Annual Report of the České dráhy Group

2024

České dráhy
Moderně a spolehlivě

Content

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Opening Statement

Michal Krapinec

Chairman of the Board of Directors

Ladies and Gentlemen,

We present the financial results of the České dráhy Group for 2024. Despite being wholly state-owned and fulfilling numerous commitments to both the Czech Republic and international institutions, we operate in an open market and have to remain competitive. The key to success is an open business policy and the provision of high-quality services to our customers.

As the ČD Group, we generated a profit before tax of CZK 1.3 billion under International Financial Reporting Standards (IFRS). České dráhy individually generated a profit of CZK 2.1 billion. Let us have a look at how successful we were in individual segments of our business.

In passenger transport, 2024 was a groundbreaking year. Never in the history of the Czech Republic has the rolling stock been modernised so extensively in such a short time. In just one year, we deployed 141 new train units and locomotives, including the RegioPanter EMUs, RegioFox DMUs, Siemens Vectron locomotives, and the first ComfortJet units. These new long-distance trains will connect Prague with regional centres and destinations abroad, such as Berlin, Vienna, Bratislava, Budapest, and, newly, Copenhagen. As the first carrier in the Czech Republic, we put emission-free battery trains into operation in northern Moravia. We invested a total of CZK 18 billion in new vehicles.

New train units bring a significantly higher comfort to our customers – air-conditioned vehicles, barrier-free access, onboard Wi-Fi, modern information systems, and charging electronic devices. As such, trains become an ideal space for work, relaxation, and entertainment. Due to these innovations, not only did passenger satisfaction grow, but so did their number. In 2024, we transported 168.8 million customers, which is 4.4 million more than the previous year. The transport performance increased to 8.3 billion passenger-kilometres. On average, every resident of the Czech Republic – from infants to senior citizens – used our trains fifteen times a year and travelled the distance corresponding to the route from Prague to Geneva. Sales from passenger transport amounted to CZK 33.3 billion, which is a year-on-year increase of CZK 3.1 billion. Last year, in long-distance transport and regional transport, we dispatched 179 thousand and more than 2.2 million trains, respectively. In terms of financial results, the passenger transport segment recorded a profit of CZK 635 million in 2024, which is a year-on-year improvement of CZK 12 million.

Similarly, the asset management segment generated a profit of almost CZK 1 billion, which relates primarily to the sale of the operational building in the Žižkov area to the capital city of Prague. The certification and testing segment also performed well, generating a profit before tax of CZK 528 million. Overall, all entities within the Group performed well, except for ČD Cargo operating in freight transport.

The situation in this business line was rather complicated in 2024. The entire European railway sector has been facing extensive structural changes. The local transport market is primarily experiencing a decline in the transportation of brown coal, driven by a reduction in energy generation from fossil fuels and a decrease in the transportation of metallurgical materials. This decline could not be offset by the increasing volumes of combined transport nor by the growing performance and transport volumes of ČD Cargo abroad. In 2024, the Company transported approximately 4 million tonnes of goods less than the previous year. For this reason, the Company started to reduce excessive capacities and eliminate redundant vehicles. In this situation, the loss before tax of CZK 946 million incurred by the Company was significantly impacted by an extraordinary asset impairment of CZK 1,055 million.

Despite the situation in the freight transport, I still consider last year to be another successful one. If it were not for the adjustment to the value of assets, the Group result would have exceeded CZK 2 billion.

The strong result stems not only from the trust of customers, to whom we continuously strive to provide better services, but also from our emphasis on efficiency and innovation. For this reason, we concentrated heavily on modernising the rolling stock, as well as expanding repair and maintenance capacities in 2024. We completed the modernisation of the Prague South trackway and started the construction of new repair halls in Cheb and Havlíčkův Brod. This year, we will continue at the same pace. We started the renovation of the hall in Olomouc, and we are preparing other investments in České Budějovice, Hradec Králové, and Česká Třebová.

In the areas of innovations and the introduction of new technologies, the largest project was certainly the transition to the single ETCS system. In 2024, preparations peaked for its introduction so that on 1 January 2025, we could launch exclusive operations on selected corridor routes on our trains.

In 2024, the Group successfully dealt with new reporting obligations under CSRD, which were reflected in the extension of the annual report to include a section on sustainability. We believe that railway transport, as the principal line of our business, is one of the most environmentally friendly types of transport. Our approach to sustainability is based on balancing economic, environmental, and social factors. Along with economic benefits and increased passenger comfort, the modernisation of the rolling stock also enhances energy efficiency. Due to this fact, the volume of recuperated electricity increased year-on-year by 66%. In addition, we completed the project of preparations for the use of low-emission HVO fuel. Apart from the rolling stock, several projects were launched to reduce the energy consumption of buildings. We have also initiated a programme to build photovoltaic sources to achieve a capacity of 15.5 MWp by 2030.

Overall, 2024 was a year full of challenges for České dráhy and the entire Group, and 2025 will be no different. However, it will also bring new opportunities and possibilities for further development. We will continue to focus on increasing efficiency, implementing modern technologies, and providing our customers with the best railway services.

I would like to thank all our employees, customers, and partners for their trust and support.

Michal Krapinec

Chairman of the Board of Directors

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Board of Directors

Michal Krapinec
Chairman of the Board of Directors

As a graduate of the Faculty of Law of Charles University in Prague, majoring in law and legal science, he started his professional career in advocacy, and has been working for the ČD Group since 2012. While at ČD Cargo, Mr. Krapinec served as secretary general of the company's management and subsequently took over the division for management and administration of equity investments, where he was responsible for international expansion. Later, Mr. Krapinec became a member of the Board of Directors of ČD Logistics and a member of the Supervisory Board of ČD – Informační Systémy. Subsequently, he managed the Strategy and Equity Investment Management Department and the Project Office Department at ČD. In June 2020, Mr. Krapinec was elected a member of the Board of Directors of ČD – Telematika, and in September of the same year, he became chairman of the Board of Directors.

Michal Kraus
Vice-Chairman of the Board of Directors

He has a background in teaching, law and economics. In the early 1990's, Mr. Kraus worked at Czech Radio. After 1993, he joined Škoda in Pilsen, where he worked, among other things, as head of the office of the CEO and as HR director. In 2000, when the company operated on the market as Škoda Holding, Mr. Kraus became a member of the Board of Directors. In 2002, he joined Czech Airlines as vice president of human resources. From February 2004 to June 2019, Mr. Kraus was the CEO of Plzeňské městské dopravní podniky (PMDP). Since 2015, he has also been the head of the Association of Transport Enterprises of the Czech Republic, and since 2014, he has held the position of chairman of the Board of Directors of PMDP. Mr. Kraus has worked in the Company's Board of Directors and as deputy CEO since 14 October 2019. Since July 2021, he has been responsible for the Maintenance division.

Jiří Ješeta
Member of the Board of Directors

After graduating from the Industrial Secondary School of Transport in Strakonice, he started working for ČD as a dispatcher in 1994 and continued his studies in the field of transport technology and management at the Jan Perner Faculty of Transport at the University of Pardubice. In 2001, Mr. Ješeta joined the Controlling Department of the Directorate General of ČD. He has held several managerial positions at the Directorate General of ČD, including director of the Office of the Deputy CEO for sales and marketing, director of the Passenger Transport Business Department and director of the Regional Transport Department. Mr. Ješeta was elected deputy CEO for business and a member of the Board of Directors in May 2020. He has been responsible for the Passenger Transport Division since 1 July 2021.

Blanka Havelková
Member of the Board of Directors

Before graduating from the Faculty of Arts, Charles University in Prague, majoring in pedagogy with a specialisation in social pedagogy, personal and social development and pedagogical-psychological counselling, she worked for the Pedagogical Research Institute in Prague, where she was responsible for European social funds and the personal social development of children in school. In 2008, Ms. Havelková joined the Department of Human Resources at ČD, where she focused on employee training and later worked as head of education in the above department. In 2016, Ms. Havelková became the chairwoman of the Board of Directors of Dopravní vzdělávací institut (DVI). At DVI, she focused on developing and expanding their portfolio of services, including projects supporting the care of the ČD Group employees and their children. In February 2022, Ms. Havelková was elected to the Board of Directors of ČD as deputy CEO for Human Resources.

Lukáš Svoboda
Member of the Board of Directors

As 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 PWC. From 2013 to 2014, Mr. Svoboda worked as financial manager for Informační linky. From 2014 to 2018, he was director of controlling, and later director of finance at Česká pošta. From 2014 to 2020, Mr. Svoboda was a member of the Board of Directors of Poštovní tiskárna cenin in Prague. Starting in 2019, he worked for ČD – Telematika, a subsidiary of ČD, where he was also responsible for procurement, logistics and asset management from the position of Chief Financial Officer. In April 2022, Mr. Svoboda was elected to the Board of Directors of ČD as deputy CEO for Economics and Procurement.

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Principal Indicators for the ČD Group

Key financial indicators	Unit	2024	2023	Difference	Index 2024/2023 (%)
Revenues	**CZK million**	**51,644**	**49,148**	**2,496**	**105.1**
- of which revenues from passenger transport	*CZK million*	*33,282*	*30,183*	*3,099*	*110.3*
- of which revenues from freight transport	*CZK million*	*15,571*	*15,729*	*(158)*	*99.0*
- of which other revenues	*CZK million*	*2,791*	*3,236*	*(445)*	*86.2*
Other operating income	CZK million	3,054	3,833	(779)	79.7
Services, material and energy consumption	CZK million	(20,340)	(18,591)	(1,749)	109.4
Staff costs	CZK million	(17,717)	(17,203)	(514)	103.0
Other operating expenses	CZK million	(987)	(1,047)	60	94.3
EBITDA (from continuing operations) *	**CZK million**	**15,654**	**16,140**	**(486)**	**97.0**
EBITDA margin *	%	28.62	30.46	(1.84)	93.9
Depreciation, amortisation and impairment	CZK million	(11,551)	(9,605)	(1,946)	120.3
EBIT (from continuing operations) *	**CZK million**	**4,103**	**6,535**	**(2,432)**	**62.8**
EBIT margin *	%	7.50	12.33	(4.83)	60.8
Finance income and costs	CZK million	(2,841)	(2,709)	(132)	104.9
EBT (earnings before taxes)	**CZK million**	**1,262**	**3,826**	**(2,564)**	**33.0**
EBT margin *	%	2.28	7.14	(4.86)	31.9
Total assets	CZK million	141,949	126,983	14,966	111.8
CAPEX (capital expenditures) *	**CZK million**	**22,708**	**14,349**	**8,359**	**158.3**
Total gross debt *	CZK million	87,426	72,760	14,666	120.2
Cash and cash equivalents	CZK million	9,338	8,119	1,219	115.0
Total net debt *	CZK million	78,088	64,641	13,447	120.8
Total gross debt / EBITDA *	1	5.6	4.5	1.1	124.4
Total net debt / EBITDA *	1	5.0	4.0	1.0	125.0

* The definition of alternative performance measures used is provided in the relevant chapter.

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Key non-financial indicators	Unit	2024	2023	Difference	Index 2024/2023 (%)
Passenger transport					
Number of transported passengers	mil. persons	168.8	164.4	4.4	102.7
Passenger transport capacity	mil. passenger kilometres	8,280	8,068	212	102.6
Transport capacity	mil. train kilometres	115.2	116.8	(1.6)	98.6
Average transport distance	km	49.1	49.1	-	100.0
Occupancy of offered capacity	%	30.8	30.2	1.6	102.0
Freight transport					
Transport volume	mil. tonnes	56.7	59.4	(3)	95.5
Employees					
Average recalculated number of employees	persons	21,550	21,823	(273)	98.7
Gender balance (overall share of women)	%	26	26	-	100.0
Energy and emissions					
Total energy consumption	MWh	1,609,885 *	1,850,484	(240,599)	87.0
Greenhouse gas emissions (S1-2)	Tonnes of CO_2e	788,586 **			
Customers					
Customer satisfaction with passenger transport services	NPS	33.7	27.3	6.4	123.4
Share of online sales channels of ČD in the total number of sold tickets	%	64.3	56.2	8.1	114.4

* Total energy consumption for 2024 according to the new methodology takes into account the declared losses from the traction electric energy distribution system in the amount of 114,959 MWh.

** Calculation of the indicator according to the new methodology (reference year).

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Equity Investments of the ČD Group

As at December 2024

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- 34 % Masaryk Station Development, a.s.
- 34 % CR-City a.s.
- 4 % Hit Rail, B.V.
- 3.36 % BCC, s.c.r.l.
- 1 % EUROFIMA
- 0.43 % Intercontainer-Interfrigo SA – *in liquidation since 26 November 2010*
- 100 % ČD Cargo, a.s.
  - 100 % CD Cargo Germany GmbH
    - 100 % CD Cargo Austria GmbH
  - 100 % CD Cargo Slovakia, s. r. o.
    - 100 % CD Cargo Hungary Kft.
  - 100 % ČD Cargo Adria d.o.o.
  - 100 % CD Cargo Poland Sp. z.o.o.
  - 100 % ČD Cargo Logistics, a.s.
  - 66.93 % Terminal Brno, a.s.
  - 51 % ČD-DUSS Terminál, a.s.
  - 50 % RAILLEX, a.s.
  - 50 % Ostravská dopravní společnost, a.s. – *in liquidation since 1 November 2024*
  - 30 % BOHEMIAKOMBI, spol. s r.o.
  - 20 % Ostravská dopr. společnost - Cargo, a.s.
  - 15 % Terminál Nymburk s.r.o.
- 100 % DPOV, a.s.
- 100 % Výzkumný Ústav Železniční, a.s.
  - 100 % VUZ Slovakia, s.r.o.
- 100 % ČD Bus a.s.
- 100 % ČD Restaurant, a.s.
- 100 % ČD – Informační Systémy, a.s.
  - 100 % ODP-software, spol. s r. o.
  - 100 % CHAPS spol. s r.o.
    - 100 % INPROP, s.r.o.
    - 100 % ČSAD SVT Praha, s.r.o.
      - 80 % SVT Slovakia s.r.o.
  - 34 % XT-Card a.s.
  - 100 % Tramex Rail s.r.o.o.
- 66 % RailReal a.s.
- 51 % Žižkov Station Development, a.s.
- 100 % ČD – Telematika a.s.
  - 100 % ECHIS a.s.
- 51.72 % ČD travel, s.r.o.
  - 100 % ČD relax s.r.o.
- 38.79 % JLV, a.s.
  - 100 % CZ servis, s.r.o.
  - 18 % BK Team, a.s.
  - 20.45 % JPServis, a.s.
- 100 % Dopravní vzdělávací institut, a.s.

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Corporate Governance

Legal Relations of the Company

The legal relations of the joint stock company České dráhy, a.s. ("ČD" or the "Company" or "České dráhy") are governed by:

- Act No. 77/2002 Coll., on the Joint-Stock Company České dráhy, the State Organisation Správa železnic and on the Amendment to Act No. 266/1994 Coll., on Railways, as amended, and Act No. 77/1997 Coll., on State Enterprise, as amended;
- Act No. 89/2012 Coll., the Civil Code, as amended; and
- Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (the Act on Commercial Corporations), as amended.

The legal relations of the Company, as well as the rights and obligations of the Company's shareholders and bodies, are comprehensively regulated in the Company's Articles of Association

Shareholder Structure and Bodies of the Company

The sole shareholder of ČD is the Czech Republic. The Company's supreme body is the General Meeting. In the event that the Company has only one shareholder, no general meeting is held, and the powers of the general meeting are exercised by the sole shareholder. The scope of competence of the General Meeting is set out in the laws governing the Company's legal relations and in the Company's Articles of Association.

In 2024, the Company acquired no treasury shares.

Steering Committee

The state exercises its rights of the sole shareholder in the Company through the Steering Committee. The Steering Committee consists of three government-appointed employees of the Ministry of Transport (MT) and one government-appointed employee each of the Ministry of Finance (MF), Ministry of Defence (MD), Ministry of Industry and Trade (MIT) and Ministry of Regional Development (MRD). The decision-making process of the Steering Committee is governed by the laws governing the legal relations of the Company, the Articles of Association of the Company, and the Rules of Procedure of the Steering Committee. The working addresses of the members of the Steering Committee are located at the registered office of the Company. During the first quarter of 2024, the Czech government appointed Leo Steiner to the Steering Committee as a representative of the Ministry of Regional Development and Václav Bernard, deputy transportation minister, who replaced Ladislav Němec, the current member of the Steering Committee.

The composition of the Steering Committee as at 31 December 2024 was as follows:

Jakub Kopřiva	Chairman, representative of MT
Václav Bernard	Vice-chairman, representative of MT
Petr Pavelek	Member, representative of MF
Eduard Muřický	Member, representative of MIT
Luděk Sosna	Member, representative of MT
Richard Vítek	Member, representative of MD
Leo Steiner	Member, representative of the MRD

Supervisory Board

The Supervisory Board has six members. Two thirds of the members are elected by the sole shareholder through the Steering Committee, one third is elected by the employees according to the election rules approved by the Company's Board of Directors after consultation with the relevant trade unions. The term of office of a member of the Supervisory Board is five years. The Supervisory Board meets as required (usually once a month), but at least four times a year. The Supervisory Board supervises the performance of the Board of Directors' duties and the Company's activities and submits its opinion to the General Meeting.

The Supervisory Board's decision-making procedure is governed by the laws governing the Company's legal relations, the Company's Articles of Association and the Supervisory Board's Rules of Procedure. The working addresses of the members of the Supervisory Board are located at the Company's registered office.

As of 1 January 2024, Věra Nečasová and Štěpán Lev were elected new members of the Supervisory Board by employees. As of 25 May 2024, Lenka Hamplová resigned as a member of the Supervisory Board, and Petr Šlégr was recalled as a member of the Supervisory Board on 1 November 2024. On 6 August 2024, Filip Terš was elected as a new member of the Supervisory Board and on 2 November 2024, Josef Suchánek was elected as a member of the Supervisory Board.

The composition of the Supervisory Board as at 31 December 2024 was as follows:

Miroslav Zámečník	Chairman
Josef Suchánek	Member
Filip Terš	Member
Věra Nečasová	Member
Štěpán Lev	Member
Michal Vozobule	Member

The Supervisory Board has established a Real Estate Committee, a Remuneration Committee and a Railway Vehicles Committee within its scope of competence.

The Real Estate Committee discusses proposals by the Board of Directors for the prior approval of the Supervisory Board for the management of real estate in cases where such approval is required under the Company's Articles of Association and where discussion in the Committee prior to submission to the Supervisory Board is required under the internal regulations on the sale and lease of ČD's real estate. The members of the Committee are elected and recalled by the Supervisory Board. The Committee's decision-making procedure is governed in particular by the Company's Articles of Association and, in detail, by the Committee's Rules of Procedure, which are approved by the Supervisory Board.

The Remuneration Committee monitors compliance with the rules governing the remuneration of members of the Company's Board of Directors. According to these rules, the members of the Board of Directors are remunerated in particular in accordance with the achievement of set objectives. The Committee also reviews the Company's proposals for determining the remuneration and other benefits of the members of the Board of Directors and submits its opinions and recommendations to the Company's Supervisory Board on these proposals. The members of the Committee are elected and dismissed by the Supervisory Board. The Committee's decision-making procedure is governed in particular by the Company's Articles of Association and, in detail, by the Committee's Rules of Procedure, which are approved by the Supervisory Board.

The Railway Vehicle Committee is an advisory body of the Supervisory Board which discusses proposals from the ČD Board of Directors concerning the strategy and concept of the railway vehicle renewal. The Committee's decision-making procedure is governed in particular by the Company's Articles of Association.

Board of Directors

The Board of Directors is the statutory body of the Company. The Board of Directors is responsible for business management. The Board of Directors has five members. The members of the Board of Directors are elected and recalled by the Company's Supervisory Board. The Board of Directors meets as required (usually once a week), but at least once every three months. Within the scope of its competence, the Company's Board of Directors decides, in particular, on all matters of the Company, unless they are reserved by the relevant legislation and the Company's Articles of Association to the General Meeting, the Supervisory Board or the Audit Committee. The decision-making procedure of the Board of Directors is governed by the laws governing the legal relations of the Company and the Articles of Association of the Company. The working addresses of the members of the Board of Directors are located at the registered office of the Company.

The composition of the Board of Directors as at 31 December 2024 was as follows:

Michal Krapinec	Chairman
Michal Kraus	Vice-chairman
Blanka Havelková	Member
Lukáš Svoboda	Member
Jiří Ješeta	Member

Audit Committee

Members of the Audit Committee are appointed and recalled by the Company's sole shareholder through the Steering Committee. The Audit Committee has three members. The term of office of an Audit Committee member is five years. The Audit Committee meets as required but at least four times a year. The Audit Committee's terms of reference are determined by Act No. 93/2009 Coll., on Auditors, as amended, and the Company's Articles of Association. The decision-making procedure of the Audit Committee is governed by the Company's Articles of Association.

The composition of the Audit Committee as at 31 December 2024 was as follows:

Tomáš Vyhnánek	Chairman
Otakar Hora	Vice-chairman
Lenka Hamplová (maiden name Hlubučková)	Member

Risk Management

The primary objective of the integrated risk management system in the ČD Group is to continuously limit the negative impact of risks on the economic performance of the entire ČD Group, i.e. to eliminate, to the maximum extent possible, threats of decreased revenues or increased costs. The risk management system in the conditions of ČD is based on the established framework of corporate governance rules and is part of the "second line of defence" of the conceptual layout of internal control levels within the principle of all "three lines of defence" of the organisation.

The Risk Management Committee of ČD plays an important role in the risk management system, acting as an advisory body to the Board of Directors of ČD. The Committee convenes at least four times a year.

A uniform system is used for recording and evaluating risks across the entire ČD Group, including the same method of quantifying and categorising risks, which enables us to provide comparable data, particularly when compiling the current overall risk position. Continuous monitoring and regular assessment of risks in relation to the relevant approved limits ensures that the management of the ČD Group is regularly informed of the current risk position.

The Company's financial risk management objectives and methods are described in detail in the separate financial statements for 2024, Notes 33.4 – 33.9. The objectives and methods of the ČD Group's financial risk management are described in detail in the consolidated financial statements for 2024, Notes 35.4 – 35.9.

ISO Management Systems

An essential component of ČD's operations is the implementation of management systems in accordance with international ISO standards. Certain standards are binding for ČD either because they fulfil the requirements of legislation or because of the commitment of the ČD Board of Directors regarding the quality of services offered and the safety and health protection of employees.

At present, ČD is certified under ISO 9001 and ISO 45001. The certification covers passenger transport security in both long-distance and regional services, timetable preparation and execution, product and standard development and management in passenger transport, pricing, operational planning and deployment, as well as the maintenance and repair of rolling stock. It also includes procurement, storage, and material supply. Additionally, the entire Company is certified under ISO 50001 for energy consumption management in passenger transport and property management.

Internal Audit

The internal audit function is provided by the Internal Audit and Control Department. The Department falls under the management authority of the Board of Directors. The Audit Committee oversees the independence and efficiency of internal audit.

The internal audit function of ČD is based on the principles of the International Standards for the Professional Practice of Internal Auditing. Accordingly, it undergoes an external independent assessment, which contributes to ensuring and continuously improving the quality of internal audit services. In the most recent external assessment conducted in 2020, ČD's internal audit activities and performance were found to be compliant with international professional standards. The internal audit serves as an independent "third line of defence" of the conceptual layout of internal control levels, aligning with the "three lines of defence" model of the organisation.

The Internal Audit Department also communicates and cooperates with external oversight bodies, the external auditor, and law enforcement authorities. In coordination with the Compliance Officer, it is responsible for managing the reporting, registration, and investigation of fraud and unethical practices within ČD (whistleblowing).

Report on the Activities of the Supervisory Board of the Company for 2024

In 2024, twelve meetings were held at the registered office of České dráhy, a.s. and the Supervisory Board always had a quorum. The meetings of the Supervisory Board were regularly attended by the chairman and other members of the Company's Board of Directors, as needed.

During the reporting period, the Company's Supervisory Board exercised its powers and performed all tasks in accordance with the law and the Company's Articles of Association. The Supervisory Board made use of all the options stipulated by the Company's Articles of Association for its supervisory activities.

As part of its oversight activities, the Supervisory Board supervised the proper exercise of powers of the Board of Directors and the Company's activities. The Supervisory Board was regularly informed by the Company's Board of Directors about the Company's current events, economic results, the Company's financial position, financial risks and the Company's risk position, as well as the economic results of subsidiaries, in particular ČD Cargo, a.s.

The Company's Supervisory Board meetings were regularly presented with the materials requested by the Supervisory Board and requests from the Company's Board of Directors for the prior approval of certain legal actions taken by the Company. All such requests were duly considered and acted upon by the Supervisory Board. The Supervisory Board continuously assigned tasks to the Company's Board of Directors to examine the need for and scope of investment projects in order to optimise the Company's costs. As part of its activities, the Supervisory Board monitored in particular the achievement of the economic targets set out in the Company's annual business plan and requested justification of the development of the business.

The Supervisory Board states that the Company's Board of Directors provided the Supervisory Board with all prescribed or required information as well as cooperation in 2024, and the Supervisory Board thus had at its disposal all the documents necessary for the performance of its oversight activities.

In the course of its oversight activities, the Supervisory Board did not find any violation or non-fulfilment of the obligations arising from legal regulations, the Company's Articles of Association, the Company's internal regulations or the instructions of the General Meeting on the part of České dráhy, a.s. or individual members of the Company's Board of Directors.

The Supervisory Board concludes that all the necessary conditions for the proper performance of its activities have been created.

In Prague on 22 January 2025

Miroslav Zámečník

Chairman of the Supervisory Board of České dráhy, a.s.

Report of the Board of Directors on Business Activities of the ČD Group and the Balance of its Assets

Economic results

The table below was prepared using the information disclosed in the Segment Information note included in the consolidated financial statements.

(CZK million)

		Passenger transport	Freight transport	Asset management	Certifications and testing	Others	Elimination	Total
Revenues	2024	33,282	15,571	516	1,015	7,462	(6,202)	**51,644**
	2023	30,183	15,729	516	838	6,541	(4,659)	**49,148**
Services, material and energy consumption	2024	(12,947)	(6,880)	(538)	(246)	(5,211)	5,482	**(20,340)**
	2023	(11,062)	(6,380)	(622)	(182)	(4,529)	4,184	**(18,591)**
Staff costs	2024	(10,498)	(5,530)	(250)	(192)	(1,671)	424	**(17,717)**
	2023	(10,265)	(5,402)	(267)	(174)	(1,522)	427	**(17,203)**
EBITDA from continuing operations	2024	10,514	3,183	1,150	573	1,265	(1,031)	**15,654**
	2023	9,478	3,806	2,213	401	1,044	(802)	**16,140**
Depreciation, amortisation and impairment	2024	(7,532)	(3,585)	(235)	(64)	(321)	186	**(11,551)**
	2023	(6,594)	(2,589)	(243)	(61)	(293)	175	**(9,605)**
EBIT from continuing operations	2024	2,982	(402)	915	509	944	(845)	**4,103**
	2023	2,884	1,217	1,970	340	751	(627)	**6,535**
Profit/(loss) before tax	2024	635	(946)	977	528	917	(849)	**1,262**
	2023	623	733	1,981	354	741	(606)	**3,826**

Passenger Transport Segment

The passenger transport segment achieved a profit before tax of CZK 635 million and slightly improved year-on-year by CZK 12 million in 2024. Sales increased year-on-year by CZK 3.1 billion. The increase was primarily due to higher compensation from clients reflecting an increase in the price level and investments in new vehicles that were put into operation in 2024. Other factors included increased revenues from the sale of tickets reflecting a growth in the number of transported passengers and an increase in the compensation for replacement bus transport due to significantly more frequent track closures which even more considerably impacted the costs. Operating costs increased by CZK 2.1 billion. Apart from the above-stated costs of track closures, it was predominantly traction costs, repair and material consumption costs, costs of the payments for railway infrastructure, ICT costs in relation to continued digitisation, and staff costs relating to the company collective agreement which increased. EBITDA of the passenger transport segment amounted to CZK 10.5 billion; it increased year-on-year by more than 1 billion. Given the modernisation of the rolling stock, depreciation increased year-on-year by almost CZK 1 billion. The financial profit did not significantly change year-on-year. The year 2024 was important for the passenger transport segment in terms of investments in railway vehicles which significantly increased year-on-year, resulting in an increase in the net book value of fixed assets by more than CZK 13 billion.

Freight Transport Segment

In 2024, the freight transport segment recorded a loss before tax of CZK 946 million. This result was predominantly impacted by a decline in the performance on the local transport market where the transport declined by approximately 4 million tonnes year-on-year. This primarily included transport of brown coal due to diminishing generation of energy from fossil fuels and transport for the metallurgical industry. Growing volumes of combined transport and other commodities or services of ČD Cargo abroad were not able to compensate for this decline. The loss was negatively impacted by a year-on-year increase in a number of cost inputs, primarily traction energy, and a general pressure on salary increases due to the development in price levels in recent years.

The change in the structure of transported commodities and an overall decline in services on the railway freight market in the Czech Republic resulted in a necessary reduction of excessive capacities that ČD Cargo cannot use. The number of employees was decreased, redundant wagons and locomotives were put out of operation and liquidated, and certain planned investments were stopped. This trend will continue in the following years; this relates to a recognised asset impairment of CZK 1,055 million, which significantly negatively impacted the result of the segment in 2024. However, numerous significant railway freight transporters in Europe have seen negative results. Nevertheless, ČD Cargo continued and will continue its investments improving the quality of offered transport services and allowing the development of international transport which the Company has continued to see as the principal pillars of its strategy.

Asset Management Segment

The asset management segment achieved a profit before tax of almost CZK 1 billion in 2024. It decreased year-on-year by CZK 1 billion primarily due to extraordinarily high sales from development projects completed in the prior year. The sales from development projects are recognised in other operating income that is not part of the above table. To a lesser extent, there was a year-on-year increase in the costs of services, material and energy consumption. Other year-on-year changes are immaterial.

← content

Certification and Testing Segment

The certification and testing segment achieved a historically highest profit slightly above CZK 0.5 billion, which increased year-on-year by almost CZK 0.2 billion. The result was positively impacted by an increase in revenues, which exceeded CZK 1 billion and increased year-on-year by almost 0.2 billion. The increase was primarily due to unrepeatable sales that did not require infrastructure capacity of testing circuits, e.g. stationary tests etc.; therefore, did not result in a significant increase in variable costs.

Others and Eliminations

The year-on-year improvement in the profit before tax in the Others column was due to a combination of several impacts. The principal impact was year-on-year higher sales by more than CZK 0.9 billion. The increase was predominantly due to an increase in sales in ČD – Telematika, ČD Bus and DPOV. At the same time, there was an increase in costs. The profit before tax increased year-on-year by almost CZK 0.2 billion. However, the Others column should be seen in relation to the Eliminations column comprising eliminations or transfers of costs and income in entities providing services within the ČD Group, primarily in repairs and ICT. Net of these impacts, the profit in the Others item mostly includes ICT services provided outside of the ČD Group.

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Definition of Alternative Performance Measures

This annual report uses the following alternative performance measures:

EBIT is defined as operating profit/loss for the period from continuing operations before financial income and expenses, share in profits of associates and joint ventures and taxes.

EBITDA is defined as operating profit/loss for the period from continuing operations before financial income and expenses, share in profits of associates and joint ventures, taxes, depreciation and amortisation.

Management uses EBIT and EBITDA to assess and compare the underlying profitability of the ČD Group after eliminating potential differences in performance caused by variations in capital structure, tax positions and depreciation and amortisation.

Reconciliation of EBIT and EBITDA calculation:

(CZK million)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Profit for the period (from continuing operations)	1,365	3,196
Income tax	103	(630)
Finance income	579	606
Finance costs	(3,436)	(3,326)
Share in the profit of associates and joint ventures	16	11
EBIT	**4,103**	**6,535**
Depreciation, amortisation and impairment	(11,551)	(9,605)
EBITDA	**15,654**	**16,140**

← content

Capital expenditure (CAPEX) is defined as payments for property, plant and equipment, investment property and intangible assets as reported in the cash flow statement.

The ČD Group presents capital expenditure as management uses it as an indicator of total investment in property, plant and equipment, investment property and intangible assets to enhance the scale and economic benefit of its operations.

Reconciliation of CAPEX calculation:

(CZK million)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Payments for property, plant and equipment	(22,365)	(13,931)
Payments for investment property	(16)	(93)
Payments for intangible assets	(327)	(325)
Acquisitions of subsidiaries and joint ventures	-	-
Acquisition of joint ventures	-	-
CAPEX	(22,708)	(14,349)

Total gross debt is defined as the total of interest-bearing payables composed of short-term and long-term loans, borrowings and lease liabilities.

Total gross debt / EBITDA is defined as the total debt divided by EBITDA.

The ČD Group sees the Total gross debt / EBITDA as a useful indicator to evaluate the ČD Group's liquidity, which makes it easier to compare with similar entities in the same industry segment.

Reconciliation of the Total gross debt / EBITDA ratio calculation:

(CZK million)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Short-term loans, borrowings and lease liabilities	7,899	6,911
Long-term loans, borrowings and lease liabilities	79,527	65,849
Total gross debt	87,426	72,760
EBITDA	15,654	16,140
Total gross debt / EBITDA	5.6	4.5

Total net debt is defined as the total gross debt minus cash and cash equivalents.

Total net debt / EBITDA is defined as the total net debt divided by EBITDA.

Reconciliation of the Total net debt /EBITDA ratio calculation:

(CZK million)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
Total gross debt	87,426	72,760
Cash and cash equivalents	9,338	8,119
Total net debt	78,088	64,641
EBITDA	15,654	16,140
Total net dept / EBITDA	**5.0**	**4.0**

EBITDA margin is defined as the ratio of EBITDA divided by income (net of finance income).

Reconciliation of EBITDA margin calculation:

(CZK million)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
EBITDA	15,654	16,140
Income	51,644	49,148
Other operating income	3,054	3,833
EBITDA margin (EBITDA/Income)	**28.62 %**	**30.46 %**

EBIT margin is defined as the ratio of EBIT divided by income (net of finance income).

Reconciliation of EBIT margin calculation:

(CZK million)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
EBIT	4,103	4,103
Income	51,644	49,148
Other operating income	3,054	3,833
EBIT margin (EBIT/Income)	**7.50 %**	**12.33 %**

← content

EBT margin is defined as the ratio of EBT (earnings before taxes) and income (including finance income).

Reconciliation of EBT margin calculation:

(CZK million)

	Year ended 31 Dec 2024	Year ended 31 Dec 2023
EBT (earnings before taxes)	1,262	3,826
Income	51,644	49,148
Other operating income	3,054	3,833
Finance income and share in the profit using the equity method	595	617
EBT margin (EBT/Income)	**2.28 %**	**7.14 %**

The ČD Group presents these alternative performance measures (APMs) as used by its management to monitor its financial position in terms of outstanding debt and available operating liquidity. These measures are similar to metrics used by certain investors, securities analysts and other stakeholders as supplemental information to financial position, financial performance and liquidity. The ČD Group believes that these measures will help investors understand the performance and leverage of the ČD Group and the current ability of the ČD Group to finance its ongoing operations.

None of these APMs are performance measures as defined under IFRS and should not be considered by investors as equivalent to profit/loss for the period, profit/loss from operating activities, profit/loss before tax, net cash flow from operating activities, investing activities or financing activities or other measures determined in accordance with IFRS. These APMs have limitations as analytical tools and investors should not rely on them in isolation.

Passenger Transport

In 2024, the Company continued to increase the number of passengers in trains and renew its rolling stock on a large scale. Together with clients, the Company completed the negotiations leading to the provision of transport services for another period. The clients no longer have, with a few exceptions, another possibility to award a contract than in a standard tender. Our objective has so far been, and will be, to keep all the current services and potentially gain new ones, but always only those with a positive economic impact on the profit.

Long-distance Transport

In 2024, in relation to the termination of the prior contract, we concluded a new contract with our long-distance transport client, the Ministry of Transport of the Czech Republic, for services provided as part of the public service obligation on the R9 Prague – Havlíčkův Brod – Brno / Jihlava route with the start of services in December 2024 to December 2026.

In addition, we concluded a contract with the long-distance transport client, the Ministry of Transport of the Czech Republic, for the operation of the Prague – České Budějovice – (Linz) / Český Krumlov, R11 České Budějovice – Jihlava – Brno, R17 Prague – Veselí nad Lužnicí – České Budějovice / České Velenice and R31 Pilsen – České Budějovice routes with the provision of services from December 2025 to December 2031, following the tender won by České dráhy.

In December 2024, we started services on a completely new international express Ex32 Prague – Pardubice – Lichkov – (Wroclaw – Gdynia) route that we won following a tender.

In 2024, we operated a total of 22 long-distance routes under 8 contracts for public services concluded with the Ministry of Transport of the Czech Republic.

In long-distance transport, we continued to adjust the portfolio of offered services to fit customer needs and improve the quality of the rolling stock and operation safety, consisting primarily in the completely new ComfortJet express trains put into operation and installation of the ETCS in traction vehicles. We pay constant attention to the quality of additional services for passengers, both in our trains and in stations. They continue to be the priority to achieve our goals in this segment in the following periods.

Regional Transport

In 2024, we signed a contract in the Moravian-Silesian region for the Bruntál region operational set with the effect for 4 years and the possibility of a two-year option. As such, the end of the contract is at the end of 2029, or 2031. Additionally, we repeatedly succeeded in extending the operation of the narrow-gauge track to Osoblaha by one year. In the Moravian-Silesian region, we took part in preliminary market consultations for the future Beskydy operational set. The following tender has not yet been started.

In 2023, the South Moravia region organised a tender for the operation of electric units owned by the region (Moravia). In 2024, we succeeded in the tender and these units have operated since 2024 under the České dráhy brand.

Further, we managed to extend the contract providing for the operation of passenger railway transport in the Pardubice region until December 2034 due to a significant investment in the second half of the contract term.

On the contrary, despite the submitted statement of objections, it was confirmed that our bid in the tender organised by the Ústí nad Labem region for the Electrical Backbone operational set was excluded, and the operation will be provided by RegioJet.

Evaluation of Quality Standards for 2024

The quality of services provided to the passenger public forms a crucial part of ČD’s image, as it is visible and monitored by the general public, the media, competing carriers, and clients of passenger transport in regional and long-distance transport. ČD’s quality standards internally set a uniform level of quality of services provided to passengers and customers.

The quality management system at ČD is set in a way that fulfils the requirements of ČSN EN ISO 9001, ČSN EN ISO 45001, and ČSN EN ISO 50001, and is also in compliance with the Regulation (EU) 2021/782 of the European Parliament and of the Council of 29 April 2021 on rail passengers’ rights and obligations, Article 29 and Annex 3 Minimum service quality standards. The standards for 2024 were evaluated under the above-stated standards. None of these documents provide binding values for the fulfilment of the individual required quality standards.

With effect from 1 January 2024, a new regulation titled Standards of Quality of České dráhy, a.s. was issued.

The measurement of quality standard fulfilment using internal control, the results of inspections by clients, adherence to the timetable, evaluation and analyses of operational work, refunds of transport fee, compensation to passengers, dealing with sent complaints and suggestions received is complemented by a marketing survey.

The Quality Standards of České dráhy, a.s. (No. 59049/2023-O17) effective from 1 January 2024 set forth eight basic pillars of internal quality standards. Some pillars were further divided into subgroups. In total, we have evaluated 144 partial quality standards, where 112 were met and 32 were not met in a specified interval.

Partial non-compliance with these internally set quality standards does not constitute a breach of legislation. However, it may be a reason for imposing sanctions arising from the contracts concluded with clients where they are set individually.

The conclusions of the 2024 audit activity are consistent with the outcomes of the assessment of these quality standards. A total of 41,787 inspections were carried out in 2024, of which 13,081 were in stations and 28,706 in trains. The inspection activity (IA) in 2025 will focus on verifying the effectiveness of measures taken to meet quality standards.

In 2024, 13,081 inspections were performed in stations; in 2,581 inspections (19.7%), at least one shortcoming was identified and reported through a relevant inspection sheet.

In trains, the inspection activities focused on all categories of passenger trains, including 0/0-S trains. In total, 28,706 inspections were performed in 2024; in 9,442 inspections (32.9%), at least one shortcoming was identified and reported through a relevant inspection sheet.

Where the level of compliance with individual standards for a defined period was below the minimum value, the individual organisational units are required to investigate the reasons, take corrective action and implement it without delay.

Card of standards		Level of difficulty	2024	Meeting of standards
1.	Information and tickets			
1.1.	Sale and checking of tickets on trains			
	Ensuring the sale of tickets – number of defects identified in IA vs. total number of inspections	99 %	97.37 %	not met
	Ensuring the sale of tickets – number of defects identified in IA and complaints regarding the number of departed trains	99 %	99.94 %	met
1.2.	Provision of information on trains			
	Ensuring on-board information – number of defects identified in IA vs. total number of inspections	99 %	97.94 %	not met
	Ensuring on-board information – number of defects identified in IA and complaints regarding the number of departed trains	99 %	99.95 %	met
1.3.	Sale of tickets in stations			
	Quality of work of a personal cashier – number of defects identified in IA vs. total number of inspections	99 %	98.87 %	not met
	Quality of work of a personal cashier – of defects identified in IA and complaints regarding the number of departed trains	99 %	99.99 %	met
1.4.	Provision of information to passengers on stations			
	Ensuring the provision of information – number of defects identified in IA vs. total number of inspections	90 %	98.96 %	met
	Ensuring the provision of information – total number of defects identified in IA and complaints per number of stations	99 %	99.97 %	met
1.5.	Behaviour of train and station staff			
	Behaviour, conduct and image of train and station staff – number of defects identified in IA vs. total number of inspections	99 %	99.76 %	met
	Behaviour, conduct and image of train and station staff – total number of defects identified in IA and complaints per number of stations	99 %	99.96 %	met
1.6.	Information systems in vehicles			
	Functionality of information provision – number of defects identified in IA vs. total number of inspections	99 %	94.80 %	not met
	Functionality of information provision – total number of defects identified in IA and complaints per number of departed trains	99 %	99.88 %	met

Card of standards		Level of difficulty	2024	Meeting of standards
1.7.	Information systems in stations			
	Functionality of information provision – number of defects identified in IA vs. total number of inspections	99 %	99.54 %	met
	Functionality of information provision – total number of defects identified in IA and complaints per number of stations	99 %	99.99 %	met
2.	Punctuality of trains and general principles for procedures in operational emergencies			
2.1.	Operational emergencies in rail transport			
	Reliability of timetable	98 %	98.70 %	met
	Quality of emergency handling	75 %	75.00 %	met
2.2.	Compliance with planned requirements and planned train capacities	92 %	94.40 %	met
3.	Accuracy of timetable adherence in long-distance, regional and commercial transport			
3.1.	Total average delays of trains as a share in percentage per category of train service			
	Average train delays (%) – long-distance transport			
	on time – 5 minutes	72.2 % min	71.40 %	not met
	6 – 15 minutes	21.3 % max	20.80 %	met
	16 – 30 minutes	4.5 % max	4.90 %	not met
	31 – 60 minutes	1.6 % max	2.10 %	not met
	61 minutes and more	0.5 % max	0.80 %	not met
	Average train delays (%) – regional transport			
	on time – 5 minutes	89.3 % min	90.20 %	met
	6 – 15 minutes	9.4 % max	8.80 %	met
	16 – 30 minutes	1.0 % max	0.80 %	met
	31 – 60 minutes	0.2 % max	0.20 %	met
	61 minutes and more	- % max	- %	met

Card of standards	Level of difficulty	2024	Meeting of standards
Average train delays (%) – total passenger transport			
on time – 5 minutes	88.0 % min	88.80 %	met
6 – 15 minutes	10.3 % max	9.70 %	met
16 – 30 minutes	1.3 % max	1.10 %	met
31 – 60 minutes	0.3 % max	0.30 %	met
61 minutes and more	0.1 % max	0.10 %	met
Average train delays caused by the carrier (%) – long-distance transport			
on time – 5 minutes	96.7 % min	95.80 %	not met
6 – 15 minutes	2.5 % max	3.30 %	not met
16 – 30 minutes	0.5 % max	0.60 %	not met
31 – 60 minutes	0.2 % max	0.20 %	met
61 minutes and more	0.1 % max	- %	met
Average train delays caused by the carrier (%) – regional transport			
on time – 5 minutes	99.0 % min	99.30 %	met
6 – 15 minutes	0.7 % max	0.50 %	met
16 – 30 minutes	0.2 % max	0.10 %	met
31 – 60 minutes	- % max	- %	met
61 minutes and more	- % max	- %	met
Average train delays caused by the carrier (%) – total passenger transport			
on time – 5 minutes	98.9 % min	99.10 %	met
6 – 15 minutes	0.9 % max	0.70 %	met
16 – 30 minutes	0.2 % max	0.10 %	met
31 – 60 minutes	0.1 % max	- %	met
61 minutes and more	- % max	- %	met

Card of standards		Level of difficulty	2024	Meeting of standards
3.2.	**Shares of causes of delay in percentage**			
	Responsibility for the delay – carrier			
	Long-distance transport	15.70 %	16.90 %	not met
	Regional transport	12.00 %	10.80 %	met
	Total passenger transport	13.00 %	12.50 %	met
	Responsibility for the delay – railway route operator			
	Long-distance transport	37.00 %	24.00 %	met
	Regional transport	25.10 %	15.50 %	met
	Total passenger transport	28.30 %	18.00 %	met
	Responsibility for the delay – other causes			
	Long-distance transport	47.30 %	59.10 %	not met
	Regional transport	62.80 %	73.70 %	not met
	Total passenger transport	58.70 %	69.50 %	not met
3.3.	**Number of trains delayed upon departure in percentage**			
	Average train delays (%) – long-distance transport			
	on time – 5 minutes	87.6 % min	85.90 %	not met
	6 – 15 minutes	9.1 % max	9.60 %	not met
	16 – 30 minutes	2.2 % max	2.60 %	not met
	31 – 60 minutes	0.8 % max	1.40 %	not met
	61 minutes and more	0.3 % max	0.50 %	not met
	Average train delays (%) – regional transport			
	on time – 5 minutes	92.6 % min	93.30 %	met
	6 – 15 minutes	6.6 % max	6.00 %	met
	16 – 30 minutes	0.7 % max	0.60 %	met
	31 – 60 minutes	0.1 % max	0.10 %	met
	61 minutes and more	0.0 % max	0.00 %	met

Card of standards	Level of difficulty	2024	Meeting of standards
Average train delays (%) – total passenger transport			
on time – 5 minutes	92.2 % min	92.70 %	met
6 – 15 minutes	6.7 % max	6.30 %	met
16 – 30 minutes	0.8 % max	0.70 %	met
31 – 60 minutes	0.2 % max	0.20 %	met
61 minutes and more	- % max	0.10 %	not met
Average train delays caused by the carrier (%) – long-distance transport			
on time – 5 minutes	98.2 % min	97.70 %	not met
6 – 15 minutes	1.3 % max	1.60 %	not met
16 – 30 minutes	0.4 % max	0.50 %	not met
31 – 60 minutes	0.1 % max	0.20 %	not met
61 minutes and more	- % max	- %	met
Average train delays caused by the carrier (%) – regional transport			
on time – 5 minutes	99.3 % min	99.50 %	met
6 – 15 minutes	0.5 % max	0.40 %	met
16 – 30 minutes	0.2 % max	0.10 %	met
31 – 60 minutes	- % max	- %	met
61 minutes and more	- % max	- %	met
Average train delays caused by the carrier (%) – total passenger transport			
on time – 5 minutes	99.2 % min	99.40 %	met
6 – 15 minutes	0.6 % max	0.50 %	met
16 – 30 minutes	0.2 % max	0.10 %	met
31 – 60 minutes	- % max	- %	met
61 minutes and more	- % max	- %	met

Card of standards		Level of difficulty	2024	Meeting of standards
3.4.	Share of trains delayed upon departure in percentage			
	Average train delays (%) – long-distance transport			
	on time – 5 minutes	68.0 % min	67.90 %	not met
	6 – 15 minutes	20.7 % max	20.60 %	met
	16 – 30 minutes	7.6 % max	7.20 %	met
	31 – 60 minutes	2.7 % max	3.10 %	not met
	61 minutes and more	1.1 % max	1.30 %	not met
	Average train delays (%) – regional transport			
	on time – 5 minutes	88.4 % min	89.60 %	met
	6 – 15 minutes	9.6 % max	8.90 %	met
	16 – 30 minutes	1.6 % max	1.10 %	met
	31 – 60 minutes	0.3 % max	0.20 %	met
	61 minutes and more	0.1 % max	0.10 %	met
	Average train delays (%) – total passenger transport			
	on time – 5 minutes	86.9 % min	88.00 %	met
	6 – 15 minutes	10.4 % max	9.80 %	met
	16 – 30 minutes	2.0 % max	1.60 %	met
	31 – 60 minutes	0.5 % max	0.50 %	met
	61 minutes and more	0.2 % max	0.20 %	met
	Average train delays caused by the carrier (%) – long-distance transport			
	on time – 5 minutes	95.5 % min	94.10 %	not met
	6 – 15 minutes	3.3 % max	4.60 %	not met
	16 – 30 minutes	0.8 % max	1.00 %	not met
	31 – 60 minutes	0.3 % max	0.30 %	met
	61 minutes and more	0.1 % max	0.10 %	met

Card of standards		Level of difficulty	2024	Meeting of standards
	Average train delays caused by the carrier (%) – regional transport			
	on time – 5 minutes	98.9 % min	99.10 %	met
	6 – 15 minutes	0.8 % max	0.70 %	met
	16 – 30 minutes	0.2 % max	0.10 %	met
	31 – 60 minutes	0.1 % max	- %	met
	61 minutes and more	- % max	- %	met
	Average train delays caused by the carrier (%) – total passenger transport			
	on time – 5 minutes	98.7 % min	98.80 %	met
	6 – 15 minutes	1.0 % max	1.00 %	met
	16 – 30 minutes	0.2 % max	0.20 %	met
	31 – 60 minutes	0.1 % max	0.10 %	met
	61 minutes and more	- % max	- %	met
4. Cancellations of trains				
4.1.	Share of cancelled trains in percentage per category			
	Long-distance transport	2.71 %	1.53 %	met
	Regional transport	0.75 %	0.72 %	met
	Total passenger transport	0.86 %	0.78 %	met
4.2.	Shares of responsibilities for cancelled trains in percentage per category - caused by the carrier			
	Long-distance transport	0.36 %	0.14 %	met
	Regional transport	0.14 %	0.15 %	not met
	Total passenger transport	0.16 %	0.15 %	met
4.3.	Shares of responsibilities for cancelled trains in percentage per category – not caused by the carrier			
	Long-distance transport	2.35 %	1.40 %	met
	Regional transport	0.57 %	0.57 %	met
	Total passenger transport	0.70 %	0.64 %	met

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Card of standards		Level of difficulty	2024	Meeting of standards
5.	Cleanliness of vehicles and train station facilities			
5.1.	Cleanliness of train station facilities			
	Soiled areas of stations, ensuring passage	2.00%	1.00 %	met
	Soiled toilets or lacking sanitary items	2.00%	1.00 %	met
	Removal of defects	within 24 hours	YES	met
5.2.	Cleanliness of railway vehicles	95.00 %	99.47 %	met
6.	Customer satisfaction survey			
6.1.	Customer satisfaction survey	1	1	met
7.	Complaints handling, refunds of fare and compensation			
7.1.	Passenger complaints handling	1	1	met
	Coefficient of filings per 100 thousand transported passengers	7	6.21	met
	Coefficient of justified filings per 100 thousand transported passengers	2	1.7	met
	Maximum duration of complaints handling	30 days	15 days	met
7.2.	Refunds of fares and compensation to passengers	1	1	met
	Unjustified rejection of the claim	under 1 %	-	met
	Loss of the application or rejected acceptance of the claim	under 1 %	-	met
	Handling of the claim in the period determined by the exercise of the right arising from the transport contract	under 1 %	-	met
	Handling of the claim in the period determined for compensation	under 1 %	-	met
	Average time for handling of the claim under exercise of the right arising from the transport contract	28 days	21 days	met
	Average time for handling of the claim for compensation	28 days	28 days	met
8.	Assistance provided to disabled persons and persons with reduced mobility and orientation			
8.1.	Assistance provided to disabled persons and persons with reduced mobility and orientation			
	Carrying out of an agreed order (requirement of a customer)	99.00 %	99.50 %	met
	Sorting of established requirements by orders	99.00 %	99.40 %	met
	Functionality and technical capacity of mobile platforms	98.00 %	99.90 %	met

Comments on Non-compliance with Certain Standards

"Sale and checking of tickets on trains" – there was a partial failure to meet the standard for the set indicators in the area of *"Ensuring the sale of tickets – number of defects identified in IA vs. total number of inspections"*, where the required performance was 99% and the actual performance was 97.37%.

The checking and sale of tickets on trains are directly affected by the ability to walk through the train. In regional/suburban transport, primarily in peak periods, overcrowding of trains occurred to an extent that often prevented the smooth movement of the train crew through the train. In long-distance transport, trains were overcrowded primarily due to a failure to adhere to the train marshalling when the planned number of vehicles was not met, or a corresponding class of vehicles was not used; therefore, the capacity of seats was decreased. This phenomenon was significantly noticeable in the Ex5 and Ex6 routes.

As part of safety preference, priority was given to focusing the activities of the train staff on the safe performance of train departure operations.

On trains operating in self-service mode, there are frequent defects in mobile vending machines, validators and stampers of tickets all the time. Given the internal and locally applicable requirements of the clients to prioritise the engine drivers' transport and technological duties, the sale and inspection of tickets cannot be ensured in full.

"Provision of information on trains" – there was a partial failure to meet the standard for the specified indicators in the area of *"Provision of information on trains – number of defects identified in IA vs. total number of inspections"*, where the required performance was 99% and the actual performance was 97.94%.

In the departure station, certain employees get off onto the platform in order to provide information to passengers always only 5 minutes before the train departure as they are to get off immediately after fulfilling the necessary obligations no later than 5 minutes before the train departure pursuant to internal rules (Process Sheets). In long-distance trains, being in time in front of the train is one of the key factors in perceiving the quality of services by customers. In trains, information is provided predominantly in an automated manner, by information panels and train radio. When the information system/automated train radio does not work, the train crew does not provide operational information for passengers by alternative means (use of the train radio/microphone in the central office, in person). Repeatedly, deficiencies/ignorance in the work with train radio were identified among the train crew employees. A frequent phenomenon is the failure to make an obligatory announcement on departures of connecting trains. The situation has been improving with time; however, a large part of employees does not do these activities. Many employees who so far have not made announcements using the train radio have problems with cultivated speech.

"Information systems in vehicles" – there was a partial failure to meet the standard for the specified indicators regarding *"Functionality of information provision – number of defects identified in IA vs. total number of inspections"*, where the required performance was 99% and the actual performance was 94.80%.

Problems persist in adhering to planned marshalling in the long term, where different types of vehicles without information systems are marshalled operatively. There are numerous problems in the functionality of information systems in vehicles and the correct displaying of data (EIS technical defect, completely lacking data, data not matching the actual situation, defect in the train network). Repeatedly, deficiencies are identified during inspections in the activities of train crews who visually check the trains during train rides (i.e. insufficient monitoring of the functionality and condition of the technical equipment – EIRS among other things). Frequently, when deficiencies in functionality of this technical equipment of vehicles are identified, the staff shows insufficient ability to remove these defects (e.g. reset the equipment).

"Sale of tickets in stations" – there was a partial failure to meet the standard for the specified indicators in the area of *"Quality of work of a personal cashier –- number of defects identified in IA vs. total number of inspections"*, where the required performance was 99% and the actual performance was 98.87%.

Vending points in stations are duly marked, and the sale of tickets is provided in the scope of determined working hours. The problems relate to the provision of a full-fledged sale of the ticket portfolio, or professional knowledge of tariffs and sales pro-customer skills of vending point employees. The ticketing for passengers is not in compliance with the set internal instructions for sale. The vending point employees do not get the exact requirements for transport from passengers so that the requirement could be handled to their full satisfaction (primarily ticketing for long-distance transport trains). Passengers are not offered the most optimal ticket option and a comprehensive offer of services (a favourable price level or booking of a seat is not offered, specific aspects of the Assigned Ticket are not explained, inability to present additional services in trains).

The adherence to the timetable for 2024 and passenger transport in total was 87.6%, which was the second-best adherence to the timetable since 2016. It is lagging behind the best year 2020 only by 0.1 percentage point. Year-on-year (2023 vs. 224) there was an improvement in the adherence to the timetable by 0.2 percentage points, despite bad weather in January and primarily floods in September, including gradual removal of the damage caused by the floods in the following months of the year.

The adherence to the timetable less causes outside the carrier for 2024 passenger transport in total was 98.7%, which is identical to 2023.

Although the above data are positive, we do not meet the determined levels of difficulty in average delays of long-distance trains, in all three settings of the evaluated route (initial departure, arrival and departure en route, arrival at the destination, departure from the departure station, and arrival at the destination station).

The greatest informative value is provided by measuring of timeliness of trains in all their public route (departure from the origin station, arrival and departure en route, arrival at the destination station). In addition, the stated primary causes of delays will be related to the entire public route. The following are the most frequent ones:

- impact of planned track closures (27.5% primary causes of above-limit delays);
- delays due to other causes in the network of a neighbour operator (25.8%);
- train marshalling by the carrier (8%);
- increased frequency of passengers (5.9%);
- weather (5.4%).

In the long-distance transport segment, we additionally exceed the determined level of difficulty in the share of responsibility of the carrier for the causes of the delay. The most frequent primary causes of the delay on the part of the carrier in 2024 were as follows:

- train composition by the carrier (8% of primary causes of above-limit delays);
- increased frequency of passengers (5.9%);
- available capacities of the carrier (4.4%);
- technical defects in traction vehicles (4.4%).

Maintenance of Railway Vehicles in Passenger Transport

For several years in a row, the maintenance of railway vehicles has been impacted by a high level of inflation and prices of energy and delays in supplies of materials and spare parts due to the war in Ukraine. These primarily influenced costs and delays of railway vehicles, mostly in repairs, renovations and modernisations. These aspects subsequently generated pressure on the high effectiveness of maintenance employees with an objective to achieve the highest possible availability of the vehicles.

The basic planned maintenance of railway vehicles and corrective repairs in 2024 were provided by Regional Maintenance Centres operating throughout the Czech Republic. Periodical repairs, modernisations and renovations of railway vehicles were performed by the subsidiary DPOV, a.s. and in external contractual certified repairers. In 2024, a total of 474 vehicles were in periodical repair, the share of in-house periodical repairs completed by regional maintenance centres in cooperation with DPOV, a.s. was 64.56% of the total repair volume.

In addition, we saw the safety of railway vehicles as a key issue; for this reason, we focused on the locking of the boarding door during train rides for example in the modernisation of the Bdmpz227, WLABmz826, Bbdgmee236 and Bdtee276 class vehicles.

Within the ECM, the implementation of legislative requirements in the activities in the entire maintenance section was intensified. In the autumn of 2024, recertification audits of the ECM conditions compliance in the repairs of railway vehicles were initiated.

In 2024, installations of electricity consumption measuring devices were completed; as such, it is possible to monitor the consumption in all electric locomotives and vehicles. In addition, we successfully completed the preparation for the start of operation solely under the control of the ETCS (European Train Control System) in selected railway routes which involved an implementation for all affected locomotives and motor vehicles. At the end of 2024, České dráhy, a.s. had 400 vehicles fitted with the ETCS.

During the year, supplies of new RegioPanter electric units by Škoda Transportation, a.s. and the 847 class motor units by Pesa Bydgoszcz continued. In the second half of 2024, new passenger train units with a maximum speed of 230 km/hour were put into international transport operation. Starting from the 2024/2025 timetable, four RegioPanter BEMUs are used in the testing operation in the Moravian–Silesian region.

In 2024, the Supply Centre saw an update to the central database of warehouses, which provides a single overview of storage capacities throughout the Czech Republic, including detailed characteristics and photo documentation. Following the centralising of logistics, the unification of processes and methodology was completed. At the same time, activities relating to an increase in the quality of storage premises have continued. A logistics concept of warehouses in Česká Třebová was prepared and its implementation should result in the provision of optimum conditions for the storage of spare parts and materials for repairs and maintenance of railway vehicles at present and in the future.

According to the approved ČD Strategy until 2030, activities in the area of restructuring and modernisation of ČD’s maintenance base will continue. The goal is, among other things, the broader implementation of IT technologies, resulting in efficient work organisation and capacity planning, and increased performance of the Company's service and maintenance activities. In 2024, a pilot implementation of an augmented reality system was successfully carried out at maintenance and repair facilities. This system provides maintenance technicians with access to advanced technologies and methods that enhance the efficiency and precision of service and maintenance activities.

From an investment perspective, we continued investing in modern equipment in the maintenance sites in 2024. It included two-way battery shifting devices, digital devices for railway wheelset measuring, modern synchronised toe jacks and various types of UIC line testers.

In 2024, we completed the modernisation of the Praha Jih trackway and started works on an extension of a hall in Šumperk. The most significant started investments in 2024 include the construction of new maintenance halls in Cheb and Havlíčkův Brod.

In 2024, design works on a new compound for technical and sanitary maintenance in Olomouc, a new hall in České Budějovice and an extension of a hall in Česká Třebová were completed. Design works continued for example on the extension of a hall in Prague Vršovice, hall annexe in Tábor, modernisation of a washer and stabling tracks in Pilsen, construction of a double track for the departure and building of stabling tracks in Praha Jih.

Railway Freight Transport Operations

The Company's mission, vision and objectives

ČD Cargo is a modern dynamic business group which builds its future on four pillars. It continues to be the largest Czech railway carrier, and the increasing number of services provided abroad result in the growing prestige of the ČD Cargo Group on the European railway market. ČD Cargo ensures the transport of both bulk cargo and products with high added value, including intermodal transport. ČD Cargo reliably transports special loads, consignments of dangerous and humanitarian goods, or military hardware. As the sole carrier in the Czech Republic, ČD Cargo offers goods transport in the form of complete train loads as well as individual wagon loads.

The vision of ČD Cargo is to maintain its position in the local and European market, be a first-choice railway freight carrier and consequently take part in the state transport policy through low-emission freight transport. Principal conditions for success include continuous improvement and expansion of services and proactive communication with customers. In addition, ČD Cargo wishes to be an attractive employer which provides its employees with security and fair remuneration, offers them opportunities for education and development and maximises their safety. It goes without saying that equal treatment and access are provided to all. Further, the Company pays a great deal of attention to the reduction of CO_2 emissions, both in the traction electricity use and traction fuel and use of energy in buildings.

Freight transport

In 2024, we transported 49.85 million tonnes of goods on the local market, which is approximately 4 million tonnes less than in 2023. On the positive side, services and volumes of transported goods abroad have kept growing. In consolidated terms, the ČD Cargo Group transported 56.7 million tonnes of goods in 2024 and its sales from freight transport in 2024 amounted to CZK 13,954 million, a year-on-year decline of CZK 205 million.

There are numerous reasons for the year-on-year decline. As to the global reasons, we have to state primarily the continuing war in Ukraine, the geopolitical situation in the Middle East and the continuing restructuring of the European industry. The restructuring unfortunately has considerable negative impacts. The Green Deal is closely related to the decline in solid fuels and the high price of electricity results in the decline in production in numerous industrial segments. Predominantly metallurgy did not see a favourable period in 2024. ČD Cargo was largely impacted by discontinued production in Liberty Steel Ostrava which translated into a loss of up to 5 million tonnes of goods – iron ore, black coal, scrap iron, limestone and naturally metallurgical products. The demand for brown coal throughout the year significantly fluctuated; however, we provided stable services to large energy and heating plants (Chvaletice, Opatovice, Energotrans) and managed to obtain new transport services for this fuel, for example for the recipient ORLEN Unipetrol in Litvínov.

The situation in combined transport was very good throughout the year and it confirms that his segment has great potential for the future. It is evidenced by, among other things, a year-on-year increase in transport by more than 800 thousand tonnes. There was also a significant increase in the number of trains transported for combined transport operators, including sections abroad. We provided almost identical amounts of services year-on-year in the automotive commodity, in spite of the growing uncertainty in this industry segment. Identically, the situation in the "chemistry" commodity was stable throughout the year. For example, we transported more than 300 thousand tonnes of diesel oil more than in 2023. This good result is due to a considerable share of used tank wagons for the import of fuels from Germany and kept transit of fuels from Slovakia to Poland. Unfortunately, the transport of other chemical products, including mineral fertilisers, rather stagnated.

The results in individual commodities were negatively impacted by competition. For example, we lost part of wood transport. The reason for stagnation was primarily the end of logging of wood affected by bark beetle. Also, transporters show great interest in the transport of grains. For this reason, it is positive news that thanks to the cooperation of entities in the ČD cargo Group the transport of grains increased year-on-year by almost 200 thousand tonnes. The Company was also satisfied with the transport of sugar beet to the sugar plant in Hrušovany nad Jevišovkou in the autumn. In addition, transport of construction materials is constantly being sought after by competing railway transporters. It is due to, among other things, the excess of their capacities relating to an overall decline in volumes transported by rail.

ČD Cargo was not spared natural disasters – destructive floods hit a large part of the Moravian–Silesian region and the Olomouc region in September and also in neighbour Austria transport was restricted on numerous main lines due to the floods, for example to Semmering, Westbahn, or direction to Hungary. The floods had a negative impact on the results in all commodities, and the impossibility of marshalling works in Ostrava had a considerable impact on the transport of individual vehicles with scrap or metallurgical products. For some time, the sidings of certain important customers were cut off, such as Biocel Pskov, HMMC in Nošovice, OKK coke plant and others. The rains also largely restricted forest logging, apart from the impossible loading in the flood-affected areas.

Rolling Stock, Vehicle Management

To ensure the operation of freight trains, as at31 December 2024, ČD Cargo, a.s. had 815 traction vehicles in its inventory, of which 68 were locomotives acquired under finance leases. 750 owned locomotives were used for transport operations. The rolling stock as at 31 December 2024 consisted of a total of 19,274 owned freight wagons of various type classes. Of the total rolling stock, 15,550 wagons were in average running condition. The rolling stock was reinforced as needed by a group of leased wagons.

Maintenance and repairs of rolling stock were carried out mainly in the Company's own railway vehicle repair shops and also in external contracted resources. In 2024, a total of 3,108 vehicles were under periodical repairs.

In 2024, ČD Cargo, a.s. rolling stock of traction vehicles was expanded by 10 interoperable 383 class locomotives. A total of 23 modernised 742.71 class locomotives were delivered which concurrently completed the second tranche of an order relating to a comprehensive modernisation of 25 motor 742 class locomotives, which involves fitting with the ETCS. Part of the project relating to the fitting of the 742.1 class locomotives with a mobile part of the ETCS is co-financed by the Connecting Europe Facility. The Company purchased 40 Zacns large volume tank wagons in the rolling stock of ČD Cargo.

In 2024, projects relating to the additional implementation of the ETCS (retrofitting) in the 130, 240, 363.5, 742.7, 753.6 and 753.7 class locomotives continued. The project of the 240, 363.5 and 742.71 class locomotives is co-financed by the Connecting Europe Facility. As part of the ETCS implementation in the 130 and 753.7 class locomotives, ČD Cargo used financial support from the Transport Operational Programme, i.e. the projects are co-financed by the European Union (Cohesion Fund).

In the management of wagons in 2024, great attention was paid, and will be paid in the following years, to planning and use of the wagon capacities to reduce inefficiencies in the transport and management of wagons. This primarily relates to wagons intended for commodities which saw a decline in transported volumes in the last reporting period.

Lease of Railway Vehicles

One of the significant business activities in other business is the lease of railway vehicles under long-term and short-term lease. Traction vehicles adapted for operations for a specific territory outside the Czech Republic are leased to our partners under long-term lease. In short-term leases of traction vehicles, they are used for specific partial services outside the Czech infrastructure depending on a business case and these are predominantly interoperable locomotives. Traction vehicles are primarily leased within the ČD Cargo Group.

In the lease of railway vehicles, we offer both long-term or short-term leases and repeated leases of vehicles to our customers to provide for spot and one-off transactions.

The Company increasingly often uses its available capacities of railway vehicles for business transactions in cooperation with our subsidiaries in the joint expansion to markets abroad.

Expected Development, Objectives, and Plans

The impacts on transport can be divided into global and local, or natural and social, or long-term and short-term. Using the first key, which seems to be the most significant, we can identify the following circumstances defining further development: First, the wars in Ukraine and Israel with all their consequences. The railway freight transport is mostly affected by changes in international commerce and logistics arising from these conflicts. The following years, starting with the upcoming year 2025, will be significantly impacted by the presidential election in the USA held on 5 November 2024 where the Republican winner will considerably revise the direction of the USA to date which will have an international outreach. At the European level, the effects of the EU's ambitious environmental policy known as the "European Green Deal" are beginning to be fully felt. These primarily include high electricity prices, among other things as a result of the decreasing number of emission allowances. This policy additionally causes further costs relating to meeting environmental objectives under the adopted ESG strategy, across the industry and business that will be difficult to absorb for customers and consumers.

ČD Cargo anticipates a decline in transports in the Czech Republic and a slight increase in services on foreign markets. The territorial activities of the ČD Cargo Group are supposed to expand. The Company will continue restructuring and measures for the optimisation of the individual vehicle transport segment.

The Company's economic objectives include, above all, maintaining a stable level of cash flow based, on the one hand, on securing the planned level of revenue from our own transport and, on the other hand, on the efficient use of cost items and ensuring sufficient liquidity for the Company in the medium term and long term. An important objective is to stabilise the profitability of the core business and other business activities.

Asset Management

Number of all buildings owned by ČD as at 1 January 2024	3,089
– of which recorded in the Real Estate Register	*2,636*
Number of all buildings owned by ČD as at 31 December 2024	2,997
– of which recorded in the Real Estate Register	*2,936*
Number of plots of land owned by ČD as at 1 January 2024	15,934
Number of plots of land owned by ČD as at 31 December 2024	14,680
Area of the plots of land owned by ČD (m^2) as at 1 January 2024	59,800,233
Area of the plots of land owned by ČD (m^2) as at31 December 2024	59,370,731

In 2024, the number of plots of land decreased due to sales of redundant assets.

Number of apartments in buildings owned by ČD as at 1 January 2024	509
– of which rented	*303*
Number of apartments in buildings owned by ČD as at 31 December 2024	489
– of which rented	*258*
Number of external rental contracts to premises and plots of land owned by ČD	7,485
– of which arising the number of leased structures recorded by ČD	*18,027*
Number of internal rental contracts to premises and plots of land owned by ČD	799
– of which arising the number of leased structures recorded by ČD	*10,543*
Revenues from external rental contracts for buildings, plots of land and apartments – rounded (CZK million)	386
Revenues from internal rental contracts for buildings, plots of land and apartments – rounded (CZK million)	111
Total external revenues from rental and ŽZ – rounded (CZK million)	444
Revenue from the sale of assets – rounded (CZK million)	1,515

Most significant sales of assets in 2024 were made in Prague quarters Žižkov, Karlín, Záběhlice (sets of plots of land) and Nové Město (sets of plots of land), and in territories of Beroun, Chabařovice (sets of plots of land), Kladno (sets of plots of land), Liberec (cable car to Ještěd).

In 2024, the Company continued repairs and investments aiming to improve the working environment primarily in premises where the employees of ČD work. The investment costs were expended on repairs of the structures owned by České dráhy, a.s. in Krnov, Olomouc, Nymburk, Česká Třebová and Karlovy Vary.

An extensive renovation of the engineering building in the Maintenance centre in Olomouc was completed. The construction of the railway vehicle repair hall in the Maintenance Centre in Cheb was started and the successive second stage of the gas network construction in the Maintenance Centre in Česká Třebová and a neighbouring compound of the Supply Centre were initiated.

← content

In 2024, the Company, together with SŽ and the involvement of the Office for the Protection of Competitions and the Ministry of Transport continued the communication with the representatives of the European Commission (EC) that unilaterally terminated the existing pre-notification proceedings and issued a recommendation for an adjustment of the Methodology used to Valuate the Transaction of the 2nd Stage of the ÚMVŽST project (transfer of plots of land under railway route to SŽ) in order to decrease the purchase price. Relevant recommendation by the EC was integrated into the updated Methodology based on which new pre-notification proceedings will be initiated in the EC. In the localities of train stations affected by investments of municipalities, we made necessary re-specifications of ČD assets under the railway route, intended to be transferred to SŽ.

In real estate projects in 2024, we sold a historical listed station building and related plots of land in the area of Nákladové nádraží Žižkov (NNŽ) (Žižkov freight terminal) to the Capital City of Prague.

In relation to the further use of NNŽ, we continued to provide cooperation to developer companies in the preparation of the northern and southern parts of the area for sale in 2024. We will continue these activities in 2025 in view of our sales of plots of land under NNŽ (south and north).

In the course of 2024, we completed the renovation of premises in the B building of the Masaryk train station following the transfer of members of the local Czech Police department from the A1+A2 wing, we completed construction works in the renovation of the hallway of the station building, and started works for the transfer of waste management and relating adaptations of the staircase in Hybernská street that we plan to complete in 2025.

In the area of the Prague Main Station, we continued to coordinate the activities leading to the move-out of the employees and technologies from the operating building of temporary replacement premises in view of vacating part of the territory for sale to a development company that we plan to finalise in 2025.

As part of revitalising the station building of the Brno Main Station, the 4th stage of revitalising the right wing of the station building – interior premises – was completed in 2024. We anticipate completing the station building façade on the side of the covered area of the 1st platform in 2025. The “Nové sady” location was sold in 2024. We will continue the preparation of sales of sub-urbanistic parts of Křídlovická, Benešova, Pošta, and Platan (parts 2A and 2B) in 2025. We, together with SŽ, managed to solve the issue of disputed ownership of the viaduct arches accessible from the basement premises of the Malá Amerika building at the end of 2024. This enabled further progress in the issue of the Malá Amerika building sale that we anticipate making in 2025.

Research and Development

In 2024, we implemented the following projects as part of activities of the subsidiary Výzkumný Ústav Železniční, a.s. (VUZ):

The project **RegioHyt – Regional hydrogen trains on Czech railways**. The objective of the project is to analyse Czech railways and identify areas where hydrogen trains would be a technical, economical, and environmentally friendly solution in comparison to other technologies (https://www.tacr.cz/soutez/program-kappa/prvni-verejna-soutez-kappa/).

The project **INTELIGENT_END4TRAIN – Research of operational aspects of an intelligent end of train**. The research team includes, in addition to VUZ, the Czech Technical University in Prague, ČD Cargo, a.s. and TRS s.r.o. The principal objective of the project is the development and operational verification of a functional sample of the "Intelligent end of train" device (https://tacr.gov.cz/soutez/program-doprava-2020/ctvrta-verejna-soutez-6/).

The project **AKURAIL Means for the implementation of low-emission technologies in railway transport**. The objective of the project is to prepare the means for analyses, planning, and strategic decision-making in the allocation of vehicles for low-emission and sustainable railway transport, primarily vehicles with a combined power supply from a trolley and an accumulator (https://tacr.gov.cz/soutez/doprava-2030/prvni-verejna-soutez-7/).

Deloitte.

Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
České dráhy, a.s.

Having its registered office at: Nábřeží L. Svobody 1222, 110 15 Prague 1

AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion on the financial statements and the consolidated financial statements

We have audited the accompanying financial statements of České dráhy, a.s. (the "Company") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of profit or loss, separate statement of other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

We have audited the accompanying consolidated financial statements of České dráhy, a.s. and its subsidiaries (the "Group") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion:

- The accompanying financial statements give a true and fair view of the financial position of České dráhy, a.s. as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.
- The accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and the Consolidated Financial Statements section of our report. We are independent of the Company and the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How it was addressed**
PROVISION FOR LEGAL DISPUTES The Company's management made an assessment of the provision for legal disputes, including an assessment of the likely outcome, which is based on a number of estimates and assumptions as of the date of the financial statements and is therefore subject to significant uncertainty. As at 31 December 2023, the Company accounted for a provision for the estimated amount of a fine relating to an alleged cartel agreement concerning the sale of railway vehicles. In the financial statements as at 31 December 2023, the provision was recognised in the amount of CZK 1,000 million. In 2024, the provision was used for the closed dispute on the alleged cartel agreement. As at 31 December 2024, the provision amounts to CZK 0. As at 31 December 2024, the Company is involved in other legal disputes. Given the number of estimates and assumptions relating to other legal disputes and the resulting uncertainty, the determination of the appropriate amount of the provision for court disputes is considered a key audit matter. Further information on this key audit matter is provided in Note 26.1.1. to the separate financial statements and Note 27.1. to the consolidated financial statements.	We verified the provisions for legal disputes and carried out the following audit procedures: • We obtained a summary of significant legal disputes. • We obtained confirmation letters from law firms. • We held discussions with the Company's legal department regarding the development of legal disputes and the potential impact on the amount of the provision. • We assessed the assumptions used to estimate the amount of the provision for legal disputes. • We assessed whether the disclosures in the financial statements relating to provisions for legal disputes meet the disclosure requirements of the relevant standards.
RISK OF IMPAIRMENT OF NON-CURRENT ASSETS The Group's management identified that there are indications of impairment of non-financial assets for the cash-generating unit: A, Passenger transport - includes vehicles, other individual movable assets used to operate passenger rail transport, and the allocated part of corporate assets. The Group determined the recoverable amount of the cash-generating unit as the value in use. Certain assumptions in determining the recoverable amount are dependent on the judgement of the Group's management, in particular: • The assumption of the amount of future cash flows in the Group's budgets and plans ("business plans");	We performed the following audit procedures in connection with the assessment of the recoverable amount of the passenger transport cash-generating unit: • We obtained the discounted cash flow mathematical model used by the Company's management to determine the impairment of assets. • We compared the model input information with the Company's medium-term plan approved by the Company's Board of Directors. • We verified the mathematical accuracy of the model. • We compared the actual results for 2024 with the Company's plan for the purpose of evaluating the accuracy of the forecasts prepared by the Company's management. • We utilised our valuation experts who: - tested the determination of the discount rate;

- The growth rate used;
- The discount rate used to determine the present value of future cash flows.

Based on periodic inventory taking and internal analyses, the Group's management identified assets where there is significant doubt as to their future usability.

- In 2022, the Group's management decided to decommission the 380 class locomotives from its fleet after 2025. The recoverable amount of these assets was determined as the fair value of the locomotives (based on an expert's opinion) less the cost to sell. The impairment of these locomotives amounts to CZK 1,478 million as at 31 December 2024.
- The Group identified impairment of the 680 class units. The recoverable amount of these assets was determined as the fair value of the units (based on an expert's opinion) less the cost to sell. The impairment of these units amounts to CZK 410 million as at 31 December 2024.

Given the significant level of judgements used by management and the materiality of the impairment amount recognised, we consider the valuation of the above assets to be a key audit matter.

- considered the appropriateness of the long-term growth rate used; and
- evaluated the adequacy of the model used.

- We assessed whether the disclosures in the financial statements relating to potential impairment of assets meet the disclosure requirements of the relevant standards (IAS 36 and IAS 1).

We performed the following audit procedures in connection with the assessment of the recoverable amount of the 380 class locomotives and 680 class units:

- We reviewed the expert's opinion as at 31 December 2023 and its reflection for the year ended 31 December 2024.
- We interviewed the Company's management.
- We assessed whether the disclosures in the financial statements relating to potential impairment of assets meet the disclosure requirements of the relevant standards (IAS 36 and IAS 1).

B, <u>Freight transport</u> - in 2024, the economic situation of the Company and the Group changed. Performance in the domestic rail transport market decreased year-on-year, with key industrial sectors for rail transport, such as metallurgy and brown coal mining, facing declines. The cash-generating unit is also negatively impacted by rising prices of energy, goods, and services.

Given the existence of these asset impairment indicators, the Group proceeded with impairment calculations under IAS 36. The Group determined the recoverable amount of railway vehicles at their fair value. Certain assumptions in determining the recoverable amount are dependent on the judgement of the Group's management, particularly:

- Assumption of utilisation of individual classes of railway vehicles according to the Company's plans;
- Method of realising their value;
- Volume of usable scrap metal during their disposal and associated costs and revenues; and
- Judgement of an external expert in the field of railway vehicle valuation.

As at 31 December 2024, the Group reported an asset impairment of CZK 1,378 million for the freight transport segment.

In connection with the asset impairment of the freight transport cash-generating unit, we carried out the following audit procedures:

- We assessed the relevance of impairment indicators and the appropriateness of the model for calculating the recoverable value of fixed assets (railway vehicles).
- We assessed the assumptions of railway vehicle usability in connection with the Company's financial plan and conducted inquiries with the Company's management.
- We checked the accuracy and completeness of input data and the model calculation on a sample of assets.
- We tested the mathematical accuracy of the Group's and the Company's asset impairment calculations.

In the financial statements, we assessed the disclosures related to asset impairment to ensure they meet the disclosure requirements under IAS 36 and IAS 1.

As at 31 December 2023, an asset impairment of CZK 323 million was reported for the freight transport segment. The impact on the Group's profit or loss for 2024 is thus CZK 1,055 thousand. The usability of railway vehicles, its impact on asset value, and the recognised asset impairment have a significant impact on the financial statements, which we consider to be a key audit matter. Further information on this key audit matter is provided in Note 14.1 to the separate financial statements and Note 15.1 to the consolidated financial statements.

Other Information in the Consolidated Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Consolidated Annual Report other than the financial statements, consolidated financial statements, and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the financial statements and the consolidated financial statements does not cover the other information. In connection with our audit of the financial statements and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the consolidated financial statements or our knowledge on the reporting entity and the Group obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information with the exception of the sustainability report has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information, with the exception of the sustainability report, complies with law or regulation in terms of formal requirements and procedure for preparing the other information, except for the sustainability report, in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.
Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements and the consolidated financial statements is, in all material respects, consistent with the financial statements and the consolidated financial statements.
- The other information, with the exception of the sustainability report, is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements and the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements and the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's and the Group's financial reporting process.

<u>Auditor's Responsibilities for the Audit of the Financial Statements and the Consolidated Financial Statements</u>

Our objectives are to obtain reasonable assurance about whether the financial statements and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the consolidated financial statements, including the disclosures, and whether the financial statements and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements and the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Information required by Regulation (EU) No. 537/2014 of the European Parliament and of the Council

In compliance with Article 10 (2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Group by the General Meeting of the Company on 29 March 2023. This is our second year serving as the Group's auditor.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements and the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 22 April 2025 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements and the consolidated financial statements.

In Prague on 22 April 2025

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Ladislav Šauer
registration no. 2261

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Consolidated Financial Statements for the Year 2024 Prepared in Accordance with IFRS Accounting Standards as Adopted by the EU

Name of the company:	České dráhy, a.s.
Registered office:	Nábřeží L. Svobody 1222, 110 15 Prague 1
Legal form:	Joint Stock Company
Corporate ID:	709 94 226

Components of Consolidated Financial Statements for the year 2024 prepared in accordance with IFRS Accounting Standards as adopted by the EU:

Consolidated Statements of Profit or Loss

Consolidated Statements of Comprehensive Income

Consolidated Statements of Financial Position

Consolidated Statements of Changes in Equity

Consolidated Cash Flow Statement

Notes to the Consolidated Financial Statements

Consolidated Financial Statements were authorised for issue on 22 April 2025.

Statutory Body of the Reporting Entity	Signature
Michal Krapinec **Chairman of the Board of Directors**	
Lukáš Svoboda **Member of the Board of Directors**	

← content

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

		Year ended 31 Dec 2024	Year ended 31 Dec 2023
CONTINUING OPERATIONS			
Revenues	6	51,644	49,148
Other operating income	7	3,054	3,833
Cost of services, raw materials and energy	8	(20,340)	(18,591)
Staff costs	9	(17,717)	(17,203)
Depreciation, amortisation and impairment	10	(11,551)	(9,605)
Other operating expenses	11	(1,041)	(1,051)
Impairment losses and gains on financial assets (net of reversal)	21, 22	54	4
Profit from operating activities		**4,103**	**6,535**
Finance costs	12	(3,436)	(3,326)
Finance income	13	579	606
Share in the profit of associates and joint ventures	19	16	11
Profit before tax		**1,262**	**3,826**
Income tax	14	103	(630)
Profit for the period from continuing operations		**1,365**	**3,196**
Profit 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 FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

		Year ended 31 Dec 2024	Year ended 31 Dec 2023
Profit for the period		**1,365**	**3,196**
Actuarial remeasurements of employee defined benefit obligations		42	-
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)	-
Other comprehensive income 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	25.2.3	(101)	(1,064)
Change in cost of hedging reserve	25.2.4	(10)	84
Related deferred income tax		23	185
Reclassification of deferred tax		(74)	-
Other comprehensive income for the period (items that may be reclassified to profit or loss in subsequent periods)		**(141)**	**(713)**
Other comprehensive income for the period after tax		**(95)**	**(696)**
Total comprehensive income 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

← content

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(CZK million)

		31 Dec 2024	31 Dec 2023
Property, plant and equipment	15	113,090	97,726
Investment property	16	889	941
Goodwill	17	141	141
Intangible assets	17	1,062	1,128
Right-of-use assets	18	5,987	6,852
Investments in joint ventures and associates	19	199	206
Deferred tax asset	14	10	8
Trade receivables	21	1,100	1,416
Other financial assets	22	682	568
Other assets	23	13	36
Total non-current assets		**123,173**	**109,022**
Inventories	20	3,217	3,078
Trade receivables	21	4,432	3,853
Prepaid income tax		9	31
Other financial assets	22	471	1,262
Other assets	23	1,309	1,618
Cash and cash equivalents	24	9,338	8,119
Total current assets		**18,776**	**17,961**
TOTAL ASSETS		**141,949**	**126,983**
Share capital	25	20,000	20,000
Other capital reserves	25	17,254	17,240
Retained earnings		1,689	339
Equity attributable to the owners of the Company		**38,943**	**37,579**
Non-controlling interests	1.3.1	56	55
Total equity		**38,999**	**37,634**
Loans, borrowings and lease liabilities	26	79,527	65,849
Deferred tax liability	14	1,435	1,891
Provisions	27	317	290
Other financial liabilities	28	736	1,186
Other liabilities	29	37	63
Total non-current liabilities		**82,052**	**69,279**
Trade payables		7,393	6,406
Loans, borrowings and lease liabilities	26	7,899	6,911
Current income tax payable		126	134
Provisions	27	616	1,657
Other financial liabilities	28	646	718
Other liabilities and contract liabilities	29	4,218	4,244
Total current liabilities		**20,898**	**20,070**
TOTAL LIABILITIES AND EQUITY		**141,949**	**126,983**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

	Share capital	Other capital reserves			Retained earnings/ (Accumulated losses)	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
		Share premium	Cash flow hedging reserve	Other reserves *				
Balance as at 1 January 2023	20,000	16,440	1,074	371	(2,812)	35,073	50	35,123
Comprehensive income								
Profit for the period	-	-	-	-	3,195	3,195	1	3,196
Other comprehensive income for the period	-	-	(865)	169	-	(696)	-	(696)
Total comprehensive income for the period	-	-	(865)	169	3,195	2,499	1	2,500
Transactions with the owners								
Allocation to reserve fund	-	-	-	22	(22)	-	-	-
Other	-	-	-	29	(22)	7	4	11
Total transactions with the owners for the period	-	-	-	51	(44)	7	4	11
Balance as at 31 December 2023	20,000	16,440	209	591	339	37,579	55	37,634
Profit for the period								
Other comprehensive income for the period	-	-	-	-	1,364	1,364	1	1,365
Total comprehensive income for the period	-	-	(190)	95	-	(95)	-	(95)
Profit for the period	-	-	(190)	95	1,364	1,269	1	1,270
Transactions with the owners								
Allocation to reserve fund	-	-	-	155	(155)	-	-	-
Transfers from the reserve fund	-	-	-	(46)	46	-	-	-
Total transactions with the owners for the period	-	-	-	109	(109)	-	-	-
Other	-	-	-	-	95	95	-	95
Balance as at 31 December 2024	20,000	16,440	19	795	1,689	38,943	56	38,999

* Other reserves are described in Note 25.2.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

		Year ended 31 Dec 2024	Year ended 31 Dec 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**1,365**	**3,196**
Income tax	14	(103)	630
Dividend income	7	(3)	(1)
Finance costs – interest	12	2,897	2,607
Gain on the sale and disposal of non-current assets	7	(1,406)	(2,041)
Gain on the sale of an associate		(7)	-
Depreciation and amortisation	10	10,371	9,379
Impairment losses on assets	7, 10, 11	1,113	306
Change in provisions	27	(1,014)	(876)
Foreign exchange losses/(gains)		306	450
Share of the profit of joint ventures and associates	19	(16)	(11)
Other		(106)	(374)
Cash flows from operating activities before changes in working capital		**13,397**	**13,265**
Decrease in trade receivables	21	253	157
Increase in inventories	20	(176)	(331)
(Increase)/decrease in other assets	22, 23	667	(247)
Increase in trade payables		15	52
Increase/(decrease) in other payables and contract liabilities	28, 29	(148)	832
Total changes in working capital		**611**	**463**
Cash flows from operating activities before interest, dividends and tax		**14,008**	**13,728**
Interest paid	12	(2,553)	(2,420)
Income tax paid	14	(332)	(254)
Dividends received	7	26	16
Net cash flows from operating activities		**11,149**	**11,070**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	15	(22,365)	(13,931)
Proceeds from disposal of property, plant and equipment	7	861	1,926
Payments for investment property	16	(16)	(93)
Payments for intangible assets	17	(327)	(325)
Net cash flows from the sale of an associate		7	-
Interest received	13	365	368
Net cash flows used in investing activities		**(21,475)**	**(12,055)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Use of loans and borrowings	30	17,938	14,849
Repayments of loans and borrowings	30	(3,497)	(12,707)
Repayment of principal of lease liabilities	30	(2,905)	(1,688)
Net cash flows from financing activities		**11,536**	**454**
Net increase/(decrease) in cash and cash equivalents		**1,210**	**(531)**
Cash and cash equivalents at the beginning of the period		8,119	8,761
Effects of changes in foreign exchange rates		9	(111)
Cash and cash equivalents at the end of the period	24	**9,338**	**8,119**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. General Information

1.1. General information

České dráhy, a.s. (the “Company” or “ČD”) was established as at 1 January 2003 under Act No. 77/2002 Coll., as amended. The Company was incorporated as one of two legal successors of České dráhy, státní organizace (Czech Railways, the state organisation); the second legal successor as of 1 January 2003 was the present Správa železnic, státní organizace (Railway Administration, the state organisation, “SŽ”).

The Company is the parent company of the České dráhy Group. The České dráhy Group (the “Group” or the “ČD Group”) consists of České dráhy a.s. (the “Parent Company”) and subsidiaries listed in Note 1.3. The consolidated financial statements have been prepared as at and for the year ended 31 December 2024. The reporting period is the calendar year, i.e., from 1 January 2024 to 31 December 2024.

The sole shareholder of the Company is the Czech Republic. The Company’s share capital is CZK 20,000 million. The Company’s registered office is at Nábřeží L. Svobody 1222, Prague 1.

1.2. Principal activity

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

The assets comprising the railway infrastructure do not belong to the Group, but to the state. The right to operate these state assets is exercised by SŽ. SŽ secures the operability and servicing of the railway infrastructure.

← content

1.3. Definition of the consolidation group

1.3.1. Entities included in the consolidation

Company name	Registered office	Corporate ID:	Ownership percentage *		Degree of influence
			31 Dec 2024	31 Dec 2023	
České dráhy, a.s.	Prague 1, Nábřeží L. Svobody 12/1222	70994226			
ČD – Telematika a.s.	Prague 3, Pernerova 2819/2a	61459445	100	100	Control
Výzkumný Ústav Železniční, a.s.	Prague 4, Novodvorská 1698	27257258	100	100	Control
DPOV, a.s.	Přerov, Husova 635/1b	27786331	100	100	Control
ČD Cargo, a.s.	Prague 7, Jankovcova 1569/2c	28196678	100	100	Control
ČD – Informační Systémy, a.s.	Prague 3, Pernerova 2819/2a	24829871	100	100	Control
Dopravní vzdělávací institut, a.s.	Prague 8, Prvního pluku 621/8a	27378225	100	100	Control
ČD travel, s.r.o.	Prague 1, 28. října 372/5	27364976	51.72	51.72	Control
CD Cargo Germany GmbH	Germany – Frankfurt am Main, Niddastrasse 98-102	HRB 73576	100	100	Control
CD Cargo Austria GmbH	Austria – Wien, Rotenturmstraße 22/24	FN 291407s	100	100	Control
CD Cargo Poland Sp. z o.o.	Poland – Warsaw, Grzybowska 4/3	140769114	100	100	Control
CD Cargo Slovakia, s.r.o.	Slovakia – Bratislava, Seberíniho 1	44349793	100	100	Control
CD Cargo Hungary Korlátolt Felelősségű Társaság	Hungary – 4150 Püspökladány, Keleti sor utca 26-4	09-09-031990	100	100	Control
ČD Cargo Adria d.o.o.	Croatia – Zagreb, Savska cesta 32	81371623	100	100	Control
ČD Cargo Logistics, a.s.	Prague 1, Opletalova 1284/37	27906931	100	100	Control
Terminal Brno, a.s.	Brno, K terminálu 614/11	28295374	66.93	66.93	Control
ČD-DUSS Terminál, a.s.	Lovosice, Lukavecká 1189	27316106	51	51	Control
RailReal a.s.	Prague 1, Na Florenci 2116/15	26416581	66	66	Control
ČD Restaurant, a.s.	Prague 3, Prvního pluku 81/2a	27881415	100	100	Control
ODP-software, spol.s r.o.	Prague 3, Pernerova 2819/2a	61683809	100	100	Control
ČD relax s.r.o.	Prague 1, 28. října 372/5	05783623	51.72	51.72	Control
CHAPS spol. s r.o.	Brno, Bráfova 1617/21	47547022	100	100	Control
ČSAD SVT Praha, s.r.o.	Prague 8, Křižíkova 4-6	45805202	100	100	Control
SVT Slovakia s.r.o.	Banská Bystrica, Partizánska cesta 97	36620602	80	80	Control
INPROP, s.r.o.	Žilina, Rosinská cesta 12	31609066	100	100	Control
Tramex Rail s.r.o.	Blansko, Masarykova 1355/12	26246422	100	100	Control
VUZ Slovakia, s.r.o.	Slovakia – Bratislava, Seberíniho 1	53156587	100	100	Control
ČD Bus a.s.	Olomouc, Jeremenkova 231/9	17377404	100	100	Control

* Ownership percentage is the same as the voting rights percentage.

The following entities are not controlled by the Group; therefore, they are not consolidated:

Company name	Registered office	Corporate ID:	Ownership percentage *		Degree of influence
			31 Dec 2024	31 Dec 2023	
Smíchov Station Development, a.s.	Prague 8, U Sluncové 666/12a	27244164	-	51 **	Joint control
Žižkov Station Development, a.s.	Prague 8, U Sluncové 666/12a	28209915	51 **	51 **	Joint control
Masaryk Station Development, a.s.	Prague 1, Na Florenci 2116/15	27185842	34	34	Significant influence
JLV, a.s.	Prague 4, Chodovská 228/3	45272298	38.79	38.79	Significant influence
RAILLEX, a.s.	Prague 2, Belgická 196/38	27560589	50	50	Joint control
BOHEMIAKOMBI, spol. s r.o.	Prague 1, Opletalova 921/6	45270589	30	30	Significant influence
Ostravská dopravní společnost, a.s. v likvidaci	Ostrava, U Tiskárny 616/9	60793171	50	50	Joint control
Ostravská dopravní společnost - Cargo, a.s.	Ostrava, U Tiskárny 616/9	05663041	20	20	Significant influence
CR-City a.s.	Prague 1, Na Florenci 2116/15	26705427	34	34	Significant influence
Terminál Mošnov, a.s.	Prague 1, Na Florenci 1332/23	14198240	-	25	Significant influence

* Ownership percentage is the same as the voting rights percentage.

** In accordance with the Articles of Association of these entities, the unanimous consent of the parties sharing control is required for important decisions to be taken.

The following table shows the main activities of the companies included in the consolidation.

Company name	Principal activity
ČD – Telematika a.s.	Provision of telecommunication services, software and advisory services
Výzkumný Ústav Železniční, a.s.	Research, development and testing of rail vehicles and infrastructure facilities
DPOV, a.s.	Inspections, repairs, modernisation and renovation of railway vehicles
ČD Cargo, a.s.	Brokerage of services in freight transportation and shipping
ČD – Informační Systémy, a.s.	Provision of telecommunication services, software and advisory services
Dopravní vzdělávací institut, a.s.	Organisation of professional courses, training and other educational events, language courses
ČD travel, s.r.o.	Travel agency and provision of travel services
CD Cargo Germany GmbH	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. and shipping
CD Cargo Austria GmbH	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. and shipping
CD Cargo Poland Sp. z o.o.	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. and shipping
CD Cargo Slovakia, s.r.o.	Brokerage of services in freight transportation on behalf of and for ČD Cargo, a.s. and shipping
CD Cargo Hungary Korlátolt Felelősségű Társaság	Rail freight transport, wholesale brokerage of raw materials and fuel, storage and other
ČD Cargo Adria d.o.o.	Rail freight transport, wholesale brokerage of raw materials and fuel, storage and other
ČD Cargo Logistics, a.s.	Shipping
Terminal Brno, a.s.	Operations of the combined transport terminal in Brno
ČD-DUSS Terminál, a.s.	Operations of the container terminal in Lovosice
RailReal a.s.	Engineering in investment construction
ČD Restaurant, a.s.	Hospitality and real estate activities
Žižkov Station Development, a.s.	Design, renovations, modernisation and development of the Žižkov railway station
Masaryk Station Development, a.s.	Development of the Masaryk railway station
JLV, a.s.	Provision of accommodation and catering services
RAILLEX, a.s.	Handling of cargo and technical services in transportation, shipping
BOHEMIAKOMBI, spol. s r.o.	Brokerage of services in transportation except for transportation by own vehicles
Ostravská dopravní společnost, a.s. v likvidaci	Operation of railway transportation and lease of railway vehicles and railway wagons
Ostravská dopravní společnost - Cargo, a.s.	Operation of railway transportation and lease of railway vehicles and railway wagons
CR-City a.s.	Real estate activities
ODP-software, spol.s r.o.	Development and support of mobile POS systems for train passenger service and systems with contactless cards
ČD relax s.r.o.	Travel agency activity with a specific focus only on fitness and recovery stays for employees of ČD Group
CHAPS spol. s r.o.	Development, maintenance and operation of IT applications and systems
ČSAD SVT Praha, s.r.o.	Development and operation of information systems for transport
SVT Slovakia s.r.o.	Development and operation of information systems for transport
INPROP, s.r.o.	Design and solutions of information system for inventory management
Tramex Rail s.r.o.	Development, production, installation and servicing of electronic equipment and components for railway applications for rolling stock
VUZ Slovakia, s.r.o.	Research and development in the field of transport, brokerage
ČD Bus a.s.	Operation of bus transport

Entities included in the consolidation are referred to as the “Group”.

The Group includes the ČD Cargo Group, which consists of ČD Cargo, a.s. and its subsidiaries.

1.3.2. Changes in the composition of the Group

On 5 June 2024, České dráhy, a.s., transferred all 51 ordinary shares of Smíchov Station Development, a.s., to Sekyra Group, a.s., and has not been the shareholder of Smíchov Station Development, a.s., since that date.

On 22 April 2024, shares of ČD Cargo Logistics a.s. were transferred to remaining shareholders in Terminál Mošnov, a.s., and therefore the equity investment of ČD Cargo Logistics a.s. in this entity was terminated.

On 1 November 2024, Ostravská dopravní společnost, a.s. entered liquidation.

On 27 June 2023, the Contract for the Transfer of an Equity Investment in Smart Ticketing s.r.o. was entered into; the 50% equity investment of ČD – Informační Systémy, a.s., was purchased by InterWay CZ s.r.o.

2. Significant Accounting Policies

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union.

2.2. Basis of preparation of the consolidated financial statements

The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies used in the preparation of these consolidated financial statements are presented below. In the reporting period, these accounting policies are consistent with the accounting policies used in previous periods, if not stated otherwise.

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the EU requires the use of certain critical accounting estimates. It also requires the Group's management to exercise its judgment in the process of applying accounting policies. Areas with a high degree of judgment or complexity, or areas with assumptions or estimates significant for these financial statements are described in Note 4.

The going concern basis of the Group

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

2.3. Basis of consolidation

The consolidated financial statements incorporate financial information of the Company and entities controlled by the Company (subsidiaries). Control is achieved when the Group has power over an investee, is exposed, or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls the investee, if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

When the Group has less than a majority of the voting rights of the investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in the investee are sufficient to give it power.

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ends when the Group loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

The profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. The total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

2.4. Business combinations

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of fair values at the date of acquisition of assets transferred by the Group, the Group's liabilities arising against the former owners of the acquiree, and the shares issued by the Group in exchange for control in the acquiree. Acquisition-related costs are recognised in profit or loss when incurred.

Identifiable assets acquired and liabilities assumed are recognised at their fair value, with the following exceptions: deferred tax assets or liabilities, and assets and liabilities related to arrangements of the employee benefits are recognised and measured in accordance with IAS 12 Income Taxes, or IAS 19 Employee Benefits, respectively.

Goodwill is measured as the excess of the consideration transfer of the amount of any non-controlling interests in an acquiree and the fair value of any Group's previously held equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed, measured at the date of acquisition. If, after reassessment, the share of the fair value of the identifiable net assets of the acquiree exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any Group's previously held equity interest in the acquiree, the amount of surplus is immediately recognised in profit or loss as a bargain purchase gain.

Non-controlling interests, which represent current ownership interests of third parties and entitle the holders to the proportionate share of the acquiree's net assets in case of liquidation, may be initially measured at fair value or at the proportionate share of non-controlling interest on the recognised identifiable net assets acquired. The measurement basis can be selected individually for each specific acquisition. Other types of non-controlling interests are measured at fair value.

2.5. Revenue recognition

2.5.1. Revenue from contracts with customers

In the first phase, all contracts with customers are analysed in order to identify obligations towards the customer. Subsequently, the transaction price is determined and, in case of several identified performance obligations, is allocated according to their relative standalone selling prices. Consequently, revenue is recognised at the appropriate amount for each performance obligation at a certain point in time or over time of the contract term (it may be recognised over several reporting periods). Revenues are reported net of value added tax and are further reduced by expected returns from customers, rebates and other similar discounts.

The Group recognises revenue when the performance obligation is satisfied by transferring a promised service or good (asset) to a customer, once the customer obtains control of that asset. Revenue is recognised in the amount of the transaction price allocated to the performance obligation. The received payment is initially recognised as a contract liability that is subsequently released to revenue as the performance obligation is satisfied.

Revenue from passenger transport is recognised in the period in which transport services are provided, taking into account the stage of completion of a service (e.g., validity period of long-term travel documents). Revenue from domestic and international freight transport is recognised when a service is provided with respect to a stage of completion of individual transactions determined by the actual day/kilometres of transport performed in the referred period to the total number of day/kilometres of transport.

In contrast to domestic transport, international transport also includes the settlement process of proceeds and revenues from foreign carriers and sellers of international tickets. In some cases, such settlements may be delayed by a few months. For this reason, revenue as at the date a service has been provided is estimated based on the information available to the Group.

In addition to selling tickets and similar documents, a significant part of revenue from transport includes revenue from the usage of passenger train units in the RIC mode ("Regolamento Internazionale delle Carrozze"), based on the International Coach Regulation, with the settlement on a quarterly basis. Therefore, in this case, revenue is also estimated.

Revenues from customers such as the Ministry of Transport ("MT") and the regions are key revenues and are included in the Passenger transport segment. Payments from customers are discussed in more detail in Notes 4.2.1 and 31.5.

For passenger transport revenues, the Group applies practical expedient in accordance with IFRS 15.B16 and recognises revenues in the amount it has a right to invoice.

2.6. Lease

2.6.1. The Group as a lessee

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

At the commencement date of the lease, the lease liability is initially measured at the present value of lease payments to be made over the lease term that are not yet paid at that date, discounted using the incremental borrowing rate.

The incremental borrowing rate is an interest rate that the reporting entity would have to pay if it borrowed funds necessary to obtain an asset of a similar value as a right-of-use asset in a similar economic environment for a similar period and with similar collateral. The Group estimates the incremental borrowing rate using observable inputs (such as market interest rate), if these are available.

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

- fixed lease payments less any receivables from lease incentives;
- variable lease payments that are based on an index or a rate, initially measured using an index or rate as at the commencement date;
- amounts expected to be payable by the Group as guaranteed residual value;
- exercise price of a purchase option if the lessee is reasonably certain that the option will be exercised;
- and payments of penalties for terminating the lease if the lease term reflects the lessee exercising this option.

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

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

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

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

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

At the end of each reporting period, the Group assesses whether there is any indication that right-of-use assets are impaired and recognises any identified impairment losses in accordance with the rules described in Note 2.13 Property, plant and equipment.

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

2.6.2. The Group as a lessor

Leases in which the Group is a lessor are classified as finance or operating leases. Leases that transfer substantially all significant risks and rewards of ownership of an asset to lessees are classified as finance leases. All other leases are classified as operating leases.

If the Group is the intermediate lessor, it accounts for the main lease and the sublease as two separate contracts. Subleases are classified as finance leases or operating leases by reference to the right-of-use asset arising from the principal lease.

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

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

After the initial measurement, the Group regularly assesses the estimated unguaranteed residual value and recognises an allowance for expected credit losses from lease receivables in accordance with the accounting policies for financial assets carried at amortised cost.

Income from finance lease is calculated based on the gross carrying value of lease receivables, except for credit-impaired financial assets, for which interest income is calculated on the basis of their net carrying value, i.e., after deducting the allowance for expected credit losses.

2.7. Foreign currencies

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. Given the economic substance of transactions and the environment in which the Group operates, the presentation currency used in the consolidated financial statements is the Czech crown (CZK). The Czech crown is also the functional currency of the Company.

Transactions denominated in foreign currencies are translated and recorded at the fixed exchange rate announced by the Czech National Bank on the date of the transaction. If the current exchange rate does not change significantly over time, the Group uses the average exchange rate of this period for a longer period of time - usually one month. At the date of the consolidated financial statements, monetary items denominated in foreign currencies are translated to Czech crowns at the Czech National Bank exchange rate as at that date.

Non-monetary items that are measured at historical cost in a foreign currency are not remeasured for changes in foreign exchange rates after initial recognition.

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

For the purposes of presentation of the consolidated financial statements, the assets and liabilities of the Group's foreign subsidiaries and associates are translated to CZK using exchange rates prevailing at the date of the consolidated financial statements. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the consolidated statement of comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

2.8. Grants

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

Grants whose primary condition is that the Group should purchase, construct or otherwise acquire fixed assets are recognised as a reduction of the cost of those fixed assets in the consolidated statement of financial position.

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

2.9. Taxation

The income tax includes current tax and deferred tax.

2.9.1. Current tax

Current tax calculation is based on taxable profit for the year. The taxable profit differs from the profit recorded in the consolidated statement of profit or loss as it does not include items of income or expense that are taxable or deductible in other years and items that are not taxable or deductible. The Group's current tax is calculated using tax rates in accordance with the legislation that has been enacted or substantively enacted by the end of the reporting period.

2.9.2. Deferred tax

Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used to calculate taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. These deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets or liabilities in a transaction which does not have an impact on taxable or accounting profit.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority, and the Group intends to settle the balances on a net basis. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

2.9.3. Current tax and deferred tax for the period

Current and deferred tax are recognised as expenses or income in profit or loss, except when they relate to items that are recognised outside of profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside of profit or loss.

2.10. Property, plant and equipment

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

Assets under construction are carried at cost less any recognised impairment loss. The cost includes professional fees and, for qualifying assets, borrowing costs. Depreciation of these assets, on the same basis as depreciation of other assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, applying the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

The following useful lives were used in the depreciation calculation:

	Number of years
Buildings	20 – 50
Vehicles	
Locomotives	*20 – 35*
Passenger train units	*20 – 30*
Freight wagons (without components)	*25 – 33*
Optical fibres	50
Machinery, equipment and other	8 – 20

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

The Group capitalises major (periodical) repairs of passenger railway vehicles. The costs of repairs are recorded as a separate asset (component) and are depreciated over the useful life of repairs. The depreciation period of the components is determined for the class of railway vehicles and component types. Freight railway vehicles are depreciated using the output component method based on mileage.

Average depreciation period of capitalised repairs:

	Number of years
First substantial repair of units	4
First substantial repair of vehicle	6
Major repair of vehicle	11

Strategic spare parts (exchangeable units) are reported within Vehicles and are depreciated when consumed (fitted to the vehicle) over the useful life.

Other spare parts that meet the conditions for classification in accordance with IAS 16 are reported in the Components. Other spare parts are depreciated when consumed (fitted to the vehicle). The depreciation period is set at half the estimated useful life of the vehicle for which it is used.

2.11. Investment property

Investment property, namely property held to earn rental income and/or for capital appreciation, is initially measured at cost, including transaction costs associated with its acquisition. Subsequent to initial recognition, the Group measures its investment property using the cost model; the carrying amounts are decreased by accumulated depreciation and impairment.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale. Gains and losses on derecognition of the property (determined as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss in the period in which the property is derecognised.

The depreciation method and useful life are determined by the Group for investment property in accordance with the property included in the Buildings category (see Note 2.13).

2.12. Intangible assets

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

The following useful lives were used in the amortisation calculation:

	Number of years
Software	3 – 10
Software licenses	6 – 10
Contractual relations	5
Customer relations	5
Know–how	10
Trademarks	10

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

2.13. Goodwill

Goodwill is initially measured at the amount corresponding to the difference between the consideration increased by the value of any non-controlling interest and by the fair value of any previously held interest and the net amount of acquired identifiable assets and assumed liabilities and contingent liabilities. After initial recognition, goodwill is recognised at cost less accumulated impairment losses. Recognised goodwill is tested for impairment. This test is performed at least once a year or more often if there are indicators of possible impairment of goodwill. At the acquisition date, goodwill is allocated to those cash-generating units that are expected to benefit from the synergies resulting from the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are substantially independent of cash inflows from other assets. The impairment of goodwill is set by determining the recoverable amount of those cash-generating units to which goodwill has been allocated. If the recoverable amount of such a cash-generating unit is lower than its carrying amount, an impairment loss is recognised.

2.14. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated in order to determine the amount of possible impairment. When it is impossible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to individual cash-generating units if a reasonable and consistent basis of allocation can be determined. Otherwise, corporate assets are allocated to the smallest group of cash-generating units for which it is possible to determine a reasonable and consistent basis for allocation.

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

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

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

2.15. Investments in joint ventures and associates

The joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control over the arrangement, which exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the decisions relating to relevant activities of the entity into which the investment was made, but it is not control or joint control over such entity. In this case, the Group ordinarily controls 20-50% of voting rights.

The economic results, assets and liabilities of joint ventures and associates are incorporated in these consolidated financial statements by using the equity method. Under the equity method, investments in joint ventures and associates on initial recognition are carried at cost in the consolidated statement of financial position and are subsequently adjusted for the Group’s share of profit or loss and other comprehensive income of the associate or joint venture. If the Group’s share of losses of the associate or joint venture exceeds the Group’s investment in the associate or joint venture, the Group will stop showing its share of further losses. Additional losses are recognised only when the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If the Group's entities trade with a joint venture or an associate of the Group, profits or losses arising from those transactions with a joint venture or associate are recognised in the consolidated financial statements of the Group to the extent of interest in a joint venture or an associate that does not belong to the Group.

2.16. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. The net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Spare parts that meet the conditions of classification in accordance with IAS 16 are recognised as Property, plant and equipment (Note 2.13).

2.17. Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

In cases when some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, an asset is recognised when it is certain that the reimbursement will be received by the Group and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised valid expectations in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures triggered by the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Group.

A provision can be used only for expenditures for which the provision was originally recognised. Change in a provision is recognised in profit or loss for a specific expense category; the unused portion of the provision is recognised in Other operating income.

Current liabilities arising from onerous contracts are recognised and measured as provisions. An onerous contract is understood as a Group's contract under which the unavoidable costs of meeting obligations under the contract exceed the envisaged economic benefits expected to be received under such a contract. The costs of fulfilling the contract include both the incremental costs of fulfilling the contract and the allocation of other costs that are directly related to fulfilling a contract.

A provision for long-term employee benefits is determined using the Projected Unit Credit Method, with actuarial valuation always at the year-end. Gains or losses from adjustments and changes in actuarial estimates for defined post-employment benefits are included in other comprehensive income, changes in the provision for other long-term benefits are included in profit or loss.

2.18. Financial instruments

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

Financial assets and liabilities are initially measured at fair value, except for trade receivables that have no significant financing component – these are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities (other than those measured at fair value through profit or loss) are added upon initial recognition to the fair value of financial assets or deducted from the fair value of financial liabilities, respectively. Transaction costs that are directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

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

2.18.1. Effective interest rate method

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

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. If a financial asset is considered to be credit-impaired, interest income is calculated using the asset's residual value (i.e. gross book value less allowances).

Income and expenses are recognised based on the effective interest rate of debt instruments, except for financial assets and liabilities at fair value through profit and loss, and except for shot-term receivables for which the recognition of interest would be immaterial.

2.18.2. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments that were designated as investments in equity instruments at fair value through other comprehensive income at initial recognition.

These investments in equity instruments are initially measured at fair value increased by transaction costs. Subsequently, they are measured at fair value while gains and losses from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve. Cumulative profits or losses will not be reclassified to profit or loss upon derecognition of equity investments; they will be transferred to retained earnings instead.

Dividends from these equity investments are recognised in profit or loss when the Company has the right to receive the dividends.

2.18.3. Financial assets at amortised cost

Financial assets at amortised cost are financial assets held within the business model, whose objective is to collect contractual cash flows that are solely payments of the principal and interest on the outstanding principal. Hence, the Group measures these assets at amortised cost by applying the effective interest method less any allowance for expected credit losses. These assets are recognised when the cash, goods or services are provided directly to a debtor by the Group with no intention of trading the receivable.

2.18.4. Financial assets at fair value through profit or loss

Financial assets which are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reports in this category financial derivatives presented under Other financial assets.

Financial assets measured at fair value through profit or loss are measured at fair value at the end of each reporting period, and all gains or losses of fair value are recognised in profit or loss to the extent that they are not part of the hedging relationship (see the hedge accounting policy). The method of determining fair value is described in Note 35.3.

2.18.5. Expected credit losses on financial assets

Financial assets, other than those at fair value through profit or loss, are reduced by an allowance for expected credit losses as at the asset recognition and at subsequent measurement the amount of expected credit losses is always updated at the financial statements date.

For the purpose of determining expected credit losses, the Group applies the simplified approach in accordance with IFRS 9, which allows the assessment of the lifetime expected loss for all short-term trade receivables and receivables from finance leases.

The simplified approach is applied to short-term trade receivables not containing a significant financing component and finance lease receivables. The Group recognises the allowances for receivables assessed on a portfolio basis based on the impairment matrix, including historical inputs and inputs reflecting future expectations. The Group calculates allowances for portfolio-assessed receivables.

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

- 30 and more days past due date;
- forward-looking information;
- knowledge of a customer;
- and payment discipline.

In respect of all other financial instruments, the Group reports the lifetime expected financial losses if there was a significant increase in credit risk since the initial recognition. However, if there was no significant increase in credit risk since the initial recognition, the Group calculates a loss allowance for this financial instrument in the amount corresponding to a 12-month expected credit loss.

(i) Significant increase in credit risk

When assessing whether the credit risk of a financial asset has increased significantly since the initial recognition, and when assessing the expected credit loss, the Group sees the information which is relevant and available without unreasonable costs or efforts as adequate and well-founded information. It involves both qualitative information and analyses, based on the historical experience of the Group and informed assessment of the credit risk, including forward-looking information.

The Group assumes that the credit risk in a financial asset significantly has increased if it is by more than 30 days past due date, if the Group has no adequate and provable information that would document otherwise.

In spite of the above, the Group assumes that there has been no significant increase in the credit risk relating to a financial instrument since the initial recognition date if it is determined that the credit risk of the financial instrument is low as at the financial statements date. A financial instrument bears low credit risk if:

1) financial instruments have a low default risk;
2) the debtor has a strong ability to meet its contractual obligations in cash flows in the near future;
3) and negative changes in economic and business conditions may, however, do not have to limit the ability of the debtor to meet its contractual obligations in cash flows in the long term.

The Group believes that there is a low credit risk in a financial asset if an external credit rating of this asset corresponds to the “investment grade” under the internationally recognised definition or if the international rating is not available, the asset has a “no default” internal rating. No default means that the counterparty has a strong financial position, and there are no due amounts from prior periods.

(ii) Definition of default

Based on historical experience, the Group uses the following criteria for default determination:

- if information gathered from internal or external sources indicates that the debtor will not be able to pay its creditors in full (announcement of bankruptcy, initiation of insolvency proceedings);
- and if the financial asset is more than 90 days past due and the Group has no reasonable and supportable information to demonstrate that the delay in payments is not a sufficient criterion for default determination.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired if one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- breach of contract, such as a delay or more than 90 days past due;
- restructuring of a financial liability (for economic or contractual reasons relating to the debtor’s financial difficulties) under the conditions that the Group would not otherwise consider;
- and it is likely that a debtor will enter bankruptcy or another financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures. Any recoveries made are recognised in profit or loss.

2.18.6. Derecognition of financial assets

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

If the Group substantially retains all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Upon derecognition of an asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received, and receivable is recognised in profit or loss. Upon derecognition of an investment in an equity instrument that the Group recognises at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

2.18.7. Financial liabilities at fair value through profit or loss

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

This category includes financial derivative instruments recognised under Other financial liabilities.

Financial liabilities at fair value through profit or loss are measured at fair value, with any resulting gain or loss on changes in fair value being recognised in profit or loss (unless they are part of a designated hedging relationship - see hedge accounting policies). The fair value is determined as described in Note 35.3.

2.18.8. Financial liabilities measured at amortised cost

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

Loans are initially recognised at fair value less transaction costs. In subsequent periods, loans are carried at amortised cost using the effective interest method.

2.18.9. Derecognition of financial liabilities

The Group derecognises financial liabilities only when its obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. Modifications to liabilities only occur when the debtor changes and are recorded as derecognition.

2.18.10. Derivative financial instruments

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

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

Derivatives that do not meet the criteria for hedging derivatives are recorded by the Group at fair value through profit or loss.

The derivative with a positive fair value is recorded as a financial asset, while the derivative with a negative fair value is recorded as a financial liability. Derivatives are not offset in the consolidated financial statements unless the Group has an enforceable right to set-off and intends to exercise it.

2.18.11. Hedge accounting

The Group designates certain hedging instruments as cash flow hedges. Hedge accounting is kept in compliance with the requirements of IFRS 9.

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Since the inception, the Group documents and monitors on an ongoing basis whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. The Group monitors the existence of an economic relationship, the hedge ratio, sources of ineffectiveness and credit risk impact. Hedge accounting corresponds to the Group's risk management strategy. Under IFRS 9, the Group recognises the basis spreads separately from cross-currency interest rate swaps and the forward element from foreign currency swaps through other comprehensive income and are accumulated in the costs of hedging reserve. If the hedged item is time-related, the amount accumulated in the costs of hedging reserve is reclassified to profit or loss through amortisation on a systematic and rational basis.

If the hedging relationship ceases to meet the hedge effectiveness requirement associated with the hedging ratio, but the risk management objectives for that hedging relationship remain the same, the Group adjusts the hedging ratio for that hedging relationship (i.e. rebalances the hedging) to meet the required criteria.

2.18.12. Cash flow hedges

The effective part of changes in the fair value of financial derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The Group recognises the cost of hedging reserve separately if the criteria of cost recognition through other comprehensive income have been met. The gain or loss relating to the ineffective part is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the consolidated statement of profit or loss as the recognised hedged item.

Hedge accounting is discontinued only when the hedging relationship no longer qualifies for hedge accounting (fully or partially), after considering any rebalancing of the hedging relationship or when the hedging instrument expires or is sold, terminated, or exercised. The termination of hedge accounting is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedging reserve remains in equity until a forecast transaction occurs. When a forecast transaction is no longer expected to occur, gain or loss accumulated in the cash flow hedging reserve is reclassified immediately to profit or loss.

3. Application of New and Revised International Financial Reporting Standards

3.1. Standards and interpretations effective for the annual period ended 31 December 2024

During the year ended 31 December 2024, the following standards, amendments and interpretations (relevant to the Group's activities) became effective:

Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IFRS 16 – Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
IAS 1 – Amendments to IAS 1 – Non-current Liabilities with Covenants	1 January 2024
IAS 7 and IFRS 7 – Amendments to IAS 7 and IFRS 7 – Supplier Finance Agreements	1 January 2024

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

3.2. Standards and interpretations applied before the effective date

The Group has not applied any standard or interpretation before the effective date.

3.3. Standards and interpretations issued but not yet applied

As at the date of the consolidated financial statements, the following standards and interpretations (relevant to the Group's activities) were published but were not yet effective or applied by the Group before their effective date.

Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IFRS 10, IAS 28 – Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date will be determined *
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027 *
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027 *
IFRS 9, IFRS 7 – Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026 *
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026 *
IAS 21 – Amendments to IAS 21 – Lack of Exchangeability	1 January 2025

* Standards, amendments and interpretations that have not yet been approved for use in the EU.

The application of IFRS 18 will change the method of presentation of the results in the profit and loss account and the method of disclosing information in the consolidated financial statements. The management of the Group expects that the adoption of other above-stated amendments to the existing standards in the following periods will not have a significant impact on the Group's consolidated financial statements.

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4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not clearly evident from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

4.1. Key sources of estimation uncertainty

4.1.1. Impairment of assets

The Group assesses the recoverable amount of all assets when there are indicators of their impairment. This assessment is based on expected assumptions and may change in the future depending on the development of the current situation and the availability of information. Impairment of property, plant and equipment is disclosed in Note 15.1.

4.1.2. Provisions for legal disputes

The Group is involved in several regulatory, court and out-of-court commercial disputes. Where the criteria for the recognition of provisions have been met, the Group creates provisions for these disputes on the basis of the best available information and estimates. However, the actual outcome of the disputes may differ from these estimates. Information regarding legal disputes is disclosed in Notes 27 and 34.1.

4.1.3. Lease – rental period

The Group uses an estimate to determine the lease term of contracts concluded for an indefinite period. This estimate is made with respect to the period and termination conditions of individual contracts. For the contracts with indefinite duration assessed on the basis of a portfolio approach, the Group has determined the estimated lease term as a period of 5 years for buildings and 3 years for freight railway vehicles, as considering past experience, it is reasonably certain that these leases will not be terminated by the Group during this estimated lease term.

In addition, each significant contract is also assessed separately based on individual contract provisions, the economic situation on the market of a given asset, as well as the past experience with the lessor, and thus the lease terms are adjusted accordingly.

Contracts with SŽ for the lease of premises at railway stations are concluded for individual areas (six large framework contracts). When measuring individual leased premises under the same contract, the Group used aggregation into portfolios under the framework contracts because of the insignificance of these individual rental premises. Due to the fact that these contracts were concluded with SŽ for 50 years, they are evaluated in the same way as contracts with indefinite duration and the estimated lease term is therefore set at 5 years for the purposes of lease term determination. Lease contracts contain an early termination clause with a 3-month notice period (without a sanction for an early rental termination), however, the Group uses it primarily in the event of termination of transport at a given location.

4.2. Judgements used in the application of accounting policies

4.2.1. Payments from the public service customers

The Group receives payments from the regional budgets and the budget of the Ministry of Transport for railway transport as the provision of public services. The Group also receives payments from the budget of the Ministry of Transport for the provision of transport services at discounted prices for selected population groups (students, pensioners, individuals with reduced mobility). The Group recognises these payments as revenue from contracts with customers.

In case of payments from the customers, the essence of the contractual relation with the regions or the Ministry of Transport is the order of transport service availability in a given location or on a specified line. This service is provided by the Group regardless of the number of passengers using a transportation service. This is not a grant since the contract for the transport service availability has been competed among a number of parties interested in providing that service and the subject of the service is not transport of specific individuals, but public transportation availability. Payment for the provision of the service is received by the company which wins a tender and ensures the service by its own means, in compliance with the competed conditions.

The preferential prices for different categories of customers (students, pensioners, individuals with reduced mobility) are measures where a customer uses the service (passenger transport) and pays only part of its price, and the remaining part is paid by a third party (in this case the state). It is not a grant to the carrier since in fact it is a direct subsidy of a market price to the population groups and not an economic incentive to influence the behaviour of a carrier in a particular way.

5. Segment Information

5.1. Activities that generate revenue for reportable segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, which is the Board of Directors of the Company, in order to allocate resources to appropriate segments and to assess their performance. The Group's reportable segments under IFRS 8 are therefore as follows:

- Passenger transport – other information on rail passenger transport is disclosed in Note 6.
- Freight transport – other information on rail freight transport is disclosed in Note 6.
- Asset management – the segment provides the management and operations of real estate owned by the Group, including internal and external leases.
- Certification and testing – the segment provides research, development and testing in the field of rolling stock and infrastructure equipment.

5.2. Segment revenues and expenses

The Ministry of Transport is a significant customer whose transactions represent more than 10% of revenues. These revenues belong to the Passenger transport segment. For more information, refer to Note 31.5.

Below is the analysis of the Group's results by reportable segments in the format in which the report is presented to the chief operating decision maker.

(CZK million)

2024	Passenger transport	Freight transport	Asset management	Certification and testing	Total of reportable segments	Other *	Elimination **	Total
Revenue								
of which revenues from external customers outside the Group	**32,847**	**15,089**	**83**	**991**	**49,010**	**1,847**	**-**	**50,857**
Revenue from passenger transport	11,693	-	-	-	11,693	-	-	11,693
Revenue from freight transport	-	13,954	-	-	13,954	-	-	13,954
Revenue from public service customers	20,795	-	-	-	20,795	-	-	20,795
Revenue from other services	359	1,135	83	991	2,568	1,847	-	4,415
of which revenues in the Group	**280**	**102**	**-**	**22**	**404**	**5,612**	**(6,016)**	**-**
Revenue from passenger transport	9	-	-	-	9	-	(9)	-
Revenue from other services	271	102	-	22	395	5,612	(6,007)	-
Total revenue from contacts with customers	**33,127**	**15,191**	**83**	**1,013**	**49,414**	**7,459**	**(6,016)**	**50,857**
Rental income outside the Group	46	360	379	2	787	-	-	787
Rental income in the Group	109	20	54	-	183	3	(186)	-
Total rental income	**155**	**380**	**433**	**2**	**970**	**3**	**(186)**	**787**
Total revenue	**33,282**	**15,571**	**516**	**1,015**	**50,384**	**7,462**	**(6,202)**	**51,644**
Traction costs	(4,363)	(1,917)	-	-	(6,280)	-	8	(6,272)
Costs related to the railway infrastructure	(1,886)	(1,063)	-	-	(2,949)	-	3	(2,946)
Other services, consumption of materials and energy	(6,698)	(3,900)	(538)	(246)	(11,382)	(5,211)	5,471	(11,122)
Total purchased consumables and services	**(12,947)**	**(6,880)**	**(538)**	**(246)**	**(20,611)**	**(5,211)**	**5,482**	**(20,340)**
Staff costs	(10,498)	(5,530)	(250)	(192)	(16,470)	(1,671)	424	(17,717)
Depreciation and amortisation	(7,419)	(2,530)	(235)	(64)	(10,248)	(323)	186	(10,385)
Impairment ***	(113)	(1,055)	-	-	(1,168)	2	-	(1,166)
Other operating income	1,173	555	1,400	17	3,145	679	(770)	3,054
Other operating expenses	(481)	(537)	14	(21)	(1,025)	(51)	35	(1,041)
Impairment losses and gains (net of reversals) on financial assets	(15)	4	8	-	(3)	57	-	54
Profit/(loss) on operating activities	**2,982**	**(402)**	**915**	**509**	**4,004**	**944**	**(845)**	**4,103**
Finance costs	(2,725)	(697)	(15)	(1)	(3,438)	(76)	78	(3,436)
Finance income ****	378	153	77	20	628	49	(82)	595
Profit/(loss) before tax	**635**	**(946)**	**977**	**528**	**1,194**	**917**	**(849)**	**1,262**
Income tax expense	24	226	2	(113)	139	(71)	35	103
Profit/(loss) for the period from continuing operations	**659**	**(720)**	**979**	**415**	**1,333**	**846**	**(814)**	**1,365**
Profit/(loss) for the period	**659**	**(720)**	**979**	**415**	**1,333**	**846**	**(814)**	**1,365**

* The Others column 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.
** The Elimination column includes eliminations of intragroup relations.
*** Impairment includes impairment losses on Property, plant and equipment and investment property.
**** It also includes a share of profits of associates and joint ventures.

(CZK million)

2023	Passenger transport	Freight transport	Asset management	Certification and testing	Total of reportable segments	Other *	Elimination **	Total
Revenue								
of which revenues from external customers outside the Group	**29,880**	**15,248**	**135**	**822**	**46,085**	**2,310**	**-**	**48,395**
Revenue from passenger transport	11,141	-	-	-	11,141	-	-	11,141
Revenue from freight transport	-	14,159	-	-	14,159	-	-	14,159
Revenue from public service customers	18,515	-	-	-	18,515	-	-	18,515
Revenue from other services	224	1,089	135	822	2,270	2,310	-	4,580
of which revenues in the Group	**264**	**72**	**-**	**14**	**350**	**4,228**	**(4,578)**	**-**
Revenue from passenger transport	8	-	-	-	8	-	(8)	-
Revenue from other services	256	72	-	14	342	4,228	(4,570)	-
Total revenue from contacts with customers	**30,144**	**15,320**	**135**	**836**	**46,435**	**6,538**	**(4,578)**	**48,395**
Rental income outside the Group	29	391	331	2	753	-	-	753
Rental income in the Group	10	18	50	-	78	3	(81)	-
Total rental income	**39**	**409**	**381**	**2**	**831**	**3**	**(81)**	**753**
Total revenue	**30,183**	**15,729**	**516**	**838**	**47,266**	**6,541**	**(4,659)**	**49,148**
Traction costs	(3,693)	(1,696)	-	-	**(5,389)**	-	13	(5,376)
Costs related to the railway infrastructure	(1,812)	(1,048)	-	-	**(2,860)**	-	1	(2,859)
Other services, consumption of materials and energy	(5,557)	(3,636)	(622)	(182)	**(9,997)**	(4,529)	4,170	(10,356)
Total purchased consumables and services	**(11,062)**	**(6,380)**	**(622)**	**(182)**	**(18,246)**	**(4,529)**	**4,184**	**(18,591)**
Staff costs	(10,265)	(5,402)	(267)	(174)	**(16,108)**	(1,522)	427	(17,203)
Depreciation and amortisation	(6,255)	(2,665)	(243)	(61)	**(9,224)**	(298)	175	(9,347)
Impairment ***	(339)	76	-	-	**(263)**	5	-	(258)
Other operating income	975	460	2,589	6	**4,030**	652	(849)	3,833
Other operating expenses	(368)	(578)	(7)	(87)	**(1,040)**	(106)	95	(1,051)
Impairment losses and gains (net of reversals) on financial assets	15	(23)	4	-	**(4)**	8	-	4
Profit/(loss) on operating activities	**2,884**	**1,217**	**1,970**	**340**	**6,411**	**751**	**(627)**	**6,535**
Finance costs	(2,729)	(592)	(12)	(6)	**(3,339)**	(73)	86	(3,326)
Finance income ****	468	108	23	20	**619**	63	(65)	617
Profit/(loss) before tax	**623**	**733**	**1,981**	**354**	**3,691**	**741**	**(606)**	**3,826**
Income tax expense	(111)	(407)	(8)	(70)	**(596)**	(87)	53	(630)
Profit/(loss) for the period from continuing operations	**512**	**326**	**1,973**	**284**	**3,095**	**654**	**(553)**	**3,196**
Profit/(loss) for the period	**512**	**326**	**1,973**	**284**	**3,095**	**654**	**(553)**	**3,196**

* The Others column 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.
** The Elimination column includes eliminations of intragroup relations.
*** Impairment includes impairment losses on Property, plant and equipment and investment property.
**** It also includes a share of profits of associates and joint ventures.
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6. Revenues

6.1. Breakdown of revenue

(CZK million)

	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Passenger transport segment	**32,847**	**29,880**
Revenue from passenger transport – fare	11,693	11,141
Domestic passenger transport	*7,888*	*7,831*
*International passenger transport **	*3,805*	*3,310*
Revenue from passenger transport – payments from public service customers	20,795	18,515
Payment from the state budget	*5,388*	*4,991*
Payment from the regional budgets	*15,407*	*13,524*
Revenue from other services	359	224
Freight transport segment	**15,089**	**15,248**
Revenue from freight transport	13,954	14,159
Revenue from domestic freight transport	*3,653*	*4,728*
Revenue from foreign freight transport	*10,301*	*9,431*
Revenue from freight transport – Germany	*3,710*	*3,111*
Revenue from freight transport – Austria	*1,152*	*1,105*
Revenue from freight transport – Slovakia	*1,068*	*1,202*
Revenue from freight transport – Poland	*1,333*	*1,720*
Revenue from freight transport – other countries	*3,038*	*2,293*
Other revenue from freight transport **	908	882
Other revenue from domestic freight transport	*461*	*478*
Other revenue from foreign freight transport	*447*	*404*
Other transport-related services	227	207
Asset management segment	**83**	**135**
Revenue from other services	83	135
Certification and testing segment	**991**	**822**
Revenue from other services	991	822
Not assigned to segments	**1,847**	**2,310**
Sale of other services	1,847	2,310
Sale of other services recognised over time	*1,847*	*2,310*
Sales of telematics services	*1,229*	*1,705*
Sales of other own services	*618*	*605*
Total revenue from contacts with customers	**50,857**	**48,395**
RENTAL INCOME		
Asset management segment	379	331
Freight transport segment	360	391
Passenger transport segment	46	29
Certification and testing segment	2	2
Total rental income	**787**	**753**
Total revenue	**51,644**	**49,148**

* Includes sales for the use of passenger train units in the RIC (Regolamento Internazionale delle Carrozze) regime and performance of train units and personnel in cross-border transport in the amount of CZK 1,359 million for 2024 (2023: CZK 1,209 million).

** Other revenue from freight transport includes mainly revenues from services in railway stations, additional and siding services.

Payments from public service customers relate to regional and long-distance domestic passenger transport.

The Group provides transport services in public railway transport for a stated (rectified) price and assures transport services in the specified categories of passenger trains on the railway network of the Czech Republic. The scope of these services and the compensation (revenue of the Group) are specified in contracts with the state and the regional authorities, except for trains operated at commercial risk.

In 2024, the Group operated long-distance transport under public service contracts concluded with the Ministry of Transport of the Czech Republic. The decisive volume of services was provided under a newly concluded contract valid from 15 December 2019 for a period of 10 years.

In 2024, the Group operated a total of 22 long-distance transport lines on the basis of 8 public service contracts, which represents 81% of services ordered as a public service by the Ministry of Transport of the Czech Republic. In 2023, the Group operated a total of 21 long-distance transport lines on the basis of 7 public service contracts, which represented 81% of services ordered as a public service by the Ministry of Transport of the Czech Republic.

In 2024, regional transport was operated on the basis of 33 concluded contracts, most of which have been valid since 2020. The vast majority of contracts were concluded in the regime of "market consultation" and subsequent direct assignment. However, there is an increasing number of contracts arising from tenders (Pilsen region and P1 Západ, P2 lines, Liberec region and JIHOŽ II operating set, Moravian-Silesian region and the "Moravia" operating set).

The year 2024 saw a continued increased demand for train travelling, which positively impacted the sales. The Group managed to extend the contract in the Pardubice region due to a significant investment. In addition, it succeeded in the tender for the Bruntál district operating set prepared by the Moravian-Silesian region. In the South Moravian region, the Group succeeded in the tender for the operation of the Moravia units owned by the region. A direct award extended the contract for the R9 Prague – Havlíčkův Brod – Brno line. The tender for the operation of the Ex36 Prague – Pilsen – Munich line was terminated by cancellation. In December 2024, a new Ex32 Prague – Wroclaw – Gdynia route started to operate.

In 2024, the overall scope of freight transport was affected by the industrial standstill across Europe. In the Czech Republic, the transported volume of certain commodities decreased, but the growth and modernisation of the Group's rolling stock lead to the expansion of foreign freight transport. The war conflict in Ukraine caused a significant decrease in the volume of services in Russia and Kazakhstan only. Invoiced services to other countries are growing.

Significant transactions with the main customers with government participation are presented in Note 31.5.

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6.2. Contract liabilities and refund liabilities

The Group recognises the following contract liabilities and refund liabilities (see also Note 29) related to the revenue from contracts with customers:

(CZK million)

Contract liabilities related to revenue from contracts with customers	31 Dec 2024	31 Dec 2023
Prepaid products – i.e., kilometric bank, annual ticket	199	203
Prepayments received	77	85
Revenues from domestic passenger transport over time	4	2
Contract liabilities from telecommunication services	118	173
Other contract liabilities	20	19
Total contract liabilities	418	482

(CZK million)

Refund liabilities	31 Dec 2024	31 Dec 2023
Liabilities from rebates and claims	209	148
Other refund liabilities	336	527
Total refund liabilities	545	675

A decrease in refund liabilities in 2024 is due to the current annual settlement with the regions, based on which a smaller part of compensations received in the form of advance payments for 2024 will be returned to the regions compared to 2023.

6.2.1. Revenues from contract liabilities

(CZK million)

Revenues included in the opening balance of contract liabilities	2024	2023
Revenue from passenger transport	200	160
Sale of other services	277	462
Total	477	622

6.2.2. Remaining contract liabilities

Passenger transport services are usually provided within a few hours and paid by passengers for just before the service is provided. In case of prepaid tickets, a contract liability is recognised. As at 31 December 2024, the Group has concluded 41 contracts with public service customers (the Ministry of Transport and the regions). Validity of these contracts varies individually from 1 to 15 years. According to these contracts, the Group is obliged to provide transport services to the specified extent. Income is recognised in the amount that the Group has a right to invoice. The customers usually pay a fixed amount based on the payment schedule. If services provided by the Group exceed payments, a receivable is recognised due to the fact that a right to payment is unconditional, and only the passage of time is required before the payment is due. Receivables are usually due within 15-30 days. If payments exceed services provided, a liability is recognised. The Group does not disclose the allocated transaction price under practical expedient from IFRS 15.121. Transport revenue is disclosed in Note 6.1.

7. Other Operating Income

(CZK million)

	2024	2023
Gain from disposal of property, plant and equipment and investment property	1,406	2,041
Gain on disposal of redundant assets	207	132
Compensations for shortage and damage	294	216
Contractual penalties and default interest	124	43
Dividends received	3	1
Foreign exchange gains – operating	266	321
Release of provisions (Note 27)	189	727
Income from grants	11	12
Income from energy recovery	193	106
Other	361	234
Total other operating income	**3,054**	**3,833**

The gain from the disposal of property, plant and equipment and investment property in 2024 includes the profit from the sale of real estate in the area of Nákladové nádraží Žižkov train station in the amount of CZK 1,093 million. In 2023, this item included a considerable disposal of property in the areas of Smíchov and Masaryk train stations with the gain of CZK 1,767 million.

8. Cost of Services, Raw Materials and Energy

(CZK million)

	2024	2023
Traction costs	(6,272)	(5,376)
Payment for the use of railroads	(2,946)	(2,859)
Other services, raw materials and energy	(12,280)	(11,372)
Consumed material	*(3,044)*	*(2,614)*
Consumed other energy	*(603)*	*(592)*
Services related to the operation of railway vehicles	*(1,975)*	*(1,600)*
Services related to the operation of main activities abroad	*(1,208)*	*(1,119)*
Services related to the provision of additional services to passengers	*(824)*	*(1,499)*
Services related to the use of buildings	*(466)*	*(391)*
Services provided to employees	*(561)*	*(560)*
Transport costs and external services	*(1,886)*	*(1,685)*
Low-value rent or short-term rent	*(408)*	*(309)*
Commission for the sale of fares paid to other carriers, resellers	*(226)*	*(174)*
Substitute bus transport	*(131)*	*(5)*
Other services	*(948)*	*(824)*
Cost of services, consumption of material and energy	**(21,498)**	**(19,607)**
Capitalised services and consumption of material	1,158	1,016
Total cost of services, raw materials and energy	**(20,340)**	**(18,591)**

Other services include the cost of consulting and auditing services, advertising and promotion, staff care, environmental services and further consist of other individually insignificant items.

Consulting, expert and auditing services also include audit and non-audit services provided by Deloitte network companies. The total remuneration for these services is presented below:

(CZK million)

	2024	2023
Statutory audit	(7)	(5)
Other audit services *	(1)	-
Non-audit services **	-	(2)
Total	**(8)**	**(7)**

** Other audit services include the verification of the sustainability report and the provision of a comfort letter. The total value of the service is CZK 4 million. The amount is presented in the table on an accrual basis.*
*** Methodological assistance in the field of direct and indirect taxes on selected projects.*

9. Staff Costs

(CZK million)

	2024	2023
Payroll costs and severance pays	(13,246)	(12,734)
Statutory social security and health insurance	(1,670)	(1,603)
Contributions to post-employment benefits	(2,886)	(2,923)
Other employee benefits costs	(367)	(364)
Staff costs	**(18,169)**	**(17,624)**
Capitalised staff costs	452	421
Total staff costs	**(17,717)**	**(17,203)**
Average recalculated headcount	**21,550**	**21,823**

Other employee benefits costs mainly include allowances for meals, allowances for convalescent stays, allowances for life insurance and remuneration of members of statutory bodies.

10. Depreciation, Amortisation and Impairment

(CZK million)

	2024	2023
Depreciation of property, plant and equipment	(8,027)	(7,409)
Depreciation of investment property	(31)	(29)
Depreciation of right-of-use assets	(2,025)	(1,640)
Amortisation of intangible assets	(326)	(316)
Impairment losses on property, plant and equipment, and investment property (Note 15, 16, 18)	(1,166)	(258)
Depreciation, amortisation and impairment	**(11,575)**	**(9,652)**
Capitalised depreciation	24	47
Total depreciation, amortisation and impairment	**(11,551)**	**(9,605)**

In 2024, Depreciation of property, plant and equipment was increased by CZK 14 million (2023: decreased by CZK 32 million) due to the allocation of costs of recognition and use of the provision for onerous contracts (Note 27.3).

11. Other Operating Expenses

(CZK million)

	2024	2023
Write-off of inventories to net realisable value	(1)	(52)
Costs of contractual fines and default interest	(16)	(38)
Taxes and fees	(56)	(29)
Insurance	(278)	(238)
Foreign exchange losses – operating	(269)	(298)
Shortages and damages compensation	(103)	(141)
Expenses for uniforms	(47)	(47)
Reimbursement of employee expenses	(15)	(16)
Other expenses	(256)	(192)
Total other operating expenses	**(1,041)**	**(1,051)**

12. Finance Costs

(CZK million)

	2024	2023
Interest on bank overdrafts and loans	(1,266)	(1,132)
Interest on issued bonds	(1,486)	(1,275)
Interest on lease liabilities	(260)	(199)
Interest on secured loans	(89)	(73)
Other interest expense	(187)	(145)
Less: amounts included in the cost of qualifying assets	409	229
Unwinding of the discount of provisions for liabilities and charges	(18)	(12)
Expenses from derivative operations	-	(2)
Foreign exchange losses on loans, borrowings and lease liabilities	(456)	(645)
Bank charges	(14)	(14)
Other finance costs	(69)	(58)
Total finance costs	**(3,436)**	**(3,326)**

Other interest expense represents cash flow hedge expenses reclassified from other comprehensive income during the period.

The capitalisation rate of borrowing costs in 2024 is 0.35% p. a. (2023: 0.19% p. a.).

13. Finance Income

(CZK million)

	2024	2023
Foreign exchange gains on loans, borrowings and lease liabilities	186	227
Gain on the sale of securities and equity investments	7	-
Interest received	386	372
Other finance income	-	7
Total finance income	**579**	**606**

An increase in interest received is due to the appreciation of available funds from term deposits.

14. Income Tax

14.1. Income tax recognised in profit or loss

(CZK million)

	2024	2023
Tax for the current year recognised in the statement of profit or loss	(310)	(284)
Deferred tax recognised in the statement of profit or loss	441	(317)
Current income tax related to previous periods	(28)	(29)
Total income tax (expense)/revenue related to continuing operations	**103**	**(630)**

Reconciliation of the total tax charge for the year to accounting profit multiplied by the applicable tax rate:

(CZK million)

	2024	2023
Profit for the period before tax	**1,262**	**3,826**
Statutory tax rate on corporate income in the Czech Republic	21 %	19 %
Expected income tax expense	**(265)**	**(727)**
Adjustments:		
Effect of the unrecognised deferred tax asset	542	373
Impact of different tax rates in other countries	(19)	(8)
Income exempt from tax – fines	210	-
Other non-taxable income	72	60
Tax non-deductible expenses – shortages and damages	(7)	(3)
Non-taxable expenses – fines	(173)	-
Non-taxable payroll costs	(26)	(43)
Borrowing costs	-	1
Other tax non-deductible expenses	(190)	(53)
Release/use of provisions and loss allowances	(13)	(16)
Current income tax related to previous periods	(28)	(29)
Effect of a change in the rate	-	(185)
Income tax recognised in profit or loss	**103**	**(630)**

14.2. Income tax recognised in other comprehensive income

(CZK million)

	2024	2023
Change in cash flow hedging reserve	21	199
Change in cost of hedging reserve	2	(14)
Change in the revaluation reserve of investments in equity instruments at fair value through other comprehensive income	(6)	(6)
Total income tax recognised in other comprehensive income	**17**	**179**

14.3. Deferred tax

Reported deferred tax assets and liabilities are calculated as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Deferred tax assets		
Non-current assets	13	3
Provisions	730	651
Receivables	90	80
Compensation for unjust enrichment (Note 21)	3,848	715
Borrowing costs	223	152
Loans, borrowings and lease liabilities	9,094	9,462
Liabilities to employees	195	174
Refund obligations	15	15
Other	84	108
Basis for calculation of deferred tax	**14,292**	**11,360**
Corporate income tax rate	21 %	21 %
Total deferred tax assets – recognised	**3,001**	**2,386**
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,991)	(2,378)
Net deferred tax assets – recognised	**10**	**8**
Deferred tax liabilities		
Non-current assets *	(20,799)	(20,138)
Receivables – contractual fines	(10)	(40)
Derivatives	(136)	(90)
Financial assets at fair value through other comprehensive income	(90)	(60)
Other	(39)	(1)
Basis for calculation of deferred tax	**(21,074)**	**(20,329)**
Corporate income tax rate	21 %	21 %
Total deferred tax liabilities – recognised	**(4,426)**	**(4,269)**
Set-off of deferred tax liabilities pursuant to set-off provisions	2,991	2,378
Net deferred tax liabilities – recognised	**(1,435)**	**(1,891)**

* Including right-of-use assets.

Given the low expected future taxable profits, the utilisation of the deferred tax asset of the Parent Company is uncertain. The unrecognised deferred tax asset as at 31 December 2024 and 31 December 2023 was calculated as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Deferred tax asset		
Compensation for unjust enrichment (Note 21)	298	2,849
Provisions	215	296
Receivables	90	75
Borrowing costs	1,116	1,116
Contractual penalties	176	39
Inventories	95	82
Lease liabilities	87	57
Payables to employees	168	199
Basis for calculation of deferred tax	**2,245**	**4,713**
Corporate income tax rate	21 %	21 %
Deferred tax asset – unrecognised	**471**	**990**

Borrowing costs include interest and other costs (in particular, exchange rate differences) associated with drawn funds that meet the requirements of the tax law. It is possible to apply them in the next years.

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The tax effect of temporary difference movements is calculated as follows:

(CZK million)

	1 Jan 2024	Deferred tax recognised in profit or loss	Deferred tax recognised in other comprehensive income	31 Dec 2024
Deferred tax assets				
Non-current assets	1	2	-	3
Provisions	137	16	-	153
Receivables	17	2	-	19
Compensation for unjust enrichment (Note 21)	150	658	-	808
Borrowing costs	32	15	-	47
Loans, borrowings and lease liabilities	1,988	(111)	32	1,909
Payables to employees	37	4	-	41
Refund obligations	3	-	-	3
Other	21	(3)	-	18
Total deferred tax assets – recognised	2,386	583	32	3,001
Deferred tax liabilities				
Non-current assets	(4,229)	(139)	-	(4,368)
Receivables – contractual fines	(8)	6	-	(2)
Derivatives	(19)	(1)	(9)	(29)
Financial assets at fair value through other comprehensive income	(13)	-	(6)	(19)
Other	-	(8)	-	(8)
Total deferred tax liabilities – recognised	(4,269)	(142)	(15)	(4,426)

(CZK million)

	1 Jan 2023	Deferred tax recognised in profit or loss	Deferred tax recognised in other comprehensive income	31 Dec 2023
Deferred tax assets				
Non-current assets	142	(141)	-	1
Provisions	75	62	-	137
Receivables	16	1	-	17
Compensation for unjust enrichment (Note 21)	-	150	-	150
Borrowing costs	14	18	-	32
Loans, borrowings and lease liabilities	1,099	838	51	1,988
Payables to employees	32	5	-	37
Refund obligations	3	-	-	3
Other	14	7	-	21
Total deferred tax assets – recognised	**1,395**	**940**	**51**	**2,386**
Deferred tax liabilities				
Non-current assets	(2,971)	(1,258)	-	(4,229)
Receivables – contractual fines	-	(8)	-	(8)
Derivatives	(162)	9	134	(19)
Financial assets at fair value through other comprehensive income	(7)	-	(6)	(13)
Other	-	-	-	-
Total deferred tax liabilities – recognised	**(3,140)**	**(1,257)**	**128**	**(4,269)**

14.4. Top-up tax

The Group falls under the scope of the Act on Top-up Taxes (global minimum tax) with effect since 31 December 2023. The Group meets the conditions of the safe haven test, its top-up tax is CZK 0 for 2024.

The Group applies an exception for the recognition and disclosure of the information on the deferred tax relating to pillar two income taxes under IAS 12; for this reason, the calculation of the deferred tax did not take the impact of the top-up tax into account.

15. Property, Plant and Equipment

(CZK million)

	Land	Buildings	Machinery, equipment and other	Vehicles for own use *	Vehicles leased out	Components	Assets under construction	Prepayments	Total
Cost									
Balance at 1 Jan 2023	**5,438**	**15,640**	**5,328**	**105,357**	**4,602**	**30,576**	**2,693**	**9,949**	**179,583**
Additions	(12)	228	178	4,923	-	5,455	2,395	2,947	16,114
Disposals	(140)	(71)	(168)	(859)	-	(2,750)	(224)	(1,388)	(5,600)
Reclassification **	(24)	678	100	15	362	267	(937)	-	461
Balance at 31 Dec 2023	**5,262**	**16,475**	**5,438**	**109,436**	**4,964**	**33,548**	**3,927**	**11,508**	**190,558**
Additions	1	226	261	21,119	-	5,909	2,919	640	31,075
Disposals	(80)	(188)	(119)	(1,378)	-	(4,022)	(14)	(5,055)	(10,856)
Reclassification **	(34)	353	111	460	(1,448)	2,444	(2,228)	3	(339)
Balance at 31 Dec 2024	**5,149**	**16,866**	**5,691**	**129,637**	**3,516**	**37,879**	**4,604**	**7,096**	**210,438**
Accumulated depreciation and impairment									
Balance at 1 Jan2023	**71**	**8,698**	**4,004**	**60,930**	**2,148**	**12,490**	**6**	**-**	**88,347**
Depreciation	-	318	269	3,417	124	3,241	25	-	7,394
Impairment loss	-	8	13	675	-	-	28	-	724
Reversal of impairment	(2)	-	(18)	(403)	-	-	(2)	-	(425)
Disposals	-	(54)	(168)	(486)	-	(2,739)	(25)	-	(3,472)
Reclassification **	-	306	3	(4)	74	(115)	-	-	264
Balance at 31 Dec 2023	**69**	**9,276**	**4,103**	**64,129**	**2,346**	**12,877**	**32**	**-**	**92,832**
Depreciation	-	332	285	3,637	60	3,672	3	-	7,989
Impairment loss	-	-	8	1,647	-	-	-	-	1,655
Reversal of impairment	-	(21)	(10)	(464)	-	-	(2)	-	(497)
Disposals	-	(123)	(118)	(1,239)	-	(2,773)	(3)	-	(4,256)
Reclassification **	-	(211)	5	362	(821)	290	-	-	(375)
Balance at 31 Dec 2024	**69**	**9,253**	**4,273**	**68,072**	**1,585**	**14,066**	**30**	**-**	**97,348**
Net book value									
Balance as at 1 Jan 2023	5,367	6,942	1,324	44,427	2,454	18,086	2,687	9,949	91,236
Balance as at 31 Dec 2023	5,193	7,199	1,335	45,307	2,618	20,671	3,895	11,508	97,726
Balance as at 31 Dec 2024	5,080	7,613	1,418	61,565	1,931	23,813	4,574	7,096	113,090

* Means of transport purchased for secured loans are reported in the financial statements under the item "Vehicles". Their residual value is CZK 3,890 million as at 31 December 2024 and CZK 3,494 million as at 31 December 2023.

** Reclassifications mainly represent transfers of asset items between individual groups (IAS 16 and IAS 40) and the transfer (capitalisation) of items from assets under construction to individual items of tangible assets (Land, Constructions, Machinery, equipment and others, Vehicles).

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Strategic spare parts (exchangeable units) with the acquisition cost of CZK 172 million and the net book value of CZK 6 million as at 31 December 2024 are reported in Vehicles (31 December 2023: the acquisition cost of CZK 172 million and the net book value of CZK 13 million). Other spare parts with the net book value of CZK 1,027 million as at 31 December 2024 are reported in Components (31 December 2023: CZK 803 million).

The most significant additions include the acquisition and modernisation of railway vehicles as part of the renewal of the Parent Company's rolling stock in the amount of CZK 13,878 million in 2024 (2023: CZK 5,953 million). Due to the long-term nature of the acquisition of this type of assets, significant balances are recognised in Assets under construction.

Additions in freight transport are disclosed in the following table:

(CZK million)

	2024	2023
Purchase of traction vehicles of class TRAXX 388	1,203	85
Modernisation of traction vehicles of class 742	880	-
Repairs of R and D type (components) traction vehicles	539	412
Inspection repairs (components) of wagons	175	742
Technical inspections (components) to wagons	107	102
Wheelsets (components) for freight wagons	85	188
Freight wagons of the Zacns class	80	291
Purchase of traction vehicles of class 744	66	-
Purchase of traction vehicles of class 753.6	64	-
Wagon body components for wagons	40	240
Conversion of traction vehicles of class 163 to 363	34	-
Technical improvements on traction vehicles	13	56
Technical improvements on wagons	11	72
Purchase of the Vectron traction vehicles	-	175
Other	55	56
Total	**3,352**	**2,419**

Significant additions in telematics include the purchase and renovation of buildings in the amount of CZK 52 million and construction of a new data centre of CZK 52 million. Significant additions in telematics as at 31 December 2023 include the purchase and renovation of buildings in the amount of CZK 56 million and expenses relating to the purchase of two new buildings and renovation of structures totalling CZK 71 million.

In 2024, the Group provided advances of CZK 307 million for the delivery of BEMU 140. In 2023, the Group provided advances of CZK 1,505 million for the supply of 230km/h passenger train units and CZK 1,440 million for the supply of DMUs 120.

As at 31 December 2024, the Group recognises grant promises in the amount of CZK 103 million (31 December 2023: CZK 264 million), which are reported in Other assets (Note 23). As at 31 December 2024, the Group records liabilities from investment grants in the amount of CZK 84 million (31 December 2023: CZK 408 million), which are reported in Other liabilities and contract liabilities (Note 29).

In 2024, the Group partially used part of the grant advance received for the implementation of the European Train Control System (ETCS) for locomotives. Locomotives of the 742.7 class and the prototype and series in the 363.5 and 240 class have been equipped with the ETCS system and the grant advance was used in the purchase of new locomotives of the 383 class. Further, the Group received a grant for the ETCS upgrade in the 388 class. In total, these were assets of CZK 282 million (31 December 2023: CZK 316 million).

Operating lease agreements in which the Group acts as a lessor and which relate to movable property (it primarily concerns the rental of vehicles) are described in Note 32.

15.1. Impairment losses recognised in the reporting period

15.1.1. Asset impairment analysis

Passenger transport:
As at the consolidated balance sheet date, the Group's management assessed if there were any indications of impairment of non-financial assets. The Group's management concluded that impairment indicators exist for the Passenger transport cash-generating unit where the Group's management includes rolling stock (locomotives, passenger train units, other rolling stock including leased and recognised as Right-of-use assets), other standalone movables used to operate passenger rail transport and the allocated part of corporate assets. This group of assets is tested for potential impairment as one cash-generating unit as it is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of the cash-generating unit was determined as the value in use. Value in use was determined based on the present value of future cash flows per cash-generating unit for the next five years. The five-year period reflects the assumptions for short- to medium-term market development and is used by the management as it allows for a better reflection of the planned investment programme than the shorter period. The Group's management is confident that due to the character of the railway transport, it is able to forecast future cash flows over the whole five-year period with sufficient reliability. Cash flows beyond the five-year period have been extrapolated using a steady growth rate. This growth rate is in line with the long-term average growth rate for the sector in which the Group operates (passenger transport).

The calculation of future expected cash flows is based on an estimate of revenues, direct and indirect operating expenses and expenditures for the replacement of tangible non-current assets for the period of 2025-2029. Revenues from the sale of services are projected on the basis of the expected collection of fares and the contracted payments from public service customers (the state and the regions) and compensation for the energy increase. Operating expenses are estimated based on the current structure of the Passenger transport segment and are adjusted for the expected development and impact of cost-saving measures in the area of operating and staff costs. Capital expenditures are based on the historical experience of the Group's management, planned development of passenger transport and commitments arising from contracts with public service customers. In general, the projections of the above-mentioned components of expected future cash flows take into account the expected economic development, competition and other market factors, regulation, as well as the Group's strategy.

The discount rate reflects the level of risk specific to the cash-generating unit as assessed by the Group's management. The basis for calculating the discount rate is the weighted average cost of capital (WACC) calculated based on the Capital Asset Pricing Model (CAPM). To calculate the recoverable amount, the cash flows expressed in nominal values were estimated and discounted using a discount rate of 7.14% (2023: 6.98%).

The expected growth rate is derived from the expected future development of the market, gross domestic product, the level of wages and interest rates and the expected economic growth of the country. A growth rate of 3% (2023: 3%) was used to calculate the recoverable amount.

The analysis performed as at 31 December 2024 confirmed that the recoverable amount of the cash-generating unit exceeds its carrying amount by CZK 24,633 million (2023: CZK 57,244 million).

Sensitivity analysis of impairment tests

When testing the recoverable amount of non-current assets of the cash-generating unit, a sensitivity analysis of the test results to changes in following significant parameters used in the model was performed: the estimated future operating cash flows, the estimated capital expenditures for replacement of assets, the discount rate used for calculating the present value of future cash flows and the growth rate.

As at 31 Dec 2024	Operating cash flows for perpetuity		Estimated capital expenditures for perpetuity		Discount rate		Growth rate	
Parameter value	CZK 6,332 million		CZK 9,035 million		7.14 %		3.00 %	
	Increase by 10 %	Decrease by 10 %	Decrease by 10 %	Increase by 10 %	Decrease by 50 basis points	Increase by 50 basis points	Increase by 100 basis points	Decrease by 100 basis points
Increase/(decrease) of recoverable amount	12,599	(9,829)	16,062	(16,545)	16,576	(13,108)	33,331	(21,117)
Impairment Yes/No	No	No	No	No	No	No	No	No
Value of impairment	-	-	-	-	-	-	-	-

As at 31 Dec 2023	Operating cash flows for perpetuity		Estimated capital expenditures for perpetuity		Discount rate		Growth rate	
Parameter value	CZK 6,984 million		CZK 9,544 million		6.98 %		3 %	
	Increase by 10 %	Decrease by 10 %	Decrease by 10 %	Increase by 10 %	Decrease by 50 basis points	Increase by 50 basis points	Increase by 100 basis points	Decrease by 100 basis points
Increase/(decrease) of recoverable amount	12,952	(12,952)	17,232	(17,408)	20,905	(16,262)	43,693	(26,134)
Impairment Yes/No	No	No	No	No	No	No	No	No
Value of impairment	-	-	-	-	-	-	-	-

The recoverable amount of the cash-generating unit would equal its carrying value, had the key assumptions been/changed as follows:

As at 31 Dec 2024	Operating cash flows for perpetuity	Estimated capital expenditures for perpetuity	Discount rate	Growth rate
Parameter value	CZK 6,332 million	CZK 9,035 million	7.14 %	3 %
Parameter value where recoverable amount would equal carrying value	CZK 4,941 million	CZK 10,426 million	8.14 %	1.83 %

As at 31 Dec 2023	Operating cash flows for perpetuity	Estimated capital expenditures for perpetuity	Discount rate	Growth rate
Parameter value	CZK 6,984 million	CZK 9,544 million	6.98 %	3 %
Parameter value where recoverable amount would equal carrying value	CZK 3,897 million	CZK 12,630 million	9.49 %	(0.12) %

Freight transport:
During the current period, the Group identified impairment of assets as a result of a decline in the transported volume of goods by rail, which led to an increase in excess capacity, particularly in freight wagons. These excess capacities are no longer able to generate revenues that would correspond to the value of these wagons, and thus it was necessary to decrease the value of these assets.

The impairment of assets was calculated as a difference between the carrying amount and the estimated recoverable amount. The recoverable amount of the railway vehicles was determined as the fair value of the asset less costs to sell.

The impairment analysis of the rolling stock evaluates both traction vehicles and freight wagons. The market value estimation of freight wagons is determined based on an expert opinion, where a representative freight wagon is valued for each class. The market value is determined as a replacement cost. The established cost is subsequently adjusted for key parameters of individual wagons. Key parameters include age, remaining period of railworthiness (technical inspections, revisions), the last date of technical enhancement, whether it is in working order or proposed for scrapping, remaining useful life, etc. If a wagon is selected for scrapping, the market value is estimated as the net proceeds from scrapping.
The recoverable amount of the rolling stock then results from a combination of the aforementioned methods. The analysis of traction vehicles is based on the current market prices of newly acquired traction vehicles. The valuation estimate of the remaining rolling stock of traction vehicles is then derived from the prices of these newly acquired traction vehicles and adjusted according to the technical parameters of individual traction vehicles. The key parameters that affect valuation include interoperability, availability, energy consumption, remaining useful life, date of the last major overhaul, and similar factors. Similar to freight wagons, the value of a traction vehicle designated for scrapping or sale is derived from the net expected proceeds net of the costs of sale or disposal.

In 2023, the same assessment was performed, but since the decline in transported volume and the expected future development were less significant, no impairment was identified. However, the evaluation of closing operations and the impairment analysis in 2024 indicated impairment, including the assumed stagnation or decline in the transported volume in the upcoming period.

In the consolidated statement of profit or loss, this impairment of assets in the amount of CZK 1,048 million is disclosed in Note 10 Depreciation, amortisation, and impairment on the line Losses from impairment of property, plant and equipment, and investment property. The methodology used for asset impairment is disclosed in Note 2.14.

15.1.2. Other impairment losses

Furthermore, based on an inventory count and internal analyses, the Group's management identified fixed assets for which significant doubt about their future usability exists. Impairment losses were recognised for these items in the amount of the difference between the carrying value and the estimated recoverable amount. The recoverable amount of the 680 class tilting trains (Pendolino) and the 380 class locomotives was estimated as their fair value less cost to sell. Therefore, the recoverable amount of these railway vehicles was determined regardless of the cash-generating unit to which they belong. The assets belong to the Passenger transport cash-generating unit.

The market value of the 680 class EMUs was determined on the basis of an expert opinion. The impairment of these EMUs as at 31 December 2024 amounted to CZK 410 million (31 December 2023: CZK 438 million). Movement in impairment in 2024 involves a reversal of impairment of CZK 28 million. The movement in impairment in 2023 amounting to CZK 94 million was due to a disposal of two damaged carriages in one trainset damaged in 2022 and a reversal of impairment of CZK 28 million.

The market value of the 380 class locomotives was determined on the basis of an expert opinion. The impairment of these locomotives as at 31 December 2024 amounted to CZK 1,478 million (31 December 2023: CZK 1,634 million). In 2024, the 380.004 class locomotive was liquidated due to an accident. For this reason, an allowance of CZK 117 million relating to this locomotive was released.

Impairment losses and their reversal are presented in Depreciation, amortisation and impairment in the consolidated statement of profit or loss.

15.2. Pledged assets

The Group records loans that are collateralised by assets with the net book value of CZK 3,890 million as at 31 December 2024 and CZK 3,494 million as at 31 December 2023.

As at 31 December 2024, the Group records assets pledged to EUROFIMA with the net book value of CZK 14,211 million (31 December 2023: CZK 2,742 million).

16. Investment Property

The value of investment property:

(CZK million)

	2024	2023
Balance at the beginning of the year	**941**	**938**
Additions from subsequent capitalised expenses	16	93
Depreciation	(31)	(29)
Disposals	(38)	-
Transfers from property, plant and equipment (from IAS 16 to IAS 40)	174	89
Transfers to property, plant and equipment (from IAS 40 to IAS 16)	(165)	(191)
Increase/(decrease) in impairment loss	(8)	41
Balance at the end of the year	**889**	**941**

(CZK million)

	Balance as at 31 Dec 2024	Balance as at 31 Dec 2023	Balance as at 1 Jan 2023
Cost	1,916	1,825	2,139
Accumulated depreciation and impairment	(1,027)	(884)	(1,201)
Net book value	889	941	938

The Group includes the percentage value of the residual price of the leased part of the property, where at least 1% of its useful area is leased to an external lessee as an investment in real estate.

The real estate is located around the railroads, in train stations and depots of railway vehicles. The Group applies a market approach to determine the fair value of its land and an income approach to determine the fair value of its buildings.

When calculating the fair value of a building, firstly, the annual rental income from the building is calculated as a multiple of the size of a property, occupancy as per a particular type of premises and external annual rent as per individual type of premises. Secondly, the fair value of the building is calculated as the annual rental income less the costs incurred on the building during the year and divided by the capitalisation rate for the given location (yield). Yield is updated annually based on an expert opinion and is calculated as the sum of net earned revenues (net rent) divided by the sum of achieved market prices of comparable real estate. To determine the fair value of real estate as at 31 December 2024 and 31 December 2023, depending on the type of real estate and its location, a yield in the range of 6-10 % was used.

In respect of land, the fair value is calculated by multiplying the market price for m^2 for the specific locality and the size of the land. The market price for m^2 is determined each year by an expert based on the latest land price maps.

The estimated Investment property fair value amounted to CZK 5,266 million as at 31 December 2024 (31 December 2023: CZK 7,651 million). Investment property is classified as Level 3 in terms of the method of determining fair value.

Operating lease agreements in which the Group acts as a lessor and which relate to investment property are described in Note 32. The carrying amount of leased investment property as at 31 December 2024 is CZK 812 million (31 December 2023: CZK 832 million).

17. Intangible Assets and Goodwill

(CZK million)

	Internally generated software	Software licences	Assets under construction	Contractual relations and customer relations	Know-how and trademarks	Total
Cost						
Balance as at 1 Jan 2023	3,587	897	128	189	11	4,812
Additions	132	9	200	-	-	341
Disposals	-	(2)	-	-	-	(2)
Reclassification	102	7	(109)	-	-	-
Balance as at 31 Dec 2023	3,821	911	219	189	11	5,151
Additions	168	9	83	-	-	260
Disposals	(3)	-	-	-	-	(3)
Reclassification	141	2	(143)	-	-	-
Balance as at 31 Dec 2024	4,127	922	159	189	11	5,408
Accumulated amortisation						
Balance as at 1 Jan 2023	2,702	811	-	189	7	3,709
Amortisation	287	28	-	-	1	316
Disposals	-	(2)	-	-	-	(2)
Reclassification	-	-	-	-	-	-
Balance as at 31 Dec 2023	2,989	837	-	189	8	4,023
Amortisation	306	19	-	-	1	326
Disposals	(3)	-	-	-	-	(3)
Reclassification	-	-	-	-	-	-
Balance as at 31 Dec 2024	3,292	856	-	189	9	4,346
Net book value						
Balance as at 1 Jan 2023	885	86	128	-	4	1,103
Balance as at 31 Dec 2023	832	74	219	-	3	1,128
Balance as at 31 Dec 2024	835	66	159	-	2	1,062

The amortisation costs were reported in Depreciation, amortisation and impairment in the consolidated statement of profit or loss.

Intangible fixed assets used for business activities in passenger transport primarily include MOPAJ, PARIS, APS, In-karta, POP, UNIPOK, IS OPT and KASO software.

Intangible non-current assets used for freight transport include operational business roles under the PROBIS project, the Altworx software used for monitoring and assessment of the use of principal capacities (operating personnel, traction vehicles and freight wagons), the dispatching information system under the Integrated Trains project, Oscar business system and the PRIS operating information system.

The Group uses the SAP information system and further develops it.

Additions to intangible non-current assets predominantly include adjustments and upgrades to the existing system.

The value of goodwill:

(CZK million)

	Goodwill	Total
Balance as at 1 Jan 2023	141	141
Balance as at 31 Dec 2023	141	141
Balance as at 31 Dec 2024	141	141

Goodwill impairment analysis

The Group recognises goodwill from the acquisition of an interest in the CHAPS group by the ČD – Informační Systémy, a.s.

The impairment analysis was performed on the basis of the discounted cash flow method, which determined the value of the assets of CHAPS and its subsidiaries.

The calculation of future expected cash flows is based on estimated revenues and direct and indirect operating expenses for the period of 2025-2029. The projection of expected future cash flows takes into account expected economic development, competition and other market factors, as well as CHAPS strategy.

The discount rate expresses the level of risk in a given sector as assessed by the Group's management. The basis for the discount rate calculation is the WACC value calculated based on the capital asset pricing model ("CAPM"). To calculate the recoverable amount, estimated cash flows expressed in nominal values were discounted using a discount rate of 9.18% (2023: 10.66%).

The expected growth rate is derived from the expected future development of the market, gross domestic product, wage and interest rate levels and the expected economic growth of the country. A growth rate of 3% (2023: 3%) was used to calculate the recoverable amount.

The analysis performed as at 31 December 2024 confirmed that the recoverable amount of CHAPS and its subsidiaries exceeds its carrying value (net assets and goodwill value) by CZK 680 million (2023: CZK 572 million).

Sensitivity analysis of impairment test

When testing the goodwill value determined by the discounted cash flow method, the sensitivity of the test results to changes in the following significant parameters used in the model has been performed: expected future cash flows, a discount rate for calculating the present value of future cash flows and a growth rate.

A change in expected future cash flows according to the model by 20%, with other parameters remaining unchanged, would lead to a change in the recoverable amount of CZK 122 million (2023: CZK 105 million). A change in the discount rate by 1% with other parameters remaining unchanged would lead to a change in the recoverable amount of CZK 19 million (2023: CZK 35 million). A change in the growth rate by 1% with other parameters remaining unchanged would lead to a change in the recoverable amount of CZK 257 million (2023: CZK 142 million).

18. Right-of-use Assets

The Group leases land, administrative premises, railway station buildings, locomotives, wagons, cars and equipment. Lease contracts are usually concluded for a defined period (3 to 15 years). Smaller part of the contracts is concluded for an indefinite period (see Note 4.1.3).

(CZK million)

	Land	Premises at railway stations	Administrative buildings	Machinery and equipment	Locomotives	Freight wagons and other vehicles	Total
Cost							
Balance as at 1 Jan 2023	**3**	**355**	**1,100**	**1,056**	**2,594**	**3,768**	**8,876**
Additions	1	-	249	11	2,424	59	2,744
Disposals	(2)	(2)	(384)	(155)	48	(713)	(1,208)
Change in estimate *	-	43	68	125	162	260	658
Reclassification	-	-	2	-	47	-	49
Balance as at 31 Dec 2023	**2**	**396**	**1,035**	**1,037**	**5,275**	**3,374**	**11,119**
Additions	1	-	61	1	1,814	71	1,948
Disposals	-	(20)	(102)	(188)	159	(2,568)	(2,719)
Change in estimate *	1	56	130	117	53	193	550
Reclassification	-	-	1	-	17	-	18
Balance as at 31 Dec 2024	**4**	**432**	**1,125**	**967**	**7,318**	**1,070**	**10,916**
Accumulated depreciation and impairment							
Balance as at 1 Jan 2023	**2**	**212**	**488**	**400**	**821**	**1,193**	**3,116**
Depreciation	-	31	112	150	828	519	1,640
Disposals	(1)	-	(184)	(7)	-	(321)	(513)
Reclassification	-	-	1	-	23	-	24
Balance as at 31 Dec 2023	**1**	**243**	**417**	**543**	**1,672**	**1,391**	**4,267**
Depreciation	1	32	126	159	1,300	414	2,032
Disposals	-	-	(35)	(126)	(72)	(1,141)	(1,374)
Reclassification	-	-	-	-	4	-	4
Balance as at 31 Dec 2024	**2**	**275**	**508**	**576**	**2,904**	**664**	**4,929**
Net book value							
Balance as at 1 Jan 2023	1	143	612	656	1,773	2,575	5,760
Balance as at 31 Dec 2023	1	153	618	494	3,603	1,983	6,852
Balance as at 31 Dec 2024	2	157	617	391	4,414	406	5,987

* Change in the estimate is a change in the estimated lease term of the assets.

In 2024, additions to the Locomotives category primarily included 22 newly leased Vectron locomotives (2023: 12 newly leased Vectron locomotives).

Disposals of locomotives involve the use of an option for the purchase of 9 Vectron locomotives with the net book value of CZK 903 million.

Disposals primarily include terminated wagon lease contracts.

The amounts recognised in the consolidated statement of profit or loss:

(CZK million)

	2024	2023
Depreciation of right-of-use assets	(2,025)	(1,640)
Impairment of right-of-use assets	(7)	-
Interest expense on lease liabilities	(260)	(199)
Expense related to short-term leases	(358)	(267)
Expense related to low-value assets leases	(50)	(42)
Expense related to variable lease payments not included in the measurement of the lease liability	(33)	(55)

Lease liabilities are disclosed in Note 26.2.

Sensitivity analysis of right-of-use assets and lease liabilities

When calculating the value of right-of-use assets and lease liabilities for lease contracts with indefinite lease term, a sensitivity analysis to changes in estimated lease term was performed.

For buildings, a change in the estimated lease term by one year with other parameters unchanged would lead to a change in the value of right-of-use assets and lease liabilities by CZK 185 million (2023: CZK 75 million).

For locomotives and freight wagons, a change in the estimated lease term by one year with other parameters unchanged would lead to a change in the value of right-of-use assets and lease liabilities by CZK 244 million (2023: CZK 157 million).

19. Investments in Joint Ventures and Associates

(CZK million)

Entity		Carrying value of investment as at 31 Dec 2024	Ownership percentage as at 31 Dec 2024	Carrying value of investment as at 31 Dec 2023	Ownership percentage as at 31 Dec 2023
RAILLEX, a.s.	Associate	14	50 %	16	50 %
BOHEMIAKOMBI, spol. s r.o.	Associate	-	30 %	-	30 %
Ostravská dopravní společnost, a.s. v likvidaci	Associate	12	50 %	18	50 %
Ostravská dopravní společnost - Cargo, a.s.	Associate	34	20 %	32	20 %
Terminál Mošnov, a.s.	Associate	-	- %	-	25 %
JLV, a.s.	Associate	137	38.79 %	137	38.79 %
Masaryk Station Development, a.s.	Associate	2	34 %	3	34 %
Total – associates		**199**		**206**	
Žižkov Station Development, a.s.	Joint Venture	-	51 %	-	51 %
Total – joint ventures		**-**		**-**	
Total – investments in joint ventures and associates		**199**		**206**	

Summary of financial information on associates:

(CZK million)

	31 Dec 2024	31 Dec 2023
Total assets	866	1,054
of which: non-current assets	*443*	*471*
current assets	*423*	*583*
Total liabilities	275	461
of which: non-current liabilities	*123*	*183*
current liabilities	*152*	*278*
Net assets	591	593
Share of the Group in associates' net assets	**199**	**206**

(CZK million)

	2024	2023
Total revenue	1,233	1,811
Profit for the period	60	32
Total comprehensive income for the period	60	32
Share of the Group in associates' profit for the period	**16**	**11**
Share of the Group in total comprehensive income for the period	**16**	**11**

Summary of financial information on joint ventures:

(CZK million)

	31 Dec 2024	31 Dec 2023
Total assets	12	11
of which: non-current assets	*11*	*10*
current assets	*1*	*1*
Total liabilities	14	15
of which: non-current liabilities	*4*	*3*
current liabilities	*10*	*12*
Net liabilities	(2)	(4)
Share of the Group of net liabilities	**(1)**	**(2)**

In 2024 and 2023, the Group had an immaterial share in the profit or loss and total comprehensive income of joint ventures.

20. Inventories

(CZK million)

	31 Dec 2024	31 Dec 2023
Spare parts for machinery and equipment	216	229
Spare parts for rolling stock and locomotives	2,788	2,676
Fuels, lubricants and other oil products	57	50
Work clothes, work shoes, protective aids	91	90
Other	241	208
Total cost	**3,393**	**3,253**
Impairment of inventories to their net realisable value *	(176)	(175)
Total net book value	**3,217**	**3,078**

* The amount of inventories for which an allowance was accounted is CZK 341 million as at 31 December 2024 and CZK 362 million as at 31 December 2023.

The amount of inventories recognised as an expense in 2024 was CZK 3,803 million (2023: CZK 3,448 million).

21. Trade Receivables

(CZK million)

31 Dec 2024	Long-term	Short-term	Total
Trade receivables – gross	1,100	4,738	5,838
Expected credit loss allowance	-	(306)	(306)
Trade receivables – net	**1,100**	**4,432**	**5,532**

(CZK million)

31 Dec 2023	Long-term	Short-term	Total
Trade receivables – gross	1,416	4,151	5,567
Expected credit loss allowance	-	(298)	(298)
Trade receivables – net	**1,416**	**3,853**	**5,269**

Movements in the expected credit loss allowance:

(CZK million)

	2024	2023
Allowance as at 1 January	**298**	**307**
Charge for the year – trade receivables	64	47
Use of allowance – trade receivables	(43)	(30)
Release of allowance – trade receivables	(13)	(26)
Allowance as at 31 December	**306**	**298**

The increase in long-term receivables as at 31 December 2024 is attributable primarily to an increase in receivables from the state and regions due to public service obligation.

In 2021-2024, the Group billed SŽ the compensation for unjust enrichment resulting from SŽ using the Group's property, mainly land plots under the railway infrastructure. The Group determined the compensation for 2017-2024 at the amount of CZK 4,947 million as at 31 December 2024 including VAT (as at 31 December 2023 for 2017-2023 in the amount of CZK 4,242 million including VAT) based on an expert's opinion. No agreement has been reached yet on the amount of the compensation, mainly due to a need to pre-notify the transaction by the European Commission. Due to this uncertainty, the Group did not recognise a receivable from this transaction. However, as at 31 December 2024, a receivable arises from the Group's claim to either collect or refund the related VAT amounting to CZK 800 million that was presented in the long-term receivables – gross (as at 31 December 2023: CZK 678 million).

Further information on trade receivables is provided in Note 35.8 Credit risk management.

22. Other Financial Assets

(CZK million)

	31 Dec 2024	31 Dec 2023
Equity investments at fair value through other comprehensive income	363	333
Finance lease receivables	117	112
Hedging derivatives *	122	46
Restricted cash	62	60
Other	18	17
Total non-current financial assets	**682**	**568**
Finance lease receivables	13	27
Hedging derivatives *	197	295
Receivables from damages and losses	45	82
Restricted cash	139	556
Other	77	302
Total current financial assets	**471**	**1,262**
Total	**1,153**	**1,830**

* Hedging derivatives and equity investments at fair value through other comprehensive income are measured at fair value; other financial assets are measured at amortised cost.

The Group has designated the below securities as equity investments at fair value reported through other comprehensive income as the investment is expected to be held for strategic purposes rather than for profit from subsequent sale and there are no plans to sell this investment in the short or medium term.

(CZK million)

	Fair value at 31 Dec 2024	Fair value at 31 Dec 2023	Dividends reported in 2024	Dividends reported in 2023
EUROFIMA	353	323	3	1
Hit Rail B.V.	4	4	-	-
XT-Card	4	4	-	-
Echis	2	2	-	-
Total	**363**	**333**	**3**	**1**

During 2024, the Group sold no strategic investments and transferred no accumulated profits or losses within equity relating to these investments.

Restricted cash includes cash that the Group is obliged to have deposited in special bank accounts, and which can be disposed of only once the conditions with which they are connected have been met. These are funds that relate mainly to grants from the European Union or the ministries and that cash can be used only in line with the grant conditions and for the acquisition of specific grant-related assets or technical improvement of these assets.

The Other item in the Current financial assets as at 31 December 2023 includes a receivable from Sberbank in the gross amount of CZK 274 million less an allowance of CZK 65 million. Sberbank was declared bankrupt in 2022, the Group filed the claim in due time in the insolvency proceedings and the settlement was made in 2024.

Movements in the expected credit loss allowance:

(CZK million)

	2024	2023
Loss allowance as at 1 January	**22**	**30**
Creation of allowance – other financial assets	3	10
Release of allowance – other financial assets	(13)	(18)
Loss allowance as at 31 December	**12**	**22**

Further information on Other financial assets is provided in Note 35.8 Credit risk management.

22.1. Finance lease receivables

The Group leased the station building at the Brno - main railway station and a part of the building in the Lovosice logistics centre in the form of a finance lease.

Maturity analysis of future lease payments:

(CZK million)

	31 Dec 2024	31 Dec 2023
1st year	38	51
2nd year	38	37
3rd year	36	31
4th year	30	31
5th year	29	25
Over 5 years	428	437
Undiscounted lease payments	**599**	**612**
Less: unrealised financial income	(468)	(471)
Present value of lease payments	**131**	**141**
Expected credit loss allowance	(2)	(2)
Net investment in lease	**129**	**139**
In the consolidated statement of financial position as:		
Other current financial assets	*13*	*27*
Other non-current financial assets	*117*	*112*
Total	**130**	**139**

The amounts recognised in the consolidated statement of profit or loss:

(CZK million)

	2024	2023
Net income from finance lease investments	26	26

The Group uses a simplified approach in accordance with IFRS 9 to measure expected credit losses, which allows recognition of expected loss allowance over the useful life of all finance lease receivables.

None of the finance lease receivables are past due at the end of the reporting period and taking into account past experience and future prospects of the industry in which the lessee operates, the Group’s management believes that no finance lease receivables are impaired.

The Group is not exposed to currency risk as a result of lease arrangements as the leases are denominated in CZK.

Further information on finance lease receivables is provided in Note 35.8 Credit risk management.

23. Other Assets

(CZK million)

	31 Dec 2024	31 Dec 2023
Prepayments provided	12	6
Other	1	30
Total non-current	**13**	**36**
Prepayments provided	346	358
Tax receivables – VAT	488	515
Tax receivables – other (except for taxes on corporate income)	8	7
Prepaid expenses	271	348
Grants	103	264
Other	93	126
Total current	**1,309**	**1,618**
Total	**1,322**	**1,654**

The Grants item represents the investment grants.

24. Cash and Cash Equivalents

Cash and cash equivalents are measured at amortised cost in the consolidated statement of financial position. The Group expects immaterial credit losses on these items due to the high credit quality of cash deposits held with reputable financial institutions with a high investment credit rating with which the Group cooperates on the basis of long-term and stable relationships.

For the purposes of the consolidated cash flow statement, cash includes cash on hand, cash in bank accounts and depository bills. The cash at the end of the reporting periods recognised in the consolidated cash flow statement can be reconciled with the relevant items in the consolidated statement of financial position as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Cash and cash in transit	49	71
Bank accounts *	9,289	7,801
Depository bills	-	247
Total	**9,338**	**8,119**

* Bank rating analyses are provided in Note 35.8.

25. Equity

25.1. Share capital

The Company’s share capital is composed of the investment made by the Czech Republic as the sole shareholder, represented by the Ministry of Transport of the Czech Republic. As at 31 December 2024 and as at 31 December 2023, the share capital consists of 20 ordinary registered shares with a nominal value of CZK 1 billion. The shares are placed with the shareholder’s representative, the Ministry of Transport, and are transferable only subject to the prior consent of the Government of the Czech Republic. All the shares are fully paid. There were no changes in the share capital during 2024.

The shareholder is entitled to attend and vote at the General Meeting. It has the right to request and receive explanations of matters concerning the Company or its controlled entities. The voting right is associated with the share and is governed by its nominal value, so for every CZK 1 billion of the nominal value of the share, there is one vote. When a shareholder is the state, it exercises the rights of the Company's shareholder in accordance with the law through the Steering Committee.

25.2. Other capital funds

(CZK million)

	31 Dec 2024	31 Dec 2023
Share premium	16,440	16,440
Reserve fund	598	489
Cash flow hedging reserve	19	209
Costs of hedging reserve	(74)	(102)
Revaluation of investments in equity instruments at fair value through other comprehensive income	71	67
Actuarial remeasurements of defined benefit obligations	147	104
Foreign currency translation reserve	7	(14)
Other	46	47
Total	**17,254**	**17,240**

25.2.1. Share premium

The share premium represents the difference between the nominal value of the shares and the non-monetary contribution at the establishment of the Company, by which the issue price of the shares was paid.

The amount of share premium, which was thus determined during the transition to IFRS Accounting Standards, as adopted by the EU, is CZK 16,440 million as at 31 December 2024 and 31 December 2023.

25.2.2. Reserve fund

(CZK million)

	2024	2023
Balance at the beginning of the year	489	468
Allocation to the reserve fund	155	21
Transfer from the reserve fund	(46)	-
Balance at the year-end	**598**	**489**

Allocations to the reserve fund are made in accordance with the Articles of Association of individual Group companies. The reserve fund may only be used to cover losses.

25.2.3. Cash flow hedging reserve

(CZK million)

	2024	2023
Balance at the beginning of the year	**209**	**1,074**
Revaluation gain/(loss)	(279)	(1,042)
Reclassification to profit or loss	178	(22)
Total change in the cash flow hedging reserve	**(101)**	**(1,064)**
Related deferred income tax	21	199
Reclassification of deferred tax	(110)	-
Balance at the year-end	**19**	**209**

The cash flow hedging reserve includes accumulated gains and losses from the effective hedging of cash flows. The accumulated deferred gain or loss from hedging derivatives is reclassified to the profit or loss only when a hedging transaction affects the profit or loss or is included in the hedged non-financial item as an adjustment to the carrying value in accordance with the relevant accounting policies.

Gains and losses reclassified from equity during the year are presented in Revenues, Cost of services, raw materials and energy and Finance costs in the consolidated statement of profit or loss.

Reclassifications from cash flow hedging reserve to profit or loss for each of the risk exposures:

(CZK million)

Cross-currency interest rate swaps – hedging of bond funding in EUR with fixed rate	2024	2023
Balance at the beginning of the year	219	678
Change in fair value of hedging derivatives	(89)	(536)
Reclassification to profit or loss	168	(28)
Related deferred income tax – change	(17)	105
Reclassification of deferred tax	(110)	-
Balance at the year-end	**171**	**219**

(CZK million)

Currency forwards and swaps – hedging of future revenue in foreign currencies	2024	2023
Balance at the beginning of the year	36	91
Change in fair value of hedging derivatives	(100)	(164)
Reclassification to profit or loss	53	98
Related deferred income tax – change	11	11
Balance at the year-end	**-**	**36**

(CZK million)

Interest rate swaps – hedging of bonds and lease contracts with a variable rate	2024	2023
Balance at the beginning of the year	(13)	137
Change in fair value of hedging derivatives	73	(103)
Reclassification to profit or loss	(47)	(81)
Related deferred income tax – change	(5)	34
Balance at the year-end	**8**	**(13)**

(CZK million)

Commodity forwards – securing prices for the purchase of diesel and traction electricity	2024	2023
Balance at the beginning of the year	4	(2)
Change in fair value of hedging derivatives	(3)	18
Reclassification to profit or loss	4	(11)
Related deferred income tax – change	(1)	(1)
Balance at the year-end	**4**	**4**

(CZK million)

Lease – securing foreign currency liabilities from IFRS 16	2024	2023
Balance at the beginning of the year	68	150
Change in fair value of lease liability	(69)	(99)
Related deferred income tax – change	14	17
Balance at the year-end	**13**	**68**

(CZK million)

Loans and bonds – revaluation	2024	2023
Balance at the beginning of the year	(105)	20
Change in fair value of revaluation of loans and bonds	(91)	(158)
Related deferred income tax – change	19	33
Balance at the year-end	**(177)**	**(105)**

25.2.4. Costs of hedging reserve

Costs of hedging represent accumulated gains and losses from changes in fair value excluded from hedging instruments related to the currency base margin of cross-currency interest rate swaps.

The Group has assessed that the separate currency base margin relates to a period of time, not to a specific transaction. Therefore, the Group systematically amortises costs of hedging through profit or loss over the duration of the hedging relationship to the extent they are associated with the hedged item.

(CZK million)

	2024	2023
Balance at the beginning of the year	(102)	(172)
Reclassification to profit or loss	(18)	(4)
Change of fair value in costs of hedging	8	88
Related deferred income tax	2	(14)
Reclassification of deferred tax	36	-
Balance at the year-end	**(74)**	**(102)**

Additional information regarding derivatives and hedging accounting is provided in Note 35.

25.2.5. Foreign currency translation reserve

(CZK million)

	2024	2023
Balance at the beginning of the year	(14)	(96)
Foreign exchange rate gains or losses arising from translation of foreign operations	21	82
Balance at the year-end	**7**	**(14)**

Foreign exchange rate gains or losses related to translation of the results and net assets of foreign operations of the Group from their functional currencies to the presentation currency of the Group (i.e., CZK) are reported directly in other comprehensive income and are accumulated in the foreign currency translation reserve.

25.2.6. Revaluation of investments to equity instruments at fair value through other comprehensive income

Revaluation of investments to equity instruments at fair value through other comprehensive income includes the accumulated net change in fair value of equity instruments revalued through other comprehensive income, after deducting accumulated gains/losses transferred to retained earnings on derecognition.

(CZK million)

	2024	2023
Balance at the beginning of the year	67	50
Revaluation	31	8
Expected credit losses	-	15
Related deferred income tax	(6)	(6)
Reclassification of deferred tax	(21)	-
Balance at the year-end	**71**	**67**

26. Loans, Borrowings and Lease Liabilities

(CZK million)

	31 Dec 2024	31 Dec 2023
Bank loans	2,619	2,185
Loan from EUROFIMA	397	290
Lease liabilities	1,650	2,503
Collateralised loans	447	355
Overdraft accounts	1,167	415
Issued bonds	1,585	1,094
Other received short-term loans and borrowings	34	69
Total short-term	**7,899**	**6,911**
Bank loans	13,807	13,015
Loan from EUROFIMA	15,896	11,321
Lease liabilities	4,409	4,418
Collateralised loans	2,906	2,149
Bonds issued	42,506	34,931
Other received long-term loans and borrowings	3	15
Total long-term	**79,527**	**65,849**
Total	**87,426**	**72,760**

← content

Collateralised loans include loans that have been secured with the assets for which the loans were provided.

Portions of long-term loans, bonds, borrowings and lease liabilities that are repayable in a period shorter than one year from the date of the consolidated financial statements are presented as short-term loans, borrowings and lease liabilities.

The detail of individual credit lines is described in Note 35.9.2.

The Group did not breach any terms of the loan agreements in 2024 or 2023.

26.1. Bonds issued

Issue date	Nominal value	Due date	Publicly traded	Coupon	Carrying value as at 31 Dec 2024 in CZK million	Carrying value as at 31 Dec 2023 in CZK million
5 Nov 2014	EUR 30 million	5 Nov 2024	No	2.88 %	-	743
5 Nov 2014	EUR 150 million	5 Nov 2029	No	3.50 %	3,783	3,711
3 June 2015	EUR 77.5 million	3 Jun 2035	No	3.00 %	1,981	1,944
23 May 2019	EUR 500 million	23 May 2026	Yes	1.50 %	12,665	12,404
12 Oct 2022	EUR 500 million	12 Oct 2027	Yes	5.63 %	12,697	12,445
24 June 2024	CZK 8,001 million	24 June 2029	Yes	5.50 %	8,166	-
20 July 2018	CZK 1,000 million	20 Jul 2025	Yes	2.55 %	1,010	1,010
17 July 2019	CZK 1,000 million	17 Jul 2026	No	2.17 %	1,009	1,009
18 Nov 2019	CZK 770 million	18 Nov 2026	No	2.09 %	772	771
31 July 2020	CZK 1,000 million	31 Jul 2027	No	1.65 %	1,001	999
20 April 2022	EUR 40 million	31 Dec 2028	No	1.92 %	1,007	989
Total					44,091	36,025
- of which short-term					1,585	1,094
- of which long-term					42,506	34,931

The Group did not breach any terms or conditions valid for the issued bonds in 2024 and 2023.

Bondholders could request early repayment of bonds within 90 days once the state's share in the issuer (ČD) falls below 75% or the issuer's share in the segments of passenger or freight transport falls under 50% and, at the same time, the issuer's rating falls below the investment grade.

26.2. Lease liabilities

The Group recognised lease liabilities as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Short-term lease liabilities	1,650	2,503
Long-term lease liabilities	4,409	4,418
Total lease liabilities	**6,059**	**6,921**

Expenses relating to short-term leases and low-value assets leases, that are not included in the above short-term lease liabilities, are reported in Cost of services, raw materials and energy in the consolidated statement of profit or loss (see Note 8).

Total cash outflows related to leases amounted to CZK 3,685 million in 2024 and CZK 2,251 million in 2023.

The information on the right of use assets is disclosed in Note 18.

The Group is not exposed to significant liquidity risk with respect to lease liabilities. The analysis of the maturity of lease liabilities is disclosed in Note 35.9.1.

26.3. Bank loans

(CZK million)

Bank	Nominal value	Due date	Interest rates	Carrying value as at 31 Dec 2024	Carrying value as at 31 Dec 2023
UniCredit Bank	CZK 1,000 million	29 March 2029	variable	651	802
Raiffeisenbank	CZK 500 million	29 Dec 2028	variable	286	357
Všeobecná úverová banka	CZK 500 million	29 Dec 2028	variable	308	385
UniCredit Bank	CZK 1,000 million	29 March 2029	fixed	1,000	1,000
UniCredit Bank	CZK 1,000 million	29 March 2029	variable	1,000	1,001
UniCredit Bank	CZK 1,000 million	29 March 2029	variable	651	802
Raiffeisenbank	CZK 1,000 million	29 Dec 2028	variable	571	715
Raiffeisenbank	CZK 1,000 million	29 Dec 2028	variable	628	786
Všeobecná úverová banka	CZK 500 million	29 June 2029	variable	322	393
Všeobecná úverová banka	CZK 900 million	29 June 2029	variable	579	707
Evropská investiční banka	CZK 377 million	8 Dec 2031	fixed	331	377
UniCredit Bank	CZK 1,000 million	29 March 2030	fixed	525	625
UniCredit Bank	CZK 1,000 million	31 Dec 2027	fixed	429	571
ING Bank	CZK 1,000 million	31 Aug 2027	fixed	461	615
ING Bank	CZK 500 million	30 June 2028	fixed	269	346
Raiffeisenbank	CZK 1,000 million	30 June 2031	fixed	700	800
EIB loan – 1st tranche	CZK 500 million	2 July 2031	fixed	409	455
Tatrabanka	EUR 1 million	31 July 2027	variable	11	15
Tatrabanka	EUR 1.5 million	29 Feb 2028	variable	21	27
Raiffeisenbank	EUR 40 million	31 March 2031	fixed	756	841
ING Bank	EUR 40 million	31 March 2028	fixed	705	890
Všeobecná úverová banka	EUR 30 million	21 March 2030	fixed	566	647
EIB loan – 2nd tranche	EUR 40 million	1 June 2033	fixed	1,007	989
Raiffeisenbank	EUR 40 million	1 June 2033	fixed	873	989
MBH Bank	EUR 3 million	30 Nov 2028	variable	62	65
Raiffeisenbank	EUR 21 million	31 March 2031	fixed	447	-
ING Bank NV	EUR 40 million	31 March 2031	fixed	935	-
ČSOB	EUR 25 million	23 Sept 2031	fixed	607	-
EIB loan – 3rd tranche	EUR 50 million	20 Dec 2034	fixed	1,260	-
Tatrabanka	EUR 2.2 million	30 June 2036	variable	56	-
Total				**16,426**	**15,200**
- of which short-term				*2,619*	*2,185*
- of which long-term				*13,807*	*13,015*

Bank loans have not been collateralised.

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26.4. Loan from EUROFIMA

The Group used a loan from EUROFIMA in which it owns 1% (Note 34), in the following four tranches:

(CZK million)

	Nominal value	Final maturity	Interest	Carrying value at 31 Dec 2024	Carrying value at 31 Dec 2023
1st tranche	CZK 6,903 million	30 March 2033	fixed	7,147	7,146
2nd tranche	EUR 70 million	30 March 2033	fixed	1,808	1,767
3rd tranche	CZK 2,687 million	30 March 2033	fixed	2,777	2,698
4th tranche	CZK 4,543 million	31 May 2035	fixed	4,561	-
Total				**16,293**	**11,611**
- of which short-term				*397*	*290*
- of which long-term				*15,896*	*11,321*

Loan from EUROFIMA are collateralised by pledged contracts for the financed assets.

27. Provisions

(CZK million)

	Balance as at 1 Jan 2023	Creation	Use	Release of unused part	Balance as at 31 Dec 2023	Creation	Use	Release of unused part	Balance as at 31 Dec 2024
Provision for legal disputes	1,006	30	-	7	1,029	-	834	193	2
of which: long-term part	2				-				-
Provision for post-employment benefits	65	140	12	-	193	9	25	-	177
of which: long-term part	51				153				142
Provision for other long-term employee benefits	284	169	157	-	296	113	167	-	242
of which: long-term part	110				126				102
Provisions for business risks	28	7	-	35	-	-	-	-	-
of which: long-term part	-				-				-
Provision for restructuring	-	23	-	-	23	126	23	-	126
of which: long-term part	-				-				-
Provision for onerous contracts	842	31	144	611	118	77	118	-	77
of which: long-term part	427				11				73
Provision for damages	451	-	-	451	-	-	-	-	-
of which: long-term part	-				-				-
Other provisions	147	319	112	66	288	105	74	10	309
of which: long-term part	-				-				-
Total provisions	**2,823**	**719**	**425**	**1,170**	**1,947**	**430**	**1,241**	**203**	**933**
Long-term	590				290				317
Short-term	2,233				1,657				616

27.1. Provisions for legal disputes

The Group recognises a provision for legal disputes according to the anticipated results of all ongoing legal disputes and the related probable cash outflows from the Group.

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

In June 2016, the European Commission (the "EC") performed a local investigation at the headquarters of ČD based on suspicion of the cartel agreement made for the mutual sale of rolling stock. The EC investigates if ČD, ÖBB (The Austrian Federal Railways) and possibly also ZSSK (The Railway Company of Slovakia) have concluded a prohibited agreement to limit sales of disposed rolling stock to restrict the entrance of new carriers to the market (against to Article 101 of the Treaty on the Functioning of the European Union (the "TFEU")). ČD denies that it entered into a cartel agreement.

In June 2022, ČD and ÖBB received a statement of objections from the EC regarding the alleged cartel agreement for the sale of disposed rolling stock. The statement of objections is a formal step in the ongoing proceedings, which does not prejudge the final conclusions and decisions of the EC on this case. ČD prepared and sent a reply to this statement of objections and subsequently presented its arguments at an oral hearing.

Based on the amount of revenues to which the potential infringement related, the estimated duration of the potential infringement and the opinion of external advisors on the estimated percentage applied to the relevant revenues, the provision of CZK 1,000 million was recorded as at 31 December 2021, which corresponded to the estimated costs to settle the fine for the alleged infringement and related expenses.

On 12 September 2024, the EC and ČD held the "State of Play" meeting where the EC communicated that it stuck to its conclusions from the statement of reservations, i.e. it sees the proven existence of a prohibited horizontal agreement (hardcore cartel) between ČD and ÖBB between 2012 and 2016.

On 23 October 2024, ČD was delivered a resolution on a fine and ČD was imposed a fine by the EC in the amount of EUR 31.94 million (CZK 809 million). The provision was used in this amount and settled with the fine; the remaining amount of CZK 1,000 million was released.

A legal action was filed at the Court of Justice of the EU against the resolution which does not have a suspensive effect, and the fine will be paid as stated above. The legal action aims at the cancellation of the fine, or its significant decrease.

For the time being, ČD does not expect to be obliged to pay compensation of damage to third parties regarding these proceedings. The Group's management will seek to prove that ČD has not breached Article 101 TFEU. ČD's intention is to vigorously defend itself in this matter, including all available ways of disapproval with the resolution of the EC binding ČD for performance.

The information on other legal disputes is disclosed in Note 32.1.

27.2. Provisions for employee benefits

The provision for post-employment benefits represents an employee's entitlement to a financial contribution upon retirement. The provision for other long-term employee benefits represents the employees' entitlement to a financial contribution upon reaching a jubilee and to the payment of medical expenses, including compensation of wages during curative and convalescent stays. In calculating these provisions, the Group used an actuarial model based on current employee data (number of employees, date of old-age pension, average salary, amount of financial contribution) and expected parameters determined with the Group's qualified estimate (expected fluctuation, salary increase) and publicly available statistical data (expected inflation rate of 2%, probability of death and disability according to data from the Czech Statistical Office). The change in the provision related to retirement benefits caused by the change in these parameters is reported as actuarial gains (losses) in the consolidated statement of comprehensive income. The change in the provision for other benefits is recognised in the consolidated statement of profit or loss. Cash flows are discounted to present value using a discount rate derived from the rate of return on 10-year government bonds.

27.3. Provision for onerous contracts

As at 31 December 2024, the Group created a provision for onerous contracts in the amount of CZK 77 million (31 December 2023: CZK 118 million). The provision was recognised for contracts concluded with the regions where the unavoidable costs of fulfilling the obligation stipulated in the contract exceed the economic benefits that are expected to be accepted on the basis of these contracts. As the assets used to perform these contracts are not exclusively attributable to the contracts, no impairment is recognised for these assets in accordance with IAS 36.

27.4. Provision for damage compensation

In 2023, the Group derecognised the provision for compensation for damage caused by a fire of cables at the Bohumín train station, which was recognised in the amount of the estimated damage.

Other provisions primarily include provisions for damage events.

28. Other Financial Liabilities

(CZK million)

	31 Dec 2024	31 Dec 2023
Financial derivatives *	567	992
Other	169	194
Total long-term	**736**	**1,186**
Financial derivatives *	408	489
Liability from terminated lease agreements	121	121
Other	117	108
Total short-term	**646**	**718**
Total	**1,382**	**1,904**

* Financial derivatives are stated at fair value, other financial liabilities are stated at amortised cost.

Other long-term financial liabilities represent liabilities to the lessees of property at the Masaryk and Brno train stations in connection with technical improvements of leased property performed by lessees.

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29. Other Liabilities and Contract Liabilities

(CZK million)

	31 Dec 2024	31 Dec 2023
Grants received	5	56
Other	32	7
Total non-current	**37**	**63**
Advances received	4	4
Payables to employees	1,545	1,817
Liabilities from social security and health insurance	554	581
Tax liabilities – tax withheld from employees	135	109
Tax liabilities – VAT	47	32
Repayment of the grants under ROP projects (Note 15.1)	-	-
Contract liabilities (Note 6.2)	418	482
Refund liabilities (Note 6.2)	545	675
Grants received	84	408
Other	886	136
Total current	**4,218**	**4,244**
Total	**4,255**	**4,307**

The current Grants received include the investment grant in the total amount of CZK 76 million as at 31 December 2024 (2023: CZK 357 million).

Other in Other current liabilities as at 31 December 2024 includes a fine under the resolution of the European Commission in the amount of EUR 31.94 million (CZK 809 million) relating to an alleged cartel agreement with ÖBB (Note 27.1.1)

The Group records no payables to taxation authorities, social security authorities or health insurers past their due dates.

30. Changes in Liabilities from Financing Activities

Changes in liabilities from financing activities including changes arising from cash flows and non-cash changes are disclosed in the following table:

(CZK million)

	Short-term bank loans	Long-term bank loans	Short-term loans from EUROFIMA	Long-term loans from EUROFIMA	Lease liabilities - short-term	Lease liabilities - long-term	Secured loans - short-term	Secured loans - long-term	Issued bonds - short-term	Issued bonds - long-terms	Overdraft Accounts *	Other	Total
Note	26	26	26	26	26	26	26	26	26	26	26	26	26
Liabilities from financing as at 1 Jan 2023	**1,738**	**11,636**	**-**	**-**	**1,365**	**4,421**	**426**	**2,425**	**10,591**	**34,826**	**897**	**80**	**68,405**
Cash flows from financing	(1,846)	3,546	-	11,242	(1,688)	-	(427)	56	(9,938)	-	(482)	(9)	454
Drawing of loans and borrowings	*4*	*3,546*	*-*	*11,242*	*-*	*-*	*-*	*56*	*-*	*-*	*-*	*1*	*14,849*
Repayments of loans and borrowings	*(1,850)*	*-*	*-*	*-*	*-*	*-*	*(427)*	*-*	*(9,938)*	*-*	*(482)*	*(10)*	*(12,707)*
Repayment of principal of lease liabilities	*-*	*-*	*-*	*-*	*(1,688)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*(1,688)*
Effect of exchange rate changes	13	134	-	79	92	28	29	-	(185)	794	-	-	984
Reclassification *	2,275	(2,275)	290	(290)	1,206	(1,206)	332	(332	725	(725)	-	-	-
Lease additions and change in estimates	-	-	-	-	1,622	1,434	-	-	-	-	-	-	3,056
Accrued interest	278	485	-	290	156	54	73	-	272	1,003	79	15	2,705
Interest paid (cash flows from operating activities) **	(268)	(500)	-	-	(150)	(53)	(73)	-	(312)	(839)	(79)	(3)	(2,277)
Capitalised interest paid (cash flows from investing activities)	-	-	-	-	-	-	-	-	(68)	(133)	-	-	(201)
Other non-cash movements	(5)	(11)	-	-	(100)	(260)	(5)	-	9	5	-	1	(366)
Liabilities from financing as at 31 Dec 2023	**2,185**	**13,015**	**290**	**11,321**	**2,503**	**4,418**	**355**	**2,149**	**1,094**	**34,931**	**415**	**84**	**72,760**
Cash flows from financing	(2,302)	3,453	-	4,543	(2,905)	-	(409)	1,239	(760)	7,951	752	(26)	11,536
Drawing of loans and borrowings	*-*	*3,453*	*-*	*4,543*	*-*	*-*	*-*	*1,239*	*-*	*7,951*	*752*	*-*	*17,938*
Repayments of loans and borrowings	*(2,302)*	*-*	*-*	*-*	*-*	*-*	*(409)*	*-*	*(760)*	*-*	*-*	*(26)*	*(3,497)*
Repayment of principal of lease liabilities	*-*	*-*	*-*	*-*	*(2,905)*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*(2,905)*
Effect of exchange rate changes	11	60	-	36	49	42	25	-	28	583	-	-	834
Reclassification *	2,723	(2,723)	107	(107)	1,395	(1,395)	485	(485	999	(999)	-	-	-
Lease additions and change in estimates	-	-	-	-	600	1,752	-	-	-	-	-	-	2,352
Accrued interest	352	359	-	502	129	134	89	-	419	1,067	54	-	3,105
Interest paid (cash flows from operating activities) **	(344)	(373)	-	(337)	(130)	(135)	(89)	-	(133)	(784)	(54)	-	(2,379)
Capitalised interest paid (cash flows from investing activities)	-	-	-	-	-	-	-	-	(62)	(293)	-	-	(355)
Other non-cash movements	(6)	16	-	(62)	9	(407)	(9)	3	-	50	-	(21)	(427)
Liabilities from financing as at 31 Dec 2024	**2,619**	**13,807**	**397**	**15,896**	**1,650**	**4,409**	**447**	**2,906**	**1,585**	**42,506**	**1,167**	**37**	**87,426**

* Loans and borrowings classified in the previous period as long-term, which became short-term in the reporting period.

** Interest paid line in the consolidated statement of cash flows for the year 2024 also includes cash flows from securing interest payments in the amount of CZK 175 million (2023: CZK 148 million).

31. Related Party Transactions

Relations between the Group and entities stated in Notes 31.1 – 31.4 are described in Note 1.3.

31.1. Revenue from related parties

(CZK million)

		Revenue from the sales of services and other revenue	
		2024	2023
JLV, a.s.	Associate	2	3
BOHEMIAKOMBI, spol. s r.o.	Associate	42	18
Ostravská dopravní společnost – Cargo, a.s.	Associate	21	30
Terminál Mošnov, a.s.	Associate	3	5
Total associates		68	56
RAILLEX, a.s.	Joint venture	21	16
Ostravská dopravní společnost, a.s. in liquidation	Joint venture	5	45
Total joint ventures		26	61
Total related parties		94	117

31.2. Purchases from related parties

(CZK million)

		Services	
		2024	2023
JLV, a.s.	Associate	262	244
Ostravská dopravní společnost – Cargo, a.s.	Associate	26	54
Terminál Mošnov, a.s.	Associate	-	1
Total associates		288	299
RAILLEX, a.s.	Joint venture	11	6
Total joint ventures		11	6
Total related parties		299	305

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31.3. Outstanding balances with related parties at the end of the reporting period

(CZK million)

31 Dec 2024		Receivables	Payables
JLV, a.s.	Associate	-	52
BOHEMIAKOMBI, spol. s r.o.	Associate	13	-
Ostravská dopravní společnost – Cargo, a.s.	Associate	2	5
Total associates		**15**	**57**
RAILLEX, a.s.	Joint venture	6	2
Total joint ventures		**6**	**2**
Total related parties		**21**	**59**

(CZK million)

31 Dec 2023		Receivables	Payables
JLV, a.s.	Associate	-	50
BOHEMIAKOMBI, spol. s r.o.	Associate	2	-
Ostravská dopravní společnost – Cargo, a.s.	Associate	4	10
Terminál Mošnov, a.s.	Associate	1	-
Total associates		**7**	**60**
RAILLEX, a.s.	Joint venture	3	2
Ostravská dopravní společnost, a.s. in liquidation	Joint venture	7	-
Total joint ventures		**10**	**2**
Total related parties		**17**	**62**

Outstanding balances have not been secured and will be settled by bank transfer or by offset. No warranties have been granted or accepted. Receivables are usually due within 30 days, payables within 45 days. In terms of IFRS 9, impairment losses on related parties' receivables were assessed as immaterial.

31.4. Key management members compensation

Key management of the Group includes management of the Company and its significant subsidiaries (ČD Cargo, a.s., ČD – Informační Systémy, a.s., ČD – Telematika a.s., DPOV, a.s. and Výzkumný Ústav Železniční, a.s.).

The following employee benefits were paid to key management members during the year:

(CZK million)

2024	Board of Directors	Supervisory Board	Steering Committee
Remuneration of members of statutory bodies	72	13	-
Other short-term employee benefits	17	4	-
Total	89	17	-
Number of key management members	20	36	7

(CZK million)

2023	Board of Directors	Supervisory Board	Steering Committee
Remuneration of members of statutory bodies	81	12	-
Other short-term employee benefits	15	5	-
Total	96	17	-
Number of key management members	20	35	6

31.5. Relationships with the companies controlled by the state

České dráhy Group is wholly owned and controlled by the state of the Czech Republic. In accordance with the exception in IAS 24 Related Party Disclosures, the Group does not disclose quantitative information about individually immaterial transactions with the government and companies controlled or jointly controlled by the government or in which the government has significant influence. Individually material transactions with related parties that the Group has managed to identify are payments of public service obligations (the regions and the Ministry of Transport) and transactions with the state organisation SŽ and the ČEZ Group.

Public service obligation payments

The cost risk is associated with the costs that the carrier must incur in order to ensure the operation of public transport requested by the customer. The cost risk is primarily about a risk of operating costs, which from the carrier's point of view could be understood as a risk that the costs calculated by the carrier in the offer of public transport submitted to the customer would differ from the costs actually incurred by the carrier during contract performance. Operating cost risks can be both external, which the carrier is unable to influence (such as rising fuel prices, changes in spare parts prices, additional costs due to traffic closures and emergencies, changes in legislation and tax regulations, etc.) and internal, which the carrier could influence (e.g., proper maintenance of a fleet, effective setting of internal processes, wage levels, etc.).

The revenue risk corresponds to a risk of sales to passengers and can be understood as a risk that sales expected before entering a contract would differ from sales actually achieved by the carrier for the duration of a contract. A key component of the revenue risk is the risk of passenger demand for transport services provided by the carrier.

With regard to the risk allocation method, the Group enters into contracts with the customers of public transport in the "gross" and "net" regimes. Gross regime contracts have cost risks and opportunities shared between the carrier and the customer, revenue risks and opportunities remain solely on the customer's side. Net regime contracts have cost and revenue risks and opportunities shared between the carrier and the customer. The customer bears the risks and opportunities for the amount of IDS (integrated transport system) sales, which the carrier cannot influence, and the carrier bears the risks and opportunities for other sales. Unless a contract refers to the application of the integrated transport system (IDS) tariff, all risks and sales opportunities are borne by the carrier. All contracts with the Ministry of Transport ("MT") are in the net regime.

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(CZK million)

Revenue and compensation	Counterparty	2024	2023
Rental income	SŽ	63	30
Payment for substitute bus service *	SŽ	1,061	470
Payments from public service customers – the state budget	state – MT	5,388	4,991
Compensation of 50% discount fares	state – MT	1,644	1,690
Payments from public service customers – the regional budgets – "gross" contracts	regions	7,068	5,246
Payments from public service customers – the regional budgets – "net" contracts	regions	8,339	8,278
Revenues – telecommunication services	SŽ	705	1,150
Revenues – telecommunication services	ČEZ	2	2
Revenues from freight transport	ČEZ	24	120
Revenues from freight transport	ČEPRO	546	537
Revenues from freight transport	OKD	83	103
Operation and maintenance of SW	SŽ	54	60
Revenues from the sale of employee holidays	SŽ	23	100
Revenues from traction energy recovery	SŽ	193	106
Other revenue	SŽ	225	120

* This compensation is offset by the costs of substitute bus services. Substitute bus services in Note 8 are presented net after this offset.

(CZK million)

Expenses	Counterparty	2024	2023
Use of railroads and allocated railway capacity – passenger transport	SŽ	1,869	1,804
Use of railroads and allocated railway capacity – freight transport	SŽ	595	702
Consumption of electric traction energy – passenger transport	SŽ	3,054	2,444
Consumption of electric traction energy – freight transport	SŽ	837	786
Expenses – telecommunication services	SŽ	88	62
Diesel and light heating oils	ČEPRO	1,392	1,324
Other energy	SŽ	191	193
Other expenses	SŽ	189	251
Other expenses	ČEZ	76	17

(CZK million)

Receivables	Counterparty	31 Dec 2024	31 Dec 2023
Payment for substitute bus transport	SŽ	181	184
Compensation for unjust enrichment (Note 21)	SŽ	800	678
Compensation of 50% discount fares	state – MT	101	112
Public service obligation	regions	535	283
Telecommunications services	SŽ	81	127
Advances provided	SŽ	52	60
Freight transport	ČEZ	6	26
Freight transport	SŽ	17	12
Freight transport	ČEPRO	26	8
Freight transport	OKD	21	36
Other receivables	SŽ	15	19

(CZK million)

Liabilities	Counterparty	31 Dec 2024	31 Dec 2023
Use of railroads and allocated railway capacity – passenger transport	SŽ	425	410
Use of railroads and allocated railway capacity – freight transport	SŽ	117	160
Consumption of electric traction energy – passenger transport	SŽ	142	83
Lease liabilities	SŽ	203	190
Lease liabilities	state – MT	105	118
Public service obligation	state – MT	43	202
Public service obligation	regions	324	436
Use of traction electricity – freight transport	SŽ	114	76
Diesel and light heating oils	ČEPRO	213	220
Other energy	SŽ	13	10
Other liabilities	SŽ	53	43
Other liabilities	ČEZ	16	19

State institutions, enterprises and other parties controlled by the government use the services provided by the Group under the same conditions applicable to other customers.
On the expense side, the Group purchases some services and other supplies (water, energy, etc.) from companies controlled by the government under the conditions applicable to other customers.

In 2024, the Group reported the grant from the MT in the amount of CZK 646 million (2023: CZK 510 million) in the consolidated statement of financial position as a decrease in the acquisition value of fixed assets. Receivables and payables from investment grants are reported in Other assets (Note 23) and Other liabilities and contract liabilities (Note 29).

32. Operating Lease

Operating lease contracts in which the Group acts as a lessor relate to investment property and movable assets held by the Group with various lease terms.

Maturity analysis of undiscounted payments from non-cancellable operating lease contracts:

(CZK million)

	31 Dec 2024	31 Dec 2023
1st year	63	57
2nd year	68	61
3rd year	73	65
4th year	-	70
Total	204	253

In 2024, income from operating leases recognised in profit or loss amounted to CZK 787 million (in 2023: CZK 753 million), out of which the income from investment property was CZK 390 million in 2024 (in 2023: CZK 330 million).

Direct operating expenses related to investment property were CZK 176 million in 2024 (in 2023: CZK 124 million).

33. Capital Commitments

As at the date of the consolidated financial statements, the Group concluded contracts for the purchase of property, plant and equipment in the amount of CZK 51,325 million (2023: CZK 54,704 million), of which CZK 27,506 million had already been paid as at 31 December 2024 (as at 31 December 2023: CZK 20,698 million).

(CZK million)

	31 Dec 2024	31 Dec 2023
Unpaid supplies agreed for the next year	3,998	11,227
Unpaid supplies agreed for the subsequent years	19,274	22,779
Total	23,272	34,006

ČD Cargo, a.s. will not be able to draw down part of commitments amounting to CZK 547 million in 2025.

Investments in rolling stock of CZK 26,428 million for 31 December 2024 (2023: CZK 37,563 million) represent a substantial part of the capital commitments.

34. Contingent Liabilities and Contingent Assets

The Parent Company holds a 1% equity investment in EUROFIMA. The shareholders of the entity are European national railway carriers, and the purpose of this entity is to acquire funds for rolling stock purchases. According to Article 5 of the Articles of Association, only 20% of the equity investment value has been paid and the remaining 80% can be requested by EUROFIMA from its shareholders on an ad-hoc basis according to the resolution of the Management Board. The nominal value of unpaid shares as at 31 December 2024 and 31 December 2023 was CHF 20.8 million (CZK 557 million as at 31 December 2024, CZK 555 million as at 31 December 2023). The management of the Group considers the probability that the Parent Company will be called upon to pay the nominal value of the unpaid share as low as at 31 December 2024.

The Group's aggregate clean-up costs were CZK 16 million in 2024 (2023: CZK 23 million). The Group is not aware of any environmental burdens that would exceed legislative limits and represent harm to human health or property of third parties. The Group's management acting with due managerial care is not aware of any liability resulting from legislation requirements in respect of environmental burdens.

34.1. Legal disputes

34.1.1. Legal action by LEO Express for the compensation of damage

In July 2014, LEO Express filed a legal action for damage compensation amounting to approximately CZK 419 million which was allegedly caused to LEO Express by ČD, a.s. and its pricing policy. The first-instance court rejected LEO Express's action. At the end of December 2016, Leo Express filed a new legal action against ČD for a similar reason for the approximate amount of CZK 434 million including accrued interest and charges. In March 2018, the High Court in Prague cancelled the judgment dismissing the first LEO Express's action for damages and returned the case to the Municipal Court in Prague for further proceedings. With its first and second actions, LEO Express seeks a payment of approximately CZK 34 million, after partial withdrawal, and a payment of approximately CZK 434 million, respectively. With letters dated 12 July 2021, Leo Express Global a.s. and Leo Express s.r.o. further requested ČD to compensate them for another allegedly incurred damage in addition to the above claims: for the period (i) from 1 June 2014 to 31 December 2017 in the claimed amount of CZK 1,202 million (Leo Express Global) and (ii) from 1 January 2018 to 31 December 2019 in the claimed amount of CZK 491 million (Leo Express s.r.o.). This damage should also allegedly relate to ČD's claimed anti-competitive conduct, whereas the call for compensation does not further specify claims or the way of the alleged amount of damage calculation. In response to these letters, ČD rejected any violation of the law, and thus the alleged obligation to compensate for damage. ČD has no information that the Leo Express group would pursue these alleged claims in court.

In 2022, the Municipal Court accepted the claimant's motion to replace the current claimant 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 CZK 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. extinguished and this entity is bound to pay the costs of proceedings amounting to CZK 2 million to ČD. As such, the dispute is concluded with final effect.

At the beginning of 2025, the court decided with prejudice on the standing to bring the action in the dispute for CZK 434 million. Currently, ČD is waiting for further court procedure.

The Group's management believes that it is not likely that a liability arises to the Group regarding this matter; therefore, it recognises no provision.

34.1.2. Legal action by RegioJet a.s. and STUDENT AGENCY k.s. for the repayment of alleged unlawful state aid (defendants ČD, a.s., SŽ, s.o., ČR represented by the Ministry of Transport of the Czech Republic)

In April 2015, RegioJet filed a legal action for the repayment of approximately CZK 7 billion plus late payment interest for alleged unlawful state aid. STUDENT AGENCY k.s. subsequently joined the legal action. By this amount, the "dead railroad" assets that ČD transferred to SŽ for CZK 12 billion in 2008 were allegedly overestimated. Both the Municipal Court in Prague (by judgment of 6 February 2019) and the High Court in Prague (by judgment of 23 September 2020) ruled in favour of ČD. The Supreme Court reversed the previous decision by judgment of 29 February 2024 and ordered the matter to be reheard. The reversal of the judgments was due to the application of incorrect legislation by the courts of both instances. The Municipal Court in Prague will therefore start hearing the matter again.

On 21 January 2025, the legal action was dismissed in its entirety. ČD expects that the claimants will appeal against the judgment.

According to the analysis of external legal counsel, another final decision in the matter is not expected. Therefore, no provision is recognised for the case.

34.1.3. Legal action by PESA Bydgoszcz SA for purchase price increase of DMUs 120

By a legal action filed on 12 December 2024, PESA Bydgoszcz SA seeks to increase the purchase price of 33 DMUs 120 by CZK 629 million. The grounds for bringing the action is the alleged existence of a substantial change in circumstances giving rise to a particularly gross disproportion in the performance of both parties, which was caused by the alleged increase in the cost of production of the motor units after the signing of the framework agreement on 26 February 2021 as a result of the COVID-19 pandemic and the war in Ukraine. Of the total 33 units, 16 units have already been delivered, with the remaining 17 units to be received in 2025 and 2026.

In the Company's opinion, supported by external legal expertise, the chances of success in this action are minimal and therefore, no provision is recognised for the case.

35. Financial Instruments

35.1. Capital risk management

The Group's main objective in managing its capital structure is to maintain a long-term sustainable debt ratio and investment grade rating. Based on its methodology, the credit rating agency assesses the debt ratio using the debt/EBITDA indicator. For the current investment grade, an indicated ratio level determined using the consolidated data is 6.0. The rating agency annually comments on the indicator level and its potential impact on the Parent Company's rating in its report that is publicly available on the Parent Company's website.
As a source of long-term financing, the Group mainly uses bond issues and long-term investment loans.

The capital structure of the Group consists of net debt (borrowings, including lease liabilities, less cash and cash equivalents) and the Group's equity (includes share capital, reserves and other funds and retained earnings).

(CZK million)

		31 Dec 2024	31 Dec 2023
Net debt			
Loans, borrowings and lease liabilities	26	87,426	72,760
Cash and cash equivalents	24	(9,338)	(8,119)
Total net debt		**78,088**	**64,641**
Equity			
Share capital	25	20,000	20,000
Capital contributions	25	17,254	17,240
Retained earnings	25	1,689	339
Total equity		**38,943**	**37,579**
Total managed capital		**117,031**	**102,220**

The Group is not subject to any other externally imposed capital requirements.

The Board of Directors and the Supervisory Board of the Company are regularly informed about the development of debt of individual companies within the Group. Any additional debt is subject to their approval.

35.2. Classes of financial instruments

(CZK million)

Classification of financial assets	Class of financial assets		31 Dec 2024	31 Dec 2023
Financial assets measured at amortised cost	Trade receivables	21	5,532	5,269
	Cash and cash equivalents	24	9,338	8,119
	Finance lease receivables	22	130	139
	Other	22	341	1,017
Financial assets measured at fair value through profit or loss	Financial derivatives used in hedge accounting *	22	319	341
Financial assets measured at fair value through other comprehensive income	Equity investments measured at fair value through other comprehensive income	22	363	333
	Total		16,023	15,218

(CZK million)

Classification of financial liabilities	Class of financial assets		31 Dec 2024	31 Dec 2023
Financial liabilities measured at fair value through profit or loss	Financial derivatives used in hedge accounting	28	975	1,478
	Other financial derivatives	28	-	3
Financial liabilities measured at amortised cost	Loans, Borrowings and Lease Liabilities	26	87,426	72,760
	Trade payables		7,393	6,406
	Other	28	407	423
	Total		96,201	81,070

* Provided that the hedge is effective, changes in the fair value of the hedging instrument are initially recognised in other comprehensive income (Note 25.2.3).

Income from individual classes of financial assets is as follows:

(CZK million)

Class of financial assets	2024	2023	Reported in the statement of profit or loss line
Interest on cash and cash equivalents	363	349	Finance Income
Interest on finance lease receivables	24	23	Finance Income
Dividends from equity investments	3	1	Other operating Income
Total	390	373	

Credit losses on financial assets are disclosed in Note 21 Trade receivables, Note 22 Other financial assets and Note 35.8 Credit risk management.

35.3. Fair value of financial instruments

(CZK million)

Financial assets	Level	Fair value as at 31 Dec 2024	Carrying value as at 31 Dec 2024	Fair value as at 31 Dec 2023	Carrying value as at 31 Dec 2023
Measured at fair value		682	682	674	674
Derivative instruments used in hedge accounting	Level 2	319	319	341	341
Financial assets at fair value through other comprehensive income	Level 3	363	363	333	333
Measured at amortised cost		206	211	214	216
Finance lease receivables	Level 2	130	130	139	139
Other financial assets – non-current	Level 2	76	81	75	77
Total		888	893	888	890

(CZK million)

Financial liabilities	Level	Fair value as at 31 Dec 2024	Carrying value as at 31 Dec 2024	Fair value as at 31 Dec 2023	Carrying value as at 31 Dec 2023
Measured at fair value		975	975	1,481	1,481
Derivative instruments used in hedge accounting	Level 2	975	975	1,478	1,478
Other financial derivatives	Level 2	-	-	3	3
Measured at amortised cost		77,364	76,984	61,252	63,110
Issued bonds	Level 2	9,005	9,552	8,531	10,167
Issued bonds (publicly traded)	Level 1	34,637	34,539	25,663	25,858
Loans *	Level 2	16,466	16,427	14,902	15,201
Loan from EUROFIMA	Level 2	17,103	16,293	11,909	11,611
Other financial liabilities and loans – non-current	Level 2	153	173	247	273
Total		78,339	77,959	62,733	64,591

* The fair value of variable interest loans is approximately the same as the book value of these loans.

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

In 2024 and 2023, there were no transfers of financial instruments between levels.

35.3.1. Valuation procedures used to determine fair value

Fair values of financial assets and financial liabilities are determined as follows:

- Fair value of investments in equity instruments at fair value through other comprehensive income was estimated using the asset-based approach. As at 31 December 2024 and 2023, the Group's management analysed the investee's audited financial statements and concluded that its fair value is approximately equal to the carrying value of its net assets.
- Fair value of interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows.
- Fair value of cross-currency interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows in respective currencies.
- Fair value of commodity swaps is calculated using a valuation model based on discounted future cash flows based on expected commodity prices.

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

- Fair value of the bonds is determined on the basis of quoted market prices, if they exist. If quoted market prices do not exist, the fair value is determined using a valuation model on the basis of quoted market prices of comparable bonds.
- Fair value of other long-term financial assets and liabilities is calculated using the discounted cash flow method.

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

35.3.2. Fair value measurement recognised in the consolidated statement of financial position

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

- Fair value measurements at level 1 are valuations, which are determined based on unadjusted quoted prices of the same assets or liabilities in active markets.
- Fair value measurement at level 2 are valuations, which are determined based on inputs other than quoted prices used at level 1; this information can be obtained from the asset or liability directly (i.e., prices) or indirectly (i.e., data derived from prices).
- Fair value measurement at level 3 are valuations based on valuation techniques that use asset or liability information that is not derived from observable market data (unverifiable inputs).

Investments in equity instruments measured at fair value through other comprehensive income as at 31 December 2024 and 31 December 2023 are included in level 3. All other financial instruments measured at fair value as at 31 December 2024 and 31 December 2023 are included in level 2.

35.3.3. Reconciliation of measurement of financial instruments at fair value at level 3

The following table shows the financial assets measured at fair value at level 3:

(CZK million)

Investment in equity instruments	
Balance as at 1 January 2023	333
Total gains or losses:	29
recognised in profit or loss	*6*
in other comprehensive income	*23*
Transfer from level 3 financial instruments	(29)
Balance as at 31 December 2023	333
Total gains or losses:	30
recognised in profit or loss	*-*
in other comprehensive income	*30*
Balance as at 31 December 2024	363

35.4. Financial risk management objectives

The Group manages and monitors financial risks through internal risk reports which include risk analysis based on their significance. Financial risks include market risk (currency risk, interest rate risk and commodity risk), credit risk and liquidity risk.

35.4.1. Hedge accounting

The Group uses financial derivatives to hedge risks and mitigate their impacts. The use of financial derivatives observes the Group's principles approved by the Board of Directors.

The accounting principles of hedge accounting are disclosed in Notes 2.19.11 to 2.19.13.

The following tables show the concluded derivatives:

(CZK million)

As at 31 Dec 2024								
Type of risk	**Hedging instrument**	**Other financial assets - current (Note 22)**	**Other financial assets - non-current (Note 22)**	**Other financial liabilities – current (Note 28)**	**Other financial liabilities - non-current (Note 28)**	**Loans, borrowings and lease liabilities - current (Note 26)**	**Loans, borrowings and lease liabilities - non-current (Note 26)**	**Note**
Currency	Currency forwards	-	-	-	-	-	-	35.5.2
	Cross-currency interest rate swaps	175	101	398	549	-	-	35.5.4
	Lease liabilities and collateralised loans denominated in EUR	-	-	-	-	757	2,829	
	Financing in EUR	-	-	-	-	954	7,208	
Interest rate	Interest rate swaps	18	21	10	17	-	-	35.6.2
Commodity	Commodity derivatives	4	-	-	1	-	-	35.7.2
Total		**197**	**122**	**408**	**567**	**1,711**	**10,037**	

(CZK million)

As at 31 Dec 2023								
Type of risk	**Hedging instrument**	**Other financial assets - current (Note 22)**	**Other financial assets - non-current (Note 22)**	**Other financial liabilities - current (Note 28)**	**Other financial liabilities - non-current (Note 28)**	**Loans, borrowings and lease liabilities - current (Note 26)**	**Loans, borrowings and lease liabilities - non-current (Note 26)**	**Note**
Currency	Currency forwards	52	-	-	-	-	-	35.5.2
	Cross-currency interest rate swaps	175	39	475	922	-	-	35.5.4
	Lease liabilities and collateralised loans denominated in EUR	-	-	-	-	936	3,162	
	Financing in EUR	-	-	-	-	520	4,824	
Interest rate	Interest rate swaps	64	6	6	69	-	-	35.6.2
Commodity	Commodity derivatives	4	1	5	1	-	-	35.7.2
Total		**295**	**46**	**486**	**992**	**1,456**	**7,986**	

The information on the effect of the hedge accounting on the cash flow hedge reserve and the cost of hedging reserve is disclosed in Notes 25.2.3 and 25.2.4.

35.5. Currency risk management

The Group undertakes certain transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations. These transactions predominantly include proceeds from international transport, issued bonds, long-term investment loans, term deposits, depository bills of exchange, and purchases of railway vehicles in foreign currency. In line with the approved risk management strategy, the Group hedges anticipated payments in a foreign currency such 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 Company's Board of Directors.

In the freight transport segment, the Group has a long-term excess of sales denominated in EUR over expenses as the inputs are primarily purchased in CZK. This creates a disproportion between currency inputs and outputs. The Group decreases this currency position using the combination of several instruments: currency derivatives, purchases in EUR and financing in EUR. In line with the Group's risk management strategy, it hedges the currency risk to which its expected future income from freight transport in foreign currency is exposed.

The carrying amount of the Group's financial assets and financial liabilities denominated in foreign currency, for which exchange differences are charged to profit or loss at the end of the reporting period, is presented in the following table:

(CZK million)

31 Dec 2024	EUR	USD	Other	Total
Financial assets	4,708	5	25	4,738
Financial liabilities	(45,271)	(7)	(3)	(45,281)
Total	**(40,563)**	**(2)**	**22**	**(40,543)**

(CZK million)

31 Dec 2023	EUR	USD	Other	Total
Financial assets	3,668	16	4	3,688
Financial liabilities	(42,549)	(12)	(7)	(42,568)
Total	**(38,881)**	**4**	**(3)**	**(38,880)**

The Group also has financial assets and financial liabilities that represent hedging instruments for cash flow hedging, for which exchange differences are reported in accordance with Note 2.19.12 (Cash flow hedging):

- currency derivatives and cross-currency interest rate swaps;
- lease liabilities and secured loans denominated in EUR;
- issued bond denominated in EUR;
- and received investment loans denominated in EUR.

Information on the nominal and book value of these hedging instruments is provided in the description of individual hedging relationships in Notes 35.5.2, 35.5.3, 35.5.4, 35.5.5 and 35.5.6.

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35.5.1. Sensitivity to exchange rate changes

The exposure to currency risks is measured by a sensitivity analysis. The Group is exposed to the currency risk due to:

- changes in the carrying value of monetary items denominated in foreign currencies;
- and changes in the fair value of concluded financial derivatives.

The following table shows the impact that the strengthening and weakening of the Czech currency by CZK 1 against EUR would have on the profit (loss) and other comprehensive income. A positive value indicates an increase in profit (decrease in loss) and other comprehensive income, a negative value indicates a decrease in profit (increase in loss) and other comprehensive income:

(CZK million)

	Strengthening Czech currency by CZK 1 against EUR		Weakening Czech currency by CZK 1 against EUR	
	2024	**2023**	**2024**	**2023**
Translation of items denominated in foreign currencies at the end of the period	1,611	1,573	(1,611)	(1,573)
Change in the fair value of derivatives at the end of the period	(772)	(802)	772	802
Total impact on the profit/(loss) before tax	**839**	**771**	**(839)**	**(771)**
Change in tax effect recognised in profit or loss	(176)	(146)	176	146
Total impact on the profit/(loss) after tax	**663**	**625**	**(663)**	**(625)**
Change in the fair value of derivatives at the end of the period *	(12)	17	12	(17)
Foreign exchange rate gain or loss of lease liabilities under IFRS 16 **	142	156	(142)	(156)
Foreign exchange rate gain or loss of investment loans and bonds **	324	218	(324)	(218)
Total impact on other comprehensive income before tax	**454**	**391**	**(454)**	**(391)**
Change in tax effect recognised in other comprehensive income	(95)	(74)	95	74
Total impact on other comprehensive income after tax	**359**	**317**	**(359)**	**(317)**

* Financial derivatives used in hedge accounting.
** Reported in the current period.

35.5.2. Currency forwards

In accordance with the management risk strategy, the Group enters into currency forwards and par forwards to cover future incoming payments denominated in foreign currencies with the predetermined hedge ratio of 1:1. The hedging ratio is regularly monitored in the context of risk management objectives.

The effectiveness of hedging is regularly assessed by comparing critical terms. In the case of currency hedging, it is primarily a nominal value. Control against "over-hedging" of currency risk is monitored on the basis of a hedge report and is fulfilled due to the Financial Risk Management Strategy and the determination of the maximum volumes of hedging of expected income.

The nominal value of currency forwards is lower than the future expected proceeds in EUR which means that the Group never hedges more than 25% of the expected cash inflows in EUR. A CZK/EUR exchange rate is hedged and then converts foreign currency earnings (EUR) into the functional currency (CZK). As at 31 December 2024, the maximum hedging volumes are set in the Financial Risk Management Strategy of the Group as follows:

- for 2025, a maximum of 20% of proceeds in EUR;
- and for 2026, a maximum of 15% of proceeds in EUR.

The currency forwards are negotiated under market conditions (without premium payments), the fair value of derivatives on the day of the deal is nil. Based on the above-stated facts, the Group's management assumes that the hedging relation will be effective over its lifetime. The result of a transaction is a predictable (fixed) CZK/EUR exchange rate obtained from a sale of EUR proceeds of the Group.

Potential root causes of possible ineffectiveness may relate to a basis spread. Another factor may be a time mismatch. The Group does not hedge specific transactions from international freight transport but only the volume of the planned proceeds. The Group considers the above-mentioned factors to be immaterial or highly improbable and therefore deems the currency hedging to be effective.

The table presents open foreign currency forwards on foreign currency sales at:

Sales	Average exchange rate	Foreign currency	Nominal value in CZK million	Fair value in CZK million
31 Dec 2023	27.185	EUR	653	52

As at 31 December 2024, no currency forwards for the sale of foreign currency were arranged.

For the purposes of determining effectiveness, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument because the hedging relationships were fully effective.

The Group did not enter into foreign currency forwards or options on foreign currency purchases in 2024 or 2023.

Expected realisation of hedged items by currency forwards

The following table presents expected hedged cash flows from future sales in EUR (in nominal value):

(CZK million)

31 Dec 2023	Less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	Over 5 years	Total
Hedged future sales in EUR	49	99	446	-	-	594

Currency forwards not meeting the conditions of the hedge accounting

As at 31 December 2023, the Group additionally held concluded short-term currency forwards for the sale of foreign currency that do not meet the conditions for the hedge accounting; for this reason, they are reported as other financial derivatives. During 2024, these forwards were settled. The following table shows these derivatives:

Sale	Average exchange rate	Foreign currency	Nominal value in CZK million	Fair value in CZK million
31 Dec 2023	24	EUR	59	(3)

35.5.3. Cross-currency interest rate swaps

In accordance with the currency risk management requirements, the Group has entered into a cross-currency interest rate swap which reduces the risk of the bond funding in EUR using a hedge ratio of 1:1.

The economic relationship between the hedging instrument and the hedged item is described according to the following parameters:

- nominal values of the swaps are the same as the face values of the relevant bond volume;
- both transactions are contracted in the same currencies;
- maturity of interest rate swaps payment and interest bond payment are equal;
- swaps are agreed at market value (without premium), the fair value of derivatives at the trade date is nil;
- swaps do not include any arrangements on agreed interest rate restriction (embedded interest rate options);
- and the Group assumes no early bond repayment.

Sources of hedge relationship ineffectiveness are recognised as follows:

- significant decrease in the Group's or the counterparty's creditworthiness;
- timing of payments from the hedged item;
- and termination of the cross-currency interest rate swap by the counterparty.

The table shows the terms of contracts for cross-currency interest rate swaps that were opened at the end of the reporting periods.

31 Dec 2024	Nominal value (EUR million)	Average collected interest rate (annual)	Nominal value (CZK million)	Average paid interest rate (annual)	Fair value of assets (liabilities) CZK million
Up to 1 year	766	2.46 %	(19,951)	3.51 %	(223)
1 to 5 years	766	2.79 %	(19,951)	3.68 %	(455)
Over 5 years	18	3.00 %	(481)	3.23 %	7
Total					(671)

31 Dec 2023	Nominal value (EUR million)	Average collected interest rate (annual)	Nominal value (CZK million)	Average paid interest rate (annual)	Fair value of assets (liabilities) CZK million
Up to 1 year	795	2.47 %	(20,757)	3.49 %	(301)
1 to 5 years	766	2.79 %	(19,951)	3.68 %	(615)
Over 5 years	166	3.45 %	(4,597)	3,63 %	(267)
Total					(1,183)

The exchanges of payments under the cross-currency interest rate swaps and coupon payments from issued bonds occur simultaneously and the amount accumulated in equity is reclassified to finance costs in the period in which the coupon payments on the issued bonds affect profit or loss.

For purposes of determining effectiveness, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument since the hedging relationships were fully effective.

Hedging ineffectiveness in respect of cross-currency interest rate swaps was immaterial in 2024 and 2023.

The expected realisation of hedged items by cross-currency interest rate swaps
Expected cash flows of hedged foreign currency bonds are listed in Note 35.9.1 in tables with remaining contractual maturities of financial liabilities in the Fixed interest rate instruments.

35.5.4. Lease liabilities and secured loans denominated in EUR

In line with the risk management strategy, the Group has decided to hedge the currency risk to which its expected future proceeds from freight transport in foreign currency are exposed, using the hedging instrument specified below. The hedged risk is the risk of changes in the spot exchange rate CZK/EUR, which affects the impact of sales denominated in foreign currency, EUR, on the Group's profit or loss.

Lease contracts in EUR negotiated after 1 January 2020 are considered hedging instruments as of the first day of the month following the commencement of the lease relationship.

The hedged item is highly probable expected revenues from freight transport in EUR. From the managed risk point of view, the Group considers all sales in EUR to be homogeneous groups with the same currency risk.

Due to the nature of the hedging relationship (EUR 1 used to repay the lease liability hedges EUR 1 of revenue), the hedge ratio is set at 1:1.

Due to the need for a sufficiently precise identification of hedged sales, the Group has identified the following possible sources of inefficiency: a time shift between lease payments and hedged sales, as well as a decrease in expected sales in EUR or changes in the repayment schedule of the hedging instrument. The Group considers the above-stated factors to be insignificant or highly improbable; therefore, it considers currency hedging to be effective.

The table shows lease liabilities and secured loans denominated in EUR as at:

Start of collateral	The average exchange rate on the date of creation of the collateral	Foreign currency	Nominal value in EUR million	Book value in CZK million
31 Dec 2024	25.45	EUR	142	3,586
31 Dec 2023	25.22	EUR	156	3,854

The change in the value of the hedged item due to a change in the spot rate is equal to the exchange rate difference of the hedging instrument for the purposes of determining effectiveness, since the hedging relationships were fully effective.

The following table shows the expected secured cash flows of future sales in EUR:

(CZK million)

31 Dec 2024	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5 years and more	Total
Secured future sales in EUR	74	147	615	2,379	638	3,853

31 Dec 2023	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5 years and more	Total
Secured future sales in EUR	86	149	754	2,608	513	4,110

35.5.5. Financing in EUR

In line with the risk management strategy, the Group has decided to hedge the currency risk to which its expected future proceeds from freight transport in foreign currency are exposed, using the hedging instrument specified below. The hedged risk is the risk of changes in the spot exchange rate CZK/EUR, which affects the impact of sales denominated in EUR on the Group’s profit or loss.

In 2023, the Group used 4 new loans with the total nominal value of EUR 130 million.

In 2024, the Group used 4 new loans with the total nominal value of EUR 136 million. The hedged item is highly probable anticipated income in EUR. In terms of the managed risk, the Group treats all sales in EUR as homogenous groups with identical currency risk.

The hedged item is highly probable expected revenues from freight transport in EUR. From the managed risk point of view, the Group considers all sales in EUR to be homogeneous groups with the same currency risk. Due to the nature of the hedging relationship (EUR 1 used to repay the lease liability hedges EUR 1 of revenue), the hedge ratio is set as 1:1.

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The Group hedges only the first part of the total planned cash flows in foreign currency in each hedged period. The unhedged part of the planned cash flows in foreign currency represents a "haircut".

For the continuing hedging relationship, a forward-looking assessment of the expected effectiveness is particularly relevant in the context of IFRS 9 requirements. The assessment of the expected effectiveness was carried out at the start of hedge accounting. Subsequently, it is carried out at least once a year and always at the date of the financial statements.

Given that the effectiveness of the hedging relationship was supported by a quantitative calculation of the sensitivity at the inception of the hedging relationship, in the subsequent periods, the effectiveness is assessed mainly by evaluating whether there have been changes in the critical parameters of the hedging instrument or the hedged item.

Due to the need for sufficiently precise identification of hedged sales, the Group has identified a time shift between the debt repayments and hedged sales as a possible source of inefficiency. This time mismatch may cause some degree of inefficiency due to the application of discounting in the calculation of inefficiency. Subsequently, a decrease in expected sales in EUR or changes in the repayment schedule of the hedging instrument.

The table provides information as at 31 December 2024:

	Start of collateral	Exchange rate on the date of creation of the collateral	Foreign currency	Nominal value in EUR million	Book value in CZK million
Bond	20 April 2022	24.415	EUR	40	1,007
Investment loan RB	29 April 2022	24.605	EUR	30	756
Investment loan ING	23 Dec 2022	24.245	EUR	14	352
Investment loan ING	23 Jan 2023	23.880	EUR	14	353
Investment loan VUB	22 March 2023	23.720	EUR	20	566
Investment loan EIB	1 June 2023	23.685	EUR	10	1,007
Investment loan RB	20 Dec 2023	24.540	EUR	35	873
Investment loan RB	31 Jan 2024	24.885	EUR	18	447
Investment loan ING	28 May 2024	24.645	EUR	37	935
Investment loan ČSOB	23 Sept 2024	25.115	EUR	24	607
Investment loan EIB	20 Dec 2024	25.120	EUR	50	1,259

The table provides information as at 31 December 2023:

	Start of collateral	Exchange rate on the date of creation of the collateral	Foreign currency	Nominal value in EUR million	Book value in CZK million
Bond	20 April 2022	24.415	EUR	40	988
Investment loan RB	29 April 2022	24.605	EUR	34	841
Investment loan ING	23 Dec 2022	24.245	EUR	16	395
Investment loan ING	23 Jan 2023	23.880	EUR	20	495
Investment loan VUB	22 March 2023	23.720	EUR	26	647
Investment loan EIB	1 June 2023	23.685	EUR	40	989
Investment loan RB	20 Dec 2023	24.540	EUR	40	989

For the purpose of determining effectiveness, the change in the value of the hedged item due to spot rate change is equal to the exchange difference of the hedging instrument, since the hedging relationships were fully effective.

The following table shows the expected secured cash inflows from future sales in EUR:

(CZK million)

31 Dec 2024	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5 years and more	Total
From bonds	2	3	14	1,031	-	1,050
From investment loans	-	304	914	4,711	2,270	8,199

(CZK million)

31 Dec 2023	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5 years and more	Total
From bonds	2	3	14	1,064	-	1,083
From investment loans	-	149	529	2,893	1,434	5,005

35.6. Interest rate risk management

The Group manages interest rate risk by maintaining an appropriate mix between fixed and variable rate financing, and, for this purpose, the Group concludes contracts for interest rate swaps so that the amount of the open risk position does not exceed the limit set for the period by the Risk Management Committee and approved by the Board of Directors of the Company.

The following table shows the breakdown of financial instruments by type of interest:

(CZK million)

	31 Dec 2024	31 Dec 2023
Instruments with fixed interest rate		
Financial assets	4,500	4,697
Financial liabilities	(80,319)	(65,826)
Total	**(75,819)**	**(61,129)**
Instruments with variable interest rate		
Financial liabilities	(6,297)	(6,435)
Financial liabilities – PRIBOR	*(6,146)*	*(6,328)*
Financial liabilities – EURIBOR	*(151)*	*(107)*
Total	**(6,297)**	**(6,435)**

The information on the nominal and carrying value of hedging instruments used to hedge the interest rate is disclosed in the description of a hedging relationship in Note 35.6.2.

35.6.1. Sensitivity to interest rate changes

The exposure to changes in interest rates is measured by the sensitivity analysis. The Group is exposed to the interest rate risk due to:

- changes in interest expenses from loans;
- and change in the fair value of concluded financial derivatives.

The following table shows the impact that an increase/decrease in interest rates of 100 basis points would have on the profit (loss) and other comprehensive income. A positive value indicates the increase in profit (decrease in loss) and other comprehensive income, a negative value indicates the decrease in profit (increase in loss) and other comprehensive income:

(CZK million)

	Increase in interest rates of 100 basis points		Decrease in interest rates of 100 basis points	
	2024	2023	2024	2023
Interest from loans and leases with variable rate for the period	(52)	(60)	52	60
Total impact on the profit/(loss) before tax	(52)	(60)	52	60
Change in tax effect recognised in profit/(loss)	11	11	(11)	(11)
Total impact on the profit/(loss) after tax	(41)	(49)	41	49
Change in the fair value of derivatives at the end of the period	118	128	(123)	(134)
Total impact on other comprehensive income before taxes	118	128	(123)	(134)
Change in tax effect recognised in other comprehensive income	(25)	(24)	26	25
Total impact on other comprehensive income after tax	93	104	(97)	(109)

* Financial derivatives used in hedge accounting.

35.6.2. Interest rate swap contracts

In accordance with interest rate risk management requirements, the Group has entered into interest rate swap contracts which reduces the risk arising from loans with variable interest rates. The hedge ratio is determined at 1:1.

The economic relationship between the hedging instrument and the hedged item is described according to the following parameters:

- nominal values of the swaps are equal to the nominal value of loans with variable interest rates;
- both transactions are contracted in the same currencies;
- maturity of interest rate swaps payments and interest payments on loans with variable interest rates are equal;
- swaps were contracted at market prices (without bonuses), the fair value of derivatives is nil as at the contract date;
- and swaps do not include any arrangements on agreed interest rate restriction (embedded interest rate options).

The Group assumes no early loan repayment.

Sources of hedge relationship ineffectiveness are recognised as follows:

- early repayment of loans;
- termination of the interest rate swap by the counterparty;
- and significant decrease in the Group's or the counterparty's creditworthiness.

The following table details the terms of interest rate swap contracts outstanding at the end of the reporting periods:

31 Dec 2024	Hedging of interest rate from	Average contracted fixed interest rate	Principal amount	Fair value in CZK million
Up to 1 year	loan	3.55 %	CZK 4,908 million	8
1 to 5 years	loan	3.57 %	CZK 3,895 million	4
Total				12

31 Dec 2023	Hedging of interest rate from	Average contracted fixed interest rate	Principal amount	Fair value in CZK million
Up to 1 year	loan	3.84 %	CZK 3,277 million	58
1 to 5 years	loan	3.82 %	CZK 2,698 million	(62)
more than 5 years	loan	3.63 %	CZK 1,179 million	(1)
Total				(5)

The Group settles the difference between fixed and variable interest rates on a net basis. The interest rate swaps and the interest payments on the loan occur simultaneously, and the amount accumulated in equity is reclassified to profit or loss over the period that the variable interest rates on debt affect the profit or loss. Gains and losses reclassified during the year from the equity are included in Other interest expense which are part of Finance costs in the consolidated statement of profit or loss.

For purposes of determining effectiveness, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument since the hedging relationships were fully effective.

Hedging ineffectiveness in respect of interest rate swaps was immaterial in 2024 and 2023.

Expected realisations of hedged item interest rate swaps

The expected hedged cash flows from interest on variable-rate debt are listed in Note 35.9.1 in tables with remaining contractual maturities of financial liabilities in the Variable interest rate instruments line.

35.7. Commodity risk management

The Group is exposed to the risk of changes in the price of commodities, as the use of commodities, specifically diesel and electricity, are significant cost items of the Group. The Group manages this risk using the following instruments:

- negotiating a fixed price of electricity always for the following calendar year;
- conclusion of contracts with public transport customers so that a possible price increase of the above-mentioned commodities is reflected in the amount of received payments;
- and conclusion of medium-term derivatives for the purchase of diesel.

35.7.1. Sensitivity to changes in commodity prices

The exposure to changes in the price of commodities is measured by sensitivity analysis. The Group is exposed to the risk of changes in traction diesel prices and due to changes in the fair value of concluded financial derivatives.

The following table shows the impact that a 10% increase/decrease in the price of diesel would have on profit (loss) and other comprehensive income. A positive value indicates an increase in profit (decrease in loss) and other comprehensive income, a negative value indicates a decrease in profit (increase in loss) and other comprehensive income:

(CZK million)

	10 % increase in diesel price		10 % decrease in diesel price	
	2024	2023	2024	2023
Costs of the diesel use for the period	(147)	(138)	147	138
Total impact on the profit/(loss) before tax	**(147)**	**(138)**	**147**	**138**
Change in tax effect recognised in profit/(loss)	31	26	(31)	(26)
Total impact on profit/(loss) after tax	**(116)**	**(112)**	**116**	**112**
Change in the fair value of derivatives at the end of the period *	10	13	(13)	(13)
Total impact on other comprehensive income before tax	**10**	**13**	**(13)**	**(13)**
Change in tax effect recognised in other comprehensive income	(2)	(2)	3	2
Total impact on other comprehensive income after tax	**8**	**11**	**(10)**	**(11)**

* Financial derivatives used in hedge accounting.

35.7.2. Commodity derivatives

In accordance with the commodity risk management requirements, the Group has entered into the contracts hedging traction diesel prices. The hedging was carried out by the commodity swap which relies on hedging a fixed price of traction diesel.

The hedging ratio of the hedging relationship is the same as the ratio of the amount of the hedged item and the used hedging instrument. i.e., 1:1 in this case. The hedging ratio is determined as a comparison of the amount of the hedged item and the used hedging instrument. Its calculation is based on a commodity swap agreement, which offsets the purchase of the secured volume of planned consumption according to the approved Financial Risk Management Strategy. The Group is aware that risk components such as excise duty, trader margins, etc. are included in the calculation of the hedging ratio; however, their effect on the ratio is immaterial. The hedging ratio is regularly monitored in line with risk management objectives.

The economic relationship between the hedging instrument and the hedged item is described according to the parameters listed below.

The effectiveness of hedging is regularly assessed by comparing critical terms. Given that the key characteristics of the hedging instrument fully correspond to the characteristics of the hedged item, the Group expects high hedging effectiveness. At the same time, a correlation test is performed, where the actual purchase prices of diesel per litre and the hedged price of the derivative (diesel) at settlement are compared. The correlation coefficient in 2024 was 99.31% (2023: 93.01%) and thus confirmed the high efficiency of the derivative.

The nominal value of the collateral is lower than the future expected volumes of purchased diesel which means it never hedges more than 80% of the estimated volume of purchased diesel. Commodity Platts ULSD 10ppm FOB Barge Rotterdam is secured. The hedging is executed in CZK, which eliminates the risk arising from fluctuations in the CZK/USD exchange rate. The maximum volumes for hedging as at 31 December 2024 are set by the Financial Risk Management Strategy as follows:

- for the year 2025, a maximum of 65% of the underlying asset (expected volume of purchased diesel);
- and for the year 2026, a maximum of 50% of the underlying asset (expected volume of purchased diesel).

Commodity hedging is negotiated under market conditions (without payment of a premium), the fair value of derivatives on the date of agreement is nil. Based on the above-stated facts, the Group assumes that the hedging relationship will be effective over its lifetime. The result of the transaction is a predictable price of the purchased diesel volume.

Potential root causes of ineffectiveness may relate to unsecured components of the total price of diesel (i.e., various surcharges, impact of the price of biodiesel, excise tax, etc.) and at a significant increase in credit risk of a counterparty. In such cases, the Group also performs a correlation test for the price of diesel. The Group hedges the Platts ULSD 10ppm FOB Barge Rotterdam for the total purchase price of diesel, and since the hedging is performed in CZK, the currency risk arising from the USD / CZK currency pair is also eliminated. Other items that make up the price of diesel are fixed or have very low volatility. The Group considers the above items, such as mark-ups, the effect of biodiesel price, excise tax, increase in credit risk of a counterparty, etc. to be immaterial or highly unlikely; therefore, the Group considers commodity hedging to be effective. For these reasons, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument when determining effectiveness.

The table below presents outstanding commodity contracts for the diesel purchases as at:

Purchase of diesel	Hedged value	Volume of contracts (mt)	Fair value (CZK million)
31 Dec 2024	CZK 15,868/mt	6,000	3
31 Dec 2023	CZK 16,052/mt	7,200	(1)

Expected realisation of hedged items of commodity derivatives

The following table shows the expected cash flows of the hedged purchases of diesel:

(CZK million)

31 Dec 2024	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Hedged future purchases of diesel	7	14	65	-	-	86

(CZK million)

31 Dec 2023	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Hedged future purchases of diesel	6	11	52	34	-	103

35.8. Credit risk management

The Group is exposed to credit risk, which is the risk that one party of the financial instrument will cause financial losses to the other party by failing to meet its obligations. Credit risk arises as a result of the Group's business operations and financial market activities. The Group's credit risk quantification is based on a number of primary criteria, where the threat of counterparty default during a transaction is the main determinant due to possible negative impact on the Group's economic results and cash flow. The Group analyses the counterparties using both internal departments support and external information services. Any counterparty insolvency may result in imminent losses with an adverse impact on the Group's business.

Sources of credit risks related to threat of a counterparty default in a transaction were identified by the Group as follows:

- financial institutions;
- employees or tenants – individuals from whom the receivable arises;
- corporate customers;
- and the state and regions as public service payers.

For this reason, business operations with new counterparties are subject to standardised approval procedures by designated departments. The credit risk management includes active receivables management, when standard financial instruments, such as prepayments and bank guarantees are used in order to reduce the risk.

The Group tries to trade only with trusted contractors who are verified individually on an ongoing basis using publicly available data. The Group applies continuous monitoring of receivables by individual companies and ageing, with special regard to receivables over 30 days past due. Development of overdue receivables is continuously dealt with by individual responsible employees and, at the top, by the Receivables Commission.

Financial assets that expose the Group to potential credit risk include cash and cash equivalents, trade receivables and financial derivative contracts. The Group's cash is deposited in prestigious domestic financial institutions.

The Group is mainly exposed to the following credit risk categories due to its business activities:

- direct credit risk;
- and credit equivalent risk.

Most frequently, the direct credit risk arises from receivables from ongoing trading relationships, particularly from supplier loans granted. Credit quality of the customers is assessed individually, based on their financial position, previous customer experience and other factors. The Group assesses its financial assets at each balance sheet date to determine whether there is any objective evidence that they might be impaired. Financial assets are considered impaired if objective evidence indicates that one or more events have adversely affected the estimated future cash flows from those assets. Material financial assets are tested for impairment individually. The remaining financial assets are assessed on a portfolio basis in the groups that have similar credit risk characteristics. All impairment losses except for financial assets at fair value through other comprehensive income are recognised in profit or loss.

The concentration of credit risk is affected by a limited number of available counterparties (e.g., a limited number of banks on the Czech market, a limited number of public service customers). In such cases, the company reduces credit risk by cooperating only with counterparties with high creditworthiness (reputable banks with investment ratings, customers paying from the public budgets).

The credit risk relating to fare revenues has a low concentration as a considerable part of these revenues is collected in cash. The credit risk relating to payments from the state budget and the budget of the regions is low due to high credit quality of counterparties. The concentration of short-term and long-term trade receivables from customers controlled by the state (the Ministry of Transport, regions and SŽ) as at 31 December 2024 is 31% (2023: 27%). In freight transport, there is no significant concentration of the credit risk from the perspective of customers, industrial segments or regions. The Group's exposure and payment discipline of its contractual partners are monitored on a continuous basis.

35.8.1. Short-term trade receivables and finance lease receivables

For the purposes of determining expected credit losses using the simplified approach, short-term receivables and finance lease receivables are classified according to common credit risk characteristics and appropriate maturities.

The expected credit loss rates are determined according to the payment profile and sales for the period of 3 years preceding 31 December 2024 or 31 December 2023 based on credit losses recognised in the past. The Group analysed a number of macroeconomic variables (GDP, industrial indices, etc.) and their possible correlation to customer solvency. However, as no correlation has been identified, the Group assesses customer creditworthiness individually. The Group also creates specific allowances for receivables.

The table below presents an overview of the impairment losses on short-term trade and finance lease receivables. The carrying value of receivables as at 31 December 2024 and 31 December 2023 below represent the Group's maximum exposure to credit risk on these assets.

(CZK million)

As at 31 Dec 2024	Before due date	Past due date (days)					Total
		1 – 30	31 – 90	91 – 180	181 – 365	Over 365	
Expected credit loss rate	2 %	2 %	7 %	36 %	59 %	99 %	
Finance lease receivables – gross (Note 22.1)	131	-	-	-	-	-	131
Short-term trade receivables – gross (Note 22)	4,359	125	29	25	32	168	4,738
Expected credit loss	**108**	**3**	**2**	**9**	**19**	**167**	**308**

(CZK million)

As at 31 Dec 2023	Before due date	Past due date (days)					Total
		1 – 30	31 – 90	91 – 180	181 – 365	Over 365	
Expected credit loss rate	3 %	3 %	- %	25 %	90 %	95 %	
Finance lease receivables – gross (Note 22.1)	141	-	-	-	-	-	141
Short-term trade receivables – gross (Note 22)	3,726	178	35	4	21	187	4,151
Expected credit loss	**98**	**5**	**-**	**1**	**19**	**177**	**300**

35.8.2. Cash, other financial assets and long-term trade receivables

The credit risk of liquid financial assets and financial derivatives is limited, as the contractual partners are banks with an investment grade credit rating. For this reason, the impact of impairment of cash and cash equivalents is immaterial.

(CZK million)

Bank	Rating	Bank balance as at 31 Dec 2024	Restricted cash as at 31 Dec 2024	Deposit bills as at 31 Dec 2024	Bank balance as at 31 Dec 2023	Restricted cash as at 31 Dec 2023	Deposit bills as at 31 Dec 2023
Komerční banka	Aa3	1,647	201	-	426	616	-
ČSOB	Aa3	1,427	-	-	1,349	-	247
Citibank	Aa3	95	-	-	226	-	-
ING bank	Aa3	189	-	-	58	-	-
Česká spořitelna	Aa3	47	-	-	21	-	-
Erste Steiermarkische Bank d.d. *	**	2	-	-	8	-	-
UniCredit Bank	A2	321	-	-	321	-	-
Raiffeisenbank	A2	418	-	-	563	-	-
PKO Bank	A2	21	-	-	64	-	-
Všeobecná úverová banka	A2	4,978	-	-	4,543	-	-
Millenium bank	Baa2	8	-	-	127	-	-
Deutsche Bank	A1	54	-	-	23	-	-
Frankfurter Sparkasse *	**	5	-	-	5	-	-
Bank Austria	**	13	-	-	4	-	-
Slovenská sporiteľňa	A1	2	-	-	1	-	-
Tatra banka	A2	39	-	-	50	-	-
Fio banka	**	2	-	-	3	-	-
MBH BANK	Baa2	21	-	-	9	-	-
Total		9,289	201	-	7,801	616	247

* For these bank institutions, the rating of Fitch Ratings was used, for all others, the Moody's rating was used.
** Rating is not available.

The application of the expected credit loss model has an immaterial impact on all Other financial assets.

The credit risk associated with financial operations is low because the Group spreads the risk over a larger number of financial institutions and only deals with financial institutions that have a credit rating in the investment range.

The following table provides an analysis of the credit risk of Other financial assets at amortised cost. The carrying values of assets as at 31 December 2024 and 31 December 2023 represent the Group's maximum exposure to credit risk from these assets:

(CZK million)

As at 31 Dec 2024	Level 1 (expected 12-month credit losses)	Level 2 (expected lifetime credit losses)	Level 3 (impaired)	Allowances	Total
Trade receivables – long-term	1,100	-	-	-	1,100
Restricted cash	201	-	-	-	201
Receivables from damages and losses	45	-	-	-	45
Other	95	17	-	(17)	95
Total	**1,441**	**17**	**-**	**(17)**	**1,441**

(CZK million)

As at 31 Dec 2023	Level 1 (expected 12-month credit losses)	Level 2 (expected lifetime credit losses)	Level 3 (impaired)	Allowances	Total
Trade receivables – long-term	1,416	-	-	-	1,416
Restricted cash	616	-	-	-	616
Receivables from damages and losses	88	-	-	(6)	82
Other	319	72	-	(72)	319
Total	**2,439**	**72**	**-**	**(78)**	**2,433**

The Group has assessed the credit risk for individual items of Other financial assets. Counterparties have low risk, and no material overdue receivables are recorded. Credit risk has not increased significantly since initial recognition. The carrying value of Other financial assets at fair value as at 31 December 2024 and 31 December 2023 represents the Group's maximum credit exposure from these assets (Note 22).

As at 31 December 2024 and 31 December 2023, the Group does not record any financial assets pledged as collateral.

35.9. Liquidity risk management

The Group manages its liquidity risk through planning future cash flows and securing binding limits of short-term financing with reputable financial institutions (promissory notes programme and agreed overdraft and revolving loans), with the minimum notice period of 18 months. In order to secure sufficient short-term liquidity, the Group has contracted these binding credit facilities so that its available funds exceed its expected short-term outflows. The liquidity is also monitored by the Moody's rating agency on an ongoing basis.

← content

35.9.1. Liquidity risk tables

The following tables demonstrate the Group's remaining contractual maturity of financial liabilities. The tables have been drawn up based on the undiscounted cash flows from financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that instruments carry the variable interest, the undiscounted amount is derived from interest rate curves at the end of the reporting periods and may change, if interest rates differ from the determined estimates.

(CZK million)

As at 31 Dec 2024	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	5,835	1,675	118	153	30	7,811
Commitment to increase capital of the Group's investee (Note 34)	555	-	-	-	-	555
Derivatives *	-	1	(865)	(35,126)	(1,094)	(37,084)
Incoming cash flows	-	*2*	*352*	*17,069*	*520*	*17,943*
Outgoing cash flows	-	*3*	*(513)*	*(18,057)*	*(574)*	*(19,141)*
Lease liabilities	99	473	1,247	4,522	307	6,648
Secured loans	8	128	400	2,088	1,108	3,732
Variable interest rate instruments	1	186	976	4,474	0	5,637
Fixed interest rate instruments	1,231	972	4,209	56,897	23,125	86,434
Total	**7,729**	**3,435**	**6,085**	**33,008**	**23,476**	**73,733**

(CZK million)

As at 31 Dec 2023	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	3,835	2,414	378	68	134	6,829
Commitment to increase capital of the Group's investee (Note 34)	555	-	-	-	-	555
Derivatives *	-	(8)	276	1,001	547	1,816
Incoming cash flows	-	*17*	*1,143*	*13,340*	*4,310*	*18,810*
Outgoing cash flows	-	*9*	*1,419*	*14,341*	*4,857*	*20,626*
Lease liabilities	121	447	2,159	4,476	349	7,552
Secured loans	4	110	295	1,468	856	2,733
Variable interest rate instruments	419	223	1,149	4,821	1,271	7,883
Fixed interest rate instruments	436	399	5,326	40,812	20,699	67,672
Total	**5,370**	**3,585**	**9,583**	**52,646**	**23,856**	**95,040**

* Negative net non-discounted cash flows arise from specific cross-currency interest rate derivatives due to a significant interest rate difference between the functional currency and the hedged currency.

The following tables demonstrate the Group's expected contractual maturity of financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets reflecting the anticipated maturity. The table includes cash flows from the interest and principal.

(CZK million)

As at 31 Dec 2024	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	7,301	2,027	208	1,146	366	11,048
Derivatives	5	25	146	10	-	186
Incoming cash flows	*5*	*173*	*2,876*	*5*	*-*	*3,059*
Outgoing cash flows	*-*	*148*	*2,730*	*(5)*	*-*	*2,873*
Finance lease receivables	7	3	28	133	428	599
Fixed interest rate instruments	4,510	7	6	3	-	4,526
Total	**11,823**	**2,062**	**388**	**1,292**	**794**	**16,359**

(CZK million)

As at 31 Dec 2023	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	5,547	1,425	561	2,174	333	10,040
Derivatives	-	17	(5)	(10)	-	2
Incoming cash flows	*-*	*17*	*155*	*2,922*	*-*	*3,094*
Outgoing cash flows	*-*	*-*	*160*	*2,932*	*-*	*3,092*
Finance lease receivables	8	5	38	123	438	612
Fixed interest rate instruments	4,711	-	-	-	-	4,711
Total	**10,266**	**1,447**	**594**	**2,287**	**771**	**15,365**

The amounts listed in the above instruments with variable interest rate in respect of non-derivative financial assets and liabilities may change if the changes in variable interest rates differ from interest rates determined at the reporting period end.

35.9.2. Financing facilities

The Group has access to the following loan facilities:

(CZK million)

Loan facilities	Overdraft loans	Promissory note programme	Revolving loan	Total
Loan facility as at 1 Jan 2023	4,231	8,000	1,500	13,731
Unused amount as at 1 Jan 2023	3,334	8,000	1,500	12,834
Change of loan facility in 2023	498	(1,500)	750	(252)
Effect of currency translation	20	-	-	20
Loan facility as at 31 Dec 2023	4,749	6,500	2,250	13,499
Unused amount as at 31 Dec 2023	4,334	6,500	2,250	13,084
Change of loan facility in 2024	(6)	-	50	44
Effect of currency translation	6	-	-	6
Loan facility as at 31 Dec 2024	4,749	6,500	2,300	13,549
Unused amount as at 31 Dec 2024	3,582	6,500	2,300	12,382

As part of securing funds for the planned investments, the Group has entered into contracts for long-term bank credit lines with the following undrawn loan facilities:

(CZK million)

Long-term credit lines	Raiffeisenbank	EIB	EUROFIMA	ČEB	Total
Loan facility as at 1 Jan 2023	4,565	4,039	15,409	-	24,013
Unused amount as at 1 Jan 2023	-	3,539	15,409	-	18,948
Change of loan facility in 2023	1,500	-	-	-	1,500
Effect of currency translation	20	79	390	-	489
Loan facility as at 31 Dec 2023	6,085	4,118	15,799	-	26,002
Unused amount as at 31 Dec 2023	525	2,187	4,426	-	7,138
Change of loan facility in 2024	-	7,610	9,744	1,511	18,865
Effect of currency translation	46	60	294	-	400
Loan facility as at 31 Dec 2024	6,131	11,788	25,837	1,511	45,267
Unused amount as at 31 Dec 2024	-	8,640	9,744	1,511	19,895

36. Post Balance Sheet Events

No other significant events occurred between the balance sheet date and the date of approval of the consolidated financial statements.

37. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 22 April 2025.

← content

Separate Financial Statements for the Year 2024 Prepared in Accordance with IFRS Accounting Standards as Adopted by the EU

Name of the company:	České dráhy, a.s.
Registered office:	Nábřeží L. Svobody 1222, 110 15 Prague 1
Legal form:	Joint-Stock Company
Corporate ID:	709 94 226

Components of the Separate Financial Statements for the year 2024 prepared in accordance with IFRS Accounting Standards as adopted by the EU:

Separate Statement of Profit or Loss

Separate Statement of Comprehensive Income

Separate Statement of Financial Position

Separate Statement of Changes in Equity

Separate Cash Flow Statement

Notes to the Separate Financial Statements

Separate Financial Statements were authorised for issue on 22 April 2025.

Statutory Body of the Entity	Signature
Michal Krapinec, **Chairman of the Board of Directors**	
Lukáš Svoboda, **Member of the Board of Directors**	

SEPARATE STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

		Year ended 31 Dec 2024	Year ended 31 Dec 2023
Revenues	5	33,796	30,700
Other operating income	6	3,045	3,923
Cost of services, raw materials and energy	7	(13,484)	(11,684)
Staff costs	8	(10,748)	(10,532)
Depreciation, amortisation and impairment	9	(7,767)	(6,838)
Impairment losses and gains on financial assets (net of reversals)	20, 21	(7)	19
Other operating expenses	10	(466)	(375)
Profit from operating activities		**4,369**	**5,213**
Finance costs	11	(2,741)	(2,742)
Finance income	12	455	491
Profit before tax		**2,083**	**2,962**
Income tax	13	26	(119)
Profit for the period		**2,109**	**2,843**

← content

SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

		Year ended 31 Dec 2024	Year ended 31 Dec 2023
Profit for the period		**2,109**	**2,843**
Actuarial remeasurements of employee defined benefit obligations		20	4
Revaluation of investments in equity instruments at fair value through other comprehensive income	24.2.5	30	23
Related deferred income tax		(6)	(6)
Reclassification of deferred tax		(21)	-
Other comprehensive income for the period (items that are not subsequently reclassified to profit or loss)		**23**	**21**
Change in cash flow hedging reserve	24.2.3	103	(743)
Change in cost of hedging reserve	24.2.4	(10)	83
Related deferred income tax		(20)	125
Reclassification of deferred tax		(74)	-
Other comprehensive income for the period (items that may be reclassified to profit or loss in subsequent periods)		**(1)**	**(535)**
Other comprehensive income for the period after tax		**22**	**(514)**
Total comprehensive income for the period		**2,131**	**2,329**

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SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(CZK million)

		31 Dec 2024	31 Dec 2023
Property, plant and equipment	14	83,204	69,788
Investment property	15	889	941
Intangible assets	16	290	357
Right-of-use assets	17	3,195	3,356
Investments in subsidiaries, associates and joint ventures	18	11,833	11,833
Trade receivables	20	1,100	1,417
Other financial assets	21	677	564
Other assets	22	8	31
Total non-current assets		**101,196**	**88,287**
Inventories	19	2,412	2,345
Trade receivables	20	2,199	1,742
Other financial assets	21	738	1,071
Other assets	22	575	691
Cash and cash equivalents	23	6,645	5,810
Total current assets		**12,569**	**11,659**
TOTAL ASSETS		**113,765**	**99,946**
Share capital	24	20,000	20,000
Other capital reserves	24	16,942	16,827
Retained earnings/Accumulated losses		1,018	(1,093)
Total equity		**37,960**	**35,734**
Loans, borrowings and lease liabilities	25	62,442	49,712
Provisions	26	204	151
Other financial liabilities	27	736	1,183
Other liabilities	28	5	56
Total non-current liabilities		**63,387**	**51,102**
Trade payables		5,333	4,035
Loans, borrowings and lease liabilities	25	3,604	4,525
Provisions	26	133	1,231
Other financial liabilities	27	454	541
Other liabilities and contract liabilities	28	2,894	2,778
Total current liabilities		**12,418**	**13,110**
Total liabilities		**75,805**	**64,212**
TOTAL LIABILITIES AND EQUITY		**113,765**	**99,946**

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

	Share capital	Other capital reserves			Retained earnings/accumulated losses	Total equity
		Share premium	Cash flow hedging reserve	Other reserves *		
Balance as at 1 January 2023	20,000	16,440	812	89	(3,936)	33,405
Profit for the period	-	-	-	-	2,843	2,843
Other comprehensive income for the period	-	-	(604)	90	-	(514)
Total comprehensive income for the period	-	-	(604)	90	2,843	2,329
Balance as at 31 December 2023	20,000	16,440	208	179	(1,093)	35,734
Profit for the period	-	-	-	-	2,109	2,109
Other comprehensive income for the period	-	-	(29)	51	-	22
Total comprehensive income for the period	-	-	(29)	51	2,109	2,131
Allocation to the reserve fund	-	-	-	93	(93)	-
Total transactions with owners for the reporting period	-	-	-	93	(93)	-
Other	-	-	-	-	95	95
Balance as at 31 December 2024	20,000	16,440	179	323	1,018	37,960

* Other reserves are discussed in Note 24.2.

SEPARATE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

(CZK million)

		Year ended 31 Dec 2024	Year ended 31 Dec 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**2,109**	**2,843**
Income tax	13	(26)	119
Dividend income	6	(473)	(360)
Finance costs – interest	11	2,313	2,082
Gain on the sale and disposal of non-current assets	6	(1,566)	(2,293)
Depreciation and amortisation	9	7,640	6,531
Impairment losses on assets	6, 9	133	337
Change in provisions	26	(1,045)	(1,084)
Foreign exchange losses/(gains)		291	466
Other		(131)	(310)
Cash flows from operating activities before changes in working capital		**9,245**	**8,331**
Decrease/(increase) in trade receivables	20	373	(169)
Increase in inventories	19	(109)	(278)
Decrease in other assets	21,22	306	30
Increase/(decrease) in trade payables		2	(340)
Increase in other payables and contract liabilities	27,28	34	573
Total changes in working capital		**606**	**(184)**
Cash flows from operating activities before interest, dividends and tax		**9,851**	**8,147**
Interest paid	11	(1,994)	(1,905)
Dividends received	6	473	360
Net cash flows from operating activities		**8,330**	**6,602**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	14	(17,595)	(10,525)
Proceeds from disposal of property, plant and equipment	6	1,029	2,021
Payments for investment property	15	(16)	(93)
Payments for intangible assets	16	(137)	(204)
Interest received	12	349	338
Loans and borrowings provided to related parties	29.6	(150)	(24)
Repayments of loans and borrowings from related parties	29.6	-	119
Net cash flows used in investing activities		**(16,520)**	**(8,368)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Use of loans and borrowings	25	12,655	12,039
Repayments of loans and borrowings	25	(1,741)	(10,372)
Repayment of principal of lease liabilities	25	(1,906)	(690)
Net cash flows from financing activities		**9,008**	**977**
Net increase/(decrease) in cash and cash equivalents		**818**	**(789)**
Cash and cash equivalents at the beginning of the period		5,810	6,711
Effects of changes in foreign exchange rates		17	(112)
Cash and cash equivalents at the end of the period	23	**6,645**	**5,810**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. General Information

České dráhy, a. s. (the "Company" or "ČD") was established on 1 January 2003 under Act No. 77/2002 Coll., as amended. The Company was formed as one of the two legal successors of České dráhy, státní organizace (Czech Railways, the state organisation); the second legal successor as at 1 January 2003 was the present Správa železnic, státní organizace (Railway Administration, the state organisation, "SŽ").

The sole shareholder of the Company is the Czech Republic. The Company's share capital is CZK 20,000 million. The Company's registered office is at Nábřeží L. Svobody 1222, Prague 1.

The Company's main business activity is operating the railway transport. In addition, the Company is engaged in other activities relating to its principal business activity.

The separate financial statements have been prepared as at and for the year ended 31 December 2024 (the "Separate Financial Statements"). The reporting period is the calendar year from 1 January 2024 to 31 December 2024. The Company also prepares the consolidated financial statements that will be approved for publication as at the same date as the Separate Financial Statements.

2. Accounting Policies

2.1. Statement of compliance

The Separate Financial Statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the European Union (EU).

2.2. Basis of preparation

The Separate Financial Statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments.

The accounting policies used in the preparation of these Separate Financial Statements are presented below. Accounting policies are consistent in the reporting period with the accounting policies used in previous periods, if not stated otherwise.

The preparation of financial statements in accordance with IFRS Accounting Standards as adopted by the EU requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying accounting policies. Areas with a high degree of judgment or complexity, or areas with assumptions or estimates significant for these financial statements are described in Note 4.

These Separate Financial Statements are related to the consolidated financial statements of České dráhy a.s. and its subsidiaries (the "Group") for the year ended 31 December 2024. The Separate Financial Statements should be read in conjunction with the consolidated financial statements in order to fully understand the Group's results and financial position.

The going concern basis

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

2.3. Revenue recognition

2.3.1. Revenue from contracts with customers

In the first phase, all contracts with customers are analysed in order to identify obligations towards the customer. Subsequently, the transaction price is determined and, in case of several identified performance obligations, is allocated according to their relative standalone selling prices. Consequently, revenue is recognised at the appropriate amount for each performance obligation at a certain point in time or over time of the contract term (it may be recognised over several reporting periods). Revenues are reported net of value added tax and are further reduced by expected returns from customers, rebates and other similar discounts.

The Company recognises revenue when the performance obligation is satisfied by transferring a promised service or good (asset) to a customer, once a customer obtains control of that asset. Revenue is recognised in the amount of the transaction price allocated to the performance obligation. The received payment is initially recognised as a contract liability that is subsequently released to revenue as the performance obligation is satisfied.

Revenue from passenger transport is recognised in the period in which transport services are provided taking into account the stage of completion of a service (e.g. validity period of long-term travel documents).

In contrast to domestic transport, international transport also includes the settlement process of proceeds and revenues from foreign carriers and sellers of international tickets. In some cases, such settlements may be delayed by a few months. For this reason, revenue as at the date a service has been provided is estimated based on the information available to the Company.

In addition to selling tickets and similar documents, a significant part of revenue from transport includes revenue from the usage of passenger train units in the RIC mode ("Regolamento Internazionale delle Carrozze"), based on the International Coach Regulation, with the settlement on a quarterly basis. Therefore, in this case revenue is also estimated.

Revenues from customers such as the Ministry of Transport (the "MT") and the regions are key revenues and are included in the Passenger transport segment. Payments from customers are discussed in more detail in Notes 4.2.1 and 29.9.

For passenger transport revenues, the Company applies practical expedient in accordance with IFRS 15.B16 and recognises revenues in the amount it has a right to invoice.

2.4. Leasing

2.4.1. The Company as a lessee

At the inception date of a contract, the Company assesses whether it is a lease contract or contains an embedded lease. The Company recognises a right-of-use asset and a corresponding lease liability in respect of all lease contracts in which the Company is a lessee, except for short-term leases (with a lease term of 12 months or less) and low-value asset lease (such as laptops and personal computers, small office furniture and phones). For these leases, the Company recognises lease payments as operating expenses on a straight-line basis over the term of a lease.

At the commencement date of the lease, the lease liability is initially measured at the present value of lease payments to be made over the lease term that are not yet paid at that date, discounted using the incremental borrowing rate.

The incremental borrowing rate is an interest rate that the Company would have to pay if it borrowed funds necessary to obtain an asset of a similar value as a right-of-use asset in a similar economic environment for a similar period and with similar collateral. The Company estimates the incremental borrowing rate using observable inputs (such as market interest rate), if these are available.

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

- fixed lease payments less any receivables from lease incentives;
- variable lease payments that are based on an index or a rate, initially measured using an index or rate as at the commencement date;
- amounts expected to be payable by the Company as guaranteed residual value;
- exercise price of a purchase option if the lessee is reasonably certain that the option will be exercised;
- and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising this option.

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

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

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

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

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

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

The right-of-use assets are presented as a separate line in the separate statement of financial position.

At the end of each reporting period, the Company assesses whether there is any indication that right-of-use assets are impaired and recognises any identified impairment losses in accordance with the rules described in Note 2.8 Property, plant and equipment.

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

2.4.2. The Company as a lessor

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

If the Company is the intermediate lessor, it accounts for the main lease and the sublease as two separate contracts. Subleases are classified as finance leases or operating leases by reference to the right-of-use asset arising from the principal lease.

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

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

After initial measurement, the Company regularly assesses the estimated unguaranteed residual value and recognises an allowance for expected credit losses from lease receivables, in accordance with the accounting policies for financial assets carried at amortised cost.

Income from finance lease is calculated based on the gross carrying value of lease receivables, except for credit-impaired financial assets, for which interest income is calculated on the basis of their net carrying value, i.e. after deducting the allowance for expected credit losses.

2.5. Foreign currencies

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

Transactions denominated in foreign currencies are translated and recorded at the fixed exchange rate announced by the Czech National Bank on the date of the transaction. If the current exchange rate does not change significantly over time, the Company uses the average exchange rate of this period for a longer period of time - usually one month. At the date of the Separate Financial Statements, monetary items denominated in foreign currencies are translated to Czech crowns at the Czech National Bank exchange rate as at that date. Non-monetary items that are measured at historical cost in a foreign currency are not remeasured for changes in foreign exchange rates after initial recognition.

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

2.6. Grants

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

Grants whose primary condition is that the Company should purchase, construct or otherwise acquire fixed assets, are recognised as a reduction of cost of those fixed assets in the separate statement of financial position.

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

2.7. Taxation

The income tax includes current tax and deferred tax.

2.7.1. Current tax

Current tax calculation is based on taxable profit for the year. The taxable profit differs from the profit recorded in the separate statement of profit or loss as it does not include items of income or expense that are taxable or deductible in other years, and items that are not taxable or deductible. The Company's current tax is calculated using tax rates in accordance with the legislation that has been enacted or substantively enacted by the end of the reporting period.

2.7.2. Deferred tax

Deferred tax is recognised based on temporary differences between the carrying amounts of assets and liabilities in the Separate Financial Statements and the corresponding tax bases used to calculate taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. These deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets or liabilities in a transaction which does not have an impact on taxable or accounting profit.

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

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

2.7.3. Current tax and deferred tax for the period

Current and deferred tax are recognised as expenses or income in profit or loss, except when they relate to items that are recognised outside of profit or loss (whether in comprehensive income or directly in equity), in which case tax is also recognised outside of profit or loss.

2.8. Property, plant and equipment

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

Assets under construction are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs. Depreciation of these assets, on the same basis as depreciation of other assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, applying the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis.

The following useful lives were used in the depreciation calculation:

	Number of years
Buildings	20–50
Vehicles	
Locomotives	*20–35*
Passenger train units	*20–30*
Machinery, equipment and other	8–20

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

The Company capitalises major (periodical) repairs of railway vehicles. The costs of repairs are recorded as a separate asset (component) and are depreciated over the useful life of repairs. The depreciation period of the components is determined for the class of rolling stock and component types.

Average depreciation period of capitalised repairs:

	Number of years
First substantial repair of units	4
First substantial repair of vehicle	6
Major repair of vehicle	11

Strategic spare parts (exchangeable units) are reported within Vehicles. Other spare parts that meet the conditions for classification in accordance with IAS 16 are reported in the Components. Spare parts are depreciated from the moment of consumption (when fitted to the vehicle) over the remaining useful life of the asset or the useful life of the spare part, whichever occurs earlier.

2.9. Investment property

Investment property, namely property held to earn rental income and/or for capital appreciation is initially measured at cost, including transaction costs associated with its acquisition. Subsequent to initial recognition, the Company measures its investment property using the cost model; the carrying amounts are decreased by accumulated depreciation and impairment.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its sale. Gains and losses on derecognition of the property (determined as the difference between the net disposal proceeds and the carrying amount of the asset) are included in profit or loss in the period in which the property is derecognised.

The depreciation method and useful life are determined by the Company for investment property in accordance with the property included in the Buildings category (see Note 2.8).

2.10. Intangible assets

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

The following useful lives were used in the amortisation calculation:

	Number of years
Software	3–4
Software licenses	6

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

2.11. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated in order to determine the amount of possible impairment. When it is impossible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to individual cash-generating units, if a reasonable and consistent basis of allocation can be determined. Otherwise, corporate assets are allocated to the smallest group of cash-generating units for which it is possible to determine a reasonable and consistent basis for allocation.

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

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

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

2.12. Investments in subsidiaries, associates and joint ventures

A subsidiary is an entity which is controlled by the Company. The Company has power over the investee, if it is exposed to variable returns from its involvement with the investee or has the ability to use its power to affect its returns, while it has power over the investee (i.e. holds existing rights based on which it is able to govern the activities that significantly impact the revenues of this entity).

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

The joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control over the arrangement, which exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In the Separate Financial Statements, investments in subsidiaries and associates and joint ventures, which are not classified as held for sale, are reported at cost or, after adjustment for impairment of investments.

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

2.13. Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories are determined using the weighted average method. The net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Spare parts that meet the conditions of classification in accordance with IAS 16 are recognised as Property, plant and equipment (Note 2.8).

2.14. Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

In cases when some or all of the expenditure required to settle a provision are expected to be reimbursed by another party, an asset is recognised when it is certain that the reimbursement will be received by the Company and the amount of the receivable can be measured reliably.

A provision can be used only for expenditures for which the provision was originally recognised. Change in a provision is recognised in profit or loss for a specific expense category; the unused portion of the provision is recognised in Other operating income.

Current liabilities arising from onerous contracts are recognised and measured as provisions. Onerous contract is understood as a Company's contract under which the unavoidable costs of meeting obligations under the contract exceed the envisaged economic benefits expected to be received under such a contract. The costs of fulfilling the contract include both the incremental costs of fulfilling the contract and the allocation of other costs that are directly related to fulfilling a contract.

A provision for long-term employee benefits is determined using the Projected Unit Credit Method with actuarial valuation always at the year-end. Gains or losses from adjustments and changes in actuarial estimates for defined post-employment benefits are included in other comprehensive income, changes in the provision for other long-term benefits are included in profit or loss.

2.15. Financial instruments

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

Financial assets and liabilities are initially measured at fair value, except for trade receivables that have no significant financing component – these are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities (other than those measured at fair value through profit or loss) are added upon initial recognition to the fair value of financial assets or deducted from the fair value of financial liabilities, respectively. Transaction costs that are directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

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

2.15.1. Effective interest rate method

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. If a financial asset is considered to be credit-impaired, interest income is calculated using the asset's residual value (i.e. gross book value less allowances).

Income and expenses are recognised based on an effective interest rate for debt instruments except for financial assets and financial liabilities classified as at fair value through profit or loss and except for short-term receivables for which the recognition of interest would be immaterial.

2.15.2. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include capital investments that were designated as investments in equity instruments at fair value through other comprehensive income at initial recognition.

These investments in equity instruments are initially measured at fair value increased by transaction costs. Subsequently, they are measured at fair value while gains and losses from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve. Cumulative profits or losses will not be reclassified to profit or loss upon derecognition of capital investments, they will be transferred to retained earnings instead.

Dividends from these capital investments are recognised in profit or loss when the Company has the right to receive the dividends.

2.15.3. Financial assets at amortised cost

Financial assets at amortised cost are financial assets held within the business model, whose objective is to collect contractual cash flows that are solely payments of the principal and interest on the outstanding principal. Hence, the Company measures these assets at amortised cost by applying the effective interest method less any allowance for expected credit losses. These assets are recognised when the cash, goods or services are provided directly to a debtor by the Company with no intention of trading the receivable.

2.15.4. Financial assets at fair value through profit or loss

Financial assets which do not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

The Company reports in this category financial derivatives presented under Other financial assets.

Financial assets measured at fair value through profit or loss are measured at fair value at the end of each reporting period, and all gains or losses of fair value are recognised in profit or loss to the extent that they are not part of the hedging relationship (see the hedge accounting policy). The method of determining fair value is described in Note 33.3.

2.15.5. Expected credit losses on financial assets

Financial assets, other than those at fair value through profit or loss, are reduced by an allowance for expected credit losses as at the asset recognition, and at subsequent measurement, the amount of expected credit losses is always updated at the financial statements date.

For the purpose of determining expected credit losses, the Company applies the simplified approach in accordance with IFRS 9 which allows the assessment of the lifetime expected loss for all short-term trade receivables and receivables from finance leases.

The simplified approach is applied to short-term trade receivables not containing a significant financing component and finance lease receivables. The Company recognises the allowances for receivables assessed on a portfolio basis based on the impairment matrix including historical inputs and inputs reflecting future expectations. The Company calculates allowances for portfolio assessed receivables.

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

- 30 and more days past due date;
- forward-looking information;
- knowledge of a customer;
- and payment discipline.

In respect of all other financial instruments, the Company reports lifetime expected financial losses, if there was a significant increase in credit risk since the initial recognition. However, if there was no significant increase in credit risk since the initial recognition, the Company calculates a loss allowance for this financial instrument in the amount corresponding to a 12-month expected credit loss.

(i) Significant increase in credit risk

When assessing whether the credit risk of a financial asset has increased significantly since the initial recognition, and when assessing the expected credit loss, the Company sees the information which is relevant and available without unreasonable costs or efforts as adequate and well-founded information. It involves both qualitative information and analyses, based on historical experience of the Company and informed assessment of the credit risk, including forward-looking information.

The Company assumes that the credit risk in a financial asset has significantly increased if it is by more than 30 days past due date if the Company has no adequate and provable information that would document otherwise.

In spite of the above, the Company assumes that there has been no significant increase in the credit risk relating to a financial instrument since the initial recognition date, if it is determined that the credit risk of the financial instrument is low as at the financial statements date. A financial instrument bears low credit risk, if:

1) financial instrument shows a low default risk;
2) the debtor has a strong ability to meet its contractual obligations in cash flows in the near future;
3) and negative changes in economic and business conditions may, however, do not have to limit the ability of the debtor to meet its contractual obligations in cash flows in the long term.

The Company believes that there is a low credit risk in a financial asset if an external credit rating of this asset corresponds to the "investment grade" under the internationally recognised definition or if the international rating is not available, the asset has a "no default" internal rating. No default means that the counterparty has a strong financial position and there are no due amounts from prior periods.

(ii) Definition of default

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

- if information gathered from internal or external sources indicates that the debtor will not be able to pay its creditors in full (announcement of bankruptcy, initiation of insolvency proceedings);
- and if the financial asset is more than 90 days past due and the Company has no reasonable and supportable information to demonstrate that the delay in payments is not a sufficient criterion for default determination.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired if one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- breach of contract, such as a delay or more than 90 days past due;
- restructuring of a financial liability of the debtor (for economic or contractual reasons relating to the debtor's financial difficulties) under the conditions that the Company would not otherwise consider;
- and it is likely that the debtor will enter bankruptcy or another financial reorganisation.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures. Any recoveries made are recognised in profit or loss.

2.15.6. Derecognition of financial assets

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

If the Company substantially retains all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Upon derecognition of an asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received, and receivable is recognised in profit or loss. Upon derecognition of an investment in an equity instrument that the Company recognises at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

2.15.7. Financial liabilities at fair value through profit or loss

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

This category includes financial derivative instruments recognised under Other financial liabilities.

Financial liabilities at fair value through profit or loss are measured at fair value, with any resulting gain or loss on changes in fair value being recognised in profit or loss (unless they are part of a designated hedging relationship - see hedge accounting policies). The fair value is determined as described in Note 33.3.

2.15.8. Financial liabilities measured at amortised cost

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

Loans are initially recognised at fair value less transaction costs. In subsequent periods, loans are carried at amortised cost using the effective interest method.

2.15.9. Derecognition of financial liabilities

The Company derecognises financial liabilities only when its obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. Modifications to liabilities only occur when the debtor changes and are recorded as derecognition.

2.15.10. Derivative financial instruments

The Company enters into a variety of financial derivative contracts to manage its exposure to interest and currency risks.

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

Derivatives that do not meet the criteria for hedging derivatives are recorded by the Company at fair value through profit or loss.

The derivative with a positive fair value is recorded as a financial asset, while the derivative with a negative fair value is recorded as a financial liability. Derivatives are not offset in the Separate Financial Statements unless the Company has an enforceable right to set-off and intends to exercise it.

2.15.11. Hedge accounting

The Company designates certain hedging instruments as fair value hedges. Hedge accounting is kept in compliance with the requirements of IFRS 9.

At the inception of the hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Since the inception, the Company documents and monitors on an ongoing basis whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. The Company monitors the existence of an economic relationship, the hedge ratio, sources of ineffectiveness, and credit risk impact. Hedge accounting corresponds to the Company's risk management strategy. Under IFRS 9, the Company recognises the basis spreads separately from cross-currency interest rate swaps and the forward element from foreign currency swaps through other comprehensive income and are accumulated in the cost of hedging reserve. If the hedged item is time-related, the amount accumulated in the cost of hedging reserve is reclassified to profit or loss through amortisation on a systematic and rational basis.

If the hedging relationship ceases to meet the hedge effectiveness requirement associated with the hedging ratio, but the risk management objectives for that hedging relationship remain the same, the Company adjusts the hedging ratio for that hedging relationship (i.e. rebalances the hedging) to meet the required criteria.

2.15.12. Cash flow hedges

The effective part of changes in the fair value of financial derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The Company recognises the cost of hedging separately if the criteria of cost recognition through other comprehensive income have been met. The gain or loss relating to the ineffective part is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the separate statement of profit or loss as the recognised hedged item.

Hedge accounting is discontinued only when the hedging relationship no longer qualifies for hedge accounting (fully or partially), after considering any rebalancing of the hedging relationship or when the hedging instrument expires or is sold, terminated, or exercised. Termination of hedge accounting is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedging reserve at that time remains in equity until a forecast transaction occurs. When a forecast transaction is no longer expected to occur, gain or loss accumulated in the cash flow hedging reserve is reclassified immediately to profit or loss.

3. Application of New and Revised International Financial Reporting Standards

3.1. Standards and interpretations effective for the annual period ended 31 December 2024

During the year ended 31 December 2024, the following standards, amendments and interpretations (relevant to the Company's activities) became effective:

Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IFRS 16 – Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*	1 January 2024
IAS 1 – Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*	1 January 2024
IAS 1 – Amendments to IAS 1 – *Non-current Liabilities with Covenants*	1 January 2024
IAS 7 and IFRS 7 – Amendments to IAS 7 and IFRS 7 – *Supplier Finance Agreements*	1 January 2024

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

3.2. Standards and interpretations applied before the effective date

The Company has not applied any standard or interpretation before the effective date.

3.3. Standards and interpretations issued but not yet applied

As at the date of the Separate Financial Statements, the following standards and interpretations (relevant to the Company's activities) were published, but were not yet effective or applied by the Company before their effective dates.

Amendments, new and revised standards and interpretations	Effective for annual periods beginning on or after
IFRS 10, IAS 28 – Amendments to IFRS 10 and IAS 28 – *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date will be determined *
IFRS 18 *Presentation and Disclosure in Financial Statements*	1 January 2027 *
IFRS 19 *Subsidiaries without Public Accountability: Disclosures*	1 January 2027 *
IFRS 9, IFRS 7 – Amendments to IFRS 9 and IFRS 7 – *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026 *
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026 *
IAS 21 – Amendments to IAS 21 – *Lack of Exchangeability*	1 January 2025

* Standards, amendments and interpretations that have not yet been approved for use in the EU

The application of IFRS 18 will change the method of presentation of the results in the profit and loss account and the method of disclosing information in the separate financial statements. The management of the Company expects that the adoption of other above-stated amendments to the existing standards in the following periods will not have a significant impact on the Company's Separate Financial Statements.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In application of the Company's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not clearly evident from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

4.1. Key sources of estimation uncertainty

4.1.1. Impairment of assets

The Company assesses the recoverable amount of all assets when there are indicators of their impairment. This assessment is based on expected assumptions and may change in the future depending on the development of the current situation and the availability of information. Impairment of property, plant and equipment is disclosed in Note 14.1.

4.1.2. Provisions for legal disputes

The Company is involved in several regulatory, court and out-of-court commercial disputes. Where the criteria for the recognition of provisions have been met, the Company creates provisions for these disputes on the basis of the best available information and estimates. However, the actual outcome of the disputes may differ from these estimates. The information on legal disputes is disclosed in Notes 26 and 32.1.

4.1.3. Lease – rental period

The Company uses an estimate to determine the lease term of contracts concluded for an indefinite period. This estimate is made with respect to the period and termination conditions of individual contracts. For the contracts with indefinite duration assessed on the basis of a portfolio approach, the Company has determined the estimated lease term as a period of 5 years, as considering past experience, it is reasonably certain that these leases will not be terminated by the Company during this estimated lease term.

In addition, each significant contract is also assessed separately based on individual contract provisions, the economic situation on the market of a given asset, as well as the past experience with the lessor, and thus the lease terms are adjusted accordingly.

Contracts with SŽ for the lease of premises at railway stations are concluded for individual areas (six large framework contracts). When measuring individual leased premises under the same contract, the Company used aggregation into portfolios under the framework contracts because of the insignificance of these individual rental premises. Due to the fact that these contracts were concluded with SŽ for 50 years, they are evaluated in the same way as contracts with indefinite duration and the estimated lease term is therefore set at 5 years for the purposes of lease term determination. Lease contracts contain an early termination clause with a 3-month notice period (without a sanction for an early rental termination), however, the Company uses it primarily in the event of termination of transport at a given location.

4.2. Judgements used in the application of accounting policies

4.2.1. Payments from the public service customers

The Company receives payments from the regional budgets and the budget of the Ministry of Transport for railway transport as the provision of public services. The Company also receives payments from the budget of the Ministry of Transport for the provision of transport services at discounted prices for selected population groups (students, pensioners, individuals with reduced mobility). The Company recognises these payments as revenue from contracts with customers.

In case of payments from the customers, the essence of the contractual relation with the regions or the Ministry of Transport is the order of transport service availability in a given location or on a specified line. This service is provided by the Company regardless of the number of passengers using a transportation service. This is not a grant since the contract for the transport service availability has been competed among a number of parties interested in providing that service and the subject of the service is not transport of specific individuals, but public transportation availability. Payment for the provision of the service is received by the company which wins a tender and ensures the service by its own means, in compliance with the competed conditions.

The preferential prices for different categories of customers (students, pensioners, individuals with reduced mobility) are measures where a customer uses the service (passenger transport) and pays only part of its price, and the remaining part is paid by a third party (in this case the state). It is not a grant to the carrier since in fact it is a direct subsidy of a market price to the population groups and not an economic incentive to influence the behaviour of a carrier in a particular way.

5. Revenues

5.1. Breakdown of revenue

(CZK million)

	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from passenger transport	11,702	11,149
Domestic passenger transport	*7,897*	*7,839*
*International passenger transport **	*3,805*	*3,310*
Revenue from passenger transport – payments from public service customers	20,795	18,515
Payment from the state budget	*5,388*	*4,991*
Payment from the regional budgets	*15,407*	*13,524*
Sale of other services	648	551
Sale of other services recognised over time	*648*	*551*
Commission for mediation of purchases of diesel and spare parts	64	65
Total revenue from contacts with customers	**33,209**	**30,280**
RENTAL INCOME		
Rental income	587	420
Total revenue	**33,796**	**30,700**

* Includes sales for the use of passenger train units in the RIC (Regolamento Internazionale delle Carrozze) regime and performance of train units and personnel in cross-border transport in the amount of CZK 1,359 million for 2024 (2023: CZK 1,209 million).

Payments from public service customers relate to regional and long-distance domestic passenger transportation.

The Company provides transport services in public railway transport for a stated (rectified) price and assures transport services in the specified categories of passenger trains on the railway network of the Czech Republic. The scope of these services and the compensation (revenue of the Company), with the exception of trains operated at commercial risk, are specified in contracts with the state and the regional authorities.

In 2024, the Company operated long-distance transport under public service contracts concluded with the Ministry of Transport of the Czech Republic. The decisive volume of services was provided under a contract valid from 15 December 2019 for a period of 10 years.

In 2024, the Company operated a total of 22 long-distance transport lines on the basis of 8 public service contracts, which represents 81% of services ordered as a public service by the Ministry of Transport of the Czech Republic. In 2023, the Company operated a total of 21 long-distance transport lines on the basis of 7 public service contracts, which represented 81% of services ordered as a public service by the Ministry of Transport of the Czech Republic.

In 2024, regional transport was operated on the basis of 33 concluded contracts, most of which have been valid since 2020. The vast majority of contracts were concluded in the regime of "market consultation" and subsequent direct assignment. However, there is an increasing number of contracts arising from tenders (Pilsen region and P1 Západ, P2 lines, Liberec region and JIHOŽ II operating set, Moravian-Silesian region, S6 line, South Moravian region and the "Moravia" operating set).

The year 2024 saw a continued increased demand for train travelling, which positively impacted the sales. The Company managed to extend the contract in the Pardubice region due to a significant investment. In addition, it succeeded in the tender for the Bruntál district operating set prepared by the Moravian-Silesian region. In the South Moravian region, the Company succeeded in the tender for the operation of the Moravia units owned by the region. A direct award extended the contract for the R9 Prague – Havlíčkův Brod – Brno line. The tender for the operation of the Ex36 Prague– Pilsen – Munich line was terminated by cancellation. In December 2024, a new Ex32 Prague – Wroclaw – Gdynia line started to operate.

Significant transactions with the main customers with government participation are presented in Note 29.9.

5.2. Contract liabilities and refund liabilities

The Company recognises the following contract liabilities and refund liabilities (see also Note 28) related to revenue from contracts with customers:

(CZK million)

Contract liabilities related to revenue from contracts with customers	31 Dec 2024	31 Dec 2023
Prepaid products – i.e., kilometric bank, annual ticket	199	203
Prepayments received	66	64
Other contract liabilities	7	5
Total contract liabilities	**272**	**272**

(CZK million)

Refund liabilities	31 Dec 2024	31 Dec 2023
Other refund liabilities	336	527
Total refund liabilities	**336**	**527**

A decrease in refund liabilities in 2024 is due to the current settlement with the regions based on which the Company will return a smaller part of compensations received as prepayments for 2024 to the regions compared to 2023.

5.2.1. Revenues from contract liabilities

(CZK million)

Revenues included in the opening balance of contract liabilities	2024	2023
Revenue from passenger transport	200	160
Sale of other services	56	315
Total	**256**	**475**

5.2.2. Remaining contract liabilities

Passenger transport services are usually completed within a few hours and paid for by passengers just before the service is provided. In case of prepaid tickets, a contract liability is recognised. As at 31 December 2024, the Company has concluded 41 contracts with public service customers (the Ministry of Transport and the regions). Validity of these contracts varies individually from 1 to 15 years. According to these contracts, the Company is obliged to provide transport services to the specified extent. Income is recognised in the amount that the Company has a right to invoice. The customers usually pay a fixed amount based on the payment schedule. If services provided by the Company exceed payments, a receivable is recognised due to the fact that a right to payment is unconditional, and only the passage of time is required before the payment is due. Receivables are usually due within 15–30 days. If payments exceed services provided, a liability is recognised. The Company does not disclose the allocated transaction price under practical expedient from IFRS 15.121. Transport revenue is disclosed in Note 5.1.

6. Other Operating Income

(CZK million)

	2024	2023
Gain from disposal of property, plant and equipment and investment property	1,566	2,293
Gain on disposal of redundant assets	110	43
Compensations for shortage and damage	225	175
Contractual penalties	107	38
Dividends received	473	360
Foreign exchange gains – operating	71	56
Release of provisions (Note 26)	196	768
Income from grants	1	2
Income from energy recovery	193	106
Other	103	82
Total other operating income	3,045	3,923

The gain from the disposal of property, plant and equipment and investment property in 2024 includes the profit from the sale of real estate in the area of Nákladové nádraží Žižkov train station in the amount of CZK 1,093 million. In 2023, this item included a considerable disposal of property in the areas of Smíchov and Masaryk train stations with the gain of CZK 1,767 million.

7. Cost of Services, Consumption of Material and Energy

(CZK million)

	2024	2023
Traction costs	(4,363)	(3,693)
Costs associated with railroads	(1,886)	(1,813)
Other services, raw materials and energy	(7,635)	(6,520)
Costs associated with the operation of railway vehicles	*(2,578)*	*(2,312)*
Consumed material	*(1,631)*	*(1,422)*
Costs associated with buildings	*(769)*	*(701)*
Substitute bus service	*(423)*	*(177)*
Costs associated with the provision of services to passengers	*(613)*	*(501)*
ICT costs	*(694)*	*(568)*
Travel costs	*(197)*	*(193)*
Low-value rent or short-term rent	*(88)*	*(85)*
Other services	*(642)*	*(561)*
Cost of services, consumption of material and energy	**(13,884)**	**(12,026)**
Capitalised services and consumption of material	400	342
Total cost of services, consumption of material and energy	**(13,484)**	**(11,684)**

Other services include, among other things, the cost of consulting and auditing services, advertising and promotion, staff care and environmental services.

Consulting and auditing services also include audit and non-audit services provided by Deloitte network companies. Total remuneration for these services is:

(CZK million)

	2024	2023
Statutory audit	(3)	(3)
Other audit services *	(1)	-
Non-audit services **	-	(1)
Total	**(4)**	**(4)**

* Other audit services include the verification of the sustainability report and the provision of a comfort letter. The total value of the service is CZK 4 million. The table shows the amount on an accrual basis.
** Methodological assistance in the field of direct and indirect taxes on selected projects.

8. Staff Costs

(CZK million)

	2024	2023
Payroll costs and severance pays	(7,976)	(7,797)
Statutory social security and health insurance	(939)	(997)
Contributions to post-employment benefits	(1,819)	(1,717)
Other employee benefit costs	(171)	(162)
Staff costs	**(10,905)**	**(10,673)**
Capitalised staff costs	157	141
Total staff costs	**(10,748)**	**(10,532)**
Average recalculated headcount	**13,216**	**13,380**

Other employee benefit costs mainly include allowances for meals, allowances for health recovery stays, allowances for capital life insurance and remuneration of members of statutory bodies.

9. Depreciation, Amortisation and Impairment

(CZK million)

	2024	2023
Depreciation of property, plant and equipment	(6,280)	(5,589)
Depreciation of investment property	(31)	(29)
Depreciation of right-of-use assets	(1,133)	(686)
Amortisation of intangible assets	(210)	(195)
Impairment losses on property, plant and equipment and investment property (Notes 14 and 15)	(113)	(339)
Total depreciation, amortisation and impairment	**(7,767)**	**(6,838)**

In 2024, Depreciation of property plant and equipment was increased by CZK 14 million (2023: decreased by CZK 32 million) due to allocation of costs of recognition and use of the provision for onerous contracts (Note 26.3).

10. Other Operating Expenses

(CZK million)

	2024	2023
Write-off of inventories to net realisable value	(13)	(17)
Costs of contractual fines and default interest	(2)	(2)
Taxes and fees	(28)	(14)
Insurance	(132)	(100)
Foreign exchange losses – operating	(57)	(43)
Shortages and damages	(65)	(25)
Expenses for uniforms	(46)	(47)
Reimbursement of employee expenses	(15)	(16)
Other expenses	(108)	(111)
Total other operating expenses	**(466)**	**(375)**

11. Finance Costs

(CZK million)

	2024	2023
Interest on issued bonds	(1,384)	(1,173)
Interest on bank loans	(926)	(865)
Interest on lease liabilities	(182)	(97)
Other interest expense	(230)	(176)
Less: amounts included in the cost of qualifying assets	409	229
Foreign exchange losses on loans, borrowings and lease liabilities	(374)	(601)
Bank fees	(7)	(7)
Commissions related to bank loans	(21)	(21)
Other finance costs	(26)	(31)
Total finance costs	**(2,741)**	**(2,742)**

Other interest expense represents cash flow hedge expenses reclassified from other comprehensive income during the period.

The capitalisation rate of borrowing costs in 2024 is 0.35% p. a. (2023: 0.19% p. a.).

12. Finance Income

(CZK million)

	2024	2023
Foreign exchange gains on loans, borrowings and lease liabilities	83	148
Interest received	371	342
Other finance income	1	1
Total finance income	**455**	**491**

An increase in interest received is due to an appreciation of available funds from term deposits.

13. Income tax

13.1. Income tax recognised in profit or loss

(CZK million)

	2024	2023
Deferred tax recognised in the statement of profit or loss	26	(119)
Total income tax (expense)/income	**26**	**(119)**

Reconciliation of the total tax charge for the year to the accounting profit multiplied by the applicable tax rate.

(CZK million)

	2024	2023
Profit for the period before tax	**2,083**	**2,962**
Statutory tax rate on corporate income in the Czech Republic	21 %	19 %
Expected income tax expense	**(437)**	**(563)**
Adjustments:		
Effect of the unrecognised deferred tax asset	543	376
Non-taxable income – provisions (Note 26.1)	210	-
Other non-taxable income	99	90
Tax non-deductible expenses – shortages, damages and fines	(179)	(3)
Tax non-deductible payroll expenses	(16)	(14)
Other tax non-deductible expenses	(194)	(5)
Income tax recognised in profit or loss	**26**	**(119)**

13.2. Income tax recognised in other comprehensive income

(CZK million)

	2024	2023
Change in cash flow hedging reserve	(22)	139
Change in cost of hedging reserve	2	(14)
Change in revaluation reserve for investments in equity instruments at fair value through other comprehensive income	(6)	(6)
Total income tax recognised in other comprehensive income	**(26)**	**119**

13.3. Deferred tax

Reported deferred tax assets and liabilities are calculated as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Deferred tax asset:		
Compensation for unjust enrichment (Note 20)	3,849	715
Lease liabilities	3,245	3,356
Basis for calculating deferred tax	**7,094**	**4,071**
Corporate income tax rate	21 %	21 %
Total deferred tax asset – recognised	**1,490**	**855**
Deferred tax liability		
Non-current assets	(3,626)	(615)
Right-of-use assets	(3,245)	(3,356)
Derivatives	(133)	(40)
Financial assets measured at fair value through other comprehensive income	(90)	(60)
Basis for calculation of deferred tax	**(7,094)**	**(4,071)**
Corporate income tax rate	21 %	21 %
Total deferred tax liabilities – recognised	**(1,490)**	**(855)**
Net deferred tax assets/liabilities – recognised	**-**	**-**

Given the low expected future taxable profits, the realisation of deferred tax asset is uncertain. Therefore, if the resulting net position as of the balance sheet date is a deferred tax asset, the Company does not report this asset.

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The unreported deferred tax asset as at 31 December 2024 and 31 December 2023 was calculated as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Compensation for unjust enrichment (Note 20)	298	2,849
Provisions	215	296
Receivables	90	75
Borrowing costs	1,116	1,116
Contractual penalties	176	39
Inventories	95	82
Lease liabilities	87	57
Payables to employees	168	199
Basis for calculation of deferred tax	**2,245**	**4,713**
Corporate income tax rate	21 %	21 %
Deferred tax asset – not recognised	**471**	**990**

Borrowing costs include interest and other costs (in particular exchange rate differences) associated with used financial resources that meet the tax law requirements. It is possible to utilise them in the next years.

The tax effect of movements in temporary differences is calculated as follows:

(CZK million)

	1 Jan 2024	Deferred tax in the statement of profit or loss	Deferred tax in other comprehensive income	31 Dec 2024
Deferred tax asset				
Compensation for unjust enrichment	150	658	-	808
Lease liabilities	705	(23)	-	682
Total deferred tax asset – recognised	**855**	**635**	**-**	**1,490**
Deferred tax liability				
Non-current assets	(129)	(632)	-	(761)
Right-of-use assets	(705)	23	-	(682)
Derivatives	(8)	-	(20)	(28)
Financial assets measured at fair value through other comprehensive income	(13)	-	(6)	(19)
Total deferred tax liability – recognised	**(855)**	**(609)**	**(26)**	**(1,490)**

(CZK million)

	1 Jan 2023	Deferred tax in the statement of profit or loss	Deferred tax in other comprehensive income	31 Dec 2023
Deferred tax asset				
Non-current assets	143	(143)	-	-
Compensation for unjust enrichment	-	150	-	150
Lease liabilities	283	422	-	705
Total deferred tax asset – recognised	**426**	**429**	**-**	**855**
Deferred tax liability				
Non-current assets	-	(129)	-	(129)
Right-of-use assets	(283)	(422)	-	(705)
Derivatives	(136)	3	125	(8)
Financial assets measured at fair value through other comprehensive income	(7)	-	(6)	(13)
Total deferred tax liability – recognised	**(426)**	**(548)**	**119**	**(855)**

13.4. Top-up Tax

The Company falls under the scope of the Act on Top-up Taxes (global minimum tax) with effect since 31 December 2023. The Company meets the conditions of the safe haven rules test, its top-up tax is CZK 0 for 2024.

The Company applies a temporary exception for the recognition and disclosure of the information on the deferred tax relating to pillar two income taxes under IAS 12; for this reason, the calculation of the deferred tax did not take the impact of the top-up tax into account.

14. Property, Plant and Equipment

(CZK million)

	Land	Buildings	Machinery, equipment and other	Vehicles	Components	Assets under construction	Prepayments	Total
Cost								
Balance as at 1 Jan 2023	5,236	9,803	2,530	81,349	14,548	1,168	9,687	124,321
Additions	-	115	36	4,418	3,622	2,043	3,455	13,689
Disposals	(140)	(70)	(36)	(761)	(2,080)	(93)	(1,675)	(4,855)
Reclassification *	(25)	647	58	(294)	430	(408)	-	408
Balance as at 31 Dec 2023	**5,071**	**10,495**	**2,588**	**84,712**	**16,520**	**2,710**	**11,467**	**133,563**
Additions	-	77	84	19,297	4,396	2,433	228	26,515
Disposals	(79)	(186)	(66)	(1,097)	(3,523)	(7)	(5,252)	(10,210)
Reclassification *	(34)	119	64	(214)	1,452	(1,598)	-	(211)
Balance as at 31 Dec 2024	**4,958**	**10,505**	**2,670**	**102,698**	**18,845**	**3,538**	**6,443**	**149,657**
Accumulated depreciation and impairment								
Balance as at 1 Jan 2023	70	5,409	1,928	46,661	6,006	-	-	60,074
Depreciation	-	212	87	2,952	2,370	-	-	5,621
Impairment loss	-	8	-	374	-	-	-	382
Reversal of impairment	(2)	-	-	-	-	-	-	(2)
Disposals	-	(53)	(36)	(446)	(2,071)	-	-	(2,606)
Reclassification *	-	306	-	(3)	3	-	-	306
Balance as at 31 Dec 2023	**68**	**5,882**	**1,979**	**49,538**	**6,308**	**-**	**-**	**63,775**
Depreciation	-	218	89	3,139	2,820	-	-	6,266
Impairment loss	-	-	-	273	-	-	-	273
Reversal of impairment	-	(21)	-	(134)	(9)	-	-	(164)
Disposals	-	(123)	(66)	(1,024)	(2,273)	-	-	(3,486)
Reclassification *	-	(211)	-	-	-	-	-	(211)
Balance as at 31 Dec 2024	**68**	**5,745**	**2,002**	**51,792**	**6,846**	**-**	**-**	**66,453**
Net book value								
Balance as at 1 Jan 2023	5,166	4,394	602	34,688	8,542	1,168	9,687	64,247
Balance as at 31 Dec 2023	5,003	4,613	609	35,174	10,212	2,710	11,467	69,788
Balance as at 31 Dec 2024	4,890	4,760	668	50,906	11,999	3,538	6,443	83,204

* Reclassifications primarily include reclassifications of asset items between individual groups (IAS 16 and IAS 40) and transfer (capitalisation) of items from assets under construction to individual items of property, plant and equipment (Land, Buildings, Machinery, equipment and other, Vehicles).

Strategic spare parts (exchangeable units) with the acquisition cost of CZK 172 million and the net book value of CZK 6 million as at 31 December 2024 are reported in Vehicles (31 December 2023: the acquisition cost of CZK 172 million and the net book value of CZK 13 million). Other spare parts with the net book value of CZK 951 million as at 31 December 2024 are reported in the Components (31 December 2023: CZK 725 million).

The most significant additions include the acquisition and modernisation of railway vehicles as part of the renewal of the Company's rolling stock in the amount of CZK 13,878 million in 2024 (2023: CZK 5,953 million). Due to the long-term nature of acquisition of this type of assets, significant balances are recognised in Assets under construction.

In 2024, the Company paid advances of CZK 307 million for the supply of BEMU 140. In 2023, the Company paid advances of CZK 1,505 million for the supply of 230 km/hour passenger train units and CZK 1,440 million for the supply of the 120 class DMUs.

As at 31 December 2024, the Company recognises grant promises in the amount of CZK 6 million (31 December 2023: CZK 114 million), which are reported in Other assets (Note 22).

Operating lease agreements in which the Company acts as a lessor, and which relate to movable property (primarily rental of vehicles) are described in Note 30.

14.1. Impairment losses recognised in the reporting period

14.1.1. Asset impairment analysis

As at the balance sheet date, the Company's management assessed if there were any indications of impairment of non-financial assets. The Company's management determined the Passenger transport cash-generating unit where the Company's management includes vehicles, primarily railway vehicles (locomotives, passenger train units, other railway vehicles including leased and recognised as Right-of-use assets), other standalone movables used to operate passenger rail transport and the allocated part of corporate assets. This group of assets is tested for potential impairment as one cash-generating unit as it is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of the cash-generating unit was determined as the value in use. Value in use was determined based on the present value of future cash flows per cash-generating unit for the next five years. The five-year period reflects the assumptions for short- to medium-term market development and is used by the management as it allows for better reflection of the planned investment programme than the shorter period. The ČD's management believes that due to the character of the railway transport, it is able to forecast future cash flows over the whole five-year period with sufficient reliability. Cash flows beyond the five-year period have been extrapolated using a steady growth rate. This growth rate is in line with the long-term average growth rate for the sector in which the Company operates (passenger transport).

The calculation of future expected cash flows is based on an estimate of revenues, direct and indirect operating expenses and expenditures for the replacement of fixed assets for the period of 2025-2029. Revenues from the sale of services are projected on the basis of the expected collection of fares and the contracted payments from public service customers (the state and the regions) and compensation for the energy increase. Operating expenses are estimated based on the current structure of the Passenger transport segment and are adjusted for expected development and impact of cost-saving measures in operating and staff costs. Capital expenditure is based on the historical experience of the Company's management, planned development of passenger transport and commitments arising from contracts with public service customers. In general, the projections of the above-mentioned components of expected future cash flows take into account the expected economic development, competition and other market factors, regulation, as well as the Company's strategy.

The discount rate reflects the level of risk specific to the cash-generating unit as assessed by the Company's management. The basis for calculating the discount rate is the weighted average cost of capital (WACC) calculated based on the Capital Asset Pricing Model (CAPM). To calculate the recoverable amount, the cash flows expressed in nominal values were estimated and discounted using a discount rate of 7.14% (2023: 6.98%).

The expected growth rate is derived from the expected future development of the market, gross domestic product, the level of wages and interest rates and the expected economic growth of the country. A growth rate of 3% (2023: 3%) was used to calculate the recoverable amount.

The analysis performed as at 31 December 2024 confirmed that the recoverable amount of the cash-generating unit exceeds its carrying amount by CZK 24,633 million (2023: CZK 57,244 million).

Sensitivity analysis of impairment tests

When testing the recoverable amount of the cash-generating unit, a sensitivity analysis of the test results to changes in the following significant parameters used in the model was performed: the estimated future operating cash flows, the estimated capital expenditures for replacement of fixed assets, the discount rate used for calculating the present value of future cash flows and the growth rate.

31 December 2024	Operating cash flows for perpetuity		Estimated capital expenditures for perpetuity		Discount rate		Growth rate	
Parameter value	CZK 6,332 million		CZK 9,035 million		7.14 %		3.00 %	
	Increase by 10 %	Decrease by 10 %	Decrease by 10 %	Increase by 10 %	Decrease by 50 basis points	Increase by 50 basis points	Increase by 100 basis points	Decrease by 100 basis points
Increase/(decrease) of recoverable amount	12,599	(9,829)	16,062	(16,545)	16,576	(13,108)	33,331	(21,117)
Impairment Yes/No	No	No	No	No	No	No	No	No
Value of impairment	-	-	-	-	-	-	-	-

31 December 2023	Operating cash flows for perpetuity		Estimated capital expenditures for perpetuity		Discount rate		Growth rate	
Parameter value	CZK 6,984 million		CZK 9,544 million		6.98 %		3.00 %	
	Increase by 10 %	Decrease by 10 %	Decrease by 10 %	Increase by 10 %	Decrease by 50 basis points	Increase by 50 basis points	Increase by 100 basis points	Decrease by 100 basis points
Increase/(decrease) of recoverable amount	12,952	(12,952)	17,232	(17,408)	20,905	(16,262)	43,693	(26,134)
Impairment Yes/No	No	No	No	No	No	No	No	No
Value of impairment	-	-	-	-	-	-	-	-

The recoverable amount of the cash-generating unit would equal its carrying value, had the key assumptions been/changed as follows:

31 December 2024	Operating cash flows for perpetuity	Estimated capital expenditures for perpetuity	Discount rate	Growth rate
Parameter value	CZK 6,332 million	CZK 9,035 million	7.14 %	3 %
Parameter value where recoverable amount would equal carrying value	CZK 4,941 million	CZK 10,426 million	8.14 %	1.83 %

31 December 2023	Operating cash flows for perpetuity	Estimated capital expenditures for perpetuity	Discount rate	Growth rate
Parameter value	CZK 6,984 million	CZK 9,544 million	6.98 %	3 %
Parameter value where recoverable amount would equal carrying value	CZK 3,897 million	CZK 12,630 million	9.49 %	(0.12) %

14.1.2. Other impairment losses

Furthermore, based on physical observation and internal analyses, the Company's management identified fixed assets for which significant doubt about their future usability exists. Impairment losses were recognised for these items in the amount of the difference between the carrying value and the estimated recoverable amount. The recoverable amount of the 680 class tilting trains (Pendolino) and the 380 class locomotives was estimated as their fair value less cost to sell. Therefore, the recoverable amount of these railway vehicles was determined regardless of the cash-generating unit to which they belong. The assets belong to the Passenger transport cash-generating unit.

The fair value of the 680 class EMUs was determined on the basis of an expert opinion. The impairment of these EMUs as at 31 December 2024 amounted to CZK 410 million (31 December 2023: CZK 438 million). Movement in impairment in 2024 was due to a reversal of impairment in the amount of CZK 28 million. In 2023, it amounted to CZK 94 million due to the disposal of two damaged carriages in one trainset damaged in 2022 and a reversal of impairment of CZK 28 million.

The market value of the 380 class locomotives is determined on the basis of an expert opinion. The impairment of these locomotives as at 31 December 2024 amounted to CZK 1,478 million (31 December 2023: CZK 1,634 million). In 2024, the 380.004 locomotive was liquidated due to an accident. For this reason, the Company released an allowance of CZK 117 million relating to this locomotive.

Impairment losses are presented in Depreciation, amortisation and impairment in the separate statement of profit or loss.

14.2. Pledged Assets

As at 31 December 2024, the Company records assets pledged to EUROFIMA with the net book value of CZK 14,211 million (31 December 2023: CZK 2,742 million).

15. Investment Property

(CZK million)

	2024	2023
Balance at the beginning of the year	**941**	**938**
Additions from subsequent capitalised expenses	16	93
Depreciation	(31)	(29)
Disposals	(38)	-
Transfers from property, plant and equipment (from IAS 16 to IAS 40)	174	89
Transfers to property, plant and equipment (from IAS 40 to IAS 16)	(165)	(191)
Increase/(decrease) in impairment loss	(8)	41
Balance at the end of the year	**889**	**941**

(CZK million)

	Balance as at 31 Dec 2024	Balance as at 31 Dec 2023	Balance as at 1 Jan 2023
Cost	1,916	1,825	2,139
Accumulated depreciation and impairment	(1,027)	(884)	(1,201)
Net book value	**889**	**941**	**938**

The Company measures Investment property as the percentage of the net book value attributable to the leased part of the property, where at least 1% of its useful area is leased to an external lessee.

The properties are located around the railroads, in train stations and depots of railway vehicles. The Company applies a market approach to determine the fair value of its land and an income approach to determine the fair value of its buildings.

When calculating the fair value of a building, firstly the annual rental income from the building is calculated as a multiple of the size of a property, occupancy as per a particular type of premises and external annual rent as per individual type of premises. Secondly, the fair value of the building is calculated as the annual rental income less the costs incurred on the building during the year and divided by the capitalisation rate for the given location (yield). Yield is updated annually based on an expert opinion and is calculated as the sum of net earned revenues (net rent) divided by the sum of achieved market prices of comparable real estate. To determine the fair value of real estate as at 31 December 2024 and 31 December 2023, depending on the type of real estate and its location, a yield in the range of 6–10% was used.

In respect of land, the fair value is calculated by multiplying the market price for m^2 for the specific locality and the size of the land. The market price for m^2 is determined each year by an expert based on the latest land price maps.

The estimated fair value of Investment property as at 31 December 2024 amounted to CZK 5,266 million (31 December 2023: CZK 7,651 million). Investment property is classified as Level 3 in terms of the method of determining fair value.

Operating lease agreements in which the Company acts as a lessor, and which relate to investment property are described in Note 30. The net book value of leased investment property as at 31 December 2024 is CZK 812 million (31 December 2023: CZK 832 million).

16. Intangible Assets

(CZK million)

	Software	Software licences	Assets under construction	Total
Cost				
Balance as at 1 Jan 2023	1,508	722	66	2,296
Additions	66	2	132	200
Disposals	-	-	-	-
Reclassification	35	-	(35)	-
Balance as at 31 Dec 2023	**1,609**	**724**	**163**	**2,496**
Additions	98	8	45	151
Disposals	-	-	-	-
Reclassification	99	-	(107)	(8)
Balance as at 31 Dec 2024	**1,806**	**732**	**101**	**2,639**
Accumulated amortisation				
Balance as at 1 Jan 2023	1,255	689	-	1,944
Amortisation	182	13	-	195
Disposals	-	-	-	-
Balance as at 31 Dec 2023	**1,437**	**702**	**-**	**2,139**
Amortisation	200	10	-	210
Disposals	-	-	-	-
Balance as at 31 Dec 2024	**1,637**	**712**	**-**	**2,349**
Net book value				
Balance as at 1 Jan 2023	253	33	66	352
Balance as at 31 Dec 2023	172	22	163	357
Balance as at 31 Dec 2024	169	20	101	290

The Company has no internally generated software.

The amortisation costs were reported in Depreciation, amortisation and impairment in the separate statement of profit or loss.

Intangible assets mainly include software called MOPAJ, PARIS, APS, In-karta, POP, UNIPOK, IS OPT and KASO which is used in business activities.

Intangible assets are tested for potential impairment as part of the Passenger transport cash-generating unit (Note 14.1.1).

17. Right-of-use Assets

The Company leases land, administrative premises, railway station buildings, locomotives, cars and equipment. Lease contracts are usually concluded for a defined period (3 to 10 years). Smaller part of the contracts is concluded for an indefinite period (see Note 4.1.3).

(CZK million)

	Land	Premises at railway stations	Administrative buildings	Machinery and equipment	Locomotives	Other vehicles	Total
Cost							
Balance as at 1 Jan 2023	3	354	246	9	1,852	38	2,502
Additions	-	-	165	1	2,324	-	2,490
Disposals	(2)	(2)	(93)	-	-	-	(97)
Change in estimates *	-	43	30	-	-	-	73
Balance as at 31 Dec 2023	**1**	**395**	**348**	**10**	**4,176**	**38**	**4,968**
Additions	-	-	14	-	1,814	1	1,829
Disposals	-	(19)	(35)	(4)	(1,636)	-	(1,694)
Change in estimates *	1	56	31	-	-	-	88
Balance as at 31 Dec 2024	**2**	**432**	**358**	**6**	**4,354**	**39**	**5,191**
Accumulated depreciation and impairment							
Balance as at 1 Jan 2023	1	212	147	5	639	11	1,015
Depreciation	-	31	49	2	595	9	686
Disposals	(1)	-	(88)	-	-	-	(89)
Balance as at 31 Dec 2023	**-**	**243**	**108**	**7**	**1,234**	**20**	**1,612**
Depreciation	-	32	48	1	1,042	10	1,133
Disposals	-	-	(12)	(4)	(733)	-	(749)
Balance as at 31 Dec 2024	**-**	**275**	**144**	**4**	**1,543**	**30**	**1,996**
Net book value							
Balance as at 1 Jan 2023	2	142	99	4	1,213	27	1,487
Balance as at 31 Dec 2023	1	152	240	3	2,942	18	3,356
Balance as at 31 Dec 2024	2	157	214	2	2,811	9	3,195

* Change in estimate primarily represents a change in the estimated lease term of the assets.

In 2024, additions to Locomotives consist mainly of 22 newly leased Vectron locomotives (2023: 12 newly leased Vectron locomotives).

The disposal of locomotives includes the use of options for the purchase of 9 Vectron locomotives with the net book value of CZK 903 million.

Right-of-use assets are tested for potential impairment as part of the Passenger transport cash-generating unit (Note 14.1.1).

The amounts recognised in the separate statement of profit or loss:

(CZK million)

	2024	2023
Depreciation of right-of-use assets	(1,133)	(686)
Interest expense on lease liabilities	(182)	(97)
Expense related to short-term leases	(51)	(52)
Expense related to low-value assets leases	(37)	(33)
Proceeds from sublease of right-of-use assets	104	6

Lease liabilities are disclosed in Note 25.2.

17.1. Sensitivity analysis of right-of-use assets and lease liabilities

When calculating the value of right-of-use assets and lease liability for lease contracts with indefinite lease term, a sensitivity analysis to changes in estimated lease term was performed.

For buildings, a change in estimated lease term by one year with other parameters unchanged would lead to a change in the value of right-of-use assets and lease liabilities by CZK 87 million (2024: CZK 73 million).

← content

18. Investments in Subsidiaries, Associates and Joint Ventures

(CZK million)

	31 Dec 2024	31 Dec 2023
Investments in subsidiaries	11,722	11,722
Investments in associates and joint ventures	111	111
Total	**11,833**	**11,833**

18.1. Information on subsidiaries

(CZK million)

Name of the entity	Principal place of business	Carrying value of investment as at 31 Dec 2024	Carrying value of investment as at 31 Dec 2023
Výzkumný Ústav Železniční, a.s.	Prague	383	383
ČD – Telematika a.s.	Prague	1,936	1,936
DPOV, a.s.	Přerov	434	434
ČD Cargo, a.s.	Prague	8,760	8,760
ČD – Informační Systémy, a.s.	Prague	122	122
Dopravní vzdělávací institut, a.s.	Prague	6	6
ČD travel, s.r.o.	Prague	8	8
ČD Bus a.s.	Vyškov	58	58
RailReal a. s.	Prague	-	-
ČD Restaurant, a.s.	Prague	15	15
Total		**11,722**	**11,722**

Name of the entity	Principal activity	Ownership percentage as at 31 Dec 2024	Ownership percentage as at 31 Dec 2023
Výzkumný Ústav Železniční, a.s.	Research and development in the area of rolling stock	100 %	100 %
ČD – Telematika a.s.	Provision of ITC services	100 %	100 %
DPOV, a.s.	Repairs and renovations of rolling stock	100 %	100 %
ČD Cargo, a.s.	Operations of railway freight transport	100 %	100 %
ČD – Informační Systémy, a.s.	Provision of ITC services	100 %	100 %
Dopravní vzdělávací institut, a.s.	Provision of educational services	100 %	100 %
ČD travel, s.r.o.	Travel agency	51.72 %	51.72 %
ČD Bus a.s.	Operation of bus transport	100 %	100 %
RailReal a.s.	Engineering in investment construction	66 %	66 %
ČD Restaurant, a.s.	Hospitality and real estate activities	100 %	100 %

18.2. Information on associates and joint ventures

(CZK million)

Company name	Principal place of business	Carrying value of investment as at 31 Dec 2024	Carrying value of investment as at 31 Dec 2023
JLV, a.s.	Prague	110	110
Masaryk Station Development, a.s.	Prague	-	-
Smíchov Station Development, a.s. *	Prague	-	-
Žižkov Station Development, a.s. *	Prague	1	1
Total		**111**	**111**

(CZK million)

Name of the entity	Principal activity	Ownership percentage as at 31 Dec 2024	Ownership percentage as at 31 Dec 2023
JLV, a.s.	Catering services	38.79 %	38.79 %
Masaryk Station Development, a.s.	Development of the Masaryk train station	34 %	34 %
Smíchov Station Development, a.s. *	Development of the Smíchov train station	- %	51 %
Žižkov Station Development, a.s. *	Development of the Žižkov train station	51 %	51 %

* In accordance with the Articles of Association of these entities, it is necessary to have at least 52% of all votes to adopt significant resolutions, and it is therefore a joint venture.

On 5 June 2024, the Company transferred all 51 ordinary shares of Smíchov Station Development, a.s., to Sekyra Group, a.s., and has not been the shareholder of Smíchov Station Development, a.s. since that date.

Summary of financial information on associates and joint ventures:

(CZK million)

31 Dec 2024/Year ended31 Dec 2024	Masaryk Station Development, a.s.	JLV, a.s.	Joint Ventures	Total
Total assets	6	458	12	476
of which: non-current assets	*-*	*288*	*11*	*299*
current assets	*6*	*170*	*1*	*177*
Total liabilities	-	105	13	118
of which: non-current liabilities	*-*	*-*	*4*	*4*
current liabilities	*-*	*105*	*9*	*114*
Net assets/(liabilities)	6	353	(1)	358
The Company's share of net assets/(liabilities)	2	137	(1)	138
Total income	4	652	2	658
Profit/(loss) for the period	-	6	-	6
Comprehensive income for the period	-	6	-	6
The Company's share in profit	-	2	-	2

(CZK million)

31 Dec 2023/Year ended 31 Dec 2023	Masaryk Station Development, a.s.	JLV, a.s.	Joint Ventures	Total
Total assets	62	465	11	538
of which: non-current assets	*2*	*297*	*10*	*309*
current assets	*60*	*168*	*1*	*229*
Total liabilities	55	111	16	182
of which: non-current liabilities	*41*	*-*	*4*	*45*
current liabilities	*14*	*111*	*12*	*137*
Net assets/(liabilities)	7	354	(5)	356
The Company's share of net assets/(liabilities)	2	137	(3)	136
Total income	53	599	-	652
Profit/(loss) for the period	(1)	10	-	9
Comprehensive income for the period	(1)	10	-	9
The Company's share in profit	-	4	-	4

19. Inventories

(CZK million)

	31 Dec 2024	31 Dec 2023
Spare parts for machinery and equipment	198	207
Spare parts for rolling stock	2,053	1,986
Fuels, lubricants and other oil products	49	43
Work clothes, work shoes, protective devices	82	83
Other	125	108
Total cost	**2,507**	**2,427**
Impairment of inventories to their net realisable value *	(95)	(82)
Total net book value	**2,412**	**2,345**

* The amount of inventories for which the allowance was accounted for is CZK 242 million as at 31 December 2024 and CZK 237 million as at 31 December 2023.

The amount of inventories recognised as an expense in 2024 was CZK 2,998 million (2023: CZK 2,496 million).

20. Trade Receivables

(CZK million)

31 Dec 2024	Long-term	Short-term	Total
Trade receivables – gross	1,100	2,329	3,429
Expected credit loss allowance	-	(130)	(130)
Trade receivables – net	**1,100**	**2,199**	**3,299**

(CZK million)

31 Dec 2023	Long-term	Short-term	Total
Trade receivables – gross	1,417	1,863	3,280
Expected credit loss allowance	-	(121)	(121)
Trade receivables – net	**1,417**	**1,742**	**3,159**

Movements in the expected credit loss allowance:

(CZK million)

	2024	2023
Allowance as at 1 January	121	142
Charge for the year – trade receivables	22	5
Release of allowance – trade receivables	(13)	(26)
Allowance as at 31 December	**130**	**121**

The increase in short-term receivables is attributable primarily to an increase in receivables from the state and regions arising from the public service obligation.

Since 2017, the Company has billed SŽ the compensation for unjust enrichment resulting from SŽ using the Company's property, mainly land plots under the railway infrastructure. As at 31 December 2024, the Company determined the compensation for 2017 – 2024 in the amount of CZK 4,947 million including VAT based on the expert's opinion (as at 31 December 2023 for 2017-2023 in the amount of CZK 4,242 million including VAT). No agreement has been reached yet on the amount of the compensation, mainly due to a need to pre-notify the transaction by the European Commission. Due to this uncertainty, the Company did not recognise a receivable from this transaction. However, as at 31 December 2024, a receivable to the Company arises from its claim to either collect or get refunded the related VAT amounting to CZK 800 million that was presented in the long-term receivables – gross (as at 31 December 2023: CZK 678 million).

Further information on trade receivables is provided in Note 33.7 Credit risk management.

21. Other Financial Assets

(CZK million)

	31 Dec 2024	31 Dec 2023
Equity investments at fair value through other comprehensive income *	357	327
Finance lease receivables	78	78
Hedging derivatives *	122	45
Loans within the ČD Group	58	58
Restricted cash	62	56
Total non-current financial assets	**677**	**564**
Hedging derivatives *	193	239
Group cash pooling	224	202
Receivables from damages and losses	32	82
Loans within the ČD Group	128	-
Restricted cash	117	507
Other	44	41
Total current financial assets	**738**	**1,071**
Total	**1,415**	**1,635**

* Hedging derivatives and equity investments at fair value through other comprehensive income are measured at fair value; other financial assets are measured at amortised cost.

The Company classified the below equity securities as equity investments at fair value through other comprehensive income because the investment is expected to be held for strategic purposes rather than for income from resale, and there are no plans to sell this investment in the short to medium term.

(CZK million)

	Fair value at 31 Dec 2024	Fair value at 31 Dec 2023	Dividends reported in 2024	Dividends reported in 2023
EUROFIMA	353	323	3	1
Hit Rail B.V.	4	4	-	-
Total	**357**	**327**	**3**	**1**

During 2024, the Company sold no strategic investments and there were no transfers of accumulated profits or losses within equity in relation to these investments.

Restricted cash includes cash that the Company is obliged to have deposited in special bank accounts, and which can be disposed only once the conditions with which they are connected have been met. These are funds that relate mainly to grants from the European Union or the ministries and that cash can be used only in line with the grant conditions and for the acquisition of specific grant-related assets or technical improvement on these assets.

Movements in the expected credit loss allowance:

(CZK million)

	2024	2023
Allowance as at 1 January	8	22
Creation of allowance – other financial assets	1	1
Release of allowance – other financial assets	(3)	(15)
Expected credit loss allowance as at 31 December	**6**	**8**

Further information on Other financial assets is provided in Note 33.7 Credit risk management.

21.1. Finance lease receivables

The Company leased the station building at the Brno - main railway station in the form of a finance lease.

Maturity analysis of future lease payments:

(CZK million)

	31 Dec 2024	31 Dec 2023
1st year	23	22
2nd year	23	22
3rd year	23	22
4th year	23	22
5th year	23	22
Over 5 years	427	436
Undiscounted lease payments	**542**	**546**
Less: unrealised financial income	(462)	(466)
Present value of lease payments	**80**	**80**
Expected credit loss allowance	(2)	(2)
Net investment in lease	**78**	**78**
In the separate statement of financial position as:		
Other current financial assets	*-*	*-*
Other non-current financial assets	*78*	*78*
Total	**78**	**78**

The amounts recognised in the separate statement of profit or loss:

(CZK million)

	2024	2023
Net income from finance lease investments	23	22

The Company uses a simplified approach in accordance with IFRS 9 to measure expected credit losses, which allows recognition of expected loss allowance over the useful life of all finance lease receivables.

The Company is not exposed to currency risk as a result of lease arrangements as the leases are denominated in CZK.

Further information on finance lease receivables is provided in Note 33.7 Credit risk management.

22. Other Assets

(CZK million)

	31 Dec 2024	31 Dec 2023
Total non-current	**8**	**31**
Prepayments provided	85	77
Tax assets – VAT	410	374
Tax assets – other (except for taxes on corporate income)	8	7
Prepaid expenses	60	79
Grants	6	114
Other	6	40
Total current	**575**	**691**
Total	**583**	**722**

Grants represent investment grants.

23. Cash and Cash Equivalents

Cash and cash equivalents are measured at amortised cost in the separate statement of financial position. The Company expects immaterial credit losses on these items due to the high credit quality of cash deposits held with reputable financial institutions with a high investment credit rating with which the Company cooperates on the basis of long-term and stable relationships.

For the purposes of the separate cash flow statement, cash includes cash on hand, cash in bank accounts and depository bills. The cash at the end of the reporting periods recognised in the separate cash flow statement can be reconciled with the relevant items in the separate statement of financial position as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Cash and cash in transit	47	64
Bank accounts *	6,598	5,499
Depository bills	-	247
Total	**6,645**	**5,810**

* Bank rating analysis is provided in Note 33.7.

24. Equity

24.1. Share Capital

The Company's share capital is composed of the investment made by the Czech Republic as the sole shareholder, represented by the Ministry of Transport of the Czech Republic. As at 31 December 2024 and 31 December 2023, the share capital consisted of 20 ordinary registered shares with a nominal value of CZK 1 billion. The shares are placed with the shareholder's representative, the Ministry of Transport, and are transferable only subject to the prior consent of the Government of the Czech Republic. All the shares are fully paid. There were no changes in the share capital during 2024.

Each shareholder is entitled to attend and vote at the General Meeting. It has the right to request and receive explanations on matters concerning the Company or its controlled entities. The voting right is associated with the share and is governed by its nominal value, so for every CZK 1 billion of the nominal value of the share, there is one vote. When a shareholder is the state, it exercises the rights of the Company's shareholder in accordance with the law through the Steering Committee.

24.2. Other capital reserves

(CZK million)

	31 Dec 2024	31 Dec 2023
Share premium	16,440	16,440
Reserve fund	209	116
Cash flow hedging reserve	179	208
Costs of hedging reserve	(74)	(102)
Revaluation of investments to equity instruments at fair value through other comprehensive income	71	68
Actuarial remeasurements of defined benefit obligations	117	97
Total	**16,942**	**16,827**

24.2.1. Share premium

The share premium represents the difference between the nominal value of the shares and the non-monetary contribution at the establishment of the Company, by which the issue price of the shares was paid.

The amount of share premium, which was thus determined during the transition to accounting in accordance with the IFRS Accounting Standards as adopted by the EU is CZK 16,440 million as at 31 December 2024 and 31 December 2023.

24.2.2. Reserve fund

(CZK million)

	2024	2023
Balance at the beginning of the year	116	116
Allocation to the reserve fund	93	-
Balance at the year-end	**209**	**116**

Allocations to the reserve fund are made in accordance with the Articles of Association of the Company. The reserve fund may only be used to cover losses.

24.2.3. Cash flow hedging reserve

(CZK million)

	2024	2023
Balance at the beginning of the year	208	812
Revaluation gain/(loss)	(16)	(634)
Reclassification to profit or loss	119	(109)
Total change in the cash flow hedging reserve	**103**	**(743)**
Related deferred income tax	(22)	139
Reclassification of deferred tax	(110)	-
Balance at the year-end	**179**	**208**

The cash flow hedging reserve includes accumulated gains and losses from the effective hedging of cash flows. The accumulated deferred gain or loss from hedging derivatives is reclassified to the profit or loss only when a hedging transaction affects the profit or loss or is included in the hedged non-financial item as an adjustment to the carrying value in accordance with the relevant accounting policies.

Gains and losses reclassified from equity during the year are presented in Finance costs in the separate statement of profit or loss.

Reclassifications from cash flow hedging reserve to profit or loss for each of the risk exposures:

(CZK million)

Cross-currency interest rate swaps – hedging of bond funding in EUR with fixed rate	2024	2023
Balance at the beginning of the year	219	678
Change in fair value of hedging derivatives	(89)	(536)
Reclassification to profit or loss	168	(28)
Related deferred income tax – change	(17)	105
Reclassification of deferred tax	(110)	-
Balance at the year-end	**171**	**219**

(CZK million)

Interest rate swaps - securing loans with a variable rate	2024	2023
Balance at the beginning of the year	(11)	134
Change in fair value of hedging derivatives	73	(98)
Reclassification to profit or loss	(49)	(81)
Related deferred income tax – change	(5)	34
Balance at the year-end	**8**	**(11)**

24.2.4. Costs of hedging reserve

Costs of hedging represent accumulated gains and losses from changes in fair value excluded from hedging instruments related to the currency base margin of cross-currency interest rate swaps.

The Company has assessed that the separate currency base margin relates to a period of time, not to a specific transaction. Therefore, the Company systematically amortises costs of hedging through profit or loss over the duration of the hedging relationship to the extent they are associated with the hedged item.

(CZK million)

	2024	2023
Balance at the beginning of the year	(102)	(171)
Reclassification to profit or loss	(18)	(4)
Change of fair value in costs of hedging	8	87
Related deferred income tax	2	(14)
Reclassification of deferred tax	36	-
Balance at the year-end	**(74)**	**(102)**

Additional information regarding derivatives and hedging accounting is provided in Note 33.

24.2.5. Revaluation of investments to equity instruments at fair value through other comprehensive income

Revaluation of investments to equity instruments at fair value through other comprehensive income includes the accumulated net change in fair value of equity instruments revalued through other comprehensive income, after deducting accumulated gains/(losses) transferred to retained earnings on derecognition.

(CZK million)

	2024	2023
Balance at the beginning of the year	68	51
Revaluation	30	8
Expected credit losses	-	15
Related deferred income tax	(6)	(6)
Reclassification of deferred tax	(21)	-
Balance at the year-end	**71**	**68**

25. Loans, Borrowings and Lease Liabilities

(CZK million)

	31 Dec 2024	31 Dec 2023
Bank loans	998	1,016
Loan from EUROFIMA	397	290
Lease liabilities	851	1,514
Group cash pooling	802	641
Bonds issued	556	1,064
Total short-term	**3,604**	**4,525**
Bank loans	5,329	6,309
Loan from EUROFIMA	15,896	11,321
Lease liabilities	2,481	1,899
Bonds issued	38,736	30,183
Total long-term	**62,442**	**49,712**
Total	**66,046**	**54,237**

Portions of long-term loans, bonds, borrowings and lease liabilities that are repayable in a period shorter than one year from the date of the Separate Financial Statements are presented as short-term loans, borrowings and lease liabilities.

The Company did not breach any terms of the loan agreements in 2024 or 2023.

25.1. Bonds issued

Issue date	Nominal value	Due date	Publicly traded	Coupon	Carrying value as at 31 Dec 2024 in CZK million	Carrying value as at 31 Dec 2023 in CZK million
05 Nov 2014	EUR 30 million	5 Nov 2024	No	2.875 %	-	743
05 Nov 2014	EUR 150 million	5 Nov 2029	No	3.50 %	3,783	3,711
03 June 2015	EUR 77.5 million	3 June 2035	No	3.00 %	1,981	1,944
23 May 2019	EUR 500 million	23 May 2026	Yes	1.50 %	12,665	12,404
12 Oct 2022	EUR 500 million	12 Oct 2027	Yes	5.625 %	12,697	12,445
24 June 2024	CZK 8,001 million	24 June 2029	Yes	5.50 %	8,166	-
Total					**39,292**	**31,247**
- of which short-term					556	*1,064*
- of which long-term					38,736	*30,183*

The Company did not breach any terms or conditions valid for the issued bonds in 2024 or 2023.

Bondholders could request early repayment of bonds within 90 days once the state's share in the Company falls below 75% or the Company's share in the segments of passenger or freight transport falls under 50% and, at the same time, the Company's rating falls below the investment grade.

25.2. Lease liabilities

The Company recognised lease liabilities as follows:

(CZK million)

	31 Dec 2024	31 Dec 2023
Short-term lease liabilities	851	1,514
Long-term lease liabilities	2,480	1,899
Total lease liabilities	**3,332**	**3,413**

Expenses relating to short-term leases and low-value asset leases, that are not included in the above short-term lease liabilities, are reported in Cost of services, raw materials and energy in the separate statement of profit or loss (see Note 7).

Total cash outflows related to leases amounted to CZK 2,176 million in 2024 and CZK 872 million in 2023.

The information on right-of-use assets is disclosed in Note 17.

The Company is not exposed to significant liquidity risk with respect to lease liabilities. The analysis of the maturity of lease liabilities is disclosed in Note 33.8.1.

25.3. Bank loans

(CZK million)

Bank	Nominal value	Due date	Interest rates	Carrying value as at 31 Dec 2024	Carrying value as at 31 Dec 2023
UniCredit Bank	1,000	29 March 2029	Variable	651	802
Raiffeisenbank	500	29 December 2028	Variable	286	357
Všeobecná úverová banka	500	29 December 2028	Variable	308	385
UniCredit Bank	1,000	29 March 2029	Fixed	1,000	1,000
UniCredit Bank	1,000	29 March 2029	Variable	1,000	1,001
UniCredit Bank	1,000	29 March 2029	Variable	651	802
Raiffeisenbank	1,000	29 December 2028	Variable	571	715
Raiffeisenbank	1,100	29 December 2028	Variable	628	786
Všeobecná úverová banka	500	29 June 2029	Variable	322	393
Všeobecná úverová banka	900	29 June 2029	Variable	579	707
Evropská investiční banka	377	8 December 2031	Fixed	331	377
Total	8,877			6,327	7,325
- of which short-term				*998*	*1,016*
- of which long-term				*5,329*	*6,309*

Bank loans are not collateralised.

25.4. Loan from EUROFIMA

The Company drew a loan from EUROFIMA in which it owns 1% (Note 32), in the following 4 tranches:

(CZK million)

	Nominal value	Due date	Interest rates	Carrying value as at 31 Dec 2024	Carrying value as at 31 Dec 2023
1st tranche	CZK 6,903 million	30 March 2033	Fixed	7,147	7,146
2nd tranche	EUR 70 million	30 March 2033	Fixed	1,808	1,767
3rd tranche	CZK 2,687 million	30 March 2033	Fixed	2,777	2,698
4th tranche	CZK 4,543 million	31 May 2035	Fixed	4,561	-
Total				16,293	11,611
- of which short-term				*397*	*290*
- of which long-term				*15,896*	*11,321*

Loan from EUROFIMA are collateralised by pledge contracts for the financed assets.

25.5. Changes in liabilities from financing activities

Changes in liabilities from financing activities including changes arising from cash flows and non-cash changes are disclosed in the following table:

(CZK million)

	Short-term bank loans	Long-term bank loans	Lease liabilities – short-term	Lease liabilities – long-term	Loan from EUROFIMA – short-term	Loan from EUROFIMA – long-term	Group cash pooling	Issued bonds – short-term	Issued bonds – long-term	Total
Note	25	25	25	25	25	25	25	25	25	25
Liabilities from financing as at 1 Jan 2023	**975**	**6,913**	**340**	**1,154**	**-**	**-**	**221**	**10,060**	**30,106**	**49,769**
Cash flows from financing activities	(934)	377	(690)	-	-	11,242	420	(9,438)	-	977
Use of loans and borrowings	*-*	*377*	*-*	*-*	*-*	*11,242*	*420*	*-*	*-*	*12,039*
Repayments of loans and borrowings	*(934)*	*-*	*-*	*-*	*-*	*-*	*-*	*(9,438)*	*-*	*(10,372)*
Repayment of principal of lease liabilities	*-*	*-*	*(690)*	*-*	*-*	*-*	*-*	*-*	*-*	*(690)*
Effect of exchange rate changes	-	-	25	28	-	79	-	(185)	770	717
Reclassification *	970	(970)	687	(687)	290	(290)	-	725	(725)	-
Additions to new leases and change in estimates	-	-	1,151	1,403	-	-	-	-	-	2,554
Accrued interest	86	489	43	54	-	290	29	170	1,003	2,164
Interest paid (cash flows from operating activities) **	(81)	(500)	(42)	(53)	-	-	(29)	(213)	(839)	(1,757)
Capitalised interest paid (cash flows from investment activities)	-	-	-	-	-	-	-	(62)	(133)	(195)
Other non-cash movements	-	-	-	-	-	-	-	7	1	8
Liabilities from financing as at 31 Dec 2023	**1,016**	**6,309**	**1,514**	**1,899**	**290**	**11,321**	**641**	**1,064**	**30,183**	**54,237**
Cash flows from financing activities	(981)	-	(1,906)	-	-	4,543	161	(760)	7,951	9,008
Use of loans and borrowings	*-*	*-*	*-*	*-*	*-*	*4,543*	*161*	*-*	*7,951*	*12,655*
Repayments of loans and borrowings	*(981)*	*-*	*-*	*-*	*-*	*-*	*-*	*(760)*	*-*	*(1,741)*
Repayment of principal of lease liabilities	*-*	*-*	*(1,906)*	*-*	*-*	*-*	*-*	*-*	*-*	*(1,906)*
Effect of exchange rate changes	-	-	5	42	-	36	-	28	565	676
Reclassification *	970	(970)	821	(821)	107	(107)	-	-	-	-
Additions to new leases and change in estimates	-	-	417	1,362	-	-	-	-	-	1,779
Accrued interest	63	361	46	136	-	502	40	320	1,064	2,532
Interest paid (cash flows from operating activities) **	(70)	(371)	(46)	(137)	-	(337)	(40)	(34)	(784)	(1,819)
Capitalised interest paid (cash flows from investment activities)	-	-	-	-	-	-	-	(62)	(293)	(355)
Other non-cash movements	-	-	-	-	-	(62)	-	-	50	(12)
Liabilities from financing as at 31 Dec 2024	**998**	**5,329**	**851**	**2,481**	**397**	**15,896**	**802**	**556**	**38,736**	**66,046**

* Loans and borrowings classified in the previous period as long-term, which became short-term in the current period.

** Interest paid line in the separate cash flow statement for the year 2024 also includes cash flows from securing interest payments in the amount of CZK 175 million (2023: CZK 148 million).

26. Provisions

(CZK million)

	Balance as at 1 Jan 2023	Creation	Use	Release of unused part	Balance as at 31 Dec 2023	Creation	Use	Release of unused part	Balance as at 31 Dec 2024
Provision for legal disputes	1,002	-	-	-	1,002	-	809	193	-
- out of which: long-term part	-				-				-
Provision for post-employment benefits	37	103	7	-	133	1	10	-	124
- of which: long-term part	27				102				94
Provision for other long-term employee benefits	123	73	79	-	117	82	83	-	116
- of which: long-term part	42				38				37
Provision for onerous contracts	840	30	144	610	116	77	116	-	77
- out of which: long-term part	427				11				73
Provision for penalties	463	14	8	455	14	20	11	3	20
- of which: long-term part	-				-				-
Total provisions	2,465	220	238	1,065	1,382	180	1,029	196	337
- Long-term	497				151				204
- Short-term	1,969				1,231				133

26.1. Provision for legal disputes

The Company recognises a provision for legal disputes according to the anticipated results of all ongoing legal disputes and the related probable cash outflows from the Company.

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

In June 2016, the European Commission performed a local investigation at the headquarters of ČD based on suspicion of the cartel agreement made for the mutual sale of railway vehicles. The EC investigates if ČD, ÖBB (The Austrian Federal Railways) and possibly also ZSSK (The Railway Company of Slovakia) have concluded a prohibited agreement to limit sales of disposed rolling stock to restrict the entrance of new carriers to the market (against Article 101 of the Treaty on the Functioning of the European Union (the "TFEU")). ČD denies that it entered into a cartel agreement.

In June 2022, ČD and ÖBB received a statement of objections from the EC regarding the alleged cartel agreement for the sale of disposed railway vehicles. The statement of objections is a procedural step in the ongoing proceedings, which does not prejudge final conclusions and the EC's decision on this case. ČD prepared and sent a reply to this statement of objections and subsequently presented its arguments at the oral hearing.

Based on the amount of revenues to which the potential infringement related, the estimated duration of the potential infringement and the opinion of external advisors on the estimated percentage applied to the relevant revenues, the provision of CZK 1,000 million was recorded as at 31 December 2021, which corresponded to the estimated costs to settle the fine for the alleged infringement and related expenses.

On 12 September 2024, the EC and ČD held the "State of Play" meeting where the EC communicated that it stuck to its conclusions from the statement of reservations, i.e. it sees the proven existence of a prohibited horizontal agreement (hardcore cartel) between ČD and ÖBB between 2012 and 2016.

On 23 October 2024, ČD was delivered a resolution on a fine when ČD was imposed a fine by the EC in the amount of EUR 31.94 million (CZK 809 million). The provision was used in this amount and settled with the fine; the remaining amount up to CZK 1,000 million was released.

A legal action was filed at the Court of Justice of the EU against the resolution which does not have a suspensive effect, and the fine will be paid as stated above. The legal action aims at the cancellation of the fine, or its significant decrease.

For the time being, ČD does not expect to be obliged to pay compensation of damage to third parties regarding these proceedings. The Group's management will seek to prove that ČD has not breached Article 101 TFEU. ČD's intention is to vigorously defend itself in this matter, including all available ways of disapproval of the resolution of the EC binding ČD for performance.

Information on other legal disputes is disclosed in Note 32.1.

26.2. Provisions for employee benefits

The provision for post-employment benefits represents an employee's entitlement to a financial contribution upon retirement. The provision for other long-term employee benefits represents the employees' entitlement to a financial contribution upon reaching a jubilee and to the payment of medical expenses, including compensation of wages during curative and rehabilitation stays. In calculating these provisions, the Company used an actuarial model based on current employee data (number of employees, date of old-age pension, average salary, amount of financial contribution), expected parameters determined with the Company's qualified estimate (expected fluctuation, salary increase) and publicly available statistical data (expected inflation rate of 2%, probability of death and disability according to data from the Czech Statistical Office). The change in the provision related to retirement benefits caused by the change in these parameters is reported as actuarial gains (losses) in the separate statement of other comprehensive income. The change in the provision for other benefits is recognised in the separate statement of profit or loss. Cash flows are discounted to present value using a discount rate derived from the rate of return on 10-year government bonds.

26.3. Provision for onerous contracts

As at 31 December 2024, the Company created a provision for onerous contracts in the amount of CZK 77 million (31 December 2023: CZK 116 million). The provision is recognised for contracts concluded with the regions where the unavoidable costs of fulfilling the obligation stipulated in the contracts exceed the economic benefits that are expected to be accepted on the basis of these contracts. As the assets used to perform these contracts are not exclusively attributable to the contracts, no impairment is recognised for these assets in accordance with IAS 36.

26.4. Other provisions

In Other provisions, the provision for compensation for damage caused by a fire of cables at the Bohumín train station, which was created in the amount of the estimated damage, was derecognised in 2023.

27. Other Financial Liabilities

(CZK million)

	31 Dec 2024	31 Dec 2023
Financial derivatives * (see Note 33.2)	566	991
Other	170	192
Total non-current	**736**	**1,183**
Financial derivatives * (see Note 33.2)	408	481
Other	46	60
Total current	**454**	**541**
Total	**1,190**	**1,724**

* Financial derivatives are stated at fair value, other financial liabilities are stated at amortised cost.

Other long-term financial liabilities represent liabilities to the lessees of property at the Masaryk and Brno train stations in connection with technical improvements on leased property performed by lessees.

28. Other Liabilities and Contract Liabilities

(CZK million)

	31 Dec 2024	31 Dec 2023
Total non-current	**5**	**56**
Advances received	4	4
Payables to employees	939	1,080
Liabilities for social security and health insurance	314	349
Tax liabilities – tax withheld from employees	75	61
Contract liabilities (Note 5.2)	272	272
Refund liabilities (Note 5.2)	336	527
Other	954	485
Total current	**2,894**	**2,778**
Total	**2,899**	**2,834**

Other non-current liabilities as at 31 December 2024 include the investment grants in the total amount of CZK 5 million (31 December 2023: CZK 56 million) for equipping prototypes with the European Train Control System (ETCS).

The Other item in Other current liabilities as at 31 December 2024 includes a fine under the resolution of the European Commission in the amount of EUR 31.94 million (CZK 809 million) relating to the alleged cartel agreement with ÖBB (Note 26.1.1.) due in January 2025. In addition, this item includes investment subsidies totalling CZK 76 million as at 31 December 2024 (31 December 2023: CZK 357 million).

The Company has no payables to taxation authorities, social security authorities or health insurers past their due dates.

29. Related Parties

29.1. Income from subsidiaries and associates

(CZK million)

2024	Commission on inventory sales	Sales of services	Dividends	Other income *	Total
ČD – Telematika a.s.	-	4	189	-	193
Výzkumný Ústav Železniční, a.s.	-	9	275	-	284
DPOV, a.s.	32	16	-	16	64
ČD Cargo, a.s.	8	308	-	1	317
ČD – Informační Systémy, a.s.	-	16	-	13	29
Dopravní vzdělávací institut, a.s.	-	9	2	-	11
ČD travel, s.r.o.	-	1	-	-	1
ČD Bus a.s.	-	12	-	5	17
JLV, a.s.	-	2	3	-	5
Total	40	377	469	35	921

* Including finance income.

(CZK million)

2023	Commission on inventory sales	Sales of services	Dividends	Other income *	Total
ČD – Telematika a.s.	-	3	65	-	68
Výzkumný Ústav Železniční, a.s.	-	6	271	-	277
DPOV, a.s.	30	31	-	23	84
ČD Cargo, a.s.	16	218	19	10	263
ČD – Informační Systémy, a.s.	-	16	-	14	30
Dopravní vzdělávací institut, a.s.	-	9	1	-	10
ČD travel, s.r.o.	-	2	-	-	2
ČD Bus a.s.	-	7	-	-	7
JLV, a.s.	-	2	3	1	6
Total	46	294	359	48	747

* Including finance income.

29.2. Purchases from subsidiaries and associates

(CZK million)

2024	Purchase of material	Services	Other expenses *	Total
ČD – Telematika a.s.	8	204	18	230
Výzkumný Ústav Železniční, a.s.	-	1	19	20
DPOV, a.s.	1	110	-	111
ČD Cargo, a.s.	2	35	2	39
ČD – Informační Systémy, a.s.	5	325	-	330
JLV, a.s.	-	260	-	260
Dopravní vzdělávací institut, a.s.	-	84	1	85
ODP-software, spol. s r.o.	1	20	-	21
ČD relax s.r.o.	-	30	-	30
ČD Bus a.s.	-	1,256	-	1,256
CHAPS spol. s r.o.	-	5	-	5
Total	**17**	**2,330**	**40**	**2,387**

* Including finance expenses.

(CZK million)

2023	Purchase of material	Services	Other expenses *	Total
ČD – Telematika a.s.	15	106	7	128
Výzkumný Ústav Železniční, a.s.	-	4	20	24
DPOV, a.s.	1	184	-	185
ČD Cargo, a.s.	3	32	5	40
ČD – Informační Systémy, a.s.	4	297	-	301
JLV, a.s.	-	242	-	242
Dopravní vzdělávací institut, a.s.	-	76	1	77
ODP-software, spol. s r.o.	-	15	-	15
ČD relax s.r.o.	-	27	-	27
ČD Bus a.s.	-	512	-	512
CHAPS spol. s r.o.	-	5	-	5
Total	**23**	**1,500**	**33**	**1,556**

* Including finance expenses.

Subsidiaries and associates use services provided by the Company under the conditions applicable to other customers. On the expense side, the Company purchases services and materials from subsidiaries and associates under the same conditions as other customers.

29.3. Purchases and sales of intangible and tangible non-current assets from/to subsidiaries and associates

(CZK million)

Sales	Tangible non-current assets 2024	Tangible non-current assets 2023
ČD – Telematika a.s.	-	5
ČD Cargo, a.s.	212	306
Total	**212**	**311**

(CZK million)

Purchases	Intangible non-current assets 2024	Tangible non-current assets 2024	Intangible non-current assets 2023	Tangible non-current assets 2023
ČD – Telematika a.s.	-	895	-	743
DPOV, a.s.	-	1,570	-	1,603
ODP-software, spol. s r.o.	-	-	4	-
ČD – Informační Systémy, a.s.	114	34	162	25
Tramex Rail s.r.o.	-	2	-	9
Total	**114**	**2,501**	**166**	**2,380**

Purchases of non-current assets from DPOV, a.s. include purchases of rolling stock components – major periodical repairs. Purchases of fixed assets from ČD – Telematika a.s. primarily include an installation of ETCS into selected locomotives and electric units.

29.4. Trade receivables and trade payables with subsidiaries and associates at the end of the reporting period

(CZK million)

31 Dec 2024	Receivables	Payables
ČD – Telematika a.s.	249	265
Výzkumný Ústav Železniční, a.s.	3	-
DPOV, a.s.	32	288
ČD Cargo, a.s.	255	5
JLV, a.s.	-	52
ČD – Informační Systémy, a.s.	5	155
Dopravní vzdělávací institut, a.s.	2	8
ČD travel, s.r.o.	1	6
ODP-software, spol. s r.o.	-	6
CHAPS spol. s r.o.	-	2
ČD Bus a.s.	3	187
Total	550	974

(CZK million)

31 Dec 2023	Receivables	Payables
ČD – Telematika a.s.	464	138
Výzkumný Ústav Železniční, a.s.	2	-
DPOV, a.s.	21	283
ČD Cargo, a.s.	260	5
JLV, a.s.	-	50
ČD – Informační Systémy, a.s.	5	117
Dopravní vzdělávací institut, a.s.	2	6
ČD travel, s.r.o.	1	2
ODP-software, spol. s r.o.	-	11
CHAPS spol. s r.o.	-	2
ČD Bus a.s.	4	76
Total	759	690

← content

Outstanding balances are not secured and will be paid by bank transfers. No guarantees were given or accepted. Receivables are usually due within 30 days, payables within 45 days. In terms of IFRS 9, impairment losses on related parties' receivables were assessed as immaterial.

29.5. Capital commitments

As at the date of the Separate Financial Statements, the Company concluded contracts with related parties for the purchase of property, plant and equipment:

(CZK million)

	31 Dec 2024	31 Dec 2023
ČD – Telematika a.s.	1,477	1,817
DPOV, a.s.	544	465
ČD – Informační Systémy, a.s.	52	51
ODP-software, spol. s r.o.	1	-
Total	**2,074**	**2,333**

The contracts with ČD-Telematica mainly represent the purchase of ETCS systems.

29.6. Loans to related parties

(CZK million)

Counterparty	Amount of loan provided	Date of loan	Maturity	Interest rate	Carrying value as at 31 Dec 2024	Carrying value as at 31 Dec 2023
ČD – Informační Systémy, a.s.	400	27 Sept 2017	27 Sept 2027	3M PRIBOR plus margin	58	58
ČD – Informační Systémy, a.s.	50	14 Sept 2024	14 March 2025	fixed	50	-
ČD Bus a.s.	68	11 July 2024	13 Jan 2025	fixed	68	-
ČD Bus a.s.	10	18 Nov 2024	13 Jan 2025	fixed	10	-
Total					**186**	**58**

Loans to related parties are not collateralised.

← content

29.7. Receivables and payables from cash pooling

(CZK million)

Counterparty	Limit as at 31 Dec 2024	Date of involvement	Interest rate	Receivables		Payables	
				Carrying value as at 31 Dec 2024	Carrying value as at 31 Dec 2023	Carrying value as at 31 Dec 2024	Carrying value as at 31 Dec 2023
ČD Cargo, a.s.	300	29 May 2013	O/N PRIBOR plus margin	-	-	3	3
DPOV, a. s.	300	1 August 2013	O/N PRIBOR plus margin	145	144	-	-
Výzkumný Ústav Železniční, a.s.	60	1 July 2013	O/N PRIBOR plus margin	-	-	443	371
ČD – Telematika a.s.	50	20 Sept 2013	O/N PRIBOR plus margin	-	-	342	250
ČD – Informační Systémy, a.s.	100	1 August 2013	O/N PRIBOR plus margin	79	58	-	-
Dopravní vzdělávací institut, a.s.	5	3 July 2017	O/N PRIBOR plus margin	-	-	14	17
ČD Bus a.s.	10	3 April 2023	O/N PRIBOR plus margin	-	-	-	-
Total	805			224	202	802	641

Receivables and payables from cash pooling are not collateralised.

29.8. Key management members compensation

The following employee benefits were paid to key management members during the year:

(CZK million)

2024	Board of Directors	Supervisory Board	Steering Committee
Remuneration of members of statutory bodies	28	5	-
Other short-term employee benefits	6	2	-
Total	34	6	-
Number of key management members	5	8	7

(CZK million)

2023	Board of Directors	Supervisory Board	Steering Committee
Remuneration of members of statutory bodies	26	3	-
Other short-term employee benefits	5	1	-
Total	31	4	-
Number of key management members	5	6	6

29.9. Relationships with companies controlled by the state

The Company is wholly owned and controlled by the state of the Czech Republic. In accordance with the exception in IAS 24 Related Party Disclosures, the Company does not disclose quantitative information about individually immaterial transactions with the government and companies controlled or jointly controlled by the government or in which the government has significant influence. Individually material transactions with these companies that the Company has managed to identify are payments of public service obligations (the regions and the Ministry of Transport) and transactions with the state organisation SŽ.

Payments of public service obligation

The cost risk is associated with the costs that the carrier must incur in order to ensure the operation of public transport requested by the customer. The cost risk is primarily about a risk of operating costs, which from the carrier's point of view could be understood as a risk that the costs calculated by the carrier in the offer of public transport submitted to the customer would differ from the costs actually incurred by the carrier during contract performance. Operating cost risks can be both external, which the carrier is unable to influence (such as rising fuel prices, changes in spare parts prices, additional costs due to traffic closures and emergencies, changes in legislation and tax regulations, etc.) and internal, which the carrier could influence (e.g. proper maintenance of a fleet, effective setting of internal processes, wage levels, etc.).

The revenue risk corresponds to a risk of sales to passengers and can be understood as a risk that sales expected before entering a contract would differ from sales actually achieved by the carrier for the duration of a contract. A key component of the revenue risk is the risk of passenger demand for transport services provided by the carrier.

With regard to the risk allocation method, the Company enters into contracts with the customers of public transport in the "gross" and "net" regimes. Gross regime contracts have cost risks and opportunities shared between the carrier and the customer; revenue risks and opportunities remain solely on the customer's side. Net regime contracts have cost and revenue risks and opportunities shared between the carrier and the customer. The customer bears the risks and opportunities for the amount of integrated transport system (IDS) sales, which the carrier cannot influence, and the carrier bears the risks and opportunities for other sales. Unless a contract refers to the application of the IDS tariff, all risks and sales opportunities are borne by the carrier. All contracts with the Ministry of Transport are in the net regime.

(CZK million)

Revenue and compensation	Counterparty	2024	2023
Rental income	SŽ	63	30
Payment for substitute bus service *	SŽ	1,061	470
Other revenue	SŽ	177	79
Proceeds from the traction energy recovery	SŽ	193	106
Payments from public service customers – the state budget	state – MT	5,388	4,991
Compensation of 50% discount fares	state – MT	1,644	1,690
Payments from public service customers from the regional budgets – "gross" contracts	regions	7,068	5,246
Payments from public service customers from the regional budgets – "net" contracts	regions	8,339	8,278

* This compensation is offset by the costs of substitute bus services. Substitute bus services in Note 7 are presented net after this offset.

(CZK million)

Expenses	Counterparty	2024	2023
Use of the railway route and allocated railway capacity	SŽ	1,869	1,804
Consumption of electric traction energy	SŽ	3,054	2,444
Other costs	SŽ	85	113
Diesel and light heating oils	ČEPRO	1,355	1,314
Other energies	SŽ	191	193

(CZK million)

Receivables	Counterparty	31 Dec 2024	31 Dec 2023
Substitute bus services reimbursement	SŽ	181	184
Compensation for unjust enrichment (Note 20)	SŽ	800	678
Revenues from the lease of real estate	SŽ	-	2
Compensation of 50% discount fares	state – MT	101	112
Public service obligation	regions	535	283

(CZK million)

Liabilities	Counterparty	31 Dec 2024	31 Dec 2023
Use of railroads and allocated railway capacity	SŽ	425	410
Consumption of electric traction energy	SŽ	142	83
Public service obligation	state – MT	43	202
Public service obligation	regions	324	436
Lease liabilities	SŽ	203	190
Lease liabilities	state - MT	105	118
Diesel and light heating oils	ČEPRO	210	217
Other energies	SŽ	13	10

State institutions, enterprises and other parties controlled by the government use the services provided by the Company under the same conditions applicable to other customers. On the expense side, the Company purchases some services and other supplies (water, energy, etc.) from companies controlled by the government under the conditions applicable to other customers.

In 2024, the Company reported the grants from the MT in the amount of CZK 634 million (2023: CZK 239 million) in the separate statement of financial position as a decrease in the acquisition value of non-current assets. Receivables and payables from investment grants are reported in Other assets (Note 22) and Other liabilities and contract liabilities (Note 28).

30. Operating Lease

Operating lease contracts in which the Company acts as a lessor relate to investment property and movable assets held by the Company with various lease terms.

Maturity analysis of undiscounted payments from non-cancellable operating lease contracts:

(CZK million)

	31 Dec 2024	31 Dec 2023
1st year	63	57
2nd year	68	61
3rd year	73	65
4th year	-	70
Total	**204**	**253**

In 2024, income from operating leases recognised in profit or loss amounted to CZK 587 million (2023: CZK 420 million), of which the income from investment property amounted to CZK 390 million in 2024 (2023: CZK 330 million).

Direct operating expenses related to investment property were CZK 176 million in 2024 (2023: CZK 124 million).

31. Capital Commitments

As at the date of the Separate Financial Statements, the Company concluded contracts for the purchase of land, buildings and equipment in the amount of CZK 46,753 million (2023: CZK 49,182 million), of which CZK 25,690 million had already been paid as at 31 December 2024 (31 December 2023: CZK 18,200 million).

(CZK million)

	31 Dec 2024	31 Dec 2023
Unpaid supplies agreed for the next year	1,527	7,455
Unpaid supplies agreed for the subsequent years	19,536	23,527
Total	**21,063**	**30,982**

Investments in rolling stock of CZK 19,806 million as at 31 December 2024 (2023: CZK 30,740 million) represent a substantial part of the capital commitments.

32. Contingent Liabilities and Contingent Assets

The Company holds a 1% equity investment in EUROFIMA. The shareholders of the entity are European national railway carriers, and the purpose of this entity is to acquire funds for rolling stock purchases. According to Article 5 of the Articles of Association, only 20% of the equity investment value has been paid and the remaining 80% can be requested by EUROFIMA from its shareholders on an ad-hoc basis under the resolution of the Management Board. The nominal value of unpaid shares as at 31 December 2024 and 31 December 2023 was CHF 20.8 million (CZK 557 million as at 31 December 2024, CZK 555 million as at 31 December 2023). The management of ČD considers the probability that the Company will be called upon to pay the nominal value of the unpaid share as low as at 31 December 2024.

The aggregate clean-up costs were CZK 16 million in 2024 (2023: CZK 23 million). The Company is not aware of any environmental burdens that would exceed legislative limits and represent harm to human health or property of third parties. The Company's management acting with due managerial care is not aware of any liability resulting from legislation requirements in respect of environmental burdens.

32.1. Legal disputes

32.1.1. Legal action by LEO Express for the compensation of damage

In July 2014, LEO Express filed a legal action for damage compensation amounting to approximately CZK 419 million with accrued interest and charges which was allegedly caused to LEO Express by ČD, a.s. and its pricing policy. The first-instance court rejected LEO Express's action. At the end of December 2016, Leo Express filed a new legal action against ČD for a similar reason for the approximate amount of CZK 434 million with accrued interest and charges. In March 2018, the High Court in Prague cancelled the judgment dismissing the first LEO Express's action for damages and returned the case to the Municipal Court in Prague for further proceedings. With its first and second actions, LEO Express seeks a payment of approximately CZK 34 million, after partial withdrawal, and a payment of approximately CZK 434 million, respectively. With letters dated 12 July 2021, Leo Express Global a.s. and Leo Express s.r.o. further requested ČD to compensate them for another allegedly incurred damage in addition to the above claims: for the period (i) from 1 June 2014 to 31 December 2017 in the claimed amount of CZK 1,202 million (Leo Express Global) and (ii) from 1 January 2018 to 31 December 2019 in the claimed amount of CZK 491 million (Leo Express s.r.o.). This damage should also allegedly relate to ČD's claimed anti-competitive conduct, whereas the call for compensation does not further specify claims or the way of alleged amount of damage calculation. In response to these letters, ČD rejected any violation of the law, and thus the alleged obligation to compensate for damage. ČD has no information that the Leo Express group would pursue these alleged claims in court.

In 2022, the Municipal Court accepted the claimant's motion to replace the current claimant, 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. extinguished and this entity is bound to pay the costs of proceedings amounting to CZK 2 million to ČD. As such, the dispute is concluded with final effect.

At the beginning of 2025, the court decided with prejudice on the standing to bring the action in the dispute for CZK 434 million. Currently, ČD is waiting for further court procedure.

The Company's management believes that it is not likely that a liability arises to the Company regarding this matter; therefore, it recognises no provision.

32.1.2. Legal action by RegioJet a.s. and STUDENT AGENCY k.s. for the repayment of alleged unlawful state aid (defendants ČD, a.s., SŽ, s.o., ČR represented by the Ministry of Transport of the Czech Republic)

In April 2015, RegioJet filed a legal action for the repayment of approximately CZK 7 billion plus late payment interest for alleged unlawful state aid. STUDENT AGENCY k.s. subsequently joined the legal action. By this amount, the "dead railroad" assets that ČD transferred to SŽ for CZK 12 billion in 2008 were allegedly overestimated. Both the Municipal Court in Prague (by judgment of 6 February 2019) and the High Court in Prague (by judgment of 23 September 2020) ruled in favour of ČD. The Supreme Court reversed the previous decision by judgment of 29 February 2024 and ordered the matter to be reheard. The reversal of the judgments was due to the application of incorrect legislation by the courts of both instances. The Municipal Court in Prague will therefore start hearing the matter again.

On 21 January 2025, the action was dismissed in its entirety. ČD expects the plaintiffs to appeal the judgement.

According to the analysis of external legal counsel, no other final decision on the matter is expected. For this reason, no provision is recognised for the case.

32.1.3. Legal action by PESA Bydgoszcz SA for purchase price increase of DMUs 120

By a legal action filed on 12 December 2024, PESA Bydgoszcz SA seeks to increase the purchase price of 33 DMUs 120 by CZK 629 million. The grounds for bringing the action is the alleged existence of a substantial change in circumstances giving rise to a particularly gross disproportion in the performance of both parties, which was caused by the alleged increase in the cost of production of the motor units after the signing of the framework agreement on 26 February 2021 as a result of the COVID-19 pandemic and the war in Ukraine. Of the total 33 units, 16 units have already been delivered, with the remaining 17 units to be received in 2025 and 2026.

In the Company's opinion, supported by external legal expertise, the chances of success in this action are minimal and therefore, no provision is recognised for the case.

33. Financial Instruments

33.1. Capital risk management

The Company's main objective in managing its capital structure is to maintain a long-term sustainable debt ratio and investment grade rating. Based on its methodology, the rating agency assesses the debt ratio using the debt/EBITDA indicator. For the current investment grade, an indicated ratio level determined using the consolidated data is 6. The rating agency annually comments on the indicator level and its potential impact on the Company's rating in its report that is publicly available on the Company's website. As a source of longterm financing, the Company mainly uses bond issues and long-term investment loans.

The capital structure of the Company consists of net debt (borrowings less cash and cash equivalents) and the Company's equity (includes share capital, reserves and other funds and retained earnings/accumulated losses).

(CZK million)

		31 Dec 2024	31 Dec 2023
Net debt			
Loans, borrowings and lease liabilities	25	66,046	54,237
Cash and cash equivalents	23	(6,645)	(5,810)
Total net debt		**59,401**	**48,427**
Equity			
Share capital	24	20,000	20,000
Capital contributions	24	16,942	16,827
Retained earnings/Accumulated losses	24	1,018	(1,093)
Total equity		**37,960**	**35,734**
Total managed capital		**97,361**	**84,161**

The Company is not subject to any externally imposed capital requirements.

The Board of Directors and the Supervisory Board of the Company are regularly informed about the development of debt. Any additional debt is subject to their approval.

33.2. Classes of financial instruments

(CZK million)

Classification of financial assets	Category of financial assets		31 Dec 2024	31 Dec 2023
Financial assets measured at amortised cost	Trade receivables	20	3,299	3,159
	Cash and cash equivalents	23	6,645	5,810
	Finance lease receivables	21	78	78
	Loans and cash pooling in the ČD Group	21	410	260
	Other	21	255	686
Financial assets measured at fair value through profit or loss	Financial derivatives used in hedge accounting *	21	315	284
Financial assets measured at fair value through other comprehensive income	Capital investments at fair value through other comprehensive income	21	357	327
	Total		11,359	10,604

(CZK million)

Classification of financial liabilities	Category of financial liabilities		31 Dec 2024	31 Dec 2023
Financial liabilities measured at fair value through profit or loss	Financial derivatives used in hedge accounting *	27	974	1,472
Financial liabilities measured at amortised cost	Loans, borrowings and lease liabilities	25	66,046	54,237
	Trade payables		5,333	4,035
	Other	27	216	252
	Total		72,569	59,996

* Provided that the hedge is effective, changes in the fair value of the hedging instrument are initially recognised in other comprehensive income (Note 24.2.3).

Income from individual classes of financial assets is as follows:

(CZK million)

	2024	2023	Reported in the statement of profit or loss line
Interest on cash and cash equivalents	320	295	Finance income
Interest on loans and cash pooling	28	25	Finance income
Interest on finance lease receivables	23	22	Finance income
Dividends from equity investments	3	1	Other operating income
Total	374	343	

Impairment losses on financial assets are disclosed in Note 20 Trade receivables and in Note 33.7 Credit risk management.

33.3. Fair value of financial instruments

(CZK million)

Financial assets	Level	Fair value as at 31 Dec 2024	Carrying value as at 31 Dec 2024	Fair value as at 31 Dec 2023	Carrying value as at 31 Dec 2023
Measured at fair value		672	672	611	611
Derivative instruments used in hedge accounting	Level 2	315	315	284	284
Financial assets at fair value through other comprehensive income	Level 3	357	357	327	327
Measured at amortised cost		193	198	190	192
Long-term loans in the ČD Group	Level 2	58	58	58	58
Finance lease receivables	Level 2	78	78	78	78
Other financial assets – non-current	Level 2	57	62	54	56
Total		865	870	801	803

(CZK million)

Financial liabilities	Level	Fair value as at 31 Dec 2024	Carrying value as at 31 Dec 2024	Fair value as at 31 Dec 2023	Carrying value as at 31 Dec 2023
Measured at fair value		974	974	1,472	1,472
Derivative instruments used in hedge accounting	Level 2	974	974	1,472	1,472
Measured at amortised cost		62,720	62,082	50,073	50,375
Issued bonds	Level 2	5,444	5,763	5,973	6,398
Issued bonds (publicly traded)	Level 1	33,657	33,529	24,720	24,849
Loans *	Level 2	6,366	6,327	7,305	7,325
Loan from EUROFIMA	Level 2	17,103	16,293	11,909	11,611
Other financial liabilities – long-term	Level 2	150	170	166	192
Total		63,694	63,056	51,545	51,847

* The fair value of variable interest loans is approximately the same as the book value of these loans.

Cash and cash equivalents, trade receivables and trade payables, receivables and payables from cash-pooling, other current financial assets and other current financial liabilities are not shown in the table because their fair value is approximately equal to the carrying value due to their short-term maturity.

In 2024 and 2023, there were no transfers of financial instruments between levels.

33.3.1. Valuation procedures used to determine fair value

Fair values of financial assets and financial liabilities are determined as follows:

- Fair value of investments in equity instruments at fair value through other comprehensive income was estimated using the asset-based approach. As at 31 December 2024 and 2023, the Company's management analysed the investee's audited financial statements and concluded that its fair value is approximately equal to the carrying value of its net assets.
- Fair value of interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows.
- Fair value of cross-currency interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows in respective currencies.

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

- Fair value of the bonds is determined on the basis of quoted market prices, if they exist. If quoted market prices do not exist, the fair value is determined using a valuation model on the basis of quoted market prices of comparable bonds.
- Fair value of other long-term financial assets and liabilities is calculated using the discounted cash flow method.

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

33.3.2. Fair value measurement recognised in the separate statement of financial position

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

- Fair value measurements at level 1 are valuations, which are determined based on unadjusted quoted prices of the same assets or liabilities in active markets.
- Fair value measurement at level 2 are valuations, which are determined based on inputs other than quoted prices used at level 1; this information can be obtained from the asset or liability directly (i.e., prices) or indirectly (i.e., data derived from prices).
- Fair value measurement at level 3 are valuations based on valuation techniques that use asset or liability information that is not derived from observable market data (unverifiable inputs).

Investments in equity instruments measured at fair value through other comprehensive income as at 31 December 2024 and 31 December 2023 are included in level 3. All other financial instruments measured at fair value as at 31 December 2024 and 31 December 2023 are included in level 2.

33.3.3. Reconciliation of measurement of financial instruments at fair value at level 3

The following table shows the financial assets measured at fair value at level 3:

(CZK million)

Investment in equity instruments	
Balance as at 1 Jan 2023	**333**
Total gains or losses:	23
in profit or loss	*-*
in other comprehensive income	*23*
Transfer from level 3 financial instruments	(29)
Balance as at 31 Dec 2023	**327**
Total gains or losses:	30
in profit or loss	*-*
in other comprehensive income	*30*
Balance as at 31 Dec 2024	**357**

33.4. Financial risk management objectives

The Company manages and monitors financial risks through internal risk reports which include analysis of the risks based on their significance. Financial risks include market risk (currency risk, interest rate risk and commodity risk), credit risk and liquidity risk.

33.4.1. Hedge accounting

The Company uses financial derivatives to hedge risks and mitigate their impacts. The use of financial derivatives observes the Company's principles approved by the Board of Directors.

The accounting principles of hedge accounting are disclosed in Notes 2.15.11 to 2.15.12.

The following tables show the concluded derivatives:

(CZK million)

as at 31 December 2024:						
Type of risk	Derivative	Other financial assets – current (Note 21)	Other financial assets – non-current (Note 21)	Other financial liabilities – current (Note 27)	Other financial liabilities – non-current (Note 27)	Note
Currency	Cross-currency interest rate swaps	175	101	398	549	33.5.2
Interest rate	Interest rate swaps	18	21	10	17	33.6.2
Total		**193**	**122**	**408**	**566**	

(CZK million)

as at 31 December 2023:						
Type of risk	Derivative	Other financial assets – current (Note 21)	Other financial assets – non-current (Note 21)	Other financial liabilities – current (Note 27)	Other financial liabilities – non-current (Note 27)	Note
Currency	Cross-currency interest rate swaps	175	39	475	922	33.5.2
Interest rate	Interest rate swaps	64	6	6	69	33.6.2
Total		**239**	**45**	**481**	**991**	

The information on the effect of hedge accounting on the cash flow hedge reserve and the cost of hedging reserve is disclosed in Notes 24.2.3 and 24.2.4.

33.5. Currency risk management

The Company undertakes certain transactions denominated in foreign currencies resulting in exposures to exchange rate fluctuations. These transactions predominantly include proceeds from international transport, issued bonds, the loan from EUROFIMA, term deposits, deposit bills and purchases of rolling stock in foreign currency. In line with the approved Risk Management Strategy, the Company hedges anticipated payments in a foreign currency such 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 Company's Board of Directors.

The carrying amounts of the Company's financial assets and financial liabilities denominated in foreign currency, net of the impact of currency hedging, at the end of the reporting period are as follows:

(CZK million)

31 Dec 2024	EUR	Other	Total
Financial assets	1,338	3	1,341
Financial liabilities	(36,593)	-	(36,593)
Total	**(35,255)**	**3**	**(35,252)**

(CZK million)

31 Dec 2023	EUR	Other	Total
Financial assets	1,553	2	1,555
Financial liabilities	(36,134)	-	(36,134)
Total	**(34,581)**	**2**	**(34,579)**

Information on the nominal and book value of hedging instruments used to hedge currency risk is included in the description of individual hedging relationships in Note 33.5.2.

33.5.1. Sensitivity to exchange rate changes

The exposure to currency risks is measured by a sensitivity analysis. The Company is exposed to the currency risk due to:

- changes in the carrying value of monetary items denominated in foreign currencies;
- and changes in the fair value of concluded financial derivatives.

The following table shows the impact that the strengthening and weakening of the Czech currency by CZK 1 against EUR would have on the profit (loss) and other comprehensive income. A positive number indicates an increase in profit (decrease in loss) and other comprehensive income, a negative number indicates the decrease in profit (increase in loss) and other comprehensive income:

(CZK million)

	Strengthening Czech currency by CZK 1 against EUR		Weakening Czech currency by CZK 1 against EUR	
	2024	**2023**	**2024**	**2023**
Translation of items denominated in foreign currencies at the end of the period	1,400	1,399	(1,400)	(1,399)
Change in the fair value of derivatives at the end of the period	(772)	(802)	772	802
Total impact on the profit/(loss) before tax	**628**	**597**	**(628)**	**(597)**
Change in impact on tax reported in profit/(loss)	(132)	(113)	132	113
Total impact on profit/(loss) after tax	**496**	**484**	**(496)**	**(484)**
Change in the fair value of derivatives at the end of the period *	(12)	(6)	12	6
Total impact on other comprehensive income before tax	**(12)**	**(6)**	**12**	**6**
Change in impact on tax reported in other comprehensive income	3	1	(3)	(1)
Total impact on other comprehensive income after tax	**(10)**	**(5)**	**10**	**5**

* Financial derivatives used in hedge accounting.

33.5.2. Cross-currency interest rate swaps

In line with the currency risk management requirements, the Company has entered into cross-currency interest rate swaps which reduce the risk of the bond funding in EUR using hedge ratio 1:1.

The economic relationship between the hedging instrument and the hedged item is described according to the following parameters:

- nominal values of the swaps are the same as the face values of the relevant bond volume;
- both transactions are contracted in the same currencies;
- maturity of interest rate swaps payment and interest bond payment are equal;
- swaps are agreed at market value (without premium); the fair value of derivatives at trade date is nil;
- swaps do not include any arrangements on agreed interest rate restriction (embedded interest rate options);
- and the Company assumes no early bond repayment.

Sources of hedge relationship ineffectiveness are recognised as follows:
- significant decrease in the Company's or counterparty's creditworthiness;
- timing of payments from the hedged item;
- and termination of the cross-currency interest rate swap by a counterparty.

The table shows the terms of contracts for cross-currency interest rate swaps that were opened at the end of the reporting period:

31 Dec 2024	Nominal value (EUR million)	Average collected interest rate (annual)	Nominal value (CZK million)	Average paid interest rate (annual)	Fair value of assets (liabilities) CZK million
Up to 1 year	766	2.46 %	(19,951)	3.51 %	(223)
1 to 5 years	766	2.79 %	(19,951)	3.68 %	(455)
Over 5 years	18	3.00 %	(481)	3.23 %	7
Total					**(671)**

31 Dec 2023	Nominal value (EUR million)	Average collected interest rate (annual)	Nominal value (CZK million)	Average paid interest rate (annual)	Fair value of assets (liabilities) CZK million
Up to 1 year	795	2.47 %	(20,757)	3.49 %	(301)
1 to 5 years	766	2.79 %	(19,951)	3.68 %	(615)
Over 5 years	166	3.45 %	(4,597)	3.63 %	(267)
Total					**(1,183)**

The exchanges of payments under the cross-currency interest rate swaps and coupon payments from issued bonds occur simultaneously and the amount accumulated in equity is reclassified to finance costs in the period in which the coupon payments on the issued bonds affect profit or loss.

For purposes of determining effectiveness, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument since the hedging relationships were fully effective.

Hedging inefficiency in respect of cross-currency interest rate swaps was immaterial in 2024 and 2023.

The expected realisation of hedged items by cross-currency interest rate swaps
Expected cash flows of hedged foreign currency bonds are listed in Note 33.8.1 in the tables with remaining contractual maturities of financial liabilities in the Fixed interest rate instruments.

33.6. Interest rate risk management

The Company manages interest rate risk by maintaining an appropriate mix between fixed and variable rate financing, and, for this purpose, the Company concludes contracts for interest rate swaps so that the amount of the open risk position does not exceed the limit set for the period by the Risk Management Committee and approved by the Board of Directors of the Company.

The following table shows the division of financial instruments by type of interest:

(CZK million)

	31 Dec 2024	31 Dec 2023
Instruments with fixed interest rate		
Financial assets	4,628	4,697
Financial liabilities	59,474	47,202
	54,846	**42,505**
Instruments with variable interest rate		
Financial assets	282	260
Financial liabilities – PRIBOR	5,781	6,554
	5,499	**6,294**

The information on the nominal and carrying value of hedging instruments which hedge the interest rate is disclosed in the description of the hedge relationship in Note 33.6.2.

33.6.1. Sensitivity to interest rate changes

The exposure to changes in interest rates is measured by the sensitivity analysis. The Company is exposed to the interest rate risk due to:

- changes in interest expenses from loans;
- and change in the fair value of concluded financial derivatives.

The following table shows the impact that an increase/decrease in interest rates of 100 basis points would have on the profit (loss) and other comprehensive income. A positive value indicates an increase in profit (decrease in loss) and other comprehensive income, a negative value indicates a decrease in profit (increase in loss) and other comprehensive income:

(CZK million)

	Increase in interest rates of 100 basis points		Decrease in interest rates of 100 basis points	
	2024	2023	2024	2023
Interest on loans	(55)	(63)	55	63
Total impact on profit/(loss) for the period before tax	**(55)**	**(63)**	**55**	**63**
Change in impact on tax reported in profit/(loss)	11	12	(11)	(12)
Total impact on the profit/(loss) after tax	**(44)**	**(51)**	**44**	**51**
Change in the fair value of derivatives at the end of the period *	118	128	(123)	(134)
Total impact on other comprehensive income before tax	**118**	**128**	**(123)**	**(134)**
Change in impact on tax reported in other comprehensive income	(25)	(24)	26	25
Total impact on other comprehensive income after tax	**93**	**104**	**(97)**	**(109)**

* Financial derivatives used in hedge accounting.

33.6.2. Interest rate swap contracts

In line with interest rate risk management requirements, the Company has entered into interest rate swap contracts which reduce the risk arising from loans with variable interest rates. The hedge ratio is determined at 1:1.

The economic relationship between the hedging instrument and the hedged item is described according to the following parameters:

- nominal values of the swaps are equal to the nominal value of the relevant loans with variable interest rates;
- both transactions are contracted in the same currencies;
- maturity of interest rate swaps payments and interest payments from loans with variable interest rates are equal;
- swaps were contracted at market prices (without bonuses); the fair value of derivatives is nil as at the contract date;
- swaps do not include any arrangements on agreed interest rate restriction (embedded interest rate options);
- and the Company assumes no early repayment of loans.

Sources of hedge relationship ineffectiveness are recognised as follows:

- early repayment of the loan;
- termination of the interest rate swap by the counterparty;
- and significant decrease in the Company's or the counterparty's creditworthiness.

The following table details the terms of interest rate swap contracts outstanding at the end of the reporting periods:

	Hedging of interest payments on	Average contracted fixed interest rate	Principal amount	Fair value in CZK million as at 31 Dec 2024
Up to 1 year	loans	3.55 %	CZK 4,908 million	8
1 to 5 years	loans	3.57 %	CZK 3,895 million	4
Total				**12**

	Hedging of interest payments on	Average contracted fixed interest rate	Principal amount	Fair value in CZK million as at 31 Dec 2023
Up to 1 year	loans	3.84 %	CZK 3,277 million	58
1 to 5 years	loans	3.82 %	CZK 2,698 million	(62)
more than 5 years	loans	3.63 %	CZK 1,179 million	(1)
Total				**(5)**

The Company settles the difference between fixed and variable interest rates on a net basis. The interest rate swaps and the interest payments on the loan occur simultaneously, and the amount accumulated in equity is reclassified to profit or loss over the period that the variable interest rates on debt affect the profit or loss. Gains and losses reclassified during the year from the equity are included in Other interest expense which are part of Finance cost in the separate statement of profit or loss.

For the purposes of determining effectiveness, the change in the fair value of the hedged item is equal to the change in the fair value of the hedging instrument since the hedging relationships were fully effective.

Hedging inefficiency in respect of interest rate swaps was immaterial in 2024 and 2023.

The expected realisation of hedged items by interest rate swaps

The expected hedged cash flows from interest on variable-rate debt are listed in Note 33.8.1 in tables with remaining contractual maturities of financial liabilities in Variable interest rate instruments lines.

33.7. Credit risk management

The Company is exposed to credit risk, which poses a risk that one party of the financial instrument will cause financial losses to the other party by failing to meet its obligations. Credit risk arises as a result of the Company's business operations and financial market activities. The Company's credit risk quantification is based on a number of primary criteria, where the threat of counterparty default during a transaction is the main determinant due to possible negative impact on the Company's economic results and cash flow. The Company analyses the counterparties using both internal departments support and external information services. Any counterparty insolvency may result in imminent losses with an adverse impact on the Company's business.

Sources of credit risks related to the threat of a counterparty default in a transaction were identified by the Company as follows:

- financial institutions;
- employees or tenants – individuals from whom the receivable arises;
- corporate customers;
- entities in the ČD Group as borrowers of loans from ČD;
- and the state and the regions as public service payers.

Hence, business operations with new counterparties are subject to standardised approval procedures by designated departments. The credit risk management includes active receivables management, when standard financial instruments, such as prepayments and bank guarantees, are used in order to reduce the risk.

Financial assets that expose the Company to potential credit risk include cash and cash equivalents, trade receivables, loans granted within the ČD Group and financial derivative contracts. The Company's cash is deposited in prestigious domestic financial institutions. Intercompany loans do not bear significant credit risk as Group companies' exposure and rating are monitored and managed within the Group.

The Company is mainly exposed to the following credit risk categories due to its business activities:

- direct credit risk;
- and credit equivalent risk.

Most frequently, the direct credit risk arises from receivables from ongoing trading relationships, particularly from supplier loans granted. Credit quality of the customers is assessed individually, based on their financial position, previous experience and other factors. The Company assesses its financial assets at each balance sheet date to determine whether there is any objective evidence that they might be impaired. Financial assets are considered impaired if objective evidence indicates that one or more events have adversely affected the estimated future cash flows from those assets. Material financial assets are tested for impairment individually. The remaining financial assets are assessed on a portfolio basis in the groups that have similar credit risk characteristics. All impairment losses on financial assets other than financial assets at fair value through other comprehensive income are recognised in profit or loss.

The concentration of credit risk is affected by a limited number of available counterparties (e.g., a limited number of banks on the Czech market, a limited number of public service customers). In such cases, the Company reduces credit risk by cooperating only with counterparties with high creditworthiness (reputable banks with investment ratings, customers paying from the public budgets).

The credit risk associated with the fare revenue has a low concentration as a significant proportion of fare sales is collected in cash. Credit risk related to payments from the state budget and the regional budget is low due to the high credit quality of the counterparties. Concentration of short-term and long-term trade receivables from the customers controlled by the state (Ministry of Transport, the regions and SŽ) as at 31 December 2024 is 49% (31 December 2023: 40%). The Company's exposure and the payment discipline of its contractors are monitored on an ongoing basis.

33.7.1. Short-term trade receivables and finance lease receivables

For the purposes of determining expected credit losses using the simplified approach, short-term receivables and finance lease receivables are classified according to the common credit risk characteristics and appropriate maturities. The expected credit loss rates are determined according to the payment profile and sales for the period of 3 years preceding 31 December 2024 or 31 December 2023, respectively, based on credit losses recognised in the past. The Company analysed a number of macroeconomic variables (GDP, industrial indices, etc.) and their possible correlation to customer solvency. However, as no correlation has been identified, the Company considers rather individual assessment of customer creditworthiness. The Company also creates specific allowances for receivables.

The table below presents an overview of the impairment losses on short-term trade and finance lease receivables. The carrying values of receivables as at 31 December 2024 and 31 December 2023 below represent the Company's maximum exposure to credit risk on these assets:

(CZK million)

As at 31 Dec 2024	Before due date	Past due date (days)					Total
		1 – 30	31 – 90	91 – 180	181 – 365	Over 365	
Expected credit loss rate	2 %	3 %	6 %	17 %	81 %	100 %	
Finance lease receivables – gross (refer to Note 21.1)	80	-	-	-	-	-	80
Short-term trade receivables – gross (refer to Note 20)	2,224	19	2	1	8	75	2,329
Expected credit loss	**49**	**1**	**-**	**-**	**7**	**75**	**132**

(CZK million)

As at 31 Dec 2023	Before due date	Past due date (days)					Total
		1 – 30	31 – 90	91 – 180	181 – 365	Over 365	
Expected credit loss rate	2 %	3 %	7 %	23 %	74 %	100 %	
Finance lease receivables – gross (refer to Note 21.1)	80	-	-	-	-	-	80
Short-term trade receivables – gross (refer to Note 20)	1,760	18	2	-	1	82	1,863
Expected credit loss	**39**	**1**	**-**	**-**	**1**	**82**	**123**

33.7.2. Cash, other financial assets and long-term trade receivables

The credit risk of liquid financial assets and financial derivatives is limited, as the contractual partners are banks with an investment grade credit rating. The Company does not expect any losses from default by these counterparties. For this reason, the impact of impairment of cash and cash equivalents is immaterial.

(CZK million)

Bank	Rating (Moody´s)	Bank balance as at 31 Dec 2024	Restricted cash as at 31 Dec 2024	Bank balance as at 31 Dec 2023	Restricted cash as at 31 Dec 2023	Promissory notes as at 31 Dec 2023
Komerční banka	Aa3	1,343	179	265	563	-
ČSOB	Aa3	227	-	326	-	247
Citibank	Aa3	-	-	200	-	-
ING bank	Aa3	95	-	-	-	-
Česká spořitelna	Aa3	1	-	3	-	-
Raiffeisenbank	A2	228	-	248	-	-
UniCredit Bank	A2	-	-	-	-	-
Všeobecná úverová banka	A2	4,704	-	4,457	-	-
Total		**6,598**	**179**	**5,499**	**563**	**247**

The credit risk associated with financial operations is low because the Company spreads the risk over a larger number of financial institutions and only deals with financial institutions that have a credit rating in the investment range.

Other financial assets mainly include securities at fair value through other comprehensive income, receivables from loans and cash pooling within the ČD Group, to which the Company applied a general impairment model. The Company analysed the financial performance, external indebtedness and future cash flows of related parties and assessed that the credit risk associated with these receivables is limited and at the same time the probability of default related to these balances is low. The application of the expected credit loss model has immaterial impact on all Other financial assets.

The following table provides an analysis of the credit risk of Other financial assets at amortised cost. The carrying values of assets as at 31 December 2024 and 31 December 2023 represent the Company's maximum exposure to credit risk from these assets:

(CZK million)

As at 31 Dec 2024	Level 1 (expected 12-month credit losses)	Level 2 (expected lifetime credit losses)	Level 3 (impaired)	Allowances	Total
Trade receivables – long-term	1,100	-	-	-	1,100
Loans within ČD Group	186	-	-	-	186
Group cash pool	224	-	-	-	224
Restricted cash	179	-	-	-	179
Receivables from damages and losses	34	-	-	(2)	32
Other	46	2	-	(4)	44
Total	**1,769**	**2**	**-**	**(6)**	**1,765**

(CZK million)

As at 31 Dec 2023	Level 1 (expected 12-month credit losses)	Level 2 (expected lifetime credit losses)	Level 3 (impaired)	Allowances	Total
Trade receivables – long-term	1,417	-	-	-	1,417
Loans within ČD Group	58	-	-	-	58
Group cash pool	202	-	-	-	202
Restricted cash	563	-	-	-	563
Receivables from damages and losses	84	-	-	(2)	82
Other	42	3	-	(4)	41
Total	**2,366**	**3**	**-**	**(6)**	**2,363**

The Company has assessed the credit risk for individual items of Other financial assets. Counterparties have low risk, and no material overdue receivables are recorded. Credit risk has not increased significantly since initial recognition. The carrying value of other financial assets at fair value as at 31 December 2024 and 31 December 2023 represents the Company's maximum credit exposure from these assets (Note 21).

As at 31 December 2024 and 31 December 2023, the Company does not have any financial assets pledged as collateral.

33.8. Liquidity risk management

The Company manages its liquidity risk through planning future cash flows and securing binding limits of short-term financing with reputable financial institutions (promissory notes programme and agreed overdraft and revolving loans), with a minimum notice period of 18 months. In order to secure sufficient short-term liquidity, the Company has contracted these binding credit limits so that its available funds exceed its expected short-term outflows. The liquidity is also monitored by the Moody´s rating agency on an ongoing basis.

33.8.1. Liquidity risk tables

The following tables show the Company's remaining contractual maturity of financial liabilities. The tables have been drawn up based on the undiscounted cash flows from financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that instruments carry the variable interest, the undiscounted amount is derived from interest rate curves at the end of the reporting period and may change, if interest rates differ from the determined estimates.

(CZK million)

31 Dec 2024	Up to 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	4,068	1,207	95	149	30	5,549
Liabilities from unpaid share capital (Note 32)	557	-	-	-	-	557
Derivatives *	-	1	216	994	54	1,265
Incoming cash flows	-	*(1)*	325	*17,066*	520	*17,910*
Outgoing cash flows	-	-	541	*18,060*	574	*19,175*
Lease liabilities	83	237	660	2,651	15	3,646
Variable interest rate instruments	802	185	973	4,472	-	6,432
Fixed interest rate instruments	35	526	1,609	45,206	21,538	68,914
Total	5,545	2,156	3,553	53,472	21,637	86,363

(CZK million)

31 Dec 2023	Up to 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	2,343	1,624	124	61	134	4,286
Liabilities from unpaid share capital (Note 32)	555	-	-	-	-	555
Derivatives *	-	(8)	270	999	547	1,808
Incoming cash flows	-	*8*	*1,101*	*13,318*	*4,310*	*18,737*
Outgoing cash flows	-	-	*1,371*	*14,317*	*4,857*	*20,545*
Lease liabilities	101	182	1,359	2,048	20	3,710
Variable interest rate instruments	641	223	1,144	4,754	1,271	8,033
Fixed interest rate instruments	423	59	4,078	30,570	18,666	53,796
Total	4,063	2,080	6,975	38,432	20,638	72,188

* Negative net undiscounted cash flows arise on specific cross-currency interest rate derivatives due to the significant interest rate differential between the functional currency and the hedged currency.

The following tables demonstrate the Company's expected contractual maturity of financial assets. The tables have been drawn up based on the undiscounted cash flows of financial assets reflecting the anticipated maturity. The table includes cash flows from the interest and principal.

(CZK million)

31 Dec 2024	Up to 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	3,592	855	124	1,123	357	6,051
Finance lease receivables	6	-	17	92	427	542
Fixed interest rate instruments	4,588	52	-	-	-	4,640
Variable interest rate instruments	224	1	4	68	-	297
Hedging derivatives *	-	5	-	59	-	64
Incoming cash flows	-	5	*160*	*2,831*	-	*2,996*
Outgoing cash flows	-	-	*160*	*2,772*	-	*2,932*
Total	**8,410**	**913**	**145**	**1,342**	**784**	**11,594**

(CZK million)

31 Dec 2023	Up to 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	Over 5 years	Total
Non-interest bearing	1,908	804	99	2,147	327	5,285
Finance lease receivables	6	-	16	88	436	546
Fixed interest rate instruments	4,711	-	-	-	-	4,711
Variable interest rate instruments	202	2	5	78	-	287
Hedging derivatives *	-	17	(6)	(10)	-	1
Incoming cash flows	-	*17*	*154*	*2,922*	-	*3,093*
Outgoing cash flows	-	-	*160*	*2,932*	-	*3,092*
Total	**6,827**	**823**	**114**	**2,303**	**763**	**10,830**

* Negative net undiscounted cash-flows arise on specific cross-currency interest rate derivatives due to the significant interest rate differential between the functional currency and the hedged currency.

The amounts shown above for variable interest rate instruments for non-derivative financial assets and liabilities are subject to change if changes in variable interest rates differ from the interest rates determined at the end of the reporting period.

33.8.2. Financing facilities

The Company has access to the following loan facilities:

(CZK million)

Loan facilities	Overdrafts	Promissory note programme	Revolving loans	Total
Loan facility as at 1 Jan 2023	2,200	6,000	1,500	9,700
Unused amount as at 1 Jan 2023	2,200	6,000	1,500	9,700
Change of loan facility in 2023	500	(1,500)	750	(250)
Loan facility as at 31 Dec 2023	2,700	4,500	2,250	9,450
Unused amount as at 31 Dec 2023	2,700	4,500	2,250	9,450
Change of loan facility in 2024	-	-	-	-
Loan facility as at 31 Dec 2024	2,700	4,500	2,250	9,450
Unused amount as at 31 Dec 2024	2,700	4,500	2,250	9,450

The Company has contracted long-term bank credit lines as part of securing resources for the planned investments with the following not fully used facilities.

(CZK million)

Long-term credit lines	EUROFIMA	EIB	Total
Loan facility as at 1 Jan 2023	15,409	904	16,313
Unused amount as at 1 Jan 2023	15,409	904	16,313
Change of loan facility in 2023	-	-	-
Impact of the foreign exchange	390	-	390
Loan facility as at 31 Dec 2023	15,799	904	16,703
Unused amount as at 31 Dec 2023	4,426	527	4,953
Change of loan facility in 2024	9,744	7,610	17,354
Impact of the foreign exchange	294	-	294
Loan facility as at 31 Dec 2024	25,837	8,514	34,351
Unused amount as at 31 Dec 2024	9,744	8,137	17,881

34. Post Balance Sheet Events

No other significant events occurred between the balance sheet date and the date of approval of the Separate Financial Statements.

35. Approval of the Financial Statements

These Separate Financial Statements were approved by the Board of Directors and authorised for issue on 22 April 2025.

Report on Relations between the Controlling Party and the Controlled Party and between the Controlled Party and Parties Controlled by the Same Controlling Party for the Year 2024

The Board of Directors of České dráhy, a.s. with its registered office in Prague 1, Nábřeží L. Svobody 1222, company registration number 70994226, administered by the Municipal Court in Prague, Section B, File 8039, presents the following

Report on Relations between the Controlling Party and the Controlled Party and between the Controlled Party and Parties Controlled by the Same Controlling Party (the "Report on Relations")
pursuant to Section 82 of Act 90/2012 Coll., the Corporations Act (the "Corporations Act"), for the reporting period from 1 January 2024 to 31 December 2024.

I. The Controlling Party and the Preparer of the Report on Relations

The controlling party, for the purposes of the Report on Relations, is the Czech Republic (the "State" or the "CR").

The controlled party, for the purposes of the Report on Relations, is České dráhy, a.s. (the "Company" or "ČD"), with its registered office in Prague 1, Nábřeží L. Svobody 1222, company registration number 70994226, administered by the Municipal Court in Prague, Section B, File 8039.

II. Methods and Means of Control

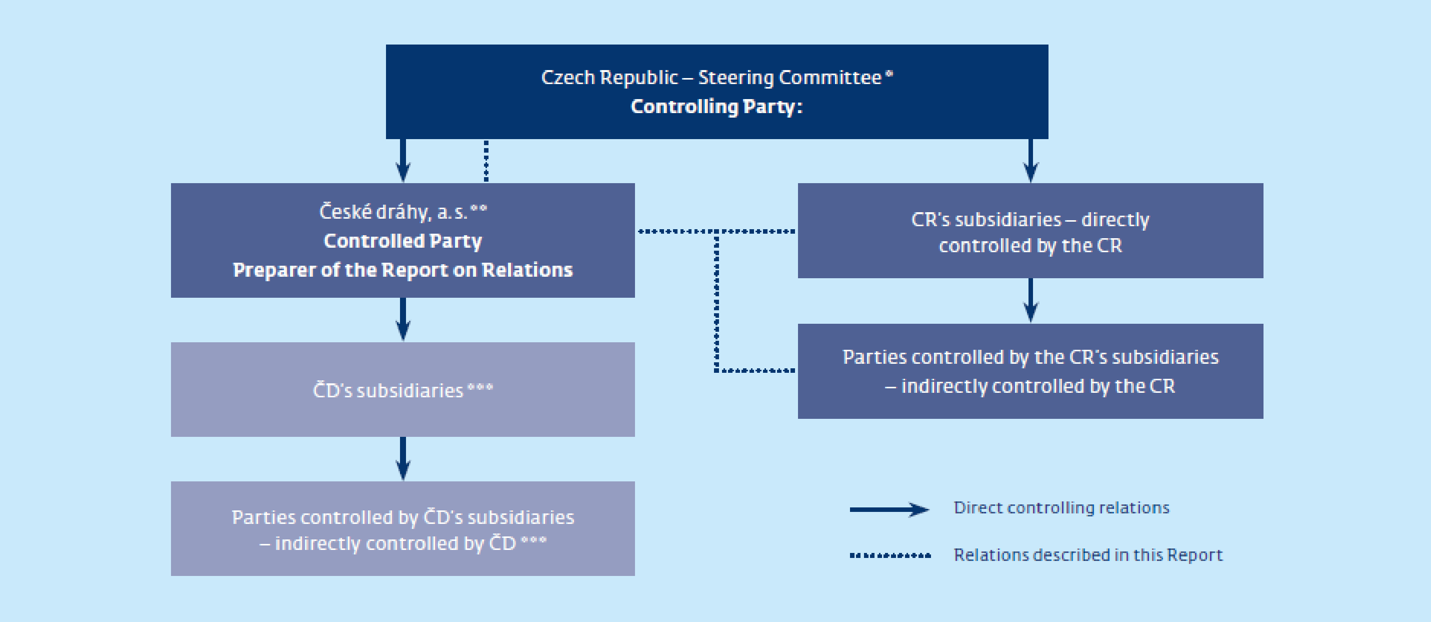
1) A directly controlled party is a corporation in which the State has a share of voting rights of at least 40% of all the votes in a given corporation unless another party or other parties acting jointly have the same or bigger share of voting rights in a given corporation.

2) An indirectly controlled party is a corporation controlled by a party specified in paragraph 1).

The Report on Relations includes only those indirectly controlled parties of which the Company is aware according to the information available to the statutory body of the Company acting with due managerial care (see Attachment 1) and with which the Company established relations in the reporting period that are described in this Report on Relations.

The Company's Board of Directors declares that it identified the relations between the Company and the State and between the Company and the relevant indirectly controlled parties and described these relations in the Report on Relations.

III. The Structure of Relations between the Company and the State and the Parties Controlled by the State



* Pursuant to Act No. 77/2002 Coll., on České dráhy, a.s. and Správa železnic, státní organizace (Czech railways, joint stock company, and Railway Transport Route Administration, state organisation) and amending Act No. 266/1994 Coll., on Railways, as amended, and Act No. 77/1997 Coll., on State Organisation, as amended (the "Act on the Joint Stock Company České dráhy, a.s."), the Czech Republic exercises the shareholder rights in the Company through the Company's Steering Committee. The Steering Committee comprises the employees of the Ministry of Transport (three employees), the Ministry of Finance (one), the Ministry of Defence (one), the Ministry of Industry and Trade (one), and the Ministry of Regional Development (one), authorised by the Government in writing.

** In the structure of relations of the parties controlled by the Czech Republic, České dráhy, a.s. fulfils the role of the national railway carrier in terms of Sections 8, 9 and 17 of Act No. 77/2002 Coll., on the Joint Stock Company České dráhy, a.s.

*** The Board of Directors of ČD presents the list of all subsidiaries in relation to České dráhy, a.s. within the Report on Relations (see Attachment 1).

The list of subsidiaries that entered into contracts with České dráhy, a.s., valid in 2024:

CR-City a.s.
ČD – Informační Systémy, a.s.
ČD – Telematika a.s.
ČD Bus a.s.
ČD Cargo, a.s.
ČD Restaurant, a.s.
ČD travel, s.r.o.
Dopravní vzdělávací institut, a.s.
DPOV, a.s.
JLV, a.s.
RailReal a.s.
Výzkumný Ústav Železniční, a.s.
Žižkov Station Development, a.s.

Relations between ČD and each of the subsidiaries listed above are presented individually in the Reports on Relations between the Controlling Party and the Controlled Party and between the Controlled Party and Parties Controlled by the Same Controlling Party for 2024 submitted separately by each of these subsidiaries.

IV. Contracts between the Company and the State or the Company and Parties Indirectly Controlled by the Same Controlling Party (the Czech Republic)

The list below outlines the contracts valid in 2024, concluded between the Company and the State and the Company and parties indirectly controlled by the same controlling party.

ČEPRO, a.s.	
Contract reference no.	**Contract description**
4600021505	Extra-light fuel oil LTO-E 2023-2026
4600022172	Supply of diesel 2023-2026
2657020017	Lease of land plot under a siding Zeleneč
2927202209	Equipment of the siding
2937706306	Lease of land plot no. 855/20
2967271207	Lease of siding – land plot no. 12, Nová Víska cadastral area
2977408603	Lease of land plot Veselí nad Lužnicí
2977735207	Lease of land plot no. 3203/22, cadastral area no. 722120

ČEZ Distribuce, a. s.	
Contract reference no.	**Contract description**
4600019630	Electricity distribution in Louny depot area
4600020939	Vehicle washer connection installation in Plzeň depot area
2927402414	1S44 power wiring Olomouc
2927852807	Lease of land plot Ostrava
2947012007	Lease of siding Všestary
2647019520	Lease of land plot no. 1968/2 Chlumec nad Cidlinou
4501327995	Connection of the Albrechtice metering point
4501330574	Connection of the Plácky metering point
4501335180	Connection of the Prosenicky metering point
4501349450	Realignment at Trutnov Poříčí
4501354037	Adjustment to the Hlinsko metering point
4501335182	Connection of the Albrechtice 2 metering point

ČEZ ESCO, a.s.	
Contract reference no.	**Contract description**
4500899568	Electricity Borová u Poličky
4600019582	Contract on connection of metering point Karlovy Vary
4600020554	Contract on joint electricity supplies Karlovy Vary
4600022446	Contract on electricity supplies Karlovy Vary lodging house
4501311470	Electricity supply

ČEZ Prodej, a.s.	
Contract reference no.	**Contract description**
4600008450	Electricity supply – Ústí nad Labem
4600008487	Electricity supply Borová u Poličky
4600010444	Contract on joint electricity supplies
4600011357	Connection of metering point
4600013585	Electricity supply Svojšín 412061
4600013586	Electricity supply Svojšín 412062
4600010443	Electricity supply – Hlinsko
4600013835	Electricity supply – Hlinsko, Nádražní 545
4600013836	Contract on joint electricity supplies

ČEZ Teplárenská, a.s.	
Contract reference no.	**Contract description**
4600009554	Heat energy – Chomutov
4600009597	Heat energy – Hradiště UNL
4600009767	Heat energy – no. 68141501_1
4600010292	Heat energy – no. 68050003_1
4600013797	Heat energy – Trutnov
4600019493	Heat energy – no. 68050003_2
E296-OS-0015/12-A	Water and sewerage fees

ČEZ, a. s.	
Contract reference no.	**Contract description**
4600008825	Water and sewerage fees
4600015237	Sales of drinking water ČD Kadaň Prunéřov
2937105107	Lease of land plot under siding no. 2864/610
2937302207	Lease of land plot no. 4515/20 and 4177/23
2947007207	Lease of land plot no. 311/21 siding Dvůr Kr./L.
2947007307	Lease of land plot no. 1529 siding Poříčí u Trutnova
2667105020	Lease of siding Trmice land plot no. 1493/1
2667105120	Lease of siding Bílina land plot no. 2795
2977100708	Lease of land plot under siding
4501366799	Demineralised water supply

Ministry of Transport	
Contract reference no.	**Contract description**
4501249980	Contract for the lease of commercial space
E060-59346/2015-O16	Provision of transport services on the Brno-Břeclav-Olomouc line
E057-55108/2019-O16	Provision of transport services on the SVS-Ex2,R18 line
E057-58507/2019-O16	Provision of transport services for the nation-wide transportation
E060-57544/2021-O16	Provision of transport services on the R9 line
E060-57545/2021-O16	Provision of transport services on the R10 line
E060-57597/2022-O16	Provision of transport services on the R27 line
E060-56657/2023-O16	Provision of transport services on the R33 line
E060-57956/2023-O16	Provision of transport services on the Ex32 line

SD - Kolejová doprava, a.s.	
Contract reference no.	**Contract description**
E296-OS-0022/13-T	Heat and hot process water supply
E296-OS-0026/13-A	Water, sewerage, rainwater
2967105113	Lease of building no. 351 in Březno
2967346907	Lease of siding in Chotějovice, land plot no. 224/6

Severočeské doly a.s.	
Contract reference no.	**Contract description**
2667100215	Lease of siding in Bílina, land plots nos. 2251/1 and 2386

ENESA a.s.	
Contract reference no.	**Contract description**
4600017272	Lightning renovation
4600020139	Heat energy and hot process water supply Railway vehicle depot
4501260367	Heat H. Brod commercial building

MARTIA a.s.	
Contract reference no.	**Contract description**
4600012865	Management and maintenance of the heat source – Chomutov

AZ KLIMA a.s.	
Contract reference no.	**Contract description**
4501349877	Servicing of the air-conditioning

THERMAL-F, a.s.	
Contract reference no.	**Contract description**
4501241245	Medical procedures

ČEZ Energo, s.r.o.	
Contract reference no.	**Contract description**
2637700119	Lease of the 222 building in Havlíčkův Brod

V. Other Relations

The Company received payments from the Ministry of Transport for the operation of long-distance rail transport and compensation of discount fares in the amount of CZK 7,032 million in 2024. The Company made no other legal acts in the interest or at the instigation of the controlling party or its indirectly controlled parties that would involve assets exceeding in value 10% of the Company's equity, which is in the amount of CZK 3,573 million according to the most recent financial statements as at 31 December 2023.

VI. Other Information

Confidentiality of information: Confidential information comprises information and facts that are part of business secret and information that was designated as confidential by any party that is part of the structure of relations described in this Report on Relations. In addition, confidential information includes any business information that could, on its own or in connection with other information, cause damage to any party belonging to the structure of relations described in this Report on Relations. For this reason, the Report on Relations contains no information on the prices (or amounts) of construction work, supplies or services.

VII. Declaration

All the above-specified contracts and amendments were concluded, and the performance and counter-performance were provided under arm's length conditions. No detriment occurred to the Company in the accounting period from the relations described in this Report on Relations nor other legal acts made in the interest or at the instigation of the controlling party or its controlled parties.

The statutory body states that the Company benefits notably from the relations described in this Report on Relations due to the market position of the Company as a leading carrier in the passenger transport segment in the Czech Republic and that it is not aware of any disadvantages or significant risks arising to the Company from the relations described in this Report on Relations.

VIII. Conclusion

The Company's statutory body ensured the preparation of the Report on Relations within the deadline stipulated by law. The Report on Relations was prepared to the best of the preparer's knowledge and belief, using available data and documents and making all reasonable efforts. The scope of the Czech Republic's controlling relations was identified using the data provided by the shareholder. The Report on Relations was submitted for review to the Supervisory Board which will provide its statement to the Company's Steering Committee.

In Prague on 25 March 2025

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

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

Attachment 1

The list of the directly and indirectly controlled parties from 1 January 2024 to 31 December 2024

Name of related party	Identification Number	Share of state in %	Means of control
MUFIS a.s.	60196696	49	Related party directly controlled by the State
Kongresové centrum Praha, a.s.	63080249	54.35	Related party directly controlled by the State
ČEZ, a. s.	45274649	69.78	Related party directly controlled by the State
ČEZ Distribuce, a. s.	24729035	100	Related party indirectly controlled by the State through ČEZ, a. s.
ČEZ ESCO, a.s.	3592880	100	Related party indirectly controlled by the State through ČEZ, a. s.
ČEZ Prodej, a.s.	27232433	100	Related party indirectly controlled by the State through ČEZ, a. s.
ČEZ Teplárenská, a.s.	27309941	100	Related party indirectly controlled by the State through ČEZ, a. s.
ČEZ Energo, s.r.o.	29060109	100	Related party indirectly controlled by the State through ČEZ ESCO, a.s.
MARTIA a.s.	25006754	100	Party indirectly controlled by the State through ČEZ Teplárenská, a.s.
SD - Kolejová doprava, a.s.	25438107	100	Related party indirectly controlled by the State through Severočeské doly a.s.
Severočeské doly a.s.	49901982	100	Related party indirectly controlled by the State through ČEZ, a. s.
ENESA a.s.	27382052	100	Related party indirectly controlled by the State through ČEZ ESCO, a.s.
AZ KLIMA a.s.	24772631	100	Related party indirectly controlled by the State through ČEZ ESCO, a.s.
Česká exportní banka, a.s.	63078333	84	Related party directly controlled by the State
HOLDING KLADNO, a.s. in liquidation	45144419	96.85	Related party directly controlled by the State
Exportní garanční a pojišťovací společnost, a. s.	45279314	100	Related party directly controlled by the State
ČEPRO, a.s.	60193531	100	Related party directly controlled by the State
Letiště Praha, a.s.	28244532	100	Related party directly controlled by the State
GALILEO REAL, k.s.	26175291	100	Related party directly controlled by the State
IMOB a.s.	60197901	100	Related party directly controlled by the State
MERO ČR, a.s.	60193468	100	Related party directly controlled by the State
PRISKO a.s.	46355901	100	Related party directly controlled by the State
THERMAL – F, a.s.	25401726	100	Related party directly controlled by the State
Výzkumný a zkušební letecký ústav, a.s.	10669	100	Related party directly controlled by the State
Ministerstvo dopravy	66003008	100	Related party directly controlled by the State
ČD – Telematika a.s.	61459445	100	Related party indirectly controlled by the State through ČD, a.s.

Name of related party	Identification Number	Share of state in %	Means of control
Výzkumný Ústav Železniční, a.s.	27257258	100	Related party indirectly controlled by the State through ČD, a.s.
DPOV, a.s.	27786331	100	Related party indirectly controlled by the State through ČD, a.s.
ČD Cargo, a.s.	28196678	100	Related party indirectly controlled by the State through ČD, a.s.
ČD – Informační Systémy, a.s.	24829871	100	Related party indirectly controlled by the State through ČD, a.s.
Dopravní vzdělávací institut, a.s.	27378225	100	Related party indirectly controlled by the State through ČD, a.s.
ČD travel, s.r.o.	27364976	51.72	Related party indirectly controlled by the State through ČD, a.s.
Žižkov Station Development, a.s.	28209915	51	Related party indirectly controlled by the State through ČD, a.s.
JLV, a.s.	45272298	38.79	Related party indirectly controlled by the State through ČD, a.s.
CR-City a.s.	26705427	34	Related party indirectly controlled by the State through ČD, a.s.
ČD Restaurant, a.s.	27881415	100	Related party indirectly controlled by the State through ČD, a.s.
RailReal a.s.	26416581	66	Related party indirectly controlled by the State through ČD, a.s.
ČD Bus a.s.	17377404	100	Related party indirectly controlled by the State through ČD, a.s.

Provision of Information Pursuant to Act No. 106/1999 Coll., on Free Access to Information, as Amended for 2024

Pursuant to Section 18 of Act No. 106/1999 Coll., on Free Access to Information, as amended (the "Act"), České dráhy, a.s. ("ČD" or the "Obliged Entity") hereby publishes its annual report on its activities in the provision of information pursuant to the Act in 2024.

In the period prior to 2 March 2020, ČD did not consider itself the Obliged Entity pursuant to the Act with regard to the judgment of the Municipal Court in Prague ref. on. 8 A 80/2017-50 of 28 September 2017; therefore, ČD did not provide information pursuant to the Act.

On 2 March 2020, the judgment of the Supreme Administrative Court (SAC) ref. no. 8 As 145/2018-61 of 27 February 2020 became final, in which the SAC stated that ČD was considered the Obliged Entity pursuant to the Act in accordance with the established case law.

Statistics of the agenda pursuant to the Act in the period between 1 January to 31 December 2024

1. In relation to the provision of Section 18 (1) (a) of the Act:

   In the relevant period, a total of 57 requests for information were handled by ČD.

   In 10 requests, a resolution on rejection was issued pursuant to Section 15 of the Act in the period.

   In 10 requests, a resolution on rejection of a part of the request was issued pursuant to Section 15 of the Act in the period.

2. In relation to the provision of Section 18 (1) (b) of the Act:

   In four cases, an appeal was filed against the resolution of ČD pursuant to Section 16 of the Act that was decided by the Office for Personal Data Protection (the "Office").

3. In relation to the provision of Section 18 (1) (c) of the Act:

   The ruling of the Supreme Administrative Court in Prague ref no. 2 As 96/2023 – 92 of 28 February 2024 reads:

   "At the beginning, the Supreme Administrative Court dealt with a general objection of the complainant that it is not a public institution; therefore, not an obliged entity under the Act on Free Access to Information and that the Municipal Court had not handled this issue. This objection lacks any in-depth reasoning;, moreover, it is an issue that was already dealt with in this specific case by the Supreme Administrative Court in an assessment of one of the previous decisions of the complainant (ruling of 27 February 2020, ref. no. 8 As 145/2018-61). Since that time, there have not been any amendments to the Act on Free Access to Information that would relate to the definition of public institutions and their obligation to provide information upon request, and there was no turn in the case-law (on the contrary, the case-law confirmed that the complainant was a public institution, refer to ruling of 8 April 2020, ref. no. 10 As 227/2018-41). The Municipal Court had dealt with this issue, although it had been in the part where it had dealt with the issue of whether the complainant had used public funds (point 81 of the appealed ruling).

This is also related to the complainant's general statement that it has a worse position compared to its competitors due to the fact that it is an obliged entity. This may be true to some extent. However, its position is specific as its sole shareholder is the Czech Republic.

If the complainant became an obliged entity in this situation as a result of the resolution by a lawmaker and subsequent case law, it has no choice but to respect this specific position and adapt to it."

The Obliged Entity incurred the following costs during the relevant period in relation to proceedings regarding rights and obligations pursuant to the Act:

- Under the ruling of the Municipal Court in Prague ref. no. 10 A 58/2021-121 of 21 March 2023 - the amount of CZK 19,456,
- Under the ruling of the Supreme Administrative Court ref. no. 2 As 96/2023-92 of 28 February 2024 - the amount of CZK 3,400, i.e. the total of CZK 22,856.

4. In relation to the provision of Section 18 (1) (d) of the Act:

   In the relevant period, it was not proceeded pursuant to the provision on a licence or sub-licence contract in the provision of information in respect of any of the requests.

5. In relation to the provision of Section 18 (1) (e) of the Act:

   In the relevant period, one complaint was handled pursuant to Section 16a of the Act.

6. In relation to the provision of Section 18 (1) (f) of the Act:

   In the relevant period, ČD provided no other information on the application of the Act.

Consolidated Sustainability Statement

České dráhy
Moderně a spolehlivě

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Deloitte Audit s.r.o.
Churchill I
Italská 2581/67
120 00 Prague 2 – Vinohrady
Czech Republic

Tel: +420 246 042 500
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.: 49620592
Tax ID. No.: CZ49620592

INDEPENDENT LIMITED ASSURANCE REPORT
To the shareholders of České dráhy, a.s.

Having its registered office at: Nábřeží L. Svobody 1222, 110 15 Praha 1

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement of České dráhy, a.s. (the "Company") and its subsidiaries (the "Group") included in part of the Annual Report of České dráhy, a.s., including the information incorporated in the Consolidated Sustainability Statement by reference, as disclosed in section General basis for the preparation of the sustainability statement (the "Consolidated Sustainability Statement") as at 31 December 2024 for the year then ended.

Identification of Applicable Criteria

The Consolidated Sustainability Statement was prepared by the Board of Directors of the Company in order to satisfy the requirements of Article 32k of the Czech Accounting Act implementing Article 29a of Directive 2013/34/EU of the European Parliament and of the Council, including:

- Compliance with the European Sustainability Reporting Standards introduced by Commission Delegated Regulation (EU) of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council ("ESRS"), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement (the "Process") is in accordance with the description set out in the section Double materiality assessment; and
- Compliance of the disclosures stated in the EU Taxonomy subsection within the Environmental responsibility section of the Consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Inherent Limitations in Preparing the Consolidated Sustainability Statement

The criteria, nature of the Consolidated Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted, which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organisations and from year to year within an organisation as methodologies evolve.

In reporting forward-looking information in accordance with ESRS, management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Consolidated Sustainability Statement, management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

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Responsibility of the Company's Board of Directors and Supervisory Board for the Consolidated Sustainability Statement

The Board of Directors is responsible for designing and implementing a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this process in the section Double materiality assessment of the Consolidated Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- The identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the entity's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- The assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Making assumptions that are reasonable in the circumstances.

The Board of Directors is further responsible for the preparation of the Consolidated Sustainability Statement, in accordance with Article 32k of the Czech Accounting Act implementing Article 29a of Directive 2013/34/EU of the European Parliament and of the Council, including:

- Compliance with the ESRS;
- Preparing the disclosures in the EU Taxonomy subsection within the Environmental responsibility section of the Consolidated Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- Designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Consolidated Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- The selection and application of appropriate consolidated sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

The Supervisory Board is responsible for overseeing the Group's sustainability reporting process.

Our Responsibility

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities in respect of the Consolidated Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in the section Double materiality assessment of the Consolidated Sustainability Statement.

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- Obtaining an understanding of the entity's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness.
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error.
- Designing and performing procedures responsive to disclosures in the Consolidated Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our Independence and Quality Management

We complied with the applicable independence and other ethical requirements of the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic (the "Code"). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Consolidated Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management; and
  - reviewing the Group's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in the section Double materiality assessment.

In conducting our limited assurance engagement, with respect to the Consolidated Sustainability Statement, we:

- Obtained an understanding of the Group's reporting processes relevant to the preparation of its Consolidated Sustainability Statement by performing inquiries to understand the Group's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Statements;
- Evaluated whether material information identified by the Process to identify the information reported in the Consolidated Sustainability Statement is included in the Consolidated Sustainability Statement;
- Evaluated whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected disclosures in the Consolidated Sustainability Statement;
- Performed substantive assurance procedures based on a sample basis on selected disclosures in the Consolidated Sustainability Statement;
- Obtained evidence on the methods for developing material estimates and forward-looking information and on how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion***.***

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with Article 32k of the Czech Accounting Act implementing Article 29a of Directive 2013/34/EU of the European Parliament and of the Council, including:

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement is in accordance with the description set out in the section Double materiality assessment; and
- Compliance of the disclosures in the EU Taxonomy subsection within the Environmental responsibility section of the Consolidated Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Other Matter

Our assurance engagement does not extend to information in respect of earlier periods.

In Prague on 22 April 2025

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

Ladislav Šauer
registration no. 2261

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General information according to ESRS 2

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GENERAL INFORMATION ACCORDING TO ESRS 2

General basis for the preparation of the Sustainability Statement

This consolidated sustainability report for 2024 is prepared for the entire ČD Group for the period from 1 January 2024 to 31 December 2024. The scope of consolidation corresponds to the scope used in the preparation of the consolidated financial statements for the same period. None of the subsidiaries subject to financial consolidation have been excluded from the consolidated sustainability reporting. Equity interests where the parent Company České dráhy, a.s. does not have operational control are not included in the consolidation.

The European legislation concerning the CSRD (Corporate Sustainability Reporting Directive) is not yet fully established and its transposition into the Czech legal system has not been completed as of the date of this report. In view of the lack of interpretative opinions and not yet established practice, the Group has not defined specific policies, targets or actions in some areas at this stage. However, the Group is confident that the current internal governance arrangements in these areas are adequate and functional, but will continue to monitor further developments in legislation and good practice and, where relevant, proceed to supplement or amend them. All these cases are transparently described in the relevant chapters of this Statement. The Sustainability Statement has therefore been prepared to the maximum extent possible and in accordance with the currently available information, interpretations and methodological background.

The scope of the information disclosed in this Report corresponds to the results of the double materiality analysis performed, in which all prescribed data points were assessed in all companies of the ČD Group. This analysis was carried out both from the perspective of the ČD Group's own operations and from the perspective of relevant parts of its value chain.

The consolidated quantitative information published in this Report includes data from all included companies of the ČD Group. Qualitative information in the consolidated Statement is presented only for the Group companies, for which the topic has been confirmed as material. This applies primarily to the parent Company ČD, a.s. and the largest subsidiary ČD Cargo, a.s., which represent the vast majority of the Group in terms of size and share of consolidation. The consolidation of the non-financial information of the subsidiary ČD Cargo, a.s. was carried out on the basis of the following inputs from its own Consolidated Sustainability Statement 2024, which was separately validated by an independent audit entity. Where relevant, this Consolidated Report of the ČD Group refers to the separate Consolidated Sustainability Statement of the subsidiary ČD Cargo, a.s.

ČD Group companies included in the Consolidated Sustainability Statement for 2024

České dráhy
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Cargo

Informační Systémy
Člen Skupiny ČD

ČD-TELEMATIKA

Výzkumný Ústav Železniční, a.s.
Člen Skupiny ČD

DPOV
Člen Skupiny ČD

DVI
Člen Skupiny ČD

ČDBus

Travel

Additional information on the published Statement

As the Company is issuing this Sustainability Report for 2024 as an initiation report, there have been no changes in the preparation and presentation of information compared to the previous reporting period and therefore it is not possible to report any errors with the previous period. Unless otherwise stated in the thematic chapter, the metrics presented have not been verified by an external body other than the assurance service provider.

The Company has not claimed an exemption for non-disclosure of its know-how and innovation in this statement.

The Company has not departed from the time horizons defined in section 6.4 of ESRS 1, the short-term horizon corresponds to the reporting period of the Company's financial statements, the medium-term horizon represents a range of 1-5 years and the long-term horizon represents a period longer than 5 years. Different time horizons were used in the climate risk assessment where the 2030-2040-2050 timeline was set.

Value chain assessment - the Company selected its key suppliers in terms of the volume of financial performance and the expected impact of their activities in terms of energy intensity and environmental impact. Based on this selection, priorities were set for phasing sustainability principles in the supply chain. Internal financial data and publicly available industry information were used to determine this selection. The accuracy of these estimates has not yet been externally verified. Currently, direct value chain data is not reflected in the published metrics. The Company plans to progressively improve the quality of this information through direct communication with suppliers, the introduction of standardised ESG questionnaires and the development of processes for systematic sustainability data collection. The gradual integration of direct supplier data into published metrics is being considered in future reporting periods.

Sources of uncertainty in estimates and results - The Company has made estimates of environmental input data based on recalculations using group benchmarks to the number of employees or area in use. This method was applied only to small subsidiaries (ČD travel, s.r.o., DVI, a.s., and ČD - Informační systémy, a.s.), which do not currently have a system in place for the direct collection of this data. Given their negligible share in the overall environmental profile of the ČD Group, this inaccuracy is considered insignificant in terms of overall reporting results.

Non-ESRS disclosures - Beyond the requirements of the CSRD and the ESRS standards, this report contains selected information based on generally accepted frameworks and standards that contribute to increasing the consistency and comparability of disclosed data. Specifically, the GHG Protocol and ISO 90001, ISO 14001 standards, ISO 45001, ISO 50001.

List of requirements incorporated by reference - This Sustainability Statement contains references to the following publicly available documents that supplement or support the information provided in this report.

- Code of Ethics of České dráhy, a.s. - adds information on values, management principles and approach to ethical behaviour and responsibility
- The financial section of the 2024 Annual Report of the ČD Group - contains the financial data referred to in this report, including a breakdown of revenues, investments and financial relationships relevant to the business model and value chain chapters
- Sustainability Statement of ČD Cargo, a.s. - provides detailed information on the sustainability aspects of the subsidiary ČD Cargo, which complements the information presented in this consolidated report of the Group

These documents are freely available through the websites of these companies or their subsidiaries and will remain up-to-date throughout the publication of this report.

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Strategy, business model and value chain

This section provides an overview of the ČD Group's strategy, the key elements of its business model and the structure of its value chain as required by ESRS 2.

Approach to the sustainability strategy

Currently, the ČD Group does not have a unified group strategy for sustainability. The strategic direction in this area has so far been set only at the level of the parent Company ČD, a.s. and the largest subsidiary ČD Cargo, a.s., which represent the dominant parts of the entire ČD Group in terms of financial and operational aspects.

From the perspective of the railway sector, sustainability issues represent a generally positive trend for the ČD Group. Rail transport is perceived as an environmentally friendly transport mode with significantly lower greenhouse gas emissions and an overall lower environmental impact compared to other forms of transport. For this reason, sustainable development in passenger rail transport is fully compatible with the long-term strategy of the ČD Group. On the other hand, in the area of rail freight transport, some aspects of sustainability also present significant risks that need to be actively managed. Among the most important are the decline in fossil fuel transport volumes, the volatility of energy prices and the insufficient development of rail infrastructure to meet the needs of freight transport. These factors are forcing rail freight operators to adapt their strategies and business model to new market and regulatory conditions.

The priorities and targets in the area of sustainability of the parent Company ČD, a.s. are based directly on the updated corporate strategy for 2024 and help to fulfil the newly defined mission and vision of the Company's development until 2035.

The updated corporate strategy of the parent Company ČD, a.s. emphasises key topics with an impact on the long-term sustainability of the business, which are reflected in the following strategic pillars of the Company. The strategic priorities thus established, derived from the updated corporate strategy with a view to 2035, are already being translated into specific implementation actions and projects across the various parts of the Company. This coherence ensures that strategic decisions in the area of sustainability are fully integrated into the long-term management of the ČD Group.

Sustainability actions also form the basis for the systematic management of these activities within the Company and serve as an input for the disclosure of its non-financial information as required by the CSRD.

České dráhy
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Vision

Featuring modern, comfortable and ecological alternative to individual transport in the Czech Republic and Europe.

Mission

To be a long-term stable Company providing quality passenger rail transport services in a competitive market environment

Strategic pillar of the Company	Long-term company objectives influencing the sustainability of its business	ESRS
Modernisation	modernisation and renewal of the vehicle fleet development and modernisation of maintenance facilities increase in transport performance	ESRS E1 Climate change
Passengers	improving service reliability increasing passenger satisfaction ongoing digitalisation of the passenger ecosystem	ESRS S4 Consumers and end-users
Employess	meeting staffing needs resulting from modernisation and generational turnover increasing employee satisfaction introducing a performance management incentive system	ESRS S1 Own workforce
Stability and finance	ensuring the long-term financial sustainability of the business establishing and managing a sustainability systém in line with legislative requirements	ESRS G1 Business conduct

The approach of the parent Company ČD, a.s. to the implementation of strategic priorities in the area of sustainability is based on a pragmatic and balanced approach that considers three basic dimensions - economic, environmental and social sustainability. This approach is based on the conviction that a long-term viable sustainability strategy cannot be based solely on meeting regulatory or societal expectations but must be firmly anchored in real economic performance and operational efficiency.

The strategic approach of the subsidiary ČD Cargo, a.s. to sustainability is published in its separate Sustainability Statement for 2024.

The other subsidiaries of the ČD Group included in this Consolidated Report do not currently have their own defined sustainability strategies. However, they do contribute to the long-term targets of the ČD Group in the following way:

- meet the targets of the group-defined human resources (ESRS S1) and compliance (ESRS 2, ESRS G1) policies,
- support the targets of the parent Company ČD within the strategic pillars of Modernisation and Passengers,
- implement their own economically justifiable actions in the ESRS E1 area that led to a reduction in energy intensity and the introduction of low-emission technologies.

Business model

The ČD Group is a major provider of passenger and freight rail transport in the Czech Republic and Central Europe. Its business model is based on providing reliable, safe and sustainable transport of passengers and goods, with an emphasis on meeting customer requirements, public service conditions and supporting the development of integrated and accessible transport. The Group creates value through the efficient use of human capital, infrastructure, modern technologies and digital solutions. Sustainability is an integral part of the business model and is reflected in strategic management and day-to-day operations.

Within the ČD Group, the parent Company ČD, a.s., as the national carrier, provides passenger rail transport services in the Czech Republic. Freight rail transport services are provided by the subsidiary ČD Cargo, a.s. In addition to these core activities, the ČD Group, through other subsidiaries, offers additional and supporting services in areas such as certification and testing, vehicle maintenance and repair, transport education, ICT services for the transport sector or bus replacement services. These activities synergistically support the core business activities of the ČD Group and contribute to their stability and efficiency.

In accordance with international classification and the principles of sustainable development, the ČD Group considers rail transport services to be a key pillar of clean transport, which contributes to reducing greenhouse gas emissions and minimising negative impacts on the environment. Thanks to its energy efficiency and the possibility of electrification using renewable energy sources, the railway ranks among low-emission and environmentally friendly transport systems. In accordance with the EU Regulation on the taxonomy of sustainable activities, rail transport is classified as a sustainable economic activity as it contributes significantly to climate change mitigation and meets the environmental targets of the European Union.

In terms of the classification of economic activities, the companies of the ČD Group operate in the following segments:

Company name	Business segment	Business activity code	Description of NACE code
České dráhy, a.s.	Passenger transport	4910	Intercity passenger rail transport
ČD Cargo, a.s.	Freight transport	4920	Rail freight transport
ČD - Telematika a.s.	IT and services	611	Telecommunications activities
ČD - Information Systems, a.s.	Information systems	620	Information technology activities
Railway Research Institute, a.s.	Testing	7120	Technical tests and analyses
DPOV, a.s.	Repair services	33171	Repair and maintenance of rolling stock
ČD Bus a.s.	Passenger transport	49410	Road freight transport
Transport Educational Institute, a.s.	Education	8559	Other education n.e.c.
ČD travel, s.r.o.	Travel agency	79120	Activities of travel agencies

Primarily, ČD Group companies operate in the Czech Republic, Through its subsidiaries ČD Cargo, a.s. and VUZ, a.s., the ČD Group is also present in the following other geographical areas:

Distribution of total revenues of the ČD Group by major segments is presented in the Consolidated Financial Statements in Note 5 Segment Information.

Total number of employees by geographical area	2024
Czech Republic	21,246
Slovakia	73
Austria	4
Germany	7
Poland	139
Croatia	4
Hungary	40
Total	**21,513**

Value chain

ČD Group companies operate across various parts of the value chain in the rail transport sector. On the output side of the value chain, the parent Company ČD, a.s. provides passenger rail transport services primarily in the public interest, namely for state and regional customers. Approximately one third of the performance is also performed on a commercial basis. The subsidiary ČD Cargo, a.s. provides freight transport on a purely commercial basis, both in the Czech Republic and in selected European markets.

Other subsidiaries of the ČD Group provide support and ancillary activities primarily to ensure the Group's own operations - some of them serve exclusively its internal needs (DPOV, a.s., ČD Bus, a.s.), others provide services to external entities on the basis of clearly defined contractual relations (ČD - Telematika, a.s., ČD - Informační systémy, a.s., VUZ, a.s., DVI, a.s., ČD travel, s.r.o.).

On the upstream side of the value chain, ČD Group's key partner is Správa železnic, s.o., which provides access to the railway infrastructure and supplies traction electricity. This relationship is essential not only for day-to-day operations but also for meeting decarbonisation targets in terms of ESRS E1 requirements. Other important suppliers include manufacturers and service partners of railway rolling stock, energy and fuel suppliers.

Due to the size and complexity of the ČD Group's value chain, it is not always possible to report all related metrics quantitatively. In view of the transitional provisions under ESRS 1, the ČD Group is taking a step-by-step approach to reporting value chain metrics in accordance with the availability of relevant data and the level of process readiness, both within the Group and with external partners.

Stakeholder dialogue

The parent Company ČD, a.s. understands the interests and expectations of key stakeholders as a crucial input for setting its strategy, service priorities and managing its business model. The identification of these stakeholders is based on knowledge of its own business environment and was confirmed in the double materiality analysis performed. In dialogue with the parties listed below, the Company regularly verifies that it has a correct understanding of their needs and expectations and that it is providing appropriate value to them through its services and contractual relationships. Communication with these parties takes place through established channels and responsible contact persons within the Company. Dialogue with stakeholders therefore not only contributes to building trust but also serves as a basis for strategic management in line with the Company's targets and the requirements of the regulatory and social environment. The conclusions of this dialogue for 2024 have not shown the need to change the current strategy or business model, but have contributed to the refinement of some operational targets and internal priorities, particularly in the areas of improving service quality, developing digital channels and communicating ESG topics to investors and the public.

Results of the dialogue with the main stakeholders of the parent Company ČD, a.s. for the year 2024

Stakeholder	Form of engagement/communication	Key topics	Company response / actions
Employees	Feedback, intranet, training, dialogue with trade unions	Working conditions, wages, training, health care, emergency support	Personnel strategy, communication, employee care, professional development support, occupational health and safety
Customers (passengers)	Multi-channel communication, satisfaction surveys, apps, social networks	Quality and reliability of connections, digitalization, comfort	Modernisation of vehicles, development of digital channels customer satisfaction index
Customers of public service transport	Negotiations, contractual relations, reporting, joint planning	Quality and range of services, reliability, transport service	Ensuring contractually defined standards, regular reporting, cooperation on optimization of transport services
Banks and investors	Annual reports, Sustainability reports, investor meetings	Financial stability, transparency, compliance with ESG criteria	Publication of CSRD Sustainability Reports, securing sustainable financing, communication with rating agencies
Správa železnic, s.o.	Coordination, negotiation, cooperation	Exclusions, electrification of infrastructure, emission structure of traction electricity, decarbonisation	Strategic meetings, coordination of operations
Suppliers	Tenders, market consultations, questionnaires	Timeliness, quality and stability of deliveries, compliance with basic ESG criteria according to the Code of Ethics, supply chain resilience	Rules for sustainability management in the supply chain, Code of Conduct with ESG principles, questionnaires for verifying readiness to meet ESG criteria
Trade union bodies	Collective bargaining, regular consultations	Wages, benefits, job security	Collective agreements, employee programmes and benefits
Regulatory authorities / MTCR	Reporting, consultation, working groups	Legislation, CSRD, climate targets	Compliance with regulatory obligations, cooperation with the Ministry of Transport

Sustainability Management within the Company

Involvement of the governing bodies

Within the Company's governing bodies, the member of the Board of Directors responsible for economics and purchasing is responsible for sustainability. This member of the Board of Directors also chairs the ČD Group ESG Committee, which serves as an advisory body to management for the coordination of ESG activities across the ČD Group.

The management of the sustainability and ESG area is provided by a dedicated sustainability manager of the parent Company ČD, a.s., who is responsible for fulfilling all reporting obligations of the Company, coordinating and developing the necessary ESG initiatives and coordinating all related ESG agendas within the ČD Group. The Company also has a dedicated ESG data team that methodically manages, collects and consolidates non-financial data for non-financial reporting purposes across the entire ČD Group. The management of ESG agendas in relation to subsidiaries is carried out through dedicated ESG contact persons of these subsidiaries. The exception is the subsidiary ČD Cargo, which has implemented its own ESG management structure since 2024. Knowledge support to the Company's governing bodies in the area of sustainability is provided through the expertise of the Sustainability Manager and the ESG Data & Reporting team.

The monitoring and management of sustainability impacts, risks and opportunities is generally covered by the Sustainability Manager within the Company. The sustainability risk management section is closely linked to the Company's risk management system and is part of the agenda of the Company's Risk Management Committee. Responsibility for addressing identified impacts, risks and opportunities then fall to the relevant members of the Board of Directors. Sustainability targets and priorities are defined by the Board of Directors and are derived from the updated Corporate Strategy 2024.

The Board of Directors oversees the implementation of the sustainability targets and obligations, and the management of impacts, risks and opportunities based on regular quarterly reporting by the Sustainability Manager. This reporting includes information on the development of key ESG indicators, the achievement of set targets and actions, identified risks and opportunities as well as changes in the regulatory framework relating to sustainability. ESG reporting also includes information on significant impacts, risks and opportunities (IROs) from the dual materiality analysis. The Board considers this information in terms of its impact on the business and the Company's strategy and takes it into account when updating the corporate strategy and setting sustainability priorities.

Information on significant impacts, risks and opportunities (IROs) identified through the dual materiality process is regularly presented to the Board of Directors as part of ESG reporting. The Board assesses the materiality of these topics in terms of their potential impact on the Company's operations and strategy and decides on their further consideration in corporate strategy updates, investment planning or ESG management priority setting.

Reporting on the Company's sustainability targets and obligations to other governing bodies (Supervisory Board, Audit Committee) takes place at least on an annual basis in the context of the discussion and approval of the annual report, including its sustainability-related sections. Given that the issues of double materiality and impact management, risk and opportunities, including control mechanisms, is a new agenda, all related processes within the Company will be fully set up during 2025.

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Linking competences to material topics

For each material topic, responsibility was assigned to specific members of the Board of Directors according to their respective responsibilities based on the results of the 2024 double materiality analysis. A summary of the assignment of responsibilities to each topic, including their ESRS categorisation, is provided in the table below. This structure will be reviewed periodically and may be adjusted in the event of changes to the regulatory framework or the Company's internal organisational structure.

ESRS categories	Material topic	Responsible Board Member / Responsibilities
ESRS E1	EU Taxonomy	Deputy Director General for Economics and Purchasing
	Development of rail transport	Deputy Director General for Passenger Transport
	Energy efficiency	Deputy Director General for Service
	Emissions	Deputy Director General for Economics and Purchasing
	Environmental and climate targets	Director General
ESRS E2,3,5	Air pollution from diesel vehicles	Deputy Director General for Economics and Purchasing
	Environmental pollution in the event of accidents	Deputy Director General for Service
	Water	
	Waste management and circular economy	
ESRS S1	Approach to HR management	Deputy Director General for Human Resources
	Recruitment and turnover	
	OHS	
	Development and education	
	Social dialogue	
ESRS S4	Reliability of rail transport services	Deputy Director General for Passenger Transport
	Improving care and passenger satisfaction	
	Railway safety	
	Accessibility of travel	
ESRS G1	Ethical and anti-corruption behaviour	Director General
	Sustainability in the supply chain	Deputy Director General for Economics and Purchasing

Integration of sustainability-related performance in incentive schemes

The Company's long-term targets, defined in the updated corporate strategy from 2024, are in line with the principles of long-term business sustainability and form the basis for the development and management of sustainability issues within the ČD Group - see page 270.

In line with the implementation of this strategy, the management of the parent Company ČD, a.s. has currently set performance indicators (KPIs) in the following areas:

- **ESRS S4:** Development of rail transport services (increasing transport performance, increasing reliability of connections)
- **ESRS S4:** Enhancing rail safety (readiness for the introduction of ETCS)
- **ESRS S1:** Improving employee satisfaction
- **ESRS S4:** Improving customer satisfaction

Currently, the Company has not set climate targets or performance indicators (KPIs) in the area of **ESRS E1**; however, the definition of these targets is ongoing and is conditional on the development of the Company's Decarbonisation Strategy until 2026. The above performance indicators of the management of the parent Company ČD, a.s. supporting the Company's sustainability targets are not currently defined in accordance with the ESRS specifications and are therefore not used for reporting purposes in the individual thematic sections of this Report. These performance indicators and targets are defined only for the level of the Board of Directors of the parent Company ČD, a.s

Statement on due diligence

The parent Company ČD, a.s. strives to apply the principles of due diligence in accordance with the requirements of ESRS 2 GOV-4. This approach includes the systematic identification, prevention and mitigation of sustainability-related impacts associated with the Company's activities, within its economic means and in accordance with the strategic targets set by its governing bodies. The steps already taken as part of this process include, in particular, the integration of sustainability aspects into the risk management system, the establishment of an internal organisation for sustainability management throughout the Group and the monitoring of the achievement of the sustainability targets and actions set, including regular reporting to the Board of Directors and other governing bodies of the Company.

The coverage of each element of due diligence in this Report is detailed in the following table.

Basic elements of due diligence	Sections within Consolidated Sustainability statement	Pages
Embedding due diligence in governance, strategy and business model	Corporate governance	p. 9
	General information	p. 268
Engaging with affected stakeholders in all key steps of the due diligence	Corporate governance	p. 9
	General information according to ESRS 2	p. 273
	Social responsibility	p. 335
	Business conduct	p. 363
Identifying and assessing adverse impacts	General information according to ESRS 2	p. 274
	Corporate governance	p. 9
Taking actions to address those adverse impacts	Environmental responsibility	pp. 315, 318, 323, 329, 331, 334
	Social responsibility	pp. 342, 344, 346, 347, 350, 354, 358, 360
	Business conduct	pp. 365, 367
Tracking the effectiveness of these efforts and communicating	General information according to ESRS 2	p. 268
	Corporate governance	p. 9

Integrating sustainability issues into the Company's risk management system

Since 2023, the sustainability area has been part of the Company's risk management system, thus ensuring its integration with internal risk management standards and systematic monitoring of the impact of sustainability on the business.

The responsibility for monitoring ESG impacts and potential threats arising from regulatory requirements and legislative changes, as well as for assessing ESG factors in the Company's value chain, lies with the Sustainability Manager. The Sustainability Manager is a regular guest of the Company's Risk Management Committee and regularly attends its meetings to present key findings on the development of ESG threats potentially impacting the Company's operations. The Sustainability Manager works closely with the Company's Risk Manager throughout the year, particularly in the preparation of papers for the Risk Management Committee meetings and the Company's dual materiality analysis process. The aim of this collaboration is to ensure that ESG and sustainability aspects are linked to the overall risk management process of the Company. The material risks identified as a result of the double materiality analysis process or the Risk Management Committee meetings are subsequently taken into the risk management system and further managed in accordance with the Company's set framework. On a quarterly basis, the Sustainability Manager provides the Risk Manager with updates on identified ESG threats and the development of previously recorded risks. This item is discussed by the Risk Management Committee and subsequently included in the materials submitted to the Company's governing bodies - the Board of Directors, Audit Committee, Supervisory Board and Management Committee as part of the overall Risk Position of ČD and the ČD Group. The actual Sustainability Statement for a given year undergoes an internal validation process within the Company and is subsequently approved by the Company's prescribed governance structures (Audit Committee, Board of Directors, Supervisory Board).

Approach to sustainability risk assessment

A methodology combining the magnitude of the financial impact of the risk and the probability of its occurrence was chosen to determine the risks analysed in the double materiality analysis process. The assessment of the financial impact was based on a four-level classification according to the perceived loss or gain, with each level internally assigned to specific financial values affecting the Company's profit or loss (1 - negligible impact, 2 - not negligible impact, 3 - severe impact, 4 - very severe impact). The likelihood of the risk occurring was also assessed on a four-point scoring scale (1 - unlikely, 2 - may occur, 3 - likely to occur, 4 - very likely to occur (already occurring). The overall prioritisation of risks was based on a combination of both factors, which allowed for a target determination of their materiality and confirmed the extent of the Company's reporting.

Internal control and quality assurance system for sustainability reporting

The process of ensuring the accuracy and completeness of the data contained in the Sustainability Report has been formally managed as part of the Company's internal control system since 2024 and is currently being implemented across the organisational structure. The collection and validation of the partial inputs is the responsibility of the relevant business units, which provide input in a defined structure and deadlines. These inputs are then validated by a designated responsible person (Sustainability Manager) for methodology, relevance and compliance with ESRS requirements. The report produced undergoes an internal validation process, which assesses the completeness of coverage of all required areas according to the ESRB, the consistency between the quantitative and qualitative data, consistency across chapters and consistency with the Company's financial reporting. The resulting Sustainability Report is subsequently submitted to the Audit Committee, approved by the Board of Directors and adopted by the Supervisory Board. The report is also provided to the Statutory Auditor for external verification purposes.

In 2024, the Company conducted an internal audit focused on the Company's readiness to report non-financial information in accordance with the CSRD, which aimed to assess the processes in place, the quality of data flows and the competencies of the departments involved. The audit findings and recommendations will be implemented during 2025 to further strengthen the reliability and integrity of the ESG reporting process.

This process will ensure a multi-level system of internal control and risk management related to non-financial reporting within the Company.

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Main identified risks related to the sustainability of the Company

In terms of sustainability threats and opportunities, the ČD Group monitors potential impacts related to legislative and regulatory developments and increasing sustainability requirements within its value chain. As part of the dual materiality analysis process, the Company has identified the following material risks with a higher level of materiality.

Risk name	Identified impact
ESRS E1 Climate change	
Risk of non-compliance with emission limits	Financial impact in case of sanction
Energy performance of the Company's buildings	Financial impact in case of tighter regulation or energy price increases
Energy consumption of Data Centre operations (ČD Telematika)	Financial impact in case of tighter regulation or energy price increases
ESRS G1 Business conduct	
Resilience of supply chains to external factors	Risk of delays in the delivery, upgrading and servicing of rolling stock due to low resilience of supply chains to external factors

These risks have the potential - if they materialise - to affect the Company's business model, for example through increased operating costs (due to energy price volatility), the threat of regulatory sanctions or disruption to operational stability in the event of supply chain disruptions. At present, these risks are not assessed by the Company as being sufficiently significant to require significant changes to the business model in the short term. However, in the medium term, the Company is considering adjustments to its energy strategy with a view to 2030 and adjusting its supply chain management according to its resilience criteria to external influences.

Full management of these identified risks arising from the dual materiality process will be set up within the Company during 2025.

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Double materiality assessment

In order to determine the scope of the reported non-financial information, a double materiality analysis was performed in the ČD Group, in accordance with the wording of the CSRD. The target was to verify both the impact of the Company's activities on the environment and society (impact materiality) and the impact of these factors on the Company's financial performance (financial materiality). This process was carried out in accordance with the requirements of the ESRS 1 standard.

The initial phase of the analysis was carried out throughout the ČD Group between February and April 2024. The process was managed by the parent Company ČD, a.s., which coordinated the involvement of all relevant subsidiaries, with the exception of ČD Cargo, a.s., where the process was carried out separately, but in accordance with a uniformly set methodology.

The results of the double materiality analysis were approved by the Board of Directors of the parent Company ČD, a.s. in April 2024. The approval of the results in the subsidiaries concerned took place at the level of their respective Boards of Directors. The final validation of the results of the double materiality analysis for the entire ČD Group was performed after the closure of the consolidated financial results for 2024. The updated and final version of the results was subsequently approved by the Board of Directors of the parent Company ČD, a.s. on 25 March 2025.

Methodology

The overall dual materiality assessment process was conducted in accordance with the requirements of the CSRD and its Annexes, from the requirements of the ESRS 1 and ESRS 2 cross-cutting standards and the guidelines for the implementation of the materiality assessment. The following 4 process steps were applied in the assessment process:

1. Understanding the Company's business and related activities, value chain and stakeholders

2. Identification of relevant impacts, risks and opportunities

3. Impact assessment and financial materiality

4. Determination of relevant topics

The understanding of the business was done by mapping the business of the entities in the group and their value chain. Understanding the value chain included identification of the stakeholders and their roles in the value chain, description of the value chain, business relationships, classification of the actors according to NACE code, assessment of the actors' dependence on resources and locations. The identification of relevant impacts, risks and opportunities was based on available documents, benchmarking and discussion with expert staff of the ČD Group.The actual impact assessment was carried out using a 4-point scale. For actual impacts, the severity of the impact was assessed and for potential impacts, in addition to severity, the likelihood was assessed. The severity classification was based on an assessment of the following factors: severity, magnitude and irreversibility of the impact (recoverability, assessed only for negative impacts). Where impacts were found to have the potential to have a negative impact on human rights, the severity of the impact was prioritised over the likelihood. For risks and opportunities, probability and financial effect were assessed. The materiality threshold was set at 9. All topics analysed with a score above 9 (inclusive) were subsequently confirmed as material to the ČD Group for 2024. The analysis carried out by the ČD Group also considered the interests of all stakeholders through the Company's contact persons, who deal and communicate with the affected stakeholders as a matter of course. The Company's Risk Manager was also directly involved in the process of assessing significant topics so that the ongoing analysis and assessment of impacts, risks and opportunities could be subsequently linked to the Company's internal risk management system.

Outputs of the double materiality analysis of the ČD Group for 2024

Based on the analysis performed, the relevance of the themes in the following ESRS categories was confirmed for the ČD Group for 2024:

Material topics	**ESRS E1** Climate change
	ESRS E2 Pollution
	ESRS E3 Water and marine resources
	ESRS E5 Circular economy
	ESRS S1 Own workforce
	ESRS S4 Consumers and end-users
	ESRS G1 Business conduct

Immaterial topics	**ESRS E4** Biodiversity and ecosystems
	ESRS S2 Workers in the value chain
	ESRS S3 Affected communities

Justification of the immateriality of topics

ESRS E4 - Biodiversity and ecosystems: the topic was not assessed as significant in the ČD Group as the companies do not own or operate facilities in protected or environmentally sensitive areas and do not intervene in the landscape or land. Rail operations are carried out on the infrastructure of the Správa železnic, which is responsible for its environmental management. No significant impacts on natural habitats or ecosystems have been identified that meet the ESRB significance criteria.

ESRS S2 - Workers in the value chain: the topic was not assessed as significant as the ČD Group cooperates mainly with suppliers from the Czech Republic and the EU who are bound by legal labour standards. In addition, suppliers of the parent Company ČD, a.s. are contractually obliged to comply with the ČD Code of Conduct, which includes rules on working conditions and human rights. There were no violations or increased risks that met the materiality criteria of the ESRB requirements.

ESRS S3 - Affected communities: the topic was not assessed as significant because the activities of the ČD Group do not have direct or systematic impacts on local communities. The railway operation is regulated, takes place on the infrastructure of the Správa železnic and does not create interference in the territory or the social fabric. In cases of changes to the services operated, there is standard communication with the municipalities concerned. There have been no significant complaints or negative impacts that meet the ESRS criteria for significance.

List of material topics

The following topics have been assessed as significant in terms of impact and/or financial significance for the ČD Group in 2024. They are therefore the subject of the disclosures in this Sustainability Report, in accordance with the requirements of the European Sustainability Reporting Standards (ESRS).

ESRS E1 Climate change

#	Subtopic	Type			Description	Impact	Company
1	Climate change adaption	I	🟢	↔	Modernisation of the rolling stock fleet	increasing the attractiveness of rail transport and reducing its energy and emission intensity	ČD
2	Climate change mitigation	I	🔴	↔	Operation of diesel rail vehicles	contributes negatively to greenhouse gas emissions	ČD
3	Climate change mitigation	I	🔴	↔	Use of fossil fuels for heating	contributes negatively to greenhouse gas emissions	ČD
4	Climate change mitigation	O	🟢	↔	Low-emission rail transport	potential for increasing demand for rail transport services	ČD
5	Climate change mitigation	R	🔴	🏠	Non-compliance with emission limits	the financial impact in the event of a sanction	ČD
6	Energy	R	🔴	🏠	High energy consumption of buildings	financial impact in case of tighter regulation or energy price increases	ČD
7	Energy	R	🔴	🏠	High energy consumption of Data Centres	financial impact in case of tighter regulation or energy price increases	ČD Telematika

ESRS E2 Pollution

#	Subtopic	Type			Description	Impact	Company
1	Air pollution	I	🔴	↔	Operation of diesel rail vehicles	emissions of air pollutants	ČD, ČD Cargo
2	Air pollution	I	🔴	↔	Operation of bus replacement transport by diesel vehicles	emissions of air pollutants	ČD BUS
3	Environmental pollution	I	🔴	↔	Possibility of accidents in railway operation	pollution of the environment may occur	ČD

I impact R risk O opportunity 🟢 positive 🔴 negative 🏠 own operations ↔ value chain

ESRS E3 Water and marine resources

#	Subtopic	Type			Description	Impact	Company
1	Water withdrawals	I	●	🏠	Water consumption for technological and operational processes of railway operation	the need to use drinking water (legislation), potential limitations in case of reduced availability or abundance of water sources	ČD

ESRS E5 Circular economy

#	Subtopic	Type			Description	Impact	Company
1	Waste	I	●	🏠	Waste production and management	higher production of waste related to the servicing and disposal of rolling stock	ČD, DPOV

ESRS S1 Own workforce

#	Subtopic	Type			Description	Impact	Company
1	Adequate wages	I	●	🏠	Recruitment for specific positions	problems with filling key positions (driver, service)	ČD
2	Social dialogue	I	●	🏠	Social dialogue through trade unions	improving labour relations and social cohesion through social dialogue with trade unions	ČD Group
3	Health and safety	I	●	🏠	Health and safety at work	the nature of the Company's activities may potentially endanger the health and safety of employees	ČD Group
4	Training and skills development	I	●	🏠	Personal and professional development of employees	opportunity for professional growth	ČD Group

I impact R risk O opportunity ● positive ● negative 🏠 own operations ↔ value chain

ESRS S4 Consumers and end-users

#	Subtopic	Type			Description	Impact	Company
1	Approach to products and services	I	🔴	↔	Operational problems with impact on service delays	dissatisfaction of passengers and their lower willingness to use rail as an alternative to road transport	ČD
2	Freedom of expression	I	🟢	↔	Open communication and resolution of customer complaints	the possibility to express opinions, suggestions, complaints through various communication channels	ČD
3	Approach to products and services	I	🟢	↔	Customer care and satisfaction	the Company contributes to improving the care and satisfaction of its customers through ongoing modernisation of its fleet and the digitalisation of its services	ČD
4	Approach to products and services	I	🟢	↔	Barrier-free passenger transport	the Company creates conditions to ensure barrier-free transport for persons with reduced mobility and orientation	ČD
5	Health and safety	I	🔴	↔	Railway transport safety	the operation of rail transport can lead to dangerous situations with potential impact on passenger safety	ČD

ESRS G1 Business conduct

#	Subtopic	Type			Description	Impact	Company
1	Corruption and bribery	I	🔴	↔	Responsible and anti-corruption behaviour	cases of corruption, fraud or other illegal acts could adversely affect the management of the Company and impair the business environment	ČD Group
2	Supplier Relationship Management	I	🟢	↔	Responsible supply chain management	the Company gradually promotes the principles of responsible management of its supply chain	ČD
3	Supplier Relationship Management	I	🔴	↔	Resilience of supply chains to external factors	risk of delays in the delivery, upgrading and servicing of rolling stock due to low resilience of supply chains to external factors	ČD

I impact   R risk   O opportunity   🟢 positive   🔴 negative   🏠 own operations   ↔ value chain

Climate risks and impact analysis

The parent Company ČD, a.s. has carried out a comprehensive analysis of climate risks, which includes both physical risks and transition risks. The analysis was performed in accordance with the requirements of the European Sustainability Reporting Standards (ESRS E1) and the EU Taxonomy. Physical climate risks include the impacts of extreme weather events and long-term climate change that may affect rail operations. Transitional climate risks reflect regulatory changes, technological developments, shifts in consumer behaviour and other factors related to the transition to a low-carbon economy.

	České dráhy, a.s.	ČD Cargo, a.s.
Number of identified assets	3,491	958
Total in regions	14	14
Total carrying amount of assets	CZK 3,275 mil.	CZK 521 mil.

Analysis of physical climate-related risks

Scope of the resilience analysis performed

Only ČD, a.s. and ČD Cargo a.s., which represent 95% of the activities of the consolidated ČD Group, were included in the analysis. Given the territorial distribution of their assets throughout the Czech Republic and the nature of their activities, it can be assumed that these companies are also sufficiently representative of the rest of the group. The climate risk assessment models applied took into account the risks applicable to the entire railway industry and the latitude in which the ČD Group operates. In the resilience analysis for the consolidated ČD Group prepared for 2024, only directly owned assets were analysed, without taking into account the impact of the railway infrastructure managed by the owner and operator of this infrastructure, Správa železnic, s.o., which will carry out its own resilience analysis of the railway infrastructure during 2025. No physical or transient climate risks were excluded from the climate risk analysis of the ČD Group. In the case of transient climate risks, possible risks were considered according to examples based on the TCFD classification, plus other transient risks.

The climate risk analysis was carried out during October and November 2024 on the owned and leased assets of ČD, a.s. and ČD Cargo a.s. to the following extent - see table.

Procedure for conducting a resilience analysis

Due to the high number of assets in both companies, the analysis of these assets was carried out in a cumulative manner, using clusters comprising assets with similar characteristics and geographic location. For the analysis, the high emissions scenario SSP5-8.5 (IPCC, AR6) was chosen, which assumes a warming of the planet by an average of 4.4 °C in 2081-2100 compared to values around 2000. The time horizons considered for the analysis of physical climate risks were defined as short-term (until 2030), medium-term (until 2040) and long-term (up to 2050).

This choice of time horizons reconciles the need to examine physical risks over longer time periods to capture the impacts of climate change with the practice of using shorter, predictable time periods for strategic planning and associated capital allocation plans. An assessment of physical climate risks to 2030 reveals current and imminent risks to the Company. Increasing risks due to climate change are also captured by the Climate Risk Assessment through 2050. The actual analysis of the climate risks of ČD, a.s. and ČD Cargo, a.s. for the year 2024 was carried out according to the methodology developed by an expert consulting entity, which was subsequently validated by the auditor of this Report.

Results of physical climate-related risk analyses

No significant physical or transient climate risks have been identified for ČD, a.s.

No significant physical climate risks were identified for ČD Cargo a.s. For the locations where the assets of ČD, a.s. and ČD Cargo a.s. are located, the vulnerability analysis identified the potential occurrence of storm and flood hazards. The results of the vulnerability analysis for all the hazards examined are summarised in the table below.

Classification of climate hazards

	Related to temperature	Vulnerability	Related to wind	Vulnerability	Related to water	Vulnerability	Related to solid surface	Vulnerability
Chronic	Changing temperature	NO	Changing wind patterns	NO	Changing precipitation patterns and types of precipitation	NO	Coastal erosion	NO
	Heat stress	NO			Precipitation or hydrological variability	NO	Land degradation	NO
	Temperature variability	NO			Ocean acidification	NO	Soil erosion	NO
	Permafrost thawing	NO			Salinization	NO	Solifluction	NO
					Sea level rise	NO		
					Water stress	NO		
Acute	Heatwave	NO	Cyclone, hurricane, typhoon	NO	Drought	NO	Avalanche	NO
	Cold wave/frost	NO	Storm	YES	Heavy rainfall	NO	Landslide	NO
	Forest fire	NO	Tornado	NO	Flood	YES	Soil subsidence	NO
					Glacial lake outburst	NO		

After calculating the financial impact of storm and flood events in specific locations that are not resilient to these events, the threshold of significance did not exceed 1% of total revenues for ČD, a.s. and 1% of total revenues for the last 3 years (2020-2023) for ČD Cargo a.s. Therefore, we do not consider either of the identified hazards to be a material risk. Damage to assets, the decline in revenues before replacement of services and the cost of replacing these services do not have a material impact on the financial position of ČD Cargo, a.s. and ČD Cargo Inc. and the statements presented in the annual report. Both Companies are able to replace the shortfalls in their services caused by the identified hazards.
As a result, the Company is not changing its strategy and does not expect any obstacles in accessing financing. The rail transport of passengers and freight, which is the core of the Group's business, is considered to be a sustainable mode of transport which, even in the long term 2050, is minimally affected by physical climate risks in the current scope of the analysis.

Based on these facts, the Company has decided not to make any investment decisions at this time.

Transition climate risk analysis

The aim of this part of the analysis was to identify and assess climate risks related to legislative changes, technological innovations and market conditions. The analysis on the same time horizons as the physical climate risks section, i.e. short-term (up to 2030), medium-term (up to 2040) and long-term (up to 2050) horizons.

Identified key risks and their assessment

Political and legal factors

- Increase in the price of emission allowances (ETS2) - the potential impact on the use of fossil fuels for traction operation is monitored by the Company, an exemption from the introduction of emission allowances for this type of operation is proposed at the level of the responsible ministries, currently the impact of this risk is assessed as low
- Emissions reporting obligations - the Company already has processes in place and has not identified vulnerabilities to the new requirements
- Regulation of products and production processes - currently no significant risk has been identified, and the Company continues to monitor this area

Technological risks

- Replacement of existing products and services - not assessed as a significant risk, the Company is investing in energy efficient technologies and testing alternative fuels (HVO)
- Costs of switching to low-emission technologies - not assessed as a significant risk; in the modernisation part of the rolling stock, the investments are covered by long-term contracts of public transport customers, in the non-contraction part the Company plans investments in energy-saving and low-emission technologies in a way that will not jeopardise its financial stability

Market risks

- Change in customer behaviour - not assessed as a significant risk; the majority of the Company's revenues are linked to long-term contracts with customers of public service obligations, in the part of commercial services for individual customers the risk is minimised by increasing the attractiveness of the transport services provided (reliability, modernisation, digitalisation) and long-term capacity constraints of alternative modes of transport
- Higher raw material costs - not assessed as a significant risk; possible increase in energy and fuel prices could affect operating costs, but the Company has the option to pass on these costs to contractors through fare indexation or through price indexation in long-term contracts, which allow automatic adjustment of payments according to energy and fuel price developments

Reputational factors

- Stigmatisation of the sector - rail transport is generally perceived as environmentally friendly, which minimises reputational risks.
- Increased stakeholder interest - the Company expects higher demands for transparency but has the capacity and processes to meet these expectations.

Results of the analysis of transition climate risks

The analysis of transitional climate risks did not identify any major risks that would threaten the long-term sustainability of the business of the parent Company ČD, a.s. The Company has a stable business model, is well prepared for legislative and technological changes, actively invests in energy-saving technologies and is preparing for the gradual tightening of emission criteria in the field of railway transport. Based on these facts, the Company has decided not to take any additional investment decisions at this time.

In the case of the subsidiary ČD Cargo, a.s., only a significant transition risk was identified resulting from the failure to implement changes in the operation of the infrastructure that necessitated the implementation of planned investments in new technologies.

ESRS disclosure requirements

SFDR	Sustainable Finance Disclosure Regulation
P3	Disclosure requirements under EBA Pillar 3
BRR	Regulation on climate benchmarks
EUCL	European Climate Law

General requirements according to ESRS 2

ESRS section	Title of the disclosure requirement	Page	Link to other legal provisions
ESRS 2 BP-1	General basis for preparation of sustainability statements	268	
ESRS 2 BP-2	Disclosures in relation to specific circumstances	269	
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	8, 275	SFDR/BRR
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	275	
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	277	
ESRS 2 GOV-4	Statement on due diligence	278	SFDR
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	279 Phase-in according to Appendix C of ESRS 1	
ESRS 2 SBM-1	Strategy, business model and value chain	270	SFDR/P3/BRR
ESRS 2 SBM-2	Interests and views of stakeholders	273	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	270, 281	SFDR
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	281	SFDR
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	282-285	

ESRS E1 Climate change

ESRS section	Title of the disclosure requirement	Page	Link to other legal provisions
EU Taxonomy	Regulation on taxonomy	295	
ESRS E1-1	Transition plan for climate change mitigation	325	EUCL
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	271	SFDR
ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	281, 286	SFDR
ESRS E1-2	Policies related to climate change mitigation and adaptation	314, 318, 323	
ESRS E1-3	Actions and resources in relation to climate change policies	315, 318, 323	
ESRS E1-4	Targets related to climate change mitigation and adaptation	314, 317, 323, 325	SFDR/P3/BRR
ESRS E1-5	Energy consumption and mix	317	SFDR
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	321	SFDR/P3/BRR
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Immaterial for Company	EUCL
ESRS E1-8	Internal carbon pricing	Immaterial for Company	
ESRS E1-9	Anticipated financial effects from material physical and transition risks and opportunities	Omitted under Appendix C of ESRS 1	BRR/P3

ESRS E2 Pollution

ESRS section	Title of the disclosure requirement	Page	Link to other legal provisions
ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	281, 326	SFDR
ESRS E2-1	Policies related to pollution	329	
ESRS E2-2	Actions and resources related to pollution	329	
ESRS E2-3	Targets related to pollution	329	
ESRS E2-4	Pollution of air, water and soil	328	SFDR
ESRS E2-5	Substances of concern and substances of very high concern	Immaterial for Company	
ESRS E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Immaterial for Company	

ESRS E3 Water and marine resources

ESRS section	Title of the disclosure requirement	Page	Link to other legal provisions
ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	281, 326	SFDR
ESRS E3-1	Policies related to water and marine resources	331	SFDR
ESRS E3-2	Actions and resources related to water and marine resources	331	
ESRS E3-3	Targets related to water and marine resources	331	
ESRS E3-4	Water consumption	330	SFDR

ESRS E5 Circular economy

ESRS section	Title of the disclosure requirement	Page	Link to other legal provisions
ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	281, 326	SFDR
ESRS E5-1	Policies related to resource use and circular economy	334	
ESRS E5-2	Actions related to resource use and circular economy	334	
ESRS E5-3	Targets related to resource use and circular economy	334	
ESRS E5-4	Resource inflows	Immaterial for Company	
ESRS E5-5	Resource outflows	333	SFDR
ESRS E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Immaterial for Company	

ESRS S1 Own workforce

ESRS section	Title of the disclosure requirement	Page	Link to others legal provisions
ESRS 2 SBM-2	Interests and views of stakeholders	273	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	270, 336	SFDR
ESRS S1-1	Policies related to own workforce	337	SFDR/BRR
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	338	
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	338, 364	SFDR
ESRS S1-4	Taking action on material impacts on own workforce	342, 344, 346, 347	
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	339, 342, 344, 346, 347	
ESRS S1-6	Characteristics of the undertaking's employees	340	
ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	340	
ESRS S1-8	Collective bargaining coverage and social dialogue	347	
ESRS S1-9	Diversity metrics	Immaterial for Company	
ESRS S1-10	Adequate wages	339	
ESRS S1-11	Social protection	Immaterial for Company	
ESRS S1-12	Persons with disabilities	Immaterial for Company	
ESRS S1-13	Training and skills development metrics	346, Phased-in according to Appendix C of ESRS1	
ESRS S1-14	Health and safety metrics	343	SFDR/BRR
ESRS S1-15	Work-life balance metrics	Immaterial for Company	
ESRS S1-16	Compensation metrics (pay gap and total compensation)	Immaterial for Company	SFDR/BRR
ESRS S1-17	Incidents, complaints and severe human rights impacts	Immaterial for Company	SFDR/BRR

ESRS S4 Consumers and end-users

ESRS section	Title of the disclosure requirement	Page	Link to others legal provisions
ESRS 2 SBM-2	Interests and views of stakeholders	273, 348	
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	270, 348	SFDR
ESRS S4-1	Policies related to consumers and end-users	350, 354, 358, 360	SFDR/BRR
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	352	
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	352	
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	350, 354, 358, 360	SFDR
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	350, 354, 358, 360	

ESRS G1 Business conduct

ESRS section	Title of the disclosure requirement	Page	Link to others legal provisions
ESRS 2 GOV-1	The role of the administrative, supervisory and management bodies	8, 275	SFDR/BRR
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	281, 363	SFDR
ESRS G1-1	Corporate culture and business conduct policies	364, 366	SFDR
ESRS G1-2	Management of relationships with suppliers	366	
ESRS G1-3	Prevention and detection of corruption or bribery	364	
ESRS G1-4	Confirmed incidents of corruption or bribery	365	SFDR/BRR
ESRS G1-5	Political influence and lobbying activities	Immaterial for Company	
ESRS G1-6	Payment practices	Immaterial for Company	

Environmental responsibility

České dráhy
Moderně a spolehlivě

EU Taxonomy

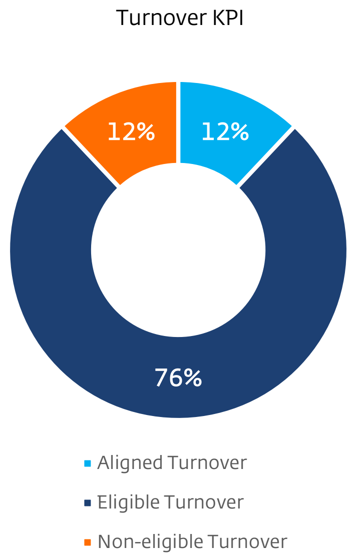
Consolidated disclosure pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council establishing a framework to facilitate sustainable investments (Taxonomy Regulation

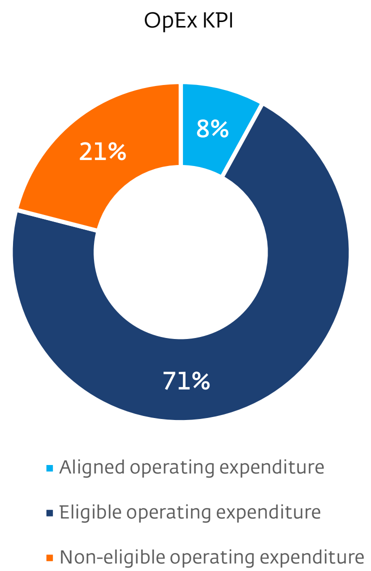
The Taxonomy Regulation is a key part of the European Commission's action plan to redirect capital flows towards a more sustainable economy. It represents an important step towards achieving carbon neutrality by 2050 in line with the EU's climate goals by setting out a classification system for environmentally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

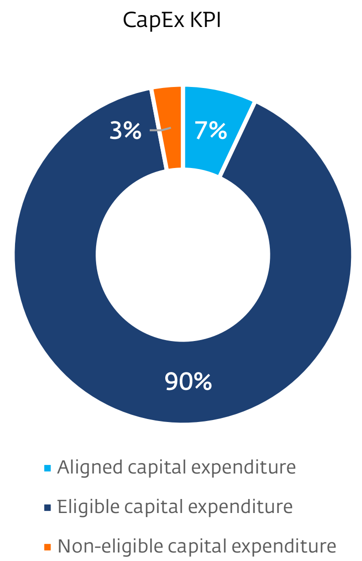
In the following, we present, as the non-financial ČD Group for the reporting period 2024, the share of economic activities eligible under the taxonomy related to the first two environmental targets (climate change mitigation and adaptation) in the total turnover of the ČD Group (KPI for turnover), in the capital expenditure of the Group (KPI for capital expenditure) and in the operating expenditure of the Group (KPI for operating expenditure) in accordance with Art. 8 of the Taxonomy Regulation and Article 10(2) of the Commission Delegated Regulation (EU) 2021/2178.

In 2023, new legislation was adopted in the form of the "Commission Delegated Regulation (EU) 2023/2486", which sets technical screening criteria for the remaining four environmental targets (Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, Protection and restoration of biodiversity and ecosystems.. No activities were identified as relevant in terms of the reported KPIs, i.e. no other activities were identified as eligible. The list of eligible activities therefore remains unchanged from 2023.

Overview of economic activities







Share of economic activities eligible according to the taxonomy and ineligible according to the taxonomy in total turnover, capital expenditure and operating expenditure:

	Total (mil. CZK)	Proportion of taxonomy-eligible and taxonomy-aligned economic activities	Share of taxonomy-eligible economic activities only (%)	Share of taxonomy non-eligible economic activities (%)
Turnover	54,697	12 %	76 %	12 %
Capital expenditure	28,778	7 %	90 %	3 %
Operating expenses	7,735	8 %	71 %	21 %

Taxonomy-eligible activities

We have reviewed the relevant economic activities eligible under the taxonomy and, based on our analysis of global activities, have assigned them to the following economic activities in accordance with Annex I and II of the Climate Change Delegated Regulation. The table below shows for which environmental target the activities qualify as eligible:

Eligible economic activity (number, name)	Description	Climate change mitigation	Climate change adaptation
6.1 Intercity rail passenger transport	Purchase, operation, rental and operation of passenger transport using rail vehicles.	✔	✔
6.2 Rail freight transport	Purchase, finance, lease, rent and operate freight transport on mainline and local freight railways.	✔	✔
6.14 Infrastructure for rail transport	Construction, modernisation, operation and maintenance of railways and underground railways, as well as bridges and tunnels, stations, terminals, railway service facilities, safety systems and traffic management systems, including the provision of architectural services, engineering services, design services, construction supervision services and surveying, cartographic and similar services, as well as the performance of physical, chemical and other analytical tests on all types of materials and products.	✔	✔

Structure of reported KPIs for eligible activities

Economic activities	Codes	Turnover		Capital expenditures		Operating expenditures	
		mil. CZK	%	mil. CZK	%	mil. CZK	%
Rail freight transport	6.2	6,745	12 %	1,751	6 %	637	8 %
Infrastructure for rail transport	6.14	-	- %	143	1 %	-	- %
Taxonomy eligible and taxonomy aligned activities		**6,745**	**12 %**	**1,894**	**7 %**	**637**	**8 %**
Intercity passenger rail transport	6.1	32,590	60 %	20,773	72 %	4,279	55 %
Rail freight transport	6.2	8,551	16 %	2,530	9 %	735	9 %
Infrastructure for rail transport	6.14	-	- %	2,672	9 %	481	6 %
Taxonomy eligible activities only		**41,141**	**76 %**	**25,975**	**90 %**	**5,495**	**71 %**
Taxonomy non-eligible activities		**6,812**	**12 %**	**909**	**3 %**	**1,603**	**21 %**
Total		**54,697**	**100 %**	**28,778**	**100 %**	**7,735**	**100 %**

Allocation of turnover, investment and operating expenditure to a specific environmental target

The ČD Group is particularly concerned about global climate change and therefore tries to contribute as much as possible to the goal of climate change mitigation through its own activities. The ČD Group has therefore decided to assign activities 6.1, 6.2, 6.14 to the climate change mitigation target, as it considers the contribution of these activities to climate change adaptation to be less significant and the taxonomy does not allow double counting (i.e. assigning one activity to more than one climate change target).

Contributing to more climate goals

In line with our sustainability strategy, we want to make a positive contribution to mitigating the impacts of climate change through our core rail operations primarily - i.e. we contribute through our eligible activities to the first target 'climate change mitigation'.

For these reasons, we do not show a contribution to multiple climate targets for 2024.

Relevant assessment of the eligibility of our activities according to the taxonomy

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

Our assessment of activities eligible under the taxonomy focuses on economic activities defined as combinations of resources to provide services. As a major rail passenger and freight operator, we operate in several sectors within the value chain of our services and products and generate revenues in several areas within this value chain, namely revenues related to

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passenger transport (activity 6.1) and freight transport (activity 6.2). Within the value chain, we do not disclose information on activities that do not generate external revenues but result in assets or processes that are necessary for our external revenue-generating activities, such as:

- intra-group service and repair activities;
- intra-group leases of rail vehicles and transport capacity;
- intra-group IT support and administration services;
- acquisition/construction of new buildings.

These activities are not reported as qualifying activities under the taxonomy and are not included in the key performance indicator (KPI) of our turnover as they do not generate external turnover on their own.

Activity 6.1 Intercity passenger rail transport

One of the main activities of the ČD Group is passenger transport. We include in this category all activities carried out by our companies using railway vehicles moving on the European railway infrastructure related to passenger transport. This category is made up of passenger fare revenue both domestically and internationally, revenue from the state and individual regions paid to strengthen or maintain the rail transport function in the regions, or revenues from the sale of tickets on our carriages.

Activity 6.2 Rail freight transport

Another important activity of the ČD Group is freight transport. This category includes all transport services performed by our companies using rail vehicles moving on the European rail infrastructure, associated with the transport of freight both domestically and internationally

.

Activity 6.14 Infrastructure for rail transport

As a contribution to our core activities 6.1 and 6.2, we also perform support activities related to the construction, modernisation and operation of selected parts of the railway infrastructure owned by the ČD Group (i.e. outside the railway infrastructure owned by Správa železnic s.o.). This category includes activities of equipping locomotives with ETCS signalling equipment, reconstruction of operational buildings, upgrading of operational software.

Compared to 2023, there is no significant change in 2024 in the scope or method of reporting eligible activities of the ČD Group.

Capital/Operating expenditure eligible according to the taxonomy and Capital/Operating expenditure individually eligible according to the taxonomy

With respect to capital and operating expenses related to our taxonomy-eligible business activities and capital and operating expenses that we consider individually eligible under the taxonomy, we refer to the explanations under "Capital Expenditure KPIs" and "Operating Expenditure KPIs" in the description of our accounting policies.

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Taxonomy-aligned activities

An economic activity is aligned with the taxonomy if it meets the technical screening criteria and:

- makes a significant contribution to one or more environmental targets;
- does not significantly harm any of the environmental targets;
- is carried out in accordance with the minimum guarantees.

Technical screening criteria for significant contribution to one or more climate targets

6.2 Rail freight transport	6.14. Infrastructure for rail transport
Trains have zero direct CO_2 emissions	the infrastructure is electrified infrastructure and associated on-board and track-side control and signalling systems, or infrastructure and systems with an electrification plan or outside the TEN-T network
Trains do not carry fossil fuels	the infrastructure is designed for the transhipment of goods between modes of transport, terminal infrastructure
	the infrastructure is designed to transfer passengers between modes of transport
	the infrastructure is not intended for the transport of fossil fuels

Technical screening criteria for the principle of no significant harm to any of the environmental targets

Climate target	6.2 Rail freight transport	6.14. Infrastructure for rail transport
Climate change adaptation	climate risk analysis carried out	climate risk analysis carried out
Sustainable use and protection of water and marine resources	irrelevant	the risks associated with maintaining water quality are analysed and the prevention of water stress, and impacts on water bodies are assessed in accordance with EU directives
Transition to a circular economy	waste management actions are in place in accordance with the waste hierarchy, especially during maintenance	at least 70 % of non-hazardous construction and demolition material is ready for reuse, recycling and further recovery in accordance with the management hierarchy waste management hierarchy
Pollution prevention and control	engines intended for propulsion of railway locomotives (RLL) and engines intended for propulsion of railcars (RLR) comply with the emission limits set out in Annex II to Regulation (EU) 2016/1628	the negative impacts of infrastructure use on the population (noise, vibration, etc.) are eliminated through appropriate actions and actions are taken to reduce noise, dust and pollutant emissions during the construction and maintenance of infrastructure
Protecting and restoring biodiversity and ecosystems	irrelevant	environmental impact assessment according to applicable EU directives and actions taken to preserve biodiversity and ecosystems

Implementation of activities in accordance with minimum guarantees

The ČD Group conducts all of its activities in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights and complies with the International Bill of Human Rights. The ČD Group complies with all applicable human rights legislation, fair competition rules, fair taxation and prevents bribery and corruption. The related internal standards and guidelines are in line with the legislation and regulations mentioned above. The due diligence process in these areas is also based on the corporate culture and the Code of Ethics of the ČD Group. Potential negative impacts are minimised by internal actions and a system of internal and external controls, as well as by regular training of the employees concerned. At the same time, reporting mechanisms are set up in case of breaches of these rules. Corrective actions would be taken for any incidents to mitigate negative impacts and prevent them in the future.

Evaluation of technical screening criteria for significant contribution

As a result of the technical screening criteria, revenues and outputs related to the transport of coal and fuels were excluded from compliance activities on the basis of data from the ČD Group's IS, according to the relevant NHM of the consignment (Harmonised Nomenclature of Goods), as well as outputs realised in diesel traction on the basis of the share of freight or transport output realised in diesel locomotives from the ČD Group's IS data.

Evaluation of the technical screening criteria for the principle of no significant harm

The analysis of physical climate risks did not identify any significant risks to the ČD Group's real estate assets in the Czech Republic. The railway infrastructure, which is not owned by the ČD Group but by the infrastructure manager, was not analysed. However, the relevant loading and unloading points were also analysed and no significant risk was identified here either. It can therefore be assumed that in the event that the infrastructure is affected, any restriction would be temporary and/or, given the density of the network, could be circumvented by an alternative route.

The system of waste management hierarchy in the ČD Group is set up and efforts are maximised to renovate and further use the material during the maintenance of the assets.

By modernising its locomotive fleet, the ČD Group is limiting air pollution, as the engines of these new or modernised locomotives must already meet the applicable EU emission limits. Locomotive outputs that do not meet these limits have already been excluded under the criterion of zero direct CO2 emissions.

The other screening criteria relate to the construction of railway infrastructure, which is not implemented by the ČD Group and is not its administrator, and are therefore irrelevant. The activities of the ČD Group do not cause the above negative impacts on water quality, biodiversity or population in the construction, upgrading and repair of infrastructure.

Only ČD Cargo, a. s. reports compliance activities for 2024 within the ČD Group. Other companies within the ČD Group are preparing for compliance reporting in the 2025 reporting year.

Taxonomy non-eligible activities

The ČD Group provides a number of other services within its companies that we consider non-eligible for the EU climate targets in terms of the EU taxonomy.

The ČD Group provides services in the field of telematics. This is a wide range of services in the field of telecommunications and informatics with contractually guaranteed parameters. To provide the services the Group uses the second largest telecommunications infrastructure in the Czech Republic, central data storage, server farms, development, service and other specialised workplaces. The services are provided range from development and operations to support for ten thousand users.

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We also provide professional services and comprehensive solutions in the field of assessment, testing and expert activities for railway systems and rail transport. We operate two in-house railway test circuits at the Velim Test Centre, which are among the most important and recognised test centres for railway technology and equipment in Europe. With its infrastructure and technical equipment, it creates a unique compact unit for the implementation of all types of rolling stock driving tests, tests of all railway equipment and other experimental measurements and verification. The test centre also includes a Dynamic Test Bench, which is designed to perform fatigue and dynamic tests of vehicles and their components, including simulations of operating conditions and vehicle operating states.

The ČD Group also provides a range of other services related to its own assets, such as leasing of real estate or parts thereof, brokering of diesel sales and spare parts, or proceeds from the sale of its own real estate.

Key performance indicators (KPIs) and accounting principles

Key performance indicators (KPIs) include turnover KPI, capital expenditure KPI and operating expenditure KPI. For the 2024 reporting period, we disclose these KPIs with respect to our eligible and non-eligible activities according to the EU taxonomy in accordance with Article 10(2) of Commission Delegated Regulation (EU) 2021/2178.

The specification of each KPI is set out in accordance with Annex I of the Commission Delegated Regulation (EU) 2021/2178. We specify individual KPIs in accordance with legal requirements and we describe our accounting policies in this regard as follows:

Turnover KPI

Definition

The share of taxonomy-eligible economic activities in our total turnover has been calculated as the proportion of net turnover derived from products and services associated with EU taxonomy-eligible economic activities (numerator) divided by net turnover (denominator) in each case for the financial year from 1 January 2024 to 31 December 2024.

The denominator of the turnover KPI is based on our consolidated net turnover in accordance with IAS 1.82(a). Further details of our accounting policies relating to our consolidated net sales are set out in the Consolidated Financial Statements, note 2.

The KPI turnover numerator is defined as the net turnover derived from products and services associated with economic activities eligible under the taxonomy, i.e.:

- 6.1 Intercity rail passenger transport generating revenue from fares and related services and revenue from the state and counties;
- 6.2 Rail freight transport generating revenue from freight transport and related services.

The proportion of aligned turnover is net of revenues from fossil fuel transportation and revenues realized in diesel traction or outside the CR, or if their geographic scope cannot be defined.

Reconciliation to financial statements

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

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Further explanation

The ČD Group keeps detailed records of the allocation of individual revenues to activities 6.1 and 6.2 within its internal IT systems.
to allocate revenues to individual activities eligible according to the EU taxonomy.

Detailed breakdown of revenues by activity	Eligible turnover only	Eligible and aligned turnover	Activity
Revenue from passenger transport - fares	11,692	-	
Domestic passenger transport	7,887	-	6.1
International passenger transport	3,805	-	6.1
Revenue from passenger transport - reimbursements from customers of the public service	20,795	-	
Reimbursement from the state budget	5,388	-	6.1
Reimbursement from the regional budget	15,407	-	6.1
Revenues from freight transport	7,209	6,745	6.2
Other freight transport revenue	908	-	6.2
Other transport-related revenue	84	-	6.2
Revenue for special trains	67	-	6.1
Rental income	350	-	6.2
Rental income	35	-	6.1
Total	**41,141**	**6,745**	

Capital Expenditure KPI

Definition

The capital expenditure KPI is defined as taxonomy-eligible capital expenditure (numerator) divided by our total capital expenditure (denominator).

Total capital expenditure consists of additions to tangible and intangible fixed assets during the financial year before depreciation, amortisation and any revaluation. They include the acquisition of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38), right-of-use assets (IFRS 16) and investment property (IAS 40). Additions resulting from business combinations are also included. Capital expenditure does not include goodwill, which is not considered an intangible asset under IAS 38. For further details of our accounting policy on capital expenditure, see the Consolidated Financial Statements, note 2.

The numerator consists of the following categories of capital expenditures eligible under the taxonomy:

a) Investments related to assets or processes that are associated with economic activities eligible under the taxonomy ("category a"):

We consider assets and processes to be related to economic activities eligible under the taxonomy if they are essential components necessary to carry out economic activities. As a result, all capital expenditure invested in the following areas is reflected in the numerator of the capital expenditure KPI:

- railway traction sets, wagons and other railway vehicles;
- components, spare parts and batteries for railway vehicles;
- information systems used by end customers to purchase tickets, order capacity.

(b) Capital expenditures that are part of investment plans to upgrade taxonomy-eligible economic activities to taxonomy-aligned activities or to expand taxonomy-eligible economic activities ("category b"):

- We do not see any capital expenditure in this category this year.

(c) Capital expenditure relating to the purchase of outputs from economic activities eligible under the taxonomy and individual actions to enable certain target activities (usually our non-eligible activities) to become low-carbon activities or to lead to a reduction of greenhouse gases ("category c"). Capital expenditure is also considered eligible capital expenditure if the purchased output meets the description of the relevant economic activity (see further explanation below).

Within aligned capital expenditure the portion of performance achieved in fossil fuel transportation, independent traction or abroad is eliminated from eligible capital expenditures.

Structure of capital expenditure by asset type

Economic activities	Codes	Land and buildings	Machinery, equipment and other	Vehicles	Assets under construction	Prepayments	Software	Right-of-use assets	Total
Rail freight transport	6.2	31	8	1,368	-	-	38	296	1,751
Infrastructure for rail transport	6.14	-	-	143	-	-	-	-	143
Capital expenditure of taxonomy-aligned activities		**31**	**8**	**1 511**	**-**	**-**	**38**	**296**	**1,894**
Intercity passenger rail transport	6.1	-	48	18,634	271	-	-	1,820	20,773
Rail freight transport	6.2	33	28	1,611	349	270	31	208	2,530
Infrastructure for rail transport	6.14	37	50	527	2,022	-	36	-	2,672
Capital expenditure of taxonomy-eligible activities		**70**	**126**	**20,772**	**2,642**	**270**	**67**	**2,028**	**25,975**
Capital expenditure of taxonomy non-eligible activities		**126**	**127**	**60**	**277**	**-**	**155**	**164**	**909**
Total for category		**227**	**261**	**22,343**	**2 919**	**270**	**260**	**2,498**	**28,778**

Reconciliation to financial statements

Our total capital expenditures can be reconciled to our consolidated financial statements, see Note 15. Property, plant and equipment, Note 17. Intangible assets and goodwill and Note 18. Right-of-use assets. They are the sum of all types of additions to tangible and intangible assets, taking into account the decrease in advances paid in prior years.

Further explanation

Where both taxonomy-eligible and taxonomy-non-eligible economic activities are carried out using the same asset (mixed cases), the taxonomy-eligible portion of capital is determined based on the proportion of eligible activities carried out on those assets. Investments for our eligible activities (i.e. rail-related activities, both passenger and freight) are defined using an appropriate allocation key based on turnover.

Capital expenditure individually taxonomy eligible

The numerator of the capital expenditure KPI includes capital expenditure for which the purchased output meets the description of the relevant economic activity.

We have identified the following purchased outputs that meet the description of the relevant economic activity and therefore result in capital expenditure and operating expenditure eligible under the taxonomy:

Description of individual purchased outputs / taxonomy eligible actions	Relevant economic activity (Annex I of the Commission Delegated Regulation (EU) 2021/2178)
Acquisition of ETCS systems	6.14 Infrastructure for rail transport
Construction, technical evaluation, modification or repair of railway infrastructure structures, e.g. railway stations, railway lines, transhipment points and other necessary railway infrastructure	6.14 Infrastructure for rail transport

Individually eligible expenditure (both capital and operating) falling under the activities listed in the Table has been excluded to avoid double counting of these activities in the KPIs from category (a) and have been taken into account only as expenditure in category (c).

Operating Expenditure KPI

Definition

The operating expenditure KPI is defined as taxonomy-eligible operating expenditure (numerator) divided by our total operating expenditure (denominator).

Total operating expenditure includes direct non-capitalised costs related to research and development, building refurbishment actions, short-term rentals, maintenance and repairs and any other direct expenditure related to the day-to-day maintenance of assets in the form of land, buildings and equipment by the undertaking or by a contractor who outsources the activities and which are necessary to ensure the continued and efficient operation of those assets. This includes:

- The amount of non-capitalised leases determined in accordance with IFRS 16 and including the cost of short-term and low-value leases (see Note 18 to the Consolidated Financial Statements).

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- Maintenance and repairs and other direct expenses related to the day-to-day maintenance of property, plant and equipment assets were determined based on maintenance and repair costs allocated to our internal cost centres. Related cost items can be found in various line items in our income statement, including manufacturing costs (maintenance in service), selling and distribution costs (maintenance logistics) and administrative costs (such as IT systems maintenance). This includes building refurbishment actions. In general, this includes staff costs, service and material costs for day-to-day servicing, as well as regular and unscheduled maintenance and repairs. These costs are directly allocated to our property-plant and equipment.

This does not include expenses related to the day-to-day operation of the property-plant and equipment such as: operating fluids and fuels, the cost of staff operating the machinery, the energy required to operate the asset or any indirect costs. As far as the numerator is concerned, we refer to the corresponding statement regarding the KPIs for capital expenditure. Within the aligned operating expenses, the proportion of output that is performed in fossil fuel transportation or in independent traction is eliminated from eligible expenses.

Detailed breakdown of operating expenditure by activity	Operating expenditure only eligible	Operating expenditure eligible and aligned	Activity
Labour costs	1,251	-	6.1
Labour costs	228	334	6.2
Statutory social and health insurance	412	-	6.1
Material consumption	1,977	-	6.1
Material consumption	303	-	6.14
Repair and maintenance	133	-	6.1
Repair and maintenance	-	238	6.2
Repair and maintenance	371	-	6.14
Fee for RIC cars	471	-	6.1
Rent - leasing	1	-	6.1
Rent - leasing	205	65	6.2
Rent - leasing	10	-	6.14
Services related to the use of buildings	95	-	6.14
Operation, maintenance and other services related to ICT	33	-	6.1
Operation, maintenance and other services related to ICT	5	-	6.14
Total	5,495	637	

Further explanation

Regarding the use of allocation keys, we refer to the corresponding paragraph in the chapter on capital expenditure KPIs. Furthermore, we have applied the allocation key to personnel costs, where we have identified the employees or departments of each Company that provide the day-to-day maintenance of the assets with which the ČD Group carries out economic activities eligible under the taxonomy and non-eligible under the taxonomy (mixed cases). The portion of these operating expenses that are eligible under the taxonomy is determined based on the proportion of eligible activities carried out on these assets. Investments for our eligible activities (i.e. rail-related activities, both passenger and freight) are defined using an appropriate allocation key based on turnover. Other operating personnel costs are not included in operating costs in the sense of the taxonomy.

Key performance indicators for non-financial undertakings

1) Turnover

Financial year	2024			Substantial contribution criteria						Do not significant harm (DNSH) criteria									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Proportion of Taxonomy-aligned activities (A.1) or Taxonomy-eligible activities (A.2) in the turnover, 2023 (18)	Enabling activity category (19)	Transitional activity category (20)
		CZK million	%	%	%	%	%	%	%	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Rail freight transport	6.2	6,745	12%	12%						Yes	Yes	N/A	Yes	Yes	N/A	Yes	- %		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		6,745	12%														- %		
of which enabling		-	- %														- %		
of which transitional		-	- %														- %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																			
Intercity railway passenger transport	6.1	32,590	60%														56%		
Railway freight transport	6.2	8,551	16%														29%		
Turnover of activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy-non-aligned) (A.2)		41,141	76%														85%		
Turnover of Taxonomy-eligible activities (A.1+A.2)		47,885	88 %														85%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		6,812	12%																
Total (A.+B.)		54,697	100%																

2) Capital expenditure

Financial year	2024			Substantial contribution criteria						Do not significant harm (DNSH) criteria									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Proportion of Taxonomy-aligned activities (A.1) or Taxonomy-eligible activities (A.2) in the turnover, 2023 (18)	Enabling activity category (19)	Transitional activity category (20)
		CZK million	%	%	%	%	%	%	%	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Railway freight transport	6.2	1,751	6%	6%						Yes	Yes	N/A	Yes	Yes	N/A	Yes	- %		
Infrastructure for railway transport	6.14	143	1%	1%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	- %		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,894	7 %														- %		
of which enabling		1,894	7 %														- %		
of which transitional		-	- %														- %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																			
Intercity railway passenger transport	6.1	20,773	72%														73%		
Railway freight transport	6.2	2,530	9%														16%		
Infrastructure for railway transport	6.14	2,672	9%														7%		
CapEx of activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy-non-aligned) (A.2)		25,975	90%														96%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		27,869	97%														96%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		909	3%																
Total (A.+B.)		28,778	100%																

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3) Operating expenditure

Financial year	2024			Substantial contribution criteria						Do not significant harm (DNSH) criteria									
Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Proportion of Taxonomy-aligned activities (A.1) or Taxonomy-eligible activities (A.2) in the turnover, 2023 (18)	Enabling activity category (19)	Transitional activity category (20)
		CZK million	%	%	%	%	%	%	%	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	Yes /No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Railway freight transport	6.2	637	8%							Yes	Yes	N/A	Yes	Yes	N/A	Yes	- %		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		637	8%														- %		
of which enabling		637	8%																
of which transitional		-	- %														- %		
A.2 Taxonomy-eligible but not environmentally sustainable activities (Taxonomy-non-aligned activities)																			
Intercity railway passenger transport	6.1	4,279	55%														62%		
Railway freight transport	6.2	735	9%														16%		
Infrastructure for railway transport	6.14	481	6%														8%		
OpEx of activities that are Taxonomy-eligible but not environmentally sustainable (Taxonomy-non-aligned) (A.2)		5,495	71%														86%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2) (A.1+A2)		6,132	79 %														86%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		1,603	21%																
Total (A.+B.)		7,735	100%																

Activities related to nuclear energy and fossil gas

#	Activities related to nuclear energy	Y/N
1	The Company conducts, funds or has exposure to research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with minimal fuel cycle waste.	NO
2	The undertaking carries out, finances or has exposures to the construction and safe operation of new nuclear facilities for the production of electricity or heat treatment, including for district heating or industrial processes such as hydrogen production, as well as the improvement of their safety using the best available technology.	NO
3	The Company conducts, finances or has exposure to the safe operation of existing nuclear facilities that generate electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, as well as Fossil Gas Enhancement Activities.	NO
#	**Fossil gas activities**	**Y/N**
4	An entity conducts, finances or has exposure to the construction or operation of electricity generation facilities that generate electricity from fossil gaseous fuels.	NO
5	The enterprise carries out, finances or has exposures to the construction, renovation and operation of combined heat/cooling and power plants using fossil gas fuels.	NO
6	The enterprise carries out, finances or has exposures to the construction, renovation and operation of heat generation facilities that produce heat/cooling using fossil gaseous fuels.	NO

CONTEXTUAL INFORMATION AND YEAR-ON-YEAR COMPARISON

Turnover KPI

Turnover is at a comparable level year-on-year. Compared to 2023, there is a shift of a portion of eligible revenue to eligible and aligned revenue in 2024 for the Company ČD Cargo, a.s.

	Total (mil. CZK)	Share of taxonomy-eligible and taxonomy-aligned economic activities (%) *	Share of taxonomy-eligible economic activities only (%)	Share of economic activities non-eligible by taxonomy (%)
Turnover for 2024	54,697	12 %	75 %	13 %
Turnover for 2023	52,981	- %	85 %	15 %

Quantitative breakdown of the reader

In the table below, we publish a quantitative breakdown of the turnover KPI numerator. Included here are freight revenue, rental revenue, other operating revenue and other revenue sources. No key drivers of change were indicated during fiscal 2024, given that this is the first year we are reporting a detailed breakdown of business activities aligned with the taxonomy.

Quantitative breakdown of the turnover numerator	(CZK million)
Revenues from freight transport	6,745
Other freight transport revenue	-
Other revenue from operating activities	-
Rental income	-
Total	**6,745**

Capital expenditure KPI

Investment in rolling stock renewal continued in 2024 and is described in more detail in ESRS Chapter E1 Rail Development, Sustainability Report and Note 15 of the consolidated financial statements. Compared to 2023, in 2024 a portion of eligible capital expenditure has been moved to eligible and aligned capital expenditure for ČD Cargo, a.s.

	Total (CZK million)	Shareof taxonomy-eligible and aligned economic activities (%) *	Share of taxonomy eligible economic activities only (%)	Share of taxonomy non-eligible activities (%)
Capital expenditure 2024	28,778	7 %	90 %	3 %
Capital expenditure 2023	18,469*	- %	96 %	4 %

* *Revised for comparability with 2024 by the loss of advances.*

Quantitative breakdown at economic activity level

In fiscal year 2024, our taxonomy-aligned capital expenditure were associated with activities 6.2 and 6.14. In the table below, we disclose the breakdown of the values included in the numerator.

Quantitative breakdown of the numerator of capital expenditure at the level of economic activity (CZK million)					
Activity	Additions to-property plant and equipment	Additions to intangible assets	Right-of-Use assets	Total	Of which acquired through business combinations
6.2 Rail freight transport	1,407	38	306	1,751	-
6.14 Infrastructure for rail transport	143	-	-	143	-
Total	1,550	38	296	1,894	-

Operating expenditure KPI

Operating expenses are flat year-on-year. Compared to 2023, there has been a shift in 2024 of part of the eligible operating expenditure to eligible and aligned operating expenditure for ČD Cargo, a.s.

	Total (CZK million)	Share taxonomy eligible and aligned economic activities	Share of taxonomy-eligible economic activities only (%)	Share of taxonomy non-eligible economic activities (%)
Operating expenditure 2024	7,735	8 %	71 %	21 %
Operating expenditure 2023	7,301	0 %	86 %	14 %

Quantitative breakdown of the reader

The table below shows the breakdown of the operating expenditure KPI numerator into its individual components included in the definition of operating expenditure in Delegated Regulation 2021/2178:

Quantitative breakdown of the turnover numerator	(CZK million)
Rent - leasing	65
Wage costs, soc. and health. insurance	334
Repair and maintenance	238
Total	**637**

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ESRS E1 Climate change

The ČD Group sees its key contribution to climate change mitigation and adaptation to its impacts primarily through the development of rail transport in the Czech Republic. In line with its role as a national carrier, it is ready to support the fulfilment of the Czech Republic's future national emission reduction targets in the transport sector until 2030 with a view to 2050.

In order to achieve these goals, the ČD Group wants to further develop its rail transport services and modernise its fleet of rolling stock to offer customers not only high-quality and affordable transport services, but also energy-efficient services with a low emission burden. At the same time, individual companies of the ČD Group perceive the need to systematically reduce the energy intensity of their own operations in the future. This orientation is motivated by the desire to ensure long-term operational and financial stability in the area of energy supply, while at the same time responding to the growing importance of assessing the economic and legislative risks associated with energy management.

The Company's accounting systems do not yet have a classification of expenses as climatically significant, which does not allow their unambiguous allocation to financial statement items. In 2025, an internal methodology is planned to be developed to enable this link in relation to the newly introduced EU Taxonomy-aligned reporting systems.

In the context of the results of the double materiality analysis for ESRS 1, the ČD Group is therefore further focusing on addressing and reporting on these material topics.

#	Subtopic	Type			Description	Impact	Company
1	Climate change adaptation	I	●	↔	Modernisation of the rolling stock fleet	increasing the attractiveness of rail transport and reducing its energy and emission intensity	ČD
2	Climate change mitigation	I	●	↔	Operation of diesel rail vehicles	contributes negatively to greenhouse gas emissions	ČD
3	Climate change mitigation	I	●	↔	Use of fossil fuels for heating	contributes negatively to greenhouse gas emissions	ČD
4	Climate change mitigation	O	●	↔	Low-emission rail transport	potential for increasing demand for rail transport services	ČD
5	Climate change mitigation	R	●	🏠	Non-compliance with emission limits	the financial impact in the event of a sanction	ČD
6	Energy	R	●	🏠	High energy consumption of buildings	financial impact in case of stricter regulation or energy price increases	ČD
7	Energy	R	●	🏠	High energy consumption of data centres	financial impact in case of stricter regulation or energy price increases	ČD Telematika

I impact R risk O opportunity ● positive ● negative 🏠 own operations ↔ value chain

Development of rail transport

MATERIAL TOPICS

Modernisation of railway rolling stock

Low-emission character of rail transport

Our approach

The key business and strategic priority of the ČD Group's rail carriers is the systematic development of rail transport, which is characterised by the most efficient energy and emission parameters and environmental benefits of all available transport modes. This development, together with the gradual shift of transport load from road to rail, is also perceived as a significant business opportunity and an effective tool for reducing emissions and increasing the energy efficiency of the entire transport system.

The development of railway transport in the Czech Republic is closely linked to the continuous development, modernisation and electrification of the railway infrastructure by Správa železnic, s.o. Due to the current extent of electrification of lines in the Czech Republic (approximately 40%), it is necessary for the railway carriers of the ČD Group to ensure operation not only with electric units, but also with vehicles with independent drive, including diesel vehicles.

The ČD Group's investment priority is the gradual modernisation of its fleet of rolling stock with a focus on introducing units with higher energy efficiency and lower greenhouse gas emissions. At the same time, within the parent Company ČD, a.s., the process of introducing vehicles with alternative drives and low-emission fuels has already been underway in order to meet future customer requirements and expected environmental policies.

Metrics

The parent Company ČD, a.s. evaluates the success of the passenger rail transport development strategy primarily through the indicator of the development of transport and transport performance. In 2024, 168.8 million passengers were transported, which represents a year-on-year increase of approximately 3%. Significant growth was recorded especially in international transport, where the number of passengers exceeded 7 million, which is 12% more than in the previous year. Passengers travelled a total of 8.28 billion kilometres. These results confirm the effectiveness of the chosen strategy and the growing public interest in rail transport.

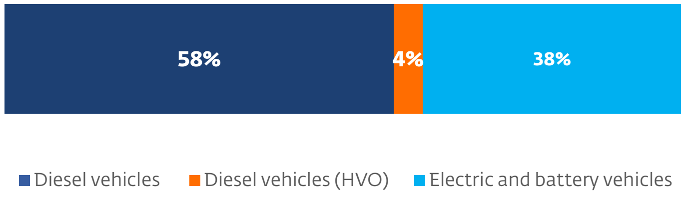
ČD	2022	2023	2024
Transport performance in million train-km*	116.3	117.2	115.6
electric traction	64.3	67.0	67.6
motor traction	52.0	50.1	48.0
Transport performance in millions of km	7,710	8,068	8,280
Number of passengers transported in thousands	157,054	164,366	168,787

*Number represents total performances (passenger, freight, other, and locomotive trains).

The key indicator for evaluating the progress of fleet modernisation is the "Traction fleet structure by type of drive and emission intensity" of the parent Company ČD, a.s. This indicator provides an overview of the representation of individual types of traction and at the same time allows to monitor the share of vehicles with low-emission or alternative propulsion, which helps to evaluate the effectiveness of the implemented investments and readiness for future environmental requirements.

By type of traction	Status
Electrical units and vehicles	499
Battery units	4
Diesel units and vehicles	759
Passenger cars	1,706

Fleet composition by traction type



The parent Company ČD, a.s. considers electric units (EMUs), electric traction vehicles and battery units (BEMUs) to be low-emission vehicles. New diesel units of the 847 series (RegioFox) with the confirmed possibility of using low-emission fuels of the HVO type are considered to be ready for low-emission operation. The share of these low-emission and low-emission-ready vehicles in the Company's fleet totalled 42% at the end of 2024. Through the pure non-fossil part of its fleet, the Company carries out approximately 60% of its transport performance. This share will continue to increase in the coming years as a result of the ongoing renewal and modernisation of the fleet, which aims to phase out older diesel vehicles that do not meet current customer and environmental standards.

Information concerning the structure of railway rolling stock is based on internal records of ČD, a.s.

Targets

The target of the investment strategy of the parent Company ČD, a.s. is to ensure long-term operational efficiency and strengthen business competitiveness through systematic renewal and modernisation of the vehicle fleet. By implementing this strategy, ČD, a.s. will also contribute - in accordance with the requirements of the ESRS standards - to the following development targets:

Increasing the share of low-emission rolling stock - phasing out obsolete diesel units and targeted investment in electric, hybrid and alternatively powered vehicles will enable a systematic reduction in greenhouse gas emissions from traction operation.

Improving the energy efficiency of traction operation - modernisation of vehicles with an emphasis on energy efficiency will lead to a reduction in energy consumption per transport capacity and an increase in the economic efficiency of operation.

Quantitative targets in these areas have not yet been set - their definition is planned by 2026, following the preparation of the Company's decarbonisation strategy - see page 325 for more details.

Policies and management

On the part of the parent Company ČD, a.s., the development of rail transport services and the process of modernisation of the railway fleet is managed in accordance with the internal strategy "Development of Passenger Transport 2035". This strategy reflects the requirements for the development of rail transport services defined by the customers of public commitment transport, as well as the requirements resulting from the Company's business strategy for the period until 2035. The implementation of the necessary changes resulting from this strategy is now under the responsibility of the Deputy Minister for Passenger Transport at the level of annual investment plans. The implementation of the targets of the approved strategies is continuously monitored by the Board of Directors.

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Actions

Modernisation of the rolling stock fleet

In 2024, the parent Company České dráhy, a.s. put into operation a total of 133 new or modernised units and vehicles in the RegioPanter, RegioFox and Vectron series, as well as a total of 64 passenger cars comprising 8 ComfortJet sets.

In terms of fleet modernisation, 2024 is a record year. The rapid pace of train renewal and improvement in the quality of services on board will continue in the coming years. In the period 2025-2026, ČD plans to make further deliveries of 20 new RegioFox units, 15 new RegioPanter battery electric multiple units (BEMUs) and 26 new Vectron electric vehicles.

For the year 2024, total investments in the scope of CZK 13.634 billion were made within the framework of the modernisation of the fleet of railway rolling stock. For 2025, investments in the modernisation of the rolling stock fleet are planned in the total amount of CZK 9.624 billion.

By type of traction	additions 2024
Electrical units and vehicles	76
Battery units	4
Diesel units and vehicles	1
Diesel units - HVO preparation	52
Passenger cars	64

ComfortJet RegioPanter RegioFox

Energy efficiency

MATERIAL TOPIC

Energy performance of the Company's buildings

Energy intensity of Data Centre operations

Our approach

In view of the development of the energy market, the growing risk of energy price volatility and the tightening European climate legislation, the ČD Group perceives a growing need to strengthen its activities aimed at reducing the energy intensity of its own operations.

The parent Company ČD, a.s. uses a total of 2,997 buildings with a total of approximately 2,350 electricity consumption points and 179 natural gas consumption points for its operations.

In 2024, only one Company building used coal for heating.

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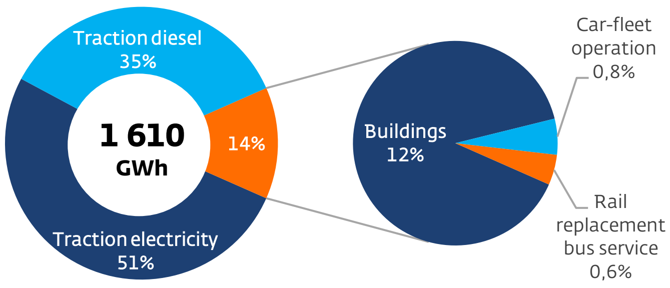
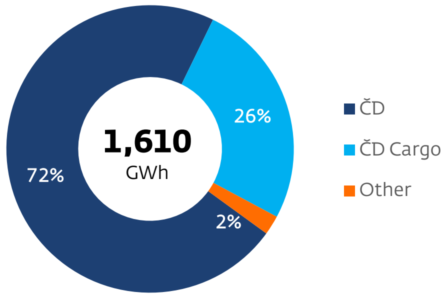
Metrics

Energy consumption within the ČD Group corresponds to the nature of the activities of the individual companies of the Group. The railway carriers (České dráhy, a.s. and ČD Cargo, a.s.) and the traction operation of these companies are the most energy-intensive.

Energy consumption by operation



Energy consumption by organisation



The dominant supplier of traction electricity, which accounts for 51% of the total energy consumption of the ČD Group, is Správa železnic, s. o. The composition of the fuel mix of this supply thus significantly influences the resulting structure of energy sources used by the ČD Group.

The structure of the ČD Group's energy consumption for 2024 is shown in the table below. All reported energy consumption is associated with activities in sectors with a high climate impact. Specifically, these are rail passenger transport, rail freight transport and road freight transport, which are carried out by the key companies of the ČD Group (ČD, ČD Cargo, ČD Bus). The other companies of the ČD Group carry out support activities which, although not explicitly classified as climate-intensive, are directly linked to the operation of in the main transport activities.

The share of individual energy sources consumed by the ČD Group is based on a recalculation of the fuel mix of individual energy suppliers.

Energy consumption and energy mix			
Fossil resources	Fossil energy consumption	1,182,053	MWh
	Share of fossil fuels in total energy consumption	73 %	%
	Fuel consumption of crude oil and petroleum products	615,832	MWh
	Fuel consumption of coal and coal products	12,082	MWh
	Fuel consumption of natural gas	52,260	MWh
	Fuel consumption of other fossil sources	637	MWh
	Consumption of purchased or acquired electricity, heat, steam and cold from fossil sources	501,241	MWh
Nuclear resources	Consumption from nuclear sources	339,112	MWh
	Share of nuclear sources in total energy consumption	21 %	%
Renewable resources	Total renewable energy consumption	100,618	MWh
	Share of renewables in total energy consumption	6 %	%
	Consumption of fuels from renewable sources, including biomass	216	MWh
	Consumption of energy from non-fuel renewable sources that the Company has produced itself	21	MWh
	Consumption of purchased or acquired electricity, heat, steam and cold from renewable sources	88,438	MWh
Total energy consumption (MWh)		**1,609,885**	**MWh**
Energy performance on a net revenue basis		**31.17**	**MWh/mil. CZK**

For the year 2024, the parent Company ČD, a.s. does not show the indicator "energy intensity per transport capacity (in MJ / passenger km)". This indicator will be published from 2025 onwards in relation to the related implementation of the ISO 14083 methodology for quantifying and reporting greenhouse gas emissions from transport chain operations.

Targets

Due to the impossibility of currently influencing the structure of the fuel mix for energy supplied by Správy železnic, s.o., the parent Company ČD, a.s. cannot set its own target for reducing the share of fossil fuels in its overall energy mix. The Company defines the following internal priorities in the area of energy efficiency:

- reducing the energy consumption of traction operation
- reducing the energy consumption of non-traction operations in own buildings and premises
- preparing for the introduction of renewable and low-emission energy sources

Quantitative targets in these areas have not yet been set. Their definition within the parent Company ČD, a.s. - as a state-owned joint stock Company - will be derived from the Czech Republic's national targets resulting from the European directives EED (Energy Efficiency Directive) and EPBD (Energy Performance of Buildings Directive), which are expected to be transposed into national legislation by 2026.

Policies and management

The energy management system within the ČD Group is conducted in accordance with ISO 50001 standards, which is implemented in all relevant ČD Group companies.

In the parent Company ČD, a.s., the Energy Policy of ČD was announced as part of the implementation of this standard, which is based on the Company's mission and values. Recertification and surveillance audits annually confirm that the integrated management system is properly set up, maintained and continuously developed according to the needs of the parent Company. In November 2024, ČD underwent a recertification audit focused on meeting the requirements of ISO 50001 in the area of energy management, and based on its results, the certification was extended for another three-year period. The responsibility for the implementation of the Energy Policy lies with the Board of Directors of the Company, with its executive management falling under the responsibility of the Board member responsible for responsible for the service area. The parent Company ČD, a.s. considers the framework for energy management defined in this way to be sufficient and does not see the need to define other policies for this area.

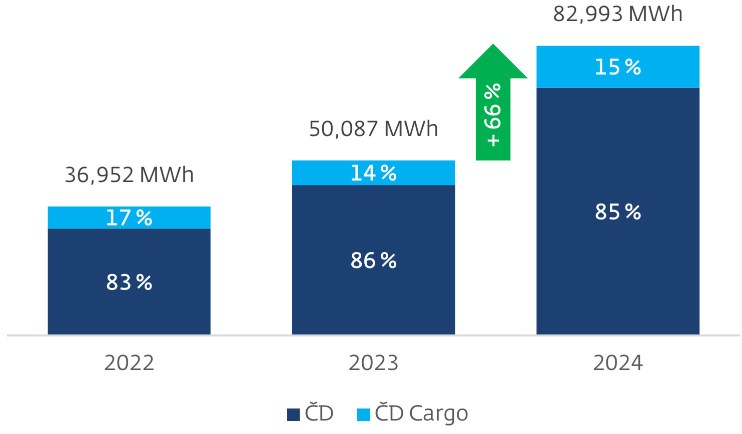
Actions

In the area of reducing the energy consumption of own operations, the following actions were implemented by the ČD Group companies in 2024.

Recovery of traction electrical energy

Traction electricity recovery on railway rolling stock is the process by which the kinetic energy of the train is converted back into electrical energy during braking, which is then returned to the catenary for use by other trains. This mechanism contributes significantly to increasing the energy efficiency of rail transport and reducing overall energy consumption. In 2024, the volume of traction electricity recuperated increased by 66 %, which corresponds to a total volume and therefore a saving in traction electricity consumption of approximately 33 GWh. The ability to increase the rate of recuperation and thus achieve significant energy savings is the result of the ongoing modernisation of the rolling stock fleet and the investments already made in the metering equipment of existing traction vehicles and units. Energy savings through traction electricity recovery are realised through existing or ongoing investments in the acquisition of new electric units/vehicles. The costs associated with the increase in traction electricity recovery in 2024 are included in the acquisition cost of new vehicles over this period.

Development of traction electricity recovery

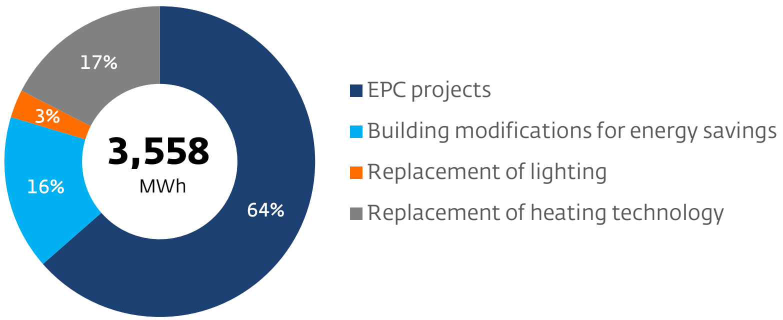


Energy Savings Programme

In accordance with the principles of the implemented ISO 50001 standard, which focuses on the energy management system, a continuous process of identification and implementation of actions leading to the reduction of energy consumption of the non-contractive operation of its own facilities is underway in the parent Company ČD, a.s. This process includes systematic monitoring of energy consumption, analysis of operational data and identification of areas with the greatest potential for savings.

The implementation of the proposed actions is covered by the Company's internal energy saving programme, which at the end of 2024 included 13 individual projects in various stages of implementation with a total identified energy saving potential of **3,558 MWh**. 1 project was completed in 2024 with a confirmed energy saving of **534 MWh/year**. Each energy savings project of ČD, a.s. has a predetermined estimate of potential energy savings, which is always verified and confirmed after project completion based on real operational results. The cost of the parent Company ČD, a.s. to achieve energy savings of 534 MWh/year by 2024 was CZK 10,189 million.

Energy savings records



Implementation status	Number of projects	Confirmed savings 2024 (MWh)	Estimated savings 2025+ (MWh)
Projects to be implemented in 2024	1	534	-
Projects in progress	9		1,247
Planned projects	3		1,777
Savings by implementation status		**534**	**3,024**

Photovoltaic systems

In all companies of the ČD Group that have suitable areas for the installation of photovoltaic systems, appropriate analytical and pre-project preparation is underway. The indicated theoretical potential for the installation of new photovoltaic sources by 2030 is approximately **15,514 kWp**.

There were no new PV installations in 2024, with the main phases of new installations taking place in the period 2025+, with **1.255 MWp** of PV installed at the subsidiaries VUZ, a.s. and ČD Telematika, a.s. in 2025. The actual installable capacity of the new photovoltaic sources of the ČD Group will depend on the possibility of their connection to the distribution network of Správa železnic, s.o. or to other distribution companies in the Czech Republic. The costs of the implementation of the above-defined programme for the development of photovoltaic resources of the ČD Group will be published from 2025.

Reducing the energy consumption of ČD Telematika Data Centres

In 2024, the subsidiary ČD - Telematika implemented a project to expand the data centre in Prague by 150 m² of new space, bringing its total area to 700 m² with a capacity of 300 racks. As part of the expansion, new technologies were installed to increase the energy efficiency of operations, especially in the area of cooling, where freecooling-based technology was deployed. Further improvements in energy efficiency will be achieved in 2025 following the completion of the installation of a photovoltaic power plant on the data centre building with a planned capacity of 115 kWp. The aim of these actions is to achieve a PUE (Power Usage Effectiveness) value of 1.4. The expanded data centre will be commissioned at the beginning of 2025. The total cost of the data centre expansion project is planned at CZK 50 million.

ESRS E1

Greenhouse gas emissions

MATERIAL TOPICS

Operation of diesel rail vehicles

Use of fossil fuels for heating

Risk of non-compliance with emission limits

Our approach

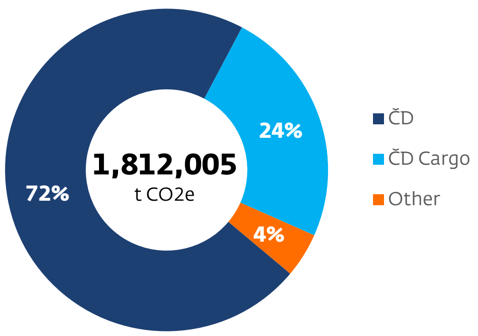
In line with the ESRS requirements, the area of greenhouse gas emissions is one of the key topics of environmental management, with a future impact on the operational and financial stability of the Company. In the case of the railway sector - and therefore also the ČD Group - this mainly concerns emissions associated with traction operation and emissions from the use of fossil fuels in its own operations. In 2022, the ČD Group launched systematic activities in the area of measurement and reporting of greenhouse gas emissions. The main reasons for this were the requirements of partners in the value chain, especially financial institutions, as well as preparation for new legislative obligations that came into force coming into force in 2024.

At the same time, the ČD Group continuously monitors the development of European legislation in order to prepare for meeting future requirements in the area of emissions reporting, especially in transport, building operations and other relevant areas by 2030.

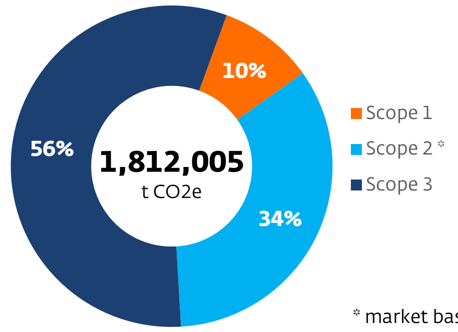
Structure of GHG emissions of the ČD Group

The main sources of greenhouse gas emissions in the ČD Group are mainly related to traction operation and rail transport services provided by both railway carriers of the Group.

Structure of emissions by organisation



Emission structure by category

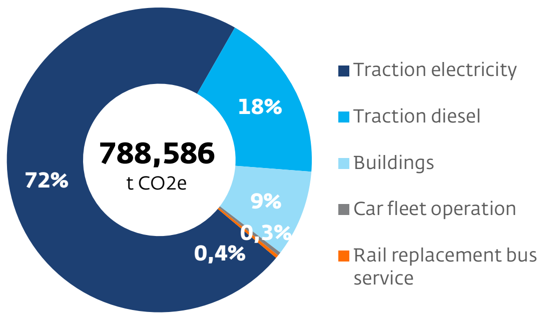


* market based

The ČD Group considers emissions related to the purchase of Scope 2 traction electricity (72%), emissions from traction operation of Scope 1 diesel vehicles (18%) and non-traction operation of the Group's own facilities (9%) to be significant sources of greenhouse gas emissions.

Most of the ČD Group's greenhouse gas emissions come from traction electricity supplied by the Správa železnic. Transport operators cannot influence its emission structure, which is determined on the side of the Správa železnic, s.o. according to the so-called residual mix - the share of sources in the network after deduction of electricity with a guarantee of origin. The ČD Group expects that this approach will be reviewed by 2030, following the REDIII Directive, which sets a target of 30% renewables in transport.

Emission structure by operation (Scope 1 - 2 only)



The second largest area of greenhouse gas emissions in the ČD Group is diesel traction rail operations, which accounted for 17% of total greenhouse gas emissions in 2024. The possibilities of reducing these emissions by railway carriers are largely limited, as they depend mainly on the progress of electrification of the railway infrastructure, which is being implemented by Správa železnic, s.o. Following the planned electrification schedule until 2030, both railway carriers of the ČD Group are ready to gradually replace existing diesel vehicles with electric or battery units. However, due to the time and investment requirements of the electrification process, it will still be necessary to provide part of the transport capacity with diesel vehicles.

The last significant emission area of the ČD Group is emissions associated with non-traction operations within its own facilities and specifically the part associated with heating via coal-fired sources. Based on the requirements of the value chain (bank), this topic is defined as significant with the target of ending the heating of buildings with coal by 2030.

Metrics

In accordance with the requirements of ESRS E1-6, the ČD Group publishes an overview of gross greenhouse gas emissions for each of the Scope 1, Scope 2 (market-based and location-based) and Scope 3 categories.

Gross greenhouse gas emissions		
Scope 1 emissions	**174,268**	**tCO2e**
Scope 2 market-based emissions (by supplier)	**614,318**	**tCO2e**
Scope 2 location-based emissions (by location)	**534,643**	**tCO2e**
Scope 3 market-based emissions (by supplier)	**1,023,418**	**tCO2e**
Scope 3 location-based emissions (by location)	**1,024,263**	**tCO2e**
3.1 Purchased goods and services	229,867	tCO2e
3.2 Capital goods	551,752	tCO2e
3.3 Other fuel and energy consumption (not included in Scope 1 or Scope 2)	175,938	tCO2e
3.5 Waste generated in operations	2,508	tCO2e
3.6 Business travel	1,805	tCO2e
3.7 Employee commuting	16,994	tCO2e
3.11. Use of sold products	23,834	tCO2e
3.13 Downstream market-based leased assets (by supplier)	20,719	tCO2e
3.13 Downstream location-based leased assets (by location)	21,564	tCO2e
Total gross Scope 1,2,3 market-based emissions (by supplier)	**1,812,005**	**tCO2e**
Total gross Scope 1,2,3 location-based emissions (by location)	**1,733,175**	**tCO2e**

Total greenhouse gas emissions (market-based) per unit of net revenue	**35.09**	**tCO2e/ mil. CZK**
Total greenhouse gas emissions (location-based) per unit of net revenue	**33.56**	**tCO2e/ mil. CZK**

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Notes on the methodology for calculating greenhouse gas emissions

The calculation of the ČD Group's greenhouse gas emissions was performed by an authorised entity according to the GHG Protocol methodology and in accordance with the ESRS E1 specification. Emission factors from authorised and recognised sources were used to calculate emissions, specifically from the National Inventory Report (NIR) of the Czech Republic for the years 2022-2024, UK Government GHG Conversion Factors for Company Reporting (2024), Association of Issuing Bodies (2023), IPCC AR5 and AR6, Eurostat, Ecoinvent database version 3.11 (2024) and ADEME 23.4. For the calculation of emissions from electricity consumed according to the market-based method, the residual mix method derived from the fuel mix structure of OTE for 2023 was used based on the communication of the electricity supplier (Správa železnic, s.o.). The emission factor was recalculated according to the AIB database for the respective countries; for the Czech Republic it is 658.58 g CO_2/kWh.

Biogenic emissions were not included in the calculation of greenhouse gas emissions due to their negligible share in the ČD Group's value chain.

GWP coefficients from the latest IPCC report (AR6) were used to convert all 7 Kyoto Protocol GHGs (CO2, CH4, N2O, PFCs, HFCs, SF6, and NF3) to CO_2 equivalent.

All companies specified on page 268, which are included in this Report, have been included in the calculation. All of these companies have reported their issuances at 100%. No EU ETS emission allowances, carbon offsets or credits have been included in the calculation due to non-relativity. For two subsidiaries - VUZ, a.s. and ČD Telematika, a.s. - renewable electricity certificates of origin were claimed in 2024 for a total of 2,130 MWh.

In the Scope 3 emissions calculations for 2024, cloud services were not separately reported as a sub-category under category 3.1 - Purchased Services. Refinement of this accounting is planned from 2025 onwards.

For the calculation of the indicator "Total greenhouse gas emissions per unit of net revenue", the financial figure from the Main Indicators table for the ČD Group was used, (row Revenue, on page 6 of the financial section of this Annual Report).

The calculation of GHG emissions in each category was carried out according to the following methodology:

Scope 1

Direct emissions include fuel consumption in rail and road vehicles, machinery and buildings, as well as emissions from refrigerants, welding and the operation of in-house wastewater treatment plants. The calculation was based on the operational records of the ČD Group companies.

Scope 2

Indirect emissions from energy consumption include electricity consumption (including traction), district heat and energy in buildings. Emissions have been reported according to methods and location-based methods, with the market-based method primarily used. Input data came from energy supplier billing.

Scope 3

To determine the scope of the Scope 3 emissions calculation, a category significance analysis was performed. Categories 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.11 and 3.13 were assessed and reported as relevant. Furthermore, categories 3.9, 3.10 and 3.12 were assessed as not relevant as the ČD Group does not provide physical products for further processing or disposal by customers. Category 3.14 (franchises) is not relevant for the ČD Group as it does not apply this business model. Category 3.15 (investments) has not been included as investment activity is not a core part of the Company's business model.

For the calculation of emissions in categories 3.1 and 3.2, a monetary method (expenditure × emission factor) was used, without using direct data from suppliers. Measured input data was used in all reported Scope 3 categories, except for categories 3.6 (business travel) and 3.7 (commuting) where emissions were estimated based on recalculations from an internally defined sample.

Targets

Currently, the ČD Group does not set targets for reducing greenhouse gas emissions according to the ESRS specifications. The reason for this is the need to define these targets in relation to the overall decarbonisation strategy of the ČD Group, which will be completed by 2026.

The parent Company ČD, a.s. has set only two climate ambitions at this stage, which are defined in the chapter Environmental targets and climate ambitions on page 325 and focuses on the implementation of partial actions with the potential to reduce emissions, but without yet setting specific emission targets. At the same time, the parent Company ČD, a.s. plans to develop its internal system for measuring and reporting transport emissions on the basis of the ISO 14083 standard. This system will also be used for the purposes of the forthcoming emission reporting to customers of transport services.

Policies and management

In the area of greenhouse gas emissions, the ČD Group's primary focus in the period 2021-2023 is on the introduction of a system of reporting in Scope 1 and Scope 2 categories according to international standards. From 2024 onwards, the companies of the ČD Group will also now report GHG emissions in Scope 3, thus expanding their approach to carbon footprint management to include indirect emissions related to supply chains and other activities. The calculation of greenhouse gas emissions in the ČD Group is carried out by a dedicated central ESG team in cooperation with an authorised body that is accredited for carbon footprinting in the Czech Republic. This process enables more accurate monitoring of and subsequent management of emissions in accordance with the latest environmental standards and stakeholder requirements. In 2025, the method of managing the calculation of emissions, based on proven good practice, will be standardised and implemented within the ČD Group through a dedicated directive.

Actions

In reducing greenhouse gas emissions in the period up to 2030, the ČD Group is now focusing on the following key areas:

Change in the energy mix structure of traction electricity by Správa železnic, s.o.

In the framework of the ongoing stakeholder dialogue with the Správa železnic, the need to address the change in the reporting of emissions of the energy mix of traction electricity supplied to the rail transport sector in 2024 was identified and this topic was confirmed as a priority by the management of both companies. The aim of the change should be to move away from the residual mix model of reporting the emissions mix of traction electricity supply and move to an emissions reporting system that is consistent with the requirements of international ESG standards, the European Sustainable Investment Taxonomy and sustainability reporting rules. The change in reporting methodology will allow a more accurate reflection of the actual share of renewable and low-emission sources in traction power and will contribute to better transparency of the environmental impacts of rail transport. Following the change in the reporting methodology for emissions and in the way traction electricity is procured for the rail transport sector by Správa železnic, s.o., the ČD Group expects that by 2030 it will be able - in accordance with the RED III Directive - to meet the Czech Republic's national emission targets for the transport sector, which set a minimum share of 29% of energy from renewable sources.

Deployment of Battery Alternative Motor Units (BEMUs)

In 2024, České dráhy, a.s. launched the operation of the first four battery units in the Czech Republic, specifically on lines in the Moravian-Silesian Region. These units operate in the so-called battery-track mode and directly replace older diesel-powered vehicles. The expected emission savings from this change will be assessed on the basis of real annual operation in 2025.

← content

On the basis of requirements and indications from the customers of public transport, as well as with regard to planned modifications of the railway infrastructure implemented by the Správa železnic, s. o, České dráhy, a.s. assumes that by 2030, at least 29 new battery units will be required.

To date, the expenditure associated with the introduction of 4 new BEMU battery units in 2024 has been CZK 250 million.

Preparing for the introduction of low-emission HVO fuel

Already in 2023, ČD initiated a research project in cooperation with partners aimed at verifying the technical and operational possibilities of using low-emission HVO fuel in the new RegioFox diesel units (series 847). In 2024, this research project was successfully completed on the basis of real technical and operational measurements of various HVO fuel ratios, which were carried out on the test circuit of the subsidiary VUZ, a.s. The results confirmed the original assumptions about the possible operational use of this alternative fuel in commercial railway transport provided by ČD.

In 2025, the parent Company ČD, a.s. expects that, in agreement with selected regional customers of public commitment transport, pilot operation of modern diesel units with low-emission HVO fuel will be implemented on selected lines. The aim will be to verify in real operation the potential for greenhouse gas emission reductions that are achieved by using the fuel with HVO 100 fuel is estimated at 60-90% reduction in CO_2 emissions depending on the method of production. So far, the implementation of the project to prepare for the introduction of HVO fuel in 2024 has not incurred any significant costs.

Reducing emissions from coal heating

In 2023, the parent Company ČD, a.s. has committed to end the use of coal for heating in its last key operating site in Česká Třebová by 2030. In accordance with the adopted action plan for this change, the connection of the Česká Třebová site to the external gas distribution network was completed in 2024, and a decision on a new technology to replace the original coal-fired heat source will be taken in 2025. After completion of this investment project by 2030, the annual consumption of brown coal for heating in this area will be eliminated in the amount of approximately 2,118 t. The investment costs associated with the preparation for this change in 2024 were approximately CZK 15 million.

Environmental targets and climate ambition

Our approach

The companies of the ČD Group are aware of their potential to support the Czech Republic's future commitments to reduce emissions in the transport sector and to meet the targets of the National Action Plan for Clean Mobility 2025-2030. In 2022, the parent Company České dráhy, a.s., joined the RETHINK project of the Czech Business Council for Sustainable Development, z.s. and thereby committed to developing its business in line with the climate goals of the Paris Agreement and the Glasgow Climate Pact.

In accordance with the requirements of the CSRD and the ESRS E1-1 specification, the parent Company ČD, a.s. perceives the need to prepare and publish a climate change mitigation transition plan. This plan has not yet been prepared, however, preparatory work has already started in 2023 for the largest companies of the ČD Group and is continuing according to the set timetable.

1	2023	2	2025	3	2026	4	2027
Climate ambitions set up		Decarbonisation framework agreement		Decarbonisation strategy set up		Climate targets disclosure	

The reason for defining and agreeing on the so-called decarbonisation framework of the ČD Group is the need to discuss and agree on the initial conditions and assumptions for decarbonisation of the parent Company ČD, a.s., as a state joint stock Company, with the founders and ministries responsible. Within this preparatory phase, it is also necessary to confirm the binding nature of the future national targets of the Czech Republic for emission reduction in the transport sector and to ensure the necessary synergy of the key actors of the railway transport, including the railway infrastructure manager - Správa železnic, s.o. At this stage, the parent Company ČD, a.s. sets only the so-called climate ambitions and environmental targets in the areas it can directly influence, without the need to link them to the approval of the decarbonisation framework by the line ministries.

Climate ambitions of the ČD Group

In preparation for the preparation of the climate change mitigation transition plan, the following 2 specific climate ambitions are currently defined by the parent Company ČD, a.s. Their confirmation or the elaboration of further climate targets is subject to the definition of further steps according to the timeframe described above.

1. reducing rail-related emissions by -30% by 2030 compared to 2015
2. expected achievement of carbon neutrality of ČD operations by 2050

Specific environmental objectives of the ČD Group

Beyond the definition of specific climate targets, the parent Company ČD, a.s. defines its sub-targets within its planned actions, which will subsequently contribute to the fulfilment of the overall environmental and climate commitments of the ČD Group.

1. 29.7% of the road fleet of the parent Company ČD will be equipped with low-emission vehicles from 2025	confirmed target
2. the end of coal for heating in the Company's own remaining facilities by 2030	confirmed target
3. 100% of the Company's non-fractional electricity consumption will come from renewable sources by 2030	ambitions

Environmental protection approach

The ČD Group views environmental protection as an important part of its approach to sustainability. In line with CSRD requirements and ESRS standards (in particular E2, E3 and E5) we focus on responsible management of natural resources and reducing the environmental impact of our own operations.

Environmental management in the ČD Group is primarily conducted in accordance with the internationally recognised ISO 14001 standard, which has already been implemented in all relevant subsidiaries, with the exception of the parent Company ČD, a.s., where the process of its implementation is in the preparatory phase. Currently, the parent Company ČD, a.s. ensures environmental management through internal policies that are fully in line with the applicable national legislation of the Czech Republic. In view of the scale of the Company's operational activities and the increasing legislative and regulatory requirements in the area of environmental management, a process of strengthening internal capacities and systemic grasp of the environmental agenda was initiated in 2024, including a revision of the system for recording and reporting environmental data. Upon completion of this process in 2026, the Company will specify the date of possible certification to ISO 14001.Within the environmental area, based on the double materiality analysis performed, the focus of the ČD Group in this Report is on reporting material topics in the following categories.

ESRS E2 Pollution

#	Subtopic	Type			Description	Impact	Company
1	Air pollution	I	●	↔	Operation of diesel rail vehicles	emissions of air pollutants	ČD, ČD Cargo
2	Air pollution	I	●	↔	Operation of bus replacement transport by diesel vehicles	emissions of air pollutants	ČD BUS
3	Environmental pollution	I	●	↔	Possibility of accidents within railway operation	pollution of the environment may occur	ČD

ESRS E3 Water and marine resources

#	Subtopic	Type			Description	Impact	Company
1	Water withdrawals	I	●	⌂	Water consumption for technological and operational processes of railway operation	need to use drinking water (legislation), potential limitations in case of reduced availability or abundance of water sources	ČD

ESRS E5 Circular economy

#	Subtopic	Type			Description	Impact	Company
1	Waste	I	●	⌂	Waste production and management	higher production of waste related to the servicing and disposal of rolling stock	ČD, DPOV

I impact R risk O opportunity ● positive ● negative ⌂ own operations ↔ value chain

← content

ESRS E2

Pollution

MATERIAL TOPICS

Air pollutants from diesel vehicles

Possibility of accidents in railway operation

Our approach

Rail transport is considered one of the most environmentally friendly transport modes. Nevertheless, its operation can cause pollution and negative environmental impacts.

Based on the double significance analysis, the significance of the themes of air pollutant emissions from the operation of diesel vehicles and the potential for environmental pollution was confirmed in ESRS E2 in the event of accidents in railway operations.

Air pollutants from diesel vehicles

The topic of emissions of pollutants into the air by the operation of vehicles with diesel engines is important for the railway carriers of the ČD Group - i.e. the parent Company ČD, a.s. and ČD Cargo, a.s. and the operator of the replacement bus transport, the subsidiary ČD BUS, a.s.

To ensure the required transport performance in places without electrified railway infrastructure, railway carriers of the ČD Group must use railway vehicles of independent (diesel) traction, which emit pollutants into the air during their operation. Reducing these emissions can only be addressed by electrifying the railway infrastructure and/or introducing vehicles with alternative, currently mainly battery-powered, propulsion systems.

Rail operators' ability to influence these emissions is limited - they can influence them mainly by upgrading their fleet of diesel units so that their engines meet the currently applicable emission standards for non-road vehicles. This process is already underway in the parent Company ČD, a.s. and all newly purchased modern DMU diesel units (847 series, RegioFox) are equipped with engines that meet the currently most stringent Stage V emission standard.

Pollutants with environmental impact in the event of accidents

Due to the nature of the activities of the railway carriers of the ČD Group, in the event of accidents in railway operations, situations damaging the surrounding environment may occur, specifically possible pollution by oil or other hazardous substances leaked from crashed railway vehicles.

These situations cannot be directly and preventively prevented, and therefore the affected ČD Group companies focus primarily on rapid response capabilities to deal with these emergency situations through the permanent emergency service of the operational units of these companies.

← content

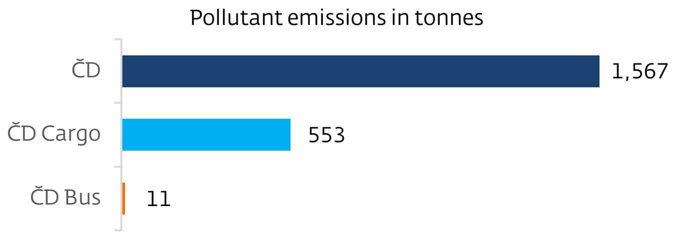
Metrics

Air pollutants from the operation of diesel vehicles

In 2024, the following amounts of air pollutants were emitted in connection with the operation of diesel units and vehicles within the ČD Group.

Type of pollutant	Emissions (t)
Carbon monoxide (CO)	732
Hydrocarbons (HC)	114
Nitrous oxide (NOx)	1,225
Particulate matter (PM)	62
Total	**2,132**

The vast majority of these emissions are generated by the operation of the fleet of diesel rail vehicles of the parent Company ČD, a.s.



Emissions of pollutants into the air from the operation of diesel vehicles have not been monitored as standard in the ČD Group. For the calculation of these emissions and for the purpose of this reporting, a dedicated methodology "Methodology for calculating air pollutant emissions from the operation of rail vehicles with diesel engines" was developed in cooperation with the accredited expert workplace of the CTU, Faculty of Mechanical Engineering - Centre for Sustainable Mobility Vehicles. This methodology establishes reference values of pollutants for each type of diesel unit or vehicle with a diesel engine in operation, based on the emission parameters of the engines of these vehicles and information on the transport performance in a given year. The actual calculation of emissions of pollutants into the air was carried out in accordance with the following methodology and is considered to be the best possible expert estimate of the amount of air pollutants emitted by the ČD Group.

Pollutants with environmental impact in the event of accidents

In 2024, only one accident occurred on the land of the parent Company ČD, a.s. with an impact on the environment in České Velenice. This was a leak of transformer oil into the track bed on ČD land from a historic train set of a no longer existing owner. The accident occurred due to the continuous theft of parts in the engine room of the train set (unknown perpetrator). According to the report on the remediation intervention, 17.1 t of contaminated soil was removed and 120 l of transformer oil leaked. The amount of pollutants from the accident in 2024 from the operation of the parent Company ČD was 120 l of transformer oil, equivalent to 104 kg/year.

Within the railway operation of the subsidiary ČD Cargo, a.s., there was no change in no environmental incidents occurred in 2024. However, after the closing date of this report, in 2025, there was an incident related to the transport of a hazardous substance that had a significant impact on the environment. The transport was carried out by an external carrier with a minority shareholding in ČD Cargo, a.s., with ČD Cargo acting as the freight forwarder. The incident therefore relates to the value chain of this subsidiary. More detailed information will be provided in the Consolidated Sustainability Statement 2025 after completion of the investigation and consequence assessment.

Air pollutants from the operation of diesel vehicles

Targets

The possibilities of reducing emissions from the operation of diesel vehicles by companies of the ČD Group depend on the operability of the railway infrastructure and the progress of its electrification by Správa železnic, s.o. Given the obligation to provide transport services even in non-electrified areas or during shutdowns with diesel vehicles, the ČD Group companies cannot currently define targets for reducing negative impacts according to the ESRS specification beyond their existing actions.

Pollutants with environmental impact in the event of accidents

In this area, the ČD Group does not set specific targets under the ESRS beyond its legal obligations and the intention to maintain a high level of response readiness. Accident prevention is already covered in detail by national legislation and the operational nature of the railway does not allow for meaningful quantitative targets to be set. The priority is therefore to meet the legal requirements, regular training, updating of emergency plans and ensuring preparedness for possible emergency situations.

Policies and management

As this is a newly monitored area, no specific policy or management model has been defined for this area on the part of the ČD Group at this time. The setting up of a standard management model for this new area will be done within the parent Company ČD, a.s. by 2026 in connection with the forthcoming intention to introduce an environmental management system according to ISO 14001.

In the event of such accidents, the companies concerned shall always proceed in accordance with national legislation, in cooperation with the Czech Environmental Inspectorate (ČIŽP) and the designated authorities of the integrated rescue system (IZS). In addition, the parent Company ČD, a.s. handles these situations in accordance with the internal regulations from the environmental protection legislation in the conditions of ČD. Responsibility for compliance with the internal standards thus set is the responsibility of the Deputy for Service.

Actions

Within its capabilities, the ČD Group implements the following actions to reduce the negative impacts of air pollutant emissions associated with vehicle operation with diesel engines.

- In case of readiness of electrified railway infrastructure and on the basis of requirements of customers of public obligation transport, BEMUs are introduced.
- All newly purchased 847 Series diesel units meet the most stringent Stage V emission standards and are ready to use low-emission HVO fuel.
- All newly purchased buses of the ČD BUS subsidiary meet the most stringent Euro VI emission standards and are ready to use HVO fuel.

The range of newly acquired units and vehicles meeting the above criteria is set out in ESRS Chapter E1 on page 315. The costs associated with the introduction of BEMUs and advanced 847 series diesel units supporting the use of low emission HVO fuel are also shown in section E1 on page 313.

The companies of the ČD Group apply a number of organisational, technical and operational actions to prevent environmental pollution in the event of accidents in rail transport. These include regular training of employees in the field of safety and environmental protection, regular inspections of the technical condition of vehicles and the processing of and regular updating of emergency plans for dealing with situations with an environmental impact. All actions are implemented in accordance with applicable legislation, in particular the Environmental Protection Act and the Act on Prevention of Major Accidents, to minimise risks and ensure a rapid and effective response.

In connection with these actions, the parent Company ČD, a.s. does not record any significant costs for 2024.

← content

ESRS E3

Water and Marine Resources

MATERIAL TOPIC

Water consumption for technological and operational processes of railway operation

Our approach

The companies of the ČD Group consider water to be a key natural resource whose protection will become even more important in the future in the context of adaptation to climate change.

In the field of water management, the companies of the ČD Group monitor not only the total water consumption but also the quality of discharged wastewater in accordance with the requirements of the Water Act and related legislation. The parent Company ČD, a.s. must carry out most of its technological and operational processes related to the armament of passenger rail transport vehicles and units. In accordance with applicable legislation, use available sources of drinking water, in particular in accordance with the requirements of Act No 258/2000 Coll., on the Protection of Public Health, and the Decree No 252/2004 Coll., on hygiene requirements for drinking water and hot water.

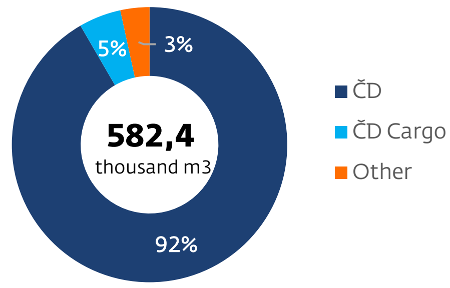
In other parts of its operations where it is not necessary to use drinking water sources, the parent Company ČD, a.s., focuses on increasing the share of recycled and rainwater consumption. The greatest potential for the use of alternative water sources is in the area of washing and servicing of rolling stock.

Metrics

Within the parent Company ČD, a.s., the monitoring of drinking water is carried out on the basis of a service contract and wastewater according to the decision of the water and sewerage authority on this extent of the water supply network:

- 88 drinking water points
- 135 wastewater collection points
- 57 sites with wastewater treatment technology
- 5 sites with retention tanks installed

Water consumption by organisation



In 2024, the largest water consumption in the ČD Group was again associated with the parent Company České dráhy, a.s., in particular technological processes related to the operation and maintenance of passenger rolling stock.

The following table provides an overview of key metrics related to water consumption, water abstraction from different sources and wastewater management in accordance with the requirements of ESRS E3.

Water abstraction and wastewater discharge		
Total volume of water withdrawn		
Total volume of wastewater discharged to third parties	m3/year	563,448
Own WWTP - quantity of treated water	m3/year	114,195

Water consumption	Unit	2024
Total water consumption from all areas	m3/year	582,451
Total water consumption from all water scarce areas	m3/year	-
Total volume of recycled and reused water in m^3	m3/year	8,659
Total water storage and changes in storage in m^3	m3/year	-
Total water consumption in m^3 per net revenue from own operating activities	m^3/ mil. CZK	11.28

The data on water withdrawal, consumption and discharge in the operations of the ČD Group companies are primarily based on data from the metering equipment of the operators of water supply and sewerage networks. Where such data are not available, the values are based on qualified local estimates using internal operational information.

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Targets

In this area, the parent Company ČD, a.s. does not currently define targets according to the ESRS specification beyond the actions already implemented, including compliance with legal obligations in the area of water management according to the Water Act and related legislation.

Policies and management

The parent Company does not currently have a specific policy in this area. Water management in the companies of the ČD Group is ensured in accordance with the Act No. 254/2001 Coll., on Water and on Amendments to Certain Acts (Water Act), as amended, and Act No. 274/2001 Coll., on Water Supply and Sewerage for Public Use and amending certain acts (Act on Water Supply and Sewerage), as amended. At the same time, it shall comply with the local conditions for the discharge of waste water in accordance with the water permit of the relevant facility of the relevant Company of the ČD Group.

Responsibility for compliance with the internal standards set in this way is the responsibility of the Deputy Director General for Service within the parent Company ČD, a.s.

Actions

The parent Company ČD, a.s. can apply more efficient management of water resources through the use of precipitation and recycled water only in selected parts of its operations where legislation does not require the use of potable water.

Within these options, the Company is focusing on the following actions:

Use of rainwater

- Building retention basins at newly constructed or modernised repair halls.
- In 2024, the construction of two new retention tanks was started as part of the construction of halls in Cheb and Havlíčkův Brod, completion is planned for 2026.

Increasing the proportion of recycled water

- Gradual reconstruction and construction of rolling stock washing facilities to increase water recycling rates.
- In 2026, the construction of a new rail vehicle washing station in the service facilities of the Plzeň depot is planned.

Water consumption monitoring

- In 2025, a functional check of the metering equipment at all consumption points will start.
- The aim is to prepare a proposal for the creation of a unified record and automation of data collection in the water management sector by 2026

The parent Company ČD, a.s. plans to spend a total of approximately CZK 424 million on the above actions in the period 2024-26. These costs form a part of the total investment costs of modernisation of the service areas in Cheb, Havlíčkův Brod and Plzeň.

Circular economy

MATERIAL TOPIC

Reducing waste production

Our approach

The waste management area is perceived by the ČD Group companies as part of a broader framework of circular economy, which aims to reduce environmental impacts and the efficient use of material flows.

Companies are therefore focusing on continuous improvement of waste management, in particular on increasing the proportion of sorted waste for recycling and its further material recovery, thus contributing to reducing landfill and saving primary raw materials.

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Applied principles of the circular economy

The parent Company ČD, a.s. applies the following principles of circular economy in the area of modernisation, servicing and disposal of railway rolling stock:

Extending the life cycle of vehicles - where possible, existing rolling stock is upgraded and technically upgraded to extend its life cycle and/or raise customer standards in line with customer requirements. In selected cases, older units are also acquired and subsequently undergo complete modernisation.

Reuse of components - functional parts are taken from end-of-life vehicles and refurbished for further use, thus reducing material intensity and waste.

Responsible waste management - during the maintenance and disposal of vehicles, waste is consistently sorted and used in accordance with applicable legislation and sustainability principles.

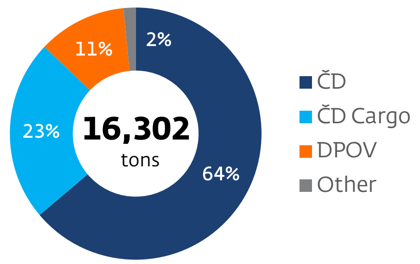
Disposal of end-of-life rolling stock

In cases where rolling stock can no longer be operated or used in any other way, the parent Company ČD, a.s. proceeds to their environmentally friendly disposal. Even before the actual dismantling, usable spare parts are extracted, which can be further used in the maintenance of other vehicles of the same type. The dismantling of the vehicles themselves is then carried out in specialised facilities. The waste generated is carefully sorted. Metallic materials are handed over to certified companies for recycling, while non-metallic components (plastics, rubber, insulation, etc.) are further processed by authorised entities in accordance with the requirements of the Waste Act (No 541/2020 Coll.). The aim of this process is to maximise the material recovery rate and minimise negative environmental impacts in accordance with the principles of circular economy and the ESRS E5 standard.

Metrics

The largest volume of waste within the ČD Group is generated by České dráhy, a.s., ČD Cargo, a.s., and DPOV, a.s., and is related to their activities in the field of service, maintenance and disposal of rolling stock.

Total waste by organisation



Waste structure by category

Total waste type	Total in t/year
Mixed municipal waste	2,691
Separable waste (glass, plastic, paper)	262
Iron, steel and other scrap metal	9,860
Hazardous waste	2,122
Radioactive waste	-
Other types of waste	1,367
Total	**16,302**

Information on waste treatment

Metrics	Total in t/year
Total amount of waste produced	**16,302**
Total amount of waste diverted from disposal (for recycling)	**10,147**
of which:	
Hazardous waste for recycling: battery category	24
Other waste for recycling: categories paper, glass, plastic, iron, steel, etc.	10,123
Total amount of waste diverted for treatment (disposal)	**6,155**
of which:	
Hazardous waste: other disposal practices (oils, sludges, etc.)	2,097
Other waste: mixed municipal waste and the rest of other types of waste	4,058
Total amount of non-recyclable waste	**6,155**
proportion of non-recycled waste	38 %
Total amount of hazardous waste	**2,122**
Total amount of radioactive waste	**-**

Notes on waste structure and treatment

The high share of mixed municipal waste at the parent Company ČD, a.s. is related to the inclusion of waste produced by passengers as part of the railway services provided. This type of waste cannot be separated in terms of reporting, but is estimated to represent approximately 80 % of all municipal waste reported by the parent Company.

In accordance with legislation, all waste produced by individual companies of the ČD Group is handed over exclusively to authorised entities specialised in its treatment. Data relating to waste management are processed by all companies of the ČD Group in systems compatible with the state information system ISPOP (Integrated System for the Fulfillment of Reporting Obligations). This data is then used as the basis for the annual statutory "Report on Waste Production and Management" pursuant to Section 39 of Act No. 541/2020 Coll., on Waste, as amended, which is submitted via the ISPOP system to the relevant state administration authorities, in particular the Ministry of the Environment of the Czech Republic and other relevant institutions.

The reported proportion of waste destined for recycling is determined on the basis of the classification of waste into individual classes according to the Waste Catalogue (Decree No. 8/2021 Coll.). This category includes normally recyclable waste (paper, glass, plastic) and metal waste, including material generated after separation during the disposal of rolling stock. Waste classified in this way is subsequently transferred to authorised entities for further processing. The authorised body must ensure that all recyclable materials are recycled in accordance with the law. However, the Company currently has no way of verifying retrospectively whether the authorised body has actually treated the waste handed over in the form of recycling.

At present, the parent Company ČD, a.s. does not have contractual relations in place that would enable verification of the actual final method of waste management after its transfer to authorised entities. For this reason, waste in ESRS E5 reporting is distinguished only between waste destined for recycling, i.e. waste that has been sorted and sent for further recovery (e.g. paper, plastics, glass, metal), and other waste for which no information on further management is available and is therefore conservatively reported as disposed of by the authorised body.

Targets

The companies of the ČD Group do not currently set specific targets in the area of waste management according to the ESRS standard. Our target in this area is to meet all legal requirements relating to waste management and to gradually improve our record-keeping system to meet the requirements of ESRS E5, particularly in the part relating to reporting on waste treatment and verifying the actual recycling of waste delivered.

Policies and management

The parent Company ČD, a.s. does not currently have a separate waste management policy in accordance with ESRS requirements. However, this area is managed through internal processes that ensure the fulfilment of all legal obligations in accordance with Act No. 541/2020 Coll., on Waste, as amended, and Decree No. 273/2021 Coll., on Details of Waste Management, as amended, including requirements for sorting, recording and compliance with the waste management hierarchy. Due to the high level of regulation in the Czech Republic and functional internal procedures, there has not yet been a need to introduce a separate formally defined policy in this area. Responsibility for this area lies with the Deputy Director General for Services.

Actions

During 2024, the main operational actions implemented in the area of waste management were aimed at strengthening waste sorting. These actions included the installation of sorted waste bins in all operational and administrative buildings across the ČD Group companies.

During 2024, 118 vehicles were included in the end-of-life rolling stock disposal programme, with 3,636.1 tonnes of recyclable waste recovered from their dismantling in 2024. The disposal of approximately 400 more end-of-life rolling stock is expected to start in 2025.

In 2024, the existing rolling stock was modernised and technically upgraded to a total value of approx. CZK 602 million, with approx. 90% of these investments directed towards modernisation of vehicle elements that increase ČD's customer standards (modernisation of interiors, WI-FI, charging, air conditioning).

Social responsibility

České dráhy
Moderně a spolehlivě

ESRS S1 Own workforce

With more than 22,000 employees, the ČD Group is one of the largest employers in the Czech Republic. České dráhy has long been perceived as a reliable and stable employer that provides long-term employment security and a wide range of professional growth opportunities. České dráhy profiles itself as a responsible social partner that cares about fair working conditions, employee safety and professional development. Through systematic improvement of the working environment, modernisation of benefits and support for personal and professional growth, it strives to increase its attractiveness and competitiveness on the labour market. Special emphasis is placed on reaching out to young talents who can contribute to the Company's development and help it keep pace with dynamic and modern times.

On the basis of the materiality assessment, ČD focuses on the following significant topics in its ESRS S1 reporting.

#	Subtopic	Type			Description	Impact	Company
1	Adequate wages	I	🔴	⌂	Recruitment for specific positions	problems with filling key positions (driver, service)	ČD
2	Social dialogue	I	🟢	⌂	Social dialogue through trade unions	improving labour relations and social cohesion through social dialogue with trade unions	ČD Group
3	Health and safety	I	🔴	⌂	Health and safety at work	the nature of the Company's activities may potentially endanger the health and safety of employees	ČD Group
4	Training and skills development	I	🟢	⌂	Personal and professional development of employees	opportunity for professional growth	ČD Group

I impact R risk O opportunity 🟢 positive 🔴 negative ⌂ own operations ↔ value chain

Human Resources Policies and Management

The parent Company ČD, a.s. currently does not have a formally adopted human resources management policy in accordance with the requirements of ESRS S1.

However, the human resources area is managed through established internal documents and procedures, in particular on the basis of the "Framework Policy for Human Resources Management in the ČD Group", which sets out binding principles, standards and rules for all ČD Group companies. This policy is fully supported by the Group's management, its implementation falls under the responsibility of the member of the Board of Directors responsible for human resources and is binding for all employees of the ČD Group. Following the framework policy, individual companies of the ČD Group apply their own internal standards and procedures. The Human Resources Management Policy is also closely linked to the provisions of the Company Collective Agreements (CCAs), which regulate key areas such as remuneration, benefits, working conditions, social benefits, training and development or occupational health and safety on an annual basis. The area of occupational health and safety is covered by the parent Company ČD, a.s., and selected subsidiaries (ČD Cargo, a.s. and ČD - Telematika, a.s.) is also managed in accordance with the principles of ISO 45001, compliance with which is regularly verified by annual audits. This framework is currently considered sufficient for effective human resources management in the ČD Group. Adoption of policies explicitly in line with the standard ESRS S1 will be considered in the future in light of legislative developments, changes in the labour market and the Company's strategic targets.

Minimum social safeguards and human rights

The ČD Group is aware of its responsibility to protect human rights and social standards, which form the basis of the so-called minimum social safeguards defined in Article 18 of the EU Taxonomy Regulation and reflected in the ESRS S1 Standard. Although the parent Company ČD, a.s. does not currently have formally adopted separate policies explicitly in line with these frameworks, the area of human rights and working conditions is managed through established internal documents, in particular the ČD Group Code of Ethics and the Human Resources Management Framework Policy. These documents contain binding principles on equal treatment, non-discrimination, freedom of association, ensuring decent working conditions and promoting social dialogue. In its approach, the ČD Group relies on key international frameworks and standards, in particular:

- OECD Guidelines for Multinational Enterprises,
- UN Guiding Principles on Business and Human Rights (UNGPs),
- International Labour Organization (ILO) Core Conventions,
- International Covenant on Civil and Political Rights,
- International Covenant on Economic, Social and Cultural Rights.

Within the framework of the established processes, the ČD Group applies the principles of due diligence in the area of human rights and ethical behaviour, including a confidential reporting system (Ethics HotLine) for reporting possible undesirable behaviour. These approaches will continue to be developed in line with regulatory requirements and stakeholder expectations. The adoption of a formal policy on minimum social safeguards to ESG specifications will be considered in the future in line with legislative developments and the Company's strategic targets.

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Employee care

The ČD Group is aware that its employees are a key pillar of its long-term success and therefore, within the framework of the set rules for employee care, it focuses on their satisfaction and professional growth as the basis for stability and quality of services. It is committed to transparency, respect and partnership, enabling employees to actively participate in working conditions and decision-making processes. Open communication and feedback strengthen trust, team stability and professional development.

The Company builds relationships on trust, respect and equal opportunities for all, as enshrined in the ČD Group Code of Ethics. It supports the employment of women in all areas where the nature of the work and medical fitness requirements allow, thereby contributing to a balanced and inclusive working environment. The ČD Group consistently applies the principles of protection of human rights without discrimination and does not accept any form of unequal treatment, harassment or illegal work.

Care for employees in the ČD Group is based on the principles of knowledge of needs, active dialogue, support in difficult situations and feedback. This approach enables the creation of a stable and motivating working environment that supports the professional and personal development of employees.

Knowledge of employee needs

The ČD Group regularly monitors employee needs in key areas such as working conditions, safety, training and benefits. This information is gathered through regular communication and feedback, enabling the work environment to be adapted to current requirements

Dialogue and communication

Open communication is key to cooperation between employer and employees. The ČD Group uses regular meetings with management, collective bargaining, employee surveys and digital channels such as the intranet. Employees can communicate their suggestions directly or through their elected representatives, thereby taking an active part in improving the working environment.

Feedback, complaint handling and evaluation

Feedback is obtained through personal meetings with management and collective bargaining. Employees can further report suggestions and complaints through internal channels, including the confidential Ethics HotLine. The ČD Group introduces a performance evaluation system for selected employee groups and prepares regular employee satisfaction assessments.

Supporting employees in difficult life situations

The Company provides support to employees through the Social Fund and the ČD Group Endowment Fund - ŽELEZNICE SRDCEM. It is aware of the specific challenges arising from employees' health, age or family situation and applies the principles of equal treatment and fair working conditions.

Remedial and adaptation actions

Actions and adjustments to working conditions are based on feedback, evaluation and legislative changes. They are phased in according to priority, taking into account their impact on employees.

and the Company's operations. The aim is not only to respond to current needs, but also to ensure the stability and development of the working environment as a preventive measure. Responsibility for employee care rests with a designated member of the Board of Directors.

From the Company's point of view, this concept of employee care also ensures appropriate procedures for the identification, prevention and remediation of possible negative impacts on employees, in accordance with the principles of responsible management and sustainability according to the ESRS S1 specification.

Cooperation between management and employees takes place regularly during the year according to the following scheme:

Activity	Frequency	Form of cooperation
Management meeting with employees	1 x quarterly	In person / online
Meeting of Company management with trade union representatives	1 x monthly	In person / online
Collective bargaining	1 x per year	In person
Internal training and development	Ongoing	Online / face-to-face courses
Resolving employee complaints	Ongoing	As required

Fair pay and equal pay

The Company believes that the current pay system is set appropriately within each comparable job group, employees receive comparable and appropriate pay and there are no unjustified differences in pay within these groups or between genders. This system will be reviewed and, if necessary, adjusted in accordance with future legislation on equal pay, in particular the European Union's Pay Transparency Directive and relevant amendments to the Labour Code, by 2026 at the latest. At this point in time, the topic of equal pay is not considered significant by the Company under ESRS S1-16 and therefore the Company does not currently disclose information on pay differences and does not set any quantitative targets for this topic beyond the planned adaptation to new legislation.

Human resources development targets

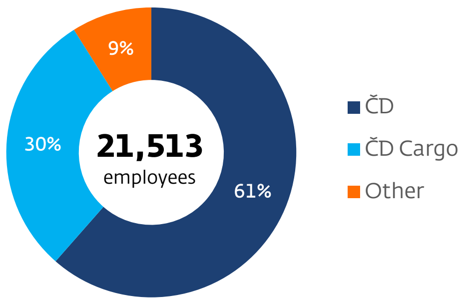
The parent Company ČD, a.s. monitors the effectiveness of its human resources policies and actions through its internal processes and does not set targets in this area in accordance with ESRS specifications. It derives its priorities from its operational and strategic needs and has set the following internal targets for the period 2025-2026:

- Introduction of a performance measurement system for selected employee groups — year 2025
- Adaptation of internal systems to the new equal pay legislation — year 2026
- Introduction of a system for measuring employee satisfaction — year 2026

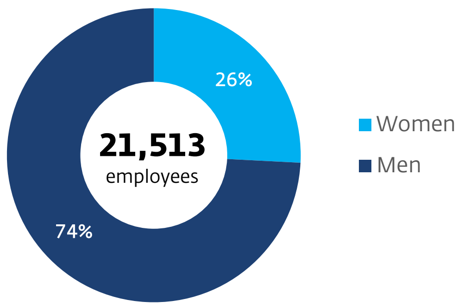
Employee structure

The structure and numbers of employees of the ČD Group are reported in physical terms as at 31 December 2024. The largest number of employees work in the parent Company ČD, a.s. (13 225), followed by the subsidiary ČD Cargo, a.s. (6 362). In terms of the gender structure of employees, the current share of women in the ČD Group (26 %) is influenced by the technical and operational nature of the activities that are typical for the main employers of the Group - ČD, a.s., and ČD Cargo, a.s., as well as the medical fitness requirements inherent in these operational professions.

Employee structure by organisation



Employee structure by gender



All data on employees are based on the internal human resources systems of individual companies of the ČD Group. The number of employees includes all persons employed on a principal employment basis. Employees employed on the basis of agreements (employment and performance agreements) are recorded as employees with non-guaranteed working hours. Agency workers are recorded as workers who are not employees of the ČD Group.

The Company currently records data on gender only in the categories male and female. Data on other gender identities are not collected and therefore are not listed in the table below. The turnover rate of ČD Group employees is defined as the ratio of the number of employee departures for the period 2024 to the average number of employees for the same period, expressed as a percentage. For the year 2024, the turnover rate is 8.93%, while the turnover rate of the parent Company, ČD, a.s., reaches 9.46%.

Employees structure	Women	Men	Total
Number of employees	5,553	15,960	21,513
Of which:			
Number of fixed-term employees	301	490	791
Number of permanent employees	5,260	15,462	20,722
Number of employees with non-guaranteed working time	504	1,878	2,382
Number of non-employees	6	304	310

Recruitment

MATERIAL TOPIC

Recruitment for specific positions

Our approach

The parent Company ČD, a.s., as a national railway carrier, is currently facing challenges in the area of recruitment and employee turnover.

The key factors it needs to reflect include the ageing of its own workforce and unfavourable labour market developments linked to a shortage of technically skilled workers. At the same time, with the introduction of modern rolling stock, there is a growing demand for highly qualified technicians and specialists in the diagnosis and servicing of rolling stock using advanced technology and automated control.

The recruitment strategy must therefore naturally focus on the younger generation and on increasing the representation of employees under the age of 30 in professions where a significant workforce turnover is expected in the future. At the same time, we continue to work with employees of all ages to maintain a balance between experience and new talent. Our priority is to modernise training programmes, digitise training and adapt working conditions to different age groups to ensure operational stability, rail safety and efficient management and maintenance of the rolling stock. Given the growing need to reach young candidates, we are adapting recruitment to modern trends and technologies, including the use of artificial intelligence, robotic pre-screening and the integration with recruitment platforms and social networks.

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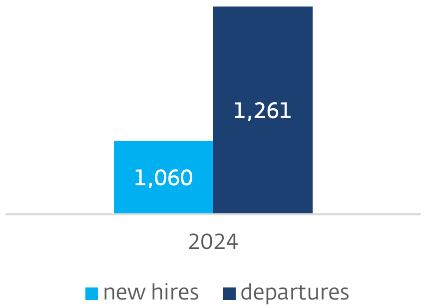
Metrics

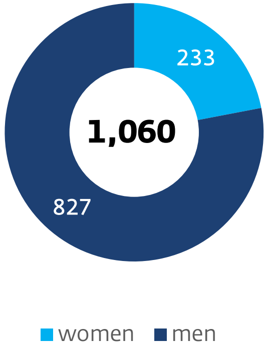
The data presented relate exclusively to the parent Company ČD, a.s. The structure of new hires and departures in 2024 illustrates the Company's continuing difficult situation on the labour market - the number of new hires (1,060) remains lower than the number of departures (1,261), which confirms the difficulty of maintaining a stable staffing level in key operational occupations.

The total number of outgoing employees for the ČD Group in 2024 was 1,943.

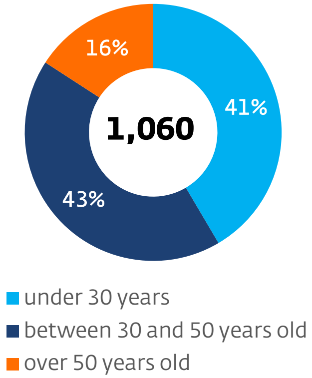
Number of new hires and departures



New hires by gender



New hires by age



The proportion of women among new recruits was 22%, which is roughly in line with the long-term representation of women in the Company. Given the technical nature of ČD's core activities, this ratio is considered natural and stable.

A positive trend is the growing share of younger age groups among new hires, with 41% of new hires under 30 and 43% of those aged 30-50. This indicates a more successful outreach to the younger generation of workers, which is key to the long-term renewal and development of the Company's professional capacity.

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Targets

The parent Company ČD, a.s. does not set targets in the area of recruitment in accordance with the ESRS specifications but defines only internal targets aimed at ensuring operational needs and strengthening the long-term sustainability of jobs in key professions.

Actions

In order to achieve its goals according to the set recruitment strategy, the ČD Group focuses on actions that strengthen its recruitment potential and contribute to increasing its competitiveness in a challenging labour market.

Partial actions	Results in 2024
Cooperation with schools and support for recruiting young talent	The ČD Group continues to develop cooperation with schools and professional institutions, with the number of partner schools steadily growing. It focuses on supporting technical education, professional practice, and stable recruitment of new employees, particularly in vocational fields such as electrotechnics and railway professions. In 2024, one new partnership was established, and the Group currently cooperates with 11 contractual partners.
Professional internships and student training	The ČD Group enables students to gain practical experience in fields such as Transport Operations and Economics, Electrician, Electrotechnical Mechanic, and Toolmaker. In 2024, a total of 642 students from technical fields completed internships.
Career days and open days	The ČD Group promotes railway professions through career days, open days, and excursions. In 2024, a total of 65 events were held, giving students the opportunity to explore career options in the railway industry.
Retraining and new educational programmes	In cooperation with the Academy of Crafts and the Secondary Technical School in Prague, a retraining course for Rolling Stock Mechanic and Rolling Stock Locksmith was created. In September 2024, a new study programme for Rolling Stock Repair Mechanic was launched, with ČD acting as a professional guarantor. Nine employees completed retraining, 20 new students enrolled in the programme, and from September 2025 the capacity will increase to 25 places.
ČéDés Scholarship Programmes	The ČD Group supports students of technical fields through the ČéDés scholarship programme. In 2024, 60 new scholarship holders were admitted, with a total of 129 students participating. After completing the programme, 20 graduates took up employment within the ČD Group.
Recruitment activities and campaigns	The ČD Group participated in five nationwide railway-themed events and implemented an innovative recruitment compartment – active recruitment directly on trains. Lectures for graduates of partner schools were also held. A total of 792 recruitment advertisements were published, generating 17,884 applicant responses.

In 2025, the ČD Group plans to focus on unifying recruitment methodologies across the Company and its business units, streamlining recruitment processes through automation and digitalization, and strengthening marketing campaigns with a focus on problematic locations. The implementation of these actions does not entail any significant costs on the Company's side and takes place within the framework of normal human resources management and internal processes.

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Safety and health at work

MATERIAL TOPIC

Improving employee health and safety

Our approach

Occupational health and safety (OHS) is a key priority for rail operators, affecting not only employees but also the safety of passengers and the entire transport system. The railway sector is one of the industries with high demands on safety actions and therefore it is necessary to continuously improve the prevention of work accidents, risk management and compliance with strict legislative and technical standards.

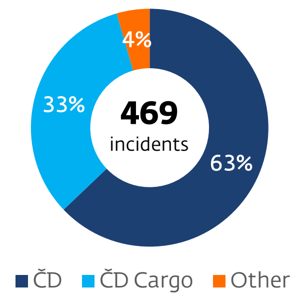
In the parent Company ČD, a.s., the occupational health and safety management is set up beyond the legislative requirements according to ISO 45001:2018. Its effectiveness is verified annually by an independent audit body. Therefore, in compliance with the set standards, we focus on monitoring and transparent reporting of occupational accidents, occupational diseases, preventive actions and the overall approach to occupational health and safety. Emphasis is placed on systematic improvement of working conditions, employee training, introduction of innovative safety technologies and personal protective equipment and targeted control activities of managers to minimize risks associated with railway operations.

Metrics

The Company's occupational accident rate has a long-term downward trend. In 2024, the parent Company ČD, a.s., there was one fatal work accident in the context of an incident in railway operation that could not be influenced by the Company.

The number of occupational diseases remains consistently very low, with no new cases recorded in 2024.

Number of recordable work-related injuries



Health and safety metrics	Employees
Level of OSH coverage in the organisation	100 %
Total number of reported accidents at work	469
Number of fatal accidents at work	1
Number of reported occupational diseases	-
Number of occupational diseases resulting in death	-

OHS inspections

In 2024, state administration institutions carried out (physically) a total of four inspections within České dráhy, a.s. in the area of occupational safety and health and public health protection, most of which were carried out by public health authorities and the regional labour inspectorate. No fines were imposed on České dráhy, a.s. in 2024. ČD Cargo, a.s. was subject to one inspection by the public health authority and two inspections by the regional labour inspectorate without a fine being imposed.

Targets

In the area of OHS management, the parent Company ČD, a.s. does not define any specific targets in accordance with the ESRS specifications. Its priority is to meet the prescribed standards resulting from national legislation and the implemented ISO 45001 standard, with emphasis on the continuous reduction of occupational accidents and the systematic prevention of risks to health and safety of employees.

Actions

The parent Company ČD, a.s. considers its current OSH management system to be sufficiently effective and therefore does not plan any major changes or systemic improvements in the medium term. In 2024, it will focus primarily on fulfilling its obligations arising from legislation, the implemented ISO 45001 standard and providing the necessary training according to the Company's operational needs. In 2025, the Company will adjust its reporting methodology in this area to comply with the requirements of the European ESRS S1-14 standard.

The implementation of these actions does not involve any significant costs on the part of the Company and is carried out within the framework of the Company's normal human resources management and internal processes.

Development and training

MATERIAL TOPIC

Personal and professional development of employees

Our approach

Employee development and training are among the key priorities for rail operators, which are constantly adapting to dynamic changes in the industry. Modernisation of railway technology, digitalisation, automation of processes and increasing safety requirements place high demands on the skills of the workforce. Therefore, the training system within the ČD Group must continuously respond to new technological and operational challenges.

A skilled workforce is essential to the success of our business, customer satisfaction and ensuring employee safety. In the area of training, our primary focus is on providing training to meet qualification requirements in accordance with current legislation. We also offer specific training courses that enable employees to gain knowledge and skills beyond the basic qualifications. This training takes the form of face-to-face training, e-learning courses or combined training. In addition, we promote the exchange of experiences between employees as an effective tool for professional development. In the area of training, we will continue to expand online learning platforms and introduce modern training methods, including online training, and instructional videos.

Development and education challenges and priorities

Even in the area of development and education, we have to cope with the factors of declining interest in technical fields, an ageing workforce and the need to adapt to new technologies. That is why we continue to focus on these educational priorities in rail operations:

- Training programme for train drivers, focused on the operation of traction vehicles equipped with modern ETCS train protection equipment.
- Training of railway vehicle maintenance staff, with emphasis on meeting the requirements of ECM certification.
- Preparation and qualification improvement of ČD train drivers using modern teaching technologies.

Cooperation with the Transport Education Institute (TIE)

A key element of our training concept is active cooperation with our subsidiary Transport Education Institute (TIE), with which we provide a wide range of training and educational activities, including:

Člen Skupiny ČD

- Driver training, including training on railway simulators.
- Training of customer contact staff and staff of integrated transport systems of individual regions.
- Regular professional training for operational staff in key professions.

DVI is an accredited institution for training key professions in the rail transport sector and also provides psychological examinations. It has an extensive network of learning centres, an experienced team of professionals and offers courses in language training and soft skills. DVI is therefore our strategic partner for the continuous development and further qualification of our employees.

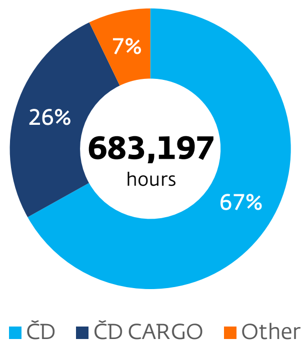
Metrics

The largest volume of training and educational events takes place at the two largest employers of the ČD Group - i.e. the parent Company ČD, a.s. and its subsidiary ČD Cargo.

In the area of training and skills development of employees, the ČD Group currently monitors the following two quantitative metrics.

Training and skills development metrics	
Absolute number of hours of training	683,197
Average number of training hours per employee	32

Number of training hours by organisation



Due to the setup of existing internal systems and processes, the parent Company ČD, a.s. does not currently directly monitor the indicator "% of employees who participated in regular performance reviews and career development". The process of employee performance appraisal is primarily carried out at the level of the direct supervisor, who has the opportunity to take individual account of performance as part of the personal appraisal as part of the overall salary. This approach allows for flexible and targeted recognition of employees according to the current needs and specifics of individual positions. At the same time, the Group is gradually introducing a system of performance evaluation based on defined indicators (KPIs), starting at senior management level.

Targets

In the area of education, the parent Company ČD, a.s. does not define its targets in accordance with the ESRS specifications and we focus on meeting our internal priorities related to the need to ensure an adequate level of qualification necessary for our operational and business activities.

Actions

The parent Company ČD, a.s. considers its current development and training system to be sufficiently effective and therefore does not plan any major changes in the medium term or systemic actions in the medium term. Therefore, in 2024, it will only focus on providing training activities according to the current operational needs of individual parts of the Company.

The implementation of these actions does not involve any significant costs on the part of the Company and is carried out within the framework of normal human resources management and internal processes.

Social dialogue

MATERIAL TOPIC

Social dialogue as a tool for increasing trust

Our approach

For the companies of the ČD Group, social dialogue is a key tool for the balanced and effective management of labour relations between employers, employees and their representatives. The promotion of free trade union association and effective communication between employers and employees are key elements of our corporate culture that contribute to the long-term stability of labour relations and the protection of employee rights.

The establishment and conduct of social dialogue within the ČD Group is carried out in accordance with the applicable legislation and includes the necessary activities related to collective bargaining, consultation and exchange of information needed to achieve fair working conditions, which are essential for the sustainable development of our business.

Within the ČD Group, there are a total of 14 independent trade unions, of which 12 are active directly in the parent Company ČD, a.s. and 8 in the subsidiary ČD Cargo, a.s. The largest trade union of the parent Company ČD, a.s. is the Railwaymen's Trade Union Association, which also represents non-union employees in negotiations. Of the total number of employees of the parent Company ČD, a.s., approximately 70 % are involved in the trade union association. The collective agreements concluded cover all employees of the Company, including those who are not part of any trade union.

The enterprise collective agreement is always concluded for a period of one year and is the result of ongoing consultations and transparent communication between all parties throughout the year. In the parent Company ČD, a.s., the actual collective bargaining for 2024 was initiated on 29 August 2023 and the collective agreement was concluded on 5 December 2023.

By concluding the collective agreement for 2024, an agreement was reached between the employer and the participating trade unions on wage increases, exceptional remuneration, benefits and adjustments to the job catalogue for key positions. This agreement provided the necessary stability in labour relations for 2024, while allowing the Company to continue to develop in line with its economic opportunities.

Metric

Collective agreement coverage and social dialogue	Czech Republic
Percentage of all its employees covered by collective agreements	100 %
Number of collective agreements concluded	8

Targets

In the area of social dialogue, the ČD Group does not set targets in accordance with the ESRS specifications. Its main target is to manage the dialogue with the social partners in such a way as to preserve social harmony in all Group organisations, to strengthen trust between all stakeholders and to ensure the timely conclusion of a balanced Company collective agreement for the year.

Actions

Achievement of the ČD Group's internal targets in this area is ensured by continuously implemented actions in accordance with the set internal rules - active communication, regular meetings with trade union representatives and consistent compliance with the obligations arising from the concluded corporate collective agreements within the ČD Group.

The implementation of these actions does not involve any significant costs on the part of the Company and is carried out within the framework of normal human resources management and internal processes.

ESRS S4 Consumers and end-users

Customers are at the heart of everything we do. In today's competitive transport environment, customer orientation is a prerequisite for the success and growth of rail transport. We believe that by focusing on the needs and expectations of our customers, we can contribute to increasing their satisfaction and loyalty, while improving the overall attractiveness of this segment of transport. Modern railways must offer not only a safe and environmentally friendly form of mobility, but also comfortable, reliable and innovative services with an emphasis on high quality that are in line with current trends in digitalisation and sustainability.

In accordance with the reporting requirements of the ESRB, this report primarily presents the approach of the parent Company ČD, a.s. as the largest entity of the ČD Group and its key player in passenger transport. The parent Company, ČD, a.s., considers its customers to be both the customers of publicly committed transport (the State in the case of long-distance transport and regions in the case of regional transport) and the end consumers, i.e. passengers using passenger rail transport services.

Based on the double materiality analysis, the parent Company ČD, a.s. focuses on addressing and reporting on the following material topics in ESRS S4:

#	Subtopic	Type			Description	Impact	Company
1	Approach to products and services	I	🔴	↔	Operational problems with impact on service delays	dissatisfaction of passengers and their lower willingness to use rail as an alternative to road transport	ČD
2	Freedom of expression	I	🟢	↔	Open communication and resolution of customer complaints	the possibility to express opinions, suggestions, complaints through various communication channels	ČD
3	Approach to products and services	I	🟢	↔	Customer care and satisfaction	the Company contributes to improving the care and satisfaction of its customers through ongoing modernisation of its fleet and the digitalisation of its services	ČD
4	Approach to products and services	I	🟢	↔	Barrier-free passenger transport	the Company creates conditions to ensure barrier-free transport for persons with reduced mobility and orientation	ČD
5	Health and safety	I	🔴	↔	Railway transport safety	the operation of rail transport can lead to dangerous situations with potential impact on passenger safety	ČD

I impact R risk O opportunity 🟢 positive 🔴 negative 🏠 own operations ↔ value chain

ESRS S4

Reliability of rail transport

MATERIAL TOPIC

Operational problems with impact on service delays

Our approach

The parent Company ČD, a.s. perceives improving the reliability of rail transport services as a key factor influencing the satisfaction of its passengers and their willingness to choose the train as their primary or preferred means of transport. Nowadays, when passengers are accustomed to a high degree of flexibility, speed and punctuality in other forms of transport, adherence to the set timetable - i.e. scheduled departure and arrival times - is becoming a crucial aspect of the railway's competitiveness.

For this reason, ČD has long focused on reducing the frequency of operational problems associated with railway operations and eliminating their impact on the reliability of the transport services provided. The main priority in this area is the modernisation and expansion of the service facilities used for maintenance, diagnostics and rapid elimination of technical faults of vehicles. Emphasis is placed on preventive maintenance, digitalisation of processes and acceleration of vehicle turnarounds, which contributes to increased operational reliability and minimisation of incidents leading to delays.

Metric

The main factor influencing the reliability of railway transport is the capacity and operability of the railway infrastructure owned by the railway operator - Správa železnic, s.o. Since the parent Company ČD, a.s. is not able to influence this key factor directly, it uses the carrier's schedule performance as the primary metric for assessing the reliability of its rail transport services. This metric expresses the proportion of train running points that are exactly met out of all scheduled points. These points include departure from the departure station, arrival and departure at intermediate stations and arrival at the destination station. For interstate trains, the starting and finishing points are considered to be the national border. A journey is assessed as punctual if the delay does not exceed 5 minutes.

In all the main monitored qualitative metrics relating to timetable performance, the parent Company ČD, a.s. met or exceeded the required limits in 2024.

Metric	Required limit	Actual performance 2024
Accuracy of transport connections and general principles of action in the event of operational emergencies		
Timetable reliability	98 %	99 %
The quality of the solution to emergencies	75 %	75 %
Compliance with the planned requirements and the planned train capacity	92 %	94 %
Timetable punctuality in long-distance, regional and commercial transport		
Levels of average train delays (%) - total passenger transport		
on time - 5 min	98.9% min	99.1 %
6-15 min	0.9 % max	0.7 %
16-30 min	0.2 % max	0.1 %
31-60 min	0.1 % max	- %
61 min or more	0.0 % max	- %

The reported data concerning the accuracy of timetable fulfilment is based on the Company's internal systems and its accuracy is regularly checked on an annual basis by the Company's internal audit.

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Targets

In the area of ensuring the reliability of rail transport services, the parent Company ČD, a.s. sets targets based on real operational needs and contractual obligations towards the customers of public transport at the level of regions and the state. These targets are not formulated as a separate policy within the ESRS but are firmly anchored in the Company's internal performance management system. Specific targets are defined through performance indicators (KPIs), which form part of the evaluation criteria at the level of the Company's Board of Directors. These targets are set as quantitative, measurable, regularly monitored and evaluated quarterly by the Company's governing bodies. Their fulfilment is directly linked to the Company's strategic priorities in the area of modernisation of rail rolling stock servicing.

Policies and management

The parent Company ČD, a.s. does not currently have a formally defined policy for the reliability of rail transport services in accordance with the specifications of the ESRS standard. This is primarily due to the fact that this area has long been managed through internal operating regulations and standards based on operational needs and contractual obligations towards public transport customers.

Quality and reliability management of rail transport services is carried out on the part of the parent Company ČD, a.s. in accordance with internal regulations and processes that ensure coordination of operations, performance monitoring and resolution of any deviations. A key document in this area is the internal directive ČD SR 14 (KC) - Passenger Transport Directive, specifically Part 18: Actions for the discussion of operational defects, which sets out procedures for the identification, reporting, evaluation and corrective action in the event of defects affecting the reliability of connections. The Company is also implementing an internal strategy to upgrade its service facilities and repair infrastructure in accordance with the relevant internal development and investment plans. Responsibility for the management of this area, in accordance with internally set principles, is assigned to the Deputy Director General for Service, who coordinates the implementation of related actions in close cooperation with the operating units and business partners.

Actions

Continuous improvement of the quality of maintenance and modernisation of the service facilities is crucial for increasing the operational reliability of ČD's connections. Regular and efficient maintenance of the rolling stock helps to prevent technical faults, which are one of the main causes of delays and cancellations.

Modernisation and expansion of service facilities

As part of its repair strategy, the Company is currently investing heavily in the modernisation of these service centres.

Service Center	Scope of modernisation	Time horizon
Šumperk	extension of the existing double-track repair hall	2024-25
Havlíčkův Brod	construction of a new double-track repair hall	2024-26
Cheb	construction of a new three-track repair hall	2024-26
Prague-South	complete modernisation of the service centre, reconstruction of the car wash, construction of a four-track repair hall	2024-27
České Budějovice	construction of a new three-track repair hall	2025-27
Olomouc	reconstruction of the double-track repair hall, construction of a technical-hygienic maintenance area with a three-track hall	2025-26+
Česká Třebová	reconstruction of the existing repair hall	2025-27

The Company has spent a total of approximately CZK 267 million on the above-mentioned investment projects in 2024, with planned expenditures of CZK 1,074 million for their continuation in 2025. Overall, ČD plans to invest over CZK 12 billion in the development of its service facilities by 2031, including the construction of new maintenance halls, modernisation of existing facilities and the acquisition of modern equipment.

Digitisation of the processes of the service activities of the rolling stocks

ČD manages a fleet of approximately 3,800 vehicles, of which around 1,000 new and prospective units will be equipped with advanced diagnostic systems for predictive and automated repairs by 2030. This step is part of a broader strategy to digitise service activities, which aims to increase the efficiency of maintenance and the operational reliability of vehicles. Actions under this strategy include:

- Installation of on-board diagnostics: between 2024 and 2025, 308 vehicles will be equipped with a diagnostic system that allows real-time monitoring of fault and operational conditions. This initiative will continue beyond 2025.
- Implementation of an IT system for service planning: advanced IT equipment for efficient service planning is planned to be implemented in 2025-2028. This system will enable optimisation of vehicle maintenance based on data from diagnostic systems.

The Company plans to invest approximately CZK 138 million in the above actions in the period 2025-2028.

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ESRS S4

Improving care and passenger satisfaction

MATERIAL TOPICS

Open communication and resolution of customer complaints

Customer care and satisfaction

Our approach

ČD emphasises a high level of care for its customers, both in the area of travel comfort and customer service and availability of information.

The aim is not only to provide reliable and comfortable transport, but also to create a positive customer experience that leads to passenger satisfaction and loyalty.

Care from the perspective of the public transport contracting authority

Public transport contracting authorities (the state and regions) are key partners of ČD in providing transport services. Taking care of them involves not only fulfilling the contractually stipulated conditions, but also proactive management of service quality, transparent communication and effective resolution of operational challenges. Within the framework of the set processes, ČD regularly reports on the fulfilment of the contracted scope and quality of transport services through key performance indicators (KPIs). They actively communicate through dedicated contact persons with customers about changes in operations, closures and emergency situations and provide feedback that helps to optimise and develop public transport in line with the needs of customers and passengers.

Care from the passenger's point of view

Care for passengers (end consumers) within ČD is provided through customer services and digitised customer processes and applications. The main target of these processes is to provide fast, professional and accessible support at all stages of the journey - from planning and purchasing tickets to the actual transport and solving any questions or problems. Passengers have a wide range of check-in channels at their disposal, including an online e-shop, a mobile app, self-service machines and traditional ticket offices. Digitisation makes it quick and easy to purchase tickets, keep up-to-date with the latest information on connections and facilitate check-in. In addition, ČD provides assistance at stations, customer hotlines and other forms of support to ensure that passengers always have access to the information they need and assistance. The success of customer care is systematically monitored through customer satisfaction measurement methods. Regular surveys and feedback from passengers help to identify strengths and areas of for improvement. Based on this data, ČD optimises its services and focuses on innovations that further enhance customer comfort and satisfaction.

Metrics

Resolving customer problems and complaints

The parent Company ČD, a.s. perceives customer problems and complaints as key feedback that helps it to continuously improve the quality of its services, increase the comfort of travel and strengthen passenger confidence. ČD offers passengers several ways to obtain information or solve any problems. In addition to direct support for passengers from on-board staff, ČD offers the possibility of communication by telephone via the Central Customer Service, or via online means (email, web contact form, directly from the My Train application).

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Submissions received	2023	2024	Percentage change	per 100 thousand trips 2023	per 100 thousand trips 2024
Complaints	10,260	10,480	2 %	6,24	6,21
Compliments	1,248	1,500	20 %	0,76	0,89

Complaints handled during the period	2023	2024	Percentage change	% of complaints received 2023	% of complaints received 2024
Up to and including 10 days	4,144	4,267	3 %	40 %	41 %
Within a period of 11 days to 1 month	5,711	5,833	2 %	56 %	56 %
Within a period of 1 to 3 months	405	380	6 %	4 %	3 %

Data for the period 2023-2024 confirms a stable trend in addressing passenger complaints. The number of complaints remains at a similar level year-on-year, while the Company manages to maintain a high rate of timely resolution over the long term.

The significant increase in the number of compliments also indicates growing passenger satisfaction and the positive impact of improving service quality.

Customer satisfaction

Customer satisfaction is another key indicator that helps us measure the success of all the changes we have been focusing on as a customer-oriented Company in the passenger rail segment for a long time. We believe that these steps are essential to strengthen passenger confidence and consequently increase the attractiveness of rail transport.

Since 2024, a new system of measuring passenger satisfaction with ČD services is used, which uses the following 3 methods - CSAT, NPS and CSI. In 2024, improvements were recorded in all monitored customer satisfaction metrics compared to the previous year. This positive trend indicates that the actions taken to increase customer satisfaction - including improved service, communication and fleet modernisation - are having the expected effect. The results are based on a sufficiently large and representative sample, which confirms that the improvement is not random but indeed reflects a shift in the quality of the customer experience.

Metrics	2023	2024
Trip satisfaction rating in the My Train app	4.1	4.2
Satisfaction index	3.8	3.9
Net Promoter Score	27.3	33.7

Methods of measuring customer satisfaction of ČD, a.s.

CSI (Customer Satisfaction Index) - a comprehensive satisfaction index based on the average rating of several aspects of service (e.g. cleanliness, comfort, availability of information, staff behaviour), rated on a scale of 1-10 and the resulting the CSI score is the average rating of all areas surveyed, or a weighted average based on the importance of each criterion.

CSAT (Customer Satisfaction Score) - measuring customer satisfaction with the journey they have just completed on a scale of 1-5 in the My Train mobile app

NPS (Net Promoter Score) - a measurement of a customer's willingness to recommend a service to others on a scale of 0-10. Customers answer the question: "How likely is it that you would recommend ČD to your friends?"

Targets

In the area of improving customer care and satisfaction, the parent Company ČD, a.s. has not yet set formal quantitative targets in accordance with the ESRS specification. Nevertheless, it sees this topic as its strategic priority and is committed to supporting and maintaining a positive trend in the development of the key indicators monitored namely:

- Maintain a high proportion of complaints resolved in a timely manner, especially within 10 days and 1 month, which meet internally defined service standards
- Continue to implement all actions that have a positive impact on the evaluation of customer satisfaction factors

Policies and management

České dráhy, a.s. does not have a defined customer care policy according to the ESRS standard. The customer care system is governed by a set of internal directives and standardised processes that are applied across organisational units.

The resolution of customer problems and complaints is carried out in accordance with the internal directive "Guidelines for handling complaints and other submissions at ČD". and compliance with the set processes is regularly audited on an annual basis as part of an ISO audit review. The findings from complaints are also regularly used by the Internal Audit and Control Department of ČD in its audit activities within the Company.

The requirements for measuring passenger satisfaction are based on the quality standards of České dráhy, a.s., which define the level of quality of services provided to passengers. and customers. The quality standards are based on Annex III "Minimum Service Quality Standards" of Regulation No. 782/2021 of the European Parliament and of the Council on rail passenger rights and obligations. At the same time, the measurement of customer satisfaction is required by selected transport customers in the relevant provisions of public passenger service contracts.

The Company is committed to the principles of equal treatment and non-discrimination in relation to all passengers. These commitments are anchored in the ČD Code of Ethics and the Transport Regulations, which ensure equal access to transport services regardless of gender, age, health, nationality or other personal characteristics.

Fulfilling the Company's internal standards in the area of customer care is in line with the internally set principles of the Company's management under the responsibility of the Deputy Director General for Passenger Transport.

Actions

Many factors contribute to increasing customer satisfaction with our transport services. In line with the implemented passenger transport development strategy until 2035, we are primarily focusing on the following priorities in this area.

Modernization improving the customer experience

In recent years, the Company has been intensively modernising its fleet with an emphasis on improving comfort and accessibility for passengers. New customer standards for new or refurbished vehicles include air conditioning, Wi-Fi connectivity, power sockets and USB ports for charging electronics. There is also an emphasis on wheelchair accessibility and low-floor design for easy passenger boarding and alighting, including the provision of technology for the blind and partially sighted. In selected vehicles, the Company is also focusing on improving mobile signal reception and internet connectivity. In 2024, the Company will put into service a total of 133 new or upgraded units and vehicles in the RegioPanter, RegioFox and Vectron series, as well as a total of 64 passenger cars comprising 8 ComfortJet sets.

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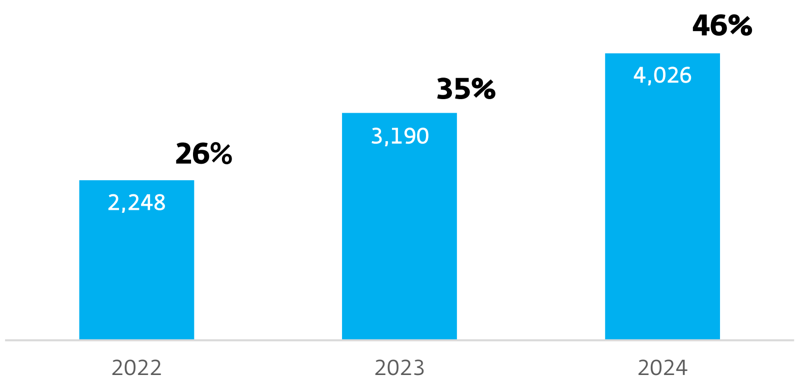
In 2024, the Company also began the process of equipping selected units with mobile signal repeaters and laser window treatment to improve the passage of the mobile signal into the train interior while maintaining the thermal and sealing properties of the glass. In 2025, the Company, as one of the first railway carriers in Europe, expects to start testing the Starlink satellite internet from SpaceX on a selected Prague-Brno line.

In 2024, the positive trend in increasing the availability of Wi-Fi connectivity on trains continued, with the share of trains with this service reaching 46% of all trains operated by ČD. This development demonstrates the long-term effort to increase the comfort and digital availability of services during travel, which corresponds to the growing customer expectations for modern standards in transport.

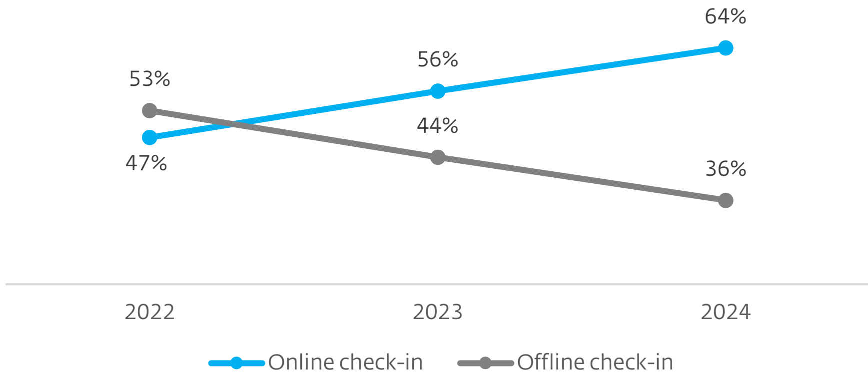
Percentage of trains equipped with WiFi



Digitisation of customer channels and services

In line with the implementation of the passenger transport development strategy until 2035, the Company's primary focus in the development of customer distribution channels is on the development of web services and new functions in the My Train customer mobile application. The Company's goal is to continuously increase the share of digitally checked-in customers both in the environment of services provided by ČD and in the environment of other carriers, where the ČD application serves as a sales channel for the fares of these carriers.

Development of the share of digitally handled customers



Thanks to the actions implemented and the positive reception of the My Train mobile application by passengers, the share of passengers checked in online with ČD travel documents (i.e. without IDS, OneTicket, etc.) has increased significantly - from 47% in 2022 to 64% in 2024. This development reflects the growing confidence of passengers in modern forms of check-in and their preference for convenient and contactless ways of travelling. At the same time, there has been a significant decline in the share of offline passengers with ČD tickets, from 53% to 36% during the period under review.

Developing the My Train app

2024

The following changes were implemented in the development of online distribution channels in 2024:

- introduction of indication of expected train availability
- simplifying the purchase of night trains
- extension of additional services (DÚK tickets, travel insurance)
- the ability to store Tickets and information in Apple Wallet and Google Wallet

Costs related to the development of the Company's online distribution channels will be disclosed from 2025.

2025

In 2025, the Company plans to continue with the development of the following channels in the specified scope:

- expansion of other partners of the follow-up transport - possibility of purchasing tickets of individual regional ITS
- addition of a "navigator" function to the My Train app, which clearly displays the currently necessary information for the journey
- addition of station orientation plans to simplify transfers and staying in unfamiliar stations
- modernisation of the My Train app graphics, including support for dark mode

Barrier-free travel

MATERIAL TOPIC

Barrier-free passenger transport

Our approach

ČD has long focused on improving the conditions for barrier-free travel for people with reduced mobility.

In this area, they actively cooperate with the National Council of Persons with Disabilities of the Czech Republic (NRZP) and the United Organisation of the Blind and Partially Sighted of the Czech Republic (SONS) in order to adapt the equipment of their vehicles and check-in services to the needs of these passengers as much as possible.

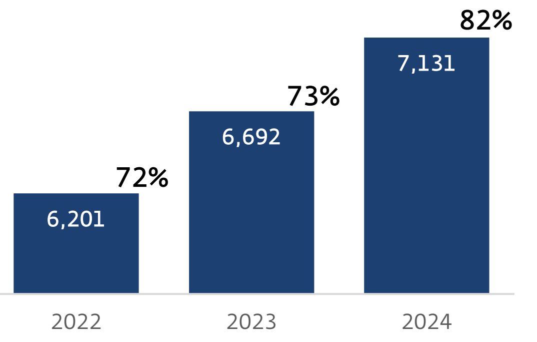
Metrics

In the area of barrier-free travel, the parent Company ČD, as, monitors the following two metrics.

Barrier-free elements in trains

All newly purchased ČD carriages are already being exclusively equipped for PRM (Persons with Reduced Mobility) not only according to the European TSI PRM standards, but also according to the agreed findings and requirements of the cooperating associations NRZP and SONS. In accordance with these standards, barrier-free vehicles are those with low-floor access, spaces for wheelchair access, accessible toilets and information systems supporting audiovisual station announcements and stops, haptic elements and Braille for blind passengers.

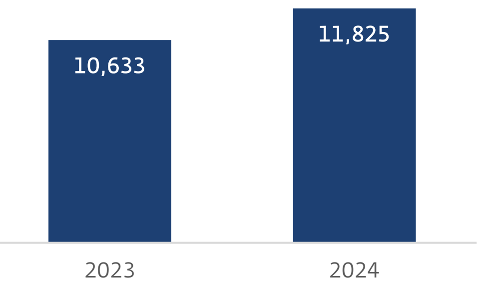
Share of trains supporting barrier-free travel



Assisted transport for passengers with reduced mobility

Another element of ČD's support for barrier-free travel is the provision of assisted transport for passengers with reduced mobility, which includes assistance with boarding and alighting from the train, accompaniment within the station, assistance with transfers and support with purchasing tickets. This service is provided on the basis of a prior order, which can be made via a web form or by telephone via the ČD Central Customer Service.

Number of assisted transports ordered



Targets

Although the Company does not define its targets in the area of barrier-free travel according to the ESRS specification, it has long been striving to ensure equal and dignified access to rail transport for all passengers regardless of their mobility or orientation limitations. It aims to continue to achieve these goals by increasing the proportion of accessible trains, improving the accessibility of its services, providing travel assistance and actively cooperating with organisations of people with disabilities.

Policies and management

The Company has no specific policies defined in this area. The management of this area is carried out according to the Company's internally set procedures and standards.

Actions

Increasing the number of barrier-free elements on ČD trains

All new ČD carriages and units acquired in 2024 were equipped with barrier-free elements supporting the transport of people with reduced mobility. A total of 111 integrated units and 8 non-traction units were put into service in this way.

Adaptations to customer applications for passengers with reduced mobility

ČD is focusing on improving the accessibility of its services for passengers with disabilities by modifying its customer applications. The My Train mobile app is designed to be fully compatible with assistive technologies such as screen readers, making it easier to use for people with visual impairments. It also offers information on accessible services at stations and on trains, helping passengers with reduced mobility to better plan their journeys. ČD's website is also optimised for people with visual impairments, meets accessibility standards and is compatible with voice readers, allowing easy access to online information and services.

Passenger safety

MATERIAL TOPIC

Improving rail transport safety

Our approach

Safety is a key priority in rail transport, both in terms of operations and passenger protection. ČD, in cooperation with other institutions, continuously invests in modern technologies, staff training and preventive actions to ensure maximum safety on the railway.

The parent Company ČD, a.s. bases its strategy in the area of strengthening railway operation safety on three basic pillars: railway operation safety management, ensuring the transition to the new European Train Control System ETCS and increasing passenger safety through CCTV systems and security on trains.

Metric

The basic element of the railway operation safety management system within the railway carriers of the ČD Group is consistent monitoring and evaluation of railway incidents together with improvement of internal crisis preparedness for their resolution. The target of the ČD Group is not only to prevent incidents, but also to ensure an effective and rapid response to any emergency situation, thereby ultimately contributing to improved passenger safety.

In 2024, the following incidents caused by the fault of the carrier were recorded and analysed within the ČD Group. In this year, there was one fatal occupational accident at the parent Company ČD, a.s. in the context of an incident in railway operations that could not be influenced by the Company.

Railway incidents by category	2023	2024
Total number of railway incidents	142	179
Category A (serious accident)	0	1
Category B (accident)	7	13
Category C (incident)	135	165

Labelling of incidents according to the ABC categorisation system in accordance with European and national legislation.

A. Serious accidents	Train collisions, train derailments, accidents at level crossings, fatal or serious injury accidents.
B. Accidents	Minor derailments, minor crossing accidents, collisions with an obstacle.
C. Incidents	Unauthorised journeys behind a signal, errors in traffic control, failure of signalling equipment.

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Targets

The target of the ČD Group is to contribute to maintaining a high standard of railway operation safety and passenger protection in cooperation with other railway transport actors. Within the framework of its activities, it strives to minimise the number of incidents and, in the event that they occur, undertakes to investigate them properly, evaluate their causes and consequences and, in accordance with the legal framework, take effective actions to limit their impact and prevent recurrence. At this point in time, it is not possible from the Company's point of view to define targets for this area in accordance with the ESRS specifications.

Policies and management

The safety of railway transport in the Czech Republic is ensured through a comprehensive legislative framework that sets out procedures in the event of emergencies. The key piece of legislation is Act No. 266/1994 Coll., on Railways, which defines emergencies and the obligations of railway operators and rail transport in dealing with them. The specific procedures for emergencies are described in detail in Decree No. 376/2006 Coll., on the safety system for rail operation and rail transport and procedures for emergencies on railways. This Decree specifies the types of emergencies, the procedures for their occurrence, the actions to be taken at the scene of the incident and the competence to investigate their causes.

The monitoring and handling of rail traffic emergencies on the part of the ČD Group's railway carriers is carried out in full compliance with the law and applicable decrees, while strict safety standards, internal guidelines and regular control mechanisms are applied to ensure rapid response to crisis situations and minimise risks to passengers and employees.
The Company considers this framework for the management of rail safety to be sufficiently defined and does not see the need to define other specific management policies for this area.

Responsibility for compliance with internal standards in the area of Railway Safety Management is the responsibility of the Manager of the Internal Audit Department. The implementation of corrective and preventive actions is the responsibility of the relevant professional units of the Company.

Actions

In accordance with the legislative framework for dealing with incidents in railway operation, the railway carriers of the ČD Group implement standard corrective actions set out in the investigation of each recorded incident. The systemic preventive actions, which have the potential to contribute to the improvement of rail traffic safety metrics, focus on the introduction of the ETCS signalling system, regular training of employees in the field of rail traffic safety and increasing passenger safety through CCTV systems and on-board security.

Ensuring the transition to the new European Train Control System ETCS

The implementation of the ETCS system represents a significant step towards modernisation and increased safety of railway transport for ČD and the entire ČD network. ČD in accordance with the National Implementation Plan for ERTMS 2024 are actively preparing for this change, especially in the areas of modernisation and retrofitting of their vehicles with ETCS on-board units and specialised training of drivers to operate this system.

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As a national carrier, ČD has been working closely with the Správa železnic and its subsidiary VUZ, a.s. since 2023 to test and prepare the operation of this new system. From the year 2024, ČD is fully prepared for the gradual introduction of exclusive ETCS operation on the ČD network, both in the area of equipping vehicles with on-board ETCS units and in the area of driver training.

ETCS plan for the year	Required vehicles	Vehicle readiness
2022	11	47
2023	11	181
2024	449	469
2025	469	625

Preparing for the introduction of ETCS train protection is a strategic investment priority for the Company, which is being implemented systematically and proactively across the entire range of vehicles. The installation of the equipment is also being carried out efficiently within the framework of planned service interventions, which allows the number of equipped vehicles to be increased beyond the annual requirements.

In the period until 2023, the parent Company ČD, a.s. has already invested a total of CZK 2.759 billion in retrofitting existing vehicles with mobile ETCS units, in 2024 a total of CZK 1.406 billion and for 2025 investments in this area are planned in the amount of CZK 2.518 billion.

Enhancing passenger safety through CCTV and security on trains

ČD aims to further strengthen security actions on trains and thus contribute to increasing the protection of its passengers. Key elements of this approach are the installation of CCTV systems on trains and the strengthening of the security presence on the board of selected high-risk connections.

ČD installs CCTV systems in its new and modernised carriages primarily as a preventive tool for preventing crime, aggressive behaviour and vandalism during transport. Thanks to these systems, they are then able to react more quickly to dangerous situations and cooperate more effectively with security forces in dealing with them. The installation of CCTV systems on ČD trains is carried out in accordance with applicable Czech legislation, in particular Act No. 110/2019 Coll., on the processing of personal data, and the General Data Protection Regulation (GDPR). This legislation sets out the conditions under which recordings from CCTV systems can be made and processed and emphasise the protection of the privacy of individuals.

Another key element contributing to increasing passenger safety from ČD's point of view is the strengthening of safety actions on the lines operated. ČD ensures the presence of security staff on selected routes and at exposed times, especially on night trains, in order to prevent risky situations and ensure an immediate response to potential problems. The Company cooperates closely with the police and private security agencies, and regular control actions are carried out to enhance passenger safety.

Conductors and trainmasters undergo specialised training to enable them to deal effectively with conflict situations and communicate effectively with security forces. They can call for assistance if necessary. On modern trains, passengers can use panic buttons or intercoms to communicate directly with train staff in the event of any emergency.

Responsible organisation

České dráhy
Moderně a spolehlivě

ESRS G1 Business conduct

Responsible business and ethical management are key pillars of the ČD Group's companies. We believe that the management standards already implemented within the Group's individual companies meet the usual corporate standards and criteria for responsible management. In order to ensure the efficient functioning of our organisations and to prevent any potential misconduct, we place emphasis on clearly set internal processes, control mechanisms and transparent decision-making. We continue to strive for improvement in areas where we identify potential weaknesses or where new legislative requirements require us to adjust our procedures.

In line with the new ESRS G1 reporting framework, we are now focusing on areas that have been confirmed as material - i.e. ethical business conduct, corruption prevention and whistleblower protection and supply chain accountability.

#	Subtopic	Type			Description	Impact	Company
1	Corruption and bribery	I	● negative	↔	Responsible and anti-corruption behaviour	cases of corruption, fraud or other illegal acts could adversely affect the management of the Company and impair the business environment	ČD Group
2	Supplier Relationship Management	I	● positive	↔	Responsible supply chain management	the Company gradually promotes the principles of responsible management of its supply chain	ČD
3	Supplier Relationship Management	I	● negative	↔	Resilience of supply chains to external factors	risk of delays in the delivery, upgrading and servicing of rolling stock due to low resilience of supply chains to external factors	ČD

I impact R risk O opportunity ● positive ● negative own operations ↔ value chain

Responsible management and anti-corruption behaviour

MATERIAL TOPIC

Responsible management and anti-corruption behaviour

Our approach

The ČD Group promotes a uniform approach to responsible management and corporate culture that is binding for all companies within the Group. The set standards of governance, ethics and compliance are based on common values, internal standards and regulatory requirements aimed at ensuring transparent, responsible and sustainable business.

Adherence to these principles helps to minimise risks that can negatively impact society and prevent litigation or legal conflicts. This is also supported by our zero tolerance for corrupt behaviour - we consistently apply anti-corruption actions that promote ethical behaviour, strengthen transparency and build trust with our partners and the public.

Policies and management

In the area of compliance, the ČD Group has formally defined a general Compliance Policy of the ČD Group. This policy is supplemented and elaborated by a system of compliance standards of each individual Company belonging to the ČD Group to ensure all defined principles. Compliance documents are created at the level of the parent Company and are subsequently shared with subsidiaries in the form of recommendations through regular meetings of legal representatives across the entire ČD Group.

The principles of responsible management are enshrined in the Code of Ethics, which defines the Company's core values: fairness, transparency, accountability and zero tolerance for unethical behaviour. Ethical behaviour is an everyday part of the Company's operations and is binding on all employees - both in relation to colleagues and customers and business partners. Another management tool is the internal compliance program, which sets rules in accordance with legislation, international standards, contractual obligations and internal regulations. The programme applies to internal and external relations and emphasises the prevention of conflicts of interest, their timely disclosure and the protection of the objectivity of decision-making processes. The Company strictly complies with the rules against money laundering, financing of illegal activities and corruption. It works exclusively with partners whose funds have demonstrably legal and transparent origins. All business and operational activities are conducted with the utmost transparency. The area of anti-corruption behaviour and whistleblower protection is regulated by a separate directive - the Whistleblowing Regulations and Investigation of Illegal and Unethical Acts at ČD, which defines the rules and procedures in the area of whistleblowing. A confidential and secure Ethics HotLine, accessible to employees and third parties, is used to submit complaints. Whistleblowing can also be handled through the Email Management system or the Fraud Investigation Committee, which is organisationally independent of the executive structure.

The compliance area is managed through the Compliance Management System (CMS), the implementation and operation of which and development is the responsibility of the Compliance Officer. The CMS provides a framework for systematically managing compliance risks and promoting responsible business conduct within the Company. The Compliance Officer has access to all the Company's senior bodies (Board of Directors, Supervisory Board, Audit Committee), is informed of strategic and organisational changes and has the right to contact employees and obtain all relevant documents. He is responsible for overseeing the efficiency, integration and development of the CMS, including ensuring sufficient resources and coordination of the compliance sponsors. He also acts as a liaison for employees, management and third parties. He regularly reports on the status of CMS to the management - through ad hoc reports and one annual report to the Board of Directors, Supervisory Board and Audit Committee.

Targets

In the area of ethical behaviour and anti-corruption, the ČD Group does not currently have quantified targets in the sense of ESRS G1. This is because the current actions are primarily focused on prevention and systemic risk management through internal rules, training and monitoring mechanisms, rather than on target metrics in the sense of performance indicators.

However, the ČD Group is committed to maintaining an environment with zero tolerance for unethical behaviour and to updating all its internal actions and internal controls as necessary to maintain the required compliance performance.

Actions

The ČD Group considers the current compliance management system to be functional and in line with legislative requirements. For this reason, it is not currently required to adopt any systemic actions or major changes.

Thus, in 2024, mainly operational actions resulting from the set processes of the Compliance Management System (CMS) were taken:

- Regular staff training - all designated staff have completed mandatory training on ethics, compliance, conflict of interest and corruption prevention to the extent prescribed
- Operation of the Ethics Hotline - full operation of the confidential reporting system was ensured and all complaints received were processed in accordance with internal rules
- Internal audits and controls - regular audit activities were carried out to ensure compliance with ethical rules, legal regulations and compliance procedures

The implementation of these actions has not been associated with any significant costs in 2024, and is taking place within the framework of the normal management of the Compliance area and the set internal process. All persons performing risk functions in the ČD Group, except for ČD BUS a.s. and ČD IS a.s., have been trained in the prevention and detection of corruption and bribery. In the companies ČD BUS a.s. and ČDIS a.s. the training system will be set up in 2025.

Metrics

In 2024, there were no recorded or confirmed cases of corruption or bribery in ČD Group companies, nor were there any convictions or fines for non-compliance with anti-corruption or anti-bribery laws.

In the area of compliance and anti-corruption management, the parent Company ČD, a.s. reports the following metrics for 2024:

E-learning

In 2024, a total of 12,359 e-learning training courses were held within the parent Company ČD, a.s., focusing on the topics of corruption prevention, the Code of Ethics and whistleblowing.

Personal trainings

In 2024, the Compliance Manager trained all members of the Board of Directors (5 persons), all B-1 level middle management (23 persons), and some B-2 level middle management (20 persons). 100% of all persons performing risk functions, i.e. positions in which employees act on behalf of or commit the Company, have received this training.

Ethical reporting system Statistics in 2024

Number of notifications made through the Ethics Hotline	150
Number of notifications referred for further action under the complaints system	99
Number of reports dealt with by the Commission for the Investigation of Fraud and Unfair Practices	51
Number of cases of proven culpability of Company employees	4

Cases of proven wrongdoing by Company employees against the Company's ethical principles involved sharing of access data or misuse of Company resources.

ESRS G1

Supply chain sustainability management

MATERIAL TOPICS

Responsible supply chain management

Resilience of supply chains to external factors

Our approach

The parent Company of ČD, a.s. considers it crucial to have correctly set and consistently applied principles of transparency, correct conduct and compliance with contractual obligations in its supply chain. Beyond these basic principles, the Company is also redefining its requirements in the area of supply chain sustainability. These focus not only on environmental and social criteria, but also - based on the experience of the pandemic period - on strengthening the resilience and flexibility of supply relationships to external influences that can undermine their stability and the ability to ensure uninterrupted supply.

Supply chain size in 2024

- 4,231 suppliers
- Financial performance in the amount of CZK 55,402 billion

Policies and management

The area of sustainability management in the supply chain is not currently regulated by a separate policy or internal directive in the ČD Group. This is due, among other things, to the fact that we are currently waiting for the stabilisation of related legislation at the national and European level, which will fundamentally affect the requirements placed on companies in this area. The adoption of a specific policy on sustainability management in the supply chain will be considered after the completion of the implementation of an active ESG management model at the key suppliers of the parent Company ČD, a.s., planned for 2026.

The purchasing processes of the parent Company ČD, a.s. are governed by Act No. 134/2016 Coll., on public procurement, the application of which is regulated by an internal directive on the application of the Act. Specific procedures and rules for the organisation, implementation and preparation of tenders and procurement processes are set out in the Strategic Procurement Directive of ČD, a.s, which also defines internal administrative tools and highlights the risks of prohibited agreements and criminal offences related to public procurement. Each organisational unit of ČD is obliged to comply not only with the Directive on the Application of the Act and the Strategic Procurement Directive when awarding public contracts, but also with the economic rules of ČD, a.s., which set out other binding procedures for managing purchasing processes.

Compliance with legal obligations in the area of purchasing is regularly audited on an annual basis by both an internal and external audit body. The member of the Board of Directors responsible for sustainability is responsible for the implementation of the above rules.

Setting up synergies and cooperation in the field of ESG with Správa železnic, s.o.

The owner and operator of the railway infrastructure, Správa železnic, s.o., is an important partner for the ČD Group and supplier along the entire value chain. It significantly influences and will continue to influence the Group's key environmental and emission metrics. For this reason, a formal cooperation between the ČD Group and Správa železnic, s.o. was set up in 2024 with the aim of synchronising the necessary steps to meet legal obligations in the area of ESG, especially in connection with the future decarbonisation of railway operations. As these topics go beyond the railway transport and have an impact on the entire transport sector, the process is also coordinated with the establishing body the Ministry of Transport of the Czech Republic.

Actions

In 2024, the parent Company ČD, a.s. defined a new strategy for its approach to ESG management within its supply chain, which includes a two-tier model combining passive and active management based on the importance of the supplier and the potential ESG impact of its activities.

Passive ESG management of the entire supply chain

In all new contractual relationships from July 2023, suppliers must confirm the binding ESG principles that are part of the ČD Code of Ethics. These principles include requirements to protect the environment, the obligation to inform about the environmental risks of their business, to comply with competition rules and to uphold the principles of employee rights protection. The Company currently records binding declarations of compliance by its suppliers, but does not carry out systematic checks on them. However, it reserves the right to carry out an inspection in the event of a reasonable suspicion of non-compliance

Active management of the TOP suppliers with the highest expected ESG impact

To effectively implement ESG principles, ČD focuses on a core group of the 25 most important suppliers, which represent 86% of the total financial performance. This strategy allows for targeted management of ESG impacts in the areas of greatest relevance, i.e. "production and modernisation of rolling stock" and "energy supply".

These selected suppliers will be approached progressively in the coming years according to this timetable:

▪ Confirmation of readiness to report ESG indicators	year 2025
▪ Provision of ESG data on request	from 2026
▪ Acceptance of ESG evaluation criteria in selection procedures	date to be determined

This gradual and targeted approach will enable the effective integration of ESG criteria into the ČD supply chain, taking into account economic realities, business relationships and the long-term sustainability of supply.

Metric

In 2024, the parent Company ČD, a.s. currently reports its performance in the area of supply chain sustainability management through the metric "% of ČD's supply chain with confirmed ESG principles according to the Code of Ethics". Since the implementation of this metric in July 2023, a value of **45.6 %** has been achieved as of 31 December 2024.

Targets

Due to the absence of a stable legislative framework at the European and national level in the area of sustainability management in the supply chain and the ongoing preparation of an active ESG management model for key suppliers, the parent Company ČD, a.s. does not set specific targets according to ESRS requirements at this stage. However, the Company is committed to gradually introduce the principles of responsibility management in its supply chain according to the proposed model and timetable in part of the ČD Group's purchasing processes, the aim is to ensure full transparency and prevent any misconduct, particularly in the areas of equal access, non-discrimination and responsible use of Company resources, in accordance with applicable legislation.

Information on Persons Responsible for the Annual Report of the ČD Group

Affidavit

Having taken all reasonable care, the consolidated annual report gives, to the best of our knowledge, a true and fair view of the financial position, business activities, and operational results of the Company and its consolidation group for the year ended 31 December 2024 and of the prospects of future development of the financial position, business activities, and profit or loss of the Company and its consolidation group, and no facts have been concealed in this report that could change its meaning.

In Prague on 22 April 2025

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

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

List of Used Abbreviations

ACT	Free Access to Information
APM	Alternative Performance measures
APS	Application – Automated machinist's workstation
AR5	Fifth Assessment Report of the IPCC
AR6	Sixth Assessment Report of the IPCC
BEMU	Battery Electric Multiple Unit
BNSD	Brno new station development, a.s.
BRR	Regulation on Climate Benchmarks
CAPEX	Investment (capital) expenditure
CAPM	Capital Asset Pricing Model
CEO	Chief Executive Officer
CER	Community of European Railway and Infrastructure Companies
CH4	Methane
CMS	Compliance Management System
ČD	České dráhy, a.s.
ČDC	ČD Cargo, a.s.
ČD-IS	ČD – Informační Systémy, a.s.
ČD-T	ČD – Telematika a.s.
CIT	International Rail Transport Committee
ČNB	Czech National Bank
CO_2	Carbon Dioxide
CSAT	Customer Satisfaction Score
ČSN	Czech Technical Standard
CSI	Customer Satisfaction Index
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
DMU	Diesel Multiple Unit
DVI	Dopravní vzdělávací institut, a.s.
EBT	Earnings before Taxes
EBIT	Earnings before Interest and Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EC	European Commission
ECM	Certification – Entity in Charge of Maintenance
EED	Energy Efficiency Directive
EIS	Enterprise Information System
EHP	European Economic Area
EMU	Electric Multiple Unit
EPBD	Energy Performance of Buildings Directive
ESG	Environmental, Social, and Governance
ESRS	European Sustainability Standards
ERTMS	European Rail Traffic Management System
ETD	Electronic Timetable Display

ETCS	European Train Control System
ETS 2	Emissions Trading System 2
EU	European Union
EUCL	The Energy Utility Corporation Limited
EUROFIMA	European Company for the Financing of Railroad Rolling Stock
Ex	Express long-distance passenger train
GSM-R	Standard for Wireless Communication for Railway Applications
FTE	Forum Train Europe
GDP	Gross Domestic Product
GHG	Greenhouse gas
HFCs	Hydrofluorocarbons
HVO	Hydrogenated Vegetable Oil
IA	Inspection Activity
IAS	International Accounting Standard
ICT	Information and Communication Technology
IDM	Identity Management Concept
IDS	Integrated Transport System
IFRS	International Financial Reporting Standards
ILO	International Labour Organization.
IPCC	Intergovernmental Panel on Climate Change
IROs	Impacts, Risks and Opportunities
IS	Information System
ISO	International Organization for Standardization
IS OPT	Information System for Transport Revenue Clearing
IT	Information Technology
KASO	Comprehensive Application for Turnaround Configuration
KC	Competence Centres for Prospective Lines of Rolling Stock
KPI	Key Performance Indicators
LTO	Light Fuel Oils
MT	Ministry of Transport
MIT	Ministry of Industry and Trade
MF	Ministry of Finance
MRD	Ministry of Regional Development
MD	Ministry of Defence
N_2O	Nitrous Oxide
NF3	Nitrogen Trifluoride
NNŽ	Žižkov Freight Terminal
NPS	Net Promoter Score
OSN	United Nations (UN)
P3	Disclosure Requirements under Pillar 3 of the EBA
PARIS	Sales and Reservation Information System
PFCs	Perfluorocarbons

POP	Portable Personal Cash Register
PRIBOR	Prague Inter Bank Offered Rate
PUE	Power Usage Effectiveness
REDIII	Renewable Energy Directive III
RIC	Regolamento Internazionale delle Carrozze
ROP	Regional Operational Programme
SAP	ERP system
SC	Category of the Highest Quality Train (SuperCity)
SF6	Sulfur Hexafluoride
SFDR	Sustainable Finance Disclosure Regulation
SJT	Uniform Tariff System
SOC	Security Operation Center
TCFD	Task Force on Climate-related Financial Disclosures
TSI OPE	Technical Specifications for Interoperability – Operations and Traffic Management
TTR	Timetable Redesign Project
UIC	International Union of Railways
UNGPs	UN Guiding Principles on Business and Human Rights
UNIPOK	Czech Passenger Transport Cash System
ÚOHS	Office for the Protection of Competition
UPPS	Enforcement of Rights under a Transport Contract
VAT	Value Added Tax
VUZ	Výzkumný Ústav Železniční, a.s.
WACC	Weighted Average Cost of Capital
ZSSK	Železničná spoločnosť Slovensko

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Identification and Contact Information

Name: **České dráhy, a.s.**

Register office: **Prague 1, nábřeží L. Svobody 1222, PSČ 110 15**

Corporate ID: **70994226**

Tax ID: **CZ70994226**

Court keeping the Register of Companies: **Prague**

File no: **File B, Insert 8039**

Telephone: +420 972 111 111

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

www.cd.cz, www.ceskedrahy.cz, www.cdcargo.cz, www.cdvuz.cz

www.dpov.cz, www.cdt.cz, www.jlv.cz, www.cdbus.cz