locomotives were converted). It is a rebuilding of locomotives 163 series for the expansion of operation also on the 25 kV/50 Hz network. The project is co-financed by the European Union (Cohesion Fund), within the Operational Transport Programme.

From the point of view of long-term leases of interoperable locomotives, two locomotives of 186 series, one locomotive of 189 series and one locomotive of 193 series were added to the fleet of ČD Cargo, a.s. At the end of 2022, the total number of long-term leases of interoperable locomotives amounted to 10 locomotives. Long-term leases are further supplemented by short-term (so-called ad hoc leases) leases of traction vehicles of this category according to operational needs.

The adaptation of the freight wagon fleet to the needs of the transport market with the aim to increase the operability of wagons in international traffic continued. Further 60 Zacns tank wagons were added to fleet of ČD Cargo, a.s.

In order to comply with European legislation in the area of the use of so-called "silent wagons", ČD Cargo, a.s. continued to equipped its wagons with composite breaks. At the end of 2022, ČD Cargo, a.s. had total of 16,161 wagons suitable for "silent" operation (equipped with composite brakes), of which 13,328 were owned by ČD Cargo, a.s. The replacement of brake blocks was co-financed by the European Union (Cohesion Fund) under the Transport Operational Programme. The blocks were replaced on



11,566 freight wagons within the framework of the grant project during the specified implementation period.

In the area of freight wagons management, in 2022 and in the following years great attention will be paid to the planning and utilisation of vehicle capacity. The aim of this effort is to minimise inefficiencies in transport and vehicle management.

The Company's reporting includes regular evaluation of vehicle capacity utilisation, including identification of key issues by individual business groups of freight wagons. Any excess vehicle capacity is used as part of other business for lease purposes, so that the management of the available fleet of vehicles is as efficient as possible and provides additional resources to ensure its operability.

## Cross Sectional Activity

### Marketing and communication activities

All marketing and communication activities of ČD Cargo, a.s. focus on supporting the sale of services and on creating a positive corporate identity, increasing overall brand awareness as well as reaching out to potential job seekers.

The only domestic trade fair presentation in 2022, was the premiere edition of the international railway trade fair Rail Business Days, which took place at the beginning of June at the Brno exhibition grounds. In addition to the design outdoor exhibition, ČD Cargo, a.s. also presented itself very actively in the so-called Student Lounge, a section intended for high school students, who showed an unprecedented interest in the personnel exhibition of ČD Cargo. The most modern ČD Cargo locomotives – TRAXX series 388 and EffiShunter 1000 of 744 series – were exhibited on the outdoor track area. No less significant and successful was the presentation within the conference program of the fair. Among the foreign events, the active participation of ČD Cargo, a.s., as part of the Czech exposition at the LOGITRANS Istanbul international fair, should be highlighted.

The conference year was much more varied. ČD Cargo, a.s. was a partner and active participant of the Pardubice Railway Conference and, in particular, of the International Railway Forum and Conference IRFC 2022. It is also necessary to mention the presentation of ČD Cargo, a.s., as part of the 1st Czech-Slovak Railway Conference, which took place at the end of the year in Bratislava and whose main topics were the presidency of the Czech Republic, high-speed lines and alternative railway technologies. Traditionally, great importance is attached to the business conference of ČD Cargo, a.s., which took place at the beginning of November in Špindlerův Mlýn, and which fully met expectations and goals.

Other important Company's presentations, even if they are not strictly trade fairs, include active participation in the National Railway Day in Pilsen or other regional railway days throughout the Czech Republic in 2022.



ČD Cargo, a.s. used its website to present its services and communicate important events. The wider public, including railway fans, was addressed through a Facebook profile. ČD Cargo's profile on Twitter was used to communicate with stakeholders and journalists. The YouTube channel for the Company's video presentation was successfully developed. All these activities are aimed at a clear goal, namely to present ČD Cargo, a.s., as a stable, reliable and modern European carrier and, last but not least, a serious employer. Equally important was the PR presentation in professionally printed and electronic media. We can mention Dopravní noviny, Železniční magazín, Dopravu Dnes, ZDOPRAVY.CZ server or RailTarget.

It is also important to mention the importance of internal communication activities with the magazine for ČD Cargo employees – Cargovák as one of the main tools.

## **Research, Development and Cooperation with Universities**

During 2022, ČD Cargo, a.s. continued its cooperation with certain Czech universities, in particular technical and economic universities, i.e. with the Faculty of Transport Engineering at University of Pardubice, the Faculty of Transportation Sciences at the Czech Technical University in Prague, the College of Logistics in Přerov, University of Economics in Prague - Faculty of Business Administration, University of Mining and Technology - Technical University in Ostrava and abroad with the University of Žilina - Faculty of Operation and Economics of Transport and Communications in Slovakia. Students of these universities are offered to work on the topics of bachelor's and master's theses, in which they can link acquired theoretical knowledge with practice. Topics of these theses are designed so that their conclusions can be applied in practice. Students also have the opportunity to design their own topic and consult with experts from among the employees of ČD Cargo, a.s.

Cooperation with secondary schools also continued to be successful. The portfolio has been extended to other schools, of which there are now 16. From the beginning of the 2022/2023 school year, our company began to offer students in upper years of secondary schools financial support during their studies through a scholarship program called GoYourWay. ČD Cargo, a.s. promises to recruit new employees from among educated young people who are interested in railways and working in our Company.

Also in 2022, ČD Cargo, a.s. cooperated with secondary schools in the field of providing and implementing professional internships for students of contracted schools. At our operating workplaces, they had the opportunity to familiarize themselves with activities in various professions, but also with work procedures, technologies, regulations and verify theoretical knowledge in practice. Also, during excursions, discussions or lectures, students had the opportunity to familiarize themselves with the fleet portfolio, operational activities and services offered.

After the end of the coronavirus measures, a professional seminar for secondary school teachers was again implemented. With this activity, ČD Cargo, a.s. also provides support for teachers of contracted schools.



## Informatics

### Information Systems

Digitization and electronicization of activities is one of the priorities of ČD Cargo, a.s., as well as the development of information systems (IS). Within ČD Cargo, a.s., these can be divided into several categories – operational, commercial, economic and systems for customers. In 2022, the implementation project of the modernization of Microsoft infrastructure (MOMIS) continued. The goal of the project is the company's transition to modern methods of internal and external cooperation, and ensuring the protection of the Company's information using modern security tools and technologies. The end of the project is scheduled for 2023.

### Operating systems

One of the big innovations of 2022 was the redesign of the fleet data exchange system by our Company. This extensive integration also affected the PRIS information system. It also underwent changes in 2022, the aim of which is to replace the original web technology and transform it into a responsive PRIS. During the year, it was also possible to complete the implementation of the dynamic train creation tool, which enables short-term planning of train creation, and put it into pilot operation. The monitoring of interest transports of complete trains focused on the use of collected data (automatic reporting for customers and employees), including the EROZA customer portal in the results and rationalization of the transport planning process. The number of shipments planned and tracked in a new way is still growing. In the repair sector, the implementation of the NOETIC system in all SOKVs was completed in 2022. System brings administrative simplification of the whole process of reporting performed activities and specification of information on performed repairs of traction vehicles in individual SOKV, including the time required for individual interventions. The system also provides electronic documentation of compliance with maintenance requirements, including the responsibility of particular employees for the activities performed. The system is thus an important addition to meeting the requirements of the ECM. Great attention is also paid to increasing traffic safety. In 2022, work began on expanding the NavTrain application (Navigation for train drivers) with the so-called NavTrain simulator. This allows train drivers to view a simulation of the expected train journey on a tablet. The train driver has the option to view all changes to TTP elements back from 1 month to 12 months with regard to the validity of the recognition. The elements are shown in the map background with changes clearly marked for easier remembering. Train drivers are also affected by another project, namely the "Digital Train Driver's Workplace", the aim of which is to simplify and centralize the work of the train driver with a tablet using the same control logic as in the NavTrain application. In 2022, three more modules were completed as part of this project – driver reports, the electronic book of deliveries of traction vehicles and speedometer strip records.



## Business systems

In the spring of 2022, the new OSCAR trading system was successfully deployed. In the middle of the year, a new Customer Relationship Management (CRM) system was implemented. After individual user training and pilot operation, the CRM system is fully deployed in the production environment and will be further developed in 2023.

## Economic systems

In this segment, perhaps the most significant event is the implementation of a tool for planning, optimization and management of material stocks at ČD Cargo, a.s., fully integrated into the corporate information system SAP with the aim of reducing the value and level of stocks as well as optimizing purchases, so that warehouses are not overstocked, or empty.

## Systems for customers

The development of systems for customers is considered very important by ČD Cargo, a.s. and it can be said that it belongs to the real leaders in this area. In the middle of 2022, within the Eroza customer portal, the Tracking portlet was launched for all registered customers, through which customers can find out in a simple way where their shipment is or empty wagons for loading, including the expected arrival of the wagon at the destination station. The information is available either on the map or in a clear table, and in both views filtering with a wide range of parameters is available, which enables the search for a specific order. Another new option for tracking orders is the ČDCgo mobile application, which is available for both the Android and iOS platforms.

We also simplify and electronicize communication with employees. From 2022, for example, we will deal with the tax agenda only electronically. The EKN application (Electronic Book of Standards) has also undergone further development together with the mEKN mobile application. This tool now has great ambitions in the field of managing company documents, including operational ones. Widespread deployment will follow the completion of the MOMIS project in 2023 due to the necessary migration of users to the new domain of ČD Cargo, a.s.

## Investments

In 2022, ČD Cargo, a.s. acquired fixed assets with a total value of CZK 4.09 billion, which means a year-on-year increase of approximately CZK 520 million.

The Company's investment activity continued to be primarily focused on the renovation and modernisation of railway vehicles fleet, where investments amounted to CZK 3,8 billion (including component repairs of freight wagons and locomotives), representing 92.4% of the total value of acquired fixed assets. ČD Cargo, a.s. thus invests in the core area of its main business.

### Investments in freight wagons

In terms of freight wagons investments, the most significant event was the purchase of 60 new large-volume Zacns tank freight wagons, among other things, for transport ensuring the energy and raw



material security of the Czech Republic. The reconstruction of combined wooden floors to full metal has been restarted for the Eas freight wagons, with more than 700 wagons being renovated in this way. Substantial part of the funds was also spent on component repairs of nearly 4,000 freight wagons.

### **Investments in traction vehicles**

In the area of the acquisition of traction vehicles, the most significant investment projects in 2022 were the purchase of 4 interoperable Traxx MS3 locomotives.

In the area of modernisations and reconstructions, the project of modernisation of diesel locomotives of the 742 series continued. At the same time, the implementation of ETCS security device on locomotives of 130, 163, 240, 363, 363.5, 742 and 753.7, while for the locomotives of series 163, 363 and 742, the physical installation of the equipment for all contracted serial locomotives has already been completed.

In 2022, additional funds were invested in component repairs of locomotives (including their engines) in accordance with the new maintenance scheme and also in connection with ECM certification, which should have a significant influence on the increased reliability and operability of traction vehicles in the long term.

Furthermore, technical improvements of traction vehicles of various tractions and series were carried out, including the assembly of the traction energy consumption meters.

Within central activities in the area of Occupational Health and Safety (OHS), the drivers' workplaces are gradually being modernised (installation of safety glass, air-conditioning or auxiliary heating, etc.).

### **Investments in construction and machinery**

Another part of the Company's investments are activities in the area of construction and machinery. These investments were focused on renewal of machinery for the needs of organisational structure units, reconstruction of administrative and repair centres within these units, including the improvement of the working environment, and renovation of tracks in repair centres, etc. In 2022, among others, the reconstruction of the SOKV České Budějovice modernisation of the OKV Trinec.

### **Other investments**

Other investments include IT investments, acquisition of handling technology and other. In the area of IT, the development of internal information systems and projects continued in 2022, in accordance with the medium-term IT strategy aiming to build a comprehensive IT architecture for sub-processes including reporting and support of ČD Cargo, a.s. business activities. Furthermore, other investments included, for example, start of the modernization of fuel filling stations, the acquisition of a train control simulator, and the renewal of other equipment at Repair Centres for Railway Wagons and Operating Units.

## **Code of Conduct and Respect for Human Rights**

ČD Cargo, a.s. strictly adheres to all legal standards and regulations and is aware of the risks and negative social impacts associated with non-compliance with them. ČD Cargo, a.s. also takes care of the



continuous compliance and protection of human rights and realises that it is an area of increasing importance to both the Company's employees and customers. Therefore, there is a business and moral obligation to ensure respect for human rights across organisational structure units and in the whole value chain.

Concurrently, a lot of attention is being paid to the ethics of the employees' behaviour and corporate culture during work, focusing, among others, on anti-corruption behaviour, prevention of criminal liability and personal data protection. No direct or indirect discrimination, especially on the basis of race, religion, sexual orientation, gender identity, etc, is permitted at ČD Cargo, a.s. The recruitment of new employees is determined by the education, expertise, qualifications and abilities of each candidate. During recruitment and other activities, ČD Cargo, a.s. does not exclude any candidate, with due respect for the principles of diversity.

The Code of Conduct helps to ensure that daily activities of the Company and behaviour of all employees comply with the laid down principles. In the event of unethical conduct, violation or reasonable suspicion of violation of the Code of Conduct and accepted principles of morality, each employee can report such case. At the same time, any such notification will be assessed and handled in accordance with the applicable "Settlement Handling" Directive. The Code of Conduct is linked to the internal standard: "Criminal Liability Prevention Program and Anti-Corruption Rules of ČD Cargo a.s.", as a strengthening of the fight against corruption, bribery and conflict of interest. In the same way, the Company would proceed in the case of human rights violations.

In 2022, no cases of violation of the Code of Conduct or human rights abuses were reported nor suspected. The Code of Ethics was updated in mid-2022.

The corporate culture and compliance with ethical principles are regularly one of the points examined during audits at ČD Cargo, a.s.

## **Employment Policy**

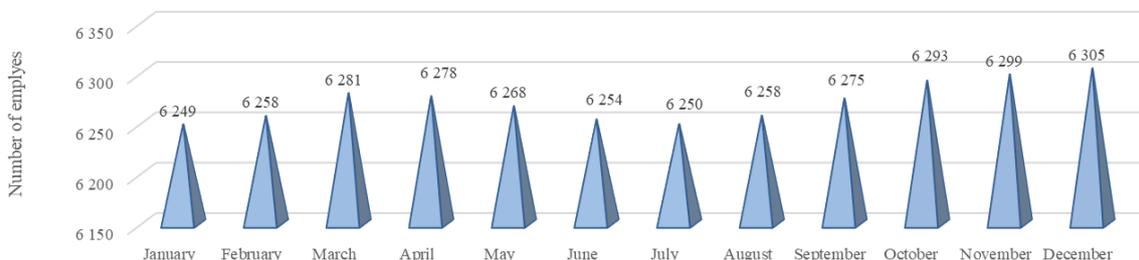
### **Employment Policy**

In 2022, the Human Resources Management Strategy for the period 2022-2026 ("Personnel Strategy") was drawn up and approved by the top management of the Company, the implementation of strategy generally began immediately. The primary goal of the Personnel Strategy is the generational change of the Company's employees, thus ensuring a sufficient number of employees at ČD Cargo, a.s.

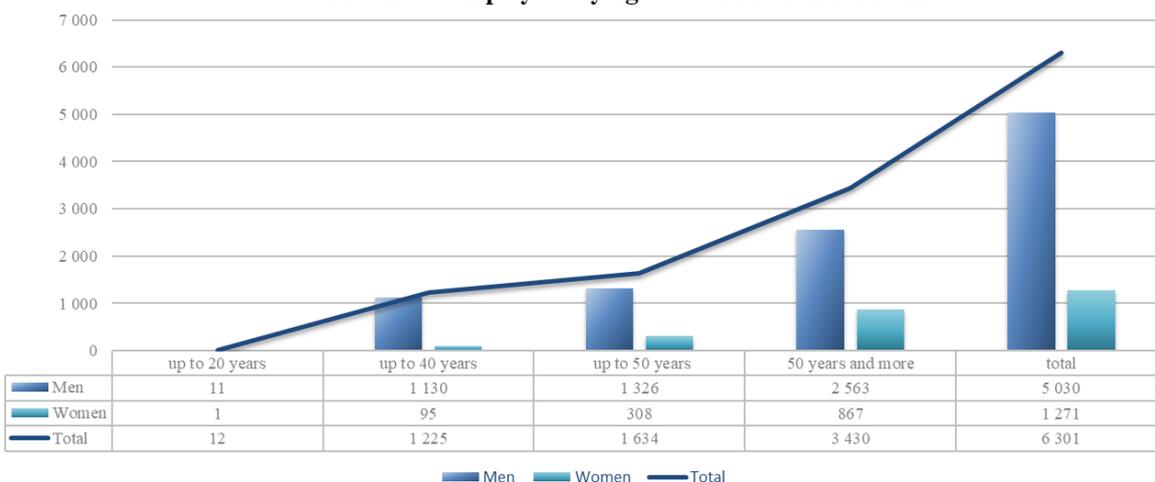
The average registered number of employees converted to fully employed in 2022 was 6,272.32. The physical number of employees as at 31 December 2022 was 6,301 employees. Out of the total number of employees, 5,030 are male and 1,271 are female. The average age of the Company's employees is 48.61 years.



**Average registered number of employees per full employment in individual months of 2022**



**Structure of employees by age as at 31 December 2022**



ČD Cargo, a.s. provides employees with benefits defined in the Company's collective agreement, e.g. increased annual leave, employer's contribution to supplementary pension insurance, supplementary pension savings and life insurance, reduced weekly working time fund for selected operating activities with higher physical and neuropsychological burden, contributions for catering, recreation and organised cultural and sports activities. Specific groups of employees may undergo preventive healing stays under specified conditions.

As part of the occupational medical services ČD Cargo, a.s. in cooperation with the contractual provider (Dopravní zdravotní, a.s.) provides medical supervision over the good health of its employees in accordance with applicable legal standards.



## **Wage and Social Area, Cooperation with Trade Unions**

In 2022, the average salary from the payroll costs excluding other staff costs at ČD Cargo, a.s. amounted to CZK 43,080.

The principles of remuneration and employee benefits have been enshrined in the “Corporate Collective Agreement of ČD Cargo, a.s. for 2021–2022” valid for the period from 1.4.2021 to 31.3.2022 and subsequently in the "Corporate Collective Agreement of ČD Cargo, a.s. for 2022–2023" initially valid for the period from 1.4.2022 to 31.3.2023, later reduced to 31.12.2022, and in related internal Company’s standards. In 2022, the Company duly fulfilled all its commitments to employees in the area of remuneration and employee benefits.

In 2022 eight trade unions were active in ČD Cargo, a.s. which, together with the Company's management, concluded on 10 October 2022 a new Collective Agreement for 2023.

## **Education**

ČD Cargo, a.s. provides education for its employees in the form of mandatory and optional activities. In accordance with the European rules for the safe operation of rail transport within the safety assurance system, among other things also according to the needs of the company, its internal standards have determined the scope of qualifications (required professional competence), knowledge and skills of employees, which are also subject to the requirements for the scope of services for individual customers. When educating employees, we focus on securing training that are concentrated on individual professions to meet their established qualification requirements. We combine face-to-face training in classrooms with an operational environment, and we also use e-learning training with included materials prepared by our experts and partly video material, with the aim of sharing knowledge and experience for the safe operation of all activities.

## **OHS**

The area of occupational health and safety was fulfilled in accordance with applicable legislation and in cooperation with trade unions especially in terms of assessing the causes of accidents at work and determining corrective actions. The management of the IMS policy and the objectives of the OSH management system took place in 2022 according to the new ISO 45001 certification. ČD Cargo, a.s., with the decline in the incidence of the Covid-19 virus, optimised anti-epidemic measures to prevent the spread of the disease. The OSH area closely cooperated with the newly reformed area of railway safety (SMS) in the investigation of the Ministry of Transport in relation to the PÚ and the determination of measures to prevent them. The Company continued its active approach to improving the working and social conditions of its employees.



## Anti-corruption Rules

The provision of services and performance of ČD Cargo, a.s. is based on the principle of equal access to the customers or suppliers. All the activities of ČD Cargo, a.s. are based on the principle of zero tolerance for corrupt in all its forms, as well as for other forms of unlawful conduct, especially criminal conduct.

ČD Cargo, a.s. behaves in accordance with legal regulations and in accordance with its internal standards, including the “Criminal liability prevention program and anti-corruption rules of ČD Cargo, a.s.” internal standard, which comprehensively regulates the issue of criminal liability of legal entities, including the anti-corruption approach of ČD Cargo, a.s. The internal standard is essential not only in terms of its content, but also in terms of its type, therefore it became the basic control act adopted by ČD Cargo, a.s. (i.e. document of ultimate importance, respectively extraordinary importance).

Training in connection with the above-mentioned internal standard takes place every year, the last time it took place in October 2022.

As part of the fight against corruption and other illegal activities, ČD Cargo, a.s. has established so-called Compliance Team, which handles notifications of unlawful conduct which could give rise to criminal liability for ČD Cargo, a.s. (such as corruption) or a notice of a reasonable suspicion of an unlawful conduct. Contact addresses for receiving such announcements are published on the website [www.cdcargo.cz](http://www.cdcargo.cz).

In 2022, no cases of corruption were under investigation, not even in the form of suspicion.

## Quality Management – ISO

Quality management helps the Company in fulfilling its main goal - to be a reliable and sought-after carrier with a stable share in the railway freight transportation market. The control of ISO management systems was delegated to the Internal Audit department.

The quality, environment, OHS and energy management system of ČD Cargo, a.s. is certified according to the following standards:

- ISO 9001 (quality certificate) for business activities in the field of railway freight transport and shipping, realisation of services in the area of railway freight transport and shipping, operation of railway and railway transport on siding, maintenance and repairs of railway vehicles and their parts, rental and hire of railway vehicles,
- ISO 14001 (environmental certificate) for the maintenance and repair of railway vehicles and their parts,
- ISO 45001 (certification of occupational OHS management system) for business activities in the area of railway freight transport and shipping, realisation of services in the area of railway freight transport and shipping, operation of railway and railway transport on siding, maintenance and repairs of railway vehicles and their parts, rental and lease of railway vehicles,



- ISO 50001 (energy management certificate) for commercial activities in the field of railway freight transport and shipping, realisation of services in the area of railway freight transport and shipping, operation of railway and railway transport on sidings, maintenance and repairs of railway vehicles and their parts, rental and hire of railway vehicles.

In 2022, an independent auditor verified that ČD Cargo, a.s. meets the requirements of ISO standards and confirmed that the company's management system is well established and functional during a combined supervisory audit of quality, environment and health and safety management and during a re-certification audit of energy management.

In addition to the above-mentioned certifications, ČD Cargo, a.s. has been certified by SQAS (Rail) according to CEFIC methodology since 2015 (SQAS is a European rating system used in road, rail, river, sea or combined transport of bulk and packaged goods, in cleaning station mode in distribution, storage terminals and in cooperation between companies, which takes into account the issue of hazardous chemicals).

During attestation – carried out every three years by an independent accredited assessor (according to SQAS (Rail)) – quality, safety, environmental impact and compliance with the requirements of the chemical industry in the implementation of provided transport services are reviewed.

### **AEO Certificate – Simplified Customs Procedures/Security and Safety (AEOF)**

ČD Cargo, a.s. is one of the holders of the Authorised Economic Operator CZAE0F0801B7 legitimacy - Simplified Customs Procedures/Security and Security Measures (AEOF). The Company has already obtained this certificate in 2009 and, in accordance with the valid customs legislation, successfully managed to keep it during the subsequent assessment of the conditions fulfilment in 2017 and 2020. The AEO is recognised and taken into account in all EU Member States and in some “third countries” based on agreement, in particular when assessing risks related to safety aspects.

The certificate guarantees to the Customs Administration of the Czech Republic and also to other customs administrations of EU member states, a guarantee that ČD Cargo, a.s. is a reliable, knowledgeable customs-related and financially stable business entity. The AEO certificate also facilitates access to customs clearance and is necessary for the processing of certain types of customs simplifications.

### **Customs Services**

As part of its supplementary services, ČD Cargo, a.s. also provides to its customers representation services in customs proceedings and management of Intrastat statistics. The activities of customs agents are an integral part of the comprehensive range of transport services. We offer our customers negotiations in export, import and en route customs procedures at the workplaces of customs representatives.



We provide roadside customs clearance at the Český Těšín and Valašské Meziříčí stations. These services are mainly used by importers and exporters of bulk substrates - coal, coke, ilmenite and recently also cereals from Ukraine. The advantage of customs procedures at a transit station when importing shipments is that the goods are delivered to the station of destination already cleared by customs and released into free circulation. Our customers also include smaller companies that transport their goods using other modes of transport. We also consider this service important because it increases the prestige and recognition of ČD Cargo, a.s.

As an additional service, ČD Cargo, a.s. offers the use of a simplified transit procedure based on the NL CIM, including securing of the customs debt. For some shipments, the use of this simplification is the least inconvenient for customers.

## The Company and the Community

### International Activities and Relations

International activities of ČD Cargo are coordinated in cooperation with the parent company ČD. This is done, among others, within the framework of the rules set out in the Agreement on the Provision of International Business concluded between both companies. ČD Cargo is an independent member only in the Central Clearing Centre (BCC) and the Trans-Eurasian Coordination Committee (KSTP). We are members of the Freight Transport Forum and its study groups within the International Railway Union (UIC). Currently, ČD Cargo's representative leads the ISR Assembly in RAILDATA organisation, which operates central European data exchange systems. Within the Community of European Railways and Infrastructure Companies (CER), our Company focuses on legislation related to wagon noise, combined transport, ERTMS, freight corridors and capacity allocation. The main focus within the Organisation for Cooperation of Railways (OSŽD) and KSTP is, besides establishing and strengthening business contacts, mainly in the area of development of the unified consignment note CIM / SMGS and container transports. We are involved in an international project to implement the Telematics Applications for Freight Interoperability Specifications (TSI TAF). In doing so, we make use of our experience from the already described ties with the infrastructure manager.

The year 2022 was still marked by the Covid-19 pandemic, when most international meetings took place only using online communication tools. As a result of the conflict in Ukraine, intensive communication took place throughout the year with CER and the European Commission, the aim of which was the organization and coordination of aid to this country. ČD Cargo, a.s. helped significantly, for example, with the transportation of humanitarian aid or grain.

In 2022, the Rail Freight Forward (RFF) initiative, of which ČD Cargo is a member, continued its work on the future technological development of European railways. As part of the EDDP (European DAC Delivery Programme), we actively commented on both the design and the implementation design of the Digital Automatic Coupling (DAC). One of the important events realised by our Company was the



fourteen-day testing of a train equipped with the first DAC prototypes, which also included introducing the Central European professional public to this technology. ČD Cargo, a.s. also actively presented itself at the International Rail Forum and Conference (IRFC), which took place under the Czech EU Presidency.

## Environmental Protection

Environmental protection at ČD Cargo, a.s. is centrally managed by the Department of Maintenance and Repair of the Directorate-General. The actual execution of activities related to environmental protection is provided by executive units of ČD Cargo a.s. (SOKV, PJ).

České dráhy, a.s. provides methodical support for ČD Cargo, a.s. in the area of ecology on the basis of the Mandate Agreement concluded on 27 May 2008 and Amendment No. 1 concluded on 22 April 2016. It includes especially comprehensive service related to removal of consequences of incidents, methodical support during implementation of existing environmental remedies, supervision and post-remedial monitoring, environmental protection trainings.

The Company ČD Cargo, a.s. holds the ISO 14001 certification, which it defends every year. The relevant certificate, valid until 2 June 2024, is available on the ČD Cargo website. The external audit in 2022 did not identify deficiencies in the field of EMS.

By adopting the environmental policy, all employees of ČD Cargo, a.s. are bound to environmental management, which primary goal is to describe, review, assess and improve the EMS in terms of waste and the negative impacts of activities and technologies on the environment (e.g. in compliance with pollution prevention principles, readiness for disasters, purchase of environmentally friendly products, environmental protection, and primarily an effort to reduce the production of waste).

The risks associated with environmental issues are emergency oil spills during repair operations, refuelling and incidents during operations. These risks are classified as significant environmental aspects and are being resolved by the relevant internal legislation and via emergency plans.

The main indicator of system performance is waste production, which has been maintained at a reasonable level for a long time. The quality of wastewater and the measurement of stationary sources emissions has been monitored as well.

Since 2020, the OKV Nymburk has been undergoing the reconstruction of the sewerage system, which will improve protection of groundwater against pollution. The event was completed in December 2022.

The OKV Cheb has been undergoing the reconstruction of heating, the event was completed in December 2022. The goal was to abolish the lignite boiler house and switch to ecological gas, which will be burned by modern low-emission local boilers.

In connection with the improvement of environmental protection, the modernization of the gas boiler in Česká Třebová is planned. Last year, a study of alternative solutions for heating the building was



prepared. Implementation should take place in 2023, which will lead to a fundamental reduction in air emissions.

The SOKV České Budějovice has been undergoing the reconstruction of the sewage from the administrative building and the canteen. The new sewer system improved the protection of groundwater and stabilised the given section.

In SOKV České Budějovice the heating system was also changed. A new hot water heating system has been installed, which has improved temperature regulation in workplaces and energy savings.

In SOKV České Budějovice the construction of the new hall of the freight wagons repair shop has begun. After the completion of the construction and the move to the new workplace, working conditions will be improved, the risks of dangerous substance leaks will be reduced and energy will be saved.

IN SOKV Ostrava "Reconstruction of the indicating device to prevent the leakage of oil substances into the SOKV Ostrava sewage system" took place in 2022.

### **Fire protection in 2022**

In accordance with the "Organisational Rules" of ČD Cargo, a.s., the Maintenance and Repairs of Railway Vehicles Department (O12) continues to be the guarantor of fire prevention. The documentation is updated on a continual basis and eventual inspections, performed by the Fire Rescue Service of the Czech Republic (HZS ČR), identified no failures.

In 2022, the total number of Fire Rescue Service SŽ (HZS SŽ) interventions for ČDC was 218, out of which 129 were uncharged rescue and liquidation works, 59 were interventions beyond the scope of rescue and liquidation works from MU, where billing is performed by SŽ and costs are charged to the culprit and 30 HZS SŽ interventions are charged for ČD Cargo, a.s.

Out of the total number of HZS SŽ interventions, there were 12 fires of railway traction vehicles (HKV) due to technical failures, 5 were fires of wagon, 3 were cases of ignition of overheated bearing and 2 were cases caused by smoke-filled HKV engine room due to the glowing of the cabling insulation and 3 grass fires caused by braked car. Other cases of Fire protection unit (JPO) by MU interventions were related to removal of droplets from cisterns or putting derailed train back on tracks, collision with a person or a road vehicle.

All charged interventions of HZS SŽ are so-called additional services performed under contractual relationship, and were related to especially riling, securing loose cargo on vehicles, transfer of cargo, replacement of wheelsets, tree pruning, felling and wagon washing.

The total costs for HZS SŽ interventions for ČD Cargo, a.s. for 2022 amounted to CZK 271,450.

Constant attention at all levels of management is given to prevention in the field of fire protection.



## Corporate Social Responsibility

Social responsibility is one of the fundamental pillars of the Company, on which we build our long-term strategy. We have concluded an agreement with the Ministry of Industry and Trade on reducing energy intensity. The measures implemented in 2022 (the agreement is being evaluated retrospectively) resulted in a reduction in energy consumption by 27,424 MWh and reduction in CO<sub>2</sub> emissions by 5,190 tonnes. Despite the difficult energy situation, we offer the possibility of providing transport using electricity produced from renewable sources. We offer this option to all customers who want to reduce their carbon footprint together with us. We also consider the implementation of the transport of goods in the form of individual wagon consignments to be a form of social responsibility, which represents a suitable alternative to truck transport. We offer this service as the only railway freight carrier in the Czech Republic. It can be used in approximately a thousand railway stations and freight stations. We award a socially responsible company certificate to companies that have decided to transfer at least part of their transport from road to rail.

Immediately at the end of February and the beginning of March, ČD Cargo, a.s. in cooperation with other entities, started operational and rapid transport of humanitarian goods to war-affected Ukraine. We also provided locomotives to run the evacuation trains with Ukrainian refugees. The traditional partner of ČD Cargo, a.s., in the field of transport, is also the social cooperative Diakonie Broumov, for which we transport consignments to the sorting centre in Broumov.

During the year, the Company actively participated in the activities of the Endowment Fund of the ČD Group – ŽELEZNICE SRDCEM (“THE RAILWAY WITH THE HEART”), which was established by České dráhy, a.s., and ČD Cargo, a.s. The main goal of this endowment fund is helping railway workers and their families who have found themselves in difficult life situations caused by external factors, such as a serious accident at work, a serious illness or a threat from natural disasters. An interesting achievement was the purchase of Christmas presents for the children of deceased colleagues.

We do not forget to promote rail freight either. We provided further locomotives with a varnish reminiscent of their condition after production. We participated in the Railway Days in Pilsen, Prague and other locations. We also supported other railway events financially or operationally. In 2022, in the area of CSR activities, we also supported sports activities for young athletes and railway modelers.



## Companies with equity participation

### **CD Cargo Germany GmbH**

Date of entry in the Commercial Register: 11 October 2004, Germany

Share capital: EUR 50,000

ČD Cargo, a.s. interest: 100%

Principal business activity: brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s., freight forwarding.

### **CD Cargo Austria GmbH**

Date of entry in the Commercial Register: 30 March 2007

Share capital: EUR 275,000

ČD Cargo, a.s. interest: 100% granddaughter (100% CD Cargo Germany GmbH)

Principal business activity: brokerage of services in freight transportation, freight forwarding.

### **CD Cargo Poland Sp. z o.o.**

Date of entry in the Commercial Register: 18 December 2006, Poland

Share capital: PLN 41,966,000 (Polish zloty)

ČD Cargo, a.s. interest: 100%

Principal business activity: operation of rail freight transport, brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s., freight forwarding, lease of freight wagons and traction vehicles.

### **CD Cargo Slovakia, s.r.o.**

Date of entry in the Commercial Register: 24 September 2008, Slovakia

Share capital: EUR 6,675,475

ČD Cargo, a.s. interest: 100%

Principal business activity: operation of rail freight transport, brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s., freight forwarding, lease of freight wagons and traction vehicles.

### **CD Cargo Hungary, Kft**

Date of entry in the Commercial Register: 26 March 2020, Hungary

Share capital: HUF 5,000,000

ČD Cargo, a.s. interest: 100%

Principal business activity: operation of rail freight transport, brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s., freight forwarding, lease of freight wagons and traction vehicles.



### **ČD Cargo Adria d.o.o.**

Date of entry in the Commercial Register: 10 May 2021, Croatia

Share capital: HRK 1,142,600

ČD Cargo, a.s. interest: 100%

Principal business activity: operation of rail freight transport, brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s., freight forwarding, lease of freight wagons and traction vehicles.

### **ČD Cargo Logistics, a.s.**

Date of entry in the Commercial Register: 16 June 2007

Share capital: CZK 10,000,000

ČD Cargo, a.s. interest: 100%

Principal business activity: freight forwarding.

### **Terminál Mošnov, a.s.**

Date of acquisition of the bulk share representing a 25% interest in Terminál Mošnov, a.s.: 20 December 2022

Share capital: CZK 2,400,000

ČD Cargo, a.s. interest: 25% granddaughter (25% ČD Cargo Logistics, a.s.)

Principal business activity: operations of the container terminal

### **Terminal Brno, a.s.**

Date of entry in the Commercial Register: 25 July 2008

Share capital: CZK 71,550,000

ČD Cargo, a.s. interest: 66.93% (CZK 47.89 million)

Principal business activity: operations of a combined transportation terminal in Brno.

### **ČD-DUSS Terminál, a.s.**

Date of entry in the Commercial Register: 1 March 2007

Share capital: CZK 4,000,000

ČD Cargo, a.s. interest: 51% (CZK 2.04 million)

Principal business activity: operations of the container terminal in Lovosice.

### **RAILLEX, a.s.**

Date of entry in the Commercial Register: 17 June 2006

Share capital: CZK 2,000,000

ČD Cargo, a.s. interest: 50% (CZK 1 million)

Principal business activity: cargo handling and technical transportation services.



#### **BOHEMIAKOMBI, spol. s r.o.**

Date of entry in the Commercial Register: 17 April 1992

Share capital: CZK 6,000,000

ČD Cargo, a.s. interest: 30% (CZK 1.8 million)

Principal business activity: brokerage of services in the field of transportation except for transportation by own vehicles.

#### **Ostravská dopravní společnost, a.s.**

Date of entry in the Commercial Register: 30 May 1995

Share capital: CZK 15,000,000

ČD Cargo, a.s. interest: 50% (CZK 7.5 million)

Principal business activity: operation of railway transport and lease of locomotives.

#### **Ostravská dopravní společnost - Cargo, a.s.**

Date of entry in the Commercial Register: 1 January 2017

Share capital: CZK 2,100,000

ČD Cargo, a.s. interest: 20% (CZK 420 thousand)

Principal business activity: operation of railway transport.

#### **Bureau Central de Clearing société coopérative á responsabilité limitée (BCC s.c.r.l.)**

Date of entry in the Commercial Register: Belgie 17 December 1996

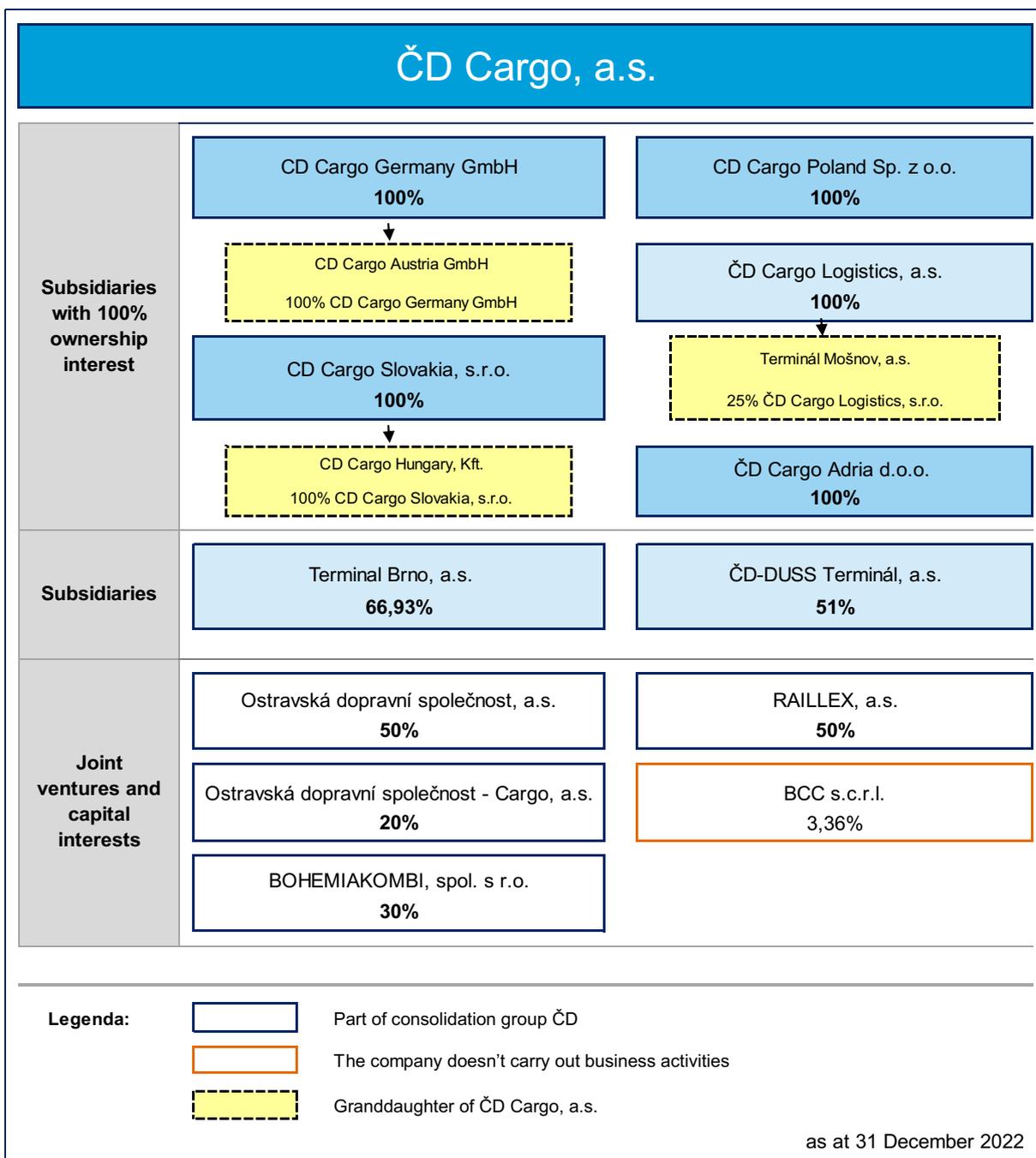
Share capital (fixed part): EUR 18,750

ČD Cargo, a.s. interest: 3.36% (EUR 3,750)

Principal business activity: non-cash settlement of mutual payments in railway transport.

#### **In the period from 1 January 2022 to 31 December 2022, the following changes took place:**

In 19 December 2022, the Board of Directors of ČD Cargo, a.s., in the competence of the General Meeting of ČD Cargo Logistics, a.s., by its resolution approved purchase of 25% shares of the operator of the container terminal in Mošnov. On 20 December 2022, ČD Cargo Logistics, a.s. became a shareholder of Terminál Mošnov, a.s., with registered office at Na Florenci 1332/23, Nové Město, 110 00 Prague 1, identification number: 141 98 240.





## 9 Financial Situation of ČD Cargo, a.s.

### Investment activities<sup>1</sup>

Investment activities of ČD Cargo, a.s. (CZK mil.)	2022	2021	2020	2019
Acquisition of freight wagons	172	356	598	1,190
Renovation and modernisation of freight wagons	100	6	25	51
Acquisition of traction vehicles	527	1,115	185	548
Renovation and modernisation of traction vehicles	1,193	753	685	107
Machinery investments	5	3	14	37
Construction investments	139	74	17	59
Other investments	169	140	131	198
Component accounting for revision repairs of railway vehicles	1,777	1,124	1,386	1,969
<b>Total investments</b>	<b>4,092</b>	<b>3,572</b>	<b>3,041</b>	<b>4,159</b>
<i>Advances paid for investments</i>	<i>826</i>	<i>316</i>	<i>369</i>	<i>335</i>
<i>Advance payments for subsidies</i>	<i>56</i>	<i>112</i>	<i>81</i>	<i>141</i>

### Funding

In 2022, the ČD Cargo, a.s. investment and operational activities and liquidity were financed by a combination of the Company's own and external sources, which comprises short-term bank loans and intercompany loans, investment loans, supplier loans, leases and bonds.

#### Operating bank loans and intercompany loans

In funding its operational needs, ČD Cargo, a.s. has limits of overdraft loans in the maximum amount of CZK 1,8 billion provided by five banks.

Furthermore, ČD Cargo, a.s. has been included in the Group's cash-pooling of the ČD Group. Within the cash-pooling, ČD Cargo, a.s. has a drawing limit of up to CZK 0,3 billion and at the same time contractual limit of CZK 0,7 billion. None of these limits have been drawn during 2022.

#### Promissory programme

The Promissory Notes Programme was approved in the amount of CZK 1.5 billion. The Supervisory Board of ČD Cargo, a.s. must be informed ahead about the intention of drawing over CZK 1 billion. Framework contracts are then approved for individual banks in total amount of CZK 2 billion. During 2022, the Promissory Notes Programme was not used, however, the promissory note framework is left as a form of short-term financing provision, directly independent of bank resources.

<sup>1</sup> The investments are presented according to the International Financial Reporting Standards in Annual Report 2022 of ČD Cargo, a.s.



## Leases

ČD Cargo, a.s. has long used lease financing to finance selected rail vehicles projects. In February 2022, the last of the 5 Effishunter locomotives (744 series) entered into lease. In the 4th quarter of 2022, new leasing agreements were concluded with two leasing companies (Leasing České spořitelny, a.s. and ČSOB Leasing, a.s.) for the purpose of financing 26 Effishunter 1000 traction vehicles (742.7 series).

## Bonds

Bonds financing increases the Company's liquidity and financial stability in the area of cash flow. New bonds were issued in April 2022 with a total volume of EUR 40 million, with maturity in 2028, through the issue manager of UniCredit Bank Czech Republic and Slovakia, a.s. with a fixed interest rate of 1.92 % p.a. No bonds issued were due in 2022. As at 31 December 2022, ČD Cargo, a.s. has issued bonds in the total amount of CZK 4,270 billion and EUR 40 million.

## Investment loans

ČD Cargo, a.s. also uses investment loans to finance long-term investments. During 2022, two new investment loans were concluded with a total credit framework of EUR 80 million. The first loan of EUR 40 million in Raiffeisenbank a.s. was drawn in April 2022. The second loan of EUR 40 million in ING Bank N.V. was drawn in December 2022 (EUR 20 million drawn down in 2022).

## Loan from the European Investment Bank

In December 2020, a loan agreement was signed with the European Investment Bank. The total approved framework for this loan is EUR 130 million. The credit framework will be gradually drawn in individual tranches for financing selected investment projects. In 2021, the first tranche of this loan in the amount of CZK 500 million was drawn. In 2022, the credit framework was not drawn.

## Risk Management system

ČD Cargo, a.s. monitors, assesses and manages all material business risks, specifically commercial, operating, financial and compliance risks within the ČD Cargo, a.s. integrated risk management system.

The basic documents of risk management system are:

- Risk Management Policy – defines the Company's objectives, basic principles and risk management strategy, ČD Cargo, a.s. further defines the framework of the risk management roles, responsibilities and competencies.
- Risk Management Committee Statute – defines the role, competence, responsibility and manner in which the Risk Management Committee acts and decides.
- Risk Management Manual – is an internal standard setting out specific procedures (identification, analysis, measurement, management strategy, processes and procedures for managing, monitoring, reporting and consolidating risks) in managing individual risks. The Risk Management Manual is valid for the entire ČD Group.



- Risk Management Strategy – identifies risks, their regular monitoring, quantification and limitation of the risk impact on profit. Within Risk Management Strategy, the Risk Appetite is approved once a year.
- Financial Risk Management Strategy at ČD Cargo, a.s. – specifies the procedures and methods for financial risk in order to significantly reduce the ČD Cargo, a.s. risk from operating and trading activities and financial market transactions.

Unified software support for risk management "eRisk" is established to the standardisation of procedures. The introduced unified method of risk management created preconditions for further developments and improvements of the processes of monitoring, assessment and reporting of all significant risks.

The principal objective of the implemented system for active risk management is to achieve a maximum reduction in the negative impact of individual risks on the economic result of the Company, i.e. minimise the impact of unused opportunities on revenue and reduce the negative impact of costs. In 2022, as part of the active risk management, the Company introduced the ongoing monitoring and assessment of compliance with approved risk limits and the overall risk appetite of the Company.

The outputs from the risk monitoring systems are regularly discussed by the Risk Management Committee, shared with the Board of Directors of ČD Cargo, a.s.

### **Business risks**

Business risks are monitored in detail at the level of individual commodities and, in connection with developments in these commodities, measures are taken to eliminate the negative impact. The effectiveness of the measures taken is then evaluated on a quarterly basis.

Performance and related business risks in 2022 were affected by the lingering Covid-19 pandemic, the impact of the war in Ukraine and the energy crisis.

Operational risks are defined as risks related to extraordinary events, property damage or criminal act regarding property and transported goods.

ČD Cargo, a.s. addresses a range of operational risks by negotiating the liability or property insurance. The most significant risks insured in this way include in particular the responsibility of a carrier for a damage caused to another party in connection with operations of railway transport on national and regional railways in the Czech Republic, the responsibility of a holder of freight wagons, liability insurance abroad (where the carrier's license is granted) or insurance of selected traction vehicles.

### **Financial risks**

Financial risks are managed based on the "Financial Risk Management Strategy of ČD Cargo, a.s.". This document defines the objectives and methods for each risk as well as the permitted derivative operations to hedge them.



## **Liquidity risk**

The liquidity risk at ČD Cargo, a.s. is with regard to the permanent provision of a sufficient volume and diversification of available funds necessary for the settlement of financial liabilities and finance planned investments in Company's development.

On a daily basis, the Company assesses the development of liquidity, the state of available resources and the prepared cash flow plan in the short, medium and long-term.

The Company is actively engaged in securing planned external financial resources, which ensures sufficient funds for short and long-term financing, while maintaining the Company's financial health.

## **Credit risk**

Standard instruments are used in various combinations for additional hedge of potential risk receivables.

In the same time, ČD Cargo, a.s. is applying continuous monitoring of receivables by individual companies, by default periods and other parameters, using the set methodology and regular reports. Individual responsible employees and the Receivables Commission are continuously engaged in receivables development.

## **Currency risk**

Given that a significant part of the Company's revenue is realised in Euro, the Company pays constant and systematic attention to currency risk management. To mitigate negative impacts on the Company's financial performance, a wide range of instruments is used, which are applied on a short-term as well as medium-term basis based on their underlying characteristics.

The goal of the currency risk management is to use natural hedging to the maximum extent possible and then within the remaining open position to implement currency hedging so that the negative impact on the management of the company is not higher than the approved risk appetite of the Company. To achieve the required status, methods and instruments for the currency risk management arising from the Financial Risk Management Strategy are approved.

During 2022, ČD Cargo, a.s. mitigated the risk of possible future currency appreciation by continuous hedging of the exchange rate of the Czech Crown against the Euro. With the respect the estimated revenue for the rendered services in EUR and its internal price calculation, reduced by planned operating and capital expenses and loan repayments in the same currency, the hedging of the CZK/EUR exchange rate may be subsequently agreed based on the current market situation and in line with the Financial Risk Management Strategy.

## **Commodity risk**

The significant cost component represents electricity and traction diesel, which ČD Cargo, a.s. consumes during its operations.



In 2022, in line with the Financial Risk Management Strategy, the Company partially used hedging of the price of diesel, which reduced the Company's potential commodity risk.

The goal of the commodity risk management is to implement hedging so that the negative impact on the management of the Company is not higher than the approved risk appetite of the Company. To achieve the required status, the methods and instruments for the commodity risk management arising from the Financial Risk Management Strategy are approved.

Traction electricity is then purchased from the Správa železnic (Railway Administration) under predefined conditions.

### **Interest-rate risk**

Interest rate risk may be represented by changes in floating interest rates on funding sources that are negotiated at those rates. The goal of the commodity risk management is to implement hedging so that the negative impact on the management of the Company is not higher than the approved risk appetite of the Company. The maximum share of funding with a floating interest rate is specified at 50% of the total volume under the Financial Risk Management Strategy. To achieve the required status, the methods and instruments for the interest rate risk management arising from the Financial Risk Management Strategy or the use of fixed rates in the event of their economic advantage are approved. This risk is significantly eliminated by concluding most active loan and lease agreements on a fixed interest rate basis.



## 10 Expected Development, Objectives and Intentions

The Czech economy will slow down in 2023, and global developments are also not clearly predictable. The fundamental issue, not only for ČD Cargo, a.s., will be to ensure a sufficient volume of energy at economically viable prices. High production costs will certainly affect metallurgical, chemical and glass industries, as well as automobile manufacturing and other industries. Another factor affecting the combined transport segment in particular is the complexity and ambiguity of trade relations between China, Europe and the USA, as well as the ongoing Covid-19 pandemic in China. In 2023, the volume of rail transport will be again influenced by sufficient transshipment capacities in all seaports, as well as large-scale investments in the European infrastructure. Limitations related to the above can in many cases spell the end of rail transport.

Despite all the above-mentioned influences, ČD Cargo, a.s. expects stabilisation of domestic transport performance and a further increase in output on foreign markets. One of the priorities will be ensuring the transport of strategic raw materials – solid and liquid fuels. The Company will continue to implement measures to increase the efficiency of its internal processes and utilisation of its capacities and assets. The increased costs in 2023 meant a higher increase in selling prices offered by ČD Cargo, a.s., which may primarily result in lower competitiveness in the segment of individual wagon shipments, where ČD Cargo, a.s., is the only carrier operating on the network of the Railway Administration, and whose direct competition is road freight transport.

In the area of investments, ČD Cargo, a.s. will proceed in the modernisation and renewal of the locomotive and wagon fleet. Further, the Company will focus mainly on wagons for transportation of commodities, where a long-lasting recession is not expected (intermodal transport, fuel). Projects aimed at implementation of mobile parts of ETCS will also continue.

The Company's economic objectives mainly comprise maintaining the stable level of cash flow, achieved by securing the planned level of revenues from its own transport, by the effective utilisation of cost items and by ensuring sufficient medium and long-term liquidity of the Company. The important goal is to stabilise the profitability of the main activity and other business.



## 11 Share Capital

### The Amount of the Issued Share Capital

As at the balance sheet date of 31 December 2022, the share capital of the Company amounted to CZK 8,494,000 thousand and was fully paid.

During the accounting period 2022, ČD Cargo, a.s. did not acquire own shares or any other own equity instruments.

### Ownership Structure

**The Sole Shareholder:**

České dráhy, a.s.

Prague 1, nábřeží L. Svobody 1222, 110 15

Corporate ID: 709 94 226



## 12 Reports of the Supervisory Board and Audit Committee

### Report of the Supervisory Board of ČD Cargo a.s. on the performance of its powers in 2022 and the results of control activities

The Supervisory Board of ČD Cargo, a.s. met in ten regular meetings in the course of 2022, stating that it had a quorum at all and decided in one case per rollam.

The Supervisory Board exercised its powers and performed its tasks in accordance with the legal regulations and the articles of association of the company. Also supervised the performance of the powers of the Board of Directors in carrying out the Company's business activities. The Board of Directors of ČD Cargo, a.s. provided the Supervisory Board with the prescribed or required information and documents for the performance of control activities. The Chairman of the Board of Directors together with other members of the Board of Directors regularly participated in all meetings and kept the Supervisory Board informed, in particular about the Company's business activities and results and the results of subsidiaries.

The Supervisory Board discussed and assessed the applications of the Board of Directors of ČD Cargo, a.s. for granting prior consent to certain legal acts.

The Supervisory Board states that it has created the necessary conditions for the proper performance of its activities. In performing its control activities, the Supervisory Board did not find any breach or non-fulfilment of obligations imposed by legal regulations, the Articles of Association of ČD Cargo, a.s. and the Company's internal regulations or decisions of the sole shareholder in exercising the powers of the General Meeting, or own suggestions of the Supervisory Board addressed to the Board of Directors.

Mgr. Michal Krapinec  
Chairman of the Supervisory Boar



## Report of the Audit Committee of ČD Cargo, a.s. to the Annual Report of ČD Cargo, a.s for the year 2022

The Company's Audit Committee executed its duties and performed all tasks in accordance with legal regulations, the Company's Articles of Association, and the effective contractual arrangements. It systematically monitored the preparation of the Company's separate and consolidated financial statements, the audit and interim audit thereof, and related documents for the periods from 1 January 2022 to 30 September 2022 and 1 January 2022 to 31 December 2022.

The Company's Audit Committee was informed by the Company's representatives, duly and on time, of the relevant information and documents related to the individual steps of preparing the Company's separate and consolidated financial statements under IFRS as adopted by the EU and the Report on Relations for the year 2022, and of preparing the Annual Report of ČD Cargo, a.s. for the year 2022.

The Audit Committee also assessed the impartiality and independence of the Company's auditor, PricewaterhouseCoopers Audit, s.r.o., discussed and communicated selected information, and issued statements and communications in accordance with the legislation. During the preparation of the separate and consolidated financial statements and the mandatory audit thereof, the preparation of the Report on Relations and related activities, the Audit Committee, acting in its capacity, did not identify any errors or breaches of the legal regulations or the Company's Articles of Association by either the Company or the auditor.

With regard to the facts stated above and after discussing the draft auditor's report on the separate and consolidated financial statements and the contents of the Report on Relations, the Audit Committee recommended that the Company's bodies discuss the separate financial statements along with the Auditor's Report and the Report on Relations along with the Auditor's Report for the year 2022 and that the sole shareholder, acting in the capacity as the General Meeting, approve the documents. It also recommended that the Company's bodies discuss the consolidated financial statements of ČD Cargo, a.s., under IFRS as adopted by the EU for the year from 1 January 2022 to 31 December 2022, and that the sole shareholder, acting in the capacity as the General Meeting, approve the documents.

In addition, the Audit Committee monitored the integrity of the financial information provided by the Company and the internal control systems and risk management in the Company. It also discussed the report on the internal audit for the year 2022.

With regard to the facts referred to above, the Company's Audit Committee states that it complied with the obligations ensuing from legal regulations, in particular the Act on Auditors 93/2009 Coll. dated 26 March 2009 and the Company's Articles of Association, as amended.

In Prague on 29 March 2023

Mgr. Oldřich Vojtř, Ph.D.

Chairman of the Audit Committee



## Report of the Audit Committee of ČD Cargo, a.s. on the Report on Relations for the year 2022

The Audit Committee of ČD Cargo, a.s., in line with the relevant provisions of Act 93/2009 Coll., on Auditors, as amended, and the Articles of Association of ČD Cargo, a.s., as amended, continuously monitored the proceedings taken in the preparation of the Report on Relations for the year 2022, from the preparatory phase.

The Audit Committee was made aware by the representatives of ČD Cargo, a.s., duly and on time, of the relevant information and materials related to individual steps taken in preparing the Report on Relations for the year 2022.

The Audit Committee also assessed the impartiality and independence of the Company's auditor, PricewaterhouseCoopers Audit, s.r.o., discussed and communicated selected accounting information, and issued statements and communications in accordance with applicable legislation. During the preparation of the Report on Relations for the year 2022, the obligatory audit thereof and the relating activities, the Audit Committee, acting in its capacity, identified no errors or breaches of the legal regulations or the Company's Articles of Association by either the Company or the auditor.

With regard to the facts outlined above and with regard to the draft Auditor's Opinion, the Audit Committee recommends that the Report on Relations of ČD Cargo, a.s., is discussed by the bodies of ČD Cargo, a.s., and approved by the sole shareholder acting in the capacity of the General Meeting.

Based on the information disclosed above, the Audit Committee of ČD Cargo, a.s., states that it fulfilled the obligations arising from legal regulations, principally from Act 93/2009 Coll., on Auditors of 26 March 2009, as amended, the Articles of Association of ČD Cargo, a.s., as amended, and that it took into consideration all information it has received related to the Report on Relations for the year 2022.

Mgr. Oldřich Vojtíš, Ph.D.

Chairman of the Audit Committee



## Report of the Audit Committee of ČD Cargo, a.s., on the Separate Financial Statements of ČD Cargo, a.s., prepared under IFRS for the year from 1 January 2022 to 31 December 2022, including the Auditor's Opinion

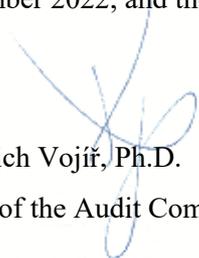
The Audit Committee of ČD Cargo, a.s., in line with the relevant provisions of Act 93/2009 Coll., on Auditors, as amended, and the Articles of Association of ČD Cargo, a.s., as amended, continuously monitored the proceedings taken in the preparation of the separate financial statements of ČD Cargo, a.s., under IFRS, the procedure of the audit of the financial statements and all related documents for the year from 1 January 2022 to 31 December 2022, from the preparation phase of the whole process.

The Audit Committee was made aware by the representatives of ČD Cargo, a.s., duly and on time, of the relevant information and materials related to individual steps taken in the preparation of the separate financial statements of ČD Cargo, a.s., under IFRS, for the year from 1 January 2022 to 31 December 2022.

The Audit Committee also assessed the impartiality and independence of the Company's auditor, PricewaterhouseCoopers Audit, s.r.o., discussed and communicated selected accounting information, and issued statements and communications in accordance with applicable legislation. During the preparation of the separate financial statements under IFRS for the year from 1 January 2022 to 31 December 2022, the obligatory audit thereof and the relating activities, the Audit Committee, acting in its capacity, identified no errors or breaches of the legal regulations or the Company's Articles of Association by either the Company or the auditor.

With regard to the facts outlined above and with regard to the Auditor's Opinion on the separate financial statements prepared under IFRS, the Audit Committee recommends that the separate financial statements of ČD Cargo, a.s., prepared under IFRS for the year from 1 January 2022 to 31 December 2022 and the Auditor's Opinion be discussed by the bodies of ČD Cargo, a.s., and approved by the sole shareholder acting in the capacity of the General Meeting.

Based on the information disclosed above, the Audit Committee of ČD Cargo, a.s. states that it fulfilled the obligations arising from legal regulations, principally from Act 93/2009 Coll., on Auditors of 26 March 2009, as amended, the Articles of Association of ČD Cargo, a.s., as amended, and that it took into consideration all information it has received related to the separate financial statements of ČD Cargo, a.s., under IFRS, for the year from 1 January 2022 to 31 December 2022, and the Auditor's Opinion.

  
Mgr. Oldřich Vojtř, Ph.D.  
Chairman of the Audit Committee



## **Report of the Audit Committee of ČD Cargo, a.s. on the Consolidated Financial Statements of ČD Cargo, a.s., prepared under IFRS for the year from 1 January 2022 to 31 December 2022, including the Auditor's Opinion**

The Audit Committee of ČD Cargo, a.s., in line with the relevant provisions of Act 93/2009 Coll., on Auditors, as amended, and the Articles of Association of ČD Cargo, a.s., as amended, continuously monitored the proceedings taken in the preparation of the consolidated financial statements of ČD Cargo, a.s., under IFRS, the procedure of the audit of the financial statements and all related documents for the year from 1 January 2022 to 31 December 2022, from the preparation phase of the whole process.

The Audit Committee was made aware by the representatives of ČD Cargo, a.s., duly and on time, of the relevant information and materials related to individual steps taken in preparing the consolidated financial statements of ČD Cargo, a.s., under IFRS, for the year from 1 January 2022 to 31 December 2022.

The Audit Committee also assessed the impartiality and independence of the Company's auditor, PricewaterhouseCoopers Audit, s.r.o., discussed and communicated selected accounting information, and issued statements and communications in accordance with applicable legislation. During the preparation of the consolidated financial statements under IFRS for the year from 1 January 2022 to 31 December 2022, the obligatory audit thereof and the relating activities, the Audit Committee, acting in its capacity, identified no errors or breaches of the legal regulations or the Company's Articles of Association by either the Company or the auditor.

With regard to the facts outlined above and with regard to the Auditor's Opinion on the consolidated financial statements prepared under IFRS, the Audit Committee recommends that the consolidated financial statements of ČD Cargo, a.s., prepared under IFRS for the year from 1 January 2022 to 31 December 2022, and the Auditor's Opinion to discussed by the bodies of ČD Cargo, a.s. and approved by the sole shareholder acting in the capacity of the General Meeting.

Based on the information disclosed above, the Audit Committee of ČD Cargo, a.s. states that it fulfilled the obligations arising from legal regulations, principally from Act 93/2009 Coll., on Auditors of 26 March 2009, as amended, the Articles of Association of ČD Cargo, a.s., as amended, and that it took into consideration all information it has received related to the consolidated financial statements of ČD Cargo, a.s., under IFRS for the year from 1 January 2022 to 31 December 2022, and the Auditor's Opinion.

Mgr. Oldřich Vojtř, Ph.D.  
Chairman of the Audit Committee

**Cargo**



## 13 Independent auditor's report



### Independent Auditor's Report

To the shareholder of ČD Cargo, a.s.

#### Report on the audit of the consolidated and separate financial statements

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##### Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of ČD Cargo, a.s., with its registered office at Jankovcova 1569/2c, Praha 7 - Holešovice (the "Company") and its subsidiaries (together the "Group") as at 31 December 2022, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union, and
- the separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2022, and of the Company's separate financial performance and separate cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union.

##### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position (balance sheet) as at 31 December 2022;
- the consolidated statement of profit or loss for the year ended 31 December 2022;
- the consolidated statement of comprehensive income for the year ended 31 December 2022;
- the consolidated statement of changes in equity for the year ended 31 December 2022;
- the consolidated cash flow statement for the year ended 31 December 2022; and
- the notes to the consolidated financial statements including significant accounting policies and other explanatory information.

The Company's separate financial statements comprise:

- the separate statement of financial position (balance sheet) as at 31 December 2022;
- the separate statement of profit or loss for the year ended 31 December 2022;
- the separate statement of comprehensive income for the year ended 31 December 2022;
- the separate statement of changes in equity for the year ended 31 December 2022;
- the separate cash flow statement for the year ended 31 December 2022; and
- the notes to the separate financial statements including significant accounting policies and other explanatory information.



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## Basis for opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council (the "EU Regulation") and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

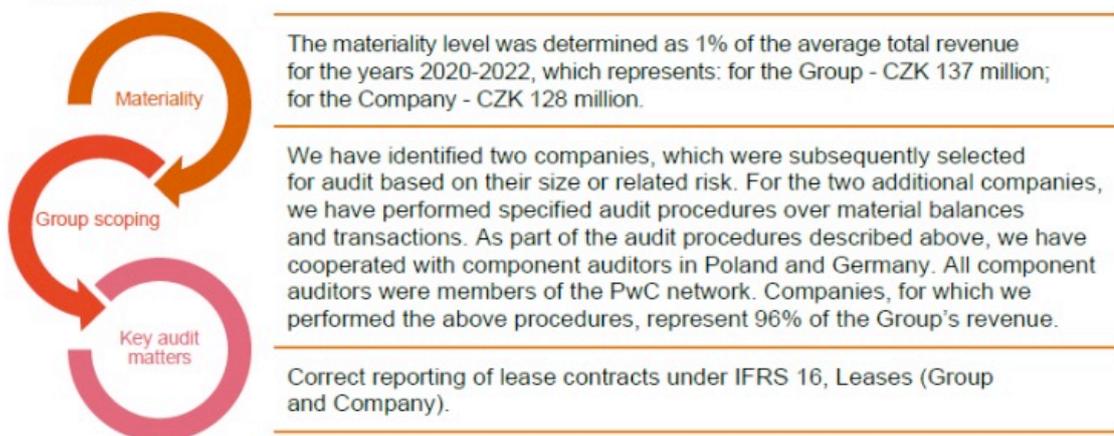
### Independence

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic, with the Act on Auditors and with the EU Regulation. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, the Act on Auditors and the EU Regulation.

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## Our audit approach

### Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements (together the "financial statements"). In particular, we considered where management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for each set of financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate, on each set of financial statements as a whole.

<b>Overall Group materiality</b>	CZK 137 million
<b>Overall Company materiality</b>	CZK 128 million
<b>How we determined it</b>	Materiality for the Group and the Company was determined based on total revenue.
<b>Rationale for the materiality benchmark applied</b>	We considered profit before tax as the primary method of determining materiality, but due to its year-on-year fluctuation, we decided to select total revenue as a more stable year-on-year indicator. Based on the above, the materiality level was determined as 1% of the average total revenue for the years 2020-2022.

### 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 each set of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p data-bbox="320 600 772 651">Correct reporting of lease contracts under IFRS 16, Leases (Group and Company).</p> <p data-bbox="320 674 810 1106">In 2022, there were changes to some lease contracts from 2021 in the form of modifications, reassessments or terminations. In 2022, new lease contracts were also concluded. As of 31 December 2022, the right of use amounted to CZK 3,991 million for the Group and CZK 3,687 million for the Company. The changes to the lease contracts have a significant impact on the financial statements. The related accounting policies are disclosed in chapter 2.4 of the consolidated and separate financial statements. Further information on the disclosure of leases is provided in chapters 15.4 and 19 of the consolidated and separate financial statements.</p>	<p data-bbox="831 674 1374 725">In connection with the changes to lease contracts, we performed the following procedures:</p> <p data-bbox="831 725 1390 1301">We assessed whether management correctly determined the changes in leases entered into in previous years due to them being modified or reassessed to ensure that the proposed accounting treatment comply with the requirements of IFRS 16. We considered the completeness of the lease contracts included in the assets representing rights of use. We tested the accuracy of the input data on a sample basis, including discount rates and the assessment of the extension option of the contracts used to calculate the value of the lease liabilities. Our procedures also included consideration of the exemptions and practical expedients applied under IFRS 16. We tested, on a sample basis, the mathematical accuracy of the calculation of the leased liabilities we obtained from the management for the Group and the Company. We have assessed the disclosures related to leases in chapters 2.4 and 19 of the consolidated and separate financial statements as to whether they meet the disclosure requirements of IFRS 16.</p>

#### How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on each set of financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, the share of individual subsidiaries on the Group financial position and performance and specifics of the industry in which the Group and the Company operate.

The Group operates mainly in the rail transportation of goods and related services in the Czech Republic and Central Europe. The consolidation Group is defined in chapter 1.7 of the consolidated financial statements. The Company itself is clearly the largest entity. In the context of determining the scope of the audit, we set the scope of work that was deemed necessary for each entity. We determined the appropriate scope of work to be the audit of the Company, one subsidiary and the specific audit procedures of two subsidiaries. The criteria for determining the extent of the work on individual companies was mainly their size, complexity and risk in terms of audit procedures. Audit work on companies based in the Czech Republic was performed by the group audit team; work on companies located abroad was performed by component auditors from the PwC network, and it was based on instructions provided by the group audit team. In cooperation with component auditors, we determined the level of mutual communication at a level that forms a sufficient basis for our opinion. This included regular exchanges of information obtained during the audit and discussions of key audit and accounting practices. The described range of audit work covers 96% of the Group's revenue. For the remaining companies, we performed analytical procedures focussed on significant year-to-year changes. We consider the described scope of the audit to be sufficient for rendering our audit opinion.



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### Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include both of the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

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### Responsibilities of the board of directors, supervisory board and audit committee of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the board of directors 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, the board of directors is responsible for assessing the Group and 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 the board of directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the financial reporting process.

The audit committee of the Company is responsible for monitoring the financial statements' preparation process.

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### 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 the Audit regulations will always detect a material misstatement when 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 the Audit regulations, 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 Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' 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 Group and 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 Group or 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors, supervisory board and audit committee 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 the audit committee with a statement showing that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board and audit committee, 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.



## Report on other legal and regulatory requirements

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### Information required by the EU Regulation

In compliance with Article 10(2) of the EU Regulation, we provide the following information, which is required in addition to the requirements of International Standards on Auditing:

#### Consistency of the audit opinion with the additional report to the audit committee

We confirm that the audit opinion expressed herein is consistent with the additional report to the audit committee of the Company, which we issued today in accordance with Article 11 of the EU Regulation.

#### Appointment of auditor and period of engagement

We were appointed as the auditors of the Group and the Company for year 2022 by the general meeting of shareholders of the Company on 25 June 2019. Our uninterrupted engagement as auditors of the Group and the Company has lasted for 7 years.

#### Provided non-audit services

We declare that the PwC Network has not provided non-audit services to the Company and its subsidiaries that are prohibited under Article 5 (1) of the EU Regulation, as amended by the Czech law following Article 5 (3) of the EU Regulation.

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2022 to 31 December 2022 are disclosed in Note 26 of the notes to the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Petra Jirková Bočáková.

11 April 2023

PricewaterhouseCoopers Audit, s.r.o.  
represented by

Václav Prýmek

Petra Jirková Bočáková  
Statutory Auditor, Licence No. 2253



## 14 Events after the Balance Sheet Date

In January 2023, the company drew down an investment loan from ING in the amount of EUR 20 million (CZK equivalent of approx. CZK 480 million). In March 2023, the Company obtained a new investment loan from VÚB in the amount of EUR 30 million (CZK equivalent of approx. CZK 720 million), which was also drawn in full at the same time.



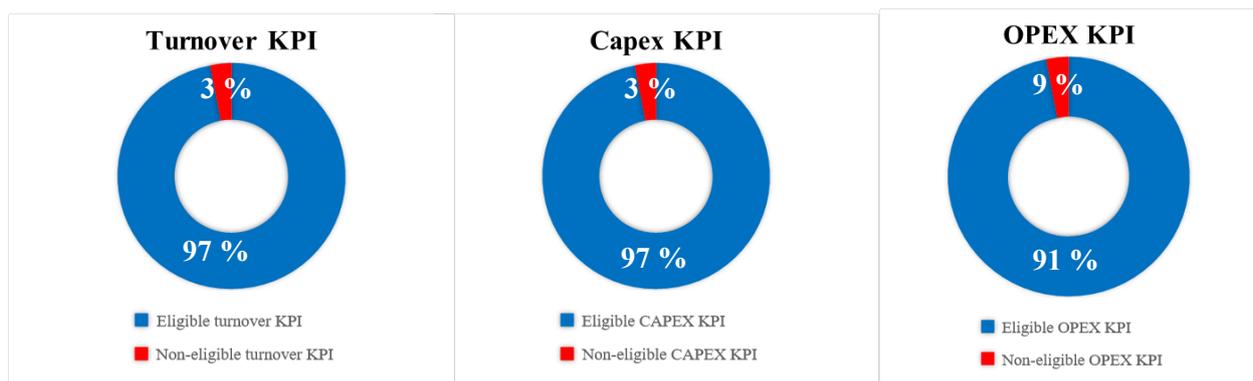
## 15 Consolidated Disclosures Pursuant to art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council on the Establishment 262 of a Framework to Facilitate Sustainable Investments (Taxonomy Regulation)

### Article 8 Taxonomy regulation

The Taxonomy Regulation is a key component of the European Commission’s action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with EU climate goals as the Taxonomy is a classification system for environmentally sustainable economic activities.

**As of 31 December 2022, the ČD Cargo Group is not obliged to disclose information subject to this taxonomy. The ČD Cargo Group, however, understands the importance of the environmental objectives of this agenda, therefore it decided to voluntarily disclose this information.**

In the following section, we as a non-financial parent undertaking present the share of our group’s Taxonomy-eligible economic activities for the year 2022 related to the first two environmental objectives (climate change mitigation and climate change adaptation) on the total turnover of the group (Turnover KPI), capital expenditures of the group ( Capex KPI) and operational expenditures of the group (Opex KPI) in accordance with Art. 8 Taxonomy Regulation and Art. 10 (2) of the Art. 8 of the Commission Delegated Regulation.





Proportion of Taxonomy-eligible and Taxonomy-non-eligible economic activities in total turnover, Capex and Opex

	Total (in CZK million)	Proportion of Taxonomy-eligible economic activities (in %)	Proportion of Taxonomy-non-eligible economic activities (in %)
Turnover	15,041	97 %	3 %
Capital expenditure (Capex)	6,776	97 %	3 %
Operating expenditure (Opex)	1,594	91 %	9 %

### Definitions

Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation (i.e. the Commission Delegated Regulation (EU) 2021/2139) irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.

An economic activity is Taxonomy-aligned when it complies with all the following requirements

- the economic activity contributes substantially to one or more environmental objectives;
- it does not significantly harm any of the environmental objectives;
- it is carried out in compliance with the minimum safeguards; and
- it complies with the technical screening criteria in the delegated regulations supplementing the Taxonomy Regulation.

Taxonomy-non-eligible economic activity means any economic activity that is not described in the above-mentioned directives.

### Taxonomy-eligible economic activities

We have examined the relevant Taxonomy-eligible economic activities based on an analysis of our worldwide activities and assigned them to the following economic activities in accordance with Annex I and II to the Taxonomy Delegated Regulation. The table below indicates for which environmental objective the activities qualify as eligible:



Eligible economic activity (Number, name)	Description	Climate change mitigation	Climate change adaptation
Rail freight transport	Purchase, financing, leasing, rental and operation of freight transport on mainline rail networks as well as short line freight railroads.	Yes	Yes
Infrastructure for rail transport	Construction, modernisation, operation and maintenance of railways and subways as well as bridges and tunnels, stations, terminals, rail service facilities, safety and traffic management systems including the provision of architectural services, engineering services, drafting services, building inspection services and surveying and mapping services and the like as well as the performance of physical, chemical and other analytical testing of all types of materials and products.	Yes	Yes

**Table 2 - Structure of reportable KPIs for eligible activities**

Economic activity	Code	Turnover		Capex		Opex	
		Value	%	Value	%	Value	%
Rail freight transport	6.2	14,557	97	5,789	85	1,303	82
Infrastructure for rail transport	6.14	0	0	773	11	150	9
Total eligible activities		14,557	97	6,562	97	1,453	91
Taxonomy-non-eligible activities		484	3	215	3	141	9
Total		15,041	100	6,776	100	1,594	100

### Taxonomy-aligned economic activities

For the year 2022, we are not able to report our taxonomy-aligned economic activities due to the current non-fulfilment of the principle "not to significantly harm any of the environmental objectives " in the part of climate change adaptation according to Appendix A of the Commission Delegated Regulation (EU) 2021/2139.

The fulfilment of this objective is conditioned by e.g., assessing the climate vulnerability and risks of the Company's key assets to provide their main economic activities in line with the climate projection in all countries where we operate. It was not possible to carry out this vulnerability analysis for 2022 due to the unavailability of climate projection models in all countries where we conduct business and



the impossibility to ensure the cooperation with all railway infrastructure operators in these countries necessary to carry out a joint assessment of the climate vulnerability of our assets in 2022.

Due to the impossibility of meeting the climate vulnerability criteria for 2022 and thus also reporting our economic activities in line with the taxonomy, the review of compliance with minimum precautionary measures in the area of human rights was also not carried out in 2022. We will proceed with this review in the subsequent period, based on the refinement of the evaluation criteria and the development of sufficient "best practice" rules for this area which will serve as guidelines for such review.

### ***Allocation of turnover, Capex and Opex to one environmental objective***

The ČD Cargo Group is particularly concerned by the objective of climate change mitigation and therefore seeks to contribute as much as possible to its own climate change mitigation goals. The ČD Cargo Group determined that activities 6.2 and 6.14 should be allocated to climate change mitigation as the contribution to climate change adaptation is of minor importance and the taxonomy does not allow double counting (i.e. assigning one activity to more than one climate objective).

### ***Relevant judgement on the Taxonomy-eligibility of our activities***

#### ***Assessment of activities in the value chain of our revenue-generating activities***

Our assessment of taxonomy-eligible activities is focused on economic activities defined as the combination of resources needed to provide services. As a major rail freight operator, we generate revenues in several areas within this value chain, namely revenues related to freight transport (activity 6.2). We do not disclose information on activities within the value chain that are not external revenue-generating, but that result in assets or processes that are essential for our revenue-generating activities, such as:

- intra-group performances,
- intra-group leases of railway vehicles,
- intra-group service and repair activities,

These activities are not reported as taxonomy-eligible and are not included in our turnover KPI as they are not generating external turnover on a standalone basis.

#### ***6.2. Freight rail transport***

The main activity of the ČD Cargo Group is freight transport. This category includes all transport services performed by our companies using rail vehicles moving on European rail infrastructure associated with the transport of freight at both national and international level.

#### ***Taxonomy-non-eligible economic activity***

Within its companies, the ČD Cargo Group also provides a number of other services that we consider to be non-eligible to meet the EU's climate goals in terms of EU taxonomy.



### ***Taxonomy-eligible Capex/Opex and individually Taxonomy-eligible Capex/Opex***

With regard to Capex and Opex related to our Taxonomy-eligible economic activities and Capex/Opex related to purchases and measures that we consider as individually Taxonomy-eligible, we refer to the explanations in the sections “Capex KPI” and “Opex KPI” in the description of our accounting policies.

#### ***Our KPIs and accounting policies***

Key performance indicators (KPIs) include turnover KPI, Capex KPI and the Opex KPI. For the reporting period 2022, the KPIs have to be disclosed in relation to our Taxonomy-eligible and Taxonomy-non-eligible economic activities (Art. 10 (2) of the Art. 8 Delegated Regulation (EU) 2021/2178.)

The specification of the KPIs is determined in accordance with Annex I of the Art. 8 Delegated Regulation (EU) 2021/2178. We determine the Taxonomy-eligible KPIs in accordance with the legal requirements and describe our accounting policy in this regard as follows:

#### ***Turnover KPI***

##### **Definition**

The proportion of Taxonomy-eligible economic activities in our total turnover has been calculated as the part of net turnover derived from products and services associated with Taxonomy-eligible economic activities (numerator) divided by the net turnover (denominator), in each case for the financial year 2022. The ČD Cargo Group records in detail the allocation of individual revenues to activity 6.2 within its internal IT systems, the use of allocation keys is therefore not necessary.

#### ***Reconciliation to financial statements***

Our consolidated net turnover can be reconciled to our consolidated financial statements, see the consolidated income statement (Revenue and Other operating income line items).

#### ***Capex KPI***

##### **Definition**

The Capex KPI is defined as Taxonomy-eligible Capex (numerator) divided by our total Capex (denominator).

Total Capex consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortisation and any re-measurements. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38) and right-of-use assets (IFRS 16). Additions resulting from business combinations are also included.

The numerator consists of the following categories of Taxonomy-eligible Capex:

- a) Investments related to assets or processes that are associated with Taxonomy-eligible economic activities (“category a”), where these are primarily investments in:



- railway freight cars and locomotives, including their modernization and component maintenance,
  - operation and business information systems.
- b) We do not record Capex that are part of a plan to upgrade a Taxonomy-eligible economic activity to become Taxonomy-aligned or to expand a Taxonomy-eligible economic activity (“category b”),
- c) Capex related to the purchase of output from Taxonomy-eligible economic activities and individual measures enabling certain target activities to become low-carbon activities or to lead to greenhouse gas reductions (“category c”). These include:
- implementation of the ETCS on locomotives,
  - modernization of railway yards, transfer yards and rolling stock repair centres, including their equipment.

Capital expenditures are also considered eligible capital expenditures if the purchased output meets the description of the relevant economic activity.

**Table 3 - Structure of capital expenditures by activity type**

Property, plant and equipment	6.2.		6.14.		Non-eligible assets		Total
	<i>in CZK million</i>	%	<i>in CZK million</i>	%	<i>in CZK million</i>	%	<i>in CZK million</i>
Land	23	1	-	-	-	-	23
Constructions	-	-	141	18	-	-	141
Equipment	-	-	8	1	17	84	25
Vehicles	3,421	83	-	-	3	16	3,424
Advances	694	17	133	17	-	-	826
Assets in the course of construction	-	-	482	63	-	-	482
<b>Total Property, plant and equipment</b>	<b>4,137</b>	<b>100</b>	<b>763</b>	<b>100</b>	<b>20</b>	<b>100</b>	<b>4,920</b>

Intangible assets and goodwill	6.2.		6.14.		Non-eligible assets		Total
	<i>in CZK million</i>	%	<i>in CZK million</i>	%	<i>in CZK million</i>	%	<i>in CZK million</i>
Software	93	100	10	100	28	100	131
<b>Total Intangible assets and goodwill</b>	<b>93</b>	<b>100</b>	<b>10</b>	<b>100</b>	<b>28</b>	<b>100</b>	<b>131</b>

Right-of-use assets	6.2.		6.14.		Non-eligible assets		Total
	<i>in CZK million</i>	%	<i>in CZK million</i>	%	<i>in CZK million</i>	%	<i>in CZK million</i>
Right-of-use assets - Land	-	-	-	-	-	-	-
Right-of-use assets - Constructions	-	-	-	-	167	100	167
Right-of-use assets - Vehicles	1,413	91	-	-	-	-	1,413
Right-of-use assets - Equipment	146	9	-	-	-	-	146
Right-of-use assets - Software	-	-	-	-	-	-	-
<b>Total right-of-use assets</b>	<b>1,559</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>100</b>	<b>1,725</b>



### ***Reconciliation to the financial statements***

Our total Capex can be reconciled to additions to the mentioned fixed asset categories.

#### *Opex KPI*

#### ***Definition***

The Opex KPI is defined as Taxonomy-eligible Opex (numerator) divided by our total Opex (denominator).

Total Opex consists of direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the company or an external contractor, and which are necessary to ensure the continuous and efficient operation of these assets. These include:

- The volume of non-capitalised leases was determined in accordance with IFRS 16 and includes expenses for short-term leases and low-value leases.
- Internal and external PPE maintenance and repair costs.

Taxonomy-eligible Opex does not include expenditures relating to the day-to-day operation of the PPE such as: electricity and fuels, operational staff costs or production overheads.

#### ***Further explanations***

We have applied an allocation key to staff costs, where we have identified employees or departments of individual companies that provide daily maintenance of assets, with the use of which the ČD Cargo Group performs taxonomy-eligible activities. Other operating personnel costs are not included in the operating expenditure in the sense of the Taxonomy. Other taxonomy-eligible operating expenses could be defined directly.



## **16 Report on Relations for the period from 1 January 2022 to 31 December 2022**

Report of the Company's statutory body on relations prepared in accordance with the provisions of Section 82 of Act No. 90/2012 Coll., The Business Companies and Cooperatives Act (Business Corporations Act), as amended.

The statutory body of ČD Cargo, a.s., with its registered office at Jankovcova 1569/2c, Prague 7 – Holešovice, postal code 170 00, corporate ID: 281 96 678, recorded in the Commercial Register held by the Municipal Court in Prague, File B, Insert 12844, prepared this report for the reporting period from 1 January 2022 to 31 December 2022 in compliance with Section 82 of Act No. 90/2012 Coll., The Business Companies and Cooperatives Act (Business Corporations Act), as amended.

The report is attached to the annual report and the statutory body ensures its inclusion in the list of documents held by the relevant Commercial Register Court.



## Article I.

### **Structure of relations between the Controlling Entity and the Controlled Entity and the Controlled Entity and entities controlled by the same Controlling Entity**

#### **1) Controlling Entity**

Entity: **České dráhy, a.s.**

With its registered office in: Prague 1, Nábřeží L. Svobody 1222, postal code 110 15

Corporate ID: 709 94 226

Recorded at the Commercial Register held at the Municipal Court in Prague, Section B, File 8039.

**Mgr. Michal Krapinec**, Chairman of the Board of Directors from 4 April 2022 to 31 December 2022 (commencement of membership on 4 April 2022, office established on 4 April 2022),

**Mgr. Michal Kraus, MSc.**, Vice-chairman of the Board of Directors from 16 February 2022 to 31 December 2022 (commencement of membership on 4 December 2020, office established on 16 February 2022),

**Ing. Jiří Jeřeta**, member of the Board of Directors from 1 January 2022 to 31 December 2022 (commencement of membership on 21 May 2020),

**Mgr. Blanka Havelková**, member of the Board of Directors from 16 January 2022 to 31 December 2022 (commencement of membership on 16 February 2022),

**Mgr. Ing. Lukáš Svoboda**, member of the Board of Directors from 8 April 2022 to 31 December 2022 (commencement of membership on 8 April 2022),

**Ivan Bednárik, MBA**, Chairman of the Board of Directors from 1 January 2022 to 28 February 2022 (commencement of membership on 4 December 2020, office established on 4 December 2020),

**Bc. Václav Nebeský**, Vice-chairman of the Board of Directors from 1 January 2022 to 15 February 2022 (commencement of membership on 4 December 2020, office established on 4 December 2020),

**JUDr. Petr Pavelec, LL.M.**, member of the Board of Directors from 1 January 2022 to 15 February 2022 (commencement of membership on 1 February 2020),

(Hereinafter the “Controlling Entity”)



## 2) **Controlled Entity**

Entity: **ČD Cargo, a.s.**

With its registered office in: Prague 7 – Holešovice, Jankovcova 1569/2c, postal code 170 00

Corporate ID: 281 96 678

Recorded at the Commercial Register held at the Municipal Court in Prague, Section B, File 12844.

**Ing. Tomáš Tóth**, Chairman of the Board of Directors from 1 January 2022 to 31 December 2022 (commencement of membership on 4 December 2020, office established on 4 December 2020),

**Zbyszek Waclawik**, member of the Board of Directors from 1 June 2022 to 31 December 2022 (commencement of membership on 1 June 2022),

**Martin Svojanovský**, member of the Board of Directors from 1 June 2022 to 31 December 2022 (commencement of membership on 1 June 2022),

**Ing. Zdeněk Škvařil**, member of the Board of Directors from 1 January 2022 to 31 May 2022 (commencement of membership on 1 November 2014, re-election on 2 November 2019),

**Ing. Radek Dvořák**, member of the Board of Directors from 1 January 2021 to 31 May 2022 (commencement of membership on 1 April 2020),

(Hereinafter the “Controlled Entity”).

## 3) **Entities controlled by the same Controlling Entity as the Controlled Entity**

**ČD – Telematika a.s.**, Corporate ID: 614 59 445, with its registered office at Pernerova 2819/2a, Prague 3, postal code 130 00, recorded at the Municipal Court in Prague, File B, Insert 8938

**ČD - Informační Systémy, a.s.**, Corporate ID: 248 29 871, with its registered office at Pernerova 2819/2a, Žižkov, 130 00 Prague 3, recorded at the Municipal Court in Prague, File B, Insert 17064

**ČD relax s.r.o.**, Corporate ID: 057 83 623, with its registered office at 28. října 372/5, Staré Město, 110 00 Prague 1, recorded at the Municipal Court in Prague, File C, Insert 270678

**ČD Restaurant, a.s.**, Corporate ID: 278 81 415, with its registered office at 130 11 Prague 3, Prvního pluku 81/2a, recorded at the Municipal Court in Prague, File B, Insert 11738

**ČD travel, s.r.o.**, Corporate ID: 273 64 976, with its registered office at 28. října 372/5, Staré Město, 110 00 Prague 1, recorded at the Municipal Court in Prague, File C, Insert 108644

**ČD Cargo Logistics, a.s.**, Corporate ID: 279 06 931, with its registered office at Opletalova 1284/37, Nové Město, 110 00 Prague 1, recorded at the Municipal Court in Prague, File B, Insert 11940



**ČD-DUSS Terminál, a.s.**, Corporate ID: 273 16 106, with its registered office at Lukavecká 1189, 410 02 Lovosice, recorded at the Regional Court in Ústí nad Labem, File B, Insert 1749

**Terminal Brno, a.s.**, Corporate ID: 282 95 374, with its registered office at K terminálu 614/11, 616 00 Horní Heršpice, recorded at the Regional Court in Brno, File B, Insert 5643

**ČSAD SVT Prague, s.r.o.**, Corporate ID: 458 05 202, with its registered office at Křižíkova 4-6, 186 00 Prague 8, recorded at the Municipal Court in Prague, File C, Insert 11856

**Dopravní vzdělávací institut, a.s.**, Corporate ID: 273 78 225, with its registered office at Prvního pluku 621/8a, 186 00 Prague 8 - Karlín, recorded at the Municipal Court in Prague, File B, Insert 10168

**DPOV, a.s.**, Corporate ID: 277 86 331, with its registered office at Husova 635/1b, 751 52 Přerov, recorded at the Regional Court in Ostrava, File B, Insert 3147

**CHAPS, spol. s r.o.**, Corporate ID: 475 47 022, with its registered office at Bráfova 1617/21, Žabovřesky, 616 00 Brno, recorded at the Regional Court in Brno, File C, Insert 17631

**INPROP, s r.o.**, Corporate ID: 316 09 066, with its registered office at Rosinská cesta 12, 010 08 Žilina, recorded at District Court in Žilina, File Sro, Insert 1997/L

**ODP-software, spol. s r.o.**, Corporate ID: 616 83 809, with its registered office at Pernerova 2819/2a, 130 00 Prague 3 - Žižkov, recorded at the Municipal Court in Prague, File C, Insert 37829

**RailReal, a.s.**, Corporate ID: 264 16 581, with its registered office at Na Florenci 2116/15, 110 00 Prague 1 – Nové Město, recorded at the Municipal Court in Prague, File B, Insert 6888

**Smíchov Station Development, a.s.**, Corporate ID: 272 44 164, with its registered office at U Sluncové 666/12a, 186 00 Prague 8 - Karlín, recorded at the Municipal Court in Prague, File B, Insert 9949

**SVT Slovakia, s r.o.**, Corporate ID: 366 20 602, with its registered office at Partizánska cesta 97, 974 01 Banská Bystrica, Slovak Republic, recorded at the District Court in Banská Bystrica, File Sro, Insert 8643/S

**Výzkumný Ústav Železniční, a.s.**, Corporate ID: 272 57 258, with its registered office at Novodvorská 1698, 142 00 Prague 4 - Braník, recorded at the Municipal Court in Prague, File B, Insert 10025,

**VUZ Slovakia, s.r.o.**, Corporate ID: 53 156 587, with its registered office at Seberíniho 1, Bratislava – mestská časť Ružinov 821 03, recorded at the District Court in Bratislava I, File Sro, Insert 146385/B

**Žižkov Station Development, a.s.**, Corporate ID: 282 09 915, with its registered office at U Sluncové 666/12a, 186 00, Prague 8 - Karlín, recorded at the Municipal Court in Prague, File B, Insert 13233



**Masaryk Station Development, a.s.**, Corporate ID: 271 85 842, with its registered office at Na Florenci 2116/15, 110 00 Prague 1 - Nové Město, recorded at the Municipal Court in Prague, File B, Insert 9599

**JLV, a.s.**, Corporate ID: 452 72 298, with its registered office at Chodovská 228/3, 141 00 Prague 4 - Michle, recorded at the Municipal Court in Prague, File B, Insert 1430

**Tramex Rail s.r.o.**, Corporate ID: 262 46 422, with its registered office at Brněnská 1748/21b, 678 01 Blansko, recorded at the Regional Court in Brno, File C, Insert 39862

**Smart Ticketing s.r.o.**, Corporate ID: 020 33 011, with its registered office at Pernerova 2819/2b, 130 00 Prague 3 - Žižkov, recorded at the Municipal Court in Prague, File C, Insert 307870

**ČD Bus, a.s.**, Corporate ID: 173 77 404, with its registered office at Jeremenkova 231/9, 779 00 Olomouc - Bělidla, recorded at the Regional Court in Ostrava, File B, Insert 11426

**CR-City a.s.**, Corporate ID: 267 05 427, with its registered office at Na Florenci 2116/15, 110 00 Prague - Nové Město, recorded at the Municipal Court in Prague, File B, Insert 7722

**RAILLEX, a.s.**, Corporate ID: 275 60 589, with its registered office at Belgická 196/38, 120 00 Prague 2 - Vinohrady, recorded at the Municipal Court in Prague, File B, Insert 10802,

**BOHEMIAKOMBI spol. s r.o.**, Corporate ID: 452 70 589, with its registered office at Opletalova 921/6, 110 00 Prague 1 - Nové Město, recorded at the Municipal Court in Prague, File C, Insert 8969

**Ostravská dopravní společnost, a.s.**, Corporate ID: 607 93 171, with its registered office at U Tiskárny 619/6, 702 00 Ostrava - Přívoz, recorded at the Regional Court in Ostrava, File B, Insert 1040

**Ostravská dopravní společnost - Cargo, a.s.**, Corporate ID: 056 63 041, with its registered office at U Tiskárny 619/6, 702 00 Ostrava - Přívoz, recorded at the Regional Court in Ostrava, File B, Insert 10897

**Terminál Mošnov, a.s.**, Corporate ID: 141 98 240, with its registered office at Na Florenci 1332/23, 110 00 Prague 1 - Nové Město, recorded at the Municipal Court in Prague, File B, Insert 27045

**CD Cargo Hungary Kft.**, Corporate ID: 090931990, Keleti sor utca 26-4., 4150 Püspökládány, Hungary

**CD Cargo Adria d.o.o. za uslug**, Corporate ID: 0813763, Savska cesta 532, 10000 Zagreb, Croatia

**CD Cargo Slovakia, s.r.o.**, Corporate ID: 44349793, Seberíniho 1, 82103 Bratislava, Slovakia

**CD Cargo Poland, Sp. z o.o.**, Corporate ID: 140769114, Grzybowska 4, 00-131 Warsaw, Poland

**CD Cargo Germany, GmbH.**, Corporate ID: 73576, Niddastrasse 98-102, Frankfurt, Germany

**CD Cargo Austria, GmbH.**, Corporate ID: 291407s, Rotenturmstraße 22/24, 1010 Wien, Austria.



**(The Controlled Entity, the Controlling Entity and other entities controlled by the Controlling Entity are hereinafter referred to as “Related Entities”).**

The structure of mutual relations between related entities can be described as follows: the Controlling Entity exercises its shareholder rights based on the applicable Articles of Association (in joint stock companies) or Deeds of Association (in limited liability companies). Specifically with regard to the Controlled Entity, the Controlling Entity is its sole shareholder and exercises its shareholder rights through decisions made as part of the general meeting of the Controlled Entity and the Controlled Entity implements these decisions in its conditions. In the ČD Group, the Controlled Entity provides the freight railway transportation of goods with a set of related services. Through the Controlled Entity, the Controlling Entity is able to indirectly exercise its influence on the subsidiaries of the Controlled Entity. Related parties enter into standard business and obligations relations.

**Through the Controlled Entity, the Controlling Entity also can indirectly exercise its influence in the subsidiaries of the Controlled Entity. Contractual relations of subsidiaries of the Controlled Entity with ČD Cargo, a.s. are part of the table in Article III. of this Report on Relations. In addition, domestic business corporations have their roles vis-à-vis the ČD Cargo Group recorded in their own Reports on Relations or financial statements.**

#### **Article II.**

##### **List of activities in the reporting period at the initiative or in the interest of the Controlling Entity or related parties regarding the assets exceeding 10 % of the equity of the Controlled Entity**

Given that 10% of the equity totalling CZK 9,662 million of the Controlled Entity as identified from the most recent financial statements amount to CZK 966 million, such activities that would take place between 1 January 2022 and 31 December 2022 are not recorded.

#### **Article III.**

##### **Contracts and Agreements effective between Related Entities in ČD Group**

During the relevant reporting period (i.e. from 1 January 2022 to 31 December 2022), the following trade agreements were concluded between the Controlled Entity and the Controlling Entity and other related entities in ČD Group:



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	91380054 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 2	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	91318588 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 2	DPOV, a.s., IN: 27786331	Indefinite
Other contract	91316562 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 3	Výzkumný Ústav Železniční, a.s., IN: 27257258	Indefinite
Other contract	91916924 OPT	Rámcová smlouva o přepravních a platebních podmínkách	CD Cargo Germany GmbH, HR-Nr.: 73576	Indefinite
Other contract	91915021 OPT	Rámcová smlouva o přepravních a platebních podmínkách	CD Cargo Poland Spółka z o.o., Nummer 140769114	Indefinite
Other contract	91920122 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 2	CD Cargo Slovakia, s. r. o., CIN: 44349793	Indefinite
Other contract	91320875 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 2	Terminal Brno, a.s., IN: 28295374	Indefinite
Other contract	91319547 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 5	ČD Cargo Logistics, a.s., IN: 27906931	Indefinite
Other contract	91318856 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 2	ČD-DUSS Terminál, a.s., IN: 27316106	Indefinite
Other contract	91924287 OPT	Rámcová smlouva o přepravních a platebních podmínkách ve znění dodatku č. 1	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Indefinite
Lease	D 10, the contract number is changed to 2927402314 OPT	Dodatek číslo 10 ke smlouvě č. 1118000107 o nájmu prostor (nájem budovy)	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	87/2009 SOKV UNL	Smlouva o dodávce a odběru vody, vodné, stočné v OKV Cheb	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E173-A30055/10 SOKV UNL	Smlouva o dodávce a odběru tepla v OKV Cheb	České dráhy, a.s., IN: 70994226	Definite
Lease	09387-2022-SOKV UNL	Pronájem nebytových prostor OKV Cheb	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E173-A30073/10 SOKV UNL	Dohoda o zajištění činností OKV Cheb	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	1616/2008 SOKV UNL	Vodné, stočné OKV Nymburk	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	01368-2013-SOKV UNL	Věcné břemeno kanalizace OKV Most	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	02/P/09 SOKV UNL	Smlouva o dodávce a odběru plynu v OKV Most	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	021/H106/09 SOKV UNL	Obnova jízdniho profilu	České dráhy, a.s., IN: 70994226	Definite
Other contract	09663-2022-SOKV UNL	Reprofilace dvojkolí žkv	České dráhy, a.s., IN: 70994226	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	04-110/2008 SOKV UNL	Dodávka plynu v OKV Nymburk	DPOV, a.s., IN: 27786331	Indefinite
Other contract	05200-2016-SOKV UNL	Odvod a likvidace odpadních vod v OKV Nbk	DPOV, a.s., IN: 27786331	Indefinite
Other contract	32017 OPT	Smlouva o úhradě za poskytované služby	České dráhy, a.s., IN: 70994226	Indefinite
Lease	2627504617 OPT	Nájemní smlouva o nájmu pozemku a nájmu prostor	České dráhy, a.s., IN: 70994226	Indefinite
Lease	29274023142 OPT	Podnájemní smlouva ke smlouvě 2927402314	ČD Cargo Logistics, a.s., IN: 27906931	Indefinite
Lease	00875-2012-SOKV CBE	Smlouva o nájmu nebytových prostor a části kolejiště	České dráhy, a.s., IN: 70994226	Definite
Other contract	90183-2011-SOKV CBE (5231142011)	Smlouva o úhradě spotřeb a služeb	České dráhy, a.s., IN: 70994226	Definite
Other contract	08393-2020-SOKV CBE	Smlouva o zajištění stravování	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	90167-2011-SOKV CBE (2935000440)	Smlouva o přeúčtování zemního plynu	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	01683-2012-SOKV CBE	Smlouva o dodávce pitné vody a odvádění odpadních a srážkových vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	07146-2018-SOKV CBE	Smlouva na dodávku služeb (dodávka vody a odvádění odpadních a srážkových vod)	České dráhy, a.s., IN: 70994226	Indefinite
Lease	90132-2009-SOKV CBE	Smlouva o nájmu nemovitostí a jejich částí č. 52380001/09	České dráhy, a.s., IN: 70994226	Indefinite
Lease	90117-2009-SOKV CBE	Smlouva o nájmu nemovitostí a jejich částí č. 01/523/2009	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	SSD 0801/523 SOKV CBE	Smlouva o dodávkách tepelné energie, stlačeného vzduchu, vodního a stočného, odvádění odpadních vod, srážkových vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D5232009 SOKV CBE	Dohoda o závazné objednávce o odstavování železničních kolejových vozidel	České dráhy, a.s., IN: 70994226	Indefinite
Contract for work	09694-2022-SOKV CBE	Smlouva o Dílo na LAK I PUR skříně HDV 230 001-0	DPOV, a.s., IN: 27786331	Definite
Lease	09909-2022-SOKV CBE	Nájemní smlouva o nájmu prostor sloužících k podnikání	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	09785-2022-SOKV CBE	Smlouva o rozúčtování nákladů na vytápění pronajatých prostor	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	00062-2022-SOKV CBE	Smlouva o dodávce vody, odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 2 k č. 08221- 2020-O10-D593	Dodatek č. 2 ke smlouvě o poskytování služeb (dispečeri)	Výzkumný Ústav Železniční, a.s., IN: 27257258	Indefinite
Other contract	08220-2020-O10	Rámcová smlouva o poskytování služeb (vedoucí posunu)	Výzkumný Ústav Železniční, a.s., IN: 27257258	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	08219-2020-O10	Rámcová smlouva o poskytování služeb (strojvedoucí)	Výzkumný Ústav Železniční, a.s., IN: 27257258	Definite
Other contract		Smlouva o spolupráci při zajišťování pobytových zájezdů pro zaměstnance a rodinné příslušníky, důchodce ČD Cargo, a.s., s příspěvkem z centralizovaných prostředků SF ČD Cargo, a.s., v roce 2022	ČD travel, s.r.o., IN: 27364976	Definite
Other contract		Smlouva o zajištění posuzování psychické způsobilosti pro výkon profese	Dopravní vzdělávací institut, a.s., IN: 27378225	Indefinite
Other contract		Dodatek č. 3 ke smlouvě o službách (zajištění služeb spojených se vzděláváním zaměstnanců ČD Cargo)	Dopravní vzdělávací institut, a.s., IN: 27378225	Indefinite
Other contract	3128-2021-O10/2	Dílní smlouva o vzdělávání na rok 2022, na základě Rámcové smlouvy o zajištění vzdělávání, č. 1831-2019-O10	Dopravní vzdělávací institut, a.s., IN: 27378225	Definite
Lease	09894-2022-O10	Smlouva o podnájmu prostor - učebna Jesenius Praha Karlín	Dopravní vzdělávací institut, a.s., IN: 27378225	Definite
Other contract		Smlouva o zajišťování kondičních pobytů zaměstnancům ČD Cargo, a.s., v roce 2022	ČD relax s.r.o., IN: 05783623	Definite
Other contract	D 4 k č. 55567/2018-O16 O10	Dodatek č. 4 ke Smlouvě o spolupráci	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	2974905114 O10	Smlouva na dodávku služeb spojených s nájmem	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 1 k č. 2977200814 O10	Dodatek č. 1 k nájemní smlouvě	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	1668000108/1 O10	Smlouva o poskytování služeb	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 6 k č. 1668000309/1 O10	Dodatek č. 6 ke Smlouvě o poskytování služeb	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 1 k č. 1668000309 O10	Dodatek č. 1 ke smlouvě o nájmu nemovitosti	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	168/2015-RSM HK O10	Smlouva na provádění služby	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	178/2015-RSM HK O10	Smlouva na provádění služby	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 1 k č. 2647102315 O10	Dodatek č. 1 ke smlouvě o nájmu nemovitosti	České dráhy, a.s., IN: 70994226	Indefinite
Lease	2677203119 O10	Smlouva o nájmu prostor	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 1 k č. 2672900619 O10	Dodatek č. 1 ke Smlouvě na dodávku služeb spojených s nájmem	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E292-S-00018/14 O10	Smlouva na dodávku služeb spojených s nájmem	České dráhy, a.s., IN: 70994226	Indefinite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	E292-S-00020/14 O10	Smlouva na dodávku služeb spojených s nájmem	České dráhy, a.s., IN: 70994226	Indefinite
Contract for work	D 8 k č. 00998-2012-SOKV OVA-D10	Dodatek č. 8 k SOD	České dráhy, a.s., IN: 70994226	Indefinite
Lease	09359-2021-SOKV OVA	Nájem pozemku OKV Trinec	České dráhy, a.s., IN: 70994226	Definite
Lease	D 6 k č. 5218000108-D5 SOKV OVA	Dodatek č. 6 ke Smlouvě o nájmu nebytových prostor	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 14 k č. 1/1/08-D15 SOKV OVA	Dodatek č. 14 ke Smlouvě o poskytování služeb	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 1 k č. 01102-2013-SOKV OVA-D1	Dodatek č. 1 ke Smlouvě, č. poskytovatele 2635000109	České dráhy, a.s., IN: 70994226	Indefinite
Contract for work	D 6 k č. 04-029/2010-D1-D1 PJ PHA	Dodatek č. 6 k zajištění provozních výkonů HV, LČ a VP	DPOV, a.s., IN: 27786331	Indefinite
Lease	06918-2018-PJ PHA	Pronájem nebytových prostor včetně služeb	DPOV, a.s., IN: 27786331	Indefinite
Lease	03444-2014-PJ PHA	Pronájem kolejí v NBK	DPOV, a.s., IN: 27786331	Indefinite
Other contract	01866-2013-PJ PHA	Přeúčtování nákladů za teplo	DPOV, a.s., IN: 27786331	Indefinite
Lease	09118-2021-PJ PHA	Pronájem plochy pod wc	České dráhy, a.s., IN: 70994226	Indefinite
Lease	04449-2015-PJ PHA-D7	Pronájem prostor v LBC a Turnově	České dráhy, a.s., IN: 70994226	Indefinite
Lease	90045-2011-PJ NBK-D4 PJ PHA	Nájem NBK prov. bud. STP, MB nocležna	České dráhy, a.s., IN: 70994226	Indefinite
Lease	90044-2010-PJ NBK-D1 PJ PHA	Pronájem pozemku pod nádrž, Kolín	České dráhy, a.s., IN: 70994226	Indefinite
Lease	09920-2022-PJ PHA	Pronájem prostor v NBK, Kolín, Čáslav, Čejetice u MB	České dráhy, a.s., IN: 70994226	Indefinite
Lease	09634-2022-PJ PHA	Pronájem prostor Malešice, Příbram, Rakovník, Uhřetěves	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	09517-2022-PJ PHA	Rakovník - náklady za teplo, TUV, odpad, vodu	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	04392-2015-PJ PHA-D1	Služby spojené s pronájmem u NS 1658000309	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	0-D12293 PJ PHA	Služby spojené s pronájmem	České dráhy, a.s., IN: 70994226	Indefinite
Lease	08842-2021-PJ PHA	Smlouva o nájmu kolejí na vlečce č. NA 21-042/380	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	0-D13457-D1 PJ PHA	Služby spojené s pronájmem v NBK, Čáslavi, Kolíně	České dráhy, a.s., IN: 70994226	Indefinite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	581659/2200 PJ PHA	Voda LBC AB OM 581 659	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	05442-2016-PJ PHA	Voda LBC 5.n. OM 581 661	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	681742/2200 PJ PHA	Voda TUV posun OM 681 742	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	90214-2010-PJ NBK PJ PHA	Teplo Liberec OM 522	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	00498-2011-PJ NBK PJ PHA	Teplo Liberec OM 547	České dráhy, a.s., IN: 70994226	Indefinite
Lease	09494-2022-PJ BNO	Nájemní smlouva č. 2627100122	České dráhy, a.s., IN: 70994226	Indefinite
Lease	04476-2015-PJ BNO	Nájemní smlouva č. 2637300615	České dráhy, a.s., IN: 70994226	Indefinite
Lease	04453-2015-PJ BNO	Nájemní smlouva č. 2627100315	České dráhy, a.s., IN: 70994226	Indefinite
Lease	07909-2019-PJ BNO	Nájemní smlouva č. 2637703419	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	04533-2015-PJ BNO	Smlouva č. 2635000012 o dodávce služby - tepelné energie spojené s pronájmem nebytových prostor	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	90165-2009-PJ BNO	Smlouva o dodávce tepelné energie E292-S-01447/09	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	09494-2022-PJ BNO	Dohoda o dodávce a odběru tepla a teplé užitkové vody č.V184 -1848000118 - teplo	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	3-2009-PJ BNO	Smlouva o rozúčtování nákladů na úklid	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	č. 6/2009 PJ BNO	Smlouva č. 6/2009 o dodávce pitné vody a odvádění odpadních a srážkových vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	166/2009-PJ BNO	Smlouva o podmínkách poskytnutí parkovacích míst	České dráhy, a.s., IN: 70994226	Indefinite
Lease	01647-2013-PJ OVA	Smlouva č. 1538000713 o nájmu nebytových prostor	České dráhy, a.s., IN: 70994226	Indefinite
Lease	00884-2012-PJ OVA	Nájemní smlouva o pronájmu dlouhodobého majetku	České dráhy, a.s., IN: 70994226	Indefinite
Lease	04426-2015-PJ OVA	Nájemní smlouva č. 2627700115 o nájmu prostor sloužících podnikání	České dráhy, a.s., IN: 70994226	Indefinite
Lease	08380-2020-PJ OVA	Nájemní smlouva č. 2627711420 o nájmu prostor sloužících podnikání	České dráhy, a.s., IN: 70994226	Indefinite
Lease	02078-2013-PJ OVA	Nájemní smlouva č. 2927810510 o nájmu pozemku	České dráhy, a.s., IN: 70994226	Indefinite
Lease	02022-2013-PJ OVA	Nájemní smlouva č. 2927501011 o nájmu pozemku	České dráhy, a.s., IN: 70994226	Indefinite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	02021-2013-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00612/08	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	02016-2013-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00613/08	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	02013-2013-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00620/08	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	02014-2013-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00617/08	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	03067-2014-PJ OVA	Dohoda o dodávce a odběru tepla a teplé užitkové vody č. V153-1538000713	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	05522-2016-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00114/16	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	05636-2017-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00115/16	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	05637-2017-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00116/16	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	05638-2017-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00117/16	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	05639-2017-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00118/16	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	05640-2017-PJ OVA	Smlouva o dodávce tepelné energie E.292-S-00119/16	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	02006-2013-PJ OVA	Smlouva o zajištění skladování č.E03/2010/OLC	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E292-S-00306/08 PJ OVA	Smlouva č. E292-S-00306/0D119:D1378 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	00331-2011-PJ OVA	Smlouva č. E292-S-03109/11 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E292-S-00312/08 PJ OVA	Smlouva č. E292-S-00312/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	00668-2012-PJ OVA	Smlouva č. E292-S-00317/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E292-S-00433/08 PJ OVA	Smlouva č. E292-S-00433/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E292-S-00355/08 PJ OVA	Smlouva č. E292-S-00355/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E292-S-00354/08 PJ OVA	Smlouva č. E292-S-00354/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	00664-2012-PJ OVA	Smlouva č. E292-S-00332/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E292-S-02373/10 PJ OVA	Smlouva č. E292-S-02373/10 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	E23/2010/OLC PJ OVA	Smlouva č. E292-S-01924/09 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E22/2010/OLC PJ OVA	Smlouva č. E292-S-02363/10 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E27/2010/OLC PJ OVA	Smlouva č. E292-S-02373/10 o dodávce vody a odvádění a likvidaci dešťových vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E07/2010/OLC PJ OVA	Smlouva č. E292-S-01925/09 o dodávce vody a odvádění a likvidaci dešťových vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E09/2010/OLC PJ OVA	Smlouva č. E292-S-00818/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E71/2008/OLC PJ OVA	Smlouva č. E292-S-01925/09 o dodávce vody a odvádění a likvidaci dešťových vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	03069-2014-PJ OVA	Dohoda č. V153-1538000713 - voda o dodávce vody a odvádění a likvidaci odpad. vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E262-S19/49 PJ OVA	Smlouva č. E292-892-S-00826/08 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	01993-2013-PJ OVA	Smlouva č. E292-S-00473/08 o rozúčtování nákladů na odpady	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	E262-S22/84 PJ OVA	Smlouva č. E262-S22/84 o dodávce vody a odvádění a likvidaci odpadních vod	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 1 k č. 09021- 2021-PJ UNL-D1	Dodatek č. 1 k NS č. 2677202421	České dráhy, a.s., IN: 70994226	Indefinite
Lease	09456-2022-PJ UNL	Nájemní smlouva č. 2667201122	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 1 k č. 08033- 2019-PJ UNL-D	Dodatek č. 1 k NS č. 2667116419	České dráhy, a.s., IN: 70994226	Indefinite
Lease	07151-2018-PJ UNL	Nájemní smlouva č. 2667109718	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 10 k č. 0440- 2015-PJ UNL-D11	Dodatek č. 10 k NS č. 2667101415	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 1 k č. 05388- 2016-PJ UNL-D1	Dodatek č. 1 NS č. 2667106916	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	04823-2015-PJ UNL	Smlouva OS-0074/15-A (vodné, stočné srážková voda)	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	03638-2014-PJ UNL	Smlouva o dodávce vody č. E173-A30051/14	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	07171-2018-PJ UNL	Smlouva o zajištění služby (úklid)	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 3 k č. OS- 0175/08-O-D9 PJ UNL	Dodatek č. 3 ke sml. č. OS-0175/08-O	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	08375-2020-PJ UNL	Smlouva č. OS-0001/20-A (ČOV)	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	09633-2022-PJ UNL	Smlouva č. 2663210822 na dodávku služeb	České dráhy, a.s., IN: 70994226	Indefinite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 2 k č. OS-0128/08-K-D4 PJ UNL	Dodatek č. 2 ke sml. č. OS-182/08-K	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	09046-2021-PJ UNL	Smlouva č. 26729001121 na dodávku služeb (teplo Planá)	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 1 k č. OS-0163/10-T-D5 PJ UNL	Dodatek č. 1 ke sml. č. OS-0163/10-T	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 4 k č. 04438-2015 PJ CBE-D4	Dodatek č. 4 k Nájemní smlouvě č. 2677301415 RSM - obl. ČB	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 9 k č. 04429-2015-PJ CBE-D11	Dodatek č. 9 k Nájemní smlouvě RSM Praha č. 2677701015 - obl. Plzeň	České dráhy, a.s., IN: 70994226	Indefinite
Lease	06629-2018-PJ CBE	Nájemní smlouva č. 2677102518 (Protivín)	České dráhy, a.s., IN: 70994226	Indefinite
Lease	90037-2009-PJ CBE	Nájemní smlouva č. 1738000209 (Tábor)	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 7 k č. 09368-2021-PJ CBE-D660	Dodatek č. 7 - smlouva přečíslována na 2677100522	České dráhy, a.s., IN: 70994226	Definite
Other contract	D 7 k č. 90152-2010-PJ CBE-D7	Dodatek č. 7 k Rámcové smlouvě č. 2972906410 na dodávku služeb	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 5 k č. 09889-2022-PJ CST-D706	Dodatek č. 5 o dod. tepelné energie ke smlouvě č. E292-S-00606_08	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 4 k č. 09502-2022-PJ CST-D677	Dodatek č. 4 ke Smlouvě o nájmu prostor sloužících k podnikání č. 2627701015	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	09376-2022-PJ CST	Smlouva o vytápění PP Pardubice	České dráhy, a.s., IN: 70994226	Indefinite
Lease	D 13 k č. 09750-2022-PJ CST-D695	Dodatek č. 13 k Nájemní smlouvě č. 2647003515	České dráhy, a.s., IN: 70994226	Indefinite
Contract for work	05876-2017-O20	Smlouva o poskytnutí užívacích práv ke službě ASPI	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	079/2009-O26	Smlouva č. 079/2009 (ČDC) č. 3/2009 (ČD) o sdílení připojení k evropské železniční datové síti HERMES VPN	České dráhy, a.s., IN: 70994226	Indefinite
Contract for work	079/2009-O26	Smlouva č. 00767-2012-O26, služby SW údržby IS dodavatel - odběratel ve skupině ČD	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 2 k č. 5FJ082502 O21	Dodatek č. 2 ke Smlouvě o zajištění výkonu na vlečce T-PORT (žst. Pardubice hl.n.)	ČD Cargo Logistics, a.s., IN: 27906931	Indefinite
Other contract	D 2 k č. 5FJ082504 O21	Dodatek č. 2 ke Smlouvě o zajištění výkonu ŽST Obrnice	ČD Cargo Logistics, a.s., IN: 27906931	Indefinite
Other contract	5FP234001 O21	Smlouva o obchodních a přepravních podmínkách na vlečce "Vlečka DPOV Nymburk"	DPOV, a.s., IN: 27786331	Indefinite
Other contract	D 1 k č. 14D/4/2011 O21	Dodatek č. 1 ke Smlouvě o provozování drážní dopravy na vlečce "Vlečka DPOV Nymburk"	DPOV, a.s., IN: 27786331	Indefinite
Other contract	D 1 k č. 5FP214001 O21	Dodatek č. 1 ke Smlouvě o obchodních a přepravních podmínkách na vlečce „Vlečka DPOV Přerov“	DPOV, a.s., IN: 27786331	Indefinite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 1 k č. 15D/4/2011 O21	Dodatek č. 1 ke Smlouvě o provozování drážní dopravy na vlečce „Vlečka DPOV Přerov“	DPOV, a.s., IN: 27786331	Indefinite
Other contract	5FP213001 O21	Smlouva o obchodních a přepravních podmínkách na vlečce „Vlečka DPOV Veselí nad Moravou“	DPOV, a.s., IN: 27786331	Indefinite
Other contract	D 1 k č. 13D/4/2011 O21	Dodatek č. 1 ke Smlouvě o provozování drážní dopravy na vlečce „Vlečka DPOV Veselí nad Moravou“	DPOV, a.s., IN: 27786331	Indefinite
Other contract	5FP030066 O21	Smlouva o obchodních a přepravních podmínkách na vlečce „Železniční zkušební okruh Cerhenice“	Výzkumný Ústav Železniční, a.s., IN: 27257258	Indefinite
Other contract	8D/9/2014 O21	Smlouva o provozování drážní dopravy	ČD-DUSS Terminál, a.s., IN: 27316106	Indefinite
Other contract	D 4 k č. 5FP723001 O21	Dodatek č. 4 ke Smlouvě o obchodních a přepravních podmínkách na vlečce RSM Hradec Králové, žst. Česká Třebová	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	22D/5/2016 O21	Smlouva o provozování drážní dopravy na vlečce RSM Hradec Králové, žst. Česká Třebová	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	3D/5/2015 O21	Smlouva o provozování drážní dopravy na vlečce RSM Hradec Králové, žst. Ostroměř	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	33D/5/2015 O21	Smlouva o provozování drážní dopravy na vlečce RSM Hradec Králové, žst. Třebovice v Čechách	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	19D/5/2012 O21	Smlouva o provozování drážní dopravy na vlečce RSM Velký Osek	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 2 k č. 1D/5/2022 O21	Dodatek č. 2 ke Smlouvě o provozování drážní dopravy na vlečce ŠKODA AUTO Solnice	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	10D/4/2012 O21	Smlouva o provozování drážní dopravy na dráze - vlečce „Vlečka RSM Přerov“	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	9D/4/2014 O21	Smlouva o provozování drážní dopravy na dráze - vlečce „Vlečka RSM Brodek u Přerova“	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	117D/1/2015 O21	Smlouva o provozování drážní dopravy na vlečce „Vlečka RSM Kopřivnice“	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	167D/1/2020 O21	Smlouva o provozování drážní dopravy na veřejně nepřístupné vlečce „RSM Olomouc ŽST Krnov“	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 1 k č. 5FT419001 O21	Dodatek č. 1 ke smlouvě o provozování dráhy – vlečky „Vlečka Ždírec nad Doubravou“ – manipulační kolej číslo 1b a kolejová spojka	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 1 k č. 365D/3/2021 O21	Dodatek č. 1 ke smlouvě o provozování drážní dopravy na veřejně nepřístupné vlečce s veřejným užitím provozované společností České dráhy, a.s. - ČD, a.s. Brno d.n.	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	D 1 k č. 5FJ882117 O21	Dodatek č.1 ke Smlouvě o provozování drážní dopravy na dráze celostátní provozované Českými drahami, a.s.	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	5FJ182111 O21	Dodatek ke Smlouvě o provozování drážní dopravy na veřejně nepřístupných vlečkách s veřejným užitím provozovaných společností České dráhy, a.s.	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	O21	Dodatek č. 34 ke Smlouvě o spolupráci v oblasti provozu drážní dopravy	České dráhy, a.s., IN: 70994226	Indefinite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	5FP117004 O21	Smlouva o obchodních a přepravních podmínkách na vlečce „Terminal Brno“	Terminal Brno, a.s., IN: 28295374	Indefinite
Other contract	D 3 k č. 5FT117001 O21	Dodatek č. 3 ke Smlouvě o provozování dráhy-vlečky „Terminal Brno“	Terminal Brno, a.s., IN: 28295374	Indefinite
Lease	D 2 k č. 9234-2021-O09	Dodatek č. 2 ke smlouvě o nájmu dopravních prostředků č. 580095/2021-O18	České dráhy, a.s., IN: 70994226	Definite
Lease	9756-2022-O09	Smlouva o nájmu dopravních prostředků č. 57430-2022-O18	České dráhy, a.s., IN: 70994226	Definite
Lease	D 1 k č. 9231-2021-O09	Dodatek č. 1 ke smlouvě o nájmu dopravního prostředku č. 9231-2021-O09	České dráhy, a.s., IN: 70994226	Definite
Lease	9954-2022-O09	Smlouva o pronájmu dopravního prostředku č. 9954-2022-O09	České dráhy, a.s., IN: 70994226	Definite
Lease	9699-2022-O09	Smlouva o nájmu dopravního prostředku č. 9699-2022-O09	České dráhy, a.s., IN: 70994226	Definite
Lease	9802-2022-O09	Smlouva o pronájmu dopravního prostředku č. 9802-2022-O09	České dráhy, a.s., IN: 70994226	Definite
Lease	D 1 k č. 8741-2020-O09	Dodatek č. 1 ke smlouvě č. 8741-2020-O09 o nájmu dopravního prostředku	České dráhy, a.s., IN: 70994226	Indefinite
Lease	P 19 04 038 - DS04 O09	Dílní smlouva	České dráhy, a.s., IN: 70994226	Definite
Lease	P 21 04 005 - DS23 O09	Dílní smlouva	České dráhy, a.s., IN: 70994226	Definite
Lease	P 20 02 001 - DS22 O09	Dílní smlouva	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Lease	P 21 01 039 O09	Smlouva o nájmu dopravního prostředku	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Lease	P 18 02 003 – DS 1, DS 4, DS 5, DS 7 – DS 10 O09	Rámcová smlouva o nájmu dopravního prostředku	Ostravská dopravní společnost, a.s., IN: 60793171	Indefinite
Lease	P 22 01 008 O09	Smlouva o nájmu dopravního prostředku	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Lease	P 22 01 023 O09	Smlouva o nájmu dopravního prostředku	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Lease	P 21 01 022 O09	Smlouva o nájmu dopravního prostředku	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite
Lease	P 21 01 034 O09	Smlouva o nájmu dopravního prostředku	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite
Lease	P 19 06 001 - DS22 O09	Dílní smlouva	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	P 22 01 027 O09	Smlouva o nájmu dopravního prostředku	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	N 21 01 014 O09	Smlouva o nájmu dopravního prostředku	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Lease	N 21 01 038 009	Smlouva o nájmu dopravního prostředku	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	N 21 01 041 009	Smlouva o nájmu dopravního prostředku	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	9229-2021-009	Smlouva o nájmu dopravního prostředku č. 9229- 2021-009	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	D 2 k č. 7985-2019- 009	Dodatek č. 2 k rámcové smlouvě o poskytnutí hnacích drážních vozidel č. 07985-2021-009	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	9316-2021-009	Rámcová smlouva o poskytnutí hnacích drážních vozidel číslo 9316-2021-009	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	D 1 k č. 8924-2021- 009	Dodatek č. 1 k rámcové smlouvě o poskytnutí drážních vozidel č. 8924-2021-009	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Lease	D 2 k č. 8341-2020- 009	Dodatek č. 2 k rámcové smlouvě o poskytnutí hnacích drážních vozidel	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Lease	9549-2022-009	Smlouva o nájmu dopravního prostředku č. 9549- 2022-009	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Lease	9550-2022-009	Rámcová smlouva o poskytnutí hnacích drážních vozidel č. 9550-2022-009	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Lease	P 19 02 003 - DS32 009	Dílčí smlouva	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Lease	N 18 01 009 009	Smlouva o nájmu dopravního prostředku	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Lease	N 21 01 009 009	Smlouva o nájmu dopravního prostředku	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Lease	9686-2022-009	Smlouva o nájmu dopravního prostředku číslo 9686- 2022-009	CD Cargo Hungary, Kft., HR-Nr.: 090931990	Definite
Lease	8483-2020-009	Smlouva o nájmu dopravního prostředku č. 8483- 2020-009	CD Cargo Hungary, Kft., HR-Nr.: 090931990	Definite
Other contract	202190216570 001	Nákup motorové nafty na rok 2022- oblastní centrum střed	České dráhy, a.s., IN: 70994226	Definite
Other contract	202190216580 001	Nákup motorové nafty na rok 2022- oblastní centrum západ	České dráhy, a.s., IN: 70994226	Definite
Other contract	202190216560 001	Nákup motorové nafty na rok 2022- oblastní centrum východ	České dráhy, a.s., IN: 70994226	Definite
Purchase contract	58894/12-O32 001	Kupní smlouva - nákup pozemku Nymburk	České dráhy, a.s., IN: 70994226	Definite
Other contract	001	Smlouva o budoucí smlouvě o zřízení věcného břemene služebnosti inženýrské sítě – kanalizace - Nymburk	DPOV, a.s., IN: 27786331	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Contract for work	00058-2022-001	Rámcová smlouva o dílo_HDV 242-R2 R3_2023-24_DPOV	DPOV, a.s., IN: 27786331	Definite
Purchase contract	09421-2022-001	Prodej 40 ks železničních nákladních vozů Eas 52	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Purchase contract	09745-2022-001	Odprodej 40 ks nákladních vozů řady Eas sk. 52 a 53	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Purchase contract	09691-2022-001	Odprodej 200 ks nákladních vozů řady Tams	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite
Contract for work	09596-2022-001	Rámcová smlouva o nákupu poukazů	ČD travel, s.r.o., IN: 27364976	Definite
Contract for work	04455-2015-O12	Smlouva na provedení defektoskopických služeb v souladu s interním předpisem zhotovitele ČD V 26	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	08013-2019-012	Smlouva o provozování drážní dopravy na vlečkách SOKV	České dráhy, a.s., IN: 70994226	Indefinite
Other contract		Dodatek č. 16 ke Smlouvě o údržbě a běžných opravách HDV ze dne 15.2.2008	DPOV, a.s., IN: 27786331	Indefinite
Contract for work	08373-2020-O12	Smlouva o dílo na provedení odkanalizování areálu PSO Nymburk a objektů ČDC-IA + STAVOKOMPLET, spol. s r.o.	DPOV, a.s., IN: 27786331	Definite
Other contract	08693-2020-O12	Smlouva o výkonu koordinátora BOZP a ATDS-IA-odkanalizování DPOV PSO Nymburk + IngPro Litoměřice, s.r.o.	DPOV, a.s., IN: 27786331	Indefinite
Other contract	08760-2020-O12	Smlouva o poskytování služeb autorského dozoru - IA - odkanalizování DPOV PSO Nymburk + Ateliér 4, spol. s r.o.	DPOV, a.s., IN: 27786331	Indefinite
Other contract	06722-2017-O12	Smlouva o zajištění systému údržby dle nařízení komise EU č.445/2011/EU	CD Cargo Poland Spółka z o.o., Nummer 140769114	Indefinite
Other contract	07272-2019-O12	Smlouva o zajištění systému údržby dle nařízení komise EU č.445/2011/EU	CD Cargo Slovakia, s. r. o., CIN: 44349793	Indefinite
Other contract	58860 002	Smlouva o úvěru ze dne 13.10.2016	České dráhy, a.s., IN: 70994226	Definite
Other contract		Smlouva o vzájemných úvěrových rámcích ze dne 23.5.2013, včetně Dodatků 1 až 3	České dráhy, a.s., IN: 70994226	Definite
Other contract		Smlouva o poskytnutí užívacího práva, zajištění provozu a drobné údržby k SW eRisk, včetně Dodatku č. 1 ke službě ASPI	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	ČD-ČDC-2021-2022 O02	Smlouva o poskytování podpůrných služeb ve Skupině ČD	České dráhy, a.s., IN: 70994226	Definite
Other contract	D1 a D2 k č. 36-2022-O02	Smlouva o zápůjčce	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite
Other contract	D1 a D2 k č. 77-2022-O02	Smlouva o zápůjčce	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite
Other contract	D1 a D2 k č. 124-2022-O02	Smlouva o zápůjčce	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 15 a D 16 k č. 01078-2013-O06	Smlouva o poskytování služeb	Terminal Brno, a.s., IN: 28295374	Definite
Other contract	D 21 - D 24 k č. 5FI670007	Rámcová zásilatelská smlouva	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 12 k č. 5FI570023	Rámcová zásilatelská smlouva	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 - D 17 k č. 5FI670053	Dílčí smlouva o subdodávkách v nákladní železniční přepravě	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Other contract	D 67, D 69, D 70 - D 72 k č. 5FI270011	Rámcová zásilatelská smlouva	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	D 105, D 107 - D 140 k č. 5FI670008	Rámcová zásilatelská smlouva	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	269523.02	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 2 - D 4 k č. D058041	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 - D 3 k č. D106161	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D106162	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D206163	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D221202	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 a D2 k č. D221203	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 a D 2 k č. D221210	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 - D 4 k č. D228211	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 - D 3 k č. D256536	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 k č. D258040	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D258041	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 k č. D258051	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D258054	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 k č. D258055	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D269523	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 - D 7 k č. D844153	Smlouva o ceně za přepravu	CD Cargo Austria GmbH, FN: 291407s	Definite
Other contract	D 1 k č. 268901.01	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	D 4 k č. 8847.68	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	884768.02	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	D 1 a D2 k č. 9104.20	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	D 2 - D 4 k č. 9104.26	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	910420.01	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	910426.01	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	910426.02	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	D 1 - D 7 k č. D044155	Smlouva o ceně za přepravu	CD Cargo Germany GmbH, HR-Nr.: 73576	Definite
Other contract	5651.01	Smlouva o ceně za přepravu	CD Cargo Hungary, Kft., HR-Nr.: 090931990	Definite
Other contract	D 1 - D 4 k č. D991205	Smlouva o ceně za přepravu	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Other contract	D 1 a D 2 k č. D222101	Smlouva o ceně za přepravu	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Other contract	D 1 k č. D239009	Smlouva o ceně za přepravu	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Other contract	D277200	Smlouva o ceně za přepravu	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Other contract	D 1 k č. D447004	Smlouva o ceně za přepravu	CD Cargo Poland Spółka z o.o., Nummer 140769114	Definite
Other contract	228057.05	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	838098.01	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	838098.02	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 a D 2 k č. D004080	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D004081	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 k č. D004082	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 12 - D 17 k č. D034301	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 k č. D138093	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D172500	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 4 k č. D221096	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 k č. D221097	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 4 k č. D222100	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 8 k č. D228057	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D235053	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 k č. D238092	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 k č. D238094	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D271143	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 k č. D271240	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 13 k č. D277002	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 29 k č. D444104	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 1 k č. D638096	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 3 a D 4 k č. D772503	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 12 k č. D838098	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 4 k č. D936080	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 9 k č. D738099	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D 1 - D 9 k č. D738199	Smlouva o ceně za přepravu	CD Cargo Slovakia, s. r. o., CIN: 44349793	Definite
Other contract	D244157	Smlouva o ceně za přepravu	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite
Other contract	D 1 a D2 k č. 5460.01	Smlouva o ceně za přepravu	ČD Cargo Adria d.o.o., HR-Nr.: 0813763	Definite
Other contract	221900.69	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	289430	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5000.03	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5000.36	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5000.75	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.01	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. 5054.03	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. 5054.04	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.06	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. 5054.08	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.09	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.12	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	5054.19	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. 5054.20	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.26	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.31	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.42	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.64	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. 5054.67	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5054.70	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	505411	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5100.14	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5451.52	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5451.55	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5451.56	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5451.57	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5455.12	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5456.23	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5456.35	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	545635.01	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 3 k č. 5475.01	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	5480.04	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. 8154.16	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. 8154.17	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 1 k č. 837093	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 2 k č. D033018	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 8 k č. D038248	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D106103	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 3 k č. D134102	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. D138048	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D206100	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D206100	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D206104	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D206114	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D206116	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D206117	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D206119	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D221162	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 7 k č. D221201	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 6 k č. D234101	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 7 k č. D234101	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 5 k č. D234106	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. D234113	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. D234114	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D234121	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D234122	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 1 k č. D234139	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D235001	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 3 k č. D235014	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D235111	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D236020	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 2 k č. D236020	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 6 k č. D238548	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D244159	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 6 k č. D247110	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D271123	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D271142	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D271162	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D271243	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D272800	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D273024	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 3 k č. D273025	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D273052	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 4 k č. D275004	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D275109	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D275132	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 17 k č. D277150	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 5 k č. D284099	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 1 - D 6 k č. D284100	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 13 k č. D284101	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. D284102	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 12 k č. D284103	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 3 k č. D284104	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 3 k č. D284105	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D284107	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D284108	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 6 k č. D284109	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. D284111	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 10 k č. D284113	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 6 k č. D284121	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 5 k č. D284124	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D284130	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D284131	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D309393	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. D309394	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 a D 2 k č. D309395	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D309397	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 3 k č. D309618	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 k č. D503105	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 3 k č. D506101	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite



Contract type	Contract number	Contract name	Counterparty	Validity
Other contract	D 1 k č. D506102	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D547070	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 4 k č. D547110	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 5 - D 16 k č. D547110	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D 1 - D 8 k č. D547111	Smlouva o ceně za přepravu	ČD Cargo Logistics, a.s., IN: 27906931	Definite
Other contract	D572011	Smlouva o ceně za přepravu	České dráhy, a.s., IN: 70994226	Definite
Other contract	D 1 k č. D447002	Smlouva o ceně za přepravu	České dráhy, a.s., IN: 70994226	Definite
Other contract	D447017	Smlouva o ceně za přepravu	DPOV, a.s., IN: 27786331	Definite
Other contract	D447003	Smlouva o ceně za přepravu	DPOV, a.s., IN: 27786331	Definite
Other contract	D 1 k č. D447036	Smlouva o ceně za přepravu	Výzkumný Ústav Železniční, a.s., IN: 27257258	Definite
Other contract	9149000117	Smlouva o přístupu na pozemky	České dráhy, a.s., IN: 70994226	Indefinite
Other contract		Smlouva o zajištění mezinárodní činnosti	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	55804/2022-O27	Smlouva o vzájemné spolupráci při zabezpečování přepravy propagačních vlaků ČD	České dráhy, a.s., IN: 70994226	Indefinite
Other contract	59698/2012-O29	Smlouva o spolupráci (železničář)	České dráhy, a.s., IN: 70994226	Indefinite
Other contract		Smlouva o obchodním zastupování ČD Cargo	CD Cargo Germany GmbH, HR-Nr.: 73576	Indefinite
Other contract		Smlouva o obchodním zastupování ČD Cargo	CD Cargo Slovakia, s. r. o., CIN: 44349793	Indefinite
Other contract		Smlouva o obchodním zastupování ČD Cargo	CD Cargo Poland Spółka z o.o., Nummer 140769114	Indefinite
Other contract		Smlouva o obchodním zastupování ČD Cargo	ČD Cargo Logistics, a.s., IN: 27906931	Indefinite

Other contracts are defined by the Controlled Entity as a contract that cannot be allocated to a specific legal regulation of some of the types of contracts, such as a contract for a work, a purchase or a lease contract, however the conclusion of such contract is allowed and not ruled out by the legal regulation. This includes, in particular, the contracting of the Controlled Entity's transport services in any form.



In the reporting period business obligations with related parties based on orders were not included in the table of agreements, and for ČD-Telematika and ČD-Informáční Systémy we refer to the Report on Relationships between these companies for their specificity.

The Board of Directors declares that it identified relations between the relevant related parties of ČD Group according to the current list of related parties and described these relations in the Report on Relations.

#### **Article IV.**

##### **Assessment as to whether the Controlled Entity incurred detriment and method of its settlement**

The Controlled Entity incurred no detriment in the reporting period from 1 January 2022 to 31 December 2022:

- in connection with the contracts and agreements concluded in the reporting period between the Controlled Entity and the Controlling Entity or between entities controlled by the same controlling entity based on which performance and consideration were provided, or
- connection with providing or receiving consideration in the reporting period pursuant to valid and effective contracts and agreements entered into between the Controlled Entity and the Controlling Entity or entities controlled by the same controlling entity before 1 January 2022,
- in the reporting period from 1 January 2022 to 31 December 2022, no legal acts were realised between the Controlled Entity and the Controlling Entity or entities controlled by the same controlling entity in the interest or at the initiative of the Controlling Entity or other entities in ČD Group,
- no measures were taken or implemented by the Controlled Entity in the interest or at the initiative of the Controlling or other entities controlled by the same controlling entity causing detriment, benefit, advantage or disadvantage.

During the reporting period from 1 January 2022 to 31 December 2022, no legal acts were realised by the Controlled Entity in the interest of other related entities in ČD Group other than common legal acts.

#### **Article V.**

##### **Measures between Related Entities of ČD Group**

During the reporting period from 1 January 2022 to 31 December 2022, no measures were taken by the Controlled Entity in the interest or at the initiative of another related entity of ČD Group other than common measures implemented by the Controlling Entity as the shareholder in relation to the Controlled Entity. All contracted consideration, provided or received by the Controlled Entity (which prepared this report), was offset by contracted payments. These payments were contracted with volumes, places and



times similar to common practice, at arm's length, and no advantages or disadvantages were provided. The Controlled Entity incurred no detriment from the concluded contracts, other legal acts or measures between the related entities of ČD Group pursuant to Section 71 of Act No. 90/2012 Coll., The Business Companies and Cooperatives Act (Business Corporations Act), as amended.

#### **Article VI.**

#### **Confidentiality of information**

Confidential information in the ČD Group includes information and facts that are part of the trade secrets of the related entities of ČD Group and information described as confidential by any related entity. Confidential information further comprises all trade relation information that could, in itself or in connection with other information or facts, cause detriment to any of the related entities of ČD Group. To avoid causing detriment to the Controlled Entity, the report of the Statutory Body of the Controlled Entity does not include a detailed breakdown of the above-mentioned items.

#### **Article VII.**

#### **Conclusion**

This report has been prepared by the Statutory Body of the Controlled Entity, ČD Cargo, a.s. and will be submitted to the auditor who performs the audit of the financial statements in accordance with special legislative act. The report will be filled in the Collection of Documents maintained by the Register of Companies held by the Municipal Court in Prague.

Prague, 21 March 2023

Signature of the Chairman of the Board of Directors and a member of the Board of Directors of the Controlled Entity ČD Cargo, a.s.:

Ing. Tomáš Tóth  
Chairman of the Board of Directors

Zbyszek Waclawik  
Member of the Board of Directors

Martin Svojanovský  
Member of the Board of Directors



## 17 List of Used Abbreviations

CZK	Czech crown
ČD	České dráhy, a.s.
ČMŽO	Českomoravská železniční opravna, s.r.o.
ČNB	Czech National Bank
ČR	Czech Republic
ČSAV	Czechoslovak Academy of Sciences
DKV	rolling stock depot
ECM	Enterprise Content Management
ETCS	European Train Control System
EUR	currency of the European Union
HV	traction vehicle
IT	Information Technologies
MU	Extraordinary event
OSŽ	Railway Trade Unions
PJ	Operating Unit
Sggrrs/sggmrrs, Effushunter,Zacns	railway wagons series
SŽ	Správa železnic, státní organizace (Railway Administration)
UJEP	Jan Evangelista Purkyně University
VUT	University of Technology
VŠE	University of Economics and Business



## 18 Identification and Contact Information

Business name: ČD Cargo, a.s.  
Registered office: Prague 7, Holešovice, Jankovcova 1569/2c,  
postal code 170 00  
Corporate ID: 281 96 678  
Tax ID: CZ 281 96 678  
Registry Court: Prague  
File number: Section B, Insert 12844  
Phone: +420 972 242 100  
Data box: 8tscdpq  
http: [www.cdcargo.cz](http://www.cdcargo.cz)

### **Infoline:**

Phone: +420 972 242 255  
e-mail: [info@cdcargo.cz](mailto:info@cdcargo.cz)

### **Customer Service:**

Phone / dispatching: +420 725 957 735  
e-mail: [ZakaznickeCentrum@cdcargo.cz](mailto:ZakaznickeCentrum@cdcargo.cz)



# Separate Financial Statements for the year 2022\*

Prepared in accordance with IFRS as adopted by the EU



## Separate Financial Statements for the Year Ended 31 December 2022

Prepared in accordance with IFRS as adopted by the EU

Name of the Company:	ČD Cargo, a.s.
Registered Office:	Praha 7, Holešovice, Jankovcova 1569/2c, 170 00
Legal Status:	Joint Stock Company
Corporate ID:	281 96 678

### Component of the Financial statements:

Statement of Financial Position (Balance Sheet)  
Statement of Profit or Loss  
Statement of Comprehensive Income  
Statement of Changes in Equity  
Cash Flow Statement  
Notes to the Financial statements

In Prague on 11 April 2023

Ing. Robert Heděnc  
Chief Financial Officer

Statutory body of the reporting entity:

Ing. Tomáš Toth  
Chairman of the Board of Directors

Martin Svojanovský  
Member of the Board of Directors

\*Chapters relating to financial statements are numbered separately



SEPARATE STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
AS AT 31 DECEMBER 2022

		31 Dec 2022	31 Dec 2021
		CZK million	CZK million
Property, plant and equipment	5	24,310	21,557
Intangible assets	6	715	673
Right-of-use assets	19	3,687	3,240
Investments in subsidiaries, associates and joint ventures	7	624	576
Other financial assets	10	77	38
Other assets	11	1	2
<b>Total non-current assets</b>		<b>29,414</b>	<b>26,086</b>
Inventories	8	392	333
Trade receivables	9	1,881	1,687
Income tax prepayments	14	9	-
Cash and cash equivalents	12	1,105	1,003
Other financial assets	10	191	115
Other assets	11	640	422
<b>Total current assets</b>		<b>4,218</b>	<b>3,560</b>
<b>TOTAL ASSETS</b>		<b>33,632</b>	<b>29,646</b>
Share capital	13	8,494	8,494
Capital funds	13	613	548
Retained earnings	13	798	620
<b>Total equity</b>		<b>9,905</b>	<b>9,662</b>
Loans, borrowings and lease liabilities	15	14,419	12,562
Deferred tax liability	31	1,766	1,727
Provisions	16	87	82
Other financial liabilities	17	-	16
Other liabilities	18	10	-
<b>Total long-term liabilities</b>		<b>16,282</b>	<b>14,387</b>
Trade payables	14	2,864	2,818
Loans, borrowings and lease liabilities	15	3,517	1,854
Income tax liabilities		-	11
Provisions	16	122	97
Other financial liabilities	17	149	130
Other liabilities and commitments	18	793	687
<b>Total current liabilities</b>		<b>7,445</b>	<b>5,597</b>
<b>TOTAL LIABILITIES</b>		<b>33,632</b>	<b>29,646</b>



SEPARATE STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 Dec 2022	Year ended 31 Dec 2021
		CZK million	CZK million
Revenues	23	13,382	12,014
Other operating income	24	551	539
Services, leases, material and energy consumption	25	(5,991)	(5,214)
Employee benefit costs	26	(4,547)	(4,240)
Depreciation, amortisation and impairment	27	(2,384)	(2,280)
Other operating expenses	28	(423)	(273)
<b>Profit (loss) from operating activities</b>		<b>588</b>	<b>546</b>
Financial expenses	29	(402)	(273)
Financial income	30	47	17
<b>Profit (loss) before tax</b>		<b>233</b>	<b>290</b>
Income tax	31	(44)	(63)
<b>Profit (loss) for the period</b>		<b>189</b>	<b>227</b>

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 Dec 2022	Year ended 31 Dec 2021
		CZK million	CZK million
<b>Profit (loss) for the period</b>		<b>189</b>	<b>227</b>
Actuarial gains / losses on liabilities related to employee benefits	13	(5)	18
<b>Other comprehensive income for the year (items that are not subsequently reclassified to profit or loss)</b>		<b>(5)</b>	<b>18</b>
Cash flow hedging	13	140	221
Relating deferred income tax	31	(27)	(42)
<b>Other comprehensive income for the year (items that are not subsequently reclassified to profit or loss)</b>		<b>113</b>	<b>179</b>
<b>Total comprehensive income for the period</b>		<b>297</b>	<b>424</b>



SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share Premium*	Other Funds*	Cash flow hedge fund*	Actuarial gains/losses*	Retained earnings	Total equity
	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.
<b>Balance as at 1 January 2021</b>	<b>8,494</b>	<b>197</b>	<b>257</b>	<b>(35)</b>	<b>(2)</b>	<b>393</b>	<b>9,304</b>
Profit for the period	-	-	-	-	-	227	227
Other comprehensive income/(loss) for the period	-	-	-	179	18	-	197
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179</b>	<b>18</b>	<b>227</b>	<b>424</b>
Allocation to the reserve fund	-	-	(66)	-	-	-	(66)
<b>Total transactions with the owners for the period</b>	<b>-</b>	<b>-</b>	<b>(66)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66)</b>
<b>Balance as at 31 December 2021</b>	<b>8,494</b>	<b>197</b>	<b>191</b>	<b>144</b>	<b>16</b>	<b>620</b>	<b>9,662</b>
Profit for the period	-	-	-	-	-	189	189
Other comprehensive income/(loss) for the period	-	-	-	113	(5)	-	108
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>(5)</b>	<b>189</b>	<b>297</b>
Allocation to the reserve fund	-	-	11	-	-	(11)	-
Use of the reserve fund	-	-	(54)	-	-	-	(54)
<b>Total transactions with the owners for the period</b>	<b>-</b>	<b>-</b>	<b>(43)</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>(54)</b>
<b>Balance as at 31 December 2022</b>	<b>8,494</b>	<b>197</b>	<b>148</b>	<b>257</b>	<b>11</b>	<b>798</b>	<b>9,905</b>

\*in the statement of financial position these items are included under 'Capital funds' (see Note 13.2.)



## SEPARATE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Year ended 31 Dec 2022	Year ended 31 Dec 2021
	CZK million	CZK million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year before tax	<b>233</b>	<b>290</b>
Dividend and profit distribution income	24 (151)	(79)
Financial expenses	29 363	238
Profit from sale and disposal of non-current assets	24 (130)	(138)
Depreciation and amortisation of non-current assets	27 2,447	2,206
Changes in impairment of non-current assets	27 (63)	73
Changes in allowances for doubtful accounts	37	(37)
Change in provisions	25	(148)
Foreign exchange rate gains	(9)	23
Change in provisions for investments in subsidiaries, associates and joint ventures	-	(1)
Other	(28)	10
<b>Cash flows from operating activities before changes in working capital</b>	<b>2,724</b>	<b>2,437</b>
Change in trade receivables	(298)	(121)
Change in inventories	(68)	(55)
Change in other assets	176	105
Change in trade payables	(188)	73
Change in other payables	18 44	(282)
<b>Total changes in working capital</b>	<b>(334)</b>	<b>(280)</b>
<b>Cash flows from operating activities</b>	<b>2,390</b>	<b>2,157</b>
Interest paid	29 (360)	(240)
Income tax paid	31 (43)	(40)
Dividends received	68	168
<b>Net cash flows from operating activities</b>	<b>2,055</b>	<b>2,045</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	5 (4,656)	(2,914)
Income from property, plant and equipment sold	54	94
Payments for intangible assets	6 (147)	(137)
Interest received	3	3
Loans and borrowings provided to related parties	(9)	-
Subsidies received for acquisition of assets	5 360	83
<b>Net cash flows from investing activities</b>	<b>(4,395)</b>	<b>(2,871)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issued bonds	15 974	-
Bonds repayments	15 -	(500)
Drawing of loans and borrowings	15 3,400	3,282
Repayments of loans and borrowings	15 (1,079)	(674)
Lease payments under IFRS 16	15 (855)	(780)
<b>Net cash flows from financing activities</b>	<b>2,440</b>	<b>1,328</b>
The effect of exchange rate changes on cash balances	2	(23)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>102</b>	<b>479</b>
Cash and cash equivalents at the beginning of the period	12 1,003	524
<b>Cash and cash equivalents at the end of the period</b>	<b>12 1,105</b>	<b>1,003</b>



## **1. GENERAL INFORMATION**

### **1.1. Establishment of the Company**

ČD Cargo, a.s., (hereafter “the Company“) was established following its registration in the Commercial Register held by the Municipal Court in Prague, Section B, Insert 12844 on 1 December 2007 through the investment of a business part of České dráhy, a.s.

The legal form of the Company is a joint stock company. The Company has its registered office at Jankovcova 1569/2c, Prague 7 - Holešovice, the Czech Republic.

As at 31 December 2022, the Company’s registered share capital amounted to CZK 8,494 million and it was fully paid.

The sole shareholder of the Company is České dráhy, a.s. The ultimate controlling party is the Czech Republic.

The financial statements were prepared as at 31 December 2022. The reporting period is the calendar year from 1 January 2022 to 31 December 2022.

### **1.2. Principal activities**

The principal activities of ČD Cargo, a.s., are railway transportation of goods and with a complex of related services. The aim of the Company is to improve its leading position and to be the driving force on the rail freight transport market both in the Czech Republic and in the Central Europe.

The principal business activity – railway transport of goods – is structured into three principal units:

- Operation of freight transport (transport of unit trains, individual wagon consignments),
- Lease of railway vehicles,
- Additional transport services offered to customers.

The above units are structured by the type of transport as follows:

- Local,
- Export,
- Import,
- Transit.

### **1.3. The impact of the war in Ukraine on the separate financial statements as at 31 December 2022**

In late February 2022, ongoing political tensions between Russia and Ukraine escalated into conflict with a Russian military invasion of Ukraine. After the outbreak of the conflict, the Company provided free transportation of military equipment and humanitarian trains with material aid to people in Ukraine.

The global response to Russia's violations of international law and aggression against Ukraine has been the imposition of extensive sanctions and restrictions on business activities. The consequent rise in input prices



was also reflected in rail freight transport. There have been dramatic price increases, particularly in energy and fuel, financial costs in the form of rising interest rates, but also delays in the delivery of materials, spare parts and longer repair times for vehicles. At the same time, it was necessary to redirect some of the transport flows of products, raw materials and materials by rail. Some shipments to/from the war-affected territories were completely stopped, but this did not have a significant impact on the Company's turnover.

#### 1.4. Relationships with related parties

In accordance with IAS 24 'Related Party Disclosures, an entity shall ensure that its financial statements include disclosures necessary to identify the possibility that its financial position and profit or loss is affected by the existence of related parties and transactions and outstanding balances, including liabilities from such parties. In line with this standard, such relationships are described in detail in Note 32.

##### 1.4.1. České dráhy Group

ČD Cargo, a.s. is a part of České dráhy Group, which is led by the Parent Company České dráhy, a.s.

In the reporting period 2022, České dráhy consolidation group consists of the following companies. Within České dráhy Group, new companies ČD Bus a.s., which was formed by the merger of VYDOS BUS a.s. with ČD Reality a.s., and Terminal Mošnov, a.s. were established.

Company name	Share: ČD, a.s. 2022 (%)	Share: ČD, a.s. 2021 (%)	Type of influence	Registered office	Corporate ID
ČD - Informační Systémy, a.s.	100.00	100.00	Control	Pernerova 2819/2a, Žižkov, 130 00 Prague 3	24829871
ČD - Telematika a.s.	100.00	100.00	Control	Pernerova 2819/2a , 130 00 Prague 3	61459445
Výzkumný Ústav Železniční, a.s.	100.00	100.00	Control	Novodvorská 1698/138b, Braník, 142 00 Prague 4	27257258
JLV, a. s.	38.79	38.79	Significant	Chodovská 3/228, Michle, 141 00 Prague 4	45272298
DPOV, a.s.	100.00	100.00	Control	Husova 635/1b, Přerov I-Město, 750 52 Přerov	27786331
ČD Cargo, a.s.	100.00	100.00	Control	Jankovcova 1569/2c, 170 00 Prague 7 – Holešovice	28196678
Dopravní vzdělávací institut, a.s.	100.00	100.00	Control	Prvního pluku 621/8a, Karlín, 186 00 Prague 8	27378225
ČD travel, s.r.o.	51.72	51.72	Control	28. října 372/5, Staré Město, 110 00 Prague 1	27364976
ČD relax s.r.o.	51.72	51.72	Control	28. října 372/5, Staré Město, 110 00 Prague 1	05783623
ODP-software, spol. s r.o.	100.00	100.00	Control	Pernerova 2819/2a, Žižkov, 130 00 Prague 3	61683809
CHAPS spol. s r.o.	100.00	100.00	Control	Bráfova 1617/21, Žabovřesky, 616 00 Brno	47547022
ČSAD SVT Praha , s.r.o.	100.00	100.00	Control	Křížkova 4-6, Prague 8	45805202
SVT Slovakia s.r.o.	80.00	80.00	Control	Partizánska 97, 974 01 Banská Bystrica, Slovakia	36620602
INPROP, s.r.o.	100.00	100.00	Control	Rosinská cesta 12, 010 08 Žilina, Slovakia	31609066
Smichov Station Development, a. s.	51.00	51.00	Joint control	U Sluncové 666/12a, 186 00 Prague 8 – Karlín	27244164
Žižkov Station Development, a.s.	51.00	51.00	Joint control	U Sluncové 666/12a, 186 00 Prague 8 – Karlín	28209915
Masaryk Station Development, a. s.	34.00	34.00	Significant	Na Florenci 2116/15, Nové Město, 110 00 Prague 1	27185842
Tramex Rail s.r.o.	100.00	100.00	Control	Brněnská 1748/21b, 678 01 Blansko	26246422



Company name	Share: ČD, a.s. 2022 (%)	Share: ČD, a.s. 2021 (%)	Type of influence	Registered office	Corporate ID
Smart Ticketing s.r.o.	50.00	100.00	Joint control	Pernerova 2819/2a, Žižkov, 130 00 Prague 3	02033011
ČD Restaurant, a.s.	100.00	100.00	Control	Prvního pluku 81/2a, 130 11 Prague 3	27881415
VUZ Slovakia, s.r.o.	100.00	100.00	Control	Seberínioho 1, Bratislava - Ružinov 821 03, Slovakia	53156587
ČD Bus a.s.	100.00	-	Control	Jeremenkova 231/9, Bělidla, 779 00 Olomouc	17377404
CD Cargo Germany GmbH*	100.00	100.00	Control	Niddastrasse 98-102, 60329 Frankfurt on Main, Germany*	HRB 73576
CD Cargo Austria GmbH *	100.00	100.00	Control	Rotenturmstraße 22/24, 1010 Wien, Austria	FN 291407s
CD Cargo Poland Sp. z o.o.*	100.00	100.00	Control	Grzybowska 4/3, 00-131 Warsaw, Poland	140769114
CD Cargo Slovakia, s.r.o.*	100.00	100.00	Control	Seberínioho 1, 821 03 Bratislava, Slovakia	44349793
CD Cargo Hungary Korlátolt Felelősségű Társaság*	100.00	100.00	Control	Keleti sor utca 26-4, 4150 Püspökladány, Hungary	09-09- 031990
ČD Cargo Adria d.o.o.*	100.00	100.00	Control	Savska cesta 32, Zagreb, Croatia	081371623
ČD Cargo Logistics, a.s.*	100.00	100.00	Control	Opletalova 1284/37, 110 00 Prague 1 – Nové Město	27906931
Terminál Mošnov, a.s.*	25.00	-	Significant	Na Florenci 1332/23, Nové Město, 110 00 Prague 1	14198240 1
Terminal Brno, a.s.*	66.93	66.93	Control	K terminálu 614/11, Horní Heršpice, 619 00 Brno	28295374
ČD-DUSS Terminál, a.s.*	51.00	51.00	Control	Lovosice, Lukavecká 1189, 410 02	27316106
RAILLEX, a.s.*	50.00	50.00	Joint control	Americká 525/23, 120 00 Prague 2, Vinohrady	27560589
BOHEMIAKOMBI, spol. s r.o.*	30.00	30.00	Significant	Opletalova 921/6, Nové Město, 110 00 Prague 1	45270589
Ostravská dopravní společnost, a.s.*	50.00	50.00	Joint control	U Tiskárny 616/9, 702 00 Ostrava	60793171
Ostravská dopravní společnost - Cargo, a.s.*	20.00	20.00	Significant	U Tiskárny 616/9, 702 00 Ostrava	05663041
České dráhy, a.s.	-	-	-	Nábřeží L. Svobody 1222, 110 15 Prague 1	70994226

\*ownership interest is exercised through ČD Cargo, a.s.

## 1.5. Key management

The term key management mainly relates to the members of the Board of Directors and Supervisory Board of the Company. Information about individual boards is disclosed in Note 1.8.

## 1.6. Relationships with Správa železnic and ČEZ Group

The sole shareholder of the Company, České dráhy, a.s., is fully owned by the State. The parent company and the entire Group took the exemption from reporting related party information, as specified in paragraphs 25-27 of IAS 24. In respect of other state-controlled companies, groups and organisations, only transactions with Správa železnic, s.o. and ČEZ Group have been quantified in these financial statements, due to their significant impact on the Company's activities. The most significant transactions carried out with these entities include the use of infrastructure, purchase of electricity and revenues from freight transport. Detailed information about the relationships is disclosed in Notes 32.7. and 32.8.



## 1.7. Organisational structure

The organisational structure is composed of departments directly reporting to the Chairman of the Board of Directors or directors of particular departments:

- Commercial Director's Department,
- Operation Director's Department,
- Finance Director's Department,
- Executive Director's Department.

In addition, the organisational structure includes Operating Units, Repair Centres for Railway Wagons, Accounting of Carriage Revenues in Olomouc and the Operation Control in Česká Třebová.

## 1.8. Statutory bodies of the Company

The sole owner of the Company is České dráhy, a.s., which, as the sole shareholder, exercises the powers afforded to the General Meeting, the supreme body of the Company. The statutory body of the Company comprises the three-member Board of Directors; the supervisory body is the six-member Supervisory Board. The Company established a three-member Audit Committee, the members of which were appointed by the sole shareholder.

The composition of ČD Cargo, a.s. bodies as at 31 December 2022 was following:

<b>Board of Directors</b>	
Chairman	Ing. Tomáš Tóth
Member	Martin Svojanovský
Member	Zbyszek Waclawik

On 25 May 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to dismiss Ing. Radek Dvořák and Ing. Zdeněk Škvařil from the position of member of the Board of Directors of ČD Cargo, a.s., with effect from 31 May 2022.

On 25 May 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting has decided to elect Mr. Martin Svojanovský and Mr. Zbyszek Waclawik as members of the Board of Directors of ČD Cargo, a.s., with effect from 1 June 2022.

<b>Supervisory Body</b>	
Chairman	Mgr. Michal Krapinec
Member	Tomáš Vrbík
Member	Radek Nekola
Member	Bc. Marta Urbancová
Member	Mgr. Drago Sukalovský
Member	Ing. Mgr. Bc. Jan Kasal

On 15 February 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to dismiss Ing. Jan Vrátník from the position of member of the Supervisory Board of ČD Cargo, a.s. and approved the resignation of Bc. Václav Nebeský from the position of chairman and member of the Supervisory Board, with effect from 15 February 2022.



On 15 February 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to elect Mgr. Jitka Frischholzová, Mgr. Bc. Josef Pašek and Mgr. Pavel Kohoutek to the position of members of the Supervisory Board of ČD Cargo, a.s., with effect from 16 February 2022.

On 15 March 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, as, exercising the powers of the General Meeting, decided to dismiss Mgr. Jitka Frischholzová, Mgr. Bc. Josef Pašek, Mgr. Pavel Kohoutek and doc. Ing. Lukáš Týfa, Ph.D. from the position of members of the Supervisory Board of ČD Cargo, a.s., with effect from 15 March 2022.

On 15 March 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to elect Mgr. Michal Kraus, Mr. Tomáš Vrbík, Ing. Mgr. Bc. Jan Kasal and Mgr. Drago Sukalovský to the position of members of the Supervisory Board of ČD Cargo and decided on the election of Mgr. Michal Kraus to the position of chairman of the Supervisory Board of ČD Cargo, a.s., with effect from 16 March 2022.

With effect from 31 August 2022, Mgr. Michal Kraus Msc. resigned from the position of chairman and member of the Supervisory Board of ČD Cargo, a.s.

On 9 August 2022, České dráhy, a.s., as the sole shareholder of the ČD Cargo, a.s. exercising the powers of the General Meeting decided to elect Mgr. Michal Krapinec to the position of chairman and member of the Supervisory Board of ČD Cargo, a.s., with effect from 31 August 2022

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**Audit Committee**

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Chairman	Mgr. Oldřich Vojtř, Ph.D.
Member	Ing. Miroslav Zámečník
Member	Ing. Libor Joukl

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## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. The Separate Financial Statements are part of the Consolidated Financial Statements of the ČD Cargo Group.

The accounting policies applied in the reporting period are consistent with the those policies used in prior periods, unless otherwise stated below.



## 2.2. Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Certain financial assets and liabilities (including derivative instruments) are measured at fair value or at revalued amount.

The preparation of financial statements in accordance with IFRS as adopted by the EU requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the application of accounting policies. Areas with a high degree of judgment or complexity, or areas where assumptions and estimates are material to these financial statements are disclosed in Note 4.

## 2.3. Revenue recognition

### 2.3.1. Revenue from contracts with customers

All contracts with customers are initially analysed in order to identify obligations towards the customer. Subsequently, the transaction price is determined, which, in case of more separately identifiable transactions is allocated according to the relative standalone selling prices. Following this, the revenue from an individual transaction is recognised in the appropriate amount either at a certain point in time, or over the contract life on an ongoing basis (it may be reported over several accounting periods). Revenues are reduced by the expected returns from customers, rebates and other similar discounts.

Revenue is recognised in the amount that reflects the consideration to which an entity expects to be entitled in exchange for services. Revenue is recognised net of value added tax. Revenue is recognised when the services are transferred to the customer at the transaction price.

### **Railway transportation services**

Sales of railway transportation services are recognised in the accounting period in which the services are rendered based on the stage of completion of an individual transaction determined by the actual number of days of transportation spent in the reporting period relative to the total number days of transportation.

Transaction price has both fixed and variable considerations. The fixed part represents the transaction price less fees and penalties and interest. If the amount of service rendered by the Company is higher than the received payment for the service, the contractual asset is accounted for. If the payment for the service is higher than the price of the service provided, the commitment is recognised. The variable consideration exists in the form of fees and penalties connected with the inappropriate fulfilment of the commitment by the Company to the customer i.e. transit time distortion, damages to the transported goods, etc. In case of variable consideration, revenues are recognised to the extent to which it is highly probable that the revenue item is not subject to significant reversal risk.



### 2.3.2. *Other revenue*

#### **Dividend and interest income**

Dividend income is recognised when there is a legal entitlement to receive a payment and the receipt of such payment is probable.

Interest income is recognised when it is probable that the economic benefits will flow into the Company and the amount can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the applicable effective interest rate, i.e. the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount.

#### **Revenues from lease of rolling stock**

The Company leases rolling stock to third parties for a period varying from days to five years. Revenue from operating leases of rolling stock is recognised on a straight-line basis over the term of the lease.

### 2.4. **Lease**

Details of the accounting policies under IFRS 16 are presented separately for the Company as lessee and as lessor.

Assets held under finance leases are depreciated over their estimated useful lives in the same way as own assets. If there is insufficient assurance that a lessee will acquire ownership of an asset at the end of the lease term, that asset is depreciated over the lease term if less than its estimated useful life.

#### 2.4.1. *The Company as a lessee*

At the commencement of the contract, the Company determines whether it is a lease contract or contains an embedded lease. The Company recognises a right-of-use asset and a corresponding lease liability in respect of all lease agreements in which the Company is a lessee, except short-term leases (with a lease term of 12 months or less and containing no purchase options ) and low-value asset lease (such as laptops and personal computers). For these leases, the Company recognises lease payments as operating expenses on a straight-line basis over the term of the lease.

At the commencement date, the lease liability is initially measured at the present value of the lease payments that are not yet paid. The lease payments shall be discounted using the internal lease interest rate or, if that rate cannot be readily determined, incremental borrowing rate shall be used.

Lease payments included in the measurement of a lease liability comprise of the following:

- fixed payments less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be paid by the Company as the lessee under residual value guarantees,

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease liabilities are presented within Loans, borrowings and lease liabilities in the statement of financial position.

Subsequently, a lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured (and the related right-of-use asset must be adjusted accordingly), if:

- there is a change in a lease term or if there is a material event or change in circumstances that led to a change in the assessment of an option to purchase the underlying asset. In such a case, the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.
- there is a change in lease payments resulting from changes in an index or a rate, or change in the amounts expected to be payable under a residual value guarantee. In this case, the lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate.
- the lease contract is modified and the modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using the revised discount rate as at the effective date of the modification.

The right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date after deduction of any lease incentives received and any initial direct costs. Subsequently, they are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

The right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease, or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation begins at the commencement of the lease (at the date the asset is available for use by the Company).

Right-of-use assets are presented on a separate line “Right-of-use” in the statement of financial position.

The Company uses IAS 36 to determine whether the right-of-use assets are impaired and account for any identified impairment losses as described in “Property, plant and equipment” policy.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use assets. Related payments are recognised as an expense in the period in which the event or condition that gave rise to those payments occurred and are included in the line Other operating expenses in the statement of profit or loss.



As a practical expedient, IFRS 16 allows a lessee not to separate non-lease components from lease components and instead to account for each leasing component and any associated non-lease components as a single lease component. The Company did not use this practical expedient. For contracts that contain a lease component and one or more other lease or non-lease components, the Company allocates the contract consideration to each lease and non-lease component on the basis of the relative stand-alone price of given component.

#### **2.4.2. The Company as a lessor**

Leases under which the Company is a lessor are classified as finance or operating leases. Leases that transfer substantially all the risks and rewards of ownership of an asset were classified as finance leases. All other leases are classified as operating leases.

In an operating lease, revenue is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and concluding an operating lease are included in the carrying amount of the leased asset and are accounted for on a straight-line basis over the term of the lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment.

#### **2.4.3. Sale and leaseback**

A sale and leaseback transaction involve the sale of an asset and lease-back of the same asset. The lease payment and the sale price are usually interdependent, because they are negotiated in a single transaction. The accounting treatment of the transaction of sale and leaseback transaction depends on the type of lease, which is part of this transaction.

If the leaseback is a finance lease, the lessor provides the lessee with cash and the leased asset as guarantee. For this reason, the excess proceeds from the sale and the carrying amount is not considered as income. The Company recognises the collected funds as a financial liability (debt), which, together with interest is amortised by lease payments.

#### **2.5. Foreign currencies**

Given the economic substance of transactions and the environment in which the Company operates, the presentation currency used is the Czech crown (CZK). The functional currency of the Company is CZK.

Transactions denominated in foreign currencies are translated at the rate prevailing on the transaction date, which is derived from the exchange rate published by the Czech National Bank. Monetary items denominated in foreign currencies are recalculated to Czech crowns at the Czech National Bank exchange rate on that date of issue of the separate financial statements. Non-monetary items that are measured at



historical cost and were acquired in a foreign currency transaction are reported using the exchange rate at date of acquisition.

Exchange differences are recognised in profit or loss, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks. Such foreign exchange differences are recognised directly in other comprehensive income and reclassified to profit or loss when the hedged underlying item is settled.

## **2.6. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which, i.e. assets that necessarily take a substantial period of time to be ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **2.7. Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants which primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as a reduced cost of those non-current assets in the statement of financial position.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support without future related costs are recognised in profit or loss in the period in which they become receivable.

## **2.8. Employee benefit costs**

Employee benefit costs predominantly include payroll costs, payments to the statutory health insurance, social security and pension insurance schemes and other employee benefits costs resulting from the collective agreement.

The employee benefit obligations and provisions recognised in the statement of financial position represent their present value. Additions to these liabilities and provisions are recognised as an expense when the employees perform the services that entitle them to the contributions.

Provision for long-term employee benefits is recognised in the present value of future cash outflows that will be needed for their payment. The discount rate used is a market rate of return on government bonds at



the balance sheet date, as there is no developed market for high quality corporate bonds denominated in Czech crowns. Currency and terms of these bonds are consistent with the currency and terms of the corresponding other long-term benefits. Gains or losses arising from changes in actuarial assumptions for retirement benefits are included in other comprehensive income, changes in provisions for other benefits are recognised in profit or loss.

## **2.9. Taxation**

The income tax includes current tax payable and deferred tax.

### **2.9.1. Current tax**

Current income tax is calculated from taxable profit for the year. The taxable profit differs from the profit as reported in the statements of profit or loss as it does not include items of income or expense that are taxable or deductible in other years or items that will not be taxable or deductible at any time. The Company's current tax payable is calculated using the statutory tax rates, resp. rates that has been enacted or substantively enacted by the end of the reporting period.

### **2.9.2. Deferred tax**

Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities at the end of the re-orting period.



### 2.9.3. *Current and deferred tax for the period*

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside of profit or loss (i.e. other comprehensive income or directly in equity). In such case the tax is also recognised outside of profit or loss.

### 2.10. **Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated impairment losses and, in case of buildings and equipment, less accumulated depreciation. Freehold land is not depreciated.

Assets under construction are carried at cost less impairment loss. The value of assets under construction includes advances provided for the acquisition of non-current assets. Spare parts for the replacement of components in the repair of higher grades of vehicles are also part of the investments in progress. Cost includes professional fees and, for qualifying assets, borrowing costs. Depreciation of these assets, on the same basis as depreciation of other assets, commences when the assets are ready for their intended use.

Depreciation is recognised in order to expense the cost of assets (other than freehold land owned by the Company and assets under construction) less their residual values over their useful lives, applying the straight-line method (with the exception of some components which are depreciated using the mileage method).

The Company records the components representing R3, R2 and R1 type repairs of the traction rail vehicles. These components are related to extending vehicle serviceability and expand the technical parameters, equipment and usability of traction rail vehicles. In the case of power-driven vehicles, other types of repairs D3, D2 and D1 are carried out, which are related to the restoration of serviceability and development of technical parameters, equipment and usability of the diesel combustion engine. Other components used on traction rail vehicles include locomotive battery and radios components. For freight and passenger wagons, the Company records revision repairs, wheelset replacements as components, as well as vehicle body and technical inspection components. In addition, new components TR1, TR2 are allocated to the TRAXX series of traction rail vehicles. These components are recommended by the manufacturer's maintenance schedule and have a time validity.

The Company determined a depreciation plan for components of railway vehicles which is based on a repair plan for R3, R2 and R1 traction vehicles and inspection repairs and replacement of wagon wheelsets for freight wagons. As for railway traction vehicles and freight wagons, the mileage depreciation is based on the actual mileage per month (i.e. actual kilometres covered). The amount of depreciation in the particular reporting period is calculated as the number of kilometres in the reporting period multiplied by the rate per one kilometre. The rate per one kilometre is determined as a ratio of the purchase price of the relevant component to maximum mileage determined for the R3, R2 and R1 repairs of railway traction vehicles and inspection repair and wheelsets of freight wagons. After reaching the maximum mileage, it is necessary to undertake a new major (R3) or substantial (R2) repair of a traction vehicle or a new inspection repair or



replacement of wheelsets. For components D3, D2 and D1, a depreciation plan was determined on the basis of operating hours. For the components radio station, locomotive battery, wagon box and technical control, depreciation is calculated on a time basis based on the set useful life.

Within the R3 repair type of railway traction vehicle there are activities that are parts of and relate to R2 repair type (first substantial repair), therefore activities falling within R2 repair are separated from R3 major repair. The same applies to R1 repair which is separated from R2 and R3 repairs.

As for modernising or reconstruction of freight wagons (extending their useful lives to 20 years) which also involves activities relating to inspection repairs, these activities are separated and recorded as new components of the relevant freight car. This approach also applies to wheelsets, technical inspections and wagon's body. Those components are subsequently depreciated in line with the accounting policy disclosed above.

Freight wagons and railway traction vehicles without components are depreciated to the estimated residual value. The estimated residual value means the estimated justifiable positive amount that the Company can acquire upon the expected disposal of assets after deducting the estimated costs associated with their disposal. The estimated residual value for freight wagons and railway traction vehicles is based on the scrap amount that could be received at disposal. The estimated useful lives, residual values and depreciation method are reviewed at each year-end and the effect of any changes in estimates is accounted for on a prospective basis.

Property, plant and equipment items are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of these assets. Gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the proceeds from sale and the carrying amount of the asset and is recognised in profit or loss.

## **2.11. Intangible assets**

### ***2.11.1. Separately acquired intangible assets***

Intangible assets acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each year-end, and the effect of any changes in estimates is accounted for on a prospective basis.

An intangible asset is derecognised upon disposal, or when no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognised in profit or loss in the period when such derecognition took place.



## 2.12. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication of their impairment. If any such indication exists, the recoverable amount is determined in order to assess the amount of impairment. When it is not possible to determine the recoverable amount of an individual asset, The Company determines the recoverable amount of the cash-generating unit to which the asset belongs. Company assets are allocated to individual cash-generating units, if reasonable and consistent basis of allocation can be determined. Otherwise, corporate assets are allocated to the smallest groups of cash-generating units for which it is possible to determine a reasonable and consistent basis of allocation

Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment at least once a year or when any indication of potential impairment occurs.

The recoverable amount is the higher of fair value less cost to sell and value in use. When assessing value in use, the future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which the future cash flows have not been adjusted for.

If the recoverable amount of the asset (or cash-generating unit) is lower than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

If the impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated recoverable amount while ensuring that the increased carrying amount does not exceed the carrying amount that would have been determined in previous years if no impairment had occurred in relation to the asset (or cash-generating unit). Reversal of impairment loss is recognised immediately in profit or loss.

## 2.13. Investments in subsidiaries and associates

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when it is exposed to, or has the right to, variable returns due to its involvement in the investee and is able to influence those returns through its control over it, and if it has control over the investee. (i.e. holds existing rights based on which it is able to govern the activities that significantly impact the revenues of this entity).

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In such case, the Company usually controls 20-50 % of the voting rights.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control



of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

In the separate financial statements subsidiaries, associates and joint-ventures are stated at cost, unless held for sale.

Investments in subsidiaries are tested for impairment at least on an annual basis by comparing the fair value and the carrying amount of the equity investment.

#### **2.14. Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined using the weighted-average method. The net realisable value represents the estimated selling price of inventories less all estimated cost to sell. Inventory is mainly held for own use rather than for re-sale. Spare parts for the replacement of components in the repair of higher grades of vehicles are also part of the equipment in the course of construction.

#### **2.15. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account related risks and uncertainties. If a provision is measured based on the cash flows estimated to settle the present obligation, its carrying amount equals the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognised when it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The provision can be only utilised in relation to expenses for which it was originally created. A change in a provision is recognised in profit or loss for a specific expense category; the unused portion of the provision is recognised in Other operating income.

#### **2.16. Loans, borrowings and bonds**

At initial recognition, loans are stated at fair value less transaction costs. In subsequent periods, loans are carried at amortised cost using the effective interest rate method; any differences between the consideration (less transaction costs) and the value of the instalments are recognised in the income statement over the period of the loan.



## **2.17. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to contractual provisions of a financial instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities other than those measured at fair value through profit or loss are added upon initial recognition to the fair value of financial assets or deducted from the fair value of financial liabilities, respectively, except transaction costs that are directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss which are recognised immediately in profit or loss.

Financial assets are classified in the following three categories: financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. The classification depends on the Company's financial assets management and the nature of the contractual cash flows of the particular financial asset.

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities at amortised cost.

### ***2.17.1. Effective interest rate method***

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts expected future cash inflow/outflow (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the debt instrument to the net book value at initial recognition.

Income and expenses are recognised using the effective interest rate of debt instruments, other than financial assets and liabilities classified at fair value through profit or loss.

### ***2.17.2. Financial assets at fair value through other comprehensive income***

Financial assets which are measured at fair value in other comprehensive income are capital investments that are not held for trading. The Company designates equity investments that are not traded on an active market as measured at fair value through other comprehensive income. Dividend income from equity investments is recognised in profit or loss when the Company has a right to receive dividends.

### ***2.17.3. Financial assets at amortised costs***

Loans and receivables (including bank balances) are financial assets held under a business model which intends to collect contractual cash flows that are solely payments of principal and interest on the outstanding principal. For this reason, the Company recognises these assets at amortised cost using the effective interest



method, less impairment losses. These assets arise when the Company provides cash, goods or services directly to the borrower without planning to trade with the receivable.

Interest income is recognised by applying the effective interest rate, except for short-term receivables for which the recognition of interest would be immaterial.

#### **2.17.4. Impairment of financial assets**

Financial assets, other than those at fair value through profit or loss, are assessed for expected credit loss at the time the asset is recognised in the accounts.

Full model (3-stage impairment model): the financial asset is initially categorised within Stage 1, where credit loss allowance is recognised at an amount equal to 12-month expected credit losses. During the useful life of an asset, the Company considers if there is significant increase in credit risk. If significant increase in credit risk is identified, the financial asset is reclassified to Stage 2, where the credit loss allowance is recognised at a lifetime expected credit loss. In case of a counterparty default, such asset is reclassified to Stage 3, where interest income on financial assets is recognised by applying the initial effective interest rate to the amortised cost net of allowances for expected credit losses.

For the purpose of determining the expected credit losses, the Company applies a simplified IFRS 9 approach that uses the lifetime expected loss measurement for all trade and finance lease receivables.

The simplified model is applied to trade receivables that do not have a significant financing component. The Company recognises the allowances for receivables assessed on a portfolio basis based on the impairment matrix including historical inputs and reflecting future expectations.

For receivables assessed on an individual basis, the Company considers the following factors that affect the debtor's ability to meet his obligations:

- forward looking information,
- knowledge of a customer,
- payment morale.

The Company considers the potential impairment of cash and cash equivalents to be insignificant due to the high credit quality of banks which the Company cooperates with, supported by external investment ratings.

Based on historic experience, the Company uses the following criteria for default determination:

- if information gathered from external sources indicates that a debtor will not be able to pay its creditors in full (bankruptcy or insolvency proceedings),
- if the financial asset is more than 180 days past due, unless the Company has sufficient supporting information indicating that the delay is an appropriate default criterion.



#### **2.17.5. Derecognition of financial assets**

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises the collateralised borrowing.

Upon derecognition of a financial asset in its entirety, the difference between the assets' carrying amount and the consideration received or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

#### **2.17.6. Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as financial liabilities at fair value through profit or loss when they are either held for trading or designated as measured at fair value through profit or loss.

In this category, the Company includes financial derivatives recognised under other financial liabilities.

#### **2.17.7. Other financial liabilities at amortised cost**

Financial liabilities that are not held for trading or designated as financial liabilities at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

#### **2.17.8. Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

#### **2.17.9. Derivative financial instruments**

The Company enters into a financial derivative contracts to manage its exposure to interest rate, currency and commodity risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedging relationship.



The Company classifies derivatives that do not qualify as hedging derivatives at fair value through profit or loss.

#### ***2.17.10. Hedge accounting***

The Company designates certain hedging instruments as either fair value hedges or cash flow hedges.

At the inception of the hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with risk management objectives and strategy for undertaking various hedge transactions. Since the inception, the Company documents and monitors on an ongoing basis, whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. The Company monitors the hedging ratio, sources of inefficiency and the effect of credit risk. Hedge accounting is consistent with the Company's risk management strategy. Under IFRS 9, the Company separates the time value of commodity options and basis spread from inter-currency interest rate swaps as collateral costs.

#### ***2.17.11. Cash flow hedges***

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge fund. Under IFRS 9, the Company separates the costs of hedge accounting, when the conditions for recognising these costs in the other comprehensive income are met. The gain or loss relating to the ineffective portion is recognised directly in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, within the same line of the statement of profit or loss as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The Company prospectively ceases hedge accounting only when the hedging relationship (or a portion of it) no longer meets the hedging criteria (after taking into account any rebalancing of the hedging relationship). This includes cases where the hedging instrument expires, is sold, terminated or settled. Any gain or loss that is recognised in other comprehensive income and accumulated in the cash flow hedge fund remains in equity and is reclassified to profit or loss when the forecasted transaction occurs. If the expected transaction is no longer expected to occur, the gains or losses accumulated in the cash flow hedge fund are reclassified immediately to profit or loss.



### 2.17.12. *Financial derivatives held for trading*

All derivative transactions that the Company concludes are acquired on economic terms for hedging purposes, but some of them are not classified as hedging instruments for formal reasons.

Derivatives that do not meet the conditions for hedging derivatives are classified by the Company as held for trading.

The change in fair value of derivatives held for trading is recognised as an expense or income from derivative transactions.

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

### 3.1. Standards and interpretations effective for the period ending 31 December 2022

During the year ended 31 December 2022, the following standards, amendments and interpretations relevant to the Company's activities became effective:

Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IFRS 3 – Amendments to IFRS 3 - Reference to the Conceptual Framework	1 January 2022
IAS 16 – Amendments to IAS 16 - Proceeds before Intended Use	1 January 2022
IAS 37 – Amendment to IAS 37 - Cost of Fulfilling a Contract	1 January 2022
Various standards – Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022

The Company has applied the Amendment to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract before the effective date for the provision for onerous contracts. The amendment to IAS 37 was initially applied in the separate financial statements for the year 2020.

The adoption of other amendments mentioned above during the period did not have a significant impact on the disclosures or amounts presented in these financial statements.

### 3.2. Standards and interpretations applied before their effective date

The Company has not applied any standard or interpretations before their effective dates.

### 3.3. Standards and interpretations issued but not yet applied

As at the date of the financial statements, the following standards and interpretations were published but were not yet effective or applied by the Company before its effective date.

Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IFRS 10, IAS 28 – Amendment to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date will be determined*)
IFRS 16 – Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024*)
IAS 1 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024*)
IAS 1 – Amendment to IAS 1 – Non-current Liabilities with Covenants	1 January 2024*)
IAS 1 – Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
IAS 8 – Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
IAS 12 – Amendment to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

\*) standards, amendments and interpretations that has not yet been approved for the use in the EU



The management of the Company expects that the adoption of these amendments will not have a significant impact on the Company in the following periods.

#### **4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CHANGE IN ACCOUNTING POLICY**

In the application of the Company's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are evidently apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are given in the following notes.

##### **4.1. Provisions for legal disputes**

The Company is involved in a number of in-court and out-of-court commercial disputes. Where the criteria for the recognition of provisions have been met, the Company creates provisions for these disputes on the basis of the best available information and estimates. However, the actual outcome of the disputes may differ from these estimates. Information regarding legal disputes is disclosed in Note 16.

##### **4.2. Impairment of assets**

The Company assesses the recoverable value of all asset components when there are indicators of their impairment (with the exception of intangible assets under construction, the recoverable value of which is assessed annually). This assessment is based on expected assumptions and may change in the future depending on situation development and availability of information. Impairment of property, plant and equipment is disclosed in Note 5.

##### **4.3. Leasing - discount rate and lease term**

The Company measures the initial lease obligation at the present value of the lease payments to be discounted using the implicit interest rate. Since the Company is unable to determine this rate reliably, it uses its incremental borrowing rate as the discount rate. In determining this, the degree of lease collateral and the length of the lease contracts were taken into account.

In addition, the Company uses an estimate to determine the lease term for contracts concluded for an indefinite period. This estimate considered the period and circumstances of the potential termination of individual contracts. The Company has determined the estimated lease term for contracts for indefinite



period at 5 years for the lease of non-residential premises and 3 years for the lease of railway vehicles for the following reasons:

- the Company operates under a medium-term plan for a period of 5 years,
- based on past experience, there is sufficient assurance that these leases will not be terminated by either the Company or the lessor.

In addition, each significant contract is also assessed individually in terms of the individual provisions of the contract, the economic situation on the market of the asset and also the experience with this lessor in the past, and subsequently the lease period is adjusted according to these parameters. The lease period on building and vehicle contracts in the total amount of CZK 244 million was thus extended for the period of 2022 (in the total amount of CZK 204 million for the period of 2021). The carrying amount of lease liabilities arising from contracts concluded for an indefinite period amounted to CZK 1,087 million as at 31 December 2022 and CZK 976 million as at 31 December 2021.



## 5. PROPERTY, PLANT AND EQUIPMENT

(CZK million)									
Cost	Balance as at 1 Jan 2021	Additions	Disposals	Transfers	Balance as of 31 Dec 2021	Additions	Disposals	Transfers	Balance as of 31 Dec 2022
Land	117	-	-	-	117	-	-	26	143
Constructions	1,730	52	-	1	1,783	62	-	31	1,876
Individual movable assets	40,781	2,827	(1,425)	416	42,599	3,068	(1,787)	210	44,090
- Machinery, equipment, and furniture and fixtures	452	12	(4)	21	481	4	(8)	20	497
- Vehicles*	38,217	2,815	(1,420)	(691)	38,921	3,064	(1,779)	839	41,045
- Leased vehicles	2,108	-	-	1,086	3,194	-	-	(649)	2,545
- Other	4	-	(1)	-	3	-	-	-	3
Asset under construction	464	326	(15)	(148)	627	838	(117)	(270)	1,078
Advances	369	992	(771)	(274)	316	729	(219)	-	826
<b>Total</b>	<b>43,461</b>	<b>4,197</b>	<b>(2,211)</b>	<b>(5)</b>	<b>45,442</b>	<b>4,697</b>	<b>(2,123)</b>	<b>(3)</b>	<b>48,013</b>

(CZK million)													
Accumulated depreciation and impairment	Balance as at 1 Jan 2021	Additions	Elimination	Disposals	Transfers	Impairment	Balance as at 31 Dec 2021	Additions	Elimination	Disposals	Transfers	Impairment	Balance as at 31 Dec 2022
Constructions	976	32	-	-	(1)	-	1,007	35	-	-	-	-	1,042
Individual movable assets	22,789	1,388	45	(1,425)	1	74	22,872	1,531	102	(1,787)	-	(63)	22,655
- Machinery, equipment, and furniture and fixtures	293	15	-	(4)	21	-	325	17	-	(8)	13	-	347
- Vehicles*	21,318	1,145	45	(1,420)	(127)	74	21,035	1,456	102	(1,779)	136	(63)	20,887
- Leased vehicles	1,174	228	-	-	107	-	1,509	58	-	-	(149)	-	1,418
- Other	4	-	-	(1)	-	-	3	-	-	-	-	-	3
Asset under construction	7	1	-	(1)	-	(1)	6	-	-	-	-	-	6
<b>Total</b>	<b>23,772</b>	<b>1,421</b>	<b>45</b>	<b>(1,426)</b>	<b>-</b>	<b>73</b>	<b>23,885</b>	<b>1,566</b>	<b>102</b>	<b>(1,787)</b>	<b>-</b>	<b>(63)</b>	<b>23,703</b>

(CZK million)			
Net book value	Balance as at 31 December 2022	Balance as at 31 December 2021	Balance as at 1 January 2021
Land	143	117	117
Constructions	834	776	754
Individual movable assets	21,435	19,727	17,992
- Machinery, equipment, and furniture and fixtures	150	156	159
- Vehicles*	20,158	17,886	16,899
- Leased vehicles	1,127	1,685	934
- Other	-	-	-
Assets under construction	1,072	621	457
Advances	826	316	369
<b>Total</b>	<b>24,310</b>	<b>21,557</b>	<b>19,689</b>

\*Vehicles acquired under secured loan and are presented in the financial statements under the item „Vehicles“. Their net book value amounted to CZK 3,817 million as at 31 December 2022 and CZK 3,514 million as at 31 December 2021. The value of these secured loans is included in Note 15.3 „Secured loans“. The Company’s secured loan transactions are guaranteed by the lessor’s title to the leased assets.



Property is represented mainly by buildings and land. Land and buildings do not include railway infrastructure which is owned by Správy železnic, s.o.

Vehicles mainly comprise rolling stock (railway traction vehicles, freight wagons) used for railway freight transport. Inventory procedures showed that the net book value of some types of vehicles was higher than their market value or future use value. The market value of the freight wagons was determined based on the expert opinion of a sample of wagons from each interval, which is reduced by the cost of commissioning for wagons with a failed overhaul or technical inspection, or by the recoverable amount at physical disposal for freight wagons and traction vehicles based on their weight and the current scrap price. This applies to freight wagons and railway traction vehicles that are out of service and are currently not scheduled to be put into operation.

As at 31 December 2022, a provision for impairment of these assets is recognised in the amount of the difference between the carrying amount and the recoverable amount of CZK 411 million (of which the impairment of the traction vehicles amounted to CZK 38 million, the rest was attributable to freight wagons) and CZK 474 million as at 31 December 2021, impairment of on traction vehicles amounted to CZK 55 million, the rest was attributable to freight wagons).

Additions to separate tangible movable assets:

	(CZK million)	
	2022	2021
Technical improvement of railway traction vehicles	607	607
Revision repairs (components) of freight wagons	841	313
Repairs of R, D and TR type (components) of railway traction vehicles	296	575
Freight wagons body components	203	44
Zacns freight wagons	172	-
Wheelsets (components) for freight wagons	146	95
Conversion of locomotive 163 series into 363 series	133	-
Technical inspections (components) of freight wagons	101	68
Technical improvement of freight wagons	99	6
TRAXX traction vehicles	395	459
744 series traction vehicles	-	217
Eanos freight wagons	-	193
Sgnss freight wagons	-	186
Sggrs freight wagons	-	-
753.6 series traction vehicles	-	-
Other	75	64
<b>Total</b>	<b>3,068</b>	<b>2,827</b>

The Company leases some of its assets that it does not currently use for its activities to external entities. The most significant leased assets are vehicles, especially freight wagons and some traction vehicles. No other significant assets are leased. None of the contracts is non-cancellable.

	(CZK million)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Cost	2,545	3,194
Accumulated depreciation	(1,418)	(1,509)
<b>Net book value</b>	<b>1,127</b>	<b>1,685</b>



During 2022, the Company used part of the grant advance received for the implementation of the European Train Control System (ETCS) on locomotives of 742, 363 series and the implementation is underway on locomotives 753.7 and 130 series. The total value of the assets involved was CZK 427 million (in 2021: CZK 342 million). Furthermore, the Company received a grant of CZK 154 million for the conversion of locomotive 163 series into 363 series, the implementation of consumption metering in the amount of CZK 12 million and the fitting of the wagons for LL brake blocks (so-called ‘silent brake blocks’) in the amount of CZK 10 million (in 2021: CZK 7 million).

Outflows of advances amounted to CZK 219 million is mainly due to the incorporation of TRAXX locomotives (CZK 156 million) and to the incorporation of the ETCS (CZK 46 million).

Railway vehicles are depreciated according to the below useful lives to the estimated residual value. Components of these railway vehicles are depreciated by actual mileage. When calculating depreciation of other assets, the following useful lives were applied:

	<b>Number of years</b>
Constructions	20 – 50
Railway traction vehicles (without components)	20 – 35
Freight wagons (without components)	30
Machinery and equipment	8 – 20

## 5.1. Pledged assets

The Company’s assets as at 31 December 2022 and 31 December 2021 were not pledged. The Company’s liabilities from leaseback transactions are secured by the lessor’s title to the leased assets.

## 6. NTANGIBLE ASSETS

(CZK million)

<b>Cost</b>	<b>Balance as at 1 January 2021</b>	<b>Additions</b>	<b>Transfers</b>	<b>Balance as at 31 December 21</b>	<b>Additions</b>	<b>Transfers</b>	<b>Balance as at 31 December 2022</b>
Software	1,172	59	20	1,251	74	85	1,410
Royalties	175	1	8	184	9	1	194
Assets under construction	53	63	(23)	93	51	(83)	61
<b>Total</b>	<b>1,400</b>	<b>123</b>	<b>5</b>	<b>1,528</b>	<b>134</b>	<b>3</b>	<b>1,665</b>

(CZK million)

<b>Accumulated depreciation</b>	<b>Balance as at 1 January 2021</b>	<b>Additions</b>	<b>Balance as at 31 December 21</b>	<b>Additions</b>	<b>Transfers</b>	<b>Balance as at 31 December 2022</b>
Software	646	71	717	86	2	805
Royalties	131	7	138	9	(2)	145
<b>Total</b>	<b>777</b>	<b>78</b>	<b>855</b>	<b>95</b>	<b>-</b>	<b>950</b>

(CZK million)

<b>Net book value</b>	<b>Balance as at 31 December 22</b>	<b>Balance as at 31 December 21</b>	<b>Balance as at 1 January 2021</b>
Software	605	534	526
Royalties	49	46	44
Assets under construction	61	93	53
<b>Total</b>	<b>715</b>	<b>673</b>	<b>623</b>

The item Assets under construction consists of items that are developed in cooperation with supplier companies and are not internally developed software.



As at 31 December 2022, intangible assets include royalties (licenses) in total net book value of CZK 49 million. The most significant items are Modular System license in the amount of CZK 15 million, Noetic license in the amount of CZK 10 million, Microsoft license in the amount of CZK 9 million, SAP license in the amount of CZK 6 million and Altworx license in the amount of CZK 5 million. In 2022, licenses in the total amount of CZK 9 million were activated.

Amortisation period for intangible assets:

	Number of years
Software	3 – 10
Royalties	6 – 10

## 6.1. Software

Net book value	(CZK million)		
	Balance as at 31 December 22	Balance as at 31 December 21	Balance as at 1 January 2021
Operational and business tasks under the PROBIS project	409	315	300
SAP	65	69	78
IT Security Program	14	13	15
Other	117	137	133
<b>Total</b>	<b>605</b>	<b>534</b>	<b>526</b>

Software predominantly includes the SAP system and the operational and business tasks under the PROBIS project. Software additionally includes the information system supporting freight transport, development of the SAP information system, the Altworx software used to monitor and evaluate the use of the Company's basic capacities (operating personnel, traction vehicles and freight wagons), the IT security system and other systems used in ČD Cargo, a.s.

Additions to software in 2022 consist mainly of modifications and upgrades of existing systems: Dispatching information system under the Unit Trains project in the amount of CZK 13 million, Development of the PRIS Operational Information System in the amount of CZK 13 million, Altworx software in the amount of CZK 6 million, the Oscar business system in the amount of CZK 3 million.

## 7. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Category	(CZK million)	
	Investment* as at 31 December 2022	Investment* as at 31 December 2021
Subsidiaries	578	533
Joint ventures and associates	46	43
<b>Total</b>	<b>624</b>	<b>576</b>

\*the value of the share represents the net value of the investment consisting of the acquisition price less any allowance

### 7.1. Information on subsidiaries

Company name	Registered office	(CZK million) CZK	
		Investment* as at 31 December 2022	Investment* as at 31 December 2021
CD Cargo Germany GmbH	Niddastrasse 98-102, 60329 Frankfurt am Main, Germany*	1	1
CD Cargo Poland Sp. z o.o.	Grzybowska 4/3, 00-131 Warsaw, Poland	260	260
CD Cargo Austria GmbH	Rotenturmstraße 22/24, 1010 Vienna, Austria	-	-
CD Cargo Slovakia, s.r.o.	Seberiniho 1, 821 03 Bratislava, Slovakia	218	171



CD Cargo Hungary Kft.	Keleti sor utca 26-4, 4150 Püspökladány, Hungary	-	-
ČD Cargo Adria d.o.o.	Savska cesta 32, Zagreb, Croatia	-	2
Terminal Brno, a.s.	K Terminálu 614/11, Heršpice, 619 00 Brno	49	49
ČD-DUSS Terminál, a.s.	Lukavecká 1189, 41002 Lovosice	2	2
ČD Cargo Logistics, a.s.	Opletalova 1284/37, 11000 Prague 1	48	48
<b>Total</b>		<b>578</b>	<b>533</b>

\* the value of the share represents the net value of the investment consisting of the acquisition price less any allowance

Company name	Principal activities	Ownership interests as at	Ownership interests as at
		31 December 2022	31 December 2021
CD Cargo Germany GmbH	Brokerage of freight transportation services on behalf of and for ČD Cargo, a.s. and freight forwarding	100 %	100 %
CD Cargo Poland Sp. z o.o.	Brokerage of freight transportation services on behalf of and for ČD Cargo, a.s. and freight forwarding, operations of railway transport and lease of traction vehicles and wagons	100 %	100 %
CD Cargo Austria GmbH	Brokerage of freight transportation services on behalf of and for ČD Cargo, a.s. and freight forwarding	100 %*	100 %*
CD Cargo Slovakia, s.r.o.	Brokerage of freight transportation services on behalf of and for ČD Cargo, a.s. and freight forwarding	100 %	100 %
CD Cargo Hungary Kft.	Rail freight transport, wholesale brokerage of raw materials and fuel, storage and other	100 %**	100 %**
ČD Cargo Adria d.o.o.	Rail freight transport, wholesale brokerage of raw materials and fuel, storage and other	100 %	100 %
Terminal Brno, a.s.	Operations of the combined transport terminal in Brno	66.93 %	66.93 %
ČD-DUSS Terminál, a.s.	Operations of the container terminal in Lovosice	51 %	51 %
ČD Cargo Logistics, a.s.	Freight forwarding	100 %	100 %

\* the company is fully owned by CD Cargo Germany GmbH

\*\*the company is fully owned by CD Cargo Slovakia, s.r.o.

## 7.2. Information on joint ventures

Company name	Registered office	(CZK million)	
		Investment* as at 31 December 2022	Investment* as at 31 December 2021
Ostravská dopravní společnost, a.s.	U Tiskárny 616/9, 702 00 Ostrava – Přívoz	18	15
RAILLEX, a.s.	Belgická 196/38, 120 00 Prague 2	1	1
<b>Total</b>		<b>19</b>	<b>16</b>

\* the value of the share represents the net value of the investment composed of the acquisition price any allowance

Company name	Principal activities	Ownership interests as at	Ownership interests as at
		31 December 2022	31 December 2021
Ostravská dopravní společnost, a.s.	Railway transportation and lease of traction vehicles and railway wagons	50 %	50 %
RAILLEX, a.s.	Cargo handling and technical services in transportation, freight forwarding	50 %	50 %

## 7.3. Information on associates

Company name	Registered office	(CZK million)	
		Investment* as at 31 December 2022	Investment* as at 31 December 2021
BOHEMIAKOMBI, spol. s r.o.	Opletalova 921/6, 110 00 Prague 1	-	-
Ostravská dopravní společnost - Cargo, a.s.	U Tiskárny 616/9, 702 00 Ostrava - Přívoz	27	27
Terminál Mošnov, a.s.	Na Florenci 1332/23, 110 00 Prague 1	-	-
<b>Total</b>		<b>27</b>	<b>27</b>

\*the value of the share represents the net value of the investment consisting of the acquisition price less any allowance



Company name	Principal activities	Ownership interests as at	Ownership interests as at
		31 December 2022	31 December 2021
BOHEMIAKOMBI, spol. s r.o.	Brokerage of transportation services except for the transportation by own vehicles	30 %	30 %
Ostravská dopravní společnost - Cargo, a.s.	Railway transportation and lease of traction vehicles and railway wagons	20 %	20 %
Terminál Mošnov, a.s.	Operation of the Mošnov terminal	25 %*	-

\* interest in the company is owned by ČD Cargo Logistics, a.s.

#### 7.4. Summary of financial information on joint ventures and associates

(CZK million)							
31 December 2022	RAILLEX, a.s.	Ostravská dopravní společnost, a.s.	Total joint ventures	BOHEMIAKOMBI, spol. s r.o.	Ostravská dopravní společnost - Cargo, a.s.	Terminál Mošnov, a.s.	Total associates
<b>Total assets</b>	<b>68</b>	<b>160</b>	<b>228</b>	<b>22</b>	<b>305</b>	<b>25</b>	<b>352</b>
Current assets	67	160	227	21	130	18	169
Non-current assets	1	-	1	1	175	7	183
<b>Total liabilities</b>	<b>47</b>	<b>124</b>	<b>171</b>	<b>13</b>	<b>136</b>	<b>19</b>	<b>168</b>
Current liabilities	47	124	171	13	38	19	70
Non-current liabilities	-	-	-	-	98	-	98
Net assets	21	36	57	9	169	6	184
<b>Share of net assets</b>	<b>11</b>	<b>18</b>	<b>29</b>	<b>-</b>	<b>34</b>	<b>1</b>	<b>35</b>

(CZK million)							
31 December 2021	RAILLEX, a.s.	Ostravská dopravní společnost, a.s.	Total joint ventures	BOHEMIAKOMBI, spol. s r.o.	Ostravská dopravní společnost - Cargo, a.s.	Total associates	
<b>Total assets</b>	<b>36</b>	<b>198</b>	<b>234</b>	<b>17</b>	<b>252</b>	<b>269</b>	
Current assets	-	-	-	1	42	43	
Non-current assets	36	198	234	16	210	226	
<b>Total liabilities</b>	<b>18</b>	<b>167</b>	<b>185</b>	<b>8</b>	<b>34</b>	<b>42</b>	
Current liabilities	-	-	-	-	-	-	
Non-current liabilities	18	167	185	8	34	42	
Net assets	18	31	49	9	218	227	
<b>Share of net assets</b>	<b>9</b>	<b>15</b>	<b>24</b>	<b>-</b>	<b>44</b>	<b>44</b>	

(CZK million)			
Joint ventures		2022	2021
Total income		909	904
Profit for the period		20	18
<b>Share of profit for the period</b>		<b>10</b>	<b>9</b>

(CZK million)			
Associates		2022	2021
Total income		310	270
Profit for the period		9	35
<b>Share of profit for the period</b>		<b>4</b>	<b>7</b>

## 8. INVENTORIES

(CZK million)		
	31 December 2022	31 December 2021
Spare parts and other components for rail vehicles and traction vehicles	336	281
Spare parts for other machines, devices and equipment	7	6
Fuels, lubricants and other petroleum products	6	4
Work clothes, work shoes, protective devices	6	6
Other	46	46
<b>Total cost</b>	<b>401</b>	<b>343</b>
Write-down of inventories to their net realisable value	(9)	(10)
<b>Total net book value</b>	<b>392</b>	<b>333</b>

## 9. TRADE RECEIVABLES

The increase in receivables is related to the increase in sales both foreign and domestic. Trade receivables consist of the following items:

		(CZK million)								
Category	Before due date	Past due date (days)					Total overdue	Total		
		1 - 30	31 - 90	91-180	181--365	over 365				
31 Dec 2022	Gross	1,825	99	6	3	9	77	194	2,019	
	Allowances	(45)	(4)	(1)	(2)	(9)	(77)	(93)	(138)	
	Net	<b>1,780</b>	<b>95</b>	<b>5</b>	<b>1</b>	-	-	<b>101</b>	<b>1,881</b>	
31 Dec 2021	Gross	1,550	104	33	13	3	82	235	1,785	
	Allowances	(10)	(1)	(2)	(1)	(2)	(82)	(88)	(98)	
	Net	<b>1,540</b>	<b>103</b>	<b>31</b>	<b>12</b>	<b>1</b>	-	<b>147</b>	<b>1,687</b>	

### 9.1. Movement of allowances for doubtful trade receivables

		(CZK million)	
Movement of allowances for doubtful trade receivables		2022	2021
Allowances at 1 January		98	141
Creation of allowances – trade receivables		56	35
Use of allowances – trade receivables		(11)	(66)
Write-offs – trade receivables		(5)	(12)
Allowances at 31 December		<b>138</b>	<b>98</b>

## 10. OTHER FINANCIAL ASSETS

		(CZK million)	
		31 December 2022	31 December 2021
Lease receivables (see Note 10.1)		19	30
Hedging derivatives		37	8
Restricted cash (see Note 5)		21	-
Other financial assets		-	-
<b>Other non-current financial assets</b>		<b>77</b>	<b>38</b>
Lease receivables (see Note 10.1.)		15	13
Hedging derivatives		82	89
Group cash-pooling		2	2
Receivables for damages and losses		10	12
Receivables for damages and losses - allowances		-5	(8)
Restricted cash (see Note 5)		17	-
Other financial assets		72	9
Other financial assets – allowances		(2)	(2)
<b>Other current financial assets</b>		<b>191</b>	<b>115</b>
<b>Total Other financial assets</b>		<b>268</b>	<b>153</b>

Hedging derivatives are measured at fair value, other financial assets are measured at amortised cost.

Other financial assets consist mainly of unpaid dividends from Cargo Poland Sp. z o.o. in the amount of CZK 50 million and CD Cargo Slovakia, s.r.o. in the amount CZK 4 million and loan of ČD Cargo Adria d.o.o. in the amount of CZK 8 million.

In relation to IFRS 9, there was no reason to create an allowance for any other financial assets due to the expected credit loss.

### 10.1. Finance lease receivables

Company ČD Cargo, a.s. leased part of the building in the Lovosice logistics centre to Mondi Štětí a.s.

## Disclosures required by IFRS 16

### Maturity analysis of lease receivables:

	(CZK million)	
	31 December 2022	31 December 2021
1 year	15	14
2 year	15	14
3 year	5	14
4 year	-	3
<b>Undiscounted lease payments</b>	<b>35</b>	<b>45</b>
Minus: unrealised financial income	-1	-2
<b>Present value of lease payments receivable</b>	<b>34</b>	<b>43</b>
<b>Net investment in leasing</b>	<b>34</b>	<b>43</b>
In the statement of financial position as:		
Short-term lease receivables	15	13
<b>Long-term lease receivables</b>	<b>19</b>	<b>30</b>
<b>Total</b>	<b>34</b>	<b>43</b>

The amounts recognised in the statement of profit or loss:

	(CZK million)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Net proceeds from financial investments	1	1

The Company applies a simplified approach in accordance with IFRS 9 to measure expected credit losses, using an allowance for expected losses over the useful lives for all finance lease receivables.

In order to measure expected credit losses, finance lease receivables are grouped on the basis of shared credit risk characteristics and days past due. The expected rates of losses are based on the payment profiles of the leases before the end of the reporting period and the corresponding historical credit losses that occurred in that period.

None of the finance lease receivables is overdue at the end of the reporting period, and taking into account past experience and future prospects of the industries in which the lessee operates, the management of the Company believes that no finance lease receivables are impaired.

The Company is not exposed to currency risk as a result of lease arrangements, as the lease is denominated in CZK. The risk of residual value of the leased building is not material.

## 11. OTHER ASSETS

	(CZK million)	
	31 December 2022	31 December 2021
Advances granted	1	2
<b>Other non-current assets</b>	<b>1</b>	<b>2</b>
Advances granted	-	56
Tax receivables – VAT	45	43
Prepaid expenses	83	59
Grants	336	249
Other	176	15
<b>Other current assets</b>	<b>640</b>	<b>422</b>
<b>Total Other assets</b>	<b>641</b>	<b>424</b>



The line Grants mainly represents an unquestionable entitlement to a part of the grant received by the Company within the grant project for equipping traction vehicles with on-board parts of the European Train Control System.

The largest item within the line Other is a receivable from the subsidiary ČD Cargo Adria d.o.o. from the sale of 200 Tams freight wagons in the amount of CZK 160 million.

The line Advances granted represents amounts paid to domestic and foreign suppliers in connection with business relations.

## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost in the balance sheet and tested for impairment under IFRS 9. The Company considers the potential impairment of these items to be insignificant due to the high credit quality of the cash deposits held by reputable financial institutions with a high investment credit rating.

	(CZK million)	
	31 December 2022	31 December 2021
Cash on hand	1	2
Cash at bank*	1,104	1,001
<b>Total</b>	<b>1,105</b>	<b>1,003</b>

\* the contractual partners of the Company are renowned banks with a high credit rating (required investment grade) with which the Company cooperates on the basis of long-term and stable relationships

Total final balances of the Company's accounts held in banking institutions:

	(CZK million)			
Bank	Short-term rating*	Long-term rating*	31 December 2022	31 December 2021
Citibank Europe plc	P-1	Aa3	11	11
Česká spořitelna, a.s.	P-1	Aa3	1	1
Československá obchodní banka, a.s.	P-1	A1	486	434
ING Bank, N.V.	P-1	Aa3	75	67
Komerční banka, a.s.	P-1	A1	212	201
Raiffeisenbank a.s.	P-1	A2	88	63
UniCredit Bank Czech Republic and Slovakia, a.s.	P-2	A3	10	15
Všeobecná úvěrová banka a.s.	P-1	A2	221	209
<b>Total</b>			<b>1,104</b>	<b>1,001</b>

\* Moody's bank rating is effective at the end of 2022

## 13. EQUITY

### 13.1. Share capital

As at 31 December 2022, the Company's the share capital amounted to CZK 8,494 million in the form of 100 pieces of dematerialised registered shares. The share capital was fully paid.

### 13.2. Capital funds

	(CZK million)	
	31 December 2022	31 December 2021
Share premium	197	197
Statutory reserve fund	148	191
Cash flow hedging reserve	257	144
Actuarial losses	11	16
<b>Total</b>	<b>613</b>	<b>548</b>



The allocations to the statutory reserve fund are made in accordance with the internal regulations of the Company.

### 13.2.1. Share premium

The premium is the difference that arose between the nominal and issue price of shares when the Company was established in the amount of CZK 197 million as at 1 December 2007.

### 13.2.2. Reserve fund

	(CZK million)	
	2022	2021
<b>Balance as at 1 January</b>	<b>191</b>	<b>257</b>
Profit allocation to the reserve fund	11	-
Transfer from the reserve fund	(54)	(66)
<b>Balance as at 31 December</b>	<b>148</b>	<b>191</b>

In accordance with the Company's internal regulations, the allocation to the reserve fund amounted to CZK 11 million in 2022.

### 13.2.3. Cash flow hedging reserve

	(CZK million)	
	2022	2021
<b>Balance at the beginning of the year</b>	<b>144</b>	<b>(35)</b>
Revaluation gain/ change in fair value	22	230
Impact on profit or loss	118	(9)
<b>Total change in the cash flow hedging reserve</b>	<b>140</b>	<b>221</b>
Related income tax	(27)	(42)
<b>Balance at the end of the year</b>	<b>257</b>	<b>144</b>

The cash flow hedging reserve represents accumulated gains and losses from effective cash flow hedging. It is primarily a hedging of currency risk arising from a change in the CZK/EUR exchange rate, which is hedged by currency forwards or swaps, foreign currency loans and bonds and foreign currency lease obligations. Another component of cash flow hedging is hedging of commodity risk associated with fluctuations in the price of diesel. The cumulative accrued gain or loss on hedging derivatives is reclassified to profit or loss only if the hedged transaction affects profit or loss or is included as a carrying amount adjustment to the hedged non-financial item in accordance with the applicable accounting policy.

Gains and losses reclassified during the year from equity are recognised in the profit and loss statement on the lines Revenues, Services, leases, material and energy consumption and Financial expenses, Financial income.

### Reclassification from cash flow hedge reserve into profit or loss

	(CZK million)	
	2022	2021
<b>Currency forwards – hedging future income in foreign currencies</b>		
<b>Balance as at 1 January</b>	<b>46</b>	<b>40</b>
Change in the fair value of the hedging derivatives	(14)	32
Impact on profit or loss	68	(25)
Related corporate income tax – change	(10)	(1)
<b>Balance as at 31 December</b>	<b>90</b>	<b>46</b>



	(CZK million)	
	2022	2021
<b>Foreign currency lease liabilities under IFRS 16 - hedging future income in foreign currencies</b>		
<b>Balance as at 1 January</b>	77	(63)
Revaluation gain	61	173
Impact on profit or loss	29	-
Related corporate income tax – change	(17)	(33)
<b>Balance as at 31 December</b>	<b>150</b>	<b>77</b>

	(CZK million)	
	2022	2021
<b>Foreign currency loans and bonds - hedging future income in foreign currencies</b>		
<b>Balance as at 1 January</b>	-	-
Revaluation gain	25	-
Impact on profit or loss	-	-
Related corporate income tax – change	(5)	-
<b>Balance as at 31 December</b>	<b>20</b>	<b>-</b>

	(CZK million)	
	2022	2021
<b>Commodity forwards – hedging prices for the purchases of diesel</b>		
<b>Balance as at 1 January</b>	21	(12)
Change in the fair value of the hedging derivatives	(50)	25
Impact on profit or loss	21	16
Related corporate income tax – change	5	(8)
<b>Balance as at 31 December</b>	<b>(3)</b>	<b>21</b>

#### 13.2.4. Actuarial gains/ losses

	(CZK million)	
	2022	2021
<b>Balance as at 1 January</b>	16	(2)
Actuarial gains/ losses	(5)	18
<b>Balance as at 31 December</b>	<b>11</b>	<b>16</b>

Actuarial losses represent the results of the revaluation of net liabilities (provisions for employee benefits) from such defined benefits, for more details see Note 16. Provisions.

## 14. TRADE PAYABLES

Year	Category	Before due date	Past due date (days)					Total past due date	Total
			1 – 30	31 – 90	91–180	181–365	365 and more		
31 Dec 2022	Short-term	2,838	23	1	-	-	2	26	<b>2,864</b>
31 Dec 2021	Short-term	2,802	12	2	-	-	2	16	<b>2,818</b>

The Company does not recognise any long-term trade payables. Liabilities overdue for more than 365 days are part of legal disputes.

## 15. LOANS, BORROWINGS AND LEASE LIABILITIES

	(CZK million)	
	31 December 2022	31 December 2021
Long-term bank loans	4,681	4,032
Secured loans – long-term	2,279	1,625
Liabilities from leasing	2,739	2,593
Loans from České dráhy, a.s.	-	59
Bonds issued	4,720	4,253
<b>Total long-term</b>	<b>14,419</b>	<b>12,562</b>



Short-term bank loans	750	573
Secured loans – short-term	383	377
Lease liabilities	941	802
Overdraft accounts	856	-
Loan from České dráhy, a.s.	57	71
Bonds issued	530	31
<b>Total short-term</b>	<b>3,517</b>	<b>1,854</b>
<b>Total</b>	<b>17,936</b>	<b>14,416</b>

## 15.1. Bank loans

Bank	Nominal value	Final maturity date	Interest	(CZK million)	
				Carrying value as at 31 December 2022	Carrying value as at 31 December 2021
UniCredit Bank, a.s.	CZK 1,000 mil.	29 March 2030	fixed	725	825
ING Bank NV	CZK 1,000 mil.	31 August 2027	fixed	769	923
UniCredit Bank, a.s.	CZK 1,000 mil.	31 December 2027	fixed	714	857
ING bank, a. s.	CZK 500 mil.	30 June 2028	fixed	423	500
Raiffeisenbank, a. s.	CZK 1,000 mil.	30 June 2031	fixed	900	1,000
EIB loan - 1st tranche	CZK 500 mil.	2 July 2031	fixed	500	500
Raiffeisenbank, a. s.	EUR 40 mil.*	30 June 2032	fixed	917	-
ING bank, a. s.	EUR 40 mil.*	31 March 2028	fixed	483	-
<b>Total</b>				<b>5,431</b>	<b>4,605</b>
of which short-term				750	573
of which long-term				4,681	4,032

\* drawdown amount in CZK given in the text

As at 17 October 2016, ČD Cargo, a.s. has drawn a loan from České dráhy, a.s. in the total amount of CZK 540 million to finance the purchase of Vectron traction vehicles of 383 series. As at 31 December 2021, the balance of the loan is recognised as current liability of CZK 57 million.

During 2021, two more new investment loans were implemented with a total credit framework of CZK 1,500 million. As at 31 December 2021, this entire credit line was drawn down. At the same time, an investment loan from 2020 in the amount of CZK 200 million was drawn down in 2021.

During 2022, two new credit frameworks of EUR 40 million were negotiated, one of which was fully drawn down in the amount of CZK 975 million. The second credit framework of CZK 965 million was drawn down in the amount of EUR 20 million (CZK 483 million). The remaining amount of EUR 20 million (CZK 483 million) was implemented after 31 December 2022. The balance of these investment loans as at 31 December 2022 is CZK 917 million and CZK 483 million, respectively.

In December 2020, the a loan agreement was signed with the European Investment Bank (EIB). According to the contractual conditions, the total amount of the loan framework is EUR 130 million (CZK 3,412 million). This credit framework is and will be gradually drawn down in the following years to finance the Company's pre-selected investment projects. In 2021, the first tranche of CZK 500 million was drawn down. No further tranche was drawn in 2022.

Detailed overview of the movements of the investment frameworks is disclosed in Note 33.8.3.

Portions of long-term loans and borrowings that are due within one year from the balance sheet date are recognised as short-term loans and borrowings.



The Company breached no loan covenants in the reporting period. Bank loans are not guaranteed.

## 15.2. Issued bonds

On 4 May 2011, the resolution of the Czech National Bank approved the Bond Programme of ČD Cargo, a.s. The highest volume of outstanding bonds issued under the Bond Programme may amount up to CZK 6,000 million with the term of the Bond Programme being ten years. The above resolution of the Czech National Bank took effect on 5 May 2011. Furthermore, from 5 May 2021, following the expiry of the first Bond Programme, a new bond programme with the term of 10 years is valid without a limit on the maximum amount of outstanding bonds.

Under the above-mentioned bond programmes or under separate issuance conditions, the following bond issues exist as at 31 December 2022:

(CZK million)							
Date of issue	Nominal value	Due date	Publicly traded	Coupon rate	Carrying value as at 31 December 2022	Carrying value as at 31 December 2021	
29 December 2016	CZK 500 mil.	29 December 2023	yes	1.26%	500	500	
20 July 2018	CZK 1,000 mil.	20.07.2025	yes	2.55%	1,010	1,010	
17 July 2019	CZK 1,000 mil.	17.07.2026	no	2.17%	1,008	1,008	
18 November 2019	CZK 770 mil.	18 November 2026	no	2.09%	771	771	
31 July 2020	CZK 1,000 mil.	31.07.2027	no	1.65%	997	995	
20 April 2022	EUR 40 mil.	31 December 2028	no	1.92%	964	-	
<b>Total</b>					<b>5,250</b>	<b>4,284</b>	
of which short-term					530	31	
of which long-term					4,720	4,253	

In 2022 and 2021, the Company breached no conditions applicable to issued bonds.

## 15.3. Secured loans

The Company concluded several secured loans related to rolling stock. The duration of the lease is a maximum of 10 years. The Company has the option to repurchase the vehicles at the end of the contractual agreement, which it expects to do. These loans are guaranteed by the lessor's title of the leased assets.

The value of leaseback liabilities is as follows:

(CZK million)				
	Minimum lease payments		Present value of minimum lease payments	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Less than 1 year	441	424	383	377
From 1 to 5 years	1,343	984	1,189	883
5 years and more	1,145	780	1,090	742
<b>Total</b>	<b>2,929</b>	<b>2,188</b>	<b>2,662</b>	<b>2,002</b>
Less future financial costs	(267)	(186)	-	-
<b>Present value of minimum lease payments</b>	<b>2,662</b>	<b>2,002</b>	<b>2,662</b>	<b>2,002</b>
In the statement of financial position as:				
– short-term loans			383	377
– long-term loans			2,279	1,625
<b>Total</b>			<b>2,662</b>	<b>2,002</b>



Secured loans are presented within financial instruments in Note 33.2.

Movements on financial liabilities are disclosed in Note 33.8.2.

#### 15.4. Lease liabilities

The Company concluded several lease agreements relating to rolling stock and non-residential premises. The duration of the lease is a maximum of 10 years. The Company's lease liabilities are guaranteed by the lessor's title to the leased assets.

The value of lease liabilities is as follows:

	(CZK million)			
	Minimum lease payments		Present value of minimum lease payments	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Less than 1 year	997	835	941	802
From 1 to 5 years	2,399	2,023	2,302	1,962
5 years and more	437	637	437	631
<b>Total</b>	<b>3,833</b>	<b>3,495</b>	<b>3,680</b>	<b>3,395</b>
Less future financial costs	(153)	(100)	-	-
<b>Present value of minimum lease payments</b>	<b>3,680</b>	<b>3,395</b>	<b>3,680</b>	<b>3,395</b>
In the statement of financial position as:				
- short-term loans			941	802
- long-term loans			2,739	2,593
<b>Total</b>			<b>3,680</b>	<b>3,395</b>

Lease liabilities are presented within financial instruments in Note 33.2.

Movements on financial liabilities are described in Note 33.8.2.

#### 16. PROVISIONS

	(CZK million)				
	Balance as at 1 January 2022	Creation	Use	Cancellation	Balance as at 31 December 2022
Pension benefits provision	29	-	5	-	24
- of which long-term part	24	-	-	-	21
Provision for other employee benefits	104	62	46	-	120
- of which long-term part	58	-	-	-	66
<b>Provision for employee benefits total</b>	<b>133</b>	<b>62</b>	<b>51</b>	<b>-</b>	<b>144</b>
Provision for legal disputes	1	-	-	-	1
Other provisions	45	55	32	4	64
<b>Total provisions</b>	<b>179</b>	<b>117</b>	<b>83</b>	<b>4</b>	<b>209</b>
Long-term	82	-	-	-	87
Short-term	97	-	-	-	122

The provision for employee benefits represents the employees' entitlement to a financial contribution upon reaching the jubilee, a financial contribution upon retirement and to a payment of medical expenses, including compensation for wages during curative and rehabilitation stays. As at 31 December 2021, it was calculated at CZK 144 million (as at 31 December 2021: CZK 133 million). Compared to 2022, there were no significant changes in the balance of the provision. The provision in 2022 consisted of a contribution upon reaching the jubilee of CZK 61 million (2021: CZK 50 million), a financial contribution upon retirement of CZK 25 million (2021: CZK 29 million), a contribution to medical expenses, including



compensation of wages during curative and rehabilitation stays of CZK 54 million (in 2021: CZK 48 million) and other financial contributions of CZK 4 million (in 2021: CZK 6 million). In calculating the provision for employee benefits, the Company used an actuarial model based on current employee data (number of employees, date of old-age pension, average salary, amount of financial contribution) and expected parameters determined by a qualified estimate and publicly available statistical data such as: expected employee turnover, expected wage growth, expected inflation rate and the curve of disability and death according to the data of the Czech Statistical Office. Cash flows are discounted to present value using a discount rate derived from the government bond yield rate.

As at 31 December 2022, Other provisions mainly include the Company's provisions for complaints.

## 17. OTHER FINANCIAL LIABILITIES

	(CZK million)	
	31 December 2022	31 December 2021
Hedging derivatives	-	15
Liability arising from supplier loans	-	1
<b>Other long-term financial liabilities</b>	-	<b>16</b>
Hedging derivatives	11	-
Liability from the terminated lease contract	121	121
Other	17	9
<b>Other short-term financial liabilities</b>	<b>149</b>	<b>130</b>
<b>Total Other financial liabilities</b>	<b>149</b>	<b>146</b>

Other financial liabilities are measured at amortised cost.

Three lease contracts on the sale and subsequent lease of 1,141 vehicles were concluded between the ČD Cargo, a.s. and Financial Found, a.s. According to the contractual arrangements ČD Cargo, a.s. withdrew from the contract in 2019 and immediately paid the remaining leasing instalments in the amount of CZK 146 million. Since Financial Found, a.s., disagreed with the withdrawal, it returned the amount to back to ČD Cargo, a.s. account. In order to avoid the senseless forwarding of funds, ČD Cargo, a.s. informed Financial Found, a.s. that it had the funds ready and asked it to confirm that the company would accept them. Up to the current date, Financial Found, a.s. has not responded. In parallel, Financial Found, a.s., filed a lawsuit in the District Court for Prague 7 to determine the ownership of the 1,141 vehicles, and yet it has not been solved. As at 31 December 2022, net book value of these railway vehicles amounted to CZK 733 million, as at 31 December 2021 amounted to CZK 641 million. Financial Found, a.s., also unsuccessfully tried to rewrite the vehicles at the Rail Authority to their ownership. This means that ČD Cargo, a.s. is registered as the owner and holder of these vehicles. In accordance with the described information, the Company's management has decided to record the aforementioned vehicles in the Company's assets and to account for all related accounting transactions (segregation of components, accounting for depreciation, etc.). As at 31 December 2022, the liability arising from this terminated lease contract amounted to CZK 121 million (excluding VAT). As at 31 December 2021, this liability also amounted to CZK 121 million.



## 18. OTHER LIABILITIES AND COMMITMENTS

Other liabilities and commitments consist of following items:

	31 December 2022	31 December 2021
Other liabilities	10	-
<b>Other long-term liabilities</b>	<b>10</b>	<b>-</b>
Payables to employees	556	474
Liabilities for social security and health insurance	165	160
Tax liabilities - tax withheld employees	25	31
Subsidy received	30	-
Other short-term liabilities	<b>776</b>	<b>665</b>
<b>Commitments</b>	<b>1</b>	<b>7</b>
<b>Refunds liabilities</b>	<b>16</b>	<b>15</b>
Other short-term liabilities and commitments	<b>793</b>	<b>687</b>
<b>Total Other liabilities and commitments</b>	<b>803</b>	<b>687</b>

In 2022, a further part of the CEF I programme in the amount of EUR 192 million was provided. This was used for the delivery of the ETCS safety system for series traction vehicles of selected series. Furthermore, a grant of CZK 75 million from the CEF II programme was provided, which was used for the advance payment of a prototype of a selected series of traction vehicles (363.5) in the amount of CZK 36 million. The balance of the CEF II grant is in restricted cash of CZK 39 million (10. Other financial assets). The Connecting Europe Facility (CEF) allows EU funds to be used for transport infrastructure in the Czech Republic. The Connecting Europe Facility is aimed at providing EU financial assistance for trans-European networks to support projects of common interest in the transport, telecommunications and energy infrastructure sectors and to exploit potential synergies between these sectors. Moreover, a grant of CZK 153 million was provided for the conversion of traction vehicles from 163 series to 363 series, which was fully used.

Other long-term liabilities also include liabilities to employees arising from applicable collective agreement.

Short-term liabilities to employees represent a liability for unpaid December salaries.

The Company has no overdue liabilities to tax authorities, social security authorities and health insurance companies.

## 19. LEASE CONTRACTS

### 19.1. Right-of-use assets and lease liabilities

The Company leases land, buildings (administrative and railway stations), equipment (innofreight technology) and vehicles (freight wagons, tanks and passenger cars). Lease contracts are usually concluded for a definite period (from 3 to 10 years). A minority of contracts are concluded for an indefinite period.



(CZK million)

	Balance as at 1 Jan 2021	Additions	Change of lease period	Change of rent amount	Disposals	Balance as at 31 Dec 2021	Additions	Change of lease period	Change of rent amount	Disposals	Balance as at 31 Dec 2022
<b>Cost</b>											
Buildings	435	6	41	18	(78)	422	19	39	93	(139)	434
- out of which Lovosice logistics centre	89	-	-	-	(56)	33	-	-	-	-	33
Equipment	626	78	15	183	(6)	896	35	14	97	(12)	1,030
- out of which Innofreight technologies	624	78	15	183	(6)	894	35	14	97	(12)	1,028
Vehicles	2,748	603	148	3	(209)	3,293	1,152	191	2	(664)	3,974
- out of which freight wagons	2,718	600	148	3	(205)	3,264	901	179	2	(651)	3,695
- out of which railway traction vehicle	-	-	-	-	-	-	238	12	-	-	250
<b>Total</b>	<b>3,809</b>	<b>687</b>	<b>204</b>	<b>204</b>	<b>(293)</b>	<b>4,611</b>	<b>1,206</b>	<b>244</b>	<b>192</b>	<b>(815)</b>	<b>5,438</b>

(CZK million)

Accumulated depreciation and impairment	Balance as at 1 Jan 2021	Depreciation	Disposals	Balance as at 31 Dec 2021	Depreciation	Disposals	Balance as at 31 Dec 2022
Buildings	111	100	(66)	145	65	(51)	159
- out of which Lovosice logistics centre	36	40	(56)	20	3	-	23
Equipment	97	132	-	229	157	(1)	385
- out of which Innofreight technologies	97	132	-	229	157	(1)	385
Vehicles	604	475	(82)	997	564	(354)	1,207
- out of which freight wagons	593	466	(80)	979	534	(343)	1,170
- out of which railway traction vehicle	-	-	-	-	22	-	22
<b>Total</b>	<b>812</b>	<b>707</b>	<b>(148)</b>	<b>1,371</b>	<b>786</b>	<b>(406)</b>	<b>1,751</b>

(CZK million)

Net book value	Balance as at 31 Dec 2022	Balance as at 31 Dec 2021	Balance as at 1 Jan 2021
Buildings	275	277	324
- out of which Lovosice logistics centre	10	13	53
Equipment	645	667	529
- out of which Innofreight technologies	643	665	527
Vehicles	2,767	2,296	2,144
- out of which freight wagons	2,525	2,285	2,125
- out of which railway traction vehicle	228	-	-
<b>Total</b>	<b>3,687</b>	<b>3,240</b>	<b>2,997</b>

The Company recorded an increase of CZK 238 million in the lease of traction vehicles and of CZK 901 million in the lease of freight wagons. The Company's losses are mainly represented by terminated freight wagons lease contracts.

The right-of-use assets according to IFRS 16 also include a lease agreement for the lease of storage space in the Lovosice logistics centre. Since this contract generates to the Company a loss of approximately CZK 59 million per year, the Company has created for this contract lease a provision for loss-making transactions. As a result of the adoption of IFRS 16, this lease was reclassified as an impairment of right-of-use asset. As at 1 January 2019, the value of this right-of-use was calculated at CZK 558 million and impaired by CZK 409 million. As at 1 January 2019, the resulting amount of CZK 149 million was recorded in the above table "Cost". In 2021, the value of the right-of-use assets decreased due to the lower profitability of the logistics centre. As at 31 December 2022, these right-of-use assets was recognised in the carrying amount of CZK 10 million (as at 31 December 2021, the value was CZK 13 million).



The item “Buildings”, in addition to the logistics centre in Lovosice, includes lease agreements of non-residential premises within the railway stations where our operating employees are responsible for the operation of the Company's rail transport.

The amount of impairment of the aforementioned right-of-use assets is determined by a reasonable estimate of the estimated net future commitment. The amount represents the difference between discounted net expected income and discounted expected expenditure.

The Company recognised the lease liability as follows:

	(CZK million)	
	<b>Balance as at 31 December 2022</b>	<b>Balance as at 31 December 2021</b>
Short - term lease liabilities	941	802
Long - term lease liabilities	2,739	2,593
<b>Total lease liabilities</b> (see Note 15)	<b>3,680</b>	<b>3,395</b>

The amounts recognised in statement of profit or loss:

	(CZK million)		
		<b>2022</b>	<b>2021</b>
Depreciation of right-of-use assets	27	(786)	(707)
Interest expense on lease liabilities	29	(48)	(40)
Short-term lease expenses	25	(209)	(240)
Low-value assets lease expenses		(15)	(14)
Variable lease payments (not included in the measurement of the lease liability) expenses	28	(32)	(18)

Short-term lease and low-value assets lease expenditure that are not included in the above-mentioned short-term lease liabilities are included in statement of profit or loss under item Services, material and energy consumption.

In 2022, total monetary expenses related to leases amounted to CZK 1,159 million (of which lease payments of CZK 855 million, interest expenses of CZK 48 million, short-term lease payments of CZK 209 million, low-value assets lease payments of CZK 15 million, variable lease payments of CZK 32 million).

In 2021, total monetary expenses related to leases amounted to CZK 1,092 million (of which lease payments of CZK 780 million, interest expenses of CZK 40 million, short-term lease payments of CZK 240 million, low-value assets lease payments of CZK 14 million, variable lease payments of CZK 18 million).

## 20. CONTRACTUAL COMMITMENTS FOR EXPENDITURE

As at the balance sheet date, the Company has concluded contracts for the purchase of land, buildings and equipment and real estate investments in the amount of CZK 11,703 million. Of this, CZK 7,154 million relates to outstanding deliveries, of which CZK 2,294 million represents investments agreed for 2023 and CZK 4,860 million for deliveries agreed for subsequent years. The remaining CZK 4,549 million had already been paid as of 31 December 2022. A substantial part of the expenditure liabilities in the amount of CZK 11,190 million represents investments in rolling stock.

## 21. CONTINGENT ASSETS

As at 31 December 2022, the company ČD Cargo, a.s. did not record any contingent assets.

## 22. RECEIVED AND ISSUED BANK GUARANTEES

### 22.1. Bank guarantees issued

Bank guarantees as at 31 December 2022 issued by Komerční banka, a.s., from the liability limit of CZK 50 million. This is a liability for liabilities. The table shows liabilities that are not on the balance sheet (e.g. leasing guarantees) or liabilities that may only arise (e.g. customs debt).

List of active bank guarantees issued by ČD Cargo, a.s. at of 31 December 2022					
In behalf of	Type of guarantee	Amount of guarantee	Currency	Termination date	Reason for bank guarantee
<b>SCF LH I, s.r.o.</b> , Sokolovská 394/17, 186 00 Prague 8 - Karlín	Warranty for rent	0.2 million	EUR	5 June 2023	Bank guarantee to fulfil all liabilities and obligations of the Lessee under the Lease Agreement with West Invest Waterfront Towers s.r.o. - Lighthouse.
<b>P3 Lovosice s.r.o.</b> , Na Florenci 2116/15, 110 00 Prague 1	Warranty for rent	17 million	CZK	30 June 2023	Bank guarantee in the event that ČD Cargo, a.s. does not comply with the obligations under the Lease Agreement of buildings and land in the Logistics Centre in Lovosice.
<b>Celní úřad pro Jihočeský kraj</b> , Kasárenská 6, 370 21 České Budějovice	Customs guarantee	0.5 million	CZK	15 January 2023	Guarantor's undertaking - comprehensive guarantee; issued to the South Bohemian Region Customs Office to secure the customs debt and other charges
<b>Celní úřad pro Jihočeský kraj</b> , Kasárenská 6, 370 21 České Budějovice	Customs guarantee	3.5 million	CZK	15 January 2023	Warranty deed for the purpose of securing duties by a comprehensive principal by the customs agent, acting on the basis of direct representation; issued to the South Bohemian Region Customs Office
<b>AKIEM SAS</b> , 151-161 Boulevard Victor Hugo – Eurosquare 1, 93452 Saint- Ouen-sur-Seine Cedex, France	Payment guarantee	0.1 million	EUR	15 September 2023	Bank guarantee to secure payments for the company AKIEM SAS
<b>AKIEM SAS</b> , 151-161 Boulevard Victor Hugo – Eurosquare 1, 93452 Saint- Ouen-sur-Seine Cedex, France	Payment guarantee	0.1 million	EUR	6 October 2023	Bank guarantee to secure payments for the company AKIEM SAS
<b>AKIEM SAS</b> , 151-161 Boulevard Victor Hugo – Eurosquare 1, 93452 Saint- Ouen-sur-Seine Cedex, France	Payment guarantee	0.1 million	EUR	8 December 2023	Bank guarantee to secure payments for the company AKIEM SAS

### 22.2. Bank guarantees received

The table shows receivables that are not on the balance sheet and to which ČD Cargo, a.s. would be entitled in the event of a significant breach of contract (e.g., non-compliance with the contractual conditions by the supplier).

List of active bank guarantees received by ČD Cargo, a.s. at of 31 December 2022



In behalf of	Guarantee provider	Amount	Currency	Termination date	Reason for bank guarantee
<b>Bombardier Transportation GmbH</b> , Eichhornstrasse, 3, postal code 10785 Berlin, Deutschland	UniCredit Bank Czech Republik and Slovakia, a.s	10 million	EUR	29 May 2024	In accordance with contract No. 08856-2021-001 of 25 February 2021. Ensuring delivery of up to 10 pieces of TRAXX MS3 locomotives.
<b>Bombardier Transportation GmbH</b> , Eichhornstrasse, 3, postal code 10785 Berlin, Deutschland	UniCredit Bank Czech Republik and Slovakia, a.s	1 million	EUR	30 September 2024	In accordance with contract No. 06926-2018-001 of 25 September 2018. Ensuring delivery of up to 10 pieces of TRAXX MS.
<b>NYMWAG CS a.s.</b> Boleslavská třída 418/54Boleslavská třída 288 02 Nymburk	Raiffeisenbank a.s.	0.2 million	EUR	30 November 2023	In accordance with purchase contract No. 9698-2022-001 of 5 August 2022. Ensuring delivery of new cars of the Zacns series.
<b>Siemens Mobility s.r.o.</b> Siemensova 2715/1 155 Prague 5	Erste Group Bank AG	1 million	EUR	10 April 2026	In accordance with contract No. 09606-2022-001 of 6 June 2022. ETCS upgrade for locomotive Vectron MS.
<b>ŽOS Vrútky a.s.</b> Dielenská Kružná 2 038 61 Vrútky	Slovenská sporiteľňa, a.s.	2 million	EUR	20 February 2023	In accordance with contract No. 08623-2020-001 of 1 July 2021. Equipment of locomotives of 130 series Mobile part of the ETCS system, stage No. 2 - Series implementation.
<b>ŽOS Vrútky a.s.</b> Dielenská Kružná 2 038 61 Vrútky	Slovenská sporiteľňa, a.s.	2 million	EUR	20 February 2023	In accordance with contract No. 08623-2020-001 of 1 July 2021. Equipment of locomotives of 130 series Mobile part of the ETCS system, stage No. 1 – Prototype.
<b>ČD - Telematika a.s.</b> Pernerova 2819/2a 130 00 Prague 3 <b>AŽD Prague s.r.o.</b> Žirovnická 3146/2 106 00 Prague 10	Česká spořitelna, a.s.	5 million	EUR	31 December 2023	In accordance with contract No. 7344-2019-001 of 1 March 2019. Ensuring delivery and installation of the ETCS mobile part in selected traction vehicles of 163 and 363 series.
<b>ČD - Telematika a.s.</b> Pernerova 2819/2a 130 00 Prague 3 <b>AŽD Prague s.r.o.</b> Žirovnická 3146/2 106 00 Prague 10	Česká spořitelna, a.s.	2 million	EUR	31 July 2023	In accordance with contract No. 7344-2019-001 of 14 October 2020. ETCS of 163 and 363 series.
<b>ČD - Telematika a.s.</b> Pernerova 2819/2a 130 00 Prague 3	Raiffeisenbank a.s.	4 million	EUR	31 December 2023	In accordance with contract No. 09695-2022-001 of 9 August 2022. Ensuring delivery and installation of the ETCS mobile part in selected traction vehicles of 363.5 series.
<b>Metrostav a.s.</b> Koželužská 2450/4 180 00 Prague 8	Raiffeisenbank a.s.	3 million	EUR	14 June 2024	In accordance with contract No. 06695-2018-SOKV of 28 May 2018. SOKV Ústí nad Labem, New steel hall for cleaning freight wagons.
<b>Siemens Mobility s.r.o.</b> Siemensova 2715/1 155 00 Prague 5	UniCredit Bank Czech Republik and Slovakia, a.s	1 million	EUR	30 June 2025	In accordance with contract No. 09287-2021-001 of 2 December 2021. Ensuring supply of new end locomotives for the needs of ČD Cargo, a.s.
<b>TATRAVAGÓNKA a.s.</b> Štefánikova 887/53 058 01 Poprad	COMMERZBANK Aktiengesellschaft, pobočka Praha	0.3 million	EUR	31 May 2024	In accordance with contract No. 08476-2020-001 of 19 October 2020. Ensuring delivery of 100 new cars of Sgnss series.
<b>Wagony Swidnica SP. Z O.O.</b> Strzelińska 35 58-100 Świdnica Poland	Citibank Europe plc, organizační složka	2 million	EUR	31 May 2023	In accordance with contract No. 6802-2018-001 of 31 August 2018. 500 new railway freight wagons of the EANOS series



<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s..	0.3 million	EUR	9 December 2023	In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 pcs.).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s..	1 million	EUR	9 December 2023	In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s..	1 million	EUR	20 November 2023	In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s..	0.2 million	EUR	20 November 2023	In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	99 million	CZK	26 January 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	160 million	CZK	20 December 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	1 million	EUR	31 March 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	0.3 million	EUR	31 March 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580	Komerční banka, a.s.	3 million	CZK	15 June 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019.



560 02 Česká Třebová

**CZ Loko, a.s.**  
Semanínská 580  
560 02 Česká Třebová

Komerční banka,  
a.s.

3 million

CZK

15 June 2023

Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).

In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).

**CZ Loko, a.s.**  
Semanínská 580  
560 02 Česká Třebová

Komerční banka,  
a.s.

3 million

CZK

15 June 2023

In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).

**CZ Loko, a.s.**  
Semanínská 580  
560 02 Česká Třebová

Komerční banka,  
a.s.

3 million

CZK

30 June 2023

In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).

**CZ Loko, a.s.**  
Semanínská 580  
560 02 Česká Třebová

Komerční banka,  
a.s.

3 million

CZK

30 June 2023

In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).

**CZ Loko, a.s.**  
Semanínská 580  
560 02 Česká Třebová

ČSOB, a.s.

84 million

CZK

24 April  
2023

In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).

**CZ Loko, a.s.**  
Semanínská 580  
560 02 Česká Třebová

Allianz  
pojišťovna, a.s.

2 million

EUR

31 May 2024

In accordance with the contract for work No. 09545-2022-001 of 10 May 2022. Implementation of modernisation of traction vehicles of 742 series, including installation of ETCS (25 units).

**CZ Loko, a.s.**  
Semanínská 580  
560 02 Česká Třebová

Allianz  
pojišťovna, a.s.

200 million

CZK

31 May 2024

In accordance with the contract for work No. 09545-2022-001 of 10 May 2022. Implementation of modernisation of traction vehicles of 742 series, including installation of ETCS (25 units).

## 23. REVENUES

(CZK million)

	2022	2021
<b>Revenue from freight transportation:</b>	<b>12,143</b>	<b>10,772</b>
– Revenue from freight transportation - local	4,159	3,467
– Revenue from freight transportation - foreign	7,984	7,305
– Revenue from freight transportation – Germany	2,350	2,184
– Revenue from freight transportation – Poland	1,314	973
– Revenue from freight transportation – Austria	1,119	1,047
– Revenue from freight transportation – Slovakia	1,000	874
– Revenue from freight transportation – Romania	376	326
– Revenue from freight transportation – Ukraine	351	367
– Revenue from freight transportation – Italy	347	256
– Revenue from freight transportation – Slovenia	224	209
– Revenue from freight transportation – Hungary	160	178
– Revenue from freight transportation – Belgium	100	96
– Revenue from freight transportation – Russia	95	202
– Revenue from freight transportation – Netherlands	79	86
– Revenue from freight transportation – Kazakhstan	51	102
– Revenue from freight transportation – other countries	418	405
Other revenue from freight transportation:*		
– Other revenue from freight transportation- local	478	468
– Other revenue from freight transportation- foreign	107	136
<b>Other freight revenue recognised over time</b>	<b>585</b>	<b>604</b>



Other revenue related to transportation	247	236
<b>Total revenue from customer contracts</b>	<b>12,975</b>	<b>11,612</b>
Revenue from short-term lease	407	402
<b>Total revenue</b>	<b>13,382</b>	<b>12,014</b>

\* Other revenues from freight transport include mainly revenues from services performed at railway stations, additional services and siding agenda services

Revenue from leases includes revenues from short-term and occasional leases of freight wagons and railway traction vehicles.

The overall volume of freight traffic has been stable over the long term. In connection with the expansion and modernisation of the Company's vehicle fleet, there is an expansion in both domestic and foreign freight transport. Due to the war conflict in Ukraine, there was a significant decrease in performance only to Russia and Kazakhstan. The development of invoiced services to other countries, including the domestic market, has a growing trend.

The most significant local customers in terms of the volume of billed services are as follows:

- CARBOSPED, spol. s r.o.
- NH-TRANS, SE
- MORAVIA STEEL, a.s.
- ČD Cargo Logistics, a.s.
- Rail Cargo Logistics – Czech Republic s.r.o.

The volume of invoiced services at any of the above customers does not exceed 10% of the total services.

Foreign customers are mainly railway transportation companies (national carriers) and other companies.

With respect to the volume of billed services, the most important are the following:

Railway transportation companies (national carriers)

- DB Cargo AG
- Železničná spoločnosť Cargo Slovakia, a.s.
- Rail Cargo Austria AG

Other companies

- Maersk Line A/S
- STVA S.A.
- CD Cargo Germany GmbH
- B & S Logistik GmbH
- DB Cargo Logistics GmbH
- CD Cargo Slovakia s.r.o.

### 23.1. Commitments and refunds

The Company under IFRS 15 recognises following refund liabilities (see also Note 18) relating to revenue from customer contracts:



(CZK million)

<b>Refund liabilities</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Refund liabilities	16	15
<b>Total refund liabilities</b>	<b>16</b>	<b>15</b>

## 23.2. Remaining performance obligations

(CZK million)

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Remaining liabilities:</b>		
Revenue from freight transport	13	12
Other revenue from freight transport	1	1
Other revenue additional services from transport	2	2
Other revenue from operating activity	-	-
<b>Total</b>	<b>16</b>	<b>15</b>

These are liabilities from the performance of concluded contracts for which the performance by the Company has not yet been completed.

## 24. OTHER OPERATING INCOME

(CZK million)

	<b>2022</b>	<b>2021</b>
Gain from sale of property, plant and equipment	105	53
Gain from disposal of unnecessary assets	25	85
Compensations for deficits and damage	90	46
Contractual penalties and default interest	12	13
Foreign exchange gains – operating	107	156
Change in provisions for receivables – income	-	50
Change in inventory valuation allowances - income	1	-
Dividends received	151	79
Other	60	57
<b>Total other operating income</b>	<b>551</b>	<b>539</b>

The "Gain from sale of property, plant and equipment" line consists mainly of an item in the amount of CZK 56 million, which represents the profit on the sale of wagons to ČD Cargo Adria d.o.o., the profit on the sale of wagons to CD Cargo Slovakia, s.r.o., in the amount of CZK 22 million and the profit on the sale of wagons to CD Cargo Poland Sp. Z o.o., in the amount of CZK 18 million.

## 25. SERVICES, RENTAL, MATERIAL AND ENERGY CONSUMPTION

(CZK million)

	<b>2022</b>	<b>2021</b>
Traction costs	(1,529)	(943)
– <i>Traction fuel (diesel)</i>	(430)	(365)
– <i>Traction electricity</i>	(1,099)	(578)
Payment for the use of railroads	(946)	(787)
Infrastructure capacity allocation	(33)	(30)
Other services, raw materials and energy	(3,483)	(3,454)
– <i>Consumed material</i>	(182)	(239)
– <i>Consumed other energy</i>	(124)	(88)
– <i>Consumed fuel</i>	(12)	(8)
– <i>Repairs and maintenance</i>	(232)	(201)
– <i>Travel costs</i>	(55)	(41)
– <i>Low value rent or short-term rent</i>	(209)	(240)
– <i>RIV vehicle charge</i>	(279)	(291)
– <i>Transportation charges</i>	(1,691)	(1,683)
– <i>Services associated with the use of buildings</i>	(48)	(48)



– Operational cleaning of rolling stock	(3)	(3)
– Border area services	(152)	(156)
– Advertising and promotion costs	(13)	(7)
– Consulting and auditing services	(49)	(54)
– Operation, maintenance and other IT-related services	(214)	(207)
– Complex convalescent stays for the employees	(16)	-
– Services in the field of ecology	(4)	(4)
– Other services	(200)	(184)
<b>Total cost of services, rental, material and energy consumption</b>	<b>(5,991)</b>	<b>(5,214)</b>

The item traction electricity for the period from 1 January 2022 to 31 December 2022 includes mainly traction electricity purchased from Správa železnic, s.o, in the amount of CZK 873 million (in 2021: CZK 578 million).

Other services mainly include costs incurred in the area of health care, costs of commissions for representation abroad and other individually insignificant items.

Cost of services provided by the Company's statutory auditor – PricewaterhouseCoopers Audit, s.r.o. and other entities within the PricewaterhouseCoopers network are presented in following table:

	(CZK million)	
	2022	2021
Statutory audit of annual financial statements	(2)	(2)
Other non-audit services*	(2)	(2)
<b>Total</b>	<b>(4)</b>	<b>(4)</b>

\* services relating in particular to the Digitisation of Traction Vehicle Maintenance project

## 26. EMPLOYEE BENEFIT COSTS

	(CZK million)	
	2022	2021
Payroll costs	(3,203)	(3,061)
Severance pay	(44)	-
Pension benefits	(694)	(692)
Contribution to supplementary pension insurance	(103)	(73)
Contribution to supplementary life insurance	(19)	(21)
Other social security and health insurance	(386)	(346)
Emoluments to key management	(33)	(28)
Other employee benefit costs	(65)	(19)
<b>Total employee benefit costs</b>	<b>(4,547)</b>	<b>(4,240)</b>

Other employee benefit costs mainly include employee training costs.

Average recalculated total number of employees:

	2022	2021
Employees	6,301	6,285
Key management	12	12
<b>Total average recalculated total number of employees</b>	<b>6,313</b>	<b>6,297</b>

Key management consists of the Board of Directors, the Supervisory Board and the Audit Committee. More detailed information is disclosed in Note 1.8.

Key management compensation:

	(CZK million)	
	2022	2021
Short-term benefits	(25)	(21)
Pension benefits	(5)	(5)
Other social and health contributions	(3)	(2)
<b>Total key management compensation</b>	<b>(33)</b>	<b>(28)</b>



## 27. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	(CZK million)	
	2022	2021
Depreciation of property, plant and equipment (Note 5)	(52)	(47)
Depreciation of vehicles (Note 5)	(1,514)	(1,374)
Depreciation of leasing – IFRS 16	(786)	(707)
Amortisation of intangible assets (Note 6)	(95)	(78)
Losses/gains from impairment of property, plant and equipment	63	(73)
Rounding difference	-	(1)
<b>Total depreciation and amortisation</b>	<b>(2,384)</b>	<b>(2,280)</b>

## 28. OTHER OPERATING EXPENSES

	(CZK million)	
	2022	2021
Impairment losses on receivables	(37)	-
Change in inventory provisions	-	(4)
Costs of contractual penalties and default interest	(9)	(1)
Taxes and fees	(7)	(5)
Foreign exchange losses - operating	(145)	(139)
Insurance premium	(86)	(83)
Compensation for shortage and damage - expense	(78)	(14)
Other	(61)	(27)
<b>Total other operating expenses</b>	<b>(423)</b>	<b>(273)</b>

The line “Other” mainly consists of an item in the amount of CZK 8 million for membership fees in international and domestic organisations, and other operating expenses related to IFRS 16 in the amount of CZK 32 million (in 2021 in the amount of CZK 18 million).

## 29. FINANCIAL EXPENSES

	(CZK million)	
	2022	2021
Interest on bank overdraft accounts and loans	(173)	(81)
Interest on secured loans payables	(52)	(35)
Interest on lease obligations – IFRS 16	(48)	(40)
Interest expense – bonds	(89)	(81)
Other interest expense	(1)	(1)
Unwinding of the discount of provisions	(7)	(4)
Exchange rate losses – financing	(30)	(28)
Bank expenditures	(1)	(1)
Other financial expenses	(1)	(2)
<b>Total financial expenses</b>	<b>(402)</b>	<b>(273)</b>

## 30. FINANCIAL INCOME

	(CZK million)	
	2022	2021
Exchange rate gains - financing	44	14
Interest income	3	3
<b>Total financial income</b>	<b>47</b>	<b>17</b>

## 31. INCOME TAX

### 31.1. Income tax recognised in profit or loss

	(CZK million)	
	2022	2021
Current income tax for the period recognised in the statement of profit or loss	(32)	(33)
-of which income tax relating to previous periods	(9)	(1)
Deferred tax recognised in the statement of profit or loss	(12)	(30)
<b>Total income tax expense</b>	<b>(44)</b>	<b>(63)</b>

Reconciliation of the total tax charge for the year with accounting profit:

	(CZK million)	
	2022	2021
Profit (+)/ loss (-) before tax	233	290
Statutory tax rate on corporate income in the Czech Republic	19%	19%
Expected income tax expense	(44)	(55)
<b>Adjustments:</b>		
Dividend income	27	14
Other non-deductible expenses - payroll expenses	(4)	(10)
Other non-deductible expenses - other	(13)	(6)
Non-taxable income - contractual penalties	-	2
Non-taxable income - difference in prior years' estimates	(7)	2
Non-taxable income - other	4	3
Borrowing costs	(2)	-
Taxes paid abroad	2	(14)
Income tax related to prior periods	(9)	(1)
Tax relief	2	2
<b>Income tax recognised in profit or loss</b>	<b>(44)</b>	<b>(63)</b>

Income tax recognised in other comprehensive income:

	(CZK million)	
	2022	2021
Changes in the cash flow hedge fund	(27)	(42)
<b>Income tax recognised in other comprehensive income</b>	<b>(27)</b>	<b>(42)</b>

### 31.2. Deferred tax

	(CZK million)	
	2022	2021
Provisions	209	179
Payables to employees	148	106
Commitments for reimbursement	16	15
Receivables	64	22
Excessive borrowing costs	72	43
Other	36	33
<b>Basis for calculation of deferred tax</b>	<b>545</b>	<b>398</b>
Statutory corporate income tax rate in the Czech Republic	19%	19%
Deferred tax asset - recognised	104	76
Offsetting receivable vs. payable	(104)	(76)
<b>Deferred tax asset</b>	<b>-</b>	<b>-</b>

	(CZK million)	
	2022	2021
Non-current assets	(9,704)	(9,338)
Receivables - contractual penalties	(4)	(68)
Derivatives	(132)	(82)
<b>Basis for calculation of deferred tax</b>	<b>(9,840)</b>	<b>(9,488)</b>
Statutory corporate income tax rate in the Czech Republic	19%	19%
Deferred tax asset - recognised	(1,870)	(1,803)
Offsetting receivable vs. payable	104	76
<b>Deferred tax liability</b>	<b>(1,766)</b>	<b>(1,727)</b>

The tax impact of temporary differences is calculated as follows:

	(CZK million)				
	1 January 2022	Income tax recognised in profit or loss	Income tax recognised in other comprehensive income	Reclassification of discontinued operations	31 December 2022
Provisions	35	5	-	-	40
Payables to employees	20	8	-	-	28
Payables for reimbursement	3	-	-	-	3
Receivables	4	8	-	-	12
Excessive borrowing costs	8	6	-	-	14
Other	6	1	-	-	7



<b>Deferred tax asset</b>	<b>76</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>104</b>
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(CZK million)

	<b>1 January 2022</b>	<b>Income tax recognised in profit or loss</b>	<b>Income tax recognised in other comprehensive income</b>	<b>Reclassification of discontinued operations</b>	<b>31 December 2022</b>
<b>Non-current assets</b>	(1,775)	(52)	(17)	-	(1,844)
Receivables - contractual penalties	(13)	12	-	-	(1)
Derivatives	(15)	-	(10)	-	(25)
<b>Deferred tax liability</b>	<b>(1,803)</b>	<b>(40)</b>	<b>(27)</b>	<b>-</b>	<b>(1,870)</b>

(CZK million)

	<b>1 January 2021</b>	<b>Income tax recognised in profit or loss</b>	<b>Income tax recognised in other comprehensive income</b>	<b>Reclassification of discontinued operations</b>	<b>31 December 2021</b>
Provisions	66	(31)	-	-	35
Trade payables	17	(17)	-	-	-
Payables to employees	9	11	-	-	20
Payables for reimbursement	4	(1)	-	-	3
Receivables	16	(12)	-	-	4
Excessive borrowing costs	14	(6)	-	-	8
Other	4	2	-	-	6
<b>Deferred tax asset</b>	<b>130</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>76</b>

(CZK million)

	<b>1 January 2021</b>	<b>Income tax recognised in profit or loss</b>	<b>Income tax recognised in other comprehensive income</b>	<b>Reclassification of discontinued operations</b>	<b>31 December 2021</b>
<b>Non-current assets</b>	(1,775)	33	(33)	-	(1,775)
Receivables - contractual penalties	(4)	(9)	-	-	(13)
Derivatives	(6)	-	(9)	-	(15)
<b>Deferred tax liability</b>	<b>(1,785)</b>	<b>24</b>	<b>(42)</b>	<b>-</b>	<b>(1,803)</b>

## 32. RELATED-PARTY TRANSACTIONS

### 32.1. Trade receivables and payables at the end of reporting period

(CZK million)

<b>31 December 2022</b>	<b>Receivables</b>	<b>Payables</b>
České dráhy, a.s.	7	137
<b>Parent Company</b>	<b>7</b>	<b>137</b>
CD Cargo Germany GmbH	19	35
CD Cargo Austria GmbH	14	-
CD Cargo Poland Sp. z o.o.	21	66
CD Cargo Slovakia, s.r.o.	24	16
CD Cargo Hungary Kft.	4	-
ČD Cargo Logistics, a.s.	139	9
ČD-DUSS Terminal, a.s.	1	-
Terminal Brno, a.s.	-	2
ČD Cargo Adria d.o.o.	166	-
<b>Subsidiaries</b>	<b>388</b>	<b>128</b>
RAILLEX, a.s.	2	1
BOHEMIAKOMBI, spol. s r.o.	2	-
Ostravská dopravní společnost, a.s.	16	-
Ostravská dopravní společnost - Cargo, a.s.	2	9
<b>Joint ventures and associated companies</b>	<b>22</b>	<b>10</b>
ČD - Telematika a.s.	-	233
ČD - Informační Systémy, a.s.	-	102
DPOV, a.s.	1	10
ČD travel, s.r.o.	-	2



ČD relax, s.r.o.	-	1
Dopravní vzdělávací institut, a.s.	-	1
Výzkumný Ústav Železniční, a.s.	9	-
<b>Other companies</b>	<b>10</b>	<b>349</b>
<b>Total</b>	<b>427</b>	<b>624</b>

	(CZK million)	
<b>31 December 2021</b>	<b>Receivables</b>	<b>Payables</b>
České dráhy, a.s.	7	152
<b>Parent Company</b>	<b>7</b>	<b>152</b>
CD Cargo Germany GmbH	21	38
CD Cargo Austria GmbH	12	1
CD Cargo Poland Sp. z o.o.	24	41
CD Cargo Slovakia, s.r.o.	43	30
CD Cargo Hungary Kft	2	1
ČD Cargo Logistics, a.s.	108	16
ČD-DUSS Terminal, a.s.	1	-
Terminal Brno, a.s.	-	2
<b>Subsidiaries</b>	<b>211</b>	<b>129</b>
RAILLEX, a.s.	3	-
BOHEMIAKOMBI, spol. s r.o.	1	-
Ostravská dopravní společnost, a.s.	15	-
Ostravská dopravní společnost - Cargo, a.s.	3	11
<b>Joint ventures and associated companies</b>	<b>22</b>	<b>11</b>
ČD - Telematika a.s.	-	81
ČD - Informační Systémy, a.s.	-	91
DPOV, a.s.	1	8
ČD relax s.r.o.	-	1
Dopravní vzdělávací institut, a.s.	-	1
Výzkumný Ústav Železniční, a.s.	10	-
<b>Other companies in the České dráhy Group</b>	<b>11</b>	<b>182</b>
<b>Total</b>	<b>251</b>	<b>474</b>

Related party transactions took place at normal market prices, taking into account the quantity of goods purchased. Outstanding balances are not secured and will be paid by non-cash payment system or by offsetting. The maturity is set at 30 or 60 days. No guarantees were given or accepted.

### 32.2. Income from related parties transactions

	(CZK million)				
<b>2022</b>	<b>Sale of assets</b>	<b>Sale of services</b>	<b>Other income</b>	<b>Financial income</b>	<b>Total</b>
České dráhy, a.s.	-	30	4	-	34
ČD - Telematika, a.s.	-	-	-	4	4
DPOV, a.s.	-	2	-	-	2
Výzkumný Ústav Železniční, a.s.	-	46	-	-	46
CD Cargo Germany GmbH	-	213	-	-	213
CD Cargo Austria GmbH	-	129	2	1	132
CD Cargo Poland Sp. z o.o.	22	116	1	2	141
CD Cargo Slovakia, s.r.o.	29	141	-	1	171
CD Cargo Hungary Kft	-	27	-	-	27
ČD Cargo Logistics, a.s.	-	694	-	-	694
ČD-DUSS Terminal, a.s.	-	7	-	-	7
ČD Cargo Adria d.o.o.	146	18	-	-	164
RAILLEX, a.s.	-	14	-	-	14
BOHEMIAKOMBI, spol. s r.o.	-	15	-	-	15
Ostravská dopravní společnost, a.s.	-	54	-	-	54
Ostravská dopravní společnost - Cargo, a.s.	-	16	-	-	16
<b>Total</b>	<b>197</b>	<b>1,522</b>	<b>7</b>	<b>8</b>	<b>1,734</b>



(CZK million)

2021	Sale of assets	Sale of services	Other income	Financial income	Total
České dráhy, a.s.	-	24	4	-	28
ČD - Telematika, a.s.	2	-	-	-	2
DPOV, a.s.	-	3	-	-	3
Výzkumný Ústav Železniční, a.s.	-	55	-	-	55
CD Cargo Germany GmbH	-	244	-	1	245
CD Cargo Austria GmbH	-	122	2	2	126
CD Cargo Poland Sp. z o.o.	-	103	-	2	105
CD Cargo Slovakia, s.r.o.	57	126	-	1	184
CD Cargo Hungary Kft	-	20	-	-	20
ČD Cargo Logistics, a.s.	-	611	-	1	612
ČD-DUSS Terminal, a.s.	-	6	-	-	6
RAILLEX, a.s.	-	15	-	-	15
BOHEMIAKOMBI, spol. s r.o.	-	10	-	-	10
Ostravská dopravní společnost, a.s.	-	63	-	-	63
Ostravská dopravní společnost - Cargo, a.s	-	22	-	-	22
<b>Total</b>	<b>59</b>	<b>1,424</b>	<b>6</b>	<b>7</b>	<b>1,496</b>

Revenues from the sale of services mainly include revenues from the international and domestic transport of wagon consignments, revenues from combined transport and revenues from the performance of locomotive crews.

### 32.3. Purchase from related parties

(CZK million)

2022	Assets	Material and energy	Services	Other expenses	Financial expenses	Total
České dráhy, a.s.	48	609	100	9	-	766
ČD - Telematika a.s.	347	2	18	-	-	367
ČD - Informační Systémy, a.s.	40	2	130	-	-	172
DPOV, a.s.	1	4	19	-	-	24
ČD relax, s.r.o.	-	-	16	-	-	16
JLV, a.s.	-	-	2	-	-	2
CD Cargo Germany GmbH	-	-	81	-	-	81
CD Cargo Austria GmbH	-	-	3	-	-	3
CD Cargo Poland Sp. z o.o.	-	-	516	-	-	516
CD Cargo Slovakia, s.r.o.	-	-	296	-	1	297
CD Cargo Hungary Kft	-	-	1	-	-	1
ČD Cargo Logistics, a.s.	-	1	68	-	-	69
Terminal Brno, a.s.	-	-	9	-	-	9
RAILLEX, a.s.	-	-	5	-	-	5
Ostravská dopravní společnost - Cargo, a.s.	-	-	63	-	-	63
<b>Total</b>	<b>436</b>	<b>618</b>	<b>1,327</b>	<b>9</b>	<b>1</b>	<b>2,391</b>

Purchases of assets mainly include the ETCS locomotive safety system, component repairs and upgrades of railway traction vehicles and IT investments.

Purchases of services in 2022 mainly include the cost of purchased railway services, IT services, traction vehicles repair and maintenance, railway wagons rentals, and border area services in freight transport.

Purchases from České dráhy, as in 2022 mainly represent diesel worth CZK 503 million and purchased spare parts worth CZK 75 million or other inventories.



(CZK million)

2021	Assets	Material and energy	Services	Other expenses	Financial expenses	Total
České dráhy, a.s.	60	463	112	10	4	649
ČD - Telematika a.s.	295	3	17	-	1	316
ČD - Informační Systémy, a.s.	39	2	124	-	-	165
DPOV, a.s.	28	4	18	-	-	50
JLV, a.s.	-	-	1	-	-	1
CD Cargo Germany GmbH	-	-	83	-	-	83
CD Cargo Austria GmbH	-	-	7	-	-	7
CD Cargo Poland Sp. z o.o.	-	-	405	-	1	406
CD Cargo Slovakia, s.r.o.	-	-	257	1	1	259
CD Cargo Hungary Kft	-	-	3	-	-	3
ČD Cargo Logistics, a.s.	-	1	128	-	1	130
ČD-DUSS Terminal, a.s.	-	-	-	-	-	-
Terminal Brno, a.s.	-	-	18	-	-	18
RAILLEX, a.s.	-	-	3	-	-	3
Ostravská dopravní společnost - Cargo, a.s.	-	-	72	-	-	72
<b>Total</b>	<b>422</b>	<b>473</b>	<b>1,248</b>	<b>11</b>	<b>8</b>	<b>2,162</b>

Purchases of assets in 2021 mainly include the ETCS locomotive safety system, component repairs and upgrades of railway traction vehicles and IT investments.

Purchases of services in 2021 mainly include the costs of purchased railway services, IT services, repairs and maintenance of traction vehicles, rents for railway wagons and border area services in freight transport.

Purchases from České dráhy, as in 2021 mainly represent diesel fuel worth CZK 370 million and purchased spare parts worth CZK 68 million or other inventories.

### 32.4. Purchases and sales of intangible, tangible and financial assets with related parties

#### 32.4.1. Sales

In 2022, 200 freight wagons were sold to ČD Cargo Adria d.o.o. for a total of CZK 146 million, 65 freight wagons to CD Cargo Slovakia s.r.o. for a total of CZK 26 million, and 40 freight wagons to CD Cargo Poland Sp. Z o.o., in the total amount of 22 million. In 2021, 120 freight wagons were sold to CD Cargo Slovakia s.r.o., in the total amount of CZK 55 million.

#### 32.4.2. Purchases

(CZK million)

Purchases	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
	2022	2022	2021	2021
České dráhy, a.s.	-	48	-	60
ČD – Telematika a.s.	-	347	-	295
ČD – Informační Systémy, a.s.	40	-	39	-
DPOV, a.s.	-	1	-	28
<b>Total</b>	<b>40</b>	<b>396</b>	<b>39</b>	<b>384</b>

Purchases of assets mainly represent the ETCS locomotive security system, component repairs and modernisation of railway traction vehicles and IT investments.



### 32.5. Loans from related parties

On 17 October 2016, the Company drew a loan from České dráhy, a.s., in the total amount of CZK 540 million to finance the purchase of Vectron locomotives of 383 series. As at 31 December 2021, the remaining balance of the loan balance is divided into a long-term portion of CZK 59 million and a short-term portion of CZK 71 million. As at 31 December 2022, the balance is shown as a current liability of CZK 57 million. The loan is disclosed in Note 15 “Loans, borrowings and lease liabilities”.

ČD Cargo, a.s. is contractually secured by the Parent Company České dráhy, a.s. with the possibility of drawing financial resources up to CZK 700 million (above the Group cash-pooling limit, which is CZK 300 million). The cash pooling credit line is maintained with Komerční banka, in case of drawdown the interest rate on the funds is set at O/N Pribor + margin 0.90% p.a. During 2022 and 2021, this financial resource was not used.

### 32.6. Loans to related parties

In 2022, ČD Cargo, a.s. lent its subsidiary ČD Cargo Adria d.o.o. an operating loan in the amount of EUR 0.2 million. The carrying amount of the loan was CZK 8 million as at 31 December 2022. The loan maturity is on 31 December 2023.

### 32.7. Relations with Správa železnic

In the accounting period 2022 and 2021, the costs incurred in relation to Správa železnic, s.o. predominantly include the fees for the allocation of capacity and use of the railroads. The Company also purchased electric traction energy from Správa železnic, s.o. The costs for the accounting periods 2022 and 2021 are disclosed in Note 25.

In 2022, the income of the Company includes mainly sales from intrastate wagon consignment in the amount of CZK 14 million. In 2021 it was CZK 21 million.

Expenses and income of the Company resulting from the transactions conducted with Správa železnic, s.o. in 2022 and 2021 were as follows:

	(CZK million)	
31 December 2022	Costs	Revenues
Use of railroads and allocated railway capacity	866	-
Property rental	13	-
Electric traction energy	1,006	-
Heat energy	13	-
Revenue from freight transportation	-	14
Telecommunication services	42	-
Contractual penalties and default interest	8	-
Compensation of damages	5	-
Extraordinary events investigation	3	-
Repairs and maintenance	2	-
Other	7	12
<b>Total</b>	<b>1,965</b>	<b>26</b>



(CZK million)

<b>31 December 2021</b>	<b>Costs</b>	<b>Revenues</b>
Operation of railway route	1	-
Use of railroads and allocated railway capacity	800	-
Property rental	13	-
Electric traction energy	626	-
Revenue from freight transportation	-	21
Performance of firefighter emergency services	1	-
Telecommunication services	42	-
Compensation of damages	7	-
Extraordinary events investigation	3	-
Repairs and maintenance	2	-
Other	13	24
<b>Total</b>	<b>1,508</b>	<b>45</b>

As a result of the activities above, the Company records receivables and payables to Správa železnic, s.o.:

(CZK million)

<b>Receivables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Revenue from freight transportation	2	2
Estimated payables	12	23
Other	-	6
<b>Total</b>	<b>14</b>	<b>31</b>

(CZK million)

<b>Payables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Use of railroads and allocated railway capacity - freight transport	170	175
Electric traction energy	20	19
Radio communication technology	-	13
Other	12	2
Estimated payables	12	63
<i>Compensation of damaged caused by extraordinary events</i>	-	5
<i>Electric traction energy</i>	2	52
<i>Heat supply</i>	7	-
<i>Other estimated payables</i>	3	6
<b>Total</b>	<b>214</b>	<b>272</b>

### 32.8. Relations with the ČEZ Group

The expenses incurred in relation to the ČEZ Group primarily include the purchased railway services and payments for heat energy. The income primarily includes the sales of freight transportation.

(CZK million)

<b>31 December 2022</b>	<b>Expenses</b>	<b>Revenues</b>
Use of railroads and allocated railway capacity	1	-
Real estate rent	2	-
Revenue from freight transportation	-	140
Purchased railway services	46	-
Heat energy	11	-
<b>Total</b>	<b>60</b>	<b>140</b>

(CZK million)

<b>31 December 2021</b>	<b>Expenses</b>	<b>Revenues</b>
Use of railroads and allocated railway capacity	1	-
Revenue from freight transportation	-	89
Purchased railway services	36	-
Heat energy	10	-
<b>Total</b>	<b>47</b>	<b>89</b>



Given the activities above, the Company records receivables from the ČEZ Group:

(CZK million)		
<b>Receivables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Revenue from freight transportation	23	22
<b>Total</b>	<b>23</b>	<b>22</b>

Given the activities above, the Company records payables to ČEZ Group:

(CZK million)		
<b>Payables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Purchased railway services	11	11
Other	2	-
<b>Total</b>	<b>13</b>	<b>11</b>

### 32.9. Relations with other related parties

As part of other relationships with the state, state-owned companies and organisations, the Company undertook transactions mainly relating to taxes and fees (VAT, tax payable, customs duties and charges, etc.).

## 33. FINANCIAL INSTRUMENTS

### 33.1. Capital risk management

The Company manages its capital to ensure that it will be able to continue to operate as a healthy company while optimising the ratio between external and own resources. According to banking requirements, the maximum target ratio between external and own resources is 75 % to 25 %.

The Company's capital structure consists of net debt (borrowings less cash and cash equivalents) and the Company's equity (includes share capital, funds, retained earnings).

(CZK million)			
	Note	31 December 2022	31 December 2021
Loans, borrowings and bonds	15	17,936	14,416
Cash and cash equivalents	12	(1,105)	(1,003)
<b>Total net debt</b>		<b>16,831</b>	<b>13,413</b>

(CZK million)			
	Note	31 December 2022	31 December 2021
Share capital	13	8,494	8,494
Capital funds	13	613	548
Retained earnings		798	620
<b>Total equity</b>		<b>9,905</b>	<b>9,662</b>

The Company is not subject to any capital requirements imposed by external entities.

The Board of Directors and the Supervisory Board of the Company are regularly informed about the development of debt. Any additional debt is subject to approval by the Company's statutory bodies, i.e. Board of Directors and Supervisory Board.

### 33.2. Categories of financial instruments

		(CZK million)		
Categories of financial assets under IFRS 9	Classes of financial assets	Note	31 December 2022	31 December 2021
Financial assets at amortised cost	Cash and cash equivalents	12	1,105	1,003
	Trade receivables	9	1,881	1,687
	Other financial assets	10	150	56
Financial assets at fair value through profit or loss	Derivatives used in hedge accounting	10	118	97
<b>Total</b>			<b>3,254</b>	<b>2,843</b>

		(CZK million)		
Categories of financial liabilities under IFRS 9	Classes of financial liabilities	Note	31 December 2022	31 December 2021
Financial liabilities at amortised cost	Secured loans	15	2,662	2,002
	Leasing liabilities	15	3,680	3,395
	Issued bonds	15	5,250	4,284
	Loans	15	6,344	4,735
	Trade payables	14	2,864	2,818
	Other financial liabilities	17	138	131
Financial liabilities at fair value through profit or loss	Derivatives used in hedge accounting	17	11	15
<b>Total</b>			<b>20,949</b>	<b>17,380</b>

Financial instruments are measured at fair value (level 2) as described in Note 33.10.

Income from individual classes of financial assets is as follows:

		(CZK million)		
Class of financial asset	2022	2021	Presented in profit or loss statement	
Interest on cash and cash equivalents	2	2	Financial income	
Interest on receivables of financial leasing	1	1	Financial income	
Dividends on available-for-sale financial assets	151	79	Other operating income	
<b>Total</b>	<b>154</b>	<b>82</b>		

Impairment losses on financial assets are presented in the Note “Trade receivables” (Note 9) and “Other financial assets” (Note 10). No impairment was noted with regard to any other class of financial assets.

### 33.3. Financial risk management objectives

The Department of Financial Management and Risks monitors and manages the financial risks related to the operations of the Company. Financial risks include market risks (currency, interest rate and commodity risk), credit risk and liquidity risk.

### 33.4. Interest rate risk management

The Company is not exposed to the risk of changes in interest rates, as it has loans and credits with fixed interest rates.

### 33.5. Currency risk management

The Company, in the context of its market position and business strategy, is in a position where inputs are purchased primarily in CZK, but services (particularly on income from international transport) are widely



sold in foreign currency, primarily in EUR. This leads to disproportion between monetary inputs and outputs. The Company has a long-term surplus of EUR-denominated sales over costs. The Company's objective is to minimise the impact of changes in exchange rates on the Company's revenues and expenses. The Company reduces this currency position using a combination of several instruments: currency derivatives, purchases in EUR and financing in EUR. In accordance with its risk management strategy, the Company hedges the currency risk to which its expected future foreign currency income is exposed using the hedging instruments specified below:

- currency derivatives,
- lease liabilities and secured loans denominated in EUR,
- issued bond denominated in EUR,
- investment loans received denominated in EUR.

The Company applies cash flow hedge accounting for the above hedging instruments. Information about the notional and carrying amounts of the hedging instruments and other information required by IFRS 7 can be found in the descriptions of each hedging relationship in sections 33.5.2., 33.5.3. and 33.5.4.

At the same time, for all hedging relationships where the hedged item is future income in EUR, no more than 75 % of the expected income in EUR is hedged in aggregate.

The net book value of the Company's financial assets and liabilities denominated in foreign currency, excluding financial assets and financial liabilities that are part of hedging relationships at the end of the accounting period:

	(CZK million)			
<b>31 December 2022</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Financial assets	1,886	3	-	<b>1,889</b>
Financial liabilities	(1,486)	-	(2)	<b>(1,488)</b>
<b>Total</b>	<b>400</b>	<b>3</b>	<b>(2)</b>	<b>401</b>

	(CZK million)			
<b>31 December 2021</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Financial assets	1,514	3	-	<b>1,517</b>
Financial liabilities	(936)	-	(2)	<b>(938)</b>
<b>Total</b>	<b>578</b>	<b>3</b>	<b>(2)</b>	<b>579</b>

### 33.5.1. Foreign currency sensitivity analysis

The exposure to currency risks is measured by a sensitivity analysis. The Company is exposed to the currency risk due to:

- changes in the value of unhedged cash items denominated in foreign currencies;
- changes in the fair value of concluded financial derivatives.

The following table shows the impact that the strengthening of the Czech currency by CZK 1 with regard to the relevant foreign currencies would have on the profit and other comprehensive income. A positive value indicates an increase in the profit and other comprehensive income, negative value indicates a decrease in the profit and other comprehensive income:



	(CZK million)	
	2022	2021
Translation of items denominated in foreign currencies at the end of the period	(16)	(23)
Change in the fair value of derivatives at the end of the period	-	-
<b>Total impact on the profit/ loss before tax</b>	<b>(16)</b>	<b>(23)</b>
Change in tax effect recognised in profit or loss	3	4
<b>Total impact on the profit/ loss after tax</b>	<b>(13)</b>	<b>(19)</b>
Change in the fair value of hedge derivatives	56	80
Exchange rate difference on lease liabilities according to IFRS 16*	187	129
Exchange rate difference on investment loans and bonds *	98	-
<b>Total impact on other comprehensive income before tax</b>	<b>341</b>	<b>209</b>
Change in tax effect recognised in other comprehensive income	(65)	(40)
<b>Total impact on other comprehensive income after tax</b>	<b>276</b>	<b>169</b>

\* recognised in the current period

If the Czech currency weakened by CZK 1, the values would be the same with the opposite sign only.

### 33.5.2. *Currency derivatives*

The Company in accordance with the risk management strategy concludes currency forwards, par-forwards to cover future payments received (monetary balance) denominated in foreign currencies with a predetermined hedging ratio of 1:1. The hedge ratio is regularly monitored in relation to the risk management objectives.

The effectiveness of hedging is regularly measured on the basis of a comparison of key terms (critical terms). In the case of currency hedging, it is mainly the nominal value. The control against "reinsurance" of currency risk is monitored on the basis of the above-mentioned hedge report and is fulfilled thanks to the Financial Risk Management Strategy and the determination of the maximum amount of hedging of expected income.

The nominal value of currency forwards is lower than the Company's future expected income in EUR, i.e. more than 25% of the estimated revenue in EUR is never secured. The CZK / EUR exchange rate is provided, which then transforms foreign currency income (EUR) into the functional currency (CZK). As at 31 December 2022, the maximum volumes for hedging are set by the Financial Risk Management Strategy in ČD Cargo, a.s., as follows:

- for 2023, maximum 20 % of EUR revenues;
- for 2024, maximum 15 % of EUR revenues.

Monetary hedging was contracted under regular market conditions (without premium payment), the fair value of derivatives was nil as at the hedge date. Based on the above, the Company expects that the hedging relationship will be effective for its entire period. The result of the transaction is a predictable (fixed) amount of the CZK / EUR exchange rate obtained from the sale of EUR revenues of the Company.

Potential causes of possible inefficiencies may arise on the basis of the spread. Another factor may be time discrepancy. The Company does not hedge specific business cases, but only the volume of the planned revenues.. The above points are considered by the Company to be insignificant or highly unlikely, and hence considers currency hedging to be effective.

The table shows outstanding par-forwards for the sale of the foreign currency as at:



(CZK million)

	Average hedged currency exchange rate	Foreign currency	Nominal value	Fair value
31 December 2022	26.928	EUR	1,616	115
31 December 2021	27.118	EUR	2,278	61

For purposes of determining effectiveness, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument because the hedging relationships were fully effective.

### *Expected realisation of hedged items by foreign currency par-forwards*

The following table shows the expected cash flows of hedged future sales in EUR:

(CZK million)

31 December 2022	Less than 1 month	1 - 3 months	3 months to 1 year	1 year - 5 years	5 years and more	Total
Hedged future sales in EUR	72	145	651	579	-	1,447

(CZK million)

31 December 2021	Less than 1 month	1 - 3 months	3 months to 1 year	1 year - 5 years	5 years and more	Total
Hedged future sales in EUR	75	149	671	1,193	-	2,088

### **33.5.3. Leases payable and secured loans denominated in EUR**

In accordance with its risk management strategy, the Company has chosen to hedge the foreign currency risk to which its expected future foreign currency income is exposed using the hedging instrument specified below. The hedged risk is the risk of a change in the CZK/EUR spot exchange rate that affects the impact of EUR denominated revenue on the profit or loss of the Company.

Leases in EUR negotiated after 1 January 2020 are treated as hedging instruments on the first day of the month following the commencement of the lease.

The hedged item is the highly probable expected revenues in EUR. The Company considers all revenues in EUR as homogeneous groups with the same currency risk from a managed risk perspective.

Given the nature of the hedging relationship (EUR 1 used to repay the lease liability hedges EUR 1 of the proceeds), the hedge ratio is set at 100%.

The Company has identified as possible sources of inefficiency, due to the need to identify hedged revenues with sufficient accuracy, a time shift between the timing of lease payments and the timing of hedged revenues, the decrease in expected revenues in EUR or changes in the repayment schedule of the hedging instrument. The Company considers the above factors to be immaterial or highly improbable and therefore considers the currency hedge to be effective.

The table shows liabilities from leases and hedged loans denominated in EUR as at:

(CZK million)

Start of hedging	Average exchange rate at the date of hedging	Foreign currency	Nominal value in CZK mil	Fair value
31 December 2022	25.11	EUR	187	4,508
31 December 2021	25.59	EUR	129	3,211



The change in the value of the hedged item due to a change in the spot exchange rate is equal to the exchange difference on the hedging instrument for the purpose of determining effectiveness because the hedging relationship was fully effective.

The following table shows the expected hedged cash flows of future sales in EUR:

	(CZK million)					
<b>31 December 2022</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months to 1 year</b>	<b>1 - 5 years</b>	<b>5 years and more</b>	<b>Total</b>
Hedged future sales in EUR	83	167	752	2,725	1,027	<b>4,754</b>

	(CZK million)					
<b>31 December 2021</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months to 1 year</b>	<b>1 - 5 years</b>	<b>5 years and more</b>	<b>Total</b>
Hedged future sales in EUR	3	183	5,557	1,842	733	<b>3,318</b>

#### **33.5.4. Financing in EUR**

In accordance with its risk management strategy, the Company has chosen to hedge the foreign currency risk to which its expected future foreign currency income is exposed using the hedging instrument specified below. The hedged risk is the risk of a change in the CZK/EUR spot exchange rate that affects the impact of EUR denominated revenue on the profit or loss of the Company.

In 2022, the Group issued a bond with a total nominal value of EUR 40 million and drew down 2 investment loans with a total nominal value of EUR 40 million and EUR 20 million.

The hedged item is the highly probable expected revenues in EUR. The Company considers all revenues in EUR as homogeneous groups with the same currency risk from a managed risk perspective.

Given the nature of the hedging relationship (EUR 1 used to repay the lease liability hedges EUR 1 of the proceeds), the hedge ratio is set at 1:1.

The Company hedges only the first portion of the total planned foreign currency cash flows in each hedged period. The unhedged portion of the planned foreign currency cash flows represents a precautionary haircut. The appropriate assessment of expected effectiveness (forward-looking) is particularly relevant to the continuation of the hedging relationship in the context of the requirements of IFRS 9. The assessment of expected effectiveness was made at the date of commencement of hedge accounting. In addition, it is performed at least annually and always at the date of the financial statements.

Since the effectiveness of the hedging relationship was supported by a quantitative sensitivity calculation at the inception date of the hedging relationship, in subsequent periods effectiveness is assessed primarily by evaluating whether there have been changes in the critical parameters of the hedging instrument or hedged item.

The Company has identified as possible sources of inefficiency, due to the need to identify hedged revenues with sufficient accuracy, a time shift between the timing of loan repayments and the timing of hedged revenues. This timing mismatch may cause a degree of inefficiency due to the application of discounting



in the calculation of inefficiency. Consequently, a decrease in expected revenues in EUR or changes in the repayment schedule of the hedging instrument.

The table shows information as at 31 December 2022:

	Start of hedging	Average exchange rate at the date of hedging	Foreign currency	Nominal value (CZK million)	Fair value
Bond	20 April 2022	24.415	EUR	40	964
Investment loan RB	29 April 2022	24.605	EUR	38	917
Investment loan	23 December 2022		EUR	20	483
ING		24.245			

(CZK million)

The change in the value of the hedged item due to a change in the spot exchange rate is equal to the exchange difference on the hedging instrument for the purpose of determining effectiveness because the hedging relationship was fully effective.

The following table shows the expected hedged cash flows of future sales in EUR:

31 December 2022	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
From bond	2	3	14	75	983	<b>1,077</b>
From investment loans	-	34	160	917	506	<b>1,617</b>

(CZK million)

### 33.6. Credit risk management

The Company is exposed to credit risk, which involves the risk that one party to the financial instrument will cause financial loss to the other party by failing to meet its obligation. Credit risk arises as a result of the Company's business activities (trade receivables) and financial transaction related activities. Credit risk quantification is based on a number of basic criteria, with a major measure being the risk associated with the counterparty default risk in a transaction that may negatively affect the economic result and the cash-flow of the Company. For the analysis of counterparties, the Company uses external information services in addition to supporting internal departments. Any insolvency of a partner may lead to immediate losses with undue influence on the Company's performance.

As a source of credit risk associated with the counterparty's default risk in the transaction:

- corporate customers,
- financial institutions.

For this reason, approval of business activities with new counterparties is subject to standardised approval procedures by authorised departments. Credit risk management includes asset management and receivable management, where standard financial market instruments such as advance payments and bank guarantees are used to reduce risks.

Financial assets that expose the Company to possible credit risk consist of cash and cash equivalents, trade receivables and derivative financial instruments. The Company's cash is deposited at domestic reputable financial institutions. In terms of the business, the Company is mainly exposed to these types of credit risk:

- direct credit risk,

- credit equivalents risk.

Direct credit risk is the most common form of receivables from ordinary business relationships. The customer's credit quality is evaluated individually, taking into account its financial position, customer experience, and other factors.

At the same time, the development of the number of receivables, revenues and transport performance by individual companies is monitored using reports. The overview shows the payment discipline of individual customers according to the selected period of time.

The Company investigated a number of variables (GDP, industry indexes, etc.) and their possible correlation with the solvency of customers. As no reliable correlation has been identified, the Company focuses on an individual assessment of customer credibility and, above all, their future ability and willingness to meet its obligations to the Company. The analyses were conducted on the basis of conditions and expectations as at 31 December 2022.

In accordance with IFRS 9, a simplified approach has been applied to trade receivables, whereby for receivables without a significant financing element, the appropriate loss rate has been applied to the outstanding receivables as at the date of the financial statements based on the age structure of these receivables. The receivables were first divided into three categories for which different expected credit loss rates were subsequently determined.

1. receivables from members of the ČD Group, where, in accordance with the internal methodology, no provisions are calculated as no risk of non-payment is expected.
2. receivables from the ČD Cargo most significant customers who generate the majority of the ČD Cargo revenue. These are large, multinational companies such as Třinecké železárny, ČEZ, ČEPRO, METRANS, Maersk, EP Holding, etc., for which we perceive a very low risk of expected credit losses of approximately 1%.
3. the customer category is already much more diversified and accounts for around 20 % of total trade receivables. Smaller companies from various industries are already represented in this category and the Company perceives a significantly higher potential risk of future default in this category given the current macroeconomic situation in the world. The expected credit loss rate in this category is approximately 8%.

### Overview of impairment for receivables

	(CZK million)						
	Before due date	1 - 30 days past due date	31 - 90 days past due date	91 - 180 days past due date	181 - 365 days past due date	over 365 days past due date	Total
<b>31. December 2022</b>							
Expected credit loss rate *	2.46 %	4 %	17 %	64 %	95 %	100 %	7 %
Short-term trade receivables - Gross residual value	1,825	99	6	3	9	77	2,019
<b>Expected credit loss</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>(2)</b>	<b>(9)</b>	<b>(77)</b>	<b>(90)</b>
Individual expected credit loss	(44)	(4)	-	-	-	-	(48)
<b>Expected credit loss total</b>	<b>(45)</b>	<b>(4)</b>	<b>(1)</b>	<b>(2)</b>	<b>(9)</b>	<b>(77)</b>	<b>(138)</b>
<b>Net value of receivables</b>	<b>1,780</b>	<b>95</b>	<b>5</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1,881</b>

\* impairment matrix = % of allowance from historical developments + % of considered future development = % of total allowance



(CZK million)

	Before due date	1 - 30 days past due date	31 - 90 days past due date	91 - 180 days past due date	181 - 365 days past due date	over 365 days past due date	Total
<b>31 December 2021</b>							
Expected credit loss rate *	1 %	1 %	6 %	8 %	67 %	100 %	5 %
Short-term trade receivables - Gross residual value	1,550	104	33	13	3	82	1,785
<b>Expected credit loss</b>	<b>(10)</b>	<b>(1)</b>	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>(70)</b>	<b>(86)</b>
Individual expected credit loss	-	-	-	-	-	(12)	(12)
<b>Expected credit loss total</b>	<b>(10)</b>	<b>(1)</b>	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>(82)</b>	<b>(98)</b>
<b>Net value of receivables</b>	<b>1,540</b>	<b>103</b>	<b>31</b>	<b>12</b>	<b>1</b>	<b>-</b>	<b>1,687</b>

\* impairment matrix = % of allowance from historical developments + % of considered future development = % of total allowance

(CZK million)

<b>Movement of allowances for doubtful trade debts</b>	<b>2022</b>	<b>2021</b>
<b>Allowances as at 1 January</b>	<b>98</b>	<b>141</b>
Creation of allowances - trade receivables	56	35
Use of allowances - trade receivables	(11)	(66)
Write-offs - trade receivables	(5)	(12)
<b>Allowances as at 31 December</b>	<b>138</b>	<b>98</b>

The Company seeks to trade only with creditworthy counterparties whom the Company reviews on an ongoing basis using publicly available information and internal data. The Company's exposure and credit ratings of its counterparties are continuously monitored.

Standard instruments (deposits, payment terms, customer tracking, internal tools etc.) are used in various combinations for additional hedge of potential risk receivables. The offsetting policy for receivables and liabilities is being actively applied to improve the liquidity of ČD Cargo, a.s. At the same time, ČD Cargo, a.s. is applying continuous monitoring of individual receivables by individual companies and by default periods with special attention to receivables with more than 15 days overdue. Individual responsible employees of the Parent Company and the senior staff of the Receivables Commission are continuously engaged in past due receivables development. There is no significant concentration of credit risk from the perspective of customers, industries or regions.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned (the investment grade is required), see Note 12.

### 33.7. Commodity risk management

The Company is exposed to the risk of changes in the price of commodities, as the use of commodities, specifically diesel and electricity, is a significant cost item of the Company. The price of electricity is based on the maximum price from the company Správa železnic. The Company manages the risk of diesel price fluctuations by entering into medium-term derivatives for the purchase of diesel.



### 33.7.1. Analysis of sensitivity to changes in commodity prices

The exposure to the change in the price of commodities is measured by the sensitivity analysis. The Company is exposed to the risk of changes in prices of commodities due to change in the fair value of concluded financial derivatives.

The following table shows the impact that an increase in the diesel price of 10% would have on the profit and other comprehensive income. A positive value indicates the increase in the profit and other comprehensive income, a negative value indicates a decrease in the profit and other comprehensive income:

	(CZK million)	
	2022	2021
Change in the fair value of derivatives at the end of the period	-	-
<b>Total impact on the profit for the period before taxation</b>	-	-
Change in tax effect recognised in profit or loss	-	-
<b>Total impact on the profit/ loss after tax</b>	-	-
<b>Change in the fair value of derivatives at the end of the period*</b>	<b>9</b>	<b>7</b>
<b>Total impact on other comprehensive income before tax</b>	<b>9</b>	<b>7</b>
Change in tax effect recognised in other comprehensive income	(2)	(1)
<b>Total impact on other comprehensive income after tax</b>	<b>7</b>	<b>6</b>

\* Financial derivatives used in hedge accounting

If the diesel price was reduced by 10 %, the values would be the same with the opposite sign only.

### 33.7.2. Commodity derivatives

In line with the requirements for managing commodity risk, the Company has entered into contracts to secure fluctuations in traction diesel prices. The hedge was made in the form of a commodity swap, which consists in determining the fixed price of traction diesel.

The hedge ratio of the hedging relationship is the same as the ratio between the amount of the hedged item and the hedging instrument used, in this case the ratio is 1:1. The hedging ratio is determined by comparing the amount of the hedged item and the hedging instrument used. This calculation is based on a commodity swap agreement that compensates for the purchase of the hedged volume of planned consumption under the approved Financial Risk Management Strategy. The Company is aware that risk components such as excise duties, merchant margins, etc. are included in the hedge ratio calculation, but their effect on the amount is insignificant. The hedge ratio is regularly monitored in relation to the risk management objectives.

The economic relationship between the hedging instrument and the hedged item is described using the following parameters.

The effectiveness of hedging will be measured by comparing critical terms. According to the fact that the key characteristics of the hedging instrument fully correspond to the characteristics of the hedged item, the management of ČD Cargo, a.s. expects a high efficiency of hedging. A correlation test is performed at the same time, which compares the actual purchase prices of diesel per litre and the cost of the hedging instrument. The correlation coefficient in 2022 was 98.21 % (2021: 98.08 %), thus confirming the high efficiency of the derivative.



The nominal value of guaranties is lower than the future projected volumes of purchased diesel, i.e. never more than 80 % of the prepaid volume of purchased diesel is secured. The commodity Platts ULSD 10ppm FOB Barge Rotterdam is secured. The guarantee is also carried out in CZK, eliminating the risk arising from the CZK / USD exchange rate fluctuation. As at 31 December 2022, the maximum volumes for hedging are set by the Financial Risk Management Strategy in ČD Cargo, a.s., as follows:

- for 2023, a maximum of 65 % of the underlying asset (expected volume of diesel purchased),
- for 2024, a maximum of 50 % of the underlying asset (expected volume of diesel purchased).

Commodity hedging was contracted under regular market conditions (without premium payment), the fair value of derivatives was nil as at the trade date. Based on the above, the Company expects that the hedging relationship will be effective for its entire period. The result of the transaction is the predictable amount of the price of the purchased volume of diesel.

Potential causes of potential inefficiency may arise due to unsecured components of the total diesel price (i.e. various surcharges, the impact of biodiesel prices, excise duty, etc.) and a significant decline in the counterparty's creditworthiness. In this case, the Company carries out a correlation test for the diesel price. The Company provides the Platts ULSD 10ppm FOB Barge Rotterdam with the total purchase price of the diesel fuel, and as collateral is carried out in CZK, the currency risk of the USD / CZK pair is also eliminated. Other items that make up the diesel price are fixed or have very low volatility. The above points are considered by the Company to be insignificant or highly unlikely and therefore considers commodity security to be effective. For these reasons, the change in the fair value of the hedged item equals the change in the fair value of the hedging instrument for the purpose of determining effectiveness.

The table shows outstanding commodity contracts for the purchase of diesel as at the end of the accounting period:

Purchase of diesel	Hedged average price (CZK/mt*)	Volume of contract (mt*)	Fair value (CZK million)
31 Dec 2022	20,926	4,800	(8)
31 Dec 2021	10,214	4,800	21

\* mt = metric ton

### *Expected realisation of hedged items by commodity derivatives*

The following table shows the expected cash flows of the hedged future purchases of diesel:

31 December 2022	(CZK million)					
	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Hedged future purchases of diesel	8	17	75	-	-	100

31 December 2021	(CZK million)					
	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Hedged future purchases of diesel	6	12	53	-	-	71

### 33.8. Liquidity risk management

The liquidity risk in ČD Cargo, a.s. is managed with regard to the permanent provision of a sufficient volume of funds necessary for the settlement of financial liabilities.

The Company manages its capital to ensure that it is able to continue as a going concern while optimising the debt and equity balance between liabilities and equity (more information regarding the open lines of credit is described in the section 33.8.2).

On a daily basis, the Group assesses the available funds and cash flows and liquidity development. Pursuant to these assessments, the Group decides on an optimal use of operating financial sources, consisting primarily of overdraft loans and the cash-pooling limit. In order to strengthen its financial stability, the Company secures long-term financial sources on a continuous basis. The liquidity situation is continuously monitored by Moody's rating agency.

#### 33.8.1. Liquidity risk tables

The following tables present the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(CZK million)						
31 December 2022	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Trade payables and other financial liabilities not covered below	1,695	922	386	-	-	3,003
Hedging derivatives – net	-	1	9	1	-	11
<i>Gross outgoing cash flows</i>	7	7	58	6	-	78
<i>Gross incoming cash flows</i>	7	6	49	5	-	67
Secured loans	40	80	321	1,343	1,145	2,929
Lease liabilities	83	167	747	2,399	437	3,833
Variable interest rate instruments – loan	862	175	715	3,696	1,443	6,891
Fixed interest rate instruments – bonds	9	18	611	4,040	984	5,662
<b>Total</b>	<b>2,689</b>	<b>1,363</b>	<b>2,789</b>	<b>11,479</b>	<b>4,009</b>	<b>22,329</b>

(CZK million)						
31 December 2021	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Trade payables and other financial liabilities not covered below	1,357	933	659	1	-	2,950
Hedging derivatives – net	-	-	-	15	-	15
<i>Gross outgoing cash flows</i>	-	-	-	715	-	715
<i>Gross incoming cash flows</i>	-	-	-	(700)	-	(700)
Secured loans	5	103	316	984	780	2,188
Lease liabilities	3	206	626	2,023	637	3,495
Variable interest rate instruments – loan	3	165	574	2,831	1,600	5,173
Fixed interest rate instruments – bonds	7	15	97	3,541	1,011	4,671
<b>Total</b>	<b>1,375</b>	<b>1,422</b>	<b>2,272</b>	<b>9,395</b>	<b>4,028</b>	<b>18,492</b>

The following tables present the Company's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted residual maturities of financial assets. The tables include both interest and principal cash flows.



(CZK million)

31 December 2022	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Financial assets at amortised cost	2,553	653	51	41	-	3,298
Hedging derivatives – net	8	15	59	37	-	118
<i>Gross outgoing cash flows</i>	72	148	649	556	-	1,425
<i>Gross incoming cash flows</i>	80	163	708	593	-	1,543
<b>Total</b>	<b>2,561</b>	<b>668</b>	<b>110</b>	<b>78</b>	<b>-</b>	<b>3,416</b>

(CZK million)

31 December 2021	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Financial assets at amortised cost	2,217	485	14	30	-	2,746
Hedging derivatives	8	17	64	8	-	97
<b>Total</b>	<b>2,225</b>	<b>502</b>	<b>78</b>	<b>38</b>	<b>-</b>	<b>2,843</b>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

### 33.8.2. Financing facilities

The Company uses the following financing facilities:

(CZK million)

	31 December 2022	31 December 2021
Cash-pooling:		
– loan facility in the amount of	300	300
Overdraft loans:		
– loan facility in the amount of	1,800	1,800
Promissory note programme*:		
– loan facility in the amount of	1,500	1,500
<b>Total</b>	<b>3,600</b>	<b>3,600</b>

\*the internal promissory note programme is approved for a maximum of CZK 1,500 million, with framework agreements in amount of CZK 2,000 million approved for individual banks

(CZK million)

Bank overdraft	VÚB	Citibank	ING	ČSOB	RB	Total
Loan facility as at 1 Jan 2021	700	200	200	400	300	1,800
Unused amount as at 1 Jan 2021	700	200	200	400	300	1,800
Change of loan facility in 2021	-	-	-	-	-	-
Loan facility as at 31 Dec 2021	700	200	200	400	300	1,800
Unused amount as at 31 Dec 2021	700	200	200	400	300	1,800
Change of loan facility in 2022	-	-	-	-	-	-
Loan facility as at 31 Dec 2022	700	200	200	400	300	1,800
Unused amount as at 31 Dec 2022	480	47	29	387	1	944

The total limit of overdraft loans for the Company is in the amount of CZK 1,800 million, the unused amount as at 31 December 2022 is in the amount of CZK 944 million (the overdraft was not used in 2021).

(CZK million)

Promissory note programme	ČSOB	KB	Total
Loan facility as at 1 Jan 2021	500	1,500	2,000
Unused amount as at 1 Jan 2021	500	1,500	2,000
Change of loan facility in 2021	-	-	-
Loan facility as at 31 Dec 2021	500	1,500	2,000
Unused amount as at 31 Dec 2021	500	1,500	2,000
Change of loan facility in 2022	-	-	-
Loan facility as at 31 Dec 2022	500	1,500	2,000
Unused amount as at 31 Dec 2022	500	1,500	2,000

The Company does not use a revolving programme.

The Company contracted long-term bank credit lines as part of securing resources for the planned investments:

	(CZK million)				
<b>Investment loans</b>	<b>Raiffeisenbank</b>	<b>UniCredit Bank</b>	<b>ING Bank</b>	<b>EIB</b>	<b>Total</b>
Loan facility as at 31 Dec 2020	-	2,000	1,000	3,412	<b>6,412</b>
Unused amount as at 31 Dec 2020	-	200	-	3,412	<b>3,612</b>
Change of loan facility in 2021	1,000	-	500	-	<b>1,500</b>
<i>Currency translation</i>	-	-	-	(180)	<b>(180)</b>
Loan facility as at 31 Dec 2021	1,000	2,000	1,500	3,232	<b>7,732</b>
Unused amount as at 31 Dec 2021	-	-	-	2,732	<b>2,732</b>
Change of loan facility in 2022	975	-	965	-	<b>1,940</b>
<i>Currency translation</i>	(10)	-	-	(97)	<b>(107)</b>
Loan facility as at 31 Dec 2022	1,965	2,000	2,465	3,135	<b>9,565</b>
Unused amount as at 31 Dec 2022	-	-	482	2,635	<b>3,117</b>

Changes in liabilities from financing activities including changes arising from cash flows and non-cash changes are disclosed in the following table:

	(CZK million)									
	Short-term loans	Long-term loans	Lease liabilities – short-term	Lease liabilities - long-term	Secured loans - short-term	Secured loans - long-term	Issued bonds – short-term	Issued bonds – long-terms	Overdraft	Total
<b>Liabilities from financing as at 1 Jan 2021</b>	<b>366</b>	<b>2,571</b>	<b>769</b>	<b>2,601</b>	<b>276</b>	<b>947</b>	<b>524</b>	<b>4,260</b>	-	<b>12,314</b>
<b>Cash flows from financing</b>	<b>(394)</b>	<b>2,200</b>	<b>(780)</b>	-	<b>(280)</b>	<b>1,082</b>	<b>(500)</b>	-	-	<b>1,328</b>
<i>Drawing of loans, borrowings and bonds</i>	-	2,200	-	-	-	1,082	-	-	-	3,282
<i>Repayments of loans, borrowings and bonds</i>	(394)	-	-	-	(280)	-	(500)	-	-	(1,174)
<i>Repayments of leasing</i>	-	-	(780)	-	-	-	-	-	-	(780)
Non-monetary transactions:										
Effect of exchange rate changes	(8)	-	(149)	-	(23)	-	-	-	-	(181)
Lease additions and change in estimates	680	(680)	958	(958)	365	(365)	7	(7)	-	-
Reclassification *	-	-	4	950	-	-	-	-	-	954
Accrued interest	82	-	40	-	35	-	81	-	-	238
Interest paid (cash flows from operating activities)	(82)	-	(40)	-	(35)	-	(83)	-	-	(240)
Other non-cash movements	-	-	-	-	39	(39)	2	-	-	2
<b>Liabilities from financing as at 31 Dec 2021</b>	<b>644</b>	<b>4,091</b>	<b>802</b>	<b>2,593</b>	<b>377</b>	<b>1,625</b>	<b>31</b>	<b>4,253</b>	-	<b>14,416</b>
<b>Cash flows from financing</b>	<b>(685)</b>	<b>1,462</b>	<b>(855)</b>	-	<b>(394)</b>	<b>1,082</b>	-	<b>974</b>	<b>856</b>	<b>2,440</b>
<i>Drawing of loans, borrowings and bonds</i>	-	1,462	-	-	-	1,082	-	974	856	4,374
<i>Repayments of loans, borrowings and bonds</i>	(685)	-	-	-	(394)	-	-	-	-	(1,079)
<i>Repayments of leasing</i>	-	-	(855)	-	-	-	-	-	-	(855)
Non-monetary transactions:										
Effect of exchange rate changes	(11)	(14)	(92)	-	(26)	-	-	(10)	-	(153)



Reclassification *	858	(858)	1,042	(1,042)	437	(437)	498	(498)	-	-
Lease additions and change in estimates	-	-	44	1,188	-	-	-	-	-	1,232
Accrued interest	112	-	48	-	52	-	102	-	62	376
Interest paid (cash flows from operating activities)	(112)	-	(48)	-	(52)	-	(86)	-	(62)	(360)
Capitalised interest paid (cash flows from investment activities)	-	-	-	-	-	-	(13)	-	-	(13)
Other non-cash movements	1	-	-	-	(11)	9	(2)	1	-	(1)
<b>Liabilities from financing as at 31 Dec 2022</b>	<b>807</b>	<b>4,681</b>	<b>941</b>	<b>2,739</b>	<b>383</b>	<b>2,279</b>	<b>530</b>	<b>4,720</b>	<b>856</b>	<b>17,936</b>

\* Loans and borrowings classified as at 31 December 2020/2021 as long-term, which became short-term in the 2021/2022.

### 33.9. Strategy for the Company's financing in subsequent years

#### 33.9.1. Secured loans

In 2021, a secured loan was concluded with Raiffeisen - Leasing, s.r.o. for the purpose of financing 254 Sggrs vehicles. Another secured loan was concluded with SGEF for the purpose of financing 127 wagons of Sggrs/Sggmrrs series. Further secured loans were concluded with Raiffeisen - Leasing, s.r.o. to finance 4 Effishunter traction vehicles (traction vehicles of 744 series). The contractual loan term is 120 months. The loans were made in CZK.

In 2022, a secured loan was concluded with Raiffeisen - Leasing, s.r.o. for the purpose of financing 1 Effishunter traction vehicle (traction vehicles of 744 series). The contractual loan term is 120 months. The loan was made in CZK.

Furthermore, in 2022, the following euro secured loans for 10 years were concluded with ČSOB Leasing, a.s. for the financing of 9 traction railway vehicles of the 742.7 series, as well as 3 partial contracts with Leasing Česká spořitelna, a.s. for the financing of 17 traction railway vehicles of the 742.7 series.

In connection with the planned investments, it is expected that the Company will be using financing in the form of secured loans in the in subsequent years.

#### 33.9.2. Operating bank loans

In funding its operating needs, the Company has overdraft limits and a cash pooling limit on loans in the maximum amount of CZK 2,100 million provided by seven banks. The stratification of the lending to several financing entities sufficiently diversifies related risks.

#### 33.9.3. Promissory note programme

The Company has the possibility to use the promissory note programme approved by the Supervisory Board, if needed. The promissory note programme is approved in the amount of CZK 1,500 million. The promissory note programme can be covered by a combination of possible issuance of promissory notes from two banks in the total amount up to CZK 2,000 million (ČSOB CZK 500 million and Komerční banka CZK 1,500 million). The supervisory Board of ČD Cargo, a.s must be informed about the intention of



drawing over CZK 1,000 million. During 2022 and 2021, the promissory note programme was not used, however the promissory note framework is left as a form of short-term financing provision, directly independent of bank resources.

#### **33.9.4. Loans provided by the Parent Company České dráhy, a.s**

The Company ČD Cargo, a.s. has contractually secured with the Parent Company České dráhy, a.s. the possibility to draw up financial resources of up to CZK 700 million (beyond the limit of group cash-pooling). The cash pooling credit line is maintained with Komerční banka, in case of drawdown the interest rate on the funds is set at O/N PRIBOR + margin 0.90 % p.a. During 2022 and 2021, this financial resource was not used.

#### **33.9.5. Bonds**

In 2011, the company ČD Cargo, a.s. issued its first Bond Programme with a volume of CZK 6 billion and a duration of 10 years. Due to a change in legal regulations, this Bond Programme was updated in 2015. On the basis of the termination of this first Bond Programme, ČD Cargo, a.s. issued a new Bond Programme on 5 May 2021 with a duration of 10 years without limitation of the maximum amount of outstanding bonds. In 2022, a total amount of EUR 40 million was issued under this new Bond Programme. No bonds were redeemed in 2022.

As at 31 December 2022, the company ČD Cargo, a.s. has issued bonds worth CZK 5,250 million. Funding in the form of bonds increases the liquidity and financial stability of the Company. In accordance with the planned investments, it is expected that the company ČD Cargo, a.s. will continue to use bond financing.

#### **33.9.6. Supplier loans**

If necessary, the Company plans to use supplier loans for individual investments where this form of financing will be effective.

#### **33.9.7. Investment loans**

During 2021, two new investment loans with a total credit framework of CZK 1,500 million were implemented. As at 31 December 2021, the entire credit framework has been drawn down. At the same time, the investment loan from 2020 in the amount of CZK 200 million was drawn down during 2021.

During 2022, two new credit frameworks of EUR 40 million were negotiated by the Parent Company, one of which was fully drawn down in the amount of CZK 975 million. The second credit framework in the amount of CZK 965 million was drawn down in the amount of EUR 20 million (CZK 483 million). The remaining part of EUR 20 million (CZK 483 million) was drawn down after 31 December 2022. The balance of investment loans as at 31 December 2022 is CZK 917 million and CZK 483 million respectively.



Due to the planned capital expenditures in the coming years, the Company plans to continue to use external financing through financial loans.

### 33.9.8. *Other loans*

In December 2020, a loan agreement was signed with the European Central Bank. According to the contractual conditions, the total amount of the loan is set at up to EUR 130 million (CZK 3,412 million). This credit framework will be gradually used (according to the conditions and possibilities arising from the contract) in the coming years to finance the Company's pre-determined and approved by the European Investment Bank investment projects.

In 2021, the first tranche of CZK 500 million was drawn down from the total limit. No further tranche was drawn down in 2022.

### 33.9.9. *Summary*

The above mentioned current and planned funding structure creates a desired framework that allows the ČD Cargo, a.s. to maintain financial stability with the possibility of flexible use of individual forms according to actual needs and convenience.

Based on the planned funding structure, the Company will achieve a sufficient volume of available sources for funding its operating and investment activities with a sufficient reserve for potential unfavourable developments (shortfall in sales, change in the payment discipline, payment terms, legislative changes, etc.).

## 33.10. Fair value of financial instruments

### 33.10.1. *Fair values of financial instruments carried at amortised cost*

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values, except liabilities from leases and bonds.

The fair value of investment loans as at 31 December 2022 is CZK 4,868 million. This fair value is determined by conversion at a rate based on the current market interest rate applicable at the end of the year plus an average margin from the Company's external financing sources.

The fair value of the company ČD Cargo, a.s. bonds as at 31 December 2022 is CZK 4,465 million. The fair value of the bonds is recalculated on the basis of the current market exchange rate communicated by individual banks.

(CZK million)					
Financial assets	Level	Fair value	Book value	Fair value	Book value
		as at 31 December 2022	as at 31 December 2022	as at 31 December 2021	as at 31 December 2021
Financial derivatives used in hedge accounting	Level 2	118	118	97	97
<b>Total</b>		<b>118</b>	<b>118</b>	<b>97</b>	<b>97</b>

(CZK million)



Financial liabilities	Level	Fair value	Book value	Fair value	Book value
		as at 31 December 2022	as at 31 December 2022	as at 31 December 2021	as at 31 December 2021
Financial derivatives used in hedge accounting	Level 2	11	11	15	15
Bonds issued	Level 2	4,465	5,251	4,003	4,284
Investment loans	Level 2	4,868	5,431	4,284	4,605
<b>Total</b>		<b>9,344</b>	<b>10,693</b>	<b>8,307</b>	<b>8,904</b>

Cash and cash equivalents, trade receivables and payables and other financial liabilities were not included in the table above because their fair value is equal to the carrying value, due to their short-term maturity. Furthermore, the table does not include a loan from České dráhy, a.s., due to the fair value is also the same as the book value due to its short-term maturity.

### 33.10.2. Valuation techniques applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices,
- the fair values of other financial assets and financial liabilities (except for financial derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions, dealer quotes for similar instruments and an appropriate yield curve with the corresponding duration as appropriate,
- the fair values of financial derivatives are calculated using quoted prices. If these prices are not available, linear derivatives are measured using discounted cash flows by means of quoted foreign exchange currency rates, quoted prices of commodities and an appropriate yield curve corresponding to the validity of contracts. An options valuation model is used for derivatives that include an option.

### 33.10.3. Fair value measurements recognised in the statement of financial position

Financial instruments measured at fair value are divided into Levels from 1 to 3, based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments measured at fair value recognised by the Company as at 31 December 2022 and 31 December 2021 were included in Level 2.



#### **34. POST BALANCE SHEET EVENTS**

In January 2023, the company drew down an investment loan from ING in the amount of EUR 20 million (CZK equivalent of approx. CZK 480 million). In March 2023, the Company obtained a new investment loan from VÚB in the amount of EUR 30 million (CZK equivalent of approx. CZK 720 million), which was also drawn in full at the same time.

#### **35. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements is approved by the Board of Directors and authorised for issue on 11 April 2023.



# Consolidated Financial Statements for the year 2022

Prepared in accordance with IFRS as adopted by the EU



## Consolidated Financial Statements for the Year Ended 31 December 2022

Prepared in accordance with IFRS as adopted by the EU

Name of the Group:	ČD Cargo
Name of the Parent Company:	ČD Cargo, a.s.
Registered Office:	Praha 7, Holešovice, Jankovcova 1569/2c, 170 00
Legal Form:	Joint Stock Company
Corporate ID:	281 96 678

### Components of the Consolidated Financial Statements:

Statement of Financial Position (Balance Sheet)  
Statement of Profit or Loss  
Statement of Comprehensive Income  
Statement of Changes in Equity  
Cash Flow Statement  
Notes to the Financial statements

In Prague on 11 April 2023

  
Ing. Robert Hedécs  
Chief Financial Officer

### Statutory body of the reporting entity:

  
Ing. Tomáš Tóth  
Chairman of the Board of Directors

  
Martin Svojanovský  
Member of the Board of Directors



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)  
AS AT 31 DECEMBER 2022

		31 Dec 2022	31 Dec 2021
		CZK million	CZK million
Property, plant and equipment	5	25,127	22,291
Intangible assets	6	719	676
Right-of-use assets	19	3,991	3,457
Investments in joint ventures and associates	7	64	68
Other financial assets	10	119	71
Other assets	11	2	2
<b>Total non-current assets</b>		<b>30,022</b>	<b>26,565</b>
Inventories	8	392	332
Trade receivables	9	2,080	1,810
Income tax prepayments		15	21
Cash and cash equivalents	12	1,279	1,147
Other financial assets	10	145	124
Other assets	11	548	473
<b>Total current assets</b>		<b>4,459</b>	<b>3,907</b>
<b>TOTAL ASSETS</b>		<b>34,481</b>	<b>30,472</b>
Share capital	13	8,494	8,494
Capital funds	13	531	498
Retained earnings	13	953	755
<b>Equity attributable to owners of the Company</b>		<b>9,978</b>	<b>9,747</b>
Non-controlling interests	34	44	45
<b>Total equity</b>		<b>10,022</b>	<b>9,792</b>
Loans, borrowings and lease liabilities	15	14,876	13,005
Deferred tax liability	32	1,741	1,704
Provisions	16	87	82
Other financial liabilities	17	2	16
Other liabilities	18	17	8
<b>Total non-current liabilities</b>		<b>16,723</b>	<b>14,815</b>
Trade payables	14	2,913	2,877
Loans, borrowings and lease liabilities	15	3,659	1,993
Income tax payable		19	29
Provisions	16	144	111
Other financial liabilities	17	151	132
Other liabilities and commitments	18	850	723
<b>Total current liabilities</b>		<b>7,736</b>	<b>5,865</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>34,481</b>	<b>30,472</b>



CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 Dec 2022	Year ended 31 Dec 2021
		CZK million	CZK million
Revenues	24	14,667	12,899
Other operating income	25	373	450
Services, leases, material and energy consumption	26	(6,475)	(5,547)
Employee benefit costs	27	(4,892)	(4,523)
Depreciation, amortisation and impairment	28	(2,507)	(2,309)
Other operating expenses	29	(499)	(336)
<b>Profit (loss) from operating activities</b>		<b>667</b>	<b>634</b>
Financial expenses	30	(430)	(290)
Financial income	31	59	28
Share of the profit of associates and joint ventures	7	14	16
<b>Profit (loss) before tax</b>		<b>310</b>	<b>388</b>
Income tax	32	(101)	(99)
<b>Profit (loss) for the period</b>		<b>209</b>	<b>289</b>
Attributable to equity holders of the Parent Company		210	286
Attributable to the non-controlling interests		(1)	3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 Dec 2022	Year ended 31 Dec 2021
		CZK million	CZK million
<b>Profit (loss) for the period</b>		<b>209</b>	<b>289</b>
Actuarial gains/losses on liabilities related to employee benefits	13	(5)	18
<b>Other comprehensive income for the year (items that are not subsequently reclassified to profit or loss)</b>		<b>(5)</b>	<b>18</b>
Foreign currency translation reserve fund	13	(37)	(41)
Cash flow hedging	13	144	215
Relating deferred income tax	32	(27)	(42)
<b>Other comprehensive income for the year before tax (items that may be reclassified to profit or loss)</b>		<b>80</b>	<b>132</b>
<b>Total comprehensive income for the period</b>		<b>284</b>	<b>439</b>
Attributable to equity holders of the Parent Company		285	436
Attributable to the non-controlling interests		(1)	3



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Share premium*	Reserve fund*	Cash flow hedge reserve*	Actuarial gains/ losses*	Other funds*	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.	CZK mil.
<b>Balance as at 1 January 2021</b>	<b>8,494</b>	<b>197</b>	<b>285</b>	<b>(32)</b>	<b>(2)</b>	<b>(35)</b>	<b>470</b>	<b>9,377</b>	<b>42</b>	<b>9,419</b>
Profit for the period	-	-	-	-	-	-	286	286	3	289
Other comprehensive income/(loss) for period	-	-	-	173	18	(41)	-	150	-	150
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173</b>	<b>18</b>	<b>(41)</b>	<b>286</b>	<b>436</b>	<b>3</b>	<b>439</b>
Allocation to the reserve fund	-	-	1	-	-	-	(1)	-	-	-
Use of the reserve fund	-	-	(66)	-	-	-	-	(66)	-	(66)
<b>Total transactions with the owners for the period</b>	<b>-</b>	<b>-</b>	<b>(65)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(66)</b>	<b>-</b>	<b>(66)</b>
<b>Balance as at 31 December 2021</b>	<b>8,494</b>	<b>197</b>	<b>220</b>	<b>141</b>	<b>16</b>	<b>(76)</b>	<b>755</b>	<b>9,747</b>	<b>45</b>	<b>9,792</b>
Profit for the period	-	-	-	-	-	-	210	210	(1)	209
Other comprehensive income/(loss) for period	-	-	-	117	(5)	(37)	-	75	-	75
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>(5)</b>	<b>(37)</b>	<b>210</b>	<b>285</b>	<b>(1)</b>	<b>284</b>
Allocation to the reserve fund	-	-	12	-	-	-	(12)	-	-	-
Use of the reserve fund	-	-	(54)	-	-	-	-	(54)	-	(54)
<b>Total transactions with the owners for the period</b>	<b>-</b>	<b>-</b>	<b>(42)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12)</b>	<b>(54)</b>	<b>-</b>	<b>(54)</b>
<b>Balance as at 31 December 2022</b>	<b>8,494</b>	<b>197</b>	<b>178</b>	<b>258</b>	<b>11</b>	<b>(113)</b>	<b>953</b>	<b>9,978</b>	<b>44</b>	<b>10,022</b>

\* in the statement of financial position these items are included under 'Capital funds' (see Note 13.2.)



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

		Year ended 31 Dec 2022	Year ended 31 Dec 2021
		CZK million	CZK million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before tax		310	388
Dividend and profit distribution income		(21)	(5)
Financial expenses	30	379	248
Profit from sale and disposal of non-current assets	25	(35)	(90)
Depreciation and amortisation of non-current assets	28	2,555	2,246
Loss (gain) on impairment of non-current assets	28	(48)	62
Changes in allowances for doubtful accounts		35	(37)
Change in provisions		33	(147)
Foreign exchange rate gains		(9)	23
Other		(38)	12
<b>Cash flows from operating activities before changes in working capital</b>		<b>3,161</b>	<b>2,700</b>
Change in trade receivables		(325)	(121)
Change in inventories		(69)	(54)
Change in other assets		172	58
Change in trade payables		(246)	121
Change in other payables	18	41	(272)
<b>Total changes in working capital</b>		<b>(427)</b>	<b>(268)</b>
<b>Cash flows from operating activities</b>		<b>2,734</b>	<b>2,431</b>
Interest paid	30	(376)	(251)
Income tax paid	32	(76)	(93)
Dividends received		21	5
<b>Net cash flows from operating activities</b>		<b>2,303</b>	<b>2,093</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment	5	(4,772)	(3,129)
Income from property, plant and equipment sold		37	92
Payments for intangible assets	6	(157)	(47)
Cost of acquisition of subsidiaries, associates and joint ventures		(7)	-
Subsidies received for acquisition of assets	5	360	83
Interest received		13	2
<b>Net cash flows from investing activities</b>		<b>(4,526)</b>	<b>(2,999)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issued bonds	15	974	-
Bonds repayments	15	-	(500)
Drawing of loans and borrowings	15	3,445	3,501
Repayments of loans and borrowings	15	(1,194)	(766)
Lease payments under IFRS 16	15	(872)	(846)
<b>Net cash flows from financing activities</b>		<b>2,353</b>	<b>1,389</b>
The effect of exchange rate changes on cash balances		2	(22)
<b>Net increase/decrease in cash and cash equivalents</b>		<b>132</b>	<b>461</b>
Cash and cash equivalents at the beginning of the period	12	1,147	686
<b>Cash and cash equivalents at the end of the period</b>	<b>12</b>	<b>1,279</b>	<b>1,147</b>



## 1. GENERAL INFORMATION

### 1.1. General information

ČD Cargo, a.s. (hereinafter the „Parent Company“ or “ČDC”) was established following its registration in the Commercial Register held by the Municipal Court in Prague, File B, Insert 12844 on 1 December 2007 through the investment of a business part of České dráhy, a.s.

The legal form of the Parent Company is a joint stock company. The Parent Company has its registered office at Jankovcova 1569/2c, Prague 7 – Holešovice, the Czech Republic.

As at 31 December 2022, the Parent Company’s registered share capital amounted to CZK 8,494 million and it was fully paid.

The sole shareholder and the ultimate parent company of ČD Cargo, a.s. is České dráhy, a.s. The ultimate controlling party is the Czech Republic.

ČD Cargo, a.s. is the Parent Company of ČD Cargo Group (hereinafter the “Group”). The consolidated financial statements of the Group were prepared as at 31 December 2022. The reporting period is the calendar year from 1 January 2022 to 31 December 2022.

### 1.2. Principal activities

The principal activity of the Group is railway transportation of goods with a complex of related services. The aim of the Group is to improve its leading position and to be the driving force on the rail freight transport market both in the Czech Republic and the Central Europe.

The principal business activity of the Group – railway transport of goods – is structured into three principal units:

- Operation of freight transport (transport of unit trains, individual wagon consignments),
- Lease of railway vehicles,
- Additional transport services offered to customers.

The above units are structured by the type of transport as follows:

- Local,
- Export,
- Import,
- Transit.

### 1.3. The impact of the war in Ukraine on the consolidated financial statements as at 31 December 2022

In late February 2022, ongoing political tensions between Russia and Ukraine escalated into conflict with a Russian military invasion of Ukraine. After the outbreak of the conflict, the Group provided free transportation of military equipment and humanitarian trains with material aid to people in Ukraine.



The global response to Russia's violations of international law and aggression against Ukraine has been the imposition of extensive sanctions and restrictions on business activities. The consequent rise in input prices was also reflected in rail freight transport. There have been dramatic price increases, particularly in energy and fuel, financial costs in the form of rising interest rates, but also delays in the delivery of materials, spare parts and longer repair times for vehicles. At the same time, it was necessary to redirect some of the transport flows of products, raw materials and materials by rail. Some shipments to/from the war-affected territories were completely stopped, but this did not have a significant impact on the Group's turnover.

#### 1.4. Relationships with related parties

In accordance with IAS 24 Related Party Disclosures, an entity shall ensure that its financial statements include disclosures necessary to identify the possibility that its financial position and profit or loss is affected by the existence of related parties and transactions and outstanding balances, including liabilities from such parties. In line with this standard, such relationships are described in detail in Note 33.

##### 1.4.1. České dráhy Group

ČD Cargo, a.s. is a part of České dráhy Group, which is led by České dráhy, a.s.

In the reporting period 2022, České dráhy consolidation group consists of the following companies. Within České dráhy Group, new companies ČD Bus a.s., which was formed by the merger of VYDOS BUS a.s. with ČD Reality a.s., and Terminal Mošnov, a.s. were established.

Company name	Share ČD, a.s. 2022 (%)	Share ČD, a.s. 2021 (%)	Type of influence	Registered office	Corporate ID
ČD - Informační Systémy, a.s.	100.00	100.00	Control	Pernerova 2819/2a, Žižkov, 130 00 Prague 3	24829871
ČD - Telematika a.s.	100.00	100.00	Control	Pernerova 2819/2a , 130 00 Prague 3	61459445
Výzkumný Ústav Železniční, a.s.	100.00	100.00	Control	Novodvorská 1698/138b, Braník, 142 00 Prague 4	27257258
JLV, a. s.	38.79	38.79	Significant	Chodovská 3/228, Michle, 141 00 Prague 4	45272298
DPOV, a.s.	100.00	100.00	Control	Husova 635/1b, Přerov I-Město, 750 52 Přerov	27786331
ČD Cargo, a.s.	100.00	100.00	Control	Jankovcova 1569/2c, 170 00 Prague 7 – Holešovice	28196678
Dopravní vzdělávací institut, a.s.	100.00	100.00	Control	Prvního pluku 621/8a, Karlín, 186 00 Prague 8	27378225
ČD travel, s.r.o.	51.72	51.72	Control	28.října 372/5, Staré Město, 110 00 Prague 1	27364976
ČD relax s.r.o.	51.72	51.72	Control	28.října 372/5, Staré Město, 110 00 Prague 1	05783623
ODP-software, spol.s r.o.	100.00	100.00	Control	Pernerova 2819/2a, Žižkov, 130 00 Prague 3	61683809
CHAPS spol. s r.o.	100.00	100.00	Control	Bráfova 1617/21, Žabovřesky, 616 00 Brno	47547022
ČSAD SVT Praha, s.r.o.	100.00	100.00	Control	Křižíkova 4-6, Prague 8	45805202
SVT Slovakia s.r.o.	80.00	80.00	Control	Partizánska 97, 974 01 Banská Bystrica, Slovakia	36620602
INPROP, s.r.o.	100.00	100.00	Control	Rosinská cesta 12, 010 08 Žilina, Slovakia	31609066
Smíchov Station Development, a. s.	51.00	51.00	Joint control	U Sluncové 666/12a, Karlín, 186 00 Prague 8	27244164
Žižkov Station Development, a. s.	51.00	51.00	Joint control	U Sluncové 666/12a, Karlín, 186 00 Prague 8	28209915
Masaryk Station Development, a. s.	34.00	34.00	Significant	Na Florenci 2116/15, Nové Město, 110 00 Prague 1	27185842



Company name	Share ČD, a.s. 2022 (%)	Share ČD, a.s. 2021 (%)	Type of influence	Registered office	Corporate ID
Tramex Rail s.r.o.	100.00	100.00	Control	Brněnská 1748/21b, 678 01 Blansko	26246422
Smart Ticketing s.r.o.	50.00	100.00	Control	Pernerova 2819/2a, Žižkov, 130 00 Prague 3	02033011
ČD Restaurant, a.s.	100.00	100.00	Control	Prvního pluku 81/2a, 130 11, Prague 3	27881415
VUZ Slovakia, s.r.o.	100.00	100.00	Control	Seberíniho 1, Bratislava - Ružinov 821 03, Slovakia	53156587
ČD Bus a.s.	100.00	-	Control	Jeremenkova 231/9, Bělidla, 779 00 Olomouc	17377404
CD Cargo Germany GmbH*	100.00	100.00	Control	Niddastrasse 98-102, 60329 Frankfurt on Main, Germany*	HRB 73576
CD Cargo Austria GmbH *	100.00	100.00	Control	Rotenturmstraße 22/24, 1010 Wien, Austria	FN 291407s
CD Cargo Poland Sp. z o.o.*	100.00	100.00	Control	Grzybowska 4/3, 00-131 Warsaw, Poland	140769114
CD Cargo Slovakia, s.r.o.*	100.00	100.00	Control	Seberíniho 1, 821 03 Bratislava, Slovakia	44349793
CD Cargo Hungary Korlátolt Felelősségű Társaság*	100.00	100.00	Control	Keleti sor utca 26-4, 4150 Püspökladány, Hungary	09-09-031990
ČD Cargo Adria d.o.o.*	100.00	100.00	Control	Savska cesta 32, Zagreb, Croatia	081371623
ČD Cargo Logistics, a.s.	100.00	100.00	Control	Opletalova 1284/37, 110 00, Prague 1 – Nové Město	27906931
Terminál Mošnov, a.s.*	25.00	-	Significant	Na Florenci 1332/23, Nové Město, 110 00 Prague 1	14198240
Terminal Brno, a.s.*	66.93	66.93	Control	K terminálu 614/11, Horní Heršpice, 619 00 Brno	28295374
ČD-DUSS Terminál, a.s.*	51.00	51.00	Control	Lovosice, Lukavecká 1189, 410 02	27316106
RAILLEX, a.s.*	50.00	50.00	Joint control	Belgická 196/38, 120 00 Prague 2, Vinohrady	27560589
BOHEMIAKOMBI, spol. s r.o.*	30.00	30.00	Significant	Opletalova 921/6, Nové Město, 110 00 Prague 1	45270589
Ostravská dopravní společnost, a.s.	50.00	50.00	Joint control	U Tiskárny 616/9, 702 00 Ostrava	60793171
Ostravská dopravní společnost - Cargo, a.s.	20.00	20.00	Significant	U Tiskárny 616/9, 702 00 Ostrava	05663041
České dráhy, a.s.	-	-	-	Nábřeží L. Svobody 1222, 110 15 Prague 1	70994226

\*ownership interest is exercised through ČD Cargo, a.s.

ČD Cargo Group is defined in Note 1.9. Transactions and balances within the Group have been eliminated in the consolidated financial statements.

### 1.5. Key management

The term key management mainly relates to the members of the Board of Directors and Supervisory Board of the Parent Company and statutory bodies of individual subsidiaries in the Group. Information about individual boards is disclosed in Note 1.8.

### 1.6. Relationships with Správa železnic and ČEZ Group

The sole shareholder of the Parent Company, České dráhy, a.s., is fully owned by the State. ČD Cargo, a.s. and the entire ČD Cargo Group took the exemption from reporting related party information, as specified in paragraphs 25-27 of IAS 24. In respect of other state-controlled companies, groups and organisations, only transactions with Správa železnic, s.o. and ČEZ Group have been quantified in these financial statements due to their significant impact on the Group's activities. The most significant transactions carried out with these



entities include the use of infrastructure, purchase of electricity and revenues from freight transport. Detailed information about the relationships is disclosed in Notes 33.6 and 33.7.

### 1.7. Organisational structure of the Parent Company ČD Cargo, a.s.

The organisational structure is composed of departments directly reporting to the Chairman of the Board of Directors or directors of particular departments:

- Commercial Director’s Department,
- Operation Director’s Department,
- Finance Director’s Department,
- Executive Director’s Department.

In addition, the organisational structure includes Operating Units, Repair Centres for Railway Wagons, Accounting of Carriage Revenues in Olomouc and the Operation Control in Česká Třebová.

### 1.8. Statutory Board of the Parent Company ČD Cargo, a.s.

This section discusses the bodies of the Parent Company of the Group. The sole owner of the Company is České dráhy, a.s., which, as the sole shareholder, exercises the powers afforded to the General Meeting, the supreme body of the Company. The statutory body of the Company comprises the three-member Board of Directors; the supervisory body is the six-member Supervisory Board. The Company established a three-member Audit Committee, the members of which were appointed by the sole shareholder.

The composition of ČD Cargo, a.s. bodies as at 31 December 2022 was following:

<b>Board of Directors</b>	
Chairman	Ing. Tomáš Tóth
Member	Martin Svojanovský
Member	Zbyszek Waclawik

On 25 May 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to dismiss Ing. Radek Dvořák and Ing. Zdeněk Škvařil from the position of member of the Board of Directors of ČD Cargo, a.s., with effect from 31 May 2022.

On 25 May 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting has decided to elect Mr. Martin Svojanovský and Mr. Zbyszek Waclawik as members of the Board of Directors of ČD Cargo, a.s., with effect from 1 June 2022.

<b>Supervisory Body</b>	
Chairman	Mgr. Michal Krapinec
Member	Tomáš Vrbík
Member	Radek Nekola
Member	Bc. Marta Urbanová
Member	Mgr. Drago Sukalovský
Member	Ing. Mgr. Bc. Jan Kasal

On 15 February 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to dismiss Ing. Jan Vrátník from the position of member of the Supervisory Board of ČD Cargo, a.s. and approved the resignation of Bc. Václav Nebeský from the position of chairman and member of the Supervisory Board, with effect from 15 February 2022.



On 15 February 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to elect Mgr. Jitka Frischholzová, Mgr. Bc. Josef Pašek and Mgr. Pavel Kohoutek to the position of members of the Supervisory Board of ČD Cargo, a.s., with effect from 16 February 2022.

On 15 March 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, as, exercising the powers of the General Meeting, decided to dismiss Mgr. Jitka Frischholzová, Mgr. Bc. Josef Pašek, Mgr. Pavel Kohoutek and doc. Ing. Lukáš Týfa, Ph.D. from the position of members of the Supervisory Board of ČD Cargo, a.s., with effect from 15 March 2022.

On 15 March 2022, České dráhy, a.s., as the sole shareholder of ČD Cargo, a.s., exercising the powers of the General Meeting decided to elect Mgr. Michal Kraus, Mr. Tomáš Vrbík, Ing. Mgr. Bc. Jan Kasal and Mgr. Drago Sukalovský to the position of members of the Supervisory Board of ČD Cargo and decided on the election of Mgr. Michal Kraus to the position of chairman of the Supervisory Board of ČD Cargo, a.s., with effect from 16 March 2022.

With effect from 31 August 2022, Mgr. Michal Kraus MSc. resigned from the position of chairman and member of the Supervisory Board of ČD Cargo, a.s.

On 9 August 2022, České dráhy, a.s., as the sole shareholder of the ČD Cargo, a.s., exercising the powers of the General Meeting decided to elect Mgr. Michal Krapinec to the position of chairman and member of the Supervisory Board of ČD Cargo, a.s., with effect from 31 August 2022

<b>Audit Committee</b>	
Chairman	Mgr. Oldřich Vojří, Ph.D.
Member	Ing. Miroslav Zámečník
Member	Ing. Libor Joukl

### 1.9. Companies included in the consolidated financial statements of the ČD Cargo Group

<b>Company name</b>	<b>Principal activity</b>	<b>Ownership percentage</b>	<b>Degree of influence</b>
ČD Cargo, a.s.	Brokerage of services in freight transportation and freight forwarding		Parent Company
CD Cargo Germany GmbH	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. freight forwarding	100	Control
CD Cargo Austria GmbH	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. freight forwarding	100	Control
CD Cargo Poland Sp. z o.o.	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. freight forwarding	100	Control
CD Cargo Slovakia, s.r.o.	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. freight forwarding	100	Control
CD Cargo Hungary Kft.	Rail freight transport, wholesale brokerage of raw materials and fuel, storage and other		
ČD Cargo Adria d.o.o.	Rail freight transport, wholesale brokerage of raw materials and fuel, storage and other	100	Control
Terminal Brno, a.s.	Operations of the combined transport terminal in Brno	66.93	Control
ČD-DUSS Terminál, a.s.	Operations of the container terminal in Lovosice	51	Control
ČD Cargo Logistics, a.s.	Freight forwarding	100	Control
Terminál Mošnov, a.s.	Operations of the terminal in Mošnov	25	Significant influence
RAILLEX, a.s.	Cargo handling and technical services in transportation, freight forwarding	50	Joint control
BOHEMIAKOMBI, spol. s r.o.	Brokerage of services in transportation, except for the transportation by own vehicles	30	Significant influence



Ostravská dopravní společnost, a.s.	Railway transportation and lease of traction railway vehicle and wagons	50	Joint control
Ostravská dopravní společnost – Cargo, a.s.	Railway transportation and lease of traction railway vehicle and wagons	20	Significant influence

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## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies applied in the reporting period are consistent with the those policies used in prior periods, unless otherwise stated below.

### 2.2. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Certain financial assets and liabilities (including derivative instruments) are measured at fair value or at revalued amount.

Unless otherwise stated, all values are expressed in millions of Czech crowns.

#### 2.2.1. Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Parent Group and entities controlled by the Group (its subsidiaries). The Group controls those entities in which it has the power to control relevant activities that significantly affect their revenue and has exposure, or rights, to variable returns and has ability to use its power to affect the amount of the returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the acquisition date to the date of loss of control. The total comprehensive income is attributed to the Parent Company's owners and non-controlling interests even if the result represents negative balance of non-controlling interests.

The financial statements of subsidiaries, joint ventures and associates have been adjusted, as appropriate, to align their accounting policies with those applied by other companies within the Group.

All intragroup transactions, balances, revenues and costs were excluded from consolidation.

#### 2.2.2. Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of fair values at the acquisition date of assets transferred by the Group, the Group's liabilities arising to the former owners of the acquiree and the shares issued by the Group in exchange for control in the acquiree. Acquisition-related expenses are recognised in the profit or loss when incurred.

Identifiable assets acquired and commitments assumed are recognised at their fair value, with the following exceptions:



- deferred tax assets or liabilities, and assets and liabilities related to arrangements of the employee benefits are recognised and measured in accordance with IAS 12 Income Taxes, or IAS 19 Employee Benefits, respectively,
- liabilities or equity instruments related to share-based payments agreements in the acquiree, or agreements on share-based payments of the Group replacing the share-based payment arrangements in the acquiree are measured at the acquisition date in accordance with IFRS 2 Share-based Payment.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the previously held equity interest in the acquiree and the fair value, if any, of the acquirer's equity interest in the acquiree over the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If after reassessment, the share of the fair value of the identifiable net assets of the acquiree exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any acquirer's previously held equity interest in the acquiree, the amount of surplus is recognised once in profit or loss as a bargain purchase gain.

Non-controlling interests which represent present ownership interests of third parties and entitle the holders to the proportionate share of the entity's net assets in case of liquidation, may be initially measured at fair value or at proportionate share of non-controlling interest on the recognised acquiree's identifiable net assets. Valuation basis can be selected individually for each specific acquisition. Other types of non-controlling interests are measured at fair value.

If the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and becomes part of the consideration transferred in a business combination. Changes in fair value of contingent consideration classified as changes within the measurement period shall be made retrospectively with a corresponding adjustment to goodwill. Changes within the measurement period, are changes that arise from additional information obtained during the "measurement period" (which may not exceed one year from the acquisition date) about facts and circumstances that existed as at the acquisition date. Subsequent accounting for changes in the fair value of contingent consideration that cannot be considered as changes within the measurement period depend on the classification of contingent consideration. Contingent consideration classified as equity is not reassessed at the date of the subsequent financial statements and its subsequent payment is charged to equity. Contingent consideration classified as an asset or liability is remeasured at the date of the subsequent financial statements, in accordance with relevant standards IFRS 9 and IAS 37 Provisions, contingent liabilities and contingent assets, with related gain or loss recognised in profit or loss.

If the business combination is achieved in stages, the shares in the acquiree, previously owned by the Group, are revalued to fair value at the acquisition date (i.e. the date the Group acquires control) and any resulting gain or loss is recognised in profit or loss. The amounts resulting from shares in the acquiree before the acquisition



date that have previously been recognised in other comprehensive income are reclassified to profit or loss, if such a procedure is correct, if the share was sold.

Unless the initial accounting for a business combination is resolved by the end of the reporting period in which the combination took place, the Group recognises an outstanding item in the provisional value. That provisional amount is adjusted during the measurement period (see above) or additional assets and liabilities are captured, in order to reflect new information obtained about new facts and circumstances that existed at the acquisition date and which, if it were known, affected the amounts provided at that date.

### **2.3. Revenue recognition**

#### ***2.3.1. Revenue from contracts with customers***

All contracts with customers are initially analysed in order to identify obligations towards the customer. Subsequently, the transaction price is determined, which, in case of more separately identifiable transactions is allocated according to their relative standalone selling prices. Following this, the revenue from individual transaction is recognised in the appropriate amount either at a certain point in time, or over the contract life on an ongoing basis (it may be reported over several accounting periods). Revenues are reduced by the expected returns from customers, rebates and other similar discounts.

Revenue is recognised in the amount that reflects the consideration to which the Group expects to be entitled in exchange for services. Revenue is recognised net of value added tax. Revenue is recognised when the services are transferred to the customer at the transaction price.

#### **Railway transportation services**

Sales of railway transportation services are recognised in the accounting period in which the services are rendered based on the stage of completion of an individual transaction determined by the actual number of days of transportation spent in the reporting period relative to the total number days of transportation.

Transaction price has both fixed and variable considerations. The fixed part represents the transaction price less fees and penalties and interest. If the amount of service rendered by the Group is higher than the received payment for the service, the contractual asset is accounted for. If payment for the service is higher than the amount of the service provided, the commitment is recognised. The variable consideration exists in the form of fees and penalties connected with the inappropriate fulfilment of the contractual obligation by the Group to the customer i.e. transit time distortion, damages to the transported goods, etc. In case of variable consideration, revenues are recognised to the extent to which it is highly probable that the revenue item is not subject to significant reversal risk.

#### ***2.3.2. Other revenue***

##### ***Dividend and interest income***

Dividend income is recognised when there is legal entitlement to receive a payment and the receipt of such payment is probable.



Interest income is recognised when it is probable that the economic benefits will flow into the Group and the amount can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the applicable effective interest rate, i.e. the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount.

### ***Revenues from lease of rolling stock***

The Group leases rolling stock to third parties for a period varying from days to five years. Revenue from operating leases of rolling stock is recognised on a straight-line basis over the term of the lease.

## **2.4. Lease**

Details of the accounting policies under IFRS 16 are presented separately for the Group as lessee and as lessor. Assets held under finance leases are depreciated over their estimated useful lives in the same way as own assets. If there is insufficient assurance that a lessee will acquire ownership of an asset at the end of the lease term, that asset is depreciated over the lease term if it is less than its estimated useful life.

### ***2.4.1. The Group as a lessee***

At the commencement of the contract, the Group determines whether it is a lease contract or contains an embedded lease. The Group recognises a right-of-use asset and a corresponding lease liability in respect of all lease agreements in which the Group is a lessee, except short-term leases (with a lease term of 12 months or less and containing no purchase options ) and low-value asset lease (such as laptops and personal computers). For these leases, the Group recognises lease payments as operating expenses on a straight-line basis over the term of the lease.

At the commencement date, the lease liability is initially measured at the present value of the lease payments that are not yet paid. The lease payments shall be discounted using the internal lease interest rate or, if that rate cannot be readily determined, incremental borrowing rate shall be used.

Lease payments included in the measurement of a lease liability comprise of the following:

- fixed payments less any lease incentives receivable,
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be paid by the Group as the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease liabilities are presented within Loans, borrowings and lease liabilities in the statement of financial position.



Subsequently, a lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured (and the related right-of-use asset must be adjusted accordingly), if:

- there is a change in the lease term or if there is a material event or change in circumstances that led to a change in the assessment of an option to purchase the underlying asset. In such a case, the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.
- there is a change in lease payments resulting from changes in an index or a rate, or change in the amounts expected to be payable under a residual value guarantee. In this case, the lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate.
- the lease contract is modified and the modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using the revised discount rate as at the effective date of the modification.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date after deduction of any lease incentives received and any initial direct costs. Subsequently, they are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

The right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease, or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation begins at the commencement of the lease (at the date the asset is available for use by the Group).

Right-of-use assets are presented as a separate line in the statement of financial position.

The Group uses IAS 36 to determine whether the right-of-use assets are impaired and account for any identified impairment losses as described in “Property, plant and equipment” policy.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use assets. Related payments are recognised as an expense in the period in which the event or condition that gave rise to those payments occurred and are included in the line Other operating expenses in the statement of profit or loss.

As a practical expedient, IFRS 16 allows a lessee not to separate non-lease components from lease components and instead to account for each leasing component and any associated non-lease components as a single lease component. The Group did not use this practical expedient. For contracts that contain a lease component and one or more other lease or non-lease components, the Group allocates the contract consideration to each lease and non-lease component on the basis of the relative stand-alone price of given component.



#### **2.4.2. The Group as a lessor**

Leases under which the Group is a lessor are classified as finance or operating leases. Leases that transfer substantially all the risks and rewards of ownership of an asset were classified as finance leases. All other leases are classified as operating leases.

In an operating lease, revenue is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and concluding an operating lease are included in the carrying amount of the leased asset and are accounted for on a straight-line basis over the term of the lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment.

#### **2.4.3. Sale and leaseback**

A sale and leaseback transaction involve the sale of an asset and lease-back of the same asset. The lease payment and the sale price are usually interdependent, because they are negotiated in a single transaction. The accounting treatment of the transaction of sale and leaseback transaction depends on the type of lease, which is part of this transaction.

If the leaseback is a finance lease, the lessor provides the lessee with cash and the leased asset as guarantee. For this reason, the excess proceeds from the sale and the carrying amount is not considered as income. The Group recognises the collected funds as a financial liability (debt), which, together with interest is amortised by lease payments.

### **2.5. Foreign currencies**

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. Given the economic substance of transactions and the environment in which the Group operates, the presentation currency of the consolidated financial statements is the Czech crown (CZK). The functional currency of the Parent Company is CZK.

Transactions denominated in foreign currencies are translated at the rate prevailing on the transaction date, which is derived from the exchange rate published by the Czech National Bank. Monetary items denominated in foreign currencies are recalculated to Czech crowns using the exchange rate as stated by the Czech National Bank on the date of issue of the consolidated financial statements. Income and expense items are recalculated according to the above methodology. Non-monetary items that are measured at historical cost and were acquired in a foreign currency transaction are reported using the exchange rate at date of acquisition.

Exchange differences are recognised in the profit or loss, except for exchange differences on transactions entered into in order to hedge certain foreign currency risks. Such foreign exchange differences are recognised directly in other comprehensive income and reclassified to profit or loss when the hedged underlying item is settled.

For the purposes of presentation in the consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated into CZK using the Czech National Bank exchange rates prevailing as at the balance



sheet date. Income and expense items denominated in foreign currencies are translated at the average exchange rates for the period. If the exchange rates fluctuated significantly during the period, the exchange rate prevailing at the date of the transaction shall be used. If any exchange differences arise, they are recognised in the other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

## **2.6. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which, i.e. assets that necessarily take a substantial period of time to be ready for their intended use or sale, are added to the cost of those assets, until the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **2.7. Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants which primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a reduced cost of those non-current assets in the statement of financial position.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support without future related costs are recognised in profit or loss in the period in which they become receivable.

## **2.8. Employee benefit costs**

Employee benefit costs predominantly include payroll costs, payments to the statutory health insurance, social security and pension insurance schemes and other employee benefits costs resulting from the collective agreement.

The employee benefit obligations and provisions recognised in the statement of financial position represent their present value. Additions to these liabilities and provisions are recognised as an expense when the employees perform the services that entitle them to the contributions.

Provision for long-term employee benefits is recognised in the present value of future cash outflows that will be needed for their payment. The discount rate used is a market rate of return on government bonds at the balance sheet date, as there is no developed market for high quality corporate bonds denominated in Czech crowns. Currency and terms of these bonds are consistent with the currency and terms of the corresponding other long-term benefits. Gains or losses arising from changes in actuarial assumptions for retirement benefits



are included in other comprehensive income, changes in provisions for other benefits are recognised in profit or loss.

## **2.9. Taxation**

The income tax includes current tax payable and deferred tax.

### ***2.9.1. Current tax***

Current income tax is calculated from taxable profit for the year. The taxable profit differs from the profit as reported in the statements of profit or loss as it does not include items of income or expense that are taxable or deductible in other years or items that will not be taxable or deductible at any time. The Group's current tax payable is calculated using the statutory tax rates, resp. rates that has been enacted or substantively enacted by the end of the reporting period.

### ***2.9.2. Deferred tax***

Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the calculation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities at the end of the reporting period.

### ***2.9.3. Current and deferred tax for the period***

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside of profit or loss (i.e. other comprehensive income or directly in equity). In such case the tax is also recognised outside of profit or loss.

## **2.10. Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated impairment losses and, in case of buildings and equipment, less accumulated depreciation. Freehold land is not depreciated.



Assets under construction are carried at cost less impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs. The value of assets under construction includes advances provided for the acquisition of fixed assets. Spare parts for the replacement of components in the repair of higher grades of vehicles are also part of the investments in progress. Depreciation of these assets, on the same basis as depreciation of other assets, commences when the assets are ready for their intended use.

Depreciation is recognised in order to expense the cost of assets (other than freehold land owned by the Group and assets under construction) less their residual values over their useful lives, applying the straight-line method (with the exception of some components which are depreciated using the mileage method).

The Group records the components representing R3, R2 and R1 type repairs of the traction rail vehicles. These components are related to extending vehicle serviceability and expand the technical parameters, equipment and usability of the traction rail vehicles. In the case of power-driven vehicles, other types of repairs D3, D2 and D1 are carried out, which are related to the restoration of serviceability and development of technical parameters, equipment and usability of the diesel combustion engine. Other components used on traction rail vehicles include locomotive battery and radios components. For freight and passenger wagons, the Group records revision repairs, wheelset replacements as components, as well as vehicle body and technical inspection components. In addition, new components TR1, TR2 are allocated to the TRAXX series of traction rail vehicles. These components are recommended by the manufacturer's maintenance schedule and have a time validity.

The Group determined a depreciation plan for components of railway vehicles which is based on a repair plan for R3, R2 and R1 traction vehicles and inspection repairs and replacement of wagon wheelsets for freight wagons. As for railway traction vehicles and freight wagons, the mileage depreciation is based on the actual mileage per month (i.e. actual kilometres covered). The amount of depreciation in the particular reporting period is calculated as the number of kilometres in the reporting period multiplied by the rate per one kilometre. The rate per one kilometre is determined as a ratio of the purchase price of the relevant component to maximum mileage determined for the R3, R2 and R1 repairs of railway traction vehicles and inspection repair and wheelsets of freight wagons. After reaching the maximum mileage, it is necessary to undertake a new major (R3) or substantial (R2) repair of a traction vehicle or a new inspection repair or replacement of wheelsets. For components D3, D2 and D1, a depreciation plan was determined on the basis of operating hours. For the components radio station, locomotive battery, wagon box and technical control, depreciation is calculated on a time basis based on the set useful life.

Within the R3 repair type of railway traction vehicle there are activities that are parts of and relate to R2 repair type (first substantial repair), therefore activities falling within R2 repair are separated from R3 major repair. The same applies to R1 repair which is separated from R2 and R3 repairs.

As for modernising or reconstruction of freight wagons (extending their useful lives to 20 years) which also involves activities relating to inspection repairs, these activities are separated and recorded as new components of the relevant freight car. This approach also applies to wheelsets, technical inspections and wagon's body. Those components are subsequently depreciated in line with the accounting policy disclosed above.



Freight wagons and railway traction vehicles without components are depreciated to the estimated residual value. The estimated residual value means the estimated justifiable positive amount that the Group can acquire upon the expected disposal of assets after deducting the estimated costs associated with their disposal. The estimated residual value for freight wagons and railway traction vehicles is based on the scrap amount that could be received at disposal. The estimated useful lives, residual values and depreciation method are reviewed at each year-end and the effect of any changes in estimates is accounted for on a prospective basis.

Property, plant and equipment items are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of these assets. Gain or loss arising on the disposal or retirement of property, plant and equipment is determined as the difference between the proceeds from sale and the carrying amount of the asset and is recognised in profit or loss.

## **2.11. Intangible assets**

### **2.11.1. Separately acquired intangible assets**

Intangible assets acquired separately are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at each year-end, and the effect of any changes in estimates is accounted for on a prospective basis.

An intangible asset is derecognised upon disposal, or when no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from derecognition of an intangible asset is measured as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognised in profit or loss in the period when such derecognition took place.

## **2.12. Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication of their impairment. If any such indication exists, the recoverable amount is determined in order to assess the amount of impairment. When it is not possible to determine the recoverable amount of an individual asset, The Group determines the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to individual cash-generating unit, if reasonable and consistent basis of allocation can be determined. Otherwise, corporate assets are allocated to the smallest groups of cash-generating units for which it is possible to determine a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use, are tested for impairment at least once a year or when any indication of potential impairment occurs.

The recoverable amount is the higher of fair value less cost to sell and value in use. When assessing value in use, the future cash flows are discounted to their present value using a pre-tax discount rate, that reflects current market assessments of the time value of money and the risks specific to the asset, which the future cash flows have not been adjusted for.



If the recoverable amount of the asset (or cash-generating unit) is lower than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

If the impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimated recoverable amount while ensuring that the increased carrying amount does not exceed the carrying amount that would have been determined in previous years if no impairment had occurred in relation to the asset (or cash-generating unit). Reversal of impairment loss is recognised immediately in profit or loss.

### **2.13. Investments in joint-ventures and associates**

A joint venture is a contractual arrangement whereby the company and other parties undertake a business activity that is subject to joint control (i.e. contractually agreed sharing of control of an arrangement which exists when the decisions about the relevant activities require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. In this such, the Group usually controls 20-50 % of the voting rights.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received from associates reduce the carrying value of the investment in associates.

Provision that reduces the carrying amount of the investment to the recoverable amount is recognised in the situation when the carrying amount of the investment in the joint venture or associate is greater than its recoverable amount. The provision is calculated as the difference between the carrying amount and the recoverable amount of the share in the joint venture or associate.

However, when the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

If the Group's entities trade with a joint venture or with an associate of the Group, profits and losses arising from transactions with joint venture or associate are recognised in the consolidated financial Statements of the Group in the amount of shares in joint ventures or associated companies that do not belong to the Group.

### **2.14. Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined using the weighted-average method. The net realisable value represents the estimated selling price of inventories less



all estimated cost to sell. Inventory is mainly held for own use rather than for re-sale. Spare parts for the replacement of components in the repair of higher grades of vehicles are also part of the equipment in the course of construction.

### **2.15. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account related risks and uncertainties. If a provision is measured based on the cash flows estimated to settle the present obligation, its carrying amount equals the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognised when it is certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The provision can be only utilised in relation to expenses for which it was originally created. A change in a provision is recognised in profit or loss for a specific expense category; the unused portion of the provision is recognised in Other operating income.

### **2.16. Loans, borrowings and bonds**

At initial recognition, loans are stated at fair value less transaction costs. In subsequent periods, loans are carried at amortised cost using the effective interest rate method; any differences between the consideration (less transaction costs) and the value of the instalments are recognised in the consolidated income statement over the period of the loan.

### **2.17. Financial instruments**

Financial assets and financial liabilities are recognised when the company in the Group becomes a party to contractual provisions of a financial instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities other than those measured at fair value through profit or loss are added upon initial recognition to the fair value of financial assets or deducted from the fair value of financial liabilities, respectively, except transaction costs that are directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss which are recognised immediately in profit or loss.

Financial assets are classified in the following three categories: financial assets at amortised cost, financial assets at fair value through profit or loss or financial assets at fair value through other comprehensive income. The classification depends on the Group's financial assets management and the nature of the contractual cash flows of the particular financial asset.



Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities at amortised cost.

**2.17.1. *Effective interest rate method***

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts expected future cash inflow/outflow (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) over the expected life of the debt instrument to the net book value at initial recognition.

Income and expenses are recognised using the effective interest rate of debt instruments, other than financial assets and liabilities classified at fair value through profit or loss.

**2.17.2. *Financial assets at fair value through other comprehensive income***

Financial assets which are measured at fair value in other comprehensive income are capital investments that are not held for trading. The Group designates equity investments that are not traded on an active market as measured at fair value through other comprehensive income. Dividend income from equity investments is recognised in profit or loss when the Group has a right to receive dividends.

**2.17.3. *Financial assets at amortised costs***

Loans and receivables (including bank balances) are financial assets held under a business model which intends to collect contractual cash flows that are solely payments of principal and interest on the outstanding principal. For this reason, the Group recognises these assets at amortised cost using the effective interest method, less impairment losses. These assets arise when the Group provides cash, goods or services directly to the borrower without planning to trade with the receivable.

Interest income is recognised by applying the effective interest rate, except for short-term receivables for which the recognition of interest would be immaterial.

**2.17.4. *Impairment of financial assets***

Financial assets, other than those at fair value through profit or loss, are assessed for expected credit loss at the time the asset is recognised in the accounts.

Full model (3-stage impairment model): the financial asset is initially categorised within Stage 1, where credit loss allowance is recognised at an amount equal to 12-month expected credit losses. During the useful life of an asset, the Group considers if there is significant increase in credit risk. If significant increase in credit risk is identified, the financial asset is reclassified to Stage 2, where the credit loss allowance is recognised at a lifetime expected credit loss. In case of a counterparty default, such asset is reclassified to Stage 3, where interest income on financial assets is recognised by applying the initial effective interest rate to the amortised cost net of allowances for expected credit losses.



For the purpose of determining the expected credit losses, the Group applies a simplified IFRS 9 approach that uses the lifetime expected loss measurement for all trade and finance lease receivables.

The simplified model is applied to trade receivables that do not have a significant financing component. The Group recognises the allowances for receivables assessed on a portfolio basis based on the impairment matrix including historical inputs and reflecting future expectations.

For receivables assessed on an individual basis, the Group considers the following factors that affect the debtor's ability to meet his obligations:

- forward looking information,
- knowledge of a customer,
- payment morale.

The Group considers the potential impairment of cash and cash equivalents to be insignificant due to the high credit quality of banks which the Group cooperates with, supported by external investment ratings.

Based on historic experience, the Group uses the following criteria for default determination:

- if information gathered from external sources indicates that a debtor will not be able to pay its creditors in full (bankruptcy or insolvency proceedings),
- if the financial asset is more than 180 days past due, unless the Group has sufficient supporting information indicating that the delay is an appropriate default criterion.

#### **2.17.5. Derecognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may possibly have to pay. If the Group retains substantially all risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises the collateralised borrowing.

Upon derecognition of a financial asset in its entirety, the difference between the assets' carrying amount and the consideration received or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

#### **2.17.6. Financial liabilities at fair value through profit or loss**

Financial liabilities are classified as financial liabilities at fair value through profit or loss when they are either held for trading or designated as measured at fair value through profit or loss.

In this category, the Group includes financial derivatives recognised under other financial liabilities.

#### **2.17.7. Other financial liabilities at amortised cost**



Financial liabilities that are not held for trading or designated as financial liabilities at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

**2.17.8. *Derecognition of financial liabilities***

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

**2.17.9. *Derivative financial instruments***

The Group enters into a financial derivative contracts to manage its exposure to interest rate, currency and commodity risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

The Group classifies derivatives that do not qualify as hedging derivatives at fair value through profit or loss.

**2.17.10. *Hedge accounting***

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with risk management objectives and strategy for undertaking various hedge transactions. Since the inception, the Group documents and monitors on an ongoing basis, whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. The Group monitors the hedging ratio, sources of inefficiency and the effect of credit risk. Hedge accounting is consistent with the Group's risk management strategy. Under IFRS 9, the Group separates the time value of commodity options and basis spread from inter-currency interest rate swaps as collateral costs.

**2.17.11. *Cash flow hedges***

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedge fund. Under IFRS 9, the Group separate the costs of hedge accounting, when the conditions for recognising these costs in the other comprehensive income are met. The gain or loss relating to the ineffective portion is recognised directly in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, within the same line of the statement of profit or loss as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised



in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The Group prospectively ceases hedge accounting only when the hedging relationship (or a portion of it) no longer meets the hedging criteria (after taking into account any rebalancing of the hedging relationship). This includes cases where the hedging instrument expires, is sold, terminated or settled. Any gain or loss that is recognised in other comprehensive income and accumulated in the cash flow hedge fund, remains in equity and is reclassified to profit or loss when the forecasted transaction occurs. If the expected transaction is no longer expected to occur, the gains or losses accumulated in the cash flow hedge fund are reclassified immediately to profit or loss.

**2.17.12. Financial derivatives held for trading**

All derivative transactions that the Group concludes are acquired on economic terms for hedging purposes, but some of them are not classified as hedging instruments for formal reasons.

Derivatives that do not meet the conditions for hedging derivatives are classified by the Group as held for trading.

The change in fair value of derivatives held for trading is recognised as an expense or income from derivative transactions.

**3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**3.1. Standards and interpretations effective for the period ending 31 December 2022**

During the year ended 31 December 2022, the following standards, amendments and interpretations relevant to the Group’s activities became effective:

Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IAS 16 – Amendments to IAS 16 - Proceeds before Intended Use	1 January 2022
IAS 37 – Amendment to IAS 37 - Cost of Fulfilling a Contract	1 January 2022
Various standards – Annual Improvements to IFRS Standards 2018-2020 Cycle	1 January 2022

The Group has applied the Amendment to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract before the effective date for the provision for onerous contracts. The amendment to IAS 37 was initially applied in the separate financial statements for the year 2020.

The adoption of other amendments mentioned above during the period did not have a significant impact on the disclosures or amounts presented in these financial statements.

**3.2. Standards and interpretations applied before their effective dates**

The Group has not applied any standard or interpretations before their effective dates.

**3.3. Standards and interpretations issued but not yet applied**

As at the date of the financial statements, the following standards and interpretations were published but were not yet effective or applied by the Group before its effective date.



Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IFRS 10, IAS 28 – Amendment to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date will be determined*)
IFRS 16 – Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024*)
IAS 1 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024*)
IAS 1 – Amendment to IAS 1 – Non-current Liabilities with Covenants	1 January 2024*)
IAS 1 – Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies	1 January 2023
IAS 8 – Amendments to IAS 8 – Definition of Accounting Estimates	1 January 2023
IAS 12 – Amendment to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

\*) standards, amendments and interpretations that has not yet been approved for the use in the EU

The management of the Group expects that the adoption of these standards, amendments and interpretations will not have a significant impact on the Group in the following periods.

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group’s accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not evidently apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are given in the following notes.

##### **4.1. Provisions for legal disputes**

The Group is involved in a number of in-court and out-of-court commercial disputes. Where the criteria for the recognition of provisions have been met, the Group creates provisions for these disputes on the basis of the best available information and estimates. However, the actual outcome of the disputes may differ from these estimates. Information regarding legal disputes is disclosed in Note 16.

##### **4.2. Impairment of assets**

The Group assesses the recoverable value of all asset components when there are indicators of their impairment (with the exception of intangible assets under construction, the recoverable value of which is assessed annually). This assessment is based on expected assumptions and may change in the future depending on situation development and availability of information. Impairment of property, plant and equipment is disclosed in Note 5.



### 4.3. Leasing - discount rate and lease term

The Group measures the initial lease obligation at the present value of the lease payments to be discounted using the implicit interest rate. Since the Company is unable to determine this rate reliably, it uses its incremental borrowing rate as the discount rate. In determining this, the degree of lease collateral and the length of the lease contracts were taken into account.

In addition, the Group uses an estimate to determine the lease term for contracts concluded for indefinite period. This estimate considered the period and circumstances of the potential termination of individual contracts. The Group has determined the estimated lease term for contracts for an indefinite period at 5 years for contracts for the lease of non-residential premises and 3 years for the lease of railway vehicles for the following reasons:

- the Group operates under a medium-term plan for a period of 5 years,
- based on past experience, there is sufficient assurance that these leases will not be terminated by either the Group or the lessor.

In addition, each significant contract is also assessed individually in terms of the individual provisions of the contract, the economic situation on the market of the asset and also the experience with this lessor in the past, and subsequently the lease period is adjusted according to these parameters. The lease period on building and vehicle contracts in the total amount of CZK 277 million was thus extended for the period of 2022 (in the total amount of CZK 236 million for the period of 2021). The carrying amount of lease liabilities arising from contracts concluded for indefinite period amounted to CZK 1,242 million as at 31 December 2022 and CZK 1,146 million as at 31 December 2021

.



## 5. PROPERTY, PLANT AND EQUIPMENT

(CZK million)

Cost	Balance as at 1 Jan 2021	Additions	Disposals	Transfers	Exchange rate differences	Balance as at 31 Dec 2021	Additions	Disposals	Transfers	Exchange rate differences	Balance as at 31 Dec 2022
Land	153	-	-	-	-	153	-	-	26	-	179
Construction	1,796	56	-	1	(1)	1,852	63	-	31	(1)	1,945
Individual movable assets	42,624	3,081	(1,548)	416	(41)	44,532	3,178	(1,424)	252	(56)	46,482
- Machinery, equipment, and furniture and fixtures	469	12	(4)	21	-	498	5	(8)	21	(1)	515
- Vehicles*	38,896	3,069	(1,544)	185	(41)	40,565	3,173	(1,416)	267	(31)	42,558
- Leased vehicles	3,251	-	-	210	-	3,461	-	-	(36)	(23)	3,402
- Other	8	-	-	-	-	8	-	-	-	(1)	7
Asset under construction	478	529	(183)	(148)	(1)	675	845	(119)	(312)	(1)	1,088
Advances	369	993	(772)	(274)	-	316	729	(219)	-	-	826
<b>Total</b>	<b>45,420</b>	<b>4,659</b>	<b>(2,503)</b>	<b>(5)</b>	<b>(43)</b>	<b>47,528</b>	<b>4,815</b>	<b>(1,762)</b>	<b>(3)</b>	<b>(58)</b>	<b>50,520</b>

(CZK million)

Accumulated depreciation and impairment	Balance as at 1 Jan 2021	Additions	Eliminations	Disposals	Transfers	Impairment	Balance as of 31 Dec 2021	Additions	Eliminations	Disposals	Transfers	Impairment	Exchange differences	Balance as of 31 Dec 2022
Constructions	1,002	34	-	-	(1)	-	1,035	36	-	-	-	-	-	1,071
Individual movable assets	24,096	1,445	141	(1,549)	1	62	24,196	1,609	9	(1,424)	-	(49)	(25)	24,316
- Machinery, equipment, and furniture and fixtures	300	17	-	(4)	21	-	334	19	-	(8)	13	-	(2)	356
- Vehicles*	22,152	1,161	141	(1,544)	287	62	22,259	1,477	9	(1,416)	(108)	(49)	(13)	22,159
- Leased vehicles	1,637	266	-	-	(307)	-	1,596	113	-	-	95	-	(9)	1,795
- Other	7	1	-	(1)	-	-	7	-	-	-	-	-	(1)	6
Asset under construction	7	-	-	-	-	(1)	6	-	-	-	-	1	(1)	6
<b>Total</b>	<b>25,105</b>	<b>1,479</b>	<b>141</b>	<b>(1,549)</b>	<b>-</b>	<b>61</b>	<b>25,237</b>	<b>1,645</b>	<b>9</b>	<b>(1,424)</b>	<b>-</b>	<b>(48)</b>	<b>(26)</b>	<b>25,393</b>



Net book value	(CZK million)		
	Balance as at 31 December 2022	Balance as at 31 December 2021	Balance as at 1 January 2021
Land	179	153	153
Constructions	874	817	794
Individual movable assets	22,166	20,336	18,528
- Machinery, equipment, and furniture and fixtures	159	164	169
- Vehicles*	20,399	18,306	16,744
- Leased vehicles	1,607	1,865	1,614
- Other	1	1	1
Assets under construction	1,082	669	471
Advances	826	316	369
<b>Total</b>	<b>25,127</b>	<b>22,291</b>	<b>20,315</b>

\* Vehicles acquired under secured loan and are presented in the financial statements under the item „Vehicles”. Their net book value amounted to CZK 4,020 million as at 31 December 2022 and CZK 3,744 million as at 31 December 2021. The value of these secured loans is included in Note 15.2. "Secured loans". The Group's secured loans are guaranteed by the lessor's title to the leased assets.

Property is represented mainly by buildings and land. Land and buildings do not include railway infrastructure which is owned by Správy železnic, s.o.

Vehicles mainly comprise rolling stock (railway traction vehicles, freight wagons) used for railway freight transport. Inventory procedures showed that the net book value of some types of the vehicles was higher than their market value or future use value. The market value of the freight wagons was determined based on the expert opinion of a sample of wagons from each interval, which is reduced by the cost of commissioning for wagons with a failed overhaul or technical inspection, or by the recoverable amount at physical disposal for freight wagons and traction vehicles based on their weight and the current scrap price. This applies to freight wagons and railway traction vehicles that are out of service and are currently not scheduled to be put into operation. As at 31 December 2022, a provision for impairment of these assets is recognised in the amount of the difference between the carrying amount and the recoverable amount of CZK 425 million (of which impairment of the traction vehicles amounted to CZK 38 million, the rest was attributable to freight wagons) and CZK 474 million as at 31 December 2021, of which impairment of traction vehicles amounted to CZK 55 million, the rest was attributable to freight wagons).

Additions to separate tangible movable assets:

	(CZK million)	
	2022	2021
Technical improvement of railway traction vehicles	607	607
Revision repairs (components) of freight wagons	841	526
Repairs of R, D and TR type (components) of railway traction vehicles	296	575
Freight wagons body components	203	44
Wheelsets (components) for freight wagons	186	95
Zacns freight wagons	172	-
Conversion of locomotive 163 series into 363 series	133	-
Technical inspections (components) of freight wagons	101	89
Technical improvement of freight wagons	99	-
TRAXX traction vehicles	395	459
744 series traction vehicles	-	217
Eanos freight wagons	-	193
Sgnss freight wagons	-	186
Other	145	90
<b>Total</b>	<b>3,178</b>	<b>3,081</b>



The Group leases some of its assets that it does not currently use for its activities to external entities. The most significant leased assets are vehicles, especially freight wagons and some traction vehicles. No other significant assets are leased. None of the contracts is non-cancellable.

	(CZK million)	
	Balance as at 31 December 2022	Balance as at 31 Dec 2021
Cost	3,402	3,461
Accumulated depreciation	(1,795)	(1,596)
<b>Net book value</b>	<b>1,607</b>	<b>1,865</b>

During 2022, the Group used part of the grant advance received for the implementation of the European Train Control System (ETCS) on locomotives of 742, 363 series and the implementation is underway on locomotives 753.7 and 130 series. The total value of the assets involved was CZK 427 million (in 2021: CZK 342 million). Furthermore, the Group received a grant of CZK 154 million for the conversion of locomotive 163 series into 363 series, the implementation of consumption metering in the amount of CZK 12 million and the fitting of the for LL brake blocks (so-called ‘silent brake blocks’) in the amount of CZK 10 million (in 2021: CZK 7 million). Railway vehicles are depreciated according to the below useful lives to the estimated residual value. Components of these railway vehicles are depreciated by actual mileage. When calculating depreciation of other assets, the following useful lives were applied:

	Number of years
Constructions	20 – 50
Railway traction vehicles (without components)	20 – 35
Freight wagons (without components)	30
Machinery and equipment	8 – 20

### 5.1. Pledged assets

The Group’s assets as at 31 December 2022 and 31 December 2021 were not pledged. The Group’s liabilities from leaseback transactions are secured by the lessor’s title to the leased assets.

## 6. INTANGIBLE ASSETS

	(CZK million)						
Cost	Balance as at 1 January 2021	Additions	Transfers	Balance as at 31 December 2021	Additions	Transfers	Balance as at 31 December 2022
Software	1,180	60	20	1,260	74	85	1,419
Royalties	175	1	8	184	9	1	194
Assets under construction	55	62	(23)	94	53	(83)	64
<b>Total</b>	<b>1,410</b>	<b>123</b>	<b>5</b>	<b>1,538</b>	<b>136</b>	<b>3</b>	<b>1,677</b>

	(CZK million)						
Accumulated depreciation	Balance as at 1 January 2021	Additions	Transfers	Balance as at 31 December 2021	Additions	Transfers	Balance as at 31 December 2022
Software		654	71	725	86	2	813
Royalties		131	6	137	10	(2)	145
<b>Total</b>		<b>785</b>	<b>77</b>	<b>862</b>	<b>96</b>	<b>-</b>	<b>958</b>

	(CZK million)		
Net book value	Balance as at 31 December 2022	Balance as at 31 December 2021	Balance as at 1 January 2021
Software	606	535	526
Royalties	49	47	44
Assets under construction	64	94	55
<b>Total</b>	<b>719</b>	<b>676</b>	<b>625</b>



The item Assets under construction consists of items that are developed in cooperation with supplier companies and are not internally developed software.

As at 31 December 2022, intangible assets include royalties (licenses) in total net book value of CZK 49 million. The most significant items are Modular System license in the amount of CZK 15 million, Noetic license in the amount of CZK 10 million, Microsoft license in the amount of CZK 9 million, SAP license in the amount of CZK 6 million and Altworx license in the amount of CZK 5 million. In 2022, licenses in the total amount of CZK 9 million were activated.

Amortisation period for intangible assets:

	Number of years
Software	3 – 10
Royalties	6 – 10

## 6.1. Software

Net book value	(CZK million)		
	Balance as at 31 December 2022	Balance as at 31 December 2021	Balance as at 1 January 2021
Operational and business tasks under the PROBIS project	409	315	300
SAP	65	69	78
IT Security Program	14	13	15
Other	118	138	133
<b>Total</b>	<b>606</b>	<b>535</b>	<b>526</b>

Software predominantly includes the SAP system and the operational and business tasks under the PROBIS project. Software additionally includes the information system supporting freight transport, development of the SAP information system, the Altworx software used to monitor and evaluate the use of the Company's basic capacities (operating personnel, traction vehicles and freight wagons), the IT security system and other systems used in ČD Cargo, a.s.

Additions to software in 2022 consist mainly of modifications and upgrades of existing systems: Dispatching information system under the Unit Trains project in the amount of CZK 13 million, Development of the PRIS Operational Information System in the amount of CZK 13 million, Altworx software in the amount of CZK 6 million, the Oscar business system in the amount of CZK 3 million.

## 7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

### 7.1. Information on joint ventures

Company name	Registered office	Category
Ostravská dopravní společnost, a.s.	U Tiskárny 616/9, 702 00 Ostrava - Přívoz	Joint venture
RAILLEX, a.s.	Belgická 196/38, 120 00 Prague 2	Joint venture

Company name	Principal activities	Ownership interest as at 31 December 2022	Ownership interest as at 31 December 2021
Ostravská dopravní společnost, a.s.	Railway transportation and lease of traction vehicles and railway wagons	50 %	50 %
RAILLEX a.s.	Cargo handling and technical services in transportation, freight forwarding.	50 %	50 %



## 7.2. Information on associates

Company name	Registered office	Category
BOHEMIAKOMBI, spol. s r.o.	Opletalova 921/6, 110 00 Prague 1	Associate
Ostravská dopravní společnost – Cargo, a.s.	U Tiskárny 616/9, 702 00 Ostrava - Přívoz	Associate
Terminál Mošnov, a.s.	Na Florenci 1332/23, 110 00 Prague 1	Associate

Company name	Principal activities	Ownership interest as at 31 December 2022	Ownership interest as at 31 December 2021
BOHEMIAKOMBI, spol. s r.o.	Brokerage of services in transportation except for transportation by own vehicles	30 %	30 %
Ostravská dopravní společnost – Cargo, a.s.	Railway transportation and lease of traction vehicles and railway wagons	20 %	20 %
Terminál Mošnov, a.s.	Operation of the Mošnov terminal	25 %	-

\* share in the company is owned by ČD Cargo Logistics, a.s.

## 7.3. Summary of financial information on joint ventures and associates

(CZK million)

31 December 2022	RAILLEX, a.s.	Ostravská dopravní společnost, a.s.	Total joint ventures	BOHEMIAKOMBI, spol. s r.o.	Ostravská dopravní společnost – Cargo, a.s.	Terminál Mošnov, a.s.	Total associates
<b>Total assets</b>	<b>68</b>	<b>160</b>	<b>228</b>	<b>22</b>	<b>305</b>	<b>25</b>	<b>352</b>
Current assets	67	160	227	21	130	18	169
Non-current assets	1	-	1	1	175	7	183
<b>Total liabilities</b>	<b>47</b>	<b>124</b>	<b>171</b>	<b>13</b>	<b>136</b>	<b>19</b>	<b>168</b>
Current liabilities	47	124	171	13	38	19	70
Non-current liabilities	-	-	-	-	98	-	98
Net assets	21	36	57	9	169	6	184
<b>Share of net assets</b>	<b>11</b>	<b>18</b>	<b>29</b>	<b>-</b>	<b>34</b>	<b>1</b>	<b>35</b>

(CZK million)

31 December 2021	RAILLEX a.s.	Ostravská dopravní společnost, a.s.	Total joint ventures	BOHEMIAKOMBI, spol. s r.o.	Ostravská dopravní společnost – Cargo, a.s.	Total associates
<b>Total assets</b>	<b>36</b>	<b>198</b>	<b>234</b>	<b>17</b>	<b>252</b>	<b>269</b>
Current assets	-	-	-	1	42	43
Non-current assets	36	198	234	16	210	226
<b>Total liabilities</b>	<b>18</b>	<b>167</b>	<b>185</b>	<b>8</b>	<b>34</b>	<b>42</b>
Current liabilities	-	-	-	-	-	-
Non-current liabilities	18	167	185	8	34	42
Net assets	18	31	49	9	218	227
<b>Share of net assets</b>	<b>9</b>	<b>15</b>	<b>24</b>	<b>-</b>	<b>44</b>	<b>44</b>

(CZK million)

Joint ventures	2022	2021
Total income	909	904
Profit for the period	20	18
<b>Group's share of the profit for the period</b>	<b>10</b>	<b>9</b>

(CZK million)

Associates	2022	2021
Total income	310	270
Profit for the period	9	35
<b>Group's share of the profit for the period</b>	<b>4</b>	<b>7</b>

## 8. INVENTORIES

(CZK million)

	31 December 2022	31 December 2021
Spare parts and other components for rail vehicles and traction vehicles	336	281
Spare parts for other machines, devices and equipment	7	5
Fuels, lubricants and other petroleum products	6	4
Work clothes, work shoes, protective devices	6	6
Other	46	46
<b>Total cost</b>	<b>401</b>	<b>342</b>
Write-down of inventories to their net realisable value	(9)	(10)
<b>Total net book value</b>	<b>392</b>	<b>332</b>

## 9. TRADE RECEIVABLES

The increase in receivables is related to the increase in sales both foreign and domestic. Trade receivables consist of the following items:

(CZK million)

Category	Before due date	Past due date (days)					Total overdue	Total
		1 - 30 days	31 - 90	91-180	181-365	over 365		
31 Dec 2022 Gross	1,954	151	19	6	12	79	267	2,221
Allowances	(46)	(4)	(1)	(2)	(9)	(79)	(95)	(141)
<b>Net</b>	<b>1,908</b>	<b>147</b>	<b>18</b>	<b>4</b>	<b>3</b>	<b>-</b>	<b>172</b>	<b>2,080</b>
31 Dec 2021 Gross	1,634	140	34	14	4	88	280	1,914
Allowances	(10)	(1)	(2)	(1)	(2)	(88)	(94)	(104)
<b>Net</b>	<b>1,624</b>	<b>139</b>	<b>32</b>	<b>13</b>	<b>2</b>	<b>-</b>	<b>186</b>	<b>1,810</b>

### 9.1. Movement of allowances for doubtful trade receivables

(CZK million)

Movement of allowances for doubtful trade receivables	2022	2021
<b>Allowances at 1 January</b>	<b>104</b>	<b>154</b>
Creation of allowances – trade receivables	58	36
Use of allowances – trade receivables	(15)	(74)
Write-offs – trade receivables	(6)	(12)
<b>Allowances at 31 December</b>	<b>141</b>	<b>104</b>

## 10. OTHER FINANCIAL ASSETS

(CZK million)

	31 December 2022	31 December 2021
Lease receivables (see Note 10.1)	49	56
Hedging derivatives	37	8
Other financial assets	11	7
Restricted cash (see Note 5)	22	-
<b>Other non-current financial assets</b>	<b>119</b>	<b>71</b>
Lease receivables (see Note 10.1)	23	18
Hedging derivatives	83	89
Group cash-pooling	2	2
Receivables for damages and losses	10	12
Receivables for damages and losses - allowances	(6)	(8)
Restricted cash (see Note 5)	17	-
Other financial assets	18	13
Other financial assets - allowances	(2)	(2)
<b>Other current financial assets</b>	<b>145</b>	<b>124</b>
<b>Total</b>	<b>264</b>	<b>195</b>

Hedging derivatives are measured at fair value, other financial assets are measured at amortised cost.

In relation to IFRS 9, there was no reason to create an allowance for any other financial assets due to the expected credit loss.



### 10.1. Finance lease receivables

The Parent Company ČD Cargo, a.s. leased part of the building in the Lovosice logistics centre to Mondi Štětí a.s. The subsidiary CD Cargo Poland Sp. z o. o. concluded in 2021 a contract for the lease of wagons with the possibility of repurchase, which meets the conditions of financial leasing.

Disclosures required by IFRS 16

Maturity analysis of lease receivables:

	(CZK million)	
	31 December 2022	31 December 2021
1 year	25	19
2 year	25	19
3 year	12	19
4 year	8	9
5 year	7	4
More than 5 years	1	6
<b>Undiscounted lease payments</b>	<b>78</b>	<b>76</b>
Minus: unrealised financial income	(6)	(2)
<b>Present value of lease payments receivable</b>	<b>72</b>	<b>74</b>
Impairment allowance	-	-
<b>Net investment in leasing</b>	<b>72</b>	<b>74</b>
In the statement of financial position as:		
<i>Short-term lease receivables</i>	23	18
<i>Long-term lease receivables</i>	49	56
<b>Total</b>	<b>72</b>	<b>74</b>

The amounts recognised in the statement of profit or loss:

	(CZK million)	
	Balance as at 31 December 2022	Balance as at 31 December 2021
Net proceeds from financial investments	5	2

The Group applies a simplified approach in accordance with IFRS 9 to measure expected credit losses, using an allowance for expected losses over the useful lives for all finance lease receivables.

In order to measure expected credit losses, finance lease receivables are grouped on the basis of shared credit risk characteristics and days past due. The expected rates of losses are based on the payment profiles of the leases before the end of the reporting period and the corresponding historical credit losses that occurred in that period.

None of the finance lease receivables is overdue at the end of the reporting period and, taking into account past experience and future prospects of the industries in which the lessee operates, the management of the Group believes that no finance lease receivables are impaired.

The Group is not exposed to currency risk as a result of lease arrangements, as the lease is denominated in CZK. The risk of residual value of the leased building is not material.



## 11. OTHER ASSETS

	(CZK million)	
	31 December 2022	31 December 2021
Advances granted	2	2
<b>Total non-current</b>	<b>2</b>	<b>2</b>
Advances granted	2	57
Tax receivables – VAT	72	66
Tax receivables (except corporate income tax)	17	4
Prepaid expenses	96	76
Grants	336	249
Other	25	21
<b>Total current</b>	<b>548</b>	<b>473</b>
<b>Total</b>	<b>550</b>	<b>475</b>

The line Grants mainly represents an unquestionable entitlement to a part of the grant received by the Parent Company within the grant project for equipping traction vehicles with on-board parts of the European Train Control System.

The line Advances granted represents amounts paid to domestic and foreign suppliers in connection with business relations.

## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at amortised cost in the balance sheet and tested for impairment under IFRS 9. The Group considers the potential impairment of these items to be insignificant due to the high credit quality of the cash deposits held by reputable financial institutions with a high investment credit rating.

	(CZK million)	
	31 December 2022	31 December 2021
Cash on hand	4	6
Cash at bank*	1,275	1,141
<b>Total</b>	<b>1,279</b>	<b>1,147</b>

\*the contractual partners of the Group are renowned banks with a high credit rating (investment grade required) with which the Group cooperates on the basis of long-term and stable relationships

Total final balances of the Group's accounts held in banking institutions:

	(CZK million)			
<b>Bank</b>	<b>Short-term rating</b>	<b>Long-term rating</b>	<b>Bank balances as at 31 December 2022</b>	<b>Bank balances as at 31 December 2021</b>
Citibank Europe plc	P-1	Aa3	11	11
Česká spořitelna, a.s.	P-1	Aa3	1	1
Československá obchodní banka, a.s.	P-1	A1	548	514
ING Bank, N.V.	P-1	Aa3	75	67
Komerční banka, a.s.	P-1	A1	223	209
Raiffeisenbank a.s.	P-1	A2	108	65
UniCredit Bank Czech Republic and Slovakia, a.s.	P-2	A3	10	15
Všeobecná úvěrová banka a.s.	P-1	A2	221	209
Allior*	B	BB	-	1
Millenium bank	P-3	Baa3	8	3
Deutsche Bank	P-1	A1	13	15
Frankfurter Sparkasse*	A-2	A-	5	1
Bank Austria	P-2	A3	10	2
Slovenská sporiteľňa	P-1	A2	-	7
Tatra banka	P-2	A2	29	21
PKO Bank	P-1	A2	9	-
Erste Steiermarkische Bank d.d.*	F2	A-	4	-
<b>Total</b>			<b>1,275</b>	<b>1,141</b>

\* for these banking institutions the rating of Fitch Ratings is used, for others the rating of Moody's



## 13. EQUITY

### 13.1. Share capital

As at 31 December 2022, the Group's share capital amounted to CZK 8,494 million in the form of 100 pieces of dematerialised registered shares. The share capital was fully paid.

### 13.2. Capital funds

	(CZK million)	
	31 December 2022	31 December 2021
Share premium	197	197
Statutory reserve fund	178	220
Cash flow hedging reserve	258	141
Actuarial losses	11	16
Foreign currency translation fund	(95)	(58)
Other funds	(18)	(18)
<b>Total</b>	<b>531</b>	<b>498</b>

The allocations to the statutory reserve fund are made in accordance with the regulations of the individual companies of the Group.

#### 13.2.1. Share premium

The premium is the difference that arose between the nominal and issue price of shares when the Parent Company was established in the amount of CZK 197 million as at 1 December 2007.

#### 13.2.2. Reserve fund

	(CZK million)	
	2022	2021
<b>Balance as at 1 January</b>	<b>220</b>	<b>285</b>
Profit allocation to the reserve fund	12	1
Transfer from the reserve fund	(54)	(66)
<b>Balance as at 31 December</b>	<b>178</b>	<b>220</b>

In accordance with the Group's internal regulations, the allocation to the reserve fund amounted to CZK 12 million in 2022.

#### 13.2.3. Cash flow hedging reserve

	(CZK million)	
	2022	2021
Balance at the beginning of the year	141	(32)
Revaluation gain/ change in fair value	23	224
Reclassifications to profit or loss	121	(9)
<b>Total change in the cash flow hedging reserve</b>	<b>144</b>	<b>215</b>
Relating income tax	(27)	(42)
<b>Balance at the end of the year</b>	<b>258</b>	<b>141</b>

The cash flow hedging reserve represents accumulated gains and losses from effective cash flow hedging. It is primarily a hedging of currency risk arising from a change in the CZK/EUR exchange rate, which is hedged by currency forwards or swaps, foreign currency loans and bonds and foreign currency lease obligations. Another component of cash flow hedging is hedging of commodity risk associated with fluctuations in the price of diesel. The cumulative accrued gain or loss on hedging derivatives is reclassified to profit or loss only if the hedged



transaction affects profit or loss or is included as a carrying amount adjustment to the hedged non-financial item in accordance with the applicable accounting policy.

Gains and losses reclassified during the year from equity are recognised in the profit and loss statement on the lines Revenues, Services, leases, material and energy consumption and Financial expenses, Financial income.

**Reclassification from hedging reserve into profit or loss**

(CZK million)		
<b>Currency forwards and swaps – hedging future income in foreign currencies</b>	<b>2022</b>	<b>2021</b>
<b>Balance as at 1 January</b>	<b>45</b>	<b>40</b>
Change in the fair value of the hedging derivatives	(14)	32
Impact on profit or loss	69	(25)
Related corporate income tax – change	(10)	(2)
<b>Balance as at 31 December</b>	<b>90</b>	<b>45</b>

(CZK million)		
<b>Foreign currency lease liabilities under IFRS 16 - hedging future income in foreign currencies</b>	<b>2021</b>	<b>2021</b>
<b>Balance as at 1 January</b>	<b>75</b>	<b>(60)</b>
Revaluation gain	62	167
Impact on profit or loss	31	-
Related corporate income tax – change	(18)	(32)
<b>Balance as at 31 December</b>	<b>150</b>	<b>75</b>

(CZK million)		
<b>Foreign currency loans and bonds - hedging future income in foreign currencies</b>	<b>2022</b>	<b>2021</b>
<b>Balance as at 1 January</b>	<b>-</b>	<b>-</b>
Revaluation gain	25	-
Impact on profit or loss	-	-
Related corporate income tax – change	(5)	-
<b>Balance as at 31 December</b>	<b>20</b>	<b>-</b>

(CZK million)		
<b>Commodity forwards – hedging prices for the purchases of diesel</b>	<b>2022</b>	<b>2021</b>
<b>Balance as at 1 January</b>	<b>21</b>	<b>(12)</b>
Change in the fair value of the hedging derivatives	(50)	25
Impact on profit or loss	21	16
Related corporate income tax – change	6	(8)
<b>Balance as at 31 December</b>	<b>(2)</b>	<b>21</b>

**13.2.4. Actuarial gains/ losses**

(CZK million)		
	<b>2022</b>	<b>2021</b>
<b>Balance as at 1 January</b>	<b>16</b>	<b>(2)</b>
Actuarial gains/ losses	(5)	18
<b>Balance as at 31 December</b>	<b>11</b>	<b>16</b>

Actuarial losses represent the results of the revaluation of net liabilities (provisions for employee benefits at the Parent Company) from such defined benefits, for more details see Note 16 Provisions.

**13.2.5. Exchange rate difference fund**

(CZK million)		
	<b>2022</b>	<b>2021</b>
<b>Balance as at 1 January</b>	<b>(58)</b>	<b>(19)</b>
Exchange differences arising on the translation of the net assets of foreign operations	(37)	(39)
<b>Balance as at 31 December</b>	<b>(95)</b>	<b>(58)</b>

**13.2.6. Other funds**



(CZK million)

	2022	2021
<b>Balance as at 1 January</b>	<b>(18)</b>	<b>(16)</b>
Rounding difference	-	(2)
<b>Balance as at 31 December</b>	<b>(18)</b>	<b>(18)</b>

#### 14. TRADE PAYABLES

(CZK million)

Year	Category	Before due date	Past due date (days)					Total past due date	Total
			1 - 30	31 - 90	91-180	181-365	over 365		
31 Dec 2022	Short-term	2,866	42	2	-	-	3	47	<b>2,913</b>
31 Dec 2021	Short-term	2,853	19	1	-	-	4	24	<b>2,877</b>

The average maturity of supplier invoices is 90 days. The Group does not recognise any long-term trade payables. Liabilities overdue for more than 365 days are part of legal disputes.

#### 15. LOANS, BORROWINGS AND LEASE LIABILITIES

(CZK million)

	31 December 2022	31 December 2021
Long-term bank loans	4,723	4,059
Long-term secured loans	2,425	1,821
Liabilities from leasing	3,008	2,813
Issued bonds	4,720	4,253
Loan from České dráhy, a.s.	-	59
<b>Total long-term</b>	<b>14,876</b>	<b>13,005</b>
Short-term bank loans	764	580
Short-term secured loans	427	423
Liabilities from leasing	985	807
Overdraft accounts	896	81
Issued bonds	530	31
Loan from České dráhy, a.s.	57	71
<b>Total short-term</b>	<b>3,659</b>	<b>1,993</b>
<b>Total</b>	<b>18,535</b>	<b>14,998</b>

##### 15.1. Bank loans

(CZK million)

Bank	Nominal value	Final maturity date	Interest	Carrying value	Carrying value
				as at 31 December 2022	as at 31 December 2021
UniCredit Bank, a.s.	CZK 1,000 mil.	29 March 2030	fixed	725	825
ING Bank NV	CZK 1,000 mil.	31 August 2027	fixed	769	923
UniCredit Bank, a.s.	CZK 1,000 mil.	31 December 2027	fixed	714	857
ING bank, a. s.	CZK 500 mil.	30 June 2028	fixed	423	500
Raiffeisenbank, a. s.	CZK 1,000 mil.	30 June 2031	fixed	900	1,000
EIB loan – 1st tranche	CZK 500 mil.	2 July 2031	fixed	500	500
Raiffeisenbank, a. s.	EUR 40 mil.*	30 June 2032	fixed	917	-
UniCredit Bank, a.s.	CZK 1,000 mil.	29 March 2030	fixed	725	825
Tatrabanka I.	EUR 1.2 mil. *	31 August 2023	fixed	4	11
Tatrabanka II.	EUR 1 mil. *	31 July 2027	variable	18	22
Tatrabanka III.	EUR 1.5 mil. *	29 February 2028	variable	34	-
<b>Total</b>				<b>5,487</b>	<b>4,639</b>
of which short-term				764	580
of which long-term				4,723	4,059

\* drawdown amount in CZK given in the text

As at 17 October 2016, ČD Cargo, a.s. has drawn a loan from České dráhy, a.s. in the total amount of CZK 540 million to finance the purchase of Vectron traction vehicles of 383 series. As at 31 December 2021, the balance of the loan is recognised as current liability of CZK 57 million.



During 2021, two more new investment loans were implemented with a total credit framework of CZK 1,500 million. As at 31 December 2021, this entire credit line was drawn down. At the same time, an investment loan from 2020 in the amount of CZK 200 million was drawn down in 2021.

During 2022, two new credit frameworks of EUR 40 million were negotiated by the Parent Company, one of which was fully drawn down in the amount of CZK 975 million. The second credit framework of CZK 965 million was drawn down in the amount of EUR 20 million (CZK 483 million). The remaining amount of EUR 20 million (CZK 483 million) was implemented after 31 December 2022. The balance of these investment loans as at 31 December 2022 is CZK 917 million and CZK 483 million, respectively.

In December 2020, the Parent Company signed a loan agreement with the European Investment Bank (EIB). According to the contractual conditions, the total amount of the loan framework is EUR 130 million (CZK 3,412 million). This credit framework is and will be gradually drawn down in the following years to finance the Company's pre-selected investment projects. In 2021, the first tranche of CZK 500 million was drawn down. No further tranche was drawn in 2022.

In January 2019, an investment loan was drawn by CD Cargo Slovakia, s.r.o in the amount of CZK 31 million. The balance of the investment loan as at 31 December 2022 is CZK 4 million.

In August 2021, an investment loan was drawn by CD Cargo Slovakia, s.r.o. in the amount of CZK 26 million. The balance of the investment loan as at 31 December 2022 is CZK 18 million.

In August 2022, an investment loan was drawn by CD Cargo Slovakia, s.r.o in the amount of CZK 36 million. The balance of the investment loan as at 31 December 2022 is CZK 34 million.

Detailed overview of the movements of the investment frameworks is disclosed in 35.8.3.

Portions of long-term loans and borrowings that are due within one year from the balance sheet date are recognised as short-term loans and borrowings.

The Parent Company or subsidiaries breached no loan covenants in the reporting period. Bank investment loans are not guaranteed.

## 15.2. Issued bonds

On 4 May 2011, the resolution of the Czech National Bank approved the Bond Programme of the Parent Company ČD Cargo, a.s. The highest volume of outstanding bonds issued under the Bond Programme may amount up to CZK 6,000 million with the term of the Bond Programme being 10 years. The above resolution of the Czech National Bank took effect on 5 May 2011. Furthermore, from 5 May 2021, following the expiry of the first Bond Programme, a new bond programme with the term of 10 years is valid without a limit on the maximum amount of outstanding bonds.

Under the above-mentioned bond programmes or under separate issuance conditions, the following bond issues exist as at 31 December 2022:

(CZK million)

Date of issue	Nominal value	Due date	Publicly traded	Coupon rate	Carrying value	Carrying value
---------------	---------------	----------	-----------------	-------------	----------------	----------------



					as at 31 December 2022	as at 31 December 2021
29 December 2016	CZK 500 mil.	29 December 2023	yes	1.26%	500	500
20 July 2018	CZK 1,000 mil.	20 July 2025	yes	2.55%	1,010	1,010
17 July 2019	CZK 1,000 mil.	17 July 2026	no	2.17%	1,008	1,008
18 November 2019	CZK 770 mil.	18 November 2026	no	2.09%	771	771
31 July 2020	CZK 1,000 mil.	31 July 2027	no	1.65%	997	995
20 April 2022	EUR 40 mil.	31 December 2028	no	1.92%	964	-
<b>Total</b>					<b>5,250</b>	<b>4,284</b>
of which short-term					530	31
of which long-term					4,720	4,253

In 2022 and 2021, the Group breached no conditions applicable to issued bonds.

### 15.3. Secured loans

The Group concluded several secured loans related to rolling stock. The duration of the lease is a maximum of 10 years. The Group has the option to repurchase the vehicles at the end of the contractual agreement, which it expects to do. These loans of the Group are guaranteed by the lessor's title of the leased assets.

The value of secured loans is as follows:

(CZK million)

	Minimum payments		Present value of minimum payments	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Less than 1 year	487	474	427	423
From 1 to 5 years	1,449	1,118	1,289	1,008
5 years and more	1,193	854	1,136	813
<b>Total</b>	<b>3,129</b>	<b>2,446</b>	<b>2,852</b>	<b>2,244</b>
Less future financial costs	(277)	(202)		-
<b>Present value of minimum lease payments</b>	<b>2,852</b>	<b>2,244</b>	<b>2,852</b>	<b>2,244</b>
In the statement of financial position as:				
- short-term loans			427	423
- long-term loans			2,425	1,821
<b>Total</b>			<b>2,852</b>	<b>2,244</b>

Secured loans are presented within financial instruments in Note 35.2.

Movements on financial liabilities are disclosed in Note 35.8.2.

### 15.4. Lease liabilities

The Group concluded several lease agreements relating to rolling stock and non-residential premises. The duration of the lease is a maximum of 10 years. The Group's lease liabilities are guaranteed by the lessor's title to the leased assets.



The value of lease liabilities is as follows:

	(CZK million)			
	Minimum lease payments		Present value of minimum lease payments	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Less than 1 year	1,052	849	985	807
From 1 to 5 years	2,685	2,254	2,572	2,182
5 years and more	437	637	436	631
<b>Total</b>	<b>4,174</b>	<b>3,740</b>	<b>3,993</b>	<b>3,620</b>
Less future financial costs	(181)	(120)	-	-
<b>Present value of minimum lease payments</b>	<b>3,993</b>	<b>3,620</b>	<b>3,993</b>	<b>3,620</b>
In the statement of financial position as:				
- short-term loans			985	807
- long-term loans			3,008	2,813
<b>Total</b>			<b>3,993</b>	<b>3,620</b>

Lease liabilities are presented within financial instruments in Note 35.2.

Movements on financial liabilities are described in Note 35.8.2.

## 16. PROVISIONS

	(CZK million)				
	Balance as at				Balance as at
	31 December 2021	Creation	Use	Cancellation	31 December 2022
Pension benefits provision	29	-	(5)	-	24
- of which long-term part	24				21
Provision for other employee benefits	117	85	(61)	-	141
- of which long-term part	58				66
<b>Provision for employee benefits total</b>	<b>146</b>	<b>85</b>	<b>(66)</b>	<b>-</b>	<b>165</b>
Provision for legal disputes	1	-	-	-	1
Other provisions	46	55	(32)	(4)	65
<b>Total provisions</b>	<b>193</b>	<b>140</b>	<b>(98)</b>	<b>(4)</b>	<b>231</b>
Long-term	82				87
Short-term	111				144

The provision for employee benefits represents the employees' entitlement to a financial contribution upon reaching the jubilee, a financial contribution upon retirement and to a payment of medical expenses, including compensation for wages during curative and rehabilitation stays. As at 31 December 2022, it was calculated at CZK 165 million (as at 31 December 2021: CZK 146 million). Compared to 2021, there were no significant changes in the balance of the provision. The provision in 2022 consisted of a contribution upon reaching the jubilee of CZK 61 million (2021: CZK 50 million), a financial contribution upon retirement of CZK 25 million (2021: CZK 29 million), a contribution to medical expenses, including compensation of wages during curative and rehabilitation stays of CZK 54 million (in 2021: CZK 48 million) and other contributions of CZK 25 million (in 2021: CZK 19 million). In calculating the provision for employee benefits, the Group used an actuarial model based on current employee data (number of employees, date of old-age pension, average salary, amount of financial contribution) and expected parameters determined by a qualified estimate and publicly available statistical data such as: expected employee turnover, expected wage growth, expected inflation rate and the curve of disability and death according to the data of the Czech Statistical Office. Cash flows are discounted to present value using a discount rate derived from the government bond yield rate.

As at 31 December 2022, Other provisions mainly include provisions for complaints.



## 17. OTHER FINANCIAL LIABILITIES

	(CZK million)	
	31 December 2022	31 December 2021
Hedging derivatives	-	15
Liability arising from supplier loans	-	1
Other financial liabilities	2	-
<b>Other long-term financial liabilities</b>	<b>2</b>	<b>16</b>
Hedging derivatives	11	-
Liability arising from supplier loans	-	-
Liability from a terminated lease agreement	121	121
Other	19	11
<b>Other short-term financial liabilities</b>	<b>151</b>	<b>132</b>
<b>Total Other financial liabilities</b>	<b>153</b>	<b>148</b>

Financial derivatives held for trading are measured at fair value, other financial liabilities are measured at amortised cost.

Three lease contracts on the sale and subsequent lease of 1,141 vehicles were concluded between the Parent Company ČD Cargo, a.s. and Financial Found, a.s. According to the contractual arrangements ČD Cargo, a.s. withdrew from the contract in 2019 and immediately paid the remaining leasing instalments in the amount of CZK 146 million. Since Financial Found, a.s., disagreed with the withdrawal, it returned the amount to back to ČD Cargo, a.s. account. In order to avoid the senseless forwarding of funds, ČD Cargo, a.s. informed Financial Found, a.s. that it had the funds ready and asked it to confirm that the company would accept them. Up to the current date, Financial Found, a.s. has not responded. In parallel, Financial Found, a.s., filed a lawsuit in the District Court for Prague 7 to determine the ownership of the 1,141 vehicles, and yet it has not been solved. As at 31 December 2022, net book value of these railway vehicles amounted to CZK 733 million, as at 31 December 2021 amounted to CZK 641 million. Financial Found, a.s., also unsuccessfully tried to rewrite the vehicles at the Rail Authority to their ownership. This means that ČD Cargo, a.s. is registered as the owner and holder of these vehicles. In accordance with the described information, the Company's management has decided to record the aforementioned vehicles in the Company's assets and to account for all related accounting transactions (segregation of components, accounting for depreciation, etc.). As at 31 December 2022, the liability arising from this terminated lease contract amounted to CZK 121 million (excluding VAT). As at 31 December 2021, this liability also amounted to CZK 121 million.

## 18. OTHER LIABILITIES AND COMMITMENTS

Other liabilities and commitments consist of following items:

	(CZK million)	
	31 December 2022	31 December 2021
Other liabilities	17	8
<b>Other long-term liabilities</b>	<b>17</b>	<b>8</b>
Payables to employees	573	490
Liabilities for social security and health insurance	177	170
Tax withheld employees	30	34
Tax liabilities – VAT	9	3
Subsidy received	30	-
Other	14	4
<b>Other short-term liabilities</b>	<b>833</b>	<b>701</b>
Commitments	1	7
Refunds liabilities	16	15
<b>Other short-term liabilities and commitments</b>	<b>850</b>	<b>723</b>
<b>Total Other liabilities and commitments</b>	<b>867</b>	<b>731</b>



In 2022, a further part of the CEF I programme in the amount of EUR 192 million was provided. This was used for the delivery of the ETCS safety system for series traction vehicles of selected series. Furthermore, a grant of CZK 75 million from the CEF II programme was provided, which was used for the advance payment of a prototype of a selected series of traction vehicles (363.5) in the amount of CZK 36 million. The balance of the CEF II grant is in restricted cash of CZK 39 million (10. Other financial assets). The Connecting Europe Facility (CEF) allows EU funds to be used for transport infrastructure in the Czech Republic. The Connecting Europe Facility is aimed at providing EU financial assistance for trans-European networks to support projects of common interest in the transport, telecommunications and energy infrastructure sectors and to exploit potential synergies between these sectors. Moreover, a grant of CZK 153 million was provided for the conversion of traction vehicles from 163 series to 363 series, which was fully used.

Other long-term liabilities also include liabilities to employees of the Parent Company arising from applicable collective agreement.

Short-term liabilities to employees within the Group represent a liability for unpaid December salaries.

The Group has no overdue liabilities to tax authorities, social security authorities and health insurance companies.



## 19. LEASE CONTRACTS

### 19.1. Right-of-use assets and lease liabilities

The Group leases land, buildings (administrative or in locations close to the station), equipment (innofreight technology) and vehicles (freight wagons, locomotives, tanks and passenger cars). Leases are usually concluded for a definite period (3 to 10 years). A smaller part of contracts is concluded for an indefinite period.

(CZK million)

Cost	Balance as at 1 Jan 2021	Additions	Change of lease period	Change of rent amount	Disposals	Exchange rate differences	Balance as at 31 Dec 2021	Additions	Change of lease period	Change of rent amount	Disposals	Exchange rate differences	Balance as at 31 Dec 2022
Buildings	465	6	43	18	(78)	(1)	453	12	44	94	(138)	(1)	464
- out of which Lovosice logistics centre	89	-	-	-	(56)	-	33	-	-	-	-	-	33
Equipment	625	79	15	183	(6)	-	896	35	14	97	(11)	-	1,031
- out of which Innofreight technologies	624	78	15	183	(6)	-	894	35	13	97	(11)	-	1,028
Vehicles	2,819	672	178	3	(218)	(10)	3,444	1,207	219	3	(469)	(18)	4,386
- out of which freight wagons and locomotives	2,783	668	178	3	(213)	(10)	3,409	1,190	219	3	(452)	(18)	4,351
<b>Total</b>	<b>3,909</b>	<b>757</b>	<b>236</b>	<b>204</b>	<b>(302)</b>	<b>(11)</b>	<b>4,793</b>	<b>1,254</b>	<b>277</b>	<b>194</b>	<b>(618)</b>	<b>(19)</b>	<b>5,881</b>



(CZK million)									
Accumulated depreciation and impairment	Balance as at 1 Jan 2021	Depreciation	Disposals	Exchange rate differences	Balance as at 31 Dec 2021	Depreciation	Disposals	Exchange rate differences	Balance as at 31 Dec 2022
Buildings	118	105	(66)	-	157	69	(50)	-	176
- out of which Lovosice logistics centre	36	40	(56)	-	20	3	-	-	23
Equipment	97	132	-	-	229	157	-	-	386
- out of which Innofreight technologies	97	132	-	-	229	156	-	-	385
Vehicles	580	452	(84)	2	950	588	(204)	(6)	1,328
- out of which freight wagons and locomotives	566	443	(82)	2	929	578	(191)	(5)	1,311
<b>Total</b>	<b>795</b>	<b>689</b>	<b>(150)</b>	<b>2</b>	<b>1,336</b>	<b>814</b>	<b>(254)</b>	<b>(6)</b>	<b>1,890</b>

(CZK million)			
Net book value	Balance as at 31 Dec 2022	Balance as at 31 Dec 2021	Balance as at 1 Jan 2021
Buildings	288	296	347
- out of which Lovosice logistics centre	10	13	53
Equipment	645	667	528
- out of which Innofreight technologies	643	665	527
Vehicles	3,058	2,494	2,239
- out of which freight wagons and locomotives	3,040	2,480	2,217
<b>Total</b>	<b>3,991</b>	<b>3,457</b>	<b>3,114</b>

The Group recorded an increase of CZK 350 million in the lease of traction vehicles and of CZK 840 million in the lease of freight wagons. The Group's losses are mainly represented by terminated freight wagons lease contracts.

The right-of-use assets according to IFRS 16 also include a lease agreement for the lease of storage space in the Lovosice logistics centre. Since this contract generates to the Parent Company a loss of approximately CZK 59 million per year, the Company has created for this contract lease a provision for loss-making transactions. As a result of the adoption of IFRS 16, this lease was reclassified as an impairment of right-of-use asset. As at 1 January 2019, the value of this right-of-use was calculated at CZK 558 million and impaired by CZK 409 million. As at 1 January 2019, the resulting amount of CZK 149 million was recorded in the above table "Cost". In 2021, the value of the right-of-use decreased due to the lower profitability of the logistics centre. As at 31 December 2022, these right-of-use assets was recognised in the carrying amount of CZK 10 million (as at 31 December 2021, the value of the right-of-use was CZK 13 million).

The item "Buildings", in addition to the logistics centre in Lovosice, includes lease agreements of non-residential premises within the railway stations where our operating employees are responsible for the operation of the Group's rail transport.

The amount of impairment of the aforementioned right-of-use assets is determined by a reasonable estimate of the estimated net future commitment. The amount represents the difference between discounted net expected income and discounted expected expenditure.

The Group recognised the lease liability as follows:



(CZK million)

	Balance as at 31 December 2022	Balance as at 31 December 2021
Short - term lease liabilities	985	807
Long - term lease liabilities	3,008	2,813
<b>Total lease liabilities (see Note 15)</b>	<b>3,993</b>	<b>3,620</b>

The amounts recognised in statement of profit or loss:

(CZK million)

	2022	2021
Depreciation of right-of-use assets	28	(814)
Interest expense on lease liabilities	30	(59)
Short-term lease expenses	26	(253)
Low-value assets lease expenses		(14)
Expenses related to variable lease payments not included in the measurement of the lease liability	29	(40)

Short-term lease and low-value assets lease expenditure that are not included in the above-mentioned short-term lease liabilities are included in statement of profit or loss under item Services, rent, material and energy consumption.

In 2022, total monetary expenses related to leases amounted to CZK 1,237 million (of which lease payments of CZK 872 million, interest expenses of CZK 58 million, short-term lease payments of CZK 253 million, low-value assets lease payments of CZK 14 million and expenses related to variable lease payments, not included in the valuation, of CZK 39 million).

In 2021, total monetary expenses related to leases amounted to CZK 1,242 million (of which lease payments of CZK 846 million, interest expenses of CZK 46 million, short-term lease payments of CZK 318 million, low-value assets lease payments of CZK 14 million and expenses related to variable lease payments, not included in the valuation, of CZK 18 million).

## 20. CONTRACTUAL COMMITMENTS FOR EXPENDITURE

As at the balance sheet date, the Group has concluded contracts for the purchase of land, buildings and equipment and real estate investments in the amount of CZK 11,703 million. Of this, CZK 7,154 million relates to outstanding deliveries, of which CZK 2,294 million represents investments agreed for 2023 and CZK 4,860 million for deliveries agreed for subsequent years. The remaining CZK 4,549 million had already been paid as of 31 December 2022. A substantial part of the expenditure liabilities in the amount of CZK 11,190 million represents investments in rolling stock.

## 21. CONTINGENT ASSETS

As at 31 December 2022, the Group does not record any contingent assets.



## 22. RECEIVED AND ISSUED BANK GUARANTEES

### 22.1. Bank guarantees issued

Bank guarantees as at 31 December 2022 issued by ČD Cargo, a.s., in Komerční banka, a.s., from the liability limit of CZK 50 million. This is a liability for liabilities. The table shows liabilities that are not on the balance sheet (e.g. leasing guarantees) or liabilities that may only arise (e.g. customs debt).

List of active bank guarantees issued by ČD Cargo, a.s. at of 31 December 2022					
In behalf of	Type of guarantee	Amount of guarantee	Currency	Termination date	Reason for bank guarantee
<b>SCF LH I, s.r.o.</b> , Sokolovská 394/17, 186 00 Prague 8 - Karlín	Warranty for rent	0.2 million	EUR	5 June 2023	Bank guarantee to fulfil all liabilities and obligations of the Lessee under the Lease Agreement with West Invest Waterfront Towers s.r.o. - Lighthouse.
<b>P3 Lovosice s.r.o.</b> , Na Florenci 2116/15, 110 00 Prague 1	Warranty for rent	17 million	CZK	30 June 2023	Bank guarantee in the event that ČD Cargo, a.s. does not comply with the obligations under the Lease Agreement of buildings and land in the Logistics Centre in Lovosice.
<b>Celní úřad pro Jihočeský kraj</b> , Kasárenská 6, 370 21 České Budějovice	Customs guarantee	0.5 million	CZK	15 January 2023	Guarantor's undertaking - comprehensive guarantee; issued to the South Bohemian Region Customs Office to secure the customs debt and other charges
<b>Celní úřad pro Jihočeský kraj</b> , Kasárenská 6, 370 21 České Budějovice	Customs guarantee	3.5 million	CZK	15 January 2023	Warranty deed for the purpose of securing duties by a comprehensive principal by the customs agent, acting on the basis of direct representation; issued to the South Bohemian Region Customs Office
<b>AKIEM SAS</b> , 151-161 Boulevard Victor Hugo – Eurosquare 1, 93452 Saint-Ouen-sur-Seine Cedex, France	Payment guarantee	0.1 million	EUR	15 September 2023	Bank guarantee to secure payments for the company AKIEM SAS
<b>AKIEM SAS</b> , 151-161 Boulevard Victor Hugo – Eurosquare 1, 93452 Saint-Ouen-sur-Seine Cedex, France	Payment guarantee	0.1 million	EUR	6 October 2023	Bank guarantee to secure payments for the company AKIEM SAS
<b>AKIEM SAS</b> , 151-161 Boulevard Victor Hugo – Eurosquare 1, 93452 Saint-Ouen-sur-Seine Cedex, France	Payment guarantee	0.1 million	EUR	8 December 2023	Bank guarantee to secure payments for the company AKIEM SAS

### 22.2. Bank guarantees received

The table shows receivables that are not on the balance sheet and to which ČD Cargo, a.s. would be entitled in the event of a significant breach of contract (e.g. non-compliance with the contractual conditions by the supplier).

List of active bank guarantees received by ČD Cargo, a.s. at of 31 December 2022					
In behalf of	Guarantee provider	Amount	Currency	Termination date	Reason for bank guarantee
<b>Bombardier Transportation GmbH</b> , Eichhornstrasse, 3, postal code 10785 Berlin, Deutschland	UniCredit Bank Czech Republik and Slovakia, a.s	10 million	EUR	29 May 2024	In accordance with contract No. 08856-2021-001 of 25 February 2021. Ensuring delivery of up to 10 pieces of TRAXX MS3 locomotives.
<b>Bombardier Transportation GmbH</b> , Eichhornstrasse, 3, postal	UniCredit Bank Czech Republik and Slovakia, a.s	1 million	EUR	30 September 2024	In accordance with contract No. 06926-2018-001 of 25 September 2018. Ensuring delivery of up to 10 pieces of TRAXX MS.



code 10785 Berlin,  
Deutschland

**NYMWAG CS a.s.**

Boleslavská třída  
418/54Boleslavská třída  
288 02 Nymburk

Raiffeisenbank  
a.s.

0.2 million EUR

30 November  
2023

In accordance with purchase contract No. 9698-2022-001 of 5 August 2022. Ensuring delivery of new cars of the Zacns series.

**Siemens Mobility s.r.o.**

Siemensova 2715/1  
155 Prague 5

Erste Group  
Bank AG

1 million EUR

10 April  
2026

In accordance with contract No. 09606-2022-001 of 6 June 2022. ETCS upgrade for locomotive Vectron MS.

**ŽOS Vrútky a.s.**

Dielenská Kružná 2  
038 61 Vrútky

Slovenská  
sporiteľňa, a.s.

2 million EUR

20 February  
2023

In accordance with contract No. 08623-2020-001 of 1 July 2021. Equipment of locomotives of 130 series Mobile part of the ETCS system, stage No. 2 - Series implementation.

**ŽOS Vrútky a.s.**

Dielenská Kružná 2  
038 61 Vrútky

Slovenská  
sporiteľňa, a.s.

2 million EUR

20 February  
2023

In accordance with contract No. 08623-2020-001 of 1 July 2021. Equipment of locomotives of 130 series Mobile part of the ETCS system, stage No. 1 – Prototype.

**ČD - Telematika a.s.**

Pernerova 2819/2a  
130 00 Prague 3

Česká spořitelna,  
a.s.

5 million EUR

31 December  
2023

In accordance with contract No. 7344-2019-001 of 1 March 2019. Ensuring delivery and installation of the ETCS mobile part in selected traction vehicles of 163 and 363 series.

**AŽD Prague s.r.o.**  
Žirovnická 3146/2  
106 00 Prague 10

**ČD - Telematika a.s.**

Pernerova 2819/2a  
130 00 Prague 3

Česká spořitelna,  
a.s.

2 million EUR

31 July 2023

In accordance with contract No. 7344-2019-001 of 14 October 2020. ETCS of 163 and 363 series.

**AŽD Prague s.r.o.**  
Žirovnická 3146/2  
106 00 Prague 10

**ČD - Telematika a.s.**

Pernerova 2819/2a  
130 00 Prague 3

Raiffeisenbank  
a.s.

4 million EUR

31 December  
2023

In accordance with contract No. 09695-2022-001 of 9 August 2022. Ensuring delivery and installation of the ETCS mobile part in selected traction vehicles of 363.5 series.

**Metrostav a.s.**

Koželužská 2450/4  
180 00 Prague 8

Raiffeisenbank  
a.s.

3 million EUR

14 June 2024

In accordance with contract No. 06695-2018-SOKV of 28 May 2018. SOKV Ústí nad Labem, New steel hall for cleaning freight wagons.

**Siemens Mobility s.r.o.**

Siemensova 2715/1  
155 00 Prague 5

UniCredit Bank  
Czech Republik  
and Slovakia, a.s

1 million EUR

30 June 2025

In accordance with contract No. 09287-2021-001 of 2 December 2021. Ensuring supply of new end locomotives for the needs of ČD Cargo, a.s.

**TATRAVAGÓNKA a.s.**

Štefánikova 887/53  
058 01 Poprad

COMMERZBA  
NK  
Aktiengesellscha  
ft, pobočka Praha

0.3 million EUR

31 May 2024

In accordance with contract No. 08476-2020-001 of 19 October 2020. Ensuring delivery of 100 new cars of Sgnss series.

**Wagony Swidnica SP. Z  
O.O.**

Strzelińska 35  
58-100 Świdnica  
Poland

Citibank Europe  
plc, organizační  
složka

2 million EUR

31 May 2023

In accordance with contract No. 6802-2018-001 of 31 August 2018. 500 new railway freight wagons of the EANOS series

**CZ Loko, a.s.**

Semanínská 580  
560 02 Česká Třebová

Komerční banka,  
a.s..

0.3 million EUR

9 December  
2023

In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 pcs.).

**CZ Loko, a.s.**

Semanínská 580  
560 02 Česká Třebová

Komerční banka,  
a.s..

1 million EUR

9 December  
2023

In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 units).



<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s..	1 million	EUR	20 November 2023	In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s..	0.2 million	EUR	20 November 2023	In accordance with contract No. 08624-2020-001 of 30 November 2020. Ensuring delivery and installation of the ETCS mobile part to traction vehicles of 753.7 series (30 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	99 million	CZK	26 January 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	160 million	CZK	20 December 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	1 million	EUR	31 March 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	0.3 million	EUR	31 March 2023	In accordance with contract No. 7091-2018-001 of 1 November 2018. Implementation of the modernisation of traction vehicles of 742 series, including installation of ETCS (50 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	3 million	CZK	31 December 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s.	3 million	CZK	15 June 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s.	3 million	CZK	15 June 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580	Komerční banka, a.s.	3 million	CZK	15 June 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September



560 02 Česká Třebová

<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s.	3 million	CZK	30 June 2023	2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units). In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Komerční banka, a.s.	3 million	CZK	30 June 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	ČSOB, a.s.	84 million	CZK	24 April 2023	In accordance with the contract for work No. 06964-2018-001 of 1 September 2019. Ensuring delivery of new diesel traction vehicles of 744.1x series (including ETCS, 10 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Allianz pojišťovna, a.s.	2 million	EUR	31 May 2024	In accordance with the contract for work No. 09545-2022-001 of 10 May 2022. Implementation of modernisation of traction vehicles of 742 series, including installation of ETCS (25 units).
<b>CZ Loko, a.s.</b> Semanínská 580 560 02 Česká Třebová	Allianz pojišťovna, a.s.	200 million	CZK	31 May 2024	In accordance with the contract for work No. 09545-2022-001 of 10 May 2022. Implementation of modernisation of traction vehicles of 742 series, including installation of ETCS (25 units).

### 23. SEGMENT INFORMATION

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group, that are regularly reviewed by the chief operating decision maker in order to allocate resources to the appropriate segments and to assess their performance. The most significant customers, as well as the distribution of countries from which the Group derives revenues, are set out in the Note 24. The Group's reportable segments under IFRS 8 are therefore as follows:

- ČD Cargo Group offers its customers transportation of a broad variety of commodities within the transportation segment: the iron and engineering products, brown and black coal, building materials, food and agricultural products, chemicals and liquid fuels, wood and paper products, automotive, and also combined transportation and shipping of other consignments including those indicated as being extraordinary. Transportation of these goods is conducted in two types of products: individual wagon consignments and unit trains. Unit trains are the most convenient type of transportation for larger shipments that go directly from the sender to the recipient without any shift work. Conversely, transportation of cargo by individual wagon or group of wagons is used by the customer for shipping of smaller volumes of goods. Among railway carriers in the Czech Republic, only ČD Cargo, a.s. offers individual wagon consignments within the entire railway network, because it is technologically more demanding in comparison to unit trains. Individual wagon consignments from the sender are delivered to the nearest marshalling station by a so-called handling train. With the use of the long-range train, wagons are then sent to the marshalling station that is the closest to the recipient, and then delivered to him again using the handling train.



- Within the segment of complementary services for transportation, additional services for the handling of goods are offered, which are directly related to the shipping of goods by rail, meaning collection and loading of goods including storage, shuttle service, i.e. parking and removal of wagons to and from the factory siding, ensuring the shift to siding, shifting cars before furnishing the siding, forwarding operations, complex customs procedures for all types of transportation, including contact with government authorities, etc. Lease of unused capacity of locomotives and wagons to external entities is also offered within this segment. Last but not least, there is also the repair and maintenance of locomotives and wagons for the internal needs of ČD Cargo Group, as well as for external customers, which is performed in different Repair Centres for the Railway Wagons.

The Board of Directors of the Parent Company is the body who performs the analysis of individual segments and on this basis makes the decisions.

(CZK million)				
2022	Transportation	Additional services	Elimination	Total
<b>Revenue from the principal operations</b>	<b>13,528</b>	<b>3,726</b>	<b>(2,587)</b>	<b>14,667</b>
<b>Purchased consumables and services</b>	<b>(6,699)</b>	<b>(2,416)</b>	<b>2,640</b>	<b>(6,475)</b>
Traction costs	(1,751)	-	-	(1,751)
Payment for the use of the railway infrastructure*	(1,105)	-	-	(1,105)
Other purchased consumables and services	(3,843)	(2,416)	2,640	(3,619)
<b>Personnel costs</b>	<b>(4,201)</b>	<b>(691)</b>	<b>-</b>	<b>(4,892)</b>
Other operating income	69	544	(240)	373
Other operating expenses	(138)	(361)	-	(499)
Depreciation	(2,051)	(434)	(22)	(2,507)
Interest expense	(328)	(42)	(9)	(379)
Other financial expenses	(42)	(4)	(5)	(51)
Other financial income	51	4	18	73
<b>Loss/Profit before tax</b>	<b>189</b>	<b>326</b>	<b>(205)</b>	<b>310</b>
Income tax	(40)	(64)	3	(101)
<b>Loss/Profit for the period</b>	<b>149</b>	<b>262</b>	<b>(202)</b>	<b>209</b>

\* Payment for the use of the railway infrastructure

(CZK million)				
2021	Transportation	Additional services	Elimination	Total
<b>Revenue from the principal operations</b>	<b>11,418</b>	<b>3,762</b>	<b>(2,281)</b>	<b>12,899</b>
<b>Purchased consumables and services</b>	<b>(5,307)</b>	<b>(2,531)</b>	<b>2,291</b>	<b>(5,547)</b>
Traction costs	(1,037)	(6)	-	(1,043)
Payment for the use of the railway infrastructure*	(909)	(1)	-	(910)
Other purchased consumables and services	(3,361)	(2,524)	2,291	(3,594)
<b>Personnel costs</b>	<b>(3,944)</b>	<b>(579)</b>	<b>-</b>	<b>(4,523)</b>
Other operating income	450	141	(141)	450
Other operating expenses	(358)	(54)	13	(399)
Depreciation	(1,861)	(417)	32	(2,246)
Interest expense	(217)	(34)	(6)	(257)
Other financial expenses	(27)	(6)	-	(33)
Other financial income	27	1	16	44



Loss/Profit before tax	181	283	(76)	388
Income tax	(30)	(63)	(6)	(99)
<b>Loss/Profit for the period</b>	<b>151</b>	<b>220</b>	<b>(82)</b>	<b>289</b>

\* Payment for the use of the railway infrastructure

## 24. REVENUE

	(CZK million)	
	2022	2021
<b>Revenue from freight transportation:</b>	<b>13,298</b>	<b>11,518</b>
• Revenue from freight transportation - local	5,153	4,029
• Revenue from freight transportation - foreign	8,145	7,489
o Revenue from freight transportation – Germany	2,411	2,190
o Revenue from freight transportation – Poland	1,507	1,184
o Revenue from freight transportation – Austria	1,113	1,063
o Revenue from freight transportation – Slovakia	1,034	990
o Revenue from freight transportation – Romania	471	348
o Revenue from freight transportation – Italy	395	289
o Revenue from freight transportation – Ukraine	351	367
o Revenue from freight transportation – Slovenia	231	209
o Revenue from freight transportation – Belgium	132	96
o Revenue from freight transportation – Hungary	104	170
o Revenue from freight transportation – Russia	98	231
o Revenue from freight transportation – Netherlands	79	91
o Revenue from freight transportation – Kazakhstan	51	102
o Revenue from freight transportation – other countries	168	159
Other revenue from freight transportation*:		
• Other revenue from freight transportation – local	482	467
• Other revenue from freight transportation – foreign	272	207
<b>Other freight revenue recognised over time</b>	<b>754</b>	<b>674</b>
Other revenue related to additional services	255	284
<b>Total revenue from customer contracts</b>	<b>14,307</b>	<b>12,476</b>
Revenue from short-term lease	360	423
<b>Total revenue</b>	<b>14,667</b>	<b>12,899</b>

\* Other revenues from freight transport include mainly revenues from services performed at railway stations, additional services and siding agenda services

The overall volume of freight traffic has been stable over the long term. In connection with the expansion and modernisation of the Group's vehicle fleet, there is an expansion in both domestic and foreign freight transport. Due to the war conflict in Ukraine, there was a significant decrease in performance only to Russia and Kazakhstan. The development of invoiced services to other countries, including the domestic market, has a growing trend.

Revenue from lease includes revenues from short-term and occasional leases of freight wagons and railway traction vehicles.

The most significant local customers in terms of the volume of billed services are as follows:

- CARBOSPED, spol. s r.o.
- NH-TRANS, SE
- MORAVIA STEEL, a.s.
- Rail Cargo Logistics – Czech Republic s.r.o.

The volume of invoiced services at any of the above customers does not exceed 10% of the total services.

Foreign customers are mainly railway transportation companies (national carriers) and other companies. With respect to the volume of billed services, the most important are the following:



#### Railway transportation companies (national carriers)

- DB Cargo AG
- Železničná spoločnosť Cargo Slovakia, a.s.
- Rail Cargo Austria AG

#### Other companies

- Maersk Line A/S
- STVA S.A.
- B & S Logistik GmbH
- DB Cargo Logistics GmbH

### 24.1. Commitments and refunds

The Group under IFRS 15 recognises following refund liabilities (see Note 18) relating to revenue from customer contracts:

	(CZK million)	
	31 December 2022	31 December 2021
<b>Refunds liabilities</b>		
Refunds liabilities	16	15
<b>Total refunds liabilities</b>	<b>16</b>	<b>15</b>

### 24.2. Remaining performance obligations

	(CZK million)	
	31 December 2022	31 December 2021
<b>Remaining liabilities:</b>		
Revenue from freight transport	13	12
Other revenue from freight transport	1	1
Other revenue from additional services to transport	2	2
Other revenue from operating activity	-	-
<b>Total</b>	<b>16</b>	<b>15</b>

These are liabilities from the performance of concluded contracts for which the performance by the Group has not yet been completed.

## 25. OTHER OPERATING INCOME

	(CZK million)	
	2022	2021
Gain from sale of property, plant and equipment	9	6
Gain from disposal of unnecessary assets	26	84
Compensations for deficits and damage - income	92	50
Contractual penalties and default interest	12	13
Foreign exchange gains – operating	157	178
Change in provisions for receivables - income	-	49
Change in inventory valuation allowances - income	1	-
Other	76	70
<b>Total other operating income</b>	<b>373</b>	<b>450</b>

## 26. SERVICES, RENTAL, MATERIAL AND ENERGY CONSUMPTION

	(CZK million)	
	2022	2021
Traction costs	(1,751)	(1,043)
– Traction fuel (diesel)	(441)	(372)
– Traction electricity	(1,310)	(671)
Payment for the use of railroads	(1,105)	(880)



Infrastructure capacity allocation	(33)	(51)
Other services, raw materials and energy	(3,586)	(3,573)
– Consumed material	(194)	(250)
– Consumed other energy	(125)	(115)
– Consumed fuel	(15)	(12)
– Repairs and maintenance	(274)	(202)
– Travel costs	(87)	(61)
– Low value rent or short-term rent	(253)	(318)
– RIV vehicle charge (provision of railway wagons)	(278)	(324)
– Transportation charges	(1,646)	(1,629)
– Services associated with the use of buildings	(48)	(48)
– Operational cleaning of rolling stock	(2)	(3)
– Border area services	(148)	(151)
– Advertising and promotion costs	(14)	(7)
– Consulting and auditing services	(55)	(58)
– Operation, maintenance and other IT-related services	(222)	(214)
– Complex convalescent stays	(16)	-
– Services in the field of ecology	(4)	(4)
– Other services	(205)	(177)
<b>Total cost of services, rental, material and energy consumption</b>	<b>(6,475)</b>	<b>(5,547)</b>

Traction electricity for the period from 1 January 2022 to 31 December 2022 includes mainly traction electricity purchased from Správa železnic, s.o., in the amount of CZK 873 million (in 2021: CZK 578 million).

Other services include mainly the costs of healthcare and other individually insignificant items.

Cost of services provided by the Group's statutory auditor – PricewaterhouseCoopers Audit, s.r.o., and other companies within the PricewaterhouseCoopers network are presented in following table:

	(CZK million)	
	2022	2021
Statutory audit of annual financial statements (including subsidiaries)	(2)	(3)
Other non-audit services (including subsidiaries)*	(2)	(2)
<b>Total</b>	<b>(4)</b>	<b>(5)</b>

\* services relating in particular to the Digitisation of Traction Vehicle Maintenance project

## 27. EMPLOYEE BENEFIT COSTS

	(CZK million)	
	2022	2021
Payroll costs	(3,467)	(3,263)
Severance pay	(44)	-
Pension benefits	(732)	(727)
Contribution to supplementary pension insurance	(410)	(75)
Contribution to supplementary life insurance	(105)	(21)
Other social security and health insurance	(19)	(364)
Emoluments to key management	(42)	(52)
Other employee benefit costs	(73)	(21)
<b>Total employee benefit costs</b>	<b>(4,892)</b>	<b>(4,523)</b>

Other employee benefit costs mainly include employee training costs.

Average recalculated total number of employees within the Group:

	2022	2021
Employees	6,558	6,531
Key management	32	32
<b>Average recalculated total number of employees</b>	<b>6,590</b>	<b>6,563</b>

Key management consists of the Board of Directors and the Supervisory Board of the Parent Company. In the case of subsidiaries, only members of the statutory body of individual companies are considered. The Parent



Company's key management includes also the Audit Committee. More detailed information on the Parent Company is disclosed in Note 1.5.

Key management compensation:

	(CZK million)	
	2022	2021
Short-term benefits	(31)	(41)
Pension benefits	(7)	(6)
Other social and health contributions	(4)	(5)
<b>Total key management compensation</b>	<b>(42)</b>	<b>(52)</b>

## 28. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	(CZK million)	
	2022	2021
Depreciation of property, plant and equipment (Note 5)	(55)	(52)
Depreciation of vehicles (Note 5)	(1,590)	(1,427)
Depreciation of leasing – IFRS 16	(814)	(689)
Amortisation of intangible assets (Note 6)	(96)	(78)
Losses/gains from impairment of property, plant and equipment	48	(63)
<b>Total depreciation and amortisation</b>	<b>(2,507)</b>	<b>(2,309)</b>

## 29. OTHER OPERATING EXPENSES

	(CZK million)	
	2022	2021
Impairment losses on receivables	(35)	-
Change in inventory provisions	-	(4)
Costs of contractual penalties and default interest	(9)	(1)
Taxes and fees	(14)	(8)
Foreign exchange losses - operating	(199)	(179)
Insurance premium	(96)	(92)
Compensation for shortage and damage - expense	(78)	(13)
Other	(68)	(39)
<b>Total other operating expenses</b>	<b>(499)</b>	<b>(336)</b>

The line “Other” mainly consists of an item in the amount of CZK 8 million for membership fees in international and domestic organisations, and other operating expenses related to IFRS 16 in the amount of CZK 40 million (in 2021 in the amount of CZK 18 million).

## 30. FINANCIAL EXPENSES

	(CZK million)	
	2022	2021
Interest on bank overdraft accounts and loans	(175)	(82)
Interest on secured loans payables	(55)	(39)
Interest on lease obligations – IFRS 16	(59)	(46)
Interest expense – bonds	(89)	(81)
Other interest expense	(1)	(1)
Unwinding of the discount of provisions	(7)	(4)
Exchange rate losses – financing	(36)	(31)
Bank expenditures	(2)	(2)
Other financial expenses	(6)	(4)
<b>Total financial expenses</b>	<b>(430)</b>	<b>(290)</b>

## 31. FINANCIAL INCOME

	(CZK million)	
	2022	2021
Exchange rate gains - financing	46	26
Interest income	13	2
<b>Total financial income</b>	<b>59</b>	<b>28</b>



## 32. INCOME TAX

### 32.1. Income tax recognised in profit or loss

	(CZK million)	
	2022	2021
Current income tax for the period recognised in the Statement of profit or loss	(91)	(81)
-of which income tax relating to previous periods	(16)	(2)
Deferred tax recognised in the Statement of profit or loss	(10)	(18)
<b>Total income tax</b>	<b>(101)</b>	<b>(99)</b>

Reconciliation of the total tax charge for the year with accounting profit:

	(CZK million)	
	2022	2021
Profit (+)/ loss (-) before tax	310	388
Statutory tax rate on corporate income in the Czech Republic	19%	19%
Expected income tax expense	(59)	(74)
<b>Adjustments:</b>		
<b>Difference in tax rates</b>	<b>(3)</b>	<b>(5)</b>
Other non-deductible expenses - creation of provisions	-	(1)
Other non-deductible expenses - payroll expenses	(4)	(10)
Other non-deductible expenses - other	(20)	(21)
Non-taxable income - contractual penalties	-	2
Non-taxable income - difference in prior years' estimates	(7)	2
Non-taxable income - other	7	26
Borrowing costs	(2)	-
Taxes paid abroad	2	(13)
Income tax related to prior periods	(16)	(8)
Tax relief	2	2
Effect of unrecognised deferred tax assets	(1)	1
<b>Income tax recognised in profit or loss</b>	<b>(101)</b>	<b>(99)</b>

Income tax recognised in other comprehensive income:

	(CZK million)	
	2022	2021
Changes in the cash flow hedge fund	(27)	(42)
<b>Income tax recognised in other comprehensive income</b>	<b>(27)</b>	<b>(42)</b>

### 32.2. Deferred tax

	(CZK million)	
	2022	2021
Provisions	231	193
Payables to employees	168	120
Commitments for reimbursement	16	15
Receivables	66	34
Excessive borrowing costs	72	43
Other	29	36
<b>Basis for calculation of deferred tax</b>	<b>582</b>	<b>441</b>
Statutory corporate income tax rate in the Czech Republic	19%	19%
Deferred tax asset - recognised	111	84
Offsetting receivable vs. payable	(111)	(84)
<b>Deferred tax asset</b>	<b>-</b>	<b>-</b>

	(CZK million)	
	2022	2021
Non-current assets	(9,610)	(9,259)
Receivables - contractual penalties	(4)	(68)
Derivatives	(134)	(82)
<b>Basis for calculation of deferred tax</b>	<b>(9,748)</b>	<b>(9,409)</b>
Statutory corporate income tax rate in the Czech Republic	19%	19%
Deferred tax asset - recognised	(1,852)	(1,788)
Offsetting receivable vs. payable	111	84
<b>Deferred tax liability</b>	<b>(1,741)</b>	<b>(1,704)</b>



The tax impact of temporary differences is calculated as follows:

(CZK million)

	1 January 2022	Income tax recognised in profit or loss	Income tax recognised in other comprehensive income	Reclassification of discontinued operations	31 December 2022
Provisions	37	7	-	-	44
Payables to employees	23	9	-	-	32
Payables for reimbursement	3	-	-	-	3
Receivables	6	7	-	-	13
Excessive borrowing costs	8	6	-	-	14
Other	7	-2	-	-	5
<b>Deferred tax asset</b>	<b>84</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>111</b>

(CZK million)

	1 January 2022	Income tax recognised in profit or loss	Income tax recognised in other comprehensive income	Reclassification of discontinued operations	31 December 2022
Non-current assets	(1,760)	(49)	(17)	-	(1,826)
Receivables - contractual penalties	(13)	12	-	-	(1)
Derivatives	(15)	-	(10)	-	(25)
<b>Deferred tax liability</b>	<b>(1,788)</b>	<b>(37)</b>	<b>(27)</b>	<b>-</b>	<b>(1,852)</b>

(CZK million)

	1 January 2021	Income tax recognised in profit or loss	Income tax recognised in other comprehensive income	Reclassification of discontinued operations	31 December 2021
Provisions	68	(31)	-	-	37
Trade payables	17	(17)	-	-	-
Payables to employees	13	10	-	-	23
Payables for reimbursement	4	(1)	-	-	3
Receivables	18	(12)	-	-	6
Excessive borrowing costs	14	(6)	-	-	8
Other	(1)	8	-	-	7
<b>Deferred tax asset</b>	<b>133</b>	<b>(49)</b>	<b>-</b>	<b>-</b>	<b>84</b>

(CZK million)

	1 January 2021	Income tax recognised in profit or loss	Income tax recognised in other comprehensive income	Reclassification of discontinued operations	31 December 2021
Non-current assets	(1,775)	48	(33)	-	(1,760)
Receivables - contractual penalties	4	(17)	-	-	(13)
Derivatives	(6)	-	(9)	-	(15)
<b>Deferred tax liability</b>	<b>(1,777)</b>	<b>31</b>	<b>(42)</b>	<b>-</b>	<b>(1,788)</b>

### 33. RELATED-PARTY TRANSACTIONS

#### 33.1. Trade receivables and payables at the end of reporting period

(CZK million)

31 December 2022	Receivables	Payables
České dráhy, a.s.	7	137
RAILLEX, a.s.	2	1
BOHEMIAKOMBI, spol. s r.o.	2	-
Ostravská dopravní společnost, a.s.	16	-
Ostravská dopravní společnost - Cargo, a.s.	2	9
<b>Joint ventures and associated companies</b>	<b>22</b>	<b>10</b>
ČD - Telematika a.s.	-	233
ČD - Informační Systémy, a.s.	-	102
DPOV, a.s.	1	10
ČD travel, s.r.o.	-	2



ČD relax, s.r.o.	-	1
Dopravní vzdělávací institut, a.s.	-	1
Výzkumný Ústav Železniční, a.s.	9	-
<b>Other companies in the České dráhy Group</b>	<b>10</b>	<b>349</b>
<b>Total</b>	<b>39</b>	<b>496</b>

(CZK million)		
<b>31 December 2021</b>	<b>Receivables</b>	<b>Payables</b>
<b>České dráhy, a.s.</b>	7	152
RAILLEX, a.s.	3	-
BOHEMIAKOMBI, spol. s r.o.	1	-
Ostravská dopravní společnost, a.s.	15	-
Ostravská dopravní společnost - Cargo, a.s.	3	11
<b>Joint ventures and associated companies</b>	<b>22</b>	<b>11</b>
ČD - Telematika a.s.	-	81
ČD - Informační Systémy, a.s.	-	91
DPOV, a.s.	1	8
ČD relax s.r.o.	-	1
Dopravní vzdělávací institut, a.s.	-	1
Výzkumný Ústav Železniční, a.s.	10	-
<b>Other companies in the České dráhy Group</b>	<b>11</b>	<b>182</b>
<b>Total</b>	<b>40</b>	<b>345</b>

Related party transactions were conducted at an arm's length basis reflecting the amount of purchased goods and relationships between parties.

Outstanding balances are not secured and will be paid by non-cash payment system or by offsetting. The maturity is set at 30 or 60 days. No guarantees were given or accepted.

### 33.2. Income from related parties transactions

(CZK million)				
<b>2022</b>	<b>Sales of services</b>	<b>Other income</b>	<b>Financial income</b>	<b>Total</b>
České dráhy, a.s.	30	4	-	34
ČD - Telematika, a.s.	-	-	4	4
DPOV, a.s.	2	-	-	2
Výzkumný Ústav Železniční, a.s.	46	-	-	46
RAILLEX, a.s.	14	-	-	14
BOHEMIAKOMBI, spol. s r.o.	15	-	-	15
Ostravská dopravní společnost, a.s.	54	-	-	54
Ostravská dopravní společnost - Cargo, a.s.	16	-	-	16
<b>Total</b>	<b>177</b>	<b>4</b>	<b>4</b>	<b>185</b>

Revenues from the sale of services mainly include revenues from domestic freight transport, revenues from the performance of locomotive crews and other revenues from rail freight transport.

(CZK million)				
<b>2021</b>	<b>Sale of assets</b>	<b>Sale of services</b>	<b>Other income</b>	<b>Total</b>
České dráhy, a.s.	-	24	4	28
ČD - Telematika a.s.	2	-	-	2
DPOV, a.s.	-	3	-	3
Výzkumný Ústav Železniční, a.s.	-	55	-	55
RAILLEX, a.s.	-	15	-	15
BOHEMIAKOMBI, spol. s r.o.	-	10	-	10
Ostravská dopravní společnost, a.s.	-	63	-	63
Ostravská dopravní společnost - Cargo, a.s.	-	22	-	22
<b>Total</b>	<b>2</b>	<b>192</b>	<b>4</b>	<b>198</b>

Revenues from the sale of services mainly include revenues from the performance of locomotive crews, revenues from domestic freight transport and other revenues from rail freight transport.



### 33.3. Purchase from related parties

(CZK million)

2022	Assets	Material and energy	Services	Other expenses	Total
České dráhy, a.s.	48	609	100	9	766
ČD - Telematika a.s.	347	2	18	-	367
ČD - Informační Systémy, a.s.	40	2	130	-	172
DPOV, a.s.	1	4	19	-	24
ČD relax, s.r.o.	-	-	16	-	16
JLV, a.s.	-	-	2	-	2
RAILLEX, a.s.	-	-	5	-	5
Ostravská dopravní společnost - Cargo, a.s.	-	-	63	-	63
<b>Total</b>	<b>436</b>	<b>617</b>	<b>353</b>	<b>9</b>	<b>1,415</b>

Purchases of assets mainly include the ETCS locomotive safety system, component repairs and upgrades of railway traction vehicles and IT investments.

Purchases of services in 2022 mainly include the cost of purchased rail performance, IT services, traction vehicles repair and maintenance, railway wagons rentals, and border area services in freight transport.

Purchases from České dráhy, a.s. in 2022 mainly represent diesel worth CZK 503 million and purchased spare parts worth CZK 75 million or other inventories.

(CZK million)

2021	Assets	Material and energy	Services	Other expenses	Total	Total
České dráhy, a.s.	60	463	112	10	4	649
ČD - Telematika a.s.	295	3	17	-	1	316
ČD - Informační Systémy, a.s.	39	2	124	-	-	165
DPOV, a.s.	28	4	18	-	-	50
JLV, a.s.	-	-	1	-	-	1
RAILLEX, a.s.	-	-	3	-	-	3
Ostravská dopravní společnost - Cargo, a.s.	-	-	72	-	-	72
<b>Total</b>	<b>422</b>	<b>472</b>	<b>347</b>	<b>10</b>	<b>5</b>	<b>1,256</b>

Purchases of assets mainly include the ETCS locomotive safety system, component repairs and upgrades of railway traction vehicles and IT investments.

Purchases of services mainly include IT services, repairs and maintenance of traction vehicles and border area services in freight transport.

Purchases from České dráhy, a.s. in 2021 mainly represent diesel worth CZK 370 million and purchased spare parts worth CZK 68 million or other inventories.

### 33.4. Purchases and sales of intangible, tangible and financial assets with related parties

#### 33.4.1. Sales

In 2022 and 2021, there were no significant sales to related parties.



### 33.4.2. Purchases

(CZK million)

Purchases	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment
	2022	2022	2021	2021
České dráhy, a.s.	-	48	-	60
ČD - Telematika a.s.	-	347	-	295
ČD - Informační Systémy, a.s.	40	-	39	-
DPOV, a.s.	-	1	-	28
<b>Total</b>	<b>40</b>	<b>396</b>	<b>39</b>	<b>384</b>

Purchases of assets mainly include the ETCS locomotive safety system, component repairs and upgrades of railway traction vehicles and IT investments.

### 33.5. Loans from related parties

On 17 October 2016, the Company ČD Cargo, a.s. drew a loan from České dráhy, a.s., in the total amount of CZK 540 million to finance the purchase of Vectron locomotives of 383 series. As at 31 December 2020, the loan balance is divided into a long-term portion of CZK 137 million and a short-term portion of CZK 75 million. As at 31 December 2021, the remaining balance of the loan balance is divided into a long-term portion of CZK 59 million and a short-term portion of CZK 71 million. As at 31 December 2022, the balance is shown as a current liability of CZK 57 million. The loan is disclosed in Note 15 “Loans, borrowings and lease liabilities”.

ČD Cargo, a.s. is contractually secured by the Parent Company České dráhy, a.s. with the possibility of drawing financial resources up to CZK 700 million (above the Group cash-pooling limit, which is CZK 300 million). The cash pooling credit line is maintained with Komerční banka, in case of drawdown the interest rate on the funds is set at O/N Pribor + margin 0.90 % p.a. During 2022 and 2021, this financial resource was not used.

### 33.6. Relations with Správa železnic

In the accounting period 2022 and 2021, the costs incurred in relation to Správa železnic, s.o. predominantly include the fees for the capacity allocation and use of the railway infrastructure. Furthermore, the Group also purchased electricity traction energy from Správa železnic, s.o. The costs for accounting periods 2022 and 2021 are disclosed in Note 26.

In 2022, the revenue of the Group includes sales from intrastate wagon consignment in the amount of CZK 14 million in particular. In 2021: CZK 21 million.

Expenses and income of the Group resulting from the transactions conducted with Správa železnic, s.o. in 2022 and 2021 were as follows:

(CZK million)

31 December 2022	Costs	Revenues
Use of railroads and allocated railway capacity	866	-
Property rental	13	-
Electric traction energy	1,006	-
Heat energy	13	-
Revenue from freight transportation	-	14
Telecommunication services	42	-
Contractual penalties and default interest	8	-
Compensation of damages	5	-
Extraordinary events investigation	3	-



Repairs and maintenance	2	-
Other	7	12
<b>Total</b>	<b>1,965</b>	<b>26</b>

(CZK million)

<b>31 December 2021</b>	<b>Costs</b>	<b>Revenues</b>
Operation of railway route	1	-
Use of railroads and allocated railway capacity	800	-
Property rental	13	-
Electric traction energy	626	-
Revenue from freight transportation	-	21
Performance of firefighter emergency services	1	-
Telecommunication services	42	-
Compensation of damages	7	-
Extraordinary events investigation	3	-
Repairs and maintenance	2	-
Other	13	24
<b>Total</b>	<b>1,508</b>	<b>45</b>

As a result of the activities above, the Group records receivables and payables to Správa železnic, s.o.:

(CZK million)

<b>Receivables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Revenues from freight transportation	2	2
Estimated receivables	12	23
Other	-	6
<b>Total</b>	<b>14</b>	<b>31</b>

(CZK million)

<b>Payables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Use of railroads and allocated railway capacity - freight transport	170	175
Uncollected capacity of railway route	-	-
Electric traction energy	20	19
Radio communication technology	-	13
Other	12	2
Estimated payables	12	63
<i>Use of railroads and allocated railway capacity - freight transport</i>	-	-
<i>Compensation of damaged caused by extraordinary events</i>	-	5
<i>Electric traction energy</i>	2	52
<i>Radio communication technology</i>	-	-
<i>Heat supply</i>	7	-
<i>Other estimated payables</i>	3	6
<b>Total</b>	<b>214</b>	<b>272</b>

### 33.7. Relations with the ČEZ Group

The expenses incurred in relation to the ČEZ Group primarily include the purchased railway services and payments for heat energy. The income primarily includes the sales of freight transportation.

(CZK million)

<b>31 December 2022</b>	<b>Costs</b>	<b>Revenues</b>
Use of railroads and allocated railway capacity	1	-
Revenues from freight transportation	2	140
Purchased railway services	-	-
Heat energy	46	-
Other	11	-
<b>Total</b>	<b>60</b>	<b>140</b>



(CZK million)		
<b>31 December 2021</b>	<b>Costs</b>	<b>Revenues</b>
Use of railroads and allocated railway capacity	1	-
Revenues from freight transportation	-	89
Purchased railway services	36	-
Heat energy	10	-
<b>Total</b>	<b>47</b>	<b>89</b>

Given the activities above, the Group records the following receivables from the ČEZ Group:

(CZK million)		
<b>Receivables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Revenue from freight transportation	23	22
<b>Total</b>	<b>23</b>	<b>22</b>

Given the activities above, the Group records the following payables to the ČEZ Group:

(CZK million)		
<b>Payables</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Purchased railway services	11	11
Other	2	-
<b>Total</b>	<b>13</b>	<b>11</b>

### 33.8. Relations with other related parties

As part of other relationships with the state, state-owned companies and organisations, the Group undertook transactions mainly relating to taxes and fees (VAT, tax payable, customs duties and charges, etc.).

## 34. NON-CONTROLLING INTERESTS

### 34.1. Equity – non-controlling interest

(CZK million)			
<b>31 December 2022</b>	<b>Terminal Brno, a.s.</b>	<b>ČD-DUSS Terminál, a.s.</b>	<b>Total</b>
<b>Non-controlling interests of</b>	<b>33.07 %</b>	<b>49 %</b>	
<b>Share capital</b>	<b>24</b>	<b>2</b>	<b>26</b>
Retained earnings – current period	(1)	1	-
Retained earnings	6	12	18
<b>Total</b>	<b>29</b>	<b>15</b>	<b>44</b>

(CZK million)			
<b>31 December 2021</b>	<b>Terminal Brno, a.s.</b>	<b>ČD-DUSS Terminál, a.s.</b>	<b>Total</b>
<b>Non-controlling interests of</b>	<b>33.07 %</b>	<b>49 %</b>	
<b>Share capital</b>	<b>24</b>	<b>2</b>	<b>26</b>
Retained earnings – current period	1	2	3
Retained earnings	6	10	16
<b>Total</b>	<b>31</b>	<b>14</b>	<b>45</b>

(CZK million)			
<b>1 January 2021</b>	<b>Terminal Brno, a.s.</b>	<b>ČD-DUSS Terminál, a.s.</b>	<b>Total</b>
<b>Non-controlling interests of</b>	<b>33.07 %</b>	<b>49 %</b>	
<b>Share capital</b>	<b>24</b>	<b>2</b>	<b>26</b>
Retained earnings – current period	2	4	6
Retained earnings	3	7	10
<b>Total</b>	<b>29</b>	<b>13</b>	<b>42</b>



## 34.2. Summary of financial information – companies with non-controlling interests

(CZK million)		
31 December 2022	Terminal Brno, a.s.	ČD-DUSS Terminál, a.s.
<b>Total assets</b>	<b>90</b>	<b>33</b>
Non-current assets	74	11
Current assets	16	22
<b>Total liabilities</b>	<b>2</b>	<b>3</b>
Current liabilities	2	3
Net assets	88	30
<b>Share of net assets – non-controlling interests</b>	<b>29</b>	<b>15</b>
<b>Share of net assets – the Group</b>	<b>59</b>	<b>15</b>

(CZK million)		
31 December 2021	Terminal Brno, a.s.	ČD-DUSS Terminál, a.s.
<b>Total assets</b>	<b>96</b>	<b>33</b>
Non-current assets	72	11
Current assets	24	22
<b>Total liabilities</b>	<b>4</b>	<b>3</b>
Current liabilities	4	3
Net assets	92	30
<b>Share of net assets – non-controlling interests</b>	<b>30</b>	<b>15</b>
<b>Share of net assets – the Group</b>	<b>62</b>	<b>15</b>

(CZK million)		
	2022	2021
Total income	80	83
Profit for the period	(3)	7
Share of net assets – non-controlling interests	(1)	3
Share of net assets – the Group	(2)	4

## 35. FINANCIAL INSTRUMENTS

### 35.1. Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while optimising the balance between external and own resources. The target maximum ratio of the Group between external and own resources is 75 % to 25 % according to banking requirements.

The Group's capital structure consists of net debt (borrowings less cash and cash equivalents) and the Group's equity (includes share capital, funds, retained earnings).

(CZK million)			
	Note	31 December 2022	31 December 2021
Loans, borrowings and bonds	15	18,535	14,998
Cash and cash equivalents	12	(1,279)	(1,147)
<b>Total net debt</b>		<b>17,256</b>	<b>13,851</b>

(CZK million)			
	Note	31 December 2022	31 December 2021
Share capital	13	8,494	8,494
Capital funds	13	531	498
Retained earnings		953	755
<b>Total equity</b>		<b>9,978</b>	<b>9,747</b>

The Group is not subject to any capital requirements from the external parties.

The Board of Directors and the Supervisory Board of the Parent Company are regularly informed about the development of debt. Any additional debt is subject to approval by the Parent Company's statutory bodies, i.e. the Board of Directors and the Supervisory Board.



### 35.2. Categories of financial instruments

		(CZK million)		
Categories of financial assets under IFRS 9	Classes of financial assets	Note	31 December 2022	31 December 2021
Financial assets at amortised cost	Cash and cash equivalents	12	1,279	1,147
	Trade receivables	9	2,080	1,810
	Other financial assets	10	144	98
Financial assets at fair value through profit or loss	Derivatives used in hedge accounting	10	120	97
<b>Total</b>			<b>3,623</b>	<b>3,152</b>

		(CZK million)		
Categories of financial liabilities under IFRS 9	Classes of financial liabilities	Note	31 December 2022	31 December 2021
Financial liabilities at amortised cost	Secured loans	15	2,852	2,244
	Leasing liabilities	15	3,993	3,620
	Issued bonds	15	5,250	4,284
	Loans	15	6,439	4,849
	Trade payables	14	2,913	2,877
	Liabilities arising from supplier loans	17	-	1
	Other financial liabilities	17	143	133
Financial liabilities at fair value through profit or loss	Derivatives used in hedge accounting	17	11	15
<b>Total</b>			<b>21,601</b>	<b>18,023</b>

Financial instruments are measured at fair value (level 2). This measurement is based on inputs other than quoted prices used at level 1; this information can be obtained from the asset or liability directly (i.e. prices) or indirectly (i.e. data derived from prices), as described in Note 35.10.

Income from individual classes of financial assets is as follows:

		(CZK million)		
Class of financial asset	2022	2021	Presented in statement of profit or loss	
Interest on cash and cash equivalents	8	-	Financial income	
<b>Interest on financial leasing receivables</b>	<b>5</b>	<b>2</b>	Financial income	
<b>Total</b>	<b>13</b>	<b>2</b>		

Impairment losses on financial assets are presented in the note Trade receivables (Note 9) and Other financial assets (Note 10). No impairment was noted with regard to any other class of financial assets.

### 35.3. Financial risk management objectives

The Department of Financial Management and Risks monitors and manages the financial risks related to the operations of the Group. Financial risks include market risks (currency, interest rate and commodity risk), credit risk and liquidity risk.

### 35.4. Interest rate risk management

The Group is exposed to a small risk of changes in interest rates. As the Group has mainly fixed rate loans and borrowings, it has variable rate loans and the amount of these are disclosed in note 15.

### 35.5. Currency risk management

The Group, in the context of its market position and business strategy, is in a position where inputs are purchased primarily in CZK, but services (particularly on income from international transport) are widely sold in foreign currency, primarily in EUR. This leads to disproportion between monetary inputs and outputs. The Group has a



long-term surplus of EUR-denominated sales over costs. The Group's objective is to minimise the impact of changes in exchange rates on the Group's revenues and expenses.

The Group reduces this currency position using a combination of several instruments: currency derivatives, purchases in EUR and financing in EUR. In accordance with its risk management strategy, the Group hedges the currency risk to which its expected future foreign currency income is exposed using the hedging instruments specified below:

- currency derivatives,
- lease liabilities and secured loans denominated in EUR,
- issued bond denominated in EUR,
- investment loans received denominated in EUR.

The Group applies cash flow hedge accounting for the above hedging instruments. Information about the notional and carrying amounts of the hedging instruments and other information required by IFRS 7 can be found in the descriptions of each hedging relationship in sections 35.5.2., 35.5.3. and 35.5.4.

At the same time, for all hedging relationships where the hedged item is future income in EUR, no more than 75 % of the expected income in EUR is hedged in aggregate.

The net book value of the Group's financial assets and liabilities denominated in foreign currency, excluding financial assets and financial liabilities that are part of hedging relationships at the end of the accounting period:

	(CZK million)			
<b>31 December 2022</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Financial assets	2,037	3	-	<b>2,040</b>
Financial liabilities	(1,692)	-	-	<b>(1,692)</b>
<b>Total</b>	<b>345</b>	<b>3</b>	<b>-</b>	<b>348</b>

	(CZK million)			
<b>31 December 2021</b>	<b>EUR</b>	<b>USD</b>	<b>Other</b>	<b>Total</b>
Financial assets	1,541	6	-	<b>1,547</b>
Financial liabilities	(1,134)	(9)	(2)	<b>(1,145)</b>
<b>Total</b>	<b>407</b>	<b>(3)</b>	<b>(2)</b>	<b>402</b>

### 35.5.1. *Foreign currency sensitivity analysis*

The exposure to currency risks is measured by a sensitivity analysis. The Group is exposed to the currency risk due to:

- changes in the value of unhedged cash items denominated in foreign currencies,
- changes in the fair value of concluded financial derivatives.

The following table shows the impact that the strengthening of the Czech currency by CZK 1 with regard to the relevant foreign currencies would have on the profit and other comprehensive income. A positive value indicates an increase in the profit and other comprehensive income, negative value indicates a decrease in the profit and other comprehensive income:



(CZK million)

	2022	2021
Translation of items denominated in foreign currencies at the end of the period	(14)	(16)
Change in the fair value of derivatives at the end of the period	-	-
<b>Total impact on the profit/ loss before tax</b>	<b>(14)</b>	<b>(16)</b>
Change in tax effect recognised in profit or loss	3	3
<b>Total impact on the profit/ loss after tax</b>	<b>(11)</b>	<b>(13)</b>
Change in the fair value of hedge derivatives	58	80
Exchange rate difference on lease liabilities according to IFRS 16*	187	129
Exchange rate difference on investment loans and bonds *	98	-
<b>Total impact on other comprehensive income before tax</b>	<b>343</b>	<b>209</b>
Change in tax effect recognised in other comprehensive income	(65)	(40)
<b>Total impact on other comprehensive income after tax</b>	<b>278</b>	<b>169</b>

\* recognised in the current period

If the Czech currency weakened by CZK 1, the values would be the same with the opposite sign only.

### 35.5.2. *Currency derivatives*

The Group in accordance with the risk management strategy concludes currency forwards and options to cover future payments received denominated in foreign currencies with a predetermined hedging ratio of 1:1. The hedge ratio is regularly monitored in relation to the risk management objectives.

The effectiveness of hedging is regularly measured on the basis of a comparison of key terms (critical terms). In the case of currency hedging, it is mainly the nominal value. The control against "reinsurance" of currency risk is monitored on the basis of the above-mentioned hedge report and is fulfilled thanks to the Financial Risk Management Strategy and the determination of the maximum amount of hedging of expected income.

The nominal value of currency forwards is lower than the future expected balance in EUR, i.e. more than 25 % of the estimated revenue in EUR is never secured. The CZK/EUR exchange rate is provided, which then transforms foreign currency income (EUR) into the functional currency (CZK). As at 31 December 2021, the maximum volumes for hedging are set by the Financial Risk Management Strategy in ČD Cargo, a.s., as follows:

- for 2023 a maximum 20 % of EUR revenues,
- for 2024 a maximum 15 % of EUR revenues.

Monetary hedging was contracted under regular market conditions (without premium payment), the fair value of derivatives was nil as at the hedge date. Based on the above, the Group expects that the hedging relationship will be effective for its entire period. The result of the transaction is the predictable (fixed) amount of the CZK / EUR exchange rate obtained from the sale of EUR revenues of the Group.

Potential causes of possible inefficiencies may arise on the basis of spread. Another factor may be time discrepancy. The Company does not hedge specific business cases, but only the volume of the planned balance. The above points are considered by the Company to be insignificant or highly unlikely and hence considers currency hedging to be effective.

The table shows outstanding foreign currency par-forwards for the sale of the foreign currency as at:



(CZK million)

	Average hedged currency exchange rate	Foreign currency	Nominal value	Fair value
31 December 2022	26.928	EUR	1,618	117
31 December 2021	27.118	EUR	2,278	61

For purposes of determining effectiveness, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument because the hedging relationships were fully effective.

#### ***Expected realisation of hedged items by foreign currency par-forwards***

The following table shows the expected cash flows of hedged future sales in EUR:

(CZK million)

31 December 2022	Less than 1 month	1 - 3 months	3 months to 1 year	1 year - 5 years	5 years and more	Total
Hedged future sales in EUR	72	146	652	579	-	1,449

(CZK million)

31 December 2021	Less than 1 month	1 - 3 months	3 months to 1 year	1 year - 5 years	5 years and more	Total
Hedged future sales in EUR	75	149	671	1,193	-	2,088

#### **35.5.3. Leases payable and secured loans denominated in EUR**

In accordance with its risk management strategy, the Group has chosen to hedge the foreign currency risk to which its expected future foreign currency income is exposed using the hedging instrument specified below. The hedged risk is the risk of a change in the CZK/EUR spot exchange rate that affects the impact of EUR denominated revenue on the profit or loss of the Company.

Leases in EUR negotiated after 1 January 2020 are treated as hedging instruments on the first day of the month following the commencement of the lease.

The hedged item is the highly probable expected revenues in EUR. The Group considers all revenues in EUR as homogeneous groups with the same currency risk from a managed risk perspective.

Given the nature of the hedging relationship (EUR 1 used to repay the lease liability hedges EUR 1 of the proceeds), the hedge ratio is set at 100%.

The Group has identified as possible sources of inefficiency, due to the need to identify hedged revenues with sufficient accuracy, a time shift between the timing of lease payments and the timing of hedged revenues, the decrease in expected revenues in EUR or changes in the repayment schedule of the hedging instrument. The Group considers the above factors to be immaterial or highly improbable and therefore considers the currency hedge to be effective.

The table shows liabilities from leases and hedged loans denominated in EUR as at:



(CZK million)

<b>Start of hedging</b>	<b>Average exchange rate at the date of hedging</b>	<b>Foreign currency</b>	<b>Nominal value in CZK mil</b>	<b>Carrying value</b>
31 December 2022	25.11	EUR	187	4,508
31 December 2021	25.59	EUR	129	3,211

The change in the value of the hedged item due to a change in the spot exchange rate is equal to the exchange difference on the hedging instrument for the purpose of determining effectiveness because the hedging relationship was fully effective.

The following table shows the expected hedged cash flows of future sales in EUR:

(CZK million)

<b>31 December 2022</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months to 1 year</b>	<b>1 - 5 years</b>	<b>5 years and more</b>	<b>Total</b>
Hedged future sales in EUR	83	167	752	2,725	1,027	<b>4,754</b>

(CZK million)

<b>31 December 2021</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months to 1 year</b>	<b>1 - 5 years</b>	<b>5 years and more</b>	<b>Total</b>
Hedged future sales in EUR	3	183	5,557	1,842	733	<b>3,318</b>

#### **35.5.4. Financing in EUR**

In accordance with its risk management strategy, the Group has chosen to hedge the foreign currency risk to which its expected future foreign currency income is exposed using the hedging instrument specified below. The hedged risk is the risk of a change in the CZK/EUR spot exchange rate that affects the impact of EUR denominated revenue on the profit or loss of the Company.

In 2022, the Group issued a bond with a total nominal value of EUR 40 million and drew down 2 investment loans with a total nominal value of EUR 40 million and EUR 20 million.

The hedged item is the highly probable expected revenues in EUR. The Group considers all revenues in EUR as homogeneous groups with the same currency risk from a managed risk perspective.

Given the nature of the hedging relationship (EUR 1 used to repay the lease liability hedges EUR 1 of the proceeds), the hedge ratio is set at 1:1.

The Group hedges only the first portion of the total planned foreign currency cash flows in each hedged period. The unhedged portion of the planned foreign currency cash flows represents a precautionary haircut.

The appropriate assessment of expected effectiveness (forward-looking) is particularly relevant to the continuation of the hedging relationship in the context of the requirements of IFRS 9. The assessment of expected effectiveness was made at the date of commencement of hedge accounting. In addition, it is performed at least annually and always at the date of the financial statements.

Since the effectiveness of the hedging relationship was supported by a quantitative sensitivity calculation at the inception date of the hedging relationship, in subsequent periods effectiveness is assessed primarily by evaluating whether there have been changes in the critical parameters of the hedging instrument or hedged item.



The Group has identified as possible sources of inefficiency, due to the need to identify hedged revenues with sufficient accuracy, a time shift between the timing of loan repayments and the timing of hedged revenues. This timing mismatch may cause a degree of inefficiency due to the application of discounting in the calculation of inefficiency. Consequently, a decrease in expected revenues in EUR or changes in the repayment schedule of the hedging instrument.

The table shows information as at 31 December 2022:

(CZK million)						
	<b>Start of hedging</b>	<b>Average exchange rate at the date of hedging</b>	<b>Foreign currency</b>	<b>Nominal value (CZK million)</b>	<b>Carrying value</b>	
Bond	20 April 2022	24.415	EUR	40	964	
Investment loan RB	29 April 2022	24.605	EUR	38	917	
Investment loan ING	23 December 2022	24.245	EUR	20	483	

The change in the value of the hedged item due to a change in the spot exchange rate is equal to the exchange difference on the hedging instrument for the purpose of determining effectiveness because the hedging relationship was fully effective.

The following table shows the expected hedged cash flows of future sales in EUR:

(CZK million)						
<b>31 December 2022</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months to 1 year</b>	<b>1 - 5 years</b>	<b>5 years and more</b>	<b>Total</b>
From bond	2	3	14	75	983	<b>1,077</b>
From investment loans	-	34	160	917	506	<b>1,617</b>

### 35.6. Credit risk management

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises as a result of the Group's business activities (trade receivables) and from activities related to financial market transactions. In quantifying credit risk, the Group uses several basic criteria, where the most important measure is the risk related to the threat of counterparty default, which may have a negative impact on the Group's profit or loss and cash flow. In addition to the support of internal departments, the Group also uses the services of external information suppliers to analyse counterparties. The eventual insolvency of a partner may lead to immediate losses with an adverse effect on the Group's operations.

Sources of credit risk associated with the threat of counterparty default:

- Company customers,
- Financial institutions.

For this reason, the approval of business activities with new counterparties is subject to standardised approval procedures by authorised departments. Credit risk management includes active debt management, where standard financial market instruments such as prepayments and bank guarantees are used to reduce risks.



Financial assets that expose the Group to potential credit risk consist of cash and cash equivalents, trade receivables and financial derivative contracts. The Group's cash is deposited with reputable domestic financial institutions. In terms of business, the Group is mainly exposed to the following types of credit risk:

- Direct credit risk,
- Credit equivalent risk.

Direct credit risk most often takes the form of receivables from current business relationships. The customer's credit quality is assessed individually, with the Group taking into account its financial position, customer experience and other factors.

At the same time, the development of the amount of receivables, revenues and transport performance according to individual companies is monitored by means of reports. The overview shows the payment morale of individual customers according to the selected time period.

The Group examined a number of variables (GDP, industry indices, etc.) and their possible correlation to customers' solvency. As no reliable correlation has been identified, the Group focuses on an individual assessment of customers' credibility and, above all, their future ability and willingness to pay their obligations to the Group. The analyses were performed on the basis of conditions and expectations as at 31 December 2022.

In accordance with IFRS 9, a simplified approach has been applied to the Group's trade receivables, whereby for receivables without a significant financing element, the appropriate loss rate has been applied to the outstanding receivables as at the date of the financial statements based on the age structure of these receivables. The receivables were first divided into three categories for which different expected credit loss rates were subsequently determined.

1. receivables from members of the ČD Group, where, in accordance with the internal methodology, no provisions are calculated as no risk of non-payment is expected.
2. receivables from the Group's most significant customers who generate the majority of the Group's revenue. These are large, multinational companies such as Třinecké železárny, ČEZ, ČEPRO, METRANS, Maersk, EP Holding, etc., for which we perceive a very low risk of expected credit losses of approximately 1%.
3. the customer category is already much more diversified and accounts for around 20% of total trade receivables. Smaller companies from various industries are already represented in this category and the Group perceives a significantly higher potential risk of future default in this category given the current macroeconomic situation in the world. The expected credit loss rate in this category is approximately 8 %.

## Overview of impairment for receivables

	(CZK million)						
	Before due date	1 - 30 days past due date	31 - 90 days past due date	91 - 180 days past due date	181 - 365 days past due date	over 365 days past due date	Total
<b>31 December 2022</b>							
Expected credit loss rate *	2.35%	3%	6%	30%	76%	100%	6%



Short-term trade receivables -							
Gross residual value	1,954	151	19	6	12	79	2,221
<b>Expected credit loss</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>	<b>(2)</b>	<b>(9)</b>	<b>(79)</b>	<b>(92)</b>
Individual expected credit loss	(45)	(4)	-	-	-	-	(49)
<b>Expected credit loss total</b>	<b>(46)</b>	<b>(4)</b>	<b>(1)</b>	<b>(2)</b>	<b>(9)</b>	<b>(79)</b>	<b>(141)</b>
<b>Net value of receivables</b>	<b>1,908</b>	<b>147</b>	<b>18</b>	<b>4</b>	<b>3</b>	<b>-</b>	<b>2,080</b>

\* impairment matrix = % of allowance from historical developments + % of considered future development = % of total allowance

	(CZK million)						
	<b>Before due date</b>	<b>1 - 30 days past due date</b>	<b>31 - 90 days past due date</b>	<b>91 - 180 days past due date</b>	<b>181 - 365 days past due date</b>	<b>over 365 days past due date</b>	<b>Total</b>
<b>31 December 2021</b>							
Expected credit loss rate *	1%	1%	6%	7%	50%	100%	5%
Short-term trade receivables -							
Gross residual value	1,634	140	34	14	4	88	1,914
<b>Expected credit loss</b>	<b>(10)</b>	<b>(1)</b>	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>(76)</b>	<b>(92)</b>
Individual expected credit loss	-	-	-	-	-	(12)	(12)
<b>Expected credit loss total</b>	<b>(10)</b>	<b>(1)</b>	<b>(2)</b>	<b>(1)</b>	<b>(2)</b>	<b>(88)</b>	<b>(104)</b>
<b>Net value of receivables</b>	<b>1,624</b>	<b>139</b>	<b>32</b>	<b>13</b>	<b>2</b>	<b>1</b>	<b>1,810</b>

\*impairment matrix = % of allowance from historical developments + % of considered future development = % of total allowance

	(CZK million)	
<b>Movement of allowances for doubtful debts</b>	<b>2022</b>	<b>2021</b>
<b>Allowances as at 1 January</b>	<b>104</b>	<b>154</b>
Creation of allowances – trade receivables	58	36
Use of allowances – trade receivables	(15)	(74)
Write-offs – trade receivables	(6)	(12)
<b>Allowances as at 31 December</b>	<b>141</b>	<b>104</b>

The Group seeks to trade only with creditworthy counterparties whom the Group reviews on an ongoing basis using publicly available information and internal data. The Group's exposure and credit ratings of its counterparties are continuously monitored.

Standard instruments (deposits, payment terms, customer tracking, internal tools etc.) are used in various combinations for additional hedge of potential risk receivables. The offsetting policy for receivables and liabilities is being actively applied to improve the liquidity of the companies within the Group. At the same time, the Parent Company is applying continuous monitoring of individual receivables by individual companies and by default periods with special attention to receivables with more than 15 days overdue. Individual responsible employees of the Parent Company and the senior staff of the Receivables Commission are continuously engaged in past due receivables development. There is no significant concentration of credit risk from the perspective of customers, industries or regions.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned (the investment grade is required), see Note 12.

### 35.7. Commodity risk management

The Group is exposed to the risk of changes in the price of commodities, as the use of commodities, specifically diesel and electricity, is a significant cost item of the Group. The price of electricity is based on the maximum



price from the company Správa železnic. The Group manages the risk of diesel price fluctuations by entering into medium-term derivatives for the purchase of diesel.

### 35.7.1. *Analysis of sensitivity to changes in commodity prices*

The exposure to the change in the price of commodities is measured by the sensitivity analysis. The Group is exposed to the risk of changes in prices of commodities due to change in the fair value of concluded financial derivatives.

The following table shows the impact that an increase in the diesel price of 10% would have on the profit and other comprehensive income. A positive value indicates the increase in the profit and other comprehensive income, a negative value indicates a decrease in the profit and other comprehensive income:

	(CZK million)	
	2022	2021
Change in the fair value of derivatives at the end of the period	-	-
<b>Total impact on the profit for the period before taxation</b>	-	-
Change in tax effect recognised in profit or loss	-	-
<b>Total impact on the profit/ loss after tax</b>	-	-
Change in the fair value of derivatives at the end of the period*	9	7
<b>Total impact on other comprehensive income before tax</b>	<b>9</b>	<b>7</b>
Change in tax effect recognised in other comprehensive income	(2)	(1)
<b>Total impact on other comprehensive income</b>	<b>7</b>	<b>6</b>

\* Financial derivatives used in hedge accounting

If the diesel price was reduced by 10%, the values would be the same with the opposite sign only.

### 35.7.2. *Commodity derivatives*

In line with the requirements for managing commodity risk, the Group has entered into contracts to secure fluctuations in traction diesel prices. The hedge was made in the form of a commodity swap, which consists in determining the fixed price of traction diesel.

The hedge ratio of the hedging relationship is the same as the ratio between the amount of the hedged item and the hedging instrument used, in this case the ratio is 1:1. The hedging ratio is determined by comparing the amount of the hedged item and the hedging instrument used. This calculation is based on a commodity swap agreement that compensates for the purchase of the hedged volume of planned consumption under the approved Financial Risk Management Strategy. The Group is aware that risk components such as excise duties, merchant margins, etc. are included in the hedge ratio calculation, but their effect on the amount is insignificant. The hedge ratio is regularly monitored in relation to the risk management objectives.

The economic relationship between the hedging instrument and the hedged item is described using the following parameters.

The effectiveness of hedging will be measured by comparing critical parameters. Given that the key characteristics of the hedging instrument fully correspond to the characteristics of the hedged item, the management of ČD Cargo, as expects high hedging efficiency. At the same time, a correlation test is performed, where the actual purchase prices of diesel per litre and the secured price of the derivative (diesel) at settlement



are compared retrospectively. The correlation coefficient in 2022 was 98.21 % (2021: 98.08 %), thus confirming the high efficiency of the derivative.

The nominal value of guaranties is lower than the future projected volumes of purchased diesel, i.e. never more than 80 % of the prepaid volume of purchased diesel is secured. The commodity Platts ULSD 10ppm FOB Barge Rotterdam is secured. The guarantee is also carried out in CZK, eliminating the risk arising from the CZK / USD exchange rate fluctuation. As at 31 December 2022, the maximum volumes for hedging are set by the Financial Risk Management Strategy in ČD Cargo, a.s., as follows:

- for 2023, a maximum of 65 % of the underlying asset (expected volume of diesel purchased),
- for 2024, a maximum of 50 % of the underlying asset (expected volume of diesel purchased).

Commodity hedging was contracted under regular market conditions (without premium payment), the fair value of derivatives was nil as at the trade date. Based on the above, the Group expects that the hedging relationship will be effective for its entire period. The result of the transaction is the predictable amount of the price of the purchased volume of diesel.

Potential causes of potential inefficiency may arise due to unsecured components of the total diesel price (i.e. various surcharges, the impact of biodiesel prices, excise duty, etc.) and a significant decline in the counterparty's creditworthiness. In this case, the Group carries out a correlation test for the diesel price. The Group provides the Platts ULSD 10ppm FOB Barge Rotterdam with the total purchase price of the diesel fuel, and as collateral is carried out in CZK, the currency risk of the USD / CZK pair is also eliminated. Other items that make up the diesel price are fixed or have very low volatility. The above points are considered by the Group to be insignificant or highly unlikely and therefore considers commodity security to be effective. For these reasons, the change in the fair value of the hedged item equals the change in the fair value of the hedging instrument for the purpose of determining effectiveness.

The table shows outstanding commodity contracts for the purchase of diesel as at the end of the accounting period:

Purchase of diesel	Hedged average price (CZK/mt*)	Volume of contract (mt*)	Fair value (CZK million)
31 Dec 2022	20,926	4,800	(8)
31 Dec 2021	10,214	4,800	21

\* mt = metric ton

#### *Expected realisation of hedged items by commodity derivatives*

The following table shows the expected cash flows of the hedged future purchases of diesel:

	(CZK million)					
31 December 2022	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Hedged future purchases of diesel	8	17	75	-	-	100

(CZK million)



31 December 2021	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Hedged future purchases of diesel	6	12	53	-	-	71

### 35.8. Liquidity risk management

The liquidity risk in the Group is managed with regard to the permanent provision of a sufficient volume of funds necessary for the settlement of financial liabilities.

The Group manages its capital to ensure that it is able to continue as a going concern while optimising the debt and equity balance between liabilities and equity (more information regarding the open lines of credit is described in the section 35.8.2).

On a daily basis, the Group assesses the available funds and cash flows and liquidity development. Pursuant to these assessments, the Group decides on an optimal use of operating financial sources, consisting primarily of overdraft loans and the cash-pooling limit. In order to strengthen its financial stability, the Group secures long-term financial sources on a continuous basis. The liquidity situation is continuously monitored by Moody's rating agency.

#### 35.8.1. Liquidity risk tables

The following tables present the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

(CZK million)

31 December 2022	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Trade payables and other financial liabilities not covered below	1,644	981	428	2	-	3,055
Hedging derivatives – net	-	1	9	1	-	11
<i>Gross outgoing cash flows</i>	7	7	58	6	-	78
<i>Gross incoming cash flows</i>	7	6	49	5	-	67
Secured loans	44	88	355	1,449	1,193	3,129
Lease liabilities	81	162	809	2,685	437	4,174
Fixed interest rate instruments – loan	872	180	761	3,739	1,443	6,995
Fixed interest rate instruments – bonds	9	18	611	4,040	984	5,662
<b>Total</b>	<b>2,532</b>	<b>1,336</b>	<b>3,185</b>	<b>11,916</b>	<b>4,057</b>	<b>23,026</b>

(CZK million)

31 December 2021	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5 years and more	Total
Trade payables and other financial liabilities not covered below	1,383	977	649	1	-	3,010
Hedging derivatives – net	-	-	-	15	-	15
<i>Gross outgoing cash flows</i>	-	-	-	715	-	715
<i>Gross incoming cash flows</i>	-	-	-	-700	-	-700
Secured loans	9	112	354	1,118	853	2,446
Lease liabilities	5	209	634	2,254	638	3,740
Fixed interest rate instruments – loan	85	167	581	2,862	1,600	5,295
Fixed interest rate instruments – bonds	7	15	97	3,541	1,011	4,671
<b>Total</b>	<b>1,489</b>	<b>1,480</b>	<b>2,315</b>	<b>9,791</b>	<b>4,102</b>	<b>19,177</b>



The following tables present the Group's expected maturity for its financial assets. The tables have been drawn up based on the undiscounted residual maturities of financial assets. The tables include both interest and principal cash flows.

(CZK million)

<b>31 December 2022</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months to 1 year</b>	<b>1 - 5 years</b>	<b>5 years and more</b>	<b>Total</b>
Financial assets at amortised cost	2,631	714	78	87	-	3,510
Hedging derivatives – net	8	16	59	37	-	120
<i>Gross outgoing cash flows</i>	72	148	649	556	-	1,425
<i>Gross incoming cash flows</i>	80	163	708	593	-	1,545
<b>Total</b>	<b>2,639</b>	<b>730</b>	<b>137</b>	<b>124</b>	<b>-</b>	<b>3,630</b>

(CZK million)

<b>31 December 2021</b>	<b>Less than 1 month</b>	<b>1 - 3 months</b>	<b>3 months to 1 year</b>	<b>1 - 5 years</b>	<b>5 years and more</b>	<b>Total</b>
Financial assets at amortised cost	2,395	562	35	56	7	3,055
Hedging derivatives	7	18	64	8	-	97
<b>Total</b>	<b>2,402</b>	<b>580</b>	<b>99</b>	<b>64</b>	<b>7</b>	<b>3,152</b>

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

### 35.8.2. *Financing facilities*

The Group uses the following financing facilities:

(CZK million)

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash-pooling:		
· loan facility in the amount of	300	300
Overdraft loans:		
· loan facility in the amount of	2,036	2,026
Promissory note programme*:		
· loan facility in the amount of	1,500	1,500
<b>Total</b>	<b>3,836</b>	<b>3,826</b>

\*the internal promissory note programme is approved by the management of the parent company ČD Cargo, a.s. for a maximum of CZK 1,500 million, with framework agreements in amount of CZK 2,000 million approved for individual banks

(CZK million)

<b>Bank overdraft</b>	<b>VÚB</b>	<b>Citibank</b>	<b>ING</b>	<b>ČSOB</b>	<b>RB</b>	<b>Millenium Bank</b>	<b>PKO</b>	<b>Slovenská sporiteľňa</b>	<b>Tatrabanka, a.s.</b>	<b>Total</b>
Loan facility as at 1 Jan 2021	700	200	200	410	300	149	-	12	12	<b>1,983</b>
Unused amount as at 1 Jan 2021	700	200	200	410	300	35	-	12	12	<b>1,869</b>
Change of loan facility in 2021	-	-	-	-	6	37	-	-	-	<b>43</b>
Loan facility as at 31 Dec 2021	700	200	200	410	306	186	-	12	12	<b>2,026</b>
Unused amount as at 31 Dec 2021	700	200	200	410	306	105	-	12	12	<b>1,945</b>
Change of loan facility in 2022	-	-	-	-	-	-	10	-	-	<b>10</b>
Loan facility as at 31 Dec 2022	700	200	200	410	306	186	10	12	12	<b>2,036</b>
Unused amount as at 31 Dec 2022	480	47	29	396	6	156	10	4	12	<b>1,140</b>

As at 31 December 2022, an overdraft loan in the amount of CZK 896 million was used (in 2021 in the amount of CZK 81 million), the Group did not draw on the other credit lines disclosed.



(CZK million)

<b>Promissory note programme</b>	<b>ČSOB</b>	<b>KB</b>	<b>Total</b>
Loan facility as at 1 Jan 2021	500	1,500	<b>2,000</b>
Unused amount as at 1 Jan 2021	500	1,500	<b>2,000</b>
Change of loan facility in 2021	-	-	-
Loan facility as at 31 Dec 2021	500	1,500	<b>2,000</b>
Unused amount as at 31 Dec 2021	500	1,500	<b>2,000</b>
Change of loan facility in 2022	-	-	-
Loan facility as at 31 Dec 2022	500	1,500	<b>2,000</b>
Unused amount as at 31 Dec 2022	500	1,500	<b>2,000</b>

The Group does not use a revolving programme.

The Group contracted long-term bank credit lines as part of securing resources for the planned investments:

(CZK million)

<b>Investment loans</b>	<b>Raiffeisenbank</b>	<b>UniCredit Bank</b>	<b>ING Bank</b>	<b>EIB</b>	<b>Tatrabanka</b>	<b>Total</b>
Loan facility as at 31 Dec 2020	-	2,000	1,000	3,412	32	<b>6,444</b>
Unused amount as at 31 Dec 2020	-	200	-	3,412	-	<b>3,612</b>
Change of loan facility in 2021	1,000	-	500	-	26	<b>1,526</b>
<i>Currency translation</i>	-	-	-	(180)	(1)	<b>(181)</b>
Loan facility as at 31 Dec 2021	1,000	2,000	1,500	3,232	57	<b>7,789</b>
Unused amount as at 31 Dec 2021	-	-	-	2,732	-	<b>2,732</b>
Change of loan facility in 2022	975	-	965	-	36	<b>1,976</b>
<i>Currency translation</i>	(10)	-	-	(97)	(4)	<b>(111)</b>
Loan facility as at 31 Dec 2022	1,965	2,000	2,465	3,135	89	<b>9,654</b>
Unused amount as at 31 Dec 2022	-	-	482	2,635	-	<b>3,117</b>

Changes in liabilities from financing activities including changes arising from cash flows and non-cash changes are disclosed in the following table:

(CZK million)

	<b>Short-term loans</b>	<b>Long-term loans</b>	<b>Lease liabilities – short-term</b>	<b>Lease liabilities – long-term</b>	<b>Secured loans – short-term</b>	<b>Secured loans – long-term</b>	<b>Issued bonds – short-term</b>	<b>Issued bonds – long-term</b>	<b>Overdraft</b>	<b>Total</b>
<b>Liabilities from financing as at 1 Jan 2021</b>	<b>374</b>	<b>2,583</b>	<b>729</b>	<b>2,759</b>	<b>314</b>	<b>1,012</b>	<b>524</b>	<b>4,260</b>	<b>110</b>	<b>12,665</b>
<b>Cash flows from financing</b>	(401)	2,223	(846)	-	(339)	1,278	(500)	-	-	1,389
<i>Drawing of loans, borrowings and bonds</i>	-	2,223	-	-	-	1,278	-	-	-	3,501
<i>Repayments of loans, borrowings and bonds</i>	(401)	-	-	-	(339)	-	(500)	-	(26)	(1,266)
<i>Repayments of leasing</i>	-	-	(846)	-	-	-	-	-	-	(846)
Non-monetary transactions:										
Effect of exchange rate changes	(9)	(2)	(138)	(8)	-	(21)	-	-	(2)	(180)
Lease additions and change in estimates	-	-	54	1,070	-	-	-	-	-	1,124
Reclassification *	<b>686</b>	(686)	1,008	(1,008)	409	(409)	7	(7)	-	-
Accrued interest	83	-	42	-	43	-	81	-	-	249
Interest paid (cash flows from operating activities)	<b>(83)</b>	-	<b>(42)</b>	-	<b>(43)</b>	-	<b>(83)</b>	-	-	<b>(251)</b>
Other non-cash movements	-	-	-	-	39	(39)	2	-	-	2
<b>Liabilities from financing as at 31 Dec 2021</b>	<b>651</b>	<b>4,118</b>	<b>807</b>	<b>2,813</b>	<b>423</b>	<b>1,821</b>	<b>31</b>	<b>4,253</b>	<b>81</b>	<b>14,998</b>
<b>Cash flows from financing</b>	<b>(698)</b>	<b>1,499</b>	<b>(872)</b>	-	<b>(447)</b>	<b>1,082</b>	-	<b>974</b>	<b>815</b>	<b>2,353</b>
<i>Drawing of loans, borrowings and bonds</i>	-	1,499	-	-	-	1,082	-	974	864	4,419
<i>Repayments of loans, borrowings and bonds</i>	(698)	-	-	-	(447)	-	-	-	(49)	(1,194)
<i>Repayments of leasing</i>	-	-	(872)	-	-	-	-	-	-	(872)
Non-monetary transactions:										
Effect of exchange rate changes	(11)	(14)	(80)	-	(26)	-	-	(10)	-	(141)



Reclassification *	879	(879)	1,170	(1,170)	487	(487)	498	(498)	-	-
Lease additions and change in estimates	-	-	45	1,363	-	-	-	-	-	1,408
Accrued interest	113	-	59	-	56	-	102	-	63	393
Interest paid (cash flows from operating activities)	(113)	-	(59)	-	(55)	-	(86)	-	(63)	(376)
Capitalised interest paid (cash flows from investment activities)	-	-	-	-	-	-	(13)	-	-	(13)
Other non-cash movements	-	(1)	(85)	2	(11)	9	(2)	1	-	(87)
<b>Liabilities from financing as at 31 Dec 2022</b>	<b>821</b>	<b>4,723</b>	<b>985</b>	<b>3,008</b>	<b>427</b>	<b>2,425</b>	<b>530</b>	<b>4,720</b>	<b>896</b>	<b>18,535</b>

\* Loans and borrowings classified as at 31 December 2020/2021 as long-term, which became short-term in the 2021/2022.

## 35.9. Strategy for the Group's financing in subsequent years

### 35.9.1. Secured loans

In 2021, a secured loan was concluded with Raiffeisen - Leasing, s.r.o. for the purpose of financing 254 Sggrs vehicles. Another secured loan was concluded with SGEF for the purpose of financing 127 wagons of Sggrs/Sggmrrs series. Further secured loans were concluded with Raiffeisen - Leasing, s.r.o. to finance 4 Effishunter traction vehicles (traction vehicles of 744 series). The contractual loan term is 120 months. The loans were made in CZK.

In 2022, a secured loan was concluded with Raiffeisen - Leasing, s.r.o. for the purpose of financing 1 Effishunter traction vehicle (traction vehicles of 744 series). The contractual loan term is 120 months. The loan was made in CZK.

Furthermore, in 2022, the following euro secured loans for 10 years were concluded with ČSOB Leasing, a.s. for the financing of 9 traction railway vehicles of the 742.7 series, as well as 3 partial contracts with Leasing Česká spořitelna, a.s. for the financing of 17 traction railway vehicles of the 742.7 series.

In the second half of 2021, CD Cargo Poland Sp. z o.o., entered into a secured loan agreement for 149 "Falls" freight wagons at Millennium Bank. A total of three tranches with a total value of CZK 196 million (EUR 7.6 million) were made. The subsidiaries did not enter into any new secured loans in 2022.

In connection with the planned investments, it is expected that the Group will be using financing in the form of secured loans in the in subsequent years.

### 35.9.2. Operating bank loans

In funding its operating needs, the Group has overdraft limits and a cash pooling limit on loans in the maximum amount of CZK 2,331 million provided by eleven banks. The stratification of the lending to several financing entities sufficiently diversifies related risks.

### 35.9.3. Promissory note programme

The Parent Company has the possibility to use the promissory note programme approved by the Supervisory Board, if needed. The promissory note programme is approved in the amount of CZK 1,500 million. The promissory note programme can be covered by a combination of drawdowns from two banks in the total amount of CZK 2,000 million (ČSOB CZK 500 million and Komerční banka CZK 1,500 million). The supervisory Board of ČD Cargo, a.s. must be informed about the intention of drawing over CZK 1,000



million. During 2022 and 2021, the promissory note programme was not used, however the promissory note framework is left as a form of short-term financing provision, directly independent of bank resources.

#### **35.9.4. Possibility of a loan being provided by České dráhy, a.s.**

The Parent Company ČD Cargo, a.s. has contractually secured with the Parent Company České dráhy, a.s. the possibility to draw up financial resources of up to CZK 700 million (beyond the limit of group cash-pooling). The cash pooling credit line is maintained with Komerční banka, in case of drawdown the interest rate on the funds is set at O/N PRIBOR + margin 0.90% p.a. During 2022 and 2021, this financial resource was not used.

#### **35.9.5. Bonds**

In 2011, the Parent Company ČD Cargo, a.s. issued its first Bond Programme with a volume of CZK 6 billion and a duration of 10 years. Due to a change in legal regulations, this Bond Programme was updated in 2015. On the basis of the termination of this first Bond Programme, ČD Cargo, a.s. issued a new Bond Programme on 5 May 2021 with a duration of 10 years without limitation of the maximum amount of outstanding bonds

In 2022, a total amount of EUR 40 million was issued under this new Bond Programme. No bonds were redeemed in 2022.

As at 31 December 2022, the Parent Company ČD Cargo, a.s. has issued bonds worth CZK 5,250 million. Funding in the form of bonds increases the liquidity and financial stability of the Group. In accordance with the planned investments, it is expected that the Group will continue to use bond financing.

#### **35.9.6. Supplier loans**

The Group plans to use supplier loans for individual investments where this form of financing will be effective.

#### **35.9.7. Investment loans**

During 2021, two new investment loans with a total credit framework of CZK 1,500 million were implemented. As at 31 December 2021, the entire credit framework has been drawn down. At the same time, the investment loan from 2020 in the amount of CZK 200 million was drawn down during 2021.

During 2022, two new credit frameworks of EUR 40 million were negotiated by the Parent Company, one of which was fully drawn down in the amount of CZK 975 million. The second credit framework in the amount of CZK 965 million was drawn down in the amount of EUR 20 million (CZK 483 million). The remaining part of EUR 20 million (CZK 483 million) was drawn down after 31 December 2022. The balance of investment loans as at 31 December 2022 is CZK 917 million and CZK 483 million respectively.

In August 2021, an investment loan was made with CD Cargo Slovakia, s.r.o. in the amount of CZK 26 million.

In August 2022, an investment loan was made with CD Cargo Slovakia, s.r.o. in the amount of CZK 36 million.

Due to the planned capital expenditures in the coming years, the Group plans to continue to use external financing through financial loans.

#### **35.9.8. Other loans**



In December 2020, a loan agreement was signed with the European Central Bank. According to the contractual conditions, the total amount of the loan is set at up to EUR 130 million. This credit framework will be gradually used (according to the conditions and possibilities arising from the contract) in the coming years to finance the Group's pre-determined and approved by the European Investment Bank investment projects.

In 2021, the first tranche of CZK 500 million was drawn down from the total limit. No further tranche was drawn down in 2022.

### 35.9.9. Summary

The above-mentioned current and planned funding structure creates a desired framework that allows the Group to maintain financial stability with the possibility of flexible use of individual forms according to actual needs and convenience.

Based on the planned funding structure, the Group will achieve a sufficient volume of available sources for funding its operating and investment activities with a sufficient reserve for potential unfavourable developments (shortfall in sales, change in the payment discipline, payment terms, legislative changes, etc.).

### 35.10. Fair value of financial instruments

#### 35.10.1. Fair values of financial instruments carried at amortised cost

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values, except lease liabilities, secured loans and bonds.

The fair value of investment loans as at 31 December 2022 is CZK 4,923 million. This fair value is determined by conversion at a rate based on the current market interest rate applicable at the end of the year plus an average margin from the Group's external financing sources.

The fair value of ČD Cargo, a.s. bonds as at 31 December 2022 is CZK 4,465 million. The fair value of the bonds is recalculated on the basis of the current market exchange rate communicated by individual banks.

(CZK million)					
Financial assets	Level	Fair value	Carrying value	Fair value	Carrying value
		as at 31 December 2022	as at 31 December 2022	as at 31 December 2021	as at 31 December 2021
Financial derivatives used in hedge accounting	Level 2	120	120	97	97
<b>Total</b>		<b>120</b>	<b>120</b>	<b>97</b>	<b>97</b>

(CZK million)					
Financial liabilities	Level	Fair value	Carrying value	Fair value	Carrying value
		as at 31 December 2022	as at 31 December 2022	as at 31 December 2021	as at 31 December 2021
Financial derivatives used in hedge accounting	Level 2	11	11	15	15
Bonds issued	Level 2	4,465	5,251	4,003	4,284
Investment loans	Level 2	4,923	5,486	4,317	4,639
<b>Total</b>		<b>9,399</b>	<b>10,748</b>	<b>8,335</b>	<b>8,938</b>

Cash and cash equivalents, trade receivables and payables and other financial liabilities were not included in the table above because their fair value is equal to the carrying value, due to their short-term maturity. Furthermore,



the table does not include a loan from České dráhy, a.s., due to the fair value is also the same as the book value due to its short-term maturity.

### **35.10.2. Valuation techniques applied for the purposes of measuring fair value**

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices,
- the fair values of other financial assets and financial liabilities (except for financial derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions, dealer quotes for similar instruments and an appropriate yield curve with the corresponding duration as appropriate,
- the fair values of financial derivatives are calculated using quoted prices. If these prices are not available, linear derivatives are measured using discounted cash flows by means of quoted foreign exchange currency rates, quoted prices of commodities and an appropriate yield curve corresponding to the validity of contracts. An options valuation model is used for derivatives that include an option.

### **35.10.3. Fair value measurements recognised in the statement of financial position**

Financial instruments measured at fair value are divided into Levels from 1 to 3, based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial instruments measured at fair value recognised by the Group as at 31 December 2022 and 31 December 2021 were included in Level 2.

## **36. POST BALANCE SHEET EVENTS**

In January 2023, the Group drew down an investment loan from ING in the amount of EUR 20 million (CZK equivalent of approx. CZK 480 million). In March 2023, the Group obtained a new investment loan from VÚB in the amount of EUR 30 million (CZK equivalent of approx. CZK 720 million), which was also drawn in full at the same time.

## **37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These financial statements will be approved by the Board of Directors and authorised for issue on 11 April 2023.