

Annual Report 2022



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Who we are
and what we do

We manage, administer and
innovate the railway network
and thousands of railway
stations all over the Czech
Republic.



We are Správa železnic
and this is our fascinating
journey through 2022.

2022 through the eyes of the Director General

**Ladies and
Gentlemen,
Dear Business
Partners,**

In 2022, we as Správa železnic had to deal with an extremely difficult situation which no one could have foreseen. The war conflict in the immediate vicinity of our country and its impact on people's lives was logically reflected in the functioning of our state-owned organisation. The unprecedented impact in the form of the energy crisis or the turbulent rise in prices was felt in all areas of our activities. All of us expected that after a difficult period of the covid pandemic things would finally stabilise, but events have presented us with even more complex challenges. I dare say that we have succeeded in these challenges.

We have done a tremendous amount of work and I am convinced that 2022 will be seen positively in the history of Správa železnic. We are keeping pace, innovating, modernising, repairing and completing key construction works. It is a fascinating journey of projects changing rail transport for the better.

In 2022, we had a budget of CZK 66.9 billion, of which a record amount of CZK 42.5 billion went towards investment. During the year, we put into operation almost 30 kilometres of the new railway line from České Budějovice to Prague, thus completing one of the most important current railway infrastructure constructions in the Czech Republic – modernisation of the fourth railway corridor. Investments in the sections Souděč – Votice and Soběslav – Doubí, which is to facilitate train speeds of 200 km/h, have resulted not only in increased fluidity and safety of operation but also in a significant reduction in travel times.



**“Despite various obstacles,
we have managed to fulfil all
our ambitions for this year.
I do appreciate the commitment
of all our employees as well
as the effort of construction
companies' staff.”**

On the first corridor, the modernisation of the railway line between Brno, Adamov and Blansko has been completed, and after a year of intensive construction work, regional transport and the R19 fast train line have returned to the railway line. We have also completed the reconstruction of the railway line between Velim and Poříčany, and construction works between Brandýs nad Orlicí and Ústí nad Orlicí and those at the Pardubice junction have progressed in a significant way.

A part of the third corridor between Prague and Pilsen in the section between the Prague districts of Smíchov and Radotín has also been modernised. We have started the reconstruction of the last part on the busy Prague – Lysá nad Labem branch between Mstětice and Čelákovice and the reconstruction of the railway stations of Vsetín or Rožnov pod Radhoštěm.

One of the most challenging tasks which we unexpectedly tackled was the purchase of energy. Správa železnic is the largest consumer of electricity in the Czech Republic, and securing traction power for the carriers and also for the railway operation became a strategic mission which we managed to master well. There is no risk of rail transport being curtailed and we have managed to conclude the best possible energy supply contracts within the framework of the price situation.

The preparation of high-speed lines (HSL) continued. Design work is underway on almost 200 km of lines and the documentation for zoning decisions for several lines, including the documents for the EIA

processes, is well advanced. In the first half of the year, we announced the results of the architectural competition for the second HSL terminal, namely in Roudnice nad Labem. The significant progress in the preparation of the HSL and the upcoming implementation led to the creation of a separate organisational unit, High-Speed Lines Construction Management. Another one, which was created within the framework of our structure, is the Railway IT Administration. This was because it was necessary to support and intensify the organisation's protection against cyber threats. Railways – these are state-of-the-art technologies which are a part of the critical infrastructure of the state.

The stabilisation and improvement of the technical condition of the railway infrastructure continued and a number of important repairs were successfully implemented. The largest project of this nature was implemented between Kolín and Velim, where it was directly connected to the modernisation of the follow-up section to Poříčany. Significant repairs were also carried out between Roztoky u Křivoklátku and Rakovník or Liběšice and Ústěka in the Litoměřice district.

In 2022, 68 station buildings were reconstructed, and work on them was in various stages of development during the year. These were mainly renovations of large buildings situated in České Budějovice, at the Prague Main Station, Pilsen, Pardubice and Teplice, listed as protected monuments. The funds spent on construction and maintenance projects exceeded CZK 2 billion.

We cancelled a record-breaking number of level crossings of the railway with other roads. In addition to the modifications leading to a higher level of level crossing safety, in which Správa železnic has also intensively continued, the reduction of the number of level crossings is another important way of improving safety and fluidity of both rail and road traffic operations.

In connection with the commissioning of new sections of the fourth corridor, the Traffic Control Centre in Prague of Správa železnic put into operation a new traffic control hall in its building in Balabenka. At the moment, it is used for remote control of traffic between Praha-Uhřetěves and Tábor, gradually the whole section between Praha-Uhřetěves and Horní Dvořiště state border will be controlled from it.

In the public communication segment, we managed to strengthen our position in 2022. The number of followers and the reach of contributions grew on all social media (Facebook, Twitter, Instagram, LinkedIn). We registered the highest interest in June for the TGV unit presentation. To intensify the communication flows, we have newly launched a Twitter account Datel, where we provide updates on emergencies and the operational situation.

Prague, 17 March 2023


Jiří Svoboda
Director General

“I have a good feeling about 2022. We have completed a number of major constructions and ensured financing for the upcoming period. This will allow us to start other significant constructions.”

Mojmír Nejezchleb
Statutory Deputy Director
General and Deputy Director
General for Infrastructure
Modernisation



“Despite the difficult situation on the energy market, we have ensured the supply of traction electricity for railway carriers in the best possible way. This is absolutely crucial.”

Marcela Pernicová
Deputy Director General
for Rail Operability



“The looming covid-19, the invasion in Ukraine or price shocks on the energy market... We have managed to cope with everything in the end.”

Aleš Krejčí
Deputy Director General
for Economics



“In view of the intensive modernisation, our priority was to optimise the coordination of closures so that the impact on our customers could be as low as possible.”

Jaroslav Flegl
Deputy Director General
for Traffic Management



Modernisation of Corridor IV

In the first half of the year, the first trains departed on the new line between Sudoměřice and Votice, a full-fledged double-track operation followed in September. In the same month, the line relocation between Soběslav and Doubí u Tábora started operation. Thanks to almost 20 kilometres of new tracks, the train journey from Prague to Tábor now takes only 59 minutes and from Prague to České Budějovice only 100 minutes.

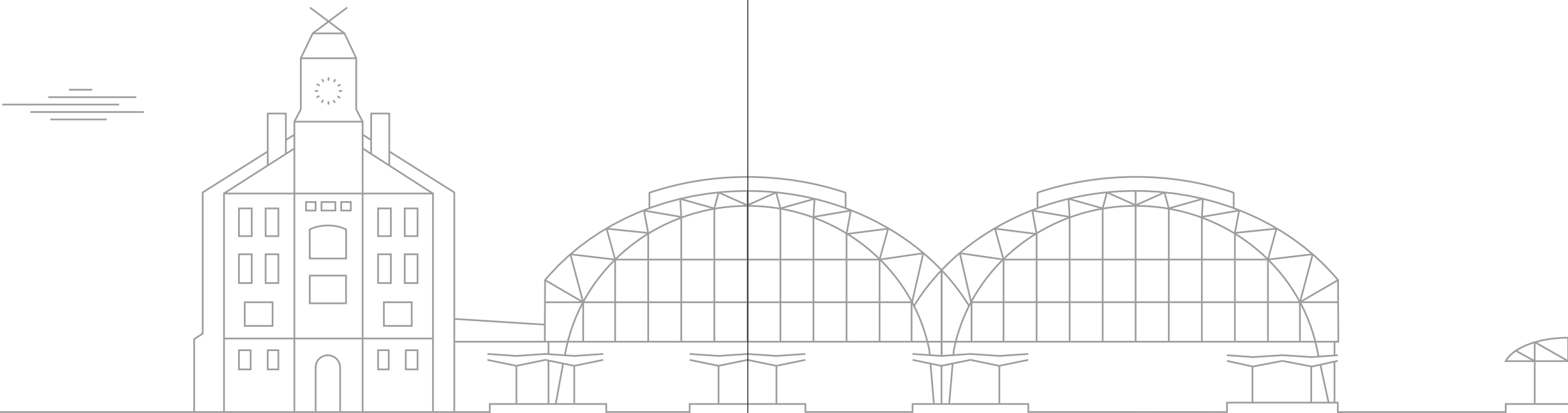
Our journey through 2022 in numbers

CZK 66.9 billion forming the total budget

99.9 % of the EU funds were successfully used

CZK 42.5 billion intended for investments

9,355 km of total railway line length





2,608 railway stations and stops

169 tunnels



6,728 bridges

8,036 buildings under administration
managed by Správa železnic

**The largest passenger railway station
in the country**

Praha hlavní nádraží, i.e. Prague Main
Station. Up to 100,000 passengers pass
through this railway station on a daily basis.
Hundreds of trains of all categories pass
daily on the 16 tracks near their platforms.

New railway bridge over the Elbe River in Čelákovice

The bridge is located on the modernised railway line between Lysá nad Labem and Čelákovice. The length of this section is 6.39 km and its reconstruction enabled the train speed to be increased from 100 to 140 km/h. The safety of passengers and the protection of the population from noise are improved as well.



Mission and strategic priorities

Development and modernisation, higher line speed and higher railway infrastructure capacity

The most important projects in this strategic segment include undoubtedly the preparation of high-speed railway lines (HSL). Among other things, we are also focusing on improving the performance of selected freight lines, removing speed restrictions, digitisation, connectivity and network development.

Reliable, safe and smooth railway operation

We ensure the full operability of the railway network and are constantly working to improve operational safety. This includes all activities which lead to a reduction in the number of incidents on the railway network. These include, for example, the cancellation of level crossings or implementation of the European Train Control System (ETCS).

Railway as an environment-friendly mode of transport

Our activities play a key role in the so-called green transformation, acceleration of decarbonisation and modernisation of the entire transport and mobility system. Shifting a significant part of inland freight transport and a part of road passenger transport from road to rail is one of the priorities of the European Green Deal. Rail transport is essential in reducing negative environmental impacts and improving the safety and health of citizens of the Czech Republic.

Maximum customer friendliness, active and open communication

We always ensure openness and transparent provision of up-to-date information. In addition to traditional media channels, we make extensive use of multimedia platforms, all key social networks as well as podcasts, for example.





**A modern system
connected to the
European rail
network**

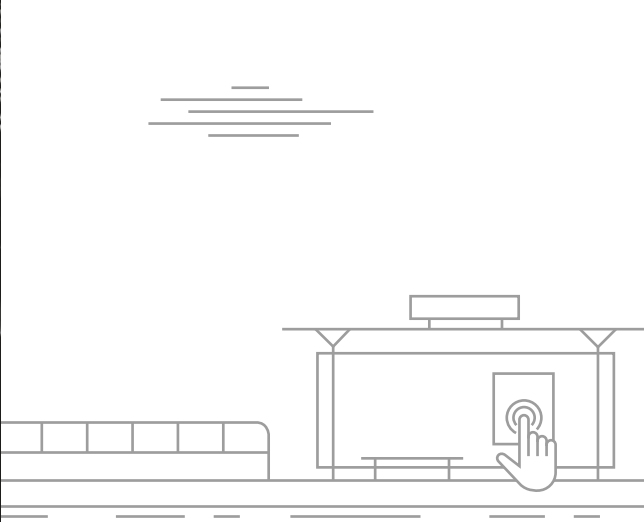
The operational connectivity of the European railway system and the development of the Trans-European Transport Network is one of our key strategic themes. In order to ensure this, we are taking an active approach to harmonisation of the infrastructure performance and implementation of new technologies, especially in the area of deployment of the ERTMS/ETCS train protection system and telematics applications.

**Správa železnic –
a prestigious
employer with
attractive career
prospects**

We do appreciate the work of our employees and we are aware that the success of the entire organisation is based on particular people. We meet our commitments, both in terms of remuneration and provision of employee benefits, as well as training and occupational health services. We cooperate closely with trade unions.

**Správa železnic
as a platform
for research,
development
and innovation
in practice**

We are involved in a number of science and research projects, primarily in the role of application guarantor. We focus primarily on areas with significant application potential and also with an emphasis on reducing the environmental impacts of railway operations. Our research and development activities naturally reflect current and expected trends in digitisation and smartification. We publish the Scientific and Technical Collection of Správa železnic, which is a platform for dissemination of knowledge in the field of the latest technology and techniques.



The age of smart train stops is coming
A smart train stop will consist of a glazed shelter for passengers, which is to include the so-called smart technologies. In addition to an electronic information panel, there will be an emergency button, switched LED lighting, a camera system and the possibility of charging phones.

Praha-Vysočany railway station

The station is being completely modernised and a new island platform serves the public as well. For the first time in history, this station is accessible on a barrier-free basis. Work is currently underway on the second and third platforms.



Milestones of the fascinating journey through 2022

January

We started to design two sections of the high-speed line between Prosenice and Ostrava.

We opened a renovated station building at the Litvínov railway station to the public. The modern design of the building also serves as a background for the newly built transport terminal.

February

An expert committee selected the winner of an architectural and urban design competition for the construction design of a high-speed railway terminal to be built near Roudnice nad Labem.

March

We opened already the second information centre of Správa železnic at the main railway station in Ústí nad Labem. It is focused mainly on preparation of the Prague – Dresden high-speed line.

We expanded the distribution network of Správa železnic with the first organisation's own photovoltaic power plant. It is situated on the roof of the building at the Děčín východ railway station.

Almost immediately after Russia invaded Ukraine, we opened a refugee centre at the Prague Main Station. It was used by more than 100,000 citizens of the war-affected country.

April

We established a new organisational unit, Railway IT Administration (SŽT), which provides comprehensive services in the field of information technologies.

We opened a new railway stop named Plzeň-Slovany and at the same time we closed the nearby station in Koterov.

01

02

03

04

May

After a two-year covid break, the educational Preventive Safe Railway Train went on the tracks again. It successively visited Olomouc, Brno, Prague and Pilsen.

June

The unique French high-speed train unit TGV (Train à Grande Vitesse), which holds the world speed record from 1981, visited the Czech Republic. In addition to selected railway stations, the train set visited also the Brno Exhibition Centre.

We have successfully completed the one-year reconstruction of the railway station building at the Veselí nad Lužnicí railway station.

July

We ended the closures on the railway line between Praha-Smíchov and Radotín railway stations and at the same time we opened the relocated stop Praha-Velká Chuchle.

Trains started running on the new line relocation between Sudoměřice u Tábora and Votice. We stopped using the original railway line via Střeziměř at the beginning of April.

We started the conversion of the power supply system. The railway line section from Nedakonice to Říkovice was switched to the AC traction.

We started a pilot project of our own safeguarding service. The historical Negrelli Viaduct was selected as the first construction project to be safeguarded.

August

We started work on the technical design of VRT Podřipsko (HSL Říp Flatlands) between Prague and Lovosice. We also signed a contract with the winner of the architectural competition for implementation of the Roudnice nad Labem HSL Terminal, which is to be built just on this line section.

We completed repairs to the railway station building in Horšovský Týn.

05

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September

Within the framework of the modernisation of the fourth corridor, we put into operation another railway line relocation between Soběslav and Doubí u Tábora.

We built barrier-free platforms and an extended underpass at the Roztoky u Prahy railway station. We returned the historical summer waiting room to its original appearance.

October

From the new traffic hall of the Traffic Control Centre in Prague we started to remotely control traffic on the section of the fourth corridor from Praha-Uhřetěves to Tábor.

We opened a new passenger check-in hall at the modernised Praha-Vysočany railway station.

We completed repairs of buildings in Přeštice and Vimperk.

A new organisational unit – High-Speed Lines Construction Management (SSVRT) – was entrusted with the preparation of high-speed railway lines.

November

The builders put the new double-track section between Pardubice-Rosice nad Labem and Stéblová railway stations into use.

We completed the revitalisation of the Lovo-sice – Česká Lípa railway line and the repaired railway station building in Prachatice also began to serve passengers.

December

Together with designers, we started work on the technical design of VRT Vysočina fáze I (HSL Highlands Phase I).

After a one-year closure, trains returned to the modernised Brno – Blansko section.

In Eastern Bohemia, we opened a new railway stop named Stéblová obec.

Electric trains started operating on the entire railway line from Olomouc to Šumperk via Uničov.



09

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Modernisation of the line from Brno to Blansko

After a year-long closure, regional trains and fast trains of the R19 line returned to the railway line between Blansko and Brno. We reconstructed mainly the railway superstructure and all related infrastructure elements in the entire section. Passengers have raised platforms and a new pedestrian underpass at the Blansko město train stop at their disposal.

Important constructions and events

Selection from our projects

We take care of the overall modernisation, development and operation of the railway infrastructure. We also ensure the operability of the railway and international cooperation in the field of innovation and interconnection of railway networks. We do everything to ensure satisfaction of both passengers and carriers. As Správa železnic is responsible for railway administration, we are involved in ensuring that the railway continues to set the trends in the 21st century transport.

68 renovated station buildings

21,615 rail switches

233 renovated level crossings

172,120 sleepers replaced

273 addressed repair work projects

102 cancelled level crossings



Railway stations in the South Bohemian Region shine with newness

During one year we have repaired railway station buildings in Prachatice, Vimperk, Veselí nad Lužnicí, Suchdol nad Lužnicí and Balkova Lhota in the South Bohemian Region. Repairs are underway at the Čejetice station and renovation works on railway station buildings in České Budějovice and Písek successfully continue.

The year-long renovation of the passenger building at the Veselí nad Lužnicí railway station listed as a protected monument won the Railway Construction of the Year 2022 competition in the category of Renovation and Repair of Buildings. The construction works included, among other things, a change in the interior layout, the construction of toilets accessible from the hall and new commercial premises. In order to preserve the historical nature of the building, the repair of the façade of rough masonry included the restoration of the original appearance of damaged stucco elements and the installation of wooden coupled casement windows.

All the doors have also been completely replaced, and the roof, including the roof truss system, is also new. On the second floor we have renovated office space for the needs of the Správa železnic staff and future tenants, while the third floor is structurally ready for further commercial use. We also renewed the sewer, water, heating, HVAC and electrical distribution systems throughout the building.

An unexpected energy challenge in the assurance of traction power supply

The energy market crisis has affected all sectors. And as we are the largest electricity consumer in the Czech Republic, assurance of traction power supply for 2023 has become one of the biggest strategic challenges for 2022. The company ČEZ ESCO was the successful bidder in the auction conducted through the PXE commodity exchange. The total expected traction power consumption for 2023 was set at 1,280,000 MWh in the auction.

The current situation in the electricity market has caused that the price of supply is not secured by a fixation on wholesale traded products. It will consist of a value determined by the daily market of OTE, a.s., and the supplier's negotiated mark-up. The cost will therefore not be constant throughout the year but will vary in each monthly billing period. This method of valuation corresponds to the current state of the electricity market, eliminates the risks associated with forecasting the volume of traction consumption and allows for compliance with contractual tolerances for the commodity off-take.

The resulting charged price of traction power supply is subject to capping in accordance with the Government Regulation No. 298/2022 Coll., on the determination of electricity and gas prices in an exceptional market situation. According to the regulation in force, the price is capped by a maximum limit of CZK 5,000/MWh (excluding VAT and electricity tax).

The first solar power plant of Správa železnic

We have placed 60 photovoltaic panels with a total area of approximately 106 m² on the roof of the building at the Děčín východ railway station. The installed peak capacity of the plant will be 24 kW and should cover the electricity consumption of the entire railway station building. Any surplus electricity will be transferred to the distribution network of Správa železnic. The pilot project will test the possibilities of application of photovoltaic power plants in the Czech railway network environment.

The intention to use the roof area for the installation of photovoltaic panels was developed in cooperation with the Technical University of Ostrava. "I am very happy about this pilot project of the first photovoltaic power plant within the framework of Správa železnic. The road is thorny, but today we know how to do it and we have 81 more projects ready," commented Jiří Svoboda, Director General of Správa železnic.

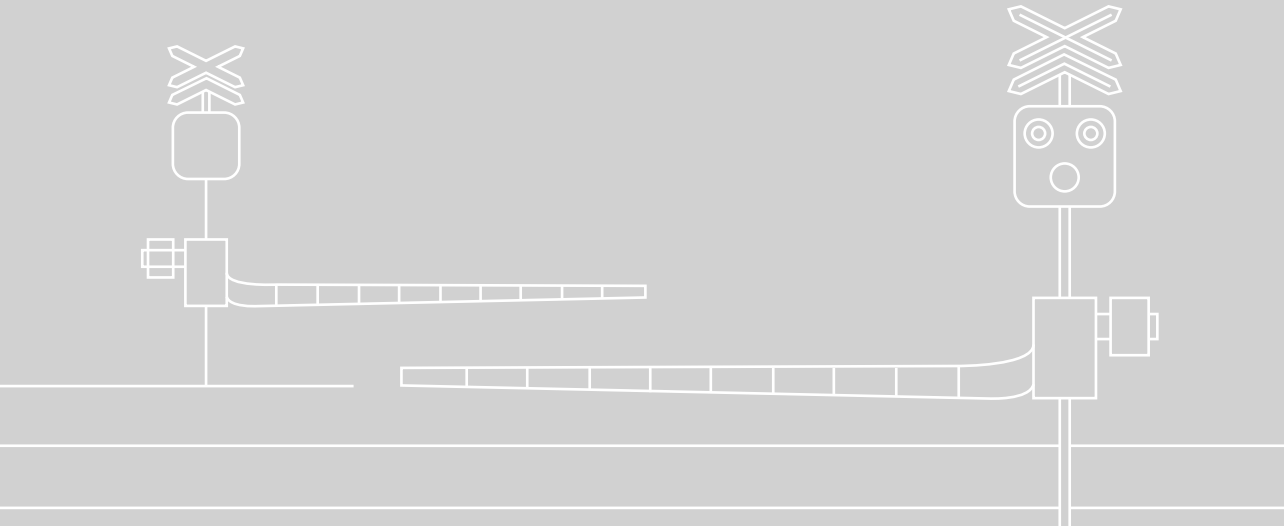
In 2019–2020, the Energy Research Centre of the Technical University of Ostrava developed a project which also examined the possibility of storing electricity in batteries and the possible sale of surpluses to the transmission grid. However, the analyses showed that the most advantageous option was direct electricity generation to cover the immediate consumption in the railway station building. The company Silektro was successful in the tender for the contractor selection.

We modernised the most level crossings in history

Improving safety at level crossings is one of our priorities. 2022 was a record-breaking year in this respect. Thanks to sufficient funding, we renovated 233 level crossings. The original plan envisaged 150 level crossings to be upgraded. In addition to upgrading and adding crossing safety installation, we improved traffic safety by removing 102 level crossings.

"Strengthening safety at level crossings has positive effects on both rail and road traffic operations. It is one of our top priorities and we do not intend to slacken in the years to come. We are supplementing the warning crosses with light safety equipment and installing barriers. Last year alone, we invested CZK 3.1 billion in level crossings and their safety, the largest amount ever in history," said Jiří Svoboda, Director General of Správa železnic, commenting this development.

In 2022, we also cancelled a record-breaking number of level crossings, altogether 102. We cancel them not only where the line crosses, for example, a forest road, but also in locations with high traffic volume. In these cases, they are replaced by an overpass or underpass. By 2030, we expect a further reduction in the number of level crossings of around 5 per cent.



Going digital at full speed – construction project management and Digital technical map of the railway

In 2022, we met the planned milestones of the Building Information Management (BIM, standing for Building Information Modelling) implementation project. We are also continuing with the creation and development of the Digital Technical Map of Railways (DTMR) and the mapping of technical infrastructure.

We have increased the number of implemented and prepared BIM-enabled and upcoming construction projects on which we are testing digitisation progress in collaboration with the supply chain. One of several construction projects where we are testing the application of digital processes in preparation is the modernisation and completion of the Praha Masarykovo nádraží railway station. The method includes a digital commenting process for the documentation.

In the second half of 2022, the implementation of the DTMR project was launched, whereby we have joined as an organisation in the implementation of the Digital Technical Map of the Czech Republic, which is to become an integral part of the digitisation of construction and land-use planning agendas. Intensive collection of data concerning the infrastructure and preparation of the relevant information system has begun as well. DTMR brings a new quality to the existing description of the railway network. For the entire railway network, previously fragmented, incomplete or multiple data will be unified, completed and made available.

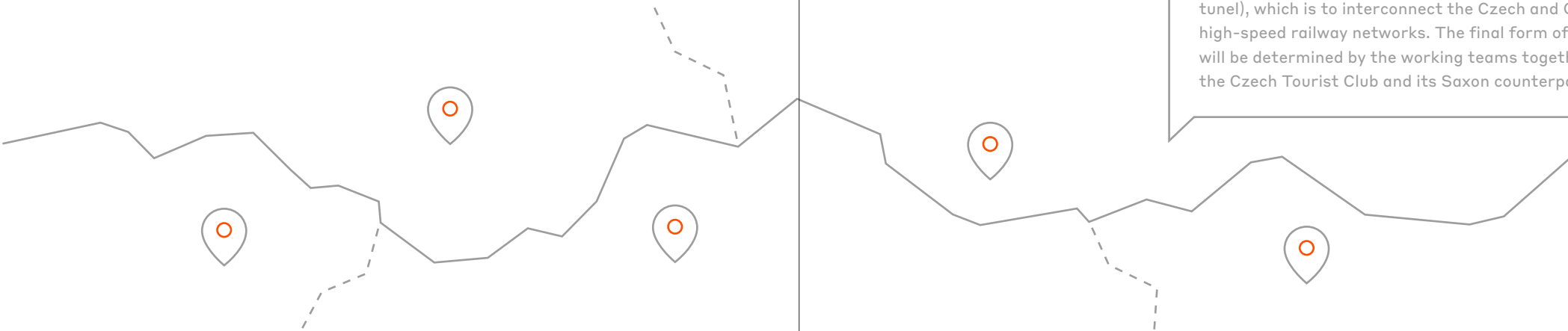
We have completed the reconstruction of the railway line between Velim and Poříčany

Thanks to the deployment of state-of-the-art construction machines, we reduced the time of closures by a full 200 days. The Velim – Poříčany line section is part of the busiest Czech railway corridor. The construction won the Award of the Director General of Správa železnic.

We focused the construction works on the renewal of the station tracks and also more than twenty rail switches in Poříčany. In the whole section, with the exception of the Pečky station, we rebuilt both the railway substructure and superstructure. We have newly built branch lines in Cerhenice and Tatce, which serve to increase the variability of traffic control in the heavily used railway line section. The platforms at the railway stops in Cerhenice and Tatce have undergone significant renovation. In Velim we rebuilt both platforms. Within the framework of the project, we also repaired five bridges, modernised level crossings and completely replaced the overhead contact line including all components.

Cross-border educational trail

Správa železnic, Deutsche Bahn AG and the Saxon State Ministry for Economic Affairs, Labour and Transport are preparing a cross-border educational trail with a focus on the high-speed line. The aim of the project is to raise awareness of the Ore Mountains Tunnel (Krušnohorský tunel), which is to interconnect the Czech and German high-speed railway networks. The final form of the route will be determined by the working teams together with the Czech Tourist Club and its Saxon counterpart.



New Bridge to Prostřední Žleb

The replacement of the railway bridge over the Elbe River was a part of the project of renovation of the Děčín východ – Děčín-Prostřední Žleb railway line. The new structure passed the load test and started to serve freight transport within the framework of the TEN-T Trans-European Transport Network. Approximately one hundred trains pass over the bridge on a daily basis, providing connections mainly with seaports in Germany and in the Netherlands.

Railways and human stories

We are the largest employer in the Czech Republic in the field of rail transport. As an organisation, we are one big team. We are united by meaningful work during which we help to push boundaries and explore new possibilities of rail transport. The fascinating journey through 2022 is the shared journey of our stories. We have selected some of them for you.

- 17,108 employees
- 140 professions
- 17 business units
- 48.38 years is the average age of an employee
- 72.1 % men
- 27.9 % women



Twelve stories
of courage and
applause in the
Knights' Hall

Learn about the stories of those employees of Správa železnic, who have received awards for bravery and contributed to saving lives, health or property. Twelve dramas which ended happily with well-deserved applause from the crowded Knights' Hall at the enunciation of the Správa železnic's Team Finals Awards.

Firefighter **Richard Hála** saved the life of a woman who collapsed in Veselí nad Moravou with his timely first aid. Firefighter unit commander **Jiří Zima** and shift commander **Jiří Štýbr** saved the life of a woman in Lysá nad Labem through prompt resuscitation. Train dispatchers **Vladimír Kroupa** and **František Žák** prevented the trains from colliding. Train dispatcher Josef Svoboda saved the life of a woman who accidentally got off the train outside the station and fell under the train. **Alena Milotová**, a switch supervisor, prevented the train from hitting a tree which had fallen onto the overhead contact line. Train dispatcher **Milan Hejplík** promptly used the General Stop function when a fast train in the Horažďovice předměstí station ran into the path of a train approaching from the opposite direction. Train dispatcher **Michal Čábela** together with **Gabriela Hůrková**, a switch supervisor, promptly put the traffic path on a free track and stopped the cars leaving Gmünd, Austria, by placing stop on the rails. Thanks to the General Stop function, **Radka Formánková**, train dispatcher, stopped a train which was approaching a car stuck on a level crossing. **Ondřej Klemš** managed to prevent the damage through his prompt reaction when the express train ran into a rockslide near Karlštejn. We would like to thank all the winners very much.



Railway Workers
of 2022: Ever-
ready heroes saved
a woman's life

Jiří Zima and Jiří Štýbr met by chance in a restaurant in Lysá nad Labem. When an elderly woman collapsed at the next table, they didn't hesitate for a second. They immediately began resuscitation. Both the men serve in the Prague unit of the railway firefighters and thanks to their promptness and professional experience they saved the woman's life. The Railway Worker of the Year is an award granted to employees by the Director General of Správa železnic for their outstanding achievements.

Jiří Zima describes what happened in the restaurant: "After a joking introduction like 'it's been a long time since we've seen each other' and a few beers, there was a loud commotion at the next table. When we turned around, we saw the lifeless body of an elderly woman. At that moment, as if perhaps we had made up our minds, we began to react to the situation which nobody expected."

The woman had a non-palpable pulse, and the two firefighters immediately began cardio-pulmonary resuscitation. This was successful, and in a stabilised position, the woman awaited the arrival of paramedics. "In our work we come across many cases of people being hit by trains. These accidents result in at least severe injuries. We were all the more pleased that this time everything turned out fine," continues the Nymburk firefighter. He adds that thanks to their profession and regular training sessions, they were both perfectly prepared for a crisis situation. In short: hard on the training ground, easy on the battlefield.

Railway worker
vice world
champion in
cheerleading

Michal Bahenský works at the Directorate General in the Construction Planning Department. Besides railways, his passion is cheerleading. He won a silver medal at the World Championships in Orlando, Florida.

He fell in love with railways as a young boy when he used to go on train trips with his grandfather. That is why he decided to study at the Faculty of Transportation Sciences at the Czech Technical University in Prague. In October 2015, he joined Správa železnic at the Construction Management West as a chief construction engineer. After five years, he moved to the Directorate General to the Construction Planning Department, where he has been working ever since.

Thanks to cheerleading, Michal learned how to be a team player. "It's hard work and sacrifice. On the outside it looks fun and easy – you throw girls in the air, build human pyramids and combine elements of acrobatics. But there are mainly three basic ingredients needed: a huge dose of toughness, strength and endurance," he says.

Railway as the love
for life

He inherited his love for railway from his grandfather and devoted his entire career to railway. Jiří Manych held many positions and worked for twenty-two years as a train dispatcher at a total of twenty stations. Today, he is the head of the control and training group at the Traffic Management Department of the Directorate General of Správa železnic. He passes on his experience to the next generation and devotes himself to professional training of students of transport schools. In order not to fall out of service, he still serves as a train dispatcher at the Praha-Dejvice railway station.

He has always been fascinated by trains. His grandfather served as a driver in the locomotive depot. “From an early age he took me to the depot, together with my grandmother we used to go to the Liberec-Horní Růžodol railway station. His great wish was that his fifth grandchild would become a train driver,” he recalls.

After primary school, he enrolled at the railway apprenticeship in Liberec, working as a door closer, which simply meant being a conductor without the right to sell tickets, because he had no material responsibility. Later he worked as an outside announcer (informer), a baggage room worker, a transport warehouseman, a conductor and a chief conductor.

“I finished my final school-leaving examination on a distance learning basis. Then I started to work as a signalman and I started to attend a train dispatcher course. After about three years, I tried other jobs as well, such as commanding, training inspector, lecturer, passenger station foreman, traffic controller and regulation and examination officer. In the 22 years when I was a train dispatcher, I changed 20 stations. My three favourite ones are Chrastava, where I obtained authorisation and where I started, Praha-Dejvice and Ledečko on the banks of the Sázava River,” adds Jiří Manych.

First two certified
ETCS specialists

Currently, he works as the head of the control and training group in the Traffic Management Department of the Directorate General of Správa železnic. In addition, he is involved in the professional training of students of transport schools. “I am proud that we can guide young people at the beginning of their professional life,” he concludes.

The first ever ETCS specialist training in Europe has taken place. Under the guidance of experts from SNCF or Network Rail, the first two colleagues from Správa železnic were also certified. They are Lukáš Matta and Martin Trögel from the ETCS and Modern Technologies Unit of the Signalling and Telecommunications Department.

As Správa železnic, we have also become a legal member of the EULYNX European Infrastructure Operators Initiative, which aims to standardise interfaces and elements of signalling systems. This initiative was established in 2014 and has 13 members from all over Europe.

The current trend towards digitisation and optimisation of the railway brings a huge opportunity to improve legacy processes, increase railway efficiency and capacity, and most importantly, to significantly reduce equipment life cycle costs. The use of the EULYNX interface standard is a key factor in this endeavour.

What is ETCS?

It is a single pan-European Train Control System (ETCS) whose aim is to ensure greater safety on European railways. Thanks to this system it will be possible for trains of various carriers to move freely from one country to another one. This system is necessary for the building up of high-speed lines. On the existing railway lines, it will ensure greater safety and speed increase to more than 160 km/h. The ETCS system knows the position, direction of travel and speed of trains and reserves a clear safe space for their onward movement. It monitors whether the train driver maintains the speed of the train and responds correctly to the situation on the track. The system knows how to stop a train before going through a stop signal or when the driver is indisposed.

TGV in the Czech Republic!

In June, the legendary French high-speed train TGV PSE visited Prague, Brno, Jihlava and Ústí nad Labem. The attractive ride was met with an enthusiastic response from the public. This train set achieved a speed record of 380 km/h in 1981. It is the only high-speed presentation train set in the EU. It has been significantly modernised twice and is equipped with the latest communication technology. It was retired from regular service in 2018 and covered a staggering 13,383,189 km in total.



High-speed network – a way to the near future of railways

The year 2022 was marked by intensive preparations for the construction of high-speed lines. Designing, feasibility studies, natural and landscape studies, architectural and urban planning competitions... All this is running at full speed so that the construction of the first section could start as early as 2025. We are starting a new era of railway transport in the Czech Republic and here we present some of the projects.

- 538** million for the preparatory and design work of individual arms of high-speed lines
- 320** km/h is the speed for which high-speed lines in the Czech Republic are designed
- 5** main high-speed line arms on which work is currently underway
- 200** km of high-speed lines in design preparation
- 380** km/h speed record of the 1981 TGV high-speed train which visited the Czech Republic in June
- 60** minutes (but rather less) for a high-speed train from Prague to Dresden



High-speed railway lines are worthwhile

High-speed lines to Brno and Ostrava have a greater economic benefit than the planned investments. This was shown by feasibility studies approved by the Central Commission of the Ministry of Transport. Together with the already approved feasibility study for the line from Prague to Dresden, the economic justification for the basic network of the high-speed rail system in the Czech Republic is now available.



New design of the Prague East Terminal

The first planned terminal of the high-speed railway known as Prague East will become a major transport hub. Compared to the original design, the new terminal design is more spacious to accommodate the expected transport demand. At the same time, the project has been extended with a new entrance and improvements for cyclists and motorists.

The architects have designed a new northern entrance to the interchange hub which is to improve pedestrian accessibility to the terminal from the village of Nehvizdy. Waiting areas will also be provided on the platforms. The terminal will also offer more comfortable travelling for cyclists. In addition to bike racks, there will be lockers and facilities for charging electric bikes.

However, the designers did not forget about motorists either, and they enriched the original design with footbridges to improve access to the platform from the car park. These footbridges will also ensure a comfortable transfer between trains. Every fifth parking space will have an electric car charging stand.

Intensive preparation of 200 km of high-speed lines (HSL) underway

We are writing a new chapter of innovation and state-of-the-art technology in the field of rail transport. Current plans for the HSL project in the Czech Republic envisage a total network length of around 700 km. 200 kilometres are already under intensive preparation. Four sections are being designed, and we are looking for designers for three more. Construction work on the first section should start as early as 2025. Just before the end of 2021, we concluded contracts for design work for VRT Moravská brána (HSL Moravian Gate).

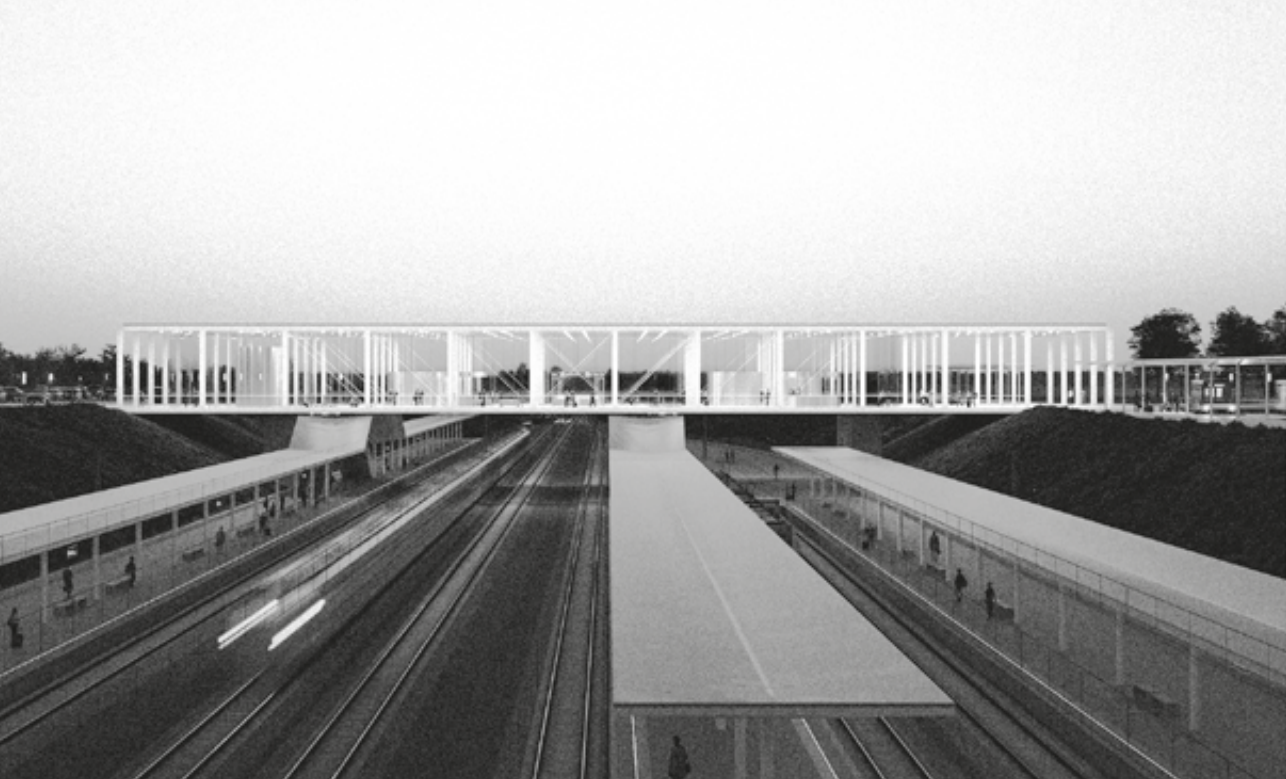
The new high-speed lines will not only ensure attractive travel times but will also relieve the most congested sections of the Czech railway network. Through the high-speed network, we will create new capacity for passenger and freight transport.

The railway operates as an interconnected organism, which is why we pay great attention to optimising the system of transfers between conventional and high-speed lines. For example, the construction of the HSL Prague – Brno and HSL Přerov – Ostrava and the modernisation of the Brno – Přerov railway line will significantly reduce travel times for all Moravian regional cities.

More efficient preparation of high-speed lines

Work on the preparation of the pilot sections of HSL in the Czech Republic continues at a rapid pace. To make HSL preparation even more efficient, we have established a new organisational unit – the HSL Construction Management. The preparation of the railway lines, their construction and subsequent operation and maintenance will be centralised under its head.

“Recently, we have fulfilled the strategic part of HSL planning and are increasingly focusing on practical activities which correspond to the work of the construction management. For example, we are discussing documentation for zoning decisions, and property relation settlements are very close. We need to prepare an investor-driven structure for this. We also need to prepare conceptually for the way in which the HSL is maintained and to fine-tune various technical issues. The difference between us and the current construction management will be that we will also have a technical section which is to deal with preparation of technology and maintenance of the entire HSL network,” says Martin Švehlík, Director of HSL Construction Management. Communication with the public and local government representatives is an integral part of the HSL Construction Management’s work.



Get familiar with the HSL Terminal in Roudnice nad Labem

The winner of the architectural and urban design competition for the design and layout of the HSL terminal near Roudnice nad Labem is the Rusina Frei architekti studio. The second terminal in preparation will be built near Roudnice nad Labem on the section of VRT Podřipsko (HSL Říp Flatlands) between Prague and Lovosice. This is a part of an important international link between Prague and Dresden.

The timetable for the works foresees the start of construction of this section in 2027. The first passengers should travel on this railway line (at a speed of 320 km/h) three years later. The journey between Roudnice nad Labem and Prague Main Station will be reduced to just 19 minutes.

The terminal at Roudnice nad Labem will serve as a transfer hub between the HSL Prague – Ústí nad Labem – Dresden and local public transport, and also as a point of the P+R parking system for commuters from the surrounding area. The forthcoming HSL terminal will be used mainly by the inhabitants of the south-eastern part of the Ústí nad Labem Region and the adjacent areas of the Central Bohemian Region. It will offer fast railway connections to Prague and other cities in the Czech Republic as well as abroad.

We prepare the longest tunnel in Central Europe

The Ore Mountains tunnel (Krušnohorský tunel) on the HSL Prague – Ústí nad Labem – Dresden will be the longest tunnel in Central Europe with a length of about 30 km. The design speed in the tunnel is up to 200 km/h. Natural history and geological survey work is already underway.

In the section of the planned Ústí nad Labem – Czech/German state border high-speed line, which is to include the Ore Mountains Tunnel, work is currently underway on a natural history survey, biological assessment and migration study for preparation of the RS 4 high-speed line. Experts from the companies Exprojekt, s.r.o., and SUDOP Praha, a.s., are assessing the impacts of the railway on nature and the landscape.

At the same time, the company AZ GEO, s.r.o., has carried out geological survey work in the vicinity of the future high-speed line. These are necessary to obtain information on the engineering-geological, hydrogeological and geotechnical conditions of the rock environment in the affected area. The experts carried out surface geophysical measurements in the area of the planned portal of the Ore Mountains Tunnel, the Ore Mountains Fault and the Gottleuba water resource protection zone.

High-speed train up to the Baltic Sea

From an international point of view, the Prague – Hradec Králové / Pardubice – Wrocław high-speed line will provide the fastest connection between Prague and Wrocław, the capital of Lower Silesia, as well as with Warsaw, the Polish capital, and popular destinations on the Baltic Sea coast. A journey time of 90 minutes to Wrocław and around three hours to Warsaw is achievable.



Renovation of the railway station and the waiting room listed as a cultural monument in Roztoky u Prahy

The station track facility now has modern barrier-free platforms, lifts and an extended pedestrian underpass leading to the premises of the Central Bohemian Museum. The listed summer waiting room has been restored to its original historical appearance from the time of its construction in 1911.



Important constructions and events

For the good of both the society and the environment

Economic, social and environmental responsibility is at the heart of everything we do. We care about the impact our actions have on society and on the environment in which we live. Through our activities, we want to contribute, in a sustainable way, to the overall improvement of the state of society as well as of the environment. Here is a brief selection of our activities in the field of corporate social responsibility in 2022.

32 partner secondary schools

9 partner higher vocational educational school institutes

13 partner universities

100,000 refugees from Ukraine benefited from a newly built centre at the Prague Main Station

869 stations where we provide assistance to passengers with impaired mobility and orientation

31 new mobile lifting platforms





**We have joined
the Green Rail
Association**

We want to make a significant contribution to reducing the carbon footprint of transport and also to advocate for a shift of transporting the maximum volume of goods to emission-free mobility with a sustainable impact on the environment. That is why we have joined the Green Rail (Zelená železnice) Association.

Founded in 2021, the Green Rail Association brings together two of the largest Czech railway network carriers (České dráhy, a.s., and ČD Cargo, a.s.) with the most important local manufacturers of railway vehicles (Škoda Transportation, a.s., Siemens Mobility, s.r.o., and CZ LOKO, a.s.) and representatives of the energy (Čepro) and academic (College of Logistics in Přerov) sectors. The membership base of the association is constantly growing. Currently, the Czech Technical University in Prague or other entities from the private sector are in negotiations to join.

**The first hydrogen
train on Czech rails**
←

In May 2022, we were an active partner of the Coradia iLint Railshow project. During this event, the world's only hydrogen fuel cell passenger train was presented to public transport customers and passengers for the first time in the Czech Republic. The Coradia iLint model received a permission from the Rail Authority for trial operation with passengers on selected railway lines in the Czech Republic.

The hydrogen train generates electricity for traction, has zero emissions, low noise and does not need traction fuel imported from abroad. A series of presentation rides was held in cooperation with Alstom and other partners. The presentation of the hydrogen train was held in the same place as the presentation of the first electric locomotive in 1923, i.e. on the 1st platform of the Prague Main Station.

In connection with the use of hydrogen in railway transport, we co-organised an expert workshop entitled Hydrogen on the railway in cooperation with universities, the Institute of Nuclear Research and rolling stock manufacturers. The main topics included, of course, the use of hydrogen as the fuel of the future, sustainable mobility and the shift towards zero-emission mobility.

We got involved in helping Ukrainians

Rest facilities at railway stations, special trains to Ukraine and dozens of apartments for refugees.

Shortly after the Russian invasion of Ukraine, we helped manage the difficult situation of Ukrainians who fled to the Czech Republic to escape the war. We set up a rest room in the cultural hall of the Fanta building at the Prague Main Station, and similar facilities were set up in Ostrava and Pilsen. Our employees dispatched dozens of special trains to help Ukraine. Správa železnic provided the National Assistance Centre for Ukraine with several dozen apartments in station buildings across the country.

We have strengthened cooperation with environmental experts in preparation of high-speed lines

Preparation of high-speed lines in the Czech Republic has advanced to the next stage. Integrating the railway lines into the landscape, respecting their surroundings and ensuring the normal functioning of local ecosystems are long-term priorities of Správa železnic. That is why we have strengthened our cooperation with the Green Circle (Zelený kruh) Association which brings together 90 national, as well as local environmental organisations.

Work is underway on documentation for zoning decisions, which will, among other things, elaborate the scope of protection of inhabitants and of the environment. Správa železnic, together with planners, is now proposing effective measures against noise from the operation of new lines, addressing the issue of replacement planting of vegetation or protection of water resources.

“The Green Circle appreciates that Správa železnic started early consultations with owners and administrators of land, municipalities or local associations. Although the HSL is still in the preparatory phase, this is a more open approach than we have seen in the preparation of other infrastructure constructions in the Czech Republic,” said Daniel Vondrouš, Director of the Green Circle.

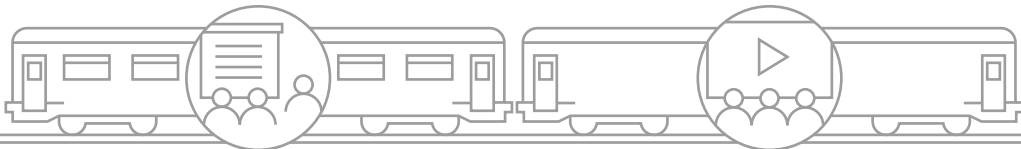
Next steps towards a barrier-free railway

In 2022, we have again increased the level of barrier-free accessibility. Lifts, mobile lifting platforms, levelling ramps at building entrances, assistance in railway stations, tactile elements and guidelines – all these elements make travelling easier for people with impaired mobility. We cooperate with the Czech National Disability Council (CNDC) on the issues of development of rail transport accessibility.

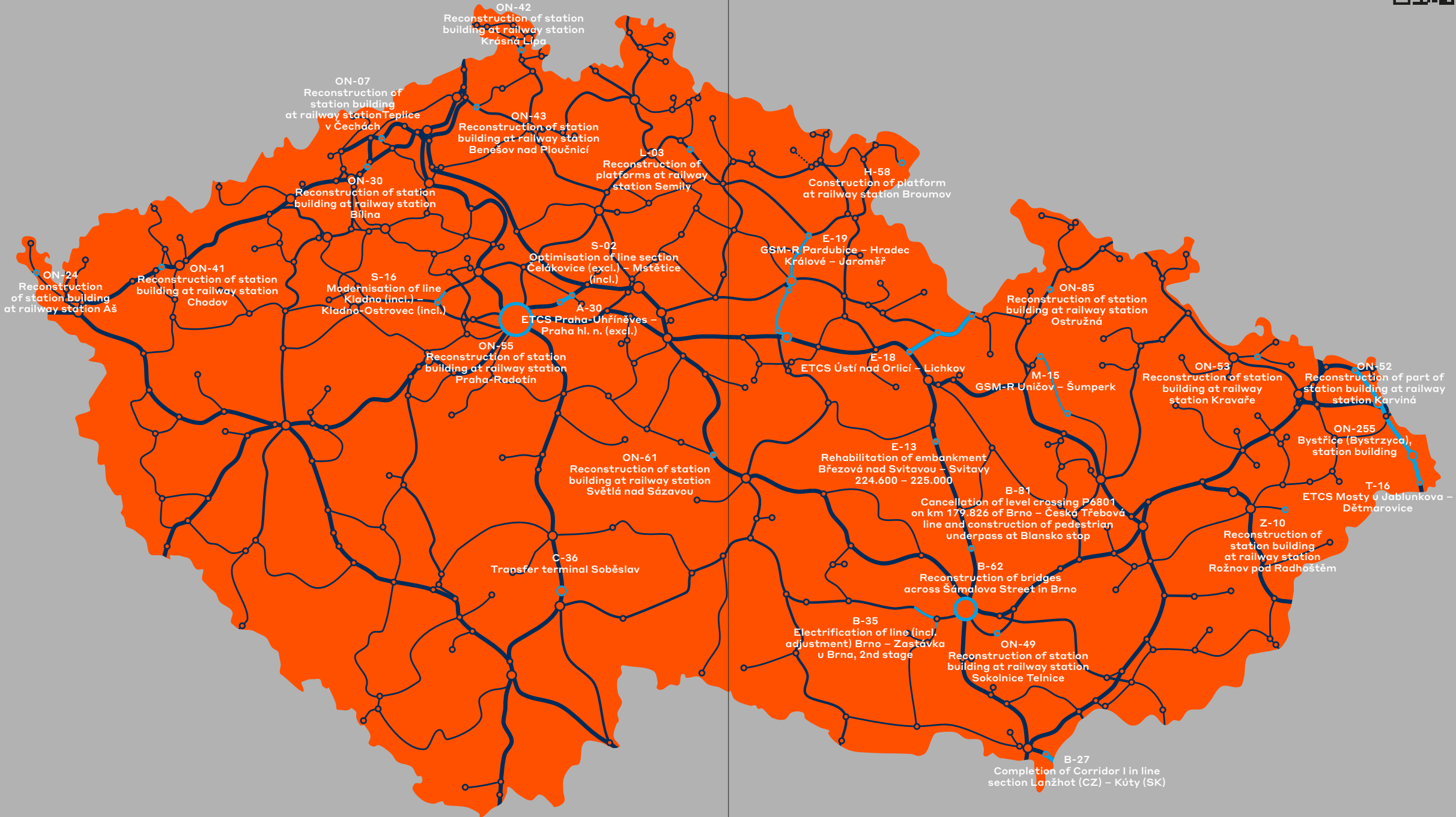
We address accessibility for blind and visually handicapped passengers in all modernisations of railway stations and stops, as well as in separate constructions aimed at reconstruction of station buildings. Since 2019, we have also been providing an assistance service at railway stations, where it is possible to order an escort from the station forecourt to the platform or vice versa. This year, a total of 45 employees from the individual operating districts of the Traffic Management Department were also trained in the correct assistance for passengers with various types of disabilities.

Preventive train

The Safe Railway Preventive Train is a joint educational project of Správa železnic, České dráhy and ČD Cargo. It is a project intended for pupils in the upper grades of primary schools and secondary school students. In three educational carriages they will learn how to prevent unnecessary risk-taking during travels by train and what improper behaviour or inattention near the railway or even directly on tracks may cause.

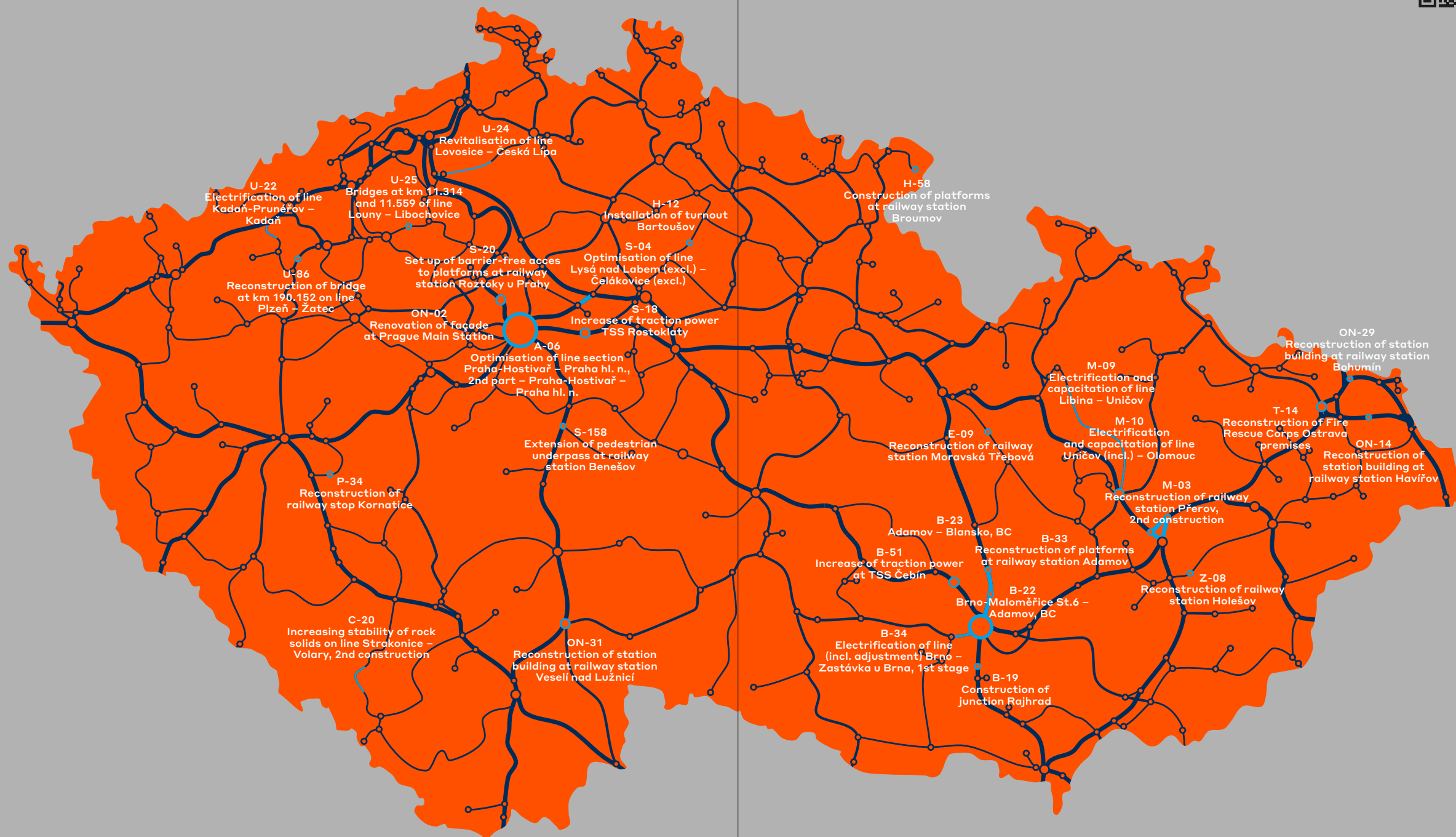


Significant construction works started in 2022



Significant construction works completed in 2022

Interactive map
of Správa železnic



Organisation profile

Basic information on the organisation

Who we are

Pursuant to applicable legal regulations, **Správa železnic, státní organizace** (“**Správa železnic**”), acts as a railway infrastructure operator and owner.

Legal status

The state organisation was incorporated on 1 January 2003 pursuant to the Act No. 77/2002 Coll., on České dráhy, a.s. (Czech Railways, a joint-stock company), Správa železnic, státní organizace (Czech Railway Infrastructure Manager, a state organisation), and on an amendment to the Rail Systems Act No. 266/1994 Coll., as amended (the “Rail Systems Act”), and the Act No. 77/1997 Coll., on State Enterprises, as amended (the “Transformation Act”), as one of the legal successors of České dráhy, státní organizace (Czech Railways, a state organisation) – hereinafter referred to as “ČD, s.o.”. The state-owned organisation was incorporated without being founded; the Ministry of Transport (MoT) of the Czech Republic is the establishing entity on behalf of the Czech Republic.

Business activity

- Railway infrastructure operating;
- Ensuring the operability of railway infrastructure;
- Maintenance and repairs of railway infrastructure;
- Development and modernisation of railway infrastructure;
- Preparation of documents to fulfil public service obligations;
- Supervision of the use of railway infrastructure, railway operation and its operability.

Správa železnic manages

- Railway infrastructure as a state-owned asset;
- Assets listed in the Annex to the Transformation Act;
- Specified payables and receivables of ČD, s.o., that existed as at 31 December 2002.

Legal ground of business activities

- Správa železnic carries out its business activities in accordance with the Trade Licensing Act.

Our strategic goals

- Reliable, safe, smooth, and environmentally friendly rail operation;
- Development and modernisation with a view to increase the speed and capacity of the railway infrastructure;
- Greater efficiency of the railway infrastructure administration, supervision, maintenance and repairs;
- Interoperability – introducing modern interoperable systems and technologies;
- Strengthening of pro-customer focus and active communication;
- Green transition and increase the market share of rail transport;
- Strengthening of the position of Správa železnic as a significant and attractive employer.

Správa železnic is involved in a number of scientific and research projects, primarily as an application guarantor.

Organisation management

Statutory body

(as at 17 March 2023)

Director General

Jiří Svoboda

(aged 52 years, graduated from the European Polytechnic Institute in Kunovice and the Institute of Law and Law Science in Prague, holding the office since 23 March 2018)

Statutory Deputy Director General

Mojmír Nejezchleb

(aged 59, graduated from the Faculty of Civil Engineering of the Brno University of Technology, representing the Director General in his absence since 23 March 2018)

Management of Správa železnic

(as at 17 March 2023)

Deputy Director General for Economics

Aleš Krejčí

(aged 63, graduated from the Faculty of Production and Economy of the University of Economics, Prague, holding the office since 1 June 2012)

Deputy Director General for Infrastructure Modernisation

Mojmír Nejezchleb

(aged 59, graduated from the Faculty of Civil Engineering of the Brno University of Technology, holding the office since 1 July 2013)

Deputy Director General for Rail Operability

Marcela Pernicová

(aged 50, graduated from the Faculty of Civil Engineering of the Brno University of Technology, holding the office since 1 May 2018)

Deputy Director General for Traffic Management

Jaroslav Flegl

(aged 45, graduated from the Metropolitan University Prague, o.p.s., holding the office since 11 November 2022)

Statutory body

The organisation’s statutory body manages its activities and acts on its behalf. It makes decisions on all corporate matters unless they have been entrusted to the competence of the Supervisory Board or the MoT.

Composition as at 31 December 2022	
Director General	Jiří Svoboda
Statutory Deputy Director General	Mojmír Nejezchleb
Composition as at 17 March 2023	
Director General	Jiří Svoboda
Statutory Deputy Director General	Mojmír Nejezchleb

There were no changes during 2022 and 2023.

Management of Správa železnic

Composition as at 31 December 2022	
Deputy Director General for Economics	Aleš Krejčí
Deputy Director General for Infrastructure Modernisation	Mojmír Nejezchleb
Deputy Director General for Rail Operability	Marcela Pernicová
Deputy Director General for Traffic Management	Jaroslav Flegl
Composition as at 17 March 2023	
Deputy Director General for Economics	Aleš Krejčí
Deputy Director General for Infrastructure Modernisation	Mojmír Nejezchleb
Deputy Director General for Rail Operability	Marcela Pernicová
Deputy Director General for Traffic Management	Jaroslav Flegl

Changes during 2022 and 2023

Position	Period	Change
Deputy Director General for Traffic Management	till 31 October 2022 since 1 November 2022	Miroslav Jasenčák Jaroslav Flegl

Supervisory Board

The Supervisory Board supervises the exercising of the powers of the Director General, the performance of the organisation’s activities and the compliance of its activities with legal regulations. Upon proposals submitted by the Director General, the Supervisory Board approves key organisational policies. It also debates the annual report, evaluates the financial performance, and approves the annual budget.

Composition as at 31 December 2022		Composition as at 17 March 2023	
Chairperson	Martin Červíček	Chairperson	Martin Červíček
Vice-chairperson	Ladislav Němec	Vice-chairperson	Ladislav Němec
Members	Jan Lička David Čermák Martin Kolovratník Pavel Čížek	Members	Jan Lička David Čermák Martin Kolovratník Pavel Čížek

Changes during 2022 and 2023

Position	Period	Change
Chairperson	till 30 June 2022	Pavel Hruběš
Chairperson	since 1 July 2022	Martin Červíček
Vice-chairperson	till 31 August 2022	Martin Kolovratník
Vice-chairperson	since 1 September 2022	Ladislav Němec
Member	till 30 June 2022	Jaroslav Foldyna
Member	till 30 June 2022	Ivo Drahotský
Member	till 30 June 2022	Dan Ťok
Member	till 30 June 2022	Vít Janoš
Member	since 1 July 2022	Jan Lička
Member	since 1 July 2022	David Čermák
Member	since 23 November 2022	Pavel Čížek

Audit Committee

The Audit Committee monitors the preparation process of the Financial Statements, assesses the efficiency of the organisation’s internal control, internal audit and risk management systems, monitors the process of the statutory audit of the Financial Statements, assesses the independence of the statutory auditor and the auditing firm, and primarily the provision of additional services to the organisation, and recommends the auditor to

audit the organisation’s Financial Statements. At the same time, the Audit Committee is entitled to inspect the accounting books or other documents and check the data contained in these records.

Composition as at 31 December 2022		Composition as at 17 March 2023	
Chairperson	Eva Janoušková	Chairperson	Eva Janoušková
Members	Lenka Hlubučková Michal Zácha Tomáš Klinecký Otakar Hora	Members	Lenka Hlubučková Michal Zácha Tomáš Klinecký Otakar Hora

Changes during 2022 and 2023

Position	Period	Change
Member	till 31 August 2022	Dan Ťok
Member	till 31 August 2022	Pavel Hruběš
Member	since 1 September 2022	Michal Zácha
Member	since 1 September 2022	Tomáš Klinecký
Member	since 12 November 2022	Otakar Hora

Strategy and Development Committee

The Strategy and Development Committee issues standpoints or prepares position documents, primarily in respect of Správa železnic’s strategic materials, strategic proposals of the MoT of the Czech Republic of both legislative and non-legislative nature with impact on the railway sector, proposals for the railway sector arrangement, strategic proposals of the Transport Policy of the

European Union (EU) and directives which directly influence Správa železnic’s activities, management system, organisational structure and its changes.

Composition as at 31 December 2022		Composition as at 17 March 2023	
Chairperson	Ladislav Němec	Chairperson	Ladislav Němec
Members	Martin Kolovratník David Čermák	Members	Martin Kolovratník David Čermák
Changes during 2022 and 2023			
Position	Period	Change	
Member	till 30 June 2022	Ivo Drahotský	
Member	till 30 June 2022	Vít Janoš	
Member	till 30 June 2022	Dan Ťok	
Member	since 15 October 2022	David Čermák	

Strategy

The vision and strategic objectives of Správa železnic are formulated in a document titled the Strategy of Správa železnic, státní organizace, reflecting the Czech Republic’s and the EU’s transport policies for the railway transport sector. The strategic objectives relate to all business activities of the organisation and include an international significance.

Single European Railway Area

The railway holds an irreplaceable position in the transport system. To enhance the efficiency of railway transport, the Single European Railway Area has been established, and basic conditions and principles for the functioning of all stakeholders, including railway infrastructure managers, have been set. Accordingly, Správa železnic’s activities are directed towards fulfilling the obligations prescribed by Directive 2012/34/EU of the European Parliament and of the Council in respect of the conditions and principles. The interoperability of the European railway system is a key issue. To ensure it, Správa železnic has adopted an active approach to the harmonisation of infrastructure parameters and implementation of new technology, in particular the implementation of ERTMS/ETCS train control system and telematics applications.

Správa železnic actively participated in the preparation of the common position of the Council of Ministers for Transport of the EU Member States under the Czech Presidency of the Council on the proposal of the European Commission (EC) for a regulation on the Union guidelines for the development of the Trans-European Transport Network, the so-called revision of the TEN-T network. The decision will help in the development of reliable transport on the backbone corridors

and in obtaining funding for projects in the field of sustainable travel, especially for the development of the trans-European rail network corridors. The agreement is important because a large number of projects, such as the Czech high-speed lines, have been included in the TEN-T network or promoted through reassignment. The TEN-T Core network, newly divided according to the 2030 and 2040 implementation dates, includes the HSL Prague – Brno connection, the Ore Mountains tunnel (Krušnohorský tunel) or the HSL Přerov – Ostrava, while the freight link between Choceň, Hradec Králové and Velký Osek and other key railway sections will also receive similar support. Compared to the original draft regulation, we have also managed to negotiate the inclusion of the Prague – Lysá nad Labem – Mladá Boleslav – Liberec – Görlitz railway line into the TEN-T Comprehensive network, which will make it possible to significantly improve train connections between these cities in the future, especially to Liberec. The Czech Republic, in cooperation with Správa železnic, has negotiated with the European Commission to complete the originally proposed so-called urban nodes of Prague, Brno, Ostrava, Pilsen, Liberec, Olomouc and Ústí nad Labem with the other regional cities of Hradec Králové, Pardubice and České Budějovice. This opens up a greater opportunity for them to co-finance their transport projects from the EU.

Strategic projects

At Správa železnic, project management is a common tool used to support the efficient achievement of the organisation's strategic goals. Strategic projects are directly linked to these goals, and their implementation is usually a necessary condition for achieving them. The most important projects undoubtedly include the preparation of the high-speed railway lines, where Správa železnic continued the preliminary project preparation of the main connection Dresden – Prague – Brno – Ostrava / Břeclav. Apart from the preparation of the high-speed railway system, we have been working on other projects in all areas of Správa železnic's activities.

The programme titled ERTMS/ETCS Implementation at Správa železnic is of key importance for the future of the railways. The aim of the programme is to increase the safety of railway operation and to ensure interoperability. 2022 was a very significant year in terms of the progress made in ETCS implementation. ETCS versions to be deployed at individual lines of the entire network were determined: ETCS Level 2, including setting the principles of the related optimisation of infrastructure to improve railway capacity for the busiest lines, and two variants referred to as ETCS Regional, for less busy regional lines. Concerning the rolling stock, equipping of 98 special rail vehicles for infrastructure maintenance was ensured on a contractual basis, with the delivery date by 2024, to ensure that Správa železnic's rolling stock is ready for exclusive operation under ETCS supervision. Správa železnic also acquired a multisystem Vectron engine equipped with an ETCS on-board unit according to the latest specifications, which, thanks to its technological equipment, can check the correct functioning of the ETCS single signalling and control system.

In 2022, the planned milestones of the Implementation of Building Information Management (BIM) project in the Správa železnic's environment were reached. Further implementation of the project will continue in the corporate strategy of the implementation process set up. Správa železnic increased the number of implemented and prepared construction projects in the BIM mode, on which digitisation progress is verified in cooperation with the supply chain.

The project of creation and development of digital technical maps (DTM) and of the mapping of technical infrastructure continues. The main output of the project will be a functional information system of the Digital Technical Map of Railways (DTMR), integrated in the DTM information systems at the level of the Czech Office for Surveying, Mapping and Cadastre, and at the level of regions. A pilot project to verify data gathering by mobile mapping in the railway environment was implemented. Detailed technical specifications for information system

implementation and data input on technical and transport infrastructure were completed.

In 2022, the implementation of a programme known as Cyber Security at Správa železnic, which aims to protect the perimeter of Správa železnic by implementing technical measures targeted against the vector of probable cyber-attacks that, if successful, may threaten a high number of human lives or cause considerable financial loss to the Czech Republic, continued.

Updating the Správa železnic's Strategy

In the second half of the year 2022, the Strategy was updated, and following its approval, the Action Plan for 2023–2024 was prepared, structured by new strategic goals:

1. Implement the TEN-T policy.
2. Increase the speed and capacity at selected railway lines.
3. Implement the Fast Connections Development in the Czech Republic governmental programme.
4. Eliminate speed restrictions on the railway network.
5. Reduce bottlenecks on the railway network.
6. Unify traction power supply systems and increase the share of electrified lines.
7. Reduce the number of railway accidents and incidents.
8. Improve characteristics of selected lines for freight transport.
9. Develop service facilities.
10. Ensure full operability of the railway network owned by the state.
11. Mitigation and adaptation measures of the organisation to climate change.
12. Digitisation, connectivity and network development.

Another strategic topic is safety improvement. The project of Reducing Accidents on Railway Level Crossings Concept is the outcome of an analysis of causes of accidents and will propose ways to reduce the accident rate. A wide spectrum of tools will be used for this purpose – ranging from technological possibilities to increase safety, through road modification, and ending with developing tools to replace level crossings.

The European Green Deal and Sustainable and Smart Mobility Strategy

At the end of 2019, the European Commission issued the European Green Deal, formulating its commitment to address the challenges brought by climate change and environment. One of its priorities is to shift a significant portion (75%) of inland freight transport from roads to railways and waterways. The European Commission shall revise the rules of state aid to reflect the political goals of the European Green Deal, support a cost-effective transition to climate neutrality by 2050, and facilitate the phaseout of fossil fuels.

At the end of 2020, the European Commission issued the Sustainable and Smart Mobility Strategy, setting the future direction of European transportation. Its flagship initiatives include:

- Boosting the uptake of zero-emission vehicles, renewable & low-carbon fuels and related infrastructure;
- Making interurban and urban mobility more sustainable and healthier;
- Greening freight transport;
- Pricing carbon and providing better incentives for users;
- Making connected and automated multimodal mobility a reality;

- Innovation, data and artificial intelligence for smarter mobility;
- Reinforcing the single market;
- Making mobility fair and just for all;
- Enhancing transport safety and security.

In September 2022, Správa železnic together with the Chamber of Commerce of the Czech Republic organised already the second edition of the professional forum at the Faculty of Transportation Sciences of the Czech Technical University in Prague (CTU) entitled Green Railway for Europe. A prerequisite for the railway infrastructure to fulfil its role in sustainable development is a direct reduction of CO₂ emissions per unit of transportation performance (line electrification, unification of traction power supply system, energy recovery), but in particular, in line with the requirements of EU legislation, the facilitation of shifting to railway a substantial portion of road freight transport and a part of passenger transport, with direct effect of increasing the railway infrastructure capacity. The forum very clearly described the link between these requirements and the projects being implemented and changes being prepared at the Czech railway network to set the future direction more precisely.

Správa železnic was an active partner of the Coradia iLint Railshow event in May 2022, when the world's only hydrogen fuel cell passenger train which generates electricity for traction purposes was presented to public transport customers and passengers for the first time in the Czech Republic. This zero-emission, low-noise train does not need traction fuel imported from abroad.

In connection with its participation in research, development, and innovation projects of the Technology Agency of the Czech Republic, Správa železnic in collaboration with the Czech Technical University's Faculty of Transportation Sciences, VSB – Technical University of Ostrava, Nuclear Research Institute, rolling stock manufacturers, and with the participation of carriers and customers of passenger transport as a public service, organised already the second edition of the expert workshop entitled 'Hydrogen for Rail' in

June 2022. Experts discussed the issues of alternative fuels at Czech railway network, sustainable mobility in terms of an irreversible shift to zero-emission mobility, and, importantly, hydrogen as the fuel of the future.

In 2022, Správa železnic formulated a Sustainability Strategy and issued the first Sustainability Report for the period 2020–2021. Attention is also paid to the criteria measuring environmental impacts (E – environment), respect to social values and safety (S – social/safety) and good governance aspects (G – governance). The need to overcome the crisis caused by the covid-19 pandemic and by the war conflict should be used as an opportunity to speed-up the decarbonisation and modernisation of the entire transportation and mobility system, to limit its negative environmental impact, to improve the safety and health of Czech citizens, and to meet the Czech Republic's commitments ensuing from its membership in the EU. A green and at the same time digital transformation should reform transportation, establish a new concept of connectivity, and energise the economy.

Business strategy

In the past period, the prerequisites for further targeting of business development activities were created. An extended analysis was used as an input, which identified key business partners and the most important locations, both from an organisation-wide point of view and with a breakdown into individual regional directorates. Business reporting compiled in this way allows not only to assess the importance of individual locations, but also to effectively align the resources expended with the business potential of a given location in the future.

A special emphasis in further development was placed on the renovation of important station buildings. Building layout, interconnection with the surrounding area and logical continuity with natural passenger flows are key prerequisites for a functional business setting. The successful implementation of these layout parameters was the subject matter of internal workshops with external expert

support, and thus became a natural part of project preparation.

The important passenger flow monitoring mentioned above, which was launched on a pilot basis in 2021, continued to be developed during the following year. Measurements have been carried out at 12 station buildings across the country, and plans are in place to analyse further significant sites over time.

In 2022, the finalisation of the concept for the north wing of the Fanta Building at Prague Main Station continued. The results of a dedicated public opinion survey targeting the Prague Main Station site and the adjacent park were used for the planned use of the space. They also served as input for the current phase of project preparation for the renovation of the new check-in hall.

During the year, further pilot projects were launched to evaluate innovative activities before their widespread deployment. These were:

- Luggage storage facilities with combined parcel pick-up function;
- The use of QR codes for better passenger information.

In terms of process efficiency, strategic meetings were held with key business partners at the end of the year. Their aim was to evaluate the past period and at the same time to get acquainted with the innovations which the partners are planning for the coming year. The joint exchange of information also supports the natural development of efficiency in mutual cooperation.

Research, development and innovation

Thanks to the central coordination of research and development, Správa železnic carries out these activities using optimal project management across the organisation, with a focus on an efficient utilisation of synergies and available resources. Emphasis is put mainly on areas and topics with a significant application potential, and on reducing the environmental impacts of railway operation. Research and development naturally reflect current and expected future trends of digitalisation and smartification.

The state organisation has been publishing Vědeckotechnický sborník Správy železnic (Scientific and Technical Collection of Správa železnic), a science and technology anthology, which serves as a platform to disseminate findings about the most advanced technologies. The anthology provides an opportunity to share information, knowledge and experience; the published information may be used by staff in day-to-day operations, but also by professionals from collaborating businesses and

organisations, and by prospective future employees from among high school and university students.

International projects participated in by Správa železnic

In 2022, Správa železnic as a member of a syndicate of project participants continued its involvement in project S2R-OC-IP2-02-2019: Support to the development of a demonstrator platform for traffic management, financed from a joint technology initiative Shift2Rail within EU framework programme Horizon 2020.

As an application guarantor, Správa železnic participates in the international research and development project known as Regional hydrogen trains (TO01000324) under the KAPPA programme of the Technology Agency of the Czech Republic. The project is to be implemented in 2021–2024, with state support and focus on Energy and Fuels field. The aim of the project is to analyse railway lines and locate areas where hydrogen trains would be a preferred solution compared to other technologies from a technical, financial, and environmental perspective. The results will allow to identify preferred areas for deployment of hydrogen trains to replace future decommissioned diesel trains on non-electrified railways.

Správa železnic continued to apply the established versions of ETCS which were previously defined for deployment on individual lines throughout the network. The implementation of the programme follows the Plan for Modern Safety on the Czech railway network – Implementation of European Train Control System ETCS, which clearly outlines the ETCS implementation schedule. Within the framework of Správa železnic, the staff requirements for ensuring the implementation of ETCS have been defined and the staff base is being gradually strengthened accordingly. The new department specialising in ETCS and modern technologies in automation and interlocking technology plays an important role. Within the framework of the rolling stock, the equipping of special rail vehicles for infrastructure maintenance with the mobile part of

ETCS is continuing so that Správa železnic can be also prepared for exclusive operation under ETCS supervision. In 2022, the modernisation of the Olomouc – Uničov railway line was completed, including the implementation of the ETCS trackside part, and this is the first section of the network where exclusive operation of vehicles under ETCS supervision will be introduced in 2023, already without a national train protection system.

In 2022, Správa železnic fully engaged in international activities by joining the ERTMS Users Group (EUG), while completing the necessary steps to join the EULYNX initiative from 2023. The EUG brings together most of the major infrastructure managers within the EU (as well as Switzerland and the UK) and aims to be a partner for the EC and other EU bodies. At the same time, membership will enable the national organisation to understand the ERTMS specifications, including a significantly greater ability to push its own ideas on their future design, to be an equal partner with the industry and also to draw on the implementation experience from other infrastructure managers on an expert basis.

National projects

Správa železnic is an active member of the Interoperability of Railway Infrastructure (Interoperability of Railway Infrastructure) – Czech Technology Platform, aiming to actively and concretely contribute to ensuring that railway infrastructure construction, production and maintenance complies with the requirements of EU legislation. The flagship project titled High-Speed Lines – the Future of Sustainable Mobility in the Czech Republic is financed from the Operational Programme Enterprise and Innovation for Competitiveness (OP EIC).

Within the framework of the fourth public competition of the Programme for Support of Applied Research, Experimental Development and Innovations THÉTA TK04010081, Správa železnic together with the VSB – Technical University of Ostrava continued the project known as Reduc-

tion of Energy Consumption and Negative Environmental Impacts of Railway Transport by Preparing Infrastructure for Trains with Alternative Propulsion. The presentation of the project's progress so far and the achieved outputs took place at an expert seminar in Ostrava on 29 November 2022. The results of the project will enable the identification of preferred areas for the deployment of battery or hydrogen trains in relation to the energy source.

Within the framework of the TRANSPORT 2020+ programme of the Technology Agency of the Czech Republic, in the years 2020–2023 Správa železnic is participating as external application guarantor in the project CK01000098 Unique fibre-optic sensor for rolling stock detection, led by the Faculty of Electrical Engineering and Computer Science of the VSB – Technical University of Ostrava. The project will result in functional samples of a micro-bending sensor and its housing and a microprocessor-based signal processing unit.

In the public procurement programme in applied research and innovations for the needs of the state administration known as BETA2 of the Technology Agency of the Czech Republic, Správa železnic, through the MoT, submitted an initiation plan for the programme project TITDMD219 entitled Creation, validation and digitisation of procedures for assessing psychological competence for the performance of selected jobs in Správa železnic organisation.

In the role of the application guarantor, Správa železnic cooperated with the principal investigator – the Faculty of Transport Sciences of the Czech Technical University in Prague – on the preparation of the bid for the project TK05010045 Available Electric Energy for Trains in the Czech Republic within the 5th public tender of the THÉTA programme (Modernisation of the Energy Sector, including Research in the Public Interest and Energy Strategies) of the Technology Agency of the Czech Republic. In December 2022, both entities organised a workshop on the topic of Available Electric Energy for the Czech Railway Network.

Správa železnic cooperated in the role of the application guarantor with the principal investigator, the Transport Research Centre, in the preparation of the bid for the project TN02000007 National Hydrogen Mobility Centre within the framework of the National Competence Centres for Support of Applied Research, Experimental Development and Innovation programme of the Technology Agency of the Czech Republic, which announced in November 2022 that it expects the project to conclude a contract for the provision of support. For the project TN02000081, the Railways 2030 National Centre of Competence, which brought together the railway infrastructure sector, the Technology Agency of the Czech Republic does not foresee the conclusion of a support contract, although the project has been recommended for support, but will not be funded due to the volume of the allocation for these tender proceedings.

Správa železnic is also involved in a joint project with the Faculty of Nuclear and Physical Engineering and the Faculty of Electrical Engineering of the CTU in Prague and the Cybersecurity Innovation Hub (Brno), a reference centre for cybersecurity, in cooperation with the OpenQKD consortium. Its subject matter consists in testing two competing technologies for quantum cryptography in a real environment. OpenQKD is a consortium of universities, research institutions, technology centres and both mainstream and quantum telecommunications companies (<https://openqkd.eu>). It aims to popularise and demonstrate that quantum communication is possible with existing technologies and infrastructure. The project aims to raise awareness of advances in the country and also to provide data on device performance which would be useful for large-scale infrastructure. Quantum cryptography devices use conventional optical communication links, but because they generate and transmit quantum states of light, they are significantly more sensitive than conventional communications. There is still a lot to know about how they work in real-world situations. Given that most existing fibre optic cables run along railway lines, it is particularly interesting to test the technology in this environment and the involvement of Správa železnic is

appreciated by the researchers. The main focus of the test will be to use equipment from two major global manufacturers – Toshiba and IdQuantique – and test their performance on the same section.

Within the framework of the EU's efforts to build infrastructure for alternative fuels and on the basis of the signed framework agreement, Správa železnic in cooperation with ČEZ is building charging infrastructure around passenger stations across the country.

In 2022, Správa železnic submitted a total of 30 applications for co-financing of photovoltaic power plants on rooftops in the first call of the Photovoltaic Systems with/without Storage programme (Component 2.3 Transition to Cleaner Energy Sources) of the National Recovery Plan and the REPowerEU initiative. Furthermore, it is progressively applying for all buildings the screening of the suitability of the location and subsequent implementation of PV plants, especially on the roofs of buildings. The project already includes, for example, the placement of a PV plant on the multifunctional hall of diagnostic vehicles of the Telematics and Diagnostics Centre (CTD) in Pardubice, where it is expected that the surplus energy will be used in the local distribution system (LDS) of Správa železnic. The state organisation is also carrying out an analysis in cooperation with ČEZ ESCO of the location of PV power plants on already reconstructed buildings. These are the station buildings at the stations Kolín, Břeclav, Šumperk, Staré Město u Uherského Hradiště and Lysá nad Labem. Správa železnic has also launched a pilot project with ČEPRO to identify one site/roof at Poříčany station with an area of 1,217 m² and a brownfield at Rudoltice v Čechách station with an area of 40,500 m², where an analysis of the PV installation will be carried out. Within the framework of modernisation of the Česká Třebová railway junction, the project intends to construct a PV plant and use the generated electricity in the LDS of Správa železnic.

In 2022, the long-term partnership between the Faculty of Transport Engineering of the University of Pardubice and Správa železnic was further developed. Among many activities, we can mention, for example, research projects in which Správa železnic acts as an application guarantor. These are the projects Výhybka 4.0 (Railway Switch 4.0) and Non-destructive determination of mechanical stress in contactless track, both supported by the Technology Agency of the Czech Republic. In the form of a letter of intent, Správa železnic also supported other research projects solved in the above-mentioned period at the Faculty of Transport Engineering, namely Predictive Maintenance of Rail Paths and Increasing the Efficiency of Railway Transport within the Energy Optimisation of the Multimodal Mobility System. Cooperation was also continued in the provision of the subject named Professional Practical Training in Railway Transport, in the follow-up phase of which students have an opportunity to take professional examinations for the positions of switch worker (OZ D-03) and train dispatcher (OZ D-07) and can undergo preparation for taking extension examinations for the position of line traffic controller.

Správa železnic sees great potential for future cooperation in sharing expertise in research, development and innovation in the interest of accelerating the transposition of the newest knowledge into operational practice. This involves the utilisation of know-how in network flow modelling and in the apparatus of optimisation tasks that may help maintain necessary network capacity during demanding construction projects necessitating capacity restrictions of backbone corridor lines sections. Within its strategic development, Správa železnic relies on the application of advanced solutions, predictive diagnostics, automation with self-repair function, or stabilisation upon degradation. These are first-class technologies in which we appreciate and use sharing of know-how and expertise with research, development and innovation institutions.

Organisation's activity

Line anniversaries

Launch of railway transportation		
15 August 1842	Přerov – Lipník nad Bečvou	180
15 July 1862	Prague – Pilsen	160
28 January 1872	Pilsen – Cheb	150
12 May 1872	Chomutov – Vejprty	150
03 July 1872	Praha – Smíchov – Hostivice	150
14 July 1872	Benešov nad Ploučnicí – Česká Lípa	150
16 September 1872	Žatec – Obrnice	150
01 October 1872	Olomouc – Krnov	150
01 October 1872	Krnov – Jindřichov ve Slezsku	150
28 October 1872	Prague – Neratovice	150
01 November 1872	Krnov – Opava východ	150
21 November 1872	Obrnice – Bílina	150
09 December 1872	Ostrov nad Ohří – Karlovy Vary	150
19 December 1872	Oldřichov u Duchcova – Litvínov	150
30 December 1872	Břeclav – Hrušovany nad Jevišovkou	150
14 February 1882	Žleby – Třemošnice	140
19 February 1882	Křinec – Městec Králové	140
01 March 1882	Prague – Modřany	140
19 March 1882	Hradec Králové – Ostroměř	140
25 March 1882	Sadová – Smiřice	140
01 July 1882	Poříčany – Sadská	140
01 August 1882	Mirošov – Nezvěstice	140
05 October 1882	Královec – Zacléf	140
18 October 1882	Kralupy nad Vltavou – Velvary	140
22 October 1882	Lovosice – Libochovice	140
23 October 1882	Choceň – Litomyšl	140
15 November 1882	Hulín – Bystřice pod Hostýnem	140
01 June 1892	Valašské Meziříčí – Rožnov pod Radhoštěm	130
29 June 1892	Opava východ – Svobodné Heřmanice	130
04 July 1892	Kájov – Nová Pec	130
02 August 1902	Frydlant v Čechách – Jindřichovice pod Smrkem	120
07 September 1902	Telč – Slavonice	120
01 October 1902	Dalovice – Merklín	120
11 October 1902	Vlašim – Trhový Štěpánov	120
29 October 1902	Mikulášovice – Rumburk, Krásná Lípa – Panský	120
10 November 1902	Radonice – Kadaňský Rohozec	120
14 July 1912	Moravské Bránice – Oslavany	110

Operability of railway infrastructure

Ensuring the operability of the railway is an essential, statutory prerequisite for its operating for the needs of safe and smooth railway traffic, thus representing one of the principal activities of Správa železnic.

Within Správa železnic's internal organisational structure, these activities are coordinated by the Rail Operability Section, which lays down the methodology to ensure proper technical conditions, development and modifications of railway infrastructure and of related structures, including station buildings and operation or administrative buildings. The Rail Operability Section also approves the use of new materials, products and technologies, coordinates central procurement, public tenders, telematics, diagnostics and railway geodesy. Its organisational structure also includes the Fire Rescue Corps of Správa železnic.

Measuring and diagnostics of railway infrastructure parameters is carried out by special railway vehicles of the Telematics and Diagnostics Centre, an organisational unit of the Rail Operability Section. On a regional scale, operability is ensured through inspecting and monitoring by staff of operation centres of technical administration centres at the respective regional directorates. Based on the analysis of the results diagnostics, repair and maintenance plans are prepared with the aim to meet all railway operator's duties in this field. One of the indicators of the operability is not exceeding the limit values of restricted-speed line sections, or 'slow-orders'. Assessed slow-orders primarily include those resulting from the unsuitable technical condition of the infrastructure. The target value for slow-orders set at 7 km as at 31 December 2022 was met with a considerable margin: the actual length of the assessed slow-orders as at that date was only 1.996 km.

In 2022, the preparation or implementation of 273 specific repair projects was financed from funds earmarked for ensuring operability, of which 185 with the cost amounting to more than CZK 10 million. The aim of these repair projects is mainly to eliminate unsuitable conditions of the infrastructure, or to maintain its existing characteristics. The total number also includes 72 construction projects involving repairs of station or operational buildings.

Among the most significant repairs in 2022 it is necessary to mention projects in the Velim – Kolín line section, including the repair of the overhead contact line in the Velim station, and in the Chlumec nad Cidlinou – Městec Králové or Samechov – Leděčko sections. Furthermore, railway lines or parts of railway lines in the Moravské Bránice – Moravský Krumlov, Roztoky u Křivoklátku – Rakovník or Luka nad Jihlavou – Jihlava sections were repaired. The overhead contact line was repaired at the Česká Třebová station and in the Ústí nad Labem západ – Světec or Libice nad Cidlinou – Poděbrady sections. Other activities were also focused on repairs of the interlocking equipment, e.g. at the Liběchov, Sázava or Moravské Budějovice stations. More extensive repairs were carried out on bridge structures, e.g. at 65.582 km of the Brno – Přerov railway line, which removed restrictions resulting from an earlier emergency incident, or at 1.508 km of the Kralupy nad Vltavou – Neratovice railway line.

A significant benefit of railway line repairs is also the elimination of speed limit restrictions. This means the possibility to use speed as per the route book in the sections between stations or at operating points where the train speed had been restricted due to unsuitable conditions. In 2022, speed reductions were eliminated on Správa železnic's network with a total length of 22.934 km.

The project of implementing the principle of cyclic maintenance in the conditions of Správa železnic continued in 2022 by reducing the monitored items (infrastructure elements), i.e. those which have more than an 80% share in the total costs. Through

47 majority items, the system setup will be verified in terms of life cycle monitoring of selected infrastructure elements, frequency of defects and failures. All corridor lines are monitored and Corridor I is then evaluated in detail. The corridor maintenance application ÚKOR has been populated with input data for TEN-T lines, to the network of which the monitoring system is to be extended from 2023.

In the area of rail mechanisation, the delivery of 3 two-way excavators was carried out during 2022. On the basis of the contracts concluded, 31 out of the planned 101 ETCS on-board system installations in vehicles operated by Správa železnic were implemented and the process of their approval for operation was started. In May 2022, following the successful certification of the Entity in Charge of Maintenance, Správa železnic received the Certificate of Conformity for the Maintenance Function and the Certificate of Conformity of the Entity in Charge of Maintenance.

Operational verification of newly acquired diagnostic vehicles continued – multi-system electric locomotive of the Vectron product series for diagnostics of dependent traction up to 200 km/h, track inspection vehicle for railway superstructure (MVŽSv2) and track inspection vehicle for diagnostics of the railway superstructure of regional railways (EM 100). As far as ongoing projects are concerned, it is appropriate to mention finalisation of the delivery of a new two-way (on-track-off-track) vehicle for the diagnostics of bridge constructions (DUOLINER MIJ) and the project for the upgrade of the track inspection vehicle FST4 for diagnostics of the spatial clearance of the lines, which is to ensure an increase in the capacity of measurement, data collection and evaluation. Both the projects are scheduled to be completed in 2023. A public tender for the supply of a new track inspection unit for the diagnostics of the overhead contact line for measuring speeds of up to 230 km/h was launched at the end of 2022. Within the framework of social responsibility, the revitalisation and repair of two historic motorised passenger track inspection cars was completed, namely Warszawa M20 type 223 (Dmv 69-005) and Tatra 15/52 (Dm4-44003).

In the area of diagnostics and supervisory activities, steps were taken to further improve the quality and efficiency of inspections carried out to ensure the operability and safety of operations in the area of non-destructive testing of rails. Concerning these activities carried out visually, they have been fully centralised in CTD since April 2022, following the deployment of some of the staff of the regional directorates dealing with these activities to this organisational unit.

In 2022, Správa železnic was intensively involved in raising the level of protection at level crossings by installing flashing light crossing warning system or adding physical barriers. In 2022, a record-breaking amount of CZK 3.1 billion was invested in such projects. As a result, 233 level crossings were upgraded. Activities continued in the area of level crossing cancellation, both through investment activities and by initiating administrative proceedings where the relevant legal conditions were met. A total of 102 level crossings were cancelled in 2022, 13 of which being temporary.

In connection with possible failures of the railway substructure, which can be manifested not only by defects in the geometric characteristics of the track but also by instability of the entire embankments, the method of monitoring and evaluating such unstable sections was improved in 2022. The information on possible abnormal conditions is transmitted to the system of newly established railway infrastructure dispatching centres as a basis for immediate discontinuation of operations.

The gradual improvement in the condition of bridges continued with a reduction in the proportion of bridge structures rated at the worst possible grade (3), when their number was reduced by 4% in 2022. A grade 3 rating of a bridge need not be a reason for an immediate change in serviceability conditions, but it is a serious indicator for the manager to immediately address the future prospects of the facility by early inclusion in the construction planning process. The third edition of the Stable Operability Programme for Railway Bridges was prepared, which sets out the objectives

and trends in the field of improving the condition of bridges in the outlook from 2023 to 2027. In 2022, the project entitled Diagnostics and Static Assessment of Railway Bridges with Prestressed Concrete Structures was concluded with an evaluation conference and with the publication of a technical journal, which confirmed that the operation of these types of bearing structures on the Czech railway network is safe. Following this, a multi-year project entitled Diagnostics and Recalculations of Strategic Bridges was launched in the area of preventive static assessment and verification of the bridge operation safety.

In addition to geodetic documents for investment and repair works, large volumes of mapping documents were also acquired through the Railway Geodesy Administration (SŽG) in 2022 to prepare the construction of high-speed lines. By the end of 2022, SŽG has provided spatial data management for 5,800 km of tracks in the highest quality for the application of the BIM method and robotic construction works on the railway superstructure, and for another 6,175 km in quality for design and IT purposes.

In the second half of 2022, the implementation of the Digital Technical Map of Railways (DTMR) project was launched, whereby Správa železnic joined the implementation of the Digital Technical Map (DTM) of the Czech Republic, which is to become an integral part of the digitisation of construction proceedings and spatial planning agendas. Intensive collection of data on infrastructure and preparation of the relevant information system has begun. DTMR brings a new quality to the existing description of the railway network. For the entire railway network, previously fragmented, incomplete or multiple data will be unified, completed and made available. The project is co-financed by Operational Programme Enterprise and Innovations for Competitiveness (OP EIC).

Activities to improve operational safety in the field of signalling, interlocking and telecommunications technology continued as well. The new VNPN GSM-R STOP functionality (warning of unauthorised sig-

nal passage), which enables its use on railway lines equipped with the STOP function also within the GSM-R system, was operationally verified and put into use in 2022 and can currently be deployed within the framework of constructions. In the event of an unauthorised passage of a signal in the Stop position, a command is automatically sent to stop the train. Vehicles equipped with the GSM-R STOP module stop and an acoustic verbal warning is played to the driver via the on-board radio. At the end of 2022, already 1,957 km of railway lines were equipped with GSM-R, i.e. the busiest fifth of our railway network. During 2022, the implementation of GSM-R was completed in the Uničov – Olomouc (29 km) and Kralupy nad Vltavou – Neratovice (25 km) sections. In addition, this system was also being implemented on 336 km of railway lines with a completion date after 2022.

In addition to the routine installation of the European Train Control System ETCS (L2) on a selected network of main lines (in 2022 completed on sections with a total length of 250 km), the implementation of the ETCS REGIONAL train control system, based on the conceptual document of the MoT entitled Plan for Modern Safety of the Czech Railway Network – Implementation of the European Train Control System, continued as well. The main objective is to reduce the probability of incidents, especially train collisions on nationwide and regional railway lines, due to a human error. Safety is being improved by the deployment of the ETCS system components, mainly balises and line-side electronic units (LEU). In order to implement the point-to-point train control system, the Rail Operability Section has issued several methodological tools in 2022. The preparation and implementation of individual projects to improve safety on railway lines with simplified railway traffic control (e.g. in the Nepomuk – Blatná or Studénka – Bílovec sections) continued as well. These were prepared structurally, including the programming of balises with telegram packages, which are only to be defined after completion and evaluation of test runs in the ETCS LS mode.

Also in 2022, Správa železnic provided traction electricity supplies for all railway carriers using

dependent traction. In view of the unprecedented energy crisis, it has reassessed its current methods and strategies for securing traction electricity, without which it would not have been successful in acquiring a traction electricity supplier. For the carriers, this means the possibility of a variable price for traction electricity in 2023 while respecting its maximum unit price of CZK 5,503/MWh (excluding VAT) for individual calendar months. The so-called hybrid model continued to be used to calculate the traction electricity consumption, which also makes it possible to use the on-board metering data. In 2022, 138 locomotives or electric units of carriers were equipped with the traction electricity metering system, and a total of 569 vehicles are already equipped with such a system and operating. The active exchange of energy data with ÖBB-Infrastruktur AG for traction electricity billing purposes continued as well. Správa železnic also contracted the supply of natural gas and electricity to the transport sector through purchases on commodity exchanges under a central procurement scheme.

The process of electrification of the railway lines and the implementation of the strategy of gradual transition to a single traction power supply system (25 kV AC, 50 Hz) continued within the framework of design preparation and construction implementation. In July 2022, the converted Nedakonice – Říkovice line section was put into operation, where the traction power supply is provided by the Otrokovice and Říkovice traction substations (TSS), where static frequency converters (SFC) are installed. This is the first installation of this equipment with a frequency of 50 Hz in continental Europe. The newly electrified Olomouc – Uničov – Šumperk line with a length of 57 km was put into operation with the validity of the 2022/23 new timetable diagram. This is the last railway line in the Správa železnic's railway network to have been electrified with a 3 kV DC traction system. The new line relocations built within the framework of the modernisation of the fourth corridor in the Soudoměřice u Tábora – Votice and Soběslav – Doubí u Tábora sections are also powered by the alternating traction system 25 kV, 50 Hz. In addition, the electrification of the entire

Kadaň-Prunéřov – Kadaň předměstí section was completed, enabling the operation of electric units adapted for operation on lines with both main supply systems, in this case according to the Regional Authority's order, implemented on the entire Děčín hl. n. – Kadaň předměstí section.

In 2022, CZK 602 million was spent on repairs, maintenance and assurance of the operation of the buildings. An assessment of the structural and technical condition and priorities within the framework of the entire network of railway stations and stops was carried out. The most significant renovations or repairs of passenger station buildings were completed in 2022, e.g. in Havířov, Veselí nad Lužnicí, Přeštice, Čerčany, Vimperk or Prachatice. The renovation of the façade of the historical station building at the Prague Main Station was completed as well.

The modernisation of toilets, including their equipment for entry and fee collection, also continued. In more than ten locations, their structural and technical condition was improved and toilets in more than 50 stations were equipped with entry and fee collection facilities. All the newly installed entry and fee collection facilities have payment terminals for cashless payments. Thanks to this, there is also an increase in revenue from the use of toilets; in 2022, Správa železnic generated more than CZK 45 million in revenues.

In 2022, in addition to the construction works on station buildings, Správa železnic also focused on further raising the standard of cleaning work in public areas, where the system was completely reconfigured not only in terms of unification of cleaning work, but also thanks to the use of modern tools to control the work and quality of service.

In the publicly accessible areas of railway stations and stops, the quality design furnishings acquired under the framework agreement of 2021 are being further expanded. In 16 months since its conclusion, more than 3,500 items of furnishings have been renewed at a cost of more than CZK 40.5 million. Thanks to the direct purchase by our organisation,

i.e. without an additional intermediary, financial savings are achieved and a uniform design is gradually being ensured throughout the entire network of Správa železnic.

A significant event in 2022 in the field of rail transport accessibility was implementation of a public procurement contract and conclusion of a framework agreement for the purchase of mobile lifting platforms and assurance of their servicing. At the end of the year, 31 of these platforms were purchased for 13 locations, where they will be integrated into the system of assistance to passengers on the part of Správa železnic. Within the framework of the system, Správa železnic provided approximately 14,000 assistances to persons with impaired mobility and orientation in 2022, which represents an increase of approximately 55% compared to the previous year. At the end of the year, another meeting of the platform consisting of representatives of the Czech National Disability Council, passenger carriers and Správa železnic was organised again.

Fire Rescue Corps

In 2022, a VEA Ford Ranger command vehicle was purchased for the Cheb Fire Protection Unit. 7 fire engines, 4 extrication vehicles, 5 automotive cranes, 9 container carriers and 13 technical containers which were acquired in 2021 within the framework of the renewal of firefighting equipment were successfully deployed in the firefighting activities. In March 2022, the complete renovation of the Ostrava fire station was completed in accordance with the current needs of the fire unit's call-out activities. In addition to the aforementioned projects, the constructions of new fire stations in Nymburk, Cheb, Česká Třebová and Pilsen are in the intensive preparation phase.

Implementation of a qualification system

In 2022, Správa železnic introduced a qualification system, which is a modern tool of the sectoral

contracting authority serving mainly to unify the requirements for the qualification of suppliers and reduce the administrative burden associated with participation in tender procedures. It was launched in June 2022, when it began accepting applications from suppliers for inclusion in the system. As at the end of 2022, Správa železnic had received around 180 applications, 32 of which had already been approved. A well-set and well-functioning qualification system will help Správa železnic to further develop its public procurement.

Expenses incurred on ensuring operability

Správa železnic ensures repairs and maintenance of nationwide and regional railway infrastructure, comprising the following sectors: railway lines (superstructure and substructure), railway constructions, bridges and tunnels, buildings and ground constructions, electrical and energetics equipment, telecommunication and signalling equipment. In addition, Správa železnic also ensures repairs and maintenance of railway stations, including cleaning and security of the premises. To complete the task, it uses not only own HR, engineering and technical capacity (primarily the capacity of its own organisational units – the regional directorates and specialised units) but also contractual relations with suppliers operating in the respective market, selected through tender procedures. In 2022, these activities were financed from the SFDI (State Fund for Transport Infrastructure) budget, which provides Správa železnic with non-investment funds, and from revenues from lease of land, structures and non-residential premises and revenues from services and contractual performances relating to this segment.

In 2022, total expenses, not including depreciation and amortisation, incurred in ensuring the operability of the railway, including the relevant allocation of centrally recorded expenses amounted to CZK 17.3 billion.

Table 1 – Selected activities

Indicator	Unit of measurement	Quantity 2021	Quantity 2022
Track geometry modification	km	1,406	1,256
Switch geometry modification	pcs	1,245	717
Ballast cleaning – tracks	km	133	82
Ballast cleaning – switches	pcs	414	137
Continuous welded rail, welding – tracks	km	473	221
Continuous welded rail, welding – switches	pcs	380	305
Replacement of rails	km	484	293
Replacement of sleepers	pcs	310,747	172,121

Table 2 – Basic description of the railway network

Indicator	Unit of measurement	Quantity 2021	Quantity 2022
Total length of lines	km	9,358	9,355
Length of electrified lines	km	3,215	3,215
3 kV DC traction system	km	1,784	1,738
25 kV AC 50 Hz traction system	km	1,393	1,438
1.5 kV DC traction system	km	24	24
15 kV AC traction system	km	14	14
Length of standard-gauge lines	km	9,335	9,333
Length of narrow-gauge lines	km	23	23
Length of single-track lines	km	7,324	7,287
Length of double-track and multiple-track lines	km	2,033	2,068
Total construction length of tracks	km	15,091	15,102
Number of switch units	pcs	21,445	21,615
Number of bridges	pcs	6,719	6,728
Number of tunnels	pcs	166	169
Total bridge length	m	154,845	156,110
Total tunnel length	m	54,072	55,942
Number of level crossings	pcs	7,734	7,646

Table 3 – Overview of buildings managed by Správa železnic

Indicator	Unit of measurement	Quantity 2021	Quantity 2022
Number of buildings	pcs	8,070	8,036
Built-up area	m ²	1,722,965	1,720,046
Built-up space	m ³	12,787,916	12,762,803

Modernisation and development of railway infrastructure

In terms of modernising and developing the railway infrastructure, Správa železnic’s long-term objective is to prepare and implement investment projects focusing on the following priorities:

- Modernisation of railway transit corridors;
- Modernisation of railway junctions;
- Modernisation of other lines integrated in the European railway system;
- Ensuring the interoperability of selected lines;
- Investment in the railway infrastructure to support the development of suburban transport and integrated transport systems;
- Passenger station assets;
- Preparation of Fast Connections (RS).

Modernisation of railway transit corridors

The modernisation of railway transit corridors means higher-quality railway transport in the Czech Republic and a significant reduction of travel times on key railway lines, especially Prague – Ostrava and Prague – Brno. The completed modernisation of Corridor I on the Břeclav – Brno – Česká Třebová – Prague – Děčín railway line and of Corridor II on the Břeclav – Přerov – Ostrava – Petrovice u Karviné railway line was followed by the modernisation of Corridors III and IV.

Corridor III passes via Mosty u Jablunkova, the Slovak/Czech state border – Dětmárovice – Ostrava – Přerov – Česká Třebová – Prague – Pilsen – Cheb, the Czech/German state border. The Česká Třebová – Prague line section was completed as part of Corridor I, and the Přerov – Dětmárovice line section as part of Corridor II. Table 4 contains incomplete line sections of Corridor III, which are ongoing or in design preparation stages.

Table 4 – Overview of works on Corridor III

Project description	Length (km)	Stage of completion	Project launch	Project completion
Optimisation of the line Praha-Smíchov – Černošice	8.8	ongoing	8/2019	2/2023
Optimisation of the line Černošice – Odb. Berounka (branch)	5.9	in preparation	2025	2026
Optimisation of the line Odb. Berounka (branch) – Karlštejn	15.5	in preparation	2025	2028
Optimisation of the line Karlštejn – Beroun	5.7	in preparation	9/2023	5/2026

Corridor IV is routed via Horní Dvořiště – České Budějovice – Prague – Děčín – Czech/German state border. The Prague – Děčín – Czech/German state border line section was implemented under Corridor I. Table 5 contains structures in the line section Horní Dvořiště – České Budějovice – Prague, which are ongoing or in design preparation stages.

Table 5 – Overview of works on Corridor IV

Project description	Length (km)	Stage of completion	Project launch	Project completion
Modernisation of the line Sudoměřice – Votice	17.0	ongoing	3/2018	2/2023
Modernisation of the line Veselí nad Lužnicí – Tábor , Part 2; the section Veselí nad Lužnicí – Doubí, Stage 2 of the section Soběslav – Doubí	8.6	ongoing	9/2019	5/2023
Modernisation of the line Nemanice I – Ševětín	17.1	in preparation	2024	2032

Apart from the above, Správa železnic started to reconstruct the eight busiest corridor sections, aiming at preventing the line speed reduction, ensuring interoperability parameters and enhancing the reliability and safety of operation. These projects will be co-funded from the European Investment Bank (EIB) and Connecting Europe Facility (CEF) funds. Line sections Velim – Poříčany, Dětmárovice – Petrovice u Karviné, Brno – Maloměřice St. 6 – Adamov, Adamov – Blansko and Ústí nad Orlicí – Brandýs nad Orlicí are already in their implementation stage. The CEF funds are used also for funding the newly commenced renovation of the section of the Railway Corridor I between Lanžhot and the Slovak state border.

Modernisation of railway junctions

In connection with the modernisation of corridor lines, significant railway junctions in their route are being modernised too. Finished are the passages through the railway junctions of Děčín, Ústí nad Labem, Kolín, Choceň, Ústí nad Orlicí, Břeclav, Přerov (the first construction project), Olomouc, Bohumín and Cheb and certain sections of the Pilsen junction. At the Prague junction, line sections Úvaly – Praha-Běchovice – Praha-Libeň and Praha-Holešovice – Praha-Bubeneč have been completed and put into use, completing the passage of Corridor I through the junction. The renovation of the Negrelli viaduct has been completed. The reconstruction in the Praha-Hostivař – Praha-Vršovice railway line section has been completed as well, ensuring the admission of Corridor IV to the Prague

junction. The modernisation work at the Brno hl. n. railway station has been completed and the second part of the reconstruction of the Přerov junction has been completed too. The reconstructions of the Pilsen and Pardubice junctions continue. Furthermore, preparatory work is underway for the construction of the Praha hl. n. – Praha-Smíchov section, which is to connect the Corridor III to the Prague junction. Further project preparation for through-passes in the Brno, Ostrava and Česká Třebová junctions is also continuing.

Modernisation of other lines integrated in the European railway system

The reconstruction and modernisation of the Kolín – Havlíčkův Brod – Křižanov – Brno line is progressing, with certain sections already completed and put in use, the modernisation of the Lysá nad Labem – Čelákovice – Praha-Vysočany line section continues, where the implementation of the last remaining construction between Čelákovice and Mstěnice has just started. Reconstruction of the station in Vsetín is fully underway as well. Modernisation of the Kolín – Nymburk – Všetaty – Ústí nad Labem – Děčín and Pilsen – Domažlice railway lines are in preparatory stages. Furthermore, construction works are being prepared in such sections as Ústí nad Labem – Most – Cheb and České Budějovice – Pilsen and also between Vsetín and Valašské Meziříčí. The design preparation for the construction of new Ústí nad Orlicí – Choceň and Brno – Přerov railway lines is under way.

Ensuring interoperability of selected lines

Other significant investments include construction projects ensuring the interoperability of the railway network in terms of telecommunication and signalling technology. With the exception of the Votice – České Budějovice section of Corridor IV, where the modernisation has not yet been completed, all transit corridors are now covered with GSM-R. The Kolín – Všetaty – Děčín, Prague – Lysá nad Labem, Kolín – Havlíčkův Brod – Křižanov – Brno,

Ústí nad Orlicí – Lichkov, České Velenice – České Budějovice – Horní Dvořiště and Pilsen – České Budějovice railway line sections have been completed as well. Construction works between Ústí nad Labem and Cheb, Pardubice, Hradec Králové and Jaroměř and in the Uničov – Šumperk railway line section are under implementation.

After the completion of the ETCS pilot project in the Poříčany – Kolín line section, installation of the ETCS has also been completed and put in use in the section Kolín – Břeclav – Austrian / Slovak state border. Further, the installation at Corridor II, in the Petrovice u Karviné – Ostrava – Přerov – Břeclav line section has been completed, and also between Praha-Uhřetěves and Votice, and work continues in the Přerov – Česká Třebová, Kralupy nad Vltavou – Prague – Kolín, Ústí nad Orlicí – Lichkov, Mosty u Jablunkova – Dětmárovice, Beroun – Pilsen – Cheb and Votice – České Budějovice railway line sections. The ETCS system is being introduced in connection with the Plan for Modern Safety of the Czech Railway Network approved by the Government of the Czech Republic and is also planned on selected regional lines.

Investment in railway infrastructure to support development of suburban transport and integrated transport systems

To enhance the quality of suburban transport in the Prague junction, the modernisation, electrification and installation of second track on the Prague – Kladno line with a connection to the Václav Havel Airport Prague in Ruzyně is being prepared. The project is subdivided into several separate construction projects, the first of which – the reconstruction of the Negrelli viaduct – has already been completed. The modernisation of the Kladno – Kladno-Ostrov section was started in 2022. A very significant improvement in the quality of suburban transport in Prague was brought about by the completion of the modernisation of the section between

Praha-Hostivař and Praha hl. n. Further improvements will be brought by the optimisation of the Prague-Vysočany – Lysá nad Labem and Praha hl. n. – Praha-Smíchov – Beroun railway lines. After the completion of the first phase of electrification of the Brno – Zastávka u Brna line section, the second phase has been launched, and the Pardubice – Hradec Králové line is gradually being double-tracked, where the Stéblová – Opatovice nad Labem section has already been modernised with the construction of a second track. Following the completion of electrification and capacity increase of the line section between Uničov and Olomouc, construction work on the subsequent sections between Uničov and Šumperk is slowly coming to an end.

Investments in passenger station assets

Investments in passenger station assets are a priority for Správa železnic. The efficient and economic use of individual buildings, as well as enhanced passenger comfort and a greater choice of offered services are accentuated. To achieve these goals, unify binding procedures in project preparation, and ensure the efficient use of public funds, the updated Policy of the Treatment of Passenger Station Assets approved by the MoT is applied. In 2022, investments in station buildings and other properties at passenger stations achieved almost CZK 1.8 billion. Major completed investment projects were the reconstructions of the station buildings in Havířov, Opava západ, Bohumín, Veselí nad Lužnicí, Praha-Vysočany or restoration of the façade of the Fanta building at the Main Station in Prague. The most demanding of ongoing construction projects in terms of costs are the renovations of station buildings in České Budějovice, Plzeň hl. n., Pardubice hl. n., Beroun and Teplice v Čechách. Numerous other significant projects were initiated, for instance at the Sokolnice-Telč, Světlá nad Sázavou, Aš, Benešov nad Ploučnicí or Praha-Radotín railway stations. European grant funding from the Recovery and Resilience Facility (RRF) tool was primarily used for these buildings.

Investment in preparation of Fast Connections (RS)

A budget of CZK 537.9 million has been set aside for the preparation and design work of the individual high-speed line arms within the framework of the Fast Connections (RS) following the last budget measure for 2022. The funds were used to finance the specification and preparation of the documentation for the zoning proceedings (DZP), surveys and surveying and the costs associated with the environmental impact assessment (EIA) and the architectural competition.

The pan-European significance of the project was confirmed also by obtaining a grant from the European CEF programme for the preparation of the DZP in the sections Praha-Balabenka – Lovosice and Ústí nad Labem – cross-border tunnel to the Czech/German state border. Správa železnic will also apply for other funds from this programme in the preparation of the HSL project.

Proven technical solutions for the Czech HSL

Already since 2019, Správa železnic has been cooperating with SNCF, the French State Railways, in the preparation of the HSL project. Using the know-how of the most experienced high-speed rail infrastructure operator in Europe minimises the risks and errors associated with planning and implementing a demanding project. On 7 December 2022, a license agreement was signed for direct access by Správa železnic to SNCF Réseau's internal regulations, which will allow a more flexible and, in particular, faster response by the investor to the designers' queries and further preparation of the regulations and technical specifications related to the HSL project.

Communication with municipalities and citizens

Meetings with the public and local authorities are an important part of the preparation of the HSR system, which is why representatives of Správa

železnic continued to go directly to the regions in 2022 and engage in intensive public presentations and discussions. These include discussions with councillors as well as public meetings with citizens, representatives of associations and owners of adjacent land. The aim is to justify the necessity and appropriateness of the proposed option with the least possible impact on its surroundings. The vast majority of local authorities, which is more than 300 municipalities and towns affected by the development, were contacted. We place great emphasis on communication with citizens and local governments, and therefore in 2022 an information centre of Správa železnic was opened in Ústí nad Labem, which is primarily focused on HSR topics and the line routing issues in the Ústí nad Labem Region.

RS 1, RS 2 (Prague – Brno – Ostrava and Brno – Břeclav)

The feasibility studies for the two main arms of HSL lines Prague – Brno – Ostrava and Brno – Břeclav were approved by the Central Commission of the MoT at the beginning of 2022. The route is divided into ten construction sections. For three of them, updates of the territorial development principles of the regions concerned have been completed – VRT Polabí (HSL Elbe Flatlands), VRT Moravská brána (HSL Moravian Gate), VRT Jižní Morava (HSL South Moravia). For the remaining sections, the update process is ongoing and completion is expected in 2023 and 2024. Work is currently underway on four sections and the HSL Prague East Terminal, and a tender for the selection of a contractor is underway for the other three. This involves more than 200 km of the railway line.

RS 1 (Modernisation of the Brno – Přerov railway line)

RS 1 also includes the modernisation of the conventional line between Brno and Přerov, with a design speed of 200 km/h. The line is divided into five construction projects and the Nezamyslice – Kojetín section, where an application for a building permit has been submitted, is the closest to implementation. A project plan has been submitted for

approval for the Brno – Blažovice section. For the Blažovice – Vyškov and Vyškov – Nezamyslice construction projects, the documentation for the zoning proceedings has been submitted for approval.

RS 3 (Prague – Beroun – Pilsen – Domažlice – state border Germany)

The route of the railway line from Prague via Pilsen up to the German state border is divided into seven sections. The design speed is up to 200 km/h. The section between Praha-Smíchov and Beroun, where two parallel single-track tunnels of approx. 25 km length are proposed, has entered the planning phase and the preparation of the DZP is currently underway. In the Pilsen – Nýřany – Chotěšov section, where the existing single-track non-electrified railway line will be optimised, the DZP has been approved with the assumption that the opinion of the Central Commission of the MoT will be issued in February 2023. For the Pilsen – Stod section, an application for a planning permission has been submitted and is expected to be issued in June 2023, for the section Stod – Domažlice, the preparation of the DZP is underway with the assumption of its approval in September 2023. For the section from Domažlice to the German state border, the building permit documentation is being prepared.

RS 4 (Prague – Ústí nad Labem – Dresden and RS 42 branch line to Most)

Also, on the Prague – Ústí nad Labem – Dresden HSL a significant progress was registered in 2022. Design work for the DZP, ordered jointly with Deutsche Bahn (DB) on the cross-border section of VRT Krušnohorský tunel (HSL Ore Mountains Tunnel), is well underway. An important milestone for this arm was the conclusion of the contract with the DZP and EIA designer for the VRT Podřipsko (HSL Říp Flatlands) section. The results of the architectural and urban planning competition for the high-speed railway terminal near Roudnice nad Labem, which is located on this section, were published as well. The authors of the winning design are now

refining it and preparing the technical solution of the terminal in the details of the DZP.

At the beginning of 2022, the process of updating the Principles of Territorial Development (PTD) of the Ústí nad Labem Region was initiated with the aim of defining the HSL corridor in the region so that it would be possible to continue with the next stages of project preparation for VRT Podřipsko (HSL Říp Flatlands) and VRT Krušnohorský tunel (HSL Ore Mountains Tunnel). In the Central Bohemian Region, a public consultation was held in December within the framework of the update process.

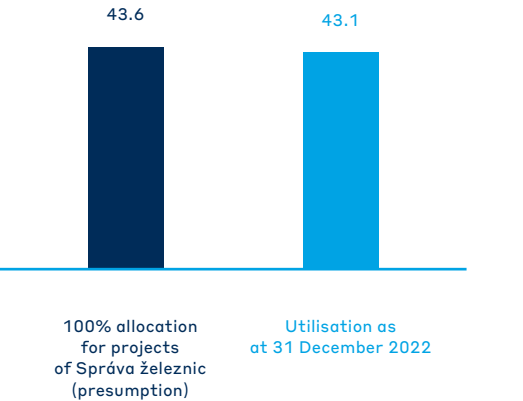
RS 5 (Prague – Hradec Králové – Wrocław)

At present, a feasibility study for RS 5 Prague – Hradec Králové – Wrocław is being prepared. The options for the Hradec Králové – state border section and potential crossing points of the state border with Poland are being examined in more detail. Works on the traffic model, traffic forecasts and transport technology are in progress. The whole project is being carried out in cooperation with the Polish Ministry of Infrastructure and CPK (Central Transport Port). At the turn of November and December 2022, representatives of the Czech and Polish ministries, CPK and Správa železnic met in Prague to further coordinate the construction of HSL in both countries.

Operational Programme Transport 2 (OPT2)

During 2022, Správa železnic successfully continued to draw down grant funds from OPT2 in the ongoing European programme period 2014-2020. The drawdown of the OPT2 funds in 2022 reached almost CZK 2.4 billion, the highest amount of which was used within the framework of the modernisation of the Sodoměřice – Votice line (in 2022, a total of CZK 550 million was used from the OPT2 source). In 2022, a total of 19 projects of Správa železnic used the OPT2 source. The total volume of OPT2 funds earmarked for the modernisation of the railway infrastructure for the 2014–2020 programme period under the Specific Objective 1.1 was increased by the MoT to CZK 43.1 billion in 2022. A significant indicator is that Správa železnic has been approved projects with a total financial volume significantly exceeding this amount, so our organisation is fully prepared for a possible increase in available OPT2 funds, which is expected during 2023 based on the transfer of a part of OPT2 funds from other investors. The current allocation of the OPT2 funds is already virtually exhausted and is expected to be partially increased and finally exhausted in 2023.

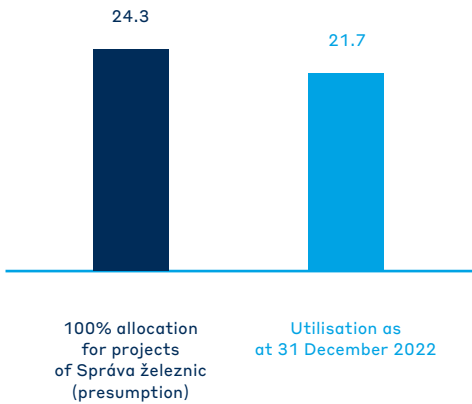
Chart 1 – Utilisation of total allocation from OPT2 (billion of CZK)



Connecting Europe Facility (CEF)

Within the CEF programme, it is only possible to finance projects of the main European railway network (the Core network). Apart from line modernisation, funds are also directed into projects of modernisation of selected junctions and implementation of ETCS, including their preparation. In 2022, the utilisation of these funds amounted to CZK 5.3 billion, of which the highest amount was drawn for the modernisation of the Pardubice junction (in 2022, CZK 1.567 billion was drawn from the CEF funds). In total for the current programme period of 2014–2020, already CZK 21.7 billion was utilised from this source as at 31 December 2022. Altogether 16 projects were funded from this programme in the course of 2022.

Chart 2 – Utilisation of total allocation from CEF (billion of CZK)



CEF Blending Call

The CEF Blending Call is another important subsidy title, combining CEF funds, EIB loans and national funds. Within these CEF blending projects, funds from the RRF facility were also drawn in 2022. The funds are used for investment projects on the following TEN-T network sections in the Czech Republic:

- Dětmárovice – Petrovice u Karviné – state border Poland;
- Velim – Poříčany;
- Ústí nad Orlicí – Brandýs nad Orlicí – original line route;
- Adamov – Blansko;
- Brno-Maloměřice St. 6 – Adamov;
- Lipník nad Bečvou – Drahotuše;
- Polom – Suchdol nad Odrou;
- Choceň – Uhersko.

In 2022, the implementation of the construction between Velim and Poříčany was being completed, work continued in the following sections: Dětmárovice – Petrovice u Karviné – state border Poland, Ústí nad Orlicí – Brandýs nad Orlicí, Adamov – Blansko and Brno-Maloměřice St. 6 – Adamov. For the remaining three projects, design preparation is in progress.

Recovery and Resilience Facility (RRF)

Recovery and Resilience Facility (RRF) is another EU grant title, which through the National Recovery Plan of the Czech Republic provides funds for the recovery from the economic consequences of the covid-19 pandemic. The funds are intended for projects which meet the reform and investment requirements (e.g. new technologies, electrification of railway lines, increased safety), and are widely applicable in Správa železnic's investment projects. In 2022, CZK 9.9 billion from this source was used. A total of 215 projects were supported (including minor investments in level crossings).

New programme period 2021–2027

In 2022, Správa železnic successfully started to draw grants from the EU funds within the new programme period 2021–2027:

Operational Programme Transport 3 (OPT3)

In the first year of drawdown, the most significant amount of funds (CZK 3.3 billion) was used from the OPT3. The most important supported projects are e.g. the investment ETCS+DOZ project for the Votice – České Budějovice section, the double-tracking in the Pardubice-Rosice nad Labem – Stěblová section or the reconstruction of platforms at the Adamov railway station.

Connecting Europe Facility 2 (CEF2)

In the first year of its implementation, more than CZK 2 billion from the new CEF2 resource were used. The most important projects supported are e.g. the continuation of the modernisation of the Pilsen junction in the Lobzy – Koterov section, the optimisation of the Děčín východ – Děčín-Prostřední Žleb line section, the reconstruction of the Vsetín railway station or the preparation of selected HSL projects.

Investment grants

Investment construction projects were mostly financed from public sources (Table 6). In 2022, the most significant sources of funding of investment construction projects were national funds from the budget of the SFDI (CZK 16.8 billion). The second largest source was the new EU support facility RRF, from which almost CZK 9.9 billion were drawn. Grants from the CEF infrastructure fund (CZK 5.3 billion) and OPT2 (CZK 2.4 billion) were also used to finance the construction and modernisation of railway infrastructure. Drawing of the EIB

loan continued, totalling CZK 2.8 billion. Already in the first year of its use, grant resources from the new EU programme period 2021–2027 OPT3 and CEF2 (CZK 5.4 billion) contributed significantly to the financing of investment construction. With respect to railway infrastructure, Správa železnic is the main entity responsible for the utilisation of EU funds in the Czech Republic, acting both as the beneficiary and as the investor.

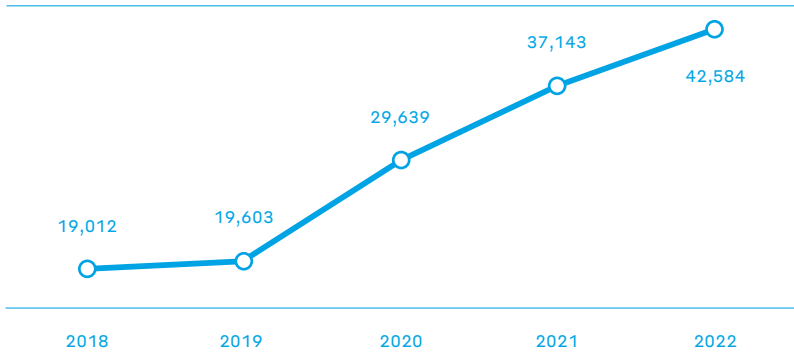
Within the framework of preparation and implementation of investment projects on the railway infrastructure, the total volume of investment subsidies received in 2022 exceeded CZK 42.5 billion. Compared to 2021, the use of subsidy funds for investments increased by CZK 5.4 billion.

Table 6 – Investment grants received for 2022 (in CZK millions)

Investment grants	2022
SFDI for construction and modernisation, state share, OPT, CEF, EIB, RRF	42,548
EU funds	0
Contributions from cities, municipalities, regions, and other entities	36
Total investment grants	42,584

Subsidies from SFDI for the construction and modernisation include funds from OPT, RRF, CEF fund, and the EIB loan.

Chart 3 – Utilisation of funds for construction preparations in the 2018–2022 period (million of CZK)



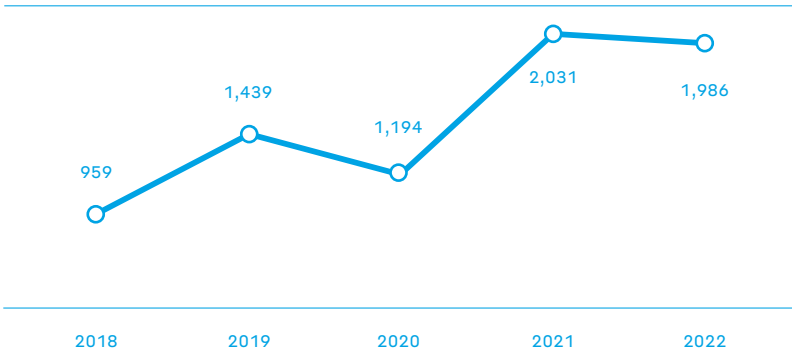
Further development

Správa železnic will gradually draw down the remaining grant resources of the ongoing EU 2014–2020 programme period (OPT2, CEF) and at the same time it will also increase the drawdown of resources within the 2021–2027 programme period (OPT3, CEF2). The drawdown of funds from the RRF and EIB will continue in full. The approved budget of the SFDI for 2023, including the medium-term outlook, also includes the prospect of drawing down a new EIB loan, which should ensure long-term coverage of the Správa železnic’s financial needs for investment construction. Other options under consideration are the strengthening of the RRF grant funds and possibly drawing on the RRF loan. These funds should sufficiently replace the expected savings in national resources. For the same purpose, Správa železnic will continue to use all financial resources, even those which are less significant in terms of volume, e.g. the Operational Programmes entitled Enterprise and Innovation for Competitiveness and Technologies and Applications for Competitiveness, specific RRF grants (photovoltaic energy) or other appropriate subsidy titles. For suitable projects,

the use of public-private partnerships – in the form of the well-known PPP projects – is being considered in the upcoming years.

All resources will be used in accordance with the conceptual materials and the priorities set for the procurement of new actions according to the disposition of the MoT. Správa železnic has long-term sufficient project readiness to start implementation, focusing on priority modernisation objectives. With continuing HSR project preparations, their share of grant funds will grow.

Chart 4 – Utilisation of funds for construction preparations in the 2018–2022 period (million of CZK)



In the area of the monitored unification of the railway power supply system in the Czech Republic, individual measures will be implemented gradually, to achieve the transition to a unified AC power supply system.

In the years to come, the modernisation of the railway infrastructure forming the TEN-T Core network will continue in accordance with the Technical Specifications for Interoperability (TSI) performance parameters. Attention will also be paid to applying Energy TSI standards and meeting the European Deployment Plan with respect to the Control-Command and Signalling subsystem.

Operating railway infrastructure

In accordance with the Act on Rail Systems, Správa železnic is obliged to ensure the operating of the railway for the public benefit. Railway infrastructure operating means ensuring and servicing the railway and organising rail transport. The rules and procedures concerning these activities are specified by internal policies of Správa železnic.

Railway operation safety system

Správa železnic is the holder of a valid Railway Operator’s Safety Certificate and a Carrier’s Certificate. Both certificates will expire in the first half of 2023 and therefore applications for a new Railway Operator’s Certificate and a new Single Carrier’s Safety Certificate were sent to the Rail Authority in September 2022. Under the Decree

No. 376/2006 Coll., the system of ensuring the safety of rail systems operating and rail transport includes the preparation of annual reports on the safety of railway operation and rail transport, including yearly definition and assessment of safety targets and the preparation of an accident rate overview. In 2022, the state administration's supervisory authority identified no faults in the Správa železnic's safety system of rail systems operating and rail transport. The system is up-to-date and fully operational. The safety of rail operation and rail transport has consistently been at a high level, and the determined safety targets have been met. The safety system of railway operating is managed in accordance with the requirements of the ISO 9001:2015 standard. The corresponding certificate issued by an internationally accepted certification body proves the implementation and effective application of a quality management system and confirms correct approaches in the safety system of railway operating and investigation of accidents and incidents.

Closures and capacity restrictions

In 2022, the clarifying specification for closure plan at four, three and two months in advance continued, with the possibility of including additional requirements in the annual closure plan within a time frame of six months and over. Inspired by the Brenner railway line, cooperation with DB Netz continues within the framework of the Working Group called údolí Labe (Elbe Valley) in which long-term closures and capacity restrictions on the railway operation are notified with early warnings and are consulted in relation to cooperation with carriers and transport customers representatives. This more open approach towards carriers and transport customers has proven successful within the framework of the new model and most issues were resolved to carriers' satisfaction.

Service facilities

In 2022, the list of service facilities operated by Správa železnic was updated. Throughout 2022, information on these facilities was disclosed on

the European Rail Facilities Portal (Rail facilities portal – <https://railfacilitiesportal.eu>). In August 2022, the Transport Infrastructure Access Authority ruled that service facilities of the loading and unloading points for goods transport operated by Správa železnic are not service facilities but a part of the minimum scope and content of services. Following this decision, more than 1,300 installations of loading and unloading point service facilities for goods transport were cancelled with the effect from the 2023 timetable, the validity of the Service Facility Description for loading and unloading points for goods transport was terminated and these service facilities were deleted from the European Service Facilities Portal. In connection with this decision, the planned charging of service facilities as at 1 January 2023 was cancelled as well.

Education and training

In 2022, the development of training methods continued, both in the field of basic training and in maintaining the necessary professional competence. In view of the publication of the most important traffic regulation, SŽ D1 Part One (Traffic and Signalling Regulation for the Lines not Equipped with the European Train Control System), a large number of Správa železnic staff members were trained. In this connection, the set-up of the electronic method of remote training of employees was used and fine-tuned. Uniform rules were set up for the training system, including professional methodological support. In order to ensure the staff stability, extended and intensified communication with vocational schools was initiated. The extension of the cooperation portfolio will continue in 2023.

At the Traffic Control Centre (TCC) in Prague (CDP Praha), in addition to providing mandatory training for operational staff, carried out after the cessation of the covid-19 pandemics in a full-time form, a course to obtain professional competence for the work of a railway line train operation controller was launched in September 2022. Furthermore, during the year, individual preparation of candidates for this position was carried out, who also fulfilled the specified entry requirements.

At the TCC in Přerov (CDP Přerov), the preparation of candidates for the position of a railway line train operation controller was completed in August 2022 within the framework of the new preparation system for this job, with the use of the training hall in the TCC building.

Traffic control

In 2022, other relevant traffic regulations were issued following the SŽ D1 Part One (Traffic and Signalling Regulations for Lines not Equipped with the European Train Control System), especially SŽ D3 (Regulation for Simplified Rail Traffic Control) and SŽ D4 (Regulation for Rail Traffic Control on Lines Equipped with a Radio Block). A major change has also been made in the area of basic transport documentation, where preparation of new unified documentation has been launched, including the establishment of a single repository. For the organisation and management of rail traffic under the ETCS supervision, the relevant documents were issued, also relating to the first exclusive operation under the ETCS supervision on the Olomouc – Uničov railway line from 1 January 2023. In the last quarter of 2022, the preparation of the SŽ D1 Part 2 regulation dealing with the organisation and management of rail traffic under the ETCS supervision started. Thanks to this regulation, the issued operational documents on this issue will be unified.

In the area of driver informing, a major change was prepared for 2022, under which, as at 1 January 2023, a verification operation of driver informing in the form of graphic written orders was launched on the Plzeň hl. n. – Cheb and Plzeň hl. n. – Horažďovice předměstí railway lines.

TCC Prague (CDP Praha)

In 2022, the Praha-Hostivař (exclusive) – Praha-Vršovice (inclusive) line section was connected to remote control on the TCC Prague and remote operation of the Plzeň-Koterov and Brandýs nad Orlicí railway stations was activated. In addition, a new control room was put into operation for the Říčany – Horní Dvořiště state border section,

which is a part of the Transit Railway Corridor IV. First, the Říčany – Olbramovice (Votice) section which has been remotely controlled from the TCC Prague since 2016 and was so far located in the spare rooms at the TCC Prague, has been moved to this control room. Then the downstream line section Červený Újezd u Votic (inclusive) – Tábor (inclusive) was connected to this control room as well.

At the same time, work was underway on the preparation of buildings for the connection of other railway line sections to remote control from TCC Prague in 2023, namely the matter concerns extension of the control room of the Říčany – Horní Dvořiště state border section to include the Tábor (exclusive) – Hluboká nad Vltavou-Zámostí (inclusive) section, the activation of remote operation of the Cheb railway station and the connection of the Praha hl. n. – Praha-Vysočany line section (Skály overtaking station).

As at 31 December 2022, the operation of 579 km of the railway network is controlled from the TCC Prague building.

In view of the increasing number of requests for railway capacity from carriers, the workplace for ad-hoc railway capacity allocation (national requests under 3 days) has been extended as at September 2022.

TCC Přerov (CDP Přerov)

In November 2022, the Dluhonice overtaking station was connected to remote control from TCC Přerov within the framework of the investment project Reconstruction of the Přerov Railway Station, 2nd Construction.

In December 2022, a new ETCS train control dispatcher's workstation for the lines in the TCC Přerov district equipped with this system was put into operation.

As at 31 December 2022, the operation of 559 km of the railway network is controlled from the TCC Přerov building.

Expenses incurred in the railway infrastructure operating

Správa železnic employees perform the operational traffic management of railway traffic, dispatcher’s traffic control, operation of control-command and signalling units and information systems for passengers, timetable construction, and path capacity allocation to carriers. In 2022, the expenses related to these activities mainly

covered by non-investment subsidy from SFDI for the operating of the railway, complemented by Správa železnic’s own resources. The overall cost less amortisation incurred to the railway infrastructure operating comprised in particular the traffic control ensured by the regional directorates and traffic control centres, and totalled CZK 6.8 billion in 2022, including a relevant portion of centrally recorded expenses of the Deputy Director General for Traffic Management Section.

Utilisation of the Správa železnic’s railway infrastructure by carriers

Table 7 – Number of carriers (as at 31 December of each respective year)

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of carriers	79	84	89	94	96	99	103	107	122	126	120

In 2022, the total number of carriers that have concluded a contract with Správa železnic for the operation of rail transport using the state-owned nationwide and regional rail infrastructure dropped to 120.

Passenger transport performance increased on the network of Správa železnic in 2022. Compared to 2021, train-kilometres (trkm) increased by 3.5%, and gross tonne-kilometres (gtkm) by 8.5%. České dráhy, a.s., continues to account for the decisive share in passenger transport performance.

RegioJet, a.s., reported a significant increase in the volume of passenger transport performance.

Freight transport performance in gross tonne kilometres (gtkm) on the network of Správa železnic increased by 2% compared to 2021. ČD Cargo, a.s., continues to account for the decisive share in freight transport performance.

Significant growth in performance in freight transport was recorded by the carrier LOKORAIL, a.s.

Chart 5 – Performance of carriers on network operated by Správa železnic (in thousands of trkm) between 2018–2022

Train-kilometres (trkm) represent the distance travelled by train in kilometres.

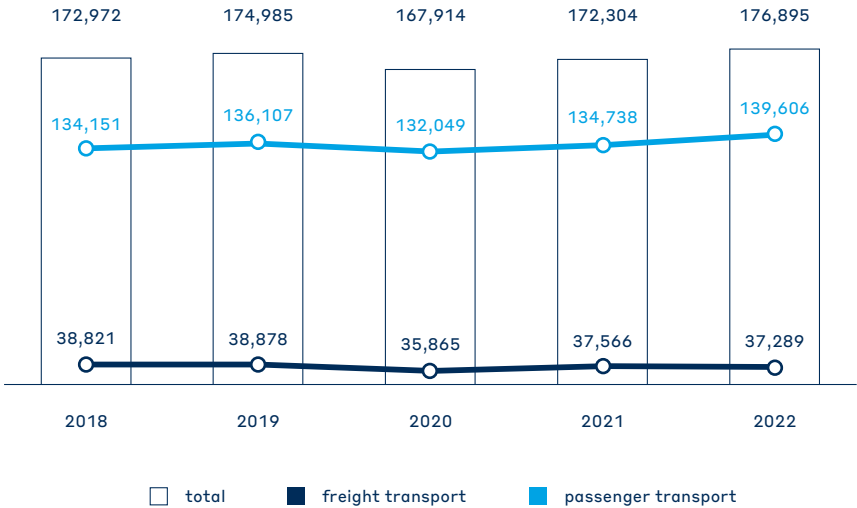


Chart 6 – Performance of carriers on network operated by Správa železnic (in millions of gtkm) between 2018–2022

The number of gross tonne-kilometres (gtkm) is the product of the gross weight of the rolling stock (traction units, railway cars and other wheeled vehicles) integrated into the train and the distance travelled in kilometres.

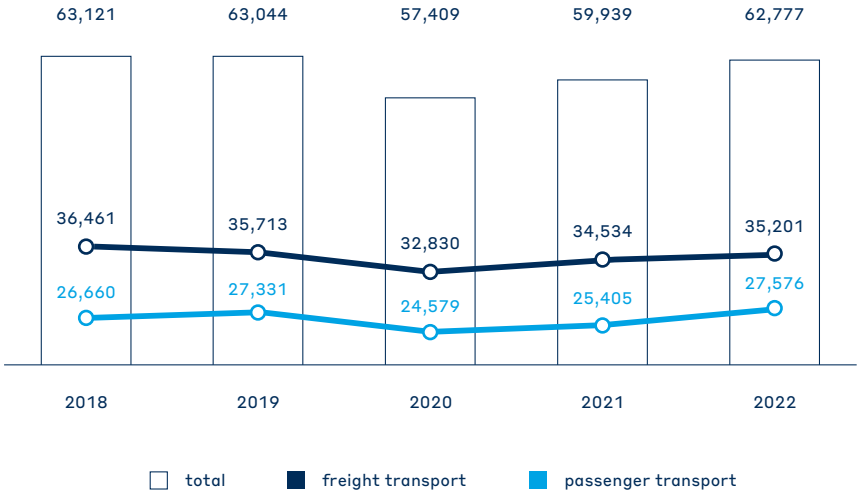


Table 8 – Percentage share of carriers in passenger transport performance in 2022

Carrier/Indicator	% of trkm	% of gtkm
České dráhy, a.s.	82.65%	83.76%
RegioJet, a.s.	5.54%	10.93%
ARRIVA vlaky, s.r.o.	5.16%	2.30%
GW Train Regio, a.s.	1.91%	0.62%
Leo Express, s.r.o.	1.42%	1.21%
Die Länderbahn CZ, s.r.o.	1.42%	0.41%
RegioJet ÚK a.s.	0.72%	0.28%
Leo Express Tenders, s.r.o.	0.47%	0.20%
Die Länderbahn GmbH DLB	0.30%	0.13%
Other	0.41%	0.16%

Table 9 – Percentage share of carriers in freight transport performance in 2022

Carrier/Indicator	% of trkm	% of gtkm
ČD Cargo, a.s.	58.94%	58.43%
METRANS Rail, s.r.o.	6.53%	9.43%
PKP CARGO INTERNATIONAL a.s.	4.60%	5.47%
Rail Cargo Carrier – Czech Republic s.r.o.	2.65%	3.98%
ORLEN Unipetrol Doprava s.r.o.	3.25%	3.94%
IDS CARGO a.s.	2.54%	2.80%
LOKORAIL, a.s.	1.88%	2.87%
DB Cargo Czechia s.r.o.	1.42%	1.96%
CER Slovakia a.s.	1.19%	1.16%
Other	17.00%	9.96%

Table 10 – Number of train paths in timetable according to category (irrespective of carrier)

Indicator	2021	2022
Ordinary passenger trains (Os)	10,574	8,769
Regional fast passenger trains (Sp)	749	620
Express trains (R)	724	571
Higher-quality trains (EC, EN, Ex, IC, LE, SC, railjet)	347	274
Express freight trains (Nex)	703	652
Continual freight trains (Pn)	899	884
Handling and work-siding trains (Mn, Vleč)	926	880
Train sets (Sv)	1,532	1,432
Locomotive trains (Lv)	557	554
Správa železnic catalogue (offer) paths	549	549

International cooperation

As a whole, railway transport has global character and international cooperation is necessary to maintain its efficiency and sustainability. With regard to the EU legislation, railway transport represents a highly regulated segment, which requires high technical harmonisation at the same time. In relation to a transformation process implemented at the EU level to establish a Single European Railway Area, Správa železnic has been actively participating in many related EU initiatives, programmes and projects, cooperates with EU institutions and agencies, partner infrastructure managers and international organisations.

International relations strategy

In 2022, Správa železnic was intensively fulfilling its vision in international relations – to become a modern and active organisation able to promote its interests at the EU level, to be a confident partner of railway infrastructure managers and carriers on the liberalised EU railway market, to consistently advocate its positions in international organisations in respect of the requirements of relevant Czech and EU legal regulations. Správa železnic operated at international level principally through its International Affairs Department. It continued to focus on promoting the interests of the Czech railway infrastructure, by influencing crucial technical and technological parameters and relevant legislation. Key activities this year comprised formulating Správa železnic’s position on the EU legislation updates.

European Union

Together with its partners in the EU, Správa železnic has actively participated in preparing the documents related to European Green Deal activities and relevant EU legal documents supporting sustainable and smart mobility to reduce the carbon footprint of transportation. This comprises the “Fit for 55” package, which is an environmental transformation plan aimed at reducing greenhouse gas emissions by 2030 by at least 55%, and the Sustainable and Smart Mobility Strategy, which aims to ensure a more sustainable, inclusive, intelligent, safe and resilient transport system.

A successor to the Shift2Rail joint undertaking established in 2021 under the name Europe’s Rail Joint Undertaking (ERJU) is a part of the EU Horizon Europe framework programme for research

and innovation. Správa železnic participates in the ERJU through the CER (Community of European Railway and Infrastructure Companies), which is a member of the so-called system pillar.

TEN-T revision

Throughout the year, Správa železnic has been working hard on the process of revising the TEN-T policy, the draft of which was presented by the EC at the end of 2021. Správa železnic has been working especially on the inclusion of the HSL system under preparation into the TEN-T Core network. The EC proposal incorporates the requirements of Správa železnic and thus became the first step towards the co-financing of the Czech HSR projects from the EU funds.

In July 2022, the EC modified this TEN-T proposal as a result of the Russian aggression in Ukraine, by strengthening the connection to Ukraine and Moldova, and conversely removing the connection to Russia and Belarus. In this context, it should be mentioned that Správa železnic, together with other partner organisations, has been actively involved in promoting the transport of grain and other strategic commodities from Ukraine. Furthermore, the extension of the requirement for a normal gauge of 1,435 mm (with some exceptions) on all European Transport Corridors (ETC) is a major proposal.

During the year, a key discussion of the TEN-T proposal took place in the European Parliament's Committee on Transport and Tourism (TRAN), which issued a comprehensive report in October 2022 with a quantity of amendments (generally increasing requirements and limiting exemptions) to be decided in early 2023 within this committee and subsequently in the plenary of the European Parliament. MEPs have tabled a total of 1,872 sub-amendments.

The position of the EU Council, which agreed on the so-called general approach in December 2022, also maintains the structure of the EC proposal, but generally limits the level of ambition of the EC proposal by providing more flexibility, e.g. through

exemptions for the EU member states. The key will be to find a compromise, final version of the TEN-T Regulation within the framework of the dialogue between the EU institutions in the first half of 2023.

Important partners

Thanks to the strategic steps in the area of development of bilateral relations with its key counterparts, Správa železnic continued the established trend of cooperation with experienced partners, which allows to accelerate further development of railway system in the Czech Republic following the example of European leaders and increasing the competitiveness of railway transport. Within the framework of this cooperation, in 2022, a number of bilateral meetings were held between the Director General of Správa železnic and top representatives of major railway organisations, such as DB, SNCF, ÖBB, RFI, ADIF or PKP PLK.

France

In 2022, Správa železnic succeeded in intensification of its cooperation with strong European partners, in the field of technical and technological development and in the development, design and operation of HSL. It continued to cooperate with SNCF Réseau on the preparation of the HSL project, mainly through consultancy and advisory services provided by French experts in the preparation of documentation for zoning proceedings or the Správa železnic's internal regulations for HSL operations. This fulfils the contract on cooperation in the HSL preparation, which was concluded in 2021 with a term of 8 years, i.e. until the end of 2029. The contract also provides for regular communication and supervision during the actual construction of the lines, their commissioning, maintenance and inspection. Within the framework of this cooperation, the Správa železnic's experts took part in several thematic training courses and excursions in France in 2022.

In June 2022, within the framework of the promotion of the HSL concept, Správa železnic presented

to political representatives and to the public the TGV PSE 16 high-speed unit on loan from SNCF, which reached a speed of 380 km/h on the Paris – Lyon railway line on 26 February 1981, breaking the previous French record of 331 km/h set in 1955.

Germany

Strategic cooperation with the German company DB includes, in particular, the exchange of know-how in the field of railway digitisation, which is provided within the framework of DB through a separate programme known as Digitale Schiene Deutschland. Mutual relations have been deepened both at the top level of the organisations' representatives and within the framework of expert teams dealing with, for example, the implementation of the ETCS system on the railway network. Through relations with representatives of the DB Group management for the regions neighbouring upon the Czech Republic (Saxony and Bavaria), it was also possible to expand the area of cooperation to include the development of the Prague – Pilsen – Munich rail connection.

The cooperation at the level of the European Grouping of Territorial Cooperation (EGTC) enabled the joint presentation of Správa železnic, the Free State of Saxony and DB Netz on the project of the New Dresden – Prague Railway Line and the upcoming HSL network in the Czech Republic at the prestigious InnoTrans trade fair in Berlin. The preparation of the cross-border part of the New Railway Connection Dresden – Prague, which Správa železnic is ensuring together with the German infrastructure manager DB Netz, advanced in 2022 to the stage of refinement of the technical design. The active support of the MoT brought about a shift in the negotiations on the form of an interstate treaty regulating the conditions for the authorisation, implementation and operation of this new railway line with Germany.

In the area of traffic management, regular meetings of experts from both infrastructure managers under the name of Elbtalgruppe (Elbe Valley Group) continued with the aim of optimising traffic on the busiest cross-border connection in the Czech Republic.

Austria

On the basis of an agreement between the representatives of ÖBB and Správa železnic, a mutual sharing of know-how in the field of internal technical and organisational regulations has been achieved, enabling further development in the field of increasing the quality and scope of equipment in railway stations and station buildings, as well as professional support for the introduction of the 200 km/h line speed on the conventional railway network. In 2022, it was also possible to negotiate a format of cooperation in examining the possibilities of further development of the railway connection České Budějovice – Linz in the form of a new line for a fast and high-capacity connection following the axis of the Transit Railway Corridor IV between northern and southern Europe.

Spain

Within the framework of its developing cooperation with ADIF, the Spanish infrastructure manager, Správa železnic presented the HSL project for Central Europe, which it is preparing with its partners, to a wider audience at the Rail Live 2022 international conference in Málaga. ADIF representatives, on the other hand, appreciated the opportunity to exchange experience in the field of energy technologies and power engineering at the May 2022 meeting and personally familiarised themselves with the advanced traction power supply systems within the framework of the initiated conversion to the 25 kV, 50Hz AC system in the Nedakonice – Říkovice section.

Neighbouring countries and intergovernmental agreements

In 2022, Správa železnic maintained special top-level relations also with partners from other bordering countries, regularly sharing information on key strategic intentions as well as discussing operating issues and amendments to agreements, with a focus on traffic management and organisation of railway transport on cross-border lines. Apart from traditionally outstanding relationships

with the Slovakian company ŽSR, Správa železnic managed to develop active cooperation in many areas with its Polish partners PKP PLK and CPK, the entity responsible for development of the Polish HSL, in particular on the coordinated preparation of the Katowice – Ostrava and Prague – Wrocław connections, for which feasibility studies are already being finalised. Preparation of the relevant inter-state agreements for the future implementation of these cross-border connections will begin soon.

Under intergovernmental agreements, Správa železnic participated in the performance of these agreements alongside the MoT, which comprise bilateral agreements on railway infrastructure development with neighbouring countries, the Slavkov/Austerlitz Declaration collaboration, and collaboration of the Visegrad Group.

ERTMS Users Group (EUG)

In 2022, Správa železnic became a regular member of the platform of rail infrastructure managers, where the members share technical and operational knowledge and expertise about the business impact of ERTMS implementing, maintenance and development. EUG closely cooperates with the EU Agency for Railways (ERA), the international association of signalling companies in the railway industry, the railway operational communications industry group, and independent laboratories which participate in ERTMS equipment testing. EUG provides consultancies and shares its knowledge and experience to support its members in implementing safe, reliable and interoperable systems at adequate cost. All questions raised by members are discussed by experts in specialised working groups. EUG provides education for its experts through internships and other types of training. Together, its members decide on preferred solutions for the future interoperable network, which are further discussed with the ERA and railway industry associations. EUG thus plays an important role in ERTMS system development. Many projects have the support of the European Commission and the railway industry, and many are co-funded by the EU.

EULYNX – Consortium for interface standardisation of ETCS components

In the course of 2022, access agreements were signed, which ensured Správa železnic full membership in the consortium from 1 January 2023. The EULYNX consortium unites large European infrastructure managers cooperating in the development of standards for interfaces between individual control and signalling technologies, namely under ETCS. The aim of this standardisation is opening the market for various suppliers of individual components, which play a key role in ETCS implementation. Membership in the EULYNX consortium allows influencing the development of interface standards regarding specific issues of its member states, to test these standards, create prototypes, and participate in decision-making on the standards' implementation. This represents a strategic step in Správa železnic's obligation fulfilment towards European interoperability. The benefits of EULYNX and EUG memberships will lead to significant savings during ERTMS implementation.

EUROLINK – Harmonised timetable concept

Also in 2022, Správa železnic participated as part of the central team in the EUROLINK infrastructure managers' initiative, which develops the concept of harmonising the timetable in the European area in the horizon of 2030. By doing so, it fulfils the idea of the TimeTable Redesign for Smart Capacity Management project (TTR). In the second half of 2022, Správa železnic chaired this initiative and, with positive feedback from international participants, organised face-to-face meetings of representatives of European infrastructure managers.

RISC – Railway Interoperability and Safety Committee

The Director of International Affairs Department of Správa železnic and the MoT representative regularly attended RISC meetings together. The Committee is the top body directly established by

the European Commission to approve the wording of legislative and implementing documents relating to railway interoperability and safety. Through its membership, Správa železnic has access to a communication platform through which the ERA publishes all legislative drafts, principally those relating to the future TSIs, as well as to the application of existing TSIs. It is the EC's intention that future revisions of TSIs should be made continuously to reflect the pace of technological development. The MoT, together with Správa železnic, is trying to set this process at a long-term sustainable level from the perspective of the Czech railway sector. Based on the MoT mandate, Správa železnic is the coordinator of the Czech railway sector position.

PRIME – Platform of Rail Infrastructure Managers in Europe

The main objectives of the platform include the implementation of the Single European Railway Area, support of the European Railway Traffic Management System (ERTMS), comparing efficiency, and best practice sharing among railway infrastructure operators. Under the auspices of the EC, the platform activities are divided into several working groups, addressing topics such as digitisation, financing, key performance indicators and benchmarking, implementation of EU law into national legislation, safety and security, or infrastructure charges, as well as human resources issues, such as increasing the attractiveness of the railway for young professionals. As a full member of the platform, Správa železnic has actively participated in the working groups and in December became a member of a small team of SNCF Réseau, the acting chairperson, which organises PRIME programme including the communication with the EC.

At its last meeting in 2022, the EC presented an ambitious plan to change the way international passenger and freight paths are created, managed and allocated. The EC is considering a wide range of possible solutions, from strengthening bilateral cooperation between individual infrastructure managers to the creation of a new centralised entity to

coordinate and possibly manage the whole system. This proposal will also be one of the most important issues in 2023.

RFC – Rail Freight Corridors

In accordance with the Regulation (EU) No. 913/2010 of the European Parliament and of the European Council, concerning a European rail network for competitive freight and related legislation, Správa železnic continued to actively participate in the bodies of the four rail freight corridors (RFC) whose objective is to simplify the planning, management and operation of freight trains on important European lines, as well as establishing technical harmonisation principles. The corridors concerned are: RFC Baltic – Adriatic, RFC Orient / East-Med, RFC North Sea – Baltic and RFC Rhine – Danube. Since 2021, Správa železnic acts as a chairperson of the Management Board of the Rhine – Danube corridor, which gives it a privileged access to the informal RFC Network platform and to other meetings of various focuses.

CER – Community of European Railway and Infrastructure Companies

Within this community, Správa železnic cooperates on the preparation of position papers on EU draft legislation affecting rail transport in all areas. This comprises principally technical standardisation, digitisation and meeting the objectives of the European Green Deal. Správa železnic experts cooperated with CER in the working groups focused on infrastructure, European corridors, safety, human resources, ERTMS and other areas. In 2022, the structure of Správa železnic's cooperation was being perfected within CER, which concerned in particular cooperation within the coalition of European infrastructure managers at both strategic and technical levels. The Director General of Správa železnic is a member of the CER Steering Committee, which allows for very close relations within the CER consortium and with representatives of the EU institutions. In 2022, the first face-to-face meeting of the CER Rail Infrastructure Managers'

CEO Summit was held, with the aim of responding flexibly to EU proposals from the viewpoint of the infrastructure managers. The active involvement of Správa železnic representatives in working groups focused exclusively on TSI revision is being further developed.

RNE – RailNetEurope

Správa železnic actively participated in the activities of the international organisation known as RailNetEurope (RNE), which is a major association of European infrastructure managers and allocation bodies, as well as rail freight corridors through affiliate membership. Besides addressing current issues relating to the covid-19 pandemic, RNE's work focused on supporting its members in international activities to improve process' efficiency, namely through harmonisation of the requirements on international railway transport, coordination of railway timetable construction across Europe including the TTR project solution, and providing joint access to marketing and allocation of international paths. Cooperation in the area of development and implementation of software applications for carriers and railway infrastructure managers continued. An important factor was the cooperation of railway infrastructure managers in the area of rail operation and RFC corridors development

UIC – International Union of Railways

Although the EU gradually takes over the leader's role in technical standards harmonisation, UIC remains an important coordinator in HSR development, research and development and fundamental principles of harmonisation between the Eastern and Western railway systems. Správa železnic's experts participated in transposing UIC regulations into the International Railway Solutions (IRS), continued taking an active part in various working groups and in specific projects, primarily within the Rail System Forum. Správa železnic actively participated in the activities of the FRMCS (Future Railway Mobile Communication System),

as well as UIC Environment and Safety Platforms. Správa železnic's representative heads the Statistics Platform and Správa železnic continues to chair the New Technologies Working Group.

UNECE – United Nations Economic Commission for Europe

Together with the MoT, Správa železnic participated in the UNECE Trans-European Railway project. The aim of this long-term project is to maintain contact between partners in the East-West direction including cooperation and experience sharing in preparing infrastructure development projects. The output should include basic parameters, maps and technical descriptions of new infrastructure, communication between eastern countries and countries in our region, and support in promoting our regional interests in the European Commission.

ETSI – European Telecommunications Standards Institute

Správa železnic is a member of the ETSI which focuses on European telecommunications standards with worldwide impact. As a member, Správa železnic has unrestricted access to all published standards and specifications in this area. Správa železnic experts participated in the meetings of the Railway Telecommunications Working Group.

CEN/CENELEC – European Committee for Standardisation / European Committee for Electrotechnical Standardisation

In the framework of the activities of CEN/CENELEC, Správa železnic experts participated in the preparation of new amendments to existing European standards on technical and electrical engineering.

Financial performance

Financial performance of Správa železnic

Správa železnic manages the state property which constitutes the railway infrastructure. It performs the function of the owner and operator of the railway within the meaning of the Rail Systems Act and ensures the operating, operability, modernisation and development of the railway infrastructure. It also allocates capacity of the railway infrastructure on the nationwide railway and on regional railways owned by the Czech Republic. The key sources of operational management are subsidies from the SFDI (for repairs and maintenance of nationwide and regional railways and operating of the railway) and revenues from the use of railway infrastructure by individual carriers. A basic overview of the financial performance in 2022 is shown in Table 11.

Table 11 – Financial performance of Správa železnic in 2022

Indicator	Actuals for 2022 (in million of CZK)
Revenues from use of railway infrastructure	3,559
Revenues from allocated railway infrastructure capacity	137
Subsidies from SFDI for repairs and maintenance of nationwide and regional railways	15,251
Subsidies from SFDI for operating of the railway	3,100
Other subsidies	48
Purchase and sale of energy and distribution services	160
Materials, energy consumption and services	(11,698)
Personnel expenses	(13,707)
Accounting depreciation	(3,709)
Other operating revenues and expenses	1,540
Operating profit/loss	(5,319)
Other financial revenues and expenses	(1)
Profit/loss from financial operations	(1)
Profit/loss before tax	(5,320)
Income tax	0
Profit/loss after tax	(5,320)

Revenues from use of railway infrastructure represents payments for railway infrastructure by carriers. This is a significant source of income for Správa železnic, used to cover expenses incurred on the railway infrastructure operating.

Revenue from allocated railway infrastructure capacity represents Správa železnic’s income pursuant to the Rail Systems Act, which stipulates that Správa železnic is the institution in charge of capacity allocation. For more information about capacity allocation, see the Network Statement on Nationwide and Regional Railways.

Subsidies from SFDI for repairs and maintenance of nationwide and regional railways constitute revenue and are used to cover expenses relating to the operability. Under an agreement, SFDI provides non-investment funds to finance repairs and maintenance of nationwide and regional railways owned by the state and administered by Správa železnic.

Subsidies from SFDI for the operating of the railway are provided by SFDI based on a contract concluded to finance non-investment expenses incurred to ensure the railway infrastructure operating.

Other subsidies comprise primarily purpose-built operation related subsidy from SFDI for studies, and a subsidy from SFDI for Construction Management for small non-investment expenses.

Purchase and sale of energy and distribution services includes expenses related to the purchase of distribution services and electricity to supply external customers connected to the local distribution network of the railway system (except for own consumption of Správa železnic), and expenses related to the purchase of distribution services and electricity for the supply and transfer points of electric traction. The item further includes revenue from the sale of distribution services and electricity as well as revenue from the sale of distribution services and electricity for electric traction.

The most significant expense item comprises **operating expenses relating to consumption**, i.e. consumption of materials and consumables and services. The services mainly include expenses related to ensuring the operability of the railway incurred in connection with repairs and maintenance provided by external suppliers.

Správa železnic’s **personnel expenses** include wages and salaries, social security expenses and social expenses (namely contributions in accordance to the Corporate Collective Bargaining Agreement).

Significant operating expenses also include **accounting depreciation**, i.e. the recognition of the depreciation of fixed assets in expenses.

Správa železnic’s **other operating revenues and expenses** include other revenue and expense items, e.g. revenues from external production and leases, own work capitalised, revenues from capitalised on salvaged materials, and revenue from the sale of fixed assets and material less the net book value. The indicator is further reduced by the changes in other provisions and adjustments, payment of rail replacement bus service to carriers due to planned restrictions of the operating of the railway in accordance with the Network Statement, expenses incurred on property and liability insurance, a contribution for personal protective equipment to be used at work or membership fees paid to organisations, taxes and other fees.

Due to the tax loss mainly caused by the tax depreciation of historically acquired assets, the legal entity **income tax** liability in 2022 is zero.

Financial outlook

Správa železnic’s goal is to work closely with relevant state administration bodies in order to keep cash inflows and outflows in individual segments of activity in balance while not increasing Správa železnic’s requirements for state budget funds.

Správa železnic’s sources of income in individual segments must fully cover corresponding operating

cash outflows in any given year. The main limiting factor is the amount of non-investment subsidies allocated from SFDI for ensuring the operability and the operating of the railway and the pricing policy applied to the use of the railway infrastructure. The aim of Správa železnic is to stabilise cash inflows and outflows as well as achieve a balanced cash flow.

Správa železnic’s financial performance is regularly assessed and analysed in order to maintain its business and financial stability. The mandatory Key Performance Indicators (KPI) of all organisational units of Správa železnic will be thoroughly examined so as not to exceed the total budgeted expenses.

In 2023, the price level of inputs is still expected to be excessive, which Správa železnic reflects by expecting higher future expenses provided that the balance of revenues and expenses of Správa železnic will be equal.

Internal audit and risk management

The basic legal and regulatory standards governing the activities of internal audit were the Act No. 320/2001 Coll., on Financial Control in Public Administration and on Amendments to Certain Acts, as amended (Act No. 320/2001 Coll., on Financial Control) and the Decree No. 416/2004 Coll., implementing the Act No. 320/2001 Coll., on Financial Control in Public Administration and on Amendments to Certain Acts (the Financial Control Act), as amended by the Act No. 309/2002 Coll., Act No. 320/2002 Coll. and the Act No. 123/2003 Coll., together with the International Professional Practices Framework for Internal Auditing.

The Internal Audit is a functionally independent and separate unit from the management and executive structures of the organisation. The purpose, powers and responsibilities of the Internal Audit are laid down in the current version of the Directorate General's Rules of Organisation (SŽ R1/1) and the Internal Audit Statute (SŽ SM024). Its independence and the objectivity of its activities within the framework of the organisation have been confirmed by the Audit Committee.

The risk-focused Annual Internal Audit Activity Plan for 2022 was based on the tasks set out in the Medium-Term Internal Audit Plan 2020–2023 and was duly approved by the Supervisory Board of Správa železnic. The essential basis for the drawing up of this plan was:

- Comprehensive risk analysis of the organisation;
- Organisation's top management requirements;
- Results of internal and external controls and audits carried out;
- Requirements of the Act No. 320/2001 Coll., on Financial Control, and the Act No. 181/2014 Coll., on Cybersecurity.

In accordance with the Annual Audit Plan for 2022, the Internal Audit Department carried out, a total of 12 regular and 10 follow-up internal audits across the organisation, identifying areas based on the residual risk level. In the programming of the individual audits and in the selection of the sample of operations investigated, the objective of the testing focused primarily on:

- Assessment of performance compliance with applicable legislative and internal regulations;
- Setting and correct functioning of control and monitoring mechanisms;
- Compliance with the criteria of effectiveness, efficiency and economy of the audited processes;
- The status of implementation of measures to address identified deficiencies from previous internal audits;
- Assessment of the potential impact of identified risks related to the audited areas.

Regular internal audits specifically checked the following areas: material and technical supply, strategy of acquisition of special railway vehicles, train management (orders), bookkeeping and circulation of accounting documents, quality of repair works, operational information applications, performance of management activities, public procurement, territorial protection and cyber security.

Subsequent internal audits checked the performance of adopted remedial measures to the issues found during regular audits in 2021 in the following areas: financing the repair and maintenance of the railway infrastructure, management of passenger station buildings, the environment, setting up and operation of SŽG's management and control processes, management and maintenance of noise barriers, treasury operations, development of fast rail connections, support for diagnostics in internal regulations, software licensing purity and cybersecurity.

In 2022, the Internal Audit Department carried out altogether 9 consultancies relating to requests by the Director General or senior managers of expert

departments of the Directorate General. The Internal Audit Department was also invited to consult on the implementation of the amendments to internal regulations in the area of accounting documents' circulation and inventory taking.

The results of the performed internal audits and consultations in 2022 were discussed with relevant Deputy Directors Generals or with the heads of the audited entities, and the Director General was then informed of the results of each engagement in the form of manager's summary. Based on the 121 regular audit findings, 123 recommendations were drafted by Internal Audit Department, and specific measures, including deadlines, were subsequently adopted by the top management of the audited departments. Their efficiency will be reviewed by follow-up internal audits in 2023. The implementation of 136 remedial measures adopted in respect of the 2021 internal audit findings were reviewed by means of follow-up audits in 2022. This has been continuously implemented and has worked well. The Internal Audit Department regularly evaluated and monitored their implementation until they were fully met.

The added value of the activity of the Internal Audit Department manifested itself in the regulation of internal managing and methodological policies, the identification of audit operation risk areas, error detection, and the confirmation of the correct set-up and sufficient functionality of the internal control and management systems of selected audit procedures.

No serious findings have been identified during the internal audit activity under the provisions of Section 22 (6) of Act No. 320/2001 Coll., on Financial Control. The Internal Audit Department did not detect high or very high risk of corruption or fraudulent practices or a breach of the organisation's Code of Conduct. During the audits and consultancies, no significant risks relating to treatment and management of public funds were detected on the part of the internal audit, except for the area of cybersecurity.

In accordance with the Internal Audit Quality Assurance and Improvement Programme, the audit engagements included self-assessments and evaluations of the managerial employees of the audited units and periodic (annual) evaluations involving the Director General and senior managers of the Internal Audit Department. During the first quarter of 2022, the first comprehensive assessment of internal audit quality by a qualified and independent external evaluator was fully completed in accordance with the provisions of Standard 1312 External Evaluation of International Standards for the Professional Practice of Internal Auditing. The assessment of the methodology of the internal audit function and the assessment of compliance of the content of provisions of the individual international standards with the practice of the internal audit function has always achieved the highest classification.

The head of the Internal Audit Department held a training for internal auditors and coordinated their participation in professional conferences. The internal auditors thus continued to increase their professional certification, 12 of them became holders of the second level and one defended the fourth level of certification and recognition of proficiency of internal auditors in public administration of the Czech Institute of Internal Auditors under the auspices of the Ministry of Finance of the Czech Republic (MoF). Two internal auditors specialising in cybersecurity processes have achieved the certification of Cybersecurity Auditor, Certified Information Systems Auditor (CISA) and Information Security Management System Lead Auditor (ISMS Lead Auditor) from reputable firms.

In 2022, the Internal Audit Department collaborated with external audit company to carry out an audit of accounting and Financial Statements and the 2022 Financial Statements in the extent and scope necessary to verify the efficiency of the internal audit system.

The Internal Audit Department also focused on regular activities relating to the recording and assessment of review and audit findings identi-

fied by external review and audit entities, and prepared the agenda of reporting serious findings from financial audits and a Summary Report on Financial Audit Results for 2022 addressed to the Ministry of Finance of the Czech Republic.

Risk management

One of the important aspects to ensure the long-term stability and development of Správa železnic organisation is to identify, anticipate and manage potential risks arising from its activities in a timely manner. This process is part of a comprehensive internal control system and it is therefore important that its functioning is as effective as possible. To this end, the organisation has purchased the AURIS IS which is being continuously developed, and its newly implemented functions allow for a faster access to information on risks and subsequent analysis with the possibility of a timely reaction to their development.

In 2022, Správa železnic focused in particular on the recording of risk management measures. These are an important tool for risk mitigation, and their timely implementation, monitoring and subsequent evaluation of their effectiveness are necessary. Relevant owners and risk analysts were trained in this area during the year. In order to provide more information and thus to make centralised risk management more effective, employees of the organisational units involved in the management of processes affecting risks were also included in its active process.

The set risk management system can be characterised as an effective way of risk mitigation in the organisation, as both during the two-year pandemic of covid-19 and after the change of the geopolitical situation due to the war conflict in Ukraine and the subsequent development of the overall economic situation in the EU, there was no serious deterioration of the risk position of Správa železnic.

As at 31 December 2022, a total of 117 risks were recorded in the risk catalogue, of which 30 were significant. Depending on the type of root causes

and the process at risk, the risks were managed during 2022, in particular in the following areas:

Operational risks

The primary objective of operational risk management is to ensure the safe and failure-free operation of railway infrastructure. With regard to traffic management and operability, risks are minimised by recruiting new employees with appropriate physical and mental fitness who undergo training and take exams set for their future position. For selected professions, periodic training sessions and exams including tests of physical and mental fitness are performed. Risk management also involves developing and constantly maintaining a system of internal policies that define the requirements for the individual components of the railway infrastructure as well as the correct procedures for performing activities related to the railway infrastructure. When preparing internal regulations and amendments, directly applicable EU documents are used. In addition, regular inspections and measurements are carried out to assess the technical condition of the railway infrastructure.

In the event of accidents, the cause and circumstances of their occurrence are identified and responsibility of particular persons for their occurrence is assigned. Along with this, hazards (risks) are assessed and evaluated. In cases where the hazard/risk is new, a risk catalogue is completed. Remedial measures are proposed and adopted for each accident, including implementation deadlines. Their implementation is then checked, and safety recommendations to prevent the occurrence of accidents are prepared. Where an accident is proven to have been caused by an employee, relevant penalties and compensation of damage are applied. Damage caused to third parties is covered by liability insurance.

To prevent new risks from arising and to eliminate the existing ones, safety targets are set and then evaluated annually. In accordance with the procedures defined by the EU (ERA), they are set according to the SMART method.

Financial risks

In terms of finance, Správa železnic is exposed to liquidity risk and credit risk. As the organisation's activity is mainly financed by subsidies and grants, its liquidity is managed in relation to the relevant subsidy titles with an emphasis on compliance with the conditions for their use and minimisation of possible sanctions. Another source of funding consists of the organisation's own revenues, where the key tool for liquidity management is the continuous monitoring and regulation of the actual cash flow development. Správa železnic did not draw down or repay any loans in 2022. The credit risk arising from the debtors' inability to pay their obligations to Správa železnic is regulated by monitoring and evaluating the status of receivables and by promptly resolving overdue receivables using all legal possibilities.

Information technology and cyber security risks

The railway networks have long been one of the most likely targets of cyberattacks. This threat has further increased in the context of the conflict in Ukraine. Significant information technology risks include misuse, corruption or loss of data and potential disruption of the availability, confidentiality or integrity of critical information systems which ensure the secure functionality of the organisation's primary assets. These risks are eliminated by a variety of measures based on mandatory legislation as well as good practice in the field of cybersecurity. The basic building blocks ensuring the cyber resilience of the organisation include, among others, training of all persons working with the organisation's information systems, set processes and gradually introduced cyber tools, according to the set schedule given by the currently ongoing Cyber Security Programme. This covers all the necessary chapters of cyber security, both with regard to organisational and technical measures.

Human resources risks

Správa železnic's interests regarding future employee requirements are being secured through cooperation with secondary schools and universities. Správa železnic also participates in job fairs, both on-line and in attendance. In accordance with the HR strategy, the age structure of key professions is analysed, and selected employees undergo special training process in order to ensure the succession of key positions. A central SAP SuccessFactors system was launched in June 2021 to ensure support for and control over the new employees hiring process.

Observing both external and internal legislation as well as the Corporate Collective Bargaining Agreement ensures the conditions for social consensus and low employee turnover level, which is supported by a funding guarantee for the operating of the railway and its operability.

Corruption and compliance risks

In 2020, the Compliance Programme Code of Správa železnic, státní organizace (Compliance Code) was adopted, which comprises the previous anti-corruption programme and expands on it with other aspects of comprehensive risk management

in the area of compliance. This programme has been implemented into the internal control system of the organisation, and has been evaluated and developed in line with external legislation requirements and the needs of the organisation. The programme has been set up to minimise the occurrence and impact of risks while allowing the organisation to be exonerated in case of illegal conduct of its employees.

During 2022, several dozens of notifications of undesirable conduct were delivered to the Compliance Officer again. Relevant cases of investigations in order to determine whether a crime or an offence had been committed or not were eight in 2022. Although neither case was shown to constitute a breach of criminal law norms, the Compliance Officer notified the relevant departments of Správa železnic of some, usually ethical, issues and requested their elimination in the future. Cooperation and collaboration not only on the part of the managerial employees presented no problems. Compliance training was conducted in 2022 for all employees through e-learning or through other provable channels.

Human resources

Employees

As at 1 January 2022, Správa železnic had 17,246 employees working in 140 professions and in 15 business units (Správa železnic's Directorate General plus 14 organisational units) operating all over the Czech Republic.

Since its inception 19 years ago, when Správa železnic launched its operation on 1 January 2003 with only 61 employees, it has become a major employer in the Czech Republic and the largest employer in the rail transport sector.

In 2022, the process of changes in the organisational structure of Správa železnic as approved by the Supervisory Board continued, with the objective of optimising and enhancing the effectiveness of setting up of the internal processes within the framework of the organisation – both at the level of the Directorate General and individual organisational units. As at 1 January 2022, the Ostrava and Olomouc Regional Directorates were merged into one organisational unit – the Regional Directorate Ostrava. As at 1 April 2022, the process of centralisation of ICT into the newly established organisational unit Railway IT Administration (SŽT) was initiated in the Director General's Section of Správa železnic, which was completed on 31 December 2022. The Telematics and Diagnostics Centre (CTD) also changed its organisational structure as

at 1 April 2022; in addition to the creation of a new Railway Telematics Section, activities in the area of mechanisation and technology, non-destructive testing of railway superstructure and metrology were centralised. As at 1 October 2022, a new organisational unit, the High-Speed Lines Construction Management (SSVRT) and the Situation Centre of Správa železnic were established in the modernisation section. The activities in other selected areas (e.g. dispatching traffic control, fire protection at the Fire Rescue Corps, or Railway Geodesy Administration in connection with the creation of the DTMR) have also been strengthened. On the other hand, the number of employees of the Directorate General of Správa železnic as at 31 December 2022 was reduced by 12.8% compared to 31 December 2021 on the basis of the Supervisory Board's task. The Regional Directorates of Prague, Pilsen, Brno and Ostrava changed their districts during 2022.

The process of rationalisation and optimisation related to the commissioning of capital construction works continued, resulting in a reduction in the total number of traffic control employees by 121 (i.e. by 1.6%). The registration number of employees as at 31 December 2022 decreased by 174 to 17,108 employees compared to the same period in 2021 (see Chart 7). The registration number of employees as at 31 December 2022 by organisational units of Správa železnic is shown in Chart 8. Altogether 200 employees were paid severance benefits during 2022.

Chart 7 – Development of the number of Správa železnic's employees in 2003–2022

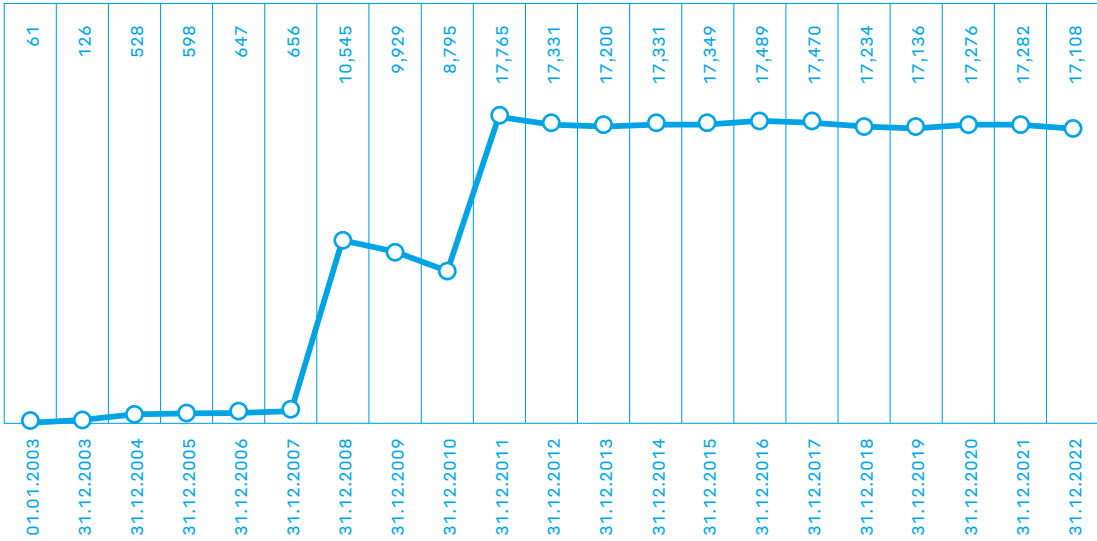
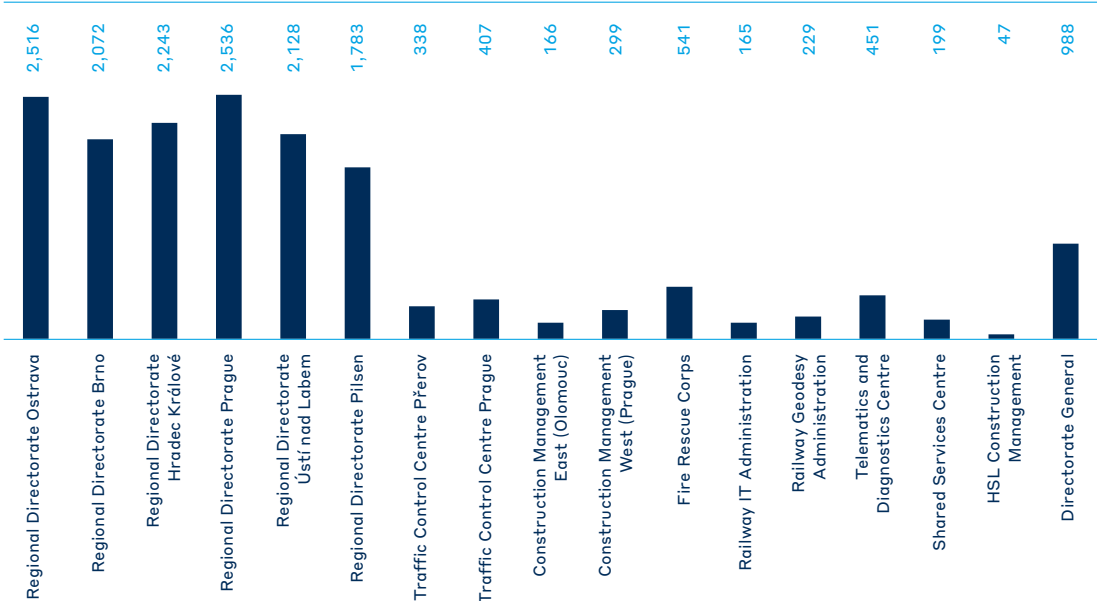


Chart 8 – Number of employees by organisational units as at 31 December 2022



The average full-time equivalent number of employees was 17,124.57 in 2022 (a year-on-year decrease by 90.64 employees, i.e. by 0.53%).

The age structure of employees did not change significantly year-on-year (see Chart 9), with the average age of Správa železnic's employees being 48.38 years as at 31 December 2022 (which represents a year-on-year increase by 0.2%).

Railway transport is a male-dominated industry. This is confirmed by the prevailing share of male employees (see Chart 10), which remained at 72.1% as at 31 December 2022 (i.e. almost no year-on-year change).

The qualification structure of Správa železnic's employees in terms of educational attainment has slightly increased in 2022 compared to the previous year (see Chart 11). The share of employees with incomplete, primary or secondary education without the final school-leaving exams was 27.5% (a year-on-year decline of 0.5%), the share of employees with secondary education with the final school-leaving exam was 56.0% (year-on-year increase by 0.1%), and the share of employees with higher professional education and graduation from bachelor, master or doctoral university studies accounted for 16.5% (a year-on-year increase of 0.4%).

Chart 10 – Gender structure of employees as at 31 December 2022

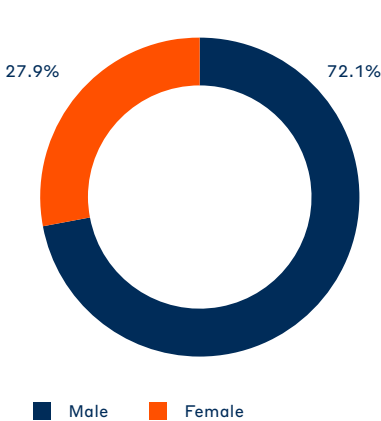


Chart 9 – Age structure of employees as at 31 December 2022

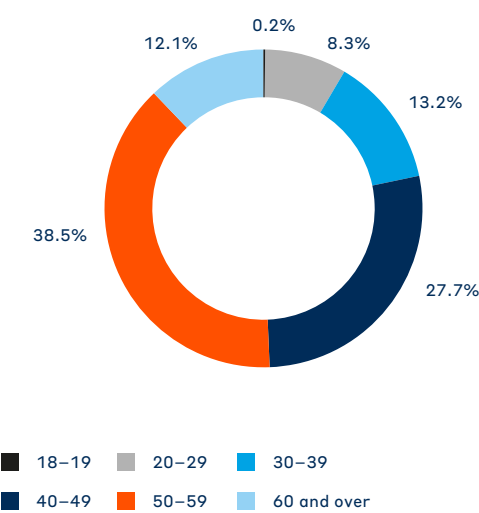
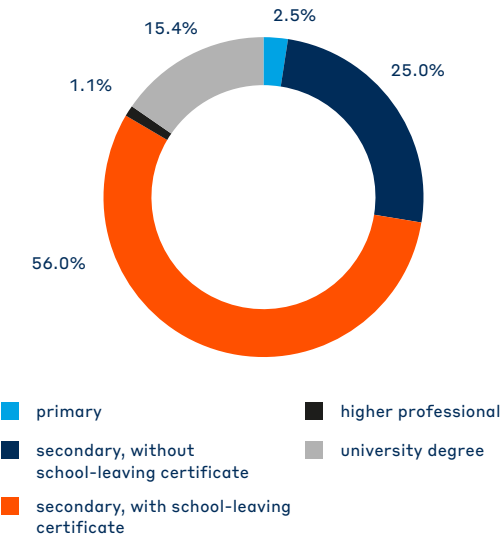


Chart 11 – Employee structure by educational attainments as at 31 December 2022



Remuneration and employee benefits

Remuneration principles and employee benefits provided were negotiated in the Corporate Collective Bargaining Agreement for 2022 and its appendices.

A uniform payroll system continued to be applied. Both fixed and motivational wage components were increased, and certain extra pays and bonuses were newly modified. In 2022, Správa železnic met all its obligations towards its employees in terms of remuneration and employee benefits. The range of employee benefits provided to stabilise and motivate employees remained the same in 2022, including transport contributions. In addition to benefits concerning working hours and holidays, Správa železnic continued to provide, among other things, contributions towards its employees' supplementary pension insurance and life insurance schemes. Employees who have worked a stipulated period of time on positions deemed particularly physically or psychically demanding are entitled to a reconditioning treatment programme at one of four designated spa facilities (Priessnitzovy lázně Jeseník, Lázně Darkov, Lázně Libverda and Lázně Karlovy Vary Astoria). In 2022, this area was also affected by the covid-19; in respect of the current epidemiology situation, the possibility to draw this benefit also as stays at home was made available. A total of 1,633 employees attended a reconditioning treatment in the listed spa facilities; 680 used the option to stay at home.

In accordance with the principles of financial management and the approved budget negotiated with the trade union organisations, the Cultural and Social Needs Fund (CSNF) was used to contribute to meal vouchers and cultural and sports activities, including participation in international events organised by railway workers' organisations, and regional and national qualifiers. Employees were given monetary gifts on life or work anniversaries, and upon the first-time termination of employment after becoming eligible for a retirement or

disability pension. In serious cases, the employer provided employees with social aid or interest-free social loan. Employees and their family members could also take advantage of recreation with an employer contribution and vitamins were provided to them as well.

In accordance with Správa železnic's Corporate Collective Bargaining Agreement, and to fill certain long-term vacancies (railway infrastructure electrical engineer, communication and signalling system technician, train dispatcher and employees who are holders of train driver's licence) and recruitment allowance continued to be paid to new recruits for these positions. A total of 165 new employees were paid a recruitment allowance in 2022.

Cooperation with trade union organisations

As keeping the social peace is the priority of its social policy, Správa železnic places great emphasis on cooperation with trade union organisations. As at 31 December 2022, nine trade union organisations – both multi-profession organisations and organisations representing single professions – were operating at Správa železnic. In 2022, joint meetings of the employer's and trade unions' representatives were held on regular basis, during the state of emergency mostly via the MS Teams application, where information was presented and discussed with social partners, in accordance with the Labour Code and the Corporate Collective Bargaining Agreement. Three changes to the Corporate Collective Bargaining Agreement were negotiated in 2022 – the first change was approved already on 26 November 2021 in connection with the announcement of the minimum wage for 2022, the second change was agreed on 28 January 2022 in order to harmonise leave procedures and in connection with a change in legislation concerning the limit for the additional taxation of meal allowances, the third change was agreed on 31 August 2022, again in connection with a change in legislation concerning the limit for the additional taxation of meal allowances.

On 31 August 2022, collective bargaining of a new Corporate Collective Bargaining Agreement valid after 31 December 2022 was initiated. Subsequently a new Corporate Collective Bargaining Agreement for 2023 was concluded on 16 November 2022, with the following appendices:

- No. 1 Working hours, on-call duty, vacations, work obstacles;
- No. 2 Principles of remuneration of Správa železnic's employees;
- No. 3 Boarding/meal allowance and expense refunds;
- No. 4 Reconditioning stays for Správa železnic's employees;
- No. 5 Principles for the granting of a recruitment allowance.

Cooperation with schools

We currently cooperate with 32 secondary schools, 9 higher-professional schools and 13 colleges and universities focused especially on technical branches (mainly electrical engineering, civil engineering and transportation science). This number is updated every year, depending on the development of individual fields of study and projects at the partner schools. We offer secondary school and university students numerous projects and programmes to support their studies: practical training, professional excursions, mentoring programmes, internships, student incentive programme, topics for bachelor's and master's theses, lectures, conferences, workshops and, finally, help with the preparation for professional examinations. In addition, we organise open days, actively participate in company days and job fairs, and we are partners of professional seminars or conferences and other educational events organised by schools aiming to popularise technical studies in the Czech Republic. We are continuously available to schools and their students on the student website of Správa železnic, and they may also communicate with us through a special email address: studenti@spravazeleznic.cz.

Education and training

Education and training follow the approved objectives of Správa železnic's Human Resources Management Strategy and Správa železnic's Educational Plan. In 2022, Správa železnic continued professional in-house training by its own professional staff, including the training of employees with a train driver's licence. Preparation of a training centre in Pardubice is actively underway.

Medical care at work

Occupational medical care for Správa železnic's employees was provided by a contractual healthcare provider. In addition to the stipulated medical examinations (entry, regular, extraordinary and exit

check-ups), it also focused on workplace monitoring as part of occupational health and safety inspections. Job applicants and employees also used occupational medical care services throughout the Czech Republic, with over 100 physicians providing these services to Správa železnic through a contractual provider.

Occupational health and safety

Správa železnic devotes great attention to occupational health and safety (OHS). In 2022, our main focus was on eliminating deficiencies identified during OHS inspections and inspections carried out by OHS employees and OHS union inspectors of the relevant trade union, regional labour inspectorate or public health authority, as appropriate. OHS inspections were carried out at all Správa železnic’s workplaces, with a committee consisting of representatives of the employer, trade unions and the occupational health service provider.

During 2022, the workplaces were also modernised and reconstructed. These modifications consisted mainly in the reconstruction of specific workplaces for employees, including the installation of air conditioning units and the renovation of sanitary and hygiene facilities.

In 2022, Správa železnic recorded a total of 436 work injuries, two of which required hospitalisation for more than 5 days, one injury required sick leave of more than three days, 159 injuries required sick leave not exceeding three days, and 274 injuries were without subsequent sick leaves.

A total of 63,449 tests were carried out to determine whether employees were under the influence of alcohol or other addictive substances.

Within the framework of preventive measures and upon an assessment of occupational risks, Správa železnic ordered and paid for vaccinations for its employees.

Corporate social responsibility

Správa železnic is a modern, flexible and customer-oriented organisation which takes maximum care of sustainable development, is transparent and generally contributes to the overall improvement of society. It wants to play a central role in strengthening the role of railway in the transport market, with the aim of reducing the carbon footprint of transport and shifting as much freight as possible towards zero-emission mobility.

The basic task of Správa železnic is to manage the Czech railway network in an economically transparent, environmentally sound and socially viable manner. Therefore, all three pillars of sustainable development, i.e., Governance (organisation management, ethics), Social (employees) and Environment (environmental protection) are included in the management and activities of our state-owned organisation.

Priority objectives:

- Transparent financial transactions;
- Working with human resources;
- Helping the disabled people;
- Safety on railways;
- Environmental protection.

Transparency of financial transactions

With the help of information and communication technologies, the management of the organisation ensures the transparency of its financial transactions and sets up simple and comprehensive methods to ensure that each transaction is properly documented.

The organisation has an established and functional internal control system including risk management within the framework of the management control and internal audit.

All agreements and suppliers' contracts over TCZK 50 are published in the Register of Contracts of the Ministry of the Interior of the Czech Republic. This ensures the economy and efficiency of our activities and provides an overview for the public.

The organisation provides the MoT with a monthly payments overview for inspection purposes.

Ethics and Compliance

Správa železnic's Code of Conduct includes its fundamental values, principles and objectives pursued by the organisation in carrying out its activities. The respect for and compliance with the principles of the Code of Conduct, effectively prevents undesirable behaviour.

The Code of Compliance does not concern only corruption and anti-corruption measures, but all behaviours and offences for which Správa železnic may be criminally liable. A compliance officer is in charge of the thorough investigation of any reported unethical or undesirable behaviour, proven or suspected, alternatively such cases are dealt with directly or in coordination with the employee's supervisor.

The Code of Conduct and the Compliance Code of Správa železnic are binding on all employees.

Employee inclusion and internal communications

Significant aspects of social activities comprise care for employees and an equal approach, job creation, lifetime education, employee safety, life-work balance, job security, equal opportunities, and diversity in the workplace.

At the beginning of 2022, restrictive measures related to the covid-19 pandemic were still in place, our employees had access to hygiene and protective equipment, their full awareness was ensured.

The personal and career development of all employees is important to us, and thus we provide further training opportunities.

During the last year, the awareness of employees about the events within Správa železnic has been significantly strengthened, with a regular newsletter being published to inform them about major news. The Správa železnic's Team project is used to support internal communication. Within its framework, the Director General of the organisation annually awards the best employees in the categories: Employee of the Year, Newcomer of the Year and Hall of Fame. In 2022, 36 employees across the entire organisation were honoured.

Cooperation with schools

Správa železnic is an organisation which is responsible to both its existing and potential employees from secondary school and university graduates. We know that the core activities and operations of our organisation depend on highly skilled professionals, who we also attract through close cooperation with technically oriented schools.

Helping the refugees

Following the invasion of Ukraine by the Russian army at the end of February 2022, Správa železnic actively engaged in helping refugees heading for the Czech Republic. The Prague Main Station and other railway stations became first aid centres for refugees.

Helping the disabled people

We work closely with organisations representing people with disabilities. We assist clients of these organisations and persons with impaired mobility and orientation (PIM) in the area of barrier-free accessibility of railway stations. We continue to increase the number of stations and stops which are accessible in this way. We are building lifts, long sloping walkways or smaller ramps to compensate for height differences at building entrances.

We provide assistance to PIM passengers at 869 stations. In particular, they can use the escorts provided by the so-called mobile crews, which can be ordered under the single fare system. Approximately 14,000 assistances were provided in 2022. Within the framework of further development of the station assistance system, 31 mobile lifting platforms were acquired by Správa železnic in 2022 and placed in 13 locations.

To enable the blind and partially sighted to move independently, tactile elements – artificial guiding lines – are being built at railway station buildings and on platforms, e.g. with a warning strip function at the platform edge. In buildings and on platforms they can use orientation voice beacons. A special chapter consists in the tactile Braille labels placed, for example, on the handrails of staircases or on the doors of public toilets.

We cooperate with the Czech National Disability Council (CNDC) and jointly address issues of development of accessibility of railway transport, for example through a platform for meetings between the CNDC, passenger carriers and Správa železnic. The CNDC provides Euro-locks for the construction of accessible barrier-free toilets.

Safety and prevention on railways

Railway safety is an inherent part of the technological development of our railways, and that includes the installation of the ETCS on main and regional lines and equipping them with GSM-R communication system. The completion of this plan is expected by 2040. We are accelerating the pace of making level crossings safe; every year, dozens are being modernised, more and more level crossings are also being cancelled.

Prevention is another important issue in railways safety. We address this topic at events we either actively organise or participate in together with our partners. We also address safety and prevention in our social network communications. Last year, the Safe Railway Prevention Train project for primary school pupils and secondary school students was relaunched. We have newly launched the project known as ‘You can’t stop the train!’, whose main objective is to strengthen the prevention to improve safety on the railway network.

Our safety-prevention videos do not target only teenagers but all age groups who can be prone to make mistakes on railways, which could have rather tragical consequences. All videos are available at our YouTube channel.

Environmental issues

Environmental protection

Railway transport is considered an environmentally friendly transport, however, even here there are negative impacts on the environment which should be minimised, such as noise, vibrations, dustiness, air pollution and waste.

Besides compliance with extensive European and national legislation on environmental issues, Správa železnic attempts to promote environmental protection and achieve long-term sustainable development within the framework of its corporate social responsibility.

- We reduce the creation and production of waste.
- We protect nature and landscape.
- We protect public health from adverse effects of noise and vibrations.
- We attend to water protection.
- We help with air protection.
- We implement our own environmentally-friendly activities.
- Our employees participate in the Bike or Walk to Work event, and committed to comply with the Energy Decalogue of Správa železnic.

The data on the investment and non-investment expenses incurred on environmental issues are reported in the Notes to the Financial Statements in Note 6.1.1 Environmental liabilities.

Environmental activities

Správa železnic is an environmentally responsible company. We promote energy savings, set-up targets and target values in compliance with the established energy management system pursuant to ISO 50001:2018 to improve energy savings for each calendar year. We reduce paper waste and sort waste properly.

We participate in environmental protection through our own activities. Within the framework of the project entitled Replacing each tree cut down due to railways by a new one in the tree nursery we cooperate with Lesy České republiky (Forests of the Czech Republic) in selecting localities suitable for new planting. Our target is to plant at least the same number of trees every year that we have to cut down to ensure the safety and operability of railway.

Other activities include long-term care plans that are part of the pilot project Action Plan for Tree Maintenance Near Railways – a conceptual document of Správa železnic for the management and maintenance of greenery, namely trees. We use the methodology of similar plans, namely those prepared for special protection areas. The aim is to provide regular maintenance and landscaping to achieve, within a horizon of 10–15 years, such character of landscape along railway lines, to suit

both safety requirements and the preservation and improvement of biodiversity. Establishing so-called transition zones will create conditions for the gradual transition from shrubbery to low-rising woods. We expect that the future development of such landscape will need only minimum maintenance and intervention.

Správa železnic actively focuses on replacing preparations based on glyphosate used to eliminate weeds on the railway infrastructure. We expect that new, alternative methods of greenery maintenance in the railway infrastructure will be more friendly to various parts of the environment and will minimise the impact on biodiversity.

Financial section

- Auditor's report
- Balance sheet
- Income statement
- Statement of changes in equity
- Cash flow statement
- Notes to the Financial Statements

Independent Auditor's report on Audit of the financial statements

Information about the audited company	
Name of the accounting unit	Správa železnic, státní organizace
Registered office	Dlážděná 1003/7, Praha 1 – Nové město, Post code 110 00
ID number	70994234
Tax ID number	CZ70994234
Statutory body	Bc. Jiří Svoboda, MBA, Director General
Subject of business	Operation of the railway infrastructure, including servicing the rail system, and ensuring its operability, maintenance, modernisation and development (main object of activities)
Audited period	from 1 January 2022 to 31 December 2022
Recipient of the report	Founder of organisation: the Czech Republic (the Ministry of Transport of the Czech Republic is entrusted with performance of the founder's function)

Information about the auditing company	
Name of the company	NEXIA AP a.s.
Audit firm licence No.	No. 096
Registered office	Sokolovská 5/49, 186 00 Prague 8 Karlín
Recording carried out at	Municipal court in Prague
Recording under number	Section B, file number 14203
ID number	481 17013
Tax ID number	CZ48117013
Phone	+420 725 573 488
E-mail	nexiaprague@nexiaprague.cz
Responsible auditor	Mikuláš Laš
Auditor licence No.	No. 2493

Independent Auditor's report

To the Founder of Správa železnic, státní organizace

Auditor's report

We have audited the accompanying financial statements of organisation **Správa železnic, státní organizace** (hereinafter also the **“accounting unit”** or **“Správa železnic”**), prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise **the balance sheet as at 31 December 2022, the income statement and the cash flow statement for the year then ended and notes to the financial statements**, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of Správa železnic, státní organizace, as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Basis for opinion

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

Other facts

The Financial Statements of the organisation Správa železnic, státní organizace, drawn up as at 31 December 2021 were audited by another auditor who expressed **an unqualified opinion** on those previous Financial Statements on 18 March 2022.

The Notes to the Financial Statements contain, in note 3.9, the information of the accounting unit regarding a possible change in the approach of Správa železnic to accounting for deferred tax in the 2023 accounting period, assuming that the situation when the achievement of a positive legal entity income tax base in the Správa železnic's environment **continues to be unlikely**. In the case of such a development, a situation could arise in the 2023 accounting period in which the deferred tax liability recognised as at 31 December 2022 in the amount of **TCZK 2,611,331** could be significantly reduced or even eliminated (see paragraph 4.9.2 of the Notes to the Financial Statements and line C.I.8. of the Balance Sheet) from the accounting unit's external resources in favour of the equity recognised as at 31 December 2023.

Other information included in the Annual Report

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

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 obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with

applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

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

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

Responsibilities of the Statutory body (Director General), Supervisory Board and Audit Committee for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic, and for such internal control as the Statutory Body 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 Statutory Body is responsible for assessing the accounting unit'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 Statutory Body either intends to liquidate the accounting unit to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the organisation's financial reporting process. The Audit Committee is responsible for monitoring the organisation's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the accounting unit's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Component Management.

Conclude on the appropriateness of the Component Management's 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 accounting unit'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 accounting unit to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Body 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.

Prague, 20 March 2023

NEXIA AP a.s.
audit firm licence No. 096



Mikuláš Laš
auditor licence No. 2493

Balance sheet

in full format
as at 31 December 2022
(in thousands of CZK)
Translated from the Czech original

Identification number
709 94 234

Name and registered office of the organisation
Správa železnic, státní organizace
Dlážděná 1003/7, 110 00 Praha 1
Czech Republic

Assets

		line	Current period			Prior period
Ident.			Gross	Adjust.	Net	Net
a	b	c	1	2	3	4
	TOTAL ASSETS	1	184,404,055	(127,087,491)	57,316,564	60,889,355
B.	Fixed assets	2	175,583,677	(126,747,789)	48,835,888	51,785,535
B.I.	Intangible fixed assets	3	1,522,101	(1,287,856)	234,245	225,566
B.I.2.	Intellectual property rights	4	1,435,307	(1,283,170)	152,137	156,439
B.I.2.1.	Software	5	1,433,417	(1,282,094)	151,323	155,310
B.I.2.2.	Other intellectual property rights	6	1,890	(1,076)	814	1,129
B.I.4.	Other intangible fixed assets	7	4,686	(4,686)	0	0
B.I.5.	Advance payments for intangible fixed assets and intangible fixed assets under construction	8	82,108	0	82,108	69,127
B.I.5.1.	Advance payments for intangible fixed assets	9	125	0	125	130
B.I.5.2.	Intangible fixed assets under construction	10	81,983	0	81,983	68,997
B.II.	Tangible fixed assets	11	174,061,576	(125,459,933)	48,601,643	51,559,969
B.II.1.	Land and buildings	12	140,646,695	(99,522,438)	41,124,257	43,547,216
B.II.1.1.	Land	13	6,812,410	(10,029)	6,802,381	6,766,097
B.II.1.2.	Buildings	14	133,834,285	(99,512,409)	34,321,876	36,781,119
B.II.2.	Plant and equipment	15	19,958,909	(17,900,915)	2,057,994	2,356,961
B.II.3.	Adjustments to acquired fixed assets	16	8,443,268	(8,033,295)	409,973	972,857
B.II.4.	Other tangible fixed assets	17	8,906	(2,477)	6,429	6,077
B.II.4.3.	Other tangible fixed assets	18	8,906	(2,477)	6,429	6,077
B.II.5.	Advance payments for tangible fixed assets and tangible fixed assets under construction	19	5,003,798	(808)	5,002,990	4,676,858
B.II.5.1.	Advance payments for tangible fixed assets	20	568,452	0	568,452	631,979
B.II.5.2.	Tangible fixed assets under construction	21	4,435,346	(808)	4,434,538	4,044,879

Ident. a		line c	Current period			Prior period
			Gross 1	Adjust. 2	Net 3	Net 4
C.	Current assets	22	8,745,574	(339,702)	8,405,872	9,067,822
C.I.	Inventories	23	826,806	(10,834)	815,972	756,171
C.I.1.	Raw materials	24	826,604	(10,834)	815,770	752,063
C.I.2.	Work-in-progress and semi-finished products	25	0	0	0	0
C.I.3.	Finished goods and goods for resale	26	1	0	1	1
C.I.3.2.	Goods for resale	27	1	0	1	1
C.I.5.	Advance payments for inventories	28	201	0	201	4,107
C.II.	Receivables	29	3,169,523	(328,868)	2,840,655	1,928,640
C.II.1.	Long-term receivables	30	8,480	0	8,480	5,179
C.II.1.1.	Trade receivables	31	1,330	0	1,330	0
C.II.1.5.	Receivables – other	32	7,150	0	7,150	5,179
C.II.1.5.2.	Long-term advances paid	33	7,144	0	7,144	5,147
C.II.1.5.4.	Other receivables	34	6	0	6	32
C.II.2.	Short-term receivables	35	3,161,043	(328,868)	2,832,175	1,923,461
C.II.2.1.	Trade receivables	36	1,772,917	(314,104)	1,458,813	968,718
C.II.2.4.	Receivables – other	37	1,388,126	(14,764)	1,373,362	954,743
C.II.2.4.3.	Tax receivables	38	271,249	0	271,249	443,891
C.II.2.4.4.	Short-term advances paid	39	105,442	0	105,442	90,077
C.II.2.4.5.	Estimated receivables	40	961,588	0	961,588	385,322
C.II.2.4.6.	Other receivables	41	49,847	(14,764)	35,083	35,453
C.IV.	Cash	42	4,749,245	0	4,749,245	6,383,011
C.IV.1.	Cash in hand	43	2,727	0	2,727	2,474
C.IV.2.	Bank accounts	44	4,746,518	0	4,746,518	6,380,537
D.	Deferrals	45	74,804	0	74,804	35,998
D.1.	Prepaid expenses	46	58,455	0	58,455	32,569
D.3.	Accrued revenues	47	16,349	0	16,349	3,429

Balance sheet

as at 31 December 2022

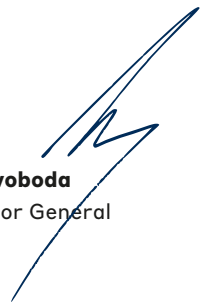
Liabilities

Ident.	line	Current period	Prior period
a	c	5	6
TOTAL LIABILITIES AND EQUITY	48	57,316,564	60,889,355
A. Equity	49	43,783,651	49,254,920
A.I. Registered capital	50	57,390,172	57,388,168
A.I.1. Registered capital	51	57,390,172	57,388,168
A.II. Premium and capital contributions	52	504,256	692,042
A.II.2. Capital contributions	53	504,256	692,042
A.II.2.1. Other capital contributions	54	504,256	692,042
A.III. Funds from profit	55	159,338	124,805
A.III.2. Statutory and other funds	56	159,338	124,805
A.IV. Retained earnings (+/-)	57	(8,950,095)	(7,264,472)
A.IV.1. Retained profits or accumulated losses (+/-)	58	(8,787,726)	(7,102,103)
A.IV.2. Other retained earnings (+/-)	59	(162,369)	(162,369)
A.V. Profit (loss) for the current period (+/-)	60	(5,320,020)	(1,685,623)
B. + C. Liabilities	61	13,342,253	11,341,328
B. Provisions	62	3,335,468	2,523,402
B.4. Other provisions	63	3,335,468	2,523,402

[continue »](#)

Balance sheet

Ident.		line	Current period	Prior period
a	b	c	5	6
C.	Liabilities	64	10,006,785	8,817,926
C.I.	Long-term liabilities	65	2,684,494	2,679,231
C.I.2.	Bank loan payables	66	0	0
C.I.4.	Trade payables	67	73,159	67,896
C.I.8.	Deferred tax liability	68	2,611,331	2,611,331
C.I.9.	Liabilities – other	69	4	4
C.I.9.3.	Other payables	70	4	4
C.II.	Short-term liabilities	71	7,322,291	6,138,695
C.II.3.	Short-term advances received	72	427,808	230,660
C.II.4.	Trade payables	73	4,088,614	3,261,679
C.II.8.	Liabilities – other	74	2,805,869	2,646,356
C.II.8.3.	Payables to employees	75	784,008	805,801
C.II.8.4.	Social security and health insurance liabilities	76	406,293	418,394
C.II.8.5.	Tax liabilities and subsidies	77	833,101	1,002,686
C.II.8.6.	Estimated payables	78	780,508	369,466
C.II.8.7.	Other payables	79	1,959	50,009
D.	Accruals	80	190,660	293,107
D.1.	Accrued expenses	81	174,444	276,897
D.2.	Deferred revenues	82	16,216	16,210


Jiří Svoboda
Director General


Aleš Kráčí
Deputy Director General
for Economics

Income statement

classification by nature
for the year ended 31 December 2022
(in thousands of CZK)
Translated from the Czech original

Identification number
709 94 234

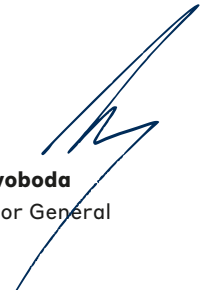
Name and registered office of the organisation
Správa železnic, státní organizace
Dlážděná 1003/7, 110 00 Praha 1
Czech Republic

Ident.	INCOME STATEMENT	line	Current period	Prior period
a	b	c	1	2
I.	Revenue from products and services	1	10,056,333	7,942,274
II.	Revenue from goods	2	0	1
A.	Cost of sales	3	16,731,709	17,332,018
A.1.	Cost of goods sales	4	0	0
A.2.	Materials and consumables	5	7,953,583	5,764,339
A.3.	Services	6	8,778,126	11,567,679
B.	Change in inventory of own production (+/-)	7	0	0
C.	Own work capitalised (-)	8	(1,217,219)	(1,198,420)
D.	Personnel expenses	9	13,707,442	12,955,119
D.1.	Wages and salaries	10	9,852,322	9,288,420
D.2.	Social security, health insurance and other expenses	11	3,855,120	3,666,699
D.2.1.	Social security and health insurance expenses	12	3,306,679	3,114,173
D.2.2.	Other expenses	13	548,441	552,526
E.	Adjustments relating to operating activities	14	3,622,154	3,755,712
E.1.	Adjustments to intangible and tangible fixed assets	15	3,633,475	3,785,910
E.1.1.	Depreciation and amortisation of intangible and tangible fixed assets	16	3,709,223	3,841,803
E.1.2.	Impairment of intangible and tangible fixed assets	17	(75,748)	(55,893)
E.2.	Adjustments to inventories	18	(354)	(360)
E.3.	Adjustments to receivables	19	(10,967)	(29,838)
III.	Other operating revenues	20	19,493,975	25,054,884
III.1.	Proceeds from disposals of fixed assets	21	219,602	43,661
III.2.	Proceeds from disposals of raw materials	22	308,632	304,502
III.3.	Miscellaneous operating revenues	23	18,965,741	24,706,721

[continue »](#)

Income statement

Ident.	INCOME STATEMENT	line	Current period	Prior period
a	b	c	1	2
F.	Other operating expenses	24	2,025,529	2,273,122
F.1.	Net book value of fixed assets sold	25	128,349	7,840
F.2.	Net book value of raw materials sold	26	308,436	304,363
F.3.	Taxes and charges	27	36,847	36,423
F.4.	Provisions relating to operating activity and complex prepaid expenses	28	812,066	1,478,322
F.5.	Miscellaneous operating expenses	29	739,831	446,174
*	Operating profit (loss) (+/-)	30	(5,319,307)	(2,120,392)
VI.	Interest revenue and similar revenue	31	0	0
VI.2.	Other interest revenue and similar revenue	32	0	0
J.	Interest expense and similar expense	33	0	0
J.2.	Other interest expense and similar expense	34	0	0
VII.	Other financial revenues	35	2,481	975
K.	Other financial expenses	36	3,194	1,501
*	Profit (loss) from financial operations	37	(713)	(526)
**	Profit (loss) before tax (+/-)	38	(5,320,020)	(2,120,918)
L.	Income tax	39	0	(435,295)
L.2.	Deferred tax (+/-)	40	0	(435,295)
**	Profit (loss) after tax (+/-)	41	(5,320,020)	(1,685,623)
***	Profit (loss) for the accounting period (+/-)	42	(5,320,020)	(1,685,623)
*	Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.	43	29,552,789	32,998,134


Jiří Svoboda
Director General


Aleš Krejčí
Deputy Director General
for Economics

Statement of changes in equity

for the year ended 31 December 2022
(in thousands of CZK)
Translated from the Czech original

Identification number
709 94 234

Name and registered office of the organisation
Správa železnic, státní organizace
Dlážděná 1003/7, 110 00 Praha 1
Czech Republic

	Registered capital	Other capital contributions	Other reserve funds	Culture and social needs fund	Retained profits or accumulated losses (+/-)	Other retained earnings	Profit (loss) for the current period	Total
Balance as at 1. 1. 2022	57,388,168	692,042	--	124,805	(7,102,103)	(162,369)	(1,685,623)	49,254,920
Property inventory findings and other transfers	--	108	--	--	--	--	--	108
Free-of-charge transfers of assets and other transfers	2,003	5,410	--	--	--	--	--	7,413
Privatised assets	--	--	--	--	--	--	--	--
Use of the culture and social needs fund	--	--	--	(158,771)	--	--	--	(158,771)
Creation of the culture and social needs fund	--	(193,304)	--	193,304	--	--	--	--
Transfer of the profit (loss) of prior year period	--	--	--	--	(1,685,623)	--	1,685,623	--
Other profit (loss)	--	--	--	--	--	--	--	--
Rounding	1	--	--	--	--	--	--	1
Profit (loss) for the current period	--	--	--	--	--	--	(5,320,020)	(5,320,020)
Balance as at 31. 12. 2022	57,390,172	504,256	--	159,338	(8,787,726)	(162,369)	(5,320,020)	43,783,651
Balance as at 1. 1. 2021	57,384,330	860,821	--	70,909	(5,855,789)	(162,369)	(1,246,314)	51,051,588
Property inventory findings and other transfers	--	--	--	--	--	--	--	--
Free-of-charge transfers of assets and other transfers	3,930	13,517	--	--	--	--	--	17,447
Privatised assets	(92)	--	--	--	--	--	--	(92)
Use of the culture and social needs fund	--	--	--	(128,400)	--	--	--	(128,400)
Creation of the culture and social needs fund	--	(182,296)	--	182,296	--	--	--	--
Transfer of the profit (loss) of prior year period	--	--	--	--	(1,246,314)	--	1,246,314	--
Other profit (loss)	--	--	--	--	--	--	--	--
Rounding	--	--	--	--	--	--	--	--
Profit (loss) for the current period	--	--	--	--	--	--	(1,685,623)	(1,685,623)
Balance as at 31. 12. 2021	57,388,168	692,042	--	124,805	(7,102,103)	(162,369)	(1,685,623)	49,254,920


Jiří Svoboda
Director General


Aleš Krejčí
Deputy Director General
for Economics

Cash flow statement

for the year ended 31 December 2022
(in thousands of CZK)
Translated from the Czech original


Identification number
709 94 234

Name and registered office of the organisation
Správa železnic, státní organizace
Dlážděná 1003/7, 110 00 Praha 1
Czech Republic

	Current period	Prior period
P. Cash and cash equivalents, beginning of period	6,383,011	5,129,489
Net operating cash flow		
Z: Accounting profit (loss) from ordinary activities	(5,320,020)	(2,120,918)
A.1. Non-cash transactions adjustments	(14,031,856)	(18,986,640)
A.1.1. Depreciation and amortisation of fixed assets excluding the net book value of fixed assets sold and amortisation of adjustments to acquired assets and goodwill	3,709,223	3,841,803
A.1.2. Change in:	(17,741,079)	(22,828,443)
A.1.2.1. Change in other adjustments and provisions	724,997	1,392,230
A.1.3. Profit (–) Loss (+) on sale of fixed assets	(91,253)	(35,821)
A.1.4. Expense and revenue interests accounted for	0	0
A.1.5. Use of operating grants	(18,404,122)	(22,853,782)
A.1.6. Debt remission by state	0	(1,262,168)
A.1.7. Other non-cash transactions adjustments	29,299	(68,902)
A.* Net operating cash flow before financial items, changes in working capital and extraordinary items	(19,351,876)	(21,107,558)
A.2. Changes in working capital	243,757	329,389
A.2.1. Change in receivables from operating activities, estimated receivables and deferrals	(939,884)	349,582
A.2.2. Change in short-term liabilities from operating activities, estimated payables and accruals	1,243,088	105,615
A.2.3. Change in inventories	(59,447)	(125,808)
A.** Net operating cash flow before financial balances, tax and extraordinary items	(19,108,119)	(20,778,169)
A.5. Operating grants received	18,408,015	22,853,716
A.*** Net operating cash flow	(700,104)	2,075,547

[continue »](#)

		Current period	Prior period
Investment activity			
B.1.	Acquisition of fixed assets	(41,805,831)	(33,986,469)
B.1.1.	Acquisition of tangible fixed assets	(630,529)	(781,369)
B.1.2.	Acquisition of intangible fixed assets	(147,679)	(146,795)
B.1.3.	Acquisition of tangible fixed assets from investment grants	(41,027,623)	(33,058,305)
B.2.	Proceeds from sales of fixed assets	169,992	43,661
B.2.1.	Proceeds from sales of tangible and intangible fixed assets	169,992	43,661
B.3.	Investment grants received	40,860,948	33,249,183
B.***	Net cash flow from investment activity	(774,891)	(693,625)
Financial activity			
C.2.	Increase and decrease in equity from cash transactions	(158,771)	(128,400)
C.2.1.	Payments from funds created from net profit	(158,771)	(128,400)
C.***	Net cash flow from financing activities	(158,771)	(128,400)
F.	Net increase or decrease in cash balance	(1,633,766)	1,253,522
R.	Cash and cash equivalents, end of period	4,749,245	6,383,011


Jiří Svoboda
Director General


Aleš Krájčí
Deputy Director General
for Economics

Notes to the Financial Statements as at 31 December 2022

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1. GENERAL INFORMATION

1.1 General information

Správa železnic, státní organizace (Správa železnic) was established as at 1 January 2003 under the name “Správa železniční dopravní cesty, státní organizace” (SŽDC) as one of two legal successors of České dráhy, státní organizace (ČD, s.o.), in accordance with the Act no. 77/2002 Sb., on the joint-stock company “České dráhy”, the state organisation “Správa železnic” and amending the Act no. 266/1994 Coll., on Rail Systems, as amended (the Transformation Act).

As at 1 January 2003, Správa železnic was registered in the Commercial Register maintained by the Municipal Court in Prague, section A, file number 48384. On 14 January 2020, the organisation’s new name “Správa železnic, státní organizace” was registered in the Commercial Register, following 1 January 2020 as the effective date of the Act no. 367/2019 Coll., amending the Act no. 266/1994 Coll., on Rail Systems, as amended (the Rail Systems Act), and other related laws.

The address of the registered office of Správa železnic is Dlážďená 1003/7, Prague 1 – Nové Město, post-code 110 00.

The founder of Správa železnic is the Czech Republic. The Ministry of Transport of the Czech

Republic (MoT) is charged with exercising the founder’s duties. The governing body in matters of settling legal remedies against Správa železnic’s decisions is the MoT.

The MoT also acts as the founder of České dráhy, a.s. (ČD), and ČD Cargo, a.s. (ČD Cargo). Správa železnic has many contractual relations with ČD and its subsidiaries, the most important of which are described in note 7.3. The organisation is the beneficiary of a significant funding from Státní fond dopravní infrastruktury (SFDI – State Fund for Transport Infrastructure). In accordance with the view of Správa železnic, ČD, ČD Cargo and SFDI are considered as related parties.

The reporting period is the calendar year. All amounts in the Financial Statements are presented in thousands of Czech crowns (TCZK), unless stated otherwise.

The Financial Statements of Správa železnic for 2022 have been prepared as at 31 December 2022.

These notes have been prepared for the period starting on 1 January 2022 and ending on 31 December 2022 and include significant events which occurred after this date as well as significant changes as at the date of Správa železnic’s registration.

1.2 Principal business activity

In accordance with the Transformation Act, the principal activities of Správa železnic consist of operating the railway infrastructure including rail servicing and ensuring its operability, maintenance, modernisation and development, as well as maintenance and modernisation of railway stations.

Throughout 2022, the operating the railway infrastructure was ensured by Správa železnic’s internal capacities.

Správa železnic provides the railway infrastructure for use by carriers. Income arising from the use of the railway infrastructure is predominantly realised with the key users, i.e. ČD and ČD Cargo (refer to note 7.3).

Správa železnic generates additional major funding from grants, which are used to cover expenditure related to modernisation, development and maintenance (refer to note 3.10).

Správa železnic also administers the assets and liabilities set out in Sections 20 and 38a of the Transformation Act. These principally involve assumed receivables and liabilities, including the loans of ČD, s.o., and the assets specified in the Appendix to the Act that had been administered by the MoT until 30 June 2004.

On 30 May 2007, having complied with all the requirements arising from the Act no. 458/2000 Coll. 458/2000 Sb., on business conditions and the exercise of state administration in the energy sectors and on amendments to certain acts, as amended (the Energy Act), Správa železnic was granted a licence for electricity distribution by the Energetický regulační úřad (Energy Regulatory Office) in Jihlava. Správa železnic began conducting this activity on 1 July 2007. On 3 December 2007, Správa železnic also received a licence for electricity trading. This activity started on 1 January 2008.

Pursuant to the amendment to the Transformation Act, on 1 July 2008, Správa železnic assumed, through the purchase of a part of a business, the role of the operator of the nationwide railway infrastructure and regional railway infrastructure owned by the state, including certain activities related to the operating the railway infrastructure.

Based on a Resolution of the Government of the Czech Republic, as at 1 September 2011, activities concerning traffic control at stations and on railway lines were purchased by Správa železnic from ČD.

Based on a Resolution of the Government of the Czech Republic and a contract on the purchase of a part of a facility, a part of a facility, designated as “Railway Stations”, was transferred from ČD to Správa železnic on 1 July 2016. Since this date,

Správa železnic has been ensuring the railway stations' maintenance and modernisation and has been leasing vacant premises for commercial use and any residential units to individuals for housing purposes.

1.3 Organisational structure and bodies of Správa železnic

Správa železnic is a standalone state organisation and does not hold equity investments in any other entity. Správa železnic's bodies include the Supervisory Board and the Director General.

The Director General acts and signs in full on behalf of Správa železnic independently. In the absence of the Director General, the Deputy Director General acts and signs in full on behalf of Správa železnic, in the order specified in the Commercial Register.

The Director General, Jiří Svoboda, is the statutory representative of Správa železnic, managing its activities and acting on its behalf. The Statutory Deputy Director General, Mojmír Nejezchleb, authorised to act in the absence of the Director General, is recorded in the Commercial Register.

The members of the Správa železnic's management as at 31 December 2022 were:

Name	Position	Date
Jiří Svoboda	Director General	Since 23 March 2018
Aleš Krejčí	Deputy Director General for Economics	Since 1 June 2012
Mojmír Nejezchleb	Deputy Director General for Infrastructure Modernisation	Since 1 July 2013
Marcela Pernicová	Deputy Director General for Rail Operability	Since 1 May 2018
Jaroslav Flegl	Deputy Director General for Traffic Management	Since 1 November 2022

The members of the Supervisory Board as at 31 December 2022 were:

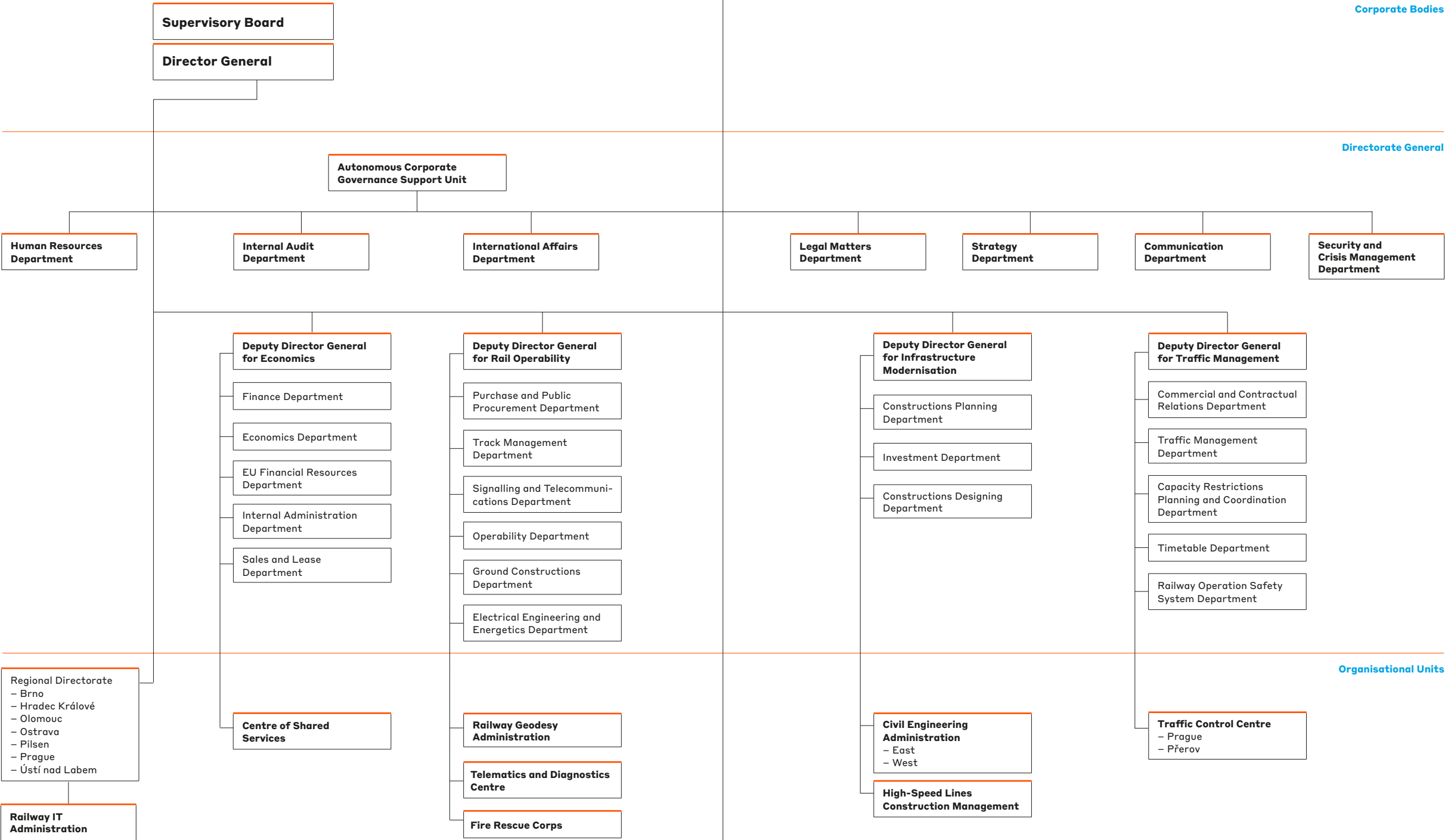
Name	Position	Date
Martin Červíček	Chairperson	Since 1 July 2022
Ladislav Němec	Vice-chairperson	Since 1 September 2022
Jan Lička	Member	Since 1 July 2022
David Čermák	Member	Since 1 July 2022
Martin Kolovratník	Member	Since 1 November 2018
Pavel Čížek	Member	Since 23 November 2022

The members of the Audit Committee as at 31 December 2022 were:

Name	Position	Date
Eva Janoušková	Chairperson	Since 11 January 2019
Lenka Hlubučková	Member	Since 1 December 2018
Michal Zácha	Member	Since 1 September 2022
Tomáš Klinecký	Member	Since 1 September 2022
Otakar Hora	Member	Since 12 November 2022

The members of the Strategy and Development Committee as at 31 December 2022 were:

Name	Position	Date
Ladislav Němec	Chairperson	Since 1 February 2018
Martin Kolovratník	Member	Since 1 December 2018
David Čermák	Member	Since 15 October 2022



2. ACCOUNTING POLICIES
AND GENERAL ACCOUNTING
PRINCIPLES

Správa železnic’s accounts are maintained and the Financial Statements have been prepared in accordance with the Act no. 563/1991 Coll., on Accounting, as amended, and the Decree no. 500/2002 Coll., implementing certain provisions of the Act on Accounting, as amended, for business entities using double-entry bookkeeping and Czech Accounting Standards for business entities, as amended.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost basis except for certain areas (refer to note 3.1), the accruals principle, the principle of prudence, and the going concern assumption.

Pursuant to the Decree no. 312/2014 Coll., on requirements for preparing the Financial Statements on behalf of the Czech Republic (the state consolidation decree), Správa železnic has been obligated since 2016 to submit complementary consolidated statements overview as at the balance sheet date. The overview as at 31 December 2022 will be submitted by 31 July 2023 at the latest. In terms of consolidation, it is necessary to identify and eliminate mutual relations with entities specified in the List of entities consolidated by the state and other entities.

3. SIGNIFICANT ACCOUNTING
POLICIES AND PROCEDURES

3.1 Tangible and intangible fixed assets

Správa železnic administers state assets pursuant to the Transformation Act.

At Správa železnic, fixed assets include assets with an estimated useful life greater than one year and acquisition cost greater than TCZK 40 for plant and equipment and for intangible fixed assets.

Purchased fixed assets are stated at cost, which includes interest on loans provided to fund the acquisition of the assets until they are available for use where assets are financed through loans plus other expenses attributable to their acquisition.

Land acquired until 1992 is measured at the arm’s length price prevailing at the date of acquisition, in accordance with a decree of the Ministry of Finance of the Czech Republic (MoF). Land acquired after 1992 is measured at cost.

Tangible and intangible assets produced internally are stated at internal cost, which includes direct costs and an allocation of manufacturing and/or administrative overheads.

Plant and equipment and intangible assets costing up to TCZK 40 are expensed at the date of acquisition

and further maintained in off-balance sheet records, except for vehicles marked with a registration sign and based on individual assessment, significant assets for which Správa železnic is not the first user and which have a significant original acquisition cost (e.g. assets acquired through the purchase of a part of a business). Easements established over third-party property are recorded as other tangible fixed assets, irrespective of their cost.

The improvement to an individual asset exceeding TCZK 40 for the accounting period increases the acquisition cost of fixed assets.

Assets identified during a fixed asset count that have not been previously included in the accounting records as well as received gifts are measured at replacement cost. When the competence for state assets management is changed free of charge, the valuation of assets follows the valuation in the accounts of the accounting entity, which is transferring the competence.

Low-value tangible assets (including IT equipment) are maintained in off-balance sheet records, at the cost at which they were released for consumption.

Accounting depreciation expense is calculated based on the acquisition cost and the estimated

useful lives of the relevant assets. During the fixed asset use, the depreciation plan is updated based on the estimated useful lives and the expected residual value of the asset. The expected useful life is determined as follows:

	Number of years (from-to)
Software	3
Buildings	10–50
Machinery and equipment	4–20
Means of transport (motor vehicles)	8–25

The useful lives of the fixed assets forming the railway infrastructure are dependent upon the availability of funding for their renovation, modernisation and performance improvement. The organisation’s management expects the amounts of subsidies for the renovation, modernisation and performance improvement of fixed assets promised for the subsequent accounting period are in line with the assumptions used in determining the useful lives.

At the reporting date, adjustments to fixed assets are established based on an individual assessment of the actual condition and future usability of individual items or groups of assets as part of the stocktaking process. Adjustments are established at an amount equal to the difference between the carrying amount and estimated selling price of an unused asset, provided, that the estimated selling price is lower than the current carrying amount.

Considering the organisation’s principal activities and the method of their funding by means of subsidies, the organisation does not create adjustments for fixed assets based on an assessment of the economic benefits of fixed assets using the discounted cash flow method.

The cost of assets acquired after 1 January 2002 using grants is reduced by the amount of the respective grant. Assets whose acquisition was financed by investment grants are systematically

recorded at cost in sub-ledger accounts without taking into account depreciation, in accordance with accounting regulations (see note 4.2.3).

Assets acquired through the purchase of a part of a business as at 1 July 2008 and 1 September 2011 and a part of a facility as at 1 July 2016, were valued by a court-appointed expert and included as part of Správa železnic’s assets at the carrying amounts recognised by the selling organisation at the date of acquisition of the part of the business (establishment).

The differences which arose between the aggregate carrying amount and purchase price of the assets represent an adjustment to acquired fixed assets, which is depreciated to expenses on a straight-line basis over 15 years (180 months), in accordance with the Decree no. 500/2002 Coll., as amended.

3.2 Inventory

The bulk of Správa železnic’s inventories consists of material related to the railway superstructure, stored primarily in superstructure material centres, including both new superstructure and the superstructure salvaged from investment activities or maintenance. Other inventories include prefabricated components, uniforms, personal protective equipment (PPE), solid fuels, fuels, electrical materials, safety installations, and other operating materials.

Purchased inventories are measured at cost, which includes the purchase price and other expenses associated with the acquisition. Gifts received are measured at replacement acquisition cost. When the competence for state assets management is changed free of charge, the valuation of assets follows the valuation in the accounts of the accounting entity, which is transferring the competence.

Materials salvaged upon liquidation of fixed assets or repairs are measured at replacement cost.

Adjustments to inventories are established based on suggestions of individual inventory count committees, which determine the amount of unused, damaged or impaired inventories during stock-taking. Adjustments are established either at an amount equal to the carrying amount of inventories designated for liquidation or, for inventories for sale, at an amount equal to the difference between the carrying amount and net realisable value, provided that the net realisable value is lower than the current carrying amount. In the income statement, the establishment and release of adjustments is presented in Adjustments to inventories.

Acquisitions and dispatches of inventories are accounted for by using the method A.

3.3 Receivables

Upon origination, receivables are stated at their nominal value. Receivables acquired through assignment are carried at cost.

Receivables due within one year of the reporting date are presented as short-term. Other receivables are presented as long-term.

At the reporting date, the organisation established tax-deductible adjustments to receivables in accordance with Act No. 593/1992 Coll., on Reserves for Determining the Income Tax Base, as amended. Accounting adjustments were recognised in respect of receivables based on an analysis of the credit status of customers and the ageing structure of receivables. In the income statement,

the establishment and release of adjustments is presented in Adjustments to receivables.

3.4 Equity

The registered capital balance as at 1 January 2003 was equal to the carrying amount of assets net of liabilities assumed as at the date on which SŽDC (now Správa železnic) was registered (refer to note 7.1).

On 1 July 2004, the assets specified in the Appendix to the Transformation Act, which were transferred from the MoT to Správa železnic, were recorded in the registered capital account. In addition, subsidies granted by the MoT for the purchased part of a business and the part of a business establishment from ČD were also recorded in the registered capital account.

Changes in registered capital are recorded in respect of transfers of land to the State Land Office, free-of-charge transfers of assets, privatisation (refer to note 3.15), corrections of accounting errors in the register of land by matching them with the Czech Office for Surveying, Mapping and Cadastre, or in respect of additional refinements made to the scope and value of assets and liabilities taken over by Správa železnic as at 1 January 2003.

Správa železnic contributes to the reserve fund when potential profit is generated.

Správa železnic contributes to the Cultural and Social Needs Fund in accordance with the Decree no. 114/2002 Coll., on the Cultural and Social Needs Fund, as amended. Since the reserve fund had been fully utilised, from 2018, Správa železnic makes additions to the Cultural and Social Needs Fund from other capital contributions. The fund is utilised in compliance with Správa železnic’s approved policies and the respective collective agreement.

3.5 Provisions

Správa železnic establishes provisions for significant risks of negative effects of pending litigations

or other justified third-party claims which have not yet been resolved by litigation, for compensation for occupational injuries and diseases (also for former employees of ČD, s.o.), for pension supplements to former employees of ČD, s.o., and for unpaid salary and other personnel costs related to the completed accounting period.

Provisions for significant risks of negative effects of litigations, recognised in the books of accounts and disclosed within liabilities in the Balance Sheet, are made where there is more than a 50% risk that Správa železnic will be obliged to make a payment (financial performance) to a third party based on the facts which have occurred in the 2022 financial year or previous financial years, and at the same time a reasonable and supportable estimate of that future payment can be made.

Each risk (each case) of passive litigation is assessed individually for the purpose of justifying and correctly recognising provisions for existing risks, with the resulting assessment and decision on the amount of provisions taking into account the professional opinions and statements of internal legal departments, cooperating external law firms representing Správa železnic in litigation and the professional departments of the organisation to whose activities the litigation relates.

Provisions for possible other justified claims of third parties which are not yet resolved by litigation are created only when the probability of a certain future expense (payment to a third party) arising as a result of events that have already occurred is high or very high and at the same time a relevant and substantiated estimate of this future payment is made. The establishment of such provisions is always based on the necessary legal and economic opinions.

A provision for payments relating to compensation for work injuries and occupational diseases and for extra pension payments to former employees of ČD, s.o., is established at the present value of estimated future payments arising from claims originating as at the reporting date, based on a statistical analysis

of available historical information. The provision has been reviewed as at the reporting date.

The provision for salary and other personnel costs is made up of the amount of expected unpaid salaries of management staff, mainly based on an assessment of the fulfilment of Key Performance Indicators (KPI), including statutory levies.

3.6 Liabilities

Upon origination, liabilities are stated at their nominal value. Liabilities due within one year of the reporting date are presented as short-term. Other liabilities are presented as long-term.

3.7 Long-term liabilities

Loans and long-term liabilities are stated at their nominal value.

Long-term liabilities are reported with maturity exceeding one year, and liabilities are reported with no fixed maturity dates (e.g. bid-bonds, sureties, security deposits).

3.8 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the Czech National Bank (CNB) official rate at the first working day of the month. Where a foreign currency is purchased or sold in exchange for Czech currency, the exchange rate of the bank executing the transaction is applied. When accounting for foreign travel expenses, the CNB official rate at the date on which the advance was provided to the respective employee is applied. Where employees on business trips use company payment cards, related travel expenses are accounted for using the CNB rate of exchange for the date the business trip commences.

At the reporting date, receivables and liabilities and the final balances of financial assets denominated in foreign currencies are converted to Czech crowns at the CNB official rate at that date.

Any foreign exchange gains or losses are credited to other financial revenues or debited to other financial expenses, as appropriate.

Správa železnic does not use any financial instruments to hedge against currency risk.

3.9 Income tax

Current legal entity income tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods. Taxable income differs from the profit recognised in the income statement as it does not include revenues or expenses that are taxable or deductible in other periods. In addition, it does not include items that are non-taxable or non-tax deductible.

Správa železnic has so far followed the accounting and recognition of deferred tax under the accounting policies for businesses, which result in the mandatory recognition of a deferred tax liability, whereas a deferred tax asset can only be accounted for and recognised in the balance sheet if it is significantly more likely than not that it will be utilised in future accounting/tax periods against tax liabilities (tax payable) that will arise in future periods. Deferred tax liabilities and fair value deferred tax receivables may be netted off against each other and recognised in the balance sheet at their total net (offsetting) amount.

Deferred tax is calculated using the liability method based on the balance sheet approach. The liability method involves applying the income tax rate expected to be valid in the future period in which the tax asset / liability is utilised. Under the balance sheet approach, the liability method is based on temporary differences between the tax base of assets/liabilities and the carrying amount of assets/liabilities recognised in the balance sheet. The tax base of assets/liabilities is the amount that can be utilised for tax purposes in the future. Deferred tax is recognised in the income statement except to the extent that it relates to items charged directly to

equity and is also included in equity. Deferred tax receivables and liabilities are netted off against each other and recognised in the balance sheet at their total net amount.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods. The conditions for the creation of deferred tax receivables consist of cumulative tax losses which are potentially deductible against a positive tax base. The actual realizability of the deferred tax assets thus appears unlikely in the current circumstances of Správa železnic. In the event that achieving a positive tax base remains unlikely in Správa železnic's environment, the organisation will consider adjusting its approach to deferred tax accounting for future accounting periods.

3.10 Grants

Správa železnic receives grants in accordance with applicable Czech legislation.

Správa železnic does not account for an entitlement to a grant as a receivable from the grant provider. An undisputable entitlement to a grant only arises upon utilising the funds granted and billing them to the provider. Until utilised and billed, the funds belong to the provider.

Non-investment grants primarily comprise grants from SFDI and from the state budget of the Czech Republic. These grants are intended to cover expenses related to ensuring the operability of the railway infrastructure, including repairs and maintenance of passenger railway stations, and operating the railway infrastructure. Non-investment grants are credited to other operating revenues, observing the matching and accrual principle of expenses, for the payment of which they have been provided.

Investment grants comprise grants intended to cover expenditure related to restoring and modernising the railway infrastructure and train stations. These grants include funds relating to individual infrastructure modernisation projects approved

by the Government, as well as funds relating to the development phase of specific projects. These funds are provided by SFDI and the EU. Investment grants are accounted for as a reduction in the cost of the respective fixed assets. Správa železnic records assets under construction until the moment the investment grant is received. After the grant has been received and payments to suppliers made, the cost of the fixed asset under construction is reduced by the grant and the asset is further recorded on off-balance sheet (sub-ledger) accounts.

3.11 Revenues

Revenues are recognised on an accrual basis, i.e. in the period to which they relate in terms of substance and timing.

In addition to non-investment grants, the bulk of Správa železnic's revenues is composed of proceeds arising from the use of the railway infrastructure. Other significant revenue items relate to electricity distribution and trading activities, in which Správa železnic has been engaged since 1 January 2008, based on a licence granted to Správa železnic by the Energetický regulační úřad (Energy Regulatory Office) and to rental from leased non-residential premises in railway stations.

3.12 Use of estimates

The presentation of Financial Statements requires the 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 revenue and expenses during the reporting period. The management of Správa železnic believes that the estimates (concerning, for example, the amounts of provisions, adjustments, contingencies and estimates of assets and liabilities) and assumptions used represent the best possible estimates relating to the events which are to occur in future accounting periods that management has made on the basis of information known at the date of the Financial Statements.

The estimates used which are carried forward are reviewed and updated for the purpose of the Financial Statements.

3.13 Change in accounting policies

No changes were made to accounting policies in 2022.

3.14 Privatisation

In accordance with the Transformation Act, as at 1 July 2004, Správa železnic took over from the MoT assets intended for the settlement of liabilities assumed from ČD, s.o.

The assets that are the subject of privatisation projects are carried at historical cost net of accumulated depreciation ("net book value"). Following the approval of the privatisation projects, the assets are transferred to the MoF at the net book value prevailing at the disposal date. In accordance with Czech Accounting Standard No. 22, the disposal of assets is recognised as a reduction in fixed assets with a charge against Správa železnic's equity.

In 2022, the MoF privatised Správa železnic's assets by selling them to third parties. Based on the respective contracts, proceeds from the privatisation are subsequently transferred from the MoF to Správa železnic. When received, they are recognised as other operating revenues (refer to note 7.4).

3.15 Sale of assets

In accordance with Section 20 (4) of the Transformation Act, deposition of assets constituting the railway infrastructure and deposition of assets listed in the Appendix to the Transformation Act are subject to approval by the Czech Government, with the exception of transfer for consideration of the right to administer state assets (i.e. not the ownership rights), for which the approval of the Supervisory Board of Správa železnic is sufficient.

3.16 Leased assets

Správa železnic leases assets constituting the railway infrastructure, assets intended for the settlement of liabilities assumed from ČD, s.o., as well as commercial and residential premises in the railway stations.

4. ADDITIONAL INFORMATION
ON THE BALANCE SHEET
AND INCOME STATEMENT

4.1 Intangible fixed assets

	Other intangible fixed asset	Intangible fixed assets under construction	Advances paid	Software	Intellectual property rights	Total
Acquisition cost						
Balance at 1 January 2022	4,686	68,997	130	1,321,307	1,890	1,397,010
Additions	0	35,833	(5)	111,851	0	147,679
Disposals	0	0	0	(15,997)	0	(15,997)
Transfers to off-balance sheet	0	(6,591)	0	0	0	(6,591)
Transfers	0	(16,256)	0	16,256	0	0
Balance at 31 December 2022	4,686	81,983	125	1,433,417	1,890	1,522,101
Accumulated amortisation						
Balance at 1 January 2022	(4,686)	0	0	(1,165,997)	(761)	(1,171,444)
Adjustments to additions	0	0	0	(132,094)	(315)	(132,409)
Adjustments to disposals	0	0	0	15,997	0	15,997
Transfers	0	0	0	0	0	0
Balance at 31 December 2022	(4,686)	0	0	(1,282,094)	(1,076)	(1,287,856)
Net book value at 1 January 2022	0	68,997	130	155,310	1,129	225,566
Net book value at 31 December 2022 (balance sheet, line B.I.)	0	81,983	125	151,323	814	234,245

Additions to software primarily include the acquisition of licenses, improvement to SAP system, and technological development of software applications.

4.2 Tangible fixed assets

4.2.1 CONTINUITY SCHEDULE IN TANGIBLE
FIXED ASSETS

	Land	Buildings	Machinery and equipment*)	Motor vehicles	Adjustments to acquired fixed assets	Tangible fixed assets under construction	Other tangible fixed asset	Advances paid	Total
Acquisition cost									
Balance at 1 January 2022	6,776,137	134,712,078	18,242,752	1,741,730	8,443,268	4,106,863	8,080	631,979	174,662,887
Additions	90,485	29,603	31,703	171,928	0	41,333,257	1,176	0	41,658,152
Disposals	(54,213)	(985,652)	(236,442)	(34,571)	0	(91,935)	(360)	(63,527)	(1,466,700)
Transfers to off-balance sheet	0	0	0	0	0	(40,792,763)	0	0	(40,792,763)
Transfers	1	78,256	37,153	4,656	0	(120,076)	10	0	0
Balance at 31 December 2022	6,812,410	133,834,285	18,075,166	1,883,743	8,443,268	4,435,346	(8,906)	568,452	174,061,576
Accumulated amortisation									
Balance at 1 January 2022	0	(97,848,562)	(16,652,861)	(974,660)	(7,470,411)	0	(2,003)	0	(122,948,497)
Adjustments to additions	0	(2,473,262)	(378,919)	(157,790)	(562,884)	0	(484)	0	(3,573,339)
Other additions	0	(2,222)	0	0	0	0	0	0	(2,222)
Adjustments to disposals	0	879,522	234,526	28,738	0	0	10	0	1,142,796
Transfers	0	(50)	51	0	0	0	0	0	1
Balance at 31 December 2022	0	(99,444,574)	(16,797,203)	(1,103,712)	(8,033,295)	0	(2,477)	0	(125,381,261)
Adjustments									
Balance at 1 January 2022	(10,040)	(82,397)	0	0	0	(61,984)	0	0	(154,421)
Change in adjustments	11	14,562	0	0	0	61,176	0	0	75,749
Balance at 31 December 2022	(10,029)	(67,835)	0	0	0	(808)	0	0	(78,672)
Net book value at 1 January 2022	6,766,097	36,781,119	1,589,891	767,070	972,857	4,044,879	6,077	631,979	51,559,969
Net book value at 31 December 2022 (balance sheet, line B.II.)	6,802,381	34,321,876	1,277,963	780,031	409,973	4,434,538	6,429	568,452	48,601,643

*) The item "Machinery and equipment" also includes low-value assets.

One of the most significant additions to tangible fixed assets put into use in 2022 includes the renewal of the car fleet amounting to TCZK 171,927.

Major disposals of tangible fixed assets in 2022 include the liquidation of assets as a result of new constructions with an acquisition cost of TCZK 1,149,657, and net book value of TCZK 101,549.

As at 31 December 2022, the organisation registers tangible fixed assets under construction with acquisition cost of TCZK 4,435,346. The balance of tangible assets under construction mainly represents the construction of railway corridors (refer to note 6.4), and the construction works to modernise and renovate the railway infrastructure incomplete as at 31 December 2022. The largest items are e.g. Modernisation of the Veselí nad Lužnicí – Tábor railway line, Part II, Veselí nad Lužnicí – Doubí u Tábora section, 2nd stage of the Soběslav – Doubí section, Optimisation of the Praha-Smíchov (exclusive) – Černošice (exclusive) railway line, Optimisation of the Praha-Hostivař – Praha hl. n. line section, Part II, i.e. Praha-Hostivař – Praha hl. n., Optimisation of the Mstětice (exclusive) – Praha-Vysočany (inclusive) railway line section. Additions to tangible assets under construction predominantly include

the acquisition cost of railway corridors and construction works to modernise and renovate the railway infrastructure in 2022, where the grant used to finance the constructions has not been accounted for before 31 December 2022. Transfers to off-balance sheet are made once the investment grant that decreases the asset's acquisition cost is recorded. In 2022, subsidised tangible and intangible assets totalling TCZK 40,799,354 (as at 31 December 2021 totalling TCZK 32,923,695) were transferred to the off-balance sheet accounts.

According to the Rules for funding from the SFDI, Správa železnic as the recipient of subsidies, was allowed to use invoices for advance payment, the amount of which corresponds with the estimated invoicing for the payment of expenses which are to arise at the beginning of 2023. Advances created this way which were utilised in 2022 for the acquisition of investments connected primarily with construction parts related to the modernisation and reconstruction of railway infrastructure are reported in advances for the acquisition of tangible fixed assets and as at 31 December 2022 totalled TCZK 568,452 (as at 31 December 2021 it was TCZK 631,979). The advances will be accounted for in 2023.

4.2.2 INVESTMENT GRANTS

	2022	2021
SFDI for construction and modernisation, state share, OPT, CEF, EIB, RRF	42,548,402	37,107,884
Total investment grants from SFDI	42,548,402	37,107,884
EU funds	0	2,717
Contributions from cities, municipalities, regions and other entities	35,742	32,128
Total	42,584,144	37,142,729

Investment grants for construction and modernisation primarily include state funds from the SFDI and funds from the Recovery and Resilience Facility (RRF), as well as subsequent funds from the Operational Programme Transport (OPT2), the CEF infrastructure fund, funds from the European Investment Bank (EIB), provided through the MoF. SFDI ensures the payment of European subsidies and at the same time, it partly participates in co-financing. In 2022, funds of TCZK 16,795,358 were drawn from SFDI from national sources, including sources to cover national shares of European investment projects; funding from RRF totalled TCZK 9,871,923. Besides, in 2022, funds totalling TCZK 5,726,274 were provided from OPT2, TCZK 7,314,342 from CEF, and a loan of TCZK 2,840,506 was provided by the EIB.

4.2.3 ASSETS NOT PROVIDED FOR IN THE BALANCE SHEET

The value of fixed assets financed from grants and other sources booked in off-balance sheet accounts at acquisition cost without taking into account depreciation as at 31 December 2022 amounts to TCZK 363,286,084. As at 31 December 2021, the cost price was TCZK 322,711,096. The above-mentioned fixed assets represent the core volume of fixed assets which Správa železnic manages and uses for its core business activities.

The aggregate amount of low-value tangible assets not reported in the balance sheet was TCZK 1,226,002 as at 31 December 2022 (as at 31 December 2021 it was TCZK 1,182,069). These are items worth up to TCZK 40, which are recorded in the operational records. In accordance with the legislation in force, these items are expensed at the time when they are sent for consumption.

**4.2.4 CONTINUITY SCHEDULE IN TANGIBLE
FIXED ASSETS FINANCED FROM GRANTS
AND REPORTED IN THE SUB-LEDGER
ACCOUNTS**

	Software	Other intangible assets	Intangible fixed assets under construction	Land	Buildings	Machinery, equipment and other tangible assets	Motor vehicles	Tangible assets under construction	Total
Acquisition costs									
Balance at 1 January 2022	114,355	2,641	2,124	1,199,368	174,445,008	58,300,933	1,644,959	87,001,708	322,711,096
Additions (Transfers from the balance sheet)	4,616	0	1,975	34,952	74,537	65,221	42,335	40,575,718	40,799,354
Other additions	0	0	0	58	0	0	0	0	58
Disposals	0	0	0	(1,242)	(110,042)	(91,620)	0	(21,520)	(224,424)
Transfers (including assets put into use)	1	0	514	205,877	6,914,218	2,268,213	693,454	(10,082,277)	0
Balance at 31 December 2022	118,972	2,641	4,613	1,439,013	181,323,721	60,542,747	2,380,748	117,473,629	363,286,084

Tangible assets under construction primarily include constructions related to the modernisation and renovation of the railway infrastructure for which occupancy permits have not been issued as at the reporting date and therefore were not put into use for the accounting purposes.

In 2022, major additions to tangible assets under construction comprised the following projects in 2022: Modernisation of the Sudoměřice – Votice railway line, Modernisation of the Veselí nad Lužnicí – Tábor railway line – Part II, Veselí nad Lužnicí – Doubí u Tábora section, Soběslav – Doubí 2nd stage, Optimisation of the Praha-Smíchov (exclusive) – Černošice (exclusive) railway line, Electrification and capacity increase of the Šumperk – Libina (exclusive) railway line, Libina – Uničov, Velim – Poříčany, Dětmárovice – Petrovice u Karviné – state border, Modernisation of the Hradec Králové – Pardubice – Chrudim railway line, 3rd construction project, Double-tracking of the Pardubice – Rosice nad Labem – Stéblová railway line, Change of the traction system to AC 25kV, 50Hz in the Nedakonice – Říkovice section and Optimisation of the Brno-Maloměřice St.6 – Adamov railway line and Ústí nad Orlicí – Brandýs nad Orlicí – original track.

In 2022, the major disposal of tangible assets under construction in the off-balance sheet represents the liquidation of constructions due to new construction works.

4.2.5 PLEDGED ASSETS

Správa železnic held no pledged assets as at 31 December 2022 and 31 December 2021.

**4.2.6 ASSETS HELD UNDER FINANCE AND
OPERATING LEASES**

As at 31 December 2022, Správa železnic reported fixed assets acquired on a leaseback basis in the aggregate acquisition cost of TCZK 290,187 (as at 31 December 2021 the cost price amounted to TCZK 376,530). The decrease in the value of assets acquired under leaseback in 2022 was caused by the termination of 11 lease agreements concluded with ING Lease, s.r.o., and Financial Found a.s. in the total amount of TCZK 86,343. Leaseback arrangements are used for leasing low-value rolling stock (a multi-purpose motor trolley, a vehicle for overhead line work) used to repair and maintain the railway infrastructure.

4.2.7 ASSETS ACQUIRED FREE OF CHARGE

In 2022, Správa železnic acquired free of charge tangible fixed assets at the replacement cost of TCZK 5,410 (in 2021 it was TCZK 13,517), in the form of delimitations amounting to TCZK 3,708 (in 2021 it was TCZK 5,230). In total, in 2022, Správa železnic acquired free of charge assets of TCZK 9,118 (in 2021 it was TCZK 18,747). Assets acquired free of charge and by donation include assets recorded within tangible fixed assets and low-value tangible assets based on a contract, usually a contract on free-of-charge transfer or a contract to make a donation. This concerns assets transferred to Správa železnic related to induced investments of entities such as towns and municipalities where the assets are part of the railway infrastructure and are managed – pursuant to the law – by Správa železnic.

4.3 Inventories

	Balance at 31 December 2022	Balance at 31 December 2021
Material in stock	826,520	763,238
Material in transit	84	13
Work in progress	0	0
Goods in stock	1	1
Advances paid for inventory	201	4,107
Adjustment to inventories	(10,834)	(11,188)
Total (balance sheet, line C.I.)	815,972	756,171

The overall inventory level was affected by the continuous increase in material prices, the obligation to maintain the established standby inventories of spare parts for switches for TEN-T railway lines and other railway superstructure material and insurance inventories of other types of switches to ensure the smooth operability of the railway infrastructure and the elimination of speed restrictions, the replenishment of inventories of material with long delivery dates to ensure seamless supply of personal protective equipment and uniforms for employees of Správa železnic in the first quarter of 2023. Adjustments in a total amount of TCZK 10,834 primarily relate to non-moving inventories at the organisational units of Regional Directorate Ostrava, Regional Directorate Hradec Králové and in Superstructure Material Centres in Hranice na Moravě and Hradec Králové. Other regional directorates established adjustments for superstructure components and also for selected types of personal protective equipment to be used at work.

4.4 Short-term receivables

The total amount of short-term receivables as at 31 December 2022 amounts in gross value to TCZK 3,161,043 (TCZK 2,263,296 as at 31 December 2021). Adjustments for short-term receivables were made in the total amount of TCZK 328,868 (in 2021 they amounted to TCZK 339,835 in total).

4.4.1 TRADE RECEIVABLES

Significant amounts of receivables before and past their due dates includes, similarly to previous years, receivables owed by such companies as ČD, RegioJet, a.s., and ČD Cargo, a.s.

Total receivables more than five years overdue as at the balance sheet date amounted, as at 31 December 2022, to TCZK 314,387 (as at 31 December 2021 it was TCZK 297,767), adjustments at a level of 100% have been made for these receivables. These

	Balance at 31 December 2022	Balance at 31 December 2021
Short-term receivables before due date	1,269,177	865,535
Short-term receivables past due date	503,740	428,376
Total (balance sheet, line C.II.2.1.)	1,772,917	1,293,911
Adjustment to receivables	(314,104)	(325,193)
Total (balance sheet, line C.II.2.1.)	1,458,813	968,718

are receivables after the commencement of legal proceedings or receivables in bankruptcy or insolvency proceedings.

4.4.2 SHORT-TERM ADVANCES PAID

Short-term advances paid as at 31 December 2022 amounted to TCZK 105,442 (as at 31 December 2021 they amounted to TCZK 90,077). The year-on-year increase relates mainly to the short-term advances paid for the purchase of traction energy Správa železnic has been providing to all carriers using the dependent electric traction since 1 January 2019. The balance was further influenced by advances paid to contractors for activities connected with repairs and maintenance of railway infrastructure and advances paid for energy and services related to premises used by Správa železnic and leased premises.

4.4.3 ESTIMATED RECEIVABLES

Estimated receivables as at 31 December 2022 amounted to TCZK 961,588 (as at 31 December 2021 they amounted to TCZK 385,322).

The balance of estimated receivables was mainly influenced by recording the estimate of ancillary services in the form of traction electricity supplied to carriers of TCZK 406,400 (in 2021 it was TCZK 262,334), which Správa železnic has been providing to all carriers using the dependent electric traction since 1 January 2019, as well as an estimate for credit notes according to the repayment of aid under the Supported Energy Resources Act from upstream suppliers in the amount of TCZK 385,931.

Another portion relates to legal claims for expected insurance settlements from insurance companies of TCZK 6,459 (in 2021 it was TCZK 13,816) and damages claimed from the guilty persons of TCZK 75,853 (in 2021 it was TCZK 29,875). In addition, asset estimates are recorded for the estimated consumption of self-generated thermal energy, which is to be billed to tenants when actual 2022 consumption is determined.

4.5 Cash

Total cash as at 31 December 2022 amounted to TCZK 4,749,245 (as at 31 December 2021 it was TCZK 6,383,011). The most significant item in this regard is the balance of bank accounts amounting to TCZK 4,746,518 (as at 31 December 2021 it was TCZK 6,380,537).

4.6 Prepaid expenses

Prepaid expenses largely include deferred operating expenses of Správa železnic related to the principal business activities of the following year (licences, lease payments, insurance, prepayments, motorway stamps, etc.).

4.7 Equity

In accordance with the Czech Accounting Standard no. 22, the amount of registered capital was increased by TCZK 286 with regard to the corrections of the Land Registry entries for the divided land transferred from the ČD according to the Transformation Act (reduction in 2021 due to privatisation TCZK 92).

In 2022, the registered capital was influenced by delimitation of assets where the net book value of assets taken over free-of-charge totalled TCZK 1,718 (in 2021 it was TCZK 3,930 in total).

In 2022, based on the physical inventory counts carried out, assets at the replacement cost of TCZK 108 was included in other capital funds (in 2021 it was not included).

Other retained earnings from previous years were unchanged in the current reporting period, as in the previous year.

The organisation plans to transfer the loss incurred in the current period of 2022 to Accumulated loss, brought forward.

4.8 Provisions

	Balance at 31 December 2021	Additions	Utilisation / Release	Balance at 31 December 2022
Provisions for litigations with ČEZ	1,619,456	3,209,245	1,619,456	3,209,245
Provisions for other litigations	32,017	0	12,729	19,288
Provision for compensation for job-related accidents and occupational diseases	15,271	14,751	15,271	14,751
Provision for extra pension payments	4,747	3,184	4,747	3,184
Provision for unpaid payroll and other expenses	80,500	89,000	80,500	89,000
Provision for invoices issued by ČD for offsetting the use of land	771,411	0	771,411	0
Total (balance sheet, line B.)	2,523,402	3,316,180	2,504,114	3,335,468

Information about the substance of individual provisions is presented in note 3.5.

The creation of provisions for litigation results from the status of Správa železnic's incurred and pending passive litigation (litigation in which the organisation acts as a defendant) and the assessed risks of future payments by Správa železnic to third parties who have made relevant claims. The risks of such payments are assessed on the basis of the procedural status of the relevant legal proceedings, previous decisions in the case and, where appropriate, out-of-court negotiations.

The key item in the provision for litigation is the provision for damages claimed by ČEZ for failure to take the contracted amount of electricity in 2010 and 2011.

In view of the new first-instance decisions issued in 2022, the provision for these two lawsuits was increased as at 31 December 2022 based on expert legal assessment of the potential risk and recommendations from internal departments (see note 6.2.1).

On the basis of a professional legal assessment of the risk from possible future developments of the "Adjustment of property relations in railway stations" project, Správa železnic has dissolved the previously established provision for invoices issued by ČD for land use compensation for the years 2019–2021 (see note 7.8).

4.9 Long-term liabilities

4.9.1 TRADE LIABILITIES

	Balance at 31 December 2022	Balance at 31 December 2021
Retention	7,579	9,849
Bid-bonds, security deposits, sureties	2,985	2,990
Cash deposits received from customers	62,595	55,057
Total (balance sheet, line C.I.4.)	73,159	67,896

Long-term trade payables primarily include cash deposits and sureties received from customers. Other significant items are retention payments, bid-bonds, security deposits and sureties associated with construction works.

4.9.2 DEFERRED TAX

Správa železnic has determined deferred tax as follows:

	Balance at 31 December 2022	Balance at 31 December 2021
Tangible and intangible fixed assets	(3,892,404)	(4,018,023)
Adjustments to fixed assets	13,042	27,432
Adjustments to inventories	2,058	2,126
Trade receivables	27,244	19,756
Provisions	633,739	479,446
Tax losses	1,595,413	877,932
Unaccounted for deferred tax asset	(990,423)	0
Total assets +, liability – (balance sheet, line C.I.8.)	(2,611,331)	(2,611,331)

Správa železnic records tax losses amounting to TCZK 8,396,912 for 2019–2022 (the data for 2022 is based on a preliminary income tax calculation). In accordance with the accounting procedures described in note 3.9, a tax rate of 19% (19% in 2021) was used to calculate the deferred tax.

The key item which gives rise to a deferred tax liability in the case of Správa železnic is the temporary differences between the book and tax amortised cost of depreciable fixed assets recognised in the organisation's balance sheet. Deferred tax receivables give rise to accumulated tax losses which are potentially recoverable in future tax periods as deductible items.

In view of the expected development of the tax base in the foreseeable future, Správa železnic does not consider the realisation of tax-deductible items to be probable and for this reason does not offset the deferred tax liability recognised as at 31 December 2022 by new tax receivables and keeps it at the level corresponding to the position as at 31 December 2021 (see note 3.9).

4.10 Short-term liabilities

4.10.1 SHORT-TERM ADVANCES RECEIVED

Short-term advances received as at 31 December 2022 amounted to TCZK 427,808 (as at 31 December 2021 they amounted to TCZK 230,660). Short-term advances received were influenced principally by prepayments for services related to lease, and for the purchase of electricity, which Správa železnic has been providing to all carriers that use the dependent electric traction since 1 January 2019. The advances received further include advances for ancillary services relating to the lease of residential and non-residential premises, the provision of easements, where Správa železnic is the obligated party.

4.10.2 TRADE PAYABLES

	Balance at 31 December 2022	Balance at 31 December 2021
Payables before due date	3,728,478	3,227,740
Payables past due date	360,136	33,939
Total (balance sheet, line C.II.4.)	4,088,614	3,261,679

An essential part of payables before their due dates predominantly relate to investment construction works carried out by such contractors as Subterra a.s., EUROVIA CS, a.s., STRABAG Rail, a.s. and OHLA ŽS, a.s. Payables past their due date represent mainly invoices for investment construction received before the end of 2022, for which resources from the SFDI were pending and were reimbursed at the beginning of 2023.

Payables that are more than five years overdue as at the balance sheet date do not exist.

4.10.3 OTHER PAYABLES

	Balance at 31 December 2022	Balance at 31 December 2021
MoF – payment under the state guarantee for loan interest, after the remission	0	49,610
Other	1,959	399
Total (balance sheet, line C.II.8.7.)	1,959	50,009

As at 31 December 2022, other payables represent only other short-term debts accounted for in account 379. According to the Czech Republic Government Resolution no. 934 of 9 November 2022, the process of debt restructuring of Správa železnic in relation to the state budget has been completed.

In previous accounting periods, other payables consisted of the remaining part of the payable to the State, i.e. the MoF, arising from the repayment of loan principal and interest balances which the state has made on behalf of Správa železnic under

the state guarantee (according to individual contracts and/or the Transformation Act). The balances of these payables do not accrue any interest. In 2022, the remaining part of the payable was completely waived by the settlement with the MoF in the form of transfer of the purchase price for the sale of the building of the Polyclinic in Brno-Štýřice and the adjacent land to the Statutory City of Brno. In accordance with the Czech Republic Government Resolution no. 1553 on the method of remission of these payables, payables in the amount of TCZK 49,610 were thus waived in 2022 (TCZK 1,262,168 in 2021).

4.10.4 STATE – TAX LIABILITIES AND GRANTS

	Balance at 31 December 2022	Balance at 31 December 2021
Undrawn investment subsidies from SFDI	708,086	874,360
Investment contributions of cities, municipalities, regions and other entities	31,731	32,128
Undrawn non-investment subsidies from CEF	8,432	1,488
Income tax withheld on behalf of employees	84,573	94,404
Other taxes	279	306
Total (balance sheet, line C.II.8.5.)	833,101	1,002,686

The balance of unrecognised non-investment subsidies as at 31 December 2022 represents a liability from drawn subsidies from SFDI of TCZK 708,086 (of which TCZK 118,450 relates to undrawn investment subsidy from RRF). The main reasons for not recognising investment subsidies to the full limit amount for 2022 are primarily ex-ante advance payments which are to be paid and accounted for only in 2023.

Správa železnic maintains no tax arrears with respect to the relevant tax authorities.

4.10.5 ESTIMATED PAYABLES

As at 31 December 2022, estimated payables amounted to TCZK 780,508 (as at 31 December 2021 it was TCZK 369,466) and represent mainly an estimate for credit notes due to retroactive payment of aid under the Act on Supported Energy Resources to carriers in the amount of TCZK 458,122. A significant part of the estimate passive items is the refund of railway track usage fees in the amount of TCZK 116,000 (in 2021 it was TCZK 116,000), unbilled supplies electricity, heat, water and gas supplies in the amount of TCZK 44,139 (in 2021 it was TCZK 117,132) and contingency of TCZK 43,500 for the reimbursement of the costs of replacement bus services to carriers under the Network Statement (in 2021 it was TCZK 50,000).

4.11 Accrued expenses

As at 31 December 2022, accrued expenses amounted in total to TCZK 174,444 (as at 31 December 2021 they amounted to TCZK 276,897), of which the largest item is the cost of replacement bus service from ČD in the amount of TCZK 74,104 (in 2021 it was TCZK 51,868).

4.12 Revenues from the sale of the organisation's own products and services

	2022	2021
Revenue from use of the railway infrastructure by ČD group – freight transport	835,269	773,800
Revenue from use of the railway infrastructure by ČD group – passenger transport*)	1,740,067	1,774,949
Revenue from use of the railway infrastructure outside ČD group – freight transport	670,202	707,360
Revenue from use of the railway infrastructure outside the ČD group – passenger transport*)	313,371	313,855
Revenues from allocated capacity	137,413	134,000
Rental income	575,073	556,275
Revenues from distribution and sale of electricity**)	5,193,797	3,203,226
Income from third-party carriers for provided services (special loads, etc.)	3,610	3,744
Income from other external services	587,531	475,065
Total (income statement, line I.)	10,056,333	7,942,274

*) This also includes revenues from the use of approach routes

All revenues were generated in the Czech Republic.

Revenues from the use of railway infrastructure for passengers and freight transport have slightly increased on a year-on-year basis for both freight and passenger transport.

"") Revenues from distribution and sale of electricity	Measurement unit	2022	2021
Traction electricity	TCZK	4,718,697	2,828,548
	MWh	1,287,295	1,243,042
Non-traction electricity	TCZK	475,100	374,678
	MWh	88,567	99,941
Total revenues from distribution and sale of electricity (Table 4.12)	TCZK	5,193,797	3,203,226

Revenues from the distribution and sale of electricity increased significantly due to the rise in power component prices on the market. Správa železnic has been acting, since 1 January 2019 and pursu-

ant to the Act on Rail Systems, as the provider of ancillary services in the form of supplies of traction power electricity for the needs of all carriers using the dependent electric traction.

4.13 Consumption of materials and energies

	2022	2021
Costs of material consumption	1,713,994	2,009,798
of which repair and maintenance activities	613,763	745,510
Costs of energy consumption	824,315	535,333
Costs of water consumption	15,149	13,883
Costs of heat consumption	71,607	59,194
Costs of gas consumption	129,970	55,819
Costs of electricity purchase	5,034,112	2,964,608
Costs of fuel consumption	147,180	109,218
Other	17,256	16,486
Total (income statement, line A.2.)	7,953,583	5,764,339

As a result of the energy crisis, virtually all types of costs have increased in 2022, especially in relation to the provision of traction power for carriers. An exception is the decrease in material consumption costs, which was due to a decrease in material for repair and maintenance activities.

4.14 Purchase of services

	2022	2021
Costs of construction-related repairs and maintenance excluding repair and maintenance activities	125,374	120,590
Costs of repair of apartments excluding repair and maintenance activities	78,862	69,130
Costs of services provided by the statutory auditor	1,138	1,965
of which: statutory audit of the annual financial statements	1,138	1,125
other non-audit services	0	840
Repair and maintenance activities	6,033,431	8,914,285
of which: repair and construction maintenance	4,863,048	7,287,808
other services	1,170,383	1,626,477
Other	2,539,321	2,461,709
of which: repair and maintenance	897,571	881,700
services (rent, SW operation, servicing and maintenance, platform cleaning, security services, environmental services, etc.)	1,641,750	1,580,009
Total (income statement, line A.3.)	8,778,126	11,567,679

The major portion in the cost of services are the regular costs of repairs and maintenance activities reflecting the intensity of repairs and maintenance while ensuring the operability of nationwide and regional railways. Repair and maintenance activities represent projects that are contracted based on tender laws and form part of Správa železnic's Comprehensive Plan for Repairs and Maintenance. These services are recorded separately to enhance the transparency of the organisation's records.

4.15 Other operating revenues

	2022	2021
Subsidies from SFDI for repairs and maintenance of nationwide and regional railways	15,251,060	18,509,103
Non-investment subsidies from SFDI – operating purpose	32,411	34,897
Non-investment subsidies from the state budget	335	0
Subsidies from SFTDI for operating the railway infrastructure	3,100,000	4,300,000
Other subsidies	20,316	9,782
Proceeds from recovered material	364,983	360,884
Received contractual penalties and default interest	51,165	31,826
Claims for compensation from insurance companies and for shortages and damage	100,075	120,600
Revenues relating to remission of debt of Správa železnic	0	1,262,168
Other	45,396	77,461
Total (income statement, line III.3.)	18,965,741	24,706,721

The decrease in revenues is mainly due to a decrease in the volume of subsidies and grants received from the SFDI for the repair and maintenance of national and regional railways and for operating the railway infrastructure. A further decrease in other operating revenues was due to the absence of revenues resulting from the waiver of liabilities.

4.16 Other operating expenses

	2022	2021
Fines and penalties, default interest	188,533	743
Write-off of receivables	4,579	9,476
Write-off of failed investments	3,462	497
Retirement pension	3,233	4,043
Costs arising from the failure to employ the disabled	39,000	39,490
Insurance of assets and liability insurance	112,218	108,980
Membership contributions	20,710	9,226
Shortages and damages	3,509	906
Liability for damages to third party assets	26,022	23,387
Costs arising from replacement bus services for interrupted passenger services and compensation for passengers	290,802	202,895
Other	47,763	46,531
Total (income statement, line F.5.)	739,831	446,174

2022, the total other operating expenses were principally affected by expenses related to the Network Statement. In accordance with the Act on Rail Systems, as amended, a carrier can claim the expenses incurred in connection with ensuring replacement bus services for interrupted passenger services from Správa železnic, as well as the expenses associated with compensation for passengers. The increase in costs was also affected by the reimbursement of interest on late payments and legal costs received in connection with the ČEZ Prodej, s.r.o., case (see note 6.2.1) relating to the Dispute on the release of unjustified enrichment.

4.17 Other financial revenues

Financial revenues principally include foreign exchange gains arising from foreign currency conversion.

4.18 Other financial expenses

Financial expenses predominantly include foreign exchange losses from the conversion of foreign currency transactions and bank charges.

5. EMPLOYEES, EXECUTIVES AND STATUTORY BODIES

5.1 Personnel expenses and number of employees

The average recalculated number of Správa železnic’s employees and executives and the related current personnel expenses for 2021 and 2022:

2021	Average headcount	Wages and salaries	Social security and health insurance	Other expenses	Total personnel expenses
Employees	17,210	9,255,149	3,108,314	552,452	12,915,915
Executives *)	5	30,280	4,849	74	35,203
Supervisory Board and its committees	--	2,991	1,010	--	4,001
Total	17,215	9,288,420	3,114,173	552,526	12,955,119

*) 2021 personnel expenses (including expenses in respect of former executives) utilised in 2021 from the provision established in 2020 for personnel expenses incurred in this year totalled TCZK 11,995.

2022	Average headcount	Wages and salaries	Social security and health insurance	Other expenses	Total expenses
Employees	17,120	9,816,922	3,300,517	548,367	13,665,806
Executives *)	5	32,812	5,288	74	38,174
Supervisory Board and its committees	--	2,588	875	--	3,463
Total	17,125	9,852,322	3,306,680	548,441	13,707,443

*) 2022 personnel expenses (including expenses in respect of former executives) utilised in 2022 from the provision established in 2021 for personnel expenses incurred in this year totalled TCZK 14,628.

As at 1 January 2022, Správa železnic employed 17,246 employees working in a total of 15 business units – in 14 organisational units according to the scope of their activities and regions, as well as in the Directorate General based in Prague, which ensures the strategic and organisational roles in the organisation.

During 2022, the process of changing the organisational structure of Správa železnic, approved by the Supervisory Board, continued with the aim of optimising and efficiently setting up individual processes in the organisation, both at the level of the Directorate General and other organisational units. As at 1 January 2022, the Regional Directorate Ostrava and the Regional Directorate Olomouc were merged into one organisational unit, the Regional Directorate Ostrava. As at 1 April 2022, the process of centralisation of ICT into the newly established organisational unit known as Railway IT Administration (SŽT) in the Director General’s Section of Správa železnic was initiated and completed on 31 December 2022. The organisational unit Telematics and Diagnostics Centre (CTD) also changed its organisational structure as at 1 April 2022; in addition to the establishment of a new Railway Telematics Section, activities in the area of mechanisation and technology, non-destructive testing of railway superstructure and metrology were centralised. As at 1 October 2022, another new organisational unit, namely High-Speed Lines Construction Management (SSVRT), was created in the Správa železnic’s Infrastructure Modernisa-

tion Section, together with the Situation Centre of Správa železnic. Activities in other selected areas were also strengthened (e.g. traffic control dispatching, fire protection at the Fire Rescue Corps, railway geodesy in connection with the creation of the Digital Technical Map of Railways). On the other hand, the number of staff of the Directorate General of Správa železnic as at 31 December 2022 was reduced by 12.8% compared to the situation as at 31 December 2021, following a task of the Supervisory Board. The Regional Directorates of Prague and Plzeň as well as those of Brno and Ostrava changed their districts during 2022.

The process of rationalisation and optimisation related to the handover of the investment structures into operation continued, resulting in a reduction of 121 (i.e. 1.6%) in the total number of traffic management staff.

During 2022, severance payments were made to 200 employees.

As at 31 December 2022, the organisation employed 17,108 employees (as at 31 December 2021, 17,282 employees were employed), which means a decrease of 174 employees compared to the situation as at 31 December 2021.

5.2 Loans, credit or other benefits provided

In 2021 and 2022, members of the Správa železnic’s management did not receive any borrowings, loans or any other bonuses in addition to their basic salaries and bonuses agreed in management contracts approved by the Supervisory Board.

In 2022, bonuses totalling TCZK 2,588 were paid to members of the Supervisory Board and members of its committees (in 2021 they amounted to TCZK 2,991).

6. CONTINGENT LIABILITIES
AND OTHER OFF-BALANCE
SHEET COMMITMENTS

6.1 Off-balance sheet
commitments

6.1.1 ENVIRONMENTAL LIABILITIES

Deliverables from the performed across-the-board environmental audit of the assets owned by the state with the right of management for Správa železnic (2008) and other available analyses indicate that the level of proven pollution is lower than originally anticipated (this also relates to the distribution of assets of ČD, s.o., in the past in compliance with the Transformation Act). As such, it will not be necessary to continue the intensive monitoring of these areas. However, this was only a partial sample of areas with potential legacy contamination. For this reason, it is not possible to calculate the total potential future liabilities arising from damage caused by prior activities (potential legacy environmental burdens including soil and water pollution, etc.).

It is impossible to determine the liabilities related to the prevention of potential future damage (predominantly due to accident leakage of harmful substances caused by incidents and accidents). With regard to the above-mentioned facts, the actually incurred costs for the prevention of environmental damage (including potential environmental damage) are recognised as operating expenses as part of ensuring of the operability of the railway infra-

structure – in case of confirming the originator of an environmental accident such costs are being re-billed.

Concurrently, within planned investment projects it will be necessary to continue with the gradual removal of the legacy noise burden in sections both within and outside the corridors.

With respect to the modernisation of the railway infrastructure, environmental protection is an integral part of the preparatory project documentation and environmental costs (e.g. the construction of noise-protection barriers or other compensatory measures) are part of the acquisition cost of a new investment construction.

In 2022, total non-capital expenditures related to the area of the environment were approx. TCZK 841,371 (in 2021 they amounted to TCZK 502,783). Capital expenditures related to the area of noise-protection systems when modernising railway lines were calculated at TCZK 71,876 (in 2021 they amounted to TCZK 222,948).

Other capital expenditures which primarily relate to the planned maintenance of buildings owned by Správa železnic, whose nature helps to protect the environment (by reducing electricity consumption, for example) were calculated at TCZK 48,931 in 2022 (in 2021 they amounted to TCZK 73,475).

6.2 Litigations

6.2.1 ČEZ PRODEJ, S.R.O.

In 2008, Správa železnic entered into a contract for the supply of traction electricity for the 2009–2011 period with ČEZ Prodej, s. r. o., based on a tender. Given the changed legislative conditions, Správa železnic discontinued supplying traction electricity to carriers on 1 January 2010 and accordingly decreased the purchase from ČEZ. Even though Správa železnic believes that it proceeded in accordance with the concluded contract, ČEZ has filed an action to seek damages from Správa železnic equalling the difference between expected and realised complementary sales in 2010 and 2011. The issue is currently being dealt with through the courts. As concerns the damages equalling the difference between expected and realised complementary sales for 2010, on 19 March 2015, the High Court in Prague satisfied the action filed by ČEZ, and Správa železnic was ordered to settle the damage claimed totalling TCZK 1,131,262. Based on an appeal filed by Správa železnic, the Supreme Court of the Czech Republic revoked the lower-instance courts' judgements and referred the case back to the Municipal Court in Prague, which dismissed ČEZ's action upon final judgement on 2 August 2018, confirmed by the decision of the High Court in Prague of 20 May 2019. In response, ČEZ filed an application for appellate review of this judgement on 27 August 2019. On 29 April 2021, the Supreme Court of the Czech Republic ruled by revoking the judgement of the Municipal Court in Prague and the judgement of the High Court in Prague and returned the matter back to the Municipal Court in Prague for further consideration. On 16 October 2019, ČEZ filed a constitutional petition with the Constitutional Court against the judgement of the High Court in Prague dated 20 May 2019. The Supreme Court subsequently found as follows: revoking the part of the contested judgement, which rules on the ineffectiveness of the withdrawal of the petition by ČEZ, and returning it to the Municipal Court in Prague. The remaining part of the constitutional petition was rejected. Based on the above finding, the Municipal Court in

Prague decided that the withdrawal of the petition was ineffective. On 8 September 2022, the Municipal Court in Prague pronounced a judgment partially upholding ČEZ's claim and ordering Správa železnic to pay the amount of TCZK 765,360 with statutory default interest from 16 August 2010 to 25 May 2015 and from 10 October 2019 until payment, and the costs of the counterparty in the amount of TCZK 20,740, since, on the basis of the instruction of the Supreme Court of the Czech Republic, it did not find that Správa železnic had fulfilled the circumstances excluding its liability. Správa železnic appealed against the judgment on 4 October 2022.

As a result of the revocation of the High Court's judgement, initially imposing on Správa železnic the obligation to pay TCZK 1,131,262, the legal title to the payment of damages by Správa železnic ceased to exist, resulting in ČEZ's unjust enrichment. ČEZ refused to return this unjust enrichment to Správa železnic, thus Správa železnic filed an action for the recovery of the unjust enrichment with the Prague 4 District Court on 17 October 2017. On 5 February 2019, the Prague 4 District Court issued a judgement fully upholding the action filed by Správa železnic, further confirmed by the Municipal Court in Prague on 18 September 2019. Based on this judgement, ČEZ paid TCZK 1,115,954 plus appurtenances totalling TCZK 191,679 to Správa železnic on 9 October 2019. In response, ČEZ filed an application for appellate review of the Municipal Court in Prague's decision with the Supreme Court of the Czech Republic on 9 December 2019. Under the appellate review, the Supreme Court by its judgement dated 31 January 2022 revoked the judgement of the Municipal Court of 18 September 2019 and referred the matter back to the Municipal Court in Prague. On the basis of the above, on 26 August 2022, the Municipal Court in Prague annulled the judgment of the District Court for Prague 4 of 5 February 2019 and referred the case back to it for further proceedings.

Concerning damage compensation equalling the difference between the contracted and realised complementary sales for 2011, the proceedings were stayed until the appellate review proceedings

concerning damages for 2010 are concluded. Správa železnic filed an application for appellate review of the decision to stay the proceeding which was upheld by the Supreme Court and the matter was returned to the Municipal Court in Prague for further proceedings. On 25 January 2022, the Municipal Court in Prague returned a judgement which upheld in full the ČEZ application and imposed on Správa železnic the obligation to pay TCZK 857,942 plus appurtenances. Správa železnic appealed against the judgment on 25 January 2022.

On 21 February 2023, the High Court in Prague reversed the judgment of the Court of First Instance and dismissed the claim in the amount of TCZK 131,084 and the relevant default interest. Správa železnic was ordered to pay ČEZ the sum of TCZK 726,857 with interest at the rate of 7.75% per annum on that sum from 1 May 2011 until payment and the costs of the proceedings, which are to be specified in a written copy of the judgment.

In view of the expert legal estimate of the potential risk from the future development of these two lawsuits of approximately TCZK 3,256,103 (principal and default interest), Správa železnic has decided to increase the provision to cover it as at 31 December 2022 (see note 4.8).

6.2.2 GRANDI STAZIONI ČESKÁ REPUBLIKA, S.R.O.

In connection with the purchase of a part of a facility, a lease contract concluded with Grandi Stazioni Česká republika, s.r.o. (GS), was transferred to Správa železnic, which concerned the lease of the station Praha hl. n. (Prague Main Station). This contract expired on 15 October 2016. Under the provisions of this contract, GS calculated the value of leasehold improvements on assets performed during the lease term in the total amount of TCZK 776,503. Subsequently, Správa železnic asked GS to support this value with relevant documents. Based on the submitted documents, Správa železnic accepted the amount of TCZK 565,684 and paid it to the Grandi Stazioni's account in 2016.

Správa železnic refused to pay the remaining amount of TCZK 210,819 and on 2 November 2016, GS filed an action with the District Court in Prague 1 for the payment of the above amount including appurtenances (contractual penalty of 0.5% per day from the outstanding amount and the statutory default interest). On 5 April 2019, the Prague 1 District Court issued a judgement dismissing GS action. Within the appellate proceedings, on 3 December 2019, the Municipal Court in Prague affirmed part of the first-instance court judgement but revoked the other part involving the principal of TCZK 176,392 and a related contractual penalty for the period after 18 January 2017, referring the matter back to the Prague 1 District Court for further consideration. GS then filed an application with the Supreme Court for appellate review of part of the Municipal Court in Prague's decision dated 3 December 2019, which upheld the first instance ruling related to the dismissal of the title to a portion of the contractual fine and part of the default interest subject to the litigation. The Czech Supreme Court decided on the application for appellate review in its ruling dated 14 December 2020 published on 23 December 2020. The ruling revoked part of the judgement of the Municipal Court in Prague affirming the dismissing judgement of the District Court of Prague 1 on the claim for the payment of the statutory default interest of 8.05% per annum from TCZK 565,684 for the period from 21 October 2016 until 25 November 2016, and the claim for the payment of contractual penalty of 0.5% per day from TCZK 742,077 for the period from 24 October 2016 until 25 November 2016, and from TCZK 176,393 for the period from 26 November 2016 until 18 January 2017, stating that with regard to the above portions of the claims, the matter is returned to the Municipal Court in Prague for further proceedings. The reason for reversing the judgement was the conclusion of the Supreme Court on partially incorrect and partially insufficient and therefore non-reviewable justification of the mentioned part of the judgement of the Municipal Court in Prague. Subsequently, the Municipal Court in Prague also revoked the dismissive judgement of

the District Court in Prague 1 and referred the matter back to the District Court for further consideration. The last hearing in the case took place on 16 March 2022. The subject of the proceedings, conducted by the District Court for Prague 1, are the principal amount of TCZK 176,393, default interest (the amount of which as at 31 December 2022 was set at TCZK 92,470 in total) and contractual penalties claimed by the claimant (the amount of which as at 31 December 2022 amounts to TCZK 2,086,578). On the basis of the conclusions of the last hearing, the court ordered, by order of 21 July 2022, the preparation of a further expert report, which has not yet been submitted to the court.

In view of the procedural state of the case and the previous decisions of the individual courts which have already considered the case and the reasons for their decisions, it is not possible at present to predict what the final decision in the case will be and when it will be reached. Nor can a relevant and substantiated estimate of any future payment by Správa železnic to GS be made in the present situation, should the organisation be unsuccessful in the litigation.

Based on the current developments in this matter, the organisation has not created a provision for this litigation, as the future cash outflow is considered not probable.

Balance at 31 December 2022	Construction work undertaken to date	The estimate of the remaining expenses	Total estimated expenses
Corridor I	40,759,568	0	40,759,568
Corridor II	39,016,291	0	39,016,291
Corridor III	54,782,122	13,198,595	67,980,717
Corridor IV	34,487,843	1,598,073	36,085,916
Total	169,045,824	14,796,668	183,842,492

6.3 Property relations

Správa železnic's records also include a number of plots of land with unclear ownership titles. These cases are reviewed on an ongoing basis as the data included in the Cadastre of Real Estate is digitalised. Adjustments, if any, are charged against equity accounts (refer to note 3.4).

6.4 Projected commitments associated with corridor construction

With a view to fully link the Czech railway infrastructure to the European infrastructure, Správa železnic is overseeing the construction of railway transit corridors. The construction of the first Railway Corridor was completed in 2004 and the construction of the second Railway Corridor was completed in 2007. Construction of the third and fourth Railway Corridor is currently in progress.

Implementation of the third Transit Railway Corridor from the state border – Mosty u Jablunkova – Dětmárovice – Přerov – Česká Třebová – Prague – Pilsen – Cheb, state border, was approved by Government Resolution No. 575 of 5 June 2002.

Implementation of the fourth Transit Railway Corridor from the state border Horní Dvořiště – České Budějovice – Prague was approved by Government Resolution No. 1317 of 10 December 2001.

In 2015, the Government approved the above total expected expenses by Government Resolution.

7. OTHER INFORMATION

7.1 Formation and incorporation of Správa železnic

On 1 March 2002, the Act on Transformation and the Act no. 77/1997 Coll., on State Enterprise, as amended (the State Enterprise Act) came into force. On the basis of this Act, ČD, s.o., discontinued its activities and operations on 31 December 2002, and SŽDC (nowadays Správa železnic) and the ČD company were formed as its legal successors effective from 1 January 2003.

Správa železnic assumed the assets comprising the railway infrastructure while ČD assumed the assets used to operate railway transportation. In addition, Správa železnic took over the majority of receivables and payables while ČD assumed only trade receivables and payables before their due dates and receivables and payables arising from employment arrangements with its employees. Both entities assumed the assets and liabilities at their book values.

The Transformation Act was amended in April 2004 under which, as at 1 July 2004, Správa železnic took over the assets of ČD, s.o., earmarked for the settlement of the payables of ČD, s.o., which had passed on to the MoT under the original wording of the Transformation Act.

While the apportionment of the assets between the successor companies was made on a best effort basis to ensure the appropriate and legally consistent apportionment of assets and liabilities, alternative interpretations of certain provisions of the Transformation Act remain. This specifically relates to tangible fixed assets and their source of funding. The Financial Statements of Správa železnic do not include any adjustments that might be necessary as a result of any such future revisions of the applied interpretations and the resulting impacts on the reported components and amounts of Správa železnic’s assets and liabilities.

7.2 Significant factors impacting Správa železnic’s activities and operations

Správa železnic was formed pursuant to, and its activities and operations are governed by, the Transformation Act, the Rail Systems Act and other general legal regulations governing the position of state organisations. The above legislation, inter alia, sets out the scope of Správa železnic’s assets or its role in operating and ensuring the operability of the railway infrastructure in the public interest.

Under the amendment to the Transformation Act, Správa železnic assumed the activities of the rail-

way infrastructure operator on 1 July 2008. For this reason, the contract between Správa železnic and ČD for the operability of the railway infrastructure was discontinued as at 30 June 2008, and the contract was replaced by individual contracts defining mutual relations between Správa železnic and ČD.

Pursuant to Resolution of the Government of the Czech Republic No. 486 of 22 June 2011, on the transfer of remaining railway operating activities (Rail Servicing) from ČD to Správa železnic and in relation to the Commercial Code, a purchase of a part of the business was realised on 1 September 2011. The subject matter of the purchase was Rail Servicing, i.e. traffic control in railway stations and on railway lines.

7.3 Transactions with major customers ČD and ČD Cargo

Significant revenues generated by Správa železnic from its relationship with ČD:

	2022	2021
Sales from use of the railway infrastructure – passenger transport ^{*)}	1,740,057	1,774,949
Sales from use of the railway infrastructure – freight transport	2,531	4,586
Revenues from allocated capacity	60,628	58,476
Revenues from distribution and sale of electricity	2,907,762	1,626,574
Fire Rescue Corps services	623	690
Telecommunication network operation services	53,010	53,327
Total	4,764,611	3,518,602

^{*)} This also includes revenues from the use of approach routes.

Based on Resolution No. 1546 of the Government of the Czech Republic dated 21 December 2015 on the purchase of a part of a facility designated as ‘Railway Stations’, the transfer from ČD to Správa železnic was carried out on 1 July 2016. The subject matter of the purchase comprised land, buildings, movable assets and other, together with sub-ledger accounts, inventories, receivables, liabilities and accruals/deferrals.

Správa železnic provides carriers with the railway infrastructure for use in the public interest for an officially determined price, which is set in compliance with Pricing Act No. 526/1990 Coll. The proceeds from payments for the use of the railway infrastructure are not sufficient to offset the costs involved in operating, maintaining and developing the railway infrastructure. As such, the financing of Správa železnic’s activities is dependent upon subsidies from the state and/or other entities.

As at 31 December 2022, Správa železnic recorded amounts due from and to ČD at the net amount resulting in a receivable of TCZK 545,478 (as at 31 December 2021 in an amount of TCZK 189,781). The amount that is reported in the balance sheet as part of trade receivables and advances paid by ČD is TCZK 604,408 (in 2021 it was TCZK 300,237). Trade payables, including received prepayments, totalled TCZK 58,930 (in 2021 it amounted to TCZK 110,456).

Significant revenues generated by Správa železnic from its relationship with ČD Cargo:

	2022	2021
Sales from use of the railway infrastructure – passenger transport	10	0
Sales from use of the railway infrastructure – freight transport	832,738	769,214
Revenues from allocated capacity	32,939	30,912
Revenues from distribution and sale of electricity	1,086,528	638,433
Fire Rescue Corps services	577	580
Telecommunication network operation services	38,373	38,703
Total	1,991,155	1,477,842

As at 31 December 2022, Správa železnic recorded amounts due from ČD Cargo at the net amount resulting in a receivable as at 31 December 2022 of TCZK 232,934 (as at 31 December 2021 it was TCZK 202,114). The amount which is reported in the balance sheet as part of trade receivables amounted, as at 31 December 2022, for ČD Cargo, to TCZK 242,175 (as at 31 December 2021 it was TCZK 209,148). Trade payables including received prepayments amounted, as at 31 December 2022, to TCZK 9,241 (as at 31 December 2021 it was TCZK 7,034).

7.4 Privatisation

Správa železnic records assets held for privatisation. These assets are separated in the accounting by an accounting circle – Assets for Remission of Debts (MOZ).

There were no projects for assets in the MOZ accounting circle in 2022 (whereas in 2021 it was TCZK 92).

As at 31 December 2022, Správa železnic recorded fixed assets intended for the settlement of payables assumed from ČD, s.o., listed in the Appendix to the Transformation Act in the net book value of TCZK 435,995 (as at 31 December 2021 it was TCZK 463,095).

7.5 Sale of fixed assets

Sale of redundant immovable assets – the Railway Infrastructure Assets circle

In 2022, revenues from the sales of immovable assets approved by the Government of the Czech Republic within the Railway Infrastructure Assets circle totalled TCZK 159,699 (in 2021 they amounted to TCZK 31,814).

Sale of redundant immovable assets – MOZ circle

In 2022, revenues from the sales of immovable assets approved by the Government of the Czech Republic within MOZ circle totalled TCZK 51,609 (no business cases were concluded in 2021).

7.6 Leased assets

Lease of assets kept within the Railway Infrastructure Assets circle

As at 31 December 2022, Správa železnic reported 2,314 contracts for the lease of apartments, and revenues from these leases totalled TCZK 88,648 (in 2021 they totalled TCZK 84,858, and 2,241 contracts for the lease of apartments were reported).

With respect to other immovable assets not included in the residential living fund, Správa železnic reported 7,261 lease contracts with total revenues, including movable assets, of TCZK 451,171 (in 2021 they totalled TCZK 438,656, and 6,900 lease contracts were reported).

Total rental revenues were TCZK 539,819, and altogether 9,575 lease contracts were registered (in 2021, they were TCZK 523,514, and altogether 9,141 lease contracts were reported).

Lease of assets kept within the MOZ circle

As at 31 December 2022, Správa železnic reported 75 contracts for the lease of apartments, and revenues from these leases totalled TCZK 2,524 (in 2021 they totalled TCZK 2,221, and 70 contracts for the lease of apartments were reported).

With respect to other immovable assets not included in the residential living fund, Správa železnic reported 128 lease contracts with total revenues of TCZK 14,033 (in 2021 they totalled TCZK 12,788, and 127 lease contracts were reported).

This means that total rental revenues were TCZK 16,557, and altogether 203 lease contracts were registered (in 2021, they were TCZK 15,009, and altogether 197 lease contracts were reported).

7.7 Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents are defined to include cash in hand, cash in transit, cash at the bank and other financial assets whose valuation can be reliably determined and that can be readily converted to cash. The balances of cash and cash equivalents as at the end of the accounting period were as follows:

	Balance at 31 December 2022	Balance at 31 December 2021
Cash in hand	2,727	2,474
Cash at the bank	4,746,518	6,380,537
Total (balance sheet, line C.IV.)	4,749,245	6,383,011

In the cash flow statement, cash flows from operating activities, investment or financial activities are reported on a gross basis.

7.8 Project implementing changes in regulation of property relations in railway stations

On 19 January 2023, Správa železnic received a tax document from ČD for the use of the ČD land in question for the period from 1 January 2022 to 31 December 2022 in the total amount of TCZK 577,157 (excluding VAT). The total amount of invoices sent for individual calendar years for the period from 1 March 2017 to 31 December 2022, together with corrective tax documents, which adjusted the due date to 31 December 2024 in view of the expected opinion of the European Commission, amounts to TCZK 2,987,237 (excluding VAT).

No Purchase Agreement or Settlement Agreement has been concluded so far in the context of the pending transaction of the 'Regulation of property relations in railway stations' project in accordance with the procedure pre-notified by the European Commission. The European Commission authorities have not yet approved a uniform 'Methodology for the valuation of immovable property' on the basis of which the subject matter of the transfer of the 'Regulation of property relations in railway stations' project transaction is valued. The MoT as the founder of Správa železnic (Section 17a of the State Enterprise Act and Section 19(6) of the Transformation Act) has not yet approved the purchase price of the subject matter of the transfer determined by an expert opinion prepared in accordance with the Methodology for the Valuation of Immovable Assets, and the terms of the transaction, including the volume of financial performance, have thus not even been approved by the competent authorities of the Czech Republic.

In the opinion of Správa železnic, the joint pre-notification proposal presupposes the conclusion of a legal relationship in the future, i.e. there is currently no obligation of Správa železnic now, albeit with an extended maturity in relation to the received corrective tax documents. This is also confirmed by the methodological opinion of the General Finance Directorate, which considers the compensation in question to be payment for the service of long-term use of land, which will make it subject to tax in the future, but also only on condition that a legal relationship is established between ČD and Správa železnic, meeting the above-mentioned presumptions.

For the reasons set out above (among others, e.g. as regards the amount), Správa železnic continues to contradict all the tax documents referred to above and refuses to provide performance in accordance therewith.

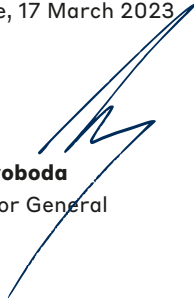
8. SUBSEQUENT EVENTS

8.1 Litigation for damages claimed by ČEZ for failure to take the contracted amount of electricity in 2011

On 21 February 2023, the High Court in Prague reversed the judgment of the Court of First Instance and dismissed the claim in the amount of TCZK 131,085 and the relevant default interest. Správa železnic was ordered to pay ČEZ the amount of TCZK 726,857, with interest at the rate of 7.75% per annum on that sum from 1 May 2011 until payment, as well as the costs of the proceedings before the Court of First Instance in the amount of TCZK 10,754 and 70% of the costs of the appeal proceedings, which will be quantified in the written judgment. The High Court set Správa železnic a deadline of six months from the date on which the judgment becomes final to pay the sums in question. The judgment will enter into force on the date of delivery of the written copy, which has not yet been done.

The costs resulting from the above-mentioned judgment will be fully covered by the provision made, which has been significantly increased in the 2022 Financial Statements (see note 4.8).

Prague, 17 March 2023


Jiří Svoboda
Director General

Persons responsible for the Annual Report

Affirmation

We hereby affirm that the information stated in the Annual Report 2022 is accurate and that no material circumstances known to us that may affect the accurate and proper assessment of Správa železnic, státní organizace, have been omitted.



Jiří Svoboda
Director General



Aleš Krejčí
Deputy Director General
for Economics

The closing date of the present Annual Report is 17 March 2023.

Annual Report on the Provision of Information

Správa železnic, státní organizace
Dlážděná 1003/7, 110 00 Praha 1

The Annual Report on the Provision of Information in compliance with Section 18 of the Act No. 106/1999 Coll., on Free Access to Information for 2022

File No. 147/2023-SŽ-GŘ-O25

Pursuant to Section 18 of Act No. 106/1999 Coll., on Free Access to Information, Správa železnic, státní organizace, releases the Annual Report on the Provision of Information for 2022.

Requests made under the above act are attended to on behalf of Správa železnic by authorised employees of the Directorate General's Legal Matters Department in cooperation with all organisational units and expert departments of Správa železnic, státní organizace, depending on the nature of the request.

a)	Number of submitted requests for information	107
	Number of issued decisions to dismiss the request	21
	Number of issued decisions to dismiss a part of the request	18
b)	Number of submitted appeals against the decisions	10
c)	Number of closed court proceedings	0
d)	Number of exclusive licences provided	0
e)	Number of complaints filed under Section 16a	5
	Number of complaints filed under Section 16a(a)	0
	Number of complaints filed under Section 16a(b)	3
	Number of complaints filed under Section 16a(c)	1
	Number of complaints filed under Section 16a(d)	1

To point c) of the Annual Report Správa železnic reports that in 2022, there was no administrative court hearing concerning actions against decisions of superior authorities of the obliged entities on appeals against their decisions to (partially) refuse a request for the provision of information.

To point c) of the Annual Report Správa železnic furthermore adds that the cost of the legal representation in court proceedings amounted to CZK 0. Other cost related to the court litigations amounted to CZK 0.

To point e) of the Annual Report Správa železnic reports that in three cases the complaint against the procedure of the obliged entity was lodged due to non-delivery of the request processing report, which was caused by technical problems of electronic communication. These complaints were dealt with directly by the obliged entity by re-delivery without any unnecessary delay. In one case, the complaint about the procedure concerned the applicant's dissatisfaction with the format of the data provided. The complaint was dealt with promptly by the obliged entity by changing the format of the data provided. The last case of a complaint about the procedure was directed against the amount of the payment requested for the provision of information. The complaint was resolved by the superior authority of the obliged entity by changing the amount of the fee.

Prague, 28 February 2023



Marcel Bařha
Director of Legal Matters Department

Requirements under Section 21 of the Accounting Act, as amended

The present Annual Report has been prepared in the context of the statutory requirements for the structure of an annual report under Section 21 of Act No. 563/1991 Coll., on Accounting, as amended.

Apart from information necessary to fulfil the purpose of an annual report, the present Annual Report contains financial and non-financial information as prescribed by law:

a) On events which occurred after the Balance Sheet date and that are material for fulfilling the purpose of the Annual Report:

The events after the Balance Sheet date are presented in the chapter entitled 'Events after the date of the Financial Statements' of the Notes to the Financial Statements.

b) On the expected development of the accounting unit's activity:

It is expected that Správa železnic will continue to carry out its activity in the present scope, in accordance with the Act No. 266/1994, the Rail Systems Act, as amended. More information is disclosed in the chapters 'Modernisation and development of railway infrastructure – Further development' and 'Financial performance – Financial outlook'.

c) On research and development activities:

Správa železnic is engaged in a number of science and development projects, mainly as an application

guarantor. More detailed information is disclosed in the chapter 'Research, development and innovation'.

d) On acquisition of own shares or interests:

Správa železnic is not a capital corporation and does not hold a share in another capital corporation.

e) On activities in the field of environmental protection and on labour (industrial) relations:

Správa železnic is environmentally responsible corporation and endeavours to minimise the impact of railways on the environment (more detailed information is disclosed in the chapter 'Corporate social responsibility – Environment'). As one of the most significant employers, Správa železnic provides its employees with a wide range of benefits, encourages their development and ensures a safe work environment. More detailed information is disclosed in the chapter 'Human resources'.

f) On whether the entity has a branch or another part of a business establishment abroad:

Správa železnic does not have a branch or another part of a business establishment abroad.

g) As required by other statutory provisions:

Pursuant to the Act No. 106/1999 Coll., on Free Access to Information, Správa železnic publishes an annual report on the provision of information. The report is contained in the chapter 'Annual Report on the Provision of Information'.

List of abbreviations

ADIF	Administrador de Infraestructuras Ferroviarias
BIM	Building Information Modelling/Management
CDP	Traffic Control Centre
CEF	Connecting Europe Facility
CEN	European Committee for Standardisation
CENELEC	European Committee for Electrotechnical Standardisation
CER	Community of European Railway and Infrastructure Companies
CNB	Czech National Bank
CNDC	Czech National Disability Council
COSMP	Czech Office for Surveying, Mapping and Cadastre
CPK	Centralny Port Komunikacyjny
CSNF	Cultural and Social Needs Fund
CTD	Telematics and Diagnostics Centre
CTU	Czech Technical University in Prague
ČD	České dráhy, a.s.
ČD Cargo	ČD Cargo, a.s.
ČD, s.o.	České dráhy, státní organizace
ČEZ	ČEZ Prodej, s.r.o.
DB	Deutsche Bahn
DTM	digital technical map
DTMR	digital technical map of railways
DZP	documentation for zoning proceedings
EC	European Commission
EIA	environmental impact assessment
EIB	European Investment Bank
ERA	European Union Agency for Railways

ERJU	Europe's Rail Joint Undertaking
ERTMS	European Rail Traffic Management System
ETC	European Transport Corridor(s)
ETCS	European Train Control System
ETSI	European Telecommunications Standards Institute
EU	European Union
EUG	ERTMS Users Group
EULYNX	consortium for interface standardisation of ETCS components
EUROLINK	harmonised timetable concept initiative
FRMCS	Future Railway Mobile Communication System
GS	Grandi Stazioni Česká republika, s.r.o.
GSM-R	Global System for Mobile Communication – Railway
gtkm	gross tonne-kilometres
HSL	high-speed line
HSR	high-speed railway
IRS	International Railway Solutions
KPI	Key Performance Indicator(s)
Lv	locomotive train
Mn	handling train
MoF	Ministry of Finance of the Czech Republic
MoT	Ministry of Transport of the Czech Republic
MOZ	accounting circle 'Assets for Remission of Debts'
MS Teams	Microsoft Teams
ÖBB	Österreichische Bundesbahnen
OHS	occupational health & safety
OP EIC	Operational Programme Enterprise and Innovation for Competitiveness
OPE	Operational Programme Environment
OPT	Operational Programme for Transport
Os	passenger train
PIM	persons with impaired mobility and orientation
PKP PLK	PKP Polskie Linie Kolejowe
Pn	continual freight train
PRIME	Platform of Rail Infrastructure Managers in Europe
R	Express passenger train
RFC	Rail Freight Corridor(s)
RISC	Railway Interoperability and Safety Committee
RNE	RailNetEurope

RRF	Recovery and Resilience Facility
RS	Fast Connections
SERAC	Single European Railway Area Committee
SFDI	Státní fond dopravní infrastruktury (State Fund for Transport Infrastructure)
Shift2Rail	initiative for focused research and innovation under the EU Horizon programme
SNCF	Société nationale des chemins de fer français
Sp	regional fast passenger train
SSVRT	High-Speed Lines Construction Management
Sv	train set
SW	software
SŽDC	Správa železniční dopravní cesty, státní organizace
SŽG	Railway Geodesy Administration
SŽT	Railway IT Administration
TCC	Traffic Control Centre
TEN-T	Trans-European Network – Transport
TSS	traction supply substation
TRAN	European Parliament's Committee on Transport and Tourism
trkm	train-kilometres
TSI	technical specifications for interoperability
TTR	TimeTable Redesign for Smart Capacity Management
UIC	International Union of Railways
UN	United Nations
UNECE	United Nations Economic Commission for Europe
ÚMVŽST	project for settlement of property relations in railway stations
VRT	vysokorychlostní trať (high-speed line)
ZDC	accounting circle 'Railway Infrastructure'



Identification and contact details

Organisation's name Established by	Správa železnic, státní organizace the Czech Republic (represented by the Ministry of Transport of the Czech Republic)
Date of incorporation Identification number	1 January 2003 70994234
Registration court Registered under	Prague Section A, File No. 48384
Registered office	Praha 1 – Nové Město, Dlážděná 1003/7, Post code 110 00
Phone E-mail	+420 800 210 021 info@spravazeleznic.cz
Website	spravazeleznic.cz

Photos	Správa železnic Čelákovice / EUROVIA CS, a.s. / photo Martin Zoubek page 1, 22–23 Praha-Smíchov – Černošice / EUROVIA CS, a.s. / photo Martin Zoubek page 25 Corridor IV / STRABAG Rail a.s. / photo Martin Zoubek page 16–17, 63, 213, 216
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