



**2023**

**Interim Report**

**of the České Dráhy Group**

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## Key Indicators of the ČD Group

	1-6/2023	1-6/2022	Difference	Index
Revenue (CZK million)	24,344	21,277	3,067	114.4
EBITDA from continuing operations (CZK million)	6,496	4,217	2,279	154.0
EBIT from continuing operations (CZK million)	2,003	(206)	2,209	
Profit (loss) before tax (CZK million)	987	(935)	1,922	
Profit (loss) for the period (CZK million)	640	(977)	1,617	
Total assets (CZK million)	119,288	120,408	(1,120)	99.1
CAPEX (expenditure on acquisition of Property, plant and equipment and intangible assets) (CZK million)	7,343	14,026	(6,683)	52.4
Depreciation, amortisation and impairment (CZK million)	4,493	4,423	70	101.6
Indebtedness (%) – liabilities / total assets	70.2	70.8	(0.6)	99.2
Current liquidity (%) – current assets / current liabilities	92.0	68.7	23.3	133.9
Average recalculated headcount	21,796	21,695	101	100.5
<b>Passenger transport</b>				
Number of carried passengers (million)	79.1	75.0	4.1	105.5
Transport performance (million passenger-kilometres)	3,609	3,599	10	100.3
Traffic performance (million train-kilometres)	58.3	57.9	0.4	100.7
Average transport distance (km)	45.6	48.0	(2.4)	95.0
Occupancy ratio (%)	27.1	27.6	(0.5)	98.2
<b>Freight transport</b>				
Transport volume (million tonnes)	30.9	32.5	(1.6)	95.1

The 2022 reporting period has been restated in accordance with the correction of prior period errors in the consolidated financial statements for the year ended 31 December 2022.

## Introduction by the Chairman of the Board of Directors

Ladies and Gentlemen,

We would like to present to you the interim report of the ČD Group. During the two years marked by COVID-19 and the following year, when we were all affected by the war in Ukraine, we faced a decline in passenger numbers due to preventive anti-epidemic measures and an unexpected surge in costs. I am now pleased to say that we have successfully overcome this difficult period and today we are at the beginning of a new phase where we can focus on the development of the company, its growth and further modernisation and investment.

It is encouraging to see passengers returning to ČD trains. In the first half of 2023, we recorded a four million year-on-year increase in the number of customers carried, bringing the total number of passengers carried to 79 million. The growing number of passengers was also reflected very positively in transport revenues. This only proves that our business policy is on the right track. In the first half of the year, freight transport and all other segments performed well, thanks to which total revenues of the ČD Group increased by more than CZK 3 billion year-on-year.

However, the stabilisation of the energy market, which kept the price of traction electricity well below the price cap in the first half of the year, and the stronger Czech crown also contributed significantly to the positive result. Cost growth was significantly slower than revenue growth. The profit before tax amounted to CZK 987 million, an improvement of more than CZK 1.9 billion year-on-year.

As far as the ongoing market liberalisation is concerned, it is quite natural that as the largest carrier in an opening market, we cannot defend all contracts; yet I am very pleased that we have managed to defend a number of them and even gain some new ones in the first half of 2023. This is the best evidence that our strategy of fleet modernisation, product innovation and optimisation of processes and associated costs is bearing fruit and that we are moving in the right direction.

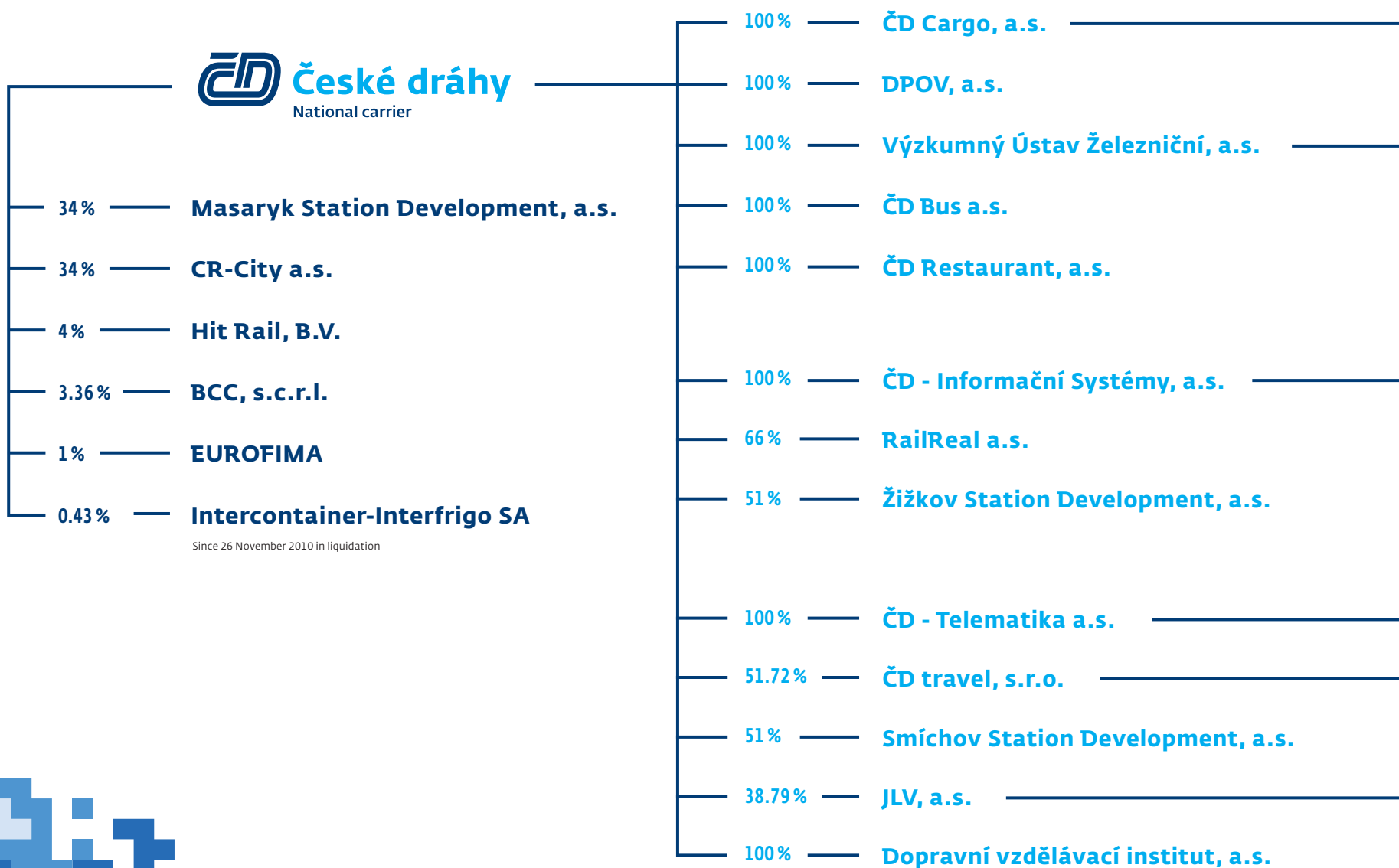
Finally, I would like to thank all those who support us in this endeavour and help us achieve these objectives.

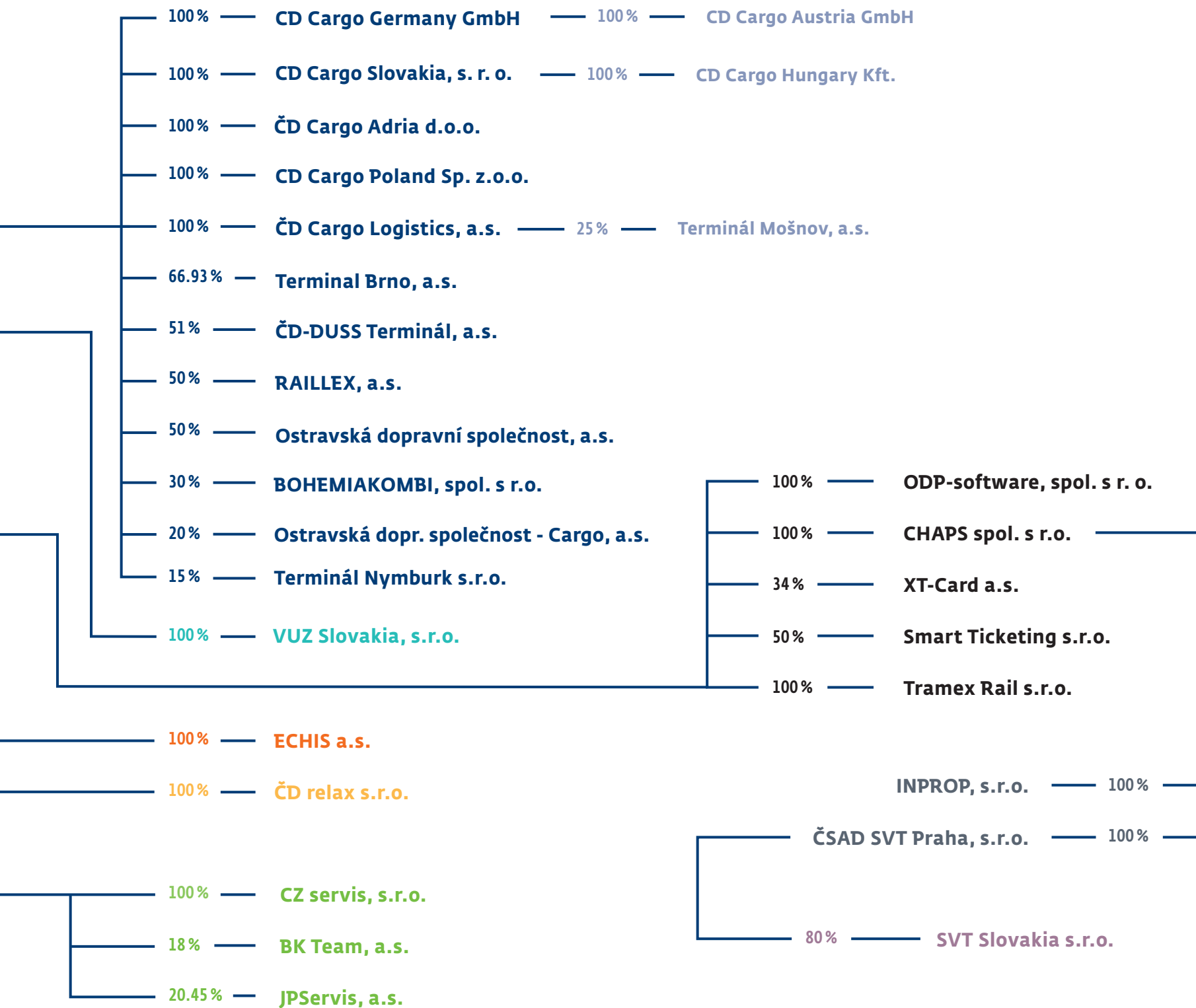


Michal Krapinec  
Chairman of the Board of Directors  
České dráhy, a.s.

# Overview of Ownership Interests of the ČD Group

30 June 2023







# Report of the Board of Directors on the Business Activities of the ČD Group for 6 months ended 30 June 2023

## Financial Results

(CZK million)		Passenger transport	Freight transport	Asset management	Certification and testing	Other	Elimination	Total
Revenue	6/2023	14,402	7,952	256	475	3,551	(2,292)	24,344
	6/2022	13,080	7,072	191	315	2,547	(1,928)	21,277
Cost of services, raw material and energy	6/2023	(5,758)	(3,293)	(243)	(80)	(2,523)	2,004	(9,893)
	6/2022	(6,017)	(3,349)	(211)	(61)	(1,813)	1,693	(9,758)
Employee benefit costs	6/2023	(4,887)	(2,534)	(136)	(77)	(713)	182	(8,165)
	6/2022	(4,631)	(2,251)	(120)	(72)	(605)	151	(7,528)
EBITDA from continuing operations	6/2023	3,977	2,082	(21)	311	858	(711)	6,496
	6/2022	2,457	1,472	53	181	610	(556)	4,217
Depreciation, amortisation and impairment	6/2023	(2,932)	(1,338)	(114)	(30)	(144)	65	(4,493)
	6/2022	(3,046)	(1,161)	(77)	(34)	(147)	42	(4,423)
EBIT from continuing operations	6/2023	1,045	744	(135)	281	714	(646)	2,003
	6/2022	(589)	311	(24)	147	463	(514)	(206)
Profit (loss) before tax	6/2023	286	481	(132)	290	706	(644)	987
	6/2022	(1,178)	175	(14)	153	446	(517)	(935)

The 2022 reporting period has been restated in accordance with the correction of prior period errors in the consolidated financial statements for the year ended 31 December 2022.

## Passenger Transport

In the first half of 2023, passenger transport performance increased compared to 2022, as did passenger revenue. However, the passenger segment was still impacted by the COVID-19 pandemic in the first quarter of 2022 compared to regular operations.

In terms of passenger **transport performance** in the period from January to June 2023, 79 million passengers (a 6% increase year-on-year) were transported and the transport performance amounted to 3,609 million PK (a 0.3% increase year-on-year). The growth in the number of passengers in the integrated transport systems segment was the reason for the decrease in the average transport distance year-on-year. The average transport distance in the first half of 2023 was 45.6 km, i.e. 2.4 km less than in the first half of 2022.

As to the **traffic performance** in the passenger transport segment, there was a slight year-on-year increase in train-kilometres between January–June 2023.

**Revenue** in the passenger transport segment in the period from January to June 2023 was affected by the positive development in passenger transport compared to the same period of the previous year, which was reflected in the growth of passenger transport revenue to CZK 4,647.2 million (+ CZK 697.4 million, i.e. +18%).

The increase in the **domestic transport** revenue (including contracts concluded in the “gross régime”) in January–June 2023 was CZK 442 million (i.e. +14%) compared to the same period of the previous year is attributable to the return of domestic transport demand to its pre-pandemic level.

There was also a revival in the **international transport** segment, where we recorded an increase in revenue in the period from January to June 2023 compared to the same period of the previous year (+ CZK 255 million, i.e. +35%). However, when comparing year-on-year, it is necessary to take into account the impact of the COVID-19 pandemic on transport demand, which was apparent until March 2022.

Regarding costs, in the first half of 2023, the passenger transport segment was negatively affected by the increase in input prices, especially spare parts, external repairs of rolling stock and partly by the increase in employee benefit costs.

Developments in the second half of 2023 will depend mainly on economic trends in the Czech Republic and on geopolitical factors in the international transport sector in neighbouring countries. In the case of domestic transport, it will specifically concern the development of real wages in relation to the general development of the price level in the Czech Republic, which will determine the overall economic activity and consumer behaviour of citizens.

In the area of fixed assets for the period from January to June 2023, the most significant items include the delivery of 6 EMU160 electric units for regional transport (3 units in the Vysočina Region, 3 units in the Moravian-Silesian Region).

## Freight Transport

In the first half of 2023, the ČD Cargo Group generated profit before tax of CZK 481 million.

This profit was significantly affected by the continued expansion of ČD Cargo abroad, where the volumes of own business increased by 50% year-on-year, which was positively reflected in the economic results of the subsidiaries. Higher performance abroad partially eliminated the sharp decline in the domestic market, which corresponds to the overall development of the rail freight transport market in the Czech Republic. The most significant decline in the domestic market was in the transport of lignite, wood from the receding bark beetle calamity and due to the reduced production of the metallurgical industry.



Despite relatively favourable energy prices and lower performance, ČD Cargo's operating costs increased by almost CZK 0.6 billion year-on-year due to the rising price level of most inputs, which ČD Cargo had to reflect in its customer prices.

Expansion abroad would not have been possible without continued investment in the modernisation and renewal of the fleet of freight cars and locomotives. ČD Cargo Group's investment expenditure in the first half of this year amounted to almost CZK 2.4 billion.

## Asset Management

In the asset management segment, planned sales of immovable assets were carried out. The most significant sales of real estate as of 30 June 2023 took place in the Prague district of Satalice (plots of land), as well as in the territories of the cities of Chomutov, Hradec Králové and Karviná (plots of land).

One of the most important projects in the asset management segment is the ÚMVŽST project („Arrangement of property relations in railway stations“), the result of which is the transfer of ČD land under the railway infrastructure to the Railway Administration, a state organisation. As part of the implementation phase of the project, an expert valuation of the subject of sale and compensation for its use was carried out according to a mutually agreed valuation methodology. The further progress of the project will depend on the outcome of the ongoing pre-notification procedure of the European Commission, which is assessing the parameters of the transaction to exclude possible unlawful state aid.

As part of our development projects, we are finalising the sale of land in the Prague – Smíchov area, where an agreement was reached with the developer on the novation of the contractual relationship during 2023 and the sale of Phases II, III and IV, i.e. all remaining phases of the project, will take place in Q4 of 2023. Negotiations are also in progress at the Brno Main Railway Station, and as part of the implementation of the revitalisation project, we are planning to sell the first two sites Nové Sady and Křídlovická in Q4 of 2023.

## Certification and Testing

VUZ generated profit before tax of CZK 290 million in the first half of 2023. This result is positively affected by the cyclical demand in the testing sector, with higher capacity utilisation in the VUZ Velim year-on-year. At the same time, due to the higher business activity, the Authorised Person's performance increased both in the area of certification and in the Testing Lab. On the cost side, the overall result is mainly affected by higher energy costs and an increase in employee benefit costs. Development in the second half of 2023 will depend mainly on the state of readiness of projects in the Testing Lab; in the Authorised Person area, the impact of the competitive environment can be expected to increase.

# Condensed Interim Consolidated Financial Statements

## for 6 months ended 30 June 2023

### Interim Consolidated Profit and Loss Statement for 6 months ended 30 June 2023

		6 months ended 30 June 2023 (CZK million) (unaudited)	6 months ended 30 June 2022 <sup>*</sup> (CZK million) (unaudited)
<b>CONTINUING OPERATIONS</b>			
Revenue	5	24,344	21,277
Other operating income		622	682
Cost of services, raw material and energy		(9,893)	(9,758)
Employee benefit costs		(8,165)	(7,528)
Depreciation, amortisation and impairment of property, plant and equipment		(4,493)	(4,423)
Other operating expenses		(402)	(450)
Profit and loss on impairment of financial assets		(10)	(6)
<b>Profit (loss) from operating activities</b>		<b>2,003</b>	<b>(206)</b>
Finance costs	14	(1,628)	(982)
Finance income		606	244
Share of profit of associates and joint ventures		6	9
<b>Profit (loss) before tax</b>		<b>987</b>	<b>(935)</b>
Income tax	6	(347)	(131)
<b>Profit (loss) for the period from continuing operations</b>		<b>640</b>	<b>(1,066)</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit (loss) from discontinued operations		-	89
<b>Profit (loss) for the period</b>		<b>640</b>	<b>(977)</b>
Attributable to the owners of the Company		637	(980)
Attributable to non-controlling interests		3	3

\* Restated in accordance with the correction of prior period errors in the consolidated financial statements as of 31 December 2022.

**Interim Consolidated Comprehensive Income Statement for 6 months ended 30 June 2023**

	6 months ended 30 June 2023 (CZK million) (unaudited)	6 months ended 30 June 2022 <sup>o</sup> (CZK million) (unaudited)
<b>Profit (loss) for the period</b>	<b>640</b>	<b>(977)</b>
Actuarial profit (loss) on remeasurement of defined benefit obligations	(14)	12
Revaluation of investments in equity instruments at fair value through other comprehensive income	(5)	12
Income (expense) related to income tax	1	(3)
<b>Other comprehensive income for the period (items not subsequently reclassified to profit/loss)</b>	<b>(18)</b>	<b>21</b>
Exchange differences arising from the translation of foreign operations	19	(15)
Change in cash flow hedge fund	(446)	(231)
Change in hedge expense fund	116	(29)
Income (expense) related to income tax	62	49
<b>Other comprehensive income for the period (items that may be reclassified to profit/loss in following periods)</b>	<b>(249)</b>	<b>(226)</b>
<b>Other comprehensive income for the period after tax</b>	<b>(267)</b>	<b>(205)</b>
<b>Total comprehensive income for the period</b>	<b>373</b>	<b>(1,182)</b>
Attributable to the owners of the Company	370	(1,185)
Attributable to non-controlling interests	3	3

<sup>o</sup> Restated in accordance with the correction of prior period errors in the consolidated financial statements as of 31 December 2022.

## Interim Consolidated Statement of Financial Position as of 30 June 2023

		30 June 2023 (CZK million) (unaudited)	31 December 2022 (CZK million) (audited)
Property, plant and equipment	7	93,773	91,236
Investment property		921	938
Goodwill		141	141
Intangible assets	8	1,052	1,103
Right-of-use assets	9	6,126	5,760
Investments in joint ventures and associates		202	203
Deferred tax asset		8	14
Trade receivables		545	545
Other financial assets	11	530	933
Other assets		36	36
<b>Total non-current assets</b>		<b>103,334</b>	<b>100,909</b>
Inventories	10	3,135	2,824
Trade receivables		3,749	4,243
Prepaid income tax		11	25
Other financial assets	11	1,280	936
Other assets		2,260	2,710
Cash and cash equivalents	12	5,519	8,761
<b>Total current assets</b>		<b>15,954</b>	<b>19,499</b>
<b>TOTAL ASSETS</b>		<b>119,288</b>	<b>120,408</b>
Share capital		20,000	20,000
Capital funds		17,637	17,885
Accumulated loss		(2,194)	(2,812)
<b>Equity attributable to the owners of the Company</b>		<b>35,443</b>	<b>35,073</b>
Non-controlling interests		53	50
<b>Total equity</b>		<b>35,496</b>	<b>35,123</b>
Loans, borrowings and lease liabilities	14	62,164	53,344
Deferred tax liability		1,818	1,759
Provisions	15	682	590
Other financial liabilities	11	1,737	1,116
Other liabilities		50	102
<b>Total non-current liabilities</b>		<b>66,451</b>	<b>56,911</b>
Trade payables	13	5,245	6,765
Loans, borrowings and lease liabilities	14	5,912	15,061
Current income tax payables		118	65
Provisions	15	2,100	2,233
Other financial liabilities	11	608	777
Other liabilities and contract liabilities		3,358	3,473
<b>Total current liabilities</b>		<b>17,341</b>	<b>28,374</b>
<b>TOTAL LIABILITIES</b>		<b>119,288</b>	<b>120,408</b>

## Interim Consolidated Statement of Changes in Equity for 6 months ended 30 June 2023

	Other capital funds				Accumulated Profit/ Accumulated Loss (CZK million)	Equity attributable to the owners of the Company (CZK million)	Non-controlling interests (CZK million)	Total equity (CZK million)
	Share capital (CZK million)	Share premium (CZK million)	Cash flow hedge fund (CZK million)	Other funds (CZK million)				
<b>Balance as of 1 January 2022 (audited) *</b>	<b>20,000</b>	<b>16,440</b>	<b>2,245</b>	<b>458</b>	<b>(2,653)</b>	<b>36,490</b>	<b>51</b>	<b>36,541</b>
<b>Comprehensive income</b>								
Loss for the period	-	-	-	-	(980)	(980)	3	(977)
Other comprehensive income for the period	-	-	(188)	(17)	-	(205)	-	(205)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(188)</b>	<b>(17)</b>	<b>(980)</b>	<b>(1,185)</b>	<b>3</b>	<b>(1,182)</b>
<b>Transactions with owners</b>								
Allocation to the reserve fund	-	-	-	21	(21)	-	-	-
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of 30 June 2022 (unaudited) *</b>	<b>20,000</b>	<b>16,440</b>	<b>2,057</b>	<b>462</b>	<b>(3,654)</b>	<b>35,305</b>	<b>54</b>	<b>35,359</b>
<b>Balance as of 1 January 2023 (audited)</b>	<b>20,000</b>	<b>16,440</b>	<b>1,074</b>	<b>371</b>	<b>(2,812)</b>	<b>35,073</b>	<b>50</b>	<b>35,123</b>
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	637	637	3	640
Other comprehensive loss for the period	-	-	(361)	94	-	(267)	-	(267)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(361)</b>	<b>94</b>	<b>637</b>	<b>370</b>	<b>3</b>	<b>373</b>
<b>Transactions with owners</b>								
Allocation to the reserve fund	-	-	-	19	(19)	-	-	-
<b>Total transactions with owners for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>(19)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as of 30 June 2023 (unaudited)</b>	<b>20,000</b>	<b>16,440</b>	<b>713</b>	<b>484</b>	<b>(2,194)</b>	<b>35,443</b>	<b>53</b>	<b>35,496</b>

\* Restated in accordance with the correction of prior period errors in the consolidated financial statements as of 31 December 2022.

## Interim Consolidated Cash Flow Statement for 6 months ended 30 June 2023

		6 months ended 30 June 2023 (CZK million) (unaudited)	6 months ended 30 June 2022 <sup>o</sup> (CZK million) (unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit (loss) for the period</b>		<b>640</b>	<b>(977)</b>
Income tax expense	6	347	158
Dividend income		(1)	(2)
Finance costs – interest expense		1,310	748
Profit on the sale and disposal of non-current assets		(107)	(161)
Depreciation and amortisation of non-current assets		4,618	4,423
Impairment losses (reversal of impairment losses)		(87)	3
Change in provisions	15	(41)	(46)
Foreign exchange rate gains (losses)		(134)	(56)
Share of profits of joint ventures and associates		(6)	(9)
Other items		(190)	(52)
<b>Cash flows from operating activities before changes in working capital</b>		<b>6,349</b>	<b>4,029</b>
Increase (decrease) in trade receivables		465	(815)
Increase (decrease) in inventories		(320)	(37)
Increase (decrease) in other assets	11	(621)	(735)
Increase (decrease) in trade payables	13	165	324
Increase (decrease) in other liabilities and contract liabilities	11	(41)	(282)
<b>Total changes in working capital</b>		<b>(352)</b>	<b>(1,545)</b>
<b>Cash flows from operating activities before interest, dividends and taxes</b>		<b>5,997</b>	<b>2,484</b>
Interest paid		(950)	(832)
Income tax paid	6	(134)	(101)
Dividends received		1	7
<b>Net cash flows from operating activities</b>		<b>4,914</b>	<b>1,558</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Payments for property, plant and equipment	7	(7,203)	(13,846)
Proceeds from disposal of property, plant and equipment		130	227
Payments for investment property		(8)	-
Payments for intangible assets	8	(132)	(133)
Acquisition of subsidiaries, without purchased cash		-	(47)
Received interest		187	37
<b>Net cash flows from investment activities</b>		<b>(7,026)</b>	<b>(13,762)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	14	10,739	12,976
Repayments of loans and borrowings	14	(11,199)	(1,647)
Payment of principal of lease liabilities	14	(518)	(587)
<b>Net cash flows from financing activities</b>		<b>(978)</b>	<b>10,742</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(3,090)</b>	<b>(1,462)</b>
Cash and cash equivalents at the beginning of the period		8,761	3,572
Impact of exchange rate changes on cash and cash equivalents		(152)	23
<b>Cash and cash equivalents at the end of the period</b>	<b>12</b>	<b>5,519</b>	<b>2,133</b>

<sup>o</sup> Restated in accordance with the correction of prior period errors in the consolidated financial statements as of 31 December 2022.



# Notes to the Interim Consolidated Financial Statements

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## 1. General Information

### 1.1. General Information

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

The Group’s principal business activity is the operation of railway transport. Other activities of the Group include mainly asset management. In addition, the Group is engaged in other activities relating to its principal business activity.

The assets comprising the railway infrastructure do not belong to the Group but to the state. The right to operate these state assets is exercised by Správa železnic, s.o. (hereinafter “SŽ”). SŽ secures the operability and servicing of the railway infrastructure.

### 1.2. Changes in the Consolidation Group

On 2 March 2023, the company Terminál Nymburk s.r.o. was established, in which the shareholder ČD Cargo, a.s. has a 15% share. The company operates a combined terminal for the transshipment of freight transport on the rail in the northern industrial zone of Nymburk.

## 2. Statement of Compliance and Significant Accounting Policies

The condensed interim consolidated financial statements for 6 months ended 30 June 2023 were prepared in accordance with IAS 34 adopted by the European Union. 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 2022.

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

These condensed interim consolidated financial statements have been prepared using the same accounting policies and calculation methods that were applied in the Group’s consolidated financial statements for the year ended 31 December 2022, except for the estimated income tax expense (Note 6) and the adoption of amendments to standards effective from 1 January 2023. The Group has not applied any standard, interpretation or amendment adopted by the European Union prior to their effective dates. Several amendments to the standards were applied for the first time in 2023 but have no impact on the interim consolidated financial statements of the Group.

In preparing these interim financial statements, Management made judgments and estimates that may affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates. The significant judgments made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the previous year’s financial statements.

### Going Concern Principle

At the time of approval of the interim financial statements, the Group’s management has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classifications of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

## 3. Seasonability

The revenues in passenger transport are not significantly affected by seasonal effects. Domestic transport may be affected by fuel prices and reluctance to use individual transport for regular commuting, by weather in the leisure activity 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 transport is also affected by the economic and security situation in Europe.

In freight transport, seasonality is noticeable in transport of some commodities, especially coal for heating plants and food (grain, sugar beet, etc.).

## 4. Segments

### 6 months ended 30 June 2023

(CZK million)	Passenger transport	Freight transport	Asset management	Certification and testing	Total of reportable segments	Other <sup>o</sup>	Elimination <sup>oo</sup>	Total
<b>Revenue</b>								
<b>of which revenue from external customers outside the Group:</b>	<b>14,278</b>	<b>7,724</b>	<b>65</b>	<b>471</b>	<b>22,538</b>	<b>1,439</b>	<b>-</b>	<b>23,977</b>
Revenue from passenger transport	5,208	-	-	-	5,208	-	-	5,208
Revenue from freight transport	-	7,329	-	-	7,329	-	-	7,329
Revenue from orderers	8,998	-	-	-	8,998	-	-	8,998
Revenue from other services	72	395	65	471	1,003	1,439	-	2,442
<b>of which revenue from the Group:</b>	<b>103</b>	<b>39</b>	<b>-</b>	<b>3</b>	<b>145</b>	<b>2,112</b>	<b>(2,257)</b>	<b>-</b>
Revenue from passenger transport	5	-	-	-	5	-	(5)	-
Revenue from other services	98	39	-	3	140	2,112	(2,252)	-
<b>Total revenue from contracts with customers</b>	<b>14,381</b>	<b>7,763</b>	<b>65</b>	<b>474</b>	<b>22,683</b>	<b>3,551</b>	<b>(2,257)</b>	<b>23,977</b>
Rental income outside the Group	19	183	164	1	367	-	-	367
Rental income in the Group	2	6	27	-	35	-	(35)	-
<b>Total rental income</b>	<b>21</b>	<b>189</b>	<b>191</b>	<b>1</b>	<b>402</b>	<b>-</b>	<b>(35)</b>	<b>367</b>
<b>Total revenue</b>	<b>14,402</b>	<b>7,952</b>	<b>256</b>	<b>475</b>	<b>23,085</b>	<b>3,551</b>	<b>(2,292)</b>	<b>24,344</b>
Traction costs	(1,895)	(922)	-	-	(2,817)	-	7	(2,810)
Payments for the use of railway infrastructure and allocated railway capacity	(908)	(537)	-	-	(1,445)	-	1	(1,444)
Other services, consumption of material and energy	(2,955)	(1,834)	(243)	(80)	(5,112)	(2,523)	1,996	(5,639)
<b>Total services, consumption of material and energy</b>	<b>(5,758)</b>	<b>(3,293)</b>	<b>(243)</b>	<b>(80)</b>	<b>(9,374)</b>	<b>(2,523)</b>	<b>2,004</b>	<b>(9,893)</b>
Employee benefit costs	(4,887)	(2,534)	(136)	(77)	(7,634)	(713)	182	(8,165)
Depreciation and amortisation	(3,028)	(1,344)	(114)	(30)	(4,516)	(144)	65	(4,595)
Impairment <sup>***</sup>	96	6	-	-	102	-	-	102
Other operating income	333	217	106	4	660	574	(612)	622
Other operating expenses	(125)	(237)	(4)	(11)	(377)	(32)	7	(402)
Profit (loss) from impairment of financial assets	12	(23)	-	-	(11)	1	-	(10)
<b>Profit (loss) from operating activities</b>	<b>1,045</b>	<b>744</b>	<b>(135)</b>	<b>281</b>	<b>1,935</b>	<b>714</b>	<b>(646)</b>	<b>2,003</b>
Finance costs	(1,298)	(303)	(19)	-	(1,620)	(37)	29	(1,628)
Finance income	539	40	22	9	610	29	(27)	612
<b>Profit (loss) before tax</b>	<b>286</b>	<b>481</b>	<b>(132)</b>	<b>290</b>	<b>925</b>	<b>706</b>	<b>(644)</b>	<b>987</b>
Tax expense	(77)	(167)	(5)	(56)	(305)	(65)	23	(347)
<b>Profit (loss) for the period from continuing operations</b>	<b>209</b>	<b>314</b>	<b>(137)</b>	<b>234</b>	<b>620</b>	<b>641</b>	<b>(621)</b>	<b>640</b>
Profit (loss) from discontinued operations	-	-	-	-	-	-	-	-
<b>Profit (loss) for the period</b>	<b>209</b>	<b>314</b>	<b>(137)</b>	<b>234</b>	<b>620</b>	<b>641</b>	<b>(621)</b>	<b>640</b>

<sup>o</sup> The Other column includes revenues and expenses of all subsidiaries except for the ČD Cargo Group and VUZ and revenues and expenses of the Company that do not fall within the Passenger Transport and Asset management segments.

<sup>oo</sup> The Elimination column includes eliminations of intercompany relationships.

<sup>\*\*\*</sup> Impairment includes impairment of property, plant and equipment, and investment property.

## 6 months ended 30 June 2022 \*

(CZK million)	Passenger transport	Freight transport	Asset management	Certification and testing	Total of reportable segments	Other **	Elimination ***	Total
<b>Revenue</b>								
<b>of which revenue from external customers outside the Group</b>	<b>12,966</b>	<b>6,851</b>	<b>26</b>	<b>312</b>	<b>20,155</b>	<b>778</b>	<b>-</b>	<b>20,933</b>
Revenue from passenger transport	4,514	-	-	-	4,514	-	-	4,514
Revenue from freight transport	-	6,416	-	-	6,416	-	-	6,416
Revenue from orderers	8,356	-	-	-	8,356	-	-	8,356
Revenue from other services	96	435	26	312	869	778	-	1,647
<b>of which revenue from the Group:</b>	<b>90</b>	<b>36</b>	<b>-</b>	<b>3</b>	<b>129</b>	<b>1,769</b>	<b>(1,898)</b>	<b>-</b>
Revenue from passenger transport	4	-	-	-	4	-	(4)	-
Revenue from other services	86	36	-	3	125	1,769	(1,894)	-
<b>Total revenue from contracts with customers</b>	<b>13,056</b>	<b>6,887</b>	<b>26</b>	<b>315</b>	<b>20,284</b>	<b>2,547</b>	<b>(1,898)</b>	<b>20,933</b>
Rental income outside the Group	24	179	141	-	344	-	-	344
Rental income in the Group	-	6	24	-	30	-	(30)	-
<b>Total rental income</b>	<b>24</b>	<b>185</b>	<b>165</b>	<b>-</b>	<b>374</b>	<b>-</b>	<b>(30)</b>	<b>344</b>
<b>Total revenue</b>	<b>13,080</b>	<b>7,072</b>	<b>191</b>	<b>315</b>	<b>20,658</b>	<b>2,547</b>	<b>(1,928)</b>	<b>21,277</b>
Traction costs	(2,178)	(1,001)	-	-	(3,179)	-	4	(3,175)
Payments for the use of railway infrastructure and allocated railway capacity	(877)	(528)	-	-	(1,405)	-	1	(1,404)
Other services, consumption of material and energy	(2,962)	(1,820)	(211)	(61)	(5,054)	(1,813)	1,688	(5,179)
<b>Total services, consumption of material and energy</b>	<b>(6,017)</b>	<b>(3,349)</b>	<b>(211)</b>	<b>(61)</b>	<b>(9,638)</b>	<b>(1,813)</b>	<b>1,693</b>	<b>(9,758)</b>
Employee benefit costs	(4,631)	(2,251)	(120)	(72)	(7,074)	(605)	151	(7,528)
Depreciation, amortisation and impairment	(3,046)	(1,161)	(77)	(34)	(4,318)	(147)	42	(4,423)
Other operating income	260	204	183	10	657	539	(514)	682
Other operating expenses	(235)	(204)	10	(11)	(440)	(58)	42	(456)
<b>Profit (loss) from operating activities</b>	<b>(589)</b>	<b>311</b>	<b>(24)</b>	<b>147</b>	<b>(155)</b>	<b>463</b>	<b>(514)</b>	<b>(206)</b>
Finance costs	(794)	(183)	(1)	-	(978)	(27)	23	(982)
Finance income	205	47	11	6	269	10	(26)	253
<b>Profit (loss) before tax</b>	<b>(1,178)</b>	<b>175</b>	<b>(14)</b>	<b>153</b>	<b>(864)</b>	<b>446</b>	<b>(517)</b>	<b>(935)</b>
Tax expense	(46)	(49)	-	(34)	(129)	(6)	4	(131)
<b>Profit (loss) for the period from continuing operations</b>	<b>(1,224)</b>	<b>126</b>	<b>(14)</b>	<b>119</b>	<b>(993)</b>	<b>440</b>	<b>(513)</b>	<b>(1,066)</b>
Profit (loss) from discontinued operations	-	-	-	-	-	89	-	89
<b>Profit (loss) for the period</b>	<b>(1,224)</b>	<b>126</b>	<b>(14)</b>	<b>119</b>	<b>(993)</b>	<b>529</b>	<b>(513)</b>	<b>(977)</b>

\* Restated in accordance with the correction of an error in the consolidated financial statements as of 31 December 2022.

\*\* The Other column includes revenues and expenses of all subsidiaries except for the ČD Cargo Group and VUZ and revenues and expenses of the Company that do not fall within the Passenger Transport and Asset management segments.

\*\*\* The Elimination column includes eliminations of intercompany relationships.

## 5. Revenue

(CZK million)	2023	2022
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
<b>Passenger transport segment</b>	<b>14,278</b>	<b>12,966</b>
Revenue from passenger transport	5,208	4,514
<i>Domestic passenger transport</i>	3,663	3,226
<i>International passenger transport*</i>	1,545	1,288
Revenue from passenger transport – payments from public service orderers	8,998	8,356
<i>Payment from the state budget</i>	2,724	2,246
<i>Payment from the regional budgets</i>	6,274	6,110
Revenue from other services	72	96
<b>Freight transport segment</b>	<b>7,724</b>	<b>6,851</b>
Revenue from freight transport	7,329	6,416
<i>Revenue from domestic freight transport</i>	2,457	2,488
<i>Revenue from foreign freight transport</i>	4,872	3,928
<i>Revenue from freight transport – Germany</i>	1,508	1,111
<i>Revenue from freight transport – Austria</i>	587	512
<i>Revenue from freight transport – Slovakia</i>	669	532
<i>Revenue from freight transport – Poland</i>	1,298	953
<i>Revenue from freight transport – other countries</i>	810	820
Other revenue from freight transport	300	261
<i>Other revenue from domestic freight transport</i>	234	219
<i>Other revenue from foreign freight transport</i>	66	42
Other transport-related services	95	174
<b>Asset management segment</b>	<b>65</b>	<b>26</b>
Revenue from other services	65	26
<b>Certification and testing segment</b>	<b>471</b>	<b>312</b>
Revenue from other services	471	312
<b>Not assigned to segments</b>	<b>1,439</b>	<b>778</b>
Sale of other services	1,439	778
<i>Sale of other services recognised over time</i>	1,439	778
<i>Sales of telematics services</i>	1,043	438
<i>Sales of other own services</i>	396	340
<b>Total revenue from contracts with customers</b>	<b>23,977</b>	<b>20,933</b>
<b>RENTAL INCOME</b>		
Asset management segment	164	141
Freight transport segment	183	179
Passenger transport segment	19	24
Certification and testing segment	1	-
<b>Total rental income</b>	<b>367</b>	<b>344</b>
<b>Total revenue</b>	<b>24,344</b>	<b>21,277</b>

\* Includes sales for international performance in the amount of CZK 566 million for January - June 2023 (CZK 564 million for January - June 2022).

Payments from public service orderers apply to regional and long-distance domestic passenger transport.

The Group provides transport services in public railway transport for a stated (rectified) price and secures transport services in the specified categories of passenger trains on the railway network of the Czech Republic. The scope of these services and the compensation (revenue of the Group) are specified in contracts with the state and regional authorities. Payments from the customer (the state) are limited by the number of financial resources that were determined by the state budget for the reimbursement of a demonstrable loss in rail passenger transport.

Passenger transport revenue increased in the first half of 2023 compared to the first half of 2022. The most significant impact on passenger transport revenue over the past three years was related to regulatory actions. These primarily included restrictions on passenger mobility due to the COVID-19 pandemic, changes in travel behaviour due to adjustments in state-mandated discounts for selected groups, etc.

In the second half of 2023, the current positive development is expected to continue. The assumption is that there will be no deterioration in the security and economic situation in Europe with an impact on the growth segment of international transport or other major changes that could affect passenger mobility.

## 6. Income Tax

Income tax recognised in the interim consolidated profit and loss statement for the year ended 30 June 2023 and 30 June 2022 in the amount of CZK (347) million and CZK (131) million, respectively, includes a tax payable of CZK (217) million and CZK (84) million as of 30 June 2023 and 30 June 2022, respectively, and a deferred tax of CZK (130) million and CZK (47) million as of 30 June 2023 and 30 June 2022, respectively. Comparative figures were restated in accordance with the correction of an error in the consolidated financial statements as of 31 December 2022.

The Group calculates income tax expense for the period using a tax rate determined based on an estimated weighted arithmetic average of the annual income tax rate expected for the entire accounting year.

The effective tax rate is mainly affected by the fact that the Parent Company does not recognise a deferred tax asset for prudence reason, as its utilisation is uncertain due to low expected future taxable profits.

## 7. Property, Plant and Equipment

In the period from 1 January to 30 June 2023, the Group acquired property, plant, and equipment in the amount of CZK 7,208 million (CZK 18,387 million as of 31 December 2022). Of this amount, CZK 2,117 million represents advances made (CZK 5,826 million as of 31 December 2022) and CZK 3,899 million are additions to vehicles and components (CZK 10,397 million as of 31 December 2022).

The most significant items of advances provided are advances for the purchase of railway rolling stock in the amount of CZK 1,924 million and advances for ETCS in the amount of CZK 108 million. During the interim period, a subsidy from SFDI was drawn for the purchase of a mobile ETCS signalling system for lines 130 and 753.7 in the amount of CZK 314 million.

The most significant items of additions to transport equipment and components include the acquisition of railway rolling stock in the amount of CZK 954 million and modernisation of railway rolling stock in the amount of CZK 213 million and ETCS in the amount of CZK 445 million.

Other significant additions include the purchase of TRAXX traction vehicles, modernisation and periodic repairs of traction vehicles and trucks, ETCS for traction vehicles, and the acquisition of new wheelsets.

Property, plant, and equipment with a residual value of CZK 117 million were disposed of by the Group in the period from 1 January to 30 June 2023 (as of 31 December 2022 in the amount of CZK 253 million).

The assets with the most significant impairment loss recognised are the 680 series swing box units (Pendolino) and 380 series locomotives. The impairment status of the 680 series is CZK 452 million as of 30 June 2023 (31 December 2022: CZK 560 million) and the impairment of the 380 series as of 30 June 2023 is CZK 1,522 million (31 December 2022: CZK 1,594 million).

The Group did not identify any significant factors that would lead to a change in the conclusions made regarding the impairment of non-financial assets as of 31 December 2022.



## 8. Intangible Assets

From 1 January to 30 June 2023, the Group acquired intangible assets in the amount of CZK 106 million (as of 31 December 2022: CZK 340 million).

The most significant additions of intangible asset are IS OPT, IS DTOP, IS UNIPOK and SAP modules.

## 9. Right-of-use Assets

From 1 January to 30 June 2023, the Group entered into lease agreements in the amount of CZK 1,363 million (CZK 2,480 million as of 31 December 2022).

The most significant items of newly leased assets include the lease of 37 electric units for the South Moravian Region and 2 Vectron locomotives for passenger transport. In addition, the Group also concluded leases for freight and traction vehicles for freight transport.

Right-of-use assets with the net book value of CZK 161 million were disposed by the Group from 1 January to 30 June 2023 (as of 31 December 2022: CZK 478 million).

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

## 10. Inventories

The impairment of inventories to their net realisable value as of 30 June 2023 amounted to CZK 128 million (as of 31 December 2022: CZK 123 million).

## 11. Other Financial Assets and Other Financial Liabilities

The decrease in other non-current financial assets was due to the reclassification of restricted cash to other current financial assets.

The increase in non-current financial liabilities is mainly due to an increase in the fair value of hedging derivatives by CZK 610 million.

During the interim period, the Group entered into 4 new hedging cross-currency interest rate swaps, the fair value of which amounts to CZK (79) million as of 30 June 2023, 7 new commodity swaps with a fair value of CZK (6) million as of 30 June 2023 and 3 new currency forwards with a fair value of CZK 1 million.

## 12. Cash and Cash Equivalents

(CZK million)	30 June 2023	31 Dec 2022
Cash on hand and cash in transit	120	51
Bank accounts	5,399	5,818
Deposit bills	-	2,892
<b>Total</b>	<b>5,519</b>	<b>8,761</b>

### 13. Trade Payables

The decrease in trade payables as of 30 June 2023 was mainly due to higher outstanding investment invoices settled during the interim period.

### 14. Loans, Borrowings and Lease Liabilities

(CZK million)	30 June 2023	31 Dec 2022
Bank loans	1,965	1,738
Payable to EUROFIMA	88	-
Lease liabilities	1,782	1,365
Secured loans	382	426
Overdraft accounts	493	897
Bonds issued	1,179	10,591
Other received short-term loans and borrowings	23	44
<b>Total short-term</b>	<b>5,912</b>	<b>15,061</b>
Bank loans	12,643	11,636
Payable to EUROFIMA	8,565	-
Lease liabilities	4,290	4,421
Secured loans	2,267	2,425
Bonds issued	34,352	34,826
Other received long-term loans and borrowings	47	36
<b>Total long-term</b>	<b>62,164</b>	<b>53,344</b>
<b>Total</b>	<b>68,076</b>	<b>68,405</b>

The Parent Company repaid bonds issued in the amount of EUR 400 million on 25 May 2023.

Based on the agreement with EUROFIMA, the Parent Company drew two long-term loans in the total amount of CZK 8.6 billion (CZK 6.9 billion and EUR 70 million) during March and May 2023 with final maturity in 2033. Both loans bear fixed interest.

In addition, new bank investment loans totalling EUR 90 million were drawn during the interim period at a fixed interest rate.

The increase in finance costs in the interim consolidated profit and loss statement in the first half of 2023 is due to the increase in the interest costs of financing.

## 15. Provisions

(CZK million)	Balance as of 31 December 2022	Creation	Use	Release of unused part	Balance as of 30 June 2023
Provision for legal disputes	1,006	-	-	2	1,004
Provision for post-employment benefits	65	107	7	-	165
Provision for other long-term employee benefits	284	120	114	-	290
Provision for onerous contracts	842	-	153	-	689
Provision for penalties	-	-	-	-	-
Provision for damage	451	-	-	49	402
Other provisions	175	186	117	12	232
<b>Total provisions</b>	<b>2,823</b>	<b>413</b>	<b>391</b>	<b>63</b>	<b>2,782</b>
<i>Long-term</i>	590				682
<i>Short-term</i>	2,233				2,100

### 15.1. Provision for Legal Disputes – Development in 2023

From January to June 2023, there was no change (creation or use) in the provision for legal disputes. All matters described in the Group's consolidated financial statements for 2022 relating to legal disputes and provisions for legal disputes are also valid for these interim financial statements, and only new developments and significant relevant events of 2023 are described below.

#### 15.1.1. Alleged cartel agreement between ČD, ZSSK, and ÖBB in the sale of decommissioned rolling stock

In the first half of 2023, written communication with the European Commission (EC) took place, further documentation was made available on which ČD commented, and subsequently, in the second quarter of 2023, the EC invited ČD to provide further information on the operation of the Prague-Vienna line. At present, the investigation is unlikely to be concluded in 2023.

Thus, based on the value of the revenues to which the possible infringement relates, the estimated duration of the possible infringement and the opinion of external consultants on the estimated percentage range applied to the relevant revenues, a provision of CZK 1,000 million was recognised as of 31 December 2021. This represents the estimated cost of paying the fine for the alleged infringement and related costs. The provision recognised in this way represents Management's best estimate of the Group's liability as of 31 December 2021, 31 December 2022, and 30 June 2023, despite the significant uncertainties involved. ČD does not expect any compensation from third parties in connection with this proceeding.

In the opinion of the Group's management, it has not yet been proven that ČD has infringed Article 101 TFEU. It is ČD's intention to defend itself vigorously in this case, including by using all available means to oppose the impending EC decision obliging ČD to comply, if necessary. The EC has not issued a final decision in this case as of 30 June 2023 or as of the date of these consolidated financial statements.

## 16. Related Party Transactions

### 16.1. Revenue, purchases and outstanding balances with related parties

Purchase of services from JLV, a.s. amounted to CZK 113 million for the period 1-6/2023 (1-6/2022: CZK 99 million). Liabilities to JLV, a.s. amounted to CZK 46 million as of 30 June 2023 (1-6/2022: CZK 42 million).

### 16.2. Relations with state-controlled companies

Below are the significant transactions with related parties identified by the Group: public service obligation payments (regions and the Ministry of Transport), transactions with SŽ and the ČEZ Group.

(CZK million)

Revenues	Counterparty	30 June 2023	30 June 2022
Property rental income	SŽ	15	11
Payment for substitute bus service	SŽ	97	362
Payments from public service orderers – the state budget	state – MT	2,724	2,246
Compensation of 75% / 50% discount fares	state – MT	764	845
Covid-19 subsidy (Antivirus and others)	state/regions	-	19
Fare compensation - Ukraine	state – MT	-	67
Payments from public service orderers – the regional budgets	regions	6,274	6,110
Revenues – telecommunication services	SŽ	701	330
Revenues from the sale of employee holidays	SŽ	99	49
Revenues from freight transportation	ČEZ	44	62
SW operation and maintenance	SŽ	29	28

(CZK million)

Expenses	Counterparty	30 June 2023	30 June 2022
Use of railroads and allocated railway capacity – passenger transport	SŽ	904	903
Use of railroads and allocated railway capacity – freight transport	SŽ	373	427
Consumption of electric traction energy – passenger transport	SŽ	1,304	1,464
Consumption of electric traction energy – freight transport	SŽ	432	575
Telecommunication services	SŽ	25	9

(CZK million)

<b>Receivables</b>	<b>Counterparty</b>	<b>30 June 2023</b>	<b>31 Dec 2022</b>
Compensation for substitute bus service	SŽ	43	66
Compensation of 50% discount fares	state – MT	256	100
Public service obligation	regions	116	356
Telecommunication services	SŽ	220	220
Advances provided	SŽ	57	69
Freight transport	ČEZ	6	23
Freight transport	SŽ	15	2
Support – POZE	SŽ	-	253
Compensation for unjust enrichment	SŽ	-	557

(CZK million)

<b>Liabilities</b>	<b>Counterparty</b>	<b>30 June 2023</b>	<b>31 Dec 2022</b>
Use of railroads and allocated railway capacity – passenger transport	SŽ	360	417
Use of railroads and allocated railway capacity – freight transport	SŽ	140	170
Consumption of electric traction energy – passenger transport	SŽ	51	89
Lease liabilities	SŽ	174	170
Public service obligation	state – MT	208	42
Public service obligation	regions	303	322
Consumption of electric traction energy – freight transport	SŽ	140	120

## 17. Capital Commitments

As of the date of the interim consolidated financial statements, the Group concluded contracts for the purchase of property, plants and equipment in the amount of CZK 49,189 million (as of 31 December 2022 in the amount of CZK 53,004 million). Investments in rolling stock represent a substantial part of the capital commitments.

## 18. Litigation

All litigation matters described in the Group's consolidated financial statements for 2022 are also applicable to these condensed interim consolidated financial statements. There are no significant relevant events as of 30 June 2023 or the date of these financial statements, other than the information described in Note 15.

### 18.1. LEO Express claim for damages

In 2022, the Municipal Court allowed LEO Mobility s.r.o. (a claim for CZK 34 million) and Mr L. Novotný (a claim for CZK 434 million) to intervene as plaintiffs in place of the current plaintiff, i.e. LEO Express Global a.s. ČD appealed against this decision, as LEO Mobility s.r.o. eventually joined the proceedings for CZK 34 million, while the procedural succession in the proceedings for CZK 434 million has not yet been finally decided.

On 23 June 2023, a court settlement was concluded in the proceedings for CZK 34 million, on the basis of which all claims of LEO Mobility s.r.o. are extinguished and the company is obliged to pay the costs of the proceedings to ČD in the amount of CZK 2 million. This dispute has thus been finally terminated.

In the opinion of the Group's management, it is not probable that the Group will incur liability in this respect and has, therefore, created no provision.

## 19. Fair Value of Financial Instruments

(CZK million)

Financial assets	Level	Fair value as of 30 June 2023	Carrying amount as of 30 June 2023	Fair value as of 31 Dec 2022	Carrying amount as of 31 Dec 2022
<b>Measured at fair value</b>		<b>731</b>	<b>731</b>	<b>801</b>	<b>801</b>
Derivative instruments used in hedge accounting	Level 2	396	396	460	460
Financial assets at fair value through other comprehensive income	Level 3	335	335	341	341
<b>Measured at amortised cost</b>		<b>141</b>	<b>141</b>	<b>460</b>	<b>496</b>
Finance lease receivables	Level 2	113	113	150	150
Other non-current financial assets	Level 2	28	28	310	346
<b>Total</b>		<b>872</b>	<b>872</b>	<b>1,261</b>	<b>1,297</b>



(CZK million)

Financial liabilities	Level	Fair value as of 30 June 2023	Carrying amount as of 30 June 2023	Fair value as of 31 Dec 2022	Carrying amount as of 31 Dec 2022
<b>Measured at fair value</b>		<b>1,934</b>	<b>1,934</b>	<b>1,536</b>	<b>1,536</b>
Derivative instruments used in hedge accounting	Level 2	1,934	1,934	1,536	1,536
<b>Measured at amortised cost</b>		<b>55,554</b>	<b>59,021</b>	<b>55,368</b>	<b>58,999</b>
Issued bonds	Level 2	8,121	9,945	8,622	9,977
Issued bonds (traded publicly)	Level 1	24,469	25,586	33,837	35,440
Bank loans <sup>*</sup>	Level 2	13,933	14,608	12,741	13,374
Payable to EUROFIMA	Level 2	8,835	8,653	-	-
Other non-current financial liabilities	Level 2	196	229	168	208
<b>Total</b>		<b>57,488</b>	<b>60,955</b>	<b>56,904</b>	<b>60,535</b>

<sup>\*</sup> The fair value of variable interest loans approximates the carrying amount of these loans.

Cash and cash equivalents, trade receivables and payables, other current financial assets, and other current financial liabilities are not included in the table because their fair value approximates their carrying amount due to their short-term maturity.

There were no transfers of financial instruments between levels during 2023 and 2022.

### 19.1. Valuation Procedures Used to Determine Fair Value

The fair value of financial assets and financial liabilities measured at fair value on a recurring basis are determined as follows:

- The fair value of investments in equity instruments at fair value through other comprehensive income was estimated using asset-based approach. As of 30 June 2023, and 31 December 2022, the Group's management analysed the investee's audited financial statements and concluded that its fair value is approximately equal to the carrying amount of its net assets.
- The fair value of interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows.
- The fair value of cross-currency interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows in respective currencies.
- The fair value of currency swaps is calculated using a valuation model based on discounted yield curves and swap points for the relevant currencies.
- The fair value of commodity swaps is calculated using a valuation model based on discounted future cash flows based on expected commodity prices.

The fair value of financial assets and financial liabilities that are not measured at fair value but are required to be disclosed are determined as follows:

- The fair value of the bonds is determined on the basis of quoted market prices, if available. If quoted market prices do not exist, the fair value is determined using valuation model on the basis of quoted market prices of comparable bonds.
- The fair value of other non-current financial assets and liabilities is calculated using the discounted cash flow method.

Future cash flows are discounted using the discount rate derived from the incremental borrowing rate.

### **19.2. Fair Value Measurement Recognised in the Consolidated Statement of Financial Position**

Financial instruments measured at fair value are allocated to Levels 1 to 3 according to the extent to which the fair value can be ascertained or verified:

- Fair value measurements at Level 1 are valuations that are determined based on unadjusted quoted prices of the same assets or liabilities in active markets.
- Fair value measurements at Level 2 are valuations that are determined 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).
- Fair value measurements at Level 3 are valuations based on valuation techniques that use asset or liability information that is not derived from observable market data (unverifiable inputs).

Investments in equity instruments measured at fair value through other comprehensive income as of 30 June 2023 and 31 December 2022 are included in Level 3. All other financial instruments measured at fair value as of 30 June 2023 and 31 December 2022 are included in Level 2.

## **20. Interim Post Balance Sheet Events**

There were no significant events after the interim balance sheet date.

## **21. Approval of the Condensed Interim Consolidated Financial Statements**

These condensed interim consolidated financial statements were approved by the Board of Directors and authorised for issue on 5 September 2023.

## Responsibility for the Interim Report of the ČD Group

### Affidavit

Authorised individuals 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 activities and financial results of the issuer and its consolidation group for the past six months and of the outlook of the future development in the financial position, business activities and financial results of the issuer and its consolidation group.

In Prague on 5 September 2023



Michal Krapinec  
Chairman of the Board of Directors  
České dráhy, a.s.



Lukáš Svoboda  
Member of the Board of Directors  
České dráhy, a.s.

This report has not been audited.

## List of Abbreviations

Abbreviation	Description
CAPEX	Investment (capital) expenditures
ČD	České dráhy, a.s.
EBIT	Earnings before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EK	European Commission
ESG	Environmental, Social, Governance
ETCS	European Train Control System
EU	European Union
EUROFIMA	European Company for the Rolling Stock Financing
PPS	Photovoltaic Power Station
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IS	Information System
IS OPT	Information System of the Shipping Revenue Centre
JLV	Sleeping and Dining Car Company (Jídelní a lůžkové vozy, a.s.)
MT	Ministry of Transport of the Czech Republic

Abbreviation	Description
OPT	Shipping Revenue Centre
ÖBB	Österreichische Bundesbahnen
PK (Oskm)	Passenger-kilometre (product of transport performance and number of passengers carried)
POZE	Supported renewable energy sources
SAP	Accounting system
SFDI	The State Fund for Transport Infrastructure
SW	Software
SŽ	Railway Transport Route Administration, state organisation (Správa železnic, state organisation, formerly SŽDC)
TFEU	Treaty on the Functioning of the European Union
UNIPOK	Cash register system for ČD personal transport
ÚMVŽST	Arrangement of property relations in railway stations
TK (Vlkm)	Train-kilometres (sum of products of number of trains and distances travelled)
VUZ	Railway Research Institute (Výzkumný Ústav Železniční, a.s.)
ZSSK	Železničná spoločnosť Slovensko, a.s.

## Identification and Contact Information

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