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**Interim
Report
of the
České
dráhy
Group**

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- A blue, egg-shaped object with a glossy finish is positioned on a dark, textured surface that resembles a train track or a similar industrial setting. The object is slightly tilted and reflects light, creating a bright highlight on its upper surface. The background is dark and out of focus, emphasizing the object in the foreground.

KEY INDICATORS

OF THE ČD GROUP

Key indicators	1-6/2021	1-6/2020	Difference
Revenue (CZK million)	18,188	17,011	1,177
EBITDA from continued operations (CZK million)	3,864	2,679	1,185
EBIT from continued operations (CZK million)	44	(937)	981
Profit/(loss) for the period from continued operations (CZK million)	(309)	(2,067)	1,758
Profit/(loss) for the period (CZK million)	(217)	(1,982)	1,765
Total assets (CZK million)	96,369	94,336	2,033
CAPEX (expenditure on acquisition of land, buildings, equipment and intangible assets) (CZK million)	6,419	3,408	3,011
Depreciation and amortisation (CZK million)	3,820	3,616	204
Leverage (%) (liabilities / total assets)	61.7	59.2	2.5
Current liquidity (%) (current assets / current liabilities)	71.9	117.6	(45.7)
Average full-time employees equivalent	22,419	23,225	(806)
Passenger transport			
Number of passengers (million)	50.3	59.8	(9.5)
Traffic performance (million passenger-kilometres)	1,990	2,565	(575)
Transport performance (million train-kilometres)	55.1	56.3	(1.2)
Average traffic distance (km)	40	43	(3)
Occupancy ratio (%)	17	21	(4)
Freight transport			
Traffic volume (million tons)	31.1	29.0	2.1
Traffic performance (million tariff ton-kilometres)	5,332	5,055	277
Transport performance (billion gross ton-kilometres)	10.7	9.8	0.9

Foreword
of the Chairman
of the

BOARD OF DIRECTORS

Dear Ladies and Gentlemen,

We present to you an interim report on the economic results of the České dráhy Group. We all hoped that thanks to the covid-19 vaccination, we would achieve herd immunity and life would gradually return to normal. Unfortunately, so far this is a very slow process. Nevertheless, we managed to improve significantly the economic result of the ČD Group year-on-year, which in accordance with International Financial Reporting Standards (IFRS) ended with a loss of 217 million crowns in the first six months of 2021. All subsidiaries were in the black, only the passenger transportation segment ended with a loss due to a significant reduction in mobility related to anti-epidemic measures.

But while in 2020 the result of passenger transportation in the first half of the year was loss of 1.9 billion crowns, this year the loss is only 579 million crowns. This was despite ongoing strict measures against the spread of coronavirus and the fact that during the spring lockdown of the districts, the number of customers dropped to barely 10% of the usual pre-covid level. Although our business plan is set very conservatively, we still have not achieved the planned sales. We were able, however, to compensate largely income decrease with the effective cost management. The Economic and Innovation Council monitors twenty measures aimed at reducing costs. All of them are based on better use of synergies within the Group and, above all, on streamlining activities. We managed to make significant saving in personnel costs, other measures aim at operating and maintenance costs, marketing and other activities. Nevertheless, in order to keep costs and revenues balanced in the long run, we must continue implementing other systemic measures.

In the first half of the last year, the freight transportation segment also ended with a loss. This year, the freight carrier is once again reporting a profit of 247 million crowns. The ČD Cargo Group transported 2.1 million tons goods more year-on-year, which is also reflected in the growth of sales. It was again confirmed that entering foreign markets was the right step, as ČD Cargo's business activities in Austria, Germany, Poland, Slovakia and Hungary also made a significant contribution to achieving consolidated profit. In addition, the company continues to expand its territorial footprint as evidenced by establishment of another subsidiary, ČD Cargo Adria, which should start using potential of the transportation market in Croatia and Serbia in the near future. The same as passenger transportation, the freight carrier had to take austerity and rationalization measures. These, however, have not limit its activities and enable to maintain ambitious plans for renewal and modernization of freight wagons and locomotives fleet that is necessary condition for further business development.

The entire České dráhy Group has proven that even during such challenging times we are able to maintain our business, that we can provide passenger and freight transportation services and that together we can find highly effective solutions and use synergy effects within the Group. I would like to thank everyone who helps us with this. Customers, business partners and, of course, employees.



Ivan Bednárik
Chairman of the Board
of Directors
České dráhy, a.s.

OVERVIEW OF THE INVESTMENT SHARES HELD BY THE ČD GROUP

AS AT
30 JUNE
2021



Masaryk Station Development, a.s. (34 %)

CR-City a.s. (34 %)

Hit Rail BV (4 %)

BCC, s.c.r.l. (3,36 %)

EUROFIMA (1 %)

Intercontainer-Interfrigo, SA (0,43 %) – from 26. 11. 2010 in liquidation

ČD Cargo, a.s. (100 %)

DPOV, a.s. (100 %)

Výzkumný Ústav Železniční, a.s. (100 %)

ČD Reality a.s. (100 %)

ČD Restaurant, a.s. (100 %)

ČD - Informační Systémy, a.s. (100 %)

RailReal a.s. (66 %)

Žižkov Station Development, a.s. (51 %)

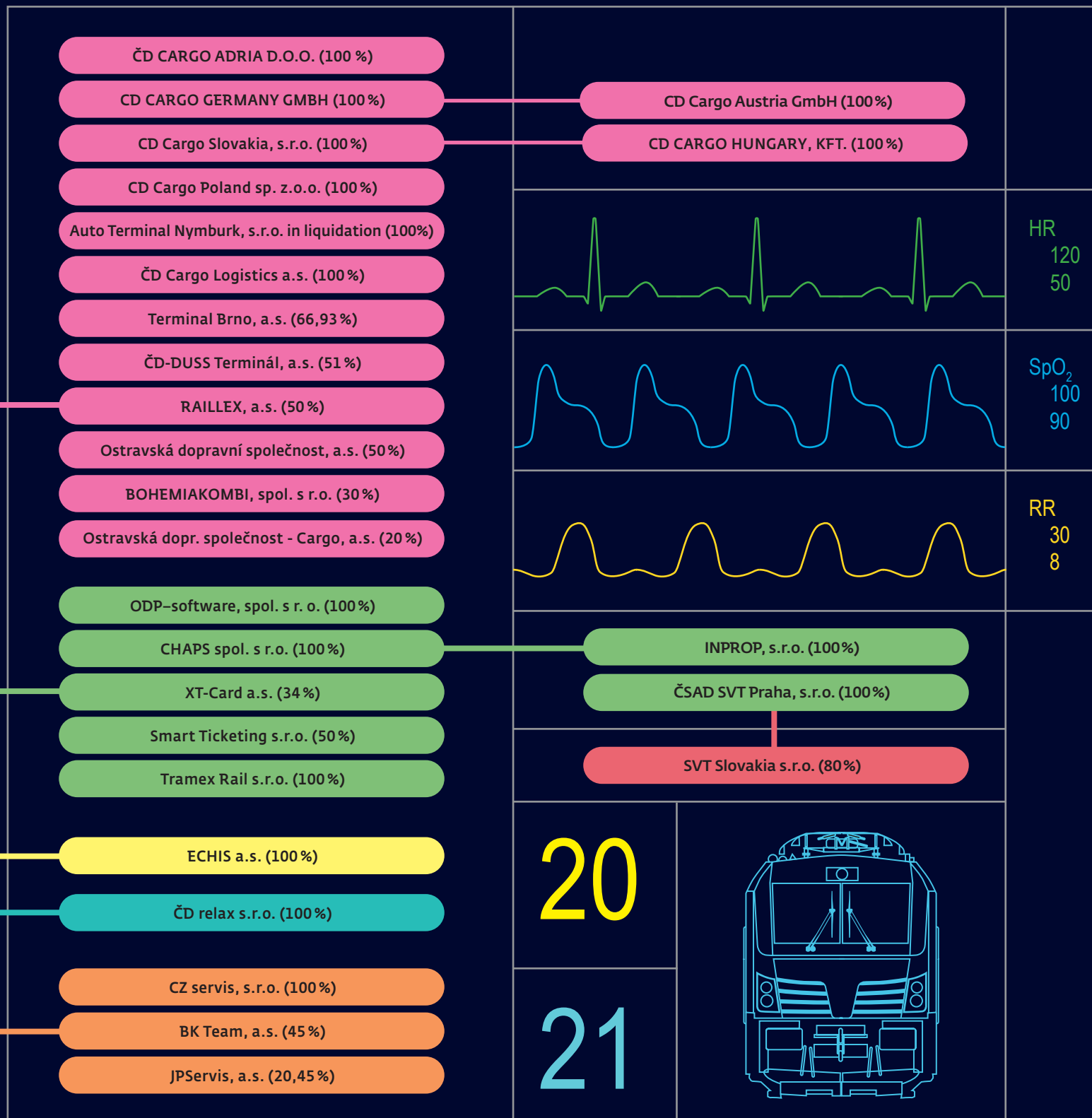
ČD - Telematika a.s. (100 %)

ČD travel, s.r.o. (51,72 %)

Smíchov Station Development, a.s. (51 %)

JLV, a.s. (38,79 %)

Dopravní vzdělávací institut, a.s. (100 %)



INFORMATION ON BUSINESS ACTIVITIES

OF THE ČD GROUP
FOR THE PERIOD
OF 6 MONTHS
ENDED 30 JUNE 2021

Economic results

Profit / (Loss) by Segments

[CZK mil.]		Passenger transport	Freight transport	Asset management	Other	Elimination	Total
Revenue	6/2021	10,702	6,437	169	2,577	(1,697)	18,188
	6/2020	10,304	5,774	169	2,341	(1,577)	17,011
Purchased consumables and services	6/2021	(4,331)	(2,847)	(95)	(1,648)	1,375	(7,546)
	6/2020	(4,446)	(2,610)	(110)	(1,509)	1,281	(7,394)
Staff costs	6/2021	(4,376)	(2,112)	(92)	(621)	173	(7,028)
	6/2020	(4,451)	(2,118)	(100)	(608)	148	(7,129)
EBITDA from continued operations	6/2021	2,117	1,505	76	608	(442)	3,864
	6/2020	1,500	1,000	18	532	(371)	2,679
Depreciation and amortization	6/2021	(2,549)	(1,095)	(42)	(178)	44	(3,820)
	6/2020	(2,462)	(950)	(42)	(198)	36	(3,616)
EBIT from continued operations	6/2021	(432)	410	34	430	(398)	44
	6/2020	(962)	50	(24)	334	(335)	(937)
Profit / (loss) for the period from continued operations	6/2021	(579)	247	41	378	(396)	(309)
	6/2020	(1,924)	(44)	(37)	296	(358)	(2,067)
Profit / (loss) for the period	6/2021	(579)	247	41	470	(396)	(217)
	6/2020	(1,924)	(44)	(37)	381	(358)	(1,982)

Passenger Transport

In the first half of 2021, traffic performance in passenger transportation decreased compared to 2020, similarly to revenues from passenger transportation. Compared to the usual situation, the passenger transportation segment continued to be significantly affected by the ongoing covid-19 pandemic. The most significant declines in passenger transportation revenues occurred mainly during the period of the strictest restrictions in March and April 2021, when mobility of the population was significantly reduced as a result of government measures, restrictions on school facilities and primarily restrictions on travel between districts. At the same time, a significant decline in demand for international transportation continued in the first half of 2021, that was more expected in the view of development in 2020.

In the area of **traffic performance** in passenger transportation, 50.3 million passengers were transported in the period from January to June 2021 (a year-on-year decrease of 9.5 million persons), so the traffic performance amounted to 1,990 million passenger-kilometres (a year-on-year decrease of 575 million passenger-kilometres). Due to a significant reduction in demand for international and long-distance transportation, the average transport distance decreases to 40 km (a year-on-year decrease of 3 km).

In the area of **transport performance** in passenger transportation in the period from January to June 2021, there was a year-on-year decrease in output in train-kilometres due to the loss of market share (liberalization) and supply-side measures related to the covid-19 pandemic.

Compared to the same period of the previous year, the **revenues** of the passenger transportation segment in the period from January to June 2021 were still negatively affected primarily by the effects of the coronavirus pandemic, which were noticeable in a decrease of passenger revenues (CZK -567 million, i.e. -23.7%).

The decrease of revenues from **domestic transportation** (including contracts concluded in the so-called gross regime) for the period from January to June 2021 by CZK 457 million (i.e. -21.2%) compared to the same period of the previous year is mainly driven by the continuing decline in sales due to significant reduction of mobility of the population as a result of the covid-19 pandemic. There was a decrease compared to the values for the same period of the previous year in all areas of transportation revenues (sale of travel and reservation documents, compensation of fare discounts, shares of revenues from integrated transport systems, etc.).

In the area of **international transportation**, a decrease in sales was registered in the period from January to June 2021 compared to the same period of the previous year (CZK -110 million, -45.6%). The year-on-year decline is recorded even though cross-border traffic was not completely restricted in 2021, but the comparative values from 2020 were significantly affected by standard demand in the period before the outbreak of the covid-19 pandemic.

The year-on-year comparison of mentioned indicators is significantly affected by dynamics of development within the monitored half of the year: while in January and February 2020 traffic performance and sales showed pre-covid volumes and their reduction did not occur until March, the first half of 2021 was limited by the covid-19 pandemic in its entirety. When comparing the 2nd quarter of 2021 and 2020, however, positive trend is evident, as all monitored indicators show a year-on-year increase in the 2nd quarter of 2021.

The year-on-year comparison of the passenger transportation segment was further affected by the financial result, when in the period from January to June 2020 the weakening CZK / EUR exchange rate had a negative effect on the financial result.

In the area of **investment fixed assets** for the period from January to June 2021, the most important items include deliveries of passenger cars 230 km/h (advance payment for 180 pcs), delivery of electric multiple units EMU 240 for regional transport (advance payment for 29 pcs), delivery of diesel multiple units DMU 120 (deposit for 33 pcs), purchase of Stadler diesel multiple units (4 more vehicles), equipping of electric locomotives with mobile parts of ETCS, modernization of 14 pcs of 809 and 810 series passenger cars for Moravian-Silesian Region.

The development in the second half of 2021 will be strongly dependent on the development of the epidemiological situation in Czechia and neighbouring countries. With regard to the ongoing vaccination of the Czech population, a gradual increase in mobility of the population is expected, especially in domestic transportation, compared to the second half of 2020.

Freight Transport

Within the freight transportation segment, we managed to stabilize the economic results and return to profit in the first half of 2021. Performance has increased in most key commodities despite the ongoing covid-19

pandemic. In a year-on-year comparison, ČD Cargo transported 2.1 million tonnes goods more and revenues increased by CZK 663 million. The continuing expansion of the ČD Cargo brand abroad also contributed to this. The ČD Cargo Group is already active as a carrier in Austria, Germany, Poland, Slovakia and Hungary and is completing legislative steps to enter the Croatian market.

The Company's cost-saving and rationalization measures positively affected economic results that enable to increase the real wages of its employees and continue investing in the renewal and modernization of the freight wagon and locomotive fleet, which is a necessary condition for the successful operation of the railway operator on the European transportation market. Profit from operating activities before tax (EBIT) increased year-on-year by CZK 360 million and profit after tax by CZK 291 million.

Asset Management

In the asset management segment, planned sales of real estate have been realized. Despite the coronavirus situation, the achieved revenues from the sale of redundant assets were not affected and the segment's result is in the range of planned revenues. The Company assumes that all planned sale cases will be realised in 2021. The most significant sales of real estate in 2021 took place in the Prague districts of Újezd nad Lesy, Modřany, Libeň, Karlín and Žižkov (sets of land plots), as well as in the urban areas of Kralupy nad Vltavou and Česká Lípa (real estate sets).

The most important project in the asset management segment is UMVŽST (Regulation of property relations in railway stations). The project has already entered its implementation phase. A tender for an expert for the subject of sale valuation is being conducted, with most of the geometric plans already being prepared and registered in the real estate cadastre. An expert will value the subject of sale according to the developed methodology, which was approved by both parties to the transaction.

As part of development projects, the preparation of sale in the Prague Žižkov area continues in 2021, where the burdens on the subject of sale are being removed. Further, negotiations continue at the Brno hl. n. train station as part of the sale of the first two sites. The mentioned sales are estimated to be realized in 2022 – 2023.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR
THE PERIOD
OF 6 MONTHS
ENDED
30 JUNE 2021

Interim Consolidated Statement of Profit and Loss for the Period ended 30 June 2021

In CZK million	Period ended 30 June 2021 (unaudited)	Period ended 30 June 2020 (unaudited)*
CONTINUING OPERATIONS		
Revenue	18,188	17,011
Other operating income	640	815
Cost of services, raw material and energy	(7,546)	(7,394)
Employee benefit costs	(7,028)	(7,129)
Depreciation and amortisation	(3,820)	(3,616)
Other operating expenses	(390)	(624)
Profit / (loss) on operating activities	44	(937)
Financial expenses	(654)	(1,463)
Financial income	382	354
Share of income of joint ventures and associates	7	(2)
Profit / (loss) before tax	(221)	(2,048)
Income tax	(88)	(19)
Profit / (loss) for the period from continuing operations	(309)	(2,067)
DISCONTINUED ACTIVITIES		
Profit / (loss) on discontinued activities	92	85
Profit / (loss) for the period	(217)	(1,982)
Attributable to equity holders of the parent company	(237)	(1,990)
Attributable to non-controlling interests	20	8

* reworked, see Chapter 7

Interim Consolidated Statement of Comprehensive Income for the Period ended 30 June 2021

In CZK million	Period ended 30 June 2021 (unaudited)	Period ended 30 June 2020 (unaudited)
Profit / (loss) for the period	(217)	(1,982)
Actuarial gains / (losses) employee benefit liabilities	(1)	(16)
Revaluation reserve at fair value through other comprehensive income	(12)	(1)
Other comprehensive income / (loss) for the period (items that are not subsequently reclassified to profit or loss)	(13)	(17)
Exchange differences of foreign units translation	(15)	8
Cash flow hedges	580	(1,524)
Hedge accounting expenses	127	59
Related income tax	(32)	37
Other comprehensive income / (loss) for the period (items that may be reclassified to profit or loss)	660	(1,420)
Other comprehensive income / (loss) for the period after tax	647	(1,437)
Total comprehensive income / (loss) for the period	430	(3,419)
Attributable to equity holders of the parent company	410	(3,427)
Attributable to non-controlling interests	20	8

Interim Consolidated Statement of Financial Position as at 30 June 2021

In CZK million	30 June 2021 (unaudited)	31 December 2020 (audited)
Property, plant and equipment	77,483	74,775
Investment property	608	621
Goodwill	141	141
Intangible assets	1,012	1,100
Right-of-use assets	4,767	4,480
Investments in joint ventures and associates	198	200
Deferred tax asset	12	12
Other financial assets	1,567	1,211
Other assets	5	8
Total non-current assets	85,793	82,548
Inventories	2,247	2,221
Trade receivables	3,574	3,167
Prepaid income tax	52	15
Other financial assets	570	522
Other assets	1,914	1,495
Cash and cash equivalents	1,913	5,751
Assets held for sale	306	-
Total current assets	10,576	13,171
TOTAL ASSETS	96,369	95,719
Share capital	20,000	20,000
Capital contributions	18,124	17,454
Retained earnings	(1,268)	(757)
Equity attributable to the equity holders of the company	36,856	36,697
Non-controlling interests	52	628
Total equity	36,908	37,325
Loans, borrowings and lease liabilities	42,346	42,850
Deferred tax liability	1,752	1,688
Provisions	265	255
Other financial liabilities	203	192
Other liabilities	189	231
Total non-current liabilities	44,755	45,216
Trade payables	4,190	4,761
Loans, borrowings and lease liabilities	4,407	2,698
Income tax payables	34	49
Provisions	1,599	2,134
Other financial liabilities	516	410
Other liabilities and contract liabilities	3,890	3,126
Liabilities from assets held for sale	70	-
Total current liabilities	14,706	13,178
TOTAL LIABILITIES	96,369	95,719

Interim Consolidated Statement of Changes in Equity for the Period ended 30 June 2021

	Share capital in CZK million	Share premium in CZK million	Cash flow hedge reserve in CZK million	Reserves and other fonds in CZK million	Retained earnings/ (Accumulated losses in CZK million	Equity attributable to equity holders of the company in CZK million	Non- controlling interests in CZK million	Total equity in CZK million
Balance as at 1 January 2020 (audited)	20,000	16,440	1,026	423	3,429	41,318	621	41,939
Comprehensive income / (loss)								
Loss for the period	-	-	-	-	(1,990)	(1,990)	8	(1,982)
Other comprehensive income / (loss) for the period	-	-	(1,487)	66	(16)	(1,437)	-	(1,437)
Total comprehensive income / (loss) for the period	-	-	(1,487)	66	(2,006)	(3,427)	8	(3,419)
Transactions with owners								
Allocation to the reserve fund	-	-	-	16	(16)	-	-	-
Dividends paid	-	-	-	-	-	-	(12)	(12)
Total transactions with owners for the period	-	-	-	16	(16)	-	(12)	(12)
Balance as at 30 June 2020 (unaudited)	20,000	16,440	(461)	505	1,407	37,891	617	38,508
Balance as at 1 January 2021 (audited)	20,000	16,440	552	462	(757)	36,697	628	37,325
Comprehensive income / (loss)								
Loss for the period	-	-	-	-	(237)	(237)	20	(217)
Other comprehensive income / (loss) for the period	-	-	548	99	-	647	-	647
Total comprehensive income / (loss) for the period	-	-	548	99	(237)	410	20	430
Transactions with owners								
Allocation to the reserve fund	-	-	-	13	(13)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-
Impact of the changes in the consolidation group	-	-	-	10	(261)	(251)	(596)	(847)
Total transactions with owners for the period	-	-	-	23	(274)	(251)	(596)	(847)
Balance as at 30 June 2021 (unaudited)	20,000	16,440	1,100	584	(1,268)	36,856	52	36,908

Interim Consolidated Cash Flow Statement for the Period ended 30 June 2021

In CZK million	Period ended 30 June 2021 (unaudited)	Period ended 30 June 2020 (unaudited)*
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) for the period	(217)	(1,982)
Income tax	116	45
Dividend income	(2)	(3)
Financial expenses - interests	556	536
Gain on the sale and disposal of non-current assets	(106)	(99)
Depreciation and amortisation of non-current assets	3,820	3,616
Impairment / (Reversal of impairment)	(10)	70
Change in provisions	(517)	23
Foreign exchange rate losses / (gains)	(280)	599
Share of profits of joint ventures and associates	(7)	(8)
Other	49	48
Cash flows from operating activities before changes in working capital	3,402	2,845
Decrease / (increase) in trade receivables	(660)	361
Decrease / (increase) in inventories	(31)	(375)
Decrease / (increase) in other assets	(602)	(236)
Increase / (decrease) in trade payables	(227)	(534)
Increase / (decrease) in other liabilities and contract liabilities	(116)	(357)
Total changes in working capital	(1,636)	(1,141)
Cash flows from operating activities	1,766	1,704
Interest paid	(705)	(750)
Income tax paid	(103)	(71)
Dividends received	2	8
Net cash flows from operating activities	960	891
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for property, plant and equipment	(6,317)	(3,342)
Proceeds from disposal of property, plant and equipment	117	126
Payments for investment property	-	(4)
Payments for intangible assets	(102)	(62)
Received interest	12	57
Net cash flows from investment activities	(6,290)	(3,225)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	2,960	1,720
Repayments of loans and borrowings	(625)	(106)
Payment of leasing instalments	(802)	(801)
Net cash flows from financing activities	1,533	813
Net increase / (decrease) in cash and cash equivalents	(3,797)	(1,521)
Cash and cash equivalents at the beginning of the period	5,751	8,436
Impact of exchange rate changes	(15)	-
Cash and cash equivalents at the end of the period	1,939	6,915

* reworked, see Chapter 7

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR
THE PERIOD
ENDED
30 JUNE 2021

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1. General Information

1.1 General Information

The parent company České dráhy, a.s. (hereinafter as "the Company" or "ČD") was incorporated on 31 March 2002. The sole shareholder of the Company is the Czech Republic. The Parent Company's share capital amounts to CZK 20,000 million. The Company's registered office is at Nábř. L. Svobody 1222, Prague 1.

The Group has been principally engaged in operating railway transportation. In addition, the Group has been engaged in other activities related to its principal business activities.

The assets comprising the railway infrastructure are in the ownership of the state, not in the ownership of the Group. The right to manage these assets is exercised by Správa železnic, s.o. (hereinafter "SŽ"). SŽ secures the operability and servicing of the railway infrastructure and the management of the related real estate property (railway station buildings).

1.2 Changes in the Consolidation Group

During the interim period, ČD - Informační Systémy, a.s. sold 50% shares in Smart Ticketing s.r.o.

On 10 May 2021 a new 100% ČD Cargo, a.s. subsidiary ČD Cargo Adria d.o.o. was incorporated into the Croatian Commercial Register.

On 24 June 2021, after purchasing a minority share (29.4%) České dráhy, a.s. became the sole shareholder of ČD - Telematika a.s.

The following table shows the impact of changes in ownership of the Parent Company ČD-Telematika a.s.

(in CZK million)	
Book value of acquired non - controlling interest	596
Recognized consideration	847
Decrease in equity attributable to the owners of the parent company	(251)

1.3 Impact of COVID-19 on the Financial Statements as at 30 June 2021

The covid-19 pandemic, and in particular the restrictive measures taken to mitigate health impacts, have caused disruptions to many business and economic activities. Same as in 2020, these measures and, as a result, reduced mobility of the population, affected the business of the Parent Company and the Group as a whole in the first half of 2021.

In the first half of 2021 the passenger transportation segment continued to be significantly affected by the ongoing covid-19 pandemic compared to the usual situation. The most significant declines in passenger transportation revenues occurred mainly during the period of the strictest restrictions in March and April 2021, when mobility of the population was significantly reduced as a result of government measures, restrictions on school facilities and primarily restrictions on travel between districts. At the same time, a significant decline in demand for international transportation continued in the first half of 2021, that was more expected in the view of development in 2020. The development of the epidemiological situation in Czechia and neighbouring countries. With regard to the ongoing vaccination of Czech population, a gradual increase in mobility of the population is expected, especially in domestic transportation compared to the second half of 2020.

Following the expected impacts of the covid-19 pandemic, the Parent Company created a provision for onerous contracts in the amount of CZK 291 million in 2020, which was released during the interim period ending 30 June 2021. The provision was created and gradually utilized for otherwise uncompensated impact pandemic covid-19 in 2021, i.e. exclusively for contracts in regional transportation concluded in the net regime (the risk of return is borne by the carrier).

Freight transportation this year was not affected by the pandemic to the same extent as in the first half of 2020. However, in some commodities transportation volumes still did not return to pre-pandemic levels (combined transport, fuel transport, etc.) and production in some industries is negatively affected by lack of raw material and its price increase (e.g. automotive). The total shortfall against the plan in these commodities is about 1.2 million tons and about CZK 100 million in sales.

Furthermore, in the first half of 2021, the Group continued to implement cost-saving measures to mitigate the effects of the crisis caused by the covid-19 disease noted in 2020. In connection with personal costs savings, the Group introduced a partial unemployment scheme for selected employees pursuant to Section 209 of the Labour Code. As part of the Antivirus program, the Group drew contributions in the amount of CZK 64 million.

2. Statement of Compliance and Significant Accounting Policies

The interim consolidated financial statements for the six months ended 30 June 2021 were prepared in accordance with IAS 34. They do not include all the information required to be disclosed in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2020.

These interim consolidated financial statements were not audited by independent auditors.

These interim consolidated financial statements were prepared using the same accounting policies that were applied in the consolidated financial statements of the Group for the year ended 31 December 2020.

The Group applied no standards or interpretations adopted by the European Union before their effective date.

3. Seasonal Character of Activities

The Parent Company's revenues are not significantly affected by seasonal effects. Domestic traffic may be affected by fuel prices and reluctance to use individual transport for regular commuting, by weather in the recreational segment as well as by the holiday season with a decrease in the number of student passengers, but a greater number of leisure passengers. International traffic is also influenced by the economic and security situation in Europe.

In rail freight transportation, seasonality is noticeable in transport of some commodities, especially coal for heating plants and food (grain, sugar beet, etc.). Current development in traffic is rather driven by covid situation, where combined transportation has not been fully restored that results also in material shortfalls for industrial production.

4. Related Party Transactions

Listed below are significant related party transactions that the Group managed to identify – public service orderers (Regions and the Ministry of Transport), the state organization SŽ and the ČEZ Group.

(in CZK million)

Revenues	Counterparty	30 June 2021	30 June 2020
Income from rental property	SŽ	10	10
Payment for substitute bus service	SŽ	84	104
Payments from public service orderers – payment from the state budget	state - Ministry of Transport	2,172	2,141
Compensation of 75% discount fares	state - Ministry of Transport	361	601
COVID-19 grant (Antivirus and others)	state/regions	114	139
Payments from public service orderers – payment from the regional budgets	regions	5,906	5,201
Revenues - telecommunication services	SŽ	284	328
Revenues from employee recreation services	SŽ	30	28
Revenues from freight transportation	ČEZ	48	54
Operation and maintenance of SW	SŽ	32	30

(in CZK million)

Expenses	Counterparty	30 June 2021	30 June 2020
Use of railway route and allocated railway capacity - passenger transport	SŽ	877	825
Use of railway route and allocated railway capacity - freight transport	SŽ	402	394
Consumption of electric traction energy - passenger transport	SŽ	732	744
Consumption of electric traction energy - freight transport	SŽ	325	338
Expenses – telecommunication services	SŽ	27	17

(in CZK million)

Receivables	Counterparty	30 June 2021	30 Dec 2020
Public service obligation	state - Ministry of Transport	35	15
Compensation of 75% discount fares	state - Ministry of Transport	227	70
Public service obligation	regions	253	221
Telecommunication services	SŽ	224	92
Advances provided	SŽ	38	46
Revenues from freight transportation	ČEZ	2	19

(in CZK million)

Liabilities	Counterparty	30 June 2021	30 Dec 2020
Use of railway route and allocated railway capacity - passenger transport	SŽ	179	361
Use of railway route and allocated railway capacity - freight transport	SŽ	147	163
Telecommunication services	SŽ	9	10
Leasing liabilities	SŽ	192	210
Consumption of electric traction energy - passenger transport	SŽ	56	34
Consumption of electric traction energy – freight transport	SŽ	81	96

5. Income Tax

The income tax expense reported in the statement of profit and loss as at 30 June 2020 of CZK 88 million includes the current tax expense of CZK 56 million and deferred tax expense of CZK 32 million.

Under the prudence concept, the Parent Company does not account for the deferred tax asset, which particularly impacts the effective tax rate.

6. Segments

Period ended 30 June 2021	Passenger transport	Freight transport	Property management	Total of reportable segments	Other ^{*)}	Elimination ^{**)}	Total
(in CZK million)							
Revenue							
Revenues from passenger transportation	2,424	-	-	2,424	-	(3)	2,421
Revenues from freight transportation	-	5,795	-	5,795	-	-	5,795
Revenues from orderers	8,079	-	-	8,079	-	-	8,079
Revenues from sales of products and other services	199	642	169	1,010	2,577	(1,694)	1,893
	10,702	6,437	169	17,308	2,577	(1,697)	18,188
of which revenues from external customers outside the Group:							
Revenues from passenger transportation	2,421	-	-	2,421	-	-	2,421
Revenues from freight transportation	-	5,795	-	5,795	-	-	5,795
Revenues from orderers	8,079	-	-	8,079	-	-	8,079
Revenues from sales of products and other services	188	601	62	851	1,042	-	1,893
	10,688	6,396	62	17,146	1,042	-	18,188
Purchased consumables and services							
Traction costs	(1,190)	(560)	-	(1,750)	-	5	(1,745)
Payments for use of the railway infrastructure	(856)	(452)	-	(1,308)	-	1	(1,307)
Consumption of material, energy and services	(2,285)	(1,835)	(95)	(4,215)	(1,648)	1,369	(4,494)
	(4,331)	(2,847)	(95)	(7,273)	(1,648)	1,375	(7,546)
Employee benefit costs							
Payroll costs	(3,197)	(1,542)	(67)	(4,806)	(436)	125	(5,117)
Social security and health insurance	(1,054)	(509)	(22)	(1,585)	(160)	38	(1,707)
Other social costs and employee benefit costs	(125)	(61)	(3)	(189)	(25)	10	(204)
	(4,376)	(2,112)	(92)	(6,580)	(621)	173	(7,028)
Depreciation and amortisation	(2,549)	(1,095)	(42)	(3,686)	(178)	44	(3,820)
Impairment ^{***)}	21	(5)	-	16	(7)	-	9
Other operating income	275	230	90	595	352	(315)	632
Other operating expenses	(174)	(198)	4	(368)	(45)	22	(391)
Profit / (loss) for the period from operating activities	(432)	410	34	12	430	(398)	44
Financial expenses	(516)	(132)	(2)	(650)	(20)	16	(654)
Financial income	369	21	9	399	1	(11)	389
Profit / (loss) before tax	(579)	299	41	(239)	411	(393)	(221)
Tax expense	-	(52)	-	(52)	(33)	(3)	(88)
Profit / (loss) for the period from continued operations	(579)	247	41	(291)	378	(396)	(309)
Profit / (loss) for the period from discontinued operations	-	-	-	-	92	-	92
Profit / (loss) for the period	(579)	247	41	(291)	470	(396)	(217)

^{*)} The Other column includes revenues and expenses of all subsidiaries apart from the ČD Cargo Group, as well as income and expenses of the parent company which do not belong to Personal transportation and Property management segments.

^{**)} The Elimination column includes the elimination of intragroup relations.

^{***)} Impairment includes losses from impairment of property, plant and equipment, investment property, receivables, write-off of inventories to net realizable value.

Period ended 30 June 2020 *****)							
(in CZK million)	Passenger transport	Freight transport	Property management	Total of reportable segments	Other *)	Elimination **)	Total
Revenue							
Revenues from passenger transportation	2,762	-	-	2,762	-	(3)	2,759
Revenues from freight transportation	-	5,157	-	5,157	-	-	5,157
Revenues from orderers	7,342	-	-	7,342	-	-	7,342
Revenues from sales of products and other services	200	617	169	986	2,341	(1,574)	1,753
	10,304	5,774	169	16,247	2,341	(1,577)	17,011
of which revenues from external customers outside the Group:							
Revenues from passenger transportation	2,759	-	-	2,759	-	-	2,759
Revenues from freight transportation	-	5,157	-	5,157	-	-	5,157
Revenues from orderers	7,342	-	-	7,342	-	-	7,342
Revenues from sales of products and other services	81	585	148	814	939	-	1,753
	10,182	5,742	148	16,072	939	-	17,011
Purchased consumables and services							
Traction costs	(1,232)	(557)	-	(1,789)	-	5	(1,784)
Payments for use of the railway infrastructure	(801)	(436)	-	(1,237)	-	1	(1,236)
Consumption of material, energy and services	(2,413)	(1,617)	(110)	(4,140)	(1,509)	1,275	(4,374)
	(4,446)	(2,610)	(110)	(7,166)	(1,509)	1,281	(7,394)
Employee benefit costs							
Payroll costs	(3,228)	(1,516)	(73)	(4,817)	(421)	101	(5,137)
Social security and health insurance	(1,082)	(498)	(24)	(1,604)	(158)	33	(1,729)
Other social costs and employee benefit costs	(141)	(104)	(3)	(248)	(29)	14	(263)
	(4,451)	(2,118)	(100)	(6,669)	(608)	148	(7,129)
Depreciation and amortisation	(2,462)	(950)	(42)	(3,454)	(198)	36	(3,616)
Impairment ***)	46	(123)	4	(73)	11	-	(62)
Other operating income	227	437	63	727	329	(245)	811
Other operating expenses	(180)	(360)	(8)	(548)	(32)	22	(558)
Profit / (loss) for the period from operating activities	(962)	50	(24)	(936)	334	(335)	(937)
Financial expenses	(1,294)	(144)	(22)	(1,460)	(27)	24	(1,463)
Financial income	332	45	9	386	9	(43)	352
Profit / (loss) before tax	(1,924)	(49)	(37)	(2,010)	316	(354)	(2,048)
Tax expense	-	5	-	5	(20)	(4)	(19)
Profit / (loss) for the period from continued operations	(1,924)	(44)	(37)	(2,005)	296	(358)	(2,067)
Profit / (loss) for the period from discontinued operations	-	-	-	-	85	-	85
Profit / (loss) for the period	(1,924)	(44)	(37)	(2,005)	381	(358)	(1,982)

*) The Other column includes revenues and expenses of all subsidiaries apart from the ČD Cargo Group, as well as income and expenses of the parent company which do not belong to Personal transportation and Property management segments.

**) The Elimination column includes the elimination of intragroup relations.

***) Impairment includes impairment of property, plant and equipment, investment property, receivables, write-off of inventories to net realizable value.

*****) reworked, see Chapter 7

7. Discontinued Activities and Assets Held for Sale

7.1 Sale of the part of a business in the sector of telematics

The Group plans to sell the part of a business in the subsidiary ČD-Telematika in the second half of 2021. This involves the sale of the part of the plant managing maintenance, service and other activities related to electronic communication operations in relation to the SŽ's railway telecommunications assets.

7.2 Analysis of profit and cash flows from discontinued operations

The following table shows the profit from discontinued operations:

(in CZK million)	Period ended 30 June 2021	Period ended 30 June 2020
Revenues	250	230
Expenses	(129)	(119)
Profit before tax	121	111
Relevant income tax charged to expenses	(28)	(26)
Total profit from discontinued operations	93	85

(in CZK million)	Period ended 30 June 2021	Period ended 30 June 2020
Cash flows generated from operations	4	4
Cash flows from investing activities	(3)	(3)
Cash flows from financing activities	-	-
Net cash flows from discontinued operations	1	1

7.3 Assets held for sale

The following table shows the value of net assets held for sale as at 30 June 2021:

(in CZK million)	30 June 2021
Property, plant and equipment	75
Inventories	4
Trade receivables	200
Other assets	1
Cash and cash equivalents	26
Total assets	306
Trade payables	23
Provisions	8
Other liabilities and contract liabilities	11
Income tax liabilities	28
Liabilities related to assets held for sale	70
Net assets	236

8. Property, Plant and Equipment

In the period from 1 January to 30 June 2021 the Group acquired property, plant and equipment in the amount of CZK 10,063 million (as at 31 December 2020: CZK 8,537 million).

The most significant items of advances provided by the parent company are advances provided for the purchase of passenger railcars in the amount of CZK 1,505 million and the purchase of electronic EMU240 units in the amount of CZK 1,069 million. At ČD Cargo, a.s. the advance provided for the installation of ETCS in locomotives lines 742, 163 and 363 was utilized during the interim period.

In the area of investment fixed assets for the period from January to June 2021, the most important items include deliveries of passenger cars 230 km/h (advance payment for 180 pcs), delivery of electric multiple units EMU 240 for regional transport (advance payment for 29 pcs), delivery of diesel multiple units DMU 120 (deposit for 33 pcs), purchase of Stadler diesel multiple units (4 more vehicles), equipping of electric locomotives with mobile parts of ETCS, modernization of 14 pcs of 809 and 810 series passenger cars for Moravian-Silesian Region.

Other significant additions include acquisition of Eanos freight wagons, modernization and periodic repairs of locomotives and freight wagons, and acquisition of new wheelsets from ČD Cargo, a.s.

Property, plant and equipment with net book value of CZK 113 million were disposed by the Group in the period from 1 January to 30 June 2021 (as at 31 December 2020: CZK 221 million).

The largest impairment loss relates to the 680 series tilting trains (Pendolino) and 380 series locomotives. As at 30 June 2021, the impairment for the 680 series trains amounted to CZK 402 million (as at 31 December 2020: CZK 415 million) and for the 380 series locomotives amounted to CZK 511 million (as at 31 December 2020: CZK 522 million). At ČD Cargo, a.s. an update of the provision for the rolling stock is in the amount of CZK 432 million as at 30 June 2021.

9. Intangible Assets

In the period from 1 January to 30 June 2021, the Group acquired intangible assets in the amount of CZK 193 million (as at 31 December 2020: CZK 322 million).

The acquisition of intangible assets by the Parent Company consists particularly of expenditure for the passenger transport system development and SAP licenses.

10. Right-of-use Assets

In the period from 1 January to 30 June 2021, the Group have entered into lease agreements in the amount of CZK 901 million (as at 31 December 2020 CZK 2,034 million).

The most important items of the newly leased property at the parent company include the lease of 6 Vectron locomotives. The company ČD Cargo, a.s. and its subsidiaries have entered into new contracts for the lease of freight wagons, an electric locomotive and extensions of Innofreight technology.

Right-of-use assets with net book value of CZK 139 million were derecognised by the Group in the period from 1 January to 30 June 2021 (as at 31 December 2020: CZK 691 million).

During the interim period, primarily the contracts for the freight wagons lease were terminated.

11. Inventories

The write-off of inventories to their net realisable value as at 30 June 2021 amounts to CZK 82 million (as at 31 December 2020: CZK 86 million).

12. Cash and Cash Equivalents

(in CZK million)	30 June 2021	31 Dec 2020
Cash on hand and cash in transit	43	38
Bank accounts	1,870	5,713
	1 913	5 751
Cash related to discontinued operations	26	-
Total	1,939	5,751

13. Loans, Borrowings and Lease Liabilities

(in CZK million)	30 June 2021	31 Dec 2020
Short-term bank loans	436	291
Lease liabilities	1,036	952
Liabilities from leaseback	367	480
Overdraft account	1,367	110
Issued bonds	1,180	835
Other received short-term loans and borrowings	21	30
Short-term total	4,407	2,698
Long-term bank loans	2,868	2,434
Lease liabilities	4,044	3,965
Liabilities from leaseback	843	1,020
Issued bonds	33,537	35,385
Other received long-term loans and borrowings	1,054	46
Long-term total	42,346	42,850
Total	46,753	45,548

In March and April 2021, as part of securing resources for the implementation of planned investments, the Parent Company entered into agreements for long-term bank credit lines of up to CZK 8.5 billion. CZK 1 billion was drawn on newly contracted loans in June. The loans will be used mainly to finance investment needs in 2021 and eventually in 2022.

In April 2021, the company ČD Cargo, a.s. realized an investment loan in the amount of CZK 500 million with a maturity of 7 years. Further, during the interim period CZK 200 million was drawn from the investment loan negotiated in 2020.

14. Contractual Obligations Related to Expenses

As at the date of the interim consolidated financial statements, the Group entered into the contracts for the purchase of property, plant and equipment in the amount of CZK 43,329 million (31 December 2020: CZK 24,392 million). A significant portion of the obligations represents investments in the rolling stock.

15. Derivative Financial Instruments

During the interim period, the Parent Company entered into 14 new currency swaps, the fair value of which was CZK (39) million as at 30 June 2021.

The company ČD Cargo, a.s. entered into 2 new currency par forwards during the interim period. The fair value of these newly concluded transactions was CZK 6 million as at 30 June 2021.

16. Dividends

During the interim period, the Parent Company received a dividend of CZK 2 million from the company Eurofima.

17. Provisions

(in CZK million)	Balance as at 31 December 2020	Creation	Use	Release of unused parts	Balance as at 30 June 2021
Provision for legal disputes	765	1	32	26	708
Provision for employee benefits	437	51	83	9	396
Provision for business risks	19	4	-	-	23
Provision for restructuring	72	-	30	12	30
Provision for onerous contracts	293	-	293	-	-
Provision for penalties	227	-	2	80	145
Other provision	576	40	47	7	562
Total provisions	2,389	96	487	134	1,864
Long-term	255				265
Short-term	2,134				1,599

17.1 Provision for legal disputes

The Group creates a provision for legal disputes according to the anticipated result of all ongoing litigations and the related probable cash outflow from the Group.

Proceedings in the matter of alleged abuse of a dominant position on the Prague – Ostrava route

In January 2012, the Office for the Protection of Competition (hereinafter the "OPC") initiated proceedings against ČD regarding the alleged abuse of ČD's dominant position on the Prague-Ostrava route in the form of inadequately low (so-called predatory) prices in response to the entry of a new competing railway carrier. In November 2016, proceedings were initiated by the European Commission (hereinafter the "EC") concerning a possible infringement of Article 102 of the Treaty on the Functioning of the European Union (hereinafter the "TFEU"). The OPC has suspended its investigation following to the initiation of an EU investigation.

In 2020, the EC issued a statement of objections significantly to the disadvantage of ČD, with a further possible impact on the resolution of disputes with RegioJet and Leo Express concerning damages in connection with the operation of the Prague - Ostrava line (see Note 18). The statement of objections is a procedural step in the ongoing proceedings, which does not prejudge the final conclusions and the EC decision in the case.

The management of ČD's has assessed the provision for legal disputes, including the assessment of the probable outcome, which is based on a number of estimates and assumptions as at the date of preparation of the financial statements and is therefore subject to substantial uncertainty. The provision of CZK 702 million was recognized based on the amount of the revenues to which the potential infringement relates, the estimated duration of the potential infringement and the opinion of external advisors on the estimated percentage applied to the relevant revenues in the range of 5 - 10%. The provision amount represents the estimated costs to settle the fine for the alleged infringement and related expenses and constitutes the ČD's management best estimate of the liability. ČD does not expect any compensation from third parties in connection with these proceedings.

In the opinion of ČD's management, it has not yet been proven that ČD has breached Article 102 TFEU. ČD's intention is to vigorously defend itself in this matter, including all available appeal routes, if necessary. An oral hearing before the EC took place on 30 June 2021 and 1 July 2021, the expected next step should be a state-of-play meeting. As at 31 December 2020 and through the date of these financial statements, the EC has not issued final decision in this matter.

17.2 Provision for penalties

Since early 2014, the Audit Body of the Ministry of Finance of the Czech Republic hereinafter (the "Audit Body") has been conducting a due audit of operations at ČD in terms of Section 7 (2) and Section 13a of Act No. 320/2001 Coll., on Financial Auditing in Public Administration and Changes to Certain Acts (the "Financial Auditing Act"), as amended, and Article 62 (1) (b) of Council Regulation (EC) No. 1083/2006. Following the audits carried out by the Audit Body, individual Regional Councils of the Cohesion Region issued payment orders in the total amount of CZK 549 million. ČD disagreed with the mentioned orders and appealed against them to the Ministry of Finance. In June 2018, the Ministry of Finance took a decision regarding one case and CZK 272 million payment was reduced to CZK 68 million. ČD lodged an administrative complaint against this decision with a suspensive effect. At the same time one more payment order of CZK 34 million was issued in 2019, so the total amount of payment orders as at 31 December 2019 was CZK 379 million. ČD subsequently filed an administrative complaint against this decision, in which a suspensive effect was granted. At the end of 2020 and in the first half of 2021, the Ministry of Finance ruled against ČD in other cases. In these cases, a withdrawal of funds and the filing of administrative complaint took place. In 2021, subsidies in the amount of CZK 268 million were returned on the basis of payment orders. The last payment order is not final yet given the suspensory effect issued within the ongoing court proceedings. Thus, ČD was not obliged to pay the payment order. As at 30 June 2021, the Group recorded liability for the partial return of the subsidy of CZK 68 million (as at 31 December 2020: CZK 336 million) in Other liabilities and contract liabilities.

At the same time, a penalty of 100% has been issued in relation to the selected projects. As at 31 December 2020, the Group recognised the provision for potential penalties for a breach of budgetary discipline in the amount of CZK 227 million. During 2021, the part of the provision in the amount of CZK 80 million was released as a result of decision of the relevant administrative authorities in 2 regions. The provision of CZK 2 million was used to pay penalty. As at 30 June 2021, the provision for potential penalties is CZK 145 million. In August 2021, other decisions were issued to waive penalty in the total amount of 42 million, which will be recorded in the next period. The decision related to the payment of penalty in the remaining regions has not been taken yet. Based on the available information, it is impracticable to determine the uncertainties regarding the timing of any possible future outflows. ČD's management does not expect any compensation from third parties in connection to these proceedings.

18. Legal Disputes

Railway freight transportation market

The Office for the Protection of Competition (OPC) imposed a fine on ČD, a.s. for abusing its position on the market in the area of freight transportation of significant amounts of natural resources and raw materials of approximately CZK 250 million. Based on ČD's defence, the case was passed to the Administrative Court. The Supreme Administrative Court dismissed the OPC's appeal in December 2017. The case is finally resolved at the level of the administrative courts in favour of ČD and returned to the OPC, back to the first instance. In June 2018, the OPC issued a new first instance decision, which significantly reduced the scope of sanctioned proceedings against ČD and imposed a significantly lower fine of approximately CZK 15.6 million. In July 2018, ČD appealed against this decision. The chairman of OPC dismissed the appeal and the fine in amount of approximately CZK 15.6 million became final. ČD disagreed with the mentioned fine and has appealed against it. However, due to the fact that the decision was final and apparently, the court would not grant the suspensive effect due to amount of the fine, the fine was paid within the due date. If the administrative court accepts the appeal, the amount will be recovered. Administrative proceedings against a decision establishing an obligation to pay a fine are ongoing.

Legal action by LEO Express for compensation of damage

In July 2014, LEO Express filed a legal action for compensation of damage amounting to approximately CZK 419 million with accessories which was allegedly caused to LEO Express by ČD and its pricing policy. The first-instance court rejected LEO Express's claim. At the end of December 2016, LEO Express filed a new legal action against ČD for the approximate amount of CZK 434 million with accessories and for a similar reason. In March 2018, the High Court in Prague cancelled the judgment dismissing the first LEO Express claim for damages and returned the case to the Municipal Court in Prague for further proceedings. In the first action, LEO Express seeks, after partial withdrawal, payment of approximately CZK 34 million and payment of approximately CZK 434 million in the second action. The proceedings were suspended pending a decision of the European Commission (hereinafter "EC") concerning the alleged abuse of a dominant position on the Prague-Ostrava route, described in Note 17.1. In 2020, the EC issued a statement of objections significantly to the disadvantage of ČD, with a further possible impact on the resolution of disputes with LEO Express. At the same time, there is a parallel dispute over the disclosure of certain documents on the applicant's file. Based on the available information, it is impracticable to determine uncertainties regarding the amount or timing of any future outflows. ČD does not expect compensation from third parties in connection with these proceedings. Since it is impossible to reliably measure a possible liability, a provision has not been recognised.

RegioJet legal action for the return of allegedly prohibited public support (the defendants being ČD, a.s., SŽ, s.o., and the Czech Republic represented by the Czech Ministry of Transport)

In April 2015, RegioJet filed a legal action for the return of approximately CZK 7 billion and default interest due to allegedly prohibited public support. The assets involving the 'assets required to maintain

rails and their operability' ("mrtvá dopravní cesta" in Czech), which were transferred by ČD to SŽ in 2008 for CZK 12 billion, were allegedly overstated by this amount. On 6 February 2019, the Court of First Instance dismissed the RegioJet legal action in its entirety. RegioJet appealed to the High Court against the decision of the Court of First Instance. The appeal was dismissed by the Supreme Court and the judgment in favour of ČD became final on 30 November 2020 and in the judgment on costs on 16 December 2020. Within the time limit for filing an extraordinary appeal, RegioJet appealed to the Supreme Court. Proceedings at the Supreme Court are pending.

RegioJet's call for the payment of compensation for detriment

RegioJet sent a pre-trial call to ČD for the payment of the compensation for the damages dated 10 April 2015 in which it seeks payment of about CZK 717 million. The alleged damages were caused by ČD's sanction activities in operating the Prague – Ostrava route, involving the application of dumping prices. ČD refused to pay for the damages. RegioJet filed a legal action seeking the payment of compensation of approximately CZK 717 million with accrued interest and charges that resulted in legal proceedings being initiated in the matter. During the course of a judicial proceeding in the first instance, the trial was interrupted until the EC decision on the alleged abuse of a dominant position on the Prague-Ostrava route, described in Note 17.1. In 2020, the EC issued a statement of objections significantly to the disadvantage of ČD, with a further possible impact on the resolution of disputes with RegioJet. At the same time, there is a parallel dispute over the disclosure of certain documents on the applicant's file. The Supreme court suspended a dispute over the disclosure of certain documents based on the fact that it requested the Court of Justice for preliminary ruling on interpretation of legislation on disclosure of documents. On 15 March 2021, ČD received an invitation from the Court of Justice of the EU to comment on the request for preliminary ruling. On 21 June 2021, comments on preliminary ruling of the Supreme Court were sent to the Court of Justice of the EU. Based on the available information, it is impracticable to determine uncertainties regarding the amount or timing of any future outflows. ČD does not expect compensation from third parties in connection with these proceedings. Since it is impossible to reliably measure a possible liability, a provision has not been recognised.

Proceedings in the matter of a possible abuse of the dominant position on the lines Pardubice - Liberec and Pilsen - Most

In April 2016, the Office for the Protection of Competition (OPC) initiated administrative proceedings. The alleged violation of competition rules were charged against ČD for the reason that, during the tender held in 2005 concerning the railway transport and provision of public services on the route Pardubice-Liberec-Pilsner-Most for the duration of the 2006/2007 timetable, they presented a price offer which did not cover the costs of service provision on the routes in question. In accordance with the agreement, ČD provided the service on the stated routes until the end of the 2013/2014 timetable.

On 14 December 2017, OPC imposed a fine of CZK 368 million on ČD. ČD filed an appeal against this decision, which was on 15 July 2019 by II grade decision was rejected and a fine of CZK 275 million was imposed on ČD. An administrative action was brought against the decision. The

application for the suspension of the action was not granted and ČD paid the fine. If ČD agrees with the court in the proceedings on the merits, the fine paid by ČD will be returned. Administrative action is pending.

Alleged cartel agreement between ČD, ZSSK and ÖBB for the sale of disposed rolling stock

In June 2016, the European commission ("EC") performed a local investigation in the headquarters of ČD for the suspicion of the cartel agreement made for the mutual sale of railway vehicles. EC investigates if ČD, ZSSK and ÖBB have concluded a prohibited agreement on sale of the disposed railway vehicles limitation, for the purposes of restricting the entrance of new transporters to the market. ČD denies that it entered into a cartel agreement. Currently, the case is in the stage of a formally initiated administrative proceeding, where the next step of the EC is awaited and the further procedure of ČD will follow accordingly. Based on the available information, it is impracticable to determine uncertainties regarding the amount or timing of any future outflows. ČD does not expect compensation from third parties in connection with these proceedings. Since it is impossible to reliably measure a possible liability, a provision has not been recognised.

Legal action by CB Station Development, a.s. against ČD

This is a real estate project, within the framework of which 3 lawsuits were filed against ČD by Station CB and EZ holding companies. The actions are aimed at determining ČD's obligation to conclude a sales contract with the claimants on the basis of a previous agreement on a future contract. CBSD claims its claims against ČD with a contractual penalty of CZK 100 million. CZK. Claims for other damages (damages, pre-contractual liability) are also possible. The first-degree court proceedings are pending. Based on the available information, it is impracticable to determine uncertainties regarding the timing of any future outflows. ČD does not expect compensation from third parties in connection with these proceedings. Since the Company's management believes it is currently unlikely that an outflow of funds will be required to settle the obligation, a provision has not been recognised.

19. Post Balance Sheet Events

The Parent Company drew a loan in the amount of CZK 500 million with a maturity of 7 years as at 30 July 2021 and a loan in the amount of CZK 500 million with a maturity of 7 years as at 4 August 2021.

As at 2 July 2021 ČD Cargo, a.s. drew a new investment loan in the amount of CZK 500 million with a maturity of 10 years.

20. Approval of the Consolidated Financial Statements

These interim consolidated financial statements were approved on 7 September 2021.

RESPONSIBILITY

FOR THE INTERIM REPORT OF THE ČD GROUP

Declaration

The authorised persons of the issuer declare that, to the best of their knowledge, the consolidated interim report gives a true and fair view of the financial position, business activity and economic results of the issuer and its consolidation group for the six months ended and outlook on future development in the financial position, business activity and economic results of the issuer and its consolidation group.

Prague, 7 September 2021



Ivan Bednárík
Chairman of the Board
of Directors
České dráhy, a.s.



Václav Nebeský
Vice-Chairman of the Board
of Directors
České dráhy, a.s.

This report was not audited

IDENTIFICATION AND CONTACT

INFORMATION

Name of the Company: České dráhy, a.s.

Registered office: Prague 1, Nábřeží L. Svobody 1222, Postal Code 110 15

Corporate ID: 70994226

Tax ID: CZ70994226

Registration court: Prague

File no.: Section B, file 8039

Telephone: 972 111 111

Fax: 972 232 498

e-mail: info@cd.cz, info@cdcargo.cz

www.cd.cz, www.ceskedrahy.cz, www.cdcargo.cz, www.cdvuz.cz,
www.dpov.cz, www.cdt.cz, www.jlv.cz

This version of the interim consolidated financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the interim consolidated financial statements takes precedence over this translation.