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THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS PROSPECTUS MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN ANY JURISDICTION. THE NOTES (AS DEFINED IN THE PROSPECTUS) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS.

Confirmation of your Representation: In order to be eligible to view this Prospectus or make an investment decision with respect to the Notes, you must be a person other than a U.S. person (within the meaning of Regulation S under the Securities Act) who is outside the United States. By accepting the email and accessing this Prospectus, you shall be deemed to have represented to us that you are not, and that any customer represented by you is not, a U.S. person; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of such Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person. Any materials relating to the potential offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any underwriter or any affiliate of any underwriter is a licensed broker or dealer in that jurisdiction, any offering shall be deemed to be made by the underwriter or such affiliate on behalf of the Issuer in such jurisdiction.

The Prospectus may only be distributed to, and is directed at (a) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”) or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on this document or any of its contents. Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy any securities in any jurisdiction. Recipients of this Prospectus who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the final Prospectus. This Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”) or; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**EU PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

EU MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, BNP PARIBAS, Erste Group Bank AG, ING Bank N.V., KBC Bank NV or Raiffeisen Bank International AG, or any person who controls any such persons, or any of their respective directors, officers, employees, agents or affiliates accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, BNP PARIBAS, Erste Group Bank AG, ING Bank N.V., KBC Bank NV or Raiffeisen Bank International AG.



České dráhy, a.s.

(incorporated as a joint stock company under the laws of the Czech Republic)

Legal Entity Identifier (LEI): 31570010000000034336

EUR 500,000,000 3.750 per cent. Notes due 2030

The issue price of the EUR 500,000,000 3.750 per cent. Notes due 2030 (the “Notes”) of České dráhy, a.s. (the “Issuer” or “ČD”) is 99.567 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 28 July 2030 (the “Maturity Date”). The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Czech Republic. The Notes may also be redeemed at the option of the Issuer, in whole or in part pursuant to Condition 7(c) (*Redemption at the option of the Issuer*) at their Make Whole Redemption Amount at any time until three months prior to their Maturity Date or at their principal amount on any date from three months prior to their Maturity Date until their Maturity Date. In addition, the Notes may be redeemed at any time at the option of the Issuer pursuant to Condition 7(d) (*Clean-up Call*) if the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued). In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at its principal amount in the event of a Put Event (a Change of Control or a Restructuring Event, each as defined in and in accordance with Condition 7(f) (*Redemption at the option of the Noteholder following a put event*)). See “*Terms and Conditions of the Notes—Redemption and Purchase*”.

The Notes will bear interest from 28 May 2025 at the rate of 3.750 per cent. per annum payable annually in arrear on 28 July in each year commencing on 28 July 2026. There will be a long first coupon in respect of the first interest period from (and including) the Issue Date to (but excluding) 28 July 2026. Payments on the Notes will be made in EUR without deduction for or on account of taxes imposed or levied by the Czech Republic to the extent described under “*Terms and Conditions of the Notes—Taxation*”.

This Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the “CSSF”), which is the Luxembourg competent authority under Regulation (EU) 2017/1129 (as amended, the “EU Prospectus Regulation”) as a prospectus for the purpose of giving information with regard to the issue of the Notes. The CSSF has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus nor as an endorsement of the quality of any Notes. Investors should make their own assessment as to the suitability of investing in such Notes. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Act dated 16 July 2019 on prospectuses for securities. Application has been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange’s Regulated Market, which is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid. The validity of this Prospectus ends upon expiration of 26 May 2026.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (as amended, the “Securities Act”) or any U.S. state securities laws. The Notes are being offered outside the United States by the Joint Bookrunners (as defined in “*Subscription and Sale*”) in accordance with Regulation S under the Securities Act (“Regulation S”), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be in registered form in the denomination of EUR 100,000. The Notes may be held and transferred, and will be offered and sold, in the principal amount of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. The Notes will be represented by a global registered note certificate (the “Global Note Certificate”) registered in the name of Citibank Europe plc as nominee for, and deposited with, the common safekeeper for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”). Individual note certificates (“Note Certificates”) evidencing holdings of Notes will only be available in certain limited circumstances. See “*Overview of Provisions Relating to the Notes in Global Form*”.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 6 onwards.

Pursuant to Czech law, the Issuer is required to withhold tax in respect of payments of Principal and Interest to Czech Tax Residents and Non-Qualifying Czech Tax Non-Residents. Beneficial Ownership Information will be required in respect of all Beneficial Owners of the Notes to grant any Tax Relief, and withholding will be applicable (without a requirement on the Issuer to gross-up such payments) if such information is not delivered to the Issuer. For more

information see “*Risk factors—Risks Relating to the Notes—Risks relating to the withholding taxation regime in the Czech Republic*” on page 23 and the Taxation section on page 109.

The Notes will be rated Baa2 by Moody’s France S.A.S. (“**Moody’s**”). Moody’s is established in the European Economic Area (“**EEA**”) and is registered under Regulation (EU) No 1060/2009, as amended (the “**EU CRA Regulation**”). As such, Moody’s is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) in accordance with the EU CRA Regulation. Moody’s is not established in the United Kingdom, but the ratings issued by Moody’s have been endorsed by Moody’s Investors Service Ltd (“**Moody’s UK**”) in accordance with Regulation (EC) No. 1060/2009 as it forms part of United Kingdom (“**UK**”) domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK CRA Regulation**”) and have not been withdrawn. Moody’s UK is registered in accordance with the UK CRA Regulation and, as such, the ratings issued by Moody’s may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Joint Global Coordinators and Bookrunners

BNP PARIBAS

ERSTE GROUP

Joint Bookrunners

ING

KBC

**RAIFFEISEN BANK
INTERNATIONAL**

The date of this Prospectus is 26 May 2025

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IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

The Issuer has confirmed to the Joint Bookrunners named under “*Subscription and Sale*” below (the “**Joint Bookrunners**”) that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Bookrunners.

Neither the Joint Bookrunners nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the relevant Joint Bookrunner) in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no change, or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see “*Subscription and Sale*”.

In particular, the Notes have not been, and will not be, registered under the Securities Act or any U.S. state securities laws. The Notes are being offered outside the United States by the Joint Bookrunners in accordance with Regulation S under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In this Prospectus, unless otherwise specified, references to a “**Member State**” are references to a Member State of the European Economic Area, references to “**EUR**” or “**euro**” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended and references to “**CZK**” are to the Czech Koruna, the lawful currency of the Czech Republic. References to “**billions**” are to thousands of millions.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Notes are intended to be listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange, however, no representation or assurance is given by the Joint Bookrunners that such listing or admission will be obtained or maintained for the lifetime of the Notes.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**EU MiFID II**”) or; (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU**

PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in EU MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

In connection with the issue of the Notes, Erste Group Bank AG (the “**Stabilisation Manager**”) (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or person(s) acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.

This Prospectus contains various forward-looking statements that relate to, among others, events and trends that are subject to risks and uncertainties that could cause the actual business activities, results and financial position of the Issuer and its subsidiaries (the “**Group**”) to differ materially from the information presented herein. When used in this Prospectus, the words “estimate”, “project”, “intend”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to the Issuer and its management, are intended to identify such forward-looking statements. Investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus. The Issuer does not undertake any obligations publicly to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law or applicable regulations.

When relying on forward-looking statements, investors should carefully consider the foregoing risks and uncertainties and other events, especially in light of the political, economic, social and legal environment in which the Group operates. Factors that might affect such forward looking statements include, *inter alia*, overall business and government regulatory conditions, changes in tariff and tax requirements (including tax rate changes, new tax laws and revised tax law interpretations), interest rate fluctuations and other capital market conditions, including foreign currency exchange rate fluctuations, economic and political conditions in the Czech Republic and other markets, and the timing, impact and other uncertainties of future actions. See “*Risk Factors*”. The Issuer does not make any representation, warranty or prediction that the factors anticipated by such forward-looking statements will be present, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

Information Sourced from Third Parties

Certain information contained in this Prospectus has been sourced from third parties including, without limitation, information published or provided by the Ministry of Transportation of the Czech Republic (the “**Ministry of Transport**”), the Czech National Bank (“**CNB**”), the Ministry of Finance of the Czech Republic, Eurostat, the Union Internationale des Chemins de Fer (“**UIC**”), Trans-European Transport Network (“**TEN-T**”), Railway Infrastructure Administration (*Správa železnic, státní organizace*) (“**SŽ**”) and the Czech Statistical Office (*Český statistický úřad*) which, in each case, are independent sources. Where information has been sourced from a third party, the source has been identified, the information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which could render the reproduced information inaccurate or misleading. While the Issuer believes that the information sourced from third parties, which is reproduced in this Prospectus, is reliable, neither the Issuer nor the Joint Bookrunners have independently verified such information and cannot guarantee its accuracy or completeness.

References and Links to Websites

Any websites included in the Prospectus are for information purposes only and are not incorporated by reference in the Prospectus and, therefore, do not form part of the Prospectus and has not been scrutinised or approved by the CSSF.

IMPORTANT INFORMATION RELATING TO TAX REGIME OF THE NOTES

Pursuant to applicable provisions of Czech law, payments of Interest in respect of the Notes may be subject to Withholding Tax, and payments of Principal in respect of the Notes may be subject to Tax Security. Beneficial Ownership Information will be required in respect of all Beneficial Owners of the Notes to grant any Tax Relief, and withholding will be applicable (without a requirement on the Issuer to gross-up such payments) if such information is not delivered to the Issuer. This Prospectus describes in summary form certain Czech tax implications and procedures in connection with an investment in the Notes (see “*Risk Factors—Risks Relating to the Notes—Risks relating to the withholding taxation regime in the Czech Republic*” and “*Taxation*”). Investors must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Notes.

OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.

Words and expressions defined in the “Terms and Conditions of the Notes” below or elsewhere in this Prospectus have the same meanings in this overview.

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| Issuer: | České dráhy, a.s., incorporated in the Czech Republic |
| Legal Entity Identifier (“LEI”) of the Issuer: | 31570010000000034336 |
| Joint Bookrunners: | BNP PARIBAS, Erste Group Bank AG, ING Bank N.V., KBC Bank NV, Raiffeisen Bank International AG |
| The Notes: | EUR 500,000,000 3.750 per cent. Notes due 2030 |
| Issue Price: | 99.567 per cent. of the principal amount of the Notes |
| Issue Date: | 28 May 2025 |
| Maturity Date: | 28 July 2030 |
| Use of Proceeds: | The net proceeds of the issue of the Notes will be used by the Issuer to repay certain financial indebtedness of the Group, to finance capital expenditures and for general corporate purposes. See “ <i>Use of Proceeds</i> ”. |
| Interest: | The Notes will bear interest from 28 May 2025 at a rate of 3.750 per cent. per annum payable annually in arrear on 28 July in each year commencing 28 July 2026. There will be a long first coupon in respect of the first interest period from (and including) the Issue Date to (but excluding) 28 July 2026. |
| Status: | The Notes are senior, unsubordinated, unconditional and (subject to the provisions of the negative pledge) unsecured obligations of the Issuer. |
| Form and Denomination: | <p>The Notes will be issued in registered form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof.</p> <p>The Global Note Certificate is to be held under the New Safekeeping Structure.</p> |
| Optional Redemption: | Upon the occurrence of a Put Event (a Change of Control or a Restructuring Event, each as defined in Condition 7(f) (<i>Redemption at the option of the Noteholder following a put event</i>)) Notes will be redeemable at the option of the Noteholders, as further described in Condition 7(f) (<i>Redemption at the option of the Noteholder following a put event</i>). The Notes will also be redeemable at any time at the option of the Issuer pursuant to Condition 7(d) (<i>Clean-up Call</i>) if the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 15 (<i>Further Issues</i>) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued). The Notes will also be redeemable at the option of the Issuer either at the Make Whole Redemption Amount at any time until three months prior to their Maturity Date or at their principal amount on any date from three months prior to their Maturity Date until their Maturity Date, as further described in Condition 7(c) (<i>Redemption at the Option of the Issuer</i>) |

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| Tax Redemption: | The Notes may be redeemed at the option of the Issuer in whole, but not in part, for taxation reasons, in accordance with Condition 7(b) (<i>Redemption for tax reasons</i>). |
| Negative Pledge: | The terms of the Notes contain a negative pledge provision as further described in Condition 4 (<i>Negative Pledge</i>). |
| Cross-Acceleration: | The terms of the Notes contain a cross acceleration provision as further described in Condition 10(c) (<i>Cross-acceleration of Issuer or Subsidiary</i>). |
| Rating: | <p>The Notes are expected upon issue to be rated Baa2 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.</p> <p>Obligations rated Baa by Moody's are considered by Moody's to be subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics. The modifier "2" indicates a mid-range ranking.</p> |
| Withholding Tax: | All payments of principal and interest in respect of the Notes by or on behalf of the Issuer will be made free and clear of withholding taxes of the Czech Republic unless the withholding of such taxes is required by law, all as described in Condition 9 (<i>Taxation</i>). |
| Governing Law: | The Notes, the Agency Agreement, the Deed of Covenant (each as defined in the Conditions) and the Subscription Agreement will be governed by English law. |
| Listing and Trading: | Application has been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market. |
| Clearing Systems: | Euroclear and Clearstream, Luxembourg |
| Selling Restrictions: | See " <i>Subscription and Sale</i> ". |
| Risk Factors: | Investing in the Notes involves risks. See " <i>Risk Factors</i> ". |
| Financial Information: | See " <i>Presentation of Financial and Other Information</i> ", " <i>Selected Historical Financial and Operating Information</i> " and " <i>Information Incorporated by Reference</i> ". |

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with an investment in the Notes, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below. Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies that may or may not occur, whereas the Issuer has assessed the materiality of the risk factors based on the probability of their occurrence and the expected magnitude of their negative impact. Factors which the Issuer believes may be material for the purpose of assessing the risks associated with the Notes are also described below. Additional risks and uncertainties relating to the Group that are not currently known to the Issuer, or that the Issuer currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations or financial position.

The risk factors are presented in the individual categories depending on their nature with the most material risk factor presented first in each category.

RISKS RELATED TO THE GROUP'S BUSINESS AND INDUSTRIES GENERALLY

Industry risks

The Group is exposed to competition from other providers of rail transport.

The Group is a major rail transport carrier in the Czech Republic. ČD is a leading passenger rail transport carrier in the Czech Republic, providing regional passenger transport pursuant to long-term contracts entered into with the individual regions of the Czech Republic (the "**Czech Regions**"), long-distance passenger rail transport pursuant to long-term contracts entered into between ČD and the Czech Republic (the "**State**") and commercial passenger transport purely on economic grounds and without any payments from the State or the Czech Regions. In addition, ČD Cargo, a.s. ("**ČD Cargo**") is a leading freight rail transport provider in the Czech Republic.¹ However, the Group's business is exposed to competitive pressures, including in the areas of pricing and service, from other operators of rail transport and from modes of transport other than rail.

A substantial part of the revenues of the Group's Passenger Transport Business, both in terms of regional transport and domestic long-distance transport, represents payments received by ČD from the Czech Regions and the State. Due to the liberalisation of the passenger transport market, the Group may fail to renew contracts between ČD and the Czech Regions for regional passenger rail transport and between ČD and the State for long-distance passenger rail transport.

Regional Passenger Transport

ČD's passenger transport business is unprofitable on a stand-alone basis, as tariffs are set below economically reasonable levels to keep prices affordable for consumers. In addition to tickets sales, revenues are generated from payments received from the Czech Regions and the State acting through the Ministry of Transport. The Czech Regions provide ČD with annually agreed payments, corresponding to prices determined by ČD, for the provision of public services on a monthly or pro-rata basis (thus not limiting ČD's liquidity) under the terms and conditions set in the respective agreements concluded with individual Czech Regions. The payments received from the Czech Regions shall be equal to the estimated eligible costs, including a margin allowing a reasonable profit to be provided for the provision of regional passenger transport.

Approximately one third of the payments provided by the Czech Regions to ČD is funded by the State from the State budget pursuant to the Memorandum on Ensuring Stable Financing of Public Regional Passenger Rail Transport entered into between, among others, the State and the Czech Regions in 2009 (the "**Memorandum**"). On 9 March 2016, the government of the Czech Republic (the "**Government**") approved a resolution outlining the funding mechanism for the Czech Regions and their respective regional passenger rail transport for the period between 2020 and 2034. The approved document retains the previous funding mechanism. As such, the Czech Regions continue to receive the same amount from the State budget as before, adjusted for inflation. Due to the

¹ Source: SŽ Annual Report 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

high density of the network and low occupancy rates, regional rail transport is, to a large extent, dependent on these payments.

As most of the long-term contracts governing regional passenger transport expired on 14 December 2019, the Czech Regions entered into new contracts governing passenger transport beginning as of 15 December 2019. As of the date of this Prospectus, ČD is a party to 31 contracts with the Czech Regions the vast majority of which were implemented under the so-called market consultation and subsequent direct award. Based on the agreements with the Czech Regions which are in place as of the date of this Prospectus, ČD expects to obtain a total output of up to 81.4 million train-kilometres in 2025. This would represent a decrease by approximately 0.1 per cent. compared to ČD's total output in the regional transport in 2024. However, there is no guarantee that ČD will obtain such transport volume in the future as the existing agreements allow the Czech Regions to, subject to the limitations set out in the respective agreements, to decrease the ordered transport volume.

Under the terms of certain agreements with the Czech Regions, ČD bears the risk of a decrease of the revenues from the ticket sales. Under such agreements, if the revenues from the ticket sales decrease, the payments received from the Czech Regions will not be adequately increased, which might result in ČD being obliged to operate certain lines at a loss.

When the existing contracts expire, ČD may not be successful in obtaining new contracts either through direct orders from the Czech Regions, or through public tenders. As from 2023, direct orders are permitted by EU legislation only in limited circumstances, subject to strict contractual requirements for service quality, frequency, and capacity. The preferred method of awarding contracts is through public tenders. ČD's competitors in these public tenders may include Czech passenger rail operators, such as RegioJet a.s. ("**RegioJet**"), Leo Express Global a.s. ("**LEO Express**"), GW Train Regio a.s. ("**GW Train**") and ARRIVA vlaky s.r.o. ("**Arriva**"). As such, there can be no guarantee that ČD will be able to renew its current contracts in the future. The Group also cannot guarantee that any renewal of contracts or new contracts for the provision of regional passenger rail transport will be on substantially the same terms or for the same scope of services as currently provided. Any of these risks could have a material adverse impact on the Group's business, results of operations, financial condition, cash flows and prospects.

Domestic Long-distance Passenger Transport

The State, acting through the Ministry of Transport, provides ČD with payments for the provision of public services under similar terms and conditions as the contracts governing regional passenger transport. As of the date of this Prospectus, ČD and the State have entered into eight contracts for the operation of 22 long-distance lines. Some of the long-distance lines operated by ČD are also international lines: Prague – Berlin – Hamburg, Prague – Vienna, Prague – Bratislava – Budapest, Prague – Munich, Prague – Vsetín – Žilina, Prague – Ostrava – Žilina/Warszawa/Kraków – Przemysl, Cheb – Nürnberg, Prague – Pardubice – Wrocław – Gdynia. See "*Description of the Issuer—Pricing, Payments and Tariff Regulation—Passenger Transport Business—Long-Distance (domestic and international)—Liberalisation of the regulated long-distance passenger transport in the Czech Republic*" for a complete overview of the individual long-distance lines operated by ČD as of the date of this Prospectus and their expiry dates.

Since 2020, the Ministry of Transport has had to conclude new contracts with railway transport operators on a competitive basis. As of the date of this Prospectus, the Group has been successful in 96 per cent. of the tenders launched since 2019 (based on train-kilometres). For the year ended 31 December 2024, ČD contracted total transport volumes of 113.7 million train-kilometres (for both regional and long-distance transport), which translates into a four per cent. decrease of its contracted transport volumes compared to those in the year ended 31 December 2019.

As of the date of this Prospectus, a tender for the operation of the set of lines R14A: Pardubice – Liberec, R14B: Liberec – Ústí n. L., R21: Praha – Tanvald, R22: Kolín – Rumburk and R24: Praha – Rumburk following the expiration of the current contract in December 2029 is in progress. The operation of the Ex6: Praha – Plzeň – Cheb / German state border line and the R16: Praha – Plzeň – Klatovy, following the expiration of ČD's current contract in December 2028, was assigned to Arriva through a public tender. ČD and RegioJet objected to the tender results, however, the objections were rejected by the Ministry of Transportation. ČD has since initiated a proceeding before the Office for the Protection of Competition ("**ÚOHS**"). As of the date of this Prospectus, the contract for operation of these lines has not been concluded.

The Group cannot provide any assurance that it will be awarded any contracts tendered in the future or that any renewal of existing contracts or new contracts will be on substantially the same terms or for the same scope of

services as currently provided. ČD's competitors in these public tenders may include Czech passenger rail operators, such as RegioJet, LEO Express and Arriva, as well as significant passenger rail operators from neighbouring countries, such as German Deutsche Bahn and Austrian ÖBB. Should ČD not be awarded some or all tendered contracts, this may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Commercial Passenger Transport

Commercial passenger transport is undertaken by ČD and other passenger rail operators on commercial routes purely on economic grounds and without any payments from the State or the Czech Regions. As of the date of this Prospectus, the Prague-Ostrava-Košice route is the only non-regulated commercial route in the Czech Republic. As a result, this line is characterised by high levels of competition. ČD's two main local competitors, LEO Express and RegioJet, have significantly improved the level of service provided to customers on this line since the commencement of their operations in 2012 and 2011, respectively. Specifically, the competitive pressure has led to improvements in interior equipment of the trainsets, onboard comfort and onboard services, including catering and Wi-Fi connection. Should ČD fail to effectively respond to competition from the existing or new passenger rail operators on any commercial route, it may lose some of its customers. This could have a material adverse impact on the Group's business, results of operations, financial condition, cash flows and prospects.

Freight Transport Business

ČD Cargo competes against other companies that provide rail freight transport, truck freight transport and, to a smaller extent, ship carriers and providers of tube transport systems. ČD Cargo's major competitors in this area include large domestic carriers, such as METRANS Rail s.r.o., LOKORAIL, a.s., Rail Cargo Carrier - Czech Republic, s.r.o., ORLEN Unipetrol Doprava, s.r.o., and IDS Cargo, a.s., and former national carriers from neighbouring countries, such as PKP Cargo, Deutsche Bahn, and RCA. The European rail freight transport business is highly concentrated and ČD Cargo's ability to efficiently compete with other rail freight operators, in particular those in other neighbouring countries, depends on ČD Cargo's ability to provide its customers with reliable services under commercially attractive terms. Should ČD Cargo's competitors develop any technological or other business advantage or should ČD Cargo lose a significant business or customer to a competitor, this could have a material impact on the Group's Freight Transport Business' market share and, as a result, on the Group's business, results of operations, financial condition, cash flows and prospects.

Business risks

The Group is exposed to commodity price risk.

For the year ended 31 December 2024, the traction costs (i.e. purchases of fuel (diesel) and electricity) represented 30.8 per cent. of the Group's costs of services, raw material and energy, as compared to 28.9 per cent. for the year ended 31 December 2023. The Group is therefore exposed to commodity price risk, mainly as a result of fuel and electricity usage. The price of fuel and electricity can be volatile as their prices and supply levels can be influenced significantly by international, political and economic circumstances. After the start of the war in Ukraine, energy costs (electricity and fuel) increased to new heights. Although energy costs began to stabilise in 2024 at levels significantly lower than the peaks reached in early 2022, should they increase in the future due to, among other things, development in or escalation of the war in Ukraine, the associated sanctions and the reduction in the supply of Russian gas to the EU, or other geopolitical tensions (see "*The Group may be negatively affected by the ongoing war in Ukraine and other geopolitical tensions*"), this could adversely affect the Group's operating costs and expenses.

The Group manages commodity price risk using a combination of the following instruments so as not to exceed the open risk position limit set by the Risk Management Committee and approved by the Board of Directors: (i) entering into mid-term derivatives for the purchase of fuel; (ii) in the event the price of fuel and electricity increases by more than ten per cent., the Group may request the Czech Regions and the State to increase the payments for the provision of passenger transport services pursuant to long-term contracts; and (iii) annually negotiating a fixed price of electricity from the relevant supplier for the following calendar year. As of the date of this Prospectus, the Group considers to request the Czech Regions and the State to increase the payments under point (ii) above.

As of the date of this Prospectus, ČD Cargo has hedging contracts covering up to 60 per cent. of its total expected consumption of diesel in 2025. However, the Group may incur losses if any of the variety of instruments and strategies used to hedge exposures are not effective or cannot be implemented. See "*Risks related to the Group's*

financial profile—The Group’s hedging strategy may not prove successful or its hedge counterparties may not perform their obligations under the relevant hedging arrangements to which the Group is a party”.

As for electricity procurement, both ČD and ČD Cargo have agreed on a fixed price for which they will purchase a substantial portion (approximately 70 to 80 per cent.) of their expected electricity consumption for the remainder of 2025. The remaining portion will be purchased at prevailing spot prices. See “*Description of the Issuer—Material Contracts*”. Once these contracts expire, there is no guarantee that the Group will be able to renew them or enter into new contracts on similar terms. Accordingly, there is a risk that the Group’s electricity costs may increase in the future and the Group will not be able to pass these costs onto its customers and offset them by the corresponding increase in the payments for the provision of passenger transport services pursuant to long-term contracts with the State and the Czech Regions.

In addition, the availability of fuel or energy can be subject to limitations on their supply, including due to cancellations or limitations on extraction or import of gas or other commodities, outages or limitations on power production or refinery production, damaged transmission infrastructure, laws (which may or may not come into effect), political uprisings or wars, such as the ongoing war in Ukraine and the associated sanctions imposed on Russia and certain Russian companies and entities, including producers of oil and gas, or other geopolitical tensions, which have the potential to disrupt global supply chains and unfold into a larger-scale conflict involving other countries, or other means stipulating mandatory allocation or contribution systems of such supplies.

The Group may become subject to increasing competition from providers of other modes of transport, primarily bus, car and air transport, in the passenger transport market and, in the freight transport market, trucks and, to a limited extent, ship carriers. The reduction in oil prices in recent years has led to lower costs for these modes of transport and thus increased their attractiveness relative to railway transport. If the price of oil further decreases or stays on relatively low levels, customer interest in railway transport might decrease and render railway transport less attractive in general. This could have a material adverse effect on the Group’s business, results of operations, financial condition, cash flows and prospects.

The materialisation of the above risks could have a material adverse effect on the Group’s business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to operational risks, as well as natural disasters, pandemics, extreme weather conditions, human error and sabotage.

The Group is exposed to the risk of operational incidents. Certain operational incidents are outside the Group’s control, which may cause delays or interruptions in the Group’s operations, increase capital expenditures and harm the Group’s business and reputation. For instance, the Group’s operations as well as the railway systems on which the Group operates may be adversely affected by many factors, including a breakdown or failure of equipment, natural disasters and extreme weather conditions, such as the flood in 2024 which led to major traffic disruptions, pandemics, including potential future spread of infectious diseases, human error or sabotage. Any physical damage to the railway system, the related infrastructure or the Group’s facilities and assets may be costly to repair and any outages may cause the Group to lose revenues due to its inability to provide transport services in accordance with existing contracts with its customers.

Further, an accident, derailment or other incident involving the Group’s railway operations could result in damage or loss to the Group’s property, rolling stock and also disrupt the Group’s services and give rise to potential claims by its customers, mainly passengers and freight shippers. For example, in the five years prior to the date of this Prospectus, trains operated by the Group were involved in the following major accidents:

- a collision of a ČD international express train with another train at a railroad near Milavče in 2021, which resulted in three fatalities and damages of over CZK 100 million;
- a collision of a ČD Cargo train with another train near Světec in 2021, which resulted in one fatality and damages of approximately CZK 50 million;
- a collision of a ČD Pendolino high speed train with another train in the town of Bohumín in 2022, which resulted in one fatality and several people being injured and damages of approximately CZK 218 million;
- a collision of a ČD passenger train with a truck on a railroad crossing near the town of Dětmarovice on 24 January 2024, which resulted in one fatality, several people being injured, and damages of approximately CZK 37 million;

- a collision of a cargo train operated by ČD Cargo with an international express train operated by RegioJet in Pardubice on 5 June 2024, which resulted in four casualties, several people being injured and damages of approximately CZK 110 million; and
- a collision of an international express train (in which the locomotive and the train driver were of the Group and the train set and accompanying staff of Železničná spoločnosť Slovensko, a.s. (“ZSSK”)) with a bus in south Slovakia on 27 June 2024, which resulted in seven fatalities and several people being injured. The extent of potential damages is still under review.

Apart from this, any accidents, derailments or other incidents involving or caused by railway operations of other rail operators may disrupt the Group’s services as well. For example, the derailment of a freight train operated by Cargo a.s. near Hustopeče in February 2025 or a prolonged outage on the international line to Slovakia, which is expected to last for several weeks, have resulted in traffic restrictions, including limitations on the operation of the Group’s trains.

Any operational or other safety incident involving harm to any person, loss of life or significant damage to property or assets exposes the Group to financial risk including personal injury claims and other liability claims and criminal proceedings, as well as the possibility that its operations may be suspended or terminated. In the event of a serious accident involving passengers, the Group may also need to provide additional assistance to the affected passengers, in excess of any reimbursement from insurance payments.

Any of the above events could have a material adverse impact on the Group’s reputation and the attractiveness of its services in the future. An adverse change in the perception of the Group’s safety record could result in customers switching to other means of transport, to other rail transport providers or, due to public pressure, force the Government to divest some of the Group’s operations to third-party operators. As a carrier and operator of rolling stock with a relatively high average age, the Group may also be responsible for spillage or leakage from its rolling stock that may be transporting environmentally sensitive materials, the cost of which may exceed any reimbursement received from relevant insurance.

The materialisation of any of the above risks could have a material adverse effect on the Group’s business, results of operations, financial condition, cash flows and prospects.

The Group is subject to legal proceedings.

The Group is involved in several material legal proceedings (see “*Description of the Issuer—Disputes*” for a detailed description of all material proceedings).

Adverse monetary awards, judgments in litigation or arbitral proceedings, individually or in aggregate, could have a material adverse effect on the Group’s business, results of operations or financial condition. Further, such judgments or decisions might include restrictions on the Group’s ability to conduct business, which could increase the cost of doing business and limit the Group’s prospects for future growth. In addition, any potential loss in litigation or arbitral proceedings may result in negative publicity for the Group and damage its reputation.

As of 31 December 2024, the Group maintained provisions in relation to legal, regulatory and administrative proceedings in the amount of CZK 2 million. However, the Group has not recorded provisions in respect of all legal, regulatory and administrative proceedings to which the Group is a party or to which it may become a party. In particular, the Group has not recorded provisions in cases in which the outcome is unquantifiable or the Group currently expects to be ruled in its favour. Additionally, the Group may not record provisions for the full amount of the claim, but rather for its estimate of the likely outcome. As a result, the Group cannot give any assurance that its provisions will be adequate to cover all amounts payable in connection with any such proceedings. The Group’s failure to quantify sufficient provisions or to assess the likely outcome of any proceedings could have a material adverse effect on the Group’s business, results of operations, financial condition, cash flows and prospects.

The Group is unable to or may not insure itself against all potential risks and may become subject to higher insurance premiums.

The Group maintains a comprehensive set of insurance policies to cover those risks that it believes to be common in the area of its key activities. The Group does not maintain insurance in relation to damages to its train units. The Group’s insurance policies are subject to commercially negotiated deductibles, exclusions and limitations, and the Group will only receive insurance proceeds in respect of a claim made to the extent that its insurers have the funds to make payment. In addition, the Group’s operations may be affected by a number of risks for which

full insurance cover is either not available or not available on commercially reasonable terms. The Group cannot assure investors that its insurance coverage will be sufficient to cover losses arising from any, or all, of such risks, or that it will be able to renew existing insurance cover on commercially reasonable terms, if at all.

Should an incident occur in relation to which the Group has no insurance coverage or inadequate insurance coverage, the Group could lose the capital invested in, and anticipated future revenue relating to, any asset that is damaged or destroyed and, in certain cases, the Group may remain liable for financial obligations related to the impacted asset. Similarly, in the event that any assessments are made against the Group in excess of any related insurance coverage that it may maintain, its assets could be subject to attachment, confiscation or restraint under various judicial procedures. Any of these occurrences could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's business requires significant capital expenditures.

Modernisation of rolling stock requires significant capital expenditures. According to its current investment plan, the Group plans to invest more than CZK 109 billion (EUR 4.0 billion) in the renewal and modernisation of its fleet and buildings during the period between 2025 and 2029. See "Description of the Issuer—Investment Plan—Passenger Transport Business" and "Description of the Issuer—Investment Plan—Freight Transport Business" for a description of the Group's investment into modernisation of its rolling stock. The Group cannot guarantee that it will generate sufficient cash flows in the future or that it will be able to raise funds at commercially reasonable rates to be able to meet its capital expenditure needs, sustain its operations, or meet its other capital requirements as and when they arise.

In addition, changes in the regulatory framework, delays in the delivery of such equipment and subsequent delays in the commissioning of newly acquired equipment may adversely affect the Group's ability to perform the scope of services under contracts with third parties in relation to passenger or freight transport. For example, ČD has recently made claims for contractual penalties arising from late deliveries of rolling stock under contracts with several suppliers, including Siemens and ŠKODA TRANSPORTATION. A court settlement was reached and the defendants were ordered to pay a total of approximately CZK 300 million. The materialisation of any of these risks could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects. These changes may also impair the Group's ability to compete in tenders for passenger and freight services.

The Group's transport services and their quality are dependent on the quality of the railway systems on which it operates and on timetables established by SŽ in cooperation with ČD and other rail transport providers.

The transport services the Group provides, and their quality, are dependent on the quality of the railway systems on which the Group operates, primarily the Czech railway system. Any closures or extensive reconstructions could disrupt the Group's operations, limit its services, cause delays and force the Group to use alternative and longer routes or use substitute bus transport, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Further, the ability of the Group to provide rail transport services is largely dependent on timetables established between SŽ, the railway infrastructure administrator, and rail transport providers. Adverse changes in SŽ's financial stability may have a material adverse impact on the Group's ability to provide adequate quality of service, which in turn may increase operation costs or inefficiencies. This could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Loss of some major customers of ČD Cargo could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

ČD Cargo's business depends to a certain extent on a number of major customers. In the year ended 31 December 2024, the majority of the revenues of the Group's Freight Transport Business (the sole contributor of which is ČD Cargo and its subsidiaries) were derived from its top 20 customers, most of which operate in the mining, metallurgy, power, chemical, automotive and intermodal transport industries. As a result, it is critical that ČD Cargo maintains close relationships with its major clients.

The loss of one or more of ČD Cargo's major customers, a substantial decrease in demand from any of its major customers or counterparty risk associated with any of these customers could result in a substantial loss of revenues, which could, in turn, have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Furthermore, ČD Cargo may be exposed to credit risk relating to the non-payment or non-performance by customers with respect to trade receivables. The failure of its customers to perform their obligations or the possibility that they may terminate their agreements with ČD Cargo could result in ČD Cargo being unable to meet its working capital requirements. Financial difficulties experienced by customers, including bankruptcies, restructurings and liquidations, or potential financial weakness in the industry, which may be further exacerbated during a period of economic downturn or weaker economic conditions, increase this risk. A failure of customers to pay any material due amounts to ČD Cargo could have a materially adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

ČD Cargo is exposed to fluctuations in demand for certain commodities and to trends in the industries that use these commodities.

ČD Cargo's operations consist mainly of the transport of commodities, including iron and machine industry products, construction materials, chemical products and liquid fuels, wood and paper products, foods and farming products, coal and automotive, but also combined transport and transport of other shipments, including extraordinary cargo.

In 2024, the largest year-on-year sales overruns were achieved in combined transportation (increase by 0.8 million tonnes year-on-year). On the other hand, the largest decline in ČD Cargo's sales was in brown coal and iron products (decrease by 4.0 million tonnes), due to the rising support for production of energy mainly from renewable sources and also the termination of steel production in Liberty Ostrava plant, which contributed to the Group's freight transport segment recording a loss (before tax) of CZK 946 million in 2024.

As a result, ČD Cargo's revenues and results of operations are dependent on the demand for these commodities, which is directly linked to any trends or changes in the industries that use these commodities and in the economy as a whole. For instance, long-term structural changes in the energy industry signified by the shift away from fossil fuels in the power and heating industry have translated into a downward trend in the transport of lignite. In 2024, the Group recorded a year-on-year decrease in the transport of lignite by 2.5 million tonnes and expects this trend to continue. Fluctuations in demand due to any of the foregoing may affect the volume of the commodities being transported. Any significant deterioration in any of these industries could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group may be negatively affected by the ongoing war in Ukraine and other geopolitical tensions.

Following the invasion of Ukraine by Russia, countries such as the United States, the EU, the UK, Switzerland, Canada, Japan, or Australia imposed sanctions against Russia, Belarus and certain Russian and Belarussian companies and institutions. While the length and impact of the ongoing war is unpredictable, it presents a key downside risk for corporates and households in Europe and has led to a rise in energy prices as well as prices of certain raw materials. As a result of the conflict and the associated sanctions, the Group's transport volumes to and from Russia and Belarus decreased, thereby negatively affecting the Group's business. In the years ended 31 December 2024 and 2023, the freight routes operated by ČD Cargo to and from Ukraine, Belarus and Russia generated approximately 3.0 per cent. of the revenues of the Group's Freight Transport Business in both those time periods. In addition, the commodities transport industry has been adversely affected by the current commodities shortages and by an increase in the cost of raw materials due to, among other things, export disruptions in Ukraine, Belarus and Russia. Any widespread disruptions may also adversely affect other economic sectors and, as a such, further decrease the demand for railway transport across Europe.

The continuation of the conflict between Russia and Ukraine, including the extension of the conflict to other countries in the region, could lead to further worsening of the security situation in Europe and an increase in energy prices, thereby contributing to higher inflation and interest rates and have a negative impact on financial market stability. Furthermore, the disruption and volatility in the global financial markets caused by the Russian invasion and the potential of further tightening of financial market conditions due to the conflict could have a material adverse effect on the Group's ability to access funding, capital and liquidity on financial terms acceptable to it and result in an increase in the Group's cost of funding due to widening of credit spreads.

In addition, political tensions between the United States and China and the tensions between China and Taiwan, combined with potential spillover effects on the worldwide economic and political situation, can further elevate geopolitical risks. The president of the United States has repeatedly voiced his intention to introduce new trade tariffs for select goods imported to the United States. An example of such new tariffs was the introduction of tariffs in February 2025 on imports from Canada, Mexico and China. The president of the United States has recently also raised tariff threats against other economies, including the BRIC member countries (Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates) and most recently

threatened to impose 25 per cent. trade tariffs for select goods imported to the United States from the EU. Beyond country-specific tariffs, the president of the United States has also suggested the possibility of new global tariffs on semiconductors, pharmaceuticals, oil, steel, aluminium, and copper. The potential introduction of additional trade tariffs between the United States and other countries, including the EU, the continuation of the established tariffs, or the creation of other barriers to the free trade of goods, may lead to a further increase in prices of goods and services. Moreover, certain anticipated policies of the new Trump administration in the United States, along with the rise of multiple EU-sceptic parties across the EU, could cause further uncertainty and instability in the regions to which the Group is exposed.

Further, the political instability in the Middle East and the escalation of regional conflicts may lead to a rise in oil and gas prices, which, in turn, could increase inflationary pressures and market volatility. Such conflicts may also increase the inflow of refugees to Europe that may put a significant strain on public services.

The materialisation of the above risks could negatively affect global macroeconomic conditions and the economy and could have a material negative effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group may be adversely affected by the nature of its contracts with suppliers.

Suppliers who provide goods or services to the Group need to fulfil certain specific technical requirements stemming from the specific nature of the Group's business, as well as the applicable regulations and the Group's internal rules. This limits the number of eligible suppliers and restricts the Group's choices and competitiveness among suppliers. The Group is particularly dependent on certain suppliers of rolling stock, repair and maintenance services, and IT. Any changes in relation to the abovementioned technical requirements may cause a decrease in the number of suppliers the Group can choose between, an increase in prices, shortages in supply or delays, which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

An increase in costs incurred in relation to using the rail network poses risks to the Group.

ČD and ČD Cargo, as well as other rail transport providers in the Czech Republic, incur costs payable to SŽ for the usage of the rail network. These costs, expressed as a maximum price per unit, are set by SŽ following an assessment by the Ministry of Transport. The costs payable to SŽ for the use of the railway infrastructure and allocated infrastructure capacity in 2024 and 2023 amounted to CZK 2,946 million and CZK 2,859 million, respectively. Any increases in the amount to be paid to SŽ, not accompanied by equivalent pro-rated compensation from parties using the public rail service, would have an adverse impact on the Group. In the case of cessation of business by SŽ, any potential negotiations or standstills with its successor may pose risks to the Group and as a result may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group relies on advanced IT systems and technology to operate its business and any failure of these systems could have an adverse effect on its business.

The Group relies on advanced IT systems and technologies for coordination of scheduling, dispatching and other aspects of its railway operations, such as accounting, ticket sales for passenger trains, tracking of freight deliveries and numerous other functions. There is a risk that such technology could fail. Hardware and software used by the Group may be damaged by human error, natural disasters, power loss, sabotage, computer viruses and other internal or external events. Significant disruption to information systems, including computer hardware, software or communication devices, may lead to operation stoppages, breach of security policies or other problems that may have an adverse effect on the Group. The Group has in place disaster recovery procedures, security measures, support and maintenance, usually provided in-house in the first instance and thereafter by third party contractors, in the event of failure or disruption, but such procedures and measures may not anticipate, prevent or mitigate any material adverse effect of such failure or disruption on the Group's business, results of operations, financial condition, cash flows and prospects.

Furthermore, the Group may at any time be required to expend significant capital or other resources to protect against failure and disruption, including the replacement or upgrading of its existing business continuity systems, procedures and security measures. If replacements, expansions, upgrades and other maintenance are not completed efficiently or there are operational failures, the quality of service experienced by passengers or clients may decline. If, as a result, passengers or clients were to reduce or stop their use of the Group's services, this could have a material adverse effect on the Group's business, financial condition and results of operations. Additionally, if the Group is unable to acquire or implement new technology, it may suffer a competitive disadvantage, which could

also have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to cyber risk and other unauthorised access of its internal and customer data.

The scale of the Group's business and nature of its operations requires the Group to receive, process and store confidential information about its customers, employees and counterparties, all of which needs to be safeguarded against loss, mismanagement or unauthorised disclosure. Despite the Group's security measures and data protection mechanisms, its information technology and infrastructure may be vulnerable to cyberattacks by hackers or breaches due to employee error, malfeasance or other disruptions. Any such breach could compromise the Group's services and networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could damage the Group's reputation and result in regulatory sanctions and other liability for breach of data protection laws. Such breach may, among other things, result in significant fines under applicable data protection laws (see "*Risks related to governmental regulations and laws—Non-compliance with the General Data Protection Regulation (GDPR), or stricter interpretation of the existing requirements or future modifications of the data protection laws, could have a negative impact on the Group's business, financial condition, results of operations, cash flows and prospects*"). Cyber attacks could also result in the loss of internal communication or communication with the Group's customers and business partners, which may result in reduced productivity and a loss of revenues. In addition, it could cause the Group's service to be perceived as not being safe, thereby harming the Group's reputation and deterring current and potential customers from using the Group's services. Cyber attacks may also prevent the Group from discharging its contractual or regulatory obligations.

In recent years, the National Cyber and Information Security Agency (NÚKIB) has repeatedly announced that some of the government's and state organisation websites, including ČD's had been subject to so-called "DDoS" cyber attacks. Similar attacks have become more prevalent in recent years, especially since the start of the war in Ukraine in 2022. During 2023, NÚKIB registered a record number of cyber attacks of 262, which represents almost a double increase compared to the previous year. In 2024, NÚKIB recorded a total of 268 incidents which is the highest recorded number to date. These attacks led to temporary lack of access of users to the ČD website, including the inability to use ČD's mobile application "My Train". On multiple occasions in 2023 and 2024, ČD's website and mobile application "My Train" were subject to a series of brute-force attacks. In all of these cases, due to strong cybersecurity measures and data protection mechanisms, there were no serious consequences, nor was there any leakage of information or stealing of private data of the Group's customers.

The materialisation of any of these risks could cause the Group to incur substantial additional costs, become subject to litigation, enforcement actions or regulatory investigations, and therefore could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The success of the Group's operations depends to a large extent on highly qualified personnel and the ability to attract and retain key managers or senior executives, as well as sufficiently skilled labour force.

The Group's business requires specific knowledge of the industry and the Group's ability to maintain its competitive position and to implement its business strategy is thus largely dependent on its ability to retain key managers, such as the members of the Board of Directors (as defined in "*Management and Employees*") and other personnel with significant industry knowledge and experience, and on the ability to attract and retain additional qualified personnel. The loss of key managers and senior executives or any delay in replacing a departed member of management or senior executive may result in the loss of industry-specific knowledge and relationships with key customers, lenders and industry personnel and may delay key decisions.

Due to the state of the Czech labour market and a limited availability of personnel with sufficient knowledge and expertise, such as train operators, train conductors, train mechanics and IT specialists, and increased competition in the market for such employees, the hiring of new employees or replacing existing employees may require additional time and resources. Any loss of personnel or the inability to attract additional personnel with the necessary experience, for instance as a result of labour shortages or low unemployment rates, could hinder the Group's ability to recruit and retain qualified employees. This may lead the Group to increase its levels of compensation to remain competitive and increase its costs of recruiting and training personnel, which could have a material adverse effect on the Group's operating costs, market position and ability to execute strategic goals, and therefore on its business, results of operations, financial condition, cash flows and prospects.

The Group depends on good relations with its workforce and any significant disruption or industrial action triggered by the labour unions or third parties could adversely affect the Group's operations.

The majority of the Group's employees are unionised and possess certain bargaining and other rights. These employment rights may require the Group to spend substantial time and resources on altering or amending employees' terms of employment or making staff reductions. If the Group is unable to maintain good relationships with its workforce or to reduce its workforce without violating the terms of any applicable collective bargaining agreements, while also retaining qualified personnel required to effectively operate its business, the Group could experience a labour disturbance, which could have a material adverse effect on its ability to maintain its current market position or execute its strategic goals.

Further, the Group's employees may cease or suspend working in the event of industrial action and newly negotiated terms may be put in place as a result of such industrial action. This could harm the Group's operations and significantly increase its costs mainly in relation to healthcare costs and compensation. Any increase in the Group's costs, which is not accompanied by commensurate increases in efficiency and productivity, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Furthermore, the Group is susceptible to disruptions caused by railway strikes and industrial actions organized by the labour unions and railway workers in neighbouring countries. Historically, strikes have repeatedly disrupted the operation of several ČD's long-distance and regional lines between the Czech Republic and Germany, and the Group cannot exclude the possibility of future occurrences. In such eventuality, the Group may lack the ability to furnish passengers with alternative transportation options or sufficient information regarding the prevailing situation.

The Group may not be successful in securing certain subsidies.

The market in which the Group operates may from time to time receive subsidies provided under various policies at the EU or national level. The Group regularly aims to receive subsidies under various EU and national policies, such as subsidies for acquisition or modernisation of rolling stock, energy saving projects and equipment of rolling stock with the European Train Control System (the "ETCS").

Such subsidies could, if awarded, benefit the Group's business, results of operations and financial condition. However, there can be no assurance that the Group will be successful in receiving any subsidy. Any such subsidy, for which the Group applies, may be granted to the Group's competitors, which may result in the Group's disadvantageous competitive position. Moreover, national authorities may be unable to implement the respective measures in order to provide the subsidies as intended by the respective EU or national policies, for example due to budgeting constraints. In order to apply for subsidies, EU or national authorities may also impose conditions that are unfair, unpredictable or otherwise disadvantageous for the relevant Group's operating subsidiary. There is also no assurance that the Group will fulfil the relevant conditions to receive any subsidy. In any of the foregoing events, it is possible that the Group's competitors will be successful in such a programme and gain a competitive advantage. A failure of the Group to obtain, or success of the Group's competitors in obtaining, subsidies may negatively affect the Group's business, results of operations, financial condition, cash flows and prospects.

The Group may fail to successfully implement its business strategy.

The financial performance and success of the Group depends in large part on its ability to successfully implement its business strategy. As of the date of this Prospectus, the Group plans to primarily focus on continued optimisation within the Group, further cost reductions and maintenance of conservative financial policy, sustainability, which includes improvement of its environmental footprint by the way of renewal and modernisation of its rolling stock and possible expansion in cross-border and near-border railway transport in neighbouring countries. However, implementation of these strategic objectives may be costly, time-consuming and, if implemented incorrectly, may jeopardise the achievement of qualitative or quantitative targets. There is no guarantee that the Group will be able to successfully implement its business strategy, realise any benefit from the same or be able to improve its results of operations. Implementation of the Group's business strategy could be affected by a number of factors beyond the Group's control, such as increased competition, consumer behaviour, legal and regulatory developments, general economic conditions or an increase in operating costs. Any failure to successfully implement the Group's business strategy could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group participates and may in the future participate in joint ventures in which the Group owns less than a majority of voting rights or which the Group does not manage or otherwise control, which entails certain risks, and the Group may enter into further such arrangements in the future.

The Group has entered into, and may in the future enter into, certain joint venture arrangements in which the Group owns less than a majority of voting rights or which the Group does not manage or otherwise control, and may from time to time enter into arrangements in which minority holders will be granted protective rights. For instance, the Issuer participates in a joint venture with the Czech investment group Penta, which owns a 66 per cent. ownership interest in Masaryk Station Development, a.s. (“MSD”). Similarly, the Issuer owns a 38.79 per cent. ownership interest in JLV, a.s. (“JLV”) and a 51 per cent. ownership interest in Žižkov Station Development, a.s. (“ŽSD”). In ŽSD, the Czech investment group Sekyra Group as the minority shareholder has been granted some protective rights. As a result, the Group depends on the approval of its joint venture partner for certain matters or may also depend on its joint venture partner to operate the relevant entities. The approval of such partner may also be required for the Group to receive distributions of funds from the projects or entities or to transfer the Group’s interest in projects or entities. Any occurrence of these risks could have an adverse effect on the success of the joint venture arrangement or on the Group’s interest therein and, in turn, on the Group’s business, results of operations, financial condition, cash flows and prospects.

The Group may not be successful in selling any or all of its non-core assets.

Because the Group owns significant non-core assets, the maintenance of which is costly to the Group, it intends to continue to streamline its asset base by selling some of these non-core assets to SŽ as well as to private investors, such as individuals, companies and municipalities. This process commenced in 2008 and has included the sale of non-core buildings (administration buildings, workshops, garages, warehouses) and non-core land plots predominantly surrounding railway stations. In the ongoing last phase, which commenced in 2015 and which is expected to unfold over the following 15 years, ČD aims to sell primarily smaller buildings and land plots. The Group cannot guarantee that it will be able to sell any of the non-core assets as and when expected or at all, or that it will be able to sell them under favourable conditions. This could have a material adverse effect on the Group’s business, results of operations, financial condition, cash flows and prospects.

If the Group fails to continue to maintain an effective system of internal controls over financial reporting, the Group may not be able to report financial results accurately or prevent fraud or other unfavourable transactions.

The Group has taken reasonable steps to maintain and further develop adequate procedures, systems and controls to enable it to comply with its legal, regulatory and contractual obligations, including with regard to financial reporting, which it evaluates periodically. Any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. The Group’s integrated information systems only cover some of its subsidiaries, while the remaining subsidiaries have their own accounting platform and accounting methodologies. The Group’s operating subsidiaries prepare separate financial statements under the applicable local accounting standards for statutory purposes and part of the IFRS financial statements consolidation process is manual. It involves the transformation of the statutory financial statements of the Group’s subsidiaries into IFRS financial statements through accounting adjustments and a consolidation of all entities’ financial statements using the Group’s accounting policies. This process is complicated and time consuming and involves significant manual intervention, all of which increases the possibility of error. Any failure to maintain an adequate system of internal controls, to successfully implement any changes to such system or to be able to produce accurate financial information on a timely basis could increase the Group’s operating costs and materially impair its ability to operate business, any of which could materially and adversely affect the Group’s business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to risks arising from attempted terrorist activities and other acts of violence.

Potential terrorist acts or similar events, war or conflict, the threat of war or conflict or the reaction of the Czech Republic to such acts or events, could significantly disrupt the Group’s activities. For instance, actual or attempted terrorist acts and the public’s concerns about potential attacks could adversely affect demand for the Group’s services. There has been one terrorist attack in the Czech Republic, where a tree cut down by an individual fell on the railway tracks and caused the train to derail. In recent years, there have been several false reports of bomb placements on trains or at train stations. Furthermore, there have been multiple acts of terrorism on public transport systems and other terrorist attacks in Europe that, whilst not directly targeting public transport, have discouraged

travel. As a result of actual or attempted terrorist activities or other acts of violence, governmental authorities may mandate security procedures in addition to those currently employed by the Group, thereby increasing the Group's costs. Given the Group's size and activities, the Group is considered as a strategic asset to the Czech Republic and thus the Group could be targeted during conflicts or could be used by the Czech Republic in response to such attacks. The materialisation of any of these risks could have a material adverse impact on the Group's business, results of operations, financial condition, cash flows and prospects.

Risks related to the Group's financial profile

The Group's substantial leverage and debt service obligations could adversely affect its business and prevent it from fulfilling its obligations with respect to its indebtedness and from obtaining sufficient funding for investments in its assets and their maintenance, and the Group may not be able to successfully renew or refinance such indebtedness as it matures, or may only be able to renew or refinance it on less favourable terms.

The Group has a substantial amount of outstanding indebtedness. As of 31 December 2024 and 2023, the Group had Debt as defined in the "Presentation of Financial and Other Information—Non-IFRS Information" section below) of CZK 87,426 million and CZK 72,760 million, respectively, none of which was overdue.

The level of the Group's indebtedness could have important consequences, including, but not limited to:

- (i) limiting the Group's ability to obtain sufficient funding to make crucial investments into the purchase or maintenance of essential assets, primarily rolling stock. This may result in obsolescence and deterioration of such assets, which may adversely affect the quality of service provided to customers (including an increased risk of accident or injury), the ability of the Group to compete in tenders for the provision of passenger rail transport services to the State and the Czech Regions and potential breaches of certain agreements with third parties (mainly insurance contracts and contracts with the State and the Czech Regions concerning the provision of public service passenger transport), leading to increased liabilities of the Group, and may cause members of the Group to lose their licences;
- (ii) making it more expensive to service indebtedness which is subject to floating interest rates or making it more expensive to service any future indebtedness bearing fixed interest rates;
- (iii) making it difficult for the Group to satisfy its obligations with respect to its indebtedness;
- (iv) requiring the allocation of a substantial portion of the Group's cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow for, and limiting the ability to obtain additional financing to fund, working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes;
- (v) restricting its operations through certain covenants in the Group's debt agreements; and
- (vi) decreasing the Group's credit rating, limiting the Group's ability to borrow additional funds and increasing the cost of any such borrowing.

In addition, the Group may incur substantial additional indebtedness in the future. Any additional debt incurred by the Group could have a significant negative impact on the Group's performance indicators and could result in higher interest expenses for the Group.

The Group's business is also subject to significant risks in relation to its ability to renew extend or refinance loans and other obligations as they mature. The Group is reliant upon having financial strength and access to credit and bond markets to meet its financial requirements. If the Group's financial performance does not meet its existing contractual obligations or market expectations, it may not be able to refinance existing debt issuances or facilities on terms considered favourable. If the Group is no longer able to obtain the financing it needs as and when needed, or if it is able to do so only on onerous terms, its further development and competitiveness could be severely constrained. The Group's ability to raise additional capital could be further influenced by factors such as changing market interest rates, restrictive covenants in its debt instruments or negative changes in its credit rating. At the same time, any additional debt incurred in connection with future acquisitions, construction or development could have a significant negative impact on the Group's performance indicators and could result in higher interest expenses for the Group. If the Group does not generate sufficient cash flows or if it is unable to obtain sufficient funds from future financings or at acceptable interest rates, the Group may not be able to pay its debts as they fall due or to fund other liquidity needs.

The Group's ability to access the capital markets and other forms of financing (or refinancing), and the costs connected with such activities, depends in part on the credit rating of the Issuer. As of the date of this Prospectus, the Issuer has been assigned a long-term corporate credit rating of Baa2 (outlook positive) by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A Baa2 credit rating falls within the investment-grade category and is considered to indicate a moderate credit risk. Issuers with investment-grade rating will typically have relatively easier access to financing and can attract investors who are more risk-averse, although the terms of financing may not be as favourable compared to issuers with higher credit ratings (such as those rated A or higher). The Issuer's ability to maintain its current rating is dependent on a number of factors, some of which may be beyond its control. These factors are more fully described in the various press releases and rating reports published by Moody's from time to time, and available on its website, as well as on the website of the Issuer. In the event that the Issuer's credit rating is lowered, the Group's ability to access credit and bond markets and other forms of financing (or refinancing) could be limited.

Any of the above could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects, its credit rating and on the Group's ability to satisfy its debt obligations, including under the Notes.

A part of the Group's financial indebtedness is structurally senior to the financial indebtedness of the Issuer under the Notes.

As of 31 December 2024 and 2023, 23.9 per cent. and 25.1 per cent., respectively, of the Group's Net Debt (as defined in the "Presentation of Financial and Other Information—Non-IFRS Information" section below) was owed by the subsidiaries of the Issuer and, consequently, is structurally senior to the financial indebtedness of the Issuer under the Notes. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceedings in respect of the subsidiaries of the Issuer, investors in the Notes will not have access to the assets of such subsidiaries until after all of the subsidiary's creditors have been paid and the remaining assets have been distributed to the Issuer as their direct or indirect shareholder.

The Group is exposed to credit risk.

The Group is exposed to credit risk, mainly in relation to suppliers of rolling stock and financial institutions to which the Group has mark-to-market exposure. Financial assets that expose the Group to potential credit risk include cash and cash equivalents, trade receivables and financial derivative contracts. The Group monitors its exposure to the credit risk of such third parties on a regular basis. Nonetheless, such monitoring cannot guarantee that the Group will prevent all losses or liquidity constraints incurred in relation to credit issues of third parties. In addition, any deterioration in the credit quality of one or more major clients of ČD Cargo or the materialisation of any of the credit issues described above could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to liquidity risks.

The Group manages its liquidity risk through planning future cash flows and provisions of short-term funding, such as through its promissory notes programme and overdraft or revolving loans. As of 31 December 2024 and 2023, the Group had financial liabilities (including both undiscounted interest and principal cash flows) with contractual maturities of less than one year in the total amount of CZK 17,249 million and CZK 18,538 million, between one and five years in the total amount of CZK 33,008 million and CZK 52,646 million and over five years in the total amount of CZK 23,476 million and CZK 23,856 million, respectively. However, there is no guarantee that the Group will always have access to short-term financing or that it will not encounter obstacles in terms of securing short-term funding when experiencing liquidity issues. For example, some financial institutions may not extend short-term credit lines or promissory note facilities to the Group. The exposure to liquidity constraints could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to interest rate risks.

The Group's operations are subject to the risk of interest rate fluctuations as it utilises external financing that bears floating or fixed interest rates, including domestic bonds, Eurobonds, bank loans, leases, and promissory notes. The length of time for which the interest rate is fixed on a financial instrument indicates to what extent it exposes the Group to interest rate risk. The Group performs stress testing using a sensitivity analysis, whereby an immediate increase or decrease in interest rates by one per cent. along the whole yield curve is applied to the interest rate positions of the portfolio. According to the latest results of these tests, of 31 December 2024, a decrease in interest rates by one per cent. would have increased the Group's profit after tax by CZK 41 million.

and would have decreased the Group's other comprehensive income after tax by CZK 97 million, whereas an increase in interest rates by one per cent. would have decreased profit after tax by CZK 41 million and would have increased the Group's other comprehensive income after tax by CZK 93 million.

As of September 2023, the European Central Bank increased its three key interest rates, which in turn resulted in the highest level of borrowing costs since 2009. The inflation level has gradually receded tightening the financial conditions as the market has witnessed rate cuts starting in the second half of 2024. This trend carries on into 2025, as the European Central Bank has decreased its deposit facility rate to 2.25 per cent., being at the lowest level since early 2023, reflecting a shift towards a more accommodative monetary policy. However, inflation could prove to be more persistent than current market expectations, possibly resulting in lower-than-expected decreases of interest rates. In the monetary policy meeting of the CNB held on 7 May 2025, the board has decided to lower the two-week repo rate by 0.25 percentage points to 3.50 per cent. Simultaneously, the board voted for lowering other key interest rates by the same amount. The CNB has acknowledged its target to maintain inflation near the 2 per cent. mark, however stating that in order to do so, at present relatively high key interest rates are still required. Any substantial increase in floating interest rates or any significant changes in fixed interest rates of contracts to be entered into, or the Group's limited ability to enter into such contracts bearing or resulting in fixed interest rates, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to currency fluctuation risk.

The Group is exposed to the risk of fluctuations in the value of the Czech Koruna relative to the Euro and, to a lesser extent, also to other currencies. The Group's currency fluctuation risk stems mainly from ČD Cargo's operations, ČD's debt denominated in Euro and purchases of rolling stock in other currencies. The Group performs stress testing using a sensitivity analysis, whereby an immediate increase or decrease in nominal value of Czech crown by CZK 1 is applied. According to the latest results of these tests, as of 31 December 2024, a strengthening of Czech currency by CZK 1 against EUR would result in an increase of the Group's additional profit after tax by CZK 663 million and other comprehensive income after tax by CZK 359 million, whereas a weakening of Czech currency by CZK 1 would have decreased the Group's profit after tax by CZK 663 million and other comprehensive income after tax by CZK 359 million. Therefore, any substantial loss resulting from a fluctuation in the euro or any other foreign currency exchange rate could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's hedging strategy may not prove successful or its hedge counterparties may not perform their obligations under the relevant hedging arrangements to which the Group is a party.

The Group uses interest and currency rate swaps and other types of derivatives to reduce the amount of exposure to interest and currency rate fluctuations as well as commodity price fluctuations. In line with the approved risk management strategy, the Group enters into contracts for interest rate swaps and hedges anticipated payments in a foreign currency so that the size of the open risk position does not exceed the limit defined for the period by the risk management committee and approved by the Board of Directors. As of the date of this Prospectus, the management's objective is to hedge at least 90 per cent. of long-term financing with a floating interest rate and all long-term financing in foreign currency against currency risk. However, the Group may incur losses if any of the variety of instruments and strategies used to hedge exposures are not effective or cannot be implemented. The Group's actual hedging decisions will be determined in light of the facts and circumstances existing at the time of the hedge and may differ from time to time. Also, the risk management procedures the Group has in place may not always be followed or may not work as planned. In addition, the Group is exposed to the risk that its hedging counterparties will not perform their obligations under the relevant hedging arrangements to which the Group is a party. Hedging counterparties may default on their obligations towards the Group due to lack of liquidity, operational failure, bankruptcy or other reasons. The materialisation of any of the above risks could adversely affect the Group's business, results of operations, financial condition, cash flows and prospects.

Risks related to the Czech Republic

The Group is exposed to the risk of poor performance of the Czech economy.

The majority of the Group's operations are located in the Czech Republic and the Group is therefore exposed to economic risks associated with the Czech Republic and, to a lesser extent, certain other European countries, including Germany, Austria, Poland and Slovakia. This is particularly relevant for the Group's Freight Transport Business and, due to its counter-cyclical nature, to a lesser extent also for the Group's Passenger Transport Business. The Czech Republic's economy is susceptible to external shocks, including, as demonstrated in the past, the economic downturn and disruptions caused by the SARS-CoV-2 pandemic, and, more recently, the ongoing

war in Ukraine. During the years 2022 and 2023, the Czech economy has been affected by a high level of inflation. Although inflation has been decreasing lately and, according to the Czech Statistical Office, the year-on-year inflation level in the Czech Republic reached 2.7 per cent. in March 2025, there is a risk that inflation will increase and the Czech economy will not avoid a recession. The Czech economy is strongly export-oriented and any significant decline in the economic growth of any of the Czech Republic's trading partners, in particular Germany, Austria, Poland and Slovakia, could therefore have an adverse effect on the Czech Republic's balance of trade and adversely affect its economic growth.

There can be no assurance that any crises, slowdown or economic volatility, such as the ongoing war between Ukraine and Russia (see "*Business risks—The Group may be negatively affected by the ongoing war in Ukraine and other geopolitical tensions*") or similar events, will not negatively affect investor confidence in markets relevant for the Group's businesses. The continuation of the conflict between Russia and Ukraine, including the extension of the conflict to other countries in the region, could lead to further worsening of the security situation in the Czech Republic and to an increase in energy prices. This could lead to higher inflation and interest rates and have a negative impact on financial market stability. Furthermore, the disruption and volatility in the Czech financial markets caused by the Russian invasion and the potential of further tightening of financial market conditions due to the conflict could have a material adverse effect on the Group's ability to access funding, capital and liquidity on financial terms acceptable to it and result in an increase in the Group's cost of funding due to widening of credit spreads.

Based on the macroeconomic forecast of the Ministry of Finance of the Czech Republic published in January of 2025, the macroeconomic risks are predominantly skewed to the downside. While global economic activity is supported by easing inflation and stronger household consumption, investment remains constrained by restrictive monetary policy and elevated geopolitical instability. Lingering issues in China's real estate sector continue to pose risks, though mitigated by fiscal and monetary support.

Uncertainties arising from the trade policy of the new U.S. administration are dampening both consumer and business confidence. The baseline scenario reflects the tariffs announced on 26 March 2025, on automobiles, components, steel, and aluminium. However, broader universal tariffs on all imports, announced after the data cutoff, are not included in the baseline due to their uncertain legal basis, potential retaliation, and dynamic impacts. Instead, they are addressed in a dedicated thematic section. Trade barriers, potential supply chain disruptions, and structural weaknesses in Germany, a key trading partner, continue to pose downside risks. However, recent shifts in German fiscal policy, allowing increased investment in defense and infrastructure, could partially offset these pressures.

Any such external shocks or changes in economic, regulatory, administrative or other policies of the Government, as well as political or economic developments in the Czech Republic, including potential changes in the Czech Republic's credit ratings, over which the Group has no control, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to political risks in the Czech Republic.

The Group can give no assurance that there will be no change in the policy of the current Government or that the future Government, which is to be formed following the general elections which are to take place in October 2025, will continue the current economic, fiscal, and regulatory policies and strategy in respect of the continued ownership of ČD by the State, nor can there be any assurance that any changes in such policies or strategy will not have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

Similarly, it cannot be ruled out that the public transport policies and priorities of the Czech Regions will change. There can be no guarantee that the regional governments will not decide to prioritise other modes of public transport (in particular the bus transport) over the railway transport or to organise competitive tenders on the operation of regional passenger railway services. Since a substantial part of the revenues of the Group's Passenger Transport Business comprises payments paid to ČD by the Czech Regions, in the event of a change in a public policy, this could influence the volumes of regional passenger rail service tendered by some of the Czech Regions.

In addition, the State is the sole shareholder of ČD and the Government exercises its shareholder rights through a Steering Committee (the "**Steering Committee**"), which comprises seven members appointed for an indefinite period by the Government: three representatives of the Ministry of Transport, and one representative of each of the following four ministries: the Ministry of Finance, the Ministry of Defence, the Ministry of Industry and Trade, and the Ministry for Regional Development. Accordingly, the Group may be negatively affected by changes to

key decision-makers at, or the strategy of, any of these ministries, such as a policy change towards state support of passenger rail transport. Any such changes could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group is exposed to the risk of the poor financial condition of the State and the Czech Regions.

A significant amount of ČD's revenues is generated through payments received from budgets of the State and the Czech Regions for the provision of regional and domestic long-distance passenger transport. Any inability of the State or the Czech Regions to discharge their financial obligations when due or any austerity measures undertaken by the State or the Czech Regions, may have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects and may harm the Group's ability to meet its liabilities, including under the Notes.

Risks related to governmental regulations and laws

The Group is exposed to adverse changes in laws or regulations.

The Group is subject to a number of laws and regulations, in particular railway transport laws, tax laws, environmental protection laws, public procurement laws, antitrust laws, employment requirements, environmental procedures, insurance coverage and other operating issues in the Czech Republic, on the EU level and in the countries in which the Group operates, including Poland, Austria, Slovakia, Hungary, Germany, Croatia, Serbia and Slovenia. These laws are constantly subject to change. There is a risk that the transport industry will become more heavily regulated, or that local authorities with whom the Group contracts could specify levels of quality and service with which the Group must comply. The costs associated with complying with changes in interpretations of existing, or the adoption of new legislation, regulations or other laws in the jurisdictions in which the Group operates and of meeting specific levels of quality and service under contractual obligations could have a material adverse effect on the Group.

For example, passenger transport in the Czech Republic is subject to a reduced value added tax ("VAT") rate and fare prices for non-commercial passenger transport, including the applicable VAT, are capped by Government regulation. Moreover, the Government has introduced subsidised fare (a 50 per cent. discount on standard fare) for pupils and students up to 26 years of age and elderly over 65 on all national long-distance and regional bus and rail lines, integrated transport systems as well as urban public transport links that cross city borders. Service providers, including ČD, receive payments for the discounted fares from the state budget (see "*Description of the Issuer—Pricing, Payments and Tariff Regulation—Passenger Transport Business – Regional*"). As from 1 February 2019, VAT for public passenger transport fares was reduced from the original 15 per cent. to 10 per cent., and from 1 January 2024, increased from 10 per cent. to 12 per cent. The subsidised fare and lower VAT have led to a generally higher demand for public transport and its discontinuation could thus negatively affect demand for public transport services, including those provided by the Issuer.

In addition, some provisions of the tax laws in the countries in which the Group operates are ambiguous and there is often no unanimous or uniform interpretation or practice of the law by the applicable tax authorities and the courts. In certain cases, tax authorities could have a high degree of discretion, for instance in relation to transfer pricing tax legislation, and at times may exercise their powers arbitrarily and selectively enforce tax laws and regulations, which could be in a manner that is contrary to the law. The imposition of any new taxes in the countries in which the Group operates, or changing interpretations, possibly with retrospective effect, or application of tax regulations by the tax authorities, extensive time periods relating to overdue liabilities and the possible imposition of penalties and other sanctions due to unpaid tax liabilities may result in additional amounts being payable by the Group.

Materialisation of any of the above risks, including adverse changes in employment legislation, increase of the applicable VAT or the discontinuation of or the decrease in the fare discounts, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group's operations depend on obtaining and maintaining licences and permits necessary for the operation of its business.

The Group conducts its business operations under various licences and permits that authorise it to carry out a full range of railway-related business activities, such as a transport company licence and certification. As a result, the Group's activities are dependent upon the grant, renewal or continuance in force of these licences and permits, which in certain circumstances may be valid only for a defined period, may be subject to limitations and may provide for withdrawal in certain circumstances. There can be no assurance that such licences and permits will be granted, renewed or remain in force and, if so, on what terms. Failure to obtain necessary licences or permits or

any suspension or termination thereof could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

The Group could incur significant costs for violations of applicable environmental and occupational health and safety laws and regulations.

As a transport company, the Group's operations are subject to extensive local, national and international environmental, health and safety laws and regulations, such as laws and regulations governing emissions and the transport of products that are hazardous to the environment.

As the owner and operator of numerous sites and transport vehicles, the Group may be liable for substantial costs associated with remediating soil and groundwater contaminated by hazardous materials, regardless of whether the Group knew of or was responsible for the contamination. There is a risk that the Group will not always comply with these laws and regulations and any such violation could result in fines, sanctions or the commencement of legal proceedings against the Group, resulting in reputational as well as potentially significant monetary harm to the Group. In addition, the Group cannot exclude the risk of injury to its employees or third-party contractors, particularly when fulfilling maintenance and other duties or when working with electricity or emission generating parts of the Group's infrastructure where injury may occur even when there has been compliance with all safety regulations and professional standards. Any such injury may result in costs, lower employee morale, and negative publicity for the Group.

The regulation of health, safety and environmental protection is complex and subject to frequent changes, and regulation has become more stringent over time. The Group may be required to change its environmental policy and adopt stricter procedures and measures to comply with applicable regulation and, as a result, the Group may be required to increase its capital expenditure to ensure continued compliance. All of these liabilities and additional costs may affect the Group's business, results of operations, financial condition, cash flows and prospects.

Non-compliance with the General Data Protection Regulation (GDPR), or stricter interpretation of the existing requirements or future modifications of the data protection laws, could have a negative impact on the Group's business, financial condition, results of operations, cash flows and prospects.

With effect as of 25 May 2018, the Group's operations and services need to comply with Regulation (EU) 2016/679, General Data Protection Regulation ("GDPR"), which generally imposes uniform rules for all market participants operating within the EU and strict sector specific rules under the e-Privacy Directive (Directive 2002/58/EC). GDPR implements a stricter data protection compliance regime and substantially increases fines for a breach of data protection regulation. Under GDPR, data protection agencies have the right to audit the Group and impose orders and fines, up to EUR 20 million, or up to 4 per cent. of the worldwide annual revenue for the previous financial year, if they find that any member of the Group has not complied with applicable laws and adequately protected customer data. In the Czech Republic the rights and obligations arising from GDPR are further specified in Act No. 110/2019 Coll., on data processing (the "**Data Processing Act**"). Any difference in interpretation of the GDPR, Data Processing Act or any other applicable data protection rules by the data protection agencies resulting in the Group's non-compliance with GDPR or any other applicable data protection laws, or any limitations imposed by stricter interpretation of the existing requirements or by future modifications of the data protection laws, could have a significant impact on the Group's business operations and its ability to market products and services to existing or potential customers. As such, the materialisation of any of the above could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and prospects.

ČD can incur limitations on procurement due to the Public Procurement Act.

As of the date of this Prospectus, ČD is subject to public procurement rules stipulated in Act No. 134/2016 Coll., on Public Procurement, as amended (the "**Public Procurement Act**") when tendering services and supplies with value in excess of the applicable thresholds set out in the Public Procurement Act. In the event of a qualified tender under the Public Procurement Act, ČD is obligated to follow the stipulated procedures, which might limit its ability to procure such tender in a timely manner. This may harm the ČD's ability to compete in tenders for both passenger and cargo services and have an adverse effect on the ČD's business, financial condition, results of operations, cash flows and prospects.

Certain assets of the Issuer may be subject to immunity and/or the Issuer may be obliged to provide certain services and assets to the State or other persons

The Issuer carries out passenger and freight transport business and provides passenger transport services in the public interest. Since such parts of the Issuer's operations might be of importance in specific situations (including, among others, any force majeure events) or for specific purposes (including, among others, military or public interest), under the applicable laws, the Issuer's assets (or a portion thereof) used to carry out such operations may be subject to immunity from execution or other legal process, and/or the Issuer may be obliged to provide certain services and assets to the State or other persons, in such situations or for such purposes. This could potentially adversely affect the pool of assets available for enforcement of any obligation of the Issuer under the Notes and/or may have a material adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATING TO THE NOTES

Risks relating to the withholding taxation regime in the Czech Republic

All capitalised terms used in the risk factors contained in this sub-section "*Risks relating to the withholding taxation regime in the Czech Republic*" and not otherwise defined are as defined in the section "*Taxation*".

Risks associated with the taxation regime in the Czech Republic

The Czech tax treatment of the Notes has been significantly affected by the 2021 ITA Amendment and the 2022 Banking Act Amendment.

Such Czech tax changes may result in a potential Withholding Tax of up to 35 per cent. in respect of interest payments on the Notes even to the Beneficial Owners who would otherwise be entitled to claim a Tax Relief unless certain administrative and technical steps, including certifications in respect of identity, residency and beneficial ownership which are to be provided by the Beneficial Owners, are complied with (for more details about these steps please refer to the Certification Procedures under "*Risks associated with evidencing the entitlement to Tax Relief of the Beneficial Owner of income from the Notes*"). Furthermore, where the Notes are issued at a price lower than its principal amount (i.e. below par), a failure to comply with these steps could trigger a withholding of Tax Security of 1 per cent. from any payment of principal on such Notes.

Even though Condition 9 (*Taxation*) stipulates that a gross-up obligation of the Issuer applies, there are extensive carve outs under which no gross-up to payments in respect of the Notes will apply, for example where: (a) the Beneficial Owner of a Note is a Czech Tax Resident individual or a Person Related Through Capital with the Issuer; or (b) where certification in respect of identity, residency and beneficial ownership to be provided by the Beneficial Owners is not delivered to the Issuer.

Holders should consult their own tax advisers regarding the tax implications of their potential purchase, holding, or sale of the Notes. Given that the new taxation regime has been applicable in the Czech Republic only from 1 January 2022 and no comprehensive case law has been established, it is not yet possible to determine the full and exact implications that the new regime may have on the holders of the Notes. Further, the new tax regime of the Notes is currently associated with many ambiguities and may be subject to changes.

For additional information on the Czech taxation regime, please see section "*Taxation*".

Risks associated with evidencing the entitlement to Tax Relief of the Beneficial Owner of income from the Notes

Under Czech tax law, the Issuer is liable for (i) any Withholding Tax and Tax Security (as the case may be) required to be withheld or deducted at source at the appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest and principal in respect of the Notes as well as (ii) the granting of any Tax Relief. The Issuer bears the related burden of proof, which necessitates, before any Tax Relief can be granted, collection of the Beneficial Ownership Information.

Accordingly, for so long as this requirement is stipulated by Czech tax law, unless the Issuer receives, in accordance with, the Certification Procedures, the Beneficial Ownership Information in relation to a payment of principal and interest in respect of a Note (whether this is because the relevant Beneficial Owner fails to provide such information or because the Certification Procedures have not been duly followed or for any other reason, except where this is caused by actions or omissions of the Issuer or its agents), the Issuer will withhold (i) Withholding Tax of up to 35 per cent. from any payment of interest on such Note and (ii) if such Note was issued

at a price lower than its principal amount (i.e. below par) 1 per cent. Tax Security from any payment of principal on such Note unless the Issuer has the necessary information (by virtue of other means) enabling the Issuer not to apply the Withholding Tax (or to apply it at a lower rate) or not to apply the Tax Security (as the case may be) and the Issuer will not gross up payments in respect of any such withholding.

As a result, the Beneficial Owner will be required to provide, in order to be entitled to any Tax Relief, the Beneficial Ownership Information. If the Beneficial Ownership Information is not delivered to the Issuer (by or on behalf of the Beneficial Owner) in respect of each interest payment or it is incorrect, incomplete or inaccurate, payments of interest to such Beneficial Owner will be subject to Withholding Tax of up to 35 per cent. and if the Note was issued at a price lower than its principal amount (i.e. below par), the Tax Security of 1 per cent. from any payment of principal on such Note will also apply. However, if the Beneficial Owner is otherwise entitled to any Tax Relief, it may then make use of the Quick Refund Procedure to recover any such tax withheld.

Should the Beneficial Owner, who would otherwise be entitled to any Tax Relief, fail for any reason to make use of the Quick Refund Procedure, the Beneficial Owner may make use – with respect to Withholding Tax only – of the Standard Refund Procedure. There is a risk, however, that such Beneficial Owner may not, in spite of duly providing the Beneficial Ownership Information, obtain a refund of any amounts withheld, as under the Standard Refund Procedure, it is conditional on the ability of the Issuer to, firstly, successfully obtain a corresponding refund of the amounts originally withheld and paid to the Czech tax authorities. The use of the Standard Refund Procedure is also subject to a fee in respect of the Issuer's administrative costs in following this procedure.

The Certification Procedures have only been subject to limited testing in practice and, as such, there is a risk that the procedures may be burdensome on the Beneficial Owners or result in additional costs being incurred by the Beneficial Owners. Further, the Issuer accepts no responsibility and will not be liable for any damage or loss suffered by any Beneficial Owner who, although otherwise entitled to a Tax Relief, nonetheless received payments on the Notes net of any Withholding Tax or Tax Security (as the case may be) either because the Certification Procedures have proven ineffective or because the Certification Procedures have not been duly followed or for any other reason, except where this is caused by actions or omissions of the Issuer or its agents. Furthermore, the Notes or the Agency Agreement may be amended without the consent of the holders of the Notes to reflect any changes in applicable laws, rules or procedures.

Where the Beneficial Owner does not hold Notes directly on an account in the books of an International Central Securities Depository (“**ICSD**”), it may not be able to benefit from the Certification Procedures if the intermediary through which it holds the Notes in the ICSD has not implemented the Certification Procedures.

In addition, in accordance with the terms and conditions between the ICSDs and the participants of the ICSDs, the ICSDs are not obliged to provide tax assistance and may unilaterally decide to discontinue the application of tax services, for which no liability for any consequences is accepted. Consequently, there is a risk that the Certification Procedures may be discontinued at any time.

See section “*Taxation*” in the Prospectus for a fuller description of certain tax considerations relating to the Notes and the formalities which Beneficial Owners must follow in order to claim exemption from Withholding Tax and Tax Security (as applicable) as well as the procedures and formalities for claiming a refund of amounts that have been withheld, where applicable.

Risks relating to the Notes generally

The Notes may be redeemed prior to maturity.

In the event that, as a result of a change in law or regulation, the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Czech Republic or any political subdivision thereof or any authority therein or thereof having power to tax, and such obligation cannot be avoided by reasonable measures, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition the Notes are redeemable at the Issuer's option in certain other circumstances and accordingly the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes and may only be able to do so at a significantly lower rate. An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer

may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

There is no active trading market for the Notes.

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. Although applications have been made for the Notes to be admitted to the official list and trading on the Luxembourg Stock Exchange's regulated market there can be no assurance that such application will be accepted or that an active trading market will develop or, if developed, that it will continue. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

Credit rating may not reflect all risks.

The Notes have been assigned a rating of "Baa2" by Moody's. The rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

Modifications and waivers

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Accordingly, there is a risk that the terms and conditions of the Notes, the Deed of Covenant or the Agency Agreement may be modified, waived or amended in circumstances where a Noteholder does not agree to such modification, waiver or amendment, which may adversely impact the rights of such Noteholder.

Notes with integral multiples

As the Notes have a minimum denomination of EUR 100,000 plus a higher integral multiple of EUR 1,000 it is possible that the Notes may be traded in amounts in excess of EUR 100,000 that are not integral multiples of EUR 100,000. Noteholders who, as a result of trading such amounts, hold a principal amount of Notes other than a multiple of EUR 100,000 will receive definitive Notes in respect of their holding (provided that the aggregate amount of Notes they hold is in excess of EUR 100,000, however, any such definitive Notes which are printed in denominations other than EUR 100,000 may be illiquid and difficult to trade. Furthermore, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR 100,000 may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to EUR 100,000.

Because the Global Note Certificate is held by or on behalf of Euroclear and Clearstream, Luxembourg holders of the Notes will have to rely on their procedures for transfer, payment and communication with the Issuer.

The Notes will be represented by the Global Note Certificate except in certain limited circumstances described in the Global Note Certificate. The Global Note Certificate will be registered in the name of Citibank Europe plc as nominee for, and will be deposited with, the common safekeeper for Euroclear and Clearstream, Luxembourg. Note Certificates evidencing holdings of Notes will only be available in certain limited circumstances. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, holders of the Notes will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg and their participants.

While the Notes are represented by the Global Note Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the common service provider or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in the Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Note Certificate will not have a direct right under the Global Note Certificate to take enforcement action against the Issuer in the event of a default under the Notes but will have to rely upon their rights under the Deed of Covenant.

Interest Rate Risks

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Notes.

If an investor holds Notes which are not denominated in the investor's home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in EUR (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (1) the Investor's Currency-equivalent yield on the Notes; (2) the Investor's Currency equivalent value of the principal payable on the Notes; and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes may not satisfy the Eurosystem eligibility criteria

The Issuer intends that the Notes will be registered on issue in the name of a nominee for, and deposited with, the common safekeeper for Euroclear and Clearstream, Luxembourg. This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

INFORMATION INCORPORATED BY REFERENCE

The information set out in the table below shall be deemed to be incorporated by reference in, and to form part of, this Prospectus provided however that any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement.

Such documents will be made available, free of charge, during usual business hours at the specified offices of the Paying Agents and the Listing Agent in Luxembourg and on the website of the Issuer at www.ceskedrahy.cz, unless such documents have been modified or superseded. Such documents will also be available to view on the website of the Luxembourg Stock Exchange (www.luxse.com).

For ease of reference, the tables below set out the relevant page references for the audited consolidated financial statements of the Group for the years ended 31 December 2024 and 2023 and the Auditors' report on consolidated financial statements of the Group for the years ended 31 December 2024 and 2023 (including notes thereto).

Any information contained in or incorporated by reference in the document specified above which is not incorporated by reference in this Prospectus is either not relevant to investors or is covered elsewhere in this Prospectus and, for the avoidance of doubt, unless specifically incorporated by reference into this Prospectus, information contained on the website does not form part of this Prospectus.

České dráhy, a.s.

Consolidated Financial Statements for the year ended 31 December 2024 prepared in accordance with IFRS Accounting Standards as adopted by the EU and the Auditor's report on the consolidated financial statements

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TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note Certificate (if issued):

The EUR 500,000,000 3.750 per cent. Notes due 2030 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 15 (*Further issues*) and forming a single series therewith) of České dráhy, a.s. (the “**Issuer**”) are constituted by a deed of covenant dated 28 May 2025 (as amended or supplemented from time to time, the “**Deed of Covenant**”) entered into by the Issuer and are the subject of a fiscal agency agreement dated 28 May 2025 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, Citibank Europe plc as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), Citibank, N.A., London Branch as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agents named therein (the “**Transfer Agents**” which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the “**Paying Agents**”, which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the “**Agents**” are to the Registrar, the Fiscal Agent, the Transfer Agents and the Paying Agents and any reference to an “**Agent**” is to any one of them. Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Covenant and subject to their detailed provisions. The “**Noteholders**” (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. Form and Denomination

The Notes are serially numbered and in registered form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof (each such denomination an “**Authorised Holding**”).

The Notes are intended to be issued under the new safekeeping structure and are represented by registered certificates (“**Note Certificates**”) and, save as provided in Condition 2(c) (*Transfers*), each Note Certificate shall represent the entire holding of Notes by the same holder.

2. Register, Title and Transfers

- (a) *Register*: The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Notes represented by the surrendered

Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

- (d) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (e) *No charge:* The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (f) *Closed periods:* Noteholders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.
- (g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar (such approval not to be unreasonably withheld or delayed). A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. Status

The Notes constitute direct, general, unconditional and, subject to Condition 4 (*Negative Pledge*) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. Negative Pledge

So long as any Note remains outstanding (as defined in the Agency Agreement), the Issuer shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of any Relevant Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith or (ii) providing such other arrangement (whether or not comprising a Security Interest) for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In these Conditions:

“**Guarantee**” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for repayment of such Indebtedness;

“**Indebtedness**” means any indebtedness (other than a trade payable arising in the ordinary course of business) of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases, including, without limitation, sale and lease back transactions;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Relevant Indebtedness**” means any Indebtedness which is in the form of, or represented by, any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is capable of being listed, quoted or traded on any stock exchange or over-the-counter or other securities market;

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

5. Limitation on Asset Sales

The Issuer shall not, and shall procure that each of its Subsidiaries does not, sell, lease, transfer or otherwise dispose of (each such action, a “**disposal**”) by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or its assets to any person, except where:

- (a)
 - (i) for any asset with an estimated resale value of up to EUR 5,000,000 (or its equivalent in any other currency or currencies): the Issuer or its relevant Subsidiary has disposed of such asset for such consideration as the Issuer or the relevant Subsidiary deems appropriate given the nature of the assets;
 - (ii) for any asset with an estimated resale value of EUR 5,000,000 (or its equivalent in any other currency or currencies) or more: the consideration received by the Issuer or such Subsidiary is not less than the Fair Market Value of the assets or revenues disposed; and
 - (iii) immediately before or after giving effect to such disposal, no potential Event of Default shall have occurred and be continuing as a result of such disposal; or
- (b) such disposal is made to the Issuer or another wholly owned Subsidiary of the Issuer.

“**Fair Market Value**” means with respect to any property or asset, the fair market value of such property or asset at the time of the event requiring such determination (i) with respect to any asset or property up to EUR 15,000,000 (or its equivalent in any other currency or currencies), as determined in good faith by the Issuer; (ii) with respect to any asset or property in excess of EUR 15,000,000 but less than EUR 25,000,000 (or their equivalent in any other currency or currencies), as confirmed by a board resolution of the Issuer or the relevant Subsidiary; or (iii) with respect to any asset or property of EUR 25,000,000 (or its equivalent in any other currency or currencies) or above, as determined by an independent appraiser

(which shall be an investment banking firm, an accountancy firm, an appraiser or external audit firm, in each case which is reputable and in good standing, selected by the Issuer, provided it is not an affiliate of the Issuer or any Subsidiary).

6. Interest

The Notes bear interest from 28 May 2025 (the “**Issue Date**”), at the rate of 3.750 per cent. per annum, (the “**Rate of Interest**”) payable in arrear on 28 July in each year (each, an “**Interest Payment Date**”) commencing on 28 July 2026 (the “**First Interest Payment Date**”), subject as provided in Condition 8 (*Payments*). There will be a long first coupon in respect of the first interest period from (and including) the Issue Date to (but excluding) the First Interest Payment Date (the “**First Interest Period**”).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation of the corresponding Note Certificate, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date (other than the First Interest Payment Date) shall be EUR 3,750 in respect of each Note of EUR 100,000 denomination and EUR 37.50 in respect of each integral amount of EUR 1,000 denomination thereafter. The amount of interest payable on the First Interest Payment Date shall be EUR 4,376.71 in respect of each Note of EUR 100,000 denomination and EUR 43.77 in respect of each integral amount of EUR 1,000 denomination thereafter. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

“**Calculation Amount**” means EUR 1,000;

“**Day Count Fraction**” means, in respect of any period that is:

- (a) equal to or shorter than the Regular Period in which such period ends, the number of days in such period, from (and including) the first day to (but excluding) the last day, divided by the number of days in the Regular Period in which such period falls; and
- (b) longer than the Regular Period in which such period ends, the sum of:
 - (i) the number of days in such period falling in the Regular Period in which such period begins divided by the number of days in such Regular Period; and
 - (ii) the number of days in such period falling in the next Regular Period divided by the number of days in such next Regular Period;

“**Regular Period**” means each period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date (including, in the case of the First Interest Period, the period commencing on 28 July 2024 and ending on 28 July 2025, and the period commencing on 28 July 2025 and ending on 28 July 2026).

7. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 28 July 2030, subject as provided in Condition 8 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), at

their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, if:

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Czech Republic or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 26 May 2025; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this sub-paragraph, the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

- (c) *Redemption at the option of the Issuer:* The Notes may be redeemed at the option of the Issuer in whole or in part on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders, (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the date fixed for redemption (the "**Optional Redemption Date**")) at a redemption price equal to:
 - (i) if the Optional Redemption Date is before 3 months prior to maturity, the Make Whole Redemption Amount; or
 - (ii) if the Optional Redemption Date is on or after 3 months before maturity, 100 per cent. of the principal of the Notes to be redeemed,

plus, in each case, accrued and unpaid interest on the Notes to, but excluding, the Optional Redemption Date.

For the purposes of these Conditions:

"Calculation Agent" means an investment bank or financial institution of international standing selected by the Issuer for the purposes of calculating the Make Whole Redemption Amount;

"Calculation Business Day" means a day (other than a Saturday or a Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the cities in which the Calculation Agent and the Fiscal Agent have their specified office;

"Make Whole Redemption Amount" means, in respect of Notes to be redeemed, an amount equal to the higher of (i) 100 per cent. of the principal amount outstanding of such Notes and (ii) the sum of the then present values (as determined by the Calculation Agent) of the remaining scheduled payments of principal and interest on the Notes to be redeemed (but not including any portion of such payments of interest accrued to the Optional Redemption Date) discounted to the

Optional Redemption Date on an annual basis at the Reference Bond Rate plus 0.25 per cent. per annum;

“Reference Bond” means, in relation to any Make Whole Redemption Amount calculation, the German Bundesanleihe, or if such bond is no longer in issue, the government security or securities selected by the Calculation Agent (and notified in writing to the Issuer) as having a fixed maturity most nearly equal to the remaining term of the Notes to be redeemed being euro-denominated with a principal amount approximately equal to the then outstanding principal amount of the Notes to be redeemed, provided however, that, if the period from such redemption date to maturity of the Notes to be redeemed is less than one year, a fixed maturity of one year shall be used;

“Reference Bond Price” means, with respect to any Reference Date, (i) the arithmetic average of the Reference Market Maker Quotations for such date of redemption, after excluding the highest and lowest such Reference Market Maker Quotations, or (ii) if fewer than four such Reference Market Maker Quotations are received, the arithmetic average of all such quotations;

“Reference Bond Rate” means, with respect to any Reference Date, the rate per annum equal to the equivalent yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reference Date;

“Reference Date” means the fifth Calculation Business Day prior to the Optional Redemption Date;

“Reference Market Maker” means broker or market maker of the German Bundesanleihe (or the relevant other government securities) selected by the Calculation Agent or such other person operating in the market of the German Bundesanleihe (or the relevant other government securities) as are selected by the Calculation Agent in consultation with the Issuer; and

“Reference Market Maker Quotations” means, with respect to each Reference Market Maker and any Reference Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at 10:00 a.m. (Central European Time) on the Reference Date quoted in writing to the Calculation Agent by such Reference Market Maker.

- (d) *Clean-up Call*: If, at any time (other than as a direct result of a redemption of some, but not all, of the Notes at the Make Whole Redemption Amount at the Issuer’s option pursuant to Condition 7(c) (*Redemption at the option of the Issuer*)), the outstanding aggregate principal amount of the Notes is 20 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 15 (*Further Issues*) and consolidated with the Notes as part of the same Series shall be deemed to have been originally issued) (the **“Clean-up Call Threshold”**), the Issuer may redeem all (but not some only) of the remaining outstanding Notes on any date upon giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall specify the date for redemption and shall be irrevocable and shall oblige the Issuer to redeem the Notes on the date fixed for redemption), at a redemption price equal to 100 per cent. of the principal amount of the Notes to be redeemed together with any accrued and unpaid interest up to, but excluding, the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 7(d), the Issuer shall deliver to the Fiscal Agent a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate principal amount of the Notes is equal to or less than the Clean-up Call Threshold.
- (e) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 7(c) (*Redemption at the option of the Issuer*) each Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Notes to be redeemed on the relevant Optional Redemption Date bears to the aggregate principal amount of outstanding Notes on such date.

(f) *Redemption at the option of the Noteholder following a put event:* If at any time while any Note remains outstanding, either of the following events occurs (each, as applicable, a **“Put Event”**):

- (i) a Change of Control; or
- (ii) a Restructuring Event,

and, in each case,

- (A) (if at the start of the Put Event Period the Notes are rated by any Rating Agency with a rating within Investment Grade) a Rating Downgrade occurs below Investment Grade and the Notes are not restored by such Rating Agency within such Put Event Period to an Investment Grade rating; or
- (B) (if at the start of the Put Event Period the Notes are rated by any Rating Agency with a rating below Investment Grade) a Rating Downgrade occurs and the Notes are not restored by such Rating Agency within such Put Event Period to a rating of a level equivalent to its rating at the start of the Put Event Period; or
- (C) (if at the start of the Put Event Period the Notes are not rated by any Rating Agency) within 21 days thereafter a rating in respect of the Notes has not been obtained which is at least as high as a rating equivalent to the lower of: (i) Investment Grade; or (ii) a rating that is three notches below the rating assigned to the Czech Republic at such time,

then the Holder of each Note will have the option (the **“Put Option”**) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 7(b) (*Redemption for tax reasons*)) to require the Issuer to redeem that Note on the Optional Redemption Date (as defined below), at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the Optional Redemption Date.

For the purposes of this Condition:

“Change of Control” shall be deemed to have occurred if the government of the Czech Republic ceases to own, directly or indirectly (through any governmental agency or political subdivision thereof or otherwise), 75 per cent. or more of the issued ordinary share capital of the Issuer or otherwise ceases to have Control of the Issuer;

“Control” means the power to direct the management and policies or affairs of an entity, directly or indirectly, and whether through the ownership of voting capital, by contract or otherwise;

“Put Event Period” means the period: (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control or Restructuring Event and (B) the date of the earliest Potential Put Event Announcement (as defined below), if any; and (ii) ending on the date which is 90 days after such date specified in (i) above;

“Investment Grade” means BBB-/Baa3, or their respective equivalents for the time being, or better;

“Rating Agency” means any of the following: (i) Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.; (ii) Moody’s Investor Services, Inc.; (iii) Fitch Rating Limited or (iv) any other rating agency of equivalent international standing specified from time to time by the Issuer, and, in each case, their respective successors or affiliates;

“Rating Downgrade” shall be deemed to have occurred if, within the Put Event Period, the rating assigned to the Notes by any Rating Agency is: (i) withdrawn; or (ii) lowered by one or more notches, provided that a Rating Downgrade otherwise arising by virtue of a particular change in rating shall be deemed not to have occurred in respect of a particular Change of Control or Restructuring Event, as relevant, unless the Rating Agency making the reduction in rating publicly announces or confirms in writing to the Issuer that the lowering or withdrawal of the rating or the failure to assign an investment grade rating was the result, in whole or in part, of the applicable Change of Control or Restructuring Event, as relevant;

“Potential Put Event Announcement” means any formal public announcement or statement by the Issuer or a formal resolution of the government of the Czech Republic, relating to any specific or potential Change of Control or Restructuring Event to occur within 90 days of the date of such announcement or statement;

“Relevant Passenger Assets” means those assets relating to the operation of passenger rail services in the Czech Republic (including, for the avoidance of doubt, all regional, long-haul, high-speed and commercial passenger services), and including, *among others*, all engines, train sets, rolling stock, rail track, real estate and communication systems, which are necessary for the provision of such passenger rail services; and

“Restructuring Event” means any restructuring of the business of the Issuer and its Subsidiaries following the consummation of which there is a change in the legal or beneficial Control, or ownership of more than 50 per cent. of the Relevant Passenger Assets of the Issuer and its Subsidiaries or its related cashflows, as determined by reference to the book value of such assets in the most recently published Audited Statements, whether or not the Issuer or a Subsidiary of the Issuer continues to Control the operation of such Relevant Passenger Assets.

Within three business days of the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **“Put Event Notice”**) to the Noteholders in accordance with Condition 16 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition.

To exercise the Put Option, the Noteholder must deposit any applicable Note Certificate to the Specified Office of any Agent for the account of the Issuer within the period (the **“Put Period”**) of 45 days after the day on which the Put Event Notice is given, together with a duly signed and completed Put Option Notice in the form (for the time being current and substantially in the form set out in the Agency Agreement) obtainable from the Specified Office of any Agent.

Subject to the deposit of any such Note Certificates to the Specified Office of an Agent for the account of the Issuer as described above, the Issuer shall redeem the Notes in respect of which the Put Option has been validly exercised as provided above on the date which is 30 business days following the end of the Put Period (the **“Optional Redemption Date”**). No Note Certificate, once so deposited with a duly completed Put Option Notice in accordance with this Condition 7(f), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date, the Notes evidenced by any such Note Certificate become immediately due and payable or, upon due presentation of any such Note Certificate on or prior to the end of the Put Period, payment of the redemption moneys is improperly withheld or refused on the relevant Optional Redemption Date, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note Certificate at its Specified Office for collection by the depositing Noteholder. For so long as any outstanding Note Certificate is held by an Agent in accordance with this Condition 7(f), the depositor of such Note Certificate and not such Agent shall be deemed to be the holder of the Notes evidenced by such Note Certificate for all purposes.

If the rating designations employed by the Rating Agency are changed from that which is described in the definition of “Investment Grade” above, or if a rating is assigned by another Rating Agency, the Issuer shall determine, with the agreement of the relevant Rating Agency, the rating designations which are most equivalent to the prior rating designations and this Condition 7(f) shall be construed accordingly.

- (g) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in sub-paragraphs (a) (*Scheduled Redemption*) to (d) (*Clean-up Call*) above.
- (h) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (i) *Cancellation*: All Note Certificates representing Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Notes shall be cancelled forthwith. Any Note Certificate so

surrendered for cancellation may not be reissued or resold and upon such cancellation the obligations of the Issuer in respect of any such Note shall be discharged.

- (j) *Fiscal Agent not liable:* The Fiscal Agent shall not be required nor shall it incur any liability, for monitoring or ascertaining as to whether any certifications required by Condition 7(b) (*Redemption for tax reasons*) or, as the case may be, Condition 7(d) (*Clean-up*) are provided, nor shall it be required to review, check or analyse any certifications produced nor shall it be responsible for the contents of any such certifications or incur any liability in the event the content of such certifications is inaccurate or incorrect. Such certificate shall be sufficient evidence of the satisfaction of the condition precedent set out above and shall be conclusive and binding on the Noteholders.

8. Payments

- (a) *Principal:* Payments of principal shall be made by euro cheque drawn on, or, upon application by a Noteholder to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the T2 and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.
- (b) *Interest:* Payments of interest shall be made by euro cheque drawn on, or upon application by a Noteholder to the Specified Office of the Fiscal Agent not later than the fifteenth day before the due date for any such payment, by transfer to a euro account (or other account to which euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the T2 and (in the case of interest payable on redemption) upon the due date for payment.

- (c) *Interpretation:*

In these Conditions:

“**T2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system or any successor system;

“**T2 Settlement Day**” means any day on which T2 is open for the settlement of payments in euro; and

- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (e) *Payments on business days:* Where payment is to be made by transfer to a euro account (or other account to which euro may be credited or transferred), payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 8 arriving after the due date for payment or being lost in the mail. In this Condition 8(e), “**business day**” means:

- (i) in the case of payment by transfer to a euro account (or other account to which euro may be credited or transferred) as referred to above, any day which is a T2 Settlement Day; and
 - (ii) in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, any day on which banks are open for general business (including dealings in foreign exchange and foreign currencies) in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (f) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note Certificate, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (g) *Record date:* Each payment in respect of a Note will be made to the Person shown as the holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth business day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the holder in the Register at the close of business on the relevant Record Date.

9. Taxation

As a withholding agent, the Issuer is liable for and bears a burden of proof vis-à-vis the tax authorities with respect to (i) the proper withholding of any Withholding Tax and Tax Security (as the case may be) which are required to be withheld or deducted at source under the laws of any Tax Jurisdiction from any payment of principal, interest or any other amounts payable in respect of the Notes as well as (ii) the granting of any Tax Relief. Accordingly, before any Tax Relief can be granted, the Issuer will require – unless waived by the Issuer in accordance with this Condition 9 – for the Beneficial Ownership Information to be duly collected and delivered to the Issuer in accordance with the Certification Procedures.

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of the Tax Jurisdiction, unless the withholding or deduction of such Taxes is required by law.

In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (i) presented for payment in the Tax Jurisdiction;
- (ii) the Beneficial Owner of which is liable for Taxes in respect of such Note by reason of having some connection with the Tax Jurisdiction other than that under point (v) below;
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a business day (as defined in Condition 8 (*Payments*));
- (iv) where any such withholding or deduction for or on account of Taxes in respect of such Note is required by reason of the Issuer or any person on behalf of the Issuer not having duly received a true, accurate and complete Beneficial Ownership Information or any other similar claim for exemption, where such Beneficial Ownership Information or other claim for exemption is required or imposed under the Certification Procedures, except where this is caused by actions or omissions of the Issuer or its agents;
- (v) the Beneficial Owner of which is a Czech Tax Resident individual;

- (vi) the Beneficial Owner of which is a Person Related Through Capital with the Issuer; or
- (vii) where any such withholding or deduction for or on account of Taxes in respect of such Note, based on the Beneficial Ownership Information received by the Issuer under the Certification Procedures, is for or on account of the Tax Security.

In the case of the Beneficial Ownership Information or other similar claim for exemption not being delivered to the Issuer on the terms and subject to the conditions set out in paragraph (iv) above, the Issuer will withhold (a) 35% Withholding Tax from any payment of interest on such Note and (b) if the Notes are issued at a price lower than its principal amount (i.e. below par), 1% Tax Security from any payment of principal on such Note unless the Issuer is satisfied, in its absolute discretion, that it has in its possession all the necessary information enabling the Issuer not to apply the Withholding Tax (or to apply it at a lower rate) or not to apply the Tax Security.

The Issuer may, at any time, waive any condition set out in this Condition 9 to the benefit of the Beneficial Owners by giving notice to the Holders in accordance with Condition 16 (*Notices*).

In connection with any refund provided as part of the Standard Refund Procedure (as defined in the Certification Procedures), the Issuer may deduct from the relevant payment a fee calculated as the sum of (a) a fixed amount of EUR 1,000 and (b) any administrative fees, penalties, interest or similar costs such Issuer may incur in connection with the refund (in each case plus value added tax, if any).

Notwithstanding anything to the contrary in this Condition 9, no additional amounts will be paid where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretation thereof or law implementing an intergovernmental approach thereto or an agreement between the United States of America and the Czech Republic to implement FATCA or any law implementing or complying with, or introduced in order to conform to, such agreement.

See section “Taxation” in this Prospectus published in connection with the issue of the Notes for a fuller description of certain tax considerations relating to the Notes and the formalities which Noteholders or Beneficial Owners must follow in order to claim exemption from Withholding Tax and Tax Security (as applicable) as well as the procedures and formalities for claiming a refund of amounts that have been withheld under this Condition 9, where applicable.

In these Conditions:

“**Beneficial Owner**” means a holder of a Note if such holder is also a beneficial owner (within the OECD Model Tax Convention on Income and on Capital meaning of this term) in respect of income paid on such Note or a recipient of such income who qualifies as a beneficial owner within the above meaning;

“**Beneficial Ownership Information**” means certain information and documentation as set forth under the Certification Procedures concerning, in particular, the identity and country of tax residence of a recipient of a payment of interest or principal in respect of a Note (together with relevant evidence thereof) which enable the Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that all conditions for the granting of a Tax Relief, if any, are met.

“**Certification Procedures**” mean the tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg to facilitate collection of the Beneficial Ownership Information which are available at the website of the International Capital Market Services Association at www.icmsa.org, as amended or replaced from time to time, or as modified or updated by the respective ICSD as part of implementing or operating such procedures;

“**Czech Tax Non-Resident**” means a taxpayer who is not a tax resident of the Czech Republic, either under the Income Taxes Act or under a relevant Tax Treaty (if any);

“**Czech Tax Resident**” means a taxpayer who is a tax resident of the Czech Republic under the Income Taxes Act as well as under a relevant Tax Treaty (if any);

“**Income Taxes Act**” means the Czech Act No. 586/1992 Coll., on Income Taxes, as amended;

“Legal Entity” means a taxpayer other than an individual (i.e. a taxpayer which is subject to corporate income tax but who may not necessarily have a legal personality).

“OECD” means Organisation for Economic Co-operation and Development;

“Person Related Through Capital” means every person (whether an individual or a Legal Entity) in a situation where (i) one person directly or indirectly participates in the capital of, or voting rights in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether direct or indirect) constitutes at least 25% of the registered capital of, or 25% of the voting rights in, such other person/persons.

“Relevant Date” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the T2 by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“Tax Jurisdiction” means (i) the Czech Republic or any political subdivision or any authority thereof or therein having power to tax or (ii) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal and interest on the Notes become generally subject;

“Tax Relief” means a relief from the Withholding Tax or the Tax Security (as the case may be), whether in the form of an exemption or application of a reduced rate.

“Tax Security” means a special amount collected by means of a deduction at source made by a withholding agent (for example, by an issuer of a note or by a buyer of a note) upon payment of taxable income which serves essentially as an advance with respect to tax that is to be self-assessed by the recipient of the relevant income (i.e. unlike the Withholding Tax, the amount so withheld does not generally represent a final tax liability);

“Tax Treaty” means a valid and effective tax treaty concluded between the Czech Republic and another country under which the Czech Tax Non-Resident is treated as a tax resident of the latter country. In the case of Taiwan, the Tax Treaty is Act No. 45/2020 Coll., on the Elimination of Double Taxation in Relation to Taiwan, as amended.

“Withholding Tax” means a tax collected by means of a deduction at source made by a withholding agent (for example, by an issuer of a note) upon payment of taxable income. Save in certain limited circumstances, such tax is generally considered as final.

10. Events of Default

If any of the following events occurs and is continuing:

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof (unless its failure to pay is caused by an administrative or technical error and the payment is made within 3 business days) or fails to pay any amount of interest in respect of the Notes within 30 days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for 30 calendar days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-acceleration of Issuer or Subsidiary*:
 - (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

- (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds EUR 15,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more non-appealable judgment(s) or order(s) for the payment of an amount, individually or in the aggregate, exceeding EUR 15,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 calendar days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party (i) takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries or (ii) otherwise enforces any Security Interest over the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or
- (f) *Insolvency, etc*: (i) the Issuer or any of its Material Subsidiaries becomes over-indebted (*předlužen*) or is unable to pay its debts as they fall due (*platebně neschopný*); (ii) any corporate action, legal proceedings or other procedure or step is taken in relation to: (1) the general suspension of payments or a moratorium of the Indebtedness of the Issuer or any of its Material Subsidiaries; (2) bankruptcy (*úpadek*) or discharge (*oddlužení*) of the Issuer or any of its Material Subsidiaries; or (3) a reorganisation (*reorganizace*) or a similar general arrangement with creditors of the Issuer or any of its Material Subsidiaries unless the petition to commence such proceedings or procedure is discharged, stayed or dismissed within 30 calendar days of such commencement; (iii) an administrator, receiver, administrative receiver, compulsory manager, liquidator or other similar officer of the Issuer or any of its Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is appointed; (iv) the Issuer or any of its Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or (v) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
- (g) *Winding up, etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst the Issuer or such Material Subsidiary remains solvent); or
- (h) *Analogous event*: any event occurs which under the laws of the Czech Republic has an analogous effect to any of the events referred to in sub-paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, or
- (j) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries is condemned, seized or otherwise appropriated by any Person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Subsidiaries is prevented by any such Person from exercising normal control over all or any substantial part of its undertaking, assets and revenues;

then Noteholders holding not less than one-quarter of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately due and payable, whereupon they shall become

immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders.

In these Conditions:

“Audited Statements” means the Issuer’s audited annual financial statements (consolidated, if applicable) prepared in accordance with the International Financial Reporting Standards as adopted by the EU (**“IFRS”**);

“Material Subsidiary” means, at any time, any Subsidiary of the Issuer, whose total assets attributable to the Issuer represent more than 10 per cent. (based on net book value under IFRS or in accordance with the Czech generally accepted accounting principles, in case such Subsidiary does not report under IFRS) of the total assets or revenues of the Issuer and the Subsidiaries, all as determined by reference to the most recent audited financial statements (or, as the case may be, audited consolidated financial statements) of such Subsidiary and the most recent consolidated Audited Statements, provided that a certificate of the Auditors (as defined in the Agency Agreement) of the Issuer that, in their opinion, any Subsidiary of the Issuer is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of a manifest error, be conclusive and binding on all parties;

11. Prescription

Claims against the Issuer for payment in respect of the Notes shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) of the appropriate Relevant Date in respect of them.

12. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

13. Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar, fiscal agent and additional or successor paying agents and transfer agents; provided, however, that the Issuer shall at all times maintain a fiscal agent and a registrar and a paying agent in an EU member state.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 16 (*Notices*).

14. Meetings of Noteholders; Modification

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting (including by way of telephone or video conference) may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal

or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders whether present or not.

In addition, a resolution in writing shall be valid and effective as if passed at a meeting of the Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification:*

- (i) The Notes, these Conditions and the Deed of Covenant may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error, it is made in accordance with sub-clause 14(b)(ii) or it is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders.
- (ii) Subject to the Issuer acting in good faith and in a commercially reasonable manner and not less than 60 days’ notice being given to the Noteholders in accordance with Condition 16 (*Notices*) of any such modification or amendment, the Issuer and the Agents are entitled to, without the consent of the Noteholders, modify, amend or supplement any of the provisions of the Notes or the Agency Agreement in order to reflect:
 - (A) a change in applicable Czech law or regulation, or any ruling or official interpretation thereof;
 - (B) a requirement imposed by the Czech tax authorities or another competent authority;
 - (C) a change in the standard market approach in respect of the Certification Procedures; or
 - (D) a change in any applicable rules or procedures of any party involved in the implementation of the Certification Procedures.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*) as soon as reasonably practicable thereafter.

15. Further Issues

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

16. Notices

Notices to the Noteholders shall be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) and/or the Luxembourg Stock Exchange’s website, www.luxse.com, or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication. The Issuer shall also ensure that notices are duly published in

a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading.

17. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including a dispute regarding any non-contractual obligation arising out of or in connection with the Notes) and accordingly, any suit, action or proceedings arising out of or in connection therewith (together referred to as “**Proceedings**”) shall be brought in such courts.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Service of Process:* The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Eighth Floor, 100 Bishopsgate, London EC2N 4AG, or to such other person with an address in England or Wales and/or at such other address in England or Wales as the Issuer may specify by notice in writing to the Noteholders. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.
- (e) *Consent to enforcement etc.:* The Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (f) *Waiver of immunity:* To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

There will appear at the foot of the Conditions endorsed on each Note Certificate the names and Specified Offices of the Paying Agents, the Registrar and any Transfer Agents as set out at the end of this prospectus.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will be represented by a Global Note Certificate that will be registered in the name of a nominee for, and deposited with, the common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility – that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Interests in the Global Note Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See “—*Book Entry Procedures*”.

Except in the limited circumstances described below, owners of interests in the Global Note Certificate will not be entitled to receive physical delivery of Note Certificates. The Notes are not issuable in bearer form.

Exchange for Note Certificates

The Global Note Certificate will become exchangeable in whole, but not in part, for Note Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or does in fact do so, or (b) any of the circumstances described in Condition 10 (*Events of Default*) of the “*Terms and Conditions of the Notes*” occurs.

Whenever the Global Note Certificate is to be exchanged for Note Certificates, such Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Note Certificate, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Note Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Amendment to the Terms and Conditions of the Notes

In addition, the Global Note Certificate will contain provisions which modify the “*Terms and Conditions of the Notes*” as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

Payments: Payments of principal and interest in respect of the Notes evidenced by the Global Note Certificate will be made against presentation for endorsement by the Fiscal Agent and, in the case of payment of principal in full with all interest accrued thereon, surrender of the Global Note Certificate to or to the order of the Fiscal Agent or such other Agent as shall have been notified to the relevant Noteholders for such purpose and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of such Notes. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note Certificate, which endorsement will be prima facie evidence that such payment has been made in respect of the relevant Notes.

Payments on business days: In the case of all payments made in respect of the Global Note Certificate, “business day” means any day on which the T2 is open.

Payment Record Date: Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day being 15 business days prior to the due date for such payment (the “**Record Date**”) where “Clearing System Business Day” means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Exercise of Put Option: In order to exercise the option contained in Condition 7(f) (*Redemption and Purchase—Redemption at the option of the Noteholder following a put event*) of the “*Terms and Conditions of the Notes*” the

holder of the Global Note Certificate must, within the period specified in the “*Terms and Conditions of the Notes*” for the deposit of the relevant Note Certificate and Put Option Notice (as defined in Condition 7(f) (*Redemption and Purchase—Redemption at the option of the Noteholder following a put event*) of the “*Terms and Conditions of the Notes*”) give notice of such exercise to the Fiscal Agent, in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system, specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn. Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in the Global Note Certificate (each an “**Accountholder**”) wishing to arrange for their Notes to be put must arrange for their instructions to be given in accordance with the rules and procedures of the clearing system through which they hold their interest in such Notes, which may require the transfer of such Notes, or the blocking thereof, in the relevant clearing system.

Notices: Notwithstanding Condition 16 (*Notices*) of the “*Terms and Conditions of the Notes*”, so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”), notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System and, in any case, such notices shall be deemed to have been given in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other Alternative Clearing System. A Notice will also be valid if published, for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange and it is a requirement of such exchange or of applicable law or regulations, in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.luxse.com).

Prescription: Claims against the Issuer for payment in respect of the Notes while the Notes are represented by a Global Note Certificate shall become void unless it is presented for payment within ten years (in the case of principal) or five years (in the case of interest) of the appropriate Relevant Date (as defined in Condition 9 (*Taxation*) of the “*Terms and Conditions of the Notes*”), in respect of them.

Meetings: For the purposes of any meeting of Noteholders, the holder of the Global Note Certificate shall (unless the Global Note Certificate represents only one Note) be treated as two persons for the purposes of any quorum requirements of, a meeting of Noteholders and as being entitled to one vote in respect of each integral currency unit of the currency of the Notes.

Events of Default: If principal in respect of any Note is not paid when due, the Holder of a Note represented by the Global Note Certificate may elect for direct enforcement rights against the Issuer under the terms of a Deed of Covenant executed as a deed by the Issuer on 28 May 2025 to come into effect in respect of a principal amount of Notes up to the aggregate principal amount in respect of which such failure to pay has occurred in favour of the persons entitled to such payment as Accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion. However, no such election may be made in respect of Notes represented by the Global Note Certificate unless the transfer of the whole or a part of the holding of Notes represented by the Global Note Certificate shall have been improperly withheld or refused.

Book Entry Procedures

Custodial and depository links are to be established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross market transfers of the Notes associated with secondary market trading. See “—*Settlement and Transfer of Notes*” below.

Investors may hold their interests in the Global Note Certificate directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”), and together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream,

Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and Joint Bookrunners, banks, trust companies and clearing corporations.

Relationship of Participants with Clearing Systems

Each of the Accountholders must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of a Global Note Certificate and in relation to all other rights arising under a Global Note Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Note Certificate the common safekeeper by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or Accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective interests in the principal amount of the Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer expects that payments by Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by a Global Note Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of a Global Note Certificate in respect of each amount so paid. None of the Issuer, the Fiscal Agent or any other Agent (as named in the Agency Agreement) will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in a Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such Note (for the purposes of this section "*Overview of Provisions Relating to the Notes in Global Form*" the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in a Global Note Certificate held within a clearing system are exchanged for Note Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Note Certificate to such persons may be limited.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Taxation

For so long as Notes are evidenced by a Global Note Certificate, the Beneficial Ownership Information is to be provided in accordance with the Certification Procedures (each as defined below in “*Taxation*”).

USE OF PROCEEDS

The net proceeds from the issue of the Notes (i.e. after deduction of commissions, fees and estimated expenses) are expected to be approximately EUR 496,427,420. The Issuer will use such net proceeds to repay certain financial indebtedness of the Group, to finance capital expenditures and for general corporate purposes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Group's financial information set forth in this Prospectus, unless otherwise indicated, presents the Issuer's audited consolidated financial information derived from the audited consolidated financial statements as of and for the year ended 31 December 2024 (the "**2024 Financial Statements**") and audited consolidated financial statements as of and for the year ended 31 December 2023 (the "**2023 Financial Statements**") and together with the 2024 Financial Statements, the "**Financial Statements**"). The Financial Statements have been incorporated by reference into this Prospectus. See "*Information Incorporated by Reference*".

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted in the EU ("**IFRS**"). The Group presents its financial statements in Czech Korunas, which is the functional and presentation currency of the Group. Deloitte Audit s.r.o. has audited the 2024 Financial Statements and the 2023 Financial Statements, in each case in accordance with Act No. 93/2009 Coll., on auditors, as amended and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing ("**ISA**"), as amended by the related application guidelines.

Non-IFRS Information

Included in this Prospectus are certain measures which are not measures defined by IFRS, namely EBIT, Operating EBITDA, Operating EBITDA Margin, Leverage, Current Liquidity, Quick Ratio, Cash Ratio, Capital Expenditures, Debt, Debt/Operating EBITDA, Net Debt, Net Debt/Operating EBITDA, and which meet the definition of alternative performance measures (each an "**APM**") as described in the ESMA Guidelines on Alternative Performance Measures (the "**ESMA Guidelines**") published by the European Securities and Markets Authority on 5 October 2015. The ESMA Guidelines provide that an APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. The ESMA Guidelines also note that they do not apply to APMs disclosed in accordance with applicable legislation, other than the applicable financial reporting framework, that sets out specific requirements governing the determination of such measures.

For the Group, measures that might be considered to be APMs in this Prospectus (and that are not defined or specified by IFRS or any other legislation applicable to the Group) include the following (such terms being used in this Prospectus as defined below):

"**Capital Expenditures**" is defined as payments for property, plant and equipment, investment property and intangible assets as reported in the cash flow statement.

The Group presents Capital Expenditures because management uses it as a measure of total investments into property, plant and equipment, investment properties and intangible assets, in order to increase the scope and economic benefit of its operations.

The table below shows the Group's Capital Expenditures for the years ended 31 December 2024 and 2023:

| | Year ended 31 December | |
|--|--------------------------|-----------------|
| | 2024 | 2023 |
| | <i>(in CZK millions)</i> | |
| Payments for Property, plant and equipment | (22,365) | (13,931) |
| Payments for Investment property | (16) | (93) |
| Payments for Intangible assets | (327) | (325) |
| Capital Expenditures | (22,708) | (14,349) |

"**Cash Ratio**" is defined as cash and cash equivalents dividend by total current liabilities.

The Group presents the Cash Ratio because management uses it as a measure of the Group's ability to pay short-term obligations with cash and cash equivalents.

The following table provides a reconciliation of the Group's Cash Ratio as 31 December 2024 and 2023:

| | As of 31 December | |
|--|--|-------------|
| | 2024 | 2023 |
| | <i>(in CZK millions, unless otherwise indicated)</i> | |
| Cash and cash equivalents | 9,338 | 8,119 |
| Total current liabilities | 20,898 | 20,070 |
| Cash Ratio (in per cent.) | 44.7 | 40.5 |

“**Current Liquidity**” is defined as total current assets divided by total current liabilities.

The Group presents Current Liquidity because management uses it as a measure of the Group’s ability to pay short-term obligations.

The following table provides a reconciliation of the Group’s Current Liquidity as 31 December 2024 and 2023:

| | As of 31 December | |
|---|--|-------------|
| | 2024 | 2023 |
| | <i>(in CZK millions, unless otherwise indicated)</i> | |
| Total current assets | 18,776 | 17,961 |
| Total current liabilities | 20,898 | 20,070 |
| Current Liquidity (in per cent.) | 89.8 | 89.5 |

“**Debt**” is defined as the sum of interest-bearing liabilities (consisting of short-term and long-term loans, borrowings and lease liabilities).

The Group presents Debt because management uses it to assess the capital structure of the Group.

“**Debt/Operating EBITDA**” is defined as Debt divided by Operating EBITDA.

The Group presents Debt/Operating EBITDA because it is considered to be a useful metric for evaluating the Group’s liquidity and facilitates a comparison to the peer companies within the same industry.

“**EBIT**” is defined as profit/(loss) for the period from continuing operations *reduced by* finance income, *increased by* finance costs, *reduced by* share in the profit of associates and joint ventures and *increased by* income tax.

“**Leverage**” is defined as total non-current liabilities and total current liabilities divided by total assets.

Leverage is considered a useful indicator for assessing the Group’s solvency given its size and the industry in which it operates. It helps investors understand how the Group pays for its business.

The following table provides a reconciliation of the Group’s Leverage as of 31 December 2024 and 2023:

| | As of 31 December | |
|--------------------------------------|--|-------------|
| | 2024 | 2023 |
| | <i>(in CZK millions, unless otherwise indicated)</i> | |
| Total non-current liabilities | 82,052 | 69,279 |
| Total current liabilities | 20,898 | 20,070 |
| Total assets | 141,949 | 126,983 |
| Leverage (in per cent.) | 72.5 | 70.4 |

“**Net Debt**” is defined as the total of interest-bearing liabilities (consisting of short-term and long-term loans, borrowings and lease liabilities), net of cash and cash equivalents.

The Group presents Net Debt because it is a measure of the Group’s indebtedness which is not covered by the amount of available cash and cash equivalents.

“**Net Debt/Operating EBITDA**” is defined as Net Debt divided by Operating EBITDA.

The Group presents Net Debt/Operating EBITDA because it is considered to be useful information on the Group’s ability to repay its debt, based on the income it generates on a consistent basis as its business grows.

The following table provides a reconciliation of the Group’s Debt, Debt/Operating EBITDA, Net Debt and Net Debt/Operating EBITDA as of and for the years ended 31 December 2024 and 2023:

| | As of and for the year ended 31 December | |
|--|---|---------------|
| | 2024 | 2023 |
| | <i>(in CZK millions)</i> | |
| Short-term loans, borrowings and lease liabilities | 7,899 | 6,911 |
| Long-term loans, borrowings and lease liabilities | 79,527 | 65,849 |
| Debt | 87,426 | 72,760 |
| Cash and cash equivalents | (9,338) | (8,119) |
| Net Debt | 78,088 | 64,641 |
| Operating EBITDA | 15,654 | 16,140 |
| Debt/Operating EBITDA | 5.6 | 4.5 |
| Net Debt/Operating EBITDA | 5.0 | 4.0 |

“**Operating EBITDA**” is defined as profit/(loss) for the period from continuing operations *reduced* by finance income, *increased* by finance costs, *reduced* by share in the profit of associates and joint ventures, *increased* by income tax, and *increased* by depreciation, amortisation and impairment.

The Group presents EBIT and Operating EBITDA because management uses it to assess and compare the underlying profitability of the Group after eliminating potential differences in performance caused by variations in capital structure, tax positions, depreciation, amortisation and impairment.

The following table provides a reconciliation of the Group’s EBIT and Operating EBITDA to profit/(loss) from continuing operations for the years ended 31 December 2024 and 2023:

| Key Metrics | Passenger Transport | Freight Transport | Asset Management | Certifications and Testing | Total of reportable segments | Others ⁽¹⁾ | Elimination ⁽²⁾ | Total |
|---|------------------------|----------------------|---------------------|-------------------------------|------------------------------------|-----------------------|----------------------------|---------------|
| Year ended 31 December 2024 | | | | | | | | |
| <i>(in CZK millions)</i> | | | | | | | | |
| Profit/(loss) for the period from continuing operations..... | 659 | (720) | 979 | 415 | 1,333 | 846 | (814) | 1,365 |
| Income tax | 24 | 226 | 2 | (113) | 139 | (71) | 35 | 103 |
| Finance income ⁽³⁾ ... | 378 | 153 | 77 | 20 | 628 | 49 | (82) | 595 |
| Finance costs | (2,725) | (697) | (15) | (1) | (3,438) | (76) | 78 | (3,436) |
| EBIT | 2,982 | (402) | 915 | 509 | 4,004 | 944 | (845) | 4,103 |
| Depreciation and amortisation | (7 419) | (2,530) | (235) | (64) | (10,248) | (323) | 186 | (10,385) |
| Impairment ⁽⁴⁾ | (113) | (1,055) | 0 | 0 | (1,168) | 2 | 0 | (1,166) |
| Operating EBITDA..... | 10,514 | 3,183 | 1,150 | 573 | 15,420 | 1,265 | (1,031) | 15,654 |
| Year ended 31 December 2023 | | | | | | | | |
| <i>(in CZK millions)</i> | | | | | | | | |
| Profit/(loss) for the period from continuing operations..... | 512 | 326 | 1,973 | 284 | 3,095 | 654 | (553) | 3,196 |
| Income tax | (111) | (407) | (8) | (70) | (596) | (87) | 53 | (630) |
| Finance income ⁽³⁾ ... | 468 | 108 | 23 | 20 | 619 | 63 | (65) | 617 |
| Finance costs | (2,729) | (592) | (12) | (6) | (3,339) | (73) | 86 | (3,326) |
| EBIT | 2,884 | 1,217 | 1,970 | 340 | 6,411 | 751 | (627) | 6,535 |
| Depreciation and amortisation | (6,255) | (2,665) | (243) | (61) | (9,224) | (298) | 175 | (9,347) |
| Impairment ⁽⁴⁾ | (339) | 76 | - | - | (263) | 5 | - | (258) |
| Operating EBITDA..... | 9,478 | 3,806 | 2,213 | 401 | 15,898 | 1,044 | (802) | 16,140 |

Notes:

- (1) The 'Others' column includes income and expense of all subsidiaries apart from ČD Cargo and its subsidiaries and Výzkumný Ústav Železniční, a.s., as well as income and expenses of the Issuer which do not belong to Passenger transport and Asset management segments.
- (2) The 'Elimination' column includes eliminations of intragroup relations.
- (3) Includes also a share in the profit of associates and joint ventures.
- (4) 'Impairment' includes impairment losses on property, plant and equipment and investment property.

“Operating EBITDA Margin” is defined as Operating EBITDA divided by revenue.

Operating EBITDA Margin is considered a useful indicator because it serves as a profitability ratio that measures how much in earnings a company is generating before interest, taxes, depreciation, amortization and impairment, as a percentage of revenue.

The following table provides a reconciliation of the Group's Operating EBITDA Margin for the years ended 31 December 2024 and 2023:

| Key Metrics | Passenger Transport | Freight Transport | Asset Management | Certifications and Testing | Total of reportable segments | Others ⁽¹⁾ | Elimination ⁽²⁾ | Total |
|---|---------------------|-------------------|--|----------------------------|------------------------------|-----------------------|----------------------------|-------------|
| Year ended 31 December 2024 | | | | | | | | |
| | | | <i>(in CZK millions, unless otherwise indicated)</i> | | | | | |
| Operating EBITDA | 10,514 | 3,183 | 1,150 | 573 | 15,420 | 1,265 | (1,031) | 15,654 |
| Revenue..... | 33,282 | 15,571 | 516 | 1,015 | 50,384 | 7,462 | (6,202) | 51,644 |
| Operating EBITDA Margin (in per cent.) | 31.6 | 20.4 | 222.9 | 56.5 | 30.6 | 17.0 | N/A | 30.3 |
| Year ended 31 December 2023 | | | | | | | | |
| | | | <i>(in CZK millions, unless otherwise indicated)</i> | | | | | |
| Operating EBITDA | 9,478 | 3,806 | 2,213 | 401 | 15,898 | 1,044 | (802) | 16,140 |
| Revenue..... | 30,183 | 15,729 | 516 | 838 | 47,266 | 6,541 | (4,659) | 49,148 |
| Operating EBITDA Margin (in per cent.) | 31.4 | 24.2 | 428.9 | 47.9 | 33.6 | 16.0 | N/A | 32.8 |

“Quick Ratio” is defined as total current assets (less inventories) divided by total current liabilities.

The Group presents the Quick Ratio because management uses it as a measure of the Group's ability to pay short-term obligations with its most liquid assets.

The following table provides a reconciliation of the Group's Quick Ratio as 31 December 2024 and 2023:

| | As of 31 December | |
|---|--|-------------|
| | 2024 | 2023 |
| | <i>(in CZK millions, unless otherwise indicated)</i> | |
| Total current assets | 18,776 | 17,961 |
| Inventories..... | 3,217 | 3,078 |
| Total current liabilities | 20,898 | 20,070 |
| Quick Ratio (in per cent.) | 74.5 | 74.2 |

The Group has presented these APMs (1) as they are used by its management to monitor its financial position for outstanding debt and available operating liquidity and (2) to represent similar measures that are widely used by certain investors, securities analysts and other interested parties as supplemental measures of financial position, financial performance and liquidity. The Group believes these measures enhance the investor's understanding of the Group's performance and indebtedness and current ability of the Group to fund its ongoing operations.

However, the APMs mentioned in this Prospectus are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Investors should exercise caution in comparing EBIT, Operating EBITDA, Operating EBITDA Margin, Leverage, Current Liquidity, Quick Ratio,

Cash Ratio, Capital Expenditures, Debt, Debt/Operating EBITDA, Net Debt, Net Debt/Operating EBITDA, to similar measures used by other companies.

Further, none of these APMs is a measurement of performance under IFRS, and investors should not consider EBIT, Operating EBITDA, Operating EBITDA Margin, Leverage, Current Liquidity, Quick Ratio, Cash Ratio, Capital Expenditures, Debt, Debt/Operating EBITDA, Net Debt, Net Debt/Operating EBITDA as equivalent to Profit/(Loss) for the period, Profit/(Loss) from operating activities, Profit/(Loss) before tax, Net cash flows from operating activities, investment activities or financing activities or other measures determined in accordance with IFRS. These APMs have limitations as analytical tools, and investors should not consider them in isolation. Some of these limitations include:

- that they do not reflect changes in, or cash requirements for, working capital needs;
- that they do not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on debt;
- that although depreciation and amortisation are non-monetary charges, the assets being depreciated and amortised will often need to be replaced in the future and EBIT and Operating EBITDA do not reflect any cash requirements that would be required for such replacements;
- that Operating EBITDA Margin is dependent on revenue figures and may therefore suffer from inflated revenues;
- that some of the items eliminated in calculating EBIT and Operating EBITDA reflect cash payments that were made, or will be made in the future; and
- the fact that other companies in the same industry may calculate EBIT and Operating EBITDA and the other APMs mentioned in this Prospectus differently than those mentioned in this Prospectus, which limits their usefulness as comparative measures.

Use of Certain Terms

The terms Operating EBITDA, financial indebtedness, net debt, and leverage of the Group included in this Prospectus do not represent the terms of the same or similar names as may be defined by any documentation for any financial liabilities of the Group.

Exchange Rate Information

Where the text of this Prospectus mentions EUR equivalents next to the original CZK amounts, the amounts have been converted using the CNB's exchange rate as of 31 December 2024 at CZK 25.185 = EUR 1.00.

Foreign Language Terms

This Prospectus is drawn up in English. Certain legislative references and technical terms in the English version have been cited in their original Czech language such that the correct technical meaning may be ascribed to them under applicable law.

SELECTED HISTORICAL FINANCIAL AND OPERATING INFORMATION

The following tables present selected historical consolidated financial information of the Group as of and for the years ended 31 December 2024 and 2023 which has been derived from the Financial Statements incorporated by reference into this Prospectus. The information below should be read in conjunction with the information contained in “Presentation of Financial and Other Information” and the Financial Statements incorporated by reference into this Prospectus.

Consolidated statement of profit or loss

| | Year ended 31 December | |
|---|------------------------|--------------|
| | 2024 | 2023 |
| | (CZK million) | |
| CONTINUING OPERATIONS | | |
| Revenues | 51,644 | 49,148 |
| Other operating income | 3,054 | 3,833 |
| Cost of services, raw materials and energy | (20,340) | (18,591) |
| Staff cost | (17,717) | (17,203) |
| Depreciation, amortisation and impairment | (11,551) | (9,605) |
| Other operating expenses | (1,041) | (1,051) |
| Impairment losses and gains on financial assets (net of reversal) | 54 | 4 |
| Profit from operating activities | 4,103 | 6,535 |
| Finance costs | (3,436) | (3,326) |
| Finance income | 579 | 606 |
| Share of the profit of associates and joint ventures | 16 | 11 |
| Profit before tax | 1,262 | 3,826 |
| Income tax | 103 | (630) |
| Profit/(Loss) for the period from continuing operations | 1,365 | 3,196 |
| Profit/(Loss) for the period | 1,365 | 3,196 |
| Attributable to the owners of the company | 1,364 | 3,195 |
| Attributable to the non-controlling interests | 1 | 1 |

Consolidated statement of comprehensive income

| | Year ended 31 December | |
|--|------------------------|--------------|
| | 2024 | 2023 |
| | (CZK million) | |
| Profit (Loss) for the period | 1,365 | 3,196 |
| Actuarial remeasurements of employee defined benefit obligations | 42 | 0 |
| Revaluation of investments in equity instruments at fair value through other comprehensive income | 31 | 23 |
| Related deferred income tax | (6) | (6) |
| Reclassification of deferred tax | (21) | 0 |
| Other comprehensive income/(loss) for the period (items that are not subsequently reclassified to profit or loss) | 46 | 17 |
| Foreign exchange gains or losses from translation of foreign operations | 21 | 82 |
| Change in cash flow hedging reserve | (101) | (1,064) |
| Change in cost of hedging reserve | (10) | 84 |
| Related deferred income tax | 23 | 185 |
| Reclassification of deferred tax | (74) | 0 |
| Other comprehensive income/(loss) for the period (items that may be reclassified to profit or loss in subsequent periods) | (141) | (713) |
| Other comprehensive income /(loss) for the period after tax | (95) | (696) |
| Total comprehensive income/(loss) for the period | 1,270 | 2,500 |
| Attributable to the owners of the company | 1,269 | 2,499 |
| Attributable to the non-controlling interests | 1 | 1 |

Consolidated statement of financial position

| | As of 31 December | |
|---|-------------------|----------------|
| | 2024 | 2023 |
| | (CZK million) | |
| Property, plant and equipment | 113,090 | 97,726 |
| Investment property | 889 | 941 |
| Goodwill | 141 | 141 |
| Intangible assets | 1,062 | 1,128 |
| Right-of-use assets | 5,987 | 6,852 |
| Investments in joint ventures and associates | 199 | 206 |
| Deferred tax asset | 10 | 8 |
| Trade receivables | 1,100 | 1,416 |
| Other financial assets | 682 | 568 |
| Other assets | 13 | 36 |
| Total non-current assets | 123,173 | 109,022 |
| Inventories | 3,217 | 3,078 |
| Trade receivables | 4,432 | 3,853 |
| Prepaid income tax | 9 | 31 |
| Other financial assets | 471 | 1,262 |
| Other assets | 1,309 | 1,618 |
| Cash and cash equivalents | 9,338 | 8,119 |
| Total current assets | 18,776 | 17,961 |
| TOTAL ASSETS | 141,949 | 126,983 |
| Share capital | 20,000 | 20,000 |
| Other capital reserves | 17,254 | 17,240 |
| Retained earnings | 1,689 | 339 |
| Equity attributable to the owners of the company | 38,943 | 37,579 |
| Non-controlling interests | 56 | 55 |
| Total equity | 38,999 | 37,634 |
| Loans, borrowings and lease liabilities | 79,527 | 65,849 |
| Deferred tax liability | 1,435 | 1,891 |
| Provisions | 317 | 290 |
| Other financial liabilities | 736 | 1,186 |
| Other liabilities | 37 | 63 |
| Total non-current liabilities | 82,052 | 69,279 |
| Trade payables | 7,393 | 6,406 |
| Loans, borrowings and lease liabilities | 7,899 | 6,911 |
| Current income tax payable | 126 | 134 |
| Provisions | 616 | 1,657 |
| Other financial liabilities | 646 | 718 |
| Other liabilities and contract liabilities | 4,218 | 4,244 |
| Total current liabilities | 20,898 | 20,070 |
| TOTAL LIABILITIES AND EQUITY | 141,949 | 126,983 |

Selected unaudited key indicators

The following table shows the APMs as of the dates and for the periods indicated.

| | As of and for the year ended 31 December | |
|--|--|----------|
| | 2024 | 2023 |
| | <i>(CZK million, unless indicated otherwise)</i> | |
| EBIT ⁽¹⁾ | 4,103 | 6,535 |
| Operating EBITDA ⁽²⁾ | 15,654 | 16,140 |
| Leverage (in <i>per cent.</i>) ⁽³⁾ | 72.5 | 70.4 |
| Current Liquidity (in <i>per cent.</i>) ⁽⁴⁾ | 89.8 | 89.5 |
| Cash Ratio (in <i>per cent.</i>) ⁽⁵⁾ | 44.7 | 40.5 |
| Quick Ratio (in <i>per cent.</i>) ⁽⁶⁾ | 74.5 | 74.2 |
| Capital Expenditures ⁽⁷⁾ | (22,708) | (14,349) |
| Debt ⁽⁸⁾ | 87,426 | 72,760 |
| Debt/Operating EBITDA ⁽⁹⁾ | 5.6 | 4.5 |
| Net Debt ⁽¹⁰⁾ | 78,088 | 64,641 |
| Net Debt/Operating EBITDA ⁽¹¹⁾ | 5.0 | 4.0 |
| Operating EBITDA Margin (in <i>per cent.</i>) ⁽¹²⁾ | 30.3 | 32.8 |
| Average full-time equivalent employees | 21,550 | 21,823 |

Notes:

- (1) Defined as profit/(loss) for the period from continuing operations *reduced* by finance income, *increased* by finance costs, *reduced* by share in the profit of associates and joint ventures and *increased* by income tax.
- (2) Defined as profit/(loss) for the period from continuing operations *reduced* by finance income, *increased* by finance costs, *reduced* by share in the profit of associates and joint ventures, *increased* by income tax, and *increased* by depreciation, amortisation and impairment.
- (3) Defined as total non-current liabilities and total current liabilities divided by total assets.
- (4) Defined as total current assets divided by total current liabilities.
- (5) Defined as cash and cash equivalents divided by total current liabilities.
- (6) Defined as total current assets (less inventories) divided by total current liabilities.
- (7) Defined as payments for property, plant and equipment, investment properties and intangible assets as reported in the cash flow statement.
- (8) Defined as the total of interest-bearing liabilities (consisting of short-term and long-term loans, borrowings and lease liabilities).
- (9) Defined as Debt divided by Operating EBITDA.
- (10) Defined as the total of interest-bearing liabilities (consisting of short-term and long-term loans, borrowings and lease liabilities), net of cash and cash equivalents.
- (11) Defined as Net Debt divided by Operating EBITDA.
- (12) Defined as Operating EBITDA divided by revenue.

Operating information

| | Year ended 31 December | |
|--|------------------------|-------|
| | 2024 | 2023 |
| Passenger Transportation Business | | |
| Number of passengers (<i>millions</i>) | 168.8 | 164.4 |
| Passenger transport performance (<i>million person-kilometres</i>) ⁽¹⁾ | 8,280 | 8,068 |
| <i>of which domestic passenger transport performance (million person-kilometres)</i> ⁽¹⁾ | 6,859 | 6,799 |
| <i>of which international passenger transport performance (million person-kilometres)</i> ⁽¹⁾ | 1,421 | 1,269 |
| Cargo transport performance (<i>million train-kilometres</i>) ⁽²⁾ | 115.2 | 116.8 |
| Average traffic distance (<i>kilometres</i>) | 49.1 | 49.1 |
| Occupancy ratio (in <i>per cent.</i>) | 30.8 | 30.2 |
| Freight Transportation Business | | |
| Traffic volume (<i>millions tonnes</i>) | 56.7 | 59.4 |

Notes:

- (1) In terms of the transport of one rail passenger by rail over a distance of one kilometre.
- (2) In terms of kilometres travelled by trains.
- (3) In terms of the transport of one tonne of freight by rail over a distance of one kilometre.

DESCRIPTION OF THE ISSUER

Overview

The Group is a major rail transport carrier in the Czech Republic, with ČD providing regional passenger transport pursuant to long-term contracts entered into with the Czech Regions, long-distance passenger rail transport pursuant to long-term contracts entered into with the State and commercial passenger transport purely on economic grounds and without any payments from the State or the Czech Regions. In the year ended 31 December 2024, the Group had a market share of 82 per cent. of all domestic passenger rail transport in the Czech Republic in terms of gross tonne-kilometres and 51 per cent. of all freight railway transport in the Czech Republic in terms of gross tonne-kilometres, according to data from SŽ.² For the year ended 31 December 2024, the Group's revenues and Operating EBITDA were CZK 51.6 billion and CZK 15.7 billion, respectively, as compared to revenues and Operating EBITDA of CZK 49.1 billion and CZK 16.1 billion, respectively, for the year ended 31 December 2023. The Group is also one of the largest employers in the Czech Republic, with 21,550 average number of the full-time employees for the year ended 31 December 2024.

The Group operates through four principal business segments:

- **Passenger Transport Business**, which includes regional, domestic and international long-distance and commercial transport operated through ČD;
- **Freight Transport Business**, which includes the provision of comprehensive freight transport across Europe operated through ČD Cargo and its subsidiaries;
- **Asset Management Business**, which includes the management, leasing and operation of certain Group assets, primarily real estate, and is operated, among others, through ČD, ŽSD and MSD;
- **Certification and Testing Business**, which includes testing services, railway transport research and development operated through VUZ; and
- **Other Business**, which includes the provision of telecommunication services, predominantly to railway transport companies and railway infrastructure administrators, operated through ČD – Telematika a.s. (“ČD Telematika”), rolling stock repair services operated through DPOV, a.s. (“DPOV”), railway accommodation and catering services operated through JLV and substitute bus transport services during planned railway closures or emergencies operated through ČD Bus a.s. (“ČD Bus”).

Revenues of the Group's Passenger Transport Business (before eliminations in the Group) represented 64.4 per cent. and 61.4 per cent. of its total revenues for the years ended 31 December 2024 and 2023, respectively. In 2024, the Group had an overall passenger turnover of 8,280 million passenger-kilometres, a 2.6 per cent. increase compared to 8,068 million passenger-kilometres in 2023.

Revenues of the Group's Freight Transport Business (before eliminations in the Group) represented 30.2 per cent. and 32.0 per cent. of its total revenues for the years ended 31 December 2024 and 2023, respectively. In 2024, the Group had an overall freight turnover of 21.7 billion gross tonne-kilometres, a 5.8 per cent. decrease compared to an overall freight turnover of 23.0 billion gross tonne-kilometres in 2023.

The Group's Asset Management Business revenues (before eliminations in the Group) represented 1.0 per cent. and 1.0 per cent. of its total revenues for the years ended 31 December 2024 and 2023, respectively.

The Group's Certification and Testing Business revenues (before eliminations in the Group) represented 2.0 per cent. and 1.7 per cent. of its total revenues for the years ended 31 December 2024 and 2023, respectively.

The Group's Other Business revenues (before eliminations in the Group) represented 14.4 per cent. and 13.3 per cent. of its total revenues for the years ended 31 December 2024 and 2023, respectively.

The Group's overall economic performance for the year ended 31 December 2024 resulted in profit for the period of CZK 1,365 million. This result was mainly due to increase in passenger transport revenues in 2024 compared to 2023 due to higher pricing and increased transport volumes (total increase of revenues from the passenger transport – fare (i.e. ticket sales) amounts to CZK 0.6 billion, compared to the revenues from the passenger transport – fare (i.e. ticket sales) in the year ended 31 December 2023) and compensations from state and regions

² Source: SŽ Annual Report 2024, available at <https://www.spravazeleznice.cz/o-nas/publikace/vyrocní-zpráva>.

(total increase of revenues from passenger transport – payments from public service customers (i.e. the compensations from the State and the Czech Regions) amounts to CZK 2.3 billion, compared to revenues from passenger transport – payments from public service customers (i.e. the compensations from the State and the Czech Regions) in the year ended 31 December 2023), and also as result of higher passenger-kilometres volume, using of new vehicles and application price index and decrease of revenues from freight transport by CZK 0.2 billion due to lower transported volumes of ČD Cargo on the domestic market.

Cost of services, raw materials and energy of the Group amounted to CZK 20,340 million as of 31 December 2024, as compared to CZK 18,591 million as of 31 December 2023. The main cause of increasing services and energy costs were the prices and consumption of traction oil and electricity. Additional impact on lower profit came from lower sales of non-operating assets. The Group had to enter into other financial arrangements increasing its total loans, borrowings and lease liabilities in total to CZK 87,426 million as of 31 December 2024, as compared to CZK 72,760 million as of 31 December 2023 as a result of high investments in 2024 and arranging liquidity for planned investments in 2025.

The Group primarily conducts its operations on the State-owned railway network. According to data compiled by SŽ as of 31 December 2024, the railway network in the Czech Republic had a total length of lines of 9,348 km, out of which 3,271 km was electrified.³ According to UIC statistics for 2024, it was the eighth largest railway network in the EU in terms of the length of operated lines.⁴ The Group provides a transport link between Eastern and Western Europe and, according to UIC's statistics for 2024, is the tenth largest railway transport operator in the EU in terms of the number of passengers carried.⁵ The Group provides freight transport through its wholly-owned subsidiary ČD Cargo, which, according to UIC's statistics for 2024, is the fifth largest railway transporter in the EU in terms of tonnes of freight carried.⁶

General Information about ČD

České dráhy, a.s. is a joint stock company (*akciová společnost*) incorporated and operating under Czech law. Its registered office is at Nábřeží L. Svobody 1222, 110 15 Prague 1, Czech Republic, and its telephone number is +420 972 111 111. The identification number of ČD is 709 94 226 and it is registered in the Commercial Register maintained by the Municipal Court in Prague under Section B, Insert 8039. ČD's LEI is 31570010000000034336. The registered share capital of ČD is CZK 20 billion divided into 20 shares with a nominal value of CZK 1 billion each. All shares have been issued and are fully paid up. As of the date of this Prospectus, the Issuer has been assigned a long-term corporate credit rating of Baa2 (outlook positive) by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The website of the Issuer is www.ceskedrahy.cz. The information on the website does not form part of the Prospectus, unless that information is incorporated by reference into the Prospectus. See “*Information Incorporated by Reference*”.

The founder and sole shareholder of ČD is the State, which exercises its shareholder rights through the Steering Committee. ČD was incorporated and registered in the Commercial Register on 1 January 2003 after the passing of Act No. 77/2002 Coll., on the Joint Stock Company Czech Railways, as amended (the “**Act on Czech Railways**”).

No dividends have been declared or paid since ČD's incorporation. The Articles of Association of ČD do not allow for the issuance of preferred stock. ČD may benefit from dividends paid by its subsidiaries. The dividends received by ČD (on a consolidated basis) amounted to CZK 26 million in 2024 and CZK 16 million in 2023.

Relationship with the State

The Government exercises its rights as the sole shareholder of ČD through the Steering Committee. The members of the Steering Committee are appointed by the Government (see “*Management and Employees—The Steering Committee*”).

In the past, the Government facilitated ČD's purchases of rail vehicles by subsidies and loan guarantees through the European Company for the Financing of Railroad Rolling Stock (“**EUROFIMA**”), a supranational body

³ Source: SŽ Statistical Yearbook 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/statisticke-rocenky>.

⁴ Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition), available at <https://uic.org/support-activities/statistics/>.

⁵ Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition), available at <https://uic.org/support-activities/statistics/>.

⁶ Including Türkiye and excluding Russia. Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition), available at <https://uic.org/support-activities/statistics/>.

dedicated to advancing rail transport in Europe. As of 31 December 2024, the Issuer used a loan from EUROFIMA in four tranches with nominal values of CZK 6,903 million, EUR 70 million, CZK 2,687 million and CZK 4,543 million, respectively.

In the years ended 31 December 2024 and 2023, the Group received payments from the Czech Regions and the State pursuant to contracts for the provision of regional and domestic long-distance passenger rail transport, respectively (see “—*Pricing, Payments and Tariff Regulation*” below for more information).

In the year ended 31 December 2024, the Group recognised investment grants in the amount of CZK 103 million, mainly consisting of grants for the implementation of the ETCS for locomotives for freight transport. In the year ended 31 December 2023, the Group recognised investment grants in the amount of CZK 264 million, mainly consisting of grants for the implementation of the ETCS for locomotives for freight transport.

Relationship with SŽ

Under the current legislation, the owner of the majority of railway routes in the Czech Republic is the State represented by the state organisation SŽ. SŽ is responsible for the operation of the Czech railway infrastructure, both national and regional, and for ensuring its operation, maintenance, modernisation, development and repair as well as preparation of railway timetables. Further, SŽ is responsible for the preparation and execution of public service contracts with railway transport providers and for controlling the use of railway infrastructure and rail operations. All railway transport providers need to have a contract with SŽ and be allocated route capacity, which is provided at a price set for each year pursuant to a decree of the Ministry of Finance and a declaration issued by SŽ pursuant to Act No. 266/1994 Coll., on Railways, as amended (the “**Railway Act**”) and published in the Transport and Tariff Bulletin.

SŽ was incorporated together with ČD on 1 January 2003, as part of the restructuring of the former state organisation České dráhy. As a result of the initial restructuring, ČD took possession of the assets used for the provision of railway transport services and for the servicing of railway routes. At the same time, SŽ, representing the State as the owner of the railway infrastructure, took over the management of the railway infrastructure, i.e., railway construction and modernisation. The remaining assets relating to railway operation services, mainly consisting of railway operation buildings, were transferred from ČD to SŽ in multiple stages in 2008, 2011 and 2016.

In July 2008, ČD formally transferred the role of servicing the railway infrastructure to SŽ by transferring approximately 10,000 employees and the related assets for a purchase price of approximately CZK 12 billion. In September 2011, ČD transferred to SŽ its railway operation services, i.e., traffic control and train operations services, which included approximately 9,300 of ČD’s employees, for a purchase price of CZK 389.9 million. As a result, since 1 September 2011, ČD no longer performs any railway operation services, besides the operation of several minor railways, primarily spur tracks, branch line and side tracks in railway stations, which continue to be owned and operated by the Group.

The final part of ČD’s assets necessary for the functioning of railway operation was transferred to SŽ on 1 July 2016 for a purchase price of CZK 3.30 billion. The assets mainly consisted of 1,569 buildings, including the Prague Main Railway Station, related plots of land, and 316 employees. Excluded from this transfer were 87 assets, including the Prague Masaryk Station (see “—*Property—Sale of the Prague Masaryk Station Property to Penta*” below for more information) and the Brno Main Station, due to third parties rights or due to the loss of their original function in relation to railway operations. Since 1 July 2016, all railway infrastructure, with the above-described exceptions and with the exception of land plots surrounding railway stations, railway platforms, railway tracks and other railway infrastructure, as described below, has been owned, maintained and operated by SŽ and the Group continues to focus on passenger and freight transport services.

In 2019, ČD and Penta Real Estate, a developer of the Churchill Square Project located in the area of the main railway station in Prague, concluded a framework implementation agreement allowing for the future phased sale of land. In this context, a memorandum was then signed between ČD, SŽ and Penta Real Estate in order to coordinate SŽ’s upcoming construction with the activities of the other signatories.

In 2022, the most significant property sales took place in the Prague districts of Žižkov and Újezd nad Lesy (land plots), as well as in the towns of Beroun, Záběhřez nad Labem and Česká Třebová (commercial buildings) and Nymburk (entire property). In the same year, the Group negotiated the sale of a part of the passenger building at the Prague Masaryk Station with SŽ.

In 2023, the most significant property sales took place in the Prague districts of Satalice, Krč, Braník and Modřany (land plots), as well as the towns of Chomutov, Hradec Králové, Pardubice and Karviná. In the same year, the Group sold properties and land plots surrounding the Prague Masaryk Station and Prague Smíchov Station and finalised the sale of a part of the passenger building at the Prague Masaryk Station with SŽ.

In 2024, the most significant property sales took place in the Prague districts of Žižkov where the Žižkov Freight Station (Nákladové nádraží Žižkov) was sold to the Municipality of Prague for approximately CZK 1,093 million, while the others took place in the districts of Karlín and Záběhlice (land plots) as well as Nové Město (buildings and land plots). Further significant property sales related to assets in Beroun, Chabařovice, Kladno, and Liberec (sale of the Ještěd cable car).

As of the date of this Prospectus, ČD is in talks with SŽ over a sale of up to 45 million square metres of land plots surrounding railway stations, railway platforms, railway tracks and other railway infrastructure (see “—Property—Expected Sale of Property to SŽ” below for more information).

Key Strengths

The Group believes that it benefits from the following key strengths:

- strong market share and a leading position in the Czech rail transport market, further reinforced by the long-standing ČD brand and tradition both in the Czech Republic and internationally;
- diversified operations with ČD Cargo’s Freight Transport Business correlating to the industrial activity of the Czech economy, and the Group’s Passenger Transport Business tending to be less dependent on the performance of the overall economy;
- long-term experience in managing regulated concessions;
- advantageous geographical position: the location of the Czech Republic in the centre of Europe facilitates pan-European transport, serving as a link between Eastern and Western Europe;
- a highly dense railway network on which the Group operates, one of the densest in Europe, enabling the Group to compete effectively with road transport and provide network-based passenger services;
- know-how and assets: ČD possesses important know-how for the provision of complex rail transport services as well as staff experienced in the industry enabling the Group to efficiently use the train depots, company-owned maintenance facilities and other infrastructure necessary for the operation of rail transport; and
- long-term contracts: ČD has strong recurring revenue streams from long-term contracts for the operation of passenger rail transport, including its stable cooperation with the State and regional authorities (see “—Material Contracts” for more information), supported by a large customer base and wide distribution network (sales channels).

Passenger Rail Transport

ČD’s provision of passenger rail transport benefits from the long-term operating contracts entered into with the State and the Czech Regions (see “—Material Contracts” below for more information).

In 2024, ČD dispatched 2,567,000 trains, out of which 207,000 were long-distance trains and 2,360,000 were regional trains. According to the split of transport volume provided by SŽ, ČD transported 80.4 per cent. of all train-kilometres in the Czech Republic in the year ended 31 December 2024 and, as such, had a leading position in passenger rail transport services in the Czech Republic.⁷

Freight Rail Transport

According to the split of transport volume provided by SŽ, ČD Cargo transported 53.1 per cent. of all train-kilometres in the Czech Republic in the year ended 31 December 2024 and, as such, had a leading position in freight rail transport services in the Czech Republic.⁸ ČD Cargo operates in a fully competitive freight transport market and faces strong competition in all of its segments, especially export, import and transit. Nevertheless, the

⁷ Source: SŽ Annual Report 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

⁸ Source: SŽ Annual Report 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

Group believes that ČD Cargo enjoys a leading position in the Czech freight rail transport market mainly due to the following advantages:

- it benefits from strong long-term relationships with its customers; and
- its end-markets are well-diversified, thus mitigating the risks associated with reliance on a limited number of product categories.

However, the Group's business is exposed to the risks that are described in more details in "*Risk factors—Risks related to the Group's business and industries generally*". The materialisation of these risks can have a negative impact on the Group's business, results of operations, financial condition, cash flows and prospectus.

Business Strategy

The Group aims to maintain its leading position in both its Passenger Transport Business and Freight Transport Business. In addition to specific steps being implemented by the passenger and freight units as outlined below, the management also continues to focus on the following strategic priorities:

Modernisation and innovations

The Group pursues the strategy to remain firmly committed to the modernisation of its rolling stock, reflecting the strategic priority of continuous renewal and reduced emissions, with the aim of enhancing its quality, implementing modern technologies that would enhance customer experience, reducing the average age of its vehicles by the means of unification of its vehicle fleet through acquisition of new vehicles in larger series and improving the interoperability of its locomotives. The Group also continues the adaptation of the railway freight car fleet to meet standards of the transportation market with the aim of increasing the operability of wagons in international traffic. Consistent with its broader corporate strategy to develop efficient service infrastructure (including standardised facilities and modern service depots), the Group intends to commence construction of standardised halls incorporating uniform workplace layouts, warehouses, workshops, and social facilities. It also aims to increase investments in building modernisation for both operational use and commercial opportunities, thereby fostering long-term sustainability and supporting its strategic objectives for clean, reliable rail transport.

Customer orientation

In line with its emphasis on customer-centric services, the Group intends to continually raise passenger comfort, satisfaction, and safety. To this end, it plans to expand its service offerings, improve ČD Wi-Fi coverage and integrate new technologies - such as user-friendly onboard calling and wireless charging for mobile devices - that streamline the travel experience. The Group also seeks to enhance online sales channels to expedite customer check-in, with the objective of having up to half of all passengers checked in digitally.

Additionally, the Group maintains and continuously refines its "My Train" application, enabling ticket purchases, train connection searches, and real-time travel information. Under the Group's strategic vision of door-to-door mobility solutions, the application will also support simpler ticketing for other modes of public transport, and offer additional services (e.g. urban transport, bus, parking near stations, taxi, and bike or scooter sharing). By unifying these mobility options, and offering preferential rates for selected services, the Group aspires to provide a seamless, eco-friendly journey within a single digital ecosystem, further contributing to its overarching goal of a modern, customer-focused rail network.

Conservative financial policy

The Group has maintained a conservative financing policy, which is based on the use of diverse funding resources, such as bonds, bank loans, leases, a promissory note programme, leasing and supplier credit. The Group puts emphasis on maintaining a balance between long-term financing, short-term overdraft loans and the promissory notes programme in order to manage its operational liquidity. The Group relies on a diversified portfolio of bank institutions on both the local and international markets and it seeks additional sources of financing in order to minimise its funding costs. Under the loan facilities provided, the Group draws the necessary volumes of funding and leaves a sufficient reserve of undrawn committed credit lines. The Group's funding policy requires that sufficient liquidity is maintained to cover expenditures expected in the next 18 months and that a sufficient headroom under any financial covenants related to its indebtedness is maintained.

Sustainability

The Group focuses on the gradual improvement of its environmental, social and governance (“ESG”) performance with balanced approach to achieving its environmental and social objectives in relation to the economic possibilities for the Group’s development. In 2024, the Group met all material ESG reporting requirements towards its stakeholders and began the process of strengthening internal ESG competencies and preparing for the expansion of corporate sustainability non-financial reporting in 2025 in accordance with Directive (EU) 2022/2464 on corporate sustainability reporting (CSRD) to taxonomy compliance activities. The Group’s 2025-30 strategy prioritises modernising its railway fleet, enhancement of both customer and employee satisfaction, and improvement of the energy efficiency of its operations.

The Group’s sustainability strategy stands on four pillars, the aim of which is to make the Group:

- (i) A fully modernized and up-to-date carrier, committed to modernization and renewal of the Group’s rolling stock as well as of its service facilities, both aiming to increase transport performance;
- (ii) A safe and reliable carrier, dedicated to enhancing connection reliability, focused on providing increasing operational and railway safety and security standards and advancing digitalization of the passenger ecosystem, all aimed at improving service quality and customer satisfaction;
- (iii) A responsible employer aiming to increase satisfaction, development and engagement of the Group’s employees in its business among others by introduction of a performance management incentive system, together with a focus on the fulfilment of the personal needs of the Group’s employees connected with modernization and generational change; and
- (iv) A stable and financially healthy company, based on the surety of long-term financial sustainability of business, setting up and managing a sustainability corporate governance system in line with legal requirements.

Moreover, as of the date of this Prospectus, the Group is preparing the construction of several rooftop and ground photovoltaic power plants in its depots. The Group is planning to install panels for obtaining solar energy on its buildings in Prague, Havlíčkův Brod, Česká Třebová and Děčín. The total installed capacity of these photovoltaic power plants, which should be operational in 2026, is expected to be 170.8 kWp.

Provision of high-end working environment with a valuable social responsibility programme

The Group aims to be one of the best employers in the Czech Republic with a valuable social responsibility programme and continues to build on the accolades it has received as the third and fourth best employer for 2020 and 2021, respectively, in the Sodexo Employer of the Year Award, organised by the Employers’ Club. In the same competition, ČD’s endowment fund was ranked among the top five in the Czech Republic.

The Group intends to further focus on development and education of its employees through modern teaching methods and resources in order to support higher efficiency and customer orientation. The Group’s also plans to strengthen the role, abilities and skills of the middle management through development programs and acquire perspective candidates on the labour market with a modern approach and by improvement of its HR processes.

ČD actively cooperates with the trade unions representing the majority of the Group’s employees and customarily enters into a collective agreement with the major trade unions, usually for the period of one calendar year. The collective agreement for 2025 was entered into on 3 December 2024 and is effective as from 1 January 2025. It guarantees employees an increase in tariff wages by 2.5 per cent., an increase in the personal allowance in the amount of 0.5 per cent. of personnel costs and an extraordinary bonus of CZK 12,000. All previous provisions and benefits for employees remain preserved, such as the length of working hours, holidays, various forms of contributions including pension insurance and other benefits. The Group also provides its employees with various benefits in the field of education, employees care and financial support provided by the Endowment fund. (see “*Management and Employees—Employees*” for more information).

Optimisation of the Group

The Group aims to effectively optimise its organisational structure to reflect the liberalisation of the market and to consolidate performance and services under unified control to increase the Group’s management performance. The Group intends to focus on further reorganisation of its repairs and maintenance business. In particular, the Group plans to increase investments in its facilities with the aim to obtain cheaper and more effective service for

its vehicles, expand its existing capacities and scope of operations and, as a result, offer its services both internally and to other carriers and owners in the Czech Republic and within Central and Eastern Europe (“CEE”).

As part of the ongoing optimisation of the Group, the management has decided to merge ČD Telematika and ČD – Informační Systémy, a.s. (“**ČD Informační systémy**”). The merger will become effective on 1 June 2025. The main goal of the merger is to simplify management structures, shorten delivery times and maximize the efficiency of the IT services provided. The result will be a newly defined organizational structure that will improve the coordination and provision of IT services both for companies within the Group and for external customers.

The Group also continues to streamline its asset base by selling some of its non-core assets (see “—*Property—Recent and Expected Sale of Property*” below for more information). In addition, ČD’s management is also evaluating future strategy with regards to ČD’s subsidiaries. In line with the overall optimisation strategy, the management may from time to time decide to dispose of companies that no longer benefit the Group’s core business and its long-term strategic priorities.

Acquisitions and expansion

As of the date of this Prospectus, the Group is considering exploring further opportunities in cross-border and near-border railway transport in neighbouring countries, either through cooperation with international or local operators in order to expand its network of international railway connections or through strategic acquisitions. The Group intends to further support and introduce new night connections and related services and expand its portfolio with ČD’s new bus transport division to enhance customers experience in case of first and last mile transport or traffic closures on the railway.

Passenger Transport Business

In the upcoming years, ČD’s strategy in the Passenger Transport Business is to:

- maintain existing and acquire new passengers on key domestic regional and long-distance lines and generally improve performance in view of the increasing pressure of competing carriers, whether in rail or bus transport;
- increase the quality of travel by improving the quality of ČD’s railway vehicles, adapting the portfolio of both on- and off-board complementary services to customers’ needs and by creating a digital customer experience;
- continue with the acquisition and modernisation of the rolling stock;
- operate ČD’s bus division in order to reduce costs related to the agreements with external suppliers in case of the substitute bus services due to closures on its lines; and
- continue to implement long-term contracts with foreign partners and focus on growth of international transport on key backbone lines.

Freight Transport Business

ČD Cargo’s strategy in the Freight Transport Business is to maintain its leading position in the Czech freight rail transport market and to grow its European operations. In the upcoming years, ČD Cargo intends to concentrate on the following fields of activity:

- improve utilization of its vehicles and employees;
- expansion of its services to transportation of new commodities with future potential, including municipal waster, biomass and solid recovered fuels, disposed environmental burdens or construction materials;
- improved profitability of transportations;
- expansion to foreign transport markets in cooperation with subsidiaries;
- investment in modern rolling stock and interoperable locomotives;
- promotion of a customer friendly approach and strong sales support; and

- increasing usage of the combined transportation to ensure efficient and environmentally-friendly first- or last-mile of transportation as a competitive advantage.

Investment Plan

In connection with the ongoing liberalisation of the railway market, the Group's aim is to increase the competitiveness of the services it offers (see *“Risk Factors—Risks related to the Group's business and industries generally—Industry risks”* *“The Group is exposed to competition from other providers of rail transport”* for more information). In doing so, the Group continues to enhance the quality of its trains and rolling stock and to implement modern technologies that aim to improve customer comfort and experience. These include, among other things, a new infotainment system, audio-visual information system and improved Wi-Fi and mobile data signal coverage that are available on some of ČD's refurbished trains.

Passenger Transport Business

According to the current investment plan, ČD has budgeted to invest approximately CZK 86.8 billion (not taking into account subsidies) into its passenger transport business during the period between 2025 and 2029. The actual amount invested may materially differ from the budgeted amount.

The majority of these investments have been allocated to the purchase of new rolling stock as well as to development of maintenance and servicing of its current rolling stock. In particular, ČD has budgeted to invest approximately CZK 10 billion in the construction of new repair halls and major renovation projects. Additional investments are planned for the construction and renovation of track systems and other related infrastructure. Furthermore, ČD plans to expand its ComfortJet long-distance train fleet and also to acquire and introduce its first Vectron locomotives capable of reaching speeds of up to 230 km/h. In regional passenger transport, ČD plans to continue expanding the fleet of battery and diesel units.

As part of its ongoing modernization efforts, in 2024, ČD commissioned a total of 141 new electric, motor, and non-traction units, as well as electric locomotives, with a total value of over CZK 18 billion.

Freight Transport Business

According to the current investment plan, ČD Cargo has budgeted to invest annually up to CZK 4.0 billion into its freight transport business. ČD Cargo plans to invest in the acquisition of new railway vehicles, such as multi-system engines and conversion of locomotives series 163 to series 363. In addition, ČD Cargo plans to continue in the renewal and modernisation of its rolling stock, such as the 742-series diesel engines, implementation of ETCS to locomotives, components repair of its fleet, improvement of the technical equipment of its repair shops and in general working conditions, reconstruction of administrative and repair buildings as well as in various investments in the IT architecture field. The actual amount invested may materially differ from the budgeted amount.

Other Business

As of the date of this Prospectus, ČD plans to further invest in rolling stock repair and maintenance services operated either directly by ČD, or through DPOV, a.s. (“**DPOV**”).

History

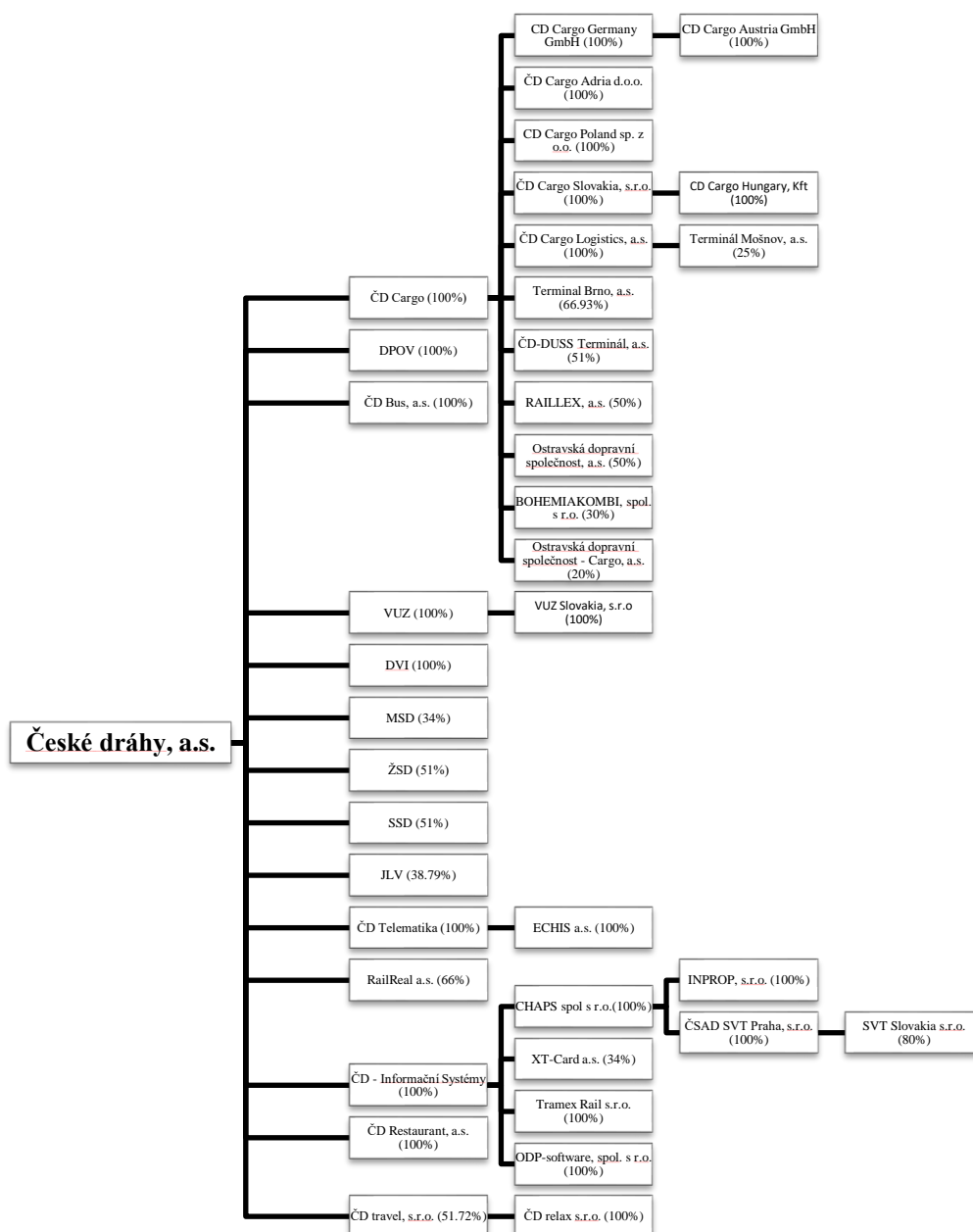
The following timeline provides an overview of the evolution of the Group:

- 1 January 2003: ČD was incorporated and registered in the Commercial Register with the State as its sole shareholder.
- December 2007: ČD Cargo was formed as an independent joint-stock company and wholly-owned subsidiary of ČD as part of the restructuring of ČD. Since then, ČD has focused on operating passenger rail transport and ČD Cargo has taken over the operation of the railway freight transport business.
- July 2008: ČD transferred the role of servicing the railway infrastructure to SŽ by transferring approximately 10,000 employees and the related assets for a purchase price of approximately CZK 12 billion.

- August 2011: ČD transferred the railway operation services to SŽ by transferring approximately 9,300 ČD employees and related assets for a purchase price of CZK 389.9 million. As a result, ČD no longer performs any railway operation services as of 1 September 2011.
- June 2015, July 2015 and April 2018: ČD increased its ownership interest in ČD Telematika from 59.31 per cent. to 66.70 per cent., 69.18 per cent. and 70.96 per cent., respectively.
- July 2016: ČD transferred to SŽ approximately 1,500 railway stations and other buildings and related assets, including 316 employees, for a purchase price of CZK 3.30 billion.
- October 2017: ČD Informační systémy, a 100 per cent. subsidiary of ČD, acquired CHAPS, spol. s r. o. (“**CHAPS**”), a key provider of ICT services, mainly related to IT systems in passenger transport.
- December 2017: ČD disposed of its 51 per cent. stake in RAILREKLAM, spol. s r. o.
- January 2019: ČD Informační systémy established its subsidiary company Smart Ticketing s.r.o.
- December 2019: ČD Informační systémy acquired 100 per cent. share in UniControls-Tramex s.r.o.
- May 2020: ČD Cargo Slovakia, s.r.o. acquired 100 per cent. share in CD Cargo Hungary, Kft.
- May 2021: ČD Cargo established its subsidiary ČD Cargo Adria d.o.o., which commenced its business activities in October 2021.
- July 2021: ČD increased its ownership interest in ČD Telematika from 71 per cent. to 100 per cent. by the virtue of the share purchase agreement concluded with PPF Group.
- November 2021: Výzkumný Ústav Železniční, a.s. (“**VUZ**”) commenced its activities on the territory of Slovak Republic through its subsidiary VUZ Slovakia, s.r.o.
- April 2022: ČD acquired 100 per cent. share in the bus transport operator VYDOS BUS a.s. with the intention to provide substitute transport during planned railway closures or emergencies.
- August 2022: ČD Reality a.s. and VYDOS BUS a.s. were merged and their assets were transferred to the successor company ČD Bus as from 1 September 2022.
- December 2024: ČD Telematika concluded an enterprise purchase agreement with SŽ, according to which the business segment of ČD Telematika related to the management, maintenance and servicing of the railway telecommunications assets of SŽ will be transferred to SŽ.

Group Structure

The following chart provides a simplified structure of ČD and its significant subsidiaries as of the date of this Prospectus:



Notes: Ownership percentage is the same as the voting rights percentage.

Subsidiaries not shown in the structure above were determined by ČD not to be of material importance to the Group given the amount of their total assets, revenues and equity. No shares of any of the companies within the Group are publicly traded on any regulated market. For further details and a complete overview of the Group structure as of 31 December 2024, including the main activities of the Group's subsidiaries, please refer to Note 1.3 to the Financial Statements. There have not been any changes to the Group structure since 31 December 2024 up to the date of this Prospectus.

As of the date of this Prospectus, ČD is dependent on the following subsidiaries for the services described in the table below:

| Subsidiary | Service provided |
|-----------------------|---|
| ČD Cargo | ČD Cargo provides freight transport services with main deliveries comprising of industrial and agricultural products, raw materials, fuels, goods, containers and oversized loads. It also rents freight cars, railway sidings and provides other transport services. |
| DPOV | DPOV is one of the leading companies in the Czech Republic providing rolling stock repair services. The principal role of DPOV in the Group is to provide periodic medium and high-grade repairs, modernisations, renovations and other various types of common maintenance of railway vehicles. Besides the Group companies, the customers of DPOV include foreign railway companies, predominantly from Germany and Poland. |
| VÚŽ | VÚŽ provides special testing services with the main activities being certification and compliance-assessment of products and quality systems with a special focus on products and sub-systems for the interoperability of the railway system. VÚŽ assesses conformity of defined products, including rolling stock, infrastructure, control command, signalling and energy, with European technical requirements. |
| ČD Telematika | <p>ČD Telematika provides telecommunications services, including internet, data, voice and other supplementary services. It also operates the second largest telecommunication infrastructure in the Czech Republic enabling ČD Telematika to offer services in relation to data access points, central data storage and server farms. ČD Telematika's customers mainly include large businesses or major telecommunications providers.</p> <p>According to the enterprise purchase agreement concluded between ČD Telematika and SŽ in December 2024, the business segment of ČD Telematika related to the management, maintenance and servicing of the railway telecommunications assets of SŽ will be transferred to SŽ. The transfer is expected to be completed in the third quarter of 2025.</p> <p>As from 1 June 2025, ČD Telematika will be merged with ČD Informační systémy.</p> |
| JLV | JLV provides railway accommodation and catering services and the development of railway accommodation and catering services. Other services provided by JLV also include operation of restaurants, bars, coffee shops and food stores. |
| ČD Informační systémy | <p>ČD Informační systémy provides IT services (including applications for passenger and freight rail transport and administration of railway infrastructure, SAP and other ERP (Enterprise Resource Planning) applications). It also operates central data storage and server farms.</p> <p>As from 1 June 2025, ČD Informační systémy will be merged with ČD Telematika.</p> |
| ČD Bus | ČD Bus provides substitute bus transport services during planned railway closures or emergencies. |

Business Overview

The table below outlines key financial data for the Group's principal business segments for the years ended 31 December 2024 and 2023:

| | Year ended 31 December | |
|--|------------------------|----------|
| | 2024 | 2023 |
| | (in CZK millions) | |
| Passenger Transport Business | | |
| Revenues..... | 33,282 | 30,183 |
| Purchased consumables and services | (12,947) | (11,062) |
| Staff costs | (10,498) | (10,265) |
| Operating EBITDA | 10,514 | 9,478 |
| Depreciation, amortisation and impairment ⁽¹⁾ | (7,532) | (6,594) |
| EBIT | 2,982 | 2,884 |
| Profit/(Loss) for the period..... | 659 | 512 |
| Freight Transport Business | | |
| Revenues..... | 15,571 | 15,729 |
| Purchased consumables and services | (6,880) | (6,380) |
| Staff costs | (5,530) | (5,402) |
| Operating EBITDA | 3,183 | 3,806 |
| Depreciation, amortisation and impairment ⁽¹⁾ | (3,585) | (2,589) |
| EBIT | (402) | 1,217 |
| Profit/(Loss) for the period..... | (720) | 326 |
| Asset Management Business | | |
| Revenues..... | 516 | 516 |
| Purchased consumables and services | (538) | (622) |
| Staff costs | (250) | (267) |
| Operating EBITDA | 1,150 | 2,213 |
| Depreciation, amortisation and impairment ⁽¹⁾ | (235) | (243) |
| EBIT | 915 | 1,970 |
| Profit/(Loss) for the period..... | 979 | 1,973 |
| Certification and Testing Business | | |
| Revenues..... | 1,015 | 838 |
| Purchased consumables and services | (246) | (182) |
| Staff costs | (192) | (174) |
| Operating EBITDA | 573 | 401 |
| Depreciation, amortisation and impairment ⁽¹⁾ | (64) | (61) |
| EBIT | 509 | 340 |
| Profit/(Loss) for the period..... | 415 | 284 |
| Other Business⁽²⁾ | | |
| Revenues..... | 7,462 | 6,541 |
| Purchased consumables and services | (5,211) | (4,529) |
| Staff costs | (1,671) | (1,522) |
| Operating EBITDA | 1,265 | 1,044 |
| Depreciation, amortisation and impairment ⁽¹⁾ | (321) | (293) |
| EBIT | 944 | 751 |
| Profit/(Loss) for the period..... | 846 | 654 |
| Elimination⁽³⁾ | | |
| Revenues..... | (6,202) | (4,659) |
| Purchased consumables and services | 5,482 | 4,184 |
| Staff costs | 424 | 427 |
| Operating EBITDA | (1,031) | (802) |
| Depreciation, amortisation and impairment ⁽¹⁾ | 186 | 175 |
| EBIT | (845) | (627) |
| Profit/(Loss) for the period..... | (814) | (553) |
| Total | | |
| Revenues..... | 51,644 | 49,148 |
| Purchased consumables and services | (20,340) | (18,591) |
| Staff costs | (17,717) | (17,203) |
| Operating EBITDA | 15,654 | 16,140 |
| Depreciation, amortisation and impairment ⁽¹⁾ | (11,551) | (9,605) |
| EBIT | 4,103 | 6,535 |
| Profit/(Loss) for the period..... | 1,365 | 3,196 |

Notes:

- (1) Impairment includes impairment losses on Property, plant and equipment and investment property.
- (2) The "Other Business" section includes income and expense of all subsidiaries apart from ČD Cargo Group and Výzkumný Ústav Železniční, as well as income and expenses that do not belong to Passenger Transport and Asset Management segments.
- (3) The "Elimination" section includes eliminations of intragroup relations.

The table below outlines key operating data of the Group's Passenger Transport Business and Freight Transport Business for the years ended 31 December 2024 and 2023:

| | Year ended 31 December | |
|---|------------------------|-------|
| | 2024 | 2023 |
| Passenger Transport Business⁽¹⁾ | | |
| Number of passengers (in millions)..... | 168.8 | 164.4 |
| Passenger transport performance (in mil. person-kilometres) ⁽²⁾ | 8,280 | 8,068 |
| of which domestic passenger transport performance (million person-kilometres) ⁽²⁾ | 6,859 | 6,799 |
| of which international passenger transport performance (million person-kilometres) ⁽²⁾ . | 1,421 | 1,269 |
| Cargo transport performance (in mil. train-kilometres) ⁽³⁾ | 115.2 | 116.8 |
| Average traffic distance (in kilometres) | 49.1 | 49.1 |
| Occupancy ratio (in %) | 30.8 | 30.2 |
| Freight Transport Business⁽¹⁾ | | |
| Traffic volume (in millions tonnes)..... | 56.7 | 59.4 |

Notes:

- (1) Only data for the Group's core transport principal business segments included.
- (2) In terms of the transport of one rail passenger by rail over a distance of one kilometre.
- (3) In terms of kilometres travelled by trains.

Passenger Transport Business

The Group provides passenger transport services through ČD. The Passenger Transport Business consists of the following three divisions:

- **regional passenger transport**, which comprises transport of passengers over short distances on daily regional train routes and the main purpose of which is to serve local communities at regulated prices affordable for the passengers;
- **long-distance passenger transport**, which comprises (i) domestic long-distance transport that includes all long-distance train routes in the Czech Republic except for the Prague – Ostrava route (due to its non-regulated nature, this service is included in “—Commercial Passenger Transport” below), and (ii) international long-distance transport that offers services to various countries in Europe, including a daily service from the Czech Republic to Germany, Poland, Slovakia, Hungary and Austria (described in more detail below); and
- **commercial passenger transport**, which includes mainly the operation on the non-regulated Prague – Ostrava line.

Each of these activities varies in revenues and profitability and is therefore described separately in more detail below.

In the years ended 31 December 2024 and 2023, the Group's Passenger Transport Business generated total revenues of CZK 33,282 million and CZK 30,183 million and Operating EBITDA of CZK 10,514 million and CZK 9,478 million (in each case before eliminations in the Group) which represented 64.4 per cent. and 61.4 per cent. of its total revenues, respectively.

With the exception of commercial passenger transport, the Group's Passenger Transport Business would be unprofitable without payments from the Czech Regions and the State. To keep prices at a level affordable to passengers, the tariffs are set at below economically reasonable levels that do not cover the cost of the service to the Group. Revenues are generated from tickets sales and from payments received from the Czech Regions and the State for the provision of public services. In 2024 and 2023, payments from the State budget totalled CZK 5,388 million and CZK 4,991 million respectively, and payments from budgets of the Czech Regions amounted to CZK 15,407 million and CZK 13,524 million, respectively. In aggregate, the payments from the State and the Czech Regions represented 62.5 per cent. and 61.3 per cent. of the Group's revenues from its Passenger Transport Business for the year ended 31 December 2024 and 2023 (before eliminations in the Group), respectively. In the year ended 31 December 2024 and 2023, revenues from passenger transport fares (from external customers outside the Group) generated CZK 11,693 million and CZK 11,141 million, respectively, which represented 35.1 per cent. and 36.9 per cent., respectively, of the Group's revenues from its Passenger Transport Business (before eliminations in the Group).

Regional Passenger Transport

In 2024, ČD's performance in the regional passenger transport was approximately 3,103 million passenger-kilometres. This translated into approximately 37 per cent. of total passenger-kilometres services provided by ČD in 2024 and generated approximately 28 per cent. of total revenues of the Group's Passenger Transport Business (excluding any payments received from the State and Czech Regions and revenues from operations of ČD's coaches abroad) in 2024. Based on the contracts as of the date of this Prospectus, ČD's total expected transport performance in the regional passenger transport for 2025 is 81.2 million train-kilometres, which is a decrease by 0.5 million train-kilometres compared to 81.7 million train-kilometres performed in 2024. According to ČD's estimate, this translates into 84.5 per cent. of all train-kilometres performed in the regional passenger transport in the Czech Republic in 2024. Due to the high density of the network and low occupancy rates, regional passenger transport is largely dependent on the payments received from the Czech Regions.

Regional passenger transport is provided by ČD on the basis of long-term contracts concluded with the Czech Regions. These contracts specify the remuneration to be provided for the public service obligation carried out by ČD. From 2020 onwards, the Czech Regions have entered into new contracts governing passenger transport (see “—Pricing, Payments and Tariff Regulation—Passenger Transport Business – Regional—Overview” and “—Material Contracts” for more information). The majority of the new contracts concluded with the Czech Regions were implemented under the so-called market consultation and subsequent direct award.

As of the date of this Prospectus, ČD is the incumbent operator on the passenger rail transport market. Other providers of regional passenger transport with public service obligation include:

- a privately owned company RegioJet, which operates the Ústí nad Labem Střekov – Dečín, Ústí nad Labem – Štětí, Ústí nad Labem – Bílina, Most – Žatec, Rožtoky u Prahy – Praha Hostivař, Úvaly – Praha hlavní nádraží, and partially Most – Bílina and Teplice – Litvínov routes;
- Arriva, which operates the Železný Brod – Tanvald, Turnov – Liberec routes and several routes in the Zlínský region, including the Valašské Meziříčí – Rožnov pod Radhoštěm route and the Uherské Hradiště – Veselí nad Moravou route and Břeclav – Znojmo, Zaječí – Hodonín, Hodonín – Veselí nad Moravou - Vrbovce;
- a privately owned company LEO Express, which operates the Ústí nad Orlicí – Mlýnský Dvůr/Hanušovice and the Dolní Lipka – Hanušovice route.
- a privately-owned company GW Train, which operates routes in the Karlovarský and Královéhradecký regions, including the Karlovy Vary – Mariánské Lázně route and the Sokolov – Kraslice route. In the Moravskoslezský region, it operates the Vrbno – Milotice route, in the Plzeňský region it operates lines P11 and P23. In the Jihočeský region, it operates the České Budějovice – Volary route. In the Ústecký region, it operates lines U52 and T8;
- a privately owned company KŽC Doprava, which operates lines S34 and booster trains of line S43 and several seasonal lines; and
- a privately owned company Railway Capital, which operates the following routes in the Ústecký region and the Moravskoslezský region: Most – Moldava v Krušných horách, Kadaň – Pruněřov – Podbořany, Opava – Svobodné Heřmanice, Moravské Budějovice – Jemnice and Kroměříž – Kojetín – Tovačov.

ČD can strengthen its business mainly by modernising its rolling stock and by increasing the quality of its services. To that end, ČD continues to adapt the portfolio of its on- and off-board complementary services and to enhance a digital customer experience with the aim of creating a complex transport product. Over the past several years, ČD has focused on the successful implementation of e-applications, e-shop platform and on the introduction of dynamic tariffs and revenue management principles.

Long-Distance Passenger Transport (domestic and international)

In 2024, ČD's performance in long-distance transport was approximately 5,177 million passenger-kilometres. This translated into 63 per cent. of total passenger-kilometres services provided by ČD in 2024 and generated approximately 72 per cent. of total revenues of the Group's Passenger Transport Business (excluding any payments provided by the Czech Regions and the State and revenues from operations of ČD's coaches abroad) in 2024. Based on the contracts as of the date of this Prospectus, ČD's total expected transport performance in the

long-distance passenger transport for 2025 is 32.5 million train-kilometres, which is an increase by 0.5 million train-kilometres compared to 32.0 million train-kilometres performed in 2024. According to ČD's estimate, this translates into 81 per cent. of all train-kilometres performed in the long-distance passenger transport in the Czech Republic in 2024. Long-distance transport is provided on the basis of contracts concluded with the State, acting through the Ministry of Transport, according to which ČD provides national and international routes on the basis of a public service obligation according to the period of validity of the contracts. The contracts with the longest term expire in December 2034.

Revenues are generated from tickets sales and from payments received from the State as a remuneration for the provision of the public services (see also *“Pricing, Payments and Tariff Regulation—Passenger Transport Business - Long-Distance (domestic and international)”* and *“Material Contracts—Passenger Transport Business”* below).

The below table provides an overview of the market share of individual providers of long-distance passenger rail transport in terms of train-kilometres travelled in the year ended 31 December 2024:

| Carrier | Train-kilometres ⁽¹⁾ travelled | |
|----------------------|---|----|
| | 2024 | |
| | (per cent.) | |
| ČD | | 81 |
| Other providers..... | | 19 |

Source: Issuer data

Notes:

(1) Train-kilometres represent the distance travelled by trains in kilometres.

The international cooperation is regulated by the Convention concerning International Carriage by Rail (“COTIF”) between national passenger rail transport operators. Although proceeds from ticket sales are collected by the carrier in the country where the passenger embarks on the journey, revenues are shared between national carriers according to the distance travelled in the respective countries. Settlement of the revenues is undertaken by a clearing house once a month.

Commercial Passenger Transport

In 2024, ČD's transportation volume in the commercial passenger transport was approximately 800 million passenger-kilometres. This translated into approximately 10 per cent. of total passenger-kilometres services provided by ČD in 2024 and generated approximately 11 per cent. of total revenues of the Group's Passenger Transport Business (excluding any payments provided by the Czech Regions and the State and revenues from operations of ČD's coaches abroad) in 2024.

In the non-regulated commercial passenger transport market, the Praha – Ostrava – Košice (Slovakia) line is subject to the highest competition. ČD's two main local competitors, LEO Express and RegioJet, have significantly increased the level of service provided to customers on this line since the commencement of their operations in 2012 and 2011, respectively. In response to this market change, ČD underwent several cost-optimisation and customer-oriented reforms in 2015. After the implementation of these cost-optimisation and customer-oriented reforms, the decrease in revenues on this line was offset by a decrease in expenses resulting from these cost-optimisation reforms. In 2017 and 2018, ČD followed by commissioning the modernisation and refurbishment of the interior of the SC Pendolino coaches. Since September 2024, ČD has also temporarily deployed a ComfortJet trainset on selected trains operating on this line.

In cooperation with other international operators, ČD operates several direct overnight connections from the Czech Republic to Slovakia, Austria, Hungary, Poland, and Switzerland.

Freight Transport Business

The Group provides freight transport services through ČD Cargo and its subsidiaries.

In the years ended 31 December 2024 and 2023, the Group's Freight Transport Business generated total revenues of CZK 15,571 million and CZK 15,729 million and Operating EBITDA of CZK 3,183 million and CZK 3,806 million (in each case before eliminations in the Group), which represented 30.2 per cent. and 32.0 per cent. of its total revenues, respectively.

ČD Cargo is one of the largest providers of freight rail transport in Europe in terms of tons carried and the only provider to service the entire area of the Czech Republic.⁹ ČD Cargo offers comprehensive transport of a wide range of products across Europe, from raw materials to consumer products and products with high added value (such as automotive and machinery products), as well as containers and non-standard consignments (such as military equipment or large construction components). The Group's Freight Transport Business is carried in the form of transport of whole trains and transport of individual wagon loads (i.e. single-wagon business). The Group's Freight Transport Business further offers certain ancillary services, such as renting of wagons and locomotives, forwarding services, storage and delivery of goods, operations of railway sidings, customs services, storage or maintenance and repairs of traction vehicles and wagons.

Transport of Whole Trains

In the years ended 31 December 2024 and 2023, the total volume transported by whole trains was 43.5 million tonnes and 43.2 million tonnes, respectively, which constituted approximately 78 per cent. and 73 per cent., respectively, of ČD Cargo's transport volume and approximately 73 per cent. and 70 per cent., respectively, of its transport revenues.

In 2024, the most important commodities moved by whole trains were solid fuels, metal and mining, large containers and chemicals. ČD Cargo's major competitors in this area are large domestic carriers, such as METRANS Rail s.r.o., LOKORAIL, a.s., Rail Cargo Carrier - Czech Republic, s.r.o., ORLEN Unipetrol Doprava, s. r. o., and IDS Cargo, a.s., and former national carriers from neighbouring countries, such as PKP Cargo, Deutsche Bahn a RCA.¹⁰ To maintain its current market position, ČD Cargo continues to invest in new, universal freight wagons and to modernise its rolling stock. Together with improved transport management, new interoperable locomotives are expected to support ČD Cargo's aim to lengthen the distance of its existing international transportations and to gain new transportation volumes abroad. Further, ČD Cargo intends to focus mainly on wagons for transportation of commodities to capture the anticipated increase in demand based on the current market trends in the transportation market, such as intermodal transport, fuel etc.

Transport of Individual Wagon Loads (i.e. Single-Wagon Business)

In the years ended 31 December 2024 and 2023, the total volume transported by individual-wagon loads was 13.2 million tonnes and 16.2 million tonnes, respectively, which constituted approximately 22 per cent. and 27 per cent., respectively, of ČD Cargo's transport volume and approximately 27 per cent. and 30 per cent., respectively, of its transport revenues.

In the single-wagon business, ČD Cargo faces increased competition from road freight transport, mainly with regards to the transportation of wood, scrap iron and other individual deliveries. ČD Cargo is therefore in the process of implementing a number of measures to improve the performance of single-wagon business profitability, such as an implementation of a system for efficient planning and use of its capacities.

In the year ended 31 December 2024, ČD Cargo utilised investment grants in the total amount of CZK 160 million for the implementation of the ETCS for locomotives for freight transport. Apart from this, ČD Cargo is not a beneficiary of any direct payments from the State as its services are provided solely on a commercial basis. However, ČD Cargo benefits from lower fees charged by the State for the use of railway infrastructure by single-wagon business as a way to promote environmentally sustainable means of transport.

⁹ Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition), available at <https://uic.org/support-activities/statistics/>.

¹⁰ Source: SŽ Annual Report 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

The following map shows the markets where the Group's Freight Transport Business operated in 2024 and markets where ČD Cargo would like to focus its international expansion (in orange):



One of ČD Cargo's strategic priorities is to continue in its international expansion, either directly or through its local subsidiaries:

- **Poland:** ČD Cargo is present on the Polish market via its subsidiary CD Cargo Poland.
- **Austria:** ČD Cargo obtained a license to operate in Austria in June 2017 and realised its first carriage with its own license for the ÖBB Infrastructure network in February 2018. In 2019, a new branch was established and commenced operations in Austria under the name ČD Cargo Niederlassung Wien. Services offered on the Austrian market include block train transport in Austria, transit through Austria from Hungary or Slovakia to Germany and back.
- **Slovakia and Hungary:** ČD Cargo obtained licenses for the Slovak and Hungarian networks through its equity investments in 2020. ČD Cargo uses the Slovak and Hungarian networks mostly for the transport of goods from the Czech Republic to the Balkans and Romania.
- **Germany:** ČD Cargo obtained a licence and all necessary documents required to operate in Germany in February 2020. ČD Cargo's strategy on the German markets includes expanding under the same business model as already implemented on the Austrian market.
- **Croatia:** ČD Cargo established a subsidiary in Croatia and commenced its business operations in Croatia in 2021.
- **Belgium and the Netherlands:** ČD Cargo plans to acquire licences in Belgium and Netherlands in the medium term.
- **Romania, Serbia and Slovenia:** ČD Cargo is also exploring possibilities to expand to Romanian, Serbian and Slovenian market either by obtaining a licence or through the equity investment.

The table below outlines a breakdown of ČD Cargo and its subsidiaries' revenues in the years ended 31 December 2024 and 2023:

| | Year ended 31 December | |
|---|--------------------------|---------------|
| | 2024 | 2023 |
| | <i>(in CZK millions)</i> | |
| CD Cargo Poland..... | 928 | 949 |
| CD Cargo Austria and CD Cargo Niederlassung Wien | 1,224 | 836 |
| CD Cargo Germany and CD Cargo Niederlassung Germany | 902 | 659 |
| CD Cargo Slovakia..... | 520 | 507 |
| CD Cargo Hungary..... | 246 | 248 |
| ČD Cargo and other subsidiaries | 11,751 | 12,530 |
| Total | 15,572 | 15,729 |

Source: ČD Cargo data, non-audited

The table below outlines a geographic breakdown of ČD Cargo's revenues from freight operations in the years ended 31 December 2024 and 2023:

| | Year ended 31 December | |
|-----------------------|--------------------------|---------------|
| | 2024 | 2023 |
| | <i>(in CZK millions)</i> | |
| Czech Republic | 3,653 | 4,728 |
| Germany..... | 3,710 | 3,111 |
| Poland..... | 1,333 | 1,720 |
| Austria..... | 1,152 | 1,105 |
| Slovakia..... | 1,068 | 1,202 |
| Italy..... | 837 | 656 |
| Ukraine..... | 389 | 391 |
| Slovenia..... | 339 | 199 |
| Hungary..... | 265 | 278 |
| Romania..... | 173 | 252 |
| Belgium..... | 262 | 187 |
| Netherlands | 172 | 102 |
| France..... | 179 | 83 |
| Other countries | 422 | 145 |
| Total | 13,954 | 14,159 |

Source: ČD Cargo data, non-audited

The table below sets forth the composition of freight transported by the Group's Freight Transport Business for the years ended 31 December 2024 and 2023:

| | Year ended 31 December | |
|--------------------------------|--------------------------------|-------------|
| | 2024 | 2023 |
| | <i>(in millions of tonnes)</i> | |
| Solid fuels..... | 13.0 | 15.7 |
| Metal and mining..... | 9.2 | 10.4 |
| Large containers | 6.7 | 5.8 |
| Chemicals..... | 5.6 | 4.6 |
| Building materials | 4.2 | 4.3 |
| Timber and paper products..... | 3.8 | 3.6 |
| Automotive..... | 1.4 | 1.2 |
| Other | 12.9 | 13.7 |
| Total | 56.7 | 59.4 |

Source: ČD Cargo data, non-audited

In 2024, the largest year-on-year sales overruns were achieved in combined transportation (increase by 0.8 million tonnes year-on-year). On the other hand, the largest decline in ČD Cargo's sales was in brown coal and iron products (decrease by 4.0 million tonnes), due to the rising support for production of energy mainly from renewable sources and also the termination of steel production in Liberty Ostrava plant, which contributed to the Group's freight transport segment recording a loss (before tax) of CZK 946 million in 2024.

The freight market can be divided into local, transit, export and import. Combined freight volumes of transit, export and import represented together approximately 65 per cent. of ČD Cargo's freight volumes in 2024 and

2023. The remaining part of the freight market is the local market (35 per cent. of total volumes in 2024) where ČD Cargo is the market leader and operates the largest railcar fleet.

The table below sets forth the split of volume of freight transported by the Group's Freight Transport Business for the years ended 31 December 2024 and 2023:

| | Year ended 31 December | | | |
|-------------------------------------|------------------------|------------|---------------------|------------|
| | 2024 | | 2023 | |
| | (in million tonnes) | (%) | (in million tonnes) | (%) |
| Domestic market..... | 49.9 | 88 | 53.9 | 91 |
| Outside of the Czech Republic | 6.8 | 12 | 5.5 | 9 |
| Total | 56.7 | 100 | 59.4 | 100 |

As of the date of this Prospectus, the major customers of the Group's Freight Transport Business include MORAVIA STEEL a.s., CARBOSPED, spol. s r.o., NH TRANS SE, Maersk Line A/S, Rail Cargo Group, ČEZ, a. s., METRANS, a.s., DB Cargo Group, ČEPRO, a.s., WOOD & PAPER a.s., SPEDICA, s.r.o., CAT France SAS, Železničná spoločnosť Cargo Slovakia, a.s., Energetický a průmyslový holding, a.s. and VTG AG.

Asset Management Business

The Group's Asset Management Business includes the management, leasing and operation of certain assets of the Group, mainly real estate. As of 31 December 2024, ČD owned 2,982 buildings, including the Prague Masaryk Station and the Brno Main Station, and 14,677 land plots.

In the years ended 31 December 2024 and 2023, the Group's Asset Management Business generated total revenues of CZK 516 million and CZK 516 million and Operating EBITDA of CZK 1,150 million and CZK 2,213 million (in each case before eliminations in the Group), which represented 1.0 per cent. and 1.0 per cent. of its total revenues, respectively.

On 19 January 2016, ČD entered into a set of agreements with the Czech investment group Penta (the majority owner of MSD), regarding the restoration of the Prague Masaryk Station and the development of the surrounding land plots. Penta undertook to invest through the MSD up to CZK 136 million in the restoration. The initial part of the restoration included the renovation of the roofs and floors of the arrival hall, adjacent facades and toilets. The subsequent stages introduced new retail space and a food court in the arrival hall, ticket desks, waiting room and information centre in a new location thereby increasing passenger comfort and the amount of commercial space at the station.

Following a public tender in 2008, ČD as lessor and a privately owned company Brno new station development a.s. ("BNSD") as lessee entered into a lease agreement regarding the Brno Main Station and the adjacent land plots (the "BNSD Lease Agreement"). The lease agreement is to expire in 2048. Pursuant to the agreement, BNSD undertook to invest at least CZK 130 million in the renovation of the main building. In 2018, ČD cooperated with BNSD to change the zoning plan on the land plots and entered into an amendment to the BNSD Lease Agreement. The amendment aims to clarify certain obligations and undertakings of BNSD under the BNSD Lease Agreement and sets a new binding schedule for the renovation of the main building and contractual penalties for BNSD's failure to adhere to it. In 2019, the reconstruction phases, including the first platform and the main hall of the Brno's Main Station with new points of sale were completed.

In 2024, repairs and investments to improve the working environment continued both in the premises where ČD employees are based and in the premises that are leased to external entities. Capital expenditure was incurred on, among other things, the reconstruction of the engineering building in Olomouc, administrative building in Karlovy Vary and operational buildings in Nymburk and Mladá Boleslav.

Within the real estate management segment, ČD is involved in several development projects, most often through specially founded subsidiaries and affiliates. (see "—Property—Recent and Expected Sale of Property" for more information).

Certification and Testing Business

The Group's Certification and Testing Business includes activities of VUZ, the Group's subsidiary that provides professional services and complex solutions in the field of assessment, certification and testing with a special focus on rolling stock, railway systems, railway transport and other industrial sectors. It works closely with leading

manufacturers, academic institutions and industry organisations within and outside the European Union. VUZ provides specialised services through authorised and accredited activities and testing in the field of railway vehicles and their components, using its own railway test circuits at the Velim Test Centre.

In the years ended 31 December 2024 and 2023, the Group's Certification and Testing Business generated total revenues of CZK 1,015 million and CZK 838 million and Operating EBITDA of CZK 573 million and CZK 401 million (in each case before eliminations in the Group), which represented 2.0 per cent. and 1.7 per cent. of its total revenues, respectively.

Other Business

The Group undertakes also other activities, which include provision of information and communication services ("ICT") to railway transport companies and railway infrastructure administrators through ČD Telematika, rolling stock repair services operated through DPOV, certain IT services operated through ČD Informační systémy, educational services operated through Dopravní vzdělávací institut, a.s. ("DVI"), testing services, travel services operated through ČD Travel, s.r.o. ("ČD Travel"), and railway accommodation and catering services operated through JLV.

In the years ended 31 December 2024 and 2023, the Group's Other Business generated total revenues of CZK 7,462 million and CZK 6,541 million and Operating EBITDA of CZK 1,265 million and CZK 1,044 million (in each case before eliminations in the Group), which represented 14.4 per cent. and 13.3 per cent. of its total revenues, respectively.

ČD Informační systémy

ČD Informační systémy provides the Group with comprehensive ICT services to expand its professional competencies in the development and operation of complex information systems, such as modernisation and maintenance of information systems for passenger clearance and check-in, development and optimisation of the search engine and systems for commercial and operational activities in the railway freight sector, and to expand its competencies in the security field, including through the implementation of security and data protection elements which aim to ensure the protection of the Group's assets, personal data and equipment. An additional goal is to minimise the dependence of the Group on external suppliers.

As from 1 June 2025, ČD Informační systémy will be merged with ČD Telematika.

ČD Telematika

ČD Telematika focuses on the administration, maintenance and construction of telecommunication infrastructure. ČD Telematika owns and operates one of the largest optical infrastructure in the Czech Republic, which is a part of the critical infrastructure of the State, and provides housing services in highly secured data centres. ČD Telematika provides its services to the Group and to clients from state administration, the railway transport segment, large corporations and local internet connectivity providers.

As from 1 June 2025, ČD Telematika will be merged with ČD Informační systémy.

According to the enterprise purchase agreement concluded between ČD Telematika and SŽ in December 2024, the business segment of ČD Telematika related to the management, maintenance and servicing of the railway telecommunications assets of SŽ will be transferred to SŽ. This includes, for example, network supervision, data and transmission technology management, regional construction management or configuration and supervision of the GSM-R system. The transfer is expected to be completed in the third quarter of 2025. The agreed purchase price amounts to CZK 280.1 million.

DVI

DVI provides services in the field of railway education. DVI was the first in the Czech Republic to obtain the train driver training accreditation from the Ministry of Transport. It also holds the certificate of the quality management system according to the international standard ČSN EN ISO 9001. In 2018, DVI received the Recognition of Assessment Body (according to Article 7 of EU Regulation 402/2013) from the Railway Authority. DVI provides the Group's employees with a wide network of classrooms, a team of experts in the subjects fields of education, language courses and training of soft skills with the aim to continuously deepen the Group's employees' qualification.

ČD Bus

ČD Bus provides replacement transport services during planned railway closures or emergencies.

Pricing, Payments and Tariff Regulation

Passenger Transport Business – Regional

Overview

Regional passenger transport is governed by long-term contracts between individual railway carriers and the Czech Regions.

In 2009, the Government signed a Memorandum, which allocates funds from the State budget in the amount of CZK 2.65 billion per year, which will be provided to the Czech Regions in the form of payments to cover the provision of railway transport services in the Czech Regions in a given year (see “*Business Overview—Passenger Transport Business—Regional Passenger Transport*” for more information.). The funds are allocated to the Czech Regions according to the volume of transport in the respective regions and the allocated amount is indexed annually according to the average annual consumer price index.

The payments shall be equal to the estimated eligible costs (which include, among other things, depreciation of fixed assets, such as the rolling stock used to operate the lines concerned) including a margin allowing for a reasonable profit to be provided for the provision of passenger transport. Payments are annually agreed in advance on the basis of projections and paid to ČD monthly on a *pro rata* basis (thus not limiting ČD in terms of liquidity). At the end of the year, the difference between the estimated costs and the actual values is settled. The pre-agreed payments may be adjusted in the event of higher energy costs by the energy price index, or in the event of an increase in the railway infrastructure charge above the inflation rate, or in the event of changes in the tax system. These costs are indexed annually according to the consumer price index and in most contracts payments for energy and wages are increased according to special price growth indices.

In its Resolution No. 191 dated 9 March 2016, the Government approved the participation of the State in the financing of regional passenger rail transport in the years 2020 to 2034. Subsequently, the Government concluded an agreement with the Czech Regions and the Association of Regions of the Czech Republic on the stable financing of regional transport in the years indicated. Based on this agreement, the Government allocated CZK 2.859 billion, which shall be increased year-on-year in line with general inflation.

In its Resolution No. 206 dated 27 March 2018, the Government approved the introduction of a subsidised fare tariff on trains and buses for the seniors, children, pupils and students. Based on this resolution, pupils and students up to 26 years of age and seniors over 65 were provided with a 75 per cent. discount on the standard fare. The subsidised fares covered all national long-distance and regional bus and rail lines, integrated transport systems and public transport links that cross city limits. On trains, the subsidy applied only in second-class cars (economy class). Service providers, including ČD, received payments for the discounted fares from the state budget up to the amount of the commercial ticket price (the “**Subsidised Fare Tariff**”). Since 1 April 2022, the Subsidised Fare Tariff has been reduced from a 75 per cent. discount to a 50 per cent. discount on standard fare. As from 1 February 2019, VAT for public passenger transport fares was reduced from the original 15 per cent. to 10 per cent., and from 1 January 2024, increased from 10 per cent. to 12 per cent.

Liberalisation of the regulated regional passenger transport in the Czech Republic

Due to the fact that most of the previous long-term contracts governing regional passenger transport expired on 14 December 2019, the Czech Regions concluded new contracts effective as of 15 December 2019. In accordance with applicable EU legislation (see “*The Regulatory Framework—Railway transport laws in the EU*” for more information), some Czech Regions selected new passenger transport providers in a public tender, whereas some have awarded the relevant contract directly to a selected operator. As of the date of this Prospectus, ČD is a party to several agreements with the Czech Regions, the vast majority of which were implemented under the so-called market consultation and subsequent direct assignment.

Based on the agreements with the Czech Regions which are valid as of the date of this Prospectus, ČD anticipates that its total regional transport performance in 2025 will be 81.4 million train-kilometres. This would represent a decrease by approximately 0.1 per cent. compared to ČD’s total regional transport performance in 2024 (see “*Risk Factors—Risks related to the Group’s business and industries generally—Industry risks—The Group is exposed to competition from other providers of rail transport*” for more information).

ČD's main competitors for the long-term contracts with the Czech Regions are the privately held companies currently operating in the Czech Republic, especially RegioJet, GW Train, Arriva, and LEO Express (see “*Risk Factors—Risks related to the Group’s business and industries generally – Industry risks The Group is exposed to competition from other providers of rail transport*” and “*—Business Overview—Passenger Transport Business—Regional Passenger Transport*” for more information).¹¹

The table below provides an overview of the total train-kilometres for regional and long-distance passenger transport services contracted by ČD for the years 2025 and beyond. It reflects the scope of services already secured under existing public service obligation contracts, expressed both in absolute terms (train-kilometres) and as a percentage of the total contracted train-kilometres in 2024.

| Year | Regional Transport (train-km) | Long-Distance (train- km) | Total (train-km) | % of 2024 |
|------------|----------------------------------|------------------------------|------------------|-----------|
| 2025..... | 81,780 | 31,784 | 113,564 | 100 |
| 2026..... | 81,780 | 31,784 | 113,564 | 100 |
| 2027..... | 77,728 | 31,784 | 109,512 | 96 |
| 2028..... | 77,051 | 25,866 | 102,917 | 91 |
| 2029..... | 77,051 | 23,711 | 100,762 | 89 |
| 2030..... | 49,696 | 17,514 | 67,210 | 59 |
| 2031..... | 49,696 | 13,186 | 62,882 | 55 |
| 2032..... | 42,422 | 13,186 | 55,608 | 49 |
| 2033+..... | 34,535 | 7,592 | 42,127 | 37 |

Passenger Transport Business - Long-Distance (domestic and international)

Overview

Long-distance passenger transport is provided pursuant to an agreement with the State that has similar terms and conditions as the contracts governing regional passenger transport (see “*—Business Overview—Passenger Transport Business—Regional Passenger Transport*” for more information).

The payments provided by the State shall be equal to the estimated amount of eligible costs (which include, among other things, depreciation of long-term assets, such as the rolling stock used for operation of the relevant lines) less sales, including fair profit and can be adjusted in case of higher energy costs of more than ten per cent., higher profit of more than five per cent., changes in transport volume or changes in taxation. Unless mutually agreed upon, changes to volumes of transport for the purposes of calculations do not deviate by more than five per cent. from the actual volumes for the previous year.

Liberalisation of the regulated long-distance passenger transport in the Czech Republic

From 2020 onwards, the Ministry of Transport has to conclude new contracts with railway transport operators on a competitive basis. Since private operators had showed interest in taking part in long-distance passenger transport even before regular tenders were launched after 2020, the Ministry of Transport announced in 2018 a modified form of “tendering” based on direct award principles. ČD's main competitors in these public tenders may include Czech low-cost passenger rail operators, as well as significant passenger rail operators from neighbouring countries (see “*—Business Overview—Passenger Transport Business—Regional Passenger Transport*” for more information).

The below table provides an overview of the individual long-distance lines operated by ČD as of the date of this Prospectus and their expiry dates:

| Route | Year of expiration |
|--|--------------------|
| Ex1: Ostrava – Polish state border / Slovak state border..... | 2029 |
| Ex2: Praha – Olomouc – Vsetín – Slovakia..... | 2028 |
| Ex3: Praha – Pardubice – Brno – Austrian state border / Slovak state border | 2034 |
| Ex4: Austrian state border / Slovak state border – Břeclav – Otrokovice – Ostrava – Polish state border | 2029 ¹² |
| Ex5: Praha – Ústí nad Labem – German state border | 2034 |
| Ex6: Praha – Plzeň – Cheb ¹³ | 2028 |

¹¹ Source: SŽ Annual Report 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

¹² Prolongation up to 2034 is still being negotiated.

¹³ The operation of the Ex6: Praha – Plzeň – Cheb / German state border line and the R16: Praha – Plzeň – Klatovy, following the expiration of ČD's current contract December 2028, was assigned to Arriva through a public tender. ČD and RegioJet objected to the tender results, however, the objections were rejected by the Ministry of Transportation. ČD has since initiated a proceeding before the ÚOHS. As of the date of this Prospectus, the contract for operation of these lines has not been concluded.

| Route | Year of expiration |
|---|--------------------|
| Ex7: Praha – České Budějovice – Český Krumlov / Austrian state border | 2031 |
| Ex32: Praha – Pardubice / Polish state border | 2034 |
| Ex36: Praha – Plzeň / German state border ¹⁴ | 2026 |
| R9: Praha – Havlíčkův Brod – Brno/Jihlava ¹⁵ | 2026 |
| R10: Praha – Hradec Králové – Trutnov | 2028 |
| R11A (R31): České Budějovice – Plzeň | 2031 |
| R11B (R11): Brno – Jihlava – České Budějovice | 2031 |
| R12: Brno – Olomouc – Šumperk | 2027 |
| R13: Brno – Břeclav – Olomouc | 2025 |
| R15: Praha – Ústí nad Labem – Karlovy Vary – Cheb | 2034 |
| R16: Praha – Plzeň – Klatovy ¹⁶ | 2028 |
| R17: Praha – Tábor – Veselí nad Lužnicí – České Budějovice / České Velenice | 2031 |
| R18: Praha – Olomouc – Staré Město – Luhačovice | 2028 |
| R19: Praha – Pardubice – Česká Třebová – Brno | 2029 ¹⁷ |
| R20: Praha – Roudnice nad Labem – Ústí nad Labem – Děčín | 2029 |
| R27: Ostrava – Opava – Krnov – Olomouc | 2027 |
| R33: Cheb – German state border | 2032 |

The above long-distance lines combined represent 31.8 million out of the total train-kilometres, i.e. 81 per cent. of the total transport volume expected for the period 2025 onwards. Contracts for 19 per cent. of the expected transport volume have been assigned to other railway transport operators, such as Arriva, RegioJet and GW Train.

As of the date of this Prospectus, a tender for the operation of the set of lines R14A: Pardubice – Liberec, R14B: Liberec – Ústí n. L., R21: Praha – Tanvald, R22: Kolín – Rumburk and R24: Praha – Rumburk, following the expiration of the current contract in December 2029, is in progress.

Passenger Transport Business - Commercial

Commercial passenger transport is provided by ČD as well as other carriers operating on the Czech market. ČD and other carriers base their decision to conduct business on commercial routes purely on economic grounds and set prices according to the desired profitability. Revenues are generated from ticket sales. Neither State payments nor payments received from the Czech Regions are provided.

Freight Transport Business

ČD Cargo's revenues are 99 per cent. attributable to individual contracts where pricing is set in each individual case and is based purely on commercial grounds. Although ČD Cargo's tariffs can be taken into consideration, the prices charged by competitors, costs of service or a long-term potential relationship benefit for ČD Cargo are recognised as the main factors driving the prices of ČD Cargo's services. In certain cases set forth in the internal policies, the Commercial Council consisting of a Director of Economics, a Director of Operations and a Director of Commerce must approve the terms and conditions of a price proposal.

The remaining ČD Cargo customers are charged in accordance with ČD Cargo's standard tariffs, which also set out the standard terms and conditions. Domestic freight, which is not stipulated by individual contracts, is governed by the Tariff for Transport of Complete Wagon Loads ("TVZ"). International union tariffs are agreed with the respective foreign freight operators.

Domestic and International Freights

ČD Cargo provides freight transport to destinations both within and outside the Czech Republic. Domestic freight transport is undertaken by ČD Cargo whereas international freight is provided by ČD Cargo or its subsidiaries in cooperation with foreign freight operators. ČD Cargo enters into such cooperation if it does not fulfil the prerequisite conditions for operating in the respective country or if such cooperation is more beneficial for

¹⁴ The operation of the Ex36: Praha – Plzeň / German state border line was separated from the Ex6: Praha – Plzeň – Cheb line. The public tender was initiated in the year 2024 for the term of 15 years commencing in the December 2028, but was subsequently cancelled. Current contract for the line is to remain effective until December 2026. A further public tender is expected to take place in 2025 for the operation for the term of 5 years from December 2026 to December 2031, followed by further public tender for the term of 15 years from December 2031.

¹⁵ The operation of the R9: Praha – Havlíčkův Brod – Brno/Jihlava line, following the expiration of ČD's current short-term direct assignment in December 2026, will be awarded to RegioJet.

¹⁶ The operation of the Ex6: Praha – Plzeň – Cheb / German state border line and the R16: Praha – Plzeň – Klatovy, following the expiration of ČD's current contract December 2028, was assigned to Arriva through a public tender. ČD and RegioJet objected to the tender results, however, the objections were rejected by the Ministry of Transportation. ČD has since initiated a proceeding before the ÚOHS. As of the date of this Prospectus, the contract for operation of these lines has not been concluded.

¹⁷ Prolongation up to 2034 is still being negotiated.

ČD Cargo due to, for example, the low utilisation of inbound vehicles returning from abroad or other factors affecting profitability.

Alternatively, ČD Cargo can provide freight transport to final destination, subject to obtaining licences for operating rail transport in the respective country. As of the date of this Prospectus, ČD Cargo or its subsidiaries are licensed to provide freight transport in Poland, Slovakia, Hungary, Austria, Germany and Croatia.

The Railway Network

According to UIC, the Czech railway network is currently among the densest railway networks in the EU in terms of surface area of the country per kilometre of railway route, exceeding that of both Germany and France.¹⁸ According to data compiled by SŽ as of 31 December 2024, the Czech railway network consisted of 9,348 kilometres of railway routes, of which 3,271 kilometres were electrified, and the related infrastructure included 2,608 railway stations.¹⁹ SŽ operates the national and regional railway network in the Czech Republic and is responsible for its operation, modernisation and development. A total of 111 transport providers operated on the Czech railway network in 2024, according to data provided by SŽ.²⁰

The Group originally also operated and serviced the national railway network, but it gradually transferred these activities to SŽ (see “—Overview—Relationship with SŽ” above). The Group now only operates the railway tracks that it owns. These include primarily minor railway spur tracks, branch lines and side tracks at railway stations. The railway system is currently connected to the railway network of four neighbouring countries (Germany, Austria, Poland and Slovakia) via 36 international railway junctions.

As of the date of this Prospectus, there are no new railway tracks under construction in the Czech Republic. However, SŽ is investing in the modernisation of the existing railway system and plans to build various high-speed railway lines connecting the largest cities in the Czech Republic and ensuring a quality connection to the rail network in the Central Europe. The whole Czech railway system uses the same gauge (1,435 millimetres), except for 79 kilometres of tracks operated by a privately-owned company Jindřichohradecké místní dráhy, a.s. Four different systems are being used to power the electrified railway routes.

Pursuant to the Railway Act and the Network Statement on National and Regional Rail issued by SŽ, SŽ allows carriers to access and use the railway network, subject to the fulfilment of certain conditions. SŽ allocates the route capacity for a regulated price, which is set pursuant to the decree of the Ministry of Finance for a particular year and a declaration issued by SŽ pursuant to the Railway Act and published in the Transport and Tariff Bulletin.

The Group’s Passenger Transport Business and Freight Transport Business operate on the majority of the existing railway routes in the Czech Republic.

Property

Overview of ČD’s Property

As of 31 December 2024, ČD owned 2,982 buildings, including the Prague Masaryk Station and the Brno Main Station, multiple rolling stock depot buildings, and, among others, blocks of flats, stores, buildings for employees, garages and hostels.

Recent and Expected Sale of Property

Because the Group owns significant non-core assets, the maintenance of which requires substantial amounts, it intends to continue to streamline its asset base by selling some of these non-core assets to SŽ as well as to private investors.

Sale of the Prague Masaryk Station Property to Penta

On 19 January 2016, ČD entered into a set of agreements with the Czech investment group Penta (the majority owner of MSD), regarding the restoration of the Prague Masaryk Station and the development of the surrounding land plots. Pursuant to these agreements, Penta acquired 10,300 square metres of land at Na Florenci Street in the centre of Prague, where it has started construction of a shopping and office centre. In addition, the agreements allow for future development of other land plots surrounding the Prague Masaryk Station that are to be leased by

¹⁸ Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition), available at <https://uic.org/support-activities/statistics/>.

¹⁹ Source: SŽ Statistical Yearbook 2024, available at <https://www.spravazeleznice.cz/o-nas/publikace/statisticke-rocenky>.

²⁰ Source: SŽ Annual Report 2024, available at <https://www.spravazeleznice.cz/o-nas/publikace/vyrocní-zpravy>.

ČD to MSD in part until 2036 and in part until 2056. In 2016, Penta acquired a land plot at Na Florenci Street, followed by the acquisition of a land plot at Hybernská Street in 2018, and the acquisition of the remaining land plots surrounding the Prague Masaryk Station in 2023.

The total purchase price under the agreement was CZK 600 million (subject to adjustments based on the size of commercial space in the new development), of which CZK 235 million in respect of the land plot at Na Florenci Street was due by the end of June 2016. CZK 103 million in respect of the land plot at Hybernská Street was due by the end of January 2018. The purchase price for the remaining land plots surrounding the Prague Masaryk Station was CZK 244 million (subject to further adjustments). The agreement was the result of negotiations between the shareholders of MSD, i.e. ČD and Penta, and of Penta exercising its pre-emptive purchase right to the property based on an agreement entered into between ČD and Penta in 2004. The railway station building itself is to remain in the ownership of ČD and may be transferred to SŽ in the future.

Sale of Žižkov Freight Station and Smíchov Railway Station to Sekyra Group

In 2019, ČD initiated negotiations with the Prague Municipality and the Ministry of Culture of the Czech Republic about the form of sale of a listed building and related lands at Žižkov Freight Station. In the same year, ČD entered into a memorandum of mutual cooperation for the conversion of the Prague – Žižkov Freight Station with representatives of Prague 3 and Sekyra Group (as defined below), subject to which was coordination of plans for the future redevelopment of the whole area, including the creation of a residential development, a school or new headquarters for the Czech National Film Archive. As of the date of this Prospectus the negotiations are still ongoing.

Furthermore, in 2019, ČD entered into a framework project agreement with a Czech development companies Sekyra Group and Smíchov Station Development, a.s. (together as “**Sekyra Group**”), based on ČD’s board of directors’ resolution on a tender for establishment of a joint venture for preparation, implementation and development of Prague – Smíchov Railway Station, regarding the development project in the Smíchov railway station area. Pursuant to this agreement, Sekyra Group undertook to acquire the respective land plots from ČD in phased stages. In 2023, Sekyra Group acquired the remaining land plots to complete the entire development of the “Smíchov City” project. The total purchase price under the agreement was CZK 1,625 million.

Sale of land plots in the area of the railway station in Prague to Penta

In 2019, ČD and Penta Real Estate, a developer of the Churchill Square Project, located in the area of the main railway station in Prague, concluded a framework implementation agreement allowing for the future phased sale of land. In this context, a memorandum was then signed between ČD, SŽ and Penta Real Estate in order to coordinate SŽ’s upcoming construction with the activities of the other signatories.

Expected Sale of Property to Private Investors

ČD continues to be in the process of selling its other non-core assets to private investors. This process commenced in 2008 and has included the sale of non-core buildings (administration buildings, workshops, garages, warehouses) and non-core land plots predominantly surrounding railway stations. In the ongoing last phase commenced in 2015, which is expected to unfold over the next 15 years, ČD primarily aims to sell smaller buildings and land plots to individuals, companies and municipalities.

As of the date of this Prospectus, ČD is negotiating further sales of its non-core assets. The Group cannot guarantee that any of the sales will take place in 2025, at all or for the estimated market value (see “*Risk factors—Risks related to the Group’s business and industries generally—Business risks—The Group may not be successful in selling any or all of its non-core assets*” for more information).

The sale process has been hindered by the varying quality and attractiveness of the assets and by the various factors affecting the real estate market.

Expected Sale of Property to SŽ

ČD is in talks with SŽ over the sale of up to 40 million square metres of land plots in about 1,000 locations surrounding railway stations, railway platforms and railway tracks. This transaction would continue the transfer of railway infrastructure and the related assets from ČD to SŽ in several subsequent stages concluded in 2008, 2011 and 2016. In the course of 2020, methodologies were prepared for the expert valuation of the subject of the transaction and its possible interest. In 2021, the underlying agreements of the proposed transaction had been, at the request of the Ministry of Transport, forwarded to the European Commission via the Czech Office for the

Protection of Competition, with a request for a consultation on the final price contingent whether it shall be considered as an unlawful state aid and the pre-notification procedure had been initiated. In the same year, ČD claimed for compensation from SŽ for the use of land in its ownership under the tracks and related infrastructure managed by SŽ. ČD determined the compensation for 2017-2021 at the amount of CZK 2,834 million based on the expert's opinion. However, the Group cannot guarantee that this sale will take place in the anticipated timeframe or at all. (see “Risk factors—Risks related to the Group’s business and industries generally—Business risks—The Group may not be successful in selling any or all of its non-core assets” for more information).

Rolling Stock

Passenger Transport Business

As of 31 December 2024, ČD owned 1,339 traction vehicles (includes each piece of a trainset) with the average age of the traction vehicles being 27.26 years since the date of production and 15.88 years since the date of the last modernisation.

ČD’s key suppliers of rolling stock (both new and modernised) include ŠKODA VAGONKA a.s., Pars nova a.s., PESA Bydgoszcz SA, Siemens, ŠKODA TRANSPORTATION, ŽOS Trnava a.s., Krnovské opravy a strojírny s.r.o., DPOV, and ŽOS Vrútky a.s.

The below table provides an overview of the traction vehicles owned by the Group and their age as of 31 December 2024:

| Traction vehicles | Number of traction vehicles for passenger transport | | | | |
|---|---|------------|-------------|-------------|------------|
| | Inventory count by age | | | | |
| | Total | 0-10 years | 11-20 years | 21-30 years | older |
| Diesel train units ⁽¹⁾ | 340 | 80 | 260 | 0 | 0 |
| Electric locomotives | 262 | 72 | 74 | 36 | 80 |
| Electric train units ⁽¹⁾ | 240 | 129 | 97 | 14 | 0 |
| Diesel locomotives | 169 | 26 | 23 | 43 | 77 |
| Diesel railcars | 298 | 29 | 32 | 60 | 177 |
| Control units ⁽¹⁾ | 0 | 0 | 0 | 0 | 0 |
| Total traction vehicles | 1,309 | 336 | 486 | 153 | 334 |

Note:

(1) Unit is reported as a single piece.

As of 31 December 2024, ČD owned 1,479 passenger train units with the average age of 37.95 years since the date of production and 22.40 years since the date of the last modernisation.

The below table provides an overview of the passenger train units owned by the Group and their age as of 31 December 2024:

| Passenger train units | Number of passenger train units | | | | |
|---------------------------------------|---------------------------------|------------|-------------|-------------|------------|
| | Inventory count by age | | | | |
| | Total | 0-10 years | 11-20 years | 21-30 years | Older |
| Sleeping and restaurant coaches | 73 | 5 | 46 | 19 | 3 |
| First class coaches | 82 | 5 | 36 | 24 | 17 |
| Mix class coaches | 62 | 4 | 26 | 0 | 32 |
| Second class coaches | 980 | 188 | 302 | 80 | 410 |
| Baggage coaches | 19 | 0 | 13 | 0 | 6 |
| Trailer coaches | 233 | 0 | 123 | 42 | 68 |
| Non-traction train set | 30 | 30 | 0 | 0 | 0 |
| Total passenger units | 1,479 | 232 | 546 | 165 | 536 |

Freight Transport Business

As of 31 December 2024, ČD Cargo’s fleet consisted of 879 traction vehicles. The average age of ČD Cargo’s fleet was 38 years (43 years for electric locomotives and 33 years for diesel locomotives). In the year ended 31 December 2024, ČD Cargo’s cost of maintenance of the rolling stock was CZK 254 million (excluding components).

The below table provides an overview age of the traction vehicles owned by ČD Cargo as of 31 December 2024:

| Traction vehicles | Number of traction vehicles for freight transport | | | | |
|--------------------------------------|---|------------|-------------|-------------|------------|
| | Inventory count by age | | | | |
| | Total | 0-10 years | 11-20 years | 21-30 years | older |
| Electric locomotives | 490 | 40 | 32 | 2 | 416 |
| Diesel locomotives | 389 | 91 | 39 | 17 | 242 |
| Total traction vehicles | 879 | 131 | 71 | 19 | 658 |

As of 31 December 2024, ČD Cargo owned 19,274 freight train units. The average age of ČD Cargo's freight train units was 35 years.

The below table provides an overview of the age of the towed freight train units owned by ČD Cargo as of 31 December 2024:

| Cargo train units | Number of cargo train units | | | | |
|-------------------------|-----------------------------|------------|-------------|-------------|--------|
| | Inventory count by age | | | | |
| | Total | 0-10 years | 11-20 years | 21-30 years | Older |
| Cargo train units | 20,544 | 1,885 | 1,228 | 1,352 | 16,079 |

Financial Indebtedness of the Group

This section provides an overview of the financial indebtedness of the Group, which is comprised of bonds issues, other debt instruments, bank debt and a promissory note programme (representing principal amount and disregarding, among other things, unamortised fees, discounts and accrued interest).

As of 31 December 2024, the Net Debt of the Group was CZK 78,088 million, of which CZK 59,401 million, or 76.1 per cent. (including the Issuer's obligation from cash pooling), was the Net Debt of the Issuer. As of 31 December 2024, 23.9 per cent. of the Net Debt of the Group was owed by the subsidiaries of the Issuer and, consequently, is structurally senior to the financial indebtedness of the Issuer under the Notes (see "*Risk Factors—Risks related to the Group's financial profile—A part of the Group's financial indebtedness is structurally senior to the financial indebtedness of the Issuer under the Notes*" for more information).

Overview

The following table provides a basic overview of outstanding bonds and other debt instruments (other than promissory notes) issued by the Group as of 31 December 2024:

| Group Member | Publicly traded | Nominal value (in millions) | Maturity | Coupon (in per cent.) |
|-------------------------------|-----------------|---------------------------------|------------------|--------------------------|
| Issuer | No | EUR 150 | 5 November 2029 | 3.50 |
| Issuer | No | EUR 77.5 | 3 June 2035 | 3.00 |
| Issuer | Yes | EUR 500 | 23 May 2026 | 1.50 |
| Issuer | Yes | EUR 500 | 12 October 2027 | 5.625 |
| Issuer | Yes | CZK 8,001 | 24 June 2029 | 5.50 |
| ČD Cargo ⁽¹⁾ | Yes | CZK 1,000 | 20 July 2025 | 2.55 |
| ČD Cargo ⁽¹⁾ | No | CZK 1,000 | 17 July 2026 | 2.17 |
| ČD Cargo ⁽¹⁾ | No | EUR 40 | 31 December 2028 | 1.92 |
| ČD Cargo ⁽¹⁾ | No | CZK 770 | 18 November 2026 | 2.09 |
| ČD Cargo ⁽¹⁾ | No | CZK 1,000 | 31 July 2027 | 1.65 |
| Total..... | | CZK 43,693⁽²⁾ | | |

Notes:

(1) The bonds are structurally senior to the indebtedness of the Issuer under the Notes.

(2) Converted using the CZK/EUR exchange rate as of 31 December 2024 at CZK 25.185 = EUR 1.00.

The following table provides a basic overview of the Group's promissory notes programme and revolving loan facilities as of 31 December 2024:

| Group Member | Type | Committed amount | Unused amount |
|-------------------------------|-------------------------------------|------------------|---------------|
| (in CZK millions) | | | |
| Issuer | Promissory Note Programme | 4,500 | 4,500 |
| ČD Cargo ⁽¹⁾ | Promissory Note Programme | 2,000 | 2,000 |
| Issuer | Committed revolving credit facility | 2,250 | 2,250 |
| ČD Cargo ⁽¹⁾ | Committed revolving credit facility | 50 | 50 |
| Total..... | | 8,800 | 8,800 |

Notes:

(1) The indebtedness under the promissory note programme is structurally senior to the indebtedness of the Issuer under the Notes.

The following table provides a basic overview of the Group's principal overdraft loan facilities as of 31 December 2024:

| Group Member | Type | Committed amount | Unused amount |
|---|-----------|--------------------------|---------------|
| | | <i>(in CZK millions)</i> | |
| Issuer | Overdraft | 2,700 | 2,700 |
| ČD Cargo ⁽¹⁾ | Overdraft | 1,800 | 633 |
| ČD Cargo Logistics ⁽¹⁾ | Overdraft | 10 | 10 |
| ČD Cargo Poland ⁽¹⁾ | Overdraft | 201 | 201 |
| ČD Cargo Slovakia ⁽¹⁾ | Overdraft | 38 | 38 |
| Total | | 4,749 | 3,582 |

Notes:

(1) The indebtedness under the loan is structurally senior to the indebtedness of the Issuer under the Notes.

The following table provides a basic overview of the Group's principal investment loan facilities as of 31 December 2024:

| Group Member | Type | Committed amount | Unused amount |
|-------------------------------|-----------------|---------------------------------|---------------|
| | | <i>(in CZK millions)</i> | |
| Issuer | Investment loan | 34,351 | 17,881 |
| ČD Cargo ⁽¹⁾ | Investment loan | 8,316 | 2,014 |
| Total | | CZK 45,267⁽²⁾ | 19,895 |

Notes:

(1) The indebtedness under the loan is structurally senior to the indebtedness of the Issuer under the Notes.

(2) Converted using the CZK/EUR exchange rate as of 31 December 2024 at CZK 25.185 = EUR 1.00.

The following table provides an overview of the maturity profile of the Group's financial indebtedness as of 31 December 2024 in the period from 2025 until 2036:

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 |
|---------------|-------------------------|--------|--------|-------|--------|-------|-------|------|--------|-------|-------|------|
| | <i>(in CZK million)</i> | | | | | | | | | | | |
| Maturing debt | 1,010 | 14,446 | 14,599 | 3,857 | 16,152 | 1,091 | 4,185 | 0 | 13,612 | 1,260 | 6,542 | 56 |

The terms of certain of the Group's financial indebtedness contain change of control and other restrictive provisions that, among other things, limit the ability of the Issuer, and in certain matters also its subsidiaries, to consolidate, merge or engage in certain other similar transactions; create security or quasi-security on assets; transfer, lease or sell assets; pay any dividend, charge, fee or other distribution; be a creditor in respect of financial indebtedness; and incur financial indebtedness, guarantees or indemnities. These undertakings are subject to a number of important limitations and exceptions.

In addition, the terms of certain of the Group's financial indebtedness contain customary events of default, such as, non-payment, breach of other obligations, misrepresentation, cross default, insolvency, and material adverse change.

Material Contracts

Certain contracts with a value exceeding the applicable thresholds set out in the Public Procurement Act are subject to procedures described in the Public Procurement Act and ČD must comply with these procedures before awarding such contracts. It is usually necessary to hold a public tender to which any entity fulfilling the qualification criteria may apply and submit its bid. Such tenders are, for instance, held to select suppliers of new rolling stock, electricity or diesel or providers of maintenance services. In exceptional cases, it is possible to award a contract directly to an entity selected by ČD. This can be done, for instance, in cases when a damaged rolling stock can be repaired only by its producer, because other entities are not capable of doing so (see “*Risk factors—Risks related to governmental regulations and laws—ČD can incur limitations on procurement due to the Public Procurement Act*” and “*Regulatory Framework—Public Procurement Laws*” for more information).

When awarding a contract for the provision of passenger transport in the public interest, the Czech Regions and the Ministry of Transport, respectively, must proceed in accordance with Act. No. 194/2010 Coll., on public services in passenger transport and on the amendment of other laws, as amended (the “**Public Services Transport Act**”). Under the Public Services Transport Act, the Czech Regions and the Ministry of Transport are authorised to award a passenger transport contract directly to a provider selected without holding a public tender. However, as a result of the gradual liberalisation of the railway market driven mostly by applicable EU regulation, from December 2023, all public railway transport contracts are subject to the principle requiring mandatory tendering.

(see “*The Regulatory Framework—Railway transport laws in the EU*” and “*Risk factors—Risks Related to the Group’s Business and Industries Generally—Industry risks—The Group is exposed to competition from other providers of rail transport*” for more information).

Passenger Transport Business

The Group considers the following agreements as the most material for its passenger rail transport activities:

- Regional passenger services – As of the date of this Prospectus, ČD is a party to several long-term contracts for the provision of regional passenger transport under the public service obligation with certain Czech Regions effective as from 15 December 2019, such as a ten-year contract with the city of Prague and a ten-year contract with the Středočeský region. Since 2019, ČD concluded several agreements for the operation of select regional lines with the Plzeňský region, Olomoucký region, Královéhradecký region, Ústecký region, Liberecký region, Jihočeský region, Moravskoslezský region and Jihomoravský region.
- Long-distance passenger transport – As of the date this Prospectus, ČD operates a total of 22 long-distance transport lines on the basis of eight public service contracts, the contracts with the longest term being until 2034.
- Agreement on the operation of railway transportation services on the state-owned and regional railways, entered into between ČD and SŽ on 18 December 2018 for an indefinite period. The agreement governs the capacity allotment, usage of railway infrastructure and other services, such as rail schedules.
- Electricity supply agreement – On 3 December 2018, ČD and SŽ entered into a contract for the provision of traction electricity by SŽ to ČD. Following an amendment signed on 6 February 2023, the contract has been extended for an indefinite period with a 12-month termination notice period. The contract specifies the conditions of traction electricity delivery.
- Sourcing of diesel – ČD is a party to a contract for the supply of diesel fuel with Čepro, a.s, entered into on 18 April 2023. This contract was awarded following a public tender which ČD carried out in accordance with the Public Procurement Act. At the same time, ČD is a party as the lessor to an agreement, entered into on 17 April 2023, for the rent of diesel fuel storage facilities to 30 June 2026. Both contracts expire on 30 June 2026.
- Supply of rolling stock – ČD is a party to a number of contracts concerning the supply of new or modernised train units and train coaches to ČD, which were awarded by ČD in multiple tenders. The most material of these contracts have been entered into with ŠKODA TRANSPORTATION, PESA Bydgoszcz SA, and Siemens as suppliers.
- Heavy maintenance and rolling stock repair services – ČD is a party to a contract with DPOV, a wholly-owned subsidiary of ČD, dated 22 December 2016, as amended, pursuant to which DPOV provides ČD with rolling stock repair services. In addition, ČD is also a party to contracts with CZ LOKO, a.s., Krnovské opravny a strojírny s.r.o., Českomoravská železniční opravna s.r.o., Železničné opravovne a strojárne Zvolen, a.s., and ŽOS Vrútky a.s., pursuant to which the suppliers provide ČD with heavy maintenance and rolling stock repair services. Other new external contractors have been selected following a public tender, which ČD carried out in accordance with the Public Procurement Act.

Freight Transport Business

The Group considers the following agreements as the most material agreements for its freight rail transport activities:

- Agreement on the operation of railway transportation services on the state-owned and regional railways – this agreement between ČD Cargo and SŽ was entered into in 2022 for an indefinite period.
- Electricity supply agreement – ČD Cargo and SŽ entered into a contract for the provision of traction electricity by SŽ to ČD Cargo for 2025. The contract specifies the conditions of traction electricity delivery. The agreement will terminate in case and at the same time as the capacity allocation agreement entered into between ČD Cargo and SŽ on 31 December 2009 for an indefinite period.

- Diesel engine oil supply agreement – this agreement between ČD Cargo and ČD was entered into in 2018 for an indefinite period. The agreement stipulates the conditions of diesel engine oil supplies. Each party has a right to terminate the agreement with a three-month termination period.
- Framework agreement on the supply of material – this agreement between ČD Cargo and ČD was entered into in 2018 for an indefinite period. The framework agreement stipulates the conditions of supply of replacement parts.

Related Party Transactions

ČD conducts related party transactions with other Group companies, and other entities owned by the State. Other than contracts concluded with the State and the Czech Regions (described in more detail in sections “*Liberalisation of the regulated regional passenger transport in the Czech Republic*” and “*Liberalisation of the regulated long-distance passenger transport in the Czech Republic*” above), contracts with SŽ and ČEZ Group are the most significant. The Group follows arm’s length principles for all related party transactions. See Note 31 to the Financial Statements.

SŽ

The relationship of the Group with SŽ is based on the evolution of the railway industry as outlined in “*Industry Overview*” below. SŽ, as the current owner and operator of the railway network in the Czech Republic, is responsible for the operation, modernisation and development of the railway system in the Czech Republic, which is essential for the Group’s business (see “*The Railway Network*”).

Pursuant to agreements on the operation of railway transportation services on the state-owned and regional railways (as defined in “*Material Contracts*”), the Group uses the railway network infrastructure operated by SŽ for carrying out its business activities. The relationship with SŽ has been formed by Government policies in respect of the railway industry in the Czech Republic in general and the restructuring of the Group in particular (see “*Overview—Relationship with SŽ*” and “*Property—Recent and Expected Sale of Property*”).

For transactions with SŽ and other related party transactions, please refer to Note 31 to the Financial Statements.

Disputes

In the ordinary course of its business, the Group is from time to time involved in litigation and arbitration activities regarding, among other things, damages, contractual relationships and real estate ownership. The 2024 Financial Statements include provisions created in relation to certain proceedings in the amount of CZK 2 million. As of the date of this Prospectus, the Group was involved in four material actions as defendant. An action is considered material when the amount in dispute exceeds CZK 50 million. The most relevant pending or potential material disputes and actions against the Group or related to the Group’s business activities are described below:

Alleged unlawful state aid claim

In April 2015, RegioJet filed a legal action demanding that ČD return state aid of approximately CZK 7 billion and default interest due to the alleged breach of the standstill clause (Article 108(3) of the Treaty on the Functioning of the EU) and unfair competition. The alleged unlawful state aid was in the form of allegedly excessive purchase price of CZK 12 billion for the assets required for the maintenance of the railway, which were transferred from ČD to SŽ in 2008 (see “*Overview—Relationship with SŽ*” for more information). Student Agency k.s., RegioJet’s parent company, later joined the legal action as a second claimant. On 6 February 2019 the court of first instance dismissed RegioJet’s and Student Agency’s claim in its entirety. In 2019, RegioJet and Student Agency have appealed to the appellate court against the decision of the court of first instance. The appeal was dismissed by the appellate court and the judgment in favour of ČD became final on 30 November 2020. Within the statutory limit for filing an extraordinary appeal, RegioJet filed an appeal to the Supreme Court. The Supreme Court reversed the previous decision and ordered the matter to be reheard. In January 2025, the court of first instance decided that ČD is not required to return the state aid as it dismissed RegioJet’s and Student Agency’s claim. This judgement has not become final as the claimants have filed a subsequent appeal to the appellate court.

Claims for damages by LEO Express

On 10 July 2014, LEO Express commenced proceedings against ČD for damages in the amount of CZK 419 million plus accessories. LEO Express claimed that it incurred these damages due to ČD’s alleged predatory pricing practices. On 10 December 2015, the Municipal Court in Prague dismissed LEO Express’s claim for lack

of evidence. LEO Express partially withdrew its legal action while filing an appeal against the Municipal Court in Prague's dismissal of the application to the extent of which there had been no withdrawal. In December 2016, LEO Express filed a new legal action against ČD for the amount of approximately CZK 434 million plus accessories for similar reasons. The second legal action mostly overlaps with the part of the legal action that had been withdrawn by LEO Express after its failure in the court of first instance. In March 2018, the High Court in Prague accepted the appeal from LEO Express for procedural reasons, set aside the first instance decision and returned the case to the Municipal Court in Prague. As of the date of this Prospectus 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. In 2022, the Municipal Court accepted the plaintiff's motion to replace the current plaintiff LEO Express Global a.s. with LEO Mobility s.r.o. (in the claim for payment of CZK 34 million) and with Mr. L. Novotný (in the claim for payment of CZK 434 million). ČD filed an appeal against this decision when LEO Mobility s.r.o. finally entered the proceedings for CZK 34 million, while it has not yet been decided on procedural succession with final effect in the proceedings for 434 million. On 23 June 2023, a judicial settlement was concluded in the proceedings for CZK 34 million based on which all claims of LEO Mobility s.r.o. were denied and LEO Mobility s.r.o. was ordered to pay the costs of proceedings amounting to CZK 2 million to ČD. As such, the dispute with respect to the claim for payment of CZK 34 million is concluded with final effect. At the beginning of 2025, the court decided with prejudice on the standing to bring the action in Mr. L. Novotný's claim for CZK 434 million. Currently, ČD is waiting for further court procedure.

Alleged cartel agreement between ČD and ÖBB for the sale of disposed railway vehicles

In June 2016, the European Commission carried out a local inspection at the headquarters of ČD. The inspection was part of the European Commission's investigation into whether ČD, ZSSK and ÖBB concluded a cartel agreement with regards to the sale and purchase of railway vehicles for the purpose of restricting the entrance of new train operators to the market. In July 2021, official proceedings have been initiated by the European Commission against ČD. In June 2022, ČD and ÖBB received a statement of objections from the European Commission regarding the alleged cartel agreement for the sale of disposed rolling stock. Afterwards, in October 2024, the European Commission issued a decision, finding that ČD and ÖBB had colluded to block RegioJet from the market by restricting access to used wagons, hindering competition in rail passenger transport. The cartel agreement is alleged to have been performed between 2012 and 2016. ČD was fined EUR 31,940,000 (equivalent CZK 800 million). ČD made a provisional payment of the fine in January 2025 in the full amount, nevertheless, appealed the decision before the judicial authorities of the European Union, arguing that the European Commission failed to take into account all relevant facts, including the fact that ČD did not actually enjoy any preferential treatment in the purchase of used vehicles. In May 2025, RegioJet approached ČD with a request to enter into a settlement agreement to compensate RegioJet for the damages allegedly suffered by it as a result of this alleged cartel agreement. ČD considers the presented alleged claim for damages unsubstantiated and, as of the date of this Prospectus, no settlement agreement has been entered into between ČD and RegioJet.

Legal action filed by Pojazdy Szynowe PESA Bydgoszcz SA to increase the price of supplied units

In December 2024, Pojazdy Szynowe PESA Bydgoszcz SA, one of ČD's key suppliers of rolling stock, filed a legal action, which seeks to amend the purchase agreement for the supply of RegioFox units concluded with ČD on 17 December 2021. The purchase agreement was concluded on basis of a framework agreement dated 26 February 2021. So far a total of four purchase agreements have been concluded. Under the disputed purchase agreement, Pojazdy Szynowe PESA Bydgoszcz SA is required to deliver a total of 33 units. The claimant now seeks to amend the purchase agreement, arguing that circumstances arising from Covid-19 pandemics and the war in Ukraine have led to significant changes, creating a gross imbalance in the mutual performances of the contracting parties. In particular, Pojazdy Szynowe PESA Bydgoszcz SA is seeking an increase in the unit price of the RegioFox units by 21.3 per cent., amounting to CZK 19 million per unit (totalling to CZK 629 million for 33 units, respectively), excluding VAT.

Licences and Insurance

Licences

Pursuant to the Railway Act, a valid national licence must be obtained for the provision of railway transport. To obtain this licence, certain prerequisite conditions must be met including, among others, professional capability, integrity and the operability of rail cars for conducting the railway business.

Passenger Transport Business

As of the date of this Prospectus, ČD holds all required licences for the provision of passenger transport in the Czech Republic, including a licence for the performance of rail transport services within the European Union and the European Economic Area according to Directive 95/18/EC, as amended by Directive 2001/13/EC and the relevant national legislation, as well as a single safety certificate of the railway undertaking. This certificate confirms acceptance of the railway undertaking's safety management system (SMS), including the provisions adopted by the railway undertaking to meet specific requirements necessary for safe operation on the relevant network(s), in conformity with Directive (EU) 2016/798 and applicable national legislation. ČD also holds a certification of the transport company (pursuant to the Railway Act) that is awarded based on compliance of the operation and safety management systems with the Ministry of Transport Regulation No. 376/2006 Coll. The licence has been awarded for an indefinite period of time and the certification under the Railway Act is valid for five years.

Freight Transport Business

As of the date of this Prospectus, ČD Cargo holds all required licences for the provision of freight transport in the Czech Republic, including a licence and a certification of the transport company (pursuant to the Railway Act) that is awarded depending on compliance of the operation and safety management systems with the Ministry of Transport regulation no. 376/2006 Coll. The licence has been awarded for an indefinite period of time as is the current certification.

To be eligible to provide freight transport outside of the Czech Republic, ČD Cargo needs to be awarded all licences and certifications as requested by the respective countries. These may include, among other things, the requirement that ČD Cargo's drivers have passed all prerequisite exams. As of the date of this Prospectus, ČD Cargo can provide freight transport, based either on its own license or through its subsidiaries in Poland, Germany, Slovakia, Austria, Hungary and Croatia. ČD Cargo is planning to expand into further countries.

Insurance

The Group maintains a comprehensive set of insurance policies to cover those risks that it believes to be common in the area of its key activities.

As of the date of this Prospectus, the Group does not maintain insurance in relation to damages to train units due to lower benefits of such insurance (insurance premiums demanded by insurance companies are relatively high). ČD believes that this is a common business practise among other European rail transport operators.

ČD maintains the following insurance cover:

- third party liability insurance for long-distance and regional transport (environmental damage insurance included) for claims up to CZK 300 million for an individual incident, and an aggregate total of CZK 600 million in one year (this insurance carries an excess of CZK 3 million per event);
- third party liability insurance for its fleet of cars for claims up to CZK 70 million for each incident (there is no excess);
- car insurance coverage (CASCO insurance) for its fleet of cars with an age of up to three years. The total amount that may be claimed varies depending on the value of the car (there is an excess of 2 per cent. of the value of the claim, with a minimum excess of CZK 2,000);
- directors' and officers' liability insurance (D&O) up to a total amount of CZK 2 billion;
- statutory insurance for damage during occupational accident or disease; and
- minor insurance policies, such as property insurance with respect to booking offices and stores.

ČD Cargo maintains the following insurance cover:

- third party liability insurance arising from rail vehicle operations on national and regional routes and a third party liability insurance of a holder of railway vehicles in Europe (except for Germany) (up to a liability cap of CZK 250 million);

- third party liability insurance of a holder of railway vehicles in Germany (up to a liability cap of EUR 2x20 million annually);
- third party liability insurance arising from the operation of railway transport in Austria;
- third party liability insurance arising from the operation of railway transport in Germany;
- directors' and officers' liability insurance (D&O) up to a total amount of CZK 1 billion;
- third party liability insurance arising from provider/ lessor/ lessee traction vehicles or personnel in Europe (up to liability cap of CZK 100 million);
- car insurance coverage of selected engine vehicles for the Czech Republic and selected European states; and
- other insurance coverage, such as property insurance and other operational activities.

The Group has not made any material insurance claims under any of these policies.

Environmental Protection

Passenger Transport Business

ČD's Department of Quality Assurance and Environmental Protection under the Rolling Stock Division is responsible for supervising and monitoring ČD's implementation of legislative amendments and compliance with all relevant legislation. For this purpose, the Group established the Register of Legal and Other Requirements, which is updated regularly, so that ČD's organisational units and members of the Group are informed about any relevant changes in the area of environmental protection without undue delay so that internal regulations can be updated and relevant training provided as soon as practicable. ČD's internal policies aim to ensure compliance with applicable environmental legislation and the Group's executive management is updated regularly on any relevant legislative changes or new legislation coming into effect.

In order to comply with environmental regulations, the Group focuses, among others, on the following areas and activities:

- Waste management: disposal of hazardous and other waste so that it can be used or disposed of; establishing a register of waste types and waste management; monitoring waste production and checking the appropriate classification of individual waste types into categories; reduction of hazardous waste; checking the obligatory system of taking back selected used products; checking waste collection and sorting.
- Water management: monitoring the quality of drinking and sewage water; updating emergency plans for establishments in which hazardous substances are handled; and updating the simplified emergency plans for all railway stations.
- Air protection: checking the technical state and operation of the combustion stationary source; measuring air pollution; measuring the efficiency of energy use; and checking and cleaning the combustion gas circuit.
- Nature and landscape protection: maintenance of greenery, with an emphasis on the safety of operations and the travelling public, and the removal of weeds, where a mechanical process is preferred to the use of chemicals.
- Chemical substances and agents: training and supervising the management of chemicals and chemical substances.
- Spillages of harmful substances: remediation of the consequences of spillage of hazardous harmful substances into the environment is carried out in accordance with the requirements of the relevant statement administration authority.

- Rehabilitation of soil and underground water: rehabilitation of soil and underground water and elimination of the consequences of extraordinary emergency leakage of hazardous substances into the environment.

ČD holds an annual environmental audit that is aimed at monitoring individual environmental issues at ČD. Results of the audit are presented to local state administration authorities.

ČD holds management system certificates under ČSN EN ISO 9001:2015, ČSN EN ISO 45001:2018 and ČSN EN ISO 50001:2018. As of the date of this Prospectus, the certification authority has certified that ČD's management system is in accordance with the requirements of the above ISO management system standards. Annual re-certification and oversight audits evaluate whether the system is being maintained and continually improved.

Freight Transport Business

In 2008, ČD and ČD Cargo entered into a cooperation agreement with respect to certain environmental matters regarding the repairs of the rolling stock units by ČD Cargo. The issues outlined in the agreement include, among other things, reduction of waste production, enhancing of building insulation, prevention of diesel leakages in the soil and mitigation of risks associated with ecological disasters. In 2022, ČD Cargo obtained ECM certification for the maintenance of freight wagons.

ČD Cargo holds an environment management system certificate indicating compliance with the code of conduct relating to environmental policy within the Czech Republic. As a result of a re-certification audit, ČD Cargo received certification under ČSN EN ISO 9001:2015, ČSN EN ISO 45001:2018, ČSN EN ISO 14001:2015 and ČSN EN ISO 50001:2018.

International Cooperation

ČD is a member of various international organisations and plays an active role in the development of international cooperation, predominantly with respect to international organisations within the rail transport sector and international projects, mainly in order to enhance the Group's position in the market. The Group's key partnerships are those with the Community of European Railway and Infrastructure Companies ("**CER**"), the UIC, The Organisation for Cooperation of Railways ("**OSJD**") and SHIFT²RAIL. SHIFT²RAIL is a European rail technology initiative supporting research and innovation of new technologies. ČD acts on behalf of the whole Group during strategic international meetings; the relevant stances for individual areas are discussed regularly with all Group entities. In 2021, the Board of Directors decided that ČD shall become a founding member of Europe's Rail partnership. The new partnership builds on the previous SHIFT²RAIL joint venture.

CER

CER's role is to represent the interests of its members in the EU policy-making scene, in particular to support an improved business and regulatory environment for European railway operators and railway infrastructure companies. CER's main focus is to promote a strong rail sector and industry, which is essential to the creation of a sustainable, efficient, effective and environmentally sound transport system.

UIC

The UIC mission is to promote rail transport globally and meet the challenges of mobility and sustainable development. ČD representatives are actively participating in all key bodies and thus contributing to maintaining the high level of the technical and operational norms and recommendations – primarily the UIC leaflets.

OSJD

The Organisation for Cooperation of Railways promotes international rail transport between Europe and Asia with the goal of unifying transport policies, technical standards and international law governing transport, helping to increase rail transport competitiveness and developing business relationships, especially with Eastern European and Asian countries.

MANAGEMENT AND EMPLOYEES

ČD is governed by the Steering Committee, the Board of Directors and the Supervisory Board. The Steering Committee is a special body through which the Government exercises its rights as the sole shareholder of ČD. The Board of Directors represents ČD in all matters and is charged with its day-to-day business management (together with the General Directorate), while the Supervisory Board is an independent body responsible for the supervision of ČD's activities and of the Board of Directors in its management of the ČD and which resolves on matters defined in the Articles of Association. Under the Czech Corporations Act, the Supervisory Board may not make management decisions. However, certain matters defined below are subject to the approval of the Supervisory Board. ČD has established a special supervisory body, the Audit Committee. Further, the Supervisory Board established the Real Estate Disposal Committee, the Remuneration Committee and the Rolling Stock Committee.

ČD complies with the corporate governance requirements of the Act on Czech Railways and the Czech Corporations Act.

The Steering Committee

The Government exercises its rights as the sole shareholder of ČD through the Steering Committee. It meets every quarter and resolves on essential corporate governance and business management issues of ČD. The business address of each member of the Steering Committee is at Nábřeží L. Svobody 1222, 110 15 Prague 1, Czech Republic.

Pursuant to the Act on Czech Railways, the Steering Committee has seven members: three representatives of the Ministry of Transport and one representative of each of the Ministry of Finance, the Ministry of Defence, the Ministry of Industry and Trade and the Ministry for Regional Development. Members of the Steering Committee are appointed for an indefinite period until the Government revokes their position.

Set out below are members of the Steering Committee of ČD as of the date of this Prospectus and their positions with the relevant Ministries:

| Name | Position | Position within the Relevant Ministry |
|--------------------------|-----------------|---|
| Mgr. Jakub Kopřiva | Chairman | Senior Director of the Legislative and Legal Section of the Ministry of Transport |
| Mgr. Václav Bernard | Vice-Chairman | Deputy Member of the Government, Ministry of Transport |
| Ing. Luděk Sosna, Ph.D. | Member | Director of the Department of strategy of the Ministry of Transport |
| Ing. Eduard Muřický | Member | Deputy Chief Director of the Economic Section of the Ministry of Industry and Trade |
| Ing. Petr Pavelek, Ph.D. | Member | Deputy Chief Director of the Public Budgets Section and Director of the National Debt and Financial Assets Management Department of the Ministry of Finance |
| Ing. Richard Vítek | Member | Director of the Department of the chapter administration of the economic section of the Ministry of Defence |
| Mgr. Leo Steiner | Member | Senior Director of the European and National Programmes Section of the Ministry of Regional Development |

The Board of Directors

The Board of Directors is ČD's statutory body. It represents ČD in all matters and is charged with its day-to-day business management and all matters other than those that are within the responsibility of the Supervisory Board, the Audit Committee or the Steering Committee pursuant to the Articles of Association or the applicable laws. The Board of Directors is fully independent with respect to the business management of ČD, unless the Act on Czech Railways, the Czech Corporations Act or other laws or regulations provide otherwise.

Pursuant to the Articles of Association, the Board of Directors has five members: the Chairman, who is the Chief Executive Officer of ČD and also the head of the General Directorate, a Vice-Chairman and three members. All members are appointed by the Supervisory Board for a term of five years. Re-election is permitted and the members might be revoked by the Supervisory Board before the end of their term.

The Board of Directors generally meets once every two weeks, and no less than once every month. The business address of each member of the Board of Directors of ČD is at Nábřeží L. Svobody 1222, 110 15 Prague 1, Czech Republic.

The positions of the Chairman of the Board of Directors and the Chief Executive Officer are combined. Members of the Board of Directors are obliged to serve with necessary loyalty as well as necessary knowledge and care and to bear full responsibility for such tasks, as required by the Czech Corporations Act.

Set out below are members of the Board of Directors of ČD as of the date of this Prospectus:

| Name | Background |
|---|--|
| Mgr. Michal Krapinec <i>Chairman and Chief Executive Officer</i> | A graduate of the Faculty of Law of Charles University in Prague, majoring in law and legal science. He started his career in advocacy and has been working for the ČD Group since 2012. At ČD Cargo, he held the position of secretary of ČD's management and subsequently took over the department of property management, where he was in charge of foreign expansion. He later served as a member of the Board of Directors of ČD Cargo Logistics, a.s. and a member of the Supervisory Board of ČD - Informační systémy. Subsequently at ČD, he led the department of strategy and property management and the project office department. In June 2020, he was elected a member of the Board of Directors of ČD Telematika, and in September of the same year he became the Chairman of the Board of Directors of ČD Telematika. In April 2022, he was elected to lead ČD as the Chairman of the Board of Directors and Chief Executive Officer. |
| Mgr. Michal Kraus, MSc. <i>Vice-Chairman of the Board of Directors</i> | Michal Kraus received pedagogical, legal and economic education. In the early 1990s, he worked for Czech Radio. After 1993, he joined Škoda in Pilsen, where he held several positions, e.g. the Head of the Office of the General Director and the Human Resources Director. In 2000, when the company was already operating on the market as Škoda Holding, he became a member of the Board of Directors. In 2002, he started working for Czech Airlines in the position of Human Resources Vice President. From February 2004 to June 2019 he held the position of CEO of the Pilsen City Transport Companies. Since 2015, he has led the Association of Transport Companies of the Czech Republic, and since 2014 he has also held the position of the Chairman of the Board of Directors of PMDP. He has been a member of the ČD's Board of Directors and held the position of the Deputy General Manager for Operations since 14 October 2019. Since 1 July 2023, he has been responsible for the service section. |
| Mgr. Blanka Havelková <i>Member</i> | A graduate of the Faculty of Arts of Charles University in Prague, majoring in Pedagogy, specialising in social pedagogy, personal and social development, and pedagogical-psychological counselling. During her studies, she worked for the Research Institute of Pedagogy in Prague, where she was in charge of European social funds and personal social development of children at school. In 2008, she joined the personnel department of ČD, where she focused on employee training, and later worked as the head of training in the mentioned department. In 2016, she became the Chairwoman of the Board of Directors at DVI, a subsidiary of ČD. At DVI, she focused on developing and expanding a portfolio of services, including projects supporting the care of the Group's employees and their children. In February 2022, she was elected to the Board of Directors of ČD as the Deputy CEO for Human Resources. |
| Ing. Jiří Jeřeta <i>Member</i> | After graduating from the Secondary Industrial School of Transport in Strakonice in 1994, he started working for ČD as a dispatcher and continued his studies at Jan Perner Transport Faculty of the University of Pardubice in the field of Technology and Traffic Management. In 2001, he joined the Control Department of ČD's General Directorate. He gradually held several managerial positions in the General |

| Name | Background |
|--|---|
| | Directorate of ČD, for example, he was the Director of the Office of the Deputy General Director for Trade and Marketing, the Director of the Passenger Transport Department or the Director of the Regional Transport Department. He was appointed as the Deputy General Manager of ČD for Trade and as a member of the Board of Directors of ČD in May 2020. Since 1 July 2023, he has been responsible for the passenger transport section. |
| Ing. Mgr. Lukáš Svoboda <i>Member</i> | A graduate of the Faculty of Management at the University of Economics in Prague and the Faculty of Law at Palacký University in Olomouc. He worked in the audit department of PricewaterhouseCoopers, then in the Mergers and Acquisitions department of the same company. In 2013-2014 he worked as a finance manager for Informační linky. From 2014 to 2018, he worked as the director of the controlling division, later as the director of the finance department of Česká pošta. From 2014 to 2020, he was a member of the Board of Directors of Poštovní tiskárna cenin in Prague. From 2019, he worked for ČD - Telematika as a CFO and was also responsible for purchasing, logistics and asset management. In April 2022, he was elected to the Board of Directors of ČD as Deputy CEO for Economics and Purchasing. |

The Supervisory Board

The Supervisory Board is an independent body of ČD with the power, among other things, to: (i) elect the members of the Board of Directors, (ii) supervise the Board of Directors in its management of ČD and its business activities; (iii) inquire into ČD's financial matters and review ČD's financial statements; (iv) grant prior consent to certain key decisions of the Board of Directors, including disposals of certain assets; (v) review the report on ČD's business activity and its assets and submit its opinion to the Steering Committee regarding the same; and (vi) approve the annual business plan, including the business strategy, and budgets of railway transport operations of ČD. The business address of each member of the Supervisory Board is at Nábřeží L. Svobody 1222, 110 15 Prague 1, Czech Republic.

Pursuant to the Articles of Association, the Supervisory Board has six members. Four members are elected by the Steering Committee and two members by the employees of ČD, all for a term of five years with possible re-election.

The Supervisory Board generally meets once a month, however no less than once every three months.

The following table sets forth the members of the Supervisory Board as of the date of this Prospectus and their positions with the relevant institutions:

| Name and position with the relevant institutions | Position within the Supervisory Board and appointment date |
|---|--|
| Ing. Miroslav Zámečník | Chairman of the Supervisory Board since 15 February 2022. Member of the Supervisory Board since 11 February 2022. |
| Ing. Josef Suchánek | Member of the Supervisory Board since 2 November 2024. |
| Mgr. Filip Terš | Member of the Supervisory Board since 6 August 2024. |
| Mgr. Michal Vozobule | Member of the Supervisory Board since 1 January 2023. |
| Věra Nečasová | Member of the Supervisory Board since 1 January 2024. |
| Štěpán Lev | Member of the Supervisory Board since 1 January 2024. |

The Audit Committee

The Audit Committee is a special supervisory body. The Audit Committee's decision-making procedure is stipulated by the ČD's Articles of Association and Act No. 93/2009 Coll., on auditors, as amended. Its most significant activities include:

- monitoring of the procedure of preparing the financial statements and the consolidated financial statements;
- monitoring of the efficiency of internal controls and of ČD's risk management system and internal audit system ensuring its functional independence;
- monitoring of the process of the compulsory audit of the financial statements and the consolidated financial statements;
- assessment of the auditors' and audit company's independence; and
- recommending external auditors to the Supervisory Board.

The members of the Audit Committee are appointed for a five-year term and recalled by the Steering Committee. The Audit Committee consists of three members. The Audit Committee meetings are held as and when needed, however at least four times a year. The business address of the Audit Committee is at the registered office of ČD.

The following table sets forth the members of the Audit Committee as of the date of this Prospectus:

| Name | Position within the Audit Committee |
|------------------------|--|
| PhDr. Tomáš Vyhnánek | Chairman |
| Ing. Otakar Hora, CSc. | Vice-Chairman |
| Ing. Lenka Hamplová | Member |

Principal Activities Outside of the Group

The following table provides an overview of principal activities significant to the Group, performed by members of ČD's bodies outside of the Group (beyond the positions outlined above):

Members of the Board of Directors:

| | |
|-------------------------|---|
| Mgr. Michal Krapinec | - |
| Mgr. Michal Kraus, MSc. | - |
| Mgr. Blanka Havelková | - |
| Ing. Jiří Jeřeta | - |
| Ing. Mgr. Lukáš Svoboda | - |

Supervisory Board Members:

| | |
|------------------------|---|
| Ing. Miroslav Zámečník | Member of the supervisory board of BVCE a.s.; Česká exportní banka, a.s.; WEDOMWILL a.s. and Nadační fond CCBC. |
| Ing. Josef Suchánek | - |
| Mgr. Filip Terš | - |
| Mgr. Michal Vozobule | - |
| Věra Nečasová | - |
| Štěpán Lev | - |

Steering Committee Members:

| | |
|-------------------------|---|
| Mgr. Jakub Kopřiva | - |
| Mgr. Václav Bernard | - |
| Ing. Luděk Sosna, Ph.D. | - |
| Ing. Eduard Muřický | - |

| | |
|--------------------------|--|
| Ing. Petr Pavelek, Ph.D. | Member of the board of directors of European Investment Bank Member of the supervisory board of Vojenská zdravotní pojišťovna České republiky |
| Ing. Richard Vítek | - |
| Mgr. Leo Steiner | - |

Audit Committee Members:

| | |
|------------------------|--|
| PhDr. Tomáš Vyhnánek | Deputy Minister of Finance |
| Ing. Otakar Hora, CSc. | Sole shareholder and director in ABAconcept s.r.o. Shareholder and member of the board of directors of ABarent s. r. o. |
| Ing. Lenka Hamplová | Member of the supervisory board of Ředitelství silnic a dálnic s.p. |

Conflicts of Interest

According to representations made by each member of the Steering Committee, the Supervisory Board, the Board of Directors and the Audit Committee, there are no conflicts of interest or potential conflicts of interest between any duties owed to the Group and their private interests or other duties.

Employees

The Group is one of the ten largest employers in the Czech Republic. In 2024, the average number of pro-rated to full-time employees at ČD was 13,216; at ČD Cargo and its subsidiaries, it was 8,334 and at the entire Group it was 21,550. Historically the Group has enjoyed good labour relations and it is committed to maintaining these relationships. The Group believes it also incurs lower costs associated with labour than many of its European peers.

The Group has benefited from streamlining its operations without triggering any major industrial actions. There has been no strike of the Group's employees since 2011 when the trade unions protested against the austerity measures implemented by the Czech Government. In 2020 and 2021, ČD continued its transformation process to a modern and effectively operating business. Accordingly, human resources work focused on optimising the structure as well as a socially-considerate reduction in the number of employees while maintaining the employment rate necessary for the effective operation of the Group and the increase in the quality of services provided. The management of the Group expects this optimisation of the number of employees to continue in 2025.

The Group also provides its employees with various benefits in the field of education, employee care and financial support provided by the endowment fund.

In the field of education, the Group, in cooperation with the DVI, which is the Group's subsidiary, provides train drivers with training on railway simulators and trains operational employees of integrated transportation systems of individual regions. DVI holds accreditations for the training of key professions in the field of railway transportation and the performance of psychological examinations. It has a wide network of classrooms, a team of experts in the subject fields of education, provides languages courses and training in the field of soft skills and thus is the Group's important partner for the continuous deepening of its employees' qualification. In the field of employee care, the Group aims to meet the reconditioning needs of its employees in key operating positions and offers healing and relaxation stays, as part of employee care, by the subsidiaries ČD Travel and ČD Relax s.r.o.

In 2020, the Group endowment fund *Nadační fond Skupiny ČD – ŽELEZNICE SRDCEM* (the “**ČD Endowment Fund**”) was established. Its role is to support the Group's employees who have suffered an accident while performing their profession or who, through no fault of their own, have found themselves or their families in difficult life situations. Further, the fund aims to make life easier, at least partially, for former employees whose lives in the course of the railway profession have been irreversibly changed. It supports education and activities of children of railway workers in a difficult life situation associated with injury or serious illness. Since its establishment, the fund has supported dozens of colleagues and their families in an aggregate amount of CZK 23.1 million. During 2024, the ČD Endowment Fund managed to collect from its donors CZK 879 thousand and made endowment contributions to support the Group's employees and their families in the amount of CZK 9.3 million. As of 31 December 2024, the balance on the ČD Endowment Fund's account corresponded to CZK 18.9 million.

Other than management and professional personnel, the majority of the Group's employees is represented by local trade unions. The Group's employees are covered by one collective agreement, which is usually entered into for one calendar year.

The table below shows the annual average pro-rated full-time equivalent number of employees for the years 2024 and 2023:

| Annual average number of employees (pro-rated to full-time employees) | 2024 | 2023 |
|--|-------------|-------------|
| The Group | 21,550 | 21,823 |
| ČD | 13,216 | 13,380 |
| ČD Cargo and its subsidiaries | 8,334 | 8,443 |

Passenger Transport Business

Pursuant to the collective agreements for 2025 and 2024, ČD employees whose employment relationships have been terminated due to (i) the employee's redundancy as a result of ČD's decision to change the goals of ČD or to reduce the number of employees in order to increase work efficiency; (ii) full or partial closure or relocation of ČD; or (iii) being certified as incapable of performing his/her work for a prolonged period as a consequence of a medical condition, are under certain circumstances (taking into account factors such as the length of employment at ČD) entitled to severance pay amounting to up to ten months' average salary (with certain limitations in the calculation of the average salary) in addition to the severance pay set out in the Labour Code (262/2006 Coll.), as amended (the "**Labour Code**").

The average annual headcount of employees at ČD decreased by 164 or 1.22 per cent., to 13,216 for the year ended 31 December 2024 as compared to 13,380 employees for the year ended 31 December 2023, primarily due to the human resources optimisation process within the Group.

According to ČD's consolidated financial statements, staff costs of the Passenger Transport Business for the years ended 31 December 2024 and 2023 amounted to CZK 10,498 million and CZK 10,265 million, respectively, and included severance payments to employees, benefits resulting from the collective agreement in force and other employee benefits. As of 31 December 2024 and 2023, severance payments made by the Group pursuant to the collective agreement for the year ended 31 December 2024 and 2023, which go beyond the requirements of the Labour Code, totalled CZK 87.2 million and CZK 60.5 million, respectively.

The average monthly salary of full-time equivalent ČD employees increased by CZK 3,670, or 8.00 per cent., to CZK 49,566 in 2024 as compared to CZK 45,896 in 2023.

Freight Transport Business

The average headcount pro-rated to full-time employees at ČD Cargo and its subsidiaries decreased by 109 or 1.29 per cent., to 8,334 for the year ended 31 December 2024 as compared to 8,443 employees for the year ended 31 December 2023.

Staff costs of the Freight Transport Business for the years ended 31 December 2024 and 2023 were CZK 5,530 million and CZK 5,402 million, respectively.

The average monthly salary of ČD Cargo employees increased by CZK 544 or 1 per cent., to CZK 48,544 in 2024 as compared to CZK 48,000 in 2023.

Pension Plans

ČD and ČD Cargo are not required to, and do not provide any pension plan for their employees. However, they contribute towards the pension insurance of their employees. Except for liabilities towards employees arising from the timing difference between expensing and paying for wages and salaries, the Group is not exposed to any other material liabilities towards its current employees or former employees.

According to the collective agreements for 2025 and 2024, ČD provides its employees with life and pension insurance in the expected amount of CZK 155.6 million and CZK 159.0 million, respectively.

INDUSTRY OVERVIEW

The industry can be divided between two sectors: passenger transport services, which serve the purpose of transporting individuals across the country, around a particular region or over agglomerations, and commercial freight services, which enable the transport of cargo over distance at a relatively low cost compared to other modes of transport. The passenger transport sector is partially liberalised (see “*Description of the Issuer—Pricing, Payments and Tariff Regulation—Passenger Transport Business – Regional—Liberalisation of the regulated regional passenger transport in the Czech Republic*” and “*Description of the Issuer—Pricing, Payments and Tariff Regulation—Passenger Transport Business - Long-Distance (domestic and international)—Liberalisation of the regulated long-distance passenger transport in the Czech Republic*” for more details). Any enterprise (meeting the statutory requirements) can enter the railway freight competition. The Group’s main competitors on the passenger market are the Czech Republic-based companies RegioJet, Arriva, GW Train Regio and LEO Express, and METRANS Rail s.r.o., LOKORAIL, a.s., Rail Cargo Carrier - Czech Republic, s.r.o., ORLEN Unipetrol Doprava, s.r.o., and IDS Cargo, a.s. on the freight market. For the level of competition represented by the distribution of market shares see “—*Passenger Transport—Domestic Passenger Market*” and “—*Freight Transport—Domestic Freight Market*”.

Depending on the sector, the industry faces competition from other modes of transport, such as road vehicles and air transport.

Infrastructure

The infrastructure, i.e. the tracks and overhead lines and related equipment, is owned by the Czech Republic through the state organisation SŽ. SŽ charges fees to the railway operators (e.g. the Group and its competitors) for the use of the infrastructure and ensures its maintenance and development with the help of the State Fund of Transport Infrastructure (*Státní fond dopravní infrastruktury (SFDI)*).

As part of the preparation and implementation of investment projects on the railway infrastructure, the total volume of investment subsidies received exceeded almost CZK 40 billion in 2023. Compared to 2022, a record year in the history of monitoring investment funds invested in railway infrastructure, the drawing of subsidy funds for investments decreased in 2023 by CZK 3.6 billion, representing a year-to-year decrease by approximately 5.6 per cent., according to the Transport Yearbook 2023 published by the Ministry of Transport (the “**Transport Yearbook 2023**”).²¹

The Czech Republic and the EU are currently enacting policies that focus on shifting the majority of long and mid-distance freight and mid-distance passenger transport from the road to the railway, which will require further investments by the State in the railway infrastructure on the one hand and further investments into rolling stock by the operators on the other. The Czech Republic will therefore require the creation of separate infrastructures for freight and passenger trains by 2050 (passenger and freight trains currently share one common infrastructure which creates bottlenecks and hurdles, resulting in network capacity issues), according to the Trans-European Transport Network (TEN-T), a European Commission policy directed towards the implementation and development of a Europe-wide network of roads, railway lines, inland waterways, maritime shipping routes, ports, airports and rail-road terminals.

The Czech Republic’s railway infrastructure is extensive relative to the size of the country. The density of the railway network in the Czech Republic is high, exceeding that of Poland, Romania, the Netherlands, France, Hungary, Luxembourg and Slovakia. This high density of the rail network allows railway carriers to operate competitively against other modes of transport.

²¹ Source: Ministry of Transport Yearbook 2023, available at <https://www.sydos.cz/cs/rocnky.htm>.

The below table provides a comparison of the total length and the density of the railway network of the Czech Republic and the railway network of selected EU countries as of 31 December 2024:

| Country | Railway length | Railway density ⁽¹⁾ |
|----------------------|----------------|--------------------------------|
| | (km) | (km per 1,000km ²) |
| Czech Republic | 9,348 | 118.5 |
| Germany | 33,464 | 93.6 |
| Hungary | 6,980 | 75.1 |
| Slovakia | 3,630 | 74.1 |
| Poland..... | 18,806 | 60.1 |
| France | 27,603 | 50.3 |
| Bulgaria | 4,029 | 36.3 |

Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition) available at <https://uic.org/support-activities/statistics/>.

Notes:

(1) Density is calculated by dividing the total track length in a country in kilometres by the country's area in thousands of square kilometres.

The below table provides an overview of the eight largest railroad businesses in the EU according to train-kilometres serviced in the years ended 31 December 2023 and 2022:

| Country | Carrier | Train-kilometres | |
|----------------------|---------|-----------------------------|-------|
| | | 2023 | 2022 |
| | | (millions train-kilometres) | |
| Germany..... | DB AG | 724.9 | 761.8 |
| France..... | SNCF | 387.9 | 406.0 |
| Italy | FS SpA | 257.1 | 253.7 |
| Spain | RENFE | 170.5 | 163.8 |
| Czech Republic | ČD | 139.9 | 139.8 |
| Netherlands | NS | 114.2 | 118.0 |
| Austria..... | ÖBB | 165.9 | 138.0 |
| Hungary..... | MAV | 92.1 | 87.1 |

Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition) and 2023, available at <https://uic.org/support-activities/statistics/>, ČD Annual Report 2024, available at <https://www.ceskedrahy.cz/en/investors/financial-reports>, ÖBB-Presse.

The table below provides an overview of the railway share in modal split by transport type in selected in EU countries as an average for a 10-year period ended 31 December 2022:

| Country | Railway share in modal split by transportation type |
|----------------------|---|
| | (in per cent.) |
| Germany | 7.5 |
| Poland..... | 6.2 |
| Czech Republic | 7.6 |
| EU | 6.4 |
| Belgium..... | 6.7 |
| Hungary..... | 7.2 |
| Italy | 5.3 |
| Romania | 3.4 |
| Latvia | 2.9 |

Source: Eurostat, modal split of air, sea and inland passenger transport, available at: https://ec.europa.eu/eurostat/databrowser/view/tran_hv_ms_psmo/default/table?lang=en

The below table provides an overview of the number of carriers in the Czech Republic in the years ended 31 December 2017 to 2024:

| Year | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------------|------|------|------|------|------|------|------|------|
| No. of carriers | 111 | 118 | 120 | 126 | 122 | 107 | 103 | 99 |

Source: SŽ Annual Report 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

The number of carriers utilising the railway infrastructure in the Czech Republic has increased from 99 in 2017 to 111 in 2024.

Passenger Transport

Modes of Passenger Transport

The below table provides an overview of the performance of the different modes of passenger transport in the Czech Republic in terms of number of passengers in the years ended 31 December 2023, 2022 and 2020 as compared to 2010:

| | Year | | | |
|--|------------------------------------|---------|---------|---------|
| | 2023 | 2022 | 2020 | 2010 |
| | <i>(in millions of passengers)</i> | | | |
| Rail transport..... | 184.5 | 174.8 | 129.5 | 164.8 |
| Bus transport..... | 347.1 | 334.8 | 233.7 | 381.2 |
| Air transport..... | 4.3 | 4.1 | 1.1 | 7.5 |
| Inland waterway transport ⁽¹⁾ | 0.6 | 0.4 | 0.6 | 0.9 |
| Urban public transport ⁽²⁾ | 1,964.3 | 1,838.2 | 1,559.1 | 2,260.3 |
| Passenger car transport ⁽³⁾ | 2,769.3 | 2,822.2 | 2,195.3 | 1,970.0 |

Source: Ministry of Transport Yearbook 2023, available at <https://www.sydos.cz/cs/rocenky.htm>.

Notes:

- (1) Mainly holiday and weekend passenger transport
- (2) Urban public transport refers to public transport in intra-city transport
- (3) Expert estimate

The number of passengers transported on railways in the Czech Republic increased by 12 per cent. from 164.8 million in the year ended 31 December 2010 to 184.5 million in the year ended 31 December 2023. The number of passengers transported by bus transport in the Czech Republic decreased by 9 per cent. from 381.2 million to 347.1 million over the same period. Air travel in the Czech Republic also decreased by 42 per cent. from 7.5 million to 4.34 million over the same period, despite decreasing air travel fares and in spite of market penetration by low cost carriers. The volume of passenger car transport increased between the years ended 31 December 2010 and 2023, but as the numbers are statistical estimates only, no trend can be extrapolated from the numerical difference. The overall trends of the different kinds of transport are otherwise very similar, although they suggest a positive shift in customer preference for passenger car transport since 2010.

The below table provides an overview of the performance of different modes of passenger transport in the Czech Republic in terms of millions of passenger kilometres in 2023, 2022 and 2020 as compared to 2010:

| | Year | | | |
|--|--|----------|----------|----------|
| | 2023 | 2022 | 2020 | 2010 |
| | <i>(in millions of passenger-kilometres)⁽¹⁾</i> | | | |
| Rail transport..... | 10,144.3 | 9,516.8 | 6,665.1 | 6,590.7 |
| Bus transport..... | 9,087.2 | 9,226.6 | 5,444.0 | 10,815.6 |
| Air transport..... | 9,407.4 | 8,916.9 | 1,864.9 | 10,902.0 |
| Inland waterway transport ⁽²⁾ | 14.3 | 11.3 | 11.0 | 12.8 |
| Urban public transport ⁽³⁾ | 9,582.7 | 8,987.7 | 7,679.0 | 15,617.4 |
| Passenger car transport ⁽⁴⁾ | 89,536.9 | 91,245.0 | 86,062.6 | 63,570.0 |

Source: Ministry of Transport Yearbook 2023, available at <https://www.sydos.cz/cs/rocenky.htm>.

Notes:

- (1) A passenger-kilometre refers to the transport of one rail passenger by rail over a distance of one kilometre
- (2) Mainly holiday and weekend passenger transport
- (3) Urban public transport refers to public transport in intra-city transport
- (4) Expert estimate

Passenger Rail Transport Usage

The below table provides an overview of the volume of passenger rail transport in selected EU countries in terms of passenger-kilometres in the years ended 31 December 2023 and 2022.

| | Year | |
|----------------------|--|-------|
| | 2023 | 2022 |
| | <i>(in millions of passenger-kilometres)⁽¹⁾</i> | |
| Czech Republic | 9,996 | 9,394 |
| Denmark | 6,031 | 5,822 |
| Romania | 5,978 | 5,616 |
| Finland | 5,199 | 4,572 |
| Portugal | 4,829 | 4,419 |
| Slovakia | 3,543 | 3,168 |
| Bulgaria | 1,592 | 1,600 |
| Slovenia | 742 | 645 |

Source: Passenger transport by type of transport, available at:
https://ec.europa.eu/eurostat/databrowser/view/rail_pa_typepas/default/table?lang=en

The below table provides an overview of the volume of passenger rail transport in selected EU countries by the incumbent carriers in terms of passenger-kilometres per inhabitant and number of passengers carried per inhabitant in the year ended 31 December 2023:

| Carrier | Country | Passenger-kilometres per Inhabitant | Number of Passengers Carried per Inhabitant |
|---------|---------------------|-------------------------------------|---|
| ČD | Czech Republic..... | 754.02 | 15.36 |
| SNCF | France | 1,525.10 | 17.75 |
| DB | Germany | 989.77 | 21.92 |
| MAV | Hungary | 838.54 | 15.93 |
| ZSSK | Slovakia | 659.26 | 13.28 |
| PKP | Poland | 413.18 | 1.85 |
| BDZ | Bulgaria | 245.38 | 3.35 |

Source: UIC Railway Statistics Synopsis 2024 (June 2024 Edition) available at <https://uic.org/support-activities/statistics/>.

Domestic Passenger Market

The below table provides an overview of the market share of individual providers of passenger rail transport in terms of gross tonne-kilometres and train-kilometres travelled in the years ended 31 December 2024 and 2023:

| Carrier | Gross tonne-kilometres ⁽¹⁾ | | Train-kilometres ⁽²⁾ travelled | |
|-------------------------------|---------------------------------------|-------|---|-------|
| | 2024 | 2023 | 2024 | 2023 |
| | <i>(per cent.)</i> | | | |
| ČD | 82.14 | 83.02 | 80.39 | 81.76 |
| RegioJet a.s. | 11.67 | 11.20 | 6.08 | 5.74 |
| ARRIVA vlaky, s.r.o. | 2.74 | 2.37 | 5.78 | 5.24 |
| Die Länderbahn CZ s.r.o. | 0.72 | 0.72 | 2.22 | 2.17 |
| GW Train Regio a.s. | 0.77 | 0.62 | 2.48 | 1.92 |
| Leo Express, s.r.o. | 1.11 | 1.22 | 1.32 | 1.46 |
| Other carriers | 0.85 | 0.85 | 1.73 | 1.71 |

Source: SŽ Annual Report 2024 and 2023, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

Notes:

- (1) Gross tonne-kilometre is a product of gross weight of railway vehicles integrated in the train and distance travelled in kilometres.
(2) Train-kilometres represent the distance travelled by trains in kilometres.

According to SŽ, ČD provided 80.39 per cent. of all passenger rail transport in the Czech Republic in terms of train-kilometres, or 82.14 per cent. of all passenger rail transport in the Czech Republic in terms of gross tonne-kilometres in the year ended 31 December 2024. Despite the liberalisation of the passenger transport sector, ČD remains the leading provider of the passenger rail transport service in the Czech Republic.²²

Freight Transport

Due to its geographical position, the Czech Republic serves as one of the key transport corridors in CEE for freight transport between Eastern and Western Europe. This fact translates into a unique position of ČD Cargo, which, according to the UIC's statistics for 2024, ranked the fifth largest freight carrier in the EU in terms of tons carried.²³ According to SŽ, in 2024, ČD Cargo was the leading domestic transporter with a market share of 53 per cent. and

²² Source: SŽ Annual Report 2024, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

²³ Source: UIC Railway Statistics Synopsis 2024, June 2024 Edition, available at <https://uic.org/support-activities/statistics/>.

51 per cent. of the freight market in the Czech Republic in terms of train-kilometres and gross tonne-kilometres, respectively.²⁴

Modes of Freight Transport

To a certain extent, road and rail transport compete with each other. Road transport is preferred over rail transport for the transport of higher value-added goods (e.g. manufactured products) because of the flexibility offered by road infrastructure, which enables door-to-door delivery of goods. High volume and heavy weight commodities (such as coal, metals and mining materials) are more suited for being transported by railway. Waterways do not represent a viable alternative to railroad transport in the Czech Republic, while air is typically used for more important or urgent goods deliveries due to its higher cost.

The two tables below provide an overview of the performance of the different modes of freight transport in terms of tons of goods transported and millions of tons-kilometres in the Czech Republic in the years ended 31 December 2023, 2022 and 2021 as compared to 2010:

| | 2023 | 2022 | 2021 | 2010 |
|---------------------------------|----------------|--|----------------|----------------|
| | | <i>(in thousands of tons of goods)</i> | | |
| Rail transport | 83,120 | 90,797 | 99,550 | 82,900 |
| Road transport | 433,685 | 473,688 | 500,288 | 355,910 |
| Air transport | 0 | 0 | 0 | 14 |
| Inland waterway transport | 1,220 | 1,266 | 1,295 | 1,642 |
| Oil pipelines | 11,466 | 11,150 | 10,807 | 11,205 |
| Total..... | 529,491 | 576,901 | 611,941 | 451,671 |

Source: Ministry of Transport Yearbook, available at <https://www.sydos.cz/cs/rocenky.htm>.

| | 2023 | 2022 | 2021 | 2010 |
|---------------------------------|---------------|---|---------------|---------------|
| | | <i>(in millions of tons-kilometres)</i> | | |
| Rail transport | 15,038 | 16,368 | 16,326 | 13,770 |
| Road transport | 64,806 | 65,794 | 63,756 | 51,832 |
| Air transport | 0 | 0 | 2 | 22 |
| Inland waterway transport | 467 | 535 | 517 | 679 |
| Oil pipelines | 2,122 | 2,087 | 1,892 | 2,191 |
| Total..... | 82,433 | 84,784 | 82,493 | 68,495 |

Source: Ministry of Transport Yearbook, available at <https://www.sydos.cz/cs/rocenky.htm>.

Domestic Freight Market

The below table provides an overview of the market share of individual providers of freight rail transport in terms of gross tonne-kilometres and train-kilometres in the years ended 31 December 2024 and 2023.

| Carrier | Transport of Freight by Rail | | | |
|--|--|--|------------------------------------|------------------------------------|
| | 2024 Gross tonne- km ⁽¹⁾ | 2023 Gross tonne-km ⁽¹⁾ | 2024 Train km ⁽²⁾ | 2023 Train km ⁽²⁾ |
| | | | <i>(per cent.)</i> | |
| ČD Cargo, a. s. | 50.98 | 54.62 | 53.13 | 56.62 |
| METRANS Rail s.r.o..... | 10.70 | 9.36 | 7.14 | 6.43 |
| LOKORAIL, a.s. | 5.45 | 2.72 | 3.59 | 2.45 |
| Rail Cargo Carrier - Czech Republic, s.r.o. | 5.38 | 3.94 | 3.36 | 3.36 |
| ORLEN Unipetrol Doprava, s. r. o. | 4.87 | 4.66 | 3.91 | 3.01 |
| PKP CARGO INTERNATIONAL, a. s. | 4.15 | 5.10 | 3.54 | 3.88 |
| IDS CARGO a.s. | 1.74 | 4.53 | 1.86 | 2.87 |
| Other carriers..... | 16.73 | 15.07 | 23.47 | 21.38 |

Source: SŽ Annual Report 2024 and 2023, available at <https://www.spravazeleznice.cz/o-nas/publikace/vyrocní-zpráva>

Notes:

- (1) Gross tonne-kilometre is a product of gross weight of railway vehicles (rolling stock) integrated in the train and distance travelled in kilometres.
- (2) Train-kilometre represents the distance travelled by train in kilometres.

The Czech rail freight market is fully liberalised and deregulated. ČD Cargo has the leading position on the domestic market with a 50.98 per cent. market share in terms of gross tonne-kilometres in the year ended 31 December 2024. As of 31 December 2024, the other key players in the freight market were METRANS Rail

²⁴ Source: SŽ Annual Report 2024, available at <https://www.spravazeleznice.cz/o-nas/publikace/vyrocní-zpráva>.

s.r.o. with 10.70 per cent., LOKORAIL, a.s. with a 5.45 per cent., Rail Cargo Carrier – Czech Republic, s.r.o. with a 5.38 per cent., ORLEN Unipetrol Doprava, s.r.o. with 4.87 per cent, and PKP CARGO INTERNATIONAL, a.s. with a 4.15 per cent. market share in terms of gross tonne-kilometres. Domestic competitors tend to specialise in one commodity or they provide freight transport services only to their group, and therefore do not compete with ČD Cargo for the transport of freight across all commodities.

Overall, ČD Cargo enjoys a leading position in the rail freight transport market in the Czech Republic, vis-à-vis the other domestic carriers.²⁵

International Freight Market by Carrier

The below table provides an overview of tons of freight carried by select European railway freight companies in the years ended 31 December 2023 and 2022:

| Country | Carrier | Wagonload Freight Traffic Overall | |
|----------------|--|-----------------------------------|-------|
| | | 2023 | 2022 |
| | | <i>(millions tonnes carried)</i> | |
| Germany | DB Schenker Rail AG (Deutsche Bahn)..... | 197.6 | 222.3 |
| Czech Republic | ČD Cargo | 48.7 | 62.1 |
| Lithuania | LG | 27.2 | 31.0 |
| Latvia | LDZ..... | 14.8 | 20.0 |
| Finland | VR..... | 23.4 | 29.8 |
| Slovakia | ZSSK Cargo..... | 26.4 | 28.9 |
| Spain | RENFE..... | 11.8 | 14.6 |

Source: UIC Railway Statistics Synopsis 2024 and 2023, available at <https://uic.org/support-activities/statistics/>.

According to the UIC, ČD Cargo ranked the fourth largest freight carrier in Europe in terms of tons carried in 2023. Only Deutsche Bahn, Polske Koleje Państwowe S.A (PKP), and Austrian Federal Railways (ÖBB) transported a greater volume of freight by rail in 2023.²⁶

EU Accession and the Impact on the Czech Railway Industry

The Czech Republic acceded to the EU effective 1 May 2004 and became bound by the European legislation providing for the framework of what later became known as the single European railway area.

The railway network of the Czech Republic must comply with requirements for interoperability set out in Decree of the Ministry of Transport No. 352/2004 Coll., on Operational and Technical interconnection of the European Railway System, as amended, and related Technical Specifications of Interoperability.

The basic principles of modernisation include:

- Increase of maximum track speed on longer track sections;
- Construction of the railway network complying with the rolling stock load standards D4 UIC for the track speed of up to 120 km/h;
- Construction of the railway network in compliance with the spatial structural standards for rolling stock transit, in particular the ČSN 73 6320 standard;
- Building up the railway network allowing for efficient railway network operation;
- Installation of the technological device to provide full operation safety at the track speed of up to 160 km/h;
- Equipping railway stations with platforms in compliance with Decree of the Ministry of Transport No. 177/1995 Coll. and Decree of the Ministry of Regional Development No. 398/2009 (i.e. ensuring that the length, width, high and other technical parameters will be in compliance with the standards set by these decrees and will allow for safe manoeuvring of persons, including disabled persons);
- Achieving sufficient effective length of rails at railway stations (i.e. building up station tracks in the length corresponding to the length of the rolling stock assigned for the particular railway track); and

²⁵ Source: SŽ Annual Report 2023, available at <https://www.spravazeleznic.cz/o-nas/publikace/vyrocní-zpravy>.

²⁶ Source: UIC Railway Statistics Synopsis 2024, June 2024 Edition, available at <https://uic.org/support-activities/statistics/>.

- Improving the condition of level crossings with communications over land.

European Funding Programmes

Accession of the Czech Republic to the EU enabled the Czech Republic to apply for funding from the EU. For the current programming period between 2021 and 2027, CZK 4.9 billion has been allocated to the Czech Republic under the Operational Program for Transport to spend on projects aimed primarily at development and renewal of high-quality, complex, environmentally-friendly and interoperable railway systems within the trans-European Transport Network.

The railway infrastructure is funded further through the Connecting Europe Facility – Transport programme. Its aim is to back investments into building a new transport infrastructure and/or reconstruction and modernisation of the current one. The CEF Transport is used to develop the Core and Comprehensive Networks in order to eliminate bottlenecks and gaps on the European railways. One of other CEF Transport's aims is to subsidise innovations which would contribute to optimisation (both in capacity and energy efficacy) of the railway network and decrease of the negative impacts of the rail transport on environment.

Overview of the Czech Republic

The Czech Republic is situated in the centre of Europe, bordering Germany to the west, Poland to the north, Slovakia to the east and Austria to the south. Its borders are mostly formed by forested mountain ranges and hills, except in the south-east where it shares lowlands with Austria and Slovakia. A developed road and rail network connects its two main regions, Bohemia and Moravia. The Czech Republic covers an area of approximately 78,885 square kilometres and its population is estimated to be approximately 10.9 million inhabitants.

The Czech Republic became a member of the North Atlantic Treaty Organisation on 12 March 1999 and a member of the EU on 1 May 2004.

As of the date of this Prospectus, the rating of the Czech Republic was Aa3 with positive outlook (Moody's), AA- with stable outlook (S&P) and AA- with stable outlook (Fitch).

Brief Overview of the Czech Republic's Economy

The below table provides an overview of the key indicators for the Czech economy in the years ended 31 December 2024 to 2018:

| Indicator | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|--------|--------|--------|-------------|--------|--------|--------|
| | | | | (per cent.) | | | |
| GDP ⁽¹⁾ | 1.1 | (0.1) | 2.8 | 4.0 | (5.3) | 3.6 | 2.8 |
| Final consumption expenditure ⁽¹⁾ | 2.5 | (1.0) | 0.5 | 3.3 | (3.4) | 2.9 | 3.5 |
| Exports of goods and services ⁽¹⁾ | 1.9 | 2.6 | 5.4 | 8.3 | (8.4) | 1.3 | 3.6 |
| Imports of goods and services ⁽¹⁾ | 1.0 | (1.0) | 6.2 | 13.7 | (8.3) | 1.3 | 5.6 |
| Industrial output ⁽²⁾ | 0.9 | 3.8 | 15.9 | 10.7 | (6.2) | 0.9 | 3.6 |
| Construction output ⁽¹⁾ | (1.2) | (2.7) | 3.2 | 2.7 | (7.1) | 2.8 | 9.2 |
| Services - sales ⁽¹⁾ | 2.4 | (1.9) | 8.6 | 7.7 | (12.8) | 1.2 | 3.2 |
| CPI ⁽³⁾ | 2.4 | 10.7 | 15.1 | 3.8 | 3.2 | 2.8 | 2.1 |
| General rate of unemployment | 4.1 | 2.6 | 2.2 | 2.8 | 2.6 | 2.0 | 2.2 |
| State budget balance/GDP | (3.4) | (3.8) | (5.1) | (6.7) | (6.3) | (0.5) | 0.1 |
| General government debt/GDP | 43.59 | 42.45 | 42.52 | 40.69 | 36.88 | 29.55 | 31.68 |
| State debt/GDP | 42.0 | 40.8 | 41.1 | 39.1 | 35.2 | 27.9 | 29.6 |
| CZK/EUR exchange rate ⁽⁴⁾ | 25.119 | 24.007 | 24.565 | 25.645 | 26.444 | 25.672 | 25.643 |

Source: Czech Statistical Office, key macroeconomic indicators, available at https://www.czso.cz/csu/czso/hmu_ts

Notes:

- (1) Year-on-year, real terms.
- (2) Year-on-year, current prices.
- (3) Year-on-year, average.
- (4) Year average.

While the Group operates internationally, the vast majority of its revenues is generated in the Czech Republic. The Czech Republic has an open and export-driven economy with significant contribution to GDP from manufacturing. In 2021, GDP increased by 3.3 per cent., followed by an increase by 2.4, a decrease by 0.4 and an increase by 1.0 per cent. in 2022, 2023 and 2024, respectively. The CNB's forecast as of 7 May 2025 predicts gradual GDP growth of around 2.0 per cent. in 2025 and 2.1 per cent. in 2026.²⁷

²⁷ Source: CNB forecast – Spring 2025, available at <https://www.cnb.cz/en/monetary-policy/forecast/>.

Employment rate increased by 1.3 per cent. in March of 2025 compared to same period in 2024. The general unemployment rate slightly increased during the fourth quarter of 2024 and reached 2.7 per cent. The average gross nominal wage increased by 7.1 per cent. year-on-year in 2024 compared to 2023. However, consumer prices rose by 2.4 per cent. for the same period, therefore, the average wage has effectively increased by 4.7 per cent.

In the year ended 31 December 2024, the Czech Republic had a budget deficit of 3.4 per cent. of GDP and the general government debt equalled 43.59 per cent. of GDP.

International Comparison

GDP per Capita in Purchasing Power Standard

The below table shows GDP per capita in purchasing power standard for select CEE countries in the years ended 31 December 2021 to 2024:

| | 2024 | 2023 | 2022 | 2021 |
|----------------------|------|------|-------------|------|
| | | | (per cent.) | |
| Czech Republic | 91 | 90 | 89 | 92 |
| Poland..... | 79 | 77 | 78 | 79 |
| Hungary..... | 77 | 77 | 77 | 75 |
| Slovakia..... | 75 | 74 | 71 | 74 |
| Slovenia..... | 91 | 92 | 89 | 88 |
| EA19 | 104 | 105 | 105 | 105 |

Source: Eurostat, government deficit/surplus, debt and associated data, available at <https://ec.europa.eu/eurostat/web/main/data/database>.

Note: Indexed to EU27 (100 per cent.)

The Czech Republic has a GDP per capita which is among the highest of the non-Eurozone EU members in CEE and higher than some Eurozone countries (in terms of GDP per capita expressed in Purchasing Power Standard).

Fiscal Balance and General Government Debt

The below table provides an overview of the budget deficit as a percentage of GDP for select CEE countries in the years ended 31 December 2021 to 2024:

| | 2024 | 2023 | 2022 | 2021 |
|--------------------------------|-------|-------|-------------|-------|
| | | | (per cent.) | |
| Czech Republic | (2.2) | (3.8) | (3.1) | (5.0) |
| Poland..... | (6.6) | (5.3) | (3.4) | (1.7) |
| Hungary..... | (4.9) | (6.7) | (6.2) | (7.1) |
| Slovakia..... | (5.3) | (5.2) | (1.7) | (5.1) |
| Slovenia..... | (0.9) | (2.6) | (3.0) | (4.6) |
| Euro area (20 countries) | (3.1) | (3.5) | (3.5) | (5.1) |

Source: Eurostat, government deficit/surplus, debt and associated data, available at <https://ec.europa.eu/eurostat/web/main/data/database>.

The below table provides an overview of the general government debt as a percentage of GDP for select CEE countries in the years ended 31 December 2021 to 2024:

| | 2024 | 2023 | 2022 | 2021 |
|--------------------------------|------|------|-------------|------|
| | | | (per cent.) | |
| Czech Republic | 43.6 | 42.5 | 42.5 | 40.7 |
| Poland..... | 55.3 | 49.5 | 48.8 | 53.0 |
| Hungary..... | 73.5 | 73.0 | 73.9 | 76.2 |
| Slovakia..... | 59.3 | 55.6 | 57.7 | 60.2 |
| Slovenia..... | 67.0 | 68.4 | 72.7 | 74.8 |
| Euro area (20 countries) | 87.4 | 87.3 | 89.5 | 93.9 |

Source: Eurostat, government deficit/surplus, debt and associated data, available at <https://ec.europa.eu/eurostat/web/main/data/database>.

THE REGULATORY FRAMEWORK

Railway transport laws in the EU

The railway industry is regulated by a series of directives and regulations, commonly referred to as ‘railway packages’. The main legal framework of the EU railway market is established by the first railway package of 2001 (the “**First Railway Package**”), which was recast by Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012 establishing a single European railway area, as amended by Directive (EU) 2016/2370 of the European Parliament and of the Council of 14 December 2016 (the “**Directive 2012/34/EU**”). It provides the framework for open access to operations on railways in the EU, the licensing of railway undertakings, the allocation of railway infrastructure capacity, the levying of charges for the use of railway infrastructure, and safety certification.

The second railway package, originally adopted in 2004 (the “**Second Railway Package**”), has accelerated the liberalisation of rail freight services by fully opening the rail freight market to competition as from 1 January 2007. For the purpose of operating rail freight services, the Second Railway Package imposed an obligation on the Member States to provide access to the entire rail network and infrastructure on equitable conditions. The Second Railway Package also created the European Union Agency for Railways situated in Valenciennes (France), introduced common procedures for accident investigation and established Safety Authorities in each Member State. In addition, Directive (EU) 2016/798 of the European Parliament and of the Council of 11 May 2016 on railway safety, as amended by Regulation (EU) 2020/1530 of the European Parliament and of the Council of 21 October 2020, aims to ensure the development and improvement of safety on the railways in the EU and improved interoperability and access to the market for rail transport services.

The third railway package of 2007 (the “**Third Railway Package**”) deals with the liberalisation of international passenger transport services, rail passenger rights and obligations, and certification of train drivers. In particular, Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) Nos 1191/69 and 1107/70, as amended by Regulation (EU) 2016/2338 of the European Parliament and of the Council of 14 December 2016 (the “**Regulation 1370/2007**”), provides the conditions under which a public authority from a Member State, in imposing or contracting public service obligations in the field of public passenger transport, compensates public service operators for the costs incurred or grants exclusive rights in return for the performance of public service obligations. Public service obligations are to be performed within the framework of public service contracts. The key provisions of such contracts must be made public by the authority which awarded them.

The Regulation 1370/2007 provides for mandatory content of public service contracts, such as a clear definition of the public service obligations, the geographical areas concerned, the basis for the calculation of the compensation payment, the nature and extent of any exclusive rights granted, and the cost allocation. The manner in which an operator is compensated or is granted any exclusive rights must ensure such an operator does not receive greater benefit than that which is appropriate under applicable law. The revenue allocation should be determined both in the public service contract and the general rules for the operation of public transport contained in the Regulation 1370/2007.

An annex to the Regulation 1370/2007 provides for the manner of calculation of the compensation connected with the general rule, i.e. a measure which applies without discrimination to all public passenger transport services of the same type in a given geographical area for which a competent authority is responsible, or public service contracts awarded directly. The amount of such compensation includes a reasonable profit, the rate of return on capital that is normal for the sector in a given Member State and that takes account of the risk incurred, or absence of risk, incurred by the public service operator by virtue of public authority intervention. To increase transparency, a public service operator that pursues other activities in addition to performing public transport service obligations for which it is compensated, must establish separate accounts for such activities.

In 2016, the fourth railway package (the “**Fourth Railway Package**”) was introduced in order to revitalise the rail sector and make it more competitive in comparison to other modes of transport. It comprises two ‘pillars’. The ‘technical pillar’ includes Regulation (EU) 2016/796 of the European Parliament and of the Council of 11 May 2016 on the European Union Agency for Railways and repealing Regulation (EC) No 881/2004, Directive (EU) 2016/797 of the European Parliament and of the Council of 11 May 2016 on the interoperability of the rail system within the European Union, as amended by Directive (EU) 2020/700 of the European Parliament and of the Council of 27 May 2020; and Directive (EU) 2016/798 of the European Parliament and of the Council of 11 May 2016 on railway safety (Recast of Directive 2004/49/EC), as amended by Regulation (EU) 2020/1530 of the European Parliament and of the Council of 21 October 2020. It aims to boost competitiveness of the rail sector by

significantly reducing costs and administrative burden for railway undertakings wishing to operate across Europe. Specifically, it introduces vehicle authorisations for placing on the market and safety certificates for railway undertakings issued by the European Union Agency for Railways and valid for the whole of EU, eliminating the need for multiple applications in each Member State. All such applications may be lodged through a single-entry point. The 'technical pillar' also ensures the interoperability of the European Rail Traffic Management System (ERTMS) equipment. Furthermore, it reduces the large number of remaining national rules to promote transparency and avoid discrimination of new operators.

The 'market pillar' aims to deliver a broader choice of service providers and better quality by improving competitiveness of the railway market. It comprises Regulation (EU) 2016/2338 of the European Parliament and of the Council of 14 December 2016 amending Regulation (EC) No 1370/2007 concerning the opening of the market for domestic passenger transport services by rail, which deals with the award of public service contracts for domestic passenger transport services by rail (the "**PSO Regulation**"), Directive (EU) 2016/2370 of the European Parliament and of the Council of 14 December 2016 amending Directive 2012/34/EU as regards the opening of the market for domestic passenger transport services by rail and the governance of the railway infrastructure, which deals with the opening of the market of domestic passenger transport services by rail and the governance of the railway infrastructure (the "**Governance Directive**"), and Regulation (EU) 2016/2337 of the European Parliament and of the Council of 14 December 2016 repealing Regulation (EEC) No 1192/69 of the Council on common rules for the normalisation of the accounts of railway undertakings, which, as of 31 December 2017, is no longer in force as its objective has already been achieved. The goal of the 'market pillar' is to complete the process of gradual market opening that started with the First Railway Package. The 'market pillar' establishes the general right for railway undertakings from one Member State to operate across the whole EU with regard to all passenger services. The 'market pillar' also encourages impartiality in the governance of railway infrastructure and the prevention of discrimination in order to provide for a competitive environment, which should result in improved quality and better cost-effectiveness. Furthermore, effective as of 25 December 2023, a general principle requiring mandatory tendering for public service contracts in rail was introduced.

Member States may limit passenger services where a public service contract covers the same route. However, this applies only where the economic equilibrium of the public service contract would be compromised. This is to be determined by the relevant regulatory body after performing the Economic Equilibrium Test, which aims to determine whether and to what extent a prospective open access service may be detrimental to a public service contract in place. In such cases, the regulatory body is tasked with issuing a decision that may limit the rights of access of the open access operator.

Railway transport laws in the Czech Republic

The main legal regulation relating to rail transport in the Czech Republic is the Railway Act, which regulates the terms for the construction of railway tracks and structures thereon, the conditions for operating railway tracks and rail transport, as well as the related rights and obligations of individuals and legal entities, the performance of public administration and the State supervision in connection with rail transport.

The legal position of ČD is regulated by the Act on Czech Railways, which regulates the management and activities of ČD, including voting rights of the State as the shareholder of ČD, business activities carried out by ČD and the establishment and activities of SŽ (state-owned manager of railway infrastructure in state ownership), as the legal successors of the state organization České dráhy.

Regulation 1370/2007 and the Governance Directive are reflected in the Public Services Transport Act and on the amendment of other laws, as amended, which regulates amongst other things, the procedure of the State, the Czech Regions and municipalities in relation to guaranteeing the provision of public passenger transport services by rail compensated by aforesaid entities.

In addition, there are several Government decrees and regulations of the Czech Ministry of Transport, which, among others, provide for transport rules for public railroad freight transport, rules for the health and professional qualifications of persons operating railways and rail transport, transport rules for public passenger transport by rail and by road, safety of operation of tracks and rail transport.

The correction of any potential discrimination or abuse of domination of SŽ against ČD has been entrusted to the Office for the Protection of Competition (the "**ÚOHS**"). The main tasks of the ÚOHS vis à vis ČD in this area are the granting of free access of ČD to the railways and services necessary for the transport of passengers, the resolution of disputes between ČD and SŽ, as well as the price control in the field of railways. This area is also

governed by Railway Act thus ensuring the transposition of Directive 2012/34/EU of the European Parliament and of the Council establishing a single European railway area and related national legislation.

Anti-Trust Regulations

The activities of ČD and the Group are subject to the general principles of Czech and EU competition laws, respectively. The ÚOHS oversees competition issues in the Czech Republic.

Should ČD and the companies within its Group occupy a dominant position in any relevant market determined in accordance with the Czech and EU competition laws, they shall not abuse their position at such market as stipulated by Act No. 143/2001 Coll., on the Protection of Competition, as amended (the “**Czech Competition Act**”) and by the Treaty on the Functioning of the EU (“**TFEU**”) (Article 102 TFEU). Such abuse may, in particular, consist of imposing unfair prices or other trading conditions, limiting production or technical development, discriminating between customers or suppliers (thereby placing them at a competitive disadvantage) or making the conclusion of contracts subject to the acceptance by the other parties of supplementary unrelated obligations.

In addition, market participants (such as ČD and the companies within the Group) may not enter into agreements or engage in concerted practices which have as their object or effect the prevention, restriction or distortion of competition within the Czech market or internal market of the EU as stipulated by the Czech Competition Act and the Treaty on the Functioning of the EU (Article 101 TFEU). In this regard, the laws particularly prohibit market participants from fixing prices or other trading conditions, limiting or controlling production, markets, technical development, or investments, the share market or source of supply, or discriminating against other parties.

ČD and the companies within its Group are also subject to the EU state aid rules which prohibit them from receiving any state or public aid which would distort or threaten to distort competition by favouring them or the production of certain goods unless the aid falls within one of the exemptions set out in the Treaty on the Functioning of the EU (Article 107 TFEU). There is also sector specific EU legislation that regulates certain aspects of this general principle for the railways sector, for example, the EU legislation specifies a list of cases in which ČD, as an “undertaking entrusted with the operation of services of general economic interest”, can receive state aid in the form of compensation for fulfilling these obligations (Regulation 1370/2007).

Public Procurement Laws

Where ČD (or its subsidiary) awards contracts above a certain value, it is subject to the Public Procurement Act. Generally, pursuant to the Public Procurement Act, ČD may enter into agreements providing for supply of goods, provision of services or execution of construction works only after the completion of one of the public procurement procedures specified in the Public Procurement Act. Any agreement concluded contrary to the Public Procurement Act before 1 January 2010 is unconditionally invalid as a matter of law. On 1 January 2010, an amendment to the Public Procurement Act implemented a conditional invalidity where invalidity is caused by non-compliance with the procedures set out by the Public Procurement Act. In this case, the contract is only invalid where the ÚOHS as the authority with the power to review the process for awarding public contracts prohibits the performance of the contract in question Act No. 134/2016 Coll., on Public Procurement, as amended, entered into effect on 1 October 2016. This Act implements the EU Public Procurement Directives (Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, as amended, Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC, and Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts) and aims to lower the administrative burden imposed on contracting authorities and simplify the process of awarding public contracts in the Czech Republic. It has introduced additional types of proceedings, as well as tools to evaluate offers on the basis of different quality criteria. An amendment to the Act No. 134/2016 Coll., on Public Procurement got into effect on 16 July 2023 which removed the financial limitation for changes to the Public Procurement contracts which need to be executed due to an unforeseen change of circumstances or the need for additional supply of goods, provision of services or execution of construction works.

Importantly, public procurement rules may also apply to the awarding of contracts to ČD or companies within its Group. For example, where a competent authority decides to grant ČD or another railway operator an exclusive right or compensation in return for the discharge of public service obligations, it must do so within the framework of a public service contract while following specific public procurement rules stipulated in Regulation (EC) 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport

services by rail and by road and its “implementing” Act No. 194/2010 Coll., on public passenger transport services and on amendments to other acts, as amended.

Moreover, Act No. 340/2015 Coll., on special conditions for the effectiveness of certain contracts, the publication of such contracts and the register of contracts, as amended (the “**Act on the Register of Contracts**”), requires certain legal entities, such as the State, municipalities and entities owned by the State to publish in the Register of Contracts (*Registr smluv*) most private contracts (if the value of the subject matter is higher than 50,000,- CZK excluding VAT) they enter into mostly with other legal persons, subject to a number of exceptions. An amendment to the Act on the Register of Contracts came into effect on 1 November 2019 which discontinued one of the exemptions to the obligation to publish contracts in the register of contracts concerning contracts concluded by a joint stock company in which the State, or one or more regional or local authorities (*územní samosprávný celek*) together held a majority shareholding and which had its securities admitted to trading on a regulated market or a European regulated market, such as ČD, was exempt from the obligation to publish and otherwise register its contracts in the Register of Contracts. ČD is now, therefore, no longer exempt from the mentioned statutory obligations and has to follow the respective provisions of the Act on Register of Contracts. In the event of failure to publish a contract subject to the obligation under the Act on the Register of Contracts within the prescribed time limit, the imminent sanction is the cancellation of such contract from its inception. Due to the nature of the contracts concluded and the nature of the parties to these contracts, ČD makes extensive use of the exception from publication in the Register of Contracts, which consists in the possibility not to publish a contract concluded by a legal entity (in which the state or a local self-government unit itself or with other local self-government units has a majority shareholding, even through another legal person), which was established for the purpose of satisfying needs of an industrial or commercial nature or for the purpose of research, development or testing, if the contract was concluded in the ordinary course of business within the scope of the subject of activity or business of that legal person as entered in the public register.

Labour Regulation/Union Laws

The principal source of law regulating employment relationships is the Labour Code, which covers all areas of individual employment relationships between an employer and an employee, including for example equal treatment and the prohibition of discrimination, access to information, agency employment, working conditions, health and safety at work, liability for damages and dismissal. The Labour Code only contains a general prohibition of discrimination. Act No. 198/2009 Coll., on Antidiscrimination, as amended, contains more specific provisions on equal treatment and the prohibition of discrimination. In general, the Labour Code allows for contractual freedom of parties within the limits set by the regulatory framework; it is therefore not possible to contract out of statutory employee protection. In addition to the Labour Code, labour relations are also regulated by the Civil Code, as well as Act No. 309/2006 Coll., on Ensuring Additional Conditions for Occupational Safety and Health and Act No. 118/2000 Coll., on the Protection of Employees in the Event of Employer Insolvency. Regarding access to work and job offers, discrimination and unequal treatment is regulated by Act No. 435/2004 Coll., on Employment.

The institutional framework for the functioning of the labour market in the Czech Republic is regulated by Act No. 435/2004 Coll., on Employment, as amended, which covers, for example, the qualification criteria for unemployment benefits, employment of foreigners and special provisions on employment of disabled persons.

Although the Labour Code sets forth basic rules regarding trade unions, collective labour law, in particular the collective bargaining procedure, is regulated by Act No. 2/1991 Coll., on Collective Bargaining, as amended. Basically, collective agreements can be negotiated on two levels, either as house collective agreements (binding on a single employer and the trade union operating with that employer), or as sectorial collective agreements (binding on all employers and trade unions operating with employers in the respective economic sector). Individual employee entitlements arising from collective agreements are legally enforceable in the same manner as other rights arising from individual employment contracts.

TAXATION

Prospective purchasers of any Notes acknowledge that the tax laws including, in particular, the tax laws of the Czech Republic as a country of tax residence of the Issuer and the tax laws of the country where the respective purchaser is tax resident, may have an impact on income from the Notes. Therefore, prospective purchasers of any Notes are advised to consult their own tax advisers as to the tax consequences of purchasing, holding and disposal of the Notes as well as receiving income from the Notes under the tax laws of any country in which income from holding and disposal of the Notes can become subject to tax including, in particular, the countries stated at the beginning of this paragraph. Only these advisors are in a position to take into account all relevant facts and circumstances and to consider fully the specific situation of the prospective purchaser. A similar approach should be taken by the prospective purchasers of any Notes in relation to the foreign-exchange-law consequences arising from the purchase, holding and disposal of the Notes.

I. DISCLOSURE OF INFORMATION IN CONNECTION WITH PAYMENTS

General Information

Pursuant to the Czech withholding tax rules applicable to the Eurobonds under the Czech Income Taxes Act as amended by the Act No. 609/2020 Coll. and Act No. 353/2021 Coll., unless exempt from tax or unless a Tax Treaty states otherwise, income payable by the Issuer in respect of the Notes may be subject to the Withholding Tax and the Tax Security (as the case may be).

As a withholding agent, the Issuer is liable, on a strict-liability basis, for (i) the proper withholding of any Withholding Tax and Tax Security (as the case may be) required to be withheld or deducted at source at an appropriate rate under any applicable law by or within the Tax Jurisdiction from any payment of interest or principal in respect of the Notes as well as (ii) the granting of any relief therefrom (whether in the form of an exemption or application of a reduced rate) (a “**Tax Relief**”). The Issuer also bears the related burden of proof vis-à-vis the tax authorities which necessitates, before any Tax Relief can be granted, collection of certain information and documentation as set forth in the Certification Procedures (as defined below) concerning, in particular, the identity and country of tax residence of the recipient of a payment of principal or interest in respect of the Notes (together with relevant evidence thereof) which would enable the Issuer to reliably establish that such recipient is a Beneficial Owner with respect to any such payment and that it meets all conditions for any applicable Tax Relief to be granted (the “**Beneficial Ownership Information**”).

The tax relief at source and refund procedures for the Czech Republic implemented by Euroclear and Clearstream, Luxembourg to facilitate collection of the Beneficial Ownership Information are available at the website of the International Capital Market Services Association at www.icmsa.org as amended or replaced from time to time, or as modified or updated by the respective ICSD as part of implementing or operating such procedures (the “**Certification Procedures**”). Noteholders must seek their own professional advice to satisfy themselves that they comply with all the applicable procedures and any requirements thereunder (whether documentary or otherwise) to ensure a tax treatment of their Notes which duly reflects their particular circumstances for the purposes of applying any Withholding Tax, Tax Security and Tax Relief (as the case may be) and should consult the latest announcements in relation to the Certification Procedures on the websites of Euroclear and Clearstream, Luxembourg (<https://my.euroclear.com/>²⁸ and www.clearstream.com) and on the website of the International Capital Market Services Association (www.icmsa.org). None of the Issuer, the Joint Bookrunners, the Paying Agents, the Registrars or the ICSDs (or any other clearing system) assumes any responsibility therefor. Information on the websites referred to above are not incorporated in nor do they form part of this Prospectus.

Quick Refund Procedure

The Beneficial Owners who are otherwise entitled to a Tax Relief and to whom the payments of interest and/or principal in respect of the Notes have been made net of any Withholding Tax or Tax Security, because the Beneficial Ownership Information under the Relief at Source Procedure could not, for any reason, be duly or timely collected, may be entitled to a refund of the amounts so withheld pursuant to the quick refund procedure as set out in the Certification Procedures (the “**Quick Refund Procedure**”).

²⁸ Only Euroclear participants will have access to the website.

Standard Refund Procedure

Beneficial Owners who are otherwise entitled to Tax Relief and to whom the payments of interest in respect of the Notes have been made net of any Withholding Tax, because the Beneficial Ownership Information under the Relief at Source Procedure or the Quick Refund Procedure could not, for any reason, be duly or timely collected may deliver correct, complete and accurate Beneficial Ownership Information to the Issuer no later than **three years** from the end of a calendar year in which the payments which were subject to any relevant withholdings with respect to Withholding Tax were made (the “**Standard Refund Procedure**”).

The Beneficial Ownership Information shall be delivered to the address set out below, in person or by first class mail or (if posted from an address overseas) by airmail and marked for the attention of:

České dráhy, a.s.

Attention: Office of the Deputy CEO of ČD for Economics and Finance

Nábřeží Ludvíka Svobody 1222

110 15 Prague 1

Czech Republic

and shall include the Beneficial Owner’s up-to-date contact details together with evidence of the Beneficial Owner’s holding of or interest in the relevant Notes, which shall be used by the Issuer for the purposes of any refund-related communication.

The Issuer shall proceed in accordance with the then applicable laws of the Czech Republic and shall use its reasonable endeavours to obtain the refund or will inform the Beneficial Owner that it is not in position to process such request. Subject to the due and timely receipt of the Beneficial Ownership Information, if the Issuer in its sole and absolute discretion determines that it is entitled to file a refund claim with the Czech tax authorities for any previously withheld Withholding Tax and obtains a refund of any amounts so withheld, it shall pay any such amounts to the Beneficial Owner within ten Business Days of receipt thereof from the Czech tax authorities, net of a fee payable to the Issuer and calculated as the sum of (a) a fixed amount of **EUR 1,000** and (b) any administrative fees, penalties, interest or similar costs the Issuer may incur in connection with the refund (in each case plus VAT, if any).

Any communication in respect of the Standard Refund Procedure shall be made directly between the Issuer and the relevant Beneficial Owner as Euroclear and Clearstream, Luxembourg and the Principal Paying Agent are not engaged in the Standard Refund Procedure.

The Issuer may publish additional information in relation to the Standard Refund Procedure (including a change in contact details for delivery of the Beneficial Ownership Information) on the website of the Issuer.

In case of any withholding for or on account of the Tax Security, the relevant Beneficial Owner must directly approach the Czech tax authorities.

II. TAXATION IN THE CZECH REPUBLIC

*The description below represents a brief summary of selected material tax aspects of the purchase, holding and disposal of the Notes under the laws of the Czech Republic. The summary of Czech law provisions is mainly based on the Act No. 586/1992 Coll., on Income Taxes, as amended (“**Income Taxes Act**”) and on other related laws which are effective as at the date of this Prospectus as well as on the administrative practice or the prevailing interpretations of these laws and other regulations as applied by Czech tax, administrative and other authorities and bodies and as these are known to the Issuer at the date of this Prospectus. The information contained herein is neither intended to be nor should be construed as legal or tax advice. The description below is solely of a general nature (i.e. it does not take into account, for example, specific tax treatment of certain taxpayers such as investment, mutual or pension funds) and may change in the future depending on changes in the relevant laws that may occur after this date, or in the interpretation of these laws which may be applied after that date. In this respect, please note that the below description of Czech tax treatment of the Notes has been significantly affected by the Act No. 609/2020 Coll. (“**2021 ITA Amendment**”) and Act No. 353/2021 Coll. (“**2022 Banking Act Amendment**”), which amends some acts in the field of taxes and some other acts. The 2021 ITA Amendment has significantly changed the tax regime of notes issued after 31 December 2020. Subsequently, the 2022 Banking Act Amendment has reintroduced some provisions abolished by the 2021 ITA Amendment. The new rules are quite controversial. Therefore, the tax regime relating to the Notes under Czech law is currently associated with many*

ambiguities. In the Issuer's opinion, the summary below represents a rational interpretation of the relevant provisions of the Income Taxes Act in relation to notes.

The following summary assumes that any person to whom any income from, or in connection, with the Notes is paid is a Beneficial Owner of such income (as defined below), i.e. person who does not act as a proxy, agent, depositary or in any other similar capacity on behalf of another person or entity who would ultimately benefit from such income. The description of taxation of different categories of Beneficial Owners (e.g. Czech Tax Residents) further assumes that each Beneficial Owner has duly submitted a correct, complete and accurate Beneficial Ownership Information (as defined below) and that the Issuer has received such information in accordance with the Certification Procedures (as defined below). In other words, it is assumed that the Issuer, in its capacity as a Withholding Agent (as defined below), has all required information that enables it to duly categorize and assess the tax status of each Beneficial Owner, including any Tax Relief (as defined below) that they may be eligible for.

For the purposes of this section (*Taxation*), the following terms have the following meaning:

“Beneficial Owner” means a holder of a Note if such holder is also a beneficial owner (within the OECD Model Tax Convention on Income and on Capital meaning of this term) in respect of income paid on or in connection with such Note or a recipient of such income who qualifies as a beneficial owner within the above meaning, in each case under the Income Taxes Act as well as for the purposes of a relevant Tax Treaty (if any).

“Coupon” means any note yield other than a note yield that is determined by reference to the difference between the nominal value of a note and its issue price (i.e. yield determined as the Discount). For the avoidance of doubt, the Coupon also includes the Early Redemption Premium.

“Coupon Note” means a note that has the issue price equal to its nominal value. For the avoidance of doubt, the Coupon Note is not a note with a yield that is determined by reference to the combination of the Discount and the Coupon.

“Czech Permanent Establishment” means a permanent establishment in the Czech Republic under the Income Taxes Act as well as under a relevant Tax Treaty, if any.

“Czech Tax Non-Resident” means a taxpayer who is a tax resident of the Czech Republic neither under the Income Taxes Acts nor under any Tax Treaty.

“Czech Tax Resident” means a taxpayer who is a tax resident of the Czech Republic under the Income Taxes Acts as well as under a relevant Tax Treaty, if any.

“Discount” means a positive difference between the nominal value of a note and its lower issue price.

“Discounted Note” means a note that has the issue price lower than the nominal value. For the avoidance of doubt, the Discounted Note is also a note with a yield that is determined by the combination of the Discount and the Coupon.

“Early Redemption Premium” means any extraordinary yield paid by an issuer in the event of early redemption of a Note.

“Legal Entity” means a taxpayer other than an individual (i.e. a taxpayer which is subject to corporate income tax but who may not necessarily have a legal personality).

“Non-Qualifying Czech Tax Non-Resident” means the Czech Tax Non-Resident other than the Qualifying Czech Tax Non-Resident.

“Person Related Through Capital” means every person (whether an individual or a Legal Entity) in a situation where (i) one person directly or indirectly participates in the capital of, or voting rights in, another person, or (ii) one person directly or indirectly participates in the capital of, or voting rights in, several persons and, in each case, such participation (whether direct or indirect) constitutes at least 25 per cent. of the registered capital of, or 25 per cent. of the voting rights in, such other person/persons.

“Relief at Source Procedure” means a procedure whereby income proceeds are paid taking into account exemption and/or applicable reduced rate as foreseen by the applicable tax laws or under any applicable Tax Treaty.

“Qualifying Czech Tax Non-Resident” means a Czech Tax Non-Resident (whether an individual or a Legal Entity) who (i) is not a Person Related Through Capital to the Issuer and (ii) has not created a legal relationship with the Issuer mainly for tax reasons (i.e. with the aim to reduce a tax base or to increase a tax loss).

“Tax Security” means a special amount collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of a note or by the buyer of a note) upon payment of taxable income which serves essentially as an advance with respect to tax that is to be self-assessed by the recipient of the relevant income (i.e. unlike the Withholding Tax, the amount so withheld does not generally represent a final tax liability).

“Tax Treaty” means a valid and effective tax treaty concluded between the Czech Republic and another country under which the Czech Tax Non-Resident is treated as a tax resident of the latter country. In the case of Taiwan, the Tax Treaty is Act No. 45/2020 Coll., on the elimination of double taxation in relation to Taiwan, as amended.

“Withholding Agent” means a payer of (taxable) income who is responsible for making the deduction of (i) the Withholding tax or (ii) the Tax Security, as applicable, and their remittance to the tax authorities.

“Withholding Tax” means a tax collected by means of a deduction at source made by the Withholding Agent (for example by the issuer of the note) upon payment of taxable income. Save in certain limited circumstances, such tax is generally considered as final.

Interest Income

Czech Tax Residents

Individuals

The yield in the form of the Coupon paid to an individual is subject to the Withholding Tax at a rate of 15 per cent. This tax represents final taxation of the Coupon in the Czech Republic.

The yield in the form of the Discount paid to an individual is not subject to the Withholding Tax or Tax Security. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual’s applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. If an individual holds the Note, which is the Coupon Note, until its maturity (or early redemption) and this individual acquired such Note on a secondary market at an amount below the nominal value of the Note (or below other amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any), such (positive) difference is also included in the individual’s general tax base.

Legal Entities

The yield (whether in the form of the Discount or the Coupon) paid to a Legal Entity is not subject to the Withholding Tax, but it is rather included in the general tax base, which is subject to corporate income tax at a flat rate of 21 per cent. The Legal Entity, which is an accounting unit, is generally required to recognise the yield in its profit and loss statement on an accrual basis.

Qualifying Czech Tax Non-Residents

The yield from the Note (whether in the form of the Discount or the Coupon) paid to a Qualifying Czech Tax Non-Resident (whether an individual or a Legal Entity) is exempt from Czech taxation.

Non-Qualifying Czech Tax Non-Residents

Individuals

The yield in the form of the Coupon paid to an individual is subject to the Withholding Tax at a rate of 15 per cent. or 35 per cent. The 35 per cent. rate applies to recipients, which do not have Czech Permanent Establishment to which the Notes are attributable and, at the same time, are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double Tax Treaty or an effective double (or multilateral) treaty on the exchange of information. The 15 per cent. rate applies to all other recipients. This tax

generally represents a final taxation of the Coupon in the Czech Republic. However, an individual who is a tax resident of an EU/EEA member state may decide to include the Coupon in his/her tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final Czech tax liability as declared in the tax return.

The yield in the form of the Discount paid to an individual is not subject to the Withholding Tax. Instead, it is included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual's applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or another amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and the price for which the individual acquired the Note. However, if the Notes are not attributable to the individual's Czech Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if an individual is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1 per cent. applicable to a gross amount paid (i.e. the nominal value of the Note upon the maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium, if any). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security over withholding is generally refundable). If (i) an individual holds the Note, which is the Coupon Note, until its maturity (or its early redemption), (ii) this individual acquired such Note on a secondary market for an amount below its nominal value (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium, if any) and (iii) such Note is attributable to that individual's Czech Permanent Establishment, such (positive) difference is also included in the individual's general tax base.

Legal Entities

The yield in the form of the Coupon paid to a Legal Entity, where the Note is not attributable to its Czech Permanent Establishment, is subject to the Withholding Tax at a rate of 15 per cent. or 35 per cent. The 35 per cent. rate applies to recipients, which are tax residents of neither (i) an EU/EEA member state nor (ii) a country with which the Czech Republic has an effective double Tax Treaty or an effective double (or multilateral) treaty on the exchange of information. The 15 per cent. rate applies to all other recipients. This tax generally represents final taxation of the Coupon in the Czech Republic. However, the Legal Entity who is a tax resident of an EU/EEA member state may decide to include the Coupon in its tax return filed in the Czech Republic for the relevant tax year. In such a case, the above Withholding Tax represents an advance payment which is credited against the final self-assessed tax liability as declared in the tax return. The yield in the form of the Coupon paid to a Legal Entity, where the Note is attributable to its Czech Permanent Establishment, is not subject to the Withholding Tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 21 per cent. Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold a Tax Security at the rate of 10 per cent. applicable to the amount of the Coupon (on a gross basis). This Tax Security is creditable against the final tax liability as declared in a Czech tax return for the relevant tax year (any Tax Security over withholding is generally refundable).

The yield in the form of the Discount paid to the Legal Entity is not subject to the Withholding tax. Instead, it is included in the general tax base, which is subject to corporate income tax at a rate of 21 per cent. However, the general tax base does not include the amount of the Discount, but rather the (positive) difference between the nominal value of the Note paid by the Issuer (or the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and the price at which the Legal Entity acquired the Note. However, if the Notes are not attributable to Legal Entity's Permanent Establishment, the taxable amount cannot exceed the Discount (i.e. if such difference is higher, the amount of the Discount will be included in the general tax base). Furthermore, if the Legal Entity is not a tax resident of an EU/EEA member state, the Issuer will withhold the Tax Security at the rate of 1 per cent. applicable to gross amount (i.e. the nominal value of the Note at maturity or the amount paid by the Issuer upon an early redemption of the Note, but excluding the Early Redemption Premium). This Tax Security is creditable against the final tax liability as declared in the Czech tax return for the relevant tax year (any Tax Security over withholding is generally refundable). If (i) a Legal Entity holds the Note, which is the Coupon Note, until its maturity (or its early redemption), (ii) this Legal Entity acquired such Note on a secondary market for an amount below the nominal value of the Note (or below the amount paid by the Issuer upon early redemption of the Note, but excluding the Early Redemption Premium) and (iii) such Note is attributable to that Legal Entity's Czech Permanent Establishment, such (positive) difference is also included in its general tax base.

A Legal Entity, which is an accounting unit and where the Notes are attributable to its Czech Permanent Establishment, is generally required to recognise the yield (whether in the form of the Discount or the Coupon) in its profit and loss statement on an accrual basis.

Capital gains/losses

Czech Tax Residents

Individuals

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from personal income tax if:

- total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or
- such gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); as of 2025 this exemption is limited only up to total amount of CZK 40,000,000 of annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Bonds), participations in companies and crypto-assets.

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains from the sale of the Notes realized by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual's applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). If an individual has held the Notes in connection with his/her business activities, such gains are also subject to social security and health insurance contributions. Losses from the sale of the Notes realized by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

Legal Entities

Capital gains from the sale of the Notes are included in the general tax base, which is subject to corporate income tax at a rate of 21 per cent. Losses from the sale of the Notes realized by Legal Entities are generally tax deductible.

Czech Tax Non-Residents

Capital gains from the sale of the Notes realized by a Czech Tax Non-Resident are subject to taxation in the Czech Republic provided that:

- the Notes are attributable to a Czech Permanent Establishment of the Czech Tax Non-Resident selling these Notes, or
- the Notes are acquired by (i) a Czech Tax Resident or (ii) a Czech Tax Non-Resident acquiring the Notes through his/her/its Czech Permanent Establishment.

Therefore, capital gains realized by a Czech Tax Non-Resident where the Notes are sold to another Czech Tax Non-Resident and where such Notes are attributable to neither (i) a Czech Permanent Establishment of the seller nor (ii) a Czech Permanent Establishment of the buyer, are out of scope of Czech taxation.

Individuals

Capital gains from the sale of the Notes that have not formed part of business assets of an individual are generally exempt from personal income tax if:

- total annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Notes) does not exceed the amount of CZK 100,000, or

- such gains are derived from the sales of the Notes which the individual has held for more than three years prior to their sale (however, income from a future sale of the Notes where a purchase agreement is concluded after 3 years but where income arises within 3 years from their acquisition is not tax-exempt); as of 2025 this exemption is limited only up to total amount of CZK 40,000,000 of annual (worldwide) gross income (i.e. not gains) of that individual from the sale of securities (including the Bonds), participations in companies and crypto-assets.

If the Notes formed part of business assets of an individual, the exemption upon their sale may still apply but only if the Notes are sold no earlier than 3 years after the termination of that individual's business activities.

Taxable gains from the sale of the Notes realized by an individual are included in the general tax base, which is subject to personal income tax at a progressive rate of 15 per cent. and 23 per cent. depending on individual's applicable bracket (the threshold for higher bracket is 36 times the average wage amounting to CZK 1,676,052 in 2025). If an individual has held the Notes in connection with his/her business activities, such gains may also be subject to social security and health insurance contributions. Losses from the sale of the Notes realized by an individual are generally tax non-deductible, except where such losses are compensated by taxable gains on the sales of other securities in the same year and the income from the sale of the Notes is not tax-exempt.

Furthermore, if the Notes are sold by an individual who is not a tax resident of an EU/EEA member state, a buyer acting as a Withholding Agent may be required to withhold a Tax Security amounting to 1 per cent. of the gross purchase price. The buyer will be act as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security over withholding is generally refundable).

Legal Entities

Capital gains from the sale of the Notes, which are subject to Czech taxation, are included in the general tax base, which is subject to corporate income tax at a rate of 21 per cent. Losses from the sale of the Notes realized by the Legal Entities are generally tax deductible. However, according to certain interpretations, such losses are not tax deductible for a Czech Tax Non-Resident who does not keep its accounting books under the Czech accounting rules.

Furthermore, if the Notes are sold by a Legal Entity which is not a tax resident of an EU/EEA member state, a buyer acting as the Withholding Agent may be required to withhold a Tax Security amounting to 1 per cent. of the gross purchase price. The buyer will be acting as a Withholding Agent if he/she/it is:

- a Czech Tax Resident, or
- a Czech Tax Non-Resident and the acquired Notes are attributable to his/her/its Czech Permanent Establishment.

Any Tax Security withheld is creditable against the final tax liability as declared by the Czech Tax Non-Resident selling the Notes in a Czech tax return for the relevant tax year (any Tax Security over withholding is generally refundable).

Benefits under Tax Treaties

A Tax Treaty may reduce or even fully eliminate Czech taxation of interest income from the Notes or capital gains from their sale (including a Tax Security withholding, if applicable). Such Tax Treaty relief is usually applicable on the condition that the income recipient who is a Czech Tax Non-Resident does not hold the Notes through his/her/its Czech Permanent Establishment. Furthermore, the entitlement to particular Tax Treaty benefits is generally conditional on presenting documents proving that the income recipient qualifies for the Tax Treaty benefits including, in particular (i) a tax residency certificate issued by the relevant tax authorities and (ii) a beneficial ownership declaration of the income recipient. Entitlement to particular Tax Treaty benefits may also be conditional on meeting further specific criteria under that Tax Treaty.

Reporting Obligation

An individual holding the Notes (whether a Czech Tax Resident or a Czech Tax Non-Resident) is obliged to report to the Czech tax authorities any income earned in connection with the Notes if such income is exempt from taxation in the Czech Republic and exceeds, in each individual case, CZK 5,000,000. The reporting must be fulfilled within the deadline for filing a personal income tax return. A non-compliance with this reporting obligation is penalized by a sanction of up to 15 per cent. of a gross amount of the unreported income.

A Withholding Agent (including the Issuer) is obliged to file a formal notification to the relevant Czech tax authorities upon making a payment that (i) is subject to the Withholding Tax, (ii) would be subject to the Withholding Tax, but is not because the income is tax-exempt or a Tax Treaty prevents taxation of that income in the Czech Republic, subject to certain exemptions, or (iii) is subject to withholding of the Tax Security.

Value Added Tax

There is no Czech value added tax payable in respect of the payment of interest or principal under the Notes, or in respect of the transfer of the Notes.

Other taxes or duties

No registration tax, capital tax, customs duty, transfer tax, stamp duty or any other similar tax or duty is payable in the Czech Republic by either the Czech Tax Resident or the Czech Tax Non-resident in respect of or in connection with the mere purchase, holding or disposition of the Notes.

SUBSCRIPTION AND SALE

BNP PARIBAS, Erste Group Bank AG, ING Bank N.V., KBC Bank NV and Raiffeisen Bank International AG (the “**Joint Bookrunners**”) have, in a subscription agreement dated 26 May 2025 (the “**Subscription Agreement**”) and made between the Issuer and the Joint Bookrunners upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 99.567 per cent. of their principal amount less a combined management and underwriting commission. The Issuer has also agreed to reimburse the Joint Bookrunners for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Bookrunners are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

European Economic Area

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or
- (ii) a customer within the meaning of the **Insurance Distribution Directive**, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA.

Other regulatory restrictions

Each Joint Bookrunner has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

Belgium

Prohibition of sales to consumers in Belgium

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes in Belgium to consumers (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law, as amended (*Code de droit économique/Wetboek van economisch recht*) (i.e., at the date of this Prospectus, any natural person resident or located in Belgium and acting for purposes which are outside such person’s trade, business or profession).

United States of America

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Joint Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Terms used in this paragraph have the meanings given to them by Regulation S.

General

Each Joint Bookrunner has represented, warranted and agreed that it has complied and will comply (in each case to the best of its knowledge and belief) with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Bookrunners to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

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GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by resolutions of the Board of Directors of the Issuer dated 3 December 2024, resolution of the Supervisory Board of the Issuer dated 12 December 2024 and resolution of the Steering Committee of the Issuer dated 19 December 2024.

Listing and admission to trading

Application has been made for the Notes to be admitted to listing on the official list and trading on the Luxembourg Stock Exchange's regulated market.

The total expenses related to the admission to trading of the Notes are expected to be approximately EUR 5,000.

Legal and Arbitration Proceedings

Save as disclosed in "*Description of the Issuer – Disputes*", there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant/Material Change

Since 31 December 2024 there has been no material adverse change in the prospects of the Issuer or the Group. Since 31 December 2024, there has been no significant change in the financial performance of the Issuer or the Group and no significant change in the financial position of the Issuer or the Group.

Auditor

The audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2024 and audited consolidated financial statements of the Issuer as of and for the year ended 31 December 2023 have been prepared by the Issuer in accordance with IFRS and audited (in accordance with ISA) by Deloitte Audit s.r.o., with its registered seat at Italská 2581/67, 120 00 Prague 2, Czech Republic, an audit company registered with the Czech Chamber of Auditors.

Documents on Display

Copies of the following documents (together with English translations thereof) may be inspected during normal business hours at the registered address of the Issuer for 12 months from the date of this Prospectus:

- (a) the Deed of Incorporation and Articles of Association of the Issuer;
- (b) the consolidated financial statements of the Issuer for the years ended 31 December 2024 and 2023 prepared in accordance with the IFRS as adopted by the EU;
- (c) the Prospectus;
- (d) the Agency Agreement; and
- (e) the Deed of Covenant.

A copy of the Prospectus is available on the Luxembourg Stock Exchange's website at www.luxse.com and on the website of the Issuer www.ceskedrahy.cz (Section "*For Investors*", sub-section "*Bonds*").

The Deed of Incorporation and Articles of Association of the Issuer and the consolidated financial statements of the Issuer for the years ended 31 December 2024 and 2023 prepared in accordance with the IFRS as adopted by the EU are published on the website of the Issuer www.ceskedrahy.cz.

Yield

On the basis of the issue price of the Notes of 99.567 per cent. of their principal amount, the gross real yield of the Notes is 3.841 per cent. on an annual basis. The yield is calculated as at the issue date of the Notes on the basis of the issue price of the Notes. It is not an indication of future yields.

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS3080462222 and the common code is 308046222.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

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