

Interim Report of the České Dráhy Group

2022



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Key Indicators of the ČD Group

Key indicators	1-6/2022	1-6/2021	Difference
Revenue (CZK million)	21,277	18,188	3,089
EBITDA from continuing operations (CZK million)	4,053	3,864	189
EBIT from continuing operations (CZK million)	(206)	44	(250)
Loss for the period from continuing operations (CZK million)	(1,020)	(309)	(711)
Loss for the period (CZK million)	(931)	(217)	(714)
Total assets (CZK million)	109,905	96,369	13,536
CAPEX (expenditure on acquisition of Property, plant and equipment and intangible assets) (CZK million)	13,862	6,419	7,443
Depreciation and amortisation (CZK million)	4,259	3,820	439
Leverage – non-current and current liabilities / total assets (%)	67.5	61.7	5.8
Current ratio - current assets / current liabilities (%)	42.7	71.9	(29.2)
Number of full-time equivalent employees	21,695	22,419	(724)
Passenger transport			
Number of carried passengers (million)	75.0	50.3	24.7
Transport performance (million passenger-kilometres)	3,599	1,990	1,609
Traffic performance (million train-kilometres)	57.9	55.1	2.8
Average transport distance (km)	48	40	8
Occupancy ratio (%)	28	17	11
Freight transport			
Transport volume (million tons)	32.5	31.1	1.4
Transport performance (million tariff ton-kilometres)	5,887	5,332	555
Traffic performance (billion gross ton-kilometres)	11.8	10.7	1.1

Foreword of the Chairman of the Board of Directors

Dear Ladies and Gentlemen,

after relaxation of the anti-coronavirus measures, we believed that the two-year loss of the České dráhy Group caused by the COVID-19 pandemic would be a matter of the past. Passengers have been returning to the trains, revenue has been growing, introduced savings and pro-growth measures are working. However, the České dráhy Group continues to be loss making.

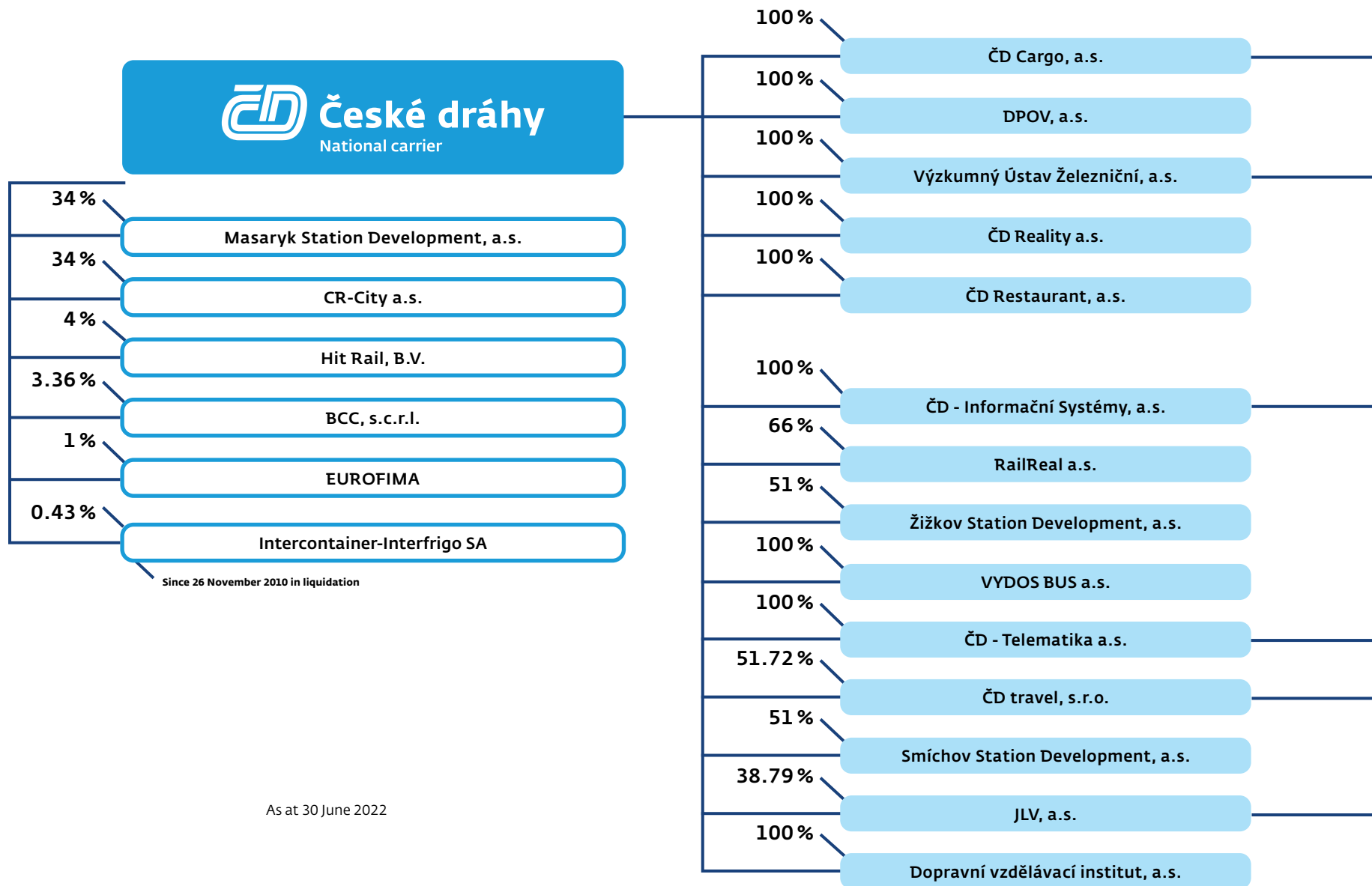
The reason is the current enormous price increase of practically all inputs, caused mainly by the energy market crisis, Russian aggression in Ukraine and other inflationary factors. This is most noticeable in the costs of the two main segments of our business, i.e., passenger and freight transport, where the year-to-year increase in cost of services, raw material and energy in the first half of the year was by more than CZK 2.3 billion. And while the freight transport was able to cover the sharp rise in prices and remained profitable, the passenger transport deepened the loss. For the first half of 2022 České dráhy Group reported a loss of CZK 0.9 billion in accordance with the International Financial Reporting Standards (IFRS).

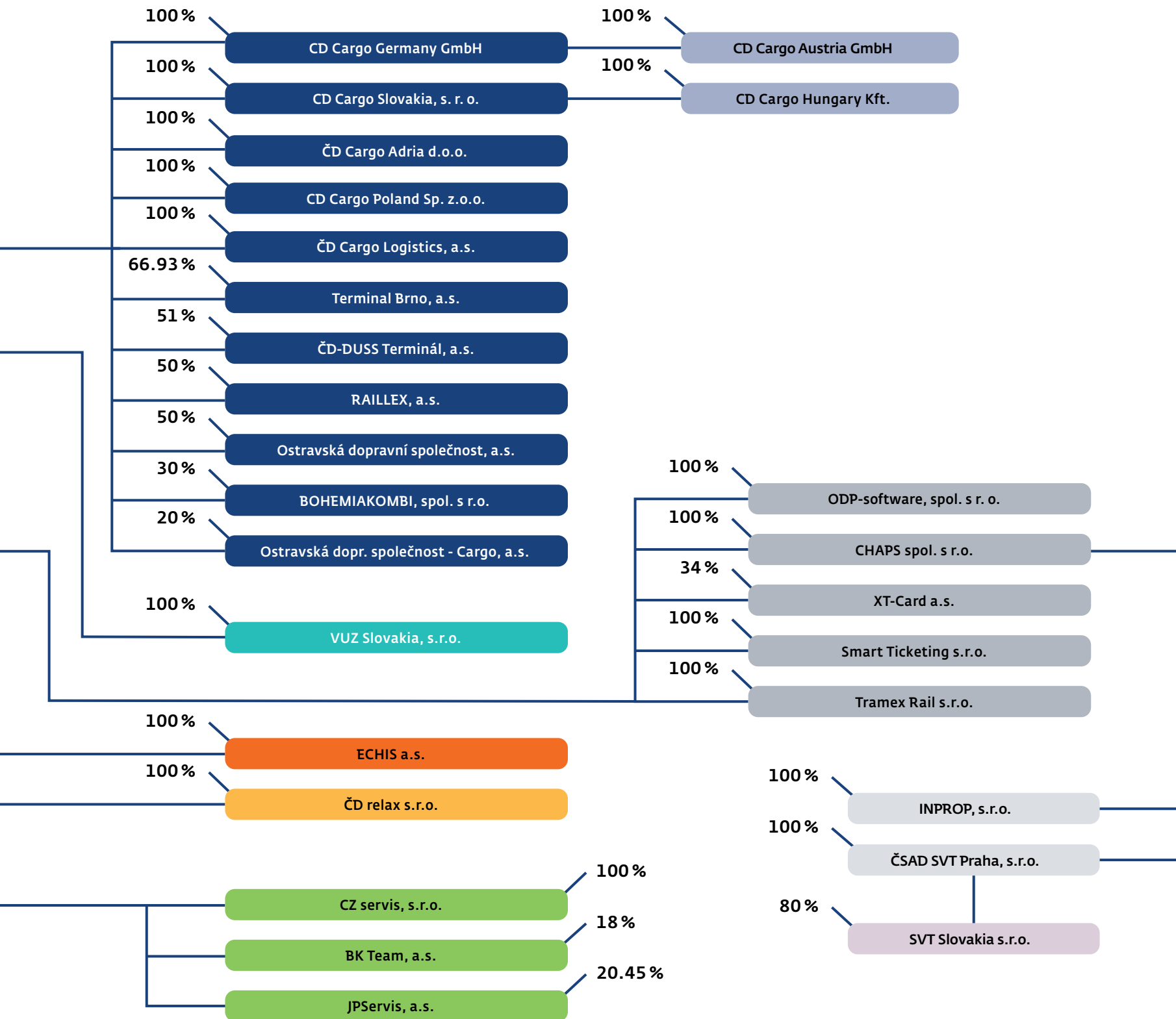
As for the passenger transport, such a significant loss is mainly caused by payments from public transport orderers, who, unless there is a change, will only take the current high inflation into account in payments in 2024. In the times of 3% average inflation it didn't matter so much, but today the gap between our actual costs and payments from the regions and the state is dramatic. Nevertheless, we perceive the passenger railway transport primarily as a service to the citizens, and therefore we first try to agree on changes in the payment system with the orderers. Thus, we have not proceeded with the reduction of the railway connections, nor with the flat increase of prices to end customers, as most entrepreneurs would do. I firmly believe that this situation will be rectified by joint efforts, even if we understand the arguments of the orderers who did not count with such an increase of prices in their budgets. We must find a mutually acceptable solution as we want to continue with the already started fleet renewal, without which the railways in the Czech Republic would not be able to fulfil the role of the backbone of the passenger transportation system and would not be able to compete with the road transport.



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

Overview of Ownership Interests of the ČD Group





Information on Business Activities of the ČD Group for 6 months ended 30 June 2022

Financial Results

Profit (Loss) by the Segments

(CZK million)		Passenger transport	Freight transport	Property management	Certification and testing	Other	Elimination	Total
Revenue	6/2022	13,080	7,072	191	315	2,547	(1,928)	21,277
	6/2021	10,702	6,437	169	376	2,201	(1,697)	18,188
Cost of services, raw material and energy	6/2022	(6,181)	(3,349)	(211)	(61)	(1,813)	1,693	(9,922)
	6/2021	(4,331)	(2,847)	(95)	(60)	(1,588)	1,375	(7,546)
Employee benefit costs	6/2022	(4,631)	(2,251)	(120)	(72)	(605)	151	(7,528)
	6/2021	(4,376)	(2,112)	(92)	(63)	(558)	173	(7,028)
EBITDA from continuing operations	6/2022	2,293	1,472	53	181	610	(556)	4,053
	6/2021	2,117	1,505	76	251	357	(442)	3,864
Depreciation and amortisation	6/2022	(2,882)	(1,161)	(77)	(34)	(147)	42	(4,259)
	6/2021	(2,549)	(1,095)	(42)	(31)	(147)	44	(3,820)
EBIT from continuing operations	6/2022	(589)	311	(24)	147	463	(514)	(206)
	6/2021	(432)	410	34	220	210	(398)	44
Profit (Loss) for the period from continuing operations	6/2022	(1,178)	126	(14)	119	440	(513)	(1,020)
	6/2021	(579)	247	41	177	201	(396)	(309)
Profit (Loss) for the period	6/2022	(1,178)	126	(14)	119	529	(513)	(931)
	6/2021	(579)	247	41	177	293	(396)	(217)

Passenger Transport

In the first half of 2022, the passenger transport segment performance increased in comparison to 2021 as well as sales from passenger transport. Compared to the normal conditions, the passenger transport segment was affected by the COVID-19 pandemic at the beginning of 2022 (until February in the domestic transport and until March in the international transport). However, in the second quarter of 2022 we registered a significant recovery of the demand, and the number of passengers almost reached the pre-pandemic level. During the spring, we registered a return of the long-distance domestic and international travel. As to the **transport performance** in the passenger transport segment, 75 million passengers were carried in January – June 2022 (a year-to-year increase of 25 million persons), so the transport performance amounted to 3,599 million passenger-kilometres (a year-to-year increase of 1,609 million passenger-kilometres). Due to the increased demand for the international and long-distance transport, the average transport distance increased to 48 km (a year-to-year increase of 8 km).

As to the **traffic performance** in the passenger transport segment, the train-kilometres slightly increased in January - June 2022 on a year-to-year basis.

Revenue in the passenger transport segment in January – June 2022, compared to the same period of the previous year, was affected by positive development in the passenger transport that resulted in the growth of the revenue from passenger transport to CZK 3,950 million (+ CZK 2,121 million, i.e., +116%).

Increase of the **domestic transport** revenue (including contracts concluded in the so-called gross regime) in January – June 2022 was CZK 1,530 million (i.e., +90%) compared to the same period of the previous year and was mainly driven by lower intensity of this year's spring pandemic wave.

There also was a revival in the **international transport**, where in January – June 2022 we recorded a significant increase in revenue compared to the same period of the previous year (+ CZK 724 million, i.e., +449%). However, when comparing on a year-to-year basis, the strong wave of the COVID-19 pandemic in the spring 2021 must be considered that even caused a nationwide lockdown from 1 March 2021 to 12 April 2021. Even though the international transport was not completely stopped during 2021, unlike in the spring 2020, its performance was at the fraction level of the normal situation.

As to the costs, in the first half of 2022, the passenger transport segment was negatively affected by the price increase of inputs, particularly electricity, diesel and spare parts.

Development in the second half of 2022 will continue to depend on the epidemiological situation in the Czech Republic and neighbouring countries. Due to the COVID-19 pandemic, there are still seasonal fluctuations in the transport demand in both domestic and international segments. However, when it comes to intensity of the individual COVID-19 waves, we have been observing less and less decline in a number of customers. Therefore, it can rather be assumed that impact of the pandemic on our business will lessen in the upcoming period.

In the matter of **the Property, plant and equipment** in January – June 2022, the most significant items included 50 pieces of 200 km/h passenger railway cars, 180 pieces of 230 km/h passenger railway cars (an advance payment made), 50 pieces of 230 km/h multi-system electric locomotives (an advance payment made), delivery of EMU160 electric units for regional transport and payment of advances for equipping vehicles with the mobile ETCS part.

Freight Transport

ČD Cargo Group realised a profit before tax of CZK 175 million in the first half of 2022.

Despite the unprecedented growth of almost all input prices, lack of some components in the industry and despite a number of negative factors resulting from the ongoing war in Ukraine, the freight transport segment managed to maintain a positive financial result. Profit on operating activities (EBIT) reached the amount of

CZK 311 million. While, for example, traction energy alone saw a year-to-year increase in costs of CZK 400 million, which represents an increase of over 70%. In a year-to-year comparison, the ČD Cargo Group carried 1.4 million tons more goods and increased revenue by CZK 635 million.

The following contributed to the positive results: expansion in the foreign markets, particularly in Austria, Germany, Poland, Slovakia and Hungary, and also the newly established company ČD Cargo Adria operating in Croatia. This results in the fact that more than 62% of provided services relate to the international transport, and that ČD Cargo responds adequately and flexibly to the changes in goods flows caused by, for example, the war conflict in Ukraine.

This development would not be possible without the continuing investment by ČD Cargo Group to renewal and modernization of its fleet of freight wagons and locomotives, which is a necessary condition for the successful operation of the railway carrier on the European transport market. The investments in the first half of 2022 reached almost CZK 2 billion.

Property Management

In the property management segment, the planned sales of real estate were realized. The most significant transactions took place in the Prague districts of Újezd nad Lesy and Žižkov (the sets of land plots), as well as in Bohumín and Nymburk (ČD Cargo's real estate sets), Beroun, Zábvoří nad Labem (the sets of real estate) and Česká Třebová (the sets of land plots).

One of the most important projects in the property management segment is the ÚMVŽST project (Regulation of property relations in the railway stations), that creates the framework for the land plots located under the railway infrastructure owned by ČD to be transferred to the state organization Správa železnic. The project has progressed to its implementation phase, whereas currently expert valuation of the subject of the sale and calculation of compensation for its usage are being undertaken according to the mutually agreed valuation methodology, with most of the geometric plans having already been drawn up and registered in the land register. At the same time, parameters of the transaction are being reviewed by the European Commission as part of the so-called pre-notification procedure to exclude any prohibited state support.

Within the development projects, preparation of the sale in the Prague-Smíchov area, stage II, continues in 2022. In the locality of the Žižkov freight railway station, a change of the urban plan is being under discussion, and burdens on the subject of sale are being gradually removed. Negotiations about the Brno central railway station continue as the part of the sale of the first two locations in Nové Sady and Křídlovická. At Florenc station in Prague, possible steps for the sale of the final stage are under discussion, and at the same time negotiations are underway in respect of a possible change of the urban plan.

Condensed Interim Consolidated Financial Statements for the Period of 6 months ended 30 June 2022

Interim Consolidated Statement of Profit and Loss for 6 months ended 30 June 2022

		6 months ended 30 June 2022 in CZK million (unaudited)	6 months ended 30 June 2021 in CZK million (unaudited)
CONTINUING OPERATIONS			
Revenue	5	21,277	18,188
Other operating income		682	640
Cost of services, raw material and energy	6	(9,922)	(7,546)
Employee benefit costs		(7,528)	(7,028)
Depreciation, amortization and impairment of buildings, land and equipment		(4,259)	(3,820)
Other operating expenses		(456)	(390)
Profit (Loss) from operating activities		(206)	44
Finance costs	16	(982)	(654)
Finance income		244	382
Share of the profit of joint ventures and associates		9	7
Loss before tax		(935)	(221)
Income tax expense	7	(85)	(88)
Loss for the period from continuing operations		(1,020)	(309)
DISCONTINUED OPERATIONS			
Profit from discontinued operations	8	89	92
Loss for the period		(931)	(217)
Attributable to the owners of the Company		(934)	(237)
Attributable to the non-controlling interests		3	20

Interim Consolidated Statement of Comprehensive Income for 6 months ended 30 June 2022

	6 months ended 30 June 2022 in CZK million (unaudited)	6 months ended 30 June 2021 in CZK million (unaudited)
Loss for the period	(931)	(217)
Actuarial remeasurements of employee defined benefit obligations	12	(1)
Revaluation of investments in equity instruments at fair value through other comprehensive income	15	(12)
Other comprehensive income (loss) for the period (items that are not subsequently reclassified to profit or loss)	27	(13)
Foreign exchange gains less losses from translation of foreign operations	(15)	(15)
Change in cash flow hedge reserve	(231)	580
Change in cost of hedging reserve	(29)	127
Related income tax expense	-	(32)
Other comprehensive income (loss) for the period (items that may be reclassified to profit or loss in subsequent periods)	(275)	660
Other comprehensive income (loss) for the period after tax	(248)	647
Total comprehensive income (loss) for the period	(1,179)	430
Attributable to the owners of the Company	(1,182)	410
Attributable to non-controlling interests	3	20

Interim Consolidated Statement of Financial Position as at 30 June 2022

		30 June 2022 in CZK million (unaudited)	31 December 2021 in CZK million (audited)
Property, plant and equipment	9	88,237	81,029
Investment property		459	475
Goodwill		141	141
Intangible assets	10	1,049	1,109
Right-of-use assets	11	5,105	4,957
Investments in joint ventures and associates		192	209
Deferred tax asset		15	14
Other financial assets	13	1,755	2,301
Other assets		7	28
Total non-current assets		96,960	90,263
Inventories		2,265	2,231
Trade receivables		4,389	4,004
Prepaid income tax		72	69
Other financial assets	13	889	439
Other assets		2,929	2,746
Cash and cash equivalents	14	2,110	3,434
Non-current assets and disposal groups held for sale	8	291	338
Total current assets		12,945	13,261
TOTAL ASSETS		109,905	103,524
Share capital		20,000	20,000
Other capital reserves		19,279	19,506
Accumulated deficit		(3,642)	(2,687)
Equity attributable to the owners of the company		35,637	36,819
Non-controlling interests		54	51
Total equity		35,691	36,870
Loans, borrowings and lease liabilities	16	41,643	44,635
Deferred tax liability		1,752	1,746
Provisions	17	206	211
Other financial liabilities		194	213
Other liabilities		117	117
Total non-current liabilities		43,912	46,922
Trade payables	15	6,248	9,498
Loans, borrowings and lease liabilities	16	17,947	3,664
Current income tax payables		41	48
Provisions	17	2,675	2,716
Other financial liabilities	13	578	675
Other liabilities and contract liabilities		2,701	3,033
Liabilities related to non-current assets and disposal groups held for sale	8	112	98
Total current liabilities		30,302	19,732
TOTAL LIABILITIES		109,905	103,524

Interim Consolidated Statement of Changes in Equity for 6 months ended 30 June 2022

	Share capital in CZK million	Share premium in CZK million	Cash flow hedge reserve in CZK million	Other reserves in CZK million	Accumulated losses in CZK million	Equity attributable to equity holders of the Company in CZK million	Non-controlling interests in CZK million	Total equity in CZK million
Balance as at 1 January 2021 (audited)	20,000	16,440	552	462	(757)	36,697	628	37,325
Comprehensive income (loss)								
Loss for the period	-	-	-	-	(237)	(237)	20	(217)
Other comprehensive income for the period	-	-	548	99	-	647	-	647
Total comprehensive income (loss) for the period	-	-	548	99	(237)	410	20	430
Transactions with owners								
Allocation to the reserve fund	-	-	-	13	(13)	-	-	-
Purchase of non-controlling interest	-	-	-	10	(261)	(251)	(596)	(847)
Total transactions with owners for the period	-	-	-	23	(274)	(251)	(596)	(847)
Balance as at 30 June 2021 (unaudited)	20,000	16,440	1,100	584	(1,268)	36,856	52	36,908
Balance as at 1 January 2022 (audited)	20,000	16,440	2,601	465	(2,687)	36,819	51	36,870
Comprehensive income (loss)								
Loss for the period	-	-	-	-	(934)	(934)	3	(931)
Other comprehensive loss for the period	-	-	(231)	(17)	-	(248)	-	(248)
Total comprehensive loss for the period	-	-	(231)	(17)	(934)	(1,182)	3	(1,179)
Transactions with owners								
Allocation to the reserve fund	-	-	-	21	(21)	-	-	-
Total transactions with owners for the period	-	-	-	21	(21)	-	-	-
Balance as at 30 June 2022 (unaudited)	20,000	16,440	2,370	469	(3,642)	35,637	54	35,691

Consolidated Cash Flow Statement for 6 months ended 30 June 2022

	6 months ended 30 June 2022 in CZK million (unaudited)	6 months ended 30 June 2021 in CZK million (unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	(931)	(217)
Income tax expense	7	112
Dividend income		(2)
Finance costs – interest expense		748
Gain on the sale and disposal of non-current assets		(161)
Depreciation and amortisation of non-current assets		4,259
Impairment (reversal of impairment)		3
Change in provisions	17	(46)
Foreign exchange rate gains		(56)
Share of profits of joint ventures and associates		(9)
Other items		(52)
Cash flows from operating activities before changes in working capital	3,865	3,402
Increase in trade receivables		(815)
Increase in inventories		(37)
Increase in other assets	13	(735)
Increase (Decrease) in trade payables	15	324
Decrease in other liabilities and contract liabilities	13	(282)
Total changes in working capital	(1,545)	(1,636)
Cash flows from operating activities before interest, dividends and taxes	2,320	1,766
Interest paid		(832)
Income tax paid	7	(101)
Dividends received		7
Net cash flows from operating activities	1,394	960
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Payments for property, plant and equipment	9	(13,682)
Proceeds from disposal of property, plant and equipment		227
Payments for intangible assets	10	(133)
Acquisition of subsidiaries, without purchased cash	1.2	(47)
Received interest		37
Net cash flows from investment activities	(13,598)	(6,290)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans and borrowings	16	12,976
Repayments of loans and borrowings	16	(1,647)
Payment of principal of lease liabilities	16	(587)
Net cash flows from financing activities	10,742	1,533
Net decrease in cash and cash equivalents	(1,462)	(3,797)
Cash and cash equivalents at the beginning of the period		3,572
Impact of exchange rate changes on cash and cash equivalents		23
Cash and cash equivalents at the end of the period	14	2,133

Notes to the Interim Consolidated Financial Statements for 6 months ended 30 June 2022

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1. General Information

1.1. General Information

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

The Group’s main business activity is operating of 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 Správa železnic, s.o. (hereinafter as “SŽ”). SŽ secures the operability and servicing of the railway infrastructure.

1.2. Changes in the Consolidation Group

In April 2022, the Company bought a 100% share in the company VYDOS BUS a.s., a bus transport service provider. The acquisition price was CZK 58 million. The company VYDOS BUS a.s. is consolidated within the ČD Group using the full method.

2. Statement of Compliance and Significant Accounting Policies

The condensed interim consolidated financial statements for 6 months ended 30 June 2022 were prepared in accordance with IAS 34 adopted by the European Union. It does not include all the information required to be disclosed in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2021.

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

These condensed interim consolidated financial statements have been prepared using the same accounting policies and calculation methods that were applied in the Group’s consolidated financial statements for the year ended 31 December 2021, except for the estimated income tax expense (note 7) and the adoption of amendments to standards effective from 1 January 2022. The Group has not applied any standard, interpretation or amendment adopted by the European Union prior to their effective date. Several amendments to the standards were applied for the first time in 2022, but have no impact on the interim consolidated financial statements of the Group.

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

Going concern principle

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

3. Seasonality

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

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

4. Segments

6 months ended 30 June 2022								
(in CZK million)	Passenger transport	Freight transport	Property management	Certification and testing	Total of reportable segments	Other ^{*)}	Elimination ^{**)}	Total
Revenue								
of which revenue from external customers outside the Group:	12,966	6,851	26	312	20,155	778	-	20,933
Revenue from passenger transport	4,514	-	-	-	4,514	-	-	4,514
Revenue from freight transport	-	6,416	-	-	6,416	-	-	6,416
Revenue from orderers	8,356	-	-	-	8,356	-	-	8,356
Revenue from other services	96	435	26	312	869	778	-	1,647
of which revenues from the Group:	90	36	-	3	129	1,769	(1,898)	-
Revenue from passenger transport	4	-	-	-	4	-	(4)	-
Revenue from other services	86	36	-	3	125	1,769	(1,894)	-
Total revenue from contracts with customers	13,056	6,887	26	315	20,284	2,547	(1,898)	20,933
Rental income outside the Group	24	179	141	-	344	-	-	344
Rental income in the Group	-	6	24	-	30	-	(30)	-
Total rental income	24	185	165	-	374	-	(30)	344
Total revenue	13,080	7,072	191	315	20,658	2,547	(1,928)	21,277
Traction costs	(2,178)	(1,001)	-	-	(3,179)	-	4	(3,175)
Payments for use of railway infrastructure	(877)	(528)	-	-	(1,405)	-	1	(1,404)
Consumption of material, energy and services	(3,126)	(1,820)	(211)	(61)	(5,218)	(1,813)	1,688	(5,343)
Total purchased consumables and services	(6,181)	(3,349)	(211)	(61)	(9,802)	(1,813)	1,693	(9,922)
Employee benefits costs	(4,631)	(2,251)	(120)	(72)	(7,074)	(605)	151	(7,528)
Depreciation, amortization and impairment	(2,882)	(1,161)	(77)	(34)	(4,154)	(147)	42	(4,259)
Other operating income	260	204	183	10	657	539	(514)	682
Other operating expenses	(235)	(204)	10	(11)	(440)	(58)	42	(456)
Profit (Loss) for the period from operating activities	(589)	311	(24)	147	(155)	463	(514)	(206)
Finance costs	(794)	(183)	(1)	-	(978)	(27)	23	(982)
Finance income	205	47	11	6	269	10	(26)	253
Profit (Loss) before tax	(1,178)	175	(14)	153	(864)	446	(517)	(935)
Income tax expense	-	(49)	-	(34)	(83)	(6)	4	(85)
Profit (Loss) for the period from continuing operations	(1,178)	126	(14)	119	(947)	440	(513)	(1,020)
Profit for the period from discontinued operations	-	-	-	-	-	89	-	89
Profit (Loss) for the period	(1,178)	126	(14)	119	(947)	529	(513)	(931)

^{*)} The Other column includes revenues and expenses of all subsidiaries apart from the ČD Cargo Group and Výzkumný Ústav Železniční as well as income and expenses of the Parent company which do not belong to Passenger transport and Property management segments.

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

6 months ended 30 June 2021								
(in CZK million)	Passenger transport	Freight transport	Property management	Certification and testing	Total of reportable segments	Other^(*)	Elimination^(**)	Total
Revenue								
Out of which: revenue to external customers Outside of the Group	10,670	6,196	-	367	17,233	600	-	17,833
Revenue from passenger transport	2,421	-	-	-	2,421	-	-	2,421
Revenue from freight transport	-	5,795	-	-	5,795	-	-	5,795
Revenue from orderers	8,079	-	-	-	8,079	-	-	8,079
Revenue from other services	170	401	-	367	938	600	-	1,538
Out of which revenue in the Group	14	36	-	9	59	1,601	(1,660)	-
Revenue from passenger transport	3	-	-	-	3	-	(3)	-
Revenue from other services	11	36	-	9	56	1,601	(1,657)	-
Total revenue from contracts with customers	10,684	6,232	-	376	17,292	2,201	(1,660)	17,833
Rental income outside the Group	18	200	137	-	355	-	-	355
Rental income in the Group	-	5	32	-	37	-	(37)	-
Total rental income	18	205	169	-	392	-	(37)	355
Total revenue	10,702	6,437	169	376	17,684	2,201	(1,697)	18,188
Traction costs	(1,190)	(560)	-	-	(1,750)	-	5	(1,745)
Payment for use of railway infrastructure	(856)	(452)	-	-	(1,308)	-	1	(1,307)
Consumption of materials, energy and services	(2,285)	(1,835)	(95)	(60)	(4,275)	(1,588)	1,369	(4,494)
Total purchased consumables and services	(4,331)	(2,847)	(95)	(60)	(7,333)	(1,588)	1,375	(7,546)
Employee benefit costs	(4,376)	(2,112)	(92)	(63)	(6,643)	(558)	173	(7,028)
Depreciation, amortization and impairment	(2,549)	(1,095)	(42)	(31)	(3,717)	(147)	44	(3,820)
Other operating income	296	225	90	8	619	337	(316)	640
Other operating expenses	(174)	(198)	4	(10)	(378)	(35)	23	(390)
Profit (Loss) for the period from operating activities	(432)	410	34	220	232	210	(398)	44
Finance costs	(516)	(132)	(2)	-	(650)	(20)	16	(654)
Finance income	369	21	9	-	399	1	(11)	389
Profit (Loss) before tax	(579)	299	41	220	(19)	191	(393)	(221)
Income tax expense	-	(52)	-	(43)	(95)	10	(3)	(88)
Profit (Loss) for the period from continuing operations	(579)	247	41	177	(114)	201	(396)	(309)
Profit for the period from discontinued operations	-	-	-	-	-	92	-	92
Profit (Loss) for the period	(579)	247	41	177	(114)	293	(396)	(217)

^(*) The Other column includes revenues and expenses of all subsidiaries apart from the ČD Cargo Group and Výzkumný Ústav Železniční as well as income and expenses of the Parent company which do not belong to Passenger transport and Property management segments.

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

5. Revenue

(in CZK million)	6 months ended 30 June 2022 (unaudited)	6 months ended 30 June 2021 (unaudited)
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Passenger transport segment	12,966	10,670
Revenue from passenger transport - fare	4,514	2,421
<i>Domestic passenger transport</i>	3,226	1,696
<i>International passenger transport *)</i>	1,288	725
Revenue from passenger transport - payments from public service orderers	8,356	8,079
<i>Payment from the state budget</i>	2,246	2,172
<i>Payment from the regional budgets</i>	6,110	5,907
Revenue from other services	96	170
Freight Transport segment	6,851	6,196
Revenue from freight transport	6,416	5,795
<i>Revenue from domestic freight transport</i>	2,488	2,018
<i>Revenue from foreign freight transport</i>	3,928	3,777
<i>Revenue from freight transport - Germany</i>	1,111	1,200
<i>Revenue from freight transport - Austria</i>	512	494
<i>Revenue from freight transport - Slovakia</i>	532	698
<i>Revenue from freight transport - Poland</i>	953	657
<i>Revenue from freight transport – other countries</i>	820	728
Other revenue from freight transport	261	300
<i>Other revenue from domestic freight transport</i>	219	231
<i>Other revenue from foreign freight transport</i>	42	69
Other transport related services	174	101
Asset management segment	26	-
Revenues from other services	26	-
Certification and testing segment	312	367
Revenue from other services	312	367
Not assigned to segments	778	600
Sale of other services	778	600
<i>Sale of other services recognized over time</i>	778	600
<i>Sales of telematics services</i>	438	482
<i>Sales of other own services</i>	340	118
Total revenue from contacts with customers	20,933	17,833
RENTAL INCOME		
Property management segment	141	137
Freight transport segment	179	200
Passenger transport segment	24	18
Total rental income	344	355
Total revenue	21,277	18,188

*) Includes sales for international performance in the amount of 564 million CZK for the January - June 2022 (592 million CZK for the January - June 2021).

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

The Group provides transport services in public railway transport for a stated (rectified) price and 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 contacts with the state and the regional authorities. Payments from the orderer (the state) is limited by the amount of financial resources that have been determined by the state budget for the reimbursement of a proven loss in rail passenger transport.

In the first half of 2021, revenue from the passenger transport - fares was negatively affected by the ongoing covid-19 pandemic, whereas the announced lockdown in the first quarter of 2021 had a major impact on the decrease in revenue. In contrast, in 2022 certain restrictions connected to covid-19 were in force only until the end of February (in international transport until the end of March). Particularly, there was a significant recovery in demand in the 2nd quarter of 2022, as a result of which sales increased.

6. Services, Material and Energy Consumption

The year-on-year increase is mainly caused by increased cost of traction energy due to the dramatic increase of prices in 2022. The cost of traction energy thus increased year-on-year by CZK 1,429 million (costs amounted to CZK 3,174 million for the January – June 2022 and CZK 1,745 million for January – June 2021).

In addition, costs of substitute bus service during shutdown activities increased by CZK 205 million, repair and maintenance costs by CZK 136 million, payment for the use of railway infrastructure by CZK 97 million and material consumption by CZK 94 million. Lower costs in the first half of 2021 compared to the first half of 2022 were mainly driven by lower sales and a slowdown in demand due to the covid-19 pandemic in the entire transport sector and lower related costs.

7. Income Tax

The income tax expense reported in the profit and loss statement as at 30 June 2022 in the amount of CZK 85 million CZK (CZK 88 million as at 30 June 2021) includes current income tax expense of CZK 84 million (CZK 56 million as at 30 June 2021) and deferred tax expense of CZK 1 million (CZK 32 million as at 30 June 2021).

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

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

8. Discontinued Operations and Non-current Assets and Disposal Groups Held for Sale

8.1. Sale of Part of the Business in the Area of Telematics

The Group plans to sell the part of the business of the subsidiary ČD-Telematika in the first half of 2023. This concerns the sale of the part of maintenance, service and other activities that relate to electronic communication operations in connection with the railway telecommunication property of SŽ.

The planned sale will take place more than 12 months after the initial recognition of discontinued operations and assets held for sale due to delays in approving prenotification by the European Commission.

8.2. Analysis of Profit and Cash flows from Discontinued Operations

The following table shows the profit from discontinued operations:

(in CZK million)	6 months ended 30 June 2022	6 months ended 30 June 2021
Revenues	252	250
Costs and expense	(136)	(129)
Profit before tax	116	121
Income tax expense	(27)	(28)
Total profit from discontinued operations	89	93

(in CZK million)	6 months ended 30 June 2022	6 months ended 30 June 2021
Cash flows generated from operating operations	(114)	4
Cash flows from investing activities	(1)	(3)
Cash flows from financing	-	-
Net cash flows from discontinued operations	(115)	1

8.3. Assets Held for Sale

The following table shows the value of net assets held for sale as at 30 June 2022:

(in CZK million)	30 June 2022	31 Dec 2021
Property, plant and equipment	99	101
Deferred tax asset	7	8
Inventories	7	5
Trade receivables	155	76
Other assets	-	10
Cash and cash equivalents	23	138
Total assets	291	338
Trade payables	22	28
Provisions	9	9
Other liabilities and contract liabilities	17	13
Income tax liabilities	64	48
Liabilities related to assets held for sale	112	98
Net assets	179	240

9. Property, Plant and Equipment

From 1 January to 30 June 2022, the Group acquired land, buildings and equipment in the amount of CZK 12,529 million (as at 31 December 2021 in the amount of CZK 14,900 million), of which CZK 6,977 million represent advances paid (CZK 3,059 million as at 31 December 2021) and CZK 4,851 million were additions of rolling stock and components (CZK 10,064 million as at 31 December 2021).

The most significant advances paid at the Parent Company are advances for the purchase and modernization of rolling stock in the amount of CZK 5,501 million and advances for ETCS in the amount of CZK 1,304 million. During the interim period ČD Cargo, a.s. used a subsidy of CZK 22 million for reconstruction of series 163 and series 363 locomotives and a subsidy of CZK 12 million from the Ministry of Transport for the EMS system.

Among the most significant additions of transports and components at the Parent company are acquisition of rolling stock in the amount of CZK 2,419 million and modernization of rolling stock (ETCS) in the amount of CZK 52 million.

Other significant additions include purchase of TRAXX traction vehicles, modernization and periodic repairs of traction vehicles and trucks, ETCS for traction vehicles, acquisition of new wheelsets from ČD Cargo, a.s.

Property, plant and equipment with the net book value of CZK 130 million were disposed by the Group from 1 January to 30 June 2022 (as at 31 December 2021 in the amount of CZK 148 million).

PPE items with the largest impairment loss are the series 680 tilting trains (Pendolino) and series 380 locomotives. As at 30 June 2022 the impairment for the series 680 trains amounted to CZK 574 million (as at 31 December 2021: CZK 388 million) and for the series 380 locomotives amounted to CZK 1,574 million (as at 31 December 2021: CZK 1,609 million).

The Group has not identified any significant factors that would lead to a change in the conclusions it made as at 31 December 2021 regarding the impairment of non-financial assets.

10. Intangible Assets

From 1 January to 30 June 2022, the Group acquired intangible assets in the amount of CZK 128 million (as at 31 December 2021: CZK 314 million).

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

11. Right-of-use Assets

From 1 January to 30 June 2022, the Group has entered into the lease agreements in the amount of CZK 974 million (CZK 1,741 million as at 31 December 2021).

Among the most significant additions at the Parent company are 6 Vectron locomotives. ČD Cargo, a.s. and its subsidiaries have entered into new contracts for the lease of freight wagons, locomotives and extensions of Innofreight technology.

Right-of-use assets with the net book value of CZK 298 million were disposed by the Group from 1 January to 30 June 2022 (as at 31 December 2021: CZK 262 million).

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

12. Inventories

The impairment of inventories to their net realisable value as at 30 June 2022 amounted to CZK 96 million (as at 31 December 2021: CZK 100 million).

13. Other Financial Assets and Other Financial Liabilities

The decrease in Other long-term financial assets is mainly caused by the decrease of the long-term part of the fair value of hedging derivatives by CZK 311 million and also by partial use and transfer of long-term restricted cash to the short-term one. The increase in Other short-term financial assets is primarily due to the increase of the short-term restricted cash by CZK 135 million and by the Group's receivable from Sberbank CZ, a. s. in the amount of CZK 261 million.

The decrease in short-term financial liabilities is primarily caused by the decrease of the fair value of hedging derivatives by CZK 129 million.

During the interim period, the Parent company concluded three new hedging interest rate swaps in the fair value of CZK 115 million as at 30 June 2022 and two currency swaps with a fair value of CZK (3) million.

During the interim period, ČD Cargo, a.s. concluded three new commodity swaps in the fair value of CZK 10 million as at 30 June 2022 and one new forward currency par forward with the fair value of CZK (5) million.

14. Cash and Cash Equivalents

(in CZK million)	30 June 2022	31 December 2021
Cash on hand and cash in transit	68	40
Bank accounts	2,042	3,394
	2,110	3,434
Cash related to discontinued operations	23	138
Total	2,133	3,572

15. Trade Payables

The significant decrease in trade payables as at 30 June 2022 was caused by the extraordinary purchase of long-term assets (rolling stock) at the end of 2021. These extraordinary invoices in the amount of CZK 3,644 million represented a significant liabilities as at 31 December 2021 and were not due until the beginning of 2022.

16. Loans, Borrowings and Lease Liabilities

(in CZK million)	30 June 2022	31 Dec 2021
Bank loans	3,163	763
Promissory notes issued	1,987	-
Lease liabilities	1,209	1,086
Secured loans	398	431
Overdraft accounts	1,049	80
Bonds issued	10,115	1,262
Other received short-term loans and borrowings	26	42
Short-term total	17,947	3,664
Bank loans	12,045	5,850
Lease liabilities	4,042	4,060
Secured loans	1,674	1,821
Bonds issued	23,818	32,837
Other received long-term loans and borrowings	64	67
Long-term total	41,643	44,635
Total	59,590	48,299

The Parent Company repaid bonds issued in the amount of EUR 37.7 million on 3 June 2022.

Bonds in the amount of EUR 400 million due on 25 May 2023 are reported in the short-term bonds issued as at 30 June 2022.

On the basis of contracts for long-term bank credit lines, the Parent company drew long-term bank loans in the amount of CZK 6.5 billion in January – March 2022 with gradual repayment of the principal with the final maturity in 2029 (of which CZK 5.5 billion with float interest and CZK 1 billion with fixed interest). The short-term part of these new loans amounts to CZK 675 million.

As at 30 June 2022, the Parent company also issued promissory notes with the total nominal value of CZK 2 billion (due in July 2022) and drew a revolving loan with a float interest rate of CZK 1.5 billion (due in August 2022).

On 20 April 2022, ČD Cargo, a.s. issued bonds with a total nominal value of EUR 40 million with maturity at 31 December 2028, and with a fixed interest of 1.92 % p.a. Furthermore in April 2022, ČD Cargo, a.s. received an investment loan in the amount of EUR 40 million with a maturity of 10 years.

During 6 months ended 30 June 2022, the Group repaid bank loans in the amount of CZK 473 million.

Finance costs in the statement of profit and loss increased in the first half of 2022 due to the increased interest costs from financing.

The following table shows the remaining contractual maturity of the Group's loans, borrowings and lease liabilities. The table has been drawn up based on the undiscounted cash flows from loans, borrowings and lease liabilities, taking into account the earliest possible dates on which the Group may be required to repay these loans, borrowings and lease liabilities. The table includes both interest and principal cash flows. To the extent that instruments carry the floating 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.

(in CZK million)

30 June 2022	Less than 1 month	1 - 3 months	3 months - 1 year	1 year - 5 years	5 years and more	Total
Lease liabilities	40	81	322	1,050	760	2,253
Secured loans	119	218	969	3,414	867	5,587
Float interest rate instruments	1,049	1,750	1,216	5,233	2,928	12,176
Fixed interest rate instruments	2,013	170	11,163	22,093	10,738	46,177
Total	3,221	2,219	13,670	31,790	15,293	66,193

17. Provisions

(in CZK million)	Balance as at 31 December 2021	Creation	Use	Release of unused part	Balance as at 30 June 2022
Provision for legal disputes	1,708	-	-	-	1,708
Provision for post-employment benefits	98	-	16	-	82
Provision for other long-term employee benefits	274	61	67	-	268
Provision for business risks	34	2	3	-	33
Provision for onerous contracts	152	-	-	-	152
Provision for penalties	68	-	-	-	68
Provision for damage	500	-	-	-	500
Other provisions	93	28	39	12	70
Total provisions	2,927	91	125	12	2,881
<i>Long-term</i>	211				206
<i>Short-term</i>	2,716				2,675

17.1. Provision for Legal Disputes – Development in 2022

From January to June 2022, there was no change (creation or use) in the provision for legal disputes. All matters described in the Group's consolidated financial statements for 2021 relating to legal disputes and provisions for legal disputes are also valid for these interim financial statements, and only new developments and significant relevant events of 2022 are described below.

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

In 2022 in respect of this lawsuit only the response to the request for information received from the European Commission was provided.

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

On 10 June 2022, ČD and ÖBB received the statement of objections from the EC regarding the alleged cartel agreement of the sale of decommissioned rolling stock. ČD is preparing a reply to this statement of objections within the deadline set by the Commission. The statement of objections is a procedural step in the ongoing proceedings, which does not prejudice the final conclusions and the EC's decisions in the case. As at 30 June 2022 and through the date of these financial statements, the EC has not issued a final decision on the matter.

In the opinion of ČD management, it has not yet been proven that ČD has breached Article 101 of the TFEU. ČD intends to vigorously defend itself in this case, including using all available appeal routes, if necessary. As at 30 June 2022 and through the date of these financial statements, the EC has not issued a final decision on the matter.

Already at the beginning of 2022, ČD carried out an analysis particularly based on the nature of information and documents requested by the EC from ČD during 2021 and decided that a statement of objections could be issued as early as 2022 (despite the ČD's view that no cartel agreement had been concluded on their end) and, based on this analysis, attempted to evaluate the potential liability and assess the provision for legal disputes, including assessment of probable outcome which was based on a number of estimates and assumptions at the date of the financial statements and was therefore subject to significant uncertainty.

Based on the amount of revenues to which the potential infringement relates, the estimated duration of the potential infringement and the opinion of external advisors on the estimated percentage applied to the relevant revenues, the provision of CZK 1,000 million was recorded as at 31 December 2021, which is in line with the rules for creation of provision even after analysis the statement of objections.

The actual costs to settle a potential fine may differ from the estimates and underlying assumptions of ČD's management. In accordance with EU legislation, when determining the amount of a fine for an infringement of competition rules, the basic amount of the fine is derived from the amount of revenues, up to 30%, depending on the degree of gravity of the infringement. However, the amount of a fine shall not, in any event, exceed 10% of the ČD's total turnover for the accounting period preceding the EC's final decision. It is impracticable to determine the uncertainties regarding the timing of any possible future cash outflows. Based on the available information, there is a relatively high probability that the results in the next accounting period will be different from the assumptions used by ČD's management, and the provision for legal disputes will require a significant adjustment.

18. Related Party Transactions

18.1. Revenues and purchases with related parties

Purchase of services from JLV, a.s. amounted to CZK 99 million from January to June 2022 (CZK 50 million from January to June 2021). Liabilities to JLV, a.s. amounted to 42 million CZK as at 30 June 2022 (38 million CZK as at 30 June 2021).

18.2. Relations with Companies Controlled by the State

Below are significant transactions with related parties that the Group managed to identify: payments of public service obligations (regions and the Ministry of Transport), transactions with the state organization SŽ and ČEZ Group.

(in CZK million)

Revenues	Counterparty	6 months ended 30 June 2022	6 months ended 30 June 2021
Property rental income	SŽ	11	10
Payment for substitute bus service	SŽ	362	84
Payments from public service orderers - the state budget	state - MT	2,246	2,172
Compensation of 75% / 50% discount fares ^{o)})	state - MT	845	361
Covid-19 subsidy (Antivirus and others)	state/regions	19	114
Fare compensation Ukraine	state - MT	67	-
Payments from public service orderers - the regional budget	regions	6,110	5,906
Revenues - telecommunication services	SŽ	330	284
Revenues from the sale of employee holidays	SŽ	49	30
Revenues from freight transportation	ČEZ	62	48
SW operation and maintenance	SŽ	28	32

^{o)} From April 2022 compensation of discounts in the amount of 50%.

(in CZK million)

Expenses	Counterparty	6 months ended 30 June 2022	6 months ended 30 June 2021
Use of railroads and allocated railway capacity - passenger transport	SŽ	903	877
Use of railroads and allocated railway capacity- freight transport	SŽ	427	402
Consumption of electric traction energy - passenger transport	SŽ	1,464	732
Consumption of electric traction energy - freight transport	SŽ	575	325
Telecommunication services	SŽ	9	27

(in CZK million)

Receivables	Counterparty	30 June 2022	31 December 2021
Public service obligation	state - MT	265	-
Compensation of 75% / 50% discount fares ^{*)}	state - MT	224	116
Public service obligation	regions	326	85
Fare compensation Ukraine	state - MT	40	-
Telecommunication services	SŽ	186	90
Advances provided	SŽ	68	5
Revenues from freight transport	ČEZ	10	22
Revenues from freight transport	SŽ	4	26

^{*)} From April 2022 compensation of discounts in the amount of 50%.

(in CZK million)

Liabilities	Counterparty	30 June 2022	31 December 2021
Use of railroads and allocated railway capacity - passenger transport	SŽ	181	184
Use of railroads and allocated capacity of the railway - freight transport	SŽ	157	175
Lease liabilities	SŽ	191	189
Public service obligation	state – MT	-	50
Public service obligation	regions	101	-
Consumption of electric traction energy - passenger transport	SŽ	109	-
Consumption of electric traction energy - freight transport	SŽ	136	71

19. Capital Commitments

As at the date of the interim consolidated financial statements, the Group has concluded contracts for the purchase of land, buildings and equipment in the amount of CZK 51,720 million (as at 31 December 2021 in the amount of CZK 35,831 million). Investments in rolling stock represent a substantial part of the capital commitments.

20. Legal Disputes

All facts related to legal disputes described in the Group's consolidated financial statements for 2021 are also valid for these condensed interim financial statements. As at 30 June 2022 and through the date of these financial statements there were no significant relevant events other than those described in note 17.

21. Fair Value of Financial Instruments

(in CZK million)

Financial assets	Level	Fair value as at 30 June 2022	Carrying value as at 30 June 2022	Fair value as at 31 December 2021	Carrying value as at 31 December 2021
Measured at fair value		1,649	1,649	1,901	1,901
Derivative instruments used in hedge accounting	Level 2	1,245	1,245	1,504	1,504
Financial assets at fair value through other comprehensive income	Level 3	404	404	397	397
Measured at amortised cost		402	422	657	693
Finance lease receivables	Level 2	104	104	154	154
Other long-term financial assets	Level 2	298	318	503	539
Total		2,051	2,071	2,558	2,594

(in CZK million)

Financial liabilities	Level	Fair value as at 30 June 2022	Carrying value as at 30 June 2022	Fair value as at 31 December 2021	Carrying value as at 31 December 2021
Measured at fair value through profit or loss		402	402	562	562
Derivative instruments used in hedge accounting	Level 2	399	399	509	509
Other financial derivatives	Level 2	3	3	53	53
Measured at amortised cost		46,931	49,316	40,752	40,872
Issued bonds	Level 2	9,225	10,238	11,914	11,656
Issued bonds (traded publicly)	Level 1	22,591	23,695	22,388	22,443
Bank loans	Level 2	14,941	15,209	6,321	6,613
Other long-term financial liabilities	Level 2	174	174	129	160
Total		47,333	49,718	41,314	41,434

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

In 2022 and 2021, there were no transfers of financial instruments between levels.

21.1. Valuation Procedures Used to Determine Fair Value

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

- The fair value of investments in equity instruments at fair value through other comprehensive income was estimated using asset-based approach. As at 30 June 2022 and 31 December 2021, 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.
- The fair value of interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows.
- The fair value of cross-currency interest rate swaps is calculated using a valuation model on the basis of discounted future cash flows in respective currencies.
- The fair value of currency swaps is calculated using a valuation model based on discounted yield curves and swap points for the relevant currencies.
- The fair value of commodity swaps is calculated using a valuation model based on discounted future cash flows based on expected commodity prices.

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

- The fair value of the bonds is determined on the basis of quoted market prices, if exist. If quoted market prices do not exist, the fair value is determined using valuation model on the basis of quoted market prices of comparable bonds.
- The fair value of other 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.

21.2. Fair Value Measurement Recognized in the 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,
- the 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).

All financial instruments measured at fair value as at 30 June 2022 and 31 December 2021 are included in level 2 (except for financial assets at fair value through other comprehensive income that are included in level 3).

22. Financing Facilities

In 2021, the Parent Company started working on the loan documentation with Eurofima, in which it owns 1% share, to secure credit facilities totaling EUR 639 million. The loan documentation has been finalized and the Company is currently taking the necessary steps to complete the collateral documentation.

23. Post Balance Sheet Events

On 1 August 2022, ČD Reality a.s. and VYDOS BUS a.s. (both companies hereinafter referred to as the „Defunct Companies“), were merged. As a result the Defunct Companies were dissolved and their assets were transferred to the successor company ČD Bus a.s.

In July and August 2022, the Parent company repaid promissory notes with a nominal value of CZK 2 billion and at the same time issued new promissory notes with a total nominal value of CZK 2.5 billion, maturing in August and September 2022.

In August 2022, the Parent Company repaid and drew a revolving loan in the amount of CZK 1.5 billion with a float interest rate, due in September 2022.

On 1 August 2022, a new loan agreement was signed between the Parent company and EIB bank regarding financing of the modernization of ČD vehicles (implementation of the ETCS system), in the total amount of CZK 904 million.

In August 2022, the Parent company entered into negotiations regarding an increase in short-term financing by the amount of CZK 5.1 billion. At the moment indicative offers have been received from the banks.

24. Approval of the Condensed Consolidated Financial Statements

These condensed interim financial statements were approved by the Board of Directors and authorised for issue on 6 September 2022.

Responsibility for the Interim Report of the ČD Group

Affidavit

Authorised individuals of the issuer declare that, to the best of their knowledge, the consolidated interim report gives a true and fair view of the financial position, business activities and financial results of the issuer and its consolidation group for the past six months and of the outlook of the future development in the financial position, business activities and financial results of the issuer and its consolidation group.

Prague, 6 September 2022



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



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

This report has not been audited.

List of Used Abbreviations

Abreviation	Description
CAPEX	Investment (capital) expenditures
ČD	České dráhy, a.s.
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EC	European Commission
ETCS	European Train Control System
EU	European Union
EUROFIMA	European Company for the Rolling Stock Financing
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IS	Information system
IS OPT	Information system of the Shipping revenue centre

Abreviation	Description
JLV	Sleeping and dining car company (Jídelní a lůžkové vozy, a.s.)
MT	Ministry of Transport of the Czech Republic
OPT	Shipping revenue centre
ÖBB	Österreichische Bundesbahnen
PPE	Property, plant and equipment
SAP	Bookkeeping system
SW	Software
SŽ	Railway Transport Route Administration, state organisation (Správa železnic, state organization, formerly SŽDC)
TFEU	Treaty on the Functioning of the European Union
UNIPOK	Cash register system for ČD personal transport
ZSSK	Železniční spoločnosť Slovensko a. s.

Identification and Contact Information

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Registration court: Prague

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