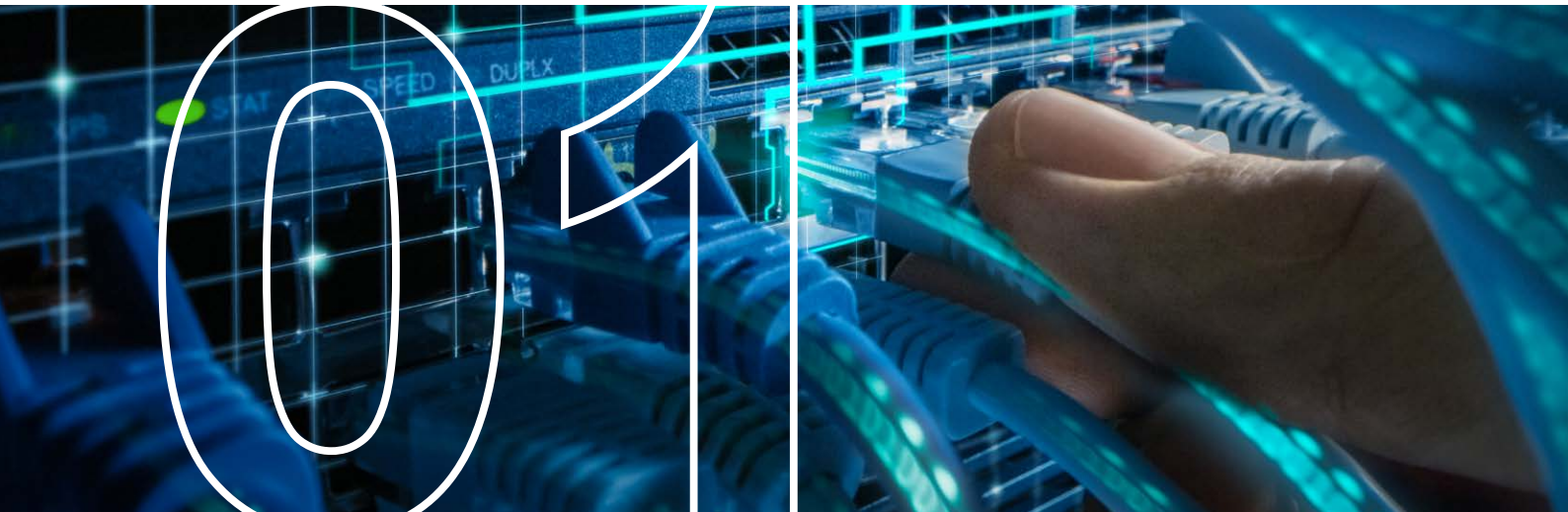




# THE COMPANY'S VISION AND MISSION



## **Vision**

We want to be the first choice for communications infrastructure services and transport telematics solutions.

## **Mission**

ČD - Telematika aims to be the "go-to" choice for solutions in the field of transport telematics, provision of services in telecommunication and IT infrastructure, data services and telemetry as well as services of communication centres.

We want to achieve these goals by means of the continuous development of our competencies in the field of solutions regarding intelligent transportation systems and ICT as well as construction and administration of our own network infrastructure. As our Company is represented in every region, we provide high-quality services throughout the Czech Republic.

The key customers of ČD - Telematika are member companies of the České dráhy Group and Správa železnic. However, we use our competencies and infrastructure to provide services to other segments in both the public and the private sector.

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# OVERVIEW OF SELECTED FIGURES



(CZK thousand)	Balance as at 31 Dec 2022	Balance as at 31 Dec 2021
Total assets	3,465,074	2,992,911
of which: non-current assets	1,464,824	1,466,912
Current assets	1,936,143	1,477,206
Equity	1,900,796	1,913,295
Liabilities	1,422,158	930,990

(CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Revenues from sales of products and services	2,372,464	1,984,348
Revenues from sales of goods	25,747	48,710
Revenues from sale of non-current assets	2,667	1,695
Other operational revenues	24,581	12,610
EBITDA <sup>*)</sup>	210,206	204,909

<sup>\*)</sup> EBITDA is defined as earnings before taxes (net of financial result), depreciation and amortisation but after reflecting extraordinary expenses.

# INTRODUCTION BY THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear Ladies and  
Gentlemen,

This is the first year when I have the honor of introducing the annual report of our company. I first joined the company in August of last year and took over the responsibility from Michal Krapinec. Last year the company achieved record revenues and profit and has a great business potential and also a team of managers

and employees that can utilize that potential. It is an honor and pleasure for me to close the fiscal year of 2022 with such results and for that I want to thank to all of you.

The year 2022 was a real success for us. ČD - Telematika has had success both in the business and project fields. Among the main business successes are the signing of several fundamental new contracts with our customers. We managed to secure another installation of ETCS into three lines of vehicles of České dráhy and ČD Cargo. We signed a contract for more than CZK 500 mil. with Správa železnic for modernization of the technological network. We finished contracts with companies Cesnet and GEANT to modernise their backbone networks. As far as the realisation of contracts is concerned, we achieved a great success in finishing the implementation of ETCS in all 78 locomotives of lines 163 and 363 of ČD Cargo. We carried out a contract for the installation of ventilation system in underground stations for Dopravní podnik hl. m. Prahy. All of these and many other business activities brought us to record revenues of CZK 2,398 mil. which was a historically highest turnover of the company.

In all of 2022, we fulfilled the so called "Large Service Contract" for Správa železnic. Despite our previous expectation, European Commission have not finished the prenotification process to sell part of the company and therefore we were not able to proceed further in the sale process. As a result, the whole prenotification process has taken more than two years. For this and other reasons, at the end of the year, we started looking at alternative ways to further ensure provision of telematic services for SŽ if we do not perform the sale of part of the company in the original extent. The solution of this question will be a strategic task for the year 2023.

Within the development and expansion of our business activities, we moved towards building a new service for our customers which we call ČDT-NET. It is a complex network service that is incumbent upon the providing connections of public networks to our customers, ensuring basic data services and in addition ensuring a number of security services to protect against outside attacks and malware. It is a robust service from the cyber security area which in a fundamental way strengthens the customer's level of protection against a broad spectrum of attacks. The launch of ČDT-NET required a substantial investment into infrastructure in 2022 and we intend to continue in its development in 2023. As we can already see, it is an investment into perspective, in-demand service and the results of the pilot function of ČDT-NET show conclusively that it was the right decision.

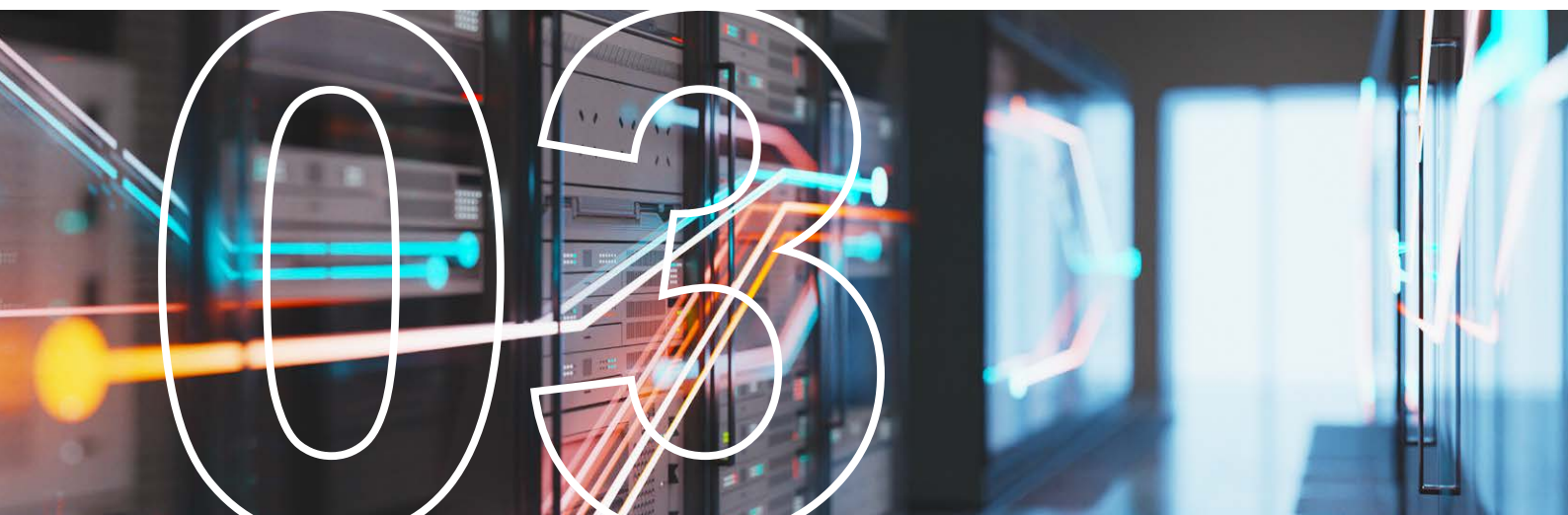
At the end of the year, we began with a number of internal initiatives and changes which should lead to a more effective approach to the market and optimization of the company's functions. The main activities include testing of the possibility of vertical cooperation with intercompany customers but also outside of the ČD Group. Vertical cooperation puts several requirements and restrictions onto suppliers but on the other hand it gives a choice to solve customer issues more quickly and effectively. If we manage to confirm the vertical cooperation in the beginning of 2023 with our closest customers, it will mean not only a change in the strategic direction of the company but also the possibility to confirm in a fundamental way the position of ČD-T in the Group and on the market. We expect to make a number of important decisions at the start of 2023.

I can therefore, with a clear conscience, summarise that the last year was a great one for our company. The main thanks goes on one hand to our customers who gave us their trust and on the other hand to our employees who managed to transform this trust into countless work successes. And for that, I want to thank you all very much!

Jan Hobza  
Chairman of the Board of Directors



# ČD - TELEMATIKA COMPANY **PROFILE**



ČD - Telematika a.s. (hereinafter "ČD - Telematika" or "ČD-T") is a major provider of wholesale telecommunications services and a supplier to the railway environment in the areas of telecommunications, measurement and security.

As part of its activities, it provides internet, data and voice services, including services in the area of administration, maintenance and construction of optical and telecommunication infrastructures. Significant activities in the Company's portfolio are complex projects in the railway environment. With the development in the area of ETCS (European Train Control System), the Company has become one of the leading suppliers in this field and, together with its partners, equips trains with modern security technologies, which, among others, use the European GSM-R standard. Furthermore, the portfolio of its activities contains added-value services including contact centre service, system integration, diagnostics and analysis of data and cyber security. ČD - Telematika also provides a number of telematics solutions for the land transport segment, such as tunnel security and smart parking systems. ČD-T has geographically independent data centres with a high-degree of security and ensures supervision as well as customer support in 24/7/365 mode.

ČD-T owns one of the largest fibre-optic infrastructures in the Czech Republic, which is 3,500 kilometres long. Through this infrastructure, the Company runs metropolitan networks in 26 cities, 500 connection points and 25 specialised departments. Added value of ČD - Telematika are its employees with unique qualification and know-how.

ČD-T is a holder of numerous ISO quality certifications, AQAP2110 certifications and authorisations of the National Security Authority (NSA). ČD - Telematika became a member of various professional organisations, e.g., the CZ.NIC association, the NIX.CZ association and others. It takes part in the FENIX project, which aims at securing safe internet in the Czech Republic. ČD - Telematika, together with ČEZ Group and Severočeská vodárenská společnost, became a founding member of the Association of Critical Infrastructure of the Czech Republic. One of the main goals of the association is to create optimal conditions for the operation and protection of critical infrastructure in the Czech Republic.

Since 1994, over the course of almost 30 years of operation on the Czech ICT market, ČD-T has established a position as a significant supplier of wholesale telecommunication services. Customers ranging from public administration, private businesses, national operators and local providers of internet connectivity have proved our services delivered with an SLA guarantee.

## Infrastructure

ČD - Telematika uses extensive experience in providing maintenance (regular preventive inspections) and servicing (repairs after failures) of the ICT infrastructure elements. As part of the provision of additional services, it also plans, designs and builds various kinds of ICT infrastructure. An important part of it has become the area of equipping rail vehicles with the ETCS security system and communication technologies for mobile signal repeating, where ČD-T has full competence for the integration, revitalization and servicing of the given technology. ČD-T provides strong application support both for the record-keeping of individual ICT elements in the network and for comprehensive supervision, assuring the workflow and direct management of technicians in the field. Thanks to this, all customer requests, service calls and maintenance activities are recorded, and can be searched and reviewed retrospectively. Services are provided in 24/7/365 mode. Experienced teams spread throughout 25 locations within the Czech Republic, allowing high flexibility and quick accessibility, carry out repairs, maintenance, and the construction of infrastructure.

## Telecommunications

Customers of ČD-T can take advantage of a broad range of internet, data and voice services with high reliability guaranteed by SLA (Service Level Agreement). These services are designated, in particular, for local internet providers and telecommunications operators, but also for other large corporations and state administration agencies that require high reliability, flexibility, and quality. A new area in telecommunications services is systems for protecting internet perimeters and SOC (Security Operations Centre) services. The Company's strategy in this segment is to secure and actively offer high-quality, high-speed internet connections and interconnection of various sites throughout the entire Czech Republic. The Company makes long-term investments in the development of its own telecommunication infrastructure. It has in place a backbone network with a transmission capacity of up to 96 x 100 Gbps and more than 500 connection points.

## Technical Facilities and Expertise

ČD - Telematika possesses top-quality technical facilities including the relevant specialised know-how. The backbone of the telecommunication infrastructure network consists of 144-, 96-, 72- and 36-strand fibre-optic cables, approximately 3,200 km of which is underground and roughly 300 km is overhead, suspended from railroad traction poles. In total, the network has over 125 thousand km of optical fibres. The fibre cables lead through 239 municipalities and 158 city districts, and ČD-T is ready to make additional distribution points operational. To transmit data within the network, the Company utilises several transmission platforms: DWDM, L2/L3 with IP protocol support, and SDH. The DWDM transmission network enables up to 96 channels to be transmitted with a transmission capacity of up to 100 Gb/s. The network is equipped to carry links with a capacity of up to 96 wavelengths. The L2/L3 backbone data network, with a transmission capacity of N x 100 Gb/s, has over 150 nodes and consists of eight back-up circuits. The L2/L3 data network of ČD-T is linked redundantly to the important national internet node NIX.CZ and is connected to the international

internet network in the extent adequate to its capacity in the form of direct internet peering. Total capacity for connecting to international and national internet is 310 Gb/s. Own scrubbing centre (cleaning platform) successfully operates in the internet part of ČD-T network for a number of years, which serves as protection against internet DDoS attacks and in 2022, technologies to filter and protect from application attacks were successfully implemented. ČD - Telematika is an operator of three fully equipped data centres providing professional housing services with a strong emphasis on high quality and security.

## Locations

ČD - Telematika is headquartered in Prague and has branches in eleven regional cities of the Czech Republic – Brno, Ostrava, Plzeň, Ústí nad Labem, České Budějovice, Pardubice, Hradec Králové, Jihlava, Karlovy Vary, Liberec and Olomouc. These cities, together with service centres located in smaller cities throughout the Czech Republic, build a network of 25 service centres, which provide client services. The Company has no branch or other representative office abroad.

## Systems Certification

- | ČSN EN ISO 9001 Quality Management Systems,
- | ČOS 051672 (AQAP 2110) Requirements of NATO for the Assurance of Quality in Design, Development and Production,
- | ČSN EN ISO 14001 Environmental Management Systems,
- | ČSN ISO 45001 Occupational Health and Safety Management Systems,
- | ČSN ISO/IEC 20000-1 Information Technology Service Management Systems,
- | ČSN ISO 21500 Project Management Systems of the Organisation,
- | ČSN ISO/IEC 27001 Information Security Management Systems.

## NSA Certifications and Clearances

- | Industrial security – security clearance for dissemination or creation of classified information “Secret”,
- | Information systems security – security clearance “Confidential”.

## Membership in Professional Organisations

- | ACRI – Association of Companies of the Czech Railway Industry
- | AKI ČR – Association of Critical Infrastructure of the Czech Republic
- | CZ.NIC – Association of Internet Service Providers
- | Czech Parking Association – a base for dealing with traffic in calm
- | ČAMB – Czech Association of Security Managers
- | FENIX.CZ – safe internet in Czech Republic
- | NIX.CZ – Association of Internet Service Providers
- | Association of Transport Enterprises – enterprises and organisations cooperating with them
- | SDT – Association for Transport Telematics
- | UPP ČR – Union of Corporate Lawyers of the Czech Republic
- | VNICTP – Committee of the Independent ICT Industry

# STATUTORY BODIES OF THE COMPANY AND COMPANY MANAGEMENT



## General Meeting

The General Meeting, consisting of the shareholders, is the Company's highest body, which decides on the financial, organisational, and operational matters of fundamental importance and determines the Company's strategic focus. The General Meeting elects and removes members of the Supervisory Board and Board of Directors. The Business Corporations Act and the Articles of Association determine its powers and authority. The Board of Directors convenes the General Meeting once per year, as a rule.

## Supervisory Board

The Supervisory Board, comprising six members, oversees the Board of Directors' exercise of its powers and the implementation of Company strategy, including all business activities. The Business Corporations Act and the Articles of Association determine the composition, powers and authority of the Supervisory Board. The Supervisory Board generally meets once per calendar month. As at 31 December 2022, the Supervisory Board had five members.

## Members of the Supervisory Board

- Michal Krapinec – the Chairman of the Supervisory Body since 1 May 2022
- Michal Kraus – Member of the Supervisory Board since 1 April 2022
- Milan Gajdoš – Member of the Supervisory Board from 1 January 2011 until 13 January 2019, appointed as Member of the Supervisory Body again on 14 January 2019
- Dana Putnová – Member of the Supervisory Board since 14 January 2019
- Emanuel Šíp – Member of the Supervisory Board since 20 November 2018

## List of members of the Supervisory Board who ceased to be in their position in 2022 or before the closing date of the Annual Report

- Václav Nebeský – Chairman of the Supervisory Body from 12 December 2019, recalled by the General Meeting as of 15 February 2022
- Josef Pašek – Member of the Supervisory Board from 16 February 2022 until 31 March 2022
- Pavel Kohoutek – Member of the Supervisory Board from 16 February 2022 until 31 March 2022
- Vladan Horák – Member of the Supervisory Board from 16 February 2022 until 31 March 2022
- Tomáš Vrbík – Member of the Supervisory Board from 1 April 2022 until 1 September 2022



## Board of Directors

The Board of Directors is the statutory body that consists of three members and runs the Company's operations and acts in its name. The statutory body, according to the Company's Articles of Association, is elected by the General Meeting and, as a rule, is composed of members of the Company's senior management.

The Board of Directors decides on all Company matters not treated by legal regulations or the Articles of Association, and not reserved for the General Meeting or the Supervisory Board. The Board of Directors meets once per week, as a rule. The Articles of Association contain basic information concerning the Board of Directors and its powers and responsibilities.

## Members of the Board of Directors

- | Jan Hobza – Chairman of the Board of Directors since 1 August 2022
- | David Wolski – Member of the Board of Directors since 1 September 2021
- | Tomáš Businský – Member of the Board of Directors since 1 September 2021

## List of the Board of Directors Members ceased to be in their position in 2022

- | Michal Krapinec, recalled from the position of the Chairman of the Board of Directors on 13 June 2022

## Senior Management

- | Jan Hobza – Director of Sales and Marketing section since 1 October 2022, since 1 August 2022 Chairman of the Board of Directors
- | Tomáš Businský – Director of Telecommunication and Infrastructure Services section since 1 January 2022, also a member of the Board of Directors
- | David Wolski – Director of the Economics and Shared Services section since 1 May 2022, also a member of the Board of Directors
- | Vladimír Jedlička – IT Director since 1 March 2021
- | Jaroslav Hercok – Director of INFRA SŽ section since 1 January 2022
- | Iva Smíšková – HR Manager since 1 July 2022

## List of members of Senior Management who ceased to be in their position in 2022 or before the closing date of the Annual Report

- | Lukáš Svoboda – Director of the Economics and shared services section, activity terminated on 30 April 2022
- | Jan Vobora – Director of Sales and Marketing section, activity terminated on 30 September 2022

# REPORT OF THE BOARD OF DIRECTORS ON BUSINESS OPERATIONS



## Brief Assessment of the Past Year

The year 2022 appears to be a return to the normal from the economic point of view. After the pandemic season of the last two years, our Company managed to completely fulfil its current capacity and competencies to realise its planned goals.

Regrettably, the unprecedented attack by Russia against Ukraine at the end of February 2022 caused complications to the company because of the freezing of financial assets held at Sberbank which luckily did not significantly impact the Company's operating cashflows. However, we had to react quickly to this information in order to realise planned investments and also those projects that needed more financial inputs.

Ongoing military conflict and also the slow restoration in supply chain relations after the pandemic led to a significant delay in orders and movement of commodity prices towards major increase. During the year, especially in the latter half, we were facing, just like the rest of the market, an unprecedented price increases in commodities and materials which, in some cases, made it impossible to realise previously won tenders at the agreed prices and with the planned margins. Even through these hardships, we managed to increase efforts to catch-up with the targeted figures.

In 2022, the service and maintenance of ŽTM for Správa železnic continued to be among the key business activities of our Company. At the same time, steps related to the sale of the part of the ČD-T operations, which provides this service, to the Správa železnic took place. We assumed that the prenotification process, which we started in 2020 with the European Commission in order to confirm that the determined price for the sale of part of the enterprise corresponds to the usual market conditions, would be completed and that this transaction would be realised in the second half of 2022. We also subordinated our business plan that followed the transfer documentation prepared and agreed by the statutory bodies of both organisations. However, neither the pre notification process nor the follow-up approval of the government of the Czech Republic were completed by the end of 2022. The realisation of the sale of a part of the enterprise is thus again moved to the next calendar period.

As part of our business strategy, we continued to implement our unique competence of fitting the railway rolling stock with ETCS equipment last year. One of the key projects for the next few years is the delivery of the mobile part of the European train security system (ETCS) for České dráhy and ČD Cargo. The first and ongoing order from 2019 for ČD Cargo 163 and

363 series cars in the number of 78 pieces of locomotives was almost finished by the end of 2022; in the following period only the approval of homologation for the operation of the vehicles in Poland will take place. In conjunction with this, the equipping of locomotives of the 162 WTB, 362 and 362 WTB series for ČD also ran. In this project, since the beginning of the year, we faced problems with the supply of mobile security components from the company Alstom for the serial equipping of vehicles that had already begun. These problems also caused time shifts in the implementation of the project. In addition, as part of the competition under the Public Procurement Act, we successfully won other contracts for the equipping of the 680 series vehicles (Pendolino) and 471 series vehicles (Elefant) with ETCS Alstom technology for the ČD customer, and also of the 363.5 series cars with Siemens technology for the ČD Cargo customer. Work also continued on the prototype of the 961 series (Sysel) for the customer ČD, tendered in 2021.

As part of the pilot project, we successfully installed and tested a mobile signal repeater of the Swiss company Comlab in a railjet series rolling stock, thereby supporting the call of the Czech Telecommunications Authority for better mobile signal coverage on the main railway lines in the Czech Republic.

In 2022, ČD - Telematika, together with its partner AŽD, continued construction of the Modernisation of the Pardubice Railway Junction for the client Správa železnic. As part of the partnership, ČD-T has implemented two operational packages that relate to the laying of metallic and optical cables that are part of the railway infrastructure. At the same time, the implementation of a number of other contracts for the modernisation and reconstruction of railtrack sections and infrastructure continued, both for the customer of the Správa železnic and also within the scope of its own optical infrastructure.

In the field of telecommunications services, a significant contract was signed to connect universities in Brno and Vienna by an optical network. The delivery also includes the provision of technological premises for the placement of equipment both on the territory of the Czech Republic and Austria. The infrastructure for the transmission of hundreds of Gbps a period of eight years will be provided to the ČD-T by the Cesnet association, which ensures the connection of colleges and universities across the Czech Republic.

Other successes in the sale of telecommunications services include closer cooperation with important customers such as ISP Alliance, Nordic Telecom and Kabelová Televize CZ. This closer cooperation was manifested in the implementation of new services mainly based on DWDM technology, for the company Kabelová Televize CZ we implemented a 100 Gbps DWDM lambda between Prague and Česká Třebová, for example. At the same time, we managed to expand our cooperation with the company Krajská zdravotní, when we connected the hospital in Litoměřice to other connected hospitals through our DWDM service.

In 2022, the Company continued the GSM-R construction projects and the system integration engagement for the new infrastructure technology passport (TPI) for the Správa železnic customer.

In the field of road telematics, the Company continued to provide services to existing customers.

In 2022, ČD - Telematika definitively resolved the issue of the use of land by the Správa železnic and ČD for the management of ŽVPS, where by the end of the year it was possible to establish easements to most of the affected land.

From the point of view of ČD - Telematika's figures total sales of products, goods and services achieved in 2022 were in the amount of CZK 2,398 million (2021: CZK 2,033 million). This was an increase of 18% year-on-year, mainly due to the execution of ETCS engagements.

Regarding the fulfillment of the main performance indicators, from the point of view of sales per employee, there was an increase from CZK 3.73 million to CZK 4.39 million; from the point of view of profitability, ČD - Telematika achieved an EBIT operating result in the amount of CZK 108.5 million (2021: CZK 111.1 million) and a pre-tax EBT in the amount of CZK 125.5 million (2021: 109.7 million CZK). The planned economic results before taxation, adjusted for the effect of the transfer of part of the enterprise, were set at CZK 105.9 million. ČD-T achieved better economic results due to a slightly different structure of sales and savings in variable and fixed costs. In the field of fixed costs, the Company already had to bear some costs of an inflationary nature, which were not anticipated in the original plan. Thanks to the conditions set in the concluded contracts, the Company was not exposed to an enormous increase in energy prices until the end of 2022. The EBITDA indicator reached a value of CZK 210 million in 2022 (2021: CZK 205 million).

Regarding the investments, ČD-T acquired long-term assets (i.e., additions to the assets under construction account) worth CZK 111.9 million (2021: CZK 189.8 million). The most important items were the completion of the establishment of easements for the SŽ and ČD plots, as well as investments into the buildings (their purchases and reconstruction) and purchases of IT technologies (HW and licenses) to secure internal projects and customer solutions.

The balance of short-term financial assets and cash (including cash-pool balances) at the end of 2022 amounted to CZK 545.4 million (2021: CZK 618.9 million). The year-on-year decrease occurred as a result of the freezing of funds at Sberbank (CZK 261 million), which were reclassified as a receivable from the Sberbank due to ongoing insolvency proceedings and are not included in this asset item. Even in 2022, ČD - Telematika managed its operations without any debt.

## Balance of the Company's Assets

In the area of intangible assets in the software category, the total increase was CZK 5.3 million. Among the most significant additions in the area of intangible assets in 2022 were the expenses in the total value of CZK 4.7 million for the purchase of software licenses for the VEST system used for the purpose of expressing the existence of networks. In the area of intangible assets, the project to unify invoicing systems with a total value of CZK 6.6 million was scrapped. The total balance of unfinished long-term intangible assets amounted to CZK 7.2 million and was made up mainly of the purchase of software licenses and the activation of own work on internal projects in progress. The total net value of long-term intangible assets was CZK 21.4 million at the end of 2022.

In 2022, as part of long-term tangible assets in the category of buildings, there were expenses in the total value of CZK 153.9 million for the preparation of the geometric plans; after registration in the real estate cadastre, the purchase price of the concerned optical routes was increased. In 2022, investments were also made in the new or strengthened existing optical connections throughout the Czech Republic in the aggregate amount of approximately CZK 11.1 million. In addition, renovations were carried out in administrative buildings in Olomouc, Ostrava, Prague, Ústí nad Labem and Liberec in the total amount of CZK 34.8 million. The main construction activities took place in Olomouc, where the administrative building and storage halls were reconstructed.

In connection with the termination of the lease of technological premises, there were disposals of fixed assets in purchase price of CZK 3.4 million and in net book value of CZK 1.2 million.

Additions to tangible movable assets were mainly made up of investments in the total value of CZK 47.4 million in the construction of new CWDM and DWDM circuits. To improve the MPLS backbone network, there was a capacity upgrade in the total value of CZK 12.4 million. In addition, funds for special technologies to protect the network against hacker attacks in the amount of CZK 3.0 million were issued.

During 2022, in the category of tangible movable assets, obsolete unsaleable property was discarded and liquidated. This was primarily the disposal of equipment related to the termination of the lease of technological premises at a purchase price of CZK 25.3 million with a residual value of CZK 0.2 million, disposal of network elements, measuring devices, testers and hand tools in the aggregate value of CZK 24.2 million.

The total balance of tagible assets under construction amounted to CZK 61.0 million and comprised mainly of components for developing a network and security solution for companies from the ČD Group, by strengthening the existing or by developing of new optical connections throughout the Czech Republic.

The total net book value of tangible assets at the end of 2022 amounted CZK 1.442 billion. Investments in the area of long-term tangible assets (i.e., additions to the account of tangible assets under the construction) reached a value of CZK 101.0 million in 2022.

## Risk Management System

ČD - Telematika has implemented an integrated risk management system with the objective of limiting the impact of risks on the financial performance of the Company.

ČD-T risk management system is linked to the risk management system of České dráhy Group. The principal risks categories are strategic, operational (i.e., technological, information, asset, environmental, personnel, etc.), financial (i.e., liquidity, foreign currency, market, etc.), and compliance. Internal directives stipulate the roles of the owners and analysts who, under the supervision of the risk manager, in a defined series of steps (risk identification, analysis, assessment, addressing, monitoring and communication) implement risk processes. Risk management uses 4T methods: Take (risk acceptance), Treat (risk reduction), Transfer (risk transfer) and Terminate (risk cessation).

The risk management system is covered by the Economics and Shared Services section, and cooperates with the Security department, which to ensure the described risk management system of the Company:

- performs internal audits on an ongoing basis;
- prepares analyses of audit results and submits proposals to the Chairman of the Board of Directors for measures to eliminate deficiencies in management practice;
- performs risk identification and evaluation in cooperation with owners and risk analysts;
- participates in the design and implementation of risk management measures;
- assesses usefulness and effectiveness of the strategy and structure of the internal management and control system;
- provides standard control activities as instructed by the Chairman of the Board of Directors or by the Board of Directors and on request of the Supervisory Board;
- analyses on an ongoing basis any shortcomings in financial practice, monitoring the effectiveness of internal measures in cooperation with other units;
- plays a role in improving the Company's methodical guidelines.

The analysis of the shortcomings identified during inspections and audits are turned into suggestions for preventive measures to reduce threats and suggestions to follow-up measures to minimise impacts are being proposed.

## Human Resources Policy and Social Programme

ČD - Telematika is aware that the most important assets of each company are its employees. Therefore, it pays close attention to recruiting and motivating employees, encouraging their continuous professional growth and development, and nurturing a positive work environment.

### Workforce figures in 2022

Number of employees at 31 December	549
Average number of employees	553
Number of new employees	47
Number of terminations	54



## Workforce age structure as of 31 December 2022

Age	Number
20–30	55
31–40	71
41–50	205
51–60	157
Over 60	61

## Employee Training and Development

In 2022, there was a revitalisation of the market after two years of slowdowns due to government measures related to the COVID-19 pandemic. The number of organised events in the educational field are in line with that of the pre-COVID years. We performed training sessions in both soft and hard skills (more), mandatory/legal training, e-learning courses and language courses – also more of these. The overall costs in the educational field in the year 2022 amounted to CZK 6,218 ths.

## Social policy

ČD - Telematika is also very supportive in the social area. The ČD - Telematika collective agreement, valid from 1 January 2022 to 31 December 2024 regulates beyond the statutory requirements set forth in the Labour Code the employees' entitlements to the following additional benefits:

- reduced 37.5-hour work week,
- five weeks of paid vacation per year,
- increased severance payments beyond the legal requirement when an employee's employment is terminated for organisational reasons.

The collective agreement and ČD-T's benefits programme guarantee various packages of legal entitlements, wage and social benefits for employees. These enhance employee motivation while bringing increased fulfilment of individual needs.

In addition to these benefits, employees were remunerated for life anniversaries (fiftieth) in the amount of CZK 232 thousand and working anniversaries (retirement) of CZK 435 thousand and contributions to meals up to the maximum amount exempt from personal income tax, totaling CZK 8,361 thousand.

A Cafeteria benefit system was introduced as part of the benefit programme. Under this system, employees may select from a wide range of benefits. In 2022 employees received benefits such as additional pension insurance in the amount of CZK 5,172 thousand and life insurance contributions in the total amount of CZK 1,956 thousand, Flexi Passes and Flexi Pass Cards of CZK 2,537 thousand, bonuses in the Health category of CZK 902 thousand or Culture and Holidays of CZK 950 thousand and others.

From the social fund, employees received additional benefits including contributions for summer camps for children, dry cleaning, healthcare, holidays, etc. In 2022, the amount of CZK 2,213 thousand was drawn from the social fund.

## Charitable Activities and Sponsorship

ČD - Telematika is aware of the social responsibility that results from its position on the market. Therefore, it has long been engaged in public benefit activities and assists with projects aimed at the social sector.

In 2022, the Company continued its cooperation with the Children's Centre Chocerady – comprehensive care centre, which was supported with financial donations in the amount CZK 100,000.

The seventh year of the socially responsible "Společně pro druhé" programme distributed in a company-wide vote the amount of CZK 200,000. In this programme, the employees propose charitable projects in the social care or helping disabled or otherwise disadvantaged people areas, in which they are personally involved and for which they want to obtain contributions from the employer. In 2022, employees voted for support of two disabled children.

ČD - Telematika has become a financial partner of the Partnerství Foundation for the third time, which is behind the nationwide project We Plant the Future (Sázíme budoucnost), which focusses on planting and caring for trees. This year, by a contribution of CZK 50,000, the planting of Alej svobody (Freedom Avenue) in honor of Sir Nicholas Winston was chosen.

In 2022, ČD - Telematika also decided to support the ČD Železnice srdcem Foundation with a total contribution of CZK 250,000.

At the end of the year, the employees joined the Christmas collection organised by the non-profit organisation Good Fairies (Dobré víly), which supports children from children's homes. It was managed to raise CZK 31,437. The money were used to support a ski trip and tutoring for children from the children's home.

Employees are still provided with an email inbox narovinu@cdt.cz, which serves primarily for the need of Compliance Management which is implemented in the Company. Delivery of an electronic message to the email inbox narovinu@cdt.cz can be done via the Company intranet and also anonymously.

## **Management of Quality, Occupational Health & Safety and Fire Safety and Environmental Protection**

ČD - Telematika considers its system for managing quality, occupational health & safety (OHS), fire safety, and environmental protection to be an important part of managing the Company as a whole. Therefore, it pays close attention to complying with and fulfilling all the requirements of the Czech legislation.

### **Environment**

Work processes in the Company are designed in order to minimise adverse impact on the environment. In order to ensure environmental protection, the Company introduced EMS (Environmental Management System) in line with ČSN EN ISO 14001, based on the principle of continuous environmental protection and prevention.

### **Air Protection**

As at 31 December 2022, ČD - Telematika operated 13 sources of air pollution, capacity not listed in Appendix 2 to Act No. 201/2012 Coll., on Air Protection, and one source of air pollution with a thermal input capacity of up to 5 MW listed in Appendix 2 of Act No. 201/2012 Coll., on Air Protection. The sources of air pollution not listed in the Appendix named above, include ten gas boilers for central heating and three diesel power generators – two backup electricity sources for the ČD-T facility in Pardubice and one diesel generator – backup electricity sources for the ČD-T facility in Plzeň. The source of air pollution listed in the Appendix named above include three diesel power generators – backup sources of electricity for the data centres in Prague 9, Pod Tábořem 369/8a with a rated thermal input capacity of 7.839 MW.

### **Waste Management**

ČD - Telematika manages its generated waste in line with the applicable legislation, it records produced waste and orders its disposal in companies that are approved by locally competent authorities of state administration for the collection, purchase and use of this waste and with their operational rules. In 2022, ČD - Telematika disposed of waste at the total volume of 98.465 tonnes out of which 28.4 tonnes were dangerous waste and 70.065 tonnes of other waste. 10.094 tonnes of electrical equipment were handed over to take back, reducing the amount of generated waste.

### **Water Protection and Management**

The Company uses water from the public water system and releases wastewater and rainwater into the public sewer systems pursuant to agreement entered into with the relevant operator. An oil-water separator is included in the local sewerage system preventing the possible leakage of oil substances into the public sewer system in the area of ČD-T, Pod Tábořem 369/8a, Prague 9. In cases where there is a risk of surface and underground water pollution, internal procedures and measures are put in place to minimise any pollution that occurs. Minimising oil leakage from parking areas to public sewerage networks is ensured by an oil separator that is regularly inspected and cleaned.

### **Fire Safety**

By consistently fulfilling the tasks and measures in the area of fire safety prevention at all stages of management, it was ensured that no extraordinary event occurred and there was no damage of the property that is owned or managed by ČD - Telematika's.

### **Environmental, OHS and Fire Safety Internal Documentation**

The environmental, OHS and fire safety internal documentation was prepared for the conditions of ČD-T; it is part of the management documentation of the Company and is based on the legislation applicable for environmental protection, fire safety and OHS. Changes in the applicable legislation are monitored on a continuous basis and are recorded in the register of legal requirements; pursuant to their assessment, the administrator of documents determines the need and scope of any update to management documents from the relevant sector.

### **Occupational Health and Safety**

A system compliant with the ISO 45001 standard has been implemented to ensure OHS. Throughout all of 2022, occupational health and safety inspections were conducted aiming at assessing physical health and safety at workplaces and technical facilities. The audits found no fundamental shortcomings that could endanger the lives or health of employees. To prevent and minimise OHS risks, employees undergo regular OHS training that highlights the risks posed by the specific conditions of the relevant work site. The emphasis is placed on compliance with work procedures and the use of personal protective equipment (PPE). Managers ensure consistent management of OHS in compliance with internal requirements and applicable legislation. In 2022, nine injuries were registered. Six of them were classified as having work incapacity of more than three working days for a total of 250 working days.

# EXPECTED EVENTS, PLANS AND GOALS IN 2023

# 06



## Anticipated Development in 2023

An important task for the year 2023 is to more significantly direct the orientation of ČD-T in relation to state administration customers, using the possibility of so-called vertical cooperation with key customers as a method of simplifying public procurement. Another important task is to resolve the issue of the transfer of the part of the enterprise ensuring the performance of the ŽTM service contract for the Správa železnic in a modified form. The strategy of ČD - Telematika for the next period remains the development of business opportunities in the ČD Group, the provision of new products and connectivity services to the entire ČD Group on the ČD-T optical network. In the provision of network services, a major emphasis is placed on cyber security. The Company continues to focus on the services with higher added value, building internal competences and growing sales also outside the railway infrastructure and transport sector. The main growth opportunities in 2023 remain in the areas of ETCS, the construction activity of optical network overlays and the expansion of the management and maintenance potential when providing the services on optical networks.

In the business area of railway transport and the railway sector, ČD - Telematika is the leader in the implementation of the mobile part of the European train security system ETCS in the territory of the Czech Republic. In this area, it cooperates with technological partners, namely the companies ALSTOM and Siemens. In the course of 2023, the first ETCS order for ČD Cargo for series 163 and 363 rolling stock will be fully completed. For the customer ČD, the ETCS rolling stock project for series 362, 362 WTB, 162 WTB will be completed by the end of 2023. At the same time, ČD - Telematika managed to obtain the option of further deployment of ETCS technology for the series 961, 471, 680 and 363.5 for these two important customers; work on it will begin in 2023. In addition to the aforementioned ETCS projects, ČD - Telematika will complete the Technical Passport Infrastructure project infrastructure for the Správa železnic and a project to replace air-conditioning equipment in metro for DPP. In 2023, ČD-T will implement an important contract for the customer SŽ – Reconstruction and Segmentation of the Technological Network. ČD - Telematika will continue to expand the GSM-R infrastructure, following on from the pilot project of

Equipping ŽKV with a Mobile Signal Repeater inside Trains and Equipping Passenger Railway Cars with Wi-Fi Technology. In 2023, ČD-T will continue the project of segmenting the ČD Group's data and telecommunications network and applications from the network of the Správa železnic and will strive to expand its own data centres (DC).

As part of telecommunications services, ČD - Telematika will continue to fulfill its business opportunities in the provision of wholesale services on its own optical network, in the areas of data center services and the provision of mobile and data services to the railway sector and to customers from the state administration.

### **Operational Goals for 2023**

In 2023, ČD - Telematika plans to achieve revenues from the sale of goods and services in the amount of CZK 2,487 million and an operating result of CZK 80 million.

### **Planned Investments**

In 2023, ČD-T intends to invest a total of CZK 210 million in the acquisition of fixed assets. The largest part of the investments will be directed to the development of the ČD Group network. Most of the investments will be directed to the field of telecommunication services, specifically to the

extension and renewal of its own optical network and to the reinforcement and renewal of the technological infrastructure over the optical network with the capacity of 100Gb/s. It will also continue to invest in internal IT in the field of application support for business activities, but also in hardware and software replacement so that we boost the effectiveness of internal processes. In the standard volume, ČD - Telematika will also invest in maintenance and improvement of the technical condition of the buildings it owns. In case of infrastructure service, it will continue to renew a set of specialised measuring devices and equipment.

### **Post Balance Sheet Date Events**

Following the current geopolitical situation, following the military invasion of Ukraine by the Russian Federation, on 28 February 2022 the CNB initiated license revocation proceedings with Sberbank, a.s. As of this date, the Company had deposits in this bank worth CZK 261 million. In the course of 2022, insolvency proceedings were initiated against Sberbank. In March 2023, there will no longer be any legal obstacles to the settlement of the assets by selling part of the enterprise to Česká spořitelna and the subsequent insolvency satisfaction of registered creditors. The company ČD - Telematika therefore expects to get back a substantial amount of the deposit in 2023 at the latest.



# REPORT OF THE SUPERVISORY BOARD FOR 2022

In 2022, the Supervisory Board of ČD - Telematika a.s. (hereinafter ČD-T) continuously verified the activities of the Board of Directors and operations of the entire Company at eight regular and three correspondence meetings. When executing its role, the Supervisory Board adhered to the principles and instructions approved by the General Meeting, the Company's Articles of Association and generally binding legal regulations.

The Supervisory Board was regularly presented with the Company's partial financial results by the Board of Directors, including detailed analyses of sales, cash flows, receivables, payables, working capital, and up-to-date forecasts of the Company's financial performance for the year, intended organisational changes, and information on significant ongoing and prepared customer projects or tenders. After discussions and additional questions, the Supervisory Board acknowledged the above-listed facts.

The Board of Directors always properly requested the Supervisory Board's prior approval for contemplated operational transactions and investments exceeding the values specified in the Company's Articles of Association or the regulations set forth by the board itself. The Supervisory Board discussed and acknowledged the proposed transactions. These primarily involved investments in own optical network, large customer projects with investment volumes exceeding CZK 50 million, or the approval of a short-term financial investment program for 2022 and other matters.

The Supervisory Board was being kept informed about the progress of the Board of Directors in the negotiations of the so-called Large Contract (Contract on the Operation and Service of Railway Telecommunications Assets) with the customer Správa železnic, and also about the ČD-T receivables from Sberbank. The Supervisory Board had reviewed the Annual Report of ČD-T for the year 2021, including the notes, report on relations between related parties and the auditor's report on the auditing of the Company's financial statements for the year 2021, including its annexes, the Board of Directors' report of the Company's activities and a proposal to distribute the Company's profit for the year 2021. After reviewing all these documents, the Supervisory Board informed the General Meeting of its endorsement of the above-mentioned documents and recommended that the General Meeting approve the annual financial statements of the Company for the year 2021. The Supervisory Board approved the Board of Directors' proposal for profit distribution for 2021 and recommended that the General Meeting approved the draft.

Prague, 21 February 2023



Michal Krapinec  
Chairman of the Supervisory Board  
ČD - Telematika a.s.

# FINANCIAL PART



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## Independent Auditor's Report

To the shareholder of ČD - Telematika a.s.

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### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of ČD - Telematika a.s., with its registered office at Perneroва 2819/2a, Praha 3 (the "Company") as at 31 December 2022, and of the Company's financial performance and cash flows for the year ended 31 December 2022 in accordance with Czech accounting legislation.

### What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2022,
- the income statement for the year ended 31 December 2022,
- the statement of changes in equity for the year ended 31 December 2022,
- the statement of cash flows for the year ended 31 December 2022, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

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### Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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T: +420 251 151 111, [www.pwc.com/cz](http://www.pwc.com/cz)

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Our opinion on the financial statements does not cover the other information. In connection with our audit of the 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 or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

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### Responsibilities of the board of directors and supervisory board of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 of the Company is responsible for overseeing the financial reporting process.

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### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 the Audit regulations 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.

As part of an audit in accordance with the Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

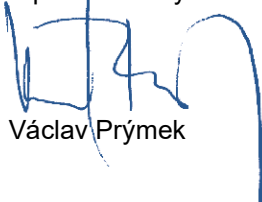


- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors and 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.

27 April 2023

PricewaterhouseCoopers Audit, s.r.o.  
represented by

  
Václav Prýmek

Petra Jirková Bočáková  
Statutory Auditor, Licence No. 2253

# FINANCIAL STATEMENTS

For the year ended 31 December 2022

Company name: ČD - Telematika a.s.  
Registered office: Perneroва 2819/2a, 130 00 Prague 3  
Legal form: joint-stockk company  
ID (IČO): 614 59 445

## Components of the Financial Statements:

Balance Sheet  
Profit and Loss Account  
Statement of Changes in Equity  
Cash Flow Statement  
Notes to the Financial Statements

These financial statements were prepared on 27 April 2023.

Statutory body of the reporting entity:



Jan Hobza  
Chairman of the Board of Directors



David Wolski  
Member of the Board of Directors

# BALANCE SHEET

As of 31. 12. 2022 (in CZK thousand)

		31. 12. 2022		31. 12. 2021	
		Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	<b>5,860,963</b>	<b>2,395,889</b>	<b>3,465,074</b>	<b>2,992,911</b>
<b>B.</b>	<b>Fixed assets</b>	<b>3,781,701</b>	<b>2,316,877</b>	<b>1,464,824</b>	<b>1,466,912</b>
<b>B.I.</b>	<b>Intangible fixed assets</b>	<b>375,833</b>	<b>354,478</b>	<b>21,355</b>	<b>27,154</b>
B.I.2.	Valuable rights	367,689	353,739	13,950	16,338
B.I.2.1.	Software	112,281	98,375	13,906	16,282
B.I.2.2.	Other valuable rights	255,408	255,364	44	56
B.I.4.	Other intangible fixed assets	985	739	246	369
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	7,159	–	7,159	10,447
B.I.5.2.	Intangible fixed assets under construction	7,159	–	7,159	10,447
<b>B.II.</b>	<b>Tangible fixed assets</b>	<b>3,404,099</b>	<b>1,962,399</b>	<b>1,441,700</b>	<b>1,437,968</b>
B.II.1.	Land and structures	2,582,465	1,409,213	1,173,252	1,020,820
B.II.1.1.	Land	54,254	–	54,254	54,254
B.II.1.2.	Structures	2,528,211	1,409,213	1,118,998	966,566
B.II.2.	Tangible movable assets and sets of tangible movable assets	759,890	553,186	206,704	179,132
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	61,744	–	61,744	238,016
B.II.5.1.	Prepayments for tangible fixed assets	747	–	747	2,165
B.II.5.2.	Tangible fixed assets under construction	60,997	–	60,997	235,851
<b>B.III.</b>	<b>Non-current financial assets</b>	<b>1,769</b>	<b>–</b>	<b>1,769</b>	<b>1,790</b>
B.III.1.	Equity investments – controlled or controlling entity	1,769	–	1,769	1,790
<b>C.</b>	<b>Current assets</b>	<b>2,015,155</b>	<b>79,012</b>	<b>1,936,143</b>	<b>1,477,206</b>
<b>C.I.</b>	<b>Inventories</b>	<b>267,035</b>	<b>6,961</b>	<b>260,074</b>	<b>381,244</b>
C.I.1.	Material	28,962	6,961	22,001	16,624
C.I.2.	Work in progress and semifinished goods	238,073	–	238,073	364,620
<b>C.II.</b>	<b>Receivables</b>	<b>1,253,025</b>	<b>72,051</b>	<b>1,180,974</b>	<b>552,046</b>
C.II.1.	Long-term receivables	135,245	–	135,245	16,073
C.II.1.1.	Trade receivables	7,183	–	7,183	5,258
C.II.1.5.	Receivables – other	128,062	–	128,062	10,815
C.II.1.5.2.	Long-term prepayments made	128,062	–	128,062	10,815
<b>C.II.2.</b>	<b>Short-term receivables</b>	<b>1,117,780</b>	<b>72,051</b>	<b>1,045,729</b>	<b>535,973</b>
C.II.2.1.	Trade receivables	703,735	6,952	696,783	294,237
C.II.2.2.	Receivables – controlled or controlling entity	50,341	–	50,341	74,956
C.II.2.4.	Receivables – other	363,704	65,099	298,605	166,780
C.II.2.4.3.	State – tax receivables	1	–	1	1
C.II.2.4.4.	Short-term prepayments made	17,814	–	17,814	103,599
C.II.2.4.5.	Estimated receivables	71,725	–	71,725	63,152
C.II.2.4.6.	Sundry receivables	274,164	65,099	209,065	28
<b>C.IV.</b>	<b>Cash</b>	<b>495,095</b>	<b>–</b>	<b>495,095</b>	<b>543,916</b>
C.IV.1.	Cash on hand	267	–	267	295
C.IV.2.	Cash at bank	494,828	–	494,828	543,621
<b>D.</b>	<b>Other assets</b>	<b>64,107</b>	<b>–</b>	<b>64,107</b>	<b>48,793</b>
D.1.	Deferred expenses	63,829	–	63,829	48,760
D.3.	Accrued income	278	–	278	33

	31. 12. 2022	31. 12. 2021
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,465,074</b>	<b>2,992,911</b>
<b>A. Equity</b>	<b>1,900,796</b>	<b>1,913,295</b>
<b>A.I. Share capital</b>	<b>1,633,684</b>	<b>1,633,684</b>
A.I.1. Share capital	1,633,684	1,633,684
<b>A.II. Share premium and capital funds</b>	<b>(231)</b>	<b>(210)</b>
A.II.2. Capital funds	(231)	(210)
A.II.2.2. Gains or losses from the revaluation of assets and liabilities (+/-)	(231)	(210)
<b>A.III. Funds from profit</b>	<b>45,162</b>	<b>39,995</b>
A.III.1. Other reserve funds	41,518	37,137
A.III.2. Statutory and other funds	3,644	2,858
<b>A.IV. Retained earnings (+/-)</b>	<b>132,446</b>	<b>152,215</b>
A.IV.1. Accumulated profits or losses brought forward (+/-)	132,446	152,215
<b>A.V. Profit or loss for the current period (+/-)</b>	<b>89,735</b>	<b>87,611</b>
<b>B.+C. Liabilities</b>	<b>1,422,158</b>	<b>930,990</b>
<b>B. Reserves</b>	<b>81,099</b>	<b>68,343</b>
B.IV. Other reserves	81,099	68,343
<b>C. Payables</b>	<b>1,341,059</b>	<b>862,647</b>
<b>C.I. Long-term payables</b>	<b>667,997</b>	<b>216,471</b>
C.I.3. Long-term prepayments received	576,109	136,071
C.I.4. Trade payables	14,070	4,026
C.I.8. Deferred tax liability	77,818	76,374
<b>C.II. Short-term payables</b>	<b>673,062</b>	<b>646,176</b>
C.II.3. Short-term prepayments received	21,033	146,922
C.II.4. Trade payables	297,237	295,445
C.II.8. Other payables	354,792	203,809
C.II.8.3. Payables to employees	22,227	19,834
C.II.8.4. Social security and health insurance payables	11,676	10,677
C.II.8.5. State – tax payables and subsidies	26,335	22,361
C.II.8.6. Estimated payables	294,538	150,916
C.II.8.7. Sundry payables	16	21
<b>D. Other liabilities</b>	<b>142,120</b>	<b>148,626</b>
D.2. Deferred income	142,120	148,626



# PROFIT AND LOSS ACCOUNT

Structured by the nature of expense method  
Year ended 31. 12. 2022 (in CZK thousand)

	Year ended 31. 12. 2022	Year ended 31. 12. 2021
I. Sales of products and services	2,372,464	1,984,348
II. Sales of goods	25,747	48,710
A. Purchased consumables and services	1,501,582	1,555,613
A.1. Costs of goods sold	25,144	43,297
A.2. Consumed material and energy	179,566	219,547
A.3. Services	1,296,872	1,292,769
B. Change in internally produced inventory (+/-)	126,548	(175,954)
C. Own work capitalised (-)	(5,787)	(8,778)
D. Staff costs	495,022	458,458
D.1. Payroll costs	355,992	332,764
D.2. Social security and health insurance costs and other charges	139,030	125,694
D.2.1. Social security and health insurance costs	119,066	109,043
D.2.2. Other charges	19,964	16,651
E. Adjustments to values in operating activities	167,533	88,844
E.1. Adjustments to values of intangible and tangible fixed assets	101,739	93,779
E.1.1. Adjustments to values of intangible and tangible fixed assets – permanent	101,739	93,779
E.2. Adjustments to values of inventories	401	(2,092)
E.3. Adjustments to values of receivables	65,393	(2,843)
III. Other operating income	27,248	14,305
III.1. Sales of fixed assets	2,667	1,695
III.3. Sundry operating income	24,581	12,610
F. Other operating expenses	32,094	18,050
F.1. Net book value of sold fixed assets	2,411	325
F.3. Taxes and charges	570	674
F.4. Reserves relating to operating activities and complex deferred expenses	12,755	9,749
F.5. Sundry operating expenses	16,358	7,302
<b>* Operating profit or loss (+/-)</b>	<b>108,467</b>	<b>111,130</b>
VI. Interest income and similar income	22,795	2,048
VI.1. Interest income and similar income – controlled or controlling entity	2,437	65
VI.2. Other interest income and similar income	20,358	1,983
J. Interest expenses and similar expenses	4	–
J.1. Interest expenses and similar expenses – controlled or controlling entity	4	–
VII. Other financial income	21,934	21,074
K. Other financial expenses	27,649	24,550
<b>* Financial profit or loss (+/-)</b>	<b>17,076</b>	<b>(1,428)</b>
<b>** Profit or loss before tax (+/-)</b>	<b>125,543</b>	<b>109,702</b>
L. Income tax	35,808	22,091
L.1. Due income tax	34,364	18,727
L.2. Deferred income tax (+/-)	1,444	3,364
<b>** Profit or loss net of tax (+/-)</b>	<b>89,735</b>	<b>87,611</b>
<b>*** Profit or loss for the current period (+/-)</b>	<b>89,735</b>	<b>87,611</b>
<b>* Net turnover for the current period</b>	<b>2,470,188</b>	<b>2,070,485</b>

# STATEMENT OF CHANGES IN EQUITY

Year ended 31. 12. 2022 (in CZK thousand)

	Share capital	Capital funds	Funds from profit, reserve fund	Accumulated profits brought forward	Profit or loss for the current period	Total equity
<b>Balance at 31 December 2020</b>	<b>1,633,684</b>	<b>(186)</b>	<b>38,269</b>	<b>254,737</b>	<b>52,610</b>	<b>1,979,114</b>
Distribution of profit or loss	–	–	5,132	47,478	(52,610)	–
Revaluation of assets and liabilities	–	(24)	–	–	–	–
Profit shares paid	–	–	–	(150,000)	–	(150,000)
Payments from capital funds	–	–	(3,406)	–	–	(3,406)
Profit or loss for the current period	–	–	–	–	87,611	87,611
<b>Balance at 31 December 2021</b>	<b>1,633,684</b>	<b>(210)</b>	<b>39,995</b>	<b>152,215</b>	<b>87,611</b>	<b>1,913,295</b>
Distribution of profit or loss	–	–	7,380	80,231	(87,611)	–
Revaluation of assets and liabilities	–	(21)	–	–	–	–
Profit shares paid	–	–	–	(100,000)	–	(100,000)
Payments from capital funds	–	–	(2,213)	–	–	(2,213)
Profit or loss for the current period	–	–	–	–	89,735	89,735
<b>Balance at 31 December 2022</b>	<b>1,633,684</b>	<b>(231)</b>	<b>45,162</b>	<b>132,446</b>	<b>89,735</b>	<b>1,900,796</b>

# CASH FLOW STATEMENT

Year ended 31. 12. 2022 (in CZK thousand)

	Year ended 31. 12. 2022	Year ended 31. 12. 2021
P. Opening balance of cash and cash equivalents	618,872	954,455
<b>Cash flows from ordinary activities (operating activities)</b>	–	–
Z. Profit or loss before tax	125,543	109,702
A.1. Adjustments for non-cash transactions	165,734	95,817
A.1.1. Depreciation of fixed assets	101,739	93,779
A.1.2. Change in provisions and reserves	78,550	4,813
A.1.3. Profit/(loss) on the sale of fixed assets	(256)	(1,370)
A.1.4. Revenues from profit shares	–	–
A.1.5. Interest expense and interest income	(22,791)	(2,048)
A.1.6. Adjustments for other non-cash transactions	8,492	643
<b>A.* Net operating cash flow before changes in working capital</b>	<b>291,277</b>	<b>205,519</b>
A.2. Change in working capital	(152,432)	(219,995)
A.2.1. Change in operating receivables and other assets	(730,066)	153,220
A.2.2. Change in operating payables and other liabilities	456,865	(193,230)
A.2.3. Change in inventories	120,769	(179,985)
A.2.4. Change in current financial assets	–	–
<b>A.** Net cash flow from operations before tax</b>	<b>138,845</b>	<b>(14,476)</b>
A.3. Interest paid	(4)	–
A.4. Interest received	20,504	1,585
A.5. Income tax paid from ordinary operations	(17,315)	(8,266)
A.6. Received profit shares	–	–
<b>A.*** Net operating cash flows</b>	<b>142,030</b>	<b>(21,157)</b>
<b>Cash flows from investing activities</b>	–	–
B.1. Fixed assets expenditures	(113,970)	(162,493)
B.2. Proceeds from fixed assets sold	717	1,563
B.3. Loans and borrowings to related parties	–	–
<b>B.*** Net investment cash flows</b>	<b>(113,253)</b>	<b>(160,930)</b>
<b>Cash flow from financial activities</b>	–	–
C.1. Change in payables from financing	–	(90)
C.2. Impact of changes in equity	(102,213)	(153,406)
C.2.1. Cash increase in share capital	–	–
C.2.2. Capital payments to partners	–	–
C.2.3. Other cash contributions made by partners	–	–
C.2.4. Settlement of loss by partners	–	–
C.2.5. Payments from capital funds	(2,213)	(3,406)
C.2.6. Profit shares paid	(100,000)	(150,000)
<b>C.*** Net financial cash flows</b>	<b>(102,213)</b>	<b>(153,496)</b>
<b>F. Net increase or decrease in cash and cash equivalents</b>	<b>(73,436)</b>	<b>(335,583)</b>
<b>R. Closing balance of cash and cash equivalents</b>	<b>545,436</b>	<b>618,872</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 2022

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## 1. GENERAL INFORMATION

### 1.1. Incorporation and Description of the Business

ČD - Telematika a.s. (hereinafter referred to as the "Company" or "ČDT") is a legal entity, a joint-stock company, that was incorporated on 18 April 1994. Originally, the Company was incorporated as a limited liability company and on 6 October 2003, its legal status was changed to a joint-stock company. In addition, as of 11 May 2005, the Company's name, ČD - Telekomunikace a.s., changed to ČD - Telematika a.s. The Company is registered in Commercial Register incorporated by the Municipal Court in Prague, Section B, Insert 8938.

The principal business activities of the Company are as follows:

- | provision of telecommunications services,
- | construction project design,
- | provision of technical services for the protection of assets and personal protection,
- | inspection and tests of the specific technical equipment used for business operations,
- | activity of accounting advisors, maintenance of accounting books and tax records,
- | assembly, repairs, inspection and testing of electrical equipment,
- | production, installation and repairs of electrical machines, appliances and electronic and telecommunication equipment,
- | communication activities on the territory of the Czech Republic,
- | building construction, alteration and removal,
- | rental property, residential and non-residential premises,
- | production, trade and services not set out in Appendices 1 – 3 of the Trade Licencing Act:
  - publishing activities, polygraphic production, bookbinding and xerographic works,
  - production of railway traction vehicles, and railway wagons, trams, trolleybuses and cable railway,
  - preparatory and finishing construction work, specialized construction activities,
  - wholesale and retail,
  - providing software, information technology consulting, data processing, hosting web portals and related activities,
  - purchase, sale, administration and maintenance of real estate,
  - rental and lending of movable property,
  - advisory and consulting activities, elaboration of professional studies and assessments,
  - landscape design,
  - preparation and elaboration of technical designs, graphic and drawing work,
  - design of electrical equipment,
  - research and development in the field of natural and technical sciences or social sciences,
  - testing, measurement, analysis and control,
  - advertising, marketing, media representation,
  - administrative and organizational services,
  - non-school education and training, organization of courses, trainings, including didactic classes,
  - provision of technical services.

The Company's registered office is located in Prague 3, Pernerova 2819/2a, 130 00, and its place of business is Prague 9, Pod Tábořem 369/8a, 190 00.

The Company's share capital amounts to CZK 1,633,684 thousand.

The Company's financial statements have been prepared as at 31 December 2022.

The reporting period is the calendar year from 1 January 2022 to 31 December 2022.

The following table shows individuals and legal entities with an equity interest in the Company and the amount of their equity interest:

Shareholder	Ownership percentage
České dráhy, a.s.	100.00
Total	100.00

## 1.2. Year-on-Year Changes in and Amendments to the Commercial Register

On 8 February 2022, the following change was registered in the Commercial Register:

■ On 31 December 2021, the membership of Pavel Kysilka in the Supervisory Board expired.

On 11 April 2022, the following changes were registered in the Commercial Register:

■ On 15 February 2022, the membership in the Supervisory Board expired for its Chairman Václav Nebeský;

■ On 16 February 2022, Josef Pašek, Pavel Kohoutek and Vladan Horák became members of the Supervisory Board.

On 13 June 2022, the following changes were registered in the Commercial Register:

■ On 31 March 2022, the membership of Josef Pašek, Pavel Kohoutek and Vladan Horák in the Supervisory Board expired;

■ On 1 April 2022, Michal Kraus and Tomáš Vrbík became members of the Supervisory Board;

■ On 30 April 2022, the membership and chairman position of Michal Krapinec in the Board of Directors expired;

■ České dráhy, a.s., was registered as the sole shareholder of the company.

On 1 August 2022, the following change was registered in the Commercial Register:

■ On 1 August 2022, Jan Hobza became a member of the Board of Directors.

On 29 August 2022 the following changes were registered in the Commercial Register:

■ On 1 May 2022, Michal Krapinec became a Chairman of the Supervisory Board;

■ On 1 August 2022, Jan Hobza became a Chairman of the Board of Directors.

On 20 October 2022 the following change was registered in the Commercial Register:

■ On 1 September 2022, the membership of Tomáš Vrbík in the Supervisory Board expired.

## 1.3. Organisational Structure of the Company

The Company is organised into the following sections:

■ Telecommunication and Infrastructure Services (ÚTIS)

■ INFRA SŽ (INFRA SŽ)

■ IT

■ Economics and Shared Services

■ Sales and Marketing

## 1.4. Board of Directors and Supervisory Board at the Reporting Date

	Position	Name
Board of Directors	Chairman	Jan Hobza
	Member	David Wolski
	Member	Tomáš Businský
Supervisory Board	Chairman	Michal Krapinec
	Member	Michal Kraus
	Member	Emanuel Šíp
	Member	Dana Putnová
	Member	Milan Gajdoš

## 1.5. Group Identification

ČD - Telematika a.s. is included in the České dráhy Consolidation Group.

Set out below is the structure of the Consolidation Group as of 31 December 2022:

Parent company	Related parties	
České dráhy, a.s.	ČD - Telematika a.s.	
	ČD - Informační Systémy, a.s.	ODP-software, spol. s r.o.
		CHAPS, s.r.o.
		ČSAD SVT Praha, s.r.o.
		SVT Slovakia s.r.o.
		Introp, s.r.o.
		Tramex Rail s.r.o.
		Smart Ticketing s.r.o.
		VUZ Slovakia, s.r.o.
	Výzkumný Ústav Železniční, a.s.	
	Smíchov Station Development, a.s.	
	Žižkov Station Development, a.s.	
	Masaryk Station Development, a.s.	
	DPOV, a.s.	
	ČD travel, s. r. o.	ČD Relax s.r.o.
	JLV, a.s.	
	ČD Bus a.s.	
	ČD Restaurant, a.s.	
	Dopravní vzdělávací institut, a.s.	
	ČD Cargo, a.s.	CD Cargo Germany GmbH
		Cargo Adria d.o.o.
		CD Cargo Hungary Kft.
		CD Cargo Austria GmbH
		CD Cargo Poland Spółka z o.o.
		CD Cargo Slovakia, s.r.o.
		ČD Cargo Logistics, a.s.
		RAILLEX, a.s.
		Terminal Brno, a.s.
		ČD-DUSS Terminál, a.s.
		BOHEMIAKOMBI, spol. s r.o.
		Ostravská dopravní společnost - Cargo, a.s.
		Ostravská dopravní společnost, a.s.

Identification information of the entities included in the Consolidation Group:

Entity	Registered office	Corporate ID	Relation to the Company
České dráhy, a.s.	Prague 1, nábreží L. Svobody 12/1222	70994226	parent
ČD Cargo, a.s.	Prague 7, Jankovcova 1569/2c	28196678	fellow subsidiary
ČD - Informační Systémy, a.s.	Prague 3, Pernerova 2819/2a	24829871	fellow subsidiary
ČD travel, s.r.o.	Prague 1, 28. října 372/5	27364976	fellow subsidiary
Dopravní vzdělávací institut, a.s.	Prague 8, Prvního pluku 621/8a	27378225	fellow subsidiary
DPOV, a.s.	Přerov, Husova 635/1b	27786331	fellow subsidiary
JLV, a.s.	Prague 4, Chodovská 228/3	45272298	fellow subsidiary
Výzkumný Ústav Železniční, a.s.	Prague 4, Novodvorská 1698	27257258	fellow subsidiary
ČD-DUSS Terminál, a.s.	Lovosice, Lukavecká 1189	27316106	related party
ČD Cargo Logistics, a.s.	Prague 1, Opletalova 1284/37	27906931	related party
Terminal Brno, a.s.	Brno, K terminálu 614/11	28295374	related party
CHAPS spol. s r.o.	Brno, Bráfova 1617/21	47547022	related party
Tramex Rail s.r.o.	Blansko, Brněnská 1748/21b	26246422	related party
ČD BUS a.s.	Olomouc, Jeremenkova 231/9	17377404	related party
ČD Cargo Slovakia s.r.o.	Bratislava, Seberíniho 1	44349793	related party
ČD Cargo Poland Sp z o.o.	Warsaw, ul. Grzybowska 4 lok. 3	140769114	related party
Ostravská dopravní společnost - Cargo, a.s.	Ostrava, U Tiskárny 616/9	05663041	related party

Note: The above includes solely those entities of the České dráhy Consolidation Group with which the Company reports business relationships.

Identification information of the other related parties outside the Consolidation Group:

Entity	Registered office	Corporate ID	Relation to the Company
XT-Card a.s.	Prague 3, Seifertova 327/85	27408256	related party
ECHIS a.s.	Prague 3, Perneroва 2819/2a	01533177	subsidiary

*Note.: Only those companies outside the Consolidation Group of České dráhy, a.s., with which the Company maintains business relationships are listed.*

### 1.6. Subsidiary

On 24 April 2013, ECHIS a.s., with its registered office at Perneroва 2819/2a, 130 00 Prague 3, Corporate ID 015 33 177, was recorded in the Commercial Register. ČDT subscribed for a total of 34 shares, representing a 34% equity investment in ECHIS a.s. On 14 September 2015, the Company purchased the remaining 66% equity investment from SOITRON Group SE, pursuant to the contract for the transfer of securities.

### 1.7. Current Economic Situation

The current economic situation is being impacted mainly by the war in Ukraine which broke out on 24 February 2022, including the related sanctions against Russia, disrupted supply chains, an energy crisis, uncertainty on the commodities and financial markets and finally by negative trends in key macroeconomic indicators with consequences on business, such as the inflation rate, growth of interest rates, volatility of foreign exchange rates and others.

The Company's management evaluated the impact of the current economic situation on its business. The findings were reflected in valuation of assets, liabilities and provisions in financial report. The Company will be impacted by prolonged delivery period of components used in customer projects and by increased costs of energy. Neither of these factors will have a significant impact on the Company.

## 2. BASIS OF ACCOUNTING AND GENERAL ACCOUNTING PRINCIPLES

The Company's accounting books and records are maintained, and the financial statements were prepared in accordance with the Accounting Act 563/1991 Coll., as amended; Regulation 500/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act 563/1991 Coll., for reporting entities that are businesses maintaining double-entry accounting records, as amended; and Czech Accounting Standards for Businesses, as amended.

The accounting records are maintained in compliance with the general accounting principles, specifically the historical cost valuation basis, with certain exceptions as disclosed in Note 3.5. Non-Current Financial Assets, the accruals principle, the prudence principle and the going concern assumption.

These financial statements are presented in thousands of Czech crowns ("CZK").

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life of greater than one year and an acquisition cost of greater than CZK 10 thousand on an individual basis.

Exceptions to the rule of the CZK 10 thousand acquisition cost include trailers, single-track vehicles, motor vehicles included in the Company's assets after the expiration of a lease contract and other assets stipulated in Act 16/1993 Coll., on Road Tax, which are always considered to be tangible assets, regardless of their acquisition cost.

Purchased tangible fixed assets are stated at cost less accumulated depreciation and any recognised impairment losses.

Tangible fixed assets developed internally are valued at direct costs, incidental costs directly attributable to the internal production of assets (production overheads), or alternatively incidental costs of an administrative character if the production period of the assets exceeds one accounting period.

Assets identified during a stock-taking that were not previously included in the accounting records and any gifts are valued at replacement cost.

The cost of fixed asset improvements exceeding CZK 40 thousand for the taxation period increases the acquisition cost of the related tangible fixed asset.

Depreciation is charged so as to write off the cost of tangible fixed assets, other than land and assets under construction, over their estimated useful lives, using the straight-line method, on the following basis:

	Depreciation method	Number of years
Buildings	Straight-line	50
Structures	Straight-line	25
Optical fibres	Straight-line	25–50
Machinery and equipment (PCs, NBs, servers, printers, monitors, scanners, switchboards, HDD, UPS, modems, etc.)	Straight-line	4
Measuring instruments	Straight-line	6–12
Air-conditioning, welding machines, lathes	Straight-line	14
Inventors, sources, switchboards, branching systems, changers, fire-fighting equipment, etc.	Straight-line	20
Drilling sets, SDH, SFP, faxes, etc.	Straight-line	8
Photographic devices, microscopes, projectors	Straight-line	10
Copying machines	Straight-line	5
Cars	Straight-line	4–8

*Note: In 2021, we re-evaluated the lifespan of optical fibres and, based on this analysis, we extended their estimated lifespan from 25 to 50 years.*

Assets held under finance leases are depreciated by the lessor.

Technical improvements on leasehold tangible fixed assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the net book value of the asset at the sale date and is recognised through the profit and loss account.

The valuation difference on acquired assets is composed of the positive difference between the valuation of the business or part thereof acquired through investment and the sum of the carrying values of individual components of assets of the investing entity net of assumed liabilities. A positive difference on acquired assets is amortised to expenses on a straight-line basis over 180 months from the acquisition.

### 3.2. Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life of greater than one year and an acquisition cost of greater than CZK 60 thousand on an individual basis, except for software, which is always amortised, regardless of the acquisition cost.

Intangible fixed assets also comprise development activities with an estimated useful life of greater than one year. Assets arising from development activities are capitalised only if utilised for repeated sale. Intangible assets arising from research and development, software and valuable rights generated internally for the Company's internal needs are not capitalised. Internally generated intangible assets are stated at the lower of internal production costs and replacement cost.

Purchased intangible fixed assets are stated at cost less accumulated amortisation and any recognised impairment losses.

The cost of fixed asset improvements exceeding CZK 60 thousand for the taxation period increases the acquisition cost of the related intangible fixed asset.

The amortisation of intangible fixed assets is recorded on a straight-line basis over their estimated useful lives as follows:

	Amortisation method	Number of years/ percentage
Research and development, internally-developed SW	Accelerated	85% in the first year, 15% in the second year
Software	Straight-line	3 years
Valuable rights – easements	Straight-line	25 years

#### 3.2.1. Valuable Rights

Valuable rights comprise easements to land not owned by the Company over which the optical networks owned by the ČD - Telematika a.s. pass.



### 3.3. Provisioning

At the balance sheet date, the Company assesses the risk of impairment of fixed assets in the Company's balance sheet. Provisions have been created for assets that do not reflect its current value. Provisions were determined as the difference between the net book value of the asset and the expected selling price.

### 3.4. Replacement Cost

The replacement cost is applied in the valuation of tangible and intangible fixed assets acquired through donation, internally-developed intangible fixed assets, in the event that the replacement cost is lower than the internal costs incurred, tangible fixed assets acquired without consideration based on a contract for the purchase of a leased asset (accounted for through a corresponding entry on the relevant accumulated depreciation account), fixed assets recently entered in the accounting records (accounted for through a corresponding entry on the relevant accumulated depreciation account), and an investment of tangible and intangible fixed assets. The replacement cost represents the cost at which the relevant assets would be acquired at the recognition date. The replacement cost is determined based on expert appraisals or based on the current price bids made by suppliers.

### 3.5. Non-Current Financial Assets

Non-current financial assets include shareholdings in associates and subsidiaries.

Investments in enterprises in which the Company has the power to govern the financial and operating policies so as to obtain benefits from their operations are treated as Equity investments in subsidiaries.

Investments in enterprises in which the Company is in a position to exercise significant influence over their financial and operating policies so as to obtain benefits from their operations are treated as Equity investments in associates.

Upon acquisition, securities and equity investments are valued at cost. The acquisition cost of securities and equity investments includes direct costs of acquisition, such as fees and charges paid to brokers, advisors and stock exchanges.

Equity investments in associates and subsidiaries are valued using the equity method of accounting. Upon acquisition, ownership interests are valued at cost, as subsequently adjusted to the value corresponding with the Company's shareholding on the associate's equity, at the balance sheet date.

### 3.6. Current Financial Assets

Current financial assets principally include cash on hand, cash deposits on bank accounts and debt securities maturing within less than one year held to maturity (bills of exchange).

Upon acquisition, current financial assets are stated at cost. The acquisition cost includes the direct costs of acquisition, such as fees and charges paid to brokers, advisors and stock exchanges.

### 3.7. Inventory

Purchased inventory is valued at acquisition cost. Acquisition cost includes the purchase cost and indirect acquisition costs such as customs fees, freight costs, postal fees, commissions and discounts.

Inventory is issued out of stock using the FIFO method (first in-first out).

#### Provisioning

The Company recognises provisions against inventory whose impairment is not deemed permanent. The value of idle inventory and the inventory whose current market value is significantly lower than the carrying value is written down through provisions. As of the balance sheet date, provisions against inventory are made based on the inventory-taking results. Provisions are established at 20–100%, pursuant to an inventory turnover analysis and individual inventory assessment. An exception is made in respect of spare parts which do not suffer moral wear-and-tear.

#### 3.7.1. Work in Progress

Under work in progress, the Company reports projects in progress, even in the event that the work has been completed and has not yet been billed to customer.

Internally developed inventory is valued at the cost of producing the inventory, which primarily consists of the direct costs of production or any other activity, and/or the portion of indirect costs relating to production or any other activity.

The calculation formula for the valuation of work in progress includes the following:

- | direct costs of material,
- | direct payroll costs,
- | production overheads – depreciation of production equipment, etc.

Work in progress is always derecognised in the month in which an invoice is issued to customer.

### **3.8. Receivables**

Upon origination, receivables are stated at their nominal value as subsequently reduced by the appropriate provisions for doubtful and uncollectable amounts.

#### **Provisioning**

Provisions are established based on the aging analysis and the assessment of individual receivables. Receivables past due by 90 – 180 days are provided for at 40%, receivables past due by 180 – 365 days are provided for at 75% and receivables past due by more than 365 days are provided for in full. Additional provisions are established based on individual assessments.

No provision is created in respect of receivables from the related parties.

### **3.9. Trade Payables**

Trade payables are stated at their nominal value.

### **3.10. Provisions**

The Company recognises provisions to cover its obligations or expenses, when the nature of the obligations or expenses is clearly defined and it is probable or certain as of the balance sheet date that they will be incurred, however their precise amount or timing is not known. The provisions recognised as of the balance sheet date represent the best estimate of expenses that will be probably incurred, or the amount of liability that is required for their settlement.

**Provision for warranty repairs** – If an obligation originated for ČDT to provide its customers with warranty repairs to supplies pursuant to effective contracts, it will recognise a provision for warranty repairs based on the historical analysis of prior warranty repairs, or in the amount of the best possible estimate as appropriate.

**Provision for legal disputes and sanctions resulting from non-compliance with the contract** – If ČDT is involved in a legal dispute or out-of-court dispute as a defendant, and if the Company or its legal representative assesses the likelihood of a negative outcome of the legal dispute or out-of-court dispute exceeding 50%, it will recognise a provision for legal disputes in the amount of the best possible estimate of the future payment.

**Provision for pensions and similar liabilities** – ČDT recognises a provision for liabilities arising from the collective agreement, primarily a special bonus to employees turning 50 years of age and to employees leaving their position for the first time upon reaching an age entitling them to an old-age pension or upon their entitlement to a full disability pension, and liabilities arising from other employment arrangements.

**Restructuring provision** – ČDT recognises a restructuring provision based on the restructuring programme approved by the relevant body. The restructuring is a programme, that significantly changes the subject of activities of the entity or the manner of how the activities of the entity are conducted. Restructuring may primarily include:

- | relocation of business activities to another locality, or discontinuation of operations,
- | reduction or discontinuation of part of business activities.

The restructuring provision can be recognised and used only for expenditures necessary for the implementation of the restructuring programme that are not associated with the ongoing activities of the Company.

**The provisions for loss-making projects** – The provision for loss-making projects is recognised when the total expected revenue from the contract is lower than the total estimated cost of the contract. The provision represents the lowest possible cost to the satisfaction of all contractual obligations.

### **3.11. Foreign Currency Translation**

Transactions denominated in foreign currencies during the year are translated using the fixed exchange rate of the Czech National Bank (hereinafter the “ČNB”) prevailing on the first day of each month.

At the balance sheet date, the monetary assets and liabilities are translated at the ČNB's exchange rate prevailing as of that date.

### **3.12. Finance Leases**

A finance lease is the acquisition of a tangible fixed asset such that, over or after the contractual lease term, ownership title to the asset transfers from the lessor to the lessee; pending the transfer of title the lessee makes lease payments to the lessor for the asset that are charged to expenses.

The initial lump-sum payment related to assets acquired under finance leases is amortised and expensed over the lease period. Future lease payments that are not due at the balance sheet date are disclosed in the notes to the financial statements but are not recognised on the balance sheet.

### **3.13. Taxation**

#### **3.13.1. Depreciation of Fixed Assets for Tax Purposes**

The depreciation of fixed assets is calculated using the straight-line and accelerated methods for tax purposes.

#### **3.13.2. Current Tax Payable**

The management of the Company has recognised a tax payable and a tax charge based on its tax calculation, which follows from its understanding of the interpretation of Czech tax legislation valid at the financial statements date and believes that the amount of tax is correct and in compliance with the effective Czech tax regulations.

#### **3.13.3. Deferred Tax**

Deferred tax is accounted for using the balance sheet liability method. Deferred tax is recognized for all temporary differences between the carrying amount of the asset or liability on the balance sheet and its tax base.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset and reported in the balance sheet in the total net value, except in cases where some partial tax assets cannot be offset against partial tax liabilities.

### **3.14. Government Grants**

Grants received to offset costs are recognised as other operating income over the period necessary to match them with the related costs. Grants received to acquire tangible and intangible fixed assets and technical improvements and grants towards interest expenses added to the cost are deducted in reporting their cost or internal cost.

### **3.15. Revenue**

Revenue is measured at the value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales-related taxes.

Sales of goods are recognised when goods are delivered and the rights related to those goods are transferred.

### **3.16. Use of Estimates**

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of the estimates, the actual results and outcomes in the future may differ from these estimates.

### **3.17. Cash-Flow Statement**

The cash flow statement is prepared using the indirect method. Cash equivalents include current liquid assets easily convertible into cash in an amount agreed in advance.

The Company uses so-called cash pooling within the České dráhy Group. A receivable (liability) that arises from cash pooling is presented in the Cash-flow statement as a part of the item Cash and Cash equivalents. If the liability arising from cash pooling represents a form of financing, then it is not presented in the Cash-flow statement as a part of the item Cash and Cash equivalents.

Cash and cash equivalents can be analysed as follows:

Cash and cash equivalents (CZK thousand)	31. 12. 2022	31. 12. 2021
Cash on hand and cash in transit	267	295
Cash at bank	494,828	543,621
Cash in the cash pool account	50,341	74,956
Total cash and cash equivalents	545,436	618,872

Cash flows from operating, investment and financial activities presented in the cash flow statement are not offset.

### 3.18. Related Parties

The Company's related parties are considered to be the following:

- ▮ parties, which directly or indirectly control the Company, their subsidiaries and associates;
- ▮ parties, which have directly or indirectly significant influence on the Company;
- ▮ members of the Company's or parent company's statutory and supervisory boards and management and parties close to such members, including entities in which they have a controlling or significant influence;
- ▮ subsidiaries and associates.

### 3.19. Subsequent Events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as of the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are quantified and disclosed, but are not themselves recognised in the financial statements.

## 4. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND PROFIT LOSS ACCOUNT

### 4.1. Intangible Fixed Assets

Cost

(CZK thousand)	As of 31. 12. 2020	Additions	Disposals/ Transfers	As of 31. 12. 2021	Additions	Disposals/ Transfers	As of 31. 12. 2022
Software	94,531	13,829	208	108,152	5,293	1,164	112,281
Royalties	255,408	–	–	255,408	–	–	255,408
Other IFA	985	–	–	985	–	–	985
IFA in the course construction	9,855	14,421	13,829	10,447	10,996	14,284	7,159
Total	360,779	28,250	14,037	374,992	16,289	15,448	375,833

Accumulated Amortisation

(CZK thousand)	As of 31. 12. 2020	Additions	Disposals/ Transfers	As of 31. 12. 2021	Additions	Disposals/ Transfers	As of 31. 12. 2022
Software	86,592	5,486	208	91,870	7,669	1,164	98,375
Royalties	136,786	17	–	136,803	12	–	136,815
Other IFA	492	124	–	616	123	–	739
IFA in the course construction	–	–	–	–	–	–	–
Total	118,549	–	–	118,549	–	–	118,549
Total	342,419	5,627	208	347,838	7,804	1,164	354,478

Net Book Value

(CZK thousand)	As of 31.12.2021	As of 31.12.2022
Software	16,282	13,906
Royalties	56	44
Other IFA	369	246
IFA in the course construction	10,447	7,159
Total	27,154	21,355

The most significant additions to intangible fixed assets in 2022 included the purchase of VEST software licenses for issuing statements regarding the existence of networks.

In the second half of 2022, the implementation work associated with the unification of invoicing systems project was disposed.

Additions of intangible assets in 2021 included expenditures on programming a new corporate application Evidence of Contract Documents, and further the investment in the replacement of the existing personnel system and in the consolidation of support applications were completed. New Microsoft software licenses have been acquired through a regular renewal purchase.

No significant intangible assets were disposed of in 2021.

## 4.2. Tangible Fixed Assets

### Cost

(CZK thousand)	As of 31. 12. 2020	Additions	Disposals/ Transfers	As of 31. 12. 2021	Additions	Disposals/ Transfers	As of 31. 12. 2022
Land	54,254	–	–	54,254	–	–	54,254
Buildings	2,328,317	8,910	517	2,336,710	195,190	3,689	2,528,211
Equipment	750,845	22,910	32,260	741,495	80,231	61,836	759,890
TFA in the course construction	92,318	175,352	31,819	235,851	100,938	275,792	60,997
Advances paid for TFA	1,791	644	270	2,165	1,091	2,509	747
<b>Total</b>	<b>3,227,525</b>	<b>207,816</b>	<b>64,866</b>	<b>3,370,475</b>	<b>377,450</b>	<b>343,826</b>	<b>3,404,099</b>

### Accumulated Depreciation

(CZK thousand)	As of 31. 12. 2020	Additions	Disposals/ Transfers	As of 31. 12. 2021	Additions	Disposals/ Transfers	As of 31. 12. 2022
Land	–	–	–	–	–	–	–
Structures	1,332,645	38,016	517	1,370,144	42,758	3,689	1,409,213
Equipment	544,160	50,462	32,259	562,363	52,659	61,836	553,186
<b>Total</b>	<b>1,876,805</b>	<b>88,478</b>	<b>32,776</b>	<b>1,932,507</b>	<b>95,417</b>	<b>65,525</b>	<b>1,962,399</b>

### Net Book Value

(CZK thousand)	As of 31. 12. 2021	As of 31. 12. 2022
Land	54,254	54,254
Structures	966,566	1,118,998
Equipment	179,132	206,704
TFA in the course construction	23,851	60,997
Advances paid for TFA	2,165	747
<b>Total</b>	<b>1,437,968</b>	<b>1,441,700</b>

The largest additions in 2022 in the structures category were expenses for the preparation of geometric plans. Following registration in the real estate cadastre, the initial price of the affected optical routes was increased by these expenses. In 2022, investments were also made in the construction of new or improvement of existing optical connections on routes and locations at Most – Kadaň, Prague, Pardubice – Hradec Králové and Bludov – Hanušovice. Furthermore, construction modifications were made to administrative buildings in Olomouc, Ostrava, Prague, Ústí nad Labem and Liberec. The main construction activities took place in Olomouc, where the administrative building, storage halls, paved areas and garages were reconstructed. In other locations, reconstruction of social facilities and kitchens took place alongside the installation of new lighting, extension of parking areas for employees and the construction of new fencing.

In the structures category, investments were made in 2021 in new optical routes, mainly on the following routes and locations: Mladá Boleslav – Turnov, Prague Smíchov – Hostivice, Brno Main Station and Ostrava – Opava. As part of investments in buildings, office buildings in Prague, Ústí nad Labem, Liberec and Ostrava were reconstructed. These were minor modifications to the offices – soundproofing, expansion of parking areas for employees and construction of new fencing.

In 2022, additions in the category of equipment were mainly made up of investments in the construction of new CWDM and DWDM circuits. The MPLS backbone network has been improved through a capacity upgrade to the existing technology. Special measuring devices and hand tools were purchased for the maintenance of the customer network. Laptops, desktops and monitors were purchased as part of the regular IT renewal programme. Technological rooms throughout the Czech Republic were equipped with masts, air conditioners, backup batteries, power supplies and racks. We also purchased special technologies to protect the network from hacker attacks.



The most significant additions to individual movable tangible assets in 2021 consisted mainly of investments in strengthening the ethernet and internet network IPNET for the cities of Plzeň and Ústí nad Labem. Special measuring instruments and hand tools were purchased in order to maintain of the customer network. Technological rooms, so-called POPs, were equipped with masts, air conditioners, backup batteries, power supplies and racks. As part of the strengthening of the capacity of the WDM optical transport networks, new components were installed. Laptops, desktops and monitors were also purchased as part of a regular computer renewal program. New multifunctional excavators were purchased for the cable network service staff. An extension for a comprehensive solution for remote energy and water readings was installed at the branches in Ústí nad Labem, Liberec, Olomouc and Brno.

In the structures category, investments in technological premises were sold during 2022 in connection with the termination of the lease.

The most significant disposals in the structures category in 2021 included sales of part of optical fibre routes and HDPE pipes to Správa železnic, state organisation and other customers.

As of the end of 2022, tangible fixed assets in the course of construction consisted mainly of purchased components for a constructed network and security solution for companies from the ČD, a.s. group, and unfinished projects for the construction of optical routes in various regions of the Czech Republic. The reconstruction of the new administrative building in Olomouc also began this year.

The total balance of unfinished investments as of the last day of 2021 in the area of tangible assets consisted mainly of the purchase of geometric plans for marking the serviceability of ABP engineering networks and components of CWDM and DWDM technologies to strengthen existing networks. This year, another planned reconstruction of the Olomouc Trocnovská building complex also began.

#### 4.2.1. Assets Held Under Finance Leases

Finance leases with following purchase of the leased asset

(CZK thousand)	Date of inception	Lease period in months	Total lease value	Payments made at 31 Dec 2021	Payments made at 31 Dec 2022	Due in 2023	Due in the following years
Asset description							
VW Transporter Kombi 2,0TDI	4/18	54	645	537	645	–	–
Total			645	537	645	–	–

The above figures are net of VAT if input VAT recovery is possible.

#### 4.2.2. Operating Leasing

(CZK thousand)	Date of inception	Lease period in months	Total lease value	Payments made at 31 Dec 2021	Payments made at 31 Dec 2022	Due in 2023	Due in the following years
Asset description							
Car fleet	01/16–07/27	36–84	49,992	19,866	30,008	8,657	11,327
Total			49,992	19,866	30,008	8,657	11,327

### 4.3. Assessment of Fixed Assets for Impairment

At the balance sheet date, the Company recognised provisions for the remaining amortised cost of encumbrances recorded in Other valuable rights in the amount CZK 118,548 thousand (as of 31 December 2021 in the amount CZK 118,548 thousand).

### 4.4. Non-Current Financial Assets

#### 4.4.1. Equity Investments in Controlled or Controlling Entities

2022

(CZK thousand)	Registered office	Cost	Ownership percentage	Equity	Profit/Loss	Valuation at 31 Dec 2022
Entity						
ECHIS a.s.	Prague 3, Perneroova 2819/2a	2,000	100%	1,769	(21)	1,769
Total		2,000		1,769	(21)	1,769

2021

(CZK thousand) Entity	Registered office	Cost	Ownership percentage	Equity	Profit/Loss	Valuation at 31 Dec 2021
ECHIS a.s.	Prague 3, Pernerova 2819/2a	2,000	100%	1,790	(24)	1,790
<b>Total</b>		<b>2,000</b>		<b>1,790</b>	<b>(24)</b>	<b>1,790</b>

#### 4.5. Inventories

As of 31 December 2022, and 31 December 2021, the net book value of inventory of material amounted to CZK 22,001 thousand and CZK 16,624 thousand, respectively. As of 31 December 2022, and 31 December 2021, provisions for the inventory of material amounted to CZK 6,961 thousand and CZK 6,560 thousand, respectively. The provisions were made against slow-moving inventory and impaired material.

Material principally includes the following components: information technology equipment, notebooks, PCs, spare parts and spare parts necessary for the maintenance of telecommunication networks.

The balance of work in progress as of 31 December 2022 was CZK 238,073 thousand, respectively CZK 364,620 thousand as of 31 December 2021, and consisted, as in the previous year, of projects in progress concerning the construction and installation of telecommunications infrastructure and other ICT projects.

#### 4.6. Long-Term Receivables

Long-term receivables (CZK thousand)	As of 31 Dec 2022	As of 31 Dec 2021
Other prepayments (advances and other deposits)	224	176
Long-term advances granted to subcontractors	127,838	10,639
Long-term suspensions	7,183	5,258
<b>Total long-term receivables</b>	<b>135,245</b>	<b>16,073</b>

#### 4.7. Short-Term Receivables

The structure of trade receivables is broken down by receivables from entities included in the Consolidation Group and entities outside the group.

Unsettled receivables are not covered by guarantees and none of them is due after more than 5 years. The Company has no receivables nor provided any guarantees which are not included in the balance sheet.

##### 4.7.1. Aging of Intercompany Trade Receivables

(CZK thousand)	Category	Before due	0–90 days	91–180 days	Past due 181–360 days	1–2 years	2 and more years	Total past due	Total
Year									
2022	Gross	356,769	323	242	–	–	–	565	357,334
	Provisions	–	–	–	–	–	–	–	–
	Net	356,769	323	242	–	–	–	565	357,334
2021	Gross	103,053	303	86	5	–	–	394	103,447
	Provisions	–	–	–	–	–	–	–	–
	Net	103,053	303	86	5	–	–	394	103,447

##### 4.7.2. Aging of Other-than-Intercompany Trade Receivables

(CZK thousand)	Category	Before due	0–90 days	91–180 days	Past due 181–360 days	1–2 years	2 and more years	Total past due	Total
Year									
2022	Gross	333,840	3,301	3,853	1,678	–	3,729	12,561	346,401
	Provisions	–	–	1,545	1,678	–	3,729	6,952	6,952
	Net	333,840	3,301	2,308	–	–	–	5,609	339,449
2021	Gross	176,365	13,052	3,541	308	302	3,881	21,084	197,449
	Provisions	637	–	1,531	308	302	3,881	6,022	6,659
	Net	175,728	13,052	2,010	–	–	–	15,062	190,790

#### 4.7.3. Intercompany Receivables

##### Short-Term Receivables

Company name (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
České dráhy, a.s.	129,300	18,598
ČD Cargo, a.s.	222,553	79,979
DPOV, a.s.	433	250
ČD-DUSS Terminál, a.s.	8	19
Výzkumný Ústav Železniční, a.s.	178	548
ČD - Informační Systémy, a.s.	4,630	3,743
JLV, a.s.	74	61
ČD Cargo Logistics, a.s.	39	37
ČD travel, s.r.o.	28	28
Dopravní vzdělávací institut, a.s.	66	144
XT-Card a.s.	5	5
Ostravská dopravní společnost - Cargo, a.s.	5	35
ČD Bus a.s.	15	–
<b>Total short-term intercompany receivables</b>	<b>357,334</b>	<b>103,447</b>
Other than intercompany receivables	339,449	190,790
<b>Total short-term receivables</b>	<b>696,783</b>	<b>294,237</b>

#### 4.8. Short-Term Prepayments Made

Short-term prepayments made (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Prepayments for leases and lease-related services	101	226
Prepayments of electricity, heat and water	8,671	1,838
Prepayments for easements and payments for the use of land	252	225
Prepayments for marketing events	–	22
Prepayments for the delivery of customer solutions	8,601	101,246
Prepayments for employee training	154	–
Other	35	42
<b>Total short-term prepayments made</b>	<b>17,814</b>	<b>103,599</b>

#### 4.9. Estimated Receivables

Estimated receivables (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Estimated receivables from unbilled telecommunication services	13,906	14,618
Estimated receivables from credit notes and bonuses from suppliers	53,348	5
Estimated receivables from insurance proceeds	1,088	1,044
Estimated receivables from the rebilling of expenses related to the optical network	795	780
Estimated receivables from the lease of non-residential premises	924	1,105
Estimated receivables from the lease of the optical network, server housing	125	2,404
Estimated receivables from financial interest and interest on term deposits	462	463
Estimated receivables from unbilled supplies of customer solutions	274	42,035
Estimated receivables from operating subsidy	784	694
Estimated receivables – other	19	4
<b>Total estimated receivables</b>	<b>71,725</b>	<b>63,152</b>

#### 4.10. Other Receivables

Nominal value of other receivables as of 31 December 2022 in the amount of CZK 274,164 thousand consists primarily of a receivable from Sberbank CZ, a.s. v likvidaci (in liquidation) in the amount of CZK 274,154 thousand, a provision in the amount of CZK 65,099 thousand was created for this receivable.

#### 4.11. Current Financial Assets

Total current financial assets and cash (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Cash on hand	267	295
Cash	267	295
Current accounts	494,828	543,621
Cash at bank	494,828	543,621
Total current financial assets and cash	495,095	543,916

#### 4.12. Prepayments and Accrued Income

##### 4.12.1. Deferred Expenses

Deferred expenses (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Licenses and other SW services	243	580
Lease of the optical network	10,567	10,081
SW and HW support	49,788	36,700
Newspaper and magazine subscriptions	27	19
Certification costs	17	10
Other personnel costs	441	255
Insurance	1,128	417
Low-value tangible assets up to CZK 10 thousand	899	545
Marketing activities	7	41
Rental and rental-related services	55	46
Project services	638	–
Other	19	66
Total deferred expenses	63,829	48,760

#### 4.13. Equity

As of 31 December 2022, the share capital amounted to CZK 1,633,684 thousand. The share capital comprises 2,042,105 registered shares in the certificate form with a nominal value of CZK 800 per share.

The Company České dráhy, a.s. with the registered office at Praha 1, Nábřeží L. Svobody 1222 prepares the consolidated financial statements of the smallest as well as the largest group of entities of which the Company forms a part as a subsidiary.

The profit for the year 2021 in the amount of CZK 87,611 thousand was distributed pursuant to the decision passed by the General Meeting on 28 June 2022 as follows:

- ! CZK 4,380 thousand – used for an increase in the statutory reserve fund,
- ! CZK 3,000 thousand – used for an increase in the social fund,
- ! CZK 19,769 thousand – was transferred from retained earnings and
- ! CZK 100,00 thousand – was paid in the form of dividends.

During the year, withdrawals in the amount of CZK 2,213 thousand were made from the social fund in line with the collective agreement.

During 2022, the capital funds from the revaluation of assets decreased by CZK 21 thousand as a result of the revaluation of the Company's equity investment in a subsidiary using the equity method of accounting.

Until the date of issue of these financial statements, the Company did not propose to distribute profit for the year 2022.

#### 4.14. Provisions

Provisions (údaje v tis. Kč)	As of 31. 12. 2022	As of 31. 12. 2021
Provision for legal disputes and sanctions resulting from non-compliance contracts	18,215	6,600
Provision for obligations arising from the collective agreement	14,916	15,674
Restructuring provision	40,868	41,269
Provision for warranty repairs	7,100	4,800
Total provisions	81,099	68,343

The amount of the provision for legal disputes and sanctions resulting from non-compliance contracts was determined in cooperation with the Company's legal advisors pursuant to the re-assessment of the development of the Company's position in the legal dispute.

The provision for liabilities arising from the collective agreement related to the commitment to pay extraordinary bonuses provided to employees when turning 50 years of age and to employees leaving their position for the first time when reaching an age entitling them to pension and other liabilities arising from other employment arrangements. During 2022, there was no significant changes of these extraordinary bonuses, which would have a material impact on the amount of this provision.

The restructuring provision is be intended to cover the increased one-off costs relating to the decrease in the available servicing capacity. The provision is be recognised for the settlement of liabilities arising from the collective agreement and premature termination of business contracts.

#### 4.15. Payables

##### 4.15.1. Long-Term Payables

Long-term payables include payables maturing within more than one year as of the balance sheet date and a deferred tax liability.

As of 31 December 2022 and 31 December 2021, the balance principally includes mainly a long-term retention fee arising from the contract and long-term advances received for financing of customer solutions.

As of 31 December 2022, the Company reports payables maturing within more than five years in the amount of CZK 113 thousand. As of 31 December 2021, payables maturing within more than five years amounted of CZK 109 thousand.

Trade and other payables have not been secured against any assets of the Company.

#### 4.16. Short-Term Payables

##### 4.16.1. Aging of Intercompany Payables

(CZK thousand)	Category	Not due	0–90 days	91–180 days	Past due 181–360 days	1–2 years	2 and more years	Total overdue	Total
Year									
2022	Short-term	7,873	158	–	–	–	–	158	8,031
2021	Short-term	8,636	–	16	–	–	–	16	8,652

##### 4.16.2. Aging of Other-than-intercompany Payables

(CZK thousand)	Category	Not due	0–90 days	91–180 days	Past due 181–360 days	1–2 years	2 and more years	Total overdue	Total
Year									
2022	Short-term	232,382	5,331	47,133	2,909	1,451	–	56,824	289,206
2021	Short-term	269,737	11,838	–	5,216	2	–	17,056	286,793

##### 4.16.3. Intercompany Payables

###### Short-Term Trade Payables

Entity (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
ČD Cargo, a.s.	110	6
České dráhy, a.s.	233	557
ČD - Informační Systémy, a.s.	7,409	7,189
Dopravní vzdělávací institut, a.s.	9	121
CHAPS spol. s r.o.	240	3
Výzkumný Ústav Železniční, a.s.	30	776
Total short-term trade intercompany payables	8,031	8,652
Other than intercompany payables	289,206	286,793
Total short-term trade payables	297,237	295,445

#### 4.17. Future Contractual Obligations

The Company has the following future lease obligations:

Future contractual obligations (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Payable within 1 year	176	1,459
Payable within 1–5 years	706	–
<b>Total future contractual obligations</b>	<b>882</b>	<b>1,459</b>

The Company recognises future lease obligation from the lease of optical fibre cables, and future revenues from customer contracts from sub-leasing these cables. Due to significant difficulty in calculating these future obligations and future contracted revenues, these liabilities were not quantified in the financial statements.

As of the date of preparation of these financial statements, management is not aware of any other significant future contractual obligations.

#### 4.18. Income Taxation

##### 4.18.1. Deferred Tax

The deferred tax liability is analysed as follows:

Deferred tax (liability)/asset (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Difference between the carrying amount and the tax base of fixed assets	(97,488)	(93,101)
Allowance for inventory	1,323	1,246
Allowance for receivables	611	533
Provisions	15,409	12,985
Estimated payables arising from outstanding vacation days	342	286
Estimated payables arising from bonuses – social security and health insurance	1,947	1,686
Outstanding contractual interest income on default and fines	(8)	(11)
Outstanding contractual interest expenses on default and fines	46	2
<b>Total deferred tax (liability)</b>	<b>(77,818)</b>	<b>(76,374)</b>

##### 4.18.2. Income Tax Charge

The charge for the year can be reconciled to the profit and loss account as follows:

Income tax on ordinary and extraordinary activities (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Profit before tax	125,543	109,702
Income tax rate	19%	19%
Tax at the domestic income tax rate	23,853	20,843
Tax effect of expenses/income not allowable in determining taxable profit	10,835	(1,789)
Amounts decreasing the tax base – gifts	(114)	(152)
Tax relief	(210)	(182)
Tax refund for prior years	–	7
<b>Total income tax on ordinary and extraordinary activities</b>	<b>34,364</b>	<b>18,727</b>

The effective tax rate in 2022 was 29% (in 2021: 20%).

#### 4.19. Due Payables Arising from Social Security and Health Insurance Contributions and Tax Arrears

The Company does not report any due payables arising from social security and health insurance and any due tax arrears.

#### 4.20. Short-Term Prepayments Received

Short-term prepayments received (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Prepayments for the delivery of customer solutions	19,737	145,270
Prepayments for the delivery of construction work	100	313
Prepayments for the lease of buildings, energy and related services	1,141	1,298
Other	55	41
<b>Total short-term prepayments received</b>	<b>21,033</b>	<b>146,922</b>



#### 4.21. Estimated Payables

Estimated payables (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Estimated payables from rental, heat and electricity	20,928	12,735
Estimated payables from unbilled sub-supplies	204,897	65,933
Estimated payables from the fees for establishing servitude	12,046	12,061
Estimated items for payroll bonuses and other salaries	40,376	34,973
Estimated payables from outstanding vacation days	1,802	1,506
Estimated payables from non-rebilled optical network costs	985	1,000
Estimated payables from the fees to the Czech Telecommunication Office	582	582
Estimated payables from marketing costs	550	274
Estimated payables from advisory and legal services	524	119
Estimated payables from the purchase of telecommunication services	4,865	9,347
Estimated payables from HW and SW support	10	165
Estimated payables from car repairs and car fleet administration	2,575	1,546
Estimated payables for damage on the transmission network	2,512	3,840
Estimated payables from audit	229	229
Estimated payables from contractual interest and penalties	475	475
Estimated payables from unbilled supplies of fixed assets	140	4,162
Estimated payables from unbilled supplies of material, etc.	892	82
Estimated payables for other personnel costs	51	1,771
Other	99	116
<b>Total estimated payables</b>	<b>294,538</b>	<b>150,916</b>

#### 4.22. Accruals and Deferred Income

##### 4.22.1. Deferred Income

Deferred income (CZK thousand)	As of 31. 12. 2022	As of 31. 12. 2021
Income from the lease of the optical network	124,596	137,073
Income from the maintenance and construction of the telecommunication infrastructure	17,524	11,553
<b>Total deferred income</b>	<b>142,120</b>	<b>148,626</b>

#### 4.23. Details of Income by Principal Activity

(CZK thousand)	Year ended 31 Dec 2022			Year ended 31 Dec 2021		
	Domestic	Abroad	Total	Domestic	Abroad	Total
Sales of goods	11,984	–	11,984	11,546	–	11,546
Sales of goods – group entities	13,763	–	13,763	37,164	–	37,164
<b>Total sales of goods</b>	<b>25,747</b>	<b>–</b>	<b>25,747</b>	<b>48,710</b>	<b>–</b>	<b>48,710</b>
Sales of services	1,294,855	18,506	1,313,361	1,333,379	5,416	1,338,795
Sales of services – group entities	1,059,103	–	1,059,103	645,553	–	645,553
<b>Total sales of services</b>	<b>2,353,958</b>	<b>18,506</b>	<b>2,372,464</b>	<b>1,978,932</b>	<b>5,416</b>	<b>1,984,348</b>
Other operating income	17,815	–	17,815	8,395	–	8,395
Other operating income – group entities	6,766	–	6,766	4,215	–	4,215
<b>Total other operating income</b>	<b>24,581</b>	<b>–</b>	<b>24,581</b>	<b>12,610</b>	<b>–</b>	<b>12,610</b>

#### 4.23.1. Income Generated with Related Parties 2022

(CZK thousand)	Relation to the Company	Goods	Services	Other operating income	Total
Entity					
České dráhy, a.s.	parent	10,237	661,980	2,694	674,911
ČD Cargo, a.s.	fellow subsidiary	2,929	365,283	–	368,212
DPOV, a.s.	fellow subsidiary	49	6,397	–	6,446
Výzkumný Ústav Železniční, a.s.	fellow subsidiary	262	1,880	–	2,142
JLV, a.s.	fellow subsidiary	140	505	–	645
ČD Cargo Logistics, a.s.	related party	–	333	–	333
ČD travel, s.r.o.	fellow subsidiary	132	362	–	494
Dopravní vzdělávací institut, a.s.	fellow subsidiary	5	730	–	735
XT-Card a.s.	related party	9	54	–	63
Terminal Brno, a.s.	related party	–	60	–	60
ČD-DUSS Terminál, a.s.	related party	–	83	–	83
ČD - Informační Systémy, a.s.	fellow subsidiary	–	21,071	4,060	25,131
ČD BUS a.s.	related party	–	320	–	320
ECHIS a.s.	subsidiary	–	–	12	12
Ostravská dopravní společnost - Cargo, a.s.	related party	–	45	–	45
<b>Total</b>		<b>13,763</b>	<b>1,059,103</b>	<b>6,766</b>	<b>1,079,632</b>

#### 2021

(CZK thousand)	Relation to the Company	Goods	Services	Other operating income	Total
Entity					
České dráhy, a.s.	parent	33,751	288,048	130	321,929
ČD Cargo, a.s.	fellow subsidiary	2,603	312,721	–	315,324
DPOV, a.s.	fellow subsidiary	64	1,710	–	1,774
Výzkumný Ústav Železniční, a.s.	fellow subsidiary	574	4,914	–	5,488
JLV, a.s.	fellow subsidiary	75	492	–	567
ČD Cargo Logistics, a.s.	related party	–	279	–	279
ČD travel, s.r.o.	fellow subsidiary	–	362	–	362
Dopravní vzdělávací institut, a.s.	fellow subsidiary	1	648	–	649
XT-Card a.s.	related party	4	56	–	60
Terminal Brno, a.s.	related party	29	41	–	70
ČD-DUSS Terminál, a.s.	related party	15	79	–	94
ČD - Informační Systémy, a.s.	fellow subsidiary	48	34,146	4,073	38,267
CHAPS spol. s r.o.	related party	–	1	–	1
Tramex Rail s.r.o.	related party	–	1,999	–	1,999
ECHIS a.s.	subsidiary	–	–	12	12
Ostravská dopravní společnost - Cargo, a.s.	related party	–	57	–	57
<b>Total</b>		<b>37,164</b>	<b>645,553</b>	<b>4,215</b>	<b>686,932</b>

All related party proceeds were generated on an arm's length basis.

#### 4.23.2. Purchases from the Related Parties 2022

Entity (CZK thousand)	Relation to the Company	Goods	Services	Consumed energy	Total
České dráhy, a.s.	parent	209	3,109	526	3,844
ČD Cargo, a.s.	fellow subsidiary	–	130	19	149
Dopravní vzdělávací institut, a.s.	fellow subsidiary	–	31	–	31
ČD - Informační Systémy, a.s.	fellow subsidiary	–	39,931	–	39,931
CHAPS s.r.o.	related party	224	11	–	235
Výzkumný Ústav Železniční, a.s.	fellow subsidiary	–	850	–	850
ČD Cargo Poland Sp. z o.o.	related party	–	56	–	56
<b>Total</b>		<b>433</b>	<b>44,118</b>	<b>545</b>	<b>45,096</b>

2021

Entity (CZK thousand)	Relation to the Company	Goods	Services	Consumed energy	Total
České dráhy, a.s.	parent	419	6,903	456	7,778
ČD Cargo, a.s.	fellow subsidiary	2,000	111	14	2,125
Dopravní vzdělávací institut, a.s.	fellow subsidiary	–	138	–	138
ČD - Informační Systémy, a.s.	fellow subsidiary	–	33,160	–	33,160
ČD travel, s.r.o.	fellow subsidiary	–	6	–	6
CHAPS s.r.o.	related party	67	410	–	477
Výzkumný Ústav Železniční, a.s.	fellow subsidiary	–	7,940	–	7,940
ČD Cargo Slovakia s.r.o.	related party	–	324	–	324
<b>Total</b>		<b>2,486</b>	<b>48,992</b>	<b>470</b>	<b>51,948</b>

#### 4.23.3. Purchases and Sales of Fixed Assets and Non-Current Financial Assets with Related Parties

##### Sales

In the year 2022 and 2021, there were no sales of intangible, tangible or financial assets to related parties.

##### Purchases

2022

Entity (CZK thousand)	Relation to the Party	Intangible FA	Tangible FA	Financial A
České dráhy, a.s.	parent	–	15,777	–
<b>Total</b>		<b>140</b>	<b>15,777</b>	<b>–</b>

In 2022, long-term tangible assets were acquired from the company České dráhy, a.s., this was the establishment of servitudes (easements) on land owned by the parent company for sections of the optical network.

2021

Entity (CZK thousand)	Relation to the Party	Intangible FA	Tangible FA	Financial A
České dráhy, a.s.	parent	–	13,309	–
ČD - Informační Systémy, a.s.	fellow subsidiary	140	–	–
<b>Total</b>		<b>140</b>	<b>13,309</b>	<b>–</b>

In 2021, we paid fees for the establishment of servitudes (easements) on land owned by České dráhy, a.s., under the newly built sections of the optical network. From ČD - Informační Systémy, a.s. programming work was purchased in connection with the implementation of the new personnel and payroll system PERON and the construction of a new ČDT website.

#### 4.24. Consumption of Materials and Energy

Consumption of materials and energy (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Consumed material	142,418	188,872
Consumed energy	23,456	20,401
Consumed fuel	13,692	10,274
Total consumption of materials and energy	179,566	219,547

#### 4.25. Services

Services (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Repairs and maintenance	3,940	4,790
Travel expenses	4,545	3,076
Representation costs	3,822	1,414
Telecommunication and ICT services	341,799	220,176
Advisory, legal services and audit	34,644	18,821
Rental	24,710	31,626
Leasing	15,859	15,035
Training	6,218	4,346
Marketing services	6,580	5,032
Operation of buildings and waste disposal	10,996	11,054
Print services	1,042	946
Sub-supplies	769,271	870,545
SW and HW support	23,540	41,467
Machinery and equipment maintenance and inspection	45,703	57,847
Other services	4,203	6,594
Total services	1,296,872	1,292,769

The subcontracting expenses mainly represent services purchased in connection with projects implemented for customers within the ČD Group and Správa železnic.

##### 4.25.1. Total Expenses for Fees to the Statutory Audit Company

Information about audit fees to PricewaterhouseCoopers Audit, s.r.o are included in consolidated financial statements prepared by the parent company České dráhy, a.s.

#### 4.26. Value Adjustments to Intangible and Tangible Fixed Assets

Value adjustments to intangible and tangible fixed assets – permanent (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Value adjustments to intangible fixed assets	7,804	5,626
Value adjustments to tangible fixed assets	93,935	88,153
Total value adjustments to intangible and tangible fixed assets – permanent	101,739	93,779

#### 4.27. Expenses/Revenue from Fixed Assets Sold

Revenues from fixed assets sold in 2022 amounted to CZK 2,667 thousand. A key item of the fixed assets sold in 2022 was the equipment sold following the termination of the lease of technological premises. Revenue from this transaction amounted to CZK 1,408 thousand. Other revenue consisted of the sale of part of the optical fibre routes and the sale of unnecessary computer equipment and mobile phones to the Company's employees.

Total sales of fixed assets in the year 2021 amounted to CZK 1,695 thousand. Principal sales of fixed assets in the year 2021 primarily included the sale of part of the optical fibre routes and HDPE pipes. Revenue from these sales amounted to CZK 1,090 thousand. Other significant revenue from fixed assets sold consisted mainly of motor vehicles and unnecessary computer equipment and mobile phones.

#### 4.28. Other Operating Income

Other operating income (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Contractual penalties and default interest	13,017	170
Payments received from employees for fuel consumption – private trips	1,767	1,187
Portion of the costs of the shared services related to ČD-IS	4,060	4,074
Rent	1,200	1,250
Operating grants	1,783	1,572
Other operating income	2,754	4,357
<b>Total other operating income</b>	<b>24,581</b>	<b>12,610</b>

#### 4.29. Other Operating Expenses

Other operating expense (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Insurance	5,238	4,894
Fines and default interest	1,219	157
Write-off of receivables and transferred receivables	57	263
Fees to the Czech Telecommunications Office	127	137
Donations	600	600
Bad investment	8,435	380
Other operating expenses	682	871
<b>Total other operating expenses</b>	<b>16,358</b>	<b>7,302</b>

#### 4.30. Interest Income and Similar Income

Interest income and similar income (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Interest on bank accounts – cash pooling	2,437	65
Interest on bank accounts	20,358	1,983
<b>Total interest income and similar income</b>	<b>22,795</b>	<b>2,048</b>

#### 4.31. Other Financial Income

Other financial income (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Foreign exchange rate gains	21,934	21,074
<b>Total other financial income</b>	<b>21,934</b>	<b>21,074</b>

#### 4.32. Other Financial Expenses

Other financial expenses (CZK thousand)	Year ended 31 Dec 2022	Year ended 31 Dec 2021
Foreign exchange rate losses	24,172	22,209
Banking fees	3,477	2,341
<b>Total other financial expenses</b>	<b>27,649</b>	<b>24,550</b>

## 5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

### 5.1. Staff Costs and Number of Employees

2022

(CZK thousand)	Number	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Employees	549.90	336,704	113,918	19,964	470,586
Management	3.08	6,441	1,892	–	8,333
Remuneration to members of the Supervisory Board	5.30	1,853	559	–	2,412
Remuneration to members of the statutory body	2.74	10,994	2,697	–	13,691
Total	561.02	355,992	119,066	19,964	495,022

2021

(CZK thousand)	Number	Payroll costs	Social security and health insurance	Other costs	Total staff costs
Employees	543.49	302,839	102,297	16,401	421,537
Management	5.32	18,473	4,327	156	22,956
Remuneration to members of the Supervisory Board	5.75	2,144	725	–	2,869
Remuneration to members of the statutory body	2.33	9,308	1,694	94	11,096
Total	556.89	332,764	109,043	16,651	458,458

The number of employees is based on the average recalculated headcount. The category of Management includes top management of the Company.

Company cars are available for use by the members of statutory body and Company's top management.

## 6. OFF BALANCE SHEET COMMITMENTS

### Legal Disputes

The Company was involved in no material legal dispute not reported in the accounting records.

### Environmental Liabilities

As of 31 December 2022, the Company's management is not aware of any contingent liabilities pertaining to damage caused by prior activities or liabilities related to the prevention of potential future damage.

### Bank Guarantees

In relation to the implementation of certain long-term projects, the Company provided payments guarantees through Československá obchodní banka, a. s., Raiffeisenbank a.s., Česká spořitelna, a.s. and Komerční banka, a.s. that amounted to CZK 1,035,784 thousand as of 31 December 2022.

As of 31 December 2021 the Company provided payments guarantees through Československá obchodní banka, a. s., Raiffeisenbank a.s., Česká spořitelna, a.s. and Komerční banka, a.s. that amounted to CZK 674,372 thousand.

## 7. POST BALANCE SHEET DATE EVENTS

No significant events occurred subsequent to the balance sheet date that would have a material impact on the financial statements.

# REPORT ON RELATIONS

between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity for the Year 2022

The Board of Directors of ČD - Telematika a.s., with its registered office at Prague 3 - Žižkov, Pernerova 2819/2a, post code 13000, Corporate ID: 61459445, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 8938, prepared this Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and Entities Controlled by the Same Controlling Entity (hereinafter also referred to as the "related parties") under Section 82 of Act on Business Corporations and Cooperatives (hereinafter the "BCA") for the reporting period from 1 January 2022 to 31 December 2022 (hereinafter referred to as the "reporting period").

## 1. Structure of the Relationships

- a) A directly controlled related party is a business corporation in which the Controlling Entity has a share of voting rights of at least 40% of all the votes in the given business corporation, unless another entity or entities acting in concert have the same or a higher share of voting rights in the given business corporation.
- b) An indirectly controlled related party is a business corporation controlled by an entity as described in paragraph a).

The Report on Relations only includes such related parties of which the Company is aware and with which it concluded contracts in 2022 or at the instigation or in the interest of which acts took place in 2022 concerning assets with a value exceeding 10% of the Company's equity, as determined by the most recent set of financial statements.

The Company's Board of Directors declares that it has identified the relations between the Company and ČD and between the Company and the relevant related parties and described these relations in the Report on Relations.

### Controlling Entity

Entity: **České dráhy, a.s.** (hereinafter "ČD" or the "Controlling Entity")  
Registered office: Prague 1, nábreží L. Svobody 1222, post code 110 15  
Corporate ID: 70994226  
Registered by the Register Court held at the Municipal Court in Prague, Section B, Insert 8039

### Controlled Entity

Entity: **ČD - Telematika a.s.** (hereinafter "ČDT" or the "Company")  
Registered office: Prague 3, Pernerova 2819/2a, post code 130 00  
Legal form: joint-stock company  
Corporate ID: 61459445  
Registered by the Municipal Court in Prague, Section B, Insert 8938

### Entities controlled by the Controlling Entity – Related Parties

Entity: **ČD Cargo, a.s.**  
Registered office: Prague 7 – Holešovice, Jankovcova 1569/2c, post code 170 00  
Corporate ID: 28196678  
Registered by the Municipal Court in Prague, Section B, Insert 12844

Entity: **ČD-DUSS Terminál, a.s.**  
Registered office: Lovosice, Lukavecká 1189, 410 02  
Corporate ID: 27316106  
Registered by the Regional Court in Ústí nad Labem, Section B, Insert 1749

Entity: **ČD - Informační Systémy, a.s.** (hereinafter "ČD-IS")  
Registered office: Prague 3, Pernerova 2819/2a, 130 00  
Corporate ID: 24829871  
Registered by the Municipal Court in Prague, Section B, Insert 17064

Entity: **ČD Cargo Logistics, a.s.**  
Registered office: Prague 1 – Nové Město, Opletalova 1284/37, post code 110 00  
Corporate ID: 27906931  
Registered by the Municipal Court in Prague, Section B, Insert 11940



Entity: JLV, a.s.  
Registered office: Prague 4, Chodovská 228/3, post code 141 00  
Corporate ID: 45272298  
Registered by the Municipal Court in Prague, Section B, Insert 1430

Entity: ČD travel, s.r.o.  
Registered office: Prague 1, 28. října 372/5, post code 110 00  
Corporate ID: 27364976  
Registered by the Municipal Court in Prague, Section C, Insert 108644

Entity: Dopravní vzdělávací institut, a.s.  
Registered office: Prague 3, Prvního pluku 621/8a, post code 130 00  
Corporate ID: 27378225  
Registered by the Municipal Court in Prague, Section B, Insert 10168

Entity: DPOV, a.s.  
Registered office: Přerov, Husova 635/1b, post code 751 52  
Corporate ID: 27786331  
Registered by the Regional Court in Ostrava, Section B, Insert 3147

Entity: ČD Bus a.s.  
Registered office: Olomouc, Jeremenkova 231/9, post code 779 00  
Corporate ID: 17377404  
Registered by the Regional Court in Ostrava, Section B, Insert 11426

Entity: Terminal Brno, a.s.  
Registered office: Brno, K terminálu 614/11, post code 619 00  
Corporate ID: 28295374  
Registered by the Regional Court in Brno, Section B, Insert 5643

Entity: Výzkumný Ústav Železniční, a.s.  
Registered office: Prague 4 – Braník, Novodvorská 1698, post code 142 01  
Corporate ID: 27257258  
Registered by the Municipal Court in Prague, Section B, Insert 10025

Entity: Tramex Rail s.r.o.  
Registered office: Blansko, Brněnská 1748/21b, post code 678 01  
Corporate ID: 26246422  
Registered by the Regional Court in Brno, Section C, Insert 39862

Entity: XT-Card a.s.  
Registered office: Prague 3, Seifertova 327/85, post code 130 00  
Corporate ID: 27408256  
Registered by the Municipal Court in Prague, Section B, Insert 10398

#### Entities controlled by the Controlled Entity

Entity: ECHIS a.s.  
Registered office: Prague 3, Perneroва 2819/2a, post code 130 00  
Corporate ID: 01533177  
Registered by the Municipal Court in Prague, Section B, Insert 18971

## 2. Manner and Means of Control

The control by České dráhy, a.s. takes place through the exercise of shareholder's rights at the Company's General Meetings and through the membership of the Controlling Entity's representatives in the Company's Supervisory Board.

## 3. The Company's Role in the Structure of Relations of Control within the Group and in the Business Relations with Related Parties

In the structure of relations of the entities controlled by České dráhy, a.s., ČD - Telematika a.s. fulfils the task of the main provider of ICT services.

#### 4. Overview of Acts Referred to in Section 82 (2) (d) of the BCA, Including the Exceeding of the Value of CZK 191,330 Thousand Representing 10% of the Company's Equity Based on the Financial Statements as at 31 December 2021

The company ČD - Telematika gained contracts from the companies České dráhy, a.s. and ČD Cargo, a.s. through tenders regarding the equipping of rail vehicles with the mobile part of the ETCS system.

#### 5. Overview of Mutual Contracts within the Group, in which the Company is a Contracting Party

Name of the company	Name of the contract	Type of performance received/provided by ČDT	Number of contracts	Adequate counter-performance
<b>ČD - Informační Systémy, a.s.</b>				
	Confidentiality Agreement	–	4	Yes
	Agreement on the Transfer of Licence Rights to SW	Cash payments provided	1	Yes
	Agreement on the Transfer of Licence Rights to SW	Material performances provided	1	Yes
	Agreement on the Transfer of Licence Rights to SW	Cash payments received	1	Yes
	Maintenance Licence Agreement	Cash payments received	1	Yes
	Memorandum to VPN Family	–	1	Yes
	Implementation agreement to the Framework Agreement for the operation of the applications	Cash payments provided	4	Yes
	Framework Service Agreement	Cash payments provided	1	Yes
	Framework Contract on the Provision of ICT Services	Cash payments received	1	Yes
	Framework contract for operation and maintenance of applications	Cash payments provided	1	Yes
	Framework Contract on the Provision of ICT Services	Cash payments provided	1	Yes
	Framework Contract on the Provision of ICT Services	Cash payments received	5	Yes
	Service contract – service, operation and maintenance of IT systems	Cash payments provided	1	Yes
	Contract to perform a specified task – implementation of technology into ŽKV	Cash payments received	3	Yes
	Contract to perform a specified task – Operation of the SAP HR System Module	Cash payments provided	1	Yes
	Contract to perform a specified task – ensuring pilot operation of the passenger counter	Cash payments received	1	Yes
	Contract to perform a specified task and to provide SAP operation and support services	Cash payments provided	1	Yes
	Contract to perform a specified task – implementation of technology	Cash payments received	3	Yes
	Contract on the Supply of a Device	–	1	Yes
	Contract on the Lease of Non-residential Premises	Cash payments received	4	Yes
	Contract on the Provision of the Usage Right for SW	Material performances received	3	Yes
	Contract on the Provision of Central Shared Services	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments provided	39	Yes
	Contract on the Provision of ICT Services	Cash payments received	3	Yes
	Subcontract Agreement for a Public Contract	–	1	Yes
	Contract for granting a sublicense for SAP HANA RunTime edition	Cash payments provided	1	Yes
	Contract for the equipment of ŽKV with WiFi technology	Cash payments received	1	Yes
	Contract for preparation and implementing a design solution for computer programme, licensing and service	Cash payments provided	1	Yes
	Personal Data Processing Agreement	–	1	Yes
<b>ČD Bus a.s.</b>				
	Framework Service Agreement	–	1	Yes
<b>ČD Cargo, a.s.</b>				
	Memorandum to VPN Family	–	1	Yes
	Framework contract to perform a specified task – Equipping rail vehicles with radio stations	Cash payments received	1	Yes
	Framework Contract on the Provision of ICT services	Cash payments received	1	Yes
	Contract to perform a specified task – supply and installation of ETCS mobile component	Cash payments received	2	Yes
	Contract to perform a specified task – implementation of ICT solutions	Cash payments received	1	Yes
	Contract on the Lease of Non-residential Premises	Cash payments provided	4	Yes
	Contract on the Provision of the Usage Right for SW	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	1	Yes
	Advertising and Promotion Contract	Cash payments provided	1	Yes

Name of the company	Name of the contract	Type of performance received/provided by ČDT	Number of contracts	Adequate counter-performance
ČD Logistics, a.s.	Contract on the Maintenance and Service of a Device	Cash payments received	1	Yes
	Memorandum to VPN Family	–	1	Yes
	Framework Contract on the Provision of ICT services	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	1	Yes
ČD travel, s.r.o.	Memorandum to VPN Family	–	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	2	Yes
ČD-DUSS Terminál, a.s.	Memorandum to VPN Family	–	1	Yes
	Framework Contract on the Provision of ICT services	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	1	Yes
České dráhy, a.s.	Confidentiality Agreement	–	13	Yes
	Agreement on Provision of Rent Services	Cash payments received	3	Yes
	Purchase Contract - Supply of a Device	Cash payments received	1	Yes
	Purchase Contract – Spare parts	Cash payments received	1	Yes
	Purchase Contract – portable and base train car radios	Cash payments received	2	Yes
	Purchase Agreement - Web application firewall	Cash payments received	1	Yes
	Purchase Contract and Contract on Provision of services	Cash payments received	1	Yes
	License agreement	Cash payments received	3	Yes
	Memorandum to VPN Family	–	1	Yes
	Framework agreement – the rolling stock equipment of the ETCS mobile part	Cash payments received	4	Yes
	Framework contract on supply of network components	Cash payments received	1	Yes
	Framework contract on supply of network components	Cash payments received	1	Yes
	Framework Contract to perform a specified task – network constructions	Cash payments received	1	Yes
	Framework Contract to perform a specified task – construction of data networks	Cash payments received	1	Yes
	Framework Contract on the Provision of ICT services	–	1	Yes
	Framework Contract on the Provision of ICT services	Cash payments received	7	Yes
	Framework Contract on Cooperation	–	1	Yes
	Framework Contract on Cooperation in the ICT area	–	1	Yes
	Contract on the Supply of Electric Energy	Cash payments provided	4	Yes
	Contract for the supply of mobile phones	Cash payments received	1	Yes
	Contract for the supply of mobile phones	Cash payments received	2	Yes
	Contract on Water Supplies	Cash payments provided	1	Yes
	Contact for Servicing of Vehicle and Base Radio Sets	Cash payments received	4	Yes
	Agreement on the Future Contract to Grant an Easement	–	20	Yes
	Agreement on the Future Contract to Grant an Easement	Cash payments provided	1	Yes
	Contract to perform a specified task – data model of the new telecommunication network of the ČD Group	Cash payments received	1	Yes
	Contract to perform a specified task – implementation 802.1x	Cash payments received	1	Yes
	Contract to perform a specified task – installation of data cabling	Cash payments received	1	Yes
	Contract to perform a specified task – Device Repairs	Cash payments received	2	Yes
	Contract to perform a specified task – implementation of ICT solutions	Cash payments received	1	Yes
	Contract for work – Provision of Pilot Testing of the Mobile Network Repeater	Cash payments received	1	Yes
	Contract on Water Supplies	Cash payments provided	1	Yes
	Contract on the Lease of Non-Residential Premises	Cash payments provided	46	Yes
	Contract on the Lease of Land	Cash payments provided	7	Yes
	Contract on the Provision of Services: Reporting of Wi-Fi failures in trains	Cash payments received	1	Yes
	Contract on the Provision of the Usage Right to SW	Cash payments provided	2	Yes
	Contract on the Provision of the Usage Right to SW	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	5	Yes
	Agreement on the provision of support services in the ČD Group	Cash payments provided	1	Yes
	Contract for Provision of Services: Parking	Cash payments provided	1	Yes

Name of the company	Name of the contract	Type of performance received/provided by ČDT	Number of contracts	Adequate counter-performance
	Contract on the Provision of Services: Infrastructure Servicing and Maintenance	Cash payments received	1	Yes
	Contract for the provision of rental-related services	Cash payments provided	3	Yes
	Contract on the Provision of SW Maintenance Services	Cash payments provided	1	Yes
	Contract on the Right for Construction	–	3	Yes
	Contract on the Lease of Movable Assets	Cash payments provided	1	Yes
	Contract on the Operation of the Telecommunication Network	Cash payments provided	1	Yes
	Contract for operation of applications	Cash payments received	1	Yes
	Contract for operation ISE – user authentication ČD	Cash payments received	1	Yes
	Contract for operation of application Firewall	Cash payments received	1	Yes
	Agreement on the allocation of costs for liability insurance	Cash payments provided	1	Yes
	Association Agreement – Provision of Services for Consolidated Printing Solutions	–	1	Yes
	Association Agreement for the purpose of joint procedure for awarding and executing a public contract – auditing ČD	–	1	Yes
	Contract on Joint Services of Electricity Supplies	Cash payments provided	5	Yes
	Contract on Company for joint procurement	–	1	Yes
	Contract on Cooperation in the Provision of Services	–	1	Yes
	Contract on Cooperation in the Provision of Services	Cash payments provided	1	Yes
	Contract on Cooperation in the Provision of Services	Cash payments received	1	Yes
	Contract on Cooperation in Publishing and Subscribing a Journal	Cash payments provided	1	Yes
	Contract on Domain Administration	Cash payments received	1	Yes
	Agreement on the exchange of invoicing data	–	1	Yes
	Contract on the Construction and Lease of a ČD Contact centre	Cash payments received	1	Yes
	Contract on Mutual Loans	Cash payments provided and received	1	Yes
	Contract for data network operation	Cash payments received	1	Yes
	Contract for the provision of service and operation of equipment	Cash payments received	1	Yes
	Contract for the processing of personal data	–	1	Yes
	Contract on cancellation of the contract on the future easement agreement	Cash payments received	1	Yes
	The easement agreement	Cash payments provided	141	Yes
	Social Contract for the purpose of creating an association of contracting entities	–	1	Yes
<b>Dopravní vzdělávací institut, a.s.</b>				
	Confidentiality Agreement	–	1	Yes
	Memorandum to VPN Family	–	1	Yes
	Framework Contract on the Provision of ICT Services	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	1	Yes
<b>DPOV, a.s.</b>				
	Confidentiality Agreement	–	1	Yes
	Memorandum to VPN Family	–	1	Yes
	Contract to perform a specified task – revitalisation of network and security technologies	Cash payments received	1	Yes
	Contract for revitalisation of network and security technologies	Cash payments received	1	Yes
	Contract on the Supply of a Device	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	1	Yes
	Service Provision Agreement – Data Infrastructure Operation	Cash payments received	1	Yes
<b>JLV, a.s.</b>				
	Memorandum for VPN family	–	1	Yes
	Framework Contract on the Provision of ICT services	Cash payments received	3	Yes
	Contract on the Provision of ICT services	Cash payments received	1	Yes
<b>Terminal Brno, a.s.</b>				
	Contract on Domain Administration	Cash payments received	1	Yes
<b>Tramex Rail s.r.o.</b>				
	Confidentiality Agreement	–	1	Yes

Name of the company	Name of the contract	Type of performance received/provided by ČDT	Number of contracts	Adequate counter-performance
Výzkumný Ústav Železniční, a.s.				
	Confidentiality Contract	–	4	Yes
	Memorandum to VPN Family	–	1	Yes
	Contract to perform a specified task – ETCS	Cash payments provided	1	Yes
	Framework Service Agreement	Cash payments received	1	Yes
	Contract to perform a specified task – data distribution	Cash payments received	1	Yes
	Contract to perform a specified task – delivery and installation of vehicle radio	Cash payments received	1	Yes
	Contract to perform a specified task – technology supply	Cash payments received	1	Yes
	Contract to perform a specified task – weather station – wiring	Cash payments received	1	Yes
	Contract to perform a specified task – optical and electrical connections	Cash payments received	1	Yes
	Contract to perform a specified task – WIFI realisation	Cash payments received	1	Yes
	Contract to perform a specified task – construction of posts	Cash payments received	1	Yes
	Contract to perform a specified task – IT network security	Cash payments received	1	Yes
	Contract to perform a specified task, purchase contract and license agreement	Cash payments received	1	Yes
	Delivery contract HW and installation of border firewall	Cash payments received	1	Yes
	Contract on provision of services – electric locomotive tests	Cash payments provided	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	1	Yes
	Contract for the performance of ŽKV tests	Cash payments provided	1	Yes
XT-Card a.s.				
	Memorandum to VPN Family	–	1	Yes
	Framework Agreement on the Provision of ICT Services	Cash payments received	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	1	Yes
	Association agreement for the purpose of public procurement OREDO	–	1	Yes

Confidential information comprises information and facts that are part of the related parties' business secrets and information that was designated as confidential by any entity 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 entity 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, services, or the relevant amounts.

## 6. Assessment of Detriment and Its Compensation

All the contracts and amendments stated above were concluded under arm's length conditions, the same applied to the provided performances and counter-performances. The Company suffered no detriment from the relations that are the subject of this Report on Relations in the reporting period. Compensation of detriment in line with Sections 71 and 72 of the BCA is therefore not considered.

## 7. Assessment of Advantages, Disadvantages and Risks

The results of the assessment of the advantages and disadvantages arising for the Company from the relations that are the subject of this Report on Relations, especially with regard to the fact that the Company suffered no detriment from them, is the statement that the advantages outweigh the disadvantages, and no significant risks arise from these relations.

## 8. Conclusion

The Company's statutory body prepared the Report of Relations within the deadline stipulated by law. The Report on Relations was prepared to the best of the Company's knowledge and belief, using available data and documents, and taking all reasonable efforts. The scope of ČD's controlling relations was identified using the data provided by the Controlling Entity. The Auditor's Report is provided within the Company's Annual Report.

In Prague on 27 March 2023



Jan Hobza  
Chairman of the Board of Directors



David Wolski  
Member of the Board of Directors

# OVERVIEW

## OF ABBREVIATIONS USED

ADPV	Operational Work Data Archive	OHSAS	Occupational Health and Safety Assessment Specification (specification for assessing occupational health and safety compliance with the British standard BS OHSAS 18001
BOZP	Occupational Health and Safety Management System		
CSR	Corporate Social Responsibility	OPD2	Operational Programme Transport 2014–2020
CWDM	Coarse Wavelength Division Multiplex	PDA	Personal Digital Assistant
ČD	České dráhy, a.s.	PMD	Polarisation Mode Dispersion
ČD-T/ČDT	ČD - Telematika a.s.	POP	Point of Present
ČDT-IS/ČD-IS	ČD - Informační Systémy, a.s.	ŘSD ČR	Road and Motorway Directory of the Czech Republic
ČNB	Czech National Bank		
ČP	Česká pošta, s.p.	SDH	Telecommunication system with synchronised digital hierarchy
DC	Data Centre	SLA	Service Level Agreement
DHM	Tangible Fixed Assets	SQL	Structured Query Language
DNM	Intangible Fixed Assets	SW	Software
DPP	Dopravní podnik hl. m. Prahy, akciová společnost	SZP	Social Security and Health Insurance
DVI	Dopravní vzdělávací institut, a.s.	SŽ	Správa železnic
DWDM	Dense Wavelength Division Multiplex	TS	Telecommunications Service Section
EBITDA	Earnings before Interest, Taxes, Depreciation, and Amortisation	TSK	Technická správa komunikací hl. m. Prahy, a.s.
EBT	Earnings Before Tax	UPS	Uninterruptible Power Supply
ETCS	European Train Control System	ÚPV	Industrial Property Office
ERP	Enterprise Resource Planning (software for accounting and related processes)	VÚŽ	Výzkumný Ústav Železniční, a.s.
FIFO	Inventory Valuation Method (First in, First out)	Wi-Fi	Wireless Fidelity
FM	Financial Assets	WDM	Wave Division Multiplex
GSM-R	International standard of wireless communication intended for railway applications	ZOKB	Cyber Security Law
		ŽKV	Railway rolling stock
		ŽTM	Railway telecommunication assets
		ŽVPS	Railway high-speed transmission network
HW	Hardware		
ICT	Information and Communication Technologies		
INFRA	Infrastructure section		
IoT	Internet of Things		
IP	Internet Protocol		
IPPD	Integrated support and operational data		
IS	Information System		
IT	Information Technologies		
JZP	Unified recording environment		
L2/L3	A transmission technology, through		
L2	Ethernet-type services provided through L2 layer		
L3	L3 layer enable the provision of services with natural IP protocol support (e.g., data, voice, video)		
MPSV	Ministry of Labour and Social Affairs (MLSA)		
MVČR	Ministry of the Interior of the Czech Republic		
MVNE	Mobile Virtual Network Enabler		
MVNO	Mobile Virtual Network Operator		
NB	Notebook		
NBÚ	National Security Authority		

# INFORMATION ON INDIVIDUALS RESPONSIBLE FOR THE ANNUAL REPORT

## Statutory Declaration

The information presented in the 2022 Annual Report is factual and no significant circumstances were omitted that could affect the accuracy and correctness of assessment of ČD -Telematika a.s. as well as no other information which might be required to be published by other legislation.

Prague, 27 April 2023



Jan Hobza  
Chairman of the Board of Directors



David Wolski  
Member of the Board of Directors



# IDENTIFICATION AND CONTACT INFORMATION

Company name	ČD - Telematika a.s.
Registered office	Pernerova 2819/2a, Prague 3
Post code	130 00
Corporate ID	61459445
Tax ID	CZ61459445
Bank	Komerční banka, a.s., account number (CZK): 19-5524200217/0100
Register court	Municipal Court in Prague, section B, insert 8938
Telephone	+420 972 225 555 +420 972 245 305
E-mail	cdt@cdt.cz
Web	www.cdt.cz

