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The Company's Vision and Mission

Vision

The Company wants 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 continuous development of 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 around the whole 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 of both the public administration and the private sector.

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Overview of Selected Figures

(CZK thousand)	Balance as at 31 Dec 2021	Balance as at 31 Dec 2020
Total assets	2,992,911	3,210,905
of which: non-current assets	1,466,912	1,370,894
Current assets	1,477,206	1,795,652
Equity	1,913,295	1,979,114
Liabilities	930,990	1,060,136

(CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Revenues from sales of products and services	1,984,348	1,609,978
Revenues from sales of goods	48,710	66,394
Revenues from sale of non-current assets	1,695	788
Other operational revenues	12,610	9,642
EBITDA ^{*)}	204,909	202,673

^{*)} 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,

Unfortunately, the past year 2021 was also marked by the COVID-19 pandemic, the consequences of which continued to cripple the European and world economies and fundamentally affected the daily lives of all of us. There have been a number of changes in society and in its operation that few people could have imagined before. Therefore, let me begin by wishing us all that these induced changes will shift our lives in a positive direction, both personally and professionally.

If I were to summarize what we have achieved in this challenging year, then it is a number of activities and steps we can be proud of. In 2021, there was a fundamental change in the ownership structure. Based on the sale agreement between the minority owner of the PPF Group and the majority owner of České dráhy, České dráhy acquired a 100% stake in our Company after many years of consistent effort. This fact will enable the Company to focus its activities even more strongly not only on the České dráhy Group, but also on the public sector as such. There are clear signals from the public administration that it counts on ČD - Telematika for the future.

In 2021, we also managed to negotiate the final form of the agreement on the termination of the so-called Large Contract with one of our most important customers, the company Správa železnic. This agreement will allow both parties to finish many years of cooperation in a controlled manner. To date, the entire transaction consisting of the transfer of part of the plant for consideration is conditional on one thing and that is the consent of the European Commission, which primarily comments on the purchase price in the prenotification stage.

In response to the above changes, we have approached a new business and operational model of the Company, which

consists mainly in the unification of production under one section. We called the new form of the Company ČDT 2.0. We believe that this change reflects the fact that people at ČD - Telematika stand side by side and form one compact team.

If I should summarize everything, what we have managed in this challenging year in our business activities and what we can be proud of, it would be an incredibly long list. However, I have to specifically mention selected projects that stand out with their uniqueness. One of them is the delivery of the mobile part of the European train protection system ETCS for České dráhy and ČD Cargo. Current contracts started already in 2019 and although they did not run in full accordance with the timetable in 2021 mainly due to the complications in prototype approval process, the installation of 75 rail vehicles for both customers was completed during the year. To date, we have been the first to successfully certify the installation of the ETCS mobile part in a 362 WTB prototype vehicle and obtain the final authorization of the vehicle type and its placing on the market from the Railway Authority. This permit means that the 362.165 ČD locomotive is fully capable of operating under ETCS supervision on the domestic network, in the so-called Switch-On mode. Other projects include the completion of the certification of our own product for improving road safety – ČDT-SpeedCAM, comprehensive section speed measurement solution and many others.

In terms of results, we also succeeded above expectations. In this very difficult year, we were able to generate a profit before tax amounting to CZK 109.7 mil. The other pages of our annual report are full of numbers, as the annual report is primarily about numbers, but it is mainly the people, our employees, who have made all of the above possible last year.

Therefore, I would like to thank especially all our employees, but also our business partners and customers.



Michal Krapinec
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 also 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 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. ČD - Telematika added value is its employees with unique qualification and know-how.

ČD-T is a holder of several 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, during 27 years of operation on the Czech ICT market, ČD-T has established a position as a significant supplier of wholesale telecommunication services. Services delivered with guaranteed SLAs are proven by customers from public administrations, private corporations, national operators or local Internet connectivity providers.

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. The area of equipping rail vehicles with the ETCS security system has become an important area, 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 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 carrying out repairs, maintenance, and construction of infrastructure spread throughout 25 locations within the Czech Republic, which allows high flexibility and fast accessibility.

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. 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, of which approximately 3,200 km is underground and roughly 300 km is overhead, suspended from railroad traction poles. In total, the network has over 125 thousand km of optical fibre. 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 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 backbone 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 connection to international and national internet is 310 Gb/s. Own scrubbing centre (cleaning platform), which serves as protection against internet DDoS attacks, successfully operates in the internet part of ČD-T network for three years. 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 and 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 entire Czech Republic, build a network of 25 service centres, which provide client services alongside the branches. 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 – Association for Parking Industry,
- | ČIMIB, o.s. – Czech Institute of Information Security Managers,
- | FENIX.CZ – Safe Internet in the 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.

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Statutory Bodies of the Company and Company Management

General Meeting

The General Meeting, consisting of the shareholders, is the Company's highest body, 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. 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 meets once per calendar month. As at 31 December 2021, the Supervisory Board had five members.

Members of the Supervisory Board

- | Václav Nebeský – Chairman of the Supervisory Body since 12 December 2019, recalled as at 15 February 2022
- | Pavel Kysilka – Vice-Chairman of the Supervisory Body since 12 December 2019, resigned as at 31 December 2021
- | Milan Gajdoš – Member of the Supervisory Board since 1 January 2011 until 13 January 2019, appointed as the Member of the Supervisory Body again on 14 January 2019
- | Dana Putnová – Member of the Supervisory Board since 14 January 2019
- | Robert Ševela – Member of the Supervisory Board since 14 June 2018, recalled as at 26 August 2021
- | 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 2021 or before the closing date of the Annual Report

- I Václav Nebeský – recalled by the General Meeting as of 15 February 2022
- I Robert Švela – recalled by the General Meeting as of 26 August 2021

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

- I Michal Krapinec – Chairman of the Board of Directors since 1 September 2021
- I David Wolski – Member of the Board of Directors since 1 September 2021
- I 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 2021

- I None

Senior Management

- I Tomáš Businský – Director of Telecommunication and Infrastructure Services section since 1 January 2022, from 1 February 2018 till 31 December 2021 – Director of Infrastructure section, also a member of the Board of Directors
- I Lukáš Svoboda – Chief Financial Officer since 1 June 2019
- I Jan Vobora – Director of Sales since 31 March 2020
- I Vladimír Jedlička – IT Director since 31 March 2021
- I Jaroslav Hercok – Director of INFRA SŽ section since 1 January 2022

List of members of Senior Management who ceased to be in their position in 2021 or before the closing date of the Annual Report

- I Mikuláš Labský – Director of Telecommunication Services section from 1 June 2010 till 31 July 2021
- I Ľubomír Libič – Director of the Support Activities section from 1 July 2014 till 31 March 2021
- I Lenka Řemelková – Director of the HR and Communication from 27 January 2014 till 30 June 2021
- I Michal Frano – MPSV Project Director since 1 November 2020 till 31 March 2021



Report of the Board of Directors on Business Operations

Brief Assessment of the Past Year

In 2021, there was a fundamental change in the ownership structure. In June, an agreement was signed on the sale of all shares of the minority owner PPF a.s., and the Company thus became a 100% subsidiary of České dráhy. This change will allow the Company to focus its business activities more on the public sector.

Despite the continuing pandemic situation and the introduced government measures, ČD - Telematika did not notice a significant impact of these issues on its business activities, operations or the provision of services. The Company was able to cover the increased operating costs associated with the pandemic without a significant impact on its operations.

ČD-T did not remain indifferent to the tornado-affected municipalities in South Moravia and, together with other companies of the ČD Group, coordinated assistance. Among

other things, the Company set up and operated a wireless internet connection in the area at the request of the Crisis Staff, which was used mainly by intervening firefighters and volunteers. The funds were provided to the municipalities from the "Železnice srdcem" Foundation, in which the Company invested another CZK 200,000 from the social fund for these purposes. It invested a total of CZK 450,000 in this endowment fund last year.

In 2021, service and maintenance of ŽTM for Správa železnic were among the key business activities. Last year, however, Správa železnic announced to ČD - Telematika its intention to secure this activity with its own resources. Following this fact, both parties agreed to resolve the situation by selling part of the plant that provides this service for the Správa železnic. During 2021, an expert prepared a valuation, on the basis of which a prenotification process was initiated at the European Commission in order to confirm that the determined price corresponds to the usual market



conditions. Furthermore, the transfer documentation was prepared and approved by the statutory bodies of both organizations. However, the prenotification process, which has yet to be approved by the government, was not completed by the end of 2021, so the sale of part of the plant is postponed until 2022.

One of the crucial projects for the next few years to come is the delivery of the mobile part of the European Train Control System ETCS for České dráhy and ČD Cargo. Current contracts started as early as 2019, and although they did not run in full accordance with the timetable in 2021, mainly due to complications in the prototype approval process, we managed to complete the installation of 74 railway vehicles for both customers during the year (45 pieces for ČD Cargo and 29 for ČD). At the end of the year, another order was concluded for ČD to equip 34 pieces of the 961 series.

In the area of construction, ČD - Telematika, together with its partner AŽD, participates in the construction of the Modernization of the Pardubice Railway Junction, where Správa železnic is the contracting authority. As part of the partnership, ČD-T implements two operational files, which relate to the relocation of metallic- and optic-fibre cables that are part of the railway infrastructure. These cables are intended for the transmission of telematic information to ensure the operation and management of the railway line and the provision of electronic communications services. At the same time, the implementation of a number of other orders in the modernization and reconstruction of line sections and infrastructure continued, both for the customer of Správa železnic and within the Company's own optical infrastructure.

In telecommunications services, among other things, the a central platform was implemented to ensure secure Wi-Fi communication within the ŽKV and the transfer of additional 100 Gb/s backbone connections to mobile operators and ISPs (e.g., Vodafone, JON.CZ, etc.).

In 2021, the Company also completed the IPPD project for the Ministry of Labour and Social Affairs and continued, among others, with GSM-R construction projects, the contract for the system integration of a new Technical Passport Infrastructure (TPI) and the delivery of new telephone exchanges for Správa železnic.

To ensure greater road safety, ČD - Telematika completed the certification of its own product ČDT-SpeedCAM – section speed measurement – and in the area of road telematics, the Company continued to provide services to existing customers.

The year 2021 brought a shift towards solving an issue regarding land of Správa železnic and ČD for the purposes of ŽVPS line. The issue was to be resolved by the end of 2020, but due to the pandemic situation, the establishment of servitude to the affected lands was postponed until 2021. By the end of the year, the vast majority of land

(approximately 99%) had been set up, and less than 1% remains to be completed in 2022.

In terms of ČD - Telematika's results, revenues from sales of products, goods and services in 2021 amounted to CZK 2,033 million (2020: CZK 1,676 million), which recorded an increase of 21% year-on-year, mainly due to the implementation of ETCS contracts.

Regarding the fulfilment of the KPIs, in terms of sales per employee there was an increase from CZK 3.1 million to CZK 3.65 million, in terms of profitability ČD - Telematika achieved operating profit (EBIT) of 111.1 million CZK (2020: CZK 57.3 million) and EBT in the amount of CZK 109.7 million (2020: CZK 66.9 million). The profit before tax plan was set at CZK 71.2 million. ČD-T achieved a better operational result due to a slightly different sales structure and savings in variable and fixed costs. In the area of fixed costs, the Company had to bear some costs that it did not plan. These are mainly renting for the use of land from ČD and Správa železnic associated with a time lag in the establishment of servitudes or pandemic costs (similar to the previous year). The EBITDA indicator reached CZK 205 million in 2021 (2020: CZK 203 million).

In terms of investments, the Company acquired fixed assets (i.e., additions to the acquisition account) in the amount of CZK 189.7 million (2020: CZK 153.5 million). The most significant item was the reimbursement of costs for the establishment of services for the land of the Správa železnic and ČD.

Short-term financial assets and cash at the end of 2021 amounted to CZK 618.9 million (2020: CZK 954.5 million). The year-on-year decrease was mainly due to the payment of advances under the ETCS project, higher capital expenditures and extraordinary dividends in the amount of CZK 150 million. In 2021, ČD - Telematika continued to operate without debt.

Balance of the Company's Assets

Within intangible assets, the total increased by CZK 13.8 million related to software. The most significant additions included expenses for programming a new corporate application Evidence of Contract Documents, and a new personnel system. The total disposals were negligible. The total balance of intangible fixed assets under construction amounted to CZK 10.4 million and consisted mainly of the purchase of software licenses related to the construction of a new ČD-T network.

In 2021, the most significant additions to tangible assets were in the category of constructions in the total amount of CZK 8.9 million (these were mainly investments in new optical connections throughout the Czech Republic), and additions of CZK 22.9 million in the category of individual movable assets and sets of movable assets. These were mainly investments in strengthening the network. Special measuring instruments and hand tools were also purchased.

As for disposals, these amounted to CZK 32.8 million. These were obsolete and unsaleable assets, mainly the liquidation of the network components of the Telecommunications Services section in the total amount of CZK 28 million and the liquidation of measuring instruments and hand tools. The total balance of the disposed assets was negligible.

The total balance of tangible fixed assets in the course of construction was approximately CZK 235.9 million and consisted mainly of the purchase of geometric plans for establishing real servitudes of the ŽVPS engineering network components of CWDM and DWDM technologies and the started reconstruction of the Olomouc building complex.

Risk Management System

ČD - Telematika has implemented integrated risk management system with 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 control the risk processes, under the supervision of the risk manager, and in defined series of steps (risk identification, analysis, assessment, addressing, monitoring and communication) implement risk processes. Risk management uses 4T methods from the English 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, in order to secure the described risk management system of the Company:

- performs internal audits on an ongoing basis;
- prepares analyses of audit results and submits proposals for measures to eliminate deficiencies in management practice to the Chairman of the Board of Directors;
- 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 and monitors the effectiveness of internal measures in cooperation with other units;
- plays a role in the improvement of the Company's methodical guidelines.

The analysis of shortcomings identified during inspections and audits result in suggestions for preventive measures to reduce threats and suggestions to follow-up measures to minimise impacts.

Human Resources Policy and Social Program

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

Workforce figures in 2021

Number of employees at 31 December	557
Average number of employees	548,81
Number of new employees	42
Number of terminations	27

Workforce age structure as of 31 December 2021

Age	Number
20–30	49
31–40	63
41–50	210
51–60	162
Over 60	73

Employee Training and Development

In 2021, as in the previous year, government measures issued in connection with the outbreak of COVID-19 affected the standard volume of organized events in the field of education. Again, these restrictive measures did not reflect only in e-learning training, specifically in compulsory courses, which were the only ones to take place in the extent. Return to a relatively common process is expected during 2022.

Social Policy

The ČD - Telematika collective agreement, valid from 1 January 2019 to 31 December 2021, regulates employee entitlements beyond the statutory requirements set forth in the Labour Code and the employees are entitled to the following additional benefits, such as:

- increased severance payments beyond the legal requirement when an employee is terminated for organisational reasons,
- reduced 37.5-hour work week with no reduction in wages,
- five weeks of paid vacation per year.

The collective agreement and ČD-T's benefits program 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 153 thousand and working anniversaries (retirement) of CZK 110 thousand and contributions to meals in total amount of CZK 5,216 thousand.



As part of the benefit program Cafeteria benefit system was introduced, under which employees may select from a wide range of benefits by means of online purchases. In 2021, employees received benefits such as additional pension insurance and life insurance contributions in total amount of CZK 7,160 thousand, Flexi Passes and Flexi Pass Cards of CZK 2,374 thousand, bonuses in the categories Health of CZK 1,275 thousand or Culture and Holidays of CZK 519 thousand, and others.

From the social fund, employees received additional benefits including contributions for summer camps for children, contribution for protective equipment – COVID-19, holidays, etc. In 2021, from the social fund the amount of CZK 3,406 thousand was drawn.

Charitable Activities and Sponsorship

ČD - Telematika, as a significant provider of comprehensive services in telecommunications, assumes its social responsibility.

In 2021, the Company continued its cooperation with the Children's Centre Chocerady – comprehensive care centre, which was supported by financial donation in the amount of CZK 100,000.

At the same time, the sixth year of the socially responsible program "Společně pro druhé" was announced. In this program, the employees propose charitable projects of social care area and help disabled or otherwise disadvantaged people, in which they are personally involved and for which they want to obtain contributions from the employer. The whole Company's voting decided about the winning projects and a total amount of CZK 200,000 was divided between them.

ČD - Telematika has become a financial partner of the Partnerství Foundation for the second time, which is behind the nationwide project We Plant the Future (Sázíme budoucnost), which focuses on the tree planting and care. The selection of a specific tree planting, which was supported by a contribution of CZK 50,000, was also based on voting of the employees.

In 2021, ČD - Telematika also decided to support the ČD "Železnice srdcem" Foundation with a total amount of CZK 450,000.

At the end of the year, the employees joined the Christmas collection organized by the non-profit organization Good Fairies (Dobré víly), which supports children from children's homes. We managed to raise CZK 12,000. The money was used to buy musical instruments for children from the children's home in Zruč nad Sázavou.

Employees are still provided with an email inbox narovinu@cdt.cz, which serves employees for the needs of compliance management introduced in the Company, as well as for sending various comments, suggestions for

improvement or for praising colleagues. 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, we pay close attention to complying with and fulfilling all requirements provided by Czech legislation.

Environment

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

Air Protection

As of 31 December 2021, ČD - Telematika operates 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 ČD-T plant in Pardubice and one backup electricity source for ČD-T plant in Pilsen. The sources 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 local relevant authorities of state administration for the collection, purchase and use of this waste and with their operational rules. ČD - Telematika in 2021 disposed waste in total quantity of 83.35 tonnes, out of which 24.19 tonnes were dangerous waste and 59.16 tonnes of other waste. 10.568 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 agreements entered into with the relevant operators. An oil-water separator included in local sewerage system prevents 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. Minimizing 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 the management, it was ensured that no extraordinary event occurred and there was no damage of the property that owns or is 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 managed 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 updating management documents from the relevant sector.

Occupational Health and Safety

A system compliant with the ISO 45001 standard has been implemented to ensure OHS. During the whole year 2021, occupational health and safety inspections aimed to assess physical health and safety at workplaces and technical facilities were conducted. 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 given work site. The emphasis is placed on the use of personal protective equipment (PPE) and managers ensure consistent management of OSH compliance with applicable legislation. In 2021, 13 work injuries were registered. Five of them were classified with work incapacity of more than 3 working days for a total of 164 working days.





Expected Events, Plans and Goals in 2022

Anticipated Development in 2022

One of the key topics for the following period is resolving the issue with the transfer of part of a plant which secures the fulfilment of the ŽTM service agreement for Správa železnic. The assumption is that the transfer will take place by the end of 2023.

ČD - Telematika's strategy for the next period remains unchanged and lies in the development of business opportunities in the ČD Group, the provision of new products, providing services with higher added value, the building of internal competencies and the growth of sales outside the railway infrastructure and transport sector. The main growth opportunities in 2022 will be in the areas of ETCS, mobile signal coverage inside trains, construction activities of optical network relocations and expanding the wholesale capacity potential in the provision of optical network lease.

In the business area of railway transportation and the railway sector, ČD - Telematika is the leader in the implementation of

the mobile part of the European Train Control System ETCS in the Czech Republic. It cooperates with a technological partners in this area – companies ALSTOM and Siemens, and will continue to develop this crucial partnership as well as its own competencies. The key projects are the application of this technology to České dráhy (rolling stock of 362, 362 WTB, 162 WTB and 961 series) or ČD Cargo (rolling stock of 163 and 363 series). During 2022, the Company's goal will be to obtain further contracts for the installation of ETCS, not only within the ČD Group. In addition to the mentioned ETCS projects, ČD - Telematika will continue with the ongoing strategic contracts, such as the continuation of the Technical Passport Infrastructure project for Správa železnic and the finishing of project to replace air conditioning equipment for the DPP metro. The Company will tender for the implementation of the next phase of Control and Analysis Centre for Traffic Control (JZP) for the customer Správa železnic, extension of GSM-R infrastructure, equipping passenger railway wagons with Wi-Fi technology for ČD, a project to equip the ŽKV with a mobile

signal repeater inside trains, again also outside the ČD Group, or a project to segment the data and telecommunications network and applications of the ČD Group from the Správa železnic network, including the creation of its own data centres (DC).

In the telecommunication area, ČD - Telematika will continue to fulfil business opportunities in the provision of wholesale services on its own fibre optic network, data centre services and the provision of mobile and data services to the rail sector and government customers.

Within the road telematics and security area, ČD-T plans to build on the competencies acquired in previous years and will continue to provide services in the field of road tunnel service, supply of systems for so-called smart parking, solutions to increase road safety, such as systems for segmental or instant speed measurement or high-speed weighing in motion of vehicles.

Operational Goals for 2022

In 2022, ČD - Telematika would like to achieve total revenues from sales of goods and services of CZK 2,294 million and operating result in the amount of CZK 106 million, thus roughly at the level of 2021.

Planned Investments

In 2022, ČD-T intends to invest a total of CZK 285 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 their own optical network and to the reinforcement and renewal of the technological infrastructure over the optical network with the capacity of 100 Gb/s. We 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, we will continue to renew a set of specialised measuring devices and equipment.

After Balance Sheet Date Events

As at 31 December 2021, the Company had deposits in Sberbank, a.s. in the amount of CZK 282 million. On 28 February 2022, the CNB initiated proceedings with Sberbank to revoke the license. As of that date, the Company had there deposits in the amount of CZK 262 million. ČD - Telematika expects to recover the full amount of the deposit in 2023 at the latest. The company is intensively negotiating access to deposited funds. The moment of return of funds will depend on the way the CNB resolves the situation. However, ČD - Telematika is prepared for the situation that this will not happen by the end of 2022 and its ability to pay its obligations will not be impacted.



Report of the Supervisory Board for 2021

In 2021, the Supervisory Board of ČD - Telematika a.s. (hereinafter ČD-T) continuously verified activity of the Board of Directors and operation of the entire Company at eight regular and one correspondence meetings. At the time of its activity, 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 Supervisory Board was 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. The Supervisory Board reviewed the financial statements of ČD-T for the year 2020 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 2020 including its annex, the Board of Directors' report on the Company's activities and the proposal to distribute the Company's profit for the year 2020. After reviewing all these documents, the Supervisory Board informed the General Meeting of its endorsement of the above-mentioned documents and recommended to the General Meeting to approve the annual financial statements of the Company for the year 2020. The Supervisory Board approved the Board of Directors' proposal for profit distribution for 2020 and recommended to the General Meeting to approve the draft.

Prague, 24 March 2022



Emanuel Šíp
Member of the Supervisory Board



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Independent auditor's report

to the shareholder of ČD - Telematika a.s.

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 Pernerova 2819/2a, Prague 3 (the "Company") as at 31 December 2021, of the Company's financial performance and cash flows for the year ended 31 December 2021 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2021,
- the income statement for the year ended 31 December 2021,
- the statement of changes in equity for the year ended 31 December 2021,
- the statement of cash flows for the year ended 31 December 2021, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

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 Act on Auditors.

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 auditor's report thereon.

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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.

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 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.

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 controls.
- obtain an understanding of internal controls 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 controls.

- 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 notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

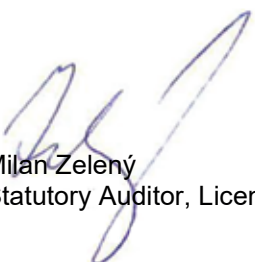
We communicate with the board of directors and supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

25 April 2022

PricewaterhouseCoopers Audit, s.r.o.
represented by



Václav Prýmek



Milan Zelený
Statutory Auditor, Licence No. 2319

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Financial Statements for the Year Ended 31 December 2021

Company name: ČD - Telematika a.s.
Registered office: Perneroва 2819/2a, 130 00 Praha 3
Legal form: joint stock 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 25 April 2022.

Statutory body of the reporting entity:



David Wolski
Member of the Board of Directors



Tomáš Businský
Member of the Board of Directors

Balance Sheet

As of 31. 12. 2021 (in CZK thousand)

		31. 12. 2021		31. 12. 2020	
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	5,286,475	2,293,564	2,992,911	3,210,905
B.	Fixed assets	3,747,257	2,280,345	1,466,912	1,370,894
B.I.	Intangible fixed assets	374,992	347,838	27,154	18,360
B.I.2.	Valuable rights	363,560	347,222	16,338	8,012
B.I.2.1.	Software	108,152	91,870	16,282	7,939
B.I.2.2.	Other valuable rights	255,408	255,352	56	73
B.I.4.	Other intangible fixed assets	985	616	369	493
B.I.5.	Prepayments for intangible fixed assets and intangible fixed assets under construction	10,447	–	10,447	9,855
B.I.5.2.	Intangible fixed assets under construction	10,447	–	10,447	9,855
B.II.	Tangible fixed assets	3,370,475	1,932,507	1,437,968	1,350,720
B.II.1.	Land and structures	2,390,964	1,370,144	1,020,820	1,049,926
B.II.1.1.	Land	54,254	–	54,254	54,254
B.II.1.2.	Structures	2,336,710	1,370,144	966,566	995,672
B.II.2.	Tangible movable assets and sets of tangible movable assets	741,495	562,363	179,132	206,685
B.II.5.	Prepayments for tangible fixed assets and tangible fixed assets under construction	238,016	–	238,016	94,109
B.II.5.1.	Prepayments for tangible fixed assets	2,165	–	2,165	1,791
B.II.5.2.	Tangible fixed assets under construction	235,851	–	235,851	92,318
B.III.	Non-current financial assets	1,790	–	1,790	1,814
B.III.1.	Equity investments – controlled or controlling entity	1,790	–	1,790	1,814
C.	Current assets	1,490,425	13,219	1,477,206	1,795,652
C.I.	Inventories	387,804	6,560	381,244	199,167
C.I.1.	Material	23,184	6,560	16,624	10,499
C.I.2.	Work in progress and semifinished goods	364,620	–	364,620	188,668
C.II.	Receivables	558,705	6,659	552,046	842,051
C.II.1.	Long-term receivables	16,073	–	16,073	93,362
C.II.1.1.	Trade receivables	5,258	–	5,258	5,130
C.II.1.5.	Receivables – other	10,815	–	10,815	88,232
C.II.1.5.2.	Long-term prepayments made	10,815	–	10,815	88,232
C.II.2.	Short-term receivables	542,632	6,659	535,973	748,689
C.II.2.1.	Trade receivables	300,896	6,659	294,237	272,346
C.II.2.2.	Receivables – controlled or controlling entity	74,956	–	74,956	200,021
C.II.2.4.	Receivables – other	166,780	–	166,780	276,322
C.II.2.4.3.	State – tax receivables	1	–	1	21,085
C.II.2.4.4.	Short-term prepayments made	103,599	–	103,599	179,103
C.II.2.4.5.	Estimated receivables	63,152	–	63,152	76,125
C.II.2.4.6.	Sundry receivables	28	–	28	9
C.IV.	Cash	543,916	–	543,916	754,434
C.IV.1.	Cash on hand	295	–	295	366
C.IV.2.	Cash at bank	543,621	–	543,621	754,068
D.	Other assets	48,793	–	48,793	44,359
D.1.	Deferred expenses	48,760	–	48,760	44,353
D.3.	Accrued income	33	–	33	6

Balance Sheet

As of 31. 12. 2021 (in CZK thousand)

	31. 12. 2021	31. 12. 2020
TOTAL LIABILITIES & EQUITY	2,992,911	3,210,905
A. Equity	1,913,295	1,979,114
A.I. Share capital	1,633,684	1,633,684
A.I.1. Share capital	1,633,684	1,633,684
A.II. Share premium and capital funds	(210)	(186)
A.II.2. Capital funds	(210)	(186)
A.II.2.2. Gains or losses from the revaluation of assets and liabilities (+/-)	(210)	(186)
A.III. Funds from profit	39,995	38,269
A.III.1. Other reserve funds	37,137	34,507
A.III.2. Statutory and other funds	2,858	3,762
A.IV. Retained earnings (+/-)	152,215	254,737
A.IV.1. Accumulated profits or losses brought forward (+/-)	152,215	254,737
A.V. Profit or loss for the current period (+/-)	87,611	52,610
B.+C. Liabilities	930,990	1,060,136
B. Reserves	68,343	58,595
B.IV. Other reserves	68,343	58,595
C. Payables	862,647	1,001,541
C.I. Long-term payables	216,471	188,610
C.I.3. Long-term prepayments received	136,071	108,265
C.I.4. Trade payables	4,026	7,245
C.I.8. Deferred tax liability	76,374	73,010
C.I.9. Payables – other	–	90
C.I.9.3. Sundry payables	–	90
C.II. Short-term payables	646,176	812,931
C.II.3. Short-term prepayments received	146,922	325,900
C.II.4. Trade payables	295,445	257,045
C.II.8. Other payables	203,809	229,986
C.II.8.3. Payables to employees	19,834	18,454
C.II.8.4. Social security and health insurance payables	10,677	10,190
C.II.8.5. State – tax payables and subsidies	22,361	3,395
C.II.8.6. Estimated payables	150,916	197,946
C.II.8.7. Sundry payables	21	1
D. Other liabilities	148,626	171,655
D.2. Deferred income	148,626	171,655

Profit and Loss Account

Structured by the nature of expense method

Year ended 31. 12. 2021

(in CZK thousand)

	Year ended 31. 12. 2021	Year ended 31. 12. 2020
I. Sales of products and services	1,984,348	1,609,978
II. Sales of goods	48,710	66,394
A. Purchased consumables and services	1,555,613	1,170,350
A.1. Costs of goods sold	43,297	64,700
A.2. Consumed material and energy	219,547	110,233
A.3. Services	1,292,769	995,417
B. Change in internally produced inventory (+/-)	(175,954)	(101,638)
C. Own work capitalised (-)	(8,778)	(2,862)
D. Staff costs	458,458	430,163
D.1. Payroll costs	332,764	310,416
D.2. Social security and health insurance costs and other charges	125,694	119,747
D.2.1. Social security and health insurance costs	109,043	102,932
D.2.2. Other charges	16,651	16,815
E. Adjustments to values in operating activities	88,844	149,298
E.1. Adjustments to values of intangible and tangible fixed assets	93,779	145,408
E.1.1. Adjustments to values of intangible and tangible fixed assets – permanent	93,779	145,408
E.2. Adjustments to values of inventories	(2,092)	502
E.3. Adjustments to values of receivables	(2,843)	3,388
III. Other operating income	14,305	10,430
III.1. Sales of fixed assets	1,695	788
III.3. Sundry operating income	12,610	9,642
F. Other operating expenses	18,050	(15,774)
F.1. Net book value of sold fixed assets	325	33
F.3. Taxes and charges	674	815
F.4. Reserves relating to operating activities and complex deferred expenses	9,749	(23,703)
F.5. Sundry operating expenses	7,302	7,081
* Operating profit or loss (+/-)	111,130	57,265
VI. Interest income and similar income	2,048	7,470
VI.1. Interest income and similar income – controlled or controlling entity	65	340
VI.2. Other interest income and similar income	1,983	7,130
VII. Other financial income	21,074	22,759
K. Other financial expenses	24,550	20,588
* Financial profit or loss (+/-)	(1,428)	9,641
** Profit or loss before tax (+/-)	109,702	66,906
L. Income tax	22,091	14,296
L.1. Due income tax	18,727	12,260
L.2. Deferred income tax (+/-)	3,364	2,036
** Profit or loss net of tax (+/-)	87,611	52,610
*** Profit or loss for the current period (+/-)	87,611	52,610
* Net turnover for the current period	2,070,485	1,717,031

Statement of Changes in Equity

Year ended 31. 12. 2021 (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
Balance at 31 December 2019	1,633,684	(165)	35,506	242,426	57,549	1,974,571
Distribution of profit or loss	–	–	5,777	12,311	(18,088)	–
Revaluation of assets and liabilities	–	(21)	–	–	–	–
Profit shares paid	–	–	–	–	(39,461)	(39,461)
Payments from capital funds	–	–	(3,014)	–	–	(3,014)
Profit or loss for the current period	–	–	–	–	52,610	52,610
Balance at 31 December 2020	1,633,684	(186)	38,269	254,737	52,610	1,979,114
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
Balance at 31 December 2021	1,633,684	(210)	39,995	152,215	87,611	1,913,295

Cash Flow Statement

Year ended 31. 12. 2021 (in CZK thousand)

		Year ended 31. 12. 2021	Year ended 31. 12. 2020
P.	Opening balance of cash and cash equivalents	954,455	975,755
	Cash flows from ordinary activities (operating activities)	–	–
Z.	Profit or loss before tax	109,702	66,906
A.1.	Adjustments for non-cash transactions	95,817	117,515
A.1.1.	Depreciation of fixed assets	93,779	145,408
A.1.2.	Change in provisions and reserves	4,813	(19,812)
A.1.3.	Profit/(loss) on the sale of fixed assets	(1,370)	(755)
A.1.4.	Revenues from profit shares	–	–
A.1.5.	Interest expense and interest income	(2,048)	(7,470)
A.1.6.	Adjustments for other non-cash transactions	643	144
A.*	Net operating cash flow before changes in working capital	205,519	184,421
A.2.	Change in working capital	(219,995)	(21,058)
A.2.1.	Change in operating receivables and other assets	153,220	6,526
A.2.2.	Change in operating payables and other liabilities	(193,230)	(127,298)
A.2.3.	Change in inventories	(179,985)	(100,286)
A.2.4.	Change in current financial assets	–	200,000
A.**	Net cash flow from operations before tax	(14,476)	163,363
A.3.	Interest paid	–	–
A.4.	Interest received	1,585	8,811
A.5.	Income tax paid from ordinary operations	(8,266)	(17,019)
A.6.	Received profit shares	–	–
A.***	Net operating cash flows	(21,157)	155,155
	Cash flows from investing activities	–	–
B.1.	Fixed assets expenditures	(162,493)	(136,269)
B.2.	Proceeds from fixed assets sold	1,563	2,288
B.3.	Loans and borrowings to related parties	–	–
B.***	Net investment cash flows	(160,930)	(133,981)
	Cash flow from financial activities	–	–
C.1.	Change in payables from financing	(90)	–
C.2.	Impact of changes in equity	(153,406)	(42,474)
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	(3,406)	(3,014)
C.2.6.	Profit shares paid	(150,000)	(39,460)
C.***	Net financial cash flows	(153,496)	(42,474)
F.	Net increase or decrease in cash and cash equivalents	(335,583)	(21,300)
R.	Closing balance of cash and cash equivalents	618,872	954,455

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1. GENERAL INFORMATION

1.1. Incorporation and Description of the Business

ČD - Telematika a.s. (hereinafter 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, in the fields of:
 - publishing activities, polygraphic production, bookbinding and xerographic works,
 - production of railway traction vehicles and railway vehicles on tram, trolleybus and cable railway and railway fleet,
 - preparatory and finishing construction work, specialized construction activities,
 - brokerage in trade and services,
 - wholesale and retail,
 - providing software, information technology consulting, data processing, hosting and related activities and web portals,
 - 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,
 - provided 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 2021.

The reporting period is the calendar year from 1 January 2021 to 31 December 2021.

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

Note.: On 23 June 2021, České dráhy, a.s. bought a minority stake from Telematika a.s. and became the sole shareholder of the company.

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

On 13 October 2021, the Company extended the scope of its activities to the rental of real estate, flats and non-residential premises and the specification of activities related to production, trade and services not listed in Annexes 1 to 3.

On 13 October 2021, a change in the manner of acting on behalf of the Company was registered. The Company is legally represented jointly by two members of the Board of Directors. If these persons sign on behalf of the Company, they attach their signature and information about their function to its business name.

On 13 October 2021, the following changes were registered in the Commercial Register:

- On 26 August 2021, membership of Robert Ševela in the Supervisory Board has expired;
- On 1 September 2021, Tomáš Businský was appointed as a member of the Board of Directors;
- On 1 September 2021, Michal Krapinec became Chairman of the Boards of Directors.

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

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

1.3. Organisational Structure of the Company

The Company is organised into the following sections:

- Telecommunication Services (TS)
- Infrastructure Maintenance (INFRA)
- SŽ Infrastructure Maintenance (INFRA SŽ)
- IT
- Economics and Shared Activities
- Sales and Marketing

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

	Position	Name
Board of Directors	Chairman	Michal Krapinec
	Member	David Wolski
	Member	Tomáš Businský
Supervisory Board	Chairman	Václav Nebeský
	Vice-Chairman	Pavel Kysilka
	Member	Emanuel Šíp
	Member	Dana Putnová
	Member	Milan Gajdoš

Note.: On 31 December 2021, membership of Pavel Kysilka in the Supervisory Board has expired.

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 2021:

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.
	Výzkumný Ústav Železniční, a.s.	VUZ Slovakia, s.r.o.
	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 Reality 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, Perneroва 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
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: The above includes solely those entities of the České dráhy, a.s., outside the Consolidation Group with which the Company reports business relationships.

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 Register of Companies. 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% of equity investment from SOITRON Group SE, pursuant to the contract for the transfer of securities.

1.7. Impact of the COVID-19 Pandemic

At the beginning of 2020, the existence of a new coronavirus causing the disease COVID-19 was confirmed, which spread in China and beyond, including the Czech Republic, and caused the disruption of many business and economic activities in 2020 and 2021. We considered the current and possible future effects of the outbreak of the COVID-19 (coronavirus) pandemic on the Company. We have reflected these effects in the valuation of assets, liabilities and provisions in the financial statements. The outbreak of this epidemic brought increased expenditures on protective work aids for employees and costs for disinfection of premises. Our Company has not experienced any other significant impact on its operations.

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 No. 563/1991 Coll., as amended; Regulation No. 500/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act No. 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 No. 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 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 pass the optical networks owned by the ČD - Telematika a.s.

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 bad 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. Reserves

The Company recognises reserves 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 reserves 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.

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

Reserve 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 reserve for legal disputes in the amount of the best possible estimate of the future payment.

Reserve for pensions and similar liabilities – ČDT recognises a reserve 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 reserve – ČDT recognises a restructuring reserve based on the restructuring programme approved by the relevant body. The restructuring is a programme, which 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 reserve 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.

Reserves for loss-making projects – The reserves for loss-making projects are recognized 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 as, 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 recognized in 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 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 reduce their acquisition 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 recognized when goods are delivered and the rights related to those goods are transferred.

3.16. Use of Estimates

The presentation of financial statements requires Company 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 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	31. 12. 2021	31. 12. 2020
Cash on hand and cash in transit	295	366
Cash at bank	543,621	754,068
Cash in the cash pool account	74,956	200,021
Total cash and cash equivalents	618,872	954,455

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:

- l parties, which directly or indirectly control the Company, their subsidiaries and associates;
- l parties, which have directly or indirectly significant influence on the Company;
- l 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;
- l 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. 2019	Additions	Disposals/ Reclassifications	As of 31. 12. 2020	Additions	Disposals/ Reclassifications	As of 31. 12. 2021
Software	96,341	5,536	7,346	94,531	13,829	208	108,152
Royalties	255,362	46	–	255,408	–	–	255,408
IFA other	985	–	–	985	–	–	985
IFA under construction	6,904	8,533	5,582	9,855	14,421	13,829	10,447
Total	359,592	14,115	12,928	360,779	28,250	14,037	374,992

Accumulated Amortisation

(CZK thousand)	As of 31. 12. 2019	Additions	Disposals/ Reclassifications	As of 31. 12. 2020	Additions	Disposals/ Reclassifications	As of 31. 12. 2021
Software	89,223	4,715	7,346	86,592	5,486	208	91,870
Royalties	136,771	15	–	136,786	17	–	136,803
IFA other	369	123	–	492	124	–	616
IFA under construction	–	–	–	–	–	–	–
Provision against IFA	118,549	–	–	118,549	–	–	118,549
Total	344,912	4,853	7,346	342,419	5,627	208	347,838

Net Book Value

(CZK thousand)	As of 31. 12. 2020	As of 31. 12. 2021
Software	7,939	16,282
Royalties	73	56
IFA other	493	369
IFA under construction	9,855	10,447
Total	18,360	27,154

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

In the area of intangible assets, items of significant value were not eliminated in 2021.

The most significant additions to intangible fixed assets in 2020 included the purchase of Microsoft software licenses, namely: Office Professional Plus 2019, System Center Configuration Manager, Dynamics, Visio, Windows 10 Professional. The Company also acquired licenses related to the implementation of a log tracking solution in the corporate network.

In the second half of 2020, no longer usable and unsupported licenses related to the replacement of call centre hardware in Pardubice were disposed of.

4.2. Tangible Fixed Assets

Cost

(CZK thousand)	As of 31. 12. 2019	Additions	Disposals	As of 31. 12. 2020	Additions	Disposals	As of 31. 12. 2021
Land	54,254	–	–	54,254	–	–	54,254
Structures	2,274,127	54,267	77	2,328,317	8,910	517	2,336,710
Individual movable tangible assets	714,456	46,006	9,617	750,845	22,910	32,260	741,495
TFA under construction	47,599	144,992	100,273	92,318	175,352	31,819	235,851
Prepayments for TFA	2,952	40,418	41,579	1,791	644	270	2,165
Total	3,093,388	285,683	151,546	3,227,525	207,816	64,866	3,370,475

Accumulated Depreciation

(CZK thousand)	As of 31. 12. 2019	Additions	Disposals	As of 31. 12. 2020	Additions	Disposals	As of 31. 12. 2021
Land	–	–	–	–	–	–	–
Structures	1,244,800	87,922	77	1,332,645	38,016	517	1,370,144
Individual movable tangible assets	501,250	52,527	9,617	544,160	50,462	32,259	562,363
Total	1,746,050	140,449	9,694	1,876,805	88,478	32,776	1,932,507

Net Book Value

(CZK thousand)	As of 31. 12. 2020	As of 31. 12. 2021
Land	54,254	54,254
Structures	995,672	966,566
Individual movable tangible assets	206,685	179,132
TFA under construction	92,318	235,851
Prepayments for TFA	1,791	2165
Total	1,350,720	1,437,968

The largest increases in 2021 in the construction category consisted of investments in new optical routes, especially in the routes and localities Mladá Boleslav – Turnov, Prague Smíchov – Hostivice, Brno main railway station and Ostrava – Opava. As part of investments in buildings, office buildings in Prague, Ústí nad Labem, Liberec and Ostrava were reconstructed. Those were minor modifications to the offices – soundproofing, expansion of parking areas for employees and construction of new fencing.

In the category of structures in 2020, investments were made mainly in new optical connections on the routes Karlovy Vary – Cheb, Č. Budějovice – Veselí nad Lužnicí, Prague – Kolín, Louny – Lovosice, Prague – Plzeň, Most – Kadaň and also in localities in Zelenec, Písek and Mohelnice. In 2020, the modernization of the Prague branch in Pod Táborem street continued. It included reconstruction of sanitary facilities and floors, replacement of doors, installation of new lamps and acoustic ceilings. In Olomouc, heat exchanger station, technical room, boiler room, warehouse and archive were reconstructed. The construction of fencing continued in the area of the administrative building in Ostrava. Furthermore, new wiring for air conditioning and new lighting were installed.

The most significant additions to individual movable tangible assets in 2021 consisted mainly of investments in strengthening the Ethernet and Internet networks of IPNET for the cities of Plzeň and Ústí nad Labem. Special measuring instruments and hand tools were purchased for the maintenance 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.

The most significant additions to individual movable tangible assets in 2020 consisted mainly of investments in the strengthening of DWDM technologies. As part of the data centre consolidation in Prague and Pardubice, network components were installed. To improve the services provided to client in the area of state administration, special HW was installed for monitoring and securing corporate networks. To expand the operation of the high-speed computer network of a major customer, HW was installed to provide infrastructure for the needs of science, research, development and education. Special measuring equipment and hand tools were purchased for the maintenance of the customer network. In addition, laptops, desktops and monitors were purchased under Computer Recovery Program. The expansion of telecommunications networks required the purchase of new routers, servers and switches. In Olomouc and Brno branches, equipment was installed for complex solution for remote energy and water readings. The telecommunications services department in Prague was equipped with backup equipment – the UPSs. Technological rooms throughout the Czech Republic got masts, air conditioners, backup batteries, resources and racks.

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.

At the end of 2020, TFA under construction consisted mainly of the purchase of geometric plans for marking the serviceability of the ŽVPS engineering network and unfinished projects relating to optical fibre routes construction in various parts of the Czech Republic. Hardware extending the backbone IP network was purchased to provide internet customer services. During the year, the equipment of technological rooms, so-called POPs, was also purchased.

The most significant decreases in construction in 2021 were mainly in the sales of part of the optical fibre and HDPE pipe routes to the Railway Administration, a state organization, and other customers.

In the category of structures, there were no significant decreases through sales or liquidations during 2020.

In the category of individual movable tangible assets, obsolete and unsold assets were discarded and disposed during 2021. It was mainly the liquidation of components for data transmission, measuring instruments, testers, hand tools, computer technology and servers. Further disposals of assets in 2021 were mainly formed by the sale of passenger cars to the Company's employees, resp. to other customers, through the second-hand car shop and the sale of computers and mobile phones to employees decommissioned as part of regular equipment renewals.

In the category of individual movable tangible assets, obsolete and unsold assets were discarded and disposed during 2020. It was mainly the liquidation of technology for data transmissions from the subsidized project in Pardubice, the liquidation of measuring equipment, testers and hand tools. Furthermore, the network components of the telecommunications services department were destroyed. In 2020, other tangible fixed assets disposals consisted of sale of cars to employees of the Company, resp. to other customers, through a used car bazaar and by selling computer equipment and mobile phones to employees.

4.2.1. Assets Held under Finance Leases

Finance leases with following purchase of the leased asset

(CZK thousand) Asset description	Date of inception	Lease period in months	Total lease value	Payments made at 31 Dec 2020	Payments made at 31 Dec 2021	Due in 2022	Due in the following years
VW Transporter Kombi 2,0TDI	4/18	54	645	394	537	108	–
Total			645	394	537	108	–

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

4.2.2. Operating Leasing

(CZK thousand) Asset description	Date of inception	Lease period in months	Total lease value	Payments made at 31 Dec 2020	Payments made at 31 Dec 2021	Due in 2022	Due in the following years
Car fleet	01/16–11/25	36–72	38,837	12,473	20,095	7,835	10,907
Total			38,837	12,473	20,095	7,835	10,907

4.3. Assessment of Fixed Assets for Impairment

At the balance sheet date, the Company recognised provisions for the remaining amortized cost of encumbrances recorded in Other valuable rights in the amount CZK 118,548 thousand (as of 31 December 2020 in the amount CZK 118,548 thousand).

4.4. Non-Current Financial Assets

4.4.1. Equity Investments in Controlled or Controlling Entities

2021

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

2020

(CZK thousand) Entity	Registered office	Cost	Ownership percentage	Equity	Profit/Loss	Valuation at 31 Dec 2021
ECHIS a.s.	Prague 3, Perneroova 2819/2a	2,000	100%	1,814	(21)	1,814
Total		2,000		1,814	(21)	1,814

4.5. Inventories

As of 31 December 2021 and 31 December 2020, the net book value of inventory of material amounted to CZK 16,624 thousand and CZK 10,499 thousand, respectively. As of 31 December 2021 and 31 December 2020, provisions for the inventory of material amounted to CZK 6,560 thousand and CZK 8,653 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 2021 was 364,620 CZK thousand, or CZK 188,668 thousand as of 31 December 2020, 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	As of 31 Dec 2021	As of 31 Dec 2020
Other prepayments (advances and other deposits)	176	176
Long-term advances granted to subcontractors	10,639	88,056
Long-term suspensions	5,258	5,130
Total long-term receivables	16,073	93,362

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									
2021	Gross	103,053	303	86	5	–	–	394	103,447
	Provisions	–	–	–	–	–	–	–	–
	Net	103,053	303	86	5	–	–	394	103,447
2020	Gross	45,506	4,527	–	–	–	–	4,527	50,033
	Provisions	–	–	–	–	–	–	–	–
	Net	45,506	4,527	–	–	–	–	4,527	50,033

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									
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
2020	Gross	208,227	14,318	4,039	882	895	3,454	23,588	231,815
	Provisions	1,752	–	2,519	882	895	3,454	7,750	9,502
	Net	206,475	14,318	1,520	–	–	–	15,838	222,313

4.7.3. Intercompany Receivables

Short-Term Receivables

Company name (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
České dráhy, a.s.	18,598	16,185
ČD Cargo, a.s.	79,979	26,012
DPOV, a.s.	250	186
ČD-DUSS Terminál, a.s.	19	8
Výzkumný Ústav Železniční, a.s.	548	1,840
ČD - Informační Systémy, a.s.	3,743	5,636
JLV, a.s.	61	61
ČD Cargo Logistics, a.s.	37	32
ČD travel, s.r.o.	28	40
Dopravní vzdělávací institut, a.s.	144	26
XT-Card a.s.	5	6
Ostravská dopravní společnost - Cargo, a.s.	35	–
CHAPS spol. s r.o.	–	1
Total short-term intercompany receivables	103,447	50,033
Other than intercompany receivables	190,790	222,313
Total short-term receivables	294,237	272,346

4.8. Short-Term Prepayments Made

Short-term prepayments made (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Prepayments for leases and lease-related services	226	200
Prepayments of electricity, heat and water	1,838	7,384
Prepayments for easements and payments for the use of land	225	22
Prepayments for marketing events	22	293
Prepayments for the delivery of customer solutions	101,246	171,024
Prepayments for employee training	–	70
Other	42	110
Total short-term prepayments made	103,599	179,103

4.9. Estimated Receivables

Estimated receivables (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Estimated receivables from unbilled telecommunication services	14,618	14,882
Estimated receivables from credit notes and bonuses from suppliers	5	350
Estimated receivables from insurance proceeds	1,044	1,079
Estimated receivables from the rebilling of expenses related to the optical network	780	1,373
Estimated receivables from the lease of non-residential premises	1,105	924
Estimated receivables from the lease of the optical network, server housing	2,404	1,567
Estimated receivables from financial interest and interest on term deposits	463	26
Estimated receivables from unbilled supplies of customer solutions	42,035	55,212
Estimated receivables – other	698	712
Total estimated receivables	63,152	76,125

4.10. Current Financial Assets

Total current financial assets and cash (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Cash on hand	295	366
Cash	295	366
Current accounts	543,621	754,068
Cash at bank	543,621	754,068
Total current financial assets and cash	543,916	754,434

4.11. Prepayments and Accrued Income

4.11. Deferred Expenses

Deferred expenses (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Licenses and other SW services	580	1,499
Lease of the optical network	10,081	10,561
SW and HW support	36,700	30,534
Newspaper and magazine subscriptions	19	19
Certification costs	10	21
Other personnel costs	255	170
Insurance	417	458
Low-value tangible assets up to CZK 10 thousand	545	544
Marketing activities	41	414
Rental and rental-related services	46	44
Other	66	89
Total deferred expenses	48,760	44,353

4.12. Equity

As of 31 December 2021, 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 profit for the year 2020 in the amount of CZK 52,610 thousand was distributed pursuant to the decision passed by the General Meeting as follows:

- CZK 2,630 thousand – used for an increase in the statutory reserve fund;
- CZK 2,502 thousand – used for an increase in the social fund;
- CZK 47,478 thousand – allocated to retained earnings.

During the year, withdrawals in the amount of CZK 3,406 thousand were made from the social fund in line with the collective agreement.

The sole shareholder in exercising the powers of the General Meeting decided on the payment of an extraordinary dividend from retained earnings in the amount of CZK 150,000 thousand.

During 2021, the capital funds from the revaluation of assets decreased by CZK 24 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 the 2021 profit.

4.13. Reserves

Reserves (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Reserve for legal disputes and sanctions resulting from non-compliance contracts	6,600	350
Reserve for obligations arising from the collective agreement	15,674	15,210
Restructuring reserve	41,269	43,035
Reserve for warranty repairs	4,800	–
Total reserves	68,343	58,595

The amount of the reserve 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 reserve for liabilities arising from the collective agreement relates to the commitment to pay extraordinary bonuses provided to employees when reaching 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 2021, there was no significant payments of these extraordinary bonuses, which would have a material impact on the amount of this reserve.

The restructuring reserve is be intended to cover the increased one-off costs relating to the decrease in the available servicing capacity. The reserve is be recognised for the settlement of liabilities arising from the collective agreement and premature termination of business contracts. During 2020, this reserve was not be used, which would have a material impact on the amount of this reserve.

4.14. Payables

4.14.1. 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 2021 and 31 December 2020, 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 2021, the Company reports payables maturing within more than five years in the amount of CZK 109 thousand. As of 31 December 2020, payables maturing within more than five years amounted of CZK 367 thousand.

The Company's payables have not been secured against any assets.

4.15. Short-Term payables

4.15.1. Aging of Intercompany Payables

(CZK thousand)	Category	Not due			Past due			Total	Total
Year			0–90 days	91–180 days	181–360 days	1–2 years	2 and more years	overdue	
2021	Short-term	8,636	–	16	–	–	–	16	8,652
2020	Short-term	8,685	4	–	–	–	–	4	8,689

4.15.2. Aging of Other-than-Intercompany Payables

(CZK thousand)	Category	Not due			Past due			Total	Total
Year			0–90 days	91–180 days	181–360 days	1–2 years	2 and more years	overdue	
2021	Short-term	269,737	11,838	–	5,216	2	–	17,056	286,793
2020	Short-term	216,614	22,606	1,223	4,961	1,424	1,528	31,742	248,356

4.15.3. Intercompany Payables

Short-Term Trade Payables

Entity (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
ČD Cargo, a.s.	6	6
České dráhy, a.s.	557	80
ČD - Informační Systémy, a.s.	7,189	7,532
Dopravní vzdělávací institut, a.s.	121	66
CHAPS spol. s r.o.	3	6
Výzkumný Ústav Železniční, a.s.	776	999
Total short-term trade intercompany payables	8,652	8,689
Other than intercompany payables	286,793	248,356
Total short-term trade payables	295,445	257,045

4.16. Future Contractual Obligations

The Company has the following future lease obligations:

Future contractual obligations	As of 31 Dec 2021	As of 31 Dec 2020
Payable within 1 year	1,459	1,407
Total future contractual obligations	1,459	1,407

As of the date of preparation of these financial statements, management knows no other significant future contractual obligations.

4.17. Income Taxation

4.17.1. Deferred Tax

The deferred tax liability is analysed as follows:

Deferred tax (liability)/asset (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Difference between the carrying amount and the tax base of fixed assets	(93,101)	(88,037)
Allowance for inventory	1,246	1,644
Allowance for receivables	533	1,072
Reserves	12,985	11,133
Estimated payables arising from outstanding vacation days	286	194
Estimated payables arising from bonuses – social security and health insurance	1,686	995
Outstanding contractual interest income on default and fines	(11)	(11)
Outstanding contractual interest expenses on default and fines	2	–
Total deferred tax (liability)	(76,374)	(73,010)

4.17.2. Income Tax Charge

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

Income tax on ordinary and extraordinary activities (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Profit before tax	109,702	66,906
Income tax rate	19%	19%
Tax at the domestic income tax rate	20,843	12,712
Tax effect of expenses/income not allowable in determining taxable profit	(1,789)	(805)
Amounts decreasing the tax base – gifts	(152)	(67)
Tax relief	(182)	(99)
Tax refund for prior years	7	519
Total income tax on ordinary and extraordinary activities	18,727	12,260

The effective tax rates in 2021 were 20% and in 2020 were 21%.

4.18. 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.

4.19. Short-Term Prepayments Received

Short-term prepayments received (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Prepayments for the delivery of customer solutions	145,270	324,685
Prepayments for the delivery of construction work	313	–
Prepayments for the lease of buildings, energy and related services	1,298	1,177
Other	41	38
Total short-term prepayments received	146,922	325,900

4.20. Estimated Payables

Estimated payables (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Estimated payables from rental, heat and electricity	12,735	21,171
Estimated payables from unbilled sub-supplies	65,933	124,251
Estimated payables from the fees for establishing servitude	12,061	13,704
Estimated items for payroll bonuses and other salaries	34,973	20,639
Estimated payables from outstanding vacation days	1,506	1,021
Estimated payables from non-rebilled optical network costs	1,000	1,088
Estimated payables from the fees to the Czech Telecommunication Office	582	582
Estimated payables from marketing costs	274	364
Estimated payables from advisory and legal services	119	659
Estimated payables from the purchase of telecommunication services	9,347	5,908
Estimated payables from HW and SW support	165	109
Estimated payables from car repairs and car fleet administration	1,546	1,425
Estimated payables for damage on the transmission network	3,840	3,373
Estimated payables from audit	229	229
Estimated payables from contractual interest and penalties	475	475
Estimated payables from unbilled supplies of fixed assets	4,162	1,390
Estimated payables from unbilled supplies of material, etc.	82	7
Estimated payables for other personnel costs	1,771	1,515
Other	116	36
Total estimated payables	150,916	197,946

4.21. Accruals and Deferred Income

4.21.1. Deferred Income

Deferred income (CZK thousand)	As of 31 Dec 2021	As of 31 Dec 2020
Income from the lease of the optical network	137,073	155,933
Income from the maintenance and construction of the telecommunication infrastructure	11,553	15,722
Total deferred income	148,626	171,655

4.22. Details of Income by Principal Activity

(CZK thousand)	Year ended 31 Dec 2021			Year ended 31 Dec 2020		
	Domestic	Abroad	Total	Domestic	Abroad	Total
Sales of goods	11,546	–	11,546	52,693	–	52,693
Sales of goods – group entities	37,164	–	37,164	13,701	–	13,701
Total sales of goods	48,710	–	48,710	66,394	–	66,394
Sales of services	1,333,379	5,416	1,338,795	1,361,255	6,061	1,367,316
Sales of services – group entities	645,553	–	645,553	242,662	–	242,662
Total sales of services	1,978,932	5,416	1,984,348	1,603,917	6,061	1,609,978
Other operating income	8,395	–	8,395	4,430	20	4,450
Other operating income – group entities	4,215	–	4,215	5,192	–	5,192
Total other operating income	12,610	–	12,610	9,622	20	9,642

4.22.1. Income Generated with Related Parties

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	4914	–	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
Total		37,164	645,553	4,215	686,932

2020

(CZK thousand)	Relation to the Company	Goods	Services	Other operating income	Total
Entity					
České dráhy, a.s.	parent	11,391	88,769	1,020	101,180
ČD Cargo, a.s.	fellow subsidiary	1,815	129,002	134	130,951
DPOV, a.s.	fellow subsidiary	13	1,186	8	1,207
Výzkumný Ústav Železniční, a.s.	fellow subsidiary	382	4,024	–	4,406
JLV, a.s.	fellow subsidiary	70	508	–	578
ČD Cargo Logistics, a.s.	related party	–	381	–	381
ČD travel, s.r.o.	fellow subsidiary	–	367	–	367
Dopravní vzdělávací institut, a.s.	fellow subsidiary	3	586	16	605
XT-Card a.s.	related party	–	54	–	54
Terminal Brno, a.s.	related party	18	22	–	40
ČD-DUSS Terminál, a.s.	related party	–	75	–	75
ČD - Informační Systémy, a.s.	fellow subsidiary	9	17,623	4,002	21,634
CHAPS spol. s r.o.	related party	–	9	–	9
ECHIS a.s.	subsidiary	–	–	12	12
Ostravská dopravní společnost - Cargo, a.s.	related party	–	56	–	56
Total		13,701	242,662	5,192	261,555

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

4.22.2. Purchases from the Related Parties

2021

(CZK thousand) Entity	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
Total		2,486	48,992	470	51,948

2020

(CZK thousand) Entity	Relation to the Company	Goods	Services	Consumed energy	Total
České dráhy, a.s.	parent	212	8,801	426	9,439
ČD Cargo, a.s.	fellow subsidiary	–	50	19	69
Dopravní vzdělávací institut, a.s.	fellow subsidiary	–	98	–	98
ČD - Informační Systémy, a.s.	fellow subsidiary	–	34,126	–	34,126
ČD travel, s.r.o.	fellow subsidiary	–	3	–	3
CHAPS s.r.o.	related party	67	5	–	72
Výzkumný Ústav Železniční, a.s.	fellow subsidiary	–	5,290	–	5,290
Total		279	48,373	445	49,097

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

Sales

In the year 2021 and 2020, there were no sales of intangible, tangible or financial assets to related parties.

Purchases

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	–	–
Total		140	13,309	–

In 2021, we paid fees for the establishment of services (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.

2020

Entity (CZK thousand)	Relation to the Party	Intangible FA	Tangible FA	Financial A
České dráhy, a.s.	parent	–	99	–
ČD - Informační Systémy, a.s.	fellow subsidiary	84	–	–
Total		84	99	–

From ČD - Informační Systémy, a.s., programming work related with the implementation of the new personnel and payroll system PERON was purchased. In 2020, tangible fixed assets were acquired from České dráhy, a.s., and consisted of the executed pledges (liens) on land owned by the parent company for newly constructed sections of the optical fibre network.

4.23. Consumption of Materials and Energy

Consumption of materials and energy (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Consumed material	188,872	79,002
Consumed energy	20,401	22,673
Consumed fuel	10,274	8,558
Total consumption of materials and energy	219,547	110,233

4.24. Services

Services (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Repairs and maintenance	4,790	6,008
Travel expenses	3,076	2,662
Representation costs	1,414	1,881
Telecommunication and ICT services	220,176	231,647
Advisory, legal services and audit	18,821	16,447
Rental	31,626	44,359
Leasing	15,035	14,315
Training	4,346	4,001
Marketing services	5,032	3,922
Operation of buildings and waste disposal	11,054	13,358
Print services	946	1,083
Sub-supplies	870,545	587,441
SW and HW support	41,467	30,666
Machinery and equipment maintenance and inspection	57,847	33,774
Other services	6,594	3,853
Total services	1,292,769	995,417

4.24.1. Total Expenses Incurred on the Fees to the Statutory Audit Company

Expenses incurred on the fees to the statutory audit company	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Obligatory audit of the financial statements	327	327
Total expenses incurred on the fees to the statutory audit company	327	327

4.25. Amortisation/Depreciation of Intangible and Tangible Fixed Assets

Amortisation/depreciation of intangible and tangible fixed assets – permanent (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Amortisation of IFA and depreciation of TFA	93,779	145,262
Amortisation/depreciation of a positive valuation difference on acquired assets	–	146
Total amortisation/depreciation of intangible and tangible fixed assets – permanent	93,779	145,408

4.26. Expenses of/Income from Fixed Assets Sold

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 sales of fixed assets consisted mainly of sales of motor vehicles and unnecessary computer equipment and mobile phones.

Sales of fixed assets in the year 2020 amounted to CZK 788 thousand. It was mainly the sale of unnecessary cars amounted to CZK 407 thousand and unnecessary computer equipment amounted to CZK 304 thousand.

4.27. Other Operating Income

Other operating income (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Contractual penalties and default interest	170	106
Payments received from employees for fuel consumption – private trips	1,187	1,005
Portion of the costs of the shared services related to ČD-IS	4,074	4,002
Rent	1,250	1,151
Operating grants	1,572	1,092
Other operating income	4,357	2,286
Total other operating income	12,610	9,642

4.28. Other Operating Expenses

Other operating expense (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Insurance	4,894	5,053
Fines and default interest	157	686
Write-off of receivables and transferred receivables	263	137
Fees to the Czech Telecommunications Office	137	241
Donations	600	350
Other operating expenses	1,251	614
Total other operating expenses	7,302	7,081

4.29. Interest Income and Similar Income

Interest income and similar income (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Interest on bank accounts – cash-pooling	65	340
Interest on bank accounts	1,983	7,130
Total interest income and similar income	2,048	7,470

4.30. Other Financial Income

Other financial income (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Foreign exchange rate gains	21,074	18,458
Income from derivative transactions	–	90
Income from current financial assets	–	4,211
Total other financial income	21,074	22,759

4.31. Other Financial Expenses

Other financial expenses (CZK thousand)	Year ended 31 Dec 2021	Year ended 31 Dec 2020
Foreign exchange rate losses	22,209	18,291
Banking fees	2,341	2,297
Total other financial expenses	24,550	20,588

5. EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

5.1. Staff Costs and Number of Employees

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

2020

(CZK thousand)	Number	Payroll costs	Social security and health insurance	Other costs	Total staff Costs
Employees	540.76	286,352	96,667	16,815	399,834
Management	5.83	15,513	3,922	–	19,435
Remuneration to members of the Supervisory Board	6	2,268	767	–	3,035
Remuneration to members of the statutory body	2.49	6,283	1,576	–	7,859
Total	555.08	310,416	102,932	16,815	430,163

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 2021, 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., amounted to CZK 674,372 thousand as of 31 December 2021.

As of 31 December 2020, the Company provided payments guarantees through Československá obchodní banka, a. s., Raiffeisenbank a.s., Česká spořitelna, a.s., and Komerční banka, a.s., amounted to CZK 570,959 thousand.

7. POST BALANCE SHEET EVENTS

On 28 February 2022, the Czech National Bank (CNB) took steps to revoke the banking license of Sberank CZ, a.s. In connection with this, the CNB issued a preliminary measure preventing the bank from handling assets and liabilities, including granting new loans and accepting deposits. As of 28 February 2021, ČD - Telematika recorded a balance on bank accounts with this bank in the amount of CZK 261,775 thousand, as of 31 December 2021 it was CZK 281,944 thousand. ČD - Telematika expects to recover the full amount of the deposit in 2023 at the latest. The Company is intensively negotiating access to deposited funds. The moment of return of funds will depend on the way the CNB resolves the situation. However, ČD - Telematika is prepared for the situation that this will not happen by the end of 2022 and its ability to pay its obligations will not be impacted.

On 16 February 2022, the following changes were registered in the Commercial Register:

- On 16 February 2022, Josef Pašek was appointed as a member of the Supervisory Board;
- On 16 February 2022, Pavel Kohoutek was appointed as a member of the Supervisory Board;
- On 16 February 2022, Vladan Horák was appointed as a member of the Supervisory Board.

No other 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 2021

The Board of Directors of ČD - Telematika a.s., with registered office at Prague 3 – Žižkov, Perneroва 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 2021 to 31 December 2021 (hereinafter 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 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 2021 or at the instigation or in the interest of which acts took place in 2021 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, Perneroва 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.**
Registered office: Prague 3, Perneroва 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: CHAPS, spol. s.r.o.
Registered office: Brno, Bráfova 1617/21, post code 616 00
Corporate ID: 47547022
Registered by the Regional Court in Brno, Section C, Insert 17631

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.

No such acts were carried out.

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
ČD - Informační Systémy, a.s.				
	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
	Memorandum to VPN Family	–	1	Yes
	Implementation Agreement to the Framework Agreement for the Operation of the Application	Cash payments provided	1	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 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	41	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 Sublicence for SAP HANA RunTimeEdition	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
ČD Cargo, a.s.				
	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	1	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	2	Yes
	Contract on the Maintenance and Service of a Device	Cash payments received	1	Yes
ČD Logistics, 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
ČD travel, s.r.o.				
	Memorandum to VPN Family	–	1	Yes
	Contract on the Provision of ICT Services	Cash payments received	2	Yes

Name of the company	Name of the contract	Type of performance received/ provided by ČDT	Number of contracts	Adequate counter- performance
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 provided	3	Yes
	Purchase Contract – Supply of a Device	Cash payments received	1	Yes
	Purchase Contract – Spare Parts	Cash payments received	1	Yes
	Purchase Contract – Radio Stations, Car, Portable and Base Radios	Cash payments received	1	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	2	Yes
	Memorandum to VPN Family	–	1	Yes
	Framework Agreement – the Rolling Stock Equipment of the ETCS Mobile Part	Cash payments received	1	Yes
	Framework Agreement on Supply of ETCS Mobile Component	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	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	1	Yes
	Contract on Water Supplies	Cash payments provided	1	Yes
	Contract for Servicing of Vehicle and Base Radio Sets	Cash payments received	3	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 – Implementation of Firewall in the Environment of the Group České Dráhy, a.s.	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	3	Yes
	Contract on Water Supplies	Cash payments provided	1	Yes
	Contract on the Lease of Non-Residential Premises	Cash payments provided	43	Yes
	Contract on the Lease of Land	Cash payments provided	6	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	7	Yes
	Agreement on the Provision of Support Services in the ČD Group	Cash payments provided	1	Yes
	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	1	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

Name of the company	Name of the contract	Type of performance received/ provided by ČDT	Number of contracts	Adequate counter- performance
	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
	Agreement on the Allocation of Costs for Liability Insurance	Cash payments provided	2	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
	Contract on the Construction and Lease of a ČD Contact Centre	Cash payments received	1	Yes
	Contract on Sharing Internal Regulations	–	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	2	Yes
	The Easement Agreement	Cash payments provided	137	Yes
	Social Contract for the Purpose of Creating an Association of Contracting Entities	–	1	Yes
Dopravní vzdělávací institut, a.s.				
	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
DPOV, a.s.				
	Confidentiality Agreement	–	1	Yes
	Memorandum to VPN Family	–	1	Yes
	Contract to Perform a Specified Task – Revitalization 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
CHAPS spol. s r.o.				
	Framework Contract on the Provision of ICT services	Cash payments received	1	Yes
JLV, a.s.				
	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
Terminal Brno, a.s.				
	Contract on Domain Administration	Cash payments received	1	Yes
Tramex Rail s.r.o.				
	Confidentiality Agreement	–	1	Yes
Výzkumný Ústav Železniční, a.s.				
	Confidentiality Contract	–	3	Yes
	Purchase Contract – IT products	Cash payments received	1	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

Name of the company	Name of the contract	Type of performance received/ provided by ČDT	Number of contracts	Adequate counter- performance
	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 Realization	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 and Purchase Contract Revitalization IT CZV – Active Elements	Cash payments received	1	Yes
	Contract to Perform a Specified Task – Work Contract, Licence 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 Testes	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 secret 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.

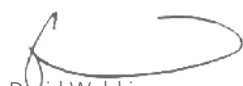
7. Assessment of Advantages, Disadvantages and Risks

The result 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 these, 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 the 16th of March 2022



David Wolski
Member of the Board of Directors



Tomáš Businský
Member of the Board of Directors

Overview of Used Abbreviations

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

Information on Individuals Responsible for the Annual Report

Statutory Declaration

The information presented in the 2021 Annual Report is factual and no significant circumstances were omitted that could affect the accuracy and correctness of assessment of ČD - Telematika a.s.

Prague, 25 April 2022



David Wolski
Member of the Board of Directors



Tomáš Businský
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
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