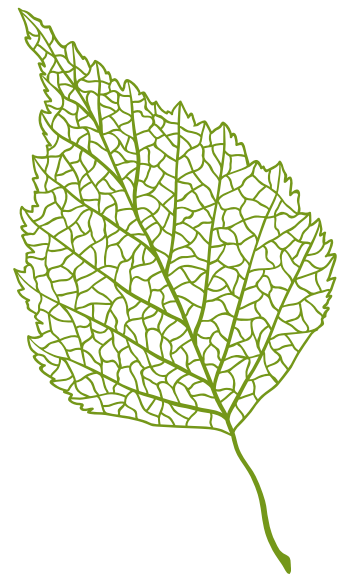


'23

ACTIVITY  
REPORT

[www.lesy.cz](http://www.lesy.cz)



# TABLE OF CONTENTS

Introductory Remarks	2
About Our Company	8
Selected Economic Indicators	11
Forest Management	12
Commercial Activity	16
Water Management	18
In the Public Interest	22
Nature and Landscape Protection	24
Capital Construction	26
Human Resources	28
Public Relations	30

# INTRODUCTORY REMARKS



**Dalibor Šafařík**  
CEO of Lesy České republiky, s. p.

## ► Introductory Remarks

Dear readers,  
In year 2023, Lesy ČR took essential steps towards its stabilization and successful future.

As the main turning point can be seen the return to the management which is no longer affected by the calamity. We managed to get it under control and I would like to thank all my colleagues for whom the previous years were in many aspects not easy. We succeeded in stabilizing the company in terms of personnel and finances, as well as in creating important reserves for cultivation and overall development. This is also illustrated by the investment into the seed plant, which is the only one in the Czech Republic that stores a large amount of seeds, and supplies it according to the current demand to the owners and managers of forests. We have restored dozens of forest roads and paths and implemented a number of water management measures to mitigate the consequences of climate changes. This is as important for the future as the successful restoration of forests with adequate game population.

Thanks to favourable weather and effective forestry measures, only 58 % of the planned volume of bark beetle infested wood felling has been completed. The ability to act upon our own capacities was clearly positive, but the cooperation with contractual partners was very good as well. We no longer register an overpopulation of the bark beetle at any forestry administrations or forests. We processed 1.6 million cubic meters of infested wood, including traps, and in 2024 we expect this volume to decrease to 1.3 million cubic meters.

With the return to normal management, the volume of processed wood also decreased to the pre-calamity level. In 2023 it was slightly below 7.8 million cubic meters. Logically, sales also went down year-on-year. The challenge was to keep the company in an overall good economic condition, which was

achieved. The economic result after taxation amounts to CZK 3, 840 million, and is incomparably better contrasted with the calamitous years, thanks to other rationalization measures.

This is also why the company could pay a total of CZK 3.5 billion to the state in 2023. We have defined the future annual amount of the contribution to the Founder's Fund in the "safe annuity" methodology designed with regard to maintaining the self-financing of Lesy ČR. The Czech Academy of Agricultural Sciences and the National Economic Council of the Government commented positively on the material. I would like to achieve even greater support across the sector.

Commercial activity saw the decline in the felling of pest-infested or wind-damaged trees, resulting in nearly 22% less wood being sold than in 2022. The volume of sales for raw wood decreased by the same percentage, which is partly related to the exceptionally fluctuating market. We traded 3.1 million cubic meters ourselves, i.e. 40 % of the total volume of wood sold. This proves the permanent and firm anchoring of our own business in the whole company's business model, as well as the fact that we have the production and handling of wood stocks in our own hands. We also continued to sell wood to regional woodworkers and started auctioning valuable assortments. It is the highest quality wood, which was previously part of complex orders as logs. Today, we carefully separate it within the trade and its monetization is thus thousands of crowns higher per cubic meter. We also continued to sell via stand-up actions, which provide opportunities for a number of companies and wood processors in the regions. We sold four percent of the total volume of wood to the public as part of self-production.

The tender of Lesy ČR connected with carrying out forestry work and the sale of wood between years 2024 and 2028 ended successfully and without complications. We concluded 59 contracts and the work started in January.

In 2023 we filled the Investment Development Fund and set up the Social Responsibility Fund, which will enable us to finance from our own resources, for example, the restoration, and establishment of new, wind-breakers and water management measures. As part of "Water Back to Woods" programme we completed 185 projects worth CZK 300 million in 2023 and after several years of preparation and cooperation with the Agency for Nature and Landscape and Ministries of Agriculture and the Environment, the largest water management project in the company's history began in Soutok in South Moravia. Thanks to the shutter diversion weir it will be possible to raise the level of the Dyje river and thus effectively irrigate the canal system of the country's most extensive flood-plain forests suffering from drought. Part of the project worth almost CZK 200 million, which is expected to be completed in 2025, also includes the overall revitalization of the original irrigation system in the flood-plain forests of South Moravia.

The challenge was to keep the company in an overall good economic condition, which was achieved.



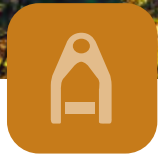
► Introductory Remarks

After the calamity, the restoration of the clearings is essential. Most of them are already forested today and others are not created, or only rarely, during standard logging. In 2023 we planted close to 69 million seedlings and restored 17,176 hectares, with 27 percent of this area being naturally planted with seeds and fruit from standing trees. As has become clear in the past, it is not worth underestimating financial reserves in forestry. That is why we have created them in sufficient quantity for the cultivation activity. However, in order for the results of forest restoration to be really obvious and for us to grow healthy and species-varied seedling stands, measures in the field of hunting were required. Based on a detailed analysis of the state of the managed forests, in 2023 we took over a quarter of the acreage of our hunting grounds under our own management with the aim of reducing the number of over-abundant game, especially ungulates. This will also reduce our costs connected with forest protection. The results are already visible.

In reforestation, the quality of seeds and fruits from which forest nurseries grow, seedlings is also important. Therefore, in 2023 we continued to modernize our Seed Unit in Týniště nad Orlicí, which is thus one of the most modern in Europe. We have completed a test laboratory for conducting quality tests of seed material. It includes, for example, a chlorophyll analyser and a laboratory X-ray. These are world-class cutting-edge facilities, thanks to which we can increase the quality of seeds and pre-sowing preparation. A mechanical beechwood dryer is also new and it will enable long-term storage of fruits.

The company is the largest employer in the domestic forestry industry. This year, a total of 3,808 employees managed 1.2 million hectares of forests and almost 39 thousand kilometres of small watercourses as well as hundreds of small reservoirs. Personally, I am very pleased that more and more colleagues are continuing their professional education and are interested in innovations

As the main turning point can be seen the return to the management which is no longer affected by the calamity. We managed to get it under control.



## Logging quantities

Thanks to favourable weather and effective forestry measures, only 58 % of the planned volume of bark beetle infested wood felling has been completed.



## Social Responsibility

We have set up the Social Responsibility Fund, which will enable us to finance for example the restoration, and establishment of new, wind-breakers and water management measures.



## Forestry Education

We offer traditional practice in forestry administrations and forests to university students as part of the "Summer Adjunct Programme".



Throughout the year, we also paid attention to environmental topics and active forest management, which combines the economic use of forests with the support of biodiversity.

► Introductory Remarks

and inspirations in our industry. We will continue to provide space and conditions for them for such activities. Many employees also educate the public in schools and different facilities for adults through forest pedagogy. The feedback is purely positive, and they deserve thanks for that.

The company supports forestry education as well. We offer traditional practice in forestry administrations and forests to university students as part of the “Summer Adjunct Programme”. In 2023 we started a professional competition for secondary forestry schools called “Řeš les” (Solve the forests). The theme of the first year was the production of timber assortments at pick-up points and verification of the personnel procedure economic efficiency. The interest was great and the contestants submitted projects that were worth an award.

We have also established and expanded cooperation with other organizations, such as the Road and Motorway Directorate, the Railway Infrastructure Company, the National Heritage Institute, the Training Forest Enterprise Masaryk forest Křtiny, the Biosphere Reserve Dolní Morava, the State Land Office, the Military Forests and Estates and Junák – Czech Scout. Our long-term partner is also the Czech Tourist Club.

For the public, as part of the “Forests for Life” programme, we annually restore rest areas, gazebos, spring wells and forest chapels for tens of millions of Czech crowns. The fact that Lesy ČR in 2023 invested a total of CZK 1.133 billion in the renewal of and repair of forest roads and paths will certainly appeal to the nation of tourists, too. I will only remind everybody, that the roads primarily serve forestry operations and this must be taken into account. This was also one of the topics discussed as the September Forest Restoration Day, which took place in eight places across the country – as traditionally the biggest forestry event of the year. 5 200 people who planted 29 thousand small trees took part



in this event. But that was far from the most important point. The participants got to know the work of foresters and others who work in the forests and take care of them. The Minister of Agriculture, Marek Výborný, personally supported us in Vráž in Central Bohemia.

In 2023, we also intensively continued the preparation of the construction of our new administrative centre in Hradec Králové, so that it would be possible to start updating the project documentation in 2024. We returned to the architects' award-winning "Forests in the forest" design, which was selected in an international competition. We will make maximum use of wood in the supporting construction and equipment of the passive administrative building, the construction of which should begin in 2026. Lesy ČR will thus be the leader in the construction of public buildings made of wood, whether they are forestry administrations or regional directorates ones, and the Hradec Králové centre will be the flagship of these buildings. I believe that we will also inspire other investors and we will be happy to provide them with the results of the fire tests as well as other outputs and findings from the construction process.

Throughout the year, we also paid attention to environmental topics and active forest management which combines the economic use of forests with the support of biodiversity. We were convinced of the advantages of this forestry approach, for example, in the Bavarian state forests. Managing and not giving up thoughtlessly the productive function of the forest, gently restoring and at the same time leaving smaller undisturbed areas, both biotope trees and decomposing wood, such an approach obviously agrees with the forest and people as well, and it appeals to us. Even according to our Bavarian colleagues, it is significantly more effective for society and they prefer it to, for example, national parks.

In conclusion, I would like to sincerely thank to all my colleagues for their responsible work as well as their approach to fulfilling the duties of proper managers and stewards in state forests. I think that in 2023 we really demonstrated that there is stability in diversity and that the forester understands his job.

Long live forests!

Dalibor Šafařík  
generální ředitel Lesů České republiky, s. p.

# ABOUT OUR COMPANY

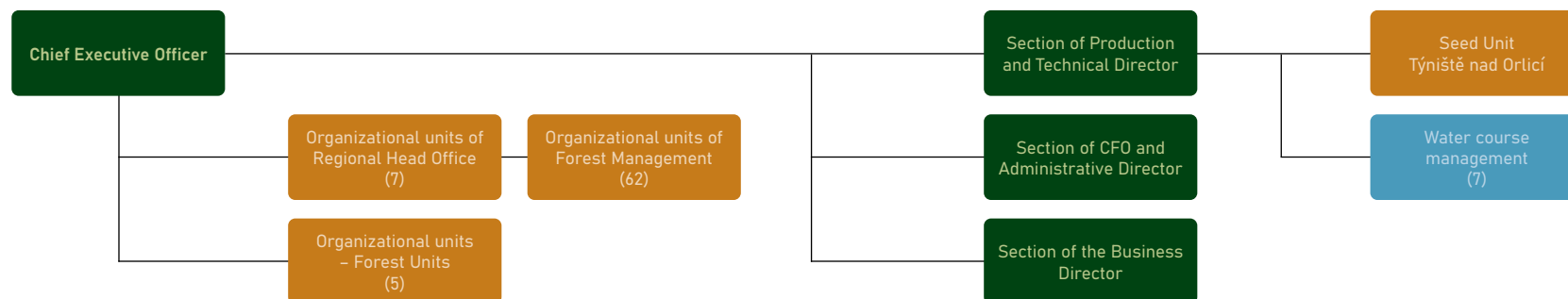
## ► About Our Company

The State Enterprise Lesy České republiky manages forest land with an area of 1,190 thousand ha and also manages over 38 thousand km of water sources and 1 000 small water reservoirs.

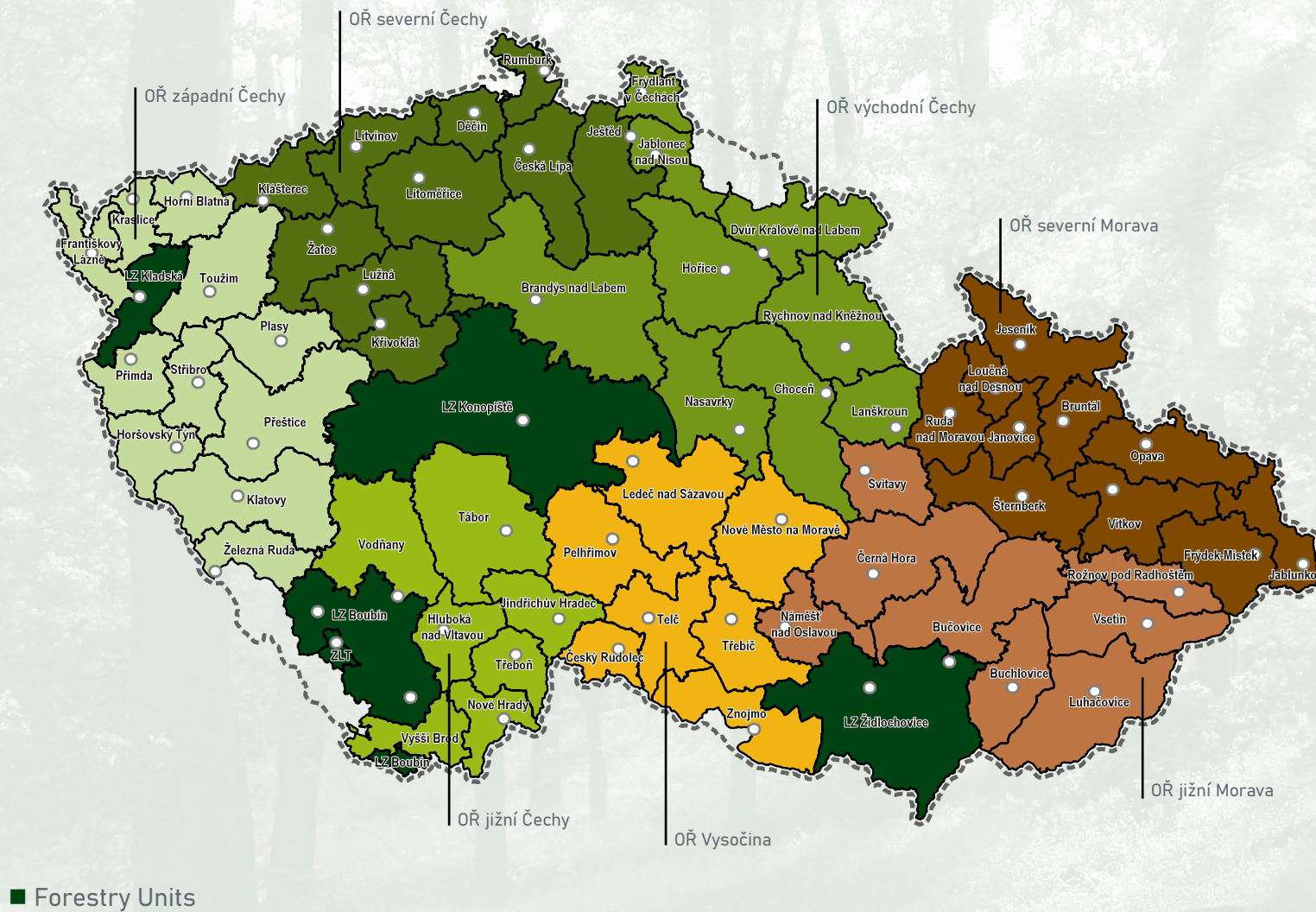
The company's basic forestry strategy is sustainable management with maximum use of creative forces of nature, cultivation of stable, high-quality diverse forests that are maximally resistant to climate changes. These principles are the prerequisite for sustained production of high-quality timber stock.

Forestry activities are directed in such a way as to create optimal balance between the fulfilment of all forest functions and the market economic environment.

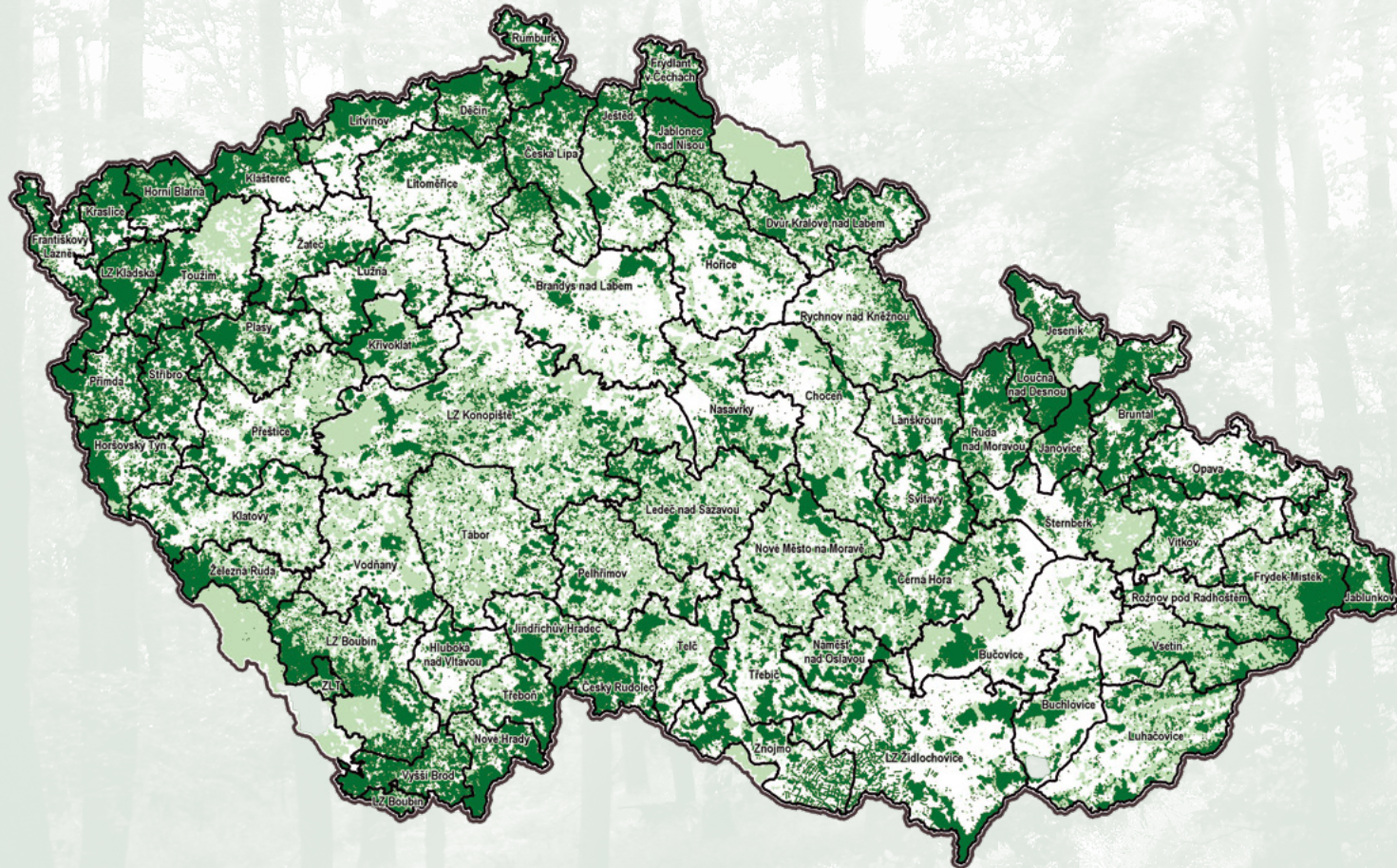
Basic Organisational Structure  
as of 31<sup>st</sup> December, 2023



# Organizational Map of Lesy ČR



# Overview of Assets



- Boundaries of forest management units/ forestry units
- Forests managed by Lesy ČR, s. p.
- Forests under other ownership and management

# SELECTED ECONOMIC INDICATORS



16,407

Revenues from  
operations (million CZK)

17,547

Total Revenues  
(million CZK)



12,405

Operational Cost  
(million CZK)

13,707

Total Cost  
(million CZK)



3,840

Profit/Loss  
after tax  
(million CZK)

# FOREST MANAGEMENT

## ► Forest management

### Genepool of forest tree species

Providing high quality seed material in sufficient amounts for artificial forest regeneration is successful mainly thanks to our own Seed Unit in Týniště nad Orlicí.

Within the company, a total of 171 tons of raw seed material, of which 39 tons being deciduous and 132 tons being coniferous species, were collected in 2023.

Our Seed Unit processed 162 tons of raw seed material, of which 26 tons being deciduous and 136 tons being coniferous species. 43.8 tons of seed were processed, of which 40.5 tons being deciduous and 3.3 tons being coniferous species.

### Forest Cultivation

The acreage of the stand land amounted to 1,158 thousand ha.

Forest renewal continued the long-term trend of converting monoculture into mixed species stands. During the artificial regeneration of the forests, the share of improving and stabilizing trees (deciduous trees, firs, Douglas firs and larch trees) in the first artificial restoration was 64 %.

The share of natural regeneration in the first regeneration of the forest is constantly increasing, in 2023 it exceeded 33 %.





## Seedlings planting

As part of forest restoration of the forests, Lesy ČR planted almost 69 million saplings, of which 2.4 million plantable saplings were grown in our own nurseries.



20 million CZK

### Research Support

The company supported 11 new projects in the total financial volume of more CZK 20 million.



## Professional Service

The company's employees perform the activities of professional forest managers for other owners on a total area of 281,141 ha.



Department of forestry inspection has been concluding checks of forestry management for a long time. These are an integral part of the system maintaining the professional level of the company's forestry management.

## ► Forest management

### Forest Protection

In the perspective of climate parameters, year 2023 can be considered as above-average in temperatures, as well as in precipitation.

The total volume of salvage felling amounted to 3,719 thousand m<sup>3</sup>, majority of which were coniferous species. The worst damages by abiotic agents were aftermaths of draughts and other damages connected to draughts (1,100.8 thousand m<sup>3</sup>) and wind (processed 941.5 thousand m<sup>3</sup>).

Damages on spruces caused by bark beetle saw significant decrease in processing. The total amount of processed spruce wood infested by bark beetle was 1,623 thousand m<sup>3</sup> and 25 thousand m<sup>3</sup> of wood damaged by secondary infestations, which is a decrease of approximately 45 % compared to the previous year.

### Research Support – Grant Service of Lesy ČR

In 2023, 3 calls with 12 topics were announced for the submission of offers to solve research tasks. The company has supported 11 new projects in the total financial volume of more than CZK 20 million. Over CZK 19 million has been spent on the development of 19 actively implemented projects.

By publishing the final reports of research projects on Lesy ČR websites, in the Grant Service Section, the company fulfils the condition of public interest.





**17** thousand ha

**Forest regeneration**  
More than 17 thousand ha of forests have been regenerated.



**Certification**  
**PEFC**

The cultivation of forests was based on the principles of sustainable management in compliance with all legal provisions and rules established for the forest certification by PEFC system.



**59 t**

**Seed Unit**  
At the end of the year, 59 tons of both own and other providers' seeds were stored in the Seed Unit.

# COMMERCIAL ACTIVITY



## ► Commercial Activity

### Timber Sale

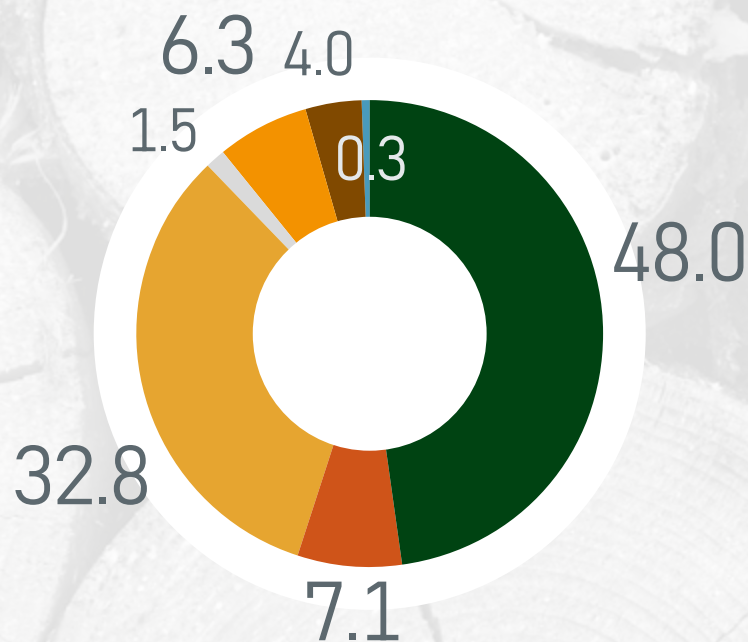
The year 2023 was characterized by yet another decrease of salvage felling, which caused a decline in timber sale by close to 22 % compared to 2022. At the same time, the development of raw timber market, that was unusually volatile, was responsible for the drop of sales volumes of Lesy by 26 %.

**The highest volumes of wood sold by Lesy ČR are realized from standing trees (55 % share of wood volume) generating 53 % share of sales volume.**

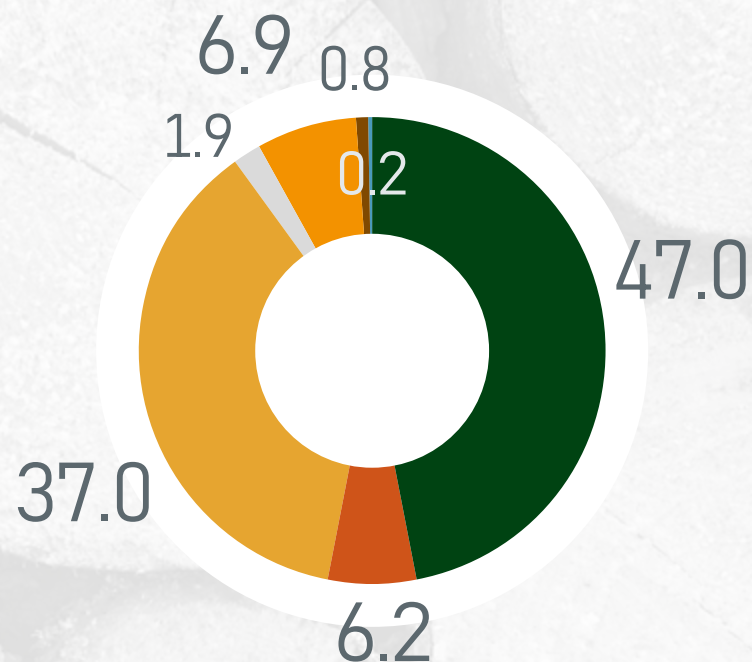
Another very important business channel is the sale of ready-made assortments. In this case, Lesy ČR independently ensure the production and sale of wood. Ready-made assortments are sold through framework contracts.

Lesy ČR sold the remaining wood to the public in the form of self-production (the public processes lower-value wood assortments for the production of firewood).

Volumes of timber sales share by individual sales channels in %



Sales from sales revenue for timber by individual sales channels in %



Sales Channel	thousand m <sup>3</sup>	% of m <sup>3</sup>	% CZK
Comprehensive Contract	3,661	48.0	47.0
Electronic standing auctions	544	7.1	6.2
OM-type framework purchasing agreements	2,499	32.8	37.0
Electronic auctions	111	1.5	1.9
FU/FMU OM regional sales	483	6.3	6.9
Own production	306	4.0	0.8
Own consumption	20	0.3	0.2
Total	7,624		

\*Values rounded to 0.1 %

# WATER MANAGEMENT

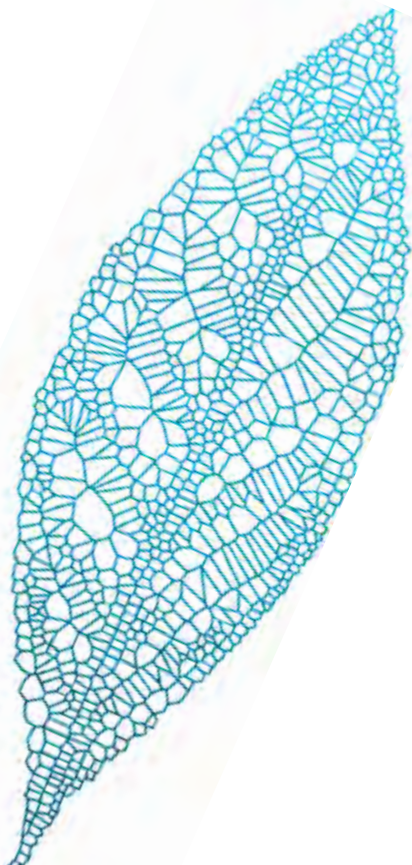
## ► Water Management

Lesy ČR manage designated small watercourses and streams as one of the non-production functions of the forest. As of 31st December, 2023, we managed 38.4 thousand km of watercourses and 1,051 small water reservoirs.

The management of water courses and reservoirs was provided by seven organizational units – stream management with territorial jurisdiction according to the catchment areas.

Taking care of water courses represents the management of Water Management assets with a purchase value of CZK 9.1 billion.

The company has spent a total of CZK 828.1 million on the management of water courses and reservoirs in 2023. This included especially water course modifications, torrent and ravine control, flood prevention and water reservoirs.





RVT Pouště



VN Omice



VN PP Třebánky



Kozlovická Ondřejnice I



VN Provazné



VN Horské Domky

The “Water Back to the Woods” Programme, which helps with retaining water in the landscape, continued. The aim of this programme is the implementation of measures to reduce the adverse effects of draughts and water scarcity.

In total, 115 construction projects and 70 small-scale landscape measures have been completed this year. These represent 276 pools having a surface exceeding 4.9 ha. We have started 45 construction projects and continue in preparing some more.



# Watercourse Management Performance



# IN THE PUBLIC INTEREST



VN Omice

## ► In the Public Interest

The “Forests for Life” Programme supports the non-production functions of forests. As part of this Programme, in 2023 the company spent almost CZK 40 million on all types of activities for the public, which represents other significant increase in financial means compared to the previous year.

This Programme finances for example maintenance of memorial buildings, aesthetic modifications of forests and landscape or care for biodiversity.

### **Cooperation with non-governmental organizations (NGOs)**

The company has cooperated and supported the activities of a number of organizations for a long time. These are for example the Czech Tourist Club, the Czech Union for Nature Conservation, Nature Conservation Agency of the Czech Republic, the Biosphere Reserve Dolní Morava.

**Lesy ČR are the founders of the Podkomorské lesy Forestry Park and co-founders of the Křivoklátsko Forestry Park and Bezděz Forestry Park.**





**39.7** million CZK

**The Forest for Life Programme**  
Compared to the previous year, there was another significant increase in funds for all types of activities for the public.



**41 %**

**Recreational and Viewing Facilities**  
The largest amount of investment funds was used for the maintenance and construction of recreational and viewing facilities (over CZK 16 million)



**17 %**

**Forest Parking and Hiking Trails**  
Significant monetary volumes were invested in maintenance and construction of roads, forest parking and hiking trails (over CZK 6 million)

# NATURE AND LANDSCAPE PROTECTION



Biotope tree

## ► Nature and Landscape Protection

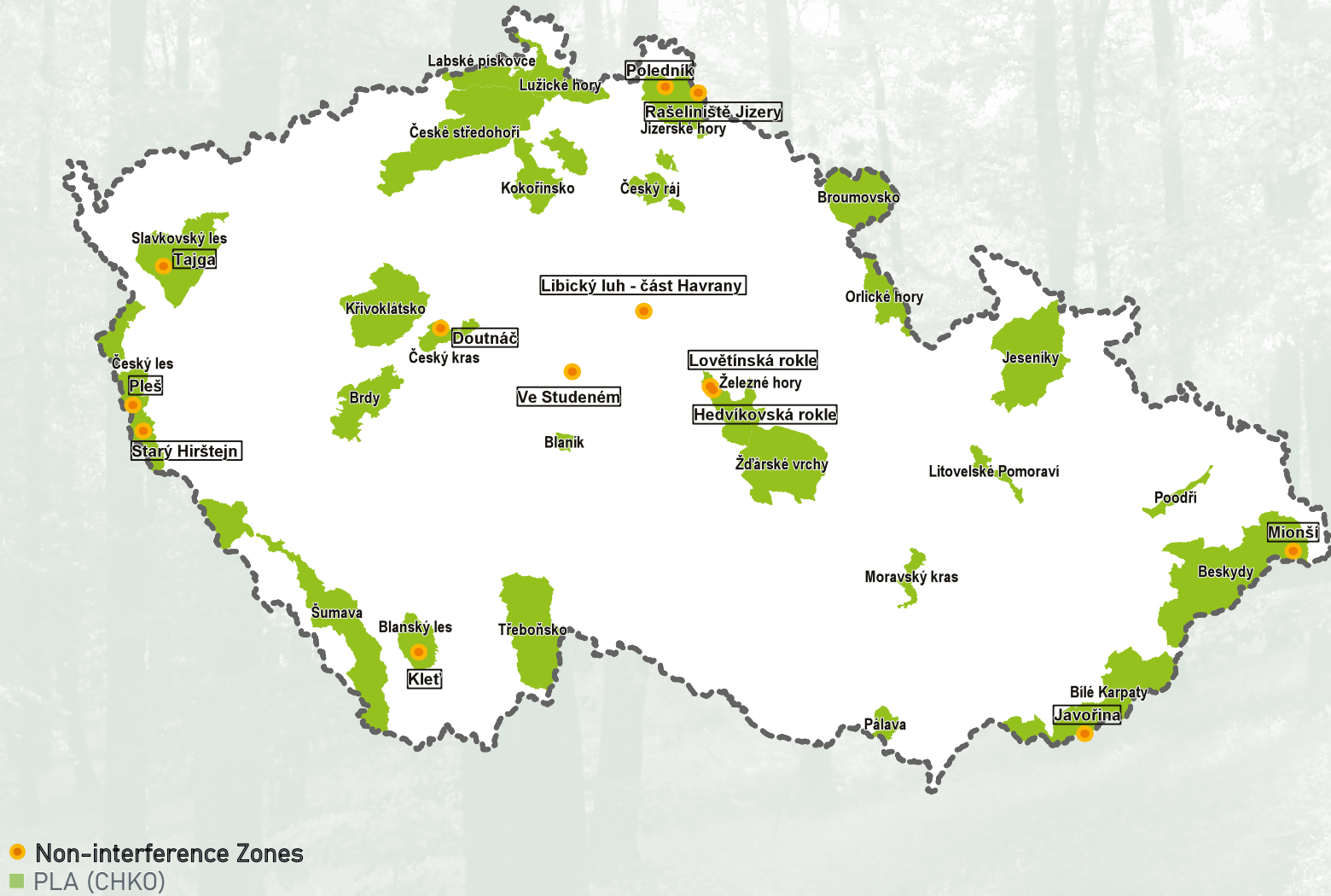
Lesy ČR is the most important manager of protected areas in the Czech Republic. In areas with greater interest in nature conservation we operate with consideration for individual spatial protection categories, distribution of particularly protected species, valuable habitats and other major natural and cultural phenomena.

More than 30 % of the area of land in the company's management was part of protected landscape areas. Outside of them, another 3 % of the acreage is located in small specially protected areas (e.g. national nature preserves).

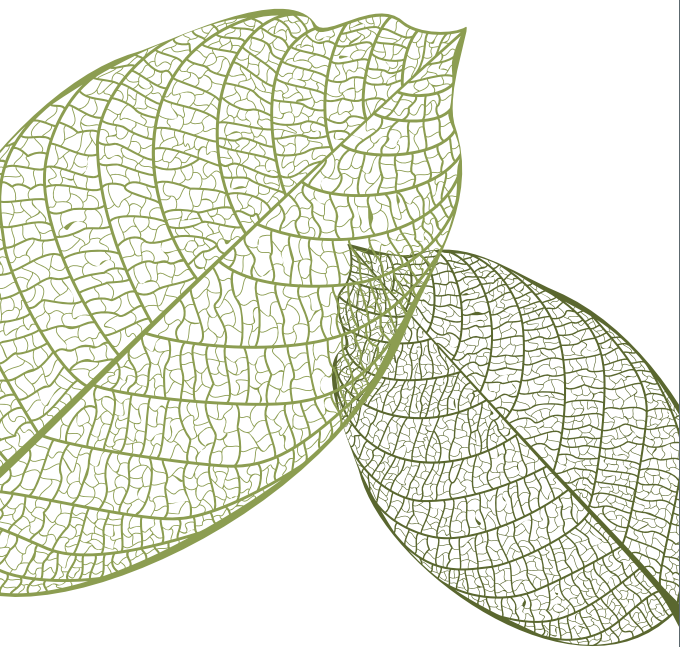
Total share of specially protected areas and habitats of Natura 2000 system that are located and on the Lesy ČR plots, and managed by the company, amounts to 44 %.

In 2023, the “Biotope Trees” Programme was launched, as part of which 11,000 trees with increased biological value for permanent retention in stands were marked and registered by the end of the year.

# Non-interference Zones



# CAPITAL CONSTRUCTION



## ► Capital Construction

Investment in tangible and intangible assets went over CZK 1,925 million. The most significant share, over CZK 1,010 million, was invested into buildings and civil engineering works, out of which almost 48 % went to construction, modernization and reconstruction of forest roads that were damaged during the recent bark beetle calamity.

The second highest amount (36 %) was invested into construction and reconstruction of water reservoirs, ponds and small watercourses to increase water retention in the landscape, to increase anti-flood protection and to prevent and repair damage caused by floods.

The acquisition of machinery investments amounted to more than CZK 620 million, majority of which was invested in the restoration of special forestry machinery.

**Over 80% of the volume of funds was invested in constructions realized primarily in the public interest**



Čertovy kameny look-out  
(LS Jeseník)



Okruhlica forest haul-road  
(on the territory of Frýdek-Místek Forest Administration)



# HUMAN RESOURCES



## ► Human Resources

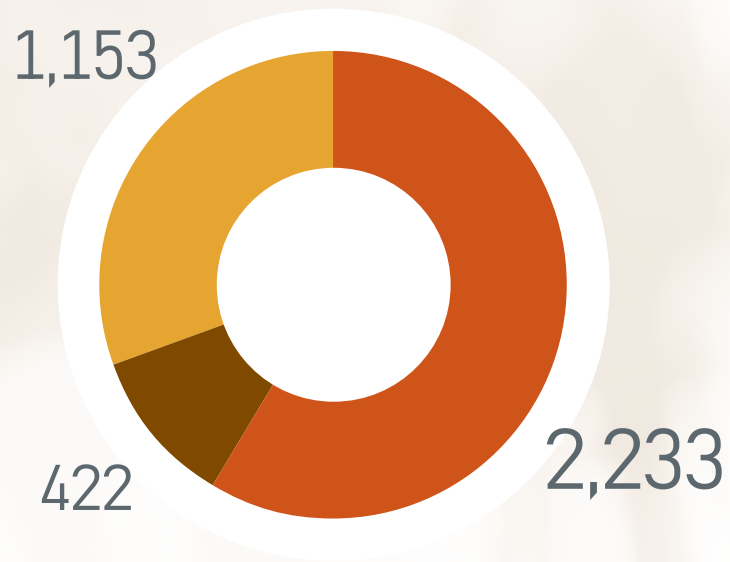
Lesy ČR are the most important employer in the field. We continuously support the education of our staff.

The average calculated number of employees continues to increase especially in blue-collar positions. The reason for that is the straightening of the ranks of outdoor personnel in forest protection and cultivation at FMUs and workers in logging activities.

**Compared to the previous year,  
the total average earnings  
of the company's employees  
increased by 7.2 %.**



## Average Calculated Number of Employees



■ FMU white-collar workers, country Directorate incl. WMU, LCR	
■ FU, FTP, SU white-collar workers	
■ Workers (W)	
<b>Total</b>	<b>3,808</b>

## Average Earnings



■ White-collar Categories	
■ Workers (W)	
<b>Company Average</b>	<b>CZK 49,531</b>

# PUBLIC RELATIONS



Action for the public  
– Forestry Pedagogics

## ► Public Relations

The largest project for the public was “Forest Renewal Day”, in which took part over five thousand people at eight different places across the country, they planted 29 thousand of saplings.

At the same time, in the year 2023 we prepared other 1,100 actions for those interested – 170 more than in 2022. Our programme attracted more than 125 thousand people while 739 actions, so-called walks with a forester, took place directly in the forest.

An important part of our communication is our cooperation with media. We traditionally use exhibitions to communicate directly with the public (Exhibition 100 years of hunting in Brno, Natura Viva in Lysá nad Labem and Agricultural Exhibition “Země živitelka” in České Budějovice).

We actively communicate through social networks, where the number of followers is constantly growing. We focus more on video production. The documentary “Rok s revírníkem” (Year with a forester) was very successful. We also continue to develop the podcast programme “Uchem v mechu” (Ear on the moss).





# 1,100

## Public Events

Lesy ČR prepared over 1,100 events for more than 125 thousand visitors.



## The New Forest Club

The New Forest Club has its own website and application, which is another source of information for the public about the activities of Lesy ČR.



## Media

**Cooperation with journalists**  
There was great media interest in the new project for the construction of tourist shelters.

© 2024

Design and production:

KUKLIK.CZ

[www.kuklik.cz](http://www.kuklik.cz)



Download the  
Annual Report  
here:





© 2024  
Lesy České republiky, s. p.  
[www.lesy.cz](http://www.lesy.cz)