



Annual Report 2019



Air Navigation Services
of the Czech Republic

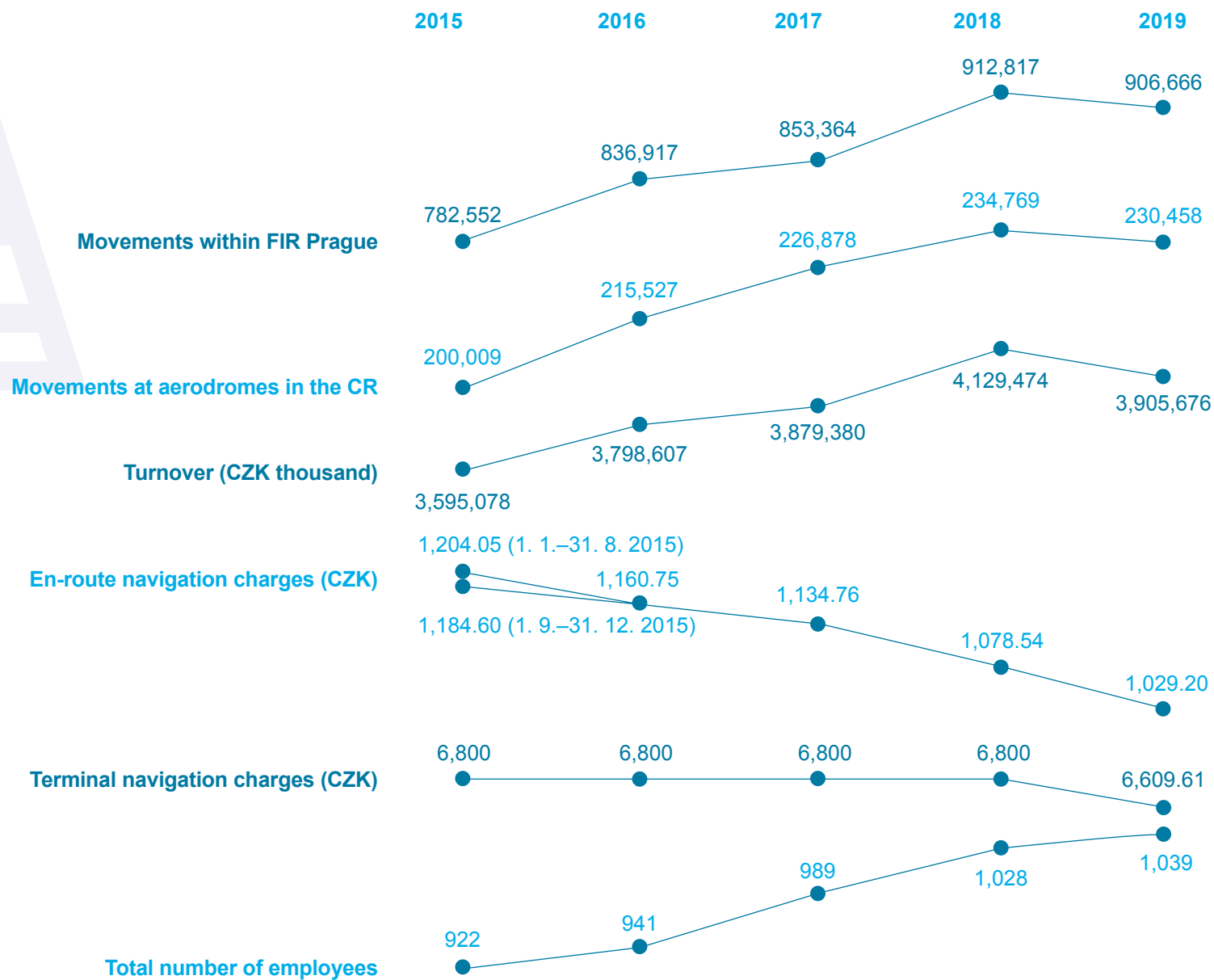


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Selected Performance Indicators





A Foreword from the Guest



Dear Ladies and Gentlemen,
I am very pleased to have this opportunity to greet you again. Last December my five-year term of office ended and the new one began upon recommendation by the Governmental Committee on Personnel Nominations and renomination by the Minister of Transport. As a member of the Supervisory Board I use my experience gained on the position of the Finance and Economy Section Director at the Ministry of Transport, especially in the sphere of economic management, state property management, or as an organizational founder.

At this occasion, let me also express my thanks to the Board secretary Mr. Milan Vondra and Mr. Petr Kolomazník for their long-time work in the Supervisory Board and their erudite and cooperative approach. I will be very happy if we meet again on a professional level.

The company manages state assets which makes it a tool for practical realization of the state ownership policy. In 2018, its foundation Statutes were made more specific, succinctly defining the authorities of the founder and the Supervisory Board that fundamentally influence the economic performance of the company and management of the state property. The founder and the Supervisory Board thus can more effectively supervise the business and financial activities of the company and CATC, its subsidiary. Within the company the revenues from this subsidiary are negligible and unlike provision of air navigation services with a monopoly in the airspace of the Czech Republic, pilot training is provided in an unlimited market environment. The Supervisory Board has approved the intention to sell the stake in this subsidiary with the aim to prevent possible economic risks and also to acquire the substantial assets the company contributed into CATC in the past.

When examining the company Financial Statements and proposals for disposable profits distribution in the four years preceding the year 2019 we always evaluated the economic result before tax at least at between 373 million and 484 million CZK.

As for the economic performance, the company was in a different situation compared to those preceding years. When the annual plan was being drawn up for the year 2019, the negative impacts of the allowances included in the unit price were already taken into consideration and therefore a lower economic result was planned. Re-routing of flights outside Hungary and central Germany meant another burden. However, despite all these difficulties the year 2019 was not as unsuccessful as had been expected. The pre-tax economic result amounting to 230 million CZK is better than good, in which the economizing measures introduced by the company management definitely played a significant role. When the 2020 national budget was being drawn up, the planned lower economic performance of the company was taken into account and a transfer from the founder's fund was not planned for 2019.

Much to my regret, I cannot conclude my message in a purely optimistic manner as I am writing it at the time of the world pandemics that is going to affect all the spheres of economy, including transport. The Supervisory Board and the ministry of Transport are already seeking possibilities of aid to mitigate the substantial and inevitable impacts on the economic performance of the company.

At the occasion of the 20th anniversary of founding of ANS CR I said that air navigation services employees are exceptional people and nothing during the time of my Supervisory Board membership has showed me otherwise. I thank you for your good will and understanding for the economizing measures that will be necessary and wish you and your families good health.

Magdalena Faltýsková

ANS CR Supervisory Board Chairperson



A Word from the Director General

Dear Ladies and Gentlemen, dear Civil Aviation Supporters,

Like every year, the pages of the Annual Report give me the opportunity to inform you about the activities of our company in 2019.

After many years of continuous and dynamic growth in air traffic in the Czech sky, 2019 has become the year of a change. Despite the volume of traffic in our airspace having exceeded the boundary of 900,000 movements again, on the basis of external factors we have recorded a significantly different development. In one aspect, however, 2019 was no different and it is the most important fact, in my opinion, that we have kept and even further increased the level of safety, which is one of our key roles.

So how was 2019 different? Capacity problems in Hungary and continuing measures leading to protection of the congested German centres caused re-routing of a substantial proportion of traffic outside the Czech airspace. As this concerned mostly long-haul flights operated by aircraft with maximum take-off weight, this development was also significantly reflected in the economic performance of the company.

Another external factor was the air transport market cooling-off all over Europe and its deepening in the last quarter of 2019. Also the increasing of the airspace capacity in Austria and over the Balkans must be counted, as it logically led to a return of air carriers to shorter hauls. Due to the capacity problems in these very regions, our customers preferred the Czech airspace in the previous period. Analyses have shown that this concerned up to 18% share of the traffic using the Czech airspace for these reasons.

Despite this development in operational performance, however, this annual report includes a number of economic data allowing me to describe the year 2019 as successful. As always, the company met all its obligations to its founder,

employees, customers and suppliers. We kept realizing our targets in cultivating business environment in the Czech Republic for which we have even been awarded the prestigious National Award of Social Responsibility. We were successful in realizing our most important development programmes, especially the TOP SKY project, or in optimization of air navigation services at regional airports. Additionally, the successful completion rate of new air traffic controllers training increased significantly. The process of creation of our performance plan for the third reference period has been completed with positive results as well.

Dear Ladies and Gentlemen, at this point in my opening words I usually attempt to provide an overview of the current year. However, at the time when I am addressing these lines to you, the whole aviation industry has found itself in an unprecedented situation that, unfortunately, has the potential to bring our field of business to a collapse. Due to the global COVID-19 pandemic the volume of air traffic has decreased to an absolute minimum. At this moment, the only way how to solve the whole situation is intensive cooperation and sharing of the negative impacts with all the air transport subjects, including the necessary help from governments and European central authorities. We are standing at a historic crossroads and I believe that the road we have taken will lead us to stabilisation and restoration of normal operations of not only civil aviation but also the whole world community.

My belief is backed by the fact that our company has professional and loyal employees who will support it and will not desert it in times of need. That is why I would like to gratefully express my thanks to them as well as to our partners from all the fields of cooperation. I am convinced that together we will manage and overcome everything.

Jan Klas

Director General





Selected Events

JANUARY

- The new calibration aircraft Beechcraft King Air 350 was launched into service.
- On 12 January, a regular seminar for civil aviation was organized at IATCC Jeneč.

FEBRUARY

- Since 28 February, air navigation services for uncontrolled flights in the airspace of the Czech Republic have been provided only from FIC Prague.
- On 28 February, a conference “Innovation in Aviation” was held in Prague. ANS CR representatives introduced UTM implementation and a “Smart sky for drones” concept.

MARCH

- Between 12 and 14 March, the World ATM Congress took place in Madrid – attended by representatives from ANS CR and CANI.
- On 18 March, the Council for Selection of Winners of the Subcommittee on Aviation and the Space Programme of the Committee on Economic Affairs of the Chamber of Deputies of the Parliament of the Czech Republic awarded Jana Navratilova and her CANI team and a former employee Zdeněk Jandus an award for lifetime significant and outstanding contribution to Czechoslovak aviation and astronautics.



APRIL

- From 8 to 12 April, a “Controller Tools and Team Organisation for the Provision of Separation in ATM” testing with ATCOs was held in the Technical block within the SESAR PJ.10 Project. The aim of the testing is to provide ATCOs with more automated tools that enable them to focus on situations, where human intervention is crucial.

MAY

- On 9 May, a FAB CE Social Dialogue meeting was held in IATCC Jeneč, the part of which was also a workshop „Toolbox for Successful Social Dialogue in ATM“, co prepared by ATCEUC, ETF and CANSO representatives.

JUNE

- On 10 June, Memorandum of Cooperation between Prague Airport and ANS CR was signed. Both parties agreed on strengthening of the cooperation in the field of security and coordination of development and investment activities at Vaclav Havel Airport Prague.



JULY

- July was a month with the highest number of movements, 95,206 movements were recorded in July 2019.
- On 22 July, the Performance Plan of the Czech Republic for 3rd Reference Period was discussed at a meeting held in IATCC, presented were representatives of Ministry of Transport CR, CAA CR, ANS CR, IATA, European Commission, Performance Review Body (PRB) and PRB Support, Network Manager and aircraft carriers of Lufthansa and LOT.



AUGUST

- ANS CR became a partner of a seminar for parents of children with autism organized by the AutTalk Foundation, which took place on 14 August in Prague. In addition to the world famous golfer Ernie Els, one of the main invited guests was the General Director of ANS CR, Jan Klas.



SEPTEMBER

- On 2 September, EUROCONTROL Director General, Eamonn Brennan, Minister of Transport, Vladimír Kremlík, and ANS CR Director General, Jan Klas, had a meeting in Prague to discuss the issue of the extremely heavy air traffic in the European airspace.
- On 3 September, ANS CR Director General, Jan Klas, had a meeting with AustroControl Managing Director, Valerie Hackl, to discuss possibilities of cooperation concerning heavy air traffic in the airspace of Central Europe.
- On 18 September, a conference called “Unmanned flying 2019 – chances and challenges for the Czech Republic” was held in IATCC. Besides Minister of Transport, Vladimír Kremlík, representatives of ANS CR, CAA and representatives of producers and service providers in the field of unmanned aircraft systems (eg. Honeywell, UgCS, Cervirobotics) were presented.
- On 23 September, Memorandum of Cooperation between the Faculty of Transportation Sciences of Czech Technical University in Prague and ANS CR was signed.



OCTOBER

- On 3 October, CATC launched two new fully mobile flight simulators in the highest category for training pilots of the aircraft Airbus A320 of the latest generation NEO and Boeing 737 of the latest generation MAX.



NOVEMBER

- On 26 November, an ANS CR representative took over a “National Prize of the Czech Republic for CSR 2019” annually awarded by the Czech Board of Quality of Ministry of Industry and Trade.
- On 14 November, representatives of Ministry of Transport, CAA and ANS CR introduced proposals for appropriate legislative adjustments in connection with the use of drones to Members and senators at a meeting of the Subcommittee on Aviation and Innovation of the Chamber of Deputies of the Parliament of the Czech Republic.



DECEMBER

- On 1 December, ANS CR became a member of The Association of Critical Infrastructure of the Czech Republic.
- On 12 December, ANS CR Director General, Jan Klas, had a meeting with PANSA President, Janusz Janiszewski, in IATCC Jeneč.
- On 16 December, ANS CR was awarded an AEROTEAM award for “Special merits in aviation and astronautics”.







Company Management



Jan Klas

Director General

Graduating from the University of Transport and Communications in Žilina, specializing in aviation, Jan Klas has been working in the field of air traffic control since 1986, where he has served in several managerial positions. In 1999, he commenced working for the EUROCONTROL (European Organisation for the Safety of Air Navigation) as a director of its organizational unit CSPDU (CEATS Strategy Planning and Development Unit) in Prague. This organization is responsible for the methodology and development of Central European air traffic control services within the CEATS project. He was appointed Director General of ANS CR on 1 October 2007.



Petr Fajtl

Executive Director of the Operations Unit

Graduating from the West Bohemia University in Pilsen faculty of law, Petr Fajtl has been working for the company since 1987. Between the years 1987 and 1995, he worked as an air traffic controller at the ACC Prague. From 1 December 1995 to 31 October 2000 he was the head of the Training Centre. On 1 November 2000, he was appointed Deputy ANS Planning and Development Division Director. On 1 January 2001, he was appointed the ANS Planning and Development Division Director. According to the new organizational structure valid as of 1 January 2018 he holds the post of an Executive Director of the Operations Unit.



Miloslava Mezerová

Executive Director of the Finance and Administration Unit

After graduating from the University of Economics, Faculty of Commerce, Miloslava Mezerová worked for an overseas trade company. She has been working for ANS CR since 1998. In 2001, she became the head of the Labour and Wages Department in the Human Resources Division. On 1 February 2008 she was appointed Director of Human Resources Division. From 1 January 2012, she managed the Human Resources and Finance Division. According to the new organizational structure valid as of 1 January 2018, she holds the post of an Executive Director of the Finance and Administration Unit.



Jana Navrátilová

Executive Director of the ATM Training and Business Unit

Graduating from University of Economics, Prague - the International Trade, Logistics, International Transport and Forwarding Programme, she has been working for ANS CR since 2000. In 2002, she was appointed the role of Head of the Investment Department, and in 2008, as a Deputy Director of the Planning and Development Division at the ANS training centre. On 1 January 2016 she was appointed Director of CANI and Business Development. According to the new organizational structure valid as of 1 January 2018, she holds the post of an Executive Director of the ATM Training and Business Unit.



Luboš Hlinovský, MBA

Director of the Strategy and Management Support Unit

Graduating from the Prague University of Economics, Faculty of National Economy, Luboš Hlinovský joined the company in 1990. Previously, he had worked for the Economic Institute of the Czechoslovak Academy of Sciences. On 1 May 1998, he was appointed Deputy Finance Division Director. On 1 January 2001, he became Finance Division director. In 2006, he graduated from the Maastricht School of Management, where he was awarded a Master of Business Administration degree. Since 1 January 2012, he has been managing the Unit of Strategy and Management Support.



Petr Vozdecký

Director of the Safety Unit

Graduating from the Military Air University in Košice, Petr Vozdecký worked as a navigator for aviation military transport from 1990, and from 1993, as an air traffic controller at Prague-Kbely Airport. In 2000, joined the company at APP Prague/TWR Ruzyně initially as a senior air traffic controller II. From 2013, Petr Vozdecký worked as an ATS Inspector. In 2014, he was appointed Head of Audit Department and on 1 January 2018, he was appointed Safety Unit Director.



Supervisory Board

Magdalena Faltýsková

Chairwoman of the Supervisory Board

Zdeněk Jelínek

Supervisory Board Member

Stanislav Pleninger, Ph.D.

Supervisory Board Member

Brigade General Petr Hromek

Supervisory Board Member

Petr Kolomazník

Supervisory Board Member

Milan Vondra

Supervisory Board Member

Since 6 January 2020, Milan Vondra and Petr Kolomazník, members of the Supervisory Board elected by the representatives of the company employees, have been replaced by new members of the Supervisory Board – Aleš Kořínek and Vít Soukup.



*Drones have a wide range of use. However, for their safe use, it is necessary to comply with the current regulations and rules (see 5th drone commandment **PERFORMING AVIATION ACTIVITIES WITH DRONES AND THE RELATED AUTHORIZATIONS** at page 53).*

1. BEFORE YOU START

- Prior to the first take-off, study your drone manual carefully to understand its operating limitations and safety procedures.
- If uncertain, seek expert assistance. There are many professionals specializing in flying drones.



Company Profile

Air traffic and the associated provision of air navigation services have endured dynamic development with a dramatic increase in demands on capacity and a decrease of prices for provided services. One of the major factors influencing the activities of the company is the legislative environment generated from the European Commission in the form of a transnational regulator. It supports cooperation with other providers of air navigation services, and simultaneously competition. New rules of operation define ATM services as a market, in which every service provider has to find its own position.

In this environment, the state enterprise, Air Navigation Services of the Czech Republic, has been developed as a reliable and dynamically developing component of the air navigation services field. The characteristics of the company's mission and its ambitious vision are also reflected in the ethical values where respect and promotion create the corporate culture.

History

The Air Navigation Services of the Czech Republic (ANS CR) was founded on 1 January 1995, under the resolution of the Minister of Transport and Communications dated 28 December 1994. ANS CR is recorded in the Commercial Register at the Municipal Court in Prague; section A, entry No. 10771.

Mission

The mission of ANS CR is to provide safe, high quality and cost effective air navigation services in accordance with our customer's expectations both at a national level and in the context of ATM development in Europe.

Vision

ANS CR is a dynamic, stable and reliable, socially responsible and

sustainably developing component of civil aviation in the Czech Republic, actively contributing to its further development. At the same time, it is a selfconfident element of the integration and liberalization processes in European ATM environment, where its overall value and competitive ability will further increase. In order to participate in the liberalization processes effectively and actively, the company strives to achieve the standards best suited to international integration efforts.

Policy

The fundamental rule of the company is to create and develop an environment which is in agreement with the mission and vision of the company. This environment is regularly evaluated and the gleaned experience is used to its continuous improvement. Our policy in the following areas stems from the company values, which include professionalism, emphasis on vital skills, customer orientation, success and innovation. To satisfy this policy, sufficient resources are provided and best practices are observed.

Safety

- The highest priority in air navigation services provision is the continuous improvement in safety and the minimization of the company's contribution to risk of air accident.
- Safety enhancement is heightened via Occurrence Reporting Systems; with respect to Just Culture rules.
- The aim of Occurrence Investigation is not to apportion blame, but to find root causes to allow the application of effective measures to prevent recurrence. Thus, the system's resistance to undesirable occurrences increases.
- The level of company safety culture is continuously increased while the participation of all employees and other interested parties in safety improvement is actively supported.

Performance and Effectiveness

- Through the optimization of airspace and the implementation of new operational concepts and procedures in ATM, the company has increased the attractiveness of airspace in the Czech Republic. And at the same time, the company can ensure the capacity needed to provide air navigation services with a high level of safety and minimum delay in accordance with the European commission performance targets and customers' requirements.
- In accordance with customers' expectations, the cost-effectiveness of the air navigation services provided has increased.

Environmental Protection

- Environmental issues are solved pro-actively both in the field of air navigation services provision and in additional company activities. We endeavour to minimize the negative impact on the environment.

Security

- We manage security risks and protect all company assets against acts of unlawful interference.
- Regarding the national critical information infrastructure, the company takes an active approach in issues of information and cyber security.
- Security measures are set to correspond to current threats to the national and international legislation requirements, and to security standards and domain best practice.
- We co-ordinate our security activities with the Czech Republic Police, the Czech Republic Armed Forces, the Fire Rescue Service of the Czech Republic and other government institutions.

Customer and Partnership Approach

- The maximum fulfilment of customers' expectations.
- All services are provided in an open non-discrimination manner.
- Relationships with customers and suppliers are built upon mutual trust.
- Co-operation with partners is built upon mutually beneficial conditions.

Human Resources Management

- Recruitment, training and development of operational personnel are priorities.
- The creation of a professional, stable and prestigious working environment.
- Building an attractive employer brand to succeed within the job market for quality personnel.
- The systemic improvement in the awareness of the following issues: safety, company assets protection and environmental protection, making them an integral part of the thinking, behaviour and work habits of all employees.
- Social harmony, employee involvement and the cooperation within working and personal lives.
- Dialog with all social groups across the company.

Systemic and Process Approach

- The continuous improvement of the integrated management system, focused on balanced and sustainable development of the company.
- The integrated management system includes a safety management system, a quality management system, an environmental management system and a security and information security management system. In each of these fields lie responsibilities and powers defined both on managerial and individual levels.
- Systemic monitoring, participation in defining regulations and the fulfilment of the requirements of national and international legislation and further requirements related to company activities.

Monitoring, Measurement and Review

- In accordance with recommended standards, the integrated management system is regularly reviewed.
- Key processes are documented, monitored, measured and assessed. Based on these factors, their effectiveness and performance is subsequently increased.

Strategic Targets

The essence and mission of the company is to provide safe, cost-effective and sustainable air navigation services. In fulfilling this mission, the company has developed as a reliable and dynamically developing element in the field of air navigation services. The company's mission and ambitious vision are also reflected in its ethical values. By respecting and maintaining these values a corporate culture has been created. Mission, vision and values are the pillars which form the basis of our corporate strategy.

- The provision and development of air navigation services
- A first-rate ATM infrastructure
- The continuous strengthening of commercial activities in the field of training and consultation within foreign markets
- Partnership development on national and international levels

Main Scope of Activities

The scope of ANS CR activities include:

- The provision of air navigation services in the Czech airspace at Prague, Brno, Ostrava and Karlovy Vary airports,
- Air traffic flow management,
- Organization and management of airspace use,
- The provision of search and rescue services,
- The provision of aeronautical information service,

- Securing of operation and maintenance of the infrastructure for services provision,
- The organization and management of specialized training and education for employees of ANS CR in the Czech Air Navigation Institute (CANI), and
- Flight inspection services.

Our Main Customers

In 2019, the main users of ANS CR services were the following airlines: Lufthansa, Ryanair, Emirates, Wizz Air, Turkish Airlines, Qatar Airways, Smartwings, EasyJet, ČSA Czech Airlines, Austrian Airlines, British Airways, Aeroflot, KLM, Eurowings and Etihad Airways.

Our Main Partners and Suppliers

Our main partners and suppliers notably include: AERODATA AG, Ifield Computer Consultancy Ltd., CS SOFT a. s., THALES LAS FRANCE S.A.S., Elektromontáže Stavby, s.r.o., the Czech Hydrometeorological Institute, TECHNISERV s.r.o., O2 Czech Republic, a.s., Civil Aviation Authority, Czech Republic, HARTEX, s.r.o., and others.

Membership in Organizations and Associations

ANS CR is a member of:

- Civil Air Navigation Services Organization (CANSO) based in Amsterdam, since 1998. The main mission of CANSO is to create a global platform for the mutual exchange of information and support to customer orientation during the provision of air navigation services. ANS CR is represented in thirteen CANSO work groups at global level and in sixteen work groups at European level. The work groups are focused on a broad spectrum of activities relating, in particular, to the collection and exchange of information in the field of air traffic control such as safety, CNS/ATM, environment, human resources, law and finance, etc.

- Air Traffic Control Association, Inc. (ATCA) based in Arlington, Virginia (USA), since 1995. This association aims to promote the further development of civil aviation, particularly in the provision of air navigation services.
- Association of Aviation Manufacturers of the Czech Republic (ALV), which aims to effectively promote the development of the Czech aviation industry as a strategic sector with strong influence within other fields.
- The Czech Chamber of Commerce, since 2009. The Chamber is a body representing the Czech business community which protects the interests of its members associated in the regional network of chambers and incorporated trade associations. The main mission of the Chamber is to create entrepreneurial opportunities and to promote and support measures that contribute to entrepreneurship in the Czech Republic and thus to the overall economic stability of the country.
- The International Chamber of Commerce of the Czech Republic, since 2009. The mission of the ICC in the Czech Republic is to assist Czech enterprises and other companies with their integration into global activities through this prestigious organization. Within its activities, the ICC CR actively cooperates in the consideration on matters directed from the ICC headquarters and influences such an agenda to correspond with the interests of its members.
- GNSS Centre of Excellence Association, since 2013; the aim of which is the cooperation and intensive involvement in pan-European development programs in the field of satellite traffic technologies (design and publication of GNSS approach procedures). It also serves as an incubator for entrepreneurial activities connected with the usage of the Galileo global traffic system.

The GNSS Centre of Excellence also supports the image of association members as innovative companies developing and using modern technologies.

- Confederation of the Czech Aviation Industry (CCAI), since 2014. The Confederation contributes to the strengthening of competitiveness of the Czech aviation industry and implements projects in areas of human resources management and aviation education, and the development of a supply chain and the integration of delivery capabilities.
- The Association of Critical Infrastructure of the Czech Republic (AKI ČR), since 1 December 2019. The mission of the association is to create optimal conditions for the operation and protection of the critical infrastructure, to support research and development in the sphere of operation and protection of the critical infrastructure, to make the problems of the critical infrastructure more widely known, and to defend some specific common interests of members of the association.

ANS CR actively represents the Czech Republic in the following organizations:

- European Organisation for the Safety of Air Navigation (EUROCONTROL), headquartered in Brussels. The Czech Republic has been a member since 1996. EUROCONTROL is an intergovernmental organisation with 41 Member States and 2 Comprehensive Agreement States outside of European territory (Israel and Morocco). The organisation is working to achieve safe and seamless air traffic management (ATM) across Europe.
- International Civil Aviation Organization (ICAO). The Czech Republic has been a member since 1944. ICAO is the most representative governmental organization in the field of civil aviation that has a significant status in the UN structure.



Integrated Management System (IMS)

The Integrated Management System implemented in ANS CR includes: Quality Management (QMS), Safety Management (SMS), Environmental Management (EMS), Security and Information Security Management (SeMS). The maturity level within individual areas of the integrated management system in 2019 corresponded to the requirements laid down by relevant stakeholders. The performance and development objectives of IMS, set out in the ANS CR Annual Plan, have been met. These objectives were primarily focused on improving the maturity level within individual areas of IMS in accordance with the ANS CR Business Plan.

Maturity of the Integrated Management System

Under the ISRS8 methodology, the integrated management system is evaluated in 15 main processes in a four-year period. In 2019, already the third cycle of the integrated management system maturity assessment with the ISRS8 international comparative methodology was initiated.

In 2019, three processes were assessed (Leadership; Planning and system documentation administration; Results and review). The average score of the measured process performance considerably exceeded the value set out in the ANS CR Annual Plan, i.e. 80%.

Main Activities and IMS Development

In the first quarter of 2019, a periodical external audit of the quality management system and environmental management system was carried out to verify that the requirements of CSN EN ISO 9001:2016 and CSN EN ISO 14001:2016 standards were being met. The audit confirmed a high level of the process management of the quality management system and the environmental management system at ANS CR. No nonconformities of category one or two, i.e. significant and less significant nonconformities, which could have a major impact on the implemented systems or a potential impact on the environment, were found.

In 2019, the Compliance module was introduced within the internal documentation management system in relation to the need to simplify the process of verification of compliance with applicable legislation. The outputs from this module offers ANS CR staff at various levels an easier overview of the current state of internal documentation compliance with applicable legislation. Another significant change is an automatic submission of an overview of corporate process compliance with selected legislation to the Civil Aviation Authority.

In 2019, where applicable, internal quality audits were extended to include finance, accounting and financial reporting. Furthermore, internal audits were introduced to assess the state of corporate process compliance with selected European legal regulations.

Safety

Our priority is to maximise the safety of aircraft and passengers. We constantly strive to improve safety in order to minimise the risk of an air accident. Improving safety performance is an integral part of our performance plan and additional plans.

Safety Performance

In 2019, there were 669 occurrence reports filed within the mandatory reporting system. ANS CR was directly involved in 59 and indirectly in 4 of these occurrences. 49 of these occurrences were related to the technical systems supporting the provided services, out of which 26 were ATM specific occurrences. None of the occurrences caused by ANS CR was classified within the Accident category in terms of overall impact on air traffic safety. One occurrence directly involving aircraft crew and indirectly involving ANS CR was in terms of overall impact classified as Serious Incident where the involvement of ANS CR was classified as Major Incident (less severe).

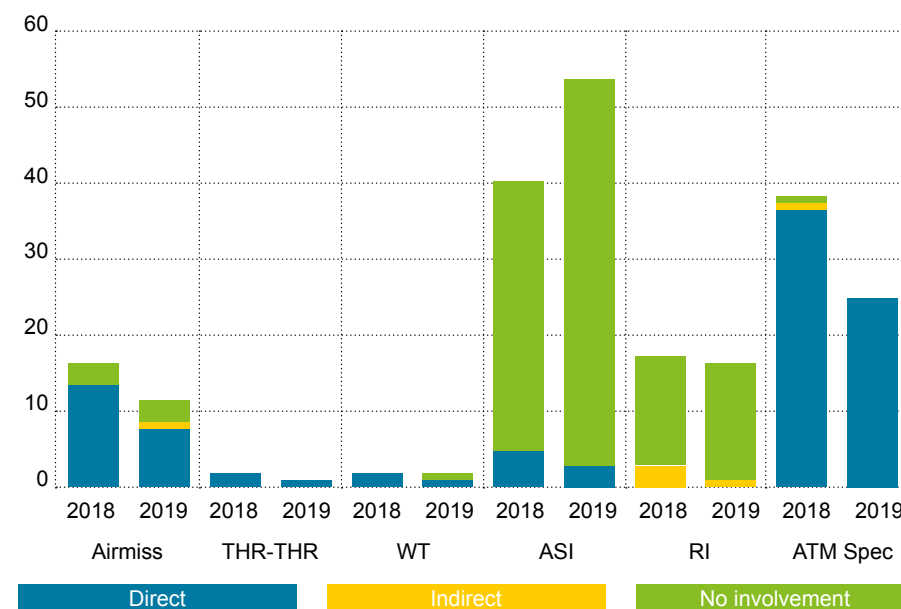
The potentially most serious types of occurrences with respect to air traffic safety include separation minima infringement (SMI), separation minima infringement threshold–threshold (SMI THR-THR), wake turbulence separation minima infringement (SMI WT), runway incursion (RI), unauthorised penetration of airspace (PoA), and occurrences related to the technical systems supporting the provided air navigation services (ATM specific).

Summary of the most serious types of occurrences in 2019:

- The separation minima infringement (SMI) occurred in 12 cases out of which 8 were with direct involvement, 1 with indirect involvement, and 3 without involvement of ANS CR;
- In 1 case, separation minima infringement threshold–threshold (SMI THR-THR) with direct involvement of ANS CR occurred;
- In 2 cases, wake turbulence separation minima infringement (SMI WT) occurred, in one case with direct involvement and in the other case without involvement of ANS CR;
- Runway incursion (RI) occurred in 17 cases out of which 1 case was with indirect involvement and other cases were without involvement of ANS CR;
- Unauthorised penetration of airspace (PoA) occurred in 56 cases out of which 3 cases were with direct involvement and other cases without involvement of ANS CR;
- Out of 26 ATM specific occurrences 25 were with direct involvement and 1 with indirect involvement of ANS CR.

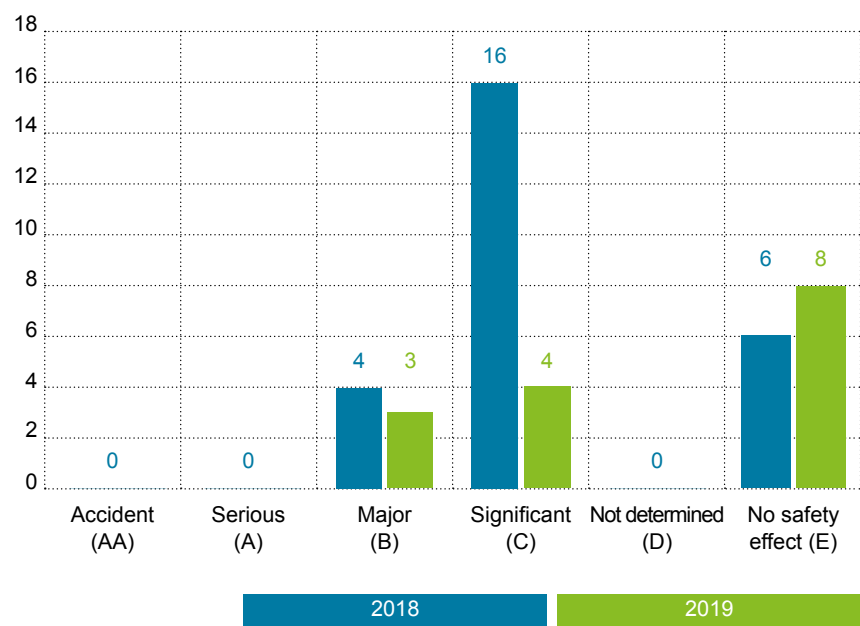
The following chart illustrates the total numbers of selected types of occurrences and the involvement recorded by ANS CR:

The total numbers of selected types of occurrences recorded by ANS CR, 2018–2019



The following chart illustrates a year-on-year comparison of occurrences based on severity:

The total numbers of occurrences recorded by ANS CR based on severity in 2018 and 2019 (selected types of occurrences with direct or indirect involvement)



It is possible to positively evaluate that in terms of severity, the most important part of all these incidents ranked in the two lowest categories of impact on safety. There were 79 air accidents in Praha FIR, but ANS CR was engaged only as the addressee of the occurrence notifications. On the basis of these notifications, search and rescue services were provided. It is possible to state that in terms of the total number of occurrences involving ANS CR and of their severity, the level of safety of provided air navigation services increased in 2019.

Safety Management System Performance

Safety is one of the key performance areas monitored in accordance with European legislation. In the completed second reference period (RP2, from 2015 to 2019), the targets for the following key safety indicators were set as follows:

- Effectiveness of Safety Management (EoSM) is measured using a questionnaire validated by the CAA and focused on individual parts of the Safety Management System.
- Application of severity classification based on the Risk Analysis Tool (RAT) is in accordance with the requirements of European legislation and is used for occurrences categorised as separation minima infringement, runway incursion, and ATM specific occurrences.
- Reporting of the level of presence and corresponding level of absence of Just Culture. The company uses a standard tool (questionnaire) prepared by EUROCONTROL and reported to EASA (after CAA validation). Just Culture has been implemented within ANS CR since 2013.

In 2019, ANS CR met or exceeded the values of all three indicators prescribed by the FAB CE Performance Plan (values for 2019):

Indicator	FAB CE Performance Plan for 2019	Results of ANS CR in 2019
Effectiveness of Safety Management (EoSM)	D* D**	D* D**
Application of severity classification based on Risk Analysis Tool (RAT) methodology	100%	100%
Just Culture	Issue a report	Report about Just Culture

* Management targets "Safety policy and safety objectives", "Safety risk management", "Safety assurance", and "Safety promotion"

** Management target "Safety culture"

Main Activities and Safety Improvement

In order to achieve a high level of safety, ANS CR has implemented a formalised and proactive safety management system in accordance with current best practices.

We assess safety-related risks for all the changes related to people, processes, technology, and airspace management. We prepare so-called safety cases to provide evidence that the planned changes will be safe after their introduction into the operations.

After several years of experience with the Just Culture application, it can be stated that Just Culture is adhered to and anchored in ANS CR, and trust in it continues to deepen. Since its introduction until the end of 2019, 206 voluntary reports in total were filed. The positive attitude of employees is supported by the fact that, although the voluntary reporting system allows anonymous notification, this option has been used only exceptionally, in few cases.

We continue enhancing the already implemented processes: in 2019, the corporate documentation defined in more detail activities in the wake of an occurrence from the participants' viewpoint. Based on the supporting materials from the Safety Unit, an e-learning module was prepared for refresher training of all the staff to whom Just Culture concerns. Up-to-date information regarding Just Culture is available on the intranet Safety Portal to all employees of the company.

Another means for improvement includes the annual participation in self-assessment in accordance with EUROCONTROL/CANSO Standard of Excellence in Safety Management Systems (SoE), which assists in identifying opportunities to improve the safety management system beyond the compulsory EoSM questionnaire.

In addition, ANS CR shares its data openly. The data cover not only SoE results but also the number of incidents such as separation minima infringement and runway incursion. Analyses, discussions and sharing of

experience pertaining to this data with other providers within CANSO open a new way to improve safety.

ANS CR also closely cooperates with other air navigation services providers, e.g., within FAB CE activities where there are cooperation agreements signed to allow for an easy exchange of safety information. Cooperation development now focuses on the sharing of experience in occurrence investigation and common safety surveys, which, among other things, help to improve an interface between individual service providers.

ANS CR operates its own semi-automatic monitoring system that continuously tracks and evaluates 15 parameters related to the safety and flow of air traffic. The parameters are selected according to the requirements of both European and other legal regulations and in accordance with the needs of the company.

In 2019, an automatic monitoring system (ASMT) was installed at ANS CR, and towards the end of the year, it was upgraded to the last version 5. The assessment of system functionality and benefits is planned for 2020. The system should not only allow for partial automation of outputs, but also improve monitoring of parameters and accelerate subsequent analyses of collected data.

Improvement in safety management is strongly supported by the participation of ANS CR representatives in the CANSO Safety Standing Committee, the (CANSO) Safety Information Exchange Programme and CESAF (CANSO European Safety Directors and related CANSO Fatigue Management Expert Group), the EUROCONTROL Safety Team and other related working groups (e.g. the Safety Management Tool User Group or Safety Improvement Sub Group). These activities allow the company to access information regarding the latest developments, while all of these forums are increasingly focusing on the sharing of information and best practices for improving both safety management and safety in particular.

In 2019, we finalised preparation for the new European Regulation

(Commission Implementing Regulation (EU) 2017/373 laying down common requirements), which entered into force on 2 January 2020. The new Regulation makes it possible to improve and simplify the safety management processes outside the scope of existing regulation, which may seem too restrictive in some cases. At ANS CR, we analysed such opportunities and accordingly modified the processes so that the functioning strengths were retained on the one side, but on the other side, compliance with the requirements for development towards better safety management was achieved (e.g. fatigue-related risks or human factor performance risks). We also actively participated in workshops to implement the new Regulation with the Civil Aviation Authority and other air navigation service providers in the Czech Republic and abroad.

Environment

Ensuring sustainable development of air navigation services while minimising an adverse impact on the environment is one of the priorities of our company. ANS CR takes environmental issues into account within all activities of the company, especially in connection with the potential negative impact on the environment, including the prevention of environmental pollution. It uses operational concepts which reduce the negative impact on the environment, and approaches the facility management with a view to addressing the above issues efficiently, economically, taking into account the potential environmental impact and with the aim of reducing the use of non-renewable raw materials and energy sources without compromising the safety and continuity of air navigation services.

Environmental Performance

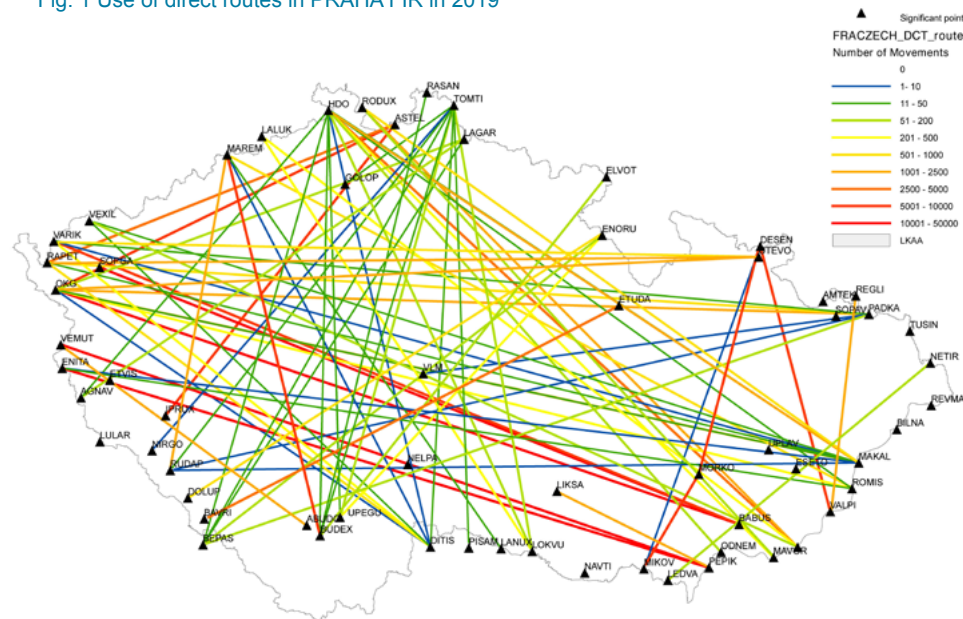
EMS enables the company to have an active approach to the environment both in the provision of air navigation services and in other business activities (facility management). As in the previous period, in 2019 ANS CR carried

out all its activities so as to meet the obligations of all relevant applicable environmental legal regulations.

ANS CR carries out a greenhouse gas inventory (carbon footprint calculation) each year. The calculation for 2018 was done for the first time as a full carbon footprint, and subsequently verified. The total amount of greenhouse gas emissions for 2018 equalled 14,217 t CO₂ equivalent. The most significant share of the carbon footprint is represented by the emissions from electricity purchased (approx. 60%). The results for 2019 were not available at the time of compiling the Annual Report.

ANS CR contributes to the reduction of emissions produced by air transport (aircraft operators) in the airspace of the Czech Republic through the application of the FRACZECH concept. The number and geographic distribution of free route flights using individual DCT routes in Praha FIR show the outputs of relevant operations analyses – see also Fig. 1.

Fig. 1 Use of direct routes in PRAHA FIR in 2019



Thanks to the use of DCT routes in 2019, the en-route flights in PRAHA FIR were shortened by approximately 313,000 NM and CO2 emissions were reduced by approximately 12,000 t.

Environmental Planning and Development

In 2019, the Environmental Aspects Register, including risk analysis and assessment, was updated, and the strategy for significant environmental aspects was determined subsequently. At the same time, environmental performance in the area of air navigation services and facility management was defined in detail. Further enhancement of EMS maturity is planned for 2020; among other things, improving the emergency preparedness system, including emergency situation drills. We further plan to prepare a corporate emissions reduction plan.

Security and Information Security

In 2019, the priority issues for security and information security were personal data protection and cyber security.

In terms of personal data protection, it was primarily the completion of an extensive analysis of processing activities. This was followed by amendments to contracts in all cases of personal data processing by external partners, in addition to more detailed regulation of personal data protection within internal standards.

Cybersecurity was mainly about aligning protection standards with the requirements of the new Cyber Security Decree, taking security considerations into account in change management, and creating a new security incident reporting system.

International Relations

ANS CR remains an active member of the CANSO working groups and the NEASCOG platform, which coordinates the interconnected activities of NATO and EUROCONTROL. Even in these international platforms, the increasing importance of cyber security is evident.

In comparison with other air navigation service providers, ANS CR remains the international leader in both implementing legislative requirements, managing risk, and implementing practical security measures.

Inspection Activities

In accordance with the provisions of the National Quality Management Program, ANS CR has implemented a number of internal control activities aimed at verifying the functionality and effectiveness of security measures. These include security audits, inspections and tests focused on measures within the areas of the activities of the air traffic service provider, suppliers to airports, the air work operators and the organisation's activities.

A number of these areas have also been examined within the framework of the regulatory audit of the Civil Aviation Authority and the National Cyber Security Authority.



ATM International Environment

In response to network capacity saturation and growing delays in the European airspace, several strategic international initiatives aiming to address this issue were developed in 2019. The most prominent ones include the Airspace Architecture Study (AAS) and the report of the ad-hoc Wise Persons Group (WPG) - both initiated by the European Commission (EC). In relation to this, and additionally to the aforementioned documents, a debate over the need to update the framework regulations of the Single European Sky (SES) was initiated.

Regarding the process of approving performance plans for the third reference period (2020–2024) and preparing new legal regulations, particularly in the area of unmanned traffic management (UTM), the year 2019 was fairly abundant in international events.

ANS CR took part in the debates in various ways; by actively participating in the providers' organisation CANSO, in FAB CE, working groups of European institutions (EUROCONTROL, EASA) or SESAR projects and closely cooperating with the national authorities of the Czech Republic – the Ministry of Transport and the Civil Aviation Authority. We are going to describe the development for the first two aforementioned organisations in detail – CANSO and FAB CE.

CANSO



The European region of the Civil Air Navigation Services Organisation responded to the development in ATM by adopting the CANSO Europe Vision 2035. The Vision, in eight points, provides a comprehensive and clear idea

as to how the European ATM should develop within the declared time horizon according to providers. The Vision focuses mainly on the liberalisation of the market, the simplification of legislation, a network-driven view, enhancement of the flexibility of provided services and new players – especially with regards to UTM. The Vision was initiated by the Director General of ANS CR, chairing between 2018 and 2020 the Executive Committee (EC3) – the supreme membership body of CANSO Europe. The enforcement of the Vision, which will allow for more active involvement of providers in the ongoing debates over the future of the European ATM, is a major achievement of his chairmanship.

Functional Airspace Block in Central Europe – FAB CE



The international development has been reflected in the activities of FAB CE at multiple levels. The conclusions of AAS and WPG were included in the preparation of the new version of the FAB's strategy as a key source. The new strategy covers a period until 2030 and focuses mainly on cross-border cooperation options in the capacity field. In this context, a special Airspace Task Force was set up with the aim to analyse the options of modifications in the FAB CE airspace and to ensure compliance of FAB's activities with the Network Manager's activities. ANS CR takes an active part in the activities of the Airspace Task Force.

At the project level, from our company's point of view, the launch of three technical projects was the most interesting – Datalink service quality monitoring, SSR frequency use monitoring and ADS-B launch. They are worthy of attention for two reasons – all three projects were initiated by ANS CR headed by employees of our company. At the same time, all were

prepared as “some-in” projects and serve as the first practical sample of the application of the new principle of cooperation within FAB CE. There is a possibility to implement projects with the participation of a small number of FAB CE providers. Only the stakeholders then divide the project costs among themselves. This makes it possible to tackle topics that are not of interest to all the parties for various reasons, which enhances flexibility of possible cooperation.

To conclude, it is necessary to mention regular dealings with social partners of FAB CE aimed at information sharing and exchange. In 2019, two meetings were held; the first one at IATCC in Jeneč.

SESAR

The Single European Sky ATM Research (SESAR) is the technological side of the EU Single European Sky (SES) initiative. At present, both of its key phases are running in parallel within SESAR. It is a development phase (2008–2020+) focused on the research and development of new technologies and procedures in ATM, and the deployment phase (2014–2020+); which manages their controlled implementation. The development part of the programme is coordinated by SESAR Joint Undertaking (SJU), while deployment is primarily in the hands of the SESAR Deployment Manager (SDM). The SESAR programme is largely co-financed by the EU.

Throughout 2019, ANS CR actively participated in both phases of SESAR. At the development stage - called SESAR 2020, ANS CR participated as part of the B4 consortium, which is a direct member of the SJU. This consortium is a joint group of four air navigation services providers from Poland (PANSa), the Czech Republic (ANS CR), Slovakia (LPS SR) and Lithuania (Oro Navigacija).



The year 2019 was a highly dynamic period for SESAR 2020. All the projects from the first round reached their final phase in the form of the implementation of verification tests, validations and the preparation of final project reports. All the projects from the first round, with a few exceptions, were completed by the end of 2019. The remaining projects from the first round will be completed during 2020 with a smaller or larger delay. The tasks carried out by ANS CR within selected first-round projects were completely fulfilled.

In 2019, a competition for participation in projects of the second round of SESAR 2020 was organised. ANS CR, as a SJU member, used this opportunity to successfully apply for the following 5 projects, where ANS CR will cooperate with its contractual partners in 2020–2022:

PJ.05-W2: Digital Technologies for Tower (DTT)

PJ.07-W2: Optimised Air Space Users Operations (OAUO)

PJ.10-W2: Separation Management and Controller Tools (PROSA)

PJ.18-W2: 4D Skyways

VLD2-W2: Surface Traffic Alerts Improve Runway Safety (STAIRS)



In terms of the deployment phase designated as SESAR Deployment, ANS CR is one of the implementation partners of the SDM, and is a beneficiary of funding from the European executive agency – Innovation & Networks



Executive Agency (INEA) to manage and implement the Connecting Europe Facility (CEF) programme for the technical and financial parts. The CEF is the EU's main financial tool to provide for future European transport, energy and telecommunications infrastructures.

Since 2014, the company has actively participated in selected CEF calls and has implemented and continues to implement several projects with EU financial support through the SDM. In 2019, ANS CR, in cooperation with its partners, successfully completed another SESAR Deployment project:

- AMAN LOWW initial.



Co-financed by the Connecting Europe Facility of the European Union



Maintenance or inspection work can only be carried out by certified operators who must always have a valid permit to carry out unmanned aerial work granted by the Civil Aviation Authority (more on: <https://www.caa.cz/provoz/letadla-bez-pilota-na-palube/letecke-prace/>).

2. CHECK THE CURRENT TECHNICAL CONDITION OF YOUR DRONE AND ASSESS YOUR OWN CAPABILITY

- Pay attention to the technical condition of your drone, always perform the pre-flight visual checks.
- Consider your health condition or fatigue and never fly under the influence of alcohol or other drugs.



Airspace Users' Consultations

Essential requirements for transparency of provided services and their communication to airspace users were debated in the framework of consultations when preparing the Performance Plan of the Czech Republic for the third reference period (RP3), i.e. for 2020–2024; which was finalised in 2019. Key performance indicators related to this Plan were submitted to the European Commission for approval in accordance with Commission Implementing Regulation (EU) 2019/317. Transparent and non-discriminatory provision of services is further ensured by the publication of conditions and prices for the provision of services on the publicly accessible AIP CR (https://aim.rlp.cz/ais_data/www_main_control/frm_cz_aip.htm)

In compliance with the requirements, the views and interests of airspace users are further debated at regular meetings of the Provisional Council and the Enlarged Committee for Route Charges held on the platform of the European Organisation for the Safety of Air Navigation – EUROCONTROL, and other committees where service users are represented.

In addition to the said discussions at the international level, ANS CR organise regular meetings with representatives of the government and air carriers in the interests of the transparency of services provided.

Discussions at International Level

Bilateral Discussions with Representatives of the International Air Transport Association (IATA)

In 2019, there were two rounds of bilateral discussions between the Czech Republic and IATA representatives in compliance with Commission Implementing Regulation (EU) 2019/317 aimed at preparing the draft Performance Plan of the Czech Republic for RP3.

In February 2019, the Restructuring Project was subject to a preliminary debate with the European Commission. The Project addresses the restructuring/optimisation of the airspace of the Czech Republic in compliance with the SES legislation and has been included in the first draft Performance Plan of the Czech Republic for RP3. In March 2019, the first bilateral discussion, between the Czech Republic and IATA, regarding the said Plan and Project

was held at WAC in Madrid. IATA processed its first opinions as at 6 May 2019. Pursuant to applicable legal regulations, on 22 July 2019, the second bilateral discussion between the Czech Republic and IATA was held at IATCC in Jeneč with the following conclusions:

- IATA supported the actions of the Czech Republic to increase capacity.
- IATA disagreed with retrospective adjustments to the costs for RP2.
- IATA agreed with the baseline value of en-route operations in 2019.
- IATA required the modification of airport traffic for RP3.
- IATA required additional information concerning investments and headcount.
- IATA requested assurances that investments from RP2 will not be accounted for again in RP3.
- IATA requested to apply the pan-European value of environmental objectives.
- IATA agreed with the baseline value of costs in 2019.
- IATA requested adjustments to capital costs.
- IATA requested specific prices for individual airports.

With the exception of the final point, all the customers' requirements were met and all adjustments were incorporated into the final draft Performance Plan of the Czech Republic for RP3, which was forwarded to the European Commission at the end of September.

All the meetings were attended by the representatives of ANS CR - as the provider of services and the recipient of the majority of the charges paid by air operators, and in addition (and mainly) by the representatives from the Ministry of Transport and the Civil Aviation Authority as a national supervisory authority.

All the meeting participants very positively perceived that the Czech Republic is a state where the level of charges paid by air carriers corresponds to the services and security provided. The pricing policy is thus transparent and is under the scrutiny of the state authorities.

EUROCONTROL Provisional Council and Enlarged Committee for Route Charges

In 2019, air operators represented by IATA attended the principal meeting of the Enlarged Committee for Route Charges; which was held on 20 and 21 November 2019. Proposals of the Committee for air charges valid as of 1 January 2020 were subsequently approved at the 52nd meeting of the Eurocontrol Provisional Council on 28 November 2019 in Brussels. The unit rate valid for the Czech Republic, as of 1 January 2020, was set at EUR 45.10 with the applied exchange rate of CZK 25.8424/EUR.

Discussions at National Level

17th Annual Meeting of Air Carriers with the Representatives of ANS CR

The 17th annual meeting of air carriers with the representatives of ANS CR was held in October 2019. It was attended by representatives of air carriers, the Ministry of Transport of the Czech Republic, the Ministry of Defence of the Czech Republic, the Civil Aviation Authority and other professional aviation bodies. The agenda, which reflected participants' requests voiced last year, included the following points:

- Corporate situation and development between 2018 and 2019.
- Transparency of costs of ANS CR – CAA presentation.
- Performance Plan of the Czech Republic for RP3 (2020–2024).
- Change of RNAV (GNSS) to RNP.
- Information on operations during the summer season of 2019.
- Process of introducing FRA in the Czech Republic.

In order to receive feedback from the participants, the company prepared, as in the previous years, a structured questionnaire focused on the usefulness of the information presented and on the preferred content for future meetings. The evaluation of the questionnaires demonstrated that the user representatives are very satisfied with the negotiations and generally with communication from the side of ANS CR. In the preparation of the 2020 programme, the requirements preferred by the participants at the meeting, provided through the questionnaire and common debate, will be taken into account again.

In order to keep all cooperating entities informed, the presentations are available on website www.rlp.cz.

General Aviation Seminar

In January 2019, the 11th annual general aviation seminar was held with the participation of the company management, the national supervisory authority (NSA), the Ministry of Transport of the Czech Republic and the Air Accidents Investigation Institute (AAII). A selection of topics covered the following areas:

ANS CR:

- Information on the extension of the responsibilities of the FIC unit
- Information for general aviation on temporarily reserved area for local operation
- Information on penetration of TMA in the area of RWY06
- AIM/LIS information

CAA:

- Topical CAA information with an impact on the general aviation operation.
- Skydiving and/or parachuting operations at present.

AAII:

- Analysis of air accidents in 2018.

Ministry of Transport of the Czech Republic:

- Amendment to Act No. 108/1997, Coll.
- Radio frequency interference, including ATN Data Link services.

AV

- Air pressure and errors in the altimeter calibration.

In order to keep all cooperating entities informed, the meeting was recorded and is available on the corporate YouTube channel.

Airport Operational Committee

Based on the requirements of service users, in April 2019, the Director General participated at the Airport Operational Committee (AOC) meeting with a presentation focused on preparing the company for the challenges of the 2019 summer season. The Director General of ANS CR participates regularly at such meetings, which further enhances the level of understanding and transparency in mutual relationships.



Evaluation of ANS CR Annual Plan for 2019

The Annual Plan is a planning and implementation document within the performance management system which elaborates on the objectives set out in the “FAB CE Performance Plan for the second reference period” and the “ANS CR Business Plan 2015-2019”. The Annual Plan sets targets for a specific year of the reference period necessary for achieving the medium-term objectives of the above mentioned program documents.

Performance Monitoring

The fulfilment of the objectives set out in the Annual Plan is subject to a quarterly evaluation by the company management and the national supervisory body – the Civil Aviation Authority. The purpose of monitoring is early identification of any deviations from the targets set so that corrective measures can be determined to ensure these objectives are met. The Annual Plan observes two categories of objectives. While the performance targets determine the value (trend) of the indicators of key processes, development goals improve company processes.

Key Performance Areas Evaluation

The objectives of the Annual Plan are defined in the European key performance areas (KPA), i.e. in the areas of safety (SAF), the environment (ENV), capacity (CAP) and cost effectiveness (CEF).

Summary

The targets set by ANS CR annual plan for 2019 that are directly linked to European performance targets for the second reference period (2015-2019) were met with the exception of performance targets in the capacity of en-route navigation services and the European target “Average Horizontal En-route Flight Efficiency of Actual Trajectory” which, however, is measured at FAB CE level.

In the key area of safety (SAF), the long-term use of the RAT methodology (for mandatory incidents) has been positively assessed in the investigation of all air traffic incidents. At the same time the European objective in EoSM (to increase the level of maturity of the safety management system) was met. The achieved level of maturity of the safety management system within individual criteria is not less than „D“. Just Culture policy has been firmly established and anchored, and confidence in it continues to grow. This is well illustrated by the efficient and widely used environment of voluntary reporting, the process of investigation, and feedback.

In the sphere of the environment (ENV) all the internal objectives were met. The European performance objective “Average Horizontal En-route Flight Efficiency within the Actual Flight Path” was not met at the FAB CE level, as the KEA value achieved for FAB CE is 2.13% while the set objective was 1.81%. To a large extent the deviation from the set objective is due to the re-routing of flights on the European level (Network Manager) with the aim to reduce delays.

In terms of capacity (CAP), the ATFM average lag delay target was not met when the registered delay reached 0.28 per performed flight (0.1 min/flight required). This was mainly due to intensive training of new air traffic controllers with the aim of creating sufficient capacity for the next period. The target ATFM delay at Vaclav Havel Airport, Prague was met when delay of 0.07 min/flight was registered (a maximum of 0.4 min/flight required). Similarly, the departure slot target value was reached, which was significantly above 90% at Vaclav Havel Airport, Prague and regional airports (the minimum level over 95%, above 80% required). Likewise, all other objectives set in this key performance area were met.

All the objectives set in the area of cost efficiency (CEF) were met. Despite a significant slump especially in en-route performance, the financial situation of the company remains stable thanks to the increase of revenues from non-operating activities.

1. Summary of Meeting the Annual Objectives according to Individual Categories

a. Safety (SAF)

One of the main reasons for providing ATM services is to ensure air traffic safety. ANS CR therefore strives to maintain or improve the level of safety of services provided regardless of the volume of air traffic. The company considers security a priority that takes precedence over commercial, operational, and other goals. To achieve a high level of safety, ANS CR has implemented a formalized and pro-active safety management system and is constantly developing this system. One means of improvement is the annual participation in the EUROCONTROL/CANSO Self-Assessment Standard of Excellence in Safety Management System (SoE), which helps to find ways to further improve the safety management system.

After several years of experience with the implementation of Just Culture in ANS CR, it can be stated that the Just Culture policy has been firmly adopted and anchored and confidence in it continues to grow. This is well illustrated by the efficient and widely used environment of voluntary reporting, the process of investigation, and feedback motivating the operations personnel to approach increasing of safety personally.

Also the use of RAT was evaluated positively and in 2019 it was used in assessing the severity of all the listed types of events (SMIs, RIs, and ATM-S) in 100% of cases where the investigation had already been concluded.

SAF Performance Targets:

Target name	KPA	Evaluation
The use of the Risk Analysis Tool (RAT) in the investigation of incidents in air traffic	SAF ***	Met
The increase in sophistication of the safety management system	SAF ***	Met
Realization of technical, operational, and administrative measures to secure operation and maintenance of the ATM infrastructure with: high quality, high level of safety, capacity as required	CAP **/ CEF * ENV ** / SAF **	Met
Organization, management, and control of activities within the scope of responsibilities of a division to ensure provision of air navigation services in FIR Prague and at the VHA Prague, Brno, Ostrava, and Karlovy Vary airports with: a high quality and a high level of safety	CAP *** / ENV * SAF **	Met
Securing reliable and safe operation of technical equipment and facilities in accordance with applicable legal standards and regulations and a zero number of discovered breaches of legal obligations in the sphere of the environment during control activities of the state	ENV * SAF **	Met
Provision of operational, technical, and organizational measures to achieve the target values set for 2019 in classification of success in identification of image outputs, inserted by X-rays when checking real baggage, by inserting images of dangerous and prohibited items (the TIP system) into the baggage	SAF ** others	Met
Securing high level of access to the following critical systems and groups of MIS: PIS, EUS, Fileserver IATCC, E-mail, SQL, intranet, the system of access management (PKI, AD), whose inaccessibility has a substantial impact on the organisation management or affects economic results (PST)	SAF ***	Met

*/**/** Star Rating determines the contribution rate of a given goal relative to a given key performance area.

SAF Performance Targets:

Target name	KPA	Evaluation
In cooperation with EUROCONTROL to secure the organization of a repeated safety culture survey in the company	SAF ***	Met
Securing the necessary synergy with the other divisions in gradual optimization of airspace and route structure organisation with respect to continuity within FAB CE and gradual preparation for full-FRA in FIR Prague	CAP ** / CEF * ENV *** / SAF **	Met

*/**/*** Star Rating determines the contribution rate of a given goal relative to a given key performance area.

b. Environment (ENV)

ANS CR actively and responsibly approaches environmental issues without compromising safety, continuity, and the efficiency of air traffic. In this area, the aim of the company is to ensure sustainable development of air navigation services while minimizing the negative impact on the environment. The key tool for achieving a balanced environmental approach is the ISO 14001 certified company Environmental Management System (EMS).

In 2019, all the environmental performance and development objectives were met. The development objective specified below – Average delay rate per one performed flight in FIR Prague – is evaluated as not met with respect to the contribution to KPA CAP, not ENV.

The European performance objective “Average Horizontal En-route Flight Efficiency within the Actual Flight Path” was not met at the FAB CE level, as the KEA value achieved for FAB CE is 2.13% while the set objective was 1.81%. To a large extent the deviation from the set objective is due to the re-routing of flights on the European level (Network Manager) with the aim to reduce delays. The fulfilment of this indicator is also influenced by the contribution of the other FAB CE countries and by behaviour of air carriers (who often choose less direct but from their point of view more cost-efficient routes. The overall assessment of this objective and the identification of any corrective actions will be carried out in the FAB CE 2019 Evaluation Report. The development priority in the ENV field was to ensure the future development of the ATM business, especially in the Neopteryx projects, Airspace Optimization, and FRA (Free Route Airspace) implementation.

ENV Performance Targets:

Target name	KPA	Evaluation
Increasing the sophistication of the quality management and the environmental management systems	ENV *** / SAF * others	Met
Realization of technical, operational, and administrative measures to secure operation and maintenance of the ATM infrastructure with: high quality, high level of safety, capacity as required	CAP ** / CEF * ENV ** / SAF **	Met
Active participation in the creation of alternative plans during the period of restrictions due to repairs on airport traffic areas with the aim of retaining maximum available capacity and to minimize delays.	CAP *** / ENV **	Met
Average delay rate per one performed flight in FIR Prague	CAP *** / ENV **	Not Met

*/**/*** Star Rating determines the contribution rate of a given goal relative to a given key performance area.

ENV Development Targets:

Target name	KPA	Evaluation
Ensuring methodical support for the ATS Optimization process to attain a long-term source of ATM capacity in accordance with the Neopteryx project and to attain FRA.	CAP ** / ENV ***	Met
Securing the necessary synergy with the other divisions in gradual optimization of airspace and route structure organisation with respect to continuity within FAB CE and gradual preparation for full-FRA in FIR Prague	CAP ** / CEF * ENV *** / SAF **	Met

*/**/*** Star Rating determines the contribution rate of a given goal relative to a given key performance area.



c. Service capacity (CAP)

For ANS CR, one of the main priorities connected with provision of ATM services is to ensure traffic capacity of the Czech airspace. The measure for assessing the continuity of air traffic is the rate of delay expressed as the average delay per flight performed. The aim is therefore to reduce European delays towards the values set by the FAB CE Performance Plan for the 2nd reference period.

The key indicator in the area of capacity is the target value of the average en-route delay due to ATFM in minutes per flight. This indicator was not met when the average en-route delay due to ATFM reached 0.28 per performed flight (0.1 min/flight required). This was mainly due to intensive training (including the summer months) of new air traffic controllers which drew upon human resources for manning the sectors. ATC training is a priority with respect to the current Air Navigation Services Optimization project and securing sufficient capacity for the following periods.

ANS CR are continuously working on increasing the capacity and 3 major projects are currently underway to further increase capacity – the optimization of ATS provision in FIR Prague, the acquisition of a new ATM system - Neopteryx Project, and changes in air traffic control training aimed at increasing success. These projects were presented as solutions to the current situation of the EC and EUROCONTROL and are considered sufficient to meet the required capacity.

The second major performance indicator in KPA CAP is the ATFM value of delays at Vaclav Havel Airport, Prague. This target was met when delay of 0.07 min/flight was registered (a maximum of 0.4 min/flight required). The third indicator is the departure slot compliance rates. At Vaclav Havel Airport, Prague it reached the level of 95.52% (> 80% required). This indicator was also met for all the regional airports (Karlovy Vary 100.0%; Brno 99.6%; Ostrava 99.7%).



Unmanned aircraft are used by the Police of the Czech Republic, for example, to supervise public safety, entry into protected and designated areas with no or limited access. They also play an important role in the search for people and preventive actions. While using these methods, special techniques such as thermal imaging are usually used.

(Source: Police Presidium of the Czech Republic)

3. KNOW THE LIMITS OF YOUR ABILITIES AND POSSIBILITIES

- When planning and performing your flights, consider the length of your experience as a drone pilot.
- Also be ready to terminate your flight anytime you start losing control of your device.

CAP Performance Targets:

Target name	KPA	Evaluation
Realization of technical, operational, and administrative measures to secure operation and maintenance of the ATM infrastructure with: a high quality, a high level of safety, and capacity as required	CAP ** / CEF * ENV ** / SAF **	Met
Active participation in the creation of alternative plans during the period of restrictions due to repairs on airport traffic areas with the aim to retain maximum available capacity and to minimize delays	CAP *** / ENV **	Met
Securing operational and technical measures aiming to the ATFM departure slots compliance	CAP ***	Met
Organisation, management and control of the activities within the division scope of responsibility to secure provision of air navigation services in FIR Prague and at VHA, Prague, Brno, Ostrava, and Karlovy Vary airports with: a high quality, a high level of safety	CAP *** / ENV * SAF **	Met
The rate of average delay per one performed flight in FIR Prague	CAP *** / ENV **	Not Met

*/**/*** Star Rating determines the contribution rate of a given goal relative to a given key performance area.

CAP Development targets:

Target name	KPA	Evaluation
Ensuring methodical support for the ATS optimization process to attain a long-term source of ATM capacity in accordance with the Neopteryx project and to attain FRA.	CAP ** / ENV ***	Met
Securing the necessary synergy with the other divisions in gradual optimization of airspace and route structure organisation with respect to continuity within FAB CE and gradual preparation for full-FRA in FIR Prague	CAP ** / CEF * ENV ** / SAF **	Met

*/**/*** Star Rating determines the contribution rate of a given goal relative to a given key performance area.

d. Cost Effectiveness and Service Prices (CEF)

In accordance with the principles of customer orientation, the main goal of the company in terms of cost effectiveness is to provide cost-efficient air traffic services to all airspace users under the responsibility of ANS CR, which is in line with the long-term European trends in reduction of costs per performance unit. Ensuring this goal is preconditioned by the necessity to always maintain and strengthen the financial stability of the company.

In 2019, the total volume of the gross pre-tax profit amounted to 238.8 million CZK. The amount is lower than in the previous years. The slump in the gross profit was caused by a substantial decrease in en-route performance and also terminal service performance did not reach the expected growth. However, it was possible to compensate the slump in the air navigation services revenues

by revenues outside the core business and especially by financial revenues. The gross profit indicator for 2019 was thus fulfilled to 365%.

En-route navigation services were provided for the national unit rate at the amount of 1,029.2 CZK/SU (in current prices), which is 892.19 CZK/SU in the long-standing prices in 2009. This price is in accordance with the current version of the Performance Plan.

Terminal navigation services were provided for the unit price at the amount of 6,609.6 CZK/SU (in current prices), i.e. below the level of the previous years. This price is in accordance with the current version of the Performance Plan and unlike in the previous years it has been decreased by so called adjustments.

CEF Performance Targets:

Target name	KPA	Evaluation
Earning gross pre-tax profit of the company for 2019 at the amount approved by the stipulated company	CEF **	Met
Provision of en-route navigation services for the national unit rate set by the CR performance plan	CEF ***	Met
Provision of terminal navigation services for the set unit price	CEF ***	Met

*/**/** Star Rating determines the contribution rate of a given goal relative to a given key performance area.

CEF Development Targets:

Target name	KPA	Evaluation
Development of the concept of possible usage of the Remote TWR technology in provision of air navigation services	CAP * / CEF ** ENV * / SAF *	Met

*/**/** Star Rating determines the contribution rate of a given goal relative to a given key performance area.

Summary of Fulfilment of the Objectives Set in the ANS CR Business Plan, 2015 – 2019

The ANS CR Business Plan, 2015 – 2019 was designed according to the requirements of the EU Directive for the 2nd reference period (RP2). The following assessment has been done for the whole RP2 in four key performance areas (KPA) defined on the European level, i.e. safety (SAF), environment (ENV), capacity (CAP), and cost efficiency (CEF).

Operational Safety

In accordance with legal requirements the following targets were defined by the FAB CE Performance Plan and the ANS CR Business Plan for the SAF:

In the key area of operational safety (SAF) the long-term use of the RAT (in mandatory types of incidents) methodology for investigation of all air traffic incidents has been assessed positively. At the same time the European objective in EoSM (i.e. to increase the level of maturity of the safety management system) has been met. Just Culture policy has been firmly established and anchored and confidence in it continues to grow. This is well illustrated by the efficient and widely used environment of voluntary reporting, the process of investigation, and feedback.

Target Definition	2015	2016	2017	2018	2019
Safety management effectiveness – the target of the management is „safety culture“	D	D	D	D	D
Safety management effectiveness – the target of the management is „safety policy and safety objectives“, „safety risks management“, „securing of safety“, and „safety promotion“	C	C	D	D	D
Reporting on the scope of presence and the respective scope of absence of Just Culture	Report	Report	Report	Report	Report
Application of severity classification based on the Risk Analysis Tool (RAT) methodology for the SMIs, RIs, and ATM-S type incidents	80%	80%	80%	100%	100%

Environment

In accordance with legal requirements the following target was defined by the FAB CE Performance Plan and the ANS CR Business Plan for the ENV area:

Target Definition	2015	2016	2017	2018	2019
Average Horizontal En-route Flight Efficiency of Actual Trajectory (FAB CE level)	1.99%	1.94%	1.90%	1.85%	1.81%

Although all the local objectives have been met (e.g. introduction of DCT routes in the H24/D7 regime) and ANS CR has created all the prerequisites for the target fulfilment even on the FAB CE level, this objective has not been met since 2016 reaching the levels 1.97%, 1.91%, 1.95%, and 2.13%. However, besides the conditions created by air navigation providers the level of fulfilment of this objective also depends fundamentally on the behaviour of air carriers who often choose less direct but from their point of view more cost-efficient routes. In response to this objective not being met the introduction of the full FRA has been sped up which will contribute to the improvement of the horizontal flight efficiency.

Capacity

In accordance with legal requirements the following targets were defined by the FAB CE Performance Plan and the ANS CR Business Plan for the CAP area:

Target Definition	2015	2016	2017	2018	2019
Average en-route delay due to ATFM in minutes per flight	0.09	0.10	0.09	0.10	0.10
Average delay on arrival due to ATFM in minutes per flight which can be attributed to terminal navigation services. Applies to Vaclav Havel Airport, Prague	0.25	0.30	0.35	0.40	0.40

In the area of terminal navigation services the target was met and significantly exceeded in every year of the monitored period. In en-route navigation services the target was met and exceeded in 2015, 2016, and 2017. In recent years of RP2, however, the target has not been met due to a different development in air traffic and especially its structure (higher complexity) and the target values have substantially been exceeded. This development corresponds with the external factors, especially the lack of capacity in the bordering airspace when a proportion of their traffic is rerouted upon decision of Network Manager (4ACC initiative, eNMT) to FIR Prague. Besides other measures, ANS CR reacts to this situation especially by the Airspace Optimization project and further coordination of activities with Network Manager. In RP3 we expect, based on consultations with Network Manager and the measures taken, closing of the gap between the capacity demanded and offered in time.

Cost-effectiveness

In accordance with legal requirements the following targets were defined by the FAB CE Performance Plan and the ANS CR Business Plan for the CEF area:

Target Definition	2015	2016	2017	2018	2019
En-route navigation services unit rate (DUC), converted into CZK2012	1,141.11	1,104.44	1,063.88	1,021.63	956.95
Unit rate for terminal navigation services (DUC), converted into CZK2012	6,508.13	6,402.68	6,275.57	6,151.49	6,040.63

All the above specified targets were met and the charged DUC were kept or were lower. Deviations from the approved DUC were realized only in the form of adjustment in reaction to a different development of air traffic, inflation, etc. The slump in revenues from air navigation services at the end of the evaluated period was fully compensated by the other company revenues and cost savings. Therefore, it can be concluded that the financial situation of the company was stable throughout the monitored period and the company was able to meet all its obligations.

Deviations from the Targets Set

For the 2nd reference period deviations from the planned values were identified in parts of ENV and CAP. In the case of ENV the target was set at the FAB CE level and at the local level all the supporting targets were met. Meeting the target is planned after the full FRA implementation in 2021.

In the case of CAP not meeting the targets in the final years of the reference period is due to external factors, the main measure taken to increase capacity is the activation of the Airspace Optimization project which was negotiated with airspace users and is part of the CR Performance Plan for the 3rd Reference Period (RP3). On the basis of consultations with Network Manager and realization of the negotiated measures we expect meeting the CAP targets at the end of RP3.



Drones can also be used to monitor state borders. The monitoring may only be carried out by the authorised authorities.

4. CHOOSE A SUITABLE PLACE, TIME, AND WEATHER FOR YOUR FLIGHT

- Get familiar with the Czech Republic airspace organization, e.g. via one of our applications.



Operations

The evaluation of operating results of ANS CR for 2019 confirmed the expected slight decline in air traffic in Czech airspace. This development was mainly due to the capacity issues in the region of Central and Western Europe, especially in Austria and Hungary, and also due to the need to alleviate the overloaded airspace over Germany.

Over the entire year 2019, the total number of recorded aircraft movements in the airspace of the Czech Republic amounted to 906,666 aircraft movements; which represents a year-on-year decline in air traffic by 0.67% compared to 2018 (912,817 aircraft movements). Characteristically, the air traffic was the heaviest in July when the Area Control Centre in Prague provided its services to 95,206 aircraft movements – 3,070 flights a day on average.

Month	Number of flights at FIR Prague		Increase in traffic
	2018	2019	2018/2019 %
January	58,199	61,304	5.34
February	54,865	57,571	4.93
March	65,619	67,461	2.81
April	73,010	73,331	0.44
May	82,725	79,514	-3.88
June	88,452	88,075	-0.43
July	97,654	95,206	-2.50
August	95,318	92,793	-2.65
September	88,910	87,025	-2.12
October	81,019	80,064	-1.18
November	64,345	61,894	-3.81
December	62,701	62,428	-0.44
TOTAL	912,817	906,666	-0.67

1. Operations – IFR, FIC

IFR

- 2019 operations affected by the B737-800 MAX problems, capacity problems of some adjacent ATC units, and EUROCONTROL measures, nevertheless the third strongest summer in our history.
- 15 August 2019 = commencement of the AMAN LOVV system messages reception.
- 10 October 2019 = within the FRACZECH project framework, the first stage of ATS tracks cancellation and introduction of DCT segments.
- Autumn 2019, the first air traffic controllers with only the MHT and L licences.

FIC

- In February 2019, provision of air navigation services to all uncontrolled flights in FIR Prague was concentrated under the FIC Prague unit which led not only to unification of procedures but also to freeing up capacity of regional air traffic control units that had provided services to uncontrolled flights in some parts of FIR Prague.
- In 2019, the above mentioned measure was just one of the factors leading to steadily and significantly growing demand for air navigation services for uncontrolled flights provided by the FIC Prague unit that recorded a 31% year-on-year increase in traffic.

2. New ATCO training

- 2 remaining ATC students from the 2017 Unit Training (MV2017) (LKAA ALL endorsement) successfully completed the unit training and acquired the ATCO licence in 2019.
- 5 ATC students from the 2018/II Unit Training (MV 2018/II) (LKAA M/H/T endorsement) successfully completed the unit training and acquired the ATCO licence in 2019.

- 8 ATC students from the 2019/I Unit Training (MV 2019/I) (LKAA L endorsement) initiated unit training in January 2019. One student successfully completed the unit training and acquired the ATCO licence in 2019. 2 ATC students from the 2019/I Unit Training (MV 2019/I) (LKAA L endorsement) are continuing their OJT.
- 4 ATC students from the 2019/II Unit Training (MV 2019/II) (LKAA L endorsement) initiated unit training in May 2019. Three of them initiated their OJT in the autumn of 2019, and concluded the unit training and acquired the ATCO licence at the beginning of 2020.
- 4 ATC students from the 2019/III Unit Training (MV 2019/III) (LKAA L endorsement) initiated unit training in September 2019. 3 ATCO students to initiate their OJT in January 2020.
- 8 ATC students from the 2019/IV Unit Training (MV 2019/IV) (LKAA M/H/T endorsement) initiated unit training in September 2019. Initiation of OJT expected in April 2020.
- During 2019, 84 simulation exercises were created, designed to enable acquisition of the LKAA M/H/T unit endorsement.
- During some parts of the year 2019 two parallel unit trainings were in progress with the aim to enlist more new air traffic controllers.
- At the end of the year 2019, most ACC Prague air traffic controllers had their LKAA ALL unit endorsements renewed.

3. Rescue Coordination Centre a RCC (RCC)

- On 9 July 2019, Minister of Transport approved the document „Search and Rescue Service in CR Ref. No.: 20/2019-220-LD/1“. It is a product of the SAR Coordination Committee at the Ministry of Transport, meeting on a regular basis, in which bodies of the IRS (Integrated Rescue System) management (the Army of the Czech Republic, Ministry of the Interior, Fire Rescue Service, Ministry of Transport, and ANS CR) are represented. ANS CR is represented by Roman Weber and Jan Mandaus.

4. FDD department

- The FDD department was assigned the task of covering the need for assistants at the new TCC unit in the process of being established. New employees were recruited who have to undergo a complete training for all the qualifications required at the FDD department.

5. Systems

- The FDOM (Flight Data Operator Manager) has been launched at the FDO station. The ESUP user interface securing much faster access to individual JETI functions also provides clear data on the expected or activated traffic with the possibility of direct entry into the flight data.
- New ESUP, performing calculations of individual sectors intersections and enabling gradual FRA implementation without the necessity to define the intersector points, has been launched.
- In E2000, the function ROF (Request on Frequency) has been implemented at ACCs between sectors or between ACCs and APPs.

6. Establishment of a new TCC centre under the Area Navigation Services Section (SONS)

- On 1 May 2019, a Prague terminal control centre was established covering 3 regional APP units.
- Unit training designed to enable acquisition of the relevant unit endorsement took place at all the three units and three courses for acquisition of the LKAA L unit endorsement were initiated for air traffic controllers from the TCC at ACC Prague.
- Throughout the year, building preparations and installations were taking place to enable initiation of ATS provision in the area of responsibility of regional APPs from the technical block at Ruzyně airport. This included preparation of all the operating and training documents and the unit certification by the CAA.

Approach and Aerodrome Control Services (APP Prague)

Traffic in the APP Prague area of responsibility was at the level of the year 2018. Especially during the summer season the traffic was very complex, besides arrivals at and departures from Praha Ruzyně airport there were many training flights, photo flights, and parachute drops. At Prague Ruzyně airport, the number of flights slumped by 0.5%. The main reasons were cancellations of some Czech Airlines flights and B 737 MAX grounding. Thanks to the continuous trend of introducing bigger aircraft into service, increase in the number of terminal service units and the number of passengers at the airport has been recorded.

Throughout the year, including the summer months, more repair works were taking place at the airport, significantly limiting the aircraft moving on the ground. At the same time, traffic was affected by the lack of capacity in the European airspace. In the summer season half of the aircraft departing from Prague had departure slots, so the arriving aircraft had to wait for handling stands blocked by these flights.

Air Navigation Services at Regional Airports

Increase in traffic was recorded at Karlovy Vary and Ostrava airports, Brno showed a decrease. The total slump in traffic at all the regional airports was 4,5%. The main reason is a low number of regular flights at these airports.

ATS units of regional airports meet regularly and negotiate with their clients, i.e. aircraft and airports operators (at the level of airport safety committees, RWY safety teams, and regular meetings with aircraft operators).

In 2019, the representatives of the section participated again in development projects. A special effort was devoted to the terminal navigation services optimization projects, the new TopSky surveillance system, and the new A SMGCS system for the Ruzyně TWR.

At Ostrava airport, a successful re-installation of the ILS for RWY 22 was realized with the total duration of works of almost six months. The airport has thus regained its capability to operate under the CAT IIIB ICAO conditions.

Reconstruction of the service building at Karlovy Vary airport continued, seriously deteriorating working conditions of the operational personnel. Intensive training of new ATCOs took place within the whole section. The total of 12 ATCOs were trained, mostly for terminal sectors.

SIMU IATCC Department

In 2019, the IATCC Simulator was used on a regular basis by the ACC and APP Prague units for unit, enhancement, and refresher training. In the months of February and March, in order to popularize the ATC/ATMS specialist professions, an event took place on the simulator called "Try to be an ATCO" focused on recruitment of new applicants. At the beginning of 2019 a TR 7 system Simulator was put into operation in the TEB LKPR locality and at the same time an extensive modification and new exercises creation were gradually completed on the SIMU IATCC. Both these events were necessary steps allowing for realization of intensive practical ATC training within the framework of the "ANS Provision Optimization" project. The total number of training hours on SIMU IATCC was 4,377 hrs, on SIMU TEB it was 824 hrs.

Operational Personnel Training Support Office (KPV)

- KPV has started providing central planning of TWR simulators occupancy rate for ATC units.
- A unified structure of the general part of UTP units has been created.
- New forms for the ADI and APS qualifications used by all the respective units within the framework of MV (unit training) have been designed.
- Templates for MV (unit training) course programmes have been created.
- Support of UV training documentation.

- Courses evaluation via the course validity system has been introduced in the sphere of e-learning. The current system thus makes it possible to study all the courses even outside their validity period in the self-study mode with no effect on their validity.
- Courses portfolio has been extended by a Jradar and RRS systems operation and playback course for shift supervisors, by RIS, NAVCOM and TCOM refresher training tests, and a DCL APP course (transmission of departure clearance via datalink).
- Optimization of all the statutory recurrent trainings for the Chrome and Edge browsers has been performed.
- The maximum usage of SCO (Sharable content objects) in the sphere of human factors training (FRMS, TRM, SM courses are used throughout the company) together with the extension of the Just Culture course for air traffic controllers and the AIM turned out to be the most beneficial.

CNS/ATM Traffic Systems Division (Communications, Navigation and Surveillance/Air Traffic Management)

The Division is responsible for the operation and maintenance of close to a hundred ATM systems of varying size and importance in nearly fifty locations across the Czech Republic. At the end of 2019, 15 managers and administrative staff members, 105 licensed technicians as supervisors, technical supervisors, maintenance staff members and 28 technical system administrators were employed in the Division.

The focus of the Division systems is, in addition to troubleshooting ATM systems, on regular maintenance and revisions to minimise the downtime of individual systems.

In 2019, we accomplished 78,551 regular inspections in total, of which:

- 57,477 were daily checks.
- 11,792 were ongoing checks.
- 8,418 were weekly and monthly checks.
- 864 were quarterly, half yearly and annual inspections.

During 2019, 563 planned actions were carried out on ATM systems, of which:

- 176 were with no limitations to traffic during full operation.
- 347 were with partial limitation to traffic.
- 178 were carried out with equipment or systems out of service.

The operation efficiency and accessibility of systems operated by the Division were maintained at a high level. The number of registered incidents involving ATM systems was comparable in number with previous years.

Type rating and refresher training was conducted in accordance with the Training Plan (Obtaining, demonstrating and maintaining the qualifications of specialists of ATM systems).

Other successfully completed activities which the Division either provided in full or in part in 2019 included:

Aviation Telecommunications Services Centre (ATS)

- The implementation of the complete migration of all the services from the PENS to the NewPENS network.
- The preparation and full operational commissioning of the Cisco ISE system.
- The connection of VoIP GW to the operating VCS Garex under the Mid-life upgrade project.

Radar and Information Systems Centre (RIS)

- Integration of a new WAMP3D-WT sensor in the surveillance infrastructure.
- Deployment of a new Thales SFR-BT tracker.
- HW renewal of the transmission part on RSM970S Prague.
- Installation of the new SW on RSM970S and STAR2000 radars.
- Installation of the new NTP servers on radar sites Prague, BUKOP and KOPI.
- Installation and implementation of the SIMON system for monitoring of 1030/1090 MHz frequencies.
- Introduction of online monitoring of IC conflicts of surveillance radars.
- Commissioning of the FIC in new areas on TEB.
- Complete replacement of HW for Waldo and Bypass stations.
- Upgrade of the CDM/start up manager.
- Migration of data link services to NewPENS.
- Installation of IDP, WALDO systems for SNS TEB.

Navigation and Radio Communication Systems Centre (NAVCOM)

- Installation of 21-element antenna series of the system ILS/LOC RWY 22 at LKMT, including recertification in CAT III.
- Installation of the new frequency 136.275 (FIC Moravia) in the primary and backup RCOM subsystem for the needs of the FIC unit.
- Preparation and implementation of a tender for new headsets for ATCO.
- Installation, connection and testing of all CIS frequencies (in cooperation with TCOM), training and certification of the sites of the STORAD VCS TEB backup radio communication switchboard at the SNS REG station to TEB.
- Activation of the monitoring and control of all the SNS frequencies with RCMS RCOM system, including amendments to coordination agreements with regional airports in terms of repair/work/maintenance.

CNS/ATM Karlovy Vary Department

- Since March 2019, the TWR building has been under general reconstruction.
- Preparation and modification of ATM systems for the transition of SNS to TEB were in progress.

CNS/ATM Ostrava Department

- Commissioning of the new frequency for the FIC Moravia sector.
- Installation of the new SW version and functions supporting cyber security P3D-LKMT.
- Exchange of HW servers of the RCMS NAVCOM system and SW upgrade to the new version Citect SCADA.
- Unification of use of ASTERIX Cat019 in Patron and ARTAS trackers.
- Restoration of LOC22, GP22 facilities, including the installation of the new LOC 21-element antenna series and reconstruction of the base construction of the GP response area.
- Restoration of 04 and 22 buildings, including the installation of two masts for the RCOM technology.
- Installation of optic cables for complete interconnection of ANS buildings at LKMT.
- Reconstruction of existing heavy-current and light-current VDF distribution boards and optic distribution board completion.

CNS/ATM Brno Department

- Replacement of the current UPS to HTS by three new UPS Centres installed in the TS technology. Construction of two new backed-up networks at the airport; exchange of stands in the TS technology section and inter-rack cooling.
- Commissioning of the new frequency for the FIC Moravia sector.
- Installation of the AMS.2 station and preparation of the main and backup communications system for SNS sectors at TEB.

- Exchange of HW servers of the RCMS NAVCOM system and SW upgrade to the new version Citect SCADA.
- Installation of the new SW version and functions supporting cyber security P3D-LKTB.
- Unification of use of ASTERIX Cat019 in Patron and ARTAS trackers.

Aeronautical Information Management (AIM)

The chief functions of the Aeronautical Information Service include aeronautical data administration, publication and transmission. ICAO defined the concept of transition from AIS (Aeronautical Information Service) to AIM (Aeronautical Information Management); which means a transition from a product-oriented to a data-oriented approach. Given the current development of the information systems and technology, data represent a fundamental building block, and that is why emphasis is placed on their quality and format.

In 2019, the AIM continued fulfilling this concept through the development of its systems and products:

The publication system

- The preparation of a tender for the renewal of the statistical data processing system (AIM System).

The Distribution service

- The preparation of a tender for implementation of the system – to ensure electronic data distribution to other systems and end users.

AisView

- The implementation of new functionality; to particularly include the display of meteo data in a separate layer.
- Enhanced preparation for flight planning and amended forms for the submission of supporting documents for NOTAM and SNOWTAM issuance.
- Updated DronView map for users of unmanned aircraft.

- An option to download the off-line Dronview mobile application from AppStore and GooglePlay.

LARS

- The new version supports the new TCC station in Prague.
- The possibility to newly determine the capacity of the TWR station and TCC station for each airport, where both capacities are taken into consideration when controlling the local air operations.

NOTAM/OPMET:

- The commencement of the implementation of the new SNOWTAM format; which will allow for harmonised assessment and reporting of RWY surface conditions and will significantly improve the flight crew's preparation for take-off and landing.

Changes in the VFR manual

- ARV areas added (areas for take-off and landing of air recreational vehicles).
- Change in the design of airport maps; they are now available in colour.

Statistical data on publications issued in 2019:

Number of changes issued for AIP	27
Number of SUPs issued for AIP	11
Number of changes issued for the VFR CR manual	15
Number of SUPs issued for the VFR CR manual	14
Number of aeronautical maps issued	473
Number of AICs series A issued	14
Number of AICs series C issued	18
Number of changes in air regulations issued	13
Number of national NOTAMs issued	9,576
Number of processed foreign NOTAMs	756,353

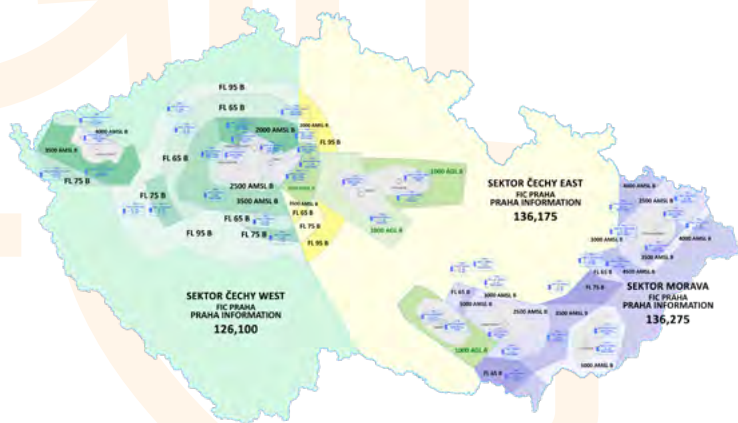


Implementation of Projects and Investments

Changes in the structure of the airspace of the Czech Republic

In 2019, the following changes were implemented in the airspace structure of the Czech Republic:

- Change in the area of responsibility of the FIC unit in Prague – extension of the area of responsibility by the Moravian sector and in the area under TMA Karlovy Vary.



- Modification of the upper border of CTR of regional airports Brno, Ostrava (2500 ft. AMSL) and Karlovy Vary (3500 ft. AMSL) and related modification of the lower border of associated TMA Brno, Ostrava (2500 ft. AMSL) and Karlovy Vary (3500 ft. AMSL).
- Establishment of the new TMA VIII Brno and change in the position of the VFR gateway point ZULU to/from CTR Tuřany.
- The establishment of the new TMA VI and TMA VII Ostrava.
- Change in horizontal borders of TMA I and TMA II Karlovy Vary and establishment of the new TMA III Karlovy Vary.
- Change in the position of the VFR gateway points ALFA, BRAVO and NOVEMBER to/from CTR Karlovy Vary.

- Modification of the horizontal border of CTR Ruzyně and TMA I Prague.
- Introduction of temporarily reserved areas intended for general aviation operation TRA GA.

With regard to air navigation services procedures, the following actions were implemented:

- The termination of operation of the beacons in Rakovník, Holešov and Třebová.
 - In 2019, the navigation radio beacons Holešov (HLV), Rakovník (RAK) and Třebová (TBV) were decommissioned. For decades, they formed an en-route structure backbone in the airspace of Czechoslovakia and later in the Czech Republic. With the introduction of modern navigation methods, their significance decreased, and they were replaced only with navigation points (UPLAV, EROKA and TIBLA). This step was the first in the process of streamlining the ground navigation infrastructure which remains, and will continue to remain, important in the event of satellite navigation inaccessibility. Therefore, such a step was, and all subsequent similar steps, will always be consulted with airspace users.
- The publishing of the RNP approach allowing for operation according to ICAO category I.
 - In relation to ICAO requirements, in December 2019, the approach charts using area navigation were re-named from the original RNAV (GNSS) RWY XY to RNP RWY XY. In relation to this change, approach RNP allowing for operation under ICAO category I at the Václav Havel Airport Prague were also published. Approach publishing at other airports will follow.
- The extension of the ANS certification for providing the service of creating flight procedures.

SUR Domain

The second stage of WAM systems modernisation associated with the implementation of cyber security elements in compliance with the security strategy of ANS CR was completed. In order to increase redundancy in surveillance infrastructure, integration of ADS-B data into multi-radar data processing is being prepared. In the second half of the year, a project was launched to include a detailed analysis of the features of ADS-B reports and tests of general data processing from radars, MLAT and ADS-B. For the ongoing monitoring of the level of burden of SSR transponders, including online reporting of risk states, the monitor of frequency of messages transmitted by aircraft in the FIR Prague area was activated. In accordance with the requirements of the EU regulation, an on-line monitor of incorrect use of IC codes was put into operation as such use may result in critical loss of SSR goal detention. In the course of the year, a backup SFR (Surveillance Fallback Radar) tracker was commissioned to serve, in addition to two chief trackers, as a part of the future surveillance data processing architecture within the new ATM system.

Data Processing and Presentation (DPP) Domain

In the course of the year, the installation, commissioning and certification of the new sites for the provision of SNS services from the Technical Block at Prague Airport were successfully completed. Changes requested by users were implemented in the DPP systems (E2000, ESUP, IDP), in parallel with the work on the changes in systems aimed at a greater degree of cooperation with the future main TopSky system.

RCOM Domain – Radio Communications

MidLive upgrade of backup VCS STORAD and its extension to TEB allowing for the provision of FIC and SNS services from LKPR TEB was implemented. The radio communications system of LKTB and LKMT was extended using Rohde&Schwarz RS4200 technology allowing for the introduction of the FIC Moravia sector.

ICOM IC-A120E battery radio stations were purchased and modified for recording for the planned replacement of obsolete Jotron TR-810 radio stations of the RCOM TWR RGA backup subsystem and in vehicles.

SIMU

A new simulator for SNS stations training was put into operation. Starting from 2020, it will also serve the FIC station.

Based on a tender, a new VCS system made by Rohde&Schwarz was purchased in order to gradually replace VCS systems at all ATC simulators of ANS (approx. 200 positions).

VCS

Certification of the VCS GAREX voice gateway was completed. It allows for connection of external lines to radio and telephone communication via Voice over Internet Protocol.

NAV

Broader antenna series of the ILS22 system was installed in Ostrava. The reason for replacement was the concurrence of the scheduled end of lifetime and the transition of the ILS22 system to a stricter category CATIII B.

AIM Domain

In the course of the year, we were preparing for selecting a new publication system that will allow for the transition to digital data and thereby to the extension of provided Aeronautical Information Services. At the same time, the AisView system was upgraded, as planned, to display selected aeronautical and meteorological information and pre-flight preparation for low-level flights, to submit and process NOTAM issue release documents, and to issue NOTAM airspace and navigation alert restrictions.

The Neopteryx Project

The Neopteryx project is a key development project for the company which aims to acquire a new main air navigation service system with scheduled deployment in operation in February 2022.

Within the tender for system supply, a contract was signed with the French company Thales. The quality of the technical solution is a guarantee that the new system will be deployed in a form that meets all the requirements beyond the 2035 horizon. The new system will also be one of the most modern solutions at European level.

In the middle of 2019, FAT (Factory Acceptance Test) was signed, confirming correct implementation of the requirements defined within the CDR (Critical Design Review) stage.

The implementation of the Neopteryx project, or the provision of a new main system for air traffic control in the Czech airspace, is essential in terms of future obligations of ANS CR. In particular, it fulfils the requirements of the European Commission under the Single European Sky programme for high technical competence and related certification of European air navigation service providers.



A drone on a construction site can be used as camera surveillance or industrial control. A valid permit issued by the Civil Aviation Authority is also required to operate unmanned aircraft on construction sites.

4. CHOOSE A SUITABLE PLACE, TIME, AND WEATHER FOR YOUR FLIGHT

- Do not fly outside the period between the civil dawn and civil dusk.
- Only fly in good weather conditions (avoid strong wind, deteriorated or poor visibility, rain).



ATM Training and Business Unit



ATM Training and Business Unit of ANS CR is an educational institute that provides specialised education and training for air navigation service personnel both for Czech and foreign clients. It carries out these activities based on a certificate from the Civil Aviation Authority of the Czech Republic. The portfolio of training programmes fully meets the requirements of Commission Regulation (EU) 2015/340 and standards of the International Civil Aviation Organisation (ICAO). The primary mission of the ATM Training and Business Unit (TBU) is to provide specialised training and education for ANS CR employees. The remaining capacity is, to a large extent, used for both domestic and foreign clients from Europe and from a number of Asian and African countries. TBU operates on foreign markets under the brand name of the Czech Air Navigation Institute (CANI).

In relation to commercially successful previous years, CANI was highly expected to retain the growth trend in 2019 as well. Thanks to the commitment of the commercial and implementation team, the results eventually surpassed all the expectations. The training of the first group of students based on a three-year contract for the provision of training for the Norwegian air traffic control service provider Avinor Flysikring AS was successfully completed. In the first year of cooperation, 15 students interested in the air traffic controller position with ADI/APS qualification were trained. Training of the second group of students for this client also started. Currently, CANI provides training to 21 Norwegian students. Cooperation with the Maltese air traffic control provider MATS also broadened owing to the implementation of in-house refresher training courses by means of a 3D tower simulator for previously licensed air traffic controllers. In terms of ATM training, other major clients

were students from Kosovo and the Austrian Army in addition to German regional airports who received the initial training together with students from Malta. Professionals from Kazakhstan and Kyrgyzstan participated in training in the Czech Republic in the standard annual volume, and Azerbaijan based AZANS became a new client from this region. The total number of conducted courses thus equalled 260. Under the auspices of CANI, 1,746 students were trained in 2019. In comparison with the previous years, it is once again an increase in which a considerable proportion of clients sought the training of ATSEP technicians, including a relatively new ATSEP OJTI Assessor module. It also brought to CANI new clients from such countries as Romania, Maldives, etc.

In 2019, cooperation with the Czech Air Force of the Army of the Czech Republic continued, and the training volume was again increased by approx. 6% compared to the previous year.

The international training project for the Bosnia and Herzegovina Air Navigation Services Agency (BHANSA) reached its final phase in 2019. In December, we celebrated, with our client, the appropriation of the provision of air navigation services, additionally, in the upper airspace of Bosnia and Herzegovina from its neighbours Croatia and Serbia; which was a major milestone for civil aviation of this Balkan state. In 2020, the local training within a contractual project at each partner's site, namely SMATSA, Croatia Control, Slovenia Control and ANS Finland, will be formally completed and the entire project will be thus finalised.

The year 2019 was a year of new opportunities and experience in the field of flight testing for several reasons. Initially, the new King Air 350 aircraft - supplied in December 2018, was commissioned. This meant adapting to new technology and procedures. Additionally, in December 2019, a second

identical aircraft was successfully taken over, and the calibration squadron completed its transition to a new fleet. From the point of view of accomplished contracts, we built on the first African mission. And on account of the client's satisfaction with our services; we signed a contract on the provision of flight testing services in Tanzania for another three years. A new contract for the provision of flight testing and procedure validation services for the Vietnamese client ATTECH was, due to its extent and importance, the largest project in 2019. The annual contract was comprised of two missions, and from the point of view of our calibration squadron; this project established

an unprecedented record, in terms of extent and finance, due to its volume of almost 300 flight hours. From the client's point of view, the contract was also positively assessed and on the basis of experience with our services, the client showed interest in long-term cooperation. Beyond these two major projects, but not to be overshadowed by them, contracts in Cuba, Kosovo, Georgia, and Poland were accomplished.

In 2019, CANI's marketing activities focused primarily on its promotion on international markets and building prominence within online media.

A key event of the year was the participation at the World ATM Congress 2019 in Madrid; which is organised by CANSO in cooperation with ATCA. Our exposition presented the company's commercial activities offered to foreign B2B clients under the CANI brand.

In terms of advertising in 2019, online media were preferred. In addition to the communication on our websites and social networks, the following tools were used: ICAO Aviation Training Directory and ATC-Network.



5. PERFORMING AVIATION ACTIVITIES WITH DRONES AND THE RELATED AUTHORIZATIONS

- *If you fly on a professional basis, you need – irrespective of the weight of your drone – a general licence to fly unmanned aircraft from the Civil Aviation Authority of the Czech Republic and liability insurance.*
- *If planning an activity in controlled airspace or in the vicinity of an airport, you must get permission from the ANS CR in accordance with the Attachment X to the aviation Regulation L2.*
- *Always secure approval by the owner of the land you are going to use for take-off/landing.*



Human Resources Section

In 2019, a labour market survey documented an increase in employees' expectation that companies would invest into their education and provide for their development and training. ANS CR responded to this need by introducing several innovations.

The existing system for professional groups' education also continued in 2019. In cooperation with an external lecturer, 20 participants from among the deputies, directors and managers of centres addressed the issue of communication and information.

In the context of training of rank-and-file employees, it proved practical as employees were able to select the topics they desired. This greatly increased the effectiveness of their education.

The heads and managers were newly offered the option of extended optional education in 8 courses. The workshops aroused much interest and it became evident that they represent an important and effective tool in further development of managerial skills within the company. In 2019, training was further complemented with coaching of both groups and individual employees. The secretaries and assistants were provided with further professional training focused on communication, power of feedback, and potential motivational interviews.

In addition to local education, both operating and non-operating personnel were provided with 61 courses in EUROCONTROL IANS aimed at deepening the relevant expertise, and 14 language courses abroad. 163 employees sat for the ELPAC test.

Other development innovations included the lectures for all employees of the company organised by external experts. These lectures were provided to those interested both directly at IATCC in Jeneč and at the airport in Brno, while indirect participants were able to watch the recorded videos that had altogether more than 600 views on the Internet. 26 employees were trained in the first aid courses.

In the long term, the labour market has a very low level of unemployment, which is in practice reflected on the growing competitive environment as regards the jobs offered by individual employers. For this reason, it is necessary, in the long-term, to focus more on recruitment activities, active work with a more attractive form of advertising, presence on social media, and communication with schools. Ten guided tours for schools and practical training for 14 students were provided last year. A new experience for us was the first conducted campaign with an influencer on social media thanks to which we managed to expand the base of users viewing our corporate Instagram profile.

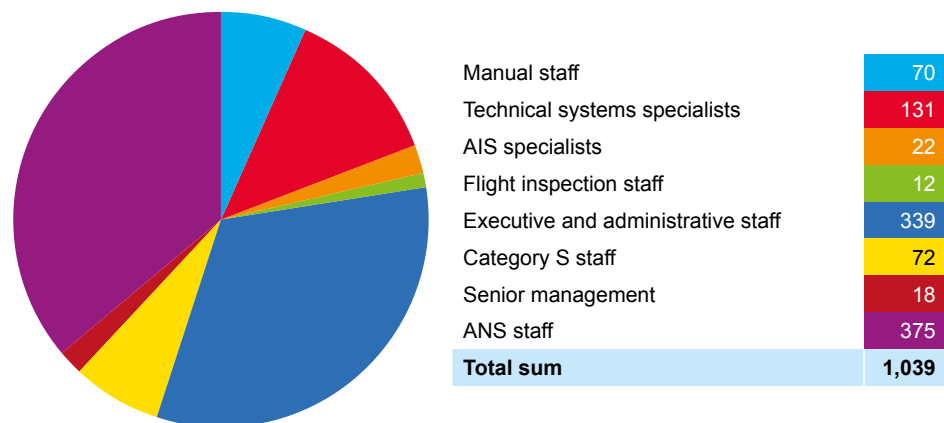
In 2019, we carried out 3 selection procedures for air traffic controllers, and 37 pupils were selected for training sessions beginning in September 2019, in January and March 2020.

In addition to these selection procedures, many selection procedures for other, often very specific jobs were carried out. Some electronic forms of HR processes addressing staff adaptation were applied to practice. The end of the year was marked by the implementation of a new staffing programme.

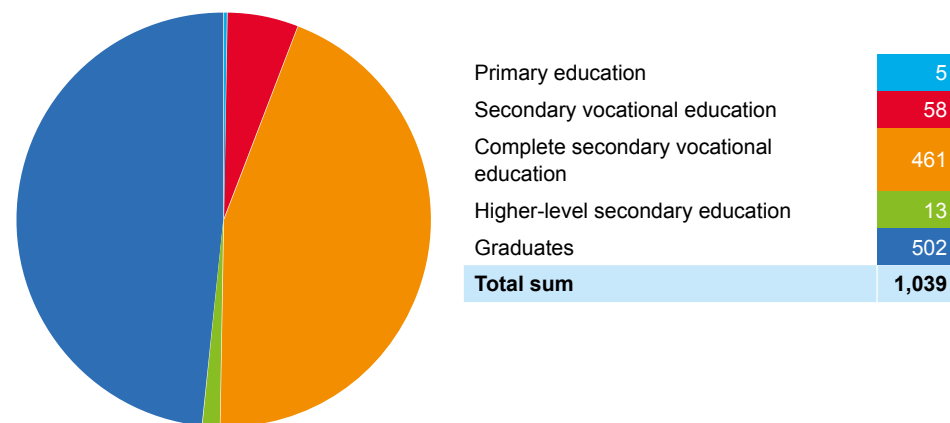
Collective bargaining for the year 2019 was concluded by an agreement on the extension of the wages regulations of both trade union organisations until 31 May 2020. The principles governing withdrawal from employee personal bank accounts (FKSP) and also the general part of the collective agreement with the Transport Workers Union Committee (PV OSD) were amended. CZATSEA, a new trade union organisation established in 2019, which represents specific categories of technical professions, also took an active part in collective bargaining.

As every year, a trip was organised for former company staff members – this time to Červená Lhota Château and the Museum in Deštné; also, three sessions of a very popular childrens' summer camp in Ledec nad Sázavou were held.

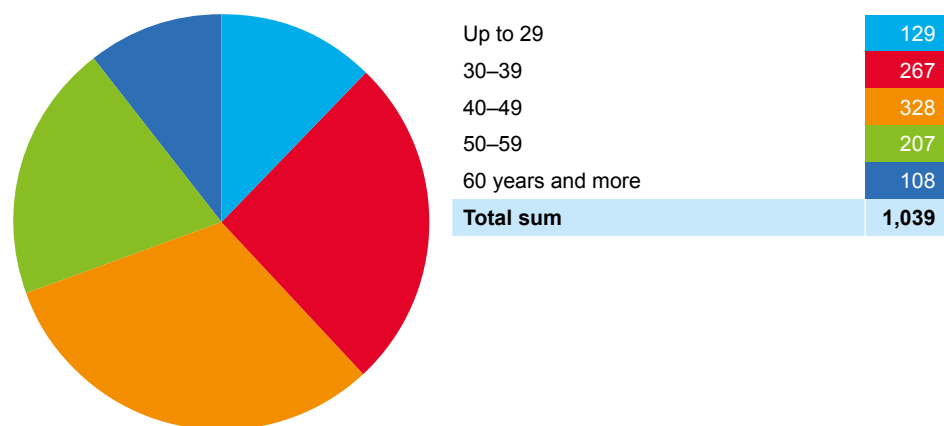
Number of employees as of 31/12/2019



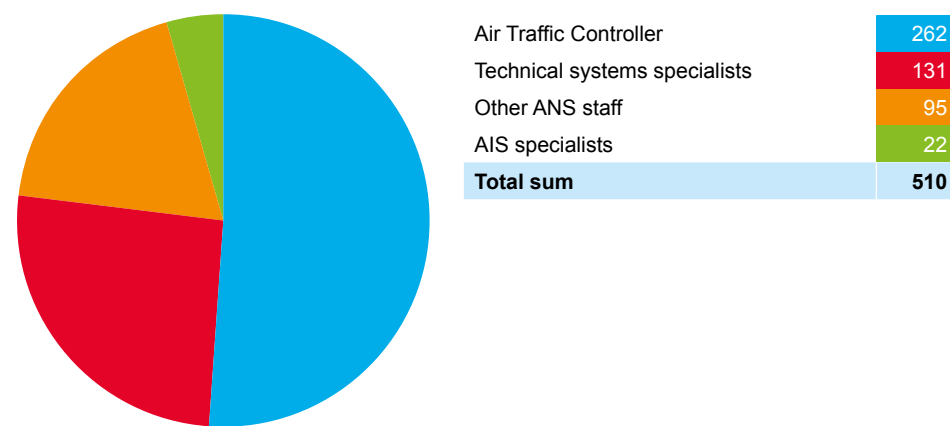
Educational structure



Age structure



Structure of operating staff



Data in the graphs indicate the number of employees as at 31 December 2019.



Central Logistics Section (CLS)

The Central Logistics Section is a part of the Financial Administration Unit. Integration in this Unit proved useful and is fully functional. The CLS is internal-customer-oriented – i.e. serves to other corporate units – and ensures the highest degree of operational reliability of systems and devices. By rendering its services, it supports various corporate departments and processes. In 2019, there was no record of any offence or defect resulting from state authorities' inspection activities.

In 2019, the CLS maintained a high degree of reliability of property systems and devices supporting all the operating systems of ANS CR. Timely prevention and identification of defects was carried out on an ongoing basis and the operators were permanently trained.

In line with the trend of increasing the share of vehicles with alternative drives and reducing transport emissions, 2 charging stations for electric cars were constructed on company premises for their use in the corporate car fleet.

In the area of MaR, control servers were virtualised and thus became less dependent on HW equipment and less vulnerable to its defects. Furthermore, we implemented the first pilot project of conversion of existing distribution boards to a new way of communication via own LAN network.

Throughout the year 2019, the process of selecting the most cost efficient structure of purchased external services and selecting suppliers offering the required quality of services with maximum cost efficiency continued on an ongoing basis.

In the fourth quarter of 2019, we managed to implement cable route servitude into the HUGIS system.

The concept of strengthening internal knowledge of corporate architecture of IT environment, proper management of suppliers and effective management of resources in the area of MIS was gradually put into practice.

We also continued in the verification of an active access to implementation and launching of new information systems in the MIS environment, allowing for continuous user involvement in the entire process of implementation of new applications into operation.

We also succeeded in gradual increasing of the level of security of provided IT services so that they would follow the requirements and current trends in the area of cyber security.

Strategic upgrade of automatic gas extinguishing – stable fire extinguishing system in the buildings of RLB Buchtův kopec and TAR/MSSR Prague – was conducted. New fire extinguishers were put into operation in the first half of 2019.

In relation to the new use of the TEB building at LKPR for other units, e.g. TCC, the security at the entrance and reception desk was adjusted in order to provide for easier passage with greater security.

During the second quarter of 2019, we purchased an ID card printer (IDC), which allowed for an internal mass exchange of corporate ID cards (ANS/IDC LKPR cards) held by ANS CR employees and external bodies who are the holders of such ID cards.



Corporate Social Responsibility

ANS CR fulfils the long-term and programmed goals for corporate social responsibility and contributes to the creation of a cultivated business environment in the Czech Republic. The company is also monitored and evaluated for its approach to non-commercial areas, i.e. environmental protection, employee care and the implementation of the sponsorship programme. Operational and economic results and the quality of service should not be considered as the sole criterion for evaluating a company. ANS CR, through the implementation of the principles of social responsibility, continuously strengthens its credibility in relation to its community and increases the loyalty of its employees. At the same time, the company communicates to its customers, partners and employees their share in the implementation of its long-term goals.

Sponsorship Programme in 2019

ANS CR's sponsorship policy is based on the rules for making donations pursuant to the Resolution of the Government of the Czech Republic No. 334 of 14 April 1999, as amended. In 2019, the company continued in its long-standing tradition of a sponsorship programme. The financial support was aimed at supporting nation-wide projects in individual regions in the areas of charity and education. The total amount donated to sponsorship activities, which were approved by the Supervisory Board of ANS CR, amounted to CZK 2,100,000 in financial donations and the donation of 13 discarded computers and one discarded passenger car in 2019. The sponsorship programme took place in two rounds and supported 30 entities in total.

In the Charity, Humanitarian and Social Area:

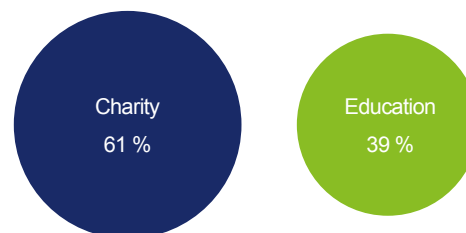
- The Charta 77 Foundation – contribution for compensatory, rehabilitation and re-education aids for disabled individuals,
- ALSA, z.s. – contribution for an educational reconditioning stay for patients diagnosed with ALS and their families,

- DEBRA ČR, z. ú. – support of the project Nutritional Counselling for People with Epidermolysis Bullosa,
- Volunteer Fire Department in Braškov – computers for the fire brigade, sports team, and rescue unit,
- Centrum handicapovaných lyžařů, z.s. – contribution for holding training courses and sessions for handicapped children,
- Cesta domů, z. ú. – contribution for the purchase of a car for transportation of minor aids and medical equipment necessary for hospice and outpatient visits.

In the Area of Education, Science and Youth Care:

- BOHEMIAN HERITAGE FUND, charitable fund – contribution for the charitable performance of The Nutcracker for handicapped children,
- Aviation Centre of the Czech Republic – support of the project Selection and Preparation of Young Pilots for Navigation Flying, and support of sports presentation of the Czech Republic in navigation flying,
- Kindergarten in Horoměřice – contribution for a curative out-of-school stay,
- Elementary School and Kindergarten in Tachlovice – computers for support of pupils' education and leisure activities,
- Tabel Tennis Club Karlovy Vary, z. s. – contribution to cover the gym hire and the purchase of sports kits and equipment for table tennis for youth.
- Hockey Club in Kralupy nad Vltavou – contribution for purchase of sports kits for youth categories.

Sponsored areas in CZK



Communication, Public Relations, and Protocol

In 2019 the company met with great success in the sphere of public relations when it was awarded the Corporate Social Responsibility Prize for transparent communication, environmental protection, high level of observation of legal rules, and quality and systematism of the sponsorship programme. This prestigious award has been granted by the Ministry of Industry and Trade since 2009. By this award the quality council under the Ministry of Industry and Trade motivates companies of the business and public sector to use modern tools of management that will help to keep long-term great results.

In accordance with the long-term communication focus of the company, a number of activities were realized in 2019 with the aim of strengthening the popular knowledge of a good name and strategic importance of the company in the media and public in the Czech Republic and abroad, with a particular emphasis on the professionalism of its employees and the modern technological background. The primary responsibility for fulfilling the principles of this communication strategy lies on the public relations department in cooperation with the marketing section supported by all the employees to whom the implementation of this strategy applies in the relevant context.

In line with the development of civil aviation and with regard to the vision of the company, the presentation of the company to the outside world focuses on the following communication goals:

- safety,
- capacity and delay rate,
- commercial and technological development,
- professionalism of employees,
- transparency and lawfulness,
- corporate social responsibility.

Internal and external communication of the company was realized on the basis of the „ANS CR Communication and Marketing Plan for 2019“, which was focused on selected target groups. After all the continuous revisions the final version of the communication and marketing plan for 2019 included 185 external and internal activities.

Compared to previous years, the company's position and capacity for action in the sphere of information has been strengthened in social media, especially in the form of active and coordinated presentation on Facebook and Twitter or uploading recordings on YouTube. The numbers of followers of the company's profiles amount to thousands and have been steadily increasing. High quality of information and graphic design are also characteristic for the STRIP company magazine which is a sought-after source of information not only within the company, but also to public authorities, universities, and individuals to who it is sent.

In 2019, standard external communication was traditionally provided mostly through press releases, meetings with journalists, or information on the ANS CR website. The Public Relations Department issued 17 press releases, most of which dealt with the evaluation of the year, the winter and summer seasons, economic results, and the 2019 pricing policy. Selected press releases were translated into English and sent for publication in the CANSO web presentation, social networks, and for other use in the foreign press.

The General Director of the company, who has been Chairman of the European Executive Board of Directors of CANSO (EC3) for the period of 2018 – 2020, repeatedly gave interviews on the current development of air transport for both local and foreign media. Among the most important interviews were those for the Czech Television, Seznam TV, EURO, FORBES, CANSO Journal, UAV World, or EUROCONTROL Skyway.

The company spokesperson continuously provided and presented the opinions and comments of the company according to the demands of journalists or the general public. During the year, there was no aviation occurrence or other event to require activation of crisis communication. With respect to the different development in air traffic in Czech airspace since April 2019 and different flight route preferences, increased attention was paid to communication and explanation of external factors that had caused this change.

In 2019, the company initiative „Smart Sky“, focussing on unmanned aircraft systems proved to be an important communication topic. It aims to further develop the existing competencies so that the Czech Republic was internationally perceived as a leader in the field of drones, at European level at least.

This is one of the reasons why the international seminar called „Unmanned Flying 2019: A Chance and Challenge for the Czech Republic“ was among the most important events where the company was the main organizer. The aim of the conference was to define a robust solution for the Czech Republic in the spheres of safety, technology, business, and especially legislation through the joint interaction of all the participants. These were the resulting proposals for suitable legal regulation that were then presented to members of parliament and senators at a meeting of the Subcommittee of the Parliament of the Czech Republic on Innovation and Aviation. Thanks to the previous communication by the company representatives, these problems have become very attractive for MPs and senators and so they agreed, across party lines, on the necessity to quickly establish a suitable legal environment.

All the important visits and meetings hosted by the company were organized in accordance with protocol customs. These included primarily the visit from the Secretary of State for Transport and the EUROCONTROL General Director, or the Vietnamese and Indonesian ambassadors' visits to the Czech Republic. In terms of the top-level cooperation, two „Memorandums of Cooperation“ were signed in 2019, one with the Prague Airport company and one with The Faculty of Transportation Sciences CTU, that formalized and significantly strengthened the mutual ties.

Also some informal meetings of all the employees of the company with the management were organized. „Coffee with the General Director“ has become a sought-after opportunity for direct communication between the General Director and employees, especially with respect to the changes in the development in air traffic, economic results of the company, or presentation of the current state of the key development projects of the company. Also usability of the electronic application „Boss on-line“ has increased, giving every employee the opportunity to contact the General Director at any time with a question or request for clarification.

The popularity of the “ANS CR Children's Day” held on the open-air premises of IATCC Prague has been growing. In 2019 more than 500 children and their parents took part in it. This event is one of the popular informal meetings of the employees and their family members and helps to create a positive atmosphere in the company.

Advertising and Promotion

The company has traditionally become a promotion partner for a number of major sporting, cultural, and aviation events in the Czech Republic.

In 2019, some of the most important activities of ANS CR in this sphere were:

- Official partnership of the Czech Athletic Association,
- Official partnership of Indoor Skydiving,
- Official partnership of the „World Opera Stars in Prague 2019“ project,
- Main partnership of the Aviation Fair 2019 at Pardubice Airport,
- Main partnership of Strakonice on Air 2019“,
- Main partnership of The CTU Children's University, 2019,
- Main partnership of the „CR Aerobatic Championship 2019“ in Chotěboř,
- Main partnership of the „Visitors' Day at the 21st Tactical Air Force Base in Čáslav“,
- Main partnership of the traditional helicopter event „Helicopter Show“ in Hradec Králové,
- Official partnership of the „Memorial Air Show 2019“ event in Roudnice nad Labem,
- General Partnership of the 27th year of the Air Ball in Lucerna Hall, Prague.



Drones are also used in the military to explore unknown or enemy territory.

6. ALWAYS MAINTAIN A CONTINUOUS VISUAL CONTACT WITH YOUR DRONE AND SITUATIONAL AWARENESS AND ASSESS POSSIBLE RISKS

- *During the whole flight maintain direct visual contact with your drone and the area flown over without visual aids (FPV goggles do not guarantee 360 situational awareness).*



Economic Performance of the Company in 2019

In terms of the total economic results and the performance of the plan fulfilment, 2019 can be evaluated as a relatively successful year. However, compared to previous years the structure of the economic result changed significantly. Owing to the regulations of air traffic within the airspace of the Czech Republic due to capacity deficiency of the bordering FIRs, the proportion of air navigation services revenue in the total of revenues slumped substantially. This slump was partially compensated with revenues from other activities of the company and with the investment income.

In terms of the provision of air navigation services a year-on-year slump in air traffic performance was recorded in en-route navigation services. The total volume of en-route operations expressed in service units (SU according to EUROCONTROL data) reached 2,936.2 thousand SU in 2019, which is a year-on-year decrease by 3.5%. This year-on-year slump was caused especially by capacity problems of the bordering FIRs when beginning April 2019 a substantial portion of air traffic had been rerouted outside the airspace of the Czech Republic which significantly affected fulfilment of the air navigation services revenue plan.

In 2019 a positive increase in air traffic performance at airports in the Czech Republic was recorded although it was lower than what had originally been expected. The lower dynamics of increase in the airport traffic was caused by B737 MAX aircraft grounding with an impact on the most important user of terminal navigation services in the Czech Republic. In 2019 the year-on-year increase in terminal navigation services performance was 1.9%. The volume of terminal navigation services performance expressed in terminal service units (SU) thus reached 100.5 thousand SU.

2019 was the fifth and the last year of the effectiveness of the national performance plan for the second reference period (2015-2019) which was

drafted under the Regulation (EU) No. 390/2013 of the European Commission and in which the air navigation performance system is applied. Within this system, each member state must contribute to achieving the established European performance targets through the National Performance Plan approved by the European Commission. A national unit rate for en-route service for the entire reference period was stipulated as the key performance indicator in cost-effectiveness. For 2019 a national unit rate of 1,029.20 CZK (in current prices) representing a year-on-year decrease by 4.6% in nominal prices was approved and applied. This unit price was applied throughout 2019. The amount follows the current downward trend in unit prices and contributes to meeting European cost-efficiency goals. The unit price for terminal navigation services applied in 2019 was 6,609.61 CZK representing a year-on-year slump by 2.8%.

As stated above, the company's economic performance in 2019 can be evaluated as fairly positive. The planned economic result was reached and exceeded and the financial situation of the company remains stable. A more detailed view of the development of economic performance is provided below.

Company Revenues

For the period of January to December 2019 the company's total revenue was 4,184,391K CZK. Of this amount, operating revenues in 2019 were 3,993,742K CZK meaning the operating revenues plan was fulfilled 97.3%.

The main source of the company's revenue is the provision of air navigation services (ANS). Revenues from ANS accounted for 89% of the company's total operating revenue in 2019 which represents a lower proportion compared to previous years. Revenues from en-route navigation services were 2,995,870K CZK, i.e. 73% of operating revenues, and were the largest contributor. The second largest volume of revenues was generated

from terminal navigation services in the amount of 652,325K CZK, i.e. 15,9% of operating revenues. Revenues from training flights accounted for 3,777K CZK, i.e. approximately 0.1% of operating revenues.

During 2019, ANS received full compensation from the state budget for costs incurred by the company in connection with the provision of services for flights exempted from charges in an aggregate amount of 51,268K CZK. This compensation is provided to ANS providers on the basis of the European Commission Regulation No. 1794/2006 of 6 December 2006 (common charging scheme for air navigation services) and on the basis of the Czech Government Resolution No. 1404 of 2 November 2005.

Other operating revenues amounted to 341,770K CZK in 2019. Of this amount, the above cited compensation amounted to 51,268K CZK. The remaining 290,502K CZK of other revenues came from a wide range of revenue items. This includes education and training revenue in the amount of 177,142K CZK, revenue from calibration flights in the amount of 53,554K CZK, and also revenue from aeronautical information services, rebilling services, office rental space and equipment, fines and penalty payments, etc.

In 2019, a revenue of 190,649K CZK was mainly generated from derivative transactions (including a revaluation), from active exchange rate differences and to a smaller degree from the appreciation of temporarily available financial resources.

The main yields were as follows:

REVENUES (CZK thousands)	2015	2016	2017	2018	2019
REVENUES FROM AIR NAVIGATION SERVICES (ANS)					
En-route navigation services	2,978,624	3,132,615	3,135,479	3,261,309	2,995,870
Terminal navigation services	506,701	548,248	607,557	657,842	652,325
Training flights	2,358	3,267	2,240	2,926	3,777
OTHER REVENUES					
Revenues from commercial services (other than ANS)	133,705	222,897	218,590	290,251	341,770
Total financial revenues	86,093	93,199	227,798	107,079	190,649
TOTAL REVENUES	3,707,482	4,000,226	4,191,664	4,320,107	4,184,391

Company Costs

In 2019 the total volume of costs (including income tax) amounted to 3,993,900K CZK, which represents a year-on-year costs decrease by 0.7%. At the same time savings in the amount of 2.3% was reported as compared with the costs plan.

Costs of 630,824K CZK were reported for consumed purchases and services. Within this cost group, 82,079K CZK went on consumed purchases and 548,745 thousand CZK on consumed services.

Personnel expenses reached 2,403,492K CZK. A year-on-year development of personnel expenses was in accordance with meeting the obligations of collective agreements.

The cost group of other operating expenses drew a total volume of 244,164K CZK in 2019. The amount corresponded to the payment for the membership fee of CR to the budget of the EUROCONTROL organization, the payment of costs of the national supervisory body (CAA), and expenses for the liability and property insurance of the company.

The cost group of depreciation, provisions and allowances drew a cost volume of 623,946K CZK.

In 2019 the total volume of financial costs amounted to 40,208K CZK.

Expenditures within the cost groups amounted to the following:

C O S T S (CZK thousands)	2015	2016	2017	2018	2019
Consumption of materials and services	501,174	540,342	586,572	599,625	630,824
Personnel expenses	1,960,634	2,146,096	2,245,227	2,377,010	2,403,492
Other operating expenses	239,247	250,696	230,705	236,852	243,761
Depreciation, provisions and allowances	482,642	505,506	537,682	590,302	623,946
Total financial costs	114,230	75,595	103,789	144,039	40,208
Taxes and fees (including income tax)	83,922	98,175	100,272	76,165	51,669
TOTAL COSTS	3,381,849	3,616,410	3,804,247	4,023,993	3,993,900

Company Economic Result

In 2019 the total volume of the ANS CR gross pre-tax profit amounted to 238,824K CZK. The tax liability, including deferred tax, represents 48,333K CZK, economic result after tax then amounts to 190,491K CZK. This positive result was primarily due to increase in revenues outside the core business of the company and thanks to financial revenues. The financial situation of ANS CR was stable in 2019, and the company was able to meet all its commitments related to ensuring its activities and obligations to the state budget.

Consolidated Economic Result for the Group

In addition to developing its core business – provision of air navigation services – the company strategy emphasizes the expansion of the company's commercial activities. This objective is concentrated in the acquisition of the Czech Aviation Training Centre (CATC). Consolidation of annual financial statements was carried out for the group consisting of the parent company, the CATC company, its subsidiary CATAI, plc., and capital participation in FAB CE Aviation Services, Ltd. in accordance with the national accounting standards.

The consolidated net earnings thus include the net earnings of the accounting entities in the group adjusted from intergroup transactions and the accounted consolidation difference. The consolidated net earnings after tax for the entire group at the balance sheet date, i.e., as of 31 December 2019, came to 178,518K CZK.

Events after the Balance Sheet Date

On 11 March 2020 the World Health Organization (WHO) declared the COVID-19 virus pandemic. The subsequent measures adopted by governments of individual countries including the government of the Czech Republic and the reaction of the public will have far reaching economic

consequences in the following months. The ANS CR management anticipate substantial impact even on the economic performance of the company itself. The company management are analysing the situation and taking necessary steps to maintain the financial stability of the company. Even in this situation, ANS CR as a part of the national critical infrastructure will continue to secure provision of air navigation services and will carry on with its activities.



6. ALWAYS MAINTAIN A CONTINUOUS VISUAL CONTACT WITH YOUR DRONE AND SITUATIONAL AWARENESS AND ASSESS POSSIBLE RISKS

- Consider a possible crash of the drone with all its consequences. It will help you prevent injuries caused by propellers or other parts of the drone and significantly eliminate possible damage to property.
- Also anticipate the possibility of a sudden failure of the drone (loss of control, uncontrolled fall), which cannot be always prevented.



Performance in the Airspace of the Czech Republic – Number of Movements and Service Units

Performance in the Airspace of the Czech Republic – Number of Movements and Service Units

The trend of continuous increase in the number of movements in the airspace of the Czech Republic since 2014 was disrupted in 2019 – compared to 2018 when there was a year-on-year decrease in the number of movements by 0.7%. ANS CR provided air navigation services for a total of 906,666 flights, i.e. 6,151 movements less than in the previous year.

The diagram of the air traffic dynamics in the respective months of the year illustrates the cause of the year-on-year slump in the number of movements recorded since May 2019 – re-routing of a substantial proportion of air traffic outside the airspace of the Czech Republic upon decision of the EUROCONTROL Network Manager, the manager of air traffic flow, in reaction to the airspace capacity problems in some bordering countries and in some countries affecting the airspace of the Czech Republic, especially Germany and Hungary. This means especially re-routing of standard long-haul flight routes from the Persian Gulf area to Western Europe, generally higher weight factor aircraft and higher distance factor flights whose effect on the ANS CR revenues is quite substantial. The period from January to April 2019 still brought a year-on-year increase in the number of movements (in January still increase by 5.3%), however, in the remaining months of the year, from May onwards, air traffic showed year-on-year slumps (the highest decrease occurred in May, -3.9%, and in November 2019, -3.8%). The above mentioned trend is also reflected in the year-on-year decrease in the proportion of service users from the Near East area, especially Emirates, Qatar Airways, and Etihad Airways.

A comparison in the development of performance expressed in chargeable service units shows a similar trend in development of air traffic during 2019 as in the number of movements only with a higher negative impact on the

ANS CR economic performance, amplified by a higher average weight of aircraft and longer average distance of flights re-routed outside the airspace of the Czech Republic. The year-on-year decrease in the number of service units was 3.5% and it has been recorded since May 2019. Compared with the planned performances used for compiling the performance plan for the Czech Republic for the second reference period (2015-2019) under the SES legislation, the actual growth of air traffic in 2019, measured by the number of service units, exceeds the plan by 1.9%. Exceeding the performance plan was recorded from January to April 2019, in the remaining months of 2019 (with the exception of a slight increase in November) the values as compared with the performance plan showed decrease.

Besides the above mentioned log-haul flights re-routing trend, the year 2019 in Europe brought further development of air transport, especially in lines interconnecting secondary airports and lines to and from the countries of Eastern and South-Eastern Europe including the increase in the number of services between these countries.

Performance of EUROCONTROL Member States' Airspace in Service Units

Compared with the development of traffic in the context of all EUROCONTROL member countries, the reported slump in the number of service units in the Czech Republic of 3.5% is the third highest among the surveyed countries. Higher year-on-year slumps in air traffic occurred only in Georgia (by 16.4%) and Armenia (by 7.8%). Other countries reporting a year-on-year decrease in the number of service units in 2019 are: Norway, Hungary, Estonia, Belgium/Luxembourg, Slovakia, and the Netherlands. In all the other EUROCONTROL member countries the traffic increased in 2019 while the highest increase was recorded especially in the area of Southern and South-Eastern Europe, mostly thanks to re-routing of some traffic flows for the benefit of the airspace of these countries and also due to an increase in the volumes of air transport

to/from these regions. In 2019 the highest growth in the number of service units was reported in: North Macedonia (17.4%), Bosnia and Herzegovina (13.4%), Croatia (10.0%), Slovenia, Canary Islands, and the airspace of Malta and Cyprus. The average reported air traffic development in all the EUROCONTROL member countries amounted + 2.8% in 2019.

Aircraft Movements and Performance Units at Airports in the Czech Republic Controlled by ANS CR

In 2019 all the airports in the Czech Republic, where provision of services is provided by ANS CR (Prague, Brno, Ostrava, and Karlovy Vary), showed a year-on-year decrease in the number of movements by 1.8%. Collectively, 230,458 aircraft movements were recorded at all four airports which is 4,311 movements less than in 2018.

Nevertheless, within this context and especially with respect to the evaluation of the 2019 performance plan fulfilment within the framework of the second reference period (2015-2019) under the SES legislation relating to terminal navigation services, the development in performance units reflecting the weight factor of landing aircraft was evaluated positively. The number of terminal service units at airports in the Czech Republic increased by 1.9% and the number of MTOW tonnes by 3.0%. 2019 was the third consecutive year in which the terminal navigation services performance plan was exceeded. The diagram of the year-on-year development of both the indicators at airports of the Czech Republic shows growth in all the months of the year with the exception of a slight decrease in the number of terminal service units in April 2019 by 0.1%. The trend of growth in performance units as opposed to the decreasing number of movements can be explained by the increasing average MTOW value of an aircraft per one landing.

In 2019 Václav Havel Airport, Prague again increased its share in the total volume of traffic within the context of all the four designated airports in respect to all the monitored indicators. As for the number of movements, the share of Václav Havel Airport, Prague was 67% (in 2018 it was 66.1%). In 2019 the number of terminal service units at Václav Havel Airport, Prague reflecting the revenues from the provided terminal navigation services amounted to 92.2% (91.5% in 2018) share in the whole, the number of landing aircraft MTOW tonnes even to 93.6% (93.2% in 2018) share at the airports where ANS CR provides its services. The differences between the share in the number of movements at Václav Havel Airport, Prague and the share of the performance indicators of the airport in the total of all the four airports are due to absolutely different structure of operations at Václav Havel Airport, Prague and at the regional airports as aircraft with lower average maximum take-off weight and therefore with lower importance for revenues from the provided services still prevail at airports outside Prague.

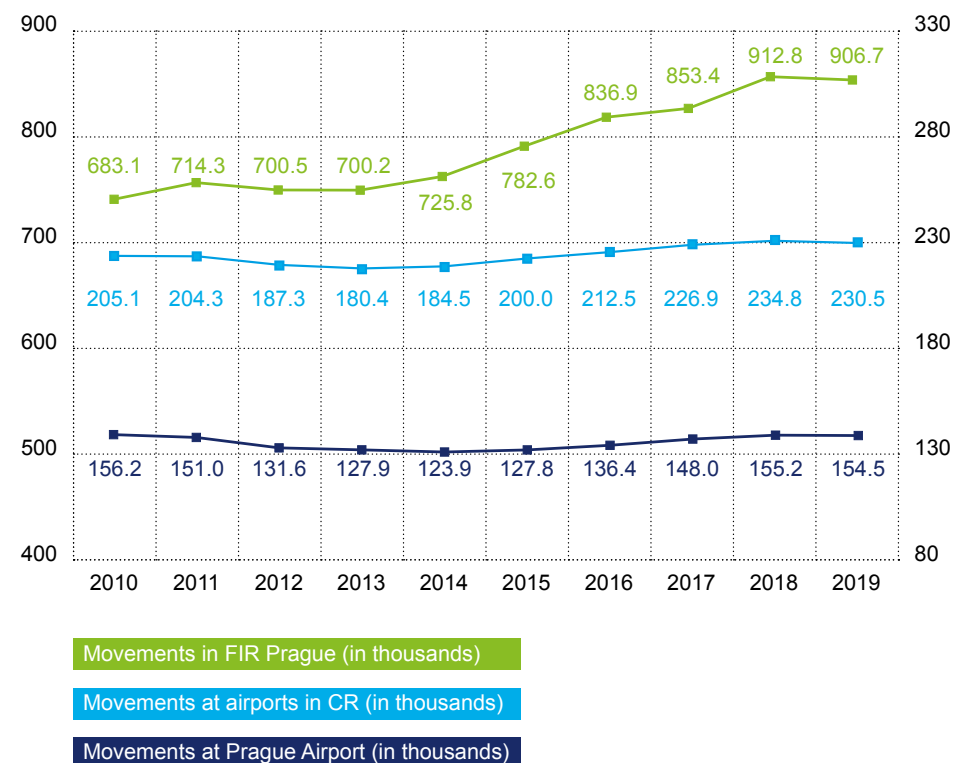
In 2019 Václav Havel Airport, Prague recorded 154,485 aircraft movements, i.e. 731 movements and 0.5% less than in 2018. The year-on-year diagram of development in the respective months of the year shows quite a continuous development during the whole year, the year-on-year increase in the number of movements was recorded only in January (0.4%) and in December (1.6%). The most substantial slumps, 1.2% or 1.3% as the case may be, occurred in July and August 2019 – this development reflects, among other things, the capacity saturation at Václav Havel Airport, Prague during the busiest season of the year. The number of terminal service units at Václav Havel Airport, Prague showed year-on-year increase by 2.6%, the number of landing aircraft MTOW tonnes even by 3.5%. Increase in the number of performance units at Václav Havel Airport, Prague was recorded in all the months of the year.

In 2019 the major customer of ANS CR at Václav Havel Airport, Prague was Czech Airlines again, now belonging to the Smartwings Group (14.7% share in the total volume of services provided at the airport), closely following was the Smartwings company from the same group (14.5% share in the services provided). Among other most important ANS CR customers at Václav Havel Airport, Prague there were the operators Ryanair, easyJet, Lufthansa, Aeroflot, Emirates, British Airways, and Turkish Airlines. The customers Ryanair, Smartwings, and Qatar Airways showed the highest year-on-year increase in air traffic in 2019. In 2019 the following new carriers appeared among the customers of the services at Václav Havel Airport, Prague: United Airlines, Air Arabia Maroc, Scat Airlines, Sky Up Airlines, and Arkia Airlines.

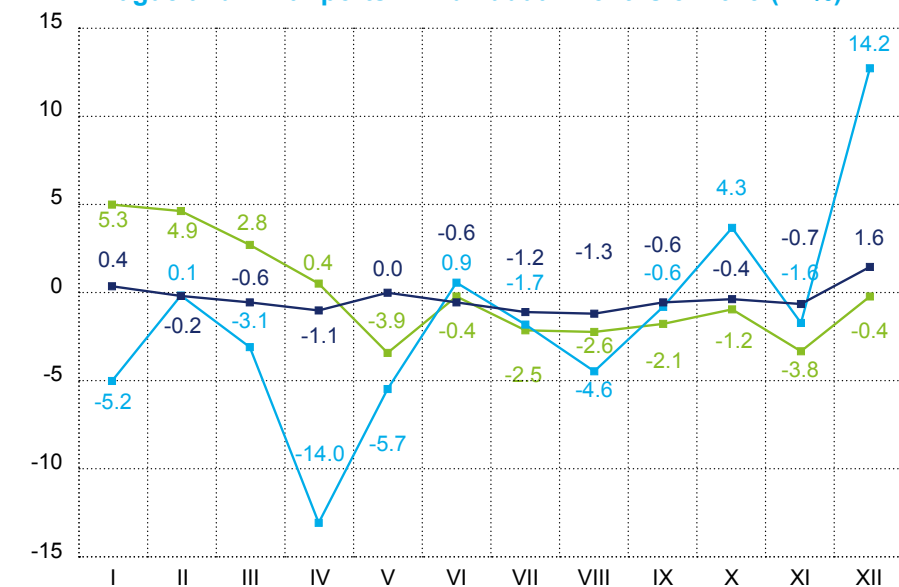
Regional airports managed by ANS CR showed a year-on-year decrease in all the monitored indicators – in 2019 the number of movements showed a year-on-year slump by 4.5%, the number of terminal service units slumped by 6.4%, the number of MTOW tonnes by 3.1%. However, as for the monitored individual regional airports and individual seasons of the year there was a usual significant fluctuation in performance – Ostrava and Karlovy Vary airports showed a year-on-year increase in the number of movements, Brno airport, on the other hand, showed a decrease in the number of movements. Unlike the positive development in 2018, in 2019 the regional airports even showed an overall decrease in performance units expressing revenues from the services provided.

A positive factor is the continuous increase in the average maximum take-off weight of aircraft landing at airports where the traffic is controlled by ANS CR. In 2019, this weight was 53.4 tonnes per landing, again an increase compared to 2018 (from 50.8 tonnes). Also, the average maximum take-off weight of landing aircraft was increased at Václav Havel Airport, Prague. In 2018 this weight was 66.8 tonnes, in 2019 the current amount is 69.4 tonnes.

Movements in FIR Prague and airports in CR



Year-on-year comparison of development in the number of movements in FIR Prague and CR airports in individual months of 2019 (in %)

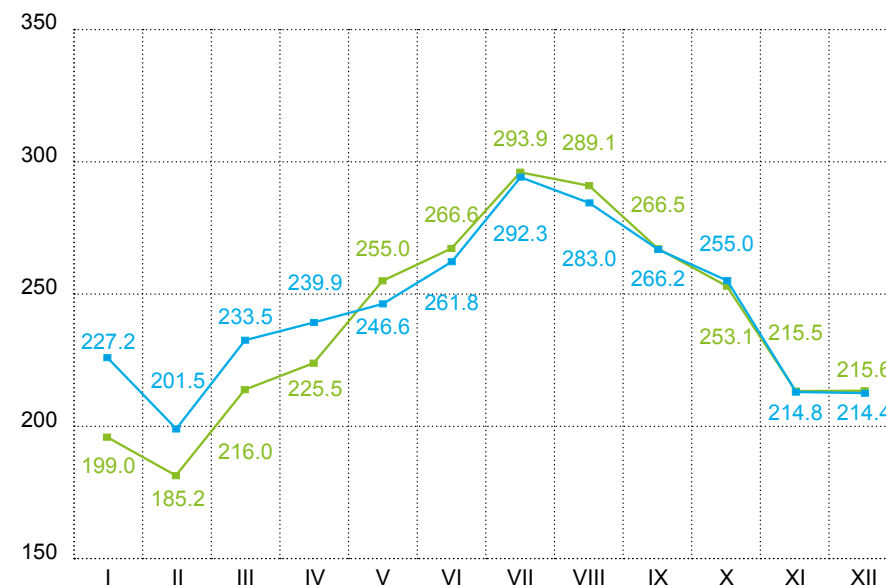


Movements in FIR Prague

Movements at airports in CR

Movements at Prague Airport

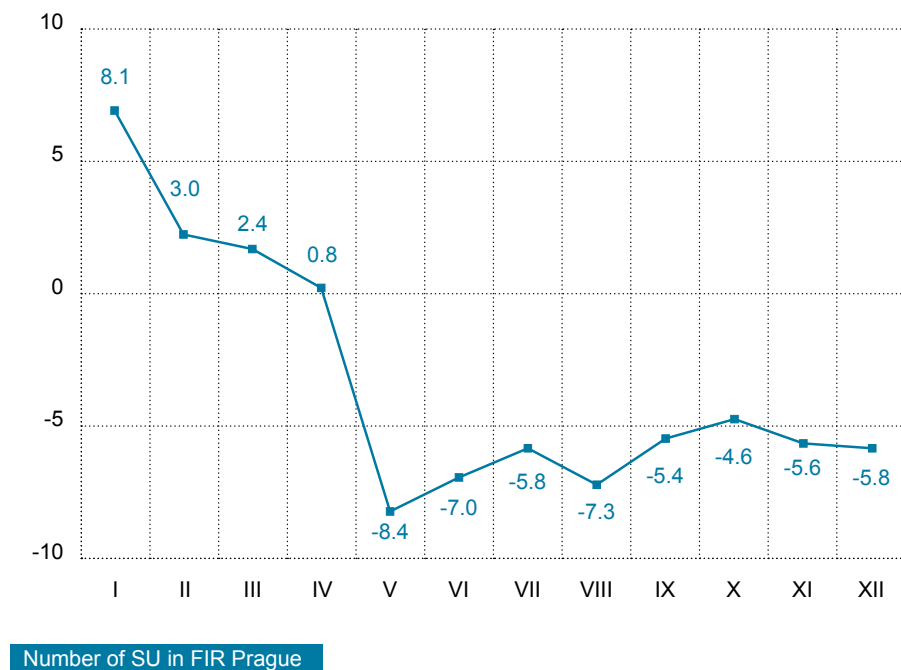
Comparison of development in the number of SU in FIR Prague (in thousands) between the values given in the revised performance plan for CR for the second reference period and the actual values achieved in individual months of 2019



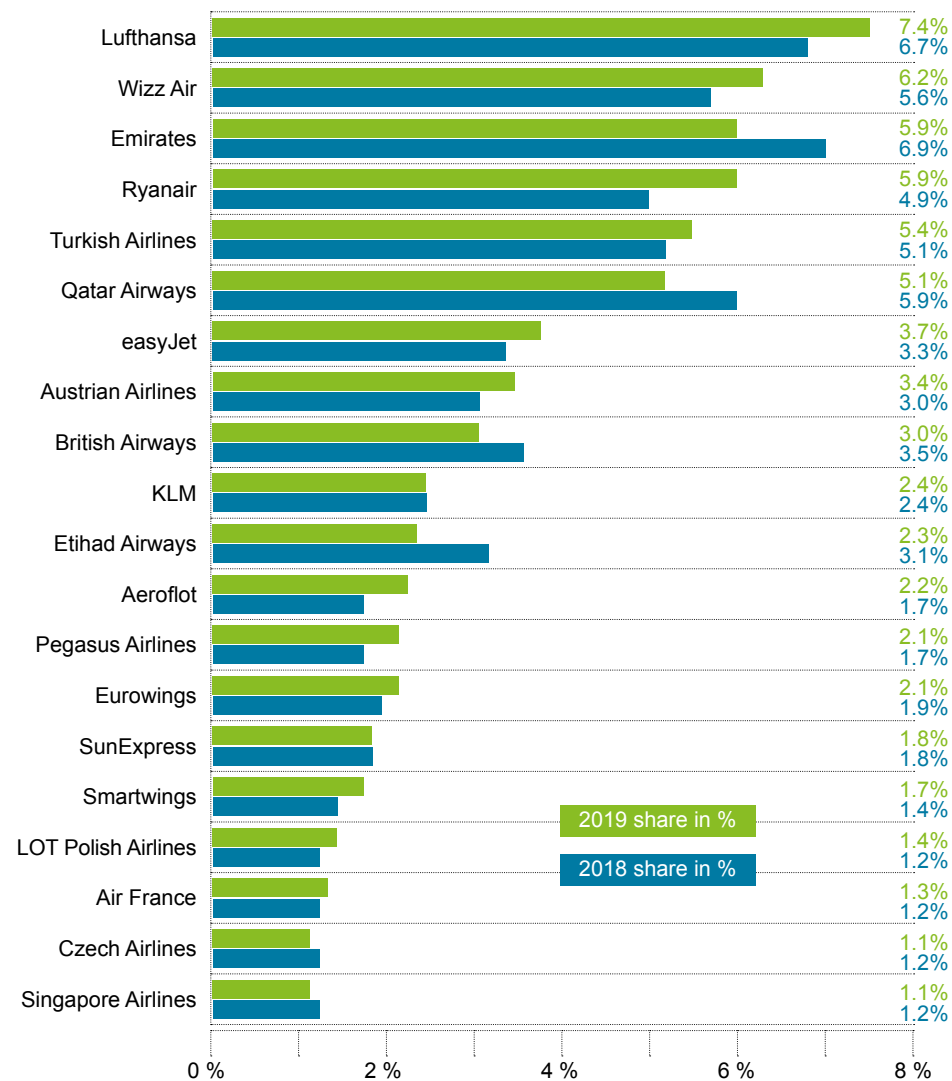
SU according to the revised CR performance plan

2019 actual SU

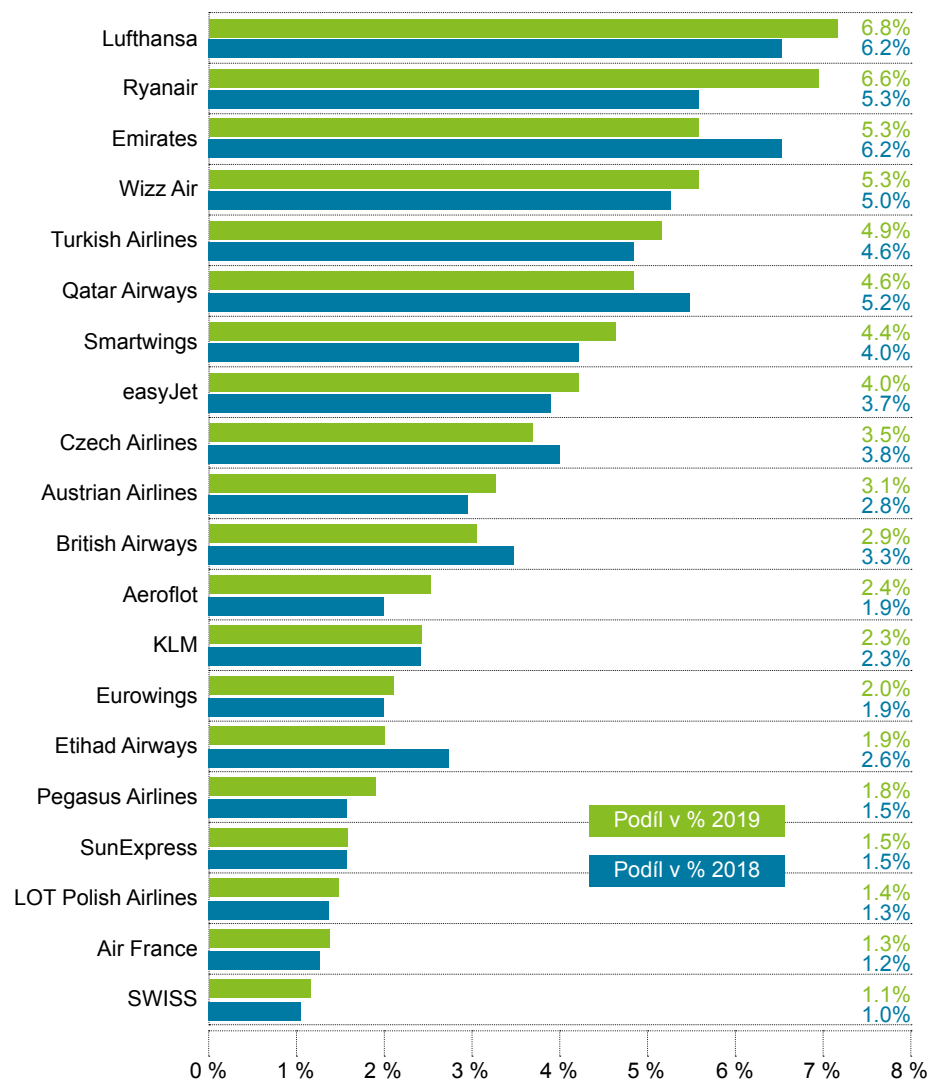
Year-on-year comparison of the development in the number of service units in FIR Prague in individual month of 2019 (in %)



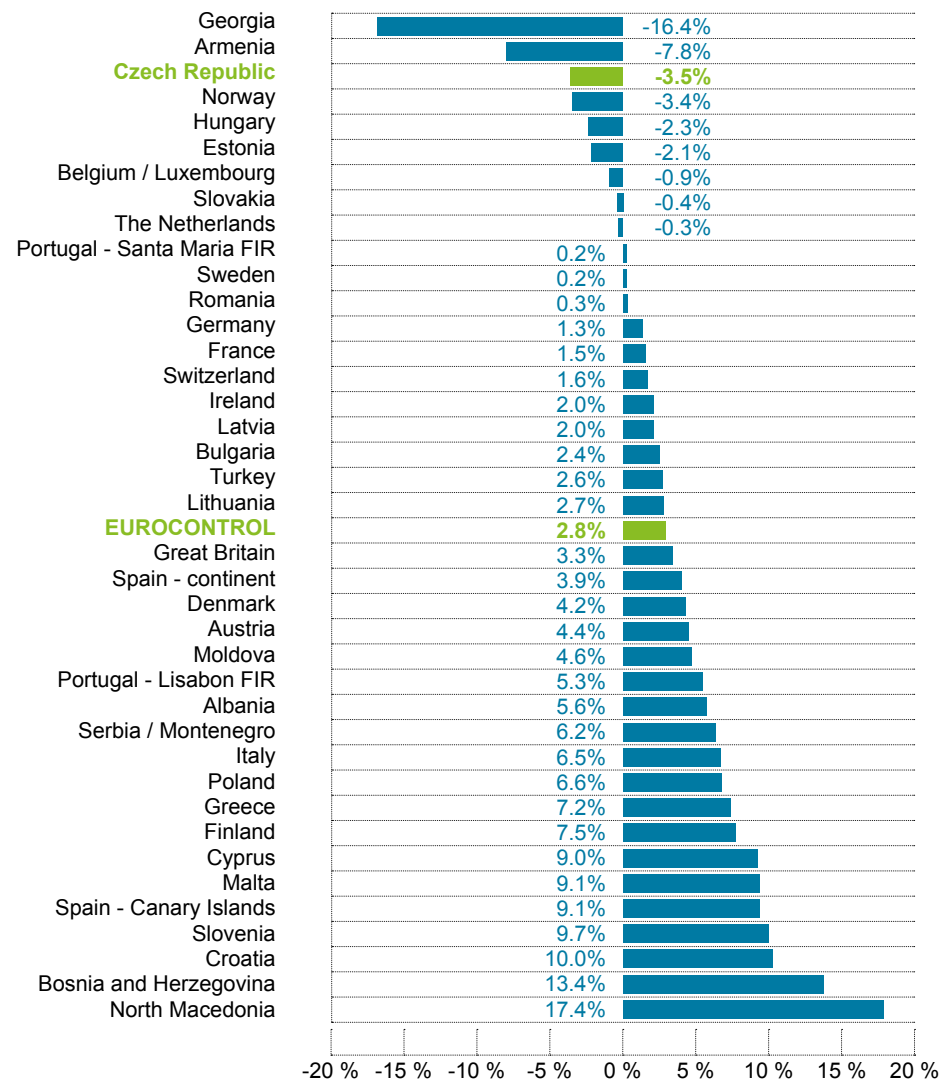
Major ANS CR customers in 2019 – users of en-route navigation services in Czech airspace (% share of the total volume of services provided between 2018 – 2019)



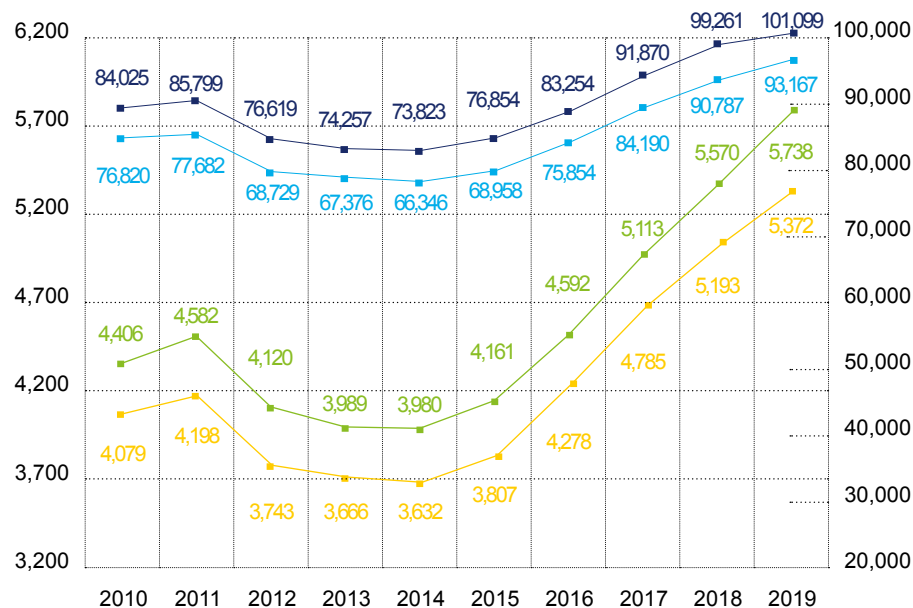
Major ANS CR customers in 2019 – users of air navigation services in Czech airspace (% share of the total volume of en-route and terminal navigation services and comparison with 2018)



Development of performance in service units (charged) of EUROCONTROL member states 2019/2018 (%)



Number of performance units at airports in CR and at Václav Havel Airport, Prague (in thousands of MTOW tonnes and terminal service units)



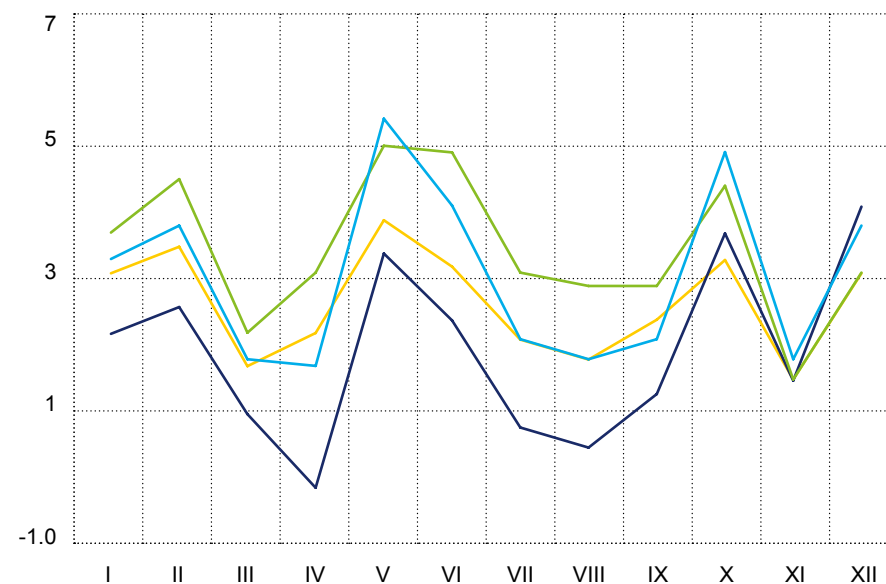
Number of MTOW tonnes at CR Airports (in thousands of tonnes)

Number of MTOW tonnes at Vaclav Havel Airport, Prague (in thousands of tonnes)

Terminal service units at CR airports

Terminal service units at Vaclav Havel Airport, Prague

Year-on-year comparison in the number of performance units at airports in CR in individual months of 2019 v %



Number of MTOW tonnes at Prague airport

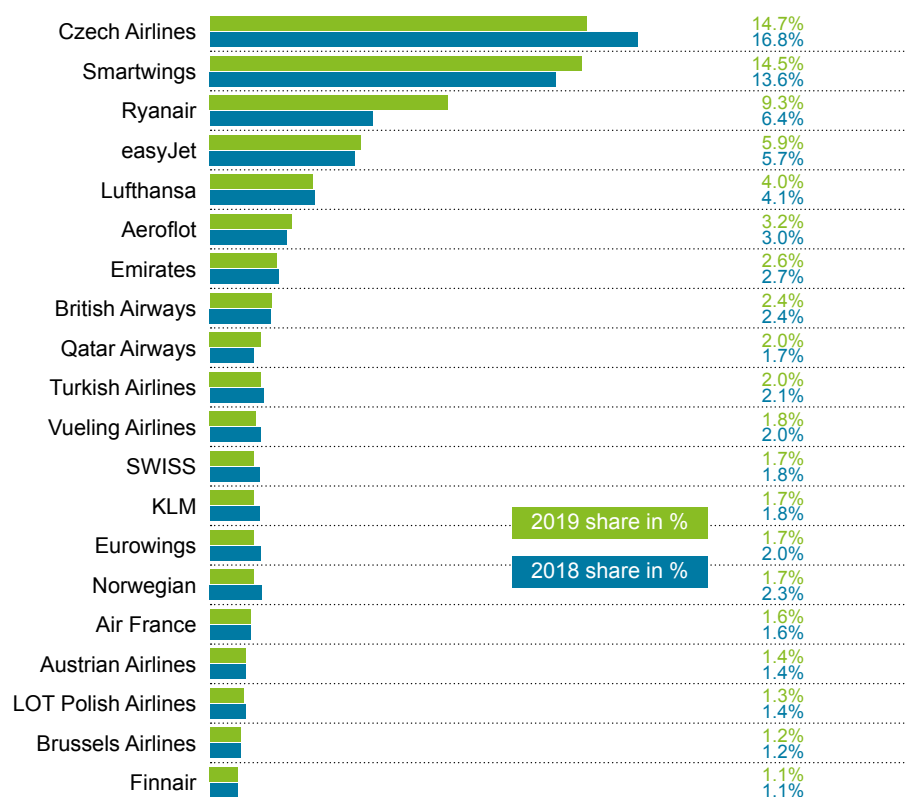
Number of MTOW tonnes at CR airports

Number of terminal service units at CR airports

Number of terminal service units at Prague airport

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Number of MTOW tonnes at CR airports	3.3	3.8	1.8	1.7	5.4	4.1	2.1	1.8	2.1	4.9	1.8	3.8
Number of MTOW tonnes at Prague airport	3.7	4.5	2.2	3.1	5.0	4.9	3.1	2.9	2.9	4.4	1.5	3.1
Number of terminal service units at CR airports	2.2	2.6	1.0	-0.1	3.4	2.4	0.8	0.5	1.3	3.7	1.5	4.1
Number of terminal service units at Prague airport	3.1	3.5	1.7	2.2	3.9	3.2	2.1	1.8	2.4	3.3	1.5	3.1

Major ANS CR customers in 2019 - users of terminal navigation services at Václav Havel Airport, Prague (% share in the total volume of terminal service units - comparison for 2018 - 2019)



Charges for Provided Air Navigation Services

Prices for air navigation services provided by ANS CR, during the whole second reference period (2015 – 2019), were determined in accordance with the European Commission Implementing Regulation (EU) No 390/2013, laying down a performance scheme for air navigation services and network functions, approved under the Single European Sky (SES) project. Regulations include pricing for both types of services provided, i.e. en-route navigation services in Czech airspace and terminal navigation services

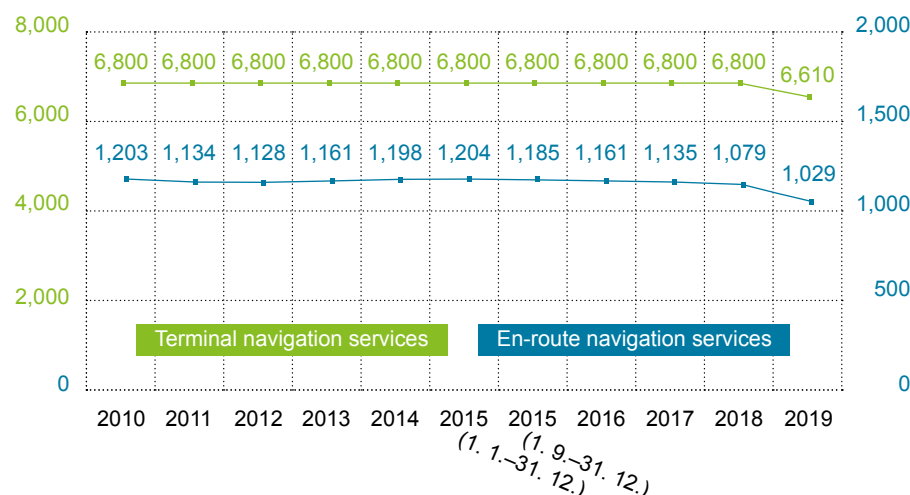
provided at controlled airports in the Czech Republic. This legislation defines the process for determining the unit price of air traffic service providers of EU Member States, including ANS CR, for the second reference period in the form of performance indicators and the shared risk principle with service users. The performance plan is basically set for a five-year reference period, 2019 was the last year of the second reference period. Prices for the en-route navigation services are performance indicators and as such approved by the national regulator (the Civil Aviation Authority) and the European Commission.

As performance indicators, prices for en-route navigation services are compared on year-on-year basis in Real Terms prices of 2009 – the revised approved performance plan includes a decrease of these prices for Czech airspace by 16.1% between 2014 and 2019. This gradual reduction in en-route charges has been positively assessed as contributing to the achievement of pan-European targets in this direction, with the main objective of achieving greater efficiency in the service provided in the European area and thus greater benefits for users of these services.

In general, charges are set in accordance with the International Civil Aviation Organization (ICAO) rules and other applicable European Commission regulations which include Commission Implementing Regulation (EU) No 391/2013. As in previous years, in 2019, the costs for en-route navigation services were governed by the Principles for Establishing the Cost Base for En-route Charges and the calculation of the Unit Rates issued by the European Air Traffic Safety Organization EUROCONTROL, which further elaborates on the above-mentioned European legislation.

ANS CR has consistently applied a customer-centred approach to the process of setting charges for air traffic services. The most important obligation of the company is to maintain its objectives, including the planned continuous decrease in prices during the 2nd reference period, set by the performance plan of the Czech Republic, while taking into account the real development of traffic during this period. Consultations with the services users, i.e. organizations representing the interests of air navigation services users that take place prior to the final approval of the price are an integral part of the price approval process. During the 2019 price setting exercise, the consultation of prices for en-route navigation services was again organized at the level of the EUROCONTROL Member States. Also a bilateral consultation with users was held at the ANS CR premises. The consultation of prices for terminal navigation services was held by the European Commission at the EUROCONTROL premises.

Development of the basic annual rates for air navigation services (in CZK)



Charges for En-Route Navigation Services

Based on the membership of the Czech Republic in EUROCONTROL and access to the Multilateral Agreement relating to Route Charges, the billing, collection and recovery of charges for en-route navigation services are provided by the Central Route Charges Office (CRCO) at EUROCONTROL, based in Brussels, with effect from 1 January 1996.

The principle for calculating an en-route navigation charge is a rate per service unit. The service unit is defined as the number of kilometres flown through Czech airspace divided by 100, and multiplied by the square root of 1/50th of the maximum take-off weight of the aircraft (MTOW) in tonnes.

For 2019, the last year of the second reference period, the basic unit cost for en-route navigation services, as part of the commitment to gradually reduce the price for services approved by the national performance plan for the Czech Republic, was set at 1,029.20 CZK, i.e. a global unit price of 40,34 EUR per service unit. This basic unit price was valid for the entire period of 2019. There was a year-on-year decrease in the basic unit rate by 4.6% in comparison with the basic price valid for 2018. The cost base was calculated in CZK.

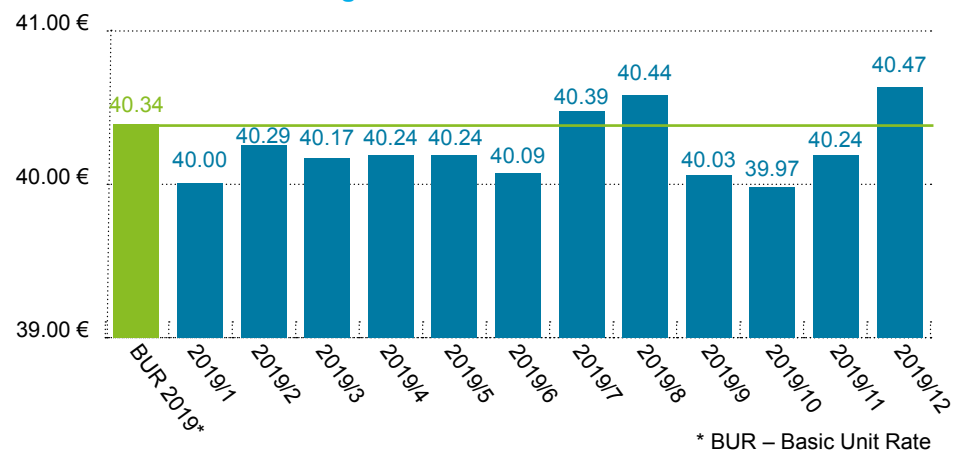
The basic announced price stipulated for the whole period of one year is, after the conversion into EUR, only a reference price. The real value of the charge in EUR always paid by service users during the period of one calendar month depends on the EUR / CZK exchange rate movements during the year. The figure below shows the development of the en-route navigation service rates charged to service users each month compared to the base reference rate agreed for 2019, depending on the exchange rate movement. For most 2019 the real charge rates were kept below the level of the basic agreed price for 2019.

In comparison with all unit rates of charges for en-route navigation services of EUROCONTROL member states, the global unit rate of charge in Czech airspace agreed for 2019 is assessed as the rate at the lower half of the price spectrum. An overview of the price level of unit rates for en-route navigation services for member states of EUROCONTROL is shown in the graph.

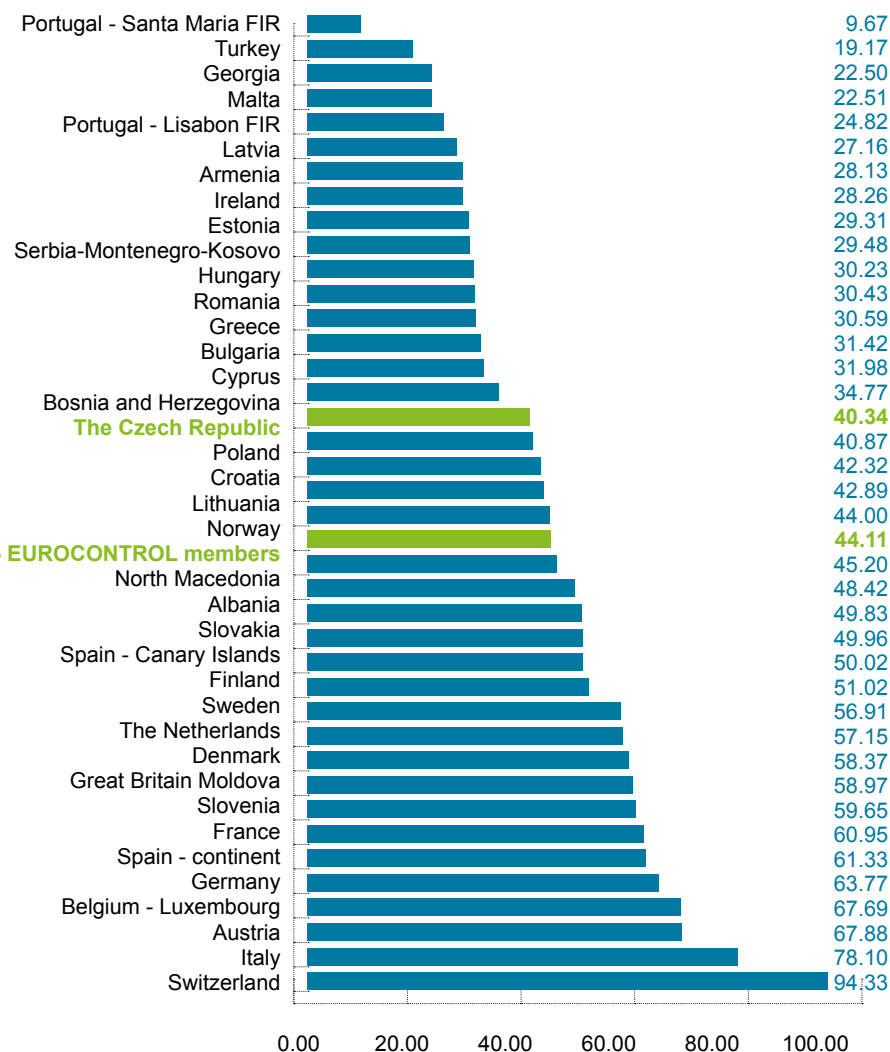
Following the decision of the State, the following categories of flights were exempt from charging for en-route services in 2019:

- lights made exclusively under the VFR rules,
- flights of aircraft up to and including 2 tonnes MTOW,
- flights of state importance (flights solely for the purpose of transporting heads of state, heads of government and government ministers during their official journeys),
- search and rescue flights authorized by the competent RCC,
- flights performed by the state aircraft to the States of the North Atlantic Treaty (NATO), Austria and Brazil, with the exception of the Czech Republic,
- flights performed exclusively for the purpose of testing and checking ground navigation equipment,
- flights performed by customs and police authorities.

Development of the monthly unit rates of en-route charges depending on the EUR/CZK exchange rate



Comparison in the price level of the unit rates in EUROCONTROL member states for en-route navigation services in 2019 (in EUR)



Charges for Terminal Navigation Services of Controlled Flights

The process for determining the price for terminal navigation services is governed by the provisions of Commission Implementing Regulation (EU) No. 391/2013. The price is set for one terminal service unit, which is defined as the weight factor corresponding to 1/50th of the certified MTOW of the landing aircraft, to the power of 0.7. ANS CR provides the billing and collection of charges for terminal navigation services of controlled flights provided at airports in Prague, Karlovy Vary, Brno and Ostrava.

In 2019 the price for terminal navigation services was set at 6,609.61 CZK per terminal service unit which meant a decrease by 2.8% compared to the long-standing price of 6,800 CZK valid in the period 2009 – 2018. This was possible due to the positive development in air traffic at CR airports during the previous period. The performance plan for terminal navigation services in 2019 was exceeded by 0.8%. The price for services is set and declared in Czech crowns (CZK), in view of clearer understanding and ease of use to our foreign customers, the total value of services provided during the course of one month is also converted into EUR on the basis of applicable rules and the daily exchange rate between CZK and EUR as published by the Czech National Bank on the invoice issue date.

Based on a decision in 2019 by the government, the following categories of flights were exempt from terminal navigation service charges:

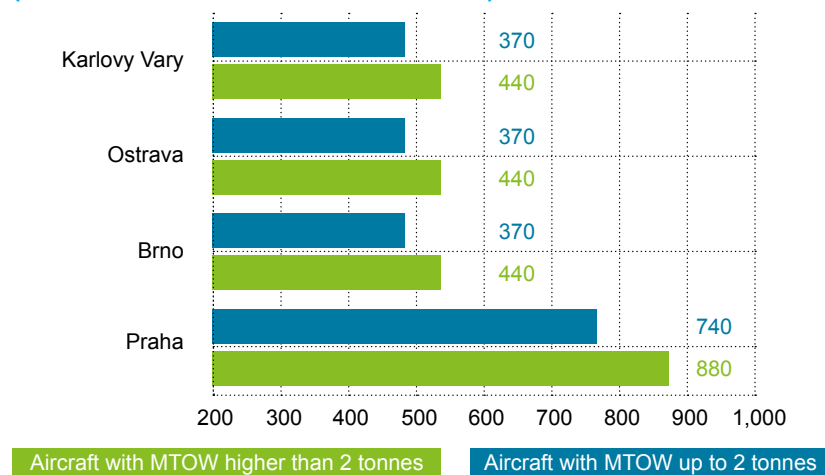
- flights of aircraft up to the maximum take-off weight of and including 2 tonnes,
- flights of state importance (flights made exclusively for transporting heads of states, heads of government and ministers during their official trips),
- flights for search and rescue authorized by the competent RCC authority,
- flights for state aircraft of states of the North Atlantic Treaty Organization (NATO), Austria and Brazil, with the exception of the Czech Republic,
- flights performed exclusively for the purpose of testing and checking ground navigation equipment,

- flights carrying out air rescue service, including secondary and repatriation flights, and flights directly connected with saving human lives,
- flights of aircraft that were forced to return to the airport of departure due to failure or weather conditions and aircraft forced to make an emergency landing,
- flights made by customs and police authorities.

Charges for Training Flights

In 2019, training flights conducted at TMA airports controlled by ANS CR were charged, as in previous years, a flat rate per one hour of the duration of the training flight or a proportional part thereof and 1 MTOW tonne of the aircraft. The actual charge for a single training flight was set based on the exact duration of the flight in minutes. For flights of aircraft weighing up to and including 2 MTOW tonnes, a different basic unit rate for charges than in cases of flights of aircraft with higher MTOW was applied. Due to the potential commercial stimulation for users conducting a higher volume of training flights at regional airports in the course of one calendar month, a system of preferential rates based on reaching the limit of the minimum number of training hours required by a single aircraft operator was applied while taking into account the possibility of an attaining the required number of training hours at all three regional airports simultaneously.

Rates for training flights charges applicable in 2019 (in CZK for 1 hour and 1 MTOW tonne)



Decrease in the basic rate for training flights at regional airports depending on the number of training hours achieved by one operator during one calendar month:

Numbers of training hours / month	Decrease in the basic rate
0 to 5	0%
5 to 10	20%
10 to 20	45%
20 to 30	55%
more than 30	65%

Recovery of Receivables for Air Navigation Services

Membership of the Czech Republic in EUROCONTROL and its adherence to the Multilateral Agreement relating to Route Charges, as in the case of other Member States, automatically assumes the direct responsibility of the CRCO of EUROCONTROL for collecting and recovery of the receivables from individual users of en-route navigation services provided by ANS CR in Czech airspace. Also, if necessary, the CRCO of EUROCONTROL directly ensures their recovery after maturity, possibly assisted by the air navigation service providers of each Member State. The collection and possible subsequent recovery of receivables from individual users of terminal navigation services provided at Prague, Karlovy Vary, Brno and Ostrava airports is the responsibility of ANS CR. The absolute majority of the total receivables for terminal navigation services were settled by customers by the due date in 2019. In 2019, the medium-term rate of return on receivables for both types of services (en-route navigation and terminal navigation services) was 99.4 - 99.5%.

In the event of any delay in the payment of tax documents for provided services on the part of customers, ANS CR applies a standard recovery mechanism to secure receivables. In 2019, as in previous years, the company applied standard financial sanctions in the form of charging interest for late payment in accordance with applicable laws. In more severe cases of unpaid receivables for terminal navigation services, ANS CR used other means available for recovery on a selective basis, including recovery by legal means, or through the application decision to file a claim in the insolvency proceedings, eventually through cooperation with government authorities in the field of civil aviation.

In the most severe cases of unpaid receivables in 2019, ANS CR availed itself of the procedure under the relevant provisions of the Civil Aviation Act, which authorizes the company to use the institute of denial of the provision of air navigation services to customers in long-term arrears with payment of invoices for previously rendered terminal navigation services. This provision represents another effective means in securing long outstanding receivables with a positive impact on their return and is applicable both to recovery of receivables for terminal navigation services and to cases when customers are in arrears with payment for en-route navigation services to the EUROCONTROL account. To secure coordination with EUROCONTROL the provisions of the bilateral agreement concluded for this purpose and specifying the rules of cooperation and joint procedure to achieve payment of receivables were followed.



Supervisory Board Report

At the meeting of the Supervisory Board of the Company, which took place on 15 April 2020, the annual financial statements of the Company for 2019 were at the heart of the discussion.

During the period January – December 2019, the total revenues of the company amounted to 4,184,391,000 CZK. The 2019 revenues plan was exceeded by 1.9%. The main source of the revenues was again the provision of air navigation services, which accounted for 87.3%. The total volume of costs amounted to 3,945,567,000 CZK, which was by 5,246,000 CZK less than in 2018.

In 2019, the profit and loss reached 88,383,000 CZK, i.e. a decrease of 317,871,000 CZK - when compared to 2018. On the contrary, the financial profit and loss exceeded last year by 187,401,000 CZK. After taking into account the financial profit and loss, an amount of 81,988,000 CZK was recommended for the company's funds distribution. An amount of 108,503,000 CZK will remain undistributed.

Despite the decrease in air traffic in the airspace of the Czech Republic caused by capacity problems in the neighbouring countries, the company succeeded to reach positive economic results also due to the adjustments to the costs.

The Supervisory Board, in accordance with section 13, paragraph 1b of Act No. 77/1997 Coll., on State-Owned Enterprises, as amended, discussed and took note of the annual financial statements and profit and loss statement. And after reviewing, stated that the planned economic performance indicators for 2019 were met.

MAGDALENA FALTÝSKOVÁ

Chairwoman of the Supervisory Board





Independent Auditor's Report

to the Founder of Air Navigation Services of the Czech Republic, state enterprise

Opinion

We have audited the accompanying financial statements of Air Navigation Services of the Czech Republic, state enterprise, based in Jeneč, Navigační 787, identification number 497 10 371, (hereafter the "Company") prepared in accordance with Czech accounting regulations, which comprise the balance sheet as at 31 December 2019, and the income statement, statement of changes in equity and cash flow statement for the period from 1 January 2019 to 31 December 2019 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 Air Navigation Services of the Czech Republic, state enterprise as at 31 December 2019 and of the costs, revenues and its profit or loss and its cash flows for the period from 1 January 2019 to 31 December 2019, in accordance with Czech accounting regulations.

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 these regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the fact disclosed in Note 12 to the financial statements, which describes that "on 12 March 2020 a pandemic of the COVID-19 virus was

declared by the World Health Organization (WHO). Subsequent measures by national governments, including the Czech government and public reactions, will have significant economic consequences in the coming months. Management of ANS CR anticipates significant impacts on the economic situation of the company itself. Company management analyzes the situation and takes the necessary measures to maintain the financial stability of the company. Even in this situation, ANS CR will continue to provide air traffic services as part of the state's critical infrastructure and will continue to operate". Our opinion is not modified in connection with this matter.

Other Information

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 this other information.

The Company does not prepare an annual report on the standalone basis. Other information is disclosed in the consolidated annual report. Therefore, our opinion on other information is not part of this auditor's report.

Responsibilities of the Statutory Body, the Supervisory Board and the Audit Committee for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting regulations 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Founder either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.

- Conclude on the appropriateness of the Statutory Body'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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Body and the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

In Prague, on 1 April, 2020

Audit firm:

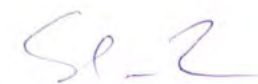
BDO Audit s. r. o.

Certificate No. 018

Partner:

Petr Slaviček

Certificate No. 2076



BALANCE SHEET

in full (in thousands of CZK) compiled as of 31 December 2019

Statement line/Content of the item					Value in current accounting period			Value in past accounting period
					Gross	Correction	Net	
TOTAL ASSETS					14,694,556	7,586,509	7,108,047	6,992,077
B.	FIXED ASSETS				12,820,944	7,548,370	5,272,574	4,845,555
	B.I.	Intangible assets			4,672,091	2,865,255	1,806,836	1,702,114
		B.I.1.	Intangible results of development		3,861	3,861		
		B.I.2.	Valuable rights		3,446,200	2,757,681	688,519	748,696
			B.I.2.1.	Software	3,444,874	2,756,750	688,124	748,118
			B.I.2.2.	Other valuable rights	1,326	931	395	578
		B.I.4.	Other intangibles		119,580	103,713	15,867	22,820
		B.I.5.	Advance payments for intangible fixed assets and intangible assets under construction		1,102,450		1,102,450	930,598
			B.I.5.2.	Intangible assets under construction	1,102,450		1,102,450	930,598
	B.II.	Tangible fixed assets			7,834,437	4,683,115	3,151,322	2,810,605
		B.II.1.	Land, buildings and structures		2,822,849	1,382,228	1,440,621	1,486,981
			B.II.1.1.	Land	16,410		16,410	16,409
			B.II.1.2.	Buildings and structures	2,806,439	1,382,228	1,424,211	1,470,572
		B.II.2.	Tangible movables and their categories		4,505,700	3,300,769	1,204,931	947,807
		B.II.4.	Other tangibles		2,318	118	2,200	2,208
			B.II.4.1.	Cultivated areas	85	85		
			B.II.4.3.	Other tangible fixed assets	2,233	33	2,200	2,208
		B.II.5.	Advance payments for tangible fixed assets and tangible assets under construction		503,570		503,570	373,609
			B.II.5.2.	Tangible assets under construction	503,570		503,570	373,609
	B.III.	Long-term financial assets			314,416		314,416	332,836
		B.III.1.	Shares - controlled or controlling entity		314,038		314,038	332,453
		B.III.5.	Other long-term securities and ownership interests		378		378	383

Statement line/Content of the item						Value in current accounting period			Value in past accounting period
						Gross	Correction	Net	
C.	Current assets					1,847,537	38,139	1,809,398	2,075,208
	C.I.	Inventory				19,827	7,372	12,455	22,071
		C.I.1.	Materials			19,470	7,372	12,098	21,699
		C.I.3.	Finished goods and merchandise			357		357	372
			C.I.3.2.	Merchandise inventory		357		357	372
	C.II.	Receivables				867,825	30,767	837,058	850,420
		C.II.1.	Long-term receivables			3,728		3,728	1,976
			C.II.1.5.	Other receivables		3,728		3,728	1,976
				C.II.1.5.4.	Other receivables	3,728		3,728	1,976
		C.II.2.	Short-term receivables			864,097	30,767	833,330	848,444
			C.II.2.1.	Trade receivables		604,845	23,747	581,098	611,705
			C.II.2.4.	Other receivables		259,252	7,020	252,232	236,739
				C.II.2.4.3.	Due from state - tax receivables	69,012		69,012	68,297
				C.II.2.4.4.	Short-term advance payments	5,104		5,104	2,658
				C.II.2.4.5.	Estimated receivables	8,115		8,115	12,497
				C.II.2.4.6.	Other receivables	177,021	7,020	170,001	153,287
	C.IV.	Cash on hand and in bank accounts				959,885		959,885	1,202,717
		C.IV.1.	Cash on hand			1,963		1,963	2,124
		C.IV.2.	Bank accounts			957,922		957,922	1,200,593
D.	Accruals of assets					26,075		26,075	71,314
	D.1.	Accrued costs				26,014		26,014	71,314
	D.3.	Accrued income				61		61	

Statement line/Content of the item					Value in current accounting period	Value in previous year's accounting period
TOTAL LIABILITIES					7,108,047	6,992,077
A.	Equity				6,073,663	6,131,09
	A.I.	Registered capital			1,087,503	1,087,503
		A.I.1.	Registered capital		1,082,822	1,082,822
		A.I.3.	Changes in registered capital		4,681	4,681
	A.II.	Share premium and capital contributions			281,787	300,206
		A.II.2.	Capital contributions		281,787	300,206
			A.II.2.1.	Other capital contributions	248,477	248,475
			A.II.2.2.	Gains or losses from revaluation of assets and liabilities (+/-)	33,310	51,731
	A.III.	Funds from profit			4,428,590	4,355,137
		A.III.1.	Other reserve funds		320,000	320,000
		A.III.2.	Statutory and other funds		4,108,590	4,035,137
	A.IV.	Profit/Loss - previous year (+/-)			85,292	92,131
		A.IV.1.	Retained earnings or accumulated losses from previous years (+/-)		85,292	92,131
	A.V.	Profit/Loss - current year			190,491	296,114
B+C	Liabilities				1,034,077	860,913
B.	Rezervy				10,521	8,078
	B.4.	Provisions			10,521	8,078
C.	Liabilities				1,023,556	852,835
	C.I.	Long-term liabilities			138,292	191,160
		C.I.8.	Deferred tax liability		136,842	125,199
		C.I.9.	Other liabilities		1,450	65,961
			C.I.9.3.	Other liabilities	1,450	65,961

Statement line/Content of the item				Value in current accounting period	Value in previous year's accounting period
	C.II.	Short-term liabilities		885,264	661,675
		C.II.3.	Advances received	6,508	1,509
		C.II.4.	Trade payables	367,903	118,072
		C.II.8.	Other liabilities	510,853	542,094
			C.II.8.3. Liabilities to employees	179,460	165,022
			C.II.8.4. Social security and health insurance liabilities	63,000	50,567
			C.II.8.5. Due to state - taxes and subsidies	186,836	208,736
			C.II.8.6. Estimated liabilities	56,545	92,972
			C.II.8.7. Other liabilities	25,012	24,797
D.	Accruals of liabilities			307	73
	D.2.	Deferred revenue		307	73

PROFIT AND LOSS STATEMENT

in full (in thousands of CZK) compiled as of 31 December 2019

Statement line/Content of the item		Value in current accounting period	Value in previous year's accounting period
I.	Sales of own products and services	3,905,676	4,129,474
A.	Production consumption	630,824	599,625
	A.2. Materials and energy consumption	82,079	74,020
	A.3. Services	548,745	525,605
C.	Capitalisation (-)	-404	
D.	Personnel expenses	2,403,492	2,377,010
	D.1. Wages and salaries	1,851,129	1,849,359
	D.2. Social security, health insurance and other expenses	552,363	527,651
	D.2.1. Social security expenses and health insurance	476,522	453,075
	D.2.2. Other expenses	75,841	74,576
E.	Valuation adjustments relating to operating activities	621,504	585,756
	E.1. Valuation adjustments of fixed assets	609,955	592,025
	E.1.1. Valuation adjustments of fixed assets - permanent	604,798	592,025
	E.1.2. Valuation adjustments of fixed assets - current	5,157	
	E.2. Valuation adjustments of inventory	6,930	255
	E.3. Valuation adjustments of receivables	4,619	-6,524
III.	Other operating income	88,066	83,554
	III.1. Income from fixed assets sold	1,238	352
	III.2. Income from materials sold	1,291	1,141
	III.3. Other operating income	85,537	82,061
F.	Other operating expenses	249,943	244,383
	F.1. Net book value of fixed assets sold	658	83
	F.2. Material sold	58	122
	F.3. Taxes and fees	3,336	2,985
	F.4. Provisions relating to operating activities and complex deferred expenses	2,442	4,546
	F.5. Other operating expenses	243,449	236,647
*	OPERATING PROFIT/LOSS (+/-)	88,383	406,254

Statement line/Content of the item		Value in current accounting period	Value in previous year's accounting period
IV.	Financial fixed assets revenues - shares	17,405	
IV.1.	Shares revenues - controlled or controlling entity	17,405	
VI.	Interest income and similar income	5,303	1,056
VI.2.	Other interest income and similar income	5,303	1,056
VII.	Other financial income	167,941	106,023
K.	Other financial expense	40,208	144,039
*	PROFIT/LOSS FROM FINANCIAL OPERATIONS (TRANSACTIONS) (+/-)	150,441	-36,960
**	PROFIT/LOSS BEFORE TAX (+/-)	238,824	369,294
L.	Income tax	48,333	73,180
L.1.	Income tax - due	36,689	67,141
L.2.	Income tax - deferred (+/-)	11,644	6,039
**	PROFIT/LOSS AFTER TAX (+/-)	190,491	296,114
***	PROFIT/LOSS OF THE ACCOUNTING PERIOD (+/-)	190,491	296,114
*	NET TURNOVER FOR THE ACCOUNTING PERIOD	4,184,391	4,320,107

CASH FLOW STATEMENT

as of 31 December 2019

		2019	2018
P.	Cash at the beginning of the period	1,202,717	1,583,900
Z.	Accounting profit/loss from ordinary activities before tax	238,824	369,294
A.1.	Adjustments to non-cash transactions	543,791	656,249
A.1.1	Depreciation of fixed assets	604,798	592,025
A.1.2	Change in allowances, provisions and transitory accounts	19,149	-1,725
A.1.3	Profit (loss) from the sale of fixed assets	-580	-269
A.1.4	Dividends and profit shares revenues	-17,405	0
A.1.5	Net interest costs	-5,303	-1,056
A.1.6	Possible adjustments related to other non-cash transactions	-56,868	67,274
A.*	Net cash from operating activities before taxation, changes in working capital and extraordinary items	782,615	1,025,543
A.2.	Change in working capital	56,047	9,146
A.2.1	Change in receivables from operating activities	-3,500	52,385
A.2.2	Change in short-term payables from operating activities	56,861	-62,346
A.2.3	Change in inventories	2,686	-2,598
A.2.4	Change in short-term financial assets excluding monetary resources	0	21,705
A.**	Net cash from operating activities before taxation and extraordinary items	838,662	1,034,689
A.3.	Interest costs	0	0
A.4.	Interest received excluding investment companies and funds	5,242	1,056
A.5.	Income tax paid from ordinary activities and additional assessment	-36,982	-97,064
A.6.	Proceeds and expenses connected to unusual transactions	0	0
A.7.	Received dividends and profit shares	17,405	0
A.***	Net cash from operating activities	824,327	938,681
B.1.	Expenses connected to acquiring fixed assets	-843,775	-1,105,210
B.2.	Proceeds from the sale of fixed assets	1,238	352
B.3.	Loans to affiliated companies	0	0
B.***	Net cash from investing activities	-842,537	-1,104,858
C.1.	Changes in long-term or short-term payables	0	0
C.2.	Impact of changes in equity on cash resources	-224,622	-215,006
C.3.	Dividends and profit shares paid	0	0
C.***	Net cash from financial activities	-224,622	-215,006
F.	Net change in cash resources	-242,832	-381,183
R.	Cash at the end of the period	959,885	1,202,717

SUMMARY OF CHANGES IN EQUITY

as of 31 December 2019

Changes/balances	Registered capital	Other capital contributions	Gains or losses from revaluation of assets and liabilities	Reserve fund	Founder's fund	Development fund	Other funds created from profit	Cumulative profit and loss	Total equity
Balance sheet line	A.I.	A.II.2.1.	A.II.2.2.	A.III.1.	A.III.2. (part)	A.III.2. (part)	A.III.2. (part)	A.IV.1. + A.V.	A.
Balance at 1 January 2018	1,087,503	248,475	50,475	320,000	0	3,784,400	40,371	517,503	6,048,727
Revaluation of equity investment for 2018 equivalence			1,256						1,256
Allocation to funds from disposable profit of 2017					38,004	175,000	74,413	-287,417	0
Allocation to founder's fund from retained profit of previous years					137,955			-137,955	0
Transfer of resources of founder's fund to the state budget in 2018					-137,955				-137,955
Use of resources of funds created from profit in 2018							-77,051		-77,051
Profit and loss for 2018								296,114	296,114
Status at 31 December 2018	1,087,503	248,475	51,731	320,000	38,004	3,959,400	37,733	388,245	6,131,091
Revaluation of equity investment for 2019 equivalence			-18,421						-18,421
Free of charge acquisition of property		2							2
Allocation to funds from disposable profit of 2018							190,957	-190,957	0
Allocation to founder's fund from retained profit of previous years					111,996			-111,996	0
Transfer of resources of founder's fund to the state budget in 2019					-150,000				-150,000
Use of resources of funds created from profit in 2019							-79,500		-79,500
Profit and loss for 2019								190,491	190,491
Status at 31 December 2019	1,087,503	248,477	33,310	320,000	0	3,959,400	149,190	275,783	6,073,663

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1 GENERAL INFORMATION

1.1 ESTABLISHMENT AND DESCRIPTION OF THE COMPANY

Name of the entity:	Air Navigation Services of the Czech Republic
Legal form:	State Company
Abbreviated name:	ANS CR
Date of establishment:	ANS CR was founded on 1 January 1995 under resolution No. 4283/94-KM of the Minister of Transport issued on 28 December 1994. This decision transferred all assets that had been handled by the allowance organization, ANS CR, up until 31 December 1994, including all rights and obligations, to the company. The state company is registered in the Commercial Register of the Municipal Court in Prague, Section A, File 10771
Headquarters:	Navigační 787, 252 61 Jeneč
Identification number:	49710371
Core business:	Air navigation services including aerodrome services in the airspace of the Czech Republic and at Prague, Brno, Ostrava and Karlovy Vary airports
Share capital:	1,087,503,000 CZK

1.2 MAIN OWNERS OF THE COMPANY

Air Navigation Services of the Czech Republic is a state-owned company. The position and legal status of the state company are governed by Act No. 77/1997 Coll. The founder of the company is the state. The Ministry of Transport, whose responsibility includes the core business of the company, acts in the name of the founder.

The accompanying financial statements for ANS CR have been prepared in the same way to that of an independent company. The consolidated financial statements have been prepared for the whole group by the parent company,

ANS CR, in accordance with the national accounting standards. The companies included in the consolidation are the Czech Aviation Training Centre and Czech Aviation Training Centre India. Information pursuant to section 39b of Decree No. 500/2002 Coll. will be presented in the consolidated financial statements.

1.3 CHANGES AND AMENDMENTS TO THE COMMERCIAL REGISTER DURING THE LAST REPORTING PERIOD

In 2019, no changes or amendments were entered into the Commercial Register in relation to ANS CR.

1.4 ORGANIZATIONAL STRUCTURE

The head of the company is the Director General, who is a statutory body. There are three supporting departments directly subordinate to the Director General. The company is further organizationally divided into three performance departments each headed by a department director. The departments are divided into specialized divisions, each headed by a division manager, and specialized sections headed by qualified supervisors. As of 31 December 2019, the total number of these organizational units was 18.

The company has no organizational units abroad.

1.5 STATUTORY AND SUPERVISORY BODIES OF THE COMPANY AS OF 31 DECEMBER 2019

Company Management – Statutory Body	
Director General:	Jan Klas
First Deputy Director General:	Petr Fajtl
Second Deputy Director General:	Miloslava Mezerová
Third Deputy Director General:	Jana Navrátilová

Supervisory Board	
Chairperson:	Magdalena Faltýsková
Deputy Chairperson:	Zdeněk Jelínek
Members:	Petr Hromek
	Petr Kolomazník
	Stanislav Pleninger
	Milan Vondra

Since 6 January 2020, Mr Milan Vondra and Mr Petr Kolomazník, members of the Supervisory Board elected by the representatives of the company employees, have been replaced by new members of the Supervisory Board – Mr Aleš Kořínek and Mr Vít Soukup.

Pursuant to the provisions of section 44c, paragraph 1c) of an amendment to the Act No. 93/2009 Coll., on Auditors, as amended, ANS CR has the legal obligation to establish an Audit Committee for ANS CR. The amendment took effect on 1 January 2016. The Committee has 3 members, who were appointed by the statutory body of ANS CR on the recommendation of the Supervisory Board, dated 28 November 2016.

Audit Committee	
Chairperson:	Ivan Hayek
Deputy Chairperson:	Eva Dekastellová
Member:	Eva Ondřichová

2 BASICS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

Company accounting is prepared and the financial statements compiled in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Decree No. 500/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for entities that are businesses performing double-entry bookkeeping and Czech accounting standards for businesses.

The accounting respects general accounting principles, in particular principles of valuation of assets and liabilities, accounting accruals, principle of prudence and assumption of the entity's ability to continue its activities. The accounting was compiled with support of the computing software.

The EUS software was developed by a British firm Ifield Computer Consultancy (ICC).

3 GENERAL ACCOUNTING PRINCIPLES, POLICIES AND ACCOUNTING CHANGES AND VARIANCES

The valuation methods applied by the company in preparing the financial statements for 2019 and 2018 are as follows:

3.1 INTANGIBLE FIXED ASSETS

Intangible fixed assets (IFA) are assets valued at more than 60K CZK on an individual basis with an estimated useful life of greater than one year in respect to the principle of significance and of a true and fair view of the asset. Intangible

fixed assets are stated at cost, which includes the purchase price and related costs.

The acquisition cost of an intangible fixed asset increases when the technical evaluation of that asset exceeds 40K CZK.

Intangible assets not considered fixed within the company are included directly in costs at acquisition as a service provided. Projects and studies that are not intangible fixed assets where the price is more than 60K CZK (without VAT) are deferred for a period of five years.

Accounting depreciation – depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of document “Principles for Establishing the Cost Base for Route Facility Charges and the Calculation of the Unit Rates”, depreciation is calculated uniformly using the linear method.

Estimated lifetime for the defined group of IFA in years:

Software	4 – 10 years
Other IFA (audio-video works, projects, studies, trademarks, research and development results)	3 – 6 years

3.2 TANGIBLE FIXED ASSETS

Tangible fixed assets (TFA) are assets valued at more than 40K CZK on an individual basis with an estimated useful life of greater than one year in respect to the principle of significance and of a true and fair view of the asset. Tangible fixed assets are stated at cost, which includes the purchase price, shipping costs, customs duties and other related costs. Until the acquired asset is put into use, interest and other financial costs related to the

acquisition of the fixed asset are also capitalized in the cost of these assets at the discretion of the entity. Tangible fixed assets acquired by delimitation are valued at replacement cost and posted to other capital funds.

Small tangible fixed assets, specifically computer equipment and furniture with an acquisition price between 3K CZK and 40K CZK are depreciated for a period of 4 or 10 years. Other small tangible fixed assets with an acquisition price between 3K CZK and 40K CZK are posted to Account 501 and recorded on off-balance sheet account 796. Small tangible assets with an acquisition price between 1K CZK and 3K CZK are also posted to account 501 and recorded on off-balance sheet account 796.

Valuation at replacement cost is also calculated for assets recently identified in the bookkeeping and requiring a corresponding entry in the relevant accumulated account for allowances. The replacement cost of such assets is determined by professional estimation.

Where the sum technical evaluation for an individual tangible fixed asset exceeds 40K CZK for the tax year, the acquisition cost of that asset increases. Accounting depreciation – depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of the “Principles for Establishing the Cost Base for Route Facility Charges and the Calculation of the Unit Rates” document, depreciation is calculated strictly uniformly using the linear method.

Estimated lifetime for the defined groups of TFA in years:	
Lands	Not depreciated
Buildings and structures	30 – 50 years
Machinery and equipment	4 – 15 years
of which – electronic and communications equipment	4 – 10 years
of which – energy and other equipment	7 – 15 years
Masts, towers constructions, lines	20 years
Transport equipment	5 – 20 years
of which – cars	5 years
of which – aircrafts	10 – 20 years
Inventory	3 – 10 years
of which – furniture	10 years
of which – office equipment, computer equipment and accessories	3 – 10 years

Tax depreciation – tax depreciation is carried out in accordance with section 31 (section 32) and section 32a of Act No. 586/1992 Coll., on Income Tax, as amended. The company applies linear depreciation for purposes of calculating income tax.

3.3 FINANCIAL ASSETS

Valuation – shares were valued at acquisition cost. At the time of compiling the annual financial statements, the shares were valued at equivalence. The equivalence method is the acquisition cost of participation adjusted to a value equivalent to the degree of the company's equity participation.

3.4 CURRENT FINANCIAL ASSETS

Monetary resources consist of valuables, money and cash on bank accounts.

3.5 INVENTORIES

Valuation – purchased inventory is valued at acquisition cost using the weighted arithmetic average method upon removal from stores. The acquisition cost of inventories includes costs for acquisition including related costs (shipping costs, commissions, etc.). Based on stocktaking, allowances for inventories were created at the balance sheet date.

3.6 RECEIVABLES

Valuation – receivables are posted at their creation at nominal value.

Provisioning – the value of bad debts is reduced using allowances, which were made for all receivables as follows:

- 100% for receivables with a due date of 31 December 2018 and older
- 50% for receivables with a due date in the period from 1 January 2019 to 30 June 2019

Allowances are separately recorded for receivables owed by entities in bankruptcy proceedings, in addition to those owed by individual debtors whose aggregate sum is less than 30K CZK.

3.7 LOANS

The company did not draw any loans in 2019.

3.8 PROVISIONS

In 2019, the company created a provision for the current income tax for 2019 and for untaken vacations. The company did not create any other provisions in 2019.

3.9 CONVERSION OF FOREIGN CURRENCIES DATA INTO CZECH CURRENCY

For the valuation of assets and liabilities (debts) at the time of a transaction, the company uses the daily exchange rate announced by CNB during the previous working day pursuant to section 24 of the Accounting Act.

At the time of compiling the financial statements for 2019, the receivables, liabilities, and shares in commercial companies, securities and derivatives, valuables and currency values (financial assets) denominated in a foreign currency were converted using the exchange rate announced by CNB and valid on 31 December 2019.

Realized and unrealized exchange rate gains and losses are posted in financial revenues or financial costs for the year.

3.10 DERIVATIVES

During the course of 2019, the company had disposition of financial derivatives, which were negotiated for hedging currency risks with an expected movement in exchange rates after the relaxation of intervention by the Central Bank. At the balance sheet date, the derivatives are valued at their fair value. The manner for recognizing gains or losses from valuing derivatives at their fair value depends on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged.

3.11 LEASING

No assets were acquired through financial leasing.

3.12 EQUITY

The registered capital of the company is stated at the amount recorded in the Commercial Register of the Municipal Court. Investments exceeding the

registered capital are reported as other capital funds, which consist of non-monetary investments in excess of the registered capital.

In accordance with Act No. 77/1997 Coll., as amended, the company has created the following obligatory funds from profit. These are a reserve fund, a fund for cultural and social needs, and a founder's fund. Creating these funds and drawing on them is regulated by the State Enterprise Act, or Decree No. 310/1995 Coll. Besides these funds, the company can create under the same Act additional funds from disposable profits. In the case of ANS CR, this involves a development fund and a fund for other social spending. The development fund serves as a source of financing for developing and supporting the company's investments. The fund for other social spending serves as a source of financing of benefits granted to employees under collective agreements, which are not regulated by Decree No. 310/1995 Coll.

3.13 TAXES, INCOME TAX

Income tax expenses are calculated using the statutory tax rate from the accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable revenues (e.g. creating and posting other provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). Additionally, items reducing the tax base (donations), deductions (tax losses, costs of research and development projects) and discounts on income tax are taken into account. In the event that the financial statements precede the final calculation of income tax, the entity creates an income tax provision.

Deferred tax – deferred tax is calculated using the liability method, which means that the deferred tax will be applied at a later stage and therefore the income tax rate applicable in the period in which this tax is applied, is used in the calculation. If this rate is unknown, the tax rate applicable for the following reporting period

is used. Temporary differences resulting in a deferred tax asset or liability (debt) is assessed within the company in a broader context where a deferred tax liability (debt) is always posted, but a deferred tax asset only with respect to the precautionary principle, which means after assessing its applicability.

Deferred tax is calculated from temporary differences between the tax and accounting base of assets or liabilities. Within the company the following temporary differences come into consideration:

- Differences between the book and tax carrying value of fixed assets (a book carrying value higher than the tax carrying value creates a deferred tax liability, and in the opposite case a deferred tax asset)
- The difference between tax and book allowances (a deferred tax asset is created if tax allowances are lower than book allowances and the tax allowances are expected to create up to 100% the value of receivables)
- Allowances for inventories and fixed assets
- Provision for untaken vacations
- Receivables on the basis of contractual penalties

3.14 USE OF ESTIMATES

The compilation of the financial statements requires company management to make estimates and assumptions that affect the reported amounts of assets and liabilities (debts) at the balance sheet date and the reported amounts of revenues and costs during the reporting period. Company management has made these estimates and assumptions on the basis of all the relevant information available. Nevertheless, given the nature of estimates, the actual results in the future may differ from these estimates.

3.15 COSTS AND REVENUES ACCOUNTING

Revenues and costs are accounted in accruals, i. e., they are recognized in the period to which they relate in terms of the subject-matter and time.

3.16 SUBSIDIES

In accordance with the Czech Accounting Standard No. 17, the company recognizes the unquestionable right to a subsidy charged to the relevant account of account group 37 – Other receivables and credited to the relevant account of account group 34 – Taxes and subsidies. The use of subsidies to cover costs or other financial detriments is debited to the relevant account of account group 34 – Taxes and subsidies and credited to other operating or financial revenue accruals.

Subsidies received for the acquisition of fixed assets reduce the acquisition cost.

Subsidies are provided from the European Commission resources arising from participation in the implementation of projects related to the development of air navigation services. The main European initiative aimed at the development of air navigation services is the initiative of Single European Sky ATM Research (SESAR).

3.17 SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and the date of compiling the financial statements is reflected in the reporting if these events provide additional information about facts that existed at the date of the balance sheet. Where important events occurred between the balance sheet date and the date of compiling the financial statements which take into account facts that occurred after the balance sheet date, the effects of these events are described in an attachment to the financial statements but are not recorded in the financial statements.

3.18 CHANGES IN VALUATION, DEPRECIATION AND ACCOUNTING METHODS COMPARED TO THE PREVIOUS ACCOUNTING PERIOD

Compared to the previous accounting period, no changes occurred in the valuation, depreciation and accounting methods used during fiscal year 2019.

4 Compared to the previous accounting period, no changes occurred in the valuation, depreciation and accounting methods used during fiscal year 2019.

4.1 FIXED ASSETS

4.1.1 Intangible fixed assets (IFA)

2019 (CZK thousands)	Software	Other IFA	Total
ACQUISITION COST (AC)			
Balance at 1 January 2019	3,246,057	123,147	3,369,204
Additions	205,430	1,620	207,050
Disposals	6,613	0	6,613
Balance at 31 December 2019	3,444,874	124,767	3,569,641
ACCUMULATED DEPRECIATION			
Balance at 1 January 2019	2,497,939	99,749	2,597,688
Depreciation 2019	265,423	8,756	274,179
Disposals	6,612	0	6,612
Balance at 31 December 2019	2,756,750	108,505	2,865,255
NET BOOK VALUE 2019 (DP)	688,124	16,262	704,386
NET BOOK VALUE 2018 (DP)	748,118	23,398	771,516

Significant items of intangible fixed assets

Item	Year of acquisition	AC (CZK thousands)	DP 2019 (CZK thousands)
EUROCAT 2000 PU IATCC system	2007	751,833	50,246
ESUP IATCC system	2007	656,819	171,831
IDP system for IATCC	2007	450,325	79,840
ESUP DTC system	2012	67,099	33,687
IDP DTC System	2011	53,405	22,830

The most important additions and disposals of intangible assets – the most significant additions to intangible assets in 2019 included acquisition of SW ACARS-GW in the amount of 20,662K CZK, SW SIMU TEB in the amount of 13,293K CZK, and the technical evaluation of SW ESUP IATCC in the amount of 64,087K CZK, and SW EUROCAT 2000 in the amount of 26,875K CZK. The most significant disposal of intangible assets was decommissioning of the outdated SW CMOS version.

Depreciation of intangible fixed assets – the depreciation of intangible fixed assets charged to costs in 2019 amounted to 274,179K CZK, and in 2018 to 263,650K CZK.

Allowances for intangible fixed assets – no allowances were created for IFA.

Unfinished IFA and prepayments for IFA – the total volume of unfinished IFA registered in the company at 31 December 2019 amounted to 1,102,450K CZK, and in 2018 the volume of unfinished IFA was 930,598K CZK. The increase is represented by acquisition of the Top Sky system in the amount of 599,751K CZK, release of SW IDP – WALDO in the amount of 199,969K CZK, and release of SW ESUP in the amount of 164,203K CZK.

4.1.2 Tangible fixed assets (TFA)

2019 (CZK thousands)	Lands and buildings	Machinery and equipment	Means of transport	Inventory	Other TFA	Total
ACQUISITION COST (AC)						
Balance at 1 January 2019	2,796,527	3,508,539	223,008	192,228	169,457	6,889,759
Additions	29,867	311,691	195,816	3,444	6,869	547,687
Disposals	3,545	87,927	5,274	2,987	6,846	106,579
Balance at 31 December 2019	2,822,849	3,732,303	413,550	192,685	169,480	7,330,867
ACCUMULATED DEPRECIATION						
Balance at 1 January 2019	1,309,546	2,669,333	144,470	189,396	140,018	4,452,763
DP of disposed TFA 2019, disposal	0	190	0	28	87	305
DP of disposed TFA 2019, sale	634	24	0	0	0	658
Depreciation 2019	75,094	213,097	29,441	2,455	10,227	330,314
Movements of assets	3,046	87,927	5,274	2,987	6,848	106,082
Balance at 31 December 2019	1,382,228	2,794,717	168,637	188,892	143,484	4,677,958
ALLOWANCE 2019	0	0	5,157	0	0	5,157
ALLOWANCE 2018	0	0	0	0	0	0
DEPRECIATED PRICE 2019	1,440,621	937,586	239,756	3,793	25,996	2,647,752
DEPRECIATED PRICE 2018	1,486,981	839,206	78,538	2,832	29,439	2,436,996

Significant items of tangible assets

Item	Year of acquisition	AC (CZK thousands)	DP 2019 (CZK thousands)
IATCC Jeneč building	2005	924,394	527,068
Technical unit building at Prague airport	1992	525,137	294,327
L410 simulator	2018	246,911	217,136
Calibration aircraft B300 OK-ANS	2019	193,470	185,409
Calibration aircraft Cessna 560XL	2011	152,492	40,893
Aviation School (CANI) building	1983	148,632	78,633
Service building with TWR, Ostrava airport	2016	114,216	104,435
Service building with TWR, Brno airport	1949	98,123	43,152
MSSR RSM 970S radar	1997	92,729	0
B300 calibration aircraft measuring equipment	2019	72,765	69,733

The most important additions of fixed assets – in 2019 the most important addition to fixed assets was purchase of the B300 OK-ANS aircraft in the amount of 193,470K CZK and the measuring equipment for the aircraft in the amount of 72,765K CZK.

The most significant disposals of fixed assets included discomissioning of outdated UPC auxiliary sources which were replaced by new ones, and discomissioning of buildings due to demolition and new build construction on the premises of Ostrava airport.

Depreciation of tangible fixed assets charged to costs – the depreciation of TFA charged to costs in 2019 amounted to 330,619K CZK and in 2018 to 328,375K CZK.

Total amount of small tangible assets not included in the balance sheet – the total amount of tangible assets not included in the balance sheet as of 31 December 2019 is 77,368K CZK; as of 31 December 2018 it amounted to 75,471K CZK.

Allowances for tangible fixed assets – were created based on stocktaking as of 31 December 2019 in the amount of the difference between the book and use asset value in the sum of 5,157K CZK for the L410 UPV-E calibration aircraft.

Unfinished TFA – the total volume of unfinished TFA registered in the company at 31 December 2019 amounted to 503,570K CZK, in 2018 to 373,609K CZK. The increase is represented by purchase of the B300 OK-ANS aircraft including the measuring equipment (in the amount of 257,106K CZK), reconstruction of the VUJE building in the amount of 80,075K CZK, of Ostrava airport in the amount of 48,216K CZK, and reconstruction of Jeneč No. 284 in the amount of 44,222K CZK.

4.1.3 Specified assets of the company

In accordance with the provisions of Act No. 77/1997 Coll., on State Enterprise, special asset items are recorded in the bookkeeping – specified assets. These are assets that are indispensable to the entity in terms of carrying out the activities for which the entity (company) was established. These assets are registered in the Commercial Register. The company may

handle specified assets only with the approval of the founder. During the course of 2019, the following change in the range of the specified assets was made, i.e. decommissioning of the L-410 calibration aircraft upon decision by the Ministry of Transport of the CR, Ref. No. 33/2019-410-PRIV/1. The following specified assets are therefore on the books of the company as of 31 December 2019:

NAME OF SPECIFIED ASSETS	Inventory number	Acquisition price
IATCC Jeneč building	2016743	924,394
Operations building of the technical block at Prague airport	51062	525,137
Operations building with control tower at Ostrava airport	2021876	114,216
Operations building with control tower at Brno airport	52012	98,123
Operations building at Prague South locality	51150	61,028
Operations building with control tower at Karlovy Vary airport	54004	47,701
Operations building at Buchtův kopec locality	52011	40,170
Land under the building of the technical block at Prague airport	2563	1,349
Land under the operations building with control tower at Ostrava airport	648	337
Land under the operations building with control tower at Karlovy Vary airport	3882	261
Land under the operations building with control tower at Brno airport	2258	122
Land under the IATCC Jeneč building	569	45
Land under the operations building Prague South	34890	2
Land under the operations building Buchtův kopec	130	2
TOTAL ACQUISITION PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2019 (CZK thousands)		1,812,885
TOTAL DEPRECIATED PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2019 (CZK thousands)		1,029,353

4.1.4 Assets leased under finance and operating leases

The company has no fixed assets leased under finance leases. As of the date of the financial statements the company had 90 cars and trucks leased under operating leases. In 2019, 11,978K CZK was paid for operating leases, in 2018, 8,499K CZK (61 vehicles).

4.2 FINANCIAL FIXED ASSETS

With regard to the liberalization of the market in the provision of air navigation services, one of the strategies set by ANS CR has been further expansion of its commercial activities, particularly in the provision of consulting services in the ATM field and in provision of air navigation services abroad.

In line with this strategy, i. e., the expansion of commercial activities, the acquisition of the Czech Aviation Training Centre (CATC), located at K letišti 934, 161 00 Prague 6, was carried out on 1 October 2012. The purchase price for a 100% stake in CATC Centre was 280 million CZK, based on an assessment of the sale compiled by an independent expert appointed by the court. ANS CR has therefore considerably expanded its range of services because it has many years of experience with training courses in aviation. Acquisition of CATC has given the company the opportunity to provide comprehensive training and education for all licensed personnel in civil aviation.

The equity of the CATC company reached 314,943K CZK as of 31 December 2019. The company's profit and loss statement for the accounting period of 2019 amounted to 201K CZK. As of 31 December 2019, receivables due from CATC amounted to 228K CZK. As of 31 December 2019 due payables owed by CATC in the amount of 328K CZK are recorded.

SHARES IN CONTROLLED AND MANAGED ENTITIES	Book value in CZK thousands as of 31 December of the year (equivalence revaluation)			
	2018	Movements	Revaluation	2019
Czech Aviation Training Centre	332,453	0	-18,415	314,038

Based on a notarial deed dated 17 October 2014, the company FABCE, Aviation Services, Ltd., based in Zgornji Brnik 130N, SI-4210 Brnik, Slovenia, was established. The shareholders in the company are the providers of air navigation services in the Czech Republic, Slovakia, Austria, Hungary, Slovenia and Croatia, which are associated in the Central European Functional Airspace "FAB CE". The goal of this company is to coordinate the actions of the stakeholders in order to meet the objectives of the EU in the context of the "Single European Sky – SES" policy. ANS CR has a 1/6 stake in this service company (6 thousand EUR).

OTHER FIXED SECURITIES AND SHARES	Book value in CZK thousands as of 31 December of the year (equivalence revaluation)			
	2018	Movements	Revaluation	2019
FABCE, Aviation Services, Ltd.	383	0	-5	378

The company held no other financial fixed assets in 2019. Likewise, in 2019 as in previous years, the company did not register any financial fixed assets pledged as collateral.

4.3 INVENTORY

The total amount of inventory at 31 December 2019 reached 19,827K CZK; at 31 December 2018, it amounted to 22,513K CZK. The main volume of inventory consists of spare parts for aviation safety technology and calibration aircraft. Allowances for inventories were increased by 6,930K CZK and their volume amounted to 7,372K CZK at the end of 2019 and to 442K CZK in 2018. The crucial portion of the allowances created in 2019 for inventories was the allowance for the L410 UPV-E spareparts in the amount of 6,986K CZK.

4.4 RECEIVABLES

4.4.1 Trade receivables

TOTAL TRADE RECEIVABLES	Book value in CZK thousands as of 31 December of the year		
	Gross	Allowances	Net
2018 trade receivables	630,746	19,041	611,705
2019 trade receivables			
Receivables in due date or up to 30 days after due date	559,374	0	559,374
Receivables 31-180 days after due date	16,063	0	16,063
Receivables 181-365 days after due date	11,322	5,661	5,661
Receivables more than one year after due date	18,086	18,086	0
TOTAL	604,845	23,747	581,098

4.4.2 State – tax receivables and receivables for social security and health insurance

In 2019, the company recorded tax receivables for the state in the amount of 104,807K CZK. This amount corresponds to prepayments made for income tax in the amount of 63,470K CZK, which, in accordance with accounting principles, was compensated with a reserve created for corporate tax in the amount of 35,795 K CZK, in addition to surplus VAT deductions in the amount of 40,647K CZK, and tax deductions abroad in the amount of 690K CZK. The company records no receivables for social security and health insurance.

4.4.3 Accrued assets

Accrued assets amounting to 8,115K CZK were created in relation to re-invoicing for services.

4.4.4 Other receivables

The total volume of other receivables amounts to 180,749K CZK. These particularly include receivables from grants to SESAR projects in the amount of 146,257K CZK. The amount of the receivable corresponds to the company's claims from participating in the projects SESAR H 2020 and SESAR Deployment, while maintaining the given budget for individual projects. In 2019, the amount of these claims was reduced by part which, according to current course of the grant's projects, will not be claimed. The amount of receivables is decreased by the received partial payments for the projects. A receivable amounting to 21,292K CZK is another remarkable item corresponding to the real value of positive derivatives valuation as of 31 December 2019.

An allowance for other receivables amounting to 7,020K CZK was entered into the books.

4.5 SHORT-TERM FINANCIAL ASSETS

SHORT-TERM FINANCIAL ASSETS (CZK thousands)	2019	2018
Cash in hand	1,963	2,124
Cash at bank	957,922	1,200,593
TOTAL SHORT-TERM FINANCIAL ASSETS	1,202,717	1,605,605

4.6 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thousand)	2019	2018
Accrued costs	26,014	71,314
Accrued income	61	0
ACCRUALS AND DEFERRALS	26,075	71,314

Accrued costs mainly include insurance, software support, membership fees, subscriptions of professional publications, and costs from purchasing airline tickets for business conducted abroad in the following year.

4.7 EQUITY

4.7.1 Changes in equity

A summary of changes in equity is reported in a separate statement. Changes in equity occurred in 2019 only in connection with settling profit or loss, drawing from the appropriated retained earnings, and revaluation of equity holdings.

4.7.2 Registered capital

There were no changes in registered capital in 2019.

4.7.3 Equity items

In accordance with Act No. 77/1997 Coll., as amended, the company has the obligation to create the following funds from profit. These consist of the reserve fund, a fund for cultural and social needs and the founder's fund. In addition to these funds, the company may also create other funds from disposable profit in accordance with this Act. With regard to ANS CR, these are a development fund and a fund for other social spending. Based on the founder's approval of the annual financial statements for 2018, the disposable after-tax profit for 2018 amounting to 296,114K CZK was divided as follows:

- To the fund for cultural and social needs 69,456K CZ
- To the fund for other social spending 11,500K CZK
- To the bonus fund 110,000K CZK
- To the founder's fund 105,158K CZK
- No allocation was made to the reserve fund as the company had already met the statutory requirement in previous years; the reserve fund stood at 320,000K CZK as of 31 December 2019
- 69,456K CZK was allocated to the fund for cultural and social needs; this fund therefore stood at 28,633K CZK as of 31 December 2019
- 11,500K CZK was allocated to the fund for other social spending; this fund therefore stood at 2,280K CZK as of 31 December 2019
- No allocation from 2018 profit was made to the development fund; this fund therefore stood at 3,959,400K CZK as of 31 December 2019
- 110,000K CZK from the 2018 profit was allocated to the bonus fund; this fund stood at 118,277K CZK as of 31 December 2019
- Based on a decision of the founder and in accordance with Act No. 77/1997 Coll., on State Enterprise, an allocation of 105,158K CZK from the 2018 profit was made to the founder's fund and allocation from the retained earnings from previous years amounting to 6,838K CZK was made. Subsequently a transfer of 150,000K CZK was made to the account of the founder with the fund standing at 0 CZK as of 31 December 2019.

4.7.4 Proposal for the distribution of disposable after-tax profit for 2019

Based on the financial statements for 2019, a disposable after-tax profit of 190,491K CZK was recorded. In accordance with Act No. 77/1997 Coll., the company proposes to make allocations to the fund for cultural and social needs, i. e., the statutory allocation plus a supplementary allocation in a similar amount as the previous year. Also, the company proposes to make an allocation to the fund for other social spending in the similar amount as the previous year. The rest of the disposable after-tax profit will be posted as retained earnings. No allocations will be proposed for the reserve fund or the development fund. The company's Supervisory Board will assess the detailed proposal for the distribution of disposable profit for 2019 and the Founder of the company will approve it based on their observations.

4.8 PROVISIONS

Provisions for income tax for 2019 were created in the amount of 35,795K CZK. Total prepayments for income tax for 2019 amount to 63,470K CZK, which exceeds the volume of provisions by 27,675K CZK. In addition, a provision for untaken vacation was created in 2019, amounting to 10,521K CZK. The company created no other provisions in 2019.

4.9 PAYABLES

4.9.1 Trade payables

TRADE PAYABLES (CZK thousands)	2019	2018
LONG-TERM TRADE PAYABLES		
Long-term trade payables	0	0
SHORT-TERM TRADE PAYABLES		
Suppliers with due payables	354,235	99,442
Suppliers with overdue payables	5,162	8,837
Other payables	8,506	9,793
TOTAL TRADE PAYABLES	367,903	118,072

Overdue payables include invoices from the 4th quarter of 2019, which were paid no later than January 2020.

4.9.2 Payables to the state and social security and health insurance institutions

PAYABLES TO THE SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS (CZK thousands)	2019		2018	
	Total	Due	Total	Due
SOCIAL SECURITY AND HEALTH INSURANCE				
Social security premiums	27,949	0	18,501	0
Health instance premiums	35,051	0	32,066	0
Total social security and health insurance	63,000	0	50,567	0

PAYABLES TO THE STATE (CZK thousands)	2019		2018	
	Total	Due	Total	Due
TAX LIABILITIES				
Income tax on employment	52,184	0	47,345	0
Corporate income tax	0	0	0	0
Value added tax	0	0	0	0
Other taxes	10	0	0	0
Total tax liabilities	52,194	0	47,345	0
TOTAL PAYABLES TO THE STATE AND SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS	115,194	0	97,912	0

Payables for social security and health insurance recorded at 31 December 2019 consist of statutory withholdings arising from the payment of salaries for the month of December 2019 and therefore concern payables that are due. Likewise, the liability for income tax on employment is connected to the payment of salaries for December 2019.

Balance sheet item C.II.8.5 also reports account 346 balances – Clearing subsidies which are charged to other operating income accruals when accounting for costs. As of 31 December 2019, the balance was 134,642K CZK.

4.9.3 Advances received

ADVANCES RECEIVED (CZK thousands)	2019	2018
Long-term advances received	0	0
Short-term advances received	6,508	1,509
TOTAL ADVANCES RECEIVED	6,508	1,509

4.9.4 Estimated accounts payable

These are estimated accrued items expensed to costs in 2019. These particularly include accrued items for energy consumption, service maintenance for systems and equipment, data and telecommunications services, buildings security and other accrued items in total amount of 56,545K CZK.

4.9.5 Payables to employees and other liabilities

Payables to employees recorded as of 31 December 2019 consist of the claim to payment of salaries for the month of December 2019, which is completed in January of the following year, and therefore involves a due payable. Other liabilities mainly consist of settling pension and life insurance for the company employees. Other liabilities include e.g. revaluation of derivatives.

4.10 BANK LOANS AND BONDS

In 2019, the company did not take out any loans for its business activities and did not issue any bonds in 2019 or in the past.

4.11 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thousands)	2019	2018
Deferred revenues	307	73
TOTAL ACCRUALS AND DEFERRALS	307	73

4.12 DERIVATIVES

As of 31 December 2019, the company had contracts concluded for hedging derivatives for the EUR/CZK currency pair. They are based on the company's strategy prepared for hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of Czech National Bank.

The company did not do any hedge accounting in 2019. Profits and losses realized from the revaluation of derivatives to fair value were recorded in the profit or loss for the current period. The positive or negative real values of derivatives were reported as of 31 December 2019 in other receivables or other liabilities.

The following table indicates the nominal values and positive or negative values of outstanding hedging derivatives as of 31 December 2019:

DERIVATIVES (CZK thousands)	2019		2018	
	Fair value		Fair value	
	positive	negative	positive	negative
Forwards	6,615	-1,858	16,167	-36,592
Option structures	14,677	-118	30,448	-41,422

4.13 INCOME TAX

INCOME TAX (CZK thousands)	2019	2018
Due tax	38,689	67,141
Deferred tax	11,644	6,039
TOTAL TAX COSTS	48,333	73,180

4.14 DEFERRED TAX

Deferred tax is based on temporary differences between tax and book values of assets and liabilities. The deferred tax for 2019 was calculated using the 2020 income tax rate of 19%.

See following table for details:

DEFERRED TAX - differences from (CZK thousands)	2019	2018
Depreciated price of fixed assets (tax DP – accounting DP)	-754,928	- 673 297
Allowances for fixed assets	5,157	0
Allowances for receivables	11,428	5,935
Allowances for inventory	7,372	442
Receivables resulting from contractual fines	- 6,908	- 100
Accounting provisions	10,521	8,078
Liabilities	7,134	0
Basis for deferred tax receivable/debt	-720,224	- 658,942
Tax rate	19%	19%
NET DEFERRED TAX	-136,842	- 125,199

4.15 ASSETS AND DEBTS NOT REPORTED IN THE BALANCE SHEET

As of 31 December 2019, the company had no assets or debts not reported in the balance sheet.



7. RESPECT PRIVACY AND THE ENVIRONMENT

- Keep a safe distance from disinterested people and property.
- Respect other people's privacy.
- Always be environmentally conscious during your activities.
- Breach of the principles of safe flying may result in a strict sanction.

4.16 SALES OF GOODS, PRODUCTS, AND SERVICES REVENUES

Revenue item (CZK thousands)	Revenues from domestic customers		Revenues from foreign customers		Total revenues	
	2019	2018	2019	2018	2019	2018
Air navigation services	299,010	314,972	3,352,962	3,607,105	3,651,972	3,922,077
Of which – en-route navigation services	92,872	95,055	2,902,998	3,166,254	2,995,870	3,261,309
– terminal navigation services	203,964	218,121	448,361	439,721	652,325	657,842
– training flights	2,174	1,796	1,603	1,130	3,777	2,926
Other revenues	96,404	85,660	157,300	121,737	253,704	207,397
TOTAL REVENUES	395,414	400,632	3,510,262	3,728,842	3,905,676	4,129,474

5 EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

The average number of employees and company management members and staff costs for the financial year 2019 and 2018 are as follows:

(CZK thousands)	Employees		Company management		Total	
	2019	2018	2019	2018	2019	2018
Number (FTE)	1,004	974	18 + 7	19 + 7	1 022 + 7	993 + 7
Wage costs	1,759,920	1,756,764	91,209	92,595	1,851,129	1,849,359
Social security and health instance premiums	459,763	436,846	16,759	16,229	476,522	453,075
Other personnel expenses	71,004	69,459	4,837	5,117	75,841	74,576
TOTAL STAFF COSTS	2,290,687	2,263,069	112,805	113,941	2,403,492	2,377,010

The term company management means the Director General of the company, department executive directors, division directors, section deputies. Capital insurance and contributions to pension and life insurance were paid for the members of the company management in accordance with the collective agreement. The members of the company management were also granted the use of official vehicles for private purposes.

The Supervisory Board of the company has six members, four are appointed by the founder and two are elected from among the employees. Members of the Supervisory Board receive remuneration for their service. The Audit Committee has three members. The Audit Committee members receive remuneration for their service.

6 INFORMATION ON AFFILIATED COMPANIES

The Air Navigation Services of the Czech Republic (the “company” hereinafter) is a state enterprise. The founder of the company is Ministry of Transport of the Czech Republic, nábřeží Ludvíka Svobody 1222/12, 110 15 Prague 1. In addition to companies with equity participation, affiliated companies are those with the equity participation of the Czech Republic through state authorities (ministries). All transactions between the company and affiliated companies were conducted under normal market conditions.

An affiliated company is the subsidiary Czech Aviation Training Centre (hereinafter “CATC”), of which the company has a 100% stake.

The volume of business costs from transactions with affiliated companies in 2019 amounted to 146,623K CZK. These are transactions where the volume is greater than 1M CZK for one supplier in 2019. The suppliers – affiliated

companies – according to this definition are the Czech Hydro-Meteorological Institute, Czech Civil Aviation Authority, Prague Airport, FABCE, CATC, Institute of Aviation Medicine and Czech Telecommunications Authority. The total volume of payables of the company (only those due) to the affiliated companies stated here was 6,390K CZK as of 31 December 2019.

In 2019, the total volume of revenues of the company from transactions with affiliated companies was 82,586K CZK. These are transactions where the volume is greater than 1M CZK for one customer in 2019. The customers – affiliated companies – according to this definition are the Ministry of Transport of the Czech Republic, Ministry of Defence of the Czech Republic, CATC, Czech Hydro-Meteorological Institute and Czech Civil Aviation Authority. The total amount of receivables of the company for the above mentioned affiliated companies was 15,650K CZK as of 31 December 2019.

In 2019, ANS CR obtained full compensation from the state budget for costs incurred by the company in connection with the provision of services for flights exempted from charges in the aggregate amount of 51,268K CZK. This compensation is provided to ANS providers in accordance with European Commission Regulation No. 1794/2006 of 6 December 2006 as amended, laying down a common charging scheme for air navigation services on the basis of CR Government Resolution No. 1404 of 2 November 2005.

7 SUBSIDIES

ANS CR is involved in development programmes in the ATM sector. One such programme is the SESAR Deployment, where selected projects are co-funded by the European Union in the form of grant projects through the Innovation and Networks Executive Agency (INEA). These grant projects are focused on

implementing new technologies in air navigation services, so a substantial part of the projects is co-funding of investments.

In addition, the company participates in eight SESAR Horizon 2020 programmes, from which subsidies are granted to cover the company's operating costs expended in connection with the subject of the subsidy.

(EUR thousands)	Total expected amount of subsidy to be drawn by ANS CR
Subsidy from SESAR H 2020 programmes	374
Subsidy from SESAR 2020 programmes	657
Subsidy from SESAR Deployment programmes	7,532

The balance of receivables in respect of these subsidies is specified in clause 4.4.4 of the annex, the balances of related liabilities in clause 4.9.2. The amount of revenues entered into the books in connection with the subsidies is specified in clause 9 of the annex. During 2019, the amount of subsidy was amended by a part, which will not be, according to current evaluation of course of subsidy projects, probably claimed. In 2020 another four grant agreements have been signed within the SESAR H 2020 programmes.

8 RESEARCH AND DEVELOPMENT COSTS

Neither in 2019 nor in the previous year did the company outlay costs for research and development.

9 SIGNIFICANT ITEMS OF THE PROFIT AND LOSS STATEMENT

Other operating revenues in 2019 amounted to 88,066K CZK. In 2018, these revenues were 83,554K CZK. The most significant item of other operating revenues is compensation costs for exempted flights amounting to 51,268K CZK. Contractual fines and penalties contributed to revenues amounted to 18,978K CZK. Also, a proportion of subsidies granted within the framework of the SESAR project solution amounting to 7,024K CZK was posted to other operating revenues. In 2018, other operating revenues consisted of items of a similar nature.

Other operating costs in 2019 amounted to 249,943K CZK, in 2018 these costs amounted to 244,383K CZK. The structure of other operating costs remains unchanged year-on-year. The most significant item in other operating costs is the payment of the membership fee of the Czech Republic to the budget of the European Agency for the Safety of Air Navigation (EUROCONTROL) in the amount of 157,184K CZK, followed by the reimbursement of the costs of the state supervisory authority amounting to 43,548K CZK, and finally the costs for property and liability insurance in the amount of 19,073K CZK.

10 THE ASSUMED CONTINUATION OF THE COMPANY

ANS CR is a stable, reliable and predictable part of civil aviation in the Czech Republic, actively supporting its further dynamic development, while at the same time being a self-assured element of European integration and liberalization processes in the ATM environment. Being part of this framework

will further increase its overall value and competitiveness. The Single European Sky, referred to as SES, is an important initiative of the European Commission in the field of air transport. The main goal of SES is to improve safety standards for air operations, ensuring sustainable development of the air transport system and improvements in the overall performance of air traffic management and air navigation services for general air traffic in Europe for the requirements of all airspace users to be met.

2019 was the last year of the successful implementation of the performance plan drawn up in accordance with the policies of SES for the second reference period, i. e., the period of 2015-2019. The performance plan sets out the parameters of the sustainable development of the company for the purpose of providing cost effective air navigation services, while maintaining the financial stability of the company. The objectives set out for the company in the performance plan in the fifth year of the second reference period were met. The financial situation is stable, the company has long been able to settle all its obligations related to ensuring its activities and all its obligations to the state budget. The financial statements as of 31 December 2019 have therefore been compiled with the assumption of the company continuing to operate for an unlimited period of time.

11 INFORMATION ON AUDIT FEES

Since the second half of 2015, audit services to the company have been provided by BDO Audit. Costs of audit and advisory services fees were as follows:

INFORMATION ON AUDIT FEES (CZK thousands)	2019	2018
Statutory audit	300	300
Advisory services	234	336

12 EVENTS THAT OCCURED AFTER THE BALANCE SHEET DATE

On 12 March 2020 the World Health Organization (WHO) declared the COVID-19 virus pandemic. The subsequent measures adopted by governments of individual countries including the government of the Czech Republic and the reaction of the public will have far reaching economic consequences in the following months. The ANS CR management anticipate substantial impact even on the economic performance of the company itself. The company management are analysing the situation and taking necessary steps to maintain the financial stability of the company. Even in this situation, ANS CR as a part of the national critical infrastructure will continue to secure provision of air navigation services and will carry on with its activities.

13 RISK MANAGEMENT

Credit risks – as of 31 December 2019, the company was not exposed to any significant credit risks. Financial assets consist primarily of cash deposits at banks and receivables. Cash deposits are made at reputable banking institutions. Risks associated with trade receivables are limited thanks to the large number of air navigation services customers. The risks associated with receivables are further reduced by the effective recovery system used by the European Agency for the Safety of Air Navigation (EUROCONTROL).

Currency risks – the company is protected against significant fluctuations in the exchange rate on the date of billing services thanks to the mechanism of the monthly conversion of the reference unit price of air navigation services by the current exchange rate. The sensitivity of the company's exposure to currency (exchange rate) risks is reduced through this mechanism.

In addition, the company had contracts concluded for derivatives for hedging the EUR/CZK exchange rate. The largest part of the derivatives is based on the company strategy for hedging prepared in relation to hedging risks associated with foreign exchange rate movements connected to the termination of the intervention scheme of Czech National Bank. Information on their valuation at the balance sheet date is included in clause 4.12.

14 LIABILITIES NOT STATED IN THE BOOKS

Litigations – no litigation was brought against the company as of 31 December 2019 that could have a significant impact on the financial statements.

Environmental liabilities – all standards related to environmental protection are complied with and no proceedings are being taken against the company relating to environmental protection that could have a significant impact on the financial statements.

Bank guarantees – during 2019, the company provided bank guarantees to foreign customers in connection with the commercial activities of the Aviation School (CANI) and calibration fleet. An overview of the bank guarantees is as follows:

BANK GUARANTEES FOR	Guarantee validity	Amount and currency
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Herzegovina	28 Apr 2017 – 28 Apr 2020	759,489 EUR
Sakaeronavigatsia Ltd., Georgia	17 Apr 2018 – 31 Jan 2019	5,804 EUR

BANK GUARANTEES FOR	Guarantee validity	Amount and currency
Tanzania Civil Aviation Authority	25 May 2018 – 31 May 2019	9,480 USD
Civil Aviation Regulatory Commission, Jordan	15 Nov 2018 – 15 Mar 2019	34,431 USD
Tanzania Civil Aviation Authority	21 Dec 2018 – 6 May 2019	17,112 USD
Tanzania Civil Aviation Authority	1 Feb 2019 – 30 Nov 2021	68,400 USD
Air Navigation Services Agency of Kosovo	13 Feb 2019 – 11 Mar 2020	4,109 EUR
Sakaeronavigatsia Ltd., Georgia	15 Apr 2019 – 31 Jan 2020	5,841 EUR

15 CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method and is published in a separate statement. Considered as cash resources are cash, including valuables, and cash equivalents in accounts, including overdraft. Company assets do not include any cash equivalents. In order to increase the informative value of the report, changes in receivables and payables from operating activities have been adjusted to take into account changes in those receivables and payables related to subsidized projects, in which the parent company participates and which have had no impact on profit or loss, not even on cash flows amounting to 26,764K CZK. The Other non-cash transaction item consists mainly of the revaluation of financial derivatives to fair value and revenues from subsidies posted at the amount corresponding to the cost expended.



When flying drones over the protective area of railways, the CAA permit is **ALWAYS** necessary (see 8th drone commandment Be aware of where you are flying, p. 129).



Independent Auditor's Report to the Founder of Air Navigation Services of the Czech Republic, state enterprise

Opinion

We have audited the accompanying consolidated financial statements of Air Navigation Services of the Czech Republic, state enterprise, based in Jeneč, Navigační 787, identification number 497 10 371 (hereafter the "Company"), prepared in accordance with Czech accounting regulations, which comprise the consolidated balance sheet as at 31 December 2019, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the period from 1 January 2019 to 31 December 2019 and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. The details of the Group are disclosed in Note 1.3 to these consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Air Navigation Services of the Czech Republic, state enterprise, as at 31 December 2019 and of the costs, revenues and its profit or loss and its cash flows for the period from 1 January 2019 to 31 December 2019, in accordance with Czech accounting regulations.

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 these regulations are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statement section of our report. We are independent of the Company 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 regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the fact disclosed in Note 12 to the consolidated financial statements, which describes that "on 12 March 2020 a pandemic of the COVID-19 virus was declared by the World Health Organization (WHO). Subsequent measures by national governments, including the Czech government and public reactions, will have significant economic consequences in the coming months. Management of ANS CR anticipates significant impacts on the economic situation of the company itself. Company management analyses the situation and takes the necessary measures to maintain the financial stability of the company. Even in this situation, ANS CR will continue to provide air traffic services as part of the state's critical infrastructure and will continue to operate". Our opinion is not modified in connection with this matter.

Other matters

The annual report includes the "Financial Report for the year 2019 (including financial statements) prepared with respect to International Financial Reporting Standards - IFRS" (hereinafter the "Report"), which we consider as part of "other information". The auditor's opinion above does not apply to this Report.

Other Information

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 consolidated financial statements and auditor's report thereon. The Statutory Body is responsible for this other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

consolidated financial statements or our knowledge of the company obtained from 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 the applicable laws and regulations, in particular, whether the other information complies with the laws and regulations in terms of formal requirements and procedures 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 consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- The other information is prepared in compliance with the applicable laws and regulations.

In addition, our responsibility is to report, based on our knowledge and understanding of the Company obtained from 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, the Supervisory Board and the Audit Committee for the Consolidated Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Czech accounting regulations and for such internal control as the Statutory Body determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Statutory Body is responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Founder either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory Body.
- Conclude on the appropriateness of the Statutory Body'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 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Body and the Audit Committee 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

In Prague, on 1 April 2020
Audit firm:
BDO Audit s. r. o.
Certificate No. 018

Partner:
Petr Slavíček
Certificate No. 2076

CONSOLIDATED BALANCE SHEET

in full (in thousands of CZK) compiled as of 31 December 2019

Statement line/Content of the item				Value in the current accounting period	Value in the past accounting period
TOTAL ASSETS				7,614,433	7,289,597
B.	FIXED ASSETS			5,513,988	4,761,276
	B.I.	Intangible assets		1,807,723	1,704,441
		B.I.2.	Valuable rights	689,170	749,822
			B.I.2.1. Software	688,775	749,244
			B.I.2.2. Other valuable rights	395	578
		B.I.4.	Other intangibles	16,103	23,163
		B.I.5.	Advance payments for intangible fixed assets and intangible assets under construction	1,102,450	931,456
			B.I.5.2. Intangible assets under construction	1,102,450	931,456
	B.II.	Tangible fixed assets		3,709,317	3,060,151
		B.II.1.	Land, Buildings and structure	1,454,978	1,501,998
			B.II.1.1. Land	16,410	16,409
			B.II.1.2. Buildings and structures	1,438,568	1,485,589
		B.II.2.	Machines, tools and equipment, transportation means, furniture and office equipment	1,462,742	1,036,787
		B.II.4.	Other tangibles	2,200	2,208
			B.II.4.3. Other tangible fixed assets	2,200	2,208
		B.II.5.	Advance payments for tangible fixed assets and tangible assets under construction	789,397	519,158
			B.II.5.2. Tangible assets under construction	789,397	519,158
	B.III.	Long-term financial assets		378	383
		B.III.5.	Other long-term securities and ownership interests	378	383
	B.V.	Negative consolidated difference		-3,430	-3,699

Statement line/Content of the item					Value in the current accounting period	Value in the past accounting period			
C.	Current assets				2,070,270	2,455,353			
	C.I.	Inventory			37,576	41,433			
		C.I.1.	Raw materials			37,219	41,061		
			C.I.3.	Finished goods and merchandise			357	372	
				C.I.3.2.	Merchandise inventory			357	372
	C.II.	Receivables			875,729	890,448			
		C.II.1.	Long-term receivables			3,878	1,976		
			C.II.1.1.	Trade receivables			150		
			C.II.1.5.	Other receivables			3,728	1,976	
				C.II.1.5.4.	Other receivables			3,728	1,976
		C.II.2.	Short-term receivables			871,851	888,472		
			C.II.2.1.	Trade receivables			617,366	638,183	
			C.II.1.4.	Other receivables			254,485	250,289	
				C.II.2.4.3.	Due from state - tax receivables			69,012	68,297
				C.II.2.4.4.	Short-term advance payments			5,413	2,893
				C.II.2.4.5.	Estimated receivables			9,803	25,500
				C.II.1.5.4.	Other receivables			170,257	153,599
	C.IV.	Cash in hand and bank accounts			1,156,965	1,523,472			
		C.IV.1.	Cash in hand			2,173	2,811		
		C.IV.2.	Bank accounts			1,154,792	1,520,661		
D.	Accruals of assets				30,175	72,968			
	D.1.	Deferred expenses			30,114	72,968			
	D.3.	Deferred income			61				

Statement line/Content of the item				Value in the current accounting period	Value in the past accounting period
TOTAL EQUITY AND LIABILITIES				7,614,433	7,289,597
A.	Equity			6,001,705	6,052,710
	A.I.	Registered capital		1,087,503	1,087,503
		A.I.1.	Registered capital	1,082,822	1,082,822
		A.I.3.	Changes in registered capital	4,681	4,681
	A.II.	Share premium and capital contributions		248,347	248,400
		A.II.2.	Capital contributions	248,347	248,400
			A.II.2.1. Other capital contributions	248,753	248,800
			A.II.2.2. Gains or losses from revaluation of assets and liabilities (+/-)	-406	-400
	A.III.	Legal, statutory and other reserve funds		4,428,590	4,355,137
		A.III.1.	Other reserve funds	320,000	320,000
		A.III.2.	Statutory and other reserves	4,108,590	4,035,137
	A.IV.	Profit/Loss - previous year (+/-)		58,747	59,025
		A.IV.1.	Retained profits from previous years	58,747	59,025
	A.V.	Profit/Loss - current year		178,518	302,645
		A.V.1.	Profit or loss of the current accounting period without shareholding equivalence or minority shares (+/-)	178,518	302,645

Statement line/Content of the item					Value in the current accounting period	Value in the past accounting period
B+C	Liabilities				1,579,948	1,216,400
B.	Provisions				17,987	15,090
	B.4.	Other provisions			17,987	15,090
C.	Liabilities				1,561,961	1,201,310
	C.I.	Long-term liabilities			620,109	364,487
		C.I.2.	Liabilities to credit institutions		439,289	125,220
		C.I.3.	Long-term advances received		30,453	39,828
		C.I.4.	Trade payables		2,085	
		C.I.8.	Deferred tax liability		146,832	133,478
		C.I.9.	Other liabilities		1,450	65,961
			C.I.9.3.	Other liabilities	1,450	65,961
	C.II.	Short-term liabilities			941,852	836,823
		C.II.2.	Liabilities to credit institutions		26,140	26,140
		C.II.3.	Advances received		17,218	13,775
		C.II.4.	Trade payables		367,556	234,646
		C.II.8.	Other liabilities		530,938	562,262
			C.II.8.3.	Liabilities to employees	183,021	167,980
			C.II.8.4.	Social security and health insurance liabilities	64,684	52,764
			C.II.8.5.	Due to state - taxes and subsidies	187,601	209,739
			C.II.8.6.	Estimated liabilities	70,582	106,730
			C.II.8.7.	Other liabilities	25,050	25,049
D.	Accruals of liabilities				32,780	20,487
	D.2.	Deferred revenue			32,780	20,487

CONSOLIDATED PROFIT AND LOSS STATEMENT

in full (in thousands of CZK) Compiled as of 31 December 2019

Statement line/Content of the item		Value in the current accounting period	Value in the past accounting period
I.	Sales of own product and services	4,105,438	4,339,035
II.	Sales of goods	83	67
A.	Production consumption	719,431	683,627
A.2.	Raw materials and consumption	99,063	87,623
A.3.	Services	620,368	596,004
C.	Capitalisation (-)	-718	
D.	Personnel expenses	2,491,025	2,460,763
D.1.	Wages and salaries	1,917,507	1,912,891
D.2.	Social security expenses health insurance and other expenses	573,518	547,872
D.2.1.	Social security expenses and health insurance	496,136	472,038
D.2.2.	Other expenses	77,382	75,834
E.	Valuation adjustments relating to operating activities	637,963	606,722
E.1.	Valuation adjustments of fixed assets	626,710	616,658
E.1.1.	Valuation adjustments of fixed assets - permanent	621,541	616,661
E.1.2.	Valuation adjustments of fixed assets - temporary	5,169	-3
E.2.	Valuation adjustments of inventory	6,930	255
E.3.	Valuation adjustments of receivables	4,323	-10,191
KR	Clearing of negative (pasive/liability) consolidated difference	269	269
III.	Other operating income	91,641	81,936
III.1.	Income from fixed assets sold	1,238	387
III.2.	Income from materials sold	1,291	1,141
III.3.	Other operating income	89,112	80,408
F.	Other operating expenses	253,250	255,030
F.1.	Net book value of fixed assets sold	658	88
F.2.	Net book value of material sold	58	122
F.3.	Taxes and fees	3,640	3,125
F.4.	Provisions relating to operating activities and complex deferred expenses	2,896	7,823
F.5.	Other operating expenses	245,998	243,872

Statement line/Content of the item		Value in the current accounting period	Value in the past accounting period
*	OPERATING PROFIT/LOSS (+/-)	96,480	415,165
VI.	Interest income and similar income	7,894	1,609
	VI.2. Other interest and similar income	7,894	1,609
J.	Interest expenses and similar expenses	5,420	1,734
	J.2. Other interest and similar expenses	5,420	1,734
VII.	Other financial income	182,821	110,047
K.	Other financial expense	53,242	146,463
*	PROFIT/LOSS FROM FINANCIAL OPERATIONS (TRANSACTIONS) (+/-)	132,053	-36,541
**	PROFIT/LOSS BEFORE TAX (+/-)	228,533	378,624
L.	Income tax	50,015	75,979
	L.1. Income tax - due	36,689	67,141
	L.2. Income tax - deferred (+/-)	13,326	8,838
**	PROFIT/LOSS AFTER TAX (+/-)	178,518	302,645
	Consolidated income for the accounting period without equivalence ratio (+/-)	178,518	302,645
	of which: Income for the accounting period excluding minority interest	178,518	302,645
	CONSOLIDATED INCOME FOR THE ACCOUNTING PERIOD (+/-)	178,518	302,645

CONSOLIDATED CASH FLOW STATEMENT

As of 31 December 2019

		2019	2018
P.	Cash at the beginning of the period	1,523,472	1,918,684
Z.	Accounting profit/loss from ordinary activities before tax	228,264	378,624
A.1.	Adjustments to non-cash transactions	580,926	686,131
	A.1.1 Depreciation of fixed assets	621,272	616,392
	A.1.2 Change in allowances, provisions and transitory accounts	19,319	-2,119
	A.1.3 Profit (loss) from the sale of fixed assets	-580	-299
	A.1.5 Net interest costs	-2,474	125
	A.1.6 Possible adjustments related to other non-cash transactions	-56,611	72,032
A.*	Net cash from operating activities before taxation, changes in working capital and extraordinary items	809,190	1,064,755
A.2.	Change in working capital	55,312	-7,310
	A.2.1 Change in receivables from operating activities	-4,521	46,134
	A.2.2 Change in short-term payable from operating activities	62,906	-72,493
	A.2.3 Change in inventories	-3,073	-2,656
	A.2.4 Change in short-term financial assets excluding monetary resources		21,705
A.**	Net cash from operating activities before taxation and extraordinary items	864,502	1,057,445
A.3.	Costs from interest payments	-5,420	-1,734
A.4.	Interest received excluding investment companies and funds	7,833	1,609
A.5.	Income tax paid from ordinary activities and additional assessment	-36,982	-97,064
A.***	Net cash from operating activities	829,933	960,256
B.1.	Expenses connected to acquiring fixed assets	-1,278,020	-1,141,299
B.2.	Proceeds from the sale of fixed assets	1,238	387
B.***	Net cash from investing activities	-1,276,782	-1,140,912
C.1.	Change in long and short-term liabilities	304,964	450
C.2.	Impact of changes in equity on cash resources	-224,622	-215,006
C.***	Net cash from financial activities	80,342	-214,556
F.	Net change in cash resources	-366,507	-395,212
R.	Cash at the end of the period	1,156,965	1,523,472

CONSOLIDATED SUMMARY OF CHANGES IN EQUITY

As of 31 December 2019

Changes/balances	Registered capital	Other capital contributions	Gains or losses from revaluation of assets and liabilities	Reserve fund	Founder's fund	Development fund	Other funds created from profit	Cumulative profit and loss	Consolidation reserve fund	Total equity
Balance sheet line	A.I.	A.II.2.1.	A.II.2.2.	A.III.1.	A.III.2. (part)	A.III.2. (part)	A.III.2. (part)	A.IV. + A.V.	A.VIII.	A.
Balance at 1 January 2018	1,087,503	248,870	-402	320,000	0	3,784,400	40,371	483,992	0	5,964,734
Revaluation of equity investment			2							2
Other consolidation adjustments including exchange differences		-70						405		335
Allocation to funds					175,959	175,000	74,413	-425,372		0
Transfer of resources of founder's fund to the state budget in 2018					-137,955					-137,955
Use of resources of funds created from profit in 2018							-77,051			-77,051
Profit and loss for 2018								302,645		302,645
Status at 31 December 2018	1,087,503	248,800	-400	320,000	38,004	3,959,400	37,733	361,670	0	6,052,710
Revaluation of equity investment			-6							-6
Acquisition of assets free of pay		2								2
Allocation to funds					111,996		190,957	-302,953		0
Transfer of resources of founder's fund to the state budget in 2019					-150,000					-150,000
Use of resources of funds created from profit in 2019							-79,500			-79,500
Other consolidation adjustments, including exchange differences		-49						30		-19
Profit and loss for 2019								178,518		178,518
Status at 31 December 2019	1,087,503	248,753	-406	320,000	0	3,959,400	149,190	237,265	0	6,001,705

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1 GENERAL INFORMATION – SPECIFICATION OF THE CONSOLIDATION GROUP

1.1 PARENT COMPANY

Name of the entity:	Air Navigation Services of the Czech Republic
Legal form:	State Company
Abbreviated name:	ANS CR
Date of establishment:	ANS CR was founded on 1 January 1995 under resolution No. 4283/94-KM of the Minister of Transport issued on 28 December 1994. This decision transferred all assets that had been handled by the allowance organization, ANS CR, up until 31 December 1994, including all rights and obligations, to the company. The state company is registered in the Commercial Register of the Municipal Court in Prague, Section A, File 10771
Headquarters:	Navigační 787, 252 61 Jeneč
Identification number:	49710371
Core business:	Air navigation services including aerodrome services in the airspace of the Czech Republic and at Prague, Brno, Ostrava and Karlovy Vary airports
Share capital:	1,087,503,000 CZK

1.1.1 Main owners of the company

Air Navigation Services of the Czech Republic is a state-owned company. The founder of the company is the Czech Republic - the Ministry of Transport of the Czech Republic, nábreží Ludvíka Svobody 1222/12, 110 15 Prague 1. The position and legal status of the state company are governed by Act No. 77/1997 Coll.

ANS CR is the parent company of Czech Aviation Training Centre (CATC) and holds a 100% stake in the company. The accompanying financial statements have been consolidated for the entire group in accordance with the national accounting standards.

1.1.2 Changes and amendments to the Commercial Register during the previous reporting period

In 2019, there were no changes or amendments made to the Commercial Register related to ANS CR.

1.1.3 Organizational structure of the company

The head of the company is the Director General, who is a statutory body. There are three supporting departments directly subordinate to the Director General. The company is further organizationally divided into three performance departments, each headed by a department director. The departments are divided into specialized divisions, each headed by a division manager, and specialized sections headed by qualified supervisors. As of 31 December 2019, the total number of these organizational units was 18.

The company has no organizational units abroad.

1.1.4 Statutory and supervisory bodies of the company as of 31 December 2019

Company Management – Statutory Body	
Director General:	Jan Klas
First Deputy of Director General:	Petr Fajtl
Second Deputy of Director General:	Miloslava Mezerová
Third Deputy of Director General:	Jana Navrátilová

Supervisory Body	
Chairperson:	Magdalena Faltýsková
Deputy Chairperson:	Zdeněk Jelínek
Members:	Petr Hromek
	Petr Kolomazník
	Stanislav Pleninger
	Milan Vondra

Mr Milan Vondra and Mr Petr Kolomazník, members of the Supervisory Board elected by the representatives of the company employees, have been replaced by new members of the Supervisory Board – Mr Aleš Kořínek and Mr Vít Soukup.

Pursuant to the provisions of section 44c, paragraph 1c) of an amendment to the Act No. 93/2009 Coll., on Auditors, as amended, ANS CR has the legal obligation to establish an Audit Committee for ANS CR. The amendment took effect on 1 January 2017. The Committee has 3 members, who were appointed by the statutory body of ANS CR on the recommendation of the Supervisory Board, dated 28 November 2017.

Audit Committee	
Chairperson:	Ivan Hayek
Deputy Chairperson:	Eva Dekastellová
Member:	Eva Ondřichová

1.2 SUBSIDIARY

Name of the entity:	Czech Aviation Training Centre
Legal form:	Limited Liability Company
Abbreviated name:	CATC
Date of establishment:	The company was registered in the Commercial Register of the Municipal Court in Prague, Section C, File No. 179521, on 2 May 2011. On 27 September 2012, Czech Airlines (then as the sole shareholder) concluded an agreement with the state company ANS CR for the transfer of the company's share for a purchase price of 280,000,000 CZK set by expert appraisal, with effect as of 1 October 2012.
Headquarters:	K letišti 934, Ruzyně, 161 00 Prague 6
Identification number:	24843628
Core business:	Training of pilots and of flight, technical and operational personnel; manufacture, installation and repair of electrical machinery and instruments and of electronic and telecommunication equipment
Share capital:	150,200,000 CZK

1.2.1 Main owners of the company

The parent company is Air Navigation Services of the Czech Republic (ANS CR), state enterprise, with a 100% stake in the company. The company is included in the consolidated group of the parent company.

1.2.2 Changes and amendments to the Commercial Register during the last reporting period

In 2019, there were no changes or amendments made to the Commercial Register related to CATC.

1.2.3 Organizational structure of the company

The company is headed by a chief executive officer (CEO), who is also director of the company. The company is divided into specialized units, and those are further divided into departments.

In order to expand onto foreign markets, the company established a subsidiary Czech Aerospace Training Academy India, Pvt. Ltd. (CATAI), which was registered in the Commercial Register of India on 23 December 2014. On 1 December 2016, the name of the subsidiary was changed to Czech Aviation Training Centre India, Pvt. Ltd. (CATC India).

1.2.4 Statutory and supervisory bodies of the company as of 31 December 2019

Company Management – Statutory Body

Director and CEO:	Antonín Jakubše
-------------------	-----------------

Supervisory Board

Chairperson:	Pavel Kysilka
Member:	Petr Fajtl
Member:	František Marejka
Member:	Jiří Weigl



Between 50,000 and 60,000 fawns lose their lives every year when grass in fields is cut in the Czech Republic. Drones using thermal imaging can find the fawn, remove it or flush it out. In one day, the drone is able to check up about 87 acres and according to statistics of the University of South Bohemia, about 15 fawns are saved. Source: <https://www.novinky.cz/domaci/clanek/srncata-pri-senosecich-pomahaji-zachranovat-drony-s-termovizi-40286327>

8. BE AWARE OF WHERE YOU ARE FLYING

- Get familiar with the Czech Republic airspace organization, e.g. via one of the ANS CR applications.
- When planning your flight, avoid line structures like highways, railways, and power lines. Also it is not allowed to fly over power stations, military facilities, prisons, or to cross the country borders. Even water sources and historical sights are given special protection.

1.3 CONSOLIDATED GROUP

Company	Headquarters	Share	Degree of influence	Consolidation method
Air Navigation Services of the Czech Republic, state enterprise (ANS CR)	Navigační 787, Jeneč	x	Consolidating entity	x
		Net earnings for 2019 (CZK thousands)		190,491
		Equity as of 31 December 2019 (CZK thousands)		6,073,663
Czech Aviation Training Centre, s. r. o. (CATC)	K letišti 934, Ruzyně, Prague 6	100%	Controlling	Full
		Net earnings for 2019 (CZK thousands)		201
		Equity as of 31 December 2019 (CZK thousands)		314,943
Czech Aviation Training Centre India, Pvt. Ltd. (CATC India)	14-C Terrace, Sagar Apartments, 6-Tilak Marg New Delhi, India	99,999965%	Controlling	Full
		Net earnings for 2019 (CZK thousands)		-228
		Equity as of 31 December 2019 (CZK thousands)		1,118

The stake in Czech Aviation Training Centre India, Pvt. Ltd. (CATC India), which is not owned by Czech Aviation Training Centre (CATC), is 0.000035%.

1.4 BASIC RULES FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Decree No. 500/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for reporting entities that are businesses maintaining double entry bookkeeping and Czech Accounting Standards for businesses as applicable for 2019, especially the Czech Accounting Standard No. 20.

Consolidation was carried out by direct consolidation.

The full consolidation method for companies with controlling influence (subsidiaries) was used for the preparation of the consolidated financial statements.

1.4.1 Comparability of data and valuation principles

The financial statements of the company entering the consolidation were compiled as of 31 December 2019. Because CATC India compiles its financial statements as of 31 March, interim financial statements were compiled as of 31 December 2019 in accordance with accounting principles.

The consolidated financial statements were prepared on the basis of historical values with the exception of financial assets held for trading and financial derivatives, which are stated at fair value.

Depreciation schedules set by individual companies in the consolidated group and the consequent depreciation of intangible and tangible fixed assets were not adjusted for compiling the consolidated financial statements; rules for depreciation are set in a comparable manner in the subsidiary Czech Aviation Training Centre, whereas long-term assets and depreciations reported by CATC India are entirely insignificant with respect to the consolidated group.

For the conversion of the financial statements of foreign companies included in the consolidation which are initially recognized in foreign currency, the exchange rate of CNB valid as of 31 December 2019 has been used. The financial statements of CATC India, which has its headquarters abroad and does its accounting in INR, thus have been converted.

1.4.2 Consolidation procedures

In preparing the consolidated financial statements of the parent company ANS CR, the following adjustments and procedures were carried out:

- a) Summarization of data from the financial statements of the companies included in the consolidation using the full method.
- b) Exclusion of mutual receivables and debts between companies of the consolidation. These adjustments have been reflected only by reducing balance sheet items and did not affect the consolidated net earnings.
- c) Exclusion of mutual costs and revenues from the supply of services carried out between companies of the consolidated group without affecting the net earnings of the consolidated group.
- d) Exclusion of mutual deliveries and transactions between companies of the consolidated group with a major impact on the net earnings of the consolidated

group if:

- For the sale and purchase of stock, recorded on the balance sheet at the end of the accounting period, their value decreases by the profit (loss) of the component price. The proceeds from the sale of stock also decrease by the amount of profit (loss) of the component price. For unused inventory, the component price is fixed at the average return on revenue calculated by the selling company.
 - For the sale and purchase of fixed assets, the profit (loss) is excluded as the difference between the sales price and carrying value on the books of the selling company. The profit (loss) margin is depreciated over the remaining depreciation period of the tangible and intangible fixed assets sold.
 - The revenue item of the consolidated profit and loss statement is reduced by the revenues received from the share of the profit of the consolidated group and the retained earnings are increased, or the accumulated losses reduced in the consolidated balance sheet.
- e) Exclusion of minority shares in the equity of controlled and managed companies where significant influence is exercised, in the breakdown of shares in the registered capital, equity funds, funds from profit, retained earnings and the current net earnings to the special items of the consolidated statements.
 - f) Exclusion of shares whose issuers are controlled and managed companies where significant influence is exercised, and the equity component operated and controlled by a party affiliated with the shares held by the controlling and managing party of the consolidated balance sheet.
 - g) Assessment of the significance of the different profit reported in the financial statements of consolidated companies with respect to the significance in consolidated financial statements and any transfer of the balance to the profit (loss) for the current period.

1.4.3 Consolidation difference

Consolidation difference arises in the first year of inclusion in the consolidated group as the difference between the cost of investment securities and deposits of the controlled and managed companies and their appreciation according to the shareholding of the controlling company in the actual amount of equity of the controlled companies without the net earnings for the year at the date of acquisition or the date of the next increase in participation (further acquisition of securities or shares). For consolidation using the equity method, the consolidated difference is also addressed as with the full method. Consolidation differences are depreciated over 20 years using even depreciation in accordance with the Czech Accounting Standard No. 20. The consolidation difference is posted to settling goodwill or settling negative goodwill to expenses or credited to income from ordinary activities.

Negative goodwill arose from the acquisition of Czech Aviation Training Centre, Ltd. on 1 October 2012, in the amount of -5,381K CZK. In 2019, a consolidation difference of 269K CZK was written off, with the net worth amounting to -3,430K CZK as of 31 December 2019 and to -3,699K CZK as of 31 December 2018.

2 BASICS OF PREPARATION OF FINANCIAL STATEMENTS

Company accounting is done, and the financial statements compiled in accordance with Act No. 563/1991 Coll., on Accounting, as amended, Decree No. 500/2002 Coll., which implements certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for entities that are businesses performing double-entry bookkeeping and Czech Accounting Standards for businesses.

Its accounting respects general accounting principles, specifically the principle for valuating assets and liabilities, the principle of accounting accruals, the principle of prudence, and the assumption of the entity's ability to continue its activities.

3 GENERAL ACCOUNTING PRINCIPLES, POLICIES AND ACCOUNTING CHANGES AND VARIANCES

The valuation methods applied by the company in preparing the financial statements for 2019 and 2018 are as follows:

3.1 INTANGIBLE FIXED ASSETS

Intangible fixed assets (IFA) are assets valued at more than 60K CZK on an individual basis with an estimated useful life of greater than one year in respect of the principle of significance and of a true and fair view of the asset. Intangible fixed assets are stated at cost, which includes the purchase price and related costs.

The acquisition cost of an intangible fixed asset increases when the technical evaluation of that asset exceeds 40K CZK.

Intangible assets not considered fixed in our company are included directly in costs at acquisition as if a service provided. Projects and studies that are not intangible fixed assets where the price is more than 60K CZK (without VAT), and are deferred for a period of five years.

Accounting depreciation – depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of document “Principles for Establishing the Cost Base for Route Facility Charges and the Calculation of the Unit Rates”, depreciation is done uniformly using the linear method.

Estimated lifetime for the defined groups of IFA in years:

Software	4 – 10 years
Other IFA (audio-video works, projects, studies, trademarks, research and development results)	3 – 6 years

Provisioning – no allowances were made to intangible fixed assets in 2019.

3.2 TANGIBLE FIXED ASSETS

Tangible fixed assets (TFA) are assets valued at more than 40K CZK on an individual basis with an estimated useful life of greater than one year in respect of the principle of significance and of a true and fair view of the asset. Tangible fixed assets are stated at cost, which includes the purchase price, shipping costs, customs duties and other related costs. Until the acquired asset is put into use, interest and other financial costs related to the acquisition of the fixed asset are also capitalized in the cost of these assets at the discretion of the entity. Tangible fixed assets acquired by delimitation are valued at replacement cost and posted to other capital funds.

Small tangible fixed assets, specifically computer equipment and furniture with an acquisition price between 3K CZK and 40K CZK, are depreciated for a period of 4 or 10 years. Other small tangible fixed assets with an acquisition price between 3K CZK and 40K CZK are posted to Account 501, and recorded on off-balance sheet account 796. Small tangible assets with an acquisition price between 1K CZK and 3K CZK are also posted to account 501, and recorded on off-balance sheet account 796.

Valuation at replacement cost is also done for assets recently identified in the bookkeeping and requiring a corresponding entry in the relevant accumulated account for allowances. The replacement cost of such assets is determined by professional estimation.

Where the sum technical evaluation for an individual tangible fixed asset exceeds 40K CZK for the tax year, the acquisition cost of that asset increases.

Accounting depreciation for the parent company – the depreciation is calculated based on the acquisition cost and estimated useful life of the asset. Based on the recommendations of the “Principles for Establishing the Cost Base for Route Facility Charges and Calculation of the Unit Rates”, depreciation is done strictly uniformly using the linear method.

Estimated lifetime for the defined groups of TFA in years:

Lands	Not depreciated
Buildings and structures	30 – 50 years
Machinery and equipment	4 – 15 years
of which – electronic and communications equipment	4 – 10 years
of which – energy and other equipment	7 – 15 years
Masts, towers constructions, lines	20 years
Transport equipment	5 – 20 years
of which – cars	5 years
of which – aircraft	10 – 20 years
Inventory	3 – 10 years
of which – furniture	10 years
of which – office equipment, computer equipment and accessories	3 – 10 years

Accounting depreciation for the subsidiary - is calculated using the acquisition cost and estimated useful life of the asset. Depreciation is carried out in a uniform manner. A critical part of tangible assets are flight simulators classified in the second depreciation group with a depreciation period of 20 to 25 years.

Tax depreciation - is applied in accordance with section 31 (32) and 32a of Act No. 586/1992 Coll., on Income Tax, as amended. The company applies linear depreciation for the purposes of calculating income tax.

Provisioning – allowances to tangible fixed assets are made based on auditing the assets if reasons for decreasing the book value of the assets are found.

3.3 FINANCIAL ASSETS

Valuation – securities and shares were valued at acquisition cost. At the time of compiling the annual financial statements, they were valued at fair value opposed to equity.

3.4 CURRENT FINANCIAL ASSETS

Monetary resources consist of valuables, money and cash in bank accounts.

3.5 INVENTORIES

Valuation – Purchased inventory is valued at acquisition cost. The acquisition cost of inventories includes the costs to acquire them including related costs (shipping costs, commissions, etc.).

Allowances are made based on inventory taking at the balance sheet date.

3.6 RECEIVABLES

Valuation – receivables are posted at their creation at nominal value.

Provisioning – the value of bad debts is reduced using allowances, which were made for all receivables as follows:

- 100% for receivables with a due date of 31 December 2018 and older
- 50% for receivables with a due date in the period from 1 January 2019 to 30 June 2019

Allowances are separately recorded for receivables owed by entities in bankruptcy proceedings, as well as those owed by individual debtors whose aggregate sum is less than 30K CZK.

3.7 LOANS

The parent company did not draw any loans in 2019.

The short-term and long-term loans of the subsidiary are monitored at their nominal value. That part of long-term loans payable within one year of the balance sheet date is also considered a short-term loan. Any balance of the current account reported in the balance sheet is also considered a short-term bank loan.

3.8 PROVISIONS

The companies of the consolidated group create provisions for losses and risks if the title, amount and settlement date can be determined with a high probability while complying with accounting accruals, and a provision for the current income tax for 2019 and for untaken vacations.

3.9 CONVERSION OF FOREIGN CURRENCY DATA INTO CZECH CURRENCY

For the valuation of assets and liabilities (debts) at the time of a transaction, the company uses the daily exchange rate announced by the CNB during the previous working day pursuant to section 24 of the Accounting Act.

At the time of compiling the financial statements for 2019, the receivables, liabilities and shares in commercial companies, securities and derivatives, valuables and currency values (financial assets) denominated in a foreign currency were converted using the exchange rate announced by the CNB and valid on 31 December 2019.

Realized and unrealized exchange rate gains and losses are posted in financial revenues or financial costs of the current year.

3.10 DERIVATES

During the course of 2019, the parent company had the disposition of financial derivatives, which were contracted for hedging currency risks with an expected movement in exchange rates after the relaxation of intervention by the Central Bank.

During the course of 2019 or as of 31 December 2019, the subsidiary had no disposition of financial derivatives.

At the balance sheet date, the derivatives are valued at their fair value. The manner for recognizing gains or losses from valuing derivatives at their fair value depends on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged.

3.11 LEASING

No assets were acquired through financial leasing. Operating lease instalments are posted to the costs of the current period.

3.12 EQUITY

The registered capital of the parent company is stated at the amount recorded in the Commercial Register of the Municipal Court. Investments exceeding

the registered capital are reported as other capital funds, which consist of non-monetary investments in excess of the registered capital.

In accordance with Act No. 77/1997 Coll., as amended, the company has created the following funds from profit. These are a reserve fund, a fund for cultural and social needs, and a founder's fund. Creating these funds and drawing on them is regulated by the State Enterprise Act, or Decree No. 310/1995 Coll. Besides these funds, the company can create under the same Act additional funds from disposable profits. In case of ANS CR, this involves a development fund and a fund for other social spending. The development fund serves as a source of financing for developing and supporting company's investments. The fund for other social spending serves as a source of financing of benefits granted to employees under collective agreements, which are not regulated by Decree No. 310/1995 Coll.

3.13 TAXES, INCOME TAX

Income tax expenses are calculated using the statutory tax rate from the accounting profit increased or decreased by permanently or temporarily non-deductible expenses and non-taxable revenues (e.g. creating and posting other provisions and allowances, entertainment expenses, the differences between book and tax depreciation, etc.). Additionally, items reducing the tax base (donations), deductions (tax losses, costs of research and development projects), and discounts on income tax are taken into account. In the event that the financial statements precede the final calculation of income tax, the entity creates an income tax provision.

Deferred tax

Deferred tax is calculated using the liability method, which means that the deferred tax will be applied at a later stage and therefore the income tax rate applicable in the period in which this tax is applied is used in the calculation. If

this rate is unknown, the tax rate applicable for the following reporting period is used. Temporary differences resulting in a deferred tax asset or liability (debt) is assessed in our company in a broader context where a deferred tax liability (debt) is always posted, but a deferred tax asset only with respect to the precautionary principle, which means after assessing its applicability. Deferred tax is calculated from temporary differences between the tax and the accounting base of assets and liabilities. In our company, the following temporary differences come into consideration:

- Differences between the book and tax carrying value of fixed assets (if a book carrying value is higher than the tax carrying value, a deferred tax liability is created, and in the opposite case a deferred tax asset is created).
- The difference between tax and book allowances (a deferred tax asset is created if tax allowances are lower than book allowances and the tax allowances are expected to create up to 100% value of receivables).
- A tax loss that the company expects to apply against future profits creates a deferred tax receivable.
- Provisions
- Receivables and payables resulting from contractual fines

3.14 USE OF ESTIMATES

The compilation of the financial statements requires company management to make estimates and assumptions that affect the reported amounts of assets and liabilities (debts) at the balance sheet date and the reported amounts of revenues and costs during the reporting period. The company management has made these estimates and assumptions on the basis of all the relevant information available. Nevertheless, given the nature of estimates, the actual results in the future may differ from these estimates.

3.15 COSTS AND REVENUES ACCOUNTING

Revenues and costs are accounted in accruals, i. e., they are recognized in the period to which they relate in terms of the subject-matter and time.

3.16 SUBSIDIES

In accordance with the Czech Accounting Standard No. 17, the company recognizes the unquestionable right to a subsidy charged to the relevant account of account group 37 – Other receivables and credited to the relevant account of account group 34 – Taxes and subsidies. The use of subsidies to cover costs or other financial detriments is debited to the relevant account of account group 34 – Taxes and subsidies are credited to other operating or financial revenue accruals.

Subsidies received for the acquisition of fixed assets reduces the acquisition cost.

Subsidies are provided from the European Commission arising from participation in the implementation of projects related to the development of air navigation services. The main European initiative aimed at the development of air navigation services is the initiative of Single European Sky ATM Research (SESAR).

3.17 SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and the compilation date of financial statements is reflected in the reporting if these events provide additional information about facts that existed at the date of the balance sheet. In case that important events occurred between the balance sheet date and the date of compiling the financial statements which take into account facts that occurred after the balance sheet date, the effects of these events are described in an attachment to the financial statements but are not recorded in the financial statements.

3.18 CHANGES IN VALUATION, DEPRECIATION AND ACCOUNTING METHODS COMPARED TO THE PREVIOUS ACCOUNTING PERIOD

No changes occurred during fiscal year 2019 in the valuation, depreciation and accounting methods used compared to the previous accounting period.

4 ADDITIONAL INFORMATION FOR THE BALANCE SHEET AND PROFIT AND LOSS STATEMENT

4.1 FIXED ASSETS

4.1.1 Intangible fixed assets

(data for the consolidated group in CZK thousands)	Software	Other IFA	Total
ACQUISITION COSTS (AC)			
Balance at 1 January 2019	3,255,029	123,787	3,378,816
Additions	205,430	1,620	207,050
Disposals	6,613	0	6,613
Balance at 31 December 2019	3,453,846	125,406	3,579,252
ACCUMULATED DEPRECIATION			
Balance at 1 January 2019	2,505,785	100,046	2,605,831
Depreciation 2019	265,898	8,862	274,760
Disposals	6,612	0	6,612
Balance at 31 December 2019	2,765,071	108,908	2,873,979
NET BOOK VALUE 2019 (DP)	688,775	16,498	705,273
NET BOOK VALUE 2018 (DP)	749,244	23,741	772,985

Significant items of intangible fixed assets

Item	Year of acquisition	AC (CZK thousands)	DP 2019 (CZK thousands)
EUROCAT 2000 PU IATCC system	2007	751,833	50,246
ESUP IATCC system	2007	656,819	171,831
IDP for IATCC system	2007	450,325	79,840
ESUP DTC system	2012	67,099	33,687
IDP DTC system	2011	53,405	22,830

The most important additions and disposals of intangible assets – the most significant additions to intangible assets in 2019 included acquisition of SW ACARS-GW in the amount of 20,662K CZK, SW SIMU TEB in the amount of 13,293K CZK, and then technical upgrade of SW ESUP IATCC in the amount of 64,087K CZK, SW EUROCAT 2000 in the amount of 26,875K CZK. The most significant disposal of intangible assets was decommissioning of the outdated SW CMOS version.

Depreciation of intangible fixed assets – the depreciation of intangible fixed assets charged to costs in 2019 amounted to 274,7604K CZK, and in 2018 to 264,304K CZK.

Allowances for intangible fixed assets – no allowances were created for IFA.

Unfinished IFA and prepayments for IFA – the total volume of unfinished IFA registered in the consolidation group as of 31 December 2019 amounted to 1,102,450K CZK, and in 2018 to 931,456K CZK. The increase is represented by acquisition of the Top Sky system in the amount of 599,751K CZK, release of SW IDP – WALDO in the amount of 199,969K CZK, and release of SW ESUP in the amount of 164,203K CZK.



Drones help firefighters extinguish fires. They can place fire sensors at the emergency site. The sensors are able to measure the temperature, humidity or the values of hazardous substances and their spread. Drones can be very useful especially in poorly accessible terrain.

Source: <https://www.regionplzen.cz/zpravodajstvi/drony-pomahaji-hasicum-v-kraji-pri-haseni-pozaru-147477/>

8. BE AWARE OF WHERE YOU ARE FLYING

- *When flying, always keep a safe distance from disinterested people (people who are not directly involved in your aviation activity), public gatherings, and sporting or cultural events.*
- *Be aware that nobody but you – the pilot, is responsible for the performance of the flight at the end of the day.*

4.1.2 Tangible fixed assets

(Data for the entities in the group in CZK thousands)	Lands and buildings	Machinery and equipment	Means of transport	Inventory	Other TFA	Total
ACQUISITION COST (AC)						
Balance at 1 January 2019	2,813,243	3,276,730	223,008	1,105,378	186,123	7,604,482
Additions	30,050	495,749	195,816	3,404	7,258	732,277
Disposals	3,545	88,988	5,274	2,987	8,481	109,275
Transfers		154,731		-154,731		0
Balance at 31 December 2019	2,839,748	3,838,222	413,550	951,064	184,904	8,227,488
ACCUMULATED DEPRECIATION						
Balance at 1 January 2019	1,311,245	2,666,178	144,470	778,168	155,576	5,055,637
DP of decommissioned TFA 2019 disposal	0	190	0	28	664	882
DP of decommissioned TFA 2019 sale	634	24	0	0	0	658
Depreciation 2019	75,937	207,920	29,441	22,455	11,028	346,781
Movements and transfers of assets	3,046	73,897	5,274	17,977	7,888	108,082
Balance at 31 December 2019	1,384,770	2,800,415	168,637	782,674	158,052	5,294,548
ALLOWANCES						
At 1 January 2019	0	0	0	7,852	0	7,852
At 31 December 2019	0	0	5,157	7,863	0	13,020
BOOK VALUE 2019 (DP)	1,454,978	1,037,807	239,756	160,527	26,852	2,919,920
BOOK VALUE 2018 (DP)	1,501,998	610,552	78,538	319,358	30,547	2,540,993

Significant items of tangible assets

Item	Year of acquisition	AC (CZK thousands)	DP 2019 (CZK thousands)
IATCC Jeneč building	2005	924,394	527,068
Technical block building at Prague airport	1992	525,137	294,327
B737 flight simulator	2000	301,199	0
A320 full flight simulator	2007	290,855	93,062
L410 simulator	2018	246,911	217,136
B300 OK-ANS calibration aircraft	2019	193,470	185,409
A320 ceo/neo flight simulator	2019	182,383	181,775
Cessna 560XL calibration aircraft	2011	152,492	40,893
Aviation School (CANI) building	1983	148,632	78,633
Service building with TWR, Ostrava airport	2016	114,216	104,435

The most important additions of fixed assets – the most important addition to ANS CR fixed assets in 2019 was purchase of the B300 OK-ANS aircraft in the amount of 193,470K CZK and the measuring equipment for the aircraft in the amount of 72,765K CZK. Within the subsidiary the most important addition of fixed assets was acquisition of the A320 ceo/neo simulator in the amount of 182,383K CZK. In terms of transfers the L410 simulator was transferred from Inventories to Machinery and Equipment.

The most significant disposal among fixed assets included decommissioning of outdated UPC auxiliary sources which were replaced by new ones, and decommissioning of buildings due to demolition and new build construction on the premises of Ostrava airport.

Depreciation of tangible fixed assets charged to costs – the depreciation of TFA charged to costs in 2019 amounted to 346,781K CZK and in 2018 to 352,360K CZK.

Total amount of small tangible assets not included in the balance sheet – the total amount of tangible assets not included in the balance sheet as of 31 December 2019 is 85,539K CZK. At 31 December 2018, it was 80,050K CZK. Allowances for tangible fixed assets – in ANS CR allowances were created based on the audit of assets as of 31 December 2019 in the amount of the difference between the book value and the utility value of the asset in the sum of 5,157K CZK for the L410 UPV-E calibration aircraft. Within CATC allowances were created based on the audit of assets as of 31 December 2019 in the amount of the difference between the book value and the utility value of the assets in the sum of 7,864K CZK.

Unfinished TFA – the volume of unfinished TFA registered in ANS CR as of 31 December 2019 amounted to 503,570K CZK. This is represented by purchase of the B300 OK-RLP aircraft including measuring equipment (in the amount of 257,106K CZK), reconstruction of the VUJE building in the amount of 80,075K CZK, of Ostrava airport in the amount of 48,216K CZK, and reconstruction of Jeneč No. 284 in the amount of 44,222K CZK. The volume of unfinished TFA in CATC as of 31 December 2019 amounted 285,827K CZK. The sum is represented by purchase of B737 MAX flight simulator (in the amount of 243,925K CZK, classified in 1/2020) and building alterations to hangar B to enable installation of the simulator in the amount of 41,902K CZK.

4.1.3 Specified assets of the company

In accordance with the provisions of Act No. 77/1997 Coll., on State Enterprise, special asset items are recorded in the bookkeeping – specified assets. These are assets that are indispensable to the entity in terms of carrying out the activities for which the entity (company) was established. These assets are registered in the Commercial Register. The company may handle specified assets only with the approval of the founder.

During the course of 2019, the following change in the scope of specified assets occurred, i.e. the decommissioning of the L-410 UVP-E calibration aircraft upon decision by the Ministry of Transport of the CR, Ref. No. 33/2019-410-PRIV/1. The following specified assets were thus recorded in the company bookkeeping as of 31 December 2019:

NAME OD SPECIFIED ASSETS	Inventory number	Acquisition price
IATCC Jeneč building	2016743	924,394
Operations building of the Technical block at Prague airport	51062	525,137
Operations building with control tower at Ostrava airport	2021876	114,216
Operations building with control tower at Brno airport	52012	98,123
Operations building at Prague South locality	51150	61,028
Operations building with control tower at Karlovy Vary	54004	47,701
Operations building at Buchtův kopec locality	52011	40,170
Land under the building of the Technical block at Prague airport	2563	1,349
Land under the operations building with control tower at Ostrava airport	648	337
Land under the operations building with control tower at Karlovy Vary airport	3882	261
Land under the operations building with control tower at Brno airport	2258	122
Land under the building of IATCC Jeneč	569	45
Land under the operations building Prague South	34890	2
Land under the operations building Buchtův kopec	130	2
ACQUISITION PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2019 (CZK thousands)		1,812,885
DEPRECIATED PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2019 (CZK thousands)		1,029,353

4.1.4 Assets leased under finance and operating leases

Group companies have no fixed assets leased under finance leases.

At the date of the financial statements, it was 92 cars and trucks leased under operating leases. In 2019, 12,184K CZK was paid for operating leases; in 2018, it was 8,724K CZK.

4.1.5 Fixed assets pledged

The consolidation group has pledged assets. Specifically, it is the Flight Simulator Training Device Boeing 737 – 800W, serial number MPS-C305. The value of the mortgage contract is 33,000K CZK.

An investment loan amounting to 150,000K CZK for the L410 flight simulator is secured by the FFS A320 simulator.

Assets acquired by a newly obtained loan is also pledged. As per loan contract, the loan is secured by the newly acquired simulators for Boeing B737 MAX and for Airbus A320ceo/neo.

4.2 FINANCIAL FIXED ASSETS

With regard to the liberalization of the market in the provision of air navigation services, ANS CR has further expanded, as one of its strategies, its commercial activities, particularly in the provision of consulting services in the ATM field and in the provision of air navigation services abroad.

Based on a notarial deed dated 17 October 2014, the company FABCE, Aviation Services, Ltd., based in Zgornji Brnik 130N, SI-4210 Brnik, Slovenia, was established. The shareholders in the company are the providers of air navigation services in the Czech Republic, Slovakia, Austria, Hungary, Slovenia and Croatia, which are associated in the Central European

Functional Airspace “FAB CE”. The goal of this company is to coordinate the actions of the stakeholders in order to meet the objectives of the European Union in the context of the “Single European Sky – SES” policy. ANS CR has a 1/6 stake in this service company (6K EUR).

Other fixed securities and shares	Book value at 31 December of the year (CZK thousands)			
	2018	Move-ments	Reva-luation	2019
FABCE, Aviation Services, Ltd.	383	0	-5	378

The group companies held no other financial fixed assets in 2019. In 2019, as in previous years, the group companies did not register any financial fixed assets pledged as collateral.

4.3 INVENTORIES

The total amount of inventory of the entities in the group as of 31 December 2019 was 37,576K CZK; at 31 December 2018, it was 41,433K CZK. The main volume of inventory consists of spare parts for aviation safety technology and for simulators.

4.4 RECEIVABLES

4.4.1 Trade receivables

(CZK thousands)	2019	2018
TOTAL TRADE RECEIVABLES		
Gross receivables	642,809	658,553
Net receivables	617,366	638,183
TOTAL ALLOWANCES CREATED	25,443	20,370

Figures for receivables and allowances made for receivables for entities in the group after excluding intercompany transactions.

4.4.2 State – tax receivables and receivables for social security and health insurance

In 2019, in the frame of consolidated accounting, the company records tax receivables for the state in the amount of 104,807K CZK. This amount corresponds to prepayments made for income tax in the amount of 63,470K CZK, which, in accordance with accounting principles, was compensated with a reserve created for corporate tax in the amount of 35,795K CZK, as well as with surplus VAT deductions in the amount of 40,647K CZK, and tax deductions abroad in the amount of 690K CZK. The company records no receivables for social security and health insurance.

4.4.3 Accrued assets

These include especially accruals for revenues from the training that was partially realized in 2019.

4.4.4 Other receivables

The total volume of other receivables amounts to 173,985K CZK. These particularly include receivables on the basis on subsidies to SESAR projects in the amount of 146,257K CZK. The amount of the receivable corresponds to the company's claims from participating in the projects SESAR 2020 and SESAR Deployment, while maintaining the given budget for individual projects. In 2019, the amount of these claims was reduced by part which, according to current course of the grant's projects, will not be claimed. The amount of receivables is decreased by the received partial payments for the projects.

A receivable amounting to 21,292K CZK is another remarkable item corresponding to the real value of positive derivatives valuation as of 31 December 2019.

An allowance for other receivables amounting to 7,020K CZK was entered into the books.

4.5 CASH RESOURCES

CASH RESOURCES (CZK thousands)	2019	2018
Cash	2,173	2,811
Bank accounts	1,154,792	1,520,661
TOTAL CASH RESOURCES	1,156,965	1,523,472

4.6 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thousands)	2019	2018
Accrued costs	30,114	72,968

Accrued costs mainly include insurance, software support, membership fees, subscriptions of professional publications and the costs of purchasing airline tickets for business conducted abroad in the following year. These items are therefore posted to the costs in the period they were related to.

4.7 EQUITY

4.7.1 Changes in equity

A summary of changes in equity is reported in a separate statement. Changes in equity occurred in 2019 only in connection with settling net earnings, drawing from the appropriated retained earnings, revaluation of equity holdings, and in connection with consolidation adjustments.

4.7.2 Registered capital

There were no changes in the registered capital in 2019.

4.7.3 Equity Items

In accordance with Act No. 77/1997 Coll., as amended, the parent company has the obligation to create the following funds from profit. These consist of a reserve fund, a fund for cultural and social needs and a founder's fund. In addition to these funds, the company may also create other funds from disposable profit in accordance with this Act. In case of ANS CR, these are the development fund and fund for other social spending.

4.8 PROVISIONS

Provisions for income tax for 2018 were created in the amount of 35,795K CZK. Total prepayments for income tax for 2019 amount to 63,470K CZK, which exceeds the volume of provisions by 27,675K CZK. In addition, a provision for untaken vacation was created in 2019, amounting to 12,705K CZK; a provision created in 2018 was settled.

A provision for the costs associated with realization of future training included in the lump-sum payments for using the L 410 flight simulator in the total amount of 5,282K CZK was reported as of 31 December 2019.

4.9 PAYABLES

4.9.1 Trade payables

TRADE PAYABLES (CZK thousands)	2019	2018
LONG-TERM TRADE PAYABLES		
Long-term trade payables	2,085	0
SHORT-TERM TRADE PAYABLES		
Suppliers with due payables	354,870	215,889
Suppliers with overdue payables	5,174	10,189
Other payables	7,512	8,568
TOTAL PAYABLES		
Trade payables	369,641	234,646

Overdue payables include invoices from December 2019, which were paid in January 2020 or invoices relating to fulfilment in complaint procedure.

4.9.2 Payables to the state and social security and health insurance institutions

PAYABLES TO THE STATE AND SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS (CZK thousands)	2019		2018	
	Total	Due	Total	Due
SOCIAL SECURITY AND HEALTH INSURANCE				
Social security premiums	29,001	0	19,985	0
Health insurance premiums	35,683	0	32,779	0
Total social security and health insurance	64,684	0	52,764	0
TAX LIABILITIES				
Income tax on employment	52,941	0	47,345	0
Corporate income tax	0	0	0	0
Value added tax	0	0	0	0
Other taxes	10	0	0	0
Total tax liabilities	52,951	0	47,345	0
TOTAL PAYABLES TO THE STATE AND SOCIAL SECURITY AND HEALTH INSURANCE INSTITUTIONS	117,635	0	100,109	0

Payables for social security and health insurance recorded as of 31 December 2019 consist of statutory withholdings arising from the payment of salaries for the month of December 2019 and therefore concern payables that are due. Likewise, the liability for income tax on employment is connected to the payment of salaries for December 2019.

Balance sheet item C.II.8.5 beside liabilities of income tax on employment also reports account 346 balance – Clearing subsidies charged to other operating income accruals when accounting for costs. As of 31 December 2019, the balance was 134,642K CZK.

4.9.3 Advances received

ADVANCES RECEIVED (CZK thousands)	2019	2018
Long-term advances received	30,453	39,828
Short-term advances received	17,218	13,775
TOTAL ADVANCES RECEIVED	47,671	53,603

4.9.4 Estimated accounts payables

Estimated accounts payables are estimated payable items expensed to costs in 2019. They particularly include accruals for energy consumption, service maintenance for systems and equipment, data and telecommunications services, building security and other accruals.

4.9.5 Other liabilities and payables to employees

Payables to employees recorded as of 31 December 2019 consist of the claim to payment of salaries for the month of December 2019, which is completed in January of the following year, and therefore involves a due payable. Other liabilities mainly consist of settling pension and life insurance for the company employees.



Using drones, keepers of domestic animals can monitor their herds on the grasslands. The rules for safe flying must also be followed in the private lands.

9. KEEP AN EYE ON CHILDREN

- Familiarise your children with these Commandments and be their first officer.
- Set a good example for your children and be responsible.

4.10 PAYABLES TO LOAN INSTITUTIONS

In 2019, the parent company did not take out any loans for its business activities and likewise did not issue any bonds in 2019 or in the past.

In 2019, the CATC subsidiary concluded a new loan agreement to acquire 2 flight simulators for training of crews for middle-haul B737MAX and A320ceo/neo aircraft. The loan framework amounts to 17,300K EUR with maturity due date of September 2025.

(CZK thousands)	Loan framework / drawn	Quarterly amount of principal payment	Principal payment at 31 Dec 2019	Draw down/ balance at 31 Dec 2019	Interest expense in 2019	Interest rate	Maturity of loan at date
LONG-TERM BANK LOANS							
ČSOB a.s. – loan for flight simulator FFSIM L410 in CZK	148,762	5,357	64,284	84,478	1,150	1.16%	XII.23
ČSOB a.s. – loan for flight simulator FTD B737NG in CZK	33,000	1,178	18,848	14,152	183	1.06%	XII.22
KB a.s. – loan for flight simulators B737MAX and A320ceo/neo in EUR	17,300	x	x	14,435	x	1.85%	IX.25
Equivalent in CZK	439,593	x	x	366,799	4,087		
TOTAL LOANS in CZK	621,355	6,535	83,132	465,429	5,420		

PAYMENT OF PRINCIPAL IN YEARS	to 2019	2020	2021	2022	2023+	TOTAL
ČSOB, a. s. – FFSIM L410	64,284	21,428	21,428	21,428	20,194	148,762
ČSOB, a. s. – FTD B737NG	18,848	4,712	4,712	4,728	0	33,000
KB, a. s. – SIM B737MAX + A320ceo/neo	0	0	27,468	109,898	302,227	439,593
TOTAL LOANS in CZK	83,132	26,140	53,608	136,054	322,421	621,355

4.11 ACCRUALS AND DEFERRALS

ACCRUALS AND DEFERRALS (CZK thousands)	2019	2018
Accrued costs	0	0
Deferred revenues	32,780	20,487
TOTAL ACCRUALS AND DEFERRALS	32,780	20,487

Deferred revenues include mainly courses and training for pilots and cabin crew carried out in the following year. These items are therefore charged to revenues in the period to which they relate in terms of the subject-matter and time.

4.12 DERIVATIVES

As of 31 December 2019, the company had contracts concluded for hedging derivatives for the EUR/CZK currency pair. They are based on the company's strategy prepared for hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of Czech National Bank.

The parent company did not do any hedge accounting in 2019. Net earnings realized from the revaluation of derivatives to fair value were recorded in the net earnings for the current period. The positive or negative fair value of derivatives is reported as of 31 December 2019 in other receivables or other liabilities.

The following table indicates the nominal values and positive or negative fair values of outstanding derivatives as of 31 December 2019:

DERIVATIVES (CZK thousand)	2019		2018	
	Fair value		Fair value	
	positive	negative	positive	negative
Forwards	6,615	-1,858	16,167	-36,592
Option structures	14,677	-118	30,448	-41,422

4.13 INCOME TAX

INCOME TAX (CZK thousands)	2019	2018
Due tax	36,689	67,141
Deferred tax	13,326	8,838
TOTAL TAX COST	50,015	75,979

4.14 DEFERRED TAX

The deferred tax calculation is based on the income tax rate valid for the period in which the tax receivable or liability is applied. A deferred tax liability is reported as part of long-term liabilities in the balance sheet.

Deferred tax (CZK thousands)	2019	2018
Depreciated price of fixed assets (tax DP-accounting DP)	-159,862	-141,628
Allowances for fixed assets	2,474	1,492
Allowances for receivables	2,334	1,326
Allowances for inventories	1,401	84
Revaluation of inventories - acquisitions	-2,275	-2,276
Provisions beyond the scope of Act No. 593/1992 Coll.	3,418	2,867
Estimated accrued items	899	1,890
Receivables resulting from contractual fines	-1,312	-19
Tax losses from previous years	4,736	2,786
Liabilities	1,355	0
Net deferred tax	-146,832	-133,478

4.15 ASSETS AND DEBTS NOT REPORTED IN THE BALANCE SHEET

As of 31 December 2019, entities in the group had no substantial assets or debts not reported in the balance sheet.

4.16 SALES OF GOODS, PRODUCTS AND SERVICES

Revenue items (CZK thousands)	Revenues from domestic customers		Revenues from foreign customers		Total revenues	
	2019	2018	2019	2018	2019	2018
Air navigation services	299,010	314,972	3,352,962	3,607,105	3,651,972	3,922,077
Of which						
– en-route navigation services	92,872	95,055	2,902,998	3,166,254	2,995,870	3,261,309
– terminal navigation services	203,964	218,121	448,361	439,721	652,325	657,842
– training flights	2,174	1,796	1,603	1,130	3,777	2,926
Other revenues	174,572	181,895	278,894	235,063	453,466	416,958
TOTAL REVENUE	473,582	496,867	3,631,856	3,842,168	4,105,438	4,339,035

5 EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

The average number of employees and company management members and staff costs for the financial years 2019 and 2018 are as follows:

(CZK thousands)	Employees		Statutory and supervisory bodies, management		Total	
	2019	2018	2019	2018	2019	2018
Number (FTE)	1,058	1,025	20 + 11	21 + 11	1,078 + 11	1,046 + 11
Wage costs and bonuses	1,819,756	1,809,121	97,751	103,770	,1,917,507	1,912,891
Social security and health insurance premiums	477,852	453,582	18,284	18,456	496,136	472,038
Other personnel expenses	72,545	70,717	4,837	5,117	77,382	75,834
TOTAL STAFF COSTS	2,370,153	2,333,420	120,872	127,343	2,491,025	2,460,763

The term company management means the Director General of the company, department executive directors, division directors, section deputies. Capital insurance and contributions to pension and life insurance were paid for the members of the company management in accordance with the collective agreement. The members of the company management were also granted the use of official vehicles for private purposes.

The Supervisory Board of the parent company has 6 members, 4 are appointed by the founder, and 2 are elected from among the employees. Members of the Supervisory Board receive remuneration for their work.

The Audit Committee has three members. The Audit Committee members receive remuneration for their work.

The term management of the subsidiaries means the company director and company management. The term supervisory body of the company means members of the Supervisory Board. Members of the Supervisory Board receive remuneration for their work.

6 INFORMATION ON AFFILIATED COMPANIES

The Air Navigation Services of the Czech Republic (the “company” hereinafter) is a state enterprise. The founder of the company is the Czech Republic – Ministry of Transport of the Czech Republic, nábřeží Ludvíka Svobody 1222/12, 110 15 Prague 1.

In addition to companies with equity participation, affiliated companies are those with the equity participation of the Czech Republic through state authorities (ministries). All transactions between the company and affiliated companies were conducted under normal market conditions.

The volume of business costs from transactions with affiliated companies in 2019 amounted to 143,531K CZK. These are transactions where the volume is greater than 1M CZK for one supplier in 2019. These suppliers – affiliated companies – according to this definition are the Czech Hydro-Meteorological Institute, Czech Civil Aviation Authority, Airport Prague, Czech Aeroholding, FABCE, Czech Airlines Handling, Institute of Aviation Medicine and Czech Telecommunications Authority. The total volume of payables of the company (only those due) to the affiliated companies stated here was 6,062K CZK as of 31 December 2019.

The volume of company revenues from transactions with affiliated companies in 2019 amounted to 59,981K CZK. These were transactions where the volume is greater than 1M CZK for one customer in 2019. The customers – affiliated companies – according to this definition are the Ministry of Transport of the Czech Republic, Ministry of Defence of the Czech Republic, Czech Hydro-Meteorological Institute and Czech Civil Aviation Authority. The total volume of receivables for the company from the affiliated companies stated here was 15,205K CZK as of 31 December 2019.

In 2019, ANS CR obtained full compensation from the state budget for the costs incurred by the company in connection with the provision of services for flights exempted from charges in the aggregate amount of 51,268K CZK. This compensation is provided to ANS providers in accordance with European Commission Regulation No. 1794/2006 of 6 December 2006 as amended, laying down a common charging scheme for air navigation services on the basis of CR Government Resolution No. 1404 of 2 November 2005.

7 SUBSIDIES

ANS CR is involved in development programmes in the ATM sector. One of these is the SESAR Deployment programme, where selected projects are co-funded by the European Union in the form of grant projects through the Innovation and Networks Executive Agency (INEA). These grant projects are focused on implementing new technologies in air navigation services, so a substantial part of them is co-funding of investment.

In addition, the company participates in eight SESAR H 2020 programmes, from which subsidies are granted to cover the company’s operating costs expended in connection with the subject of the subsidy.

(CZK thousands)	Total expected amount of subsidy to be drawn by ANS CR
Subsidy from SESAR H 2020 programmes	374
Subsidy from SEAR 2020 Programmes	657
Subsidy from SESAR Deployment programmes	7,532

The balance of receivables in respect of these subsidies is specified in clause 4.4.4 of this annex, the balances of related liabilities in clause 4.9.2. The amount of revenue entered into the books in connection with the subsidies is specified in clause 9 of the annex. During 2019, the charged amount of subsidy was amended by part, which will not be, according to current evaluation of course of subsidy projects, probably claimed. In 2020, another four grant contracts have been signed within the SEAR H 2020 programmes.

8 RESEARCH AND DEVELOPMENT COSTS

Neither in 2019 nor in the previous year did the company outlay costs for research and development.

9 SIGNIFICANT ITEMS OF THE PROFIT AND LOSS STATEMENT

Other operating revenues amounted to 91,641K CZK in 2019. In 2018, these revenues were 81,936K CZK. Those items were of significant volumes for the parent company. The major item of other operating revenues is compensation for costs for exempted flights amounting to 51,268K CZK. Contractual fines and penalties contributed to revenues amounted to 18,978K CZK. Also, a proportion of subsidies granted within the framework of the SESAR project solution amounting to 7,024K CZK was posted to other operating revenues.

Other operating costs in 2019 amounted to 253,250K CZK; in 2018, they amounted to 255,030K CZK. Again, they were primarily items of the parent company. The structure of other operating costs remains unchanged year-on-year. The most significant item in other operating costs is the payment of the membership fee of the Czech Republic to the budget of the European

Agency for the Safety of Air Navigation in the amount of 157,184K CZK, reimbursement of the costs of the state supervisory authority in the amount of 43,548K CZK, and finally the costs for property and liability insurance in the amount of 19,073K CZK.

10 INFORMATION ON AUDIT FEES

Since the second half of 2015, audit services to the entities of the group have been provided by BDO Audit. Costs of audit and advisory services fees were as follows:

INFORMATION ON AUDIT FEES (CZK thousands)	2019	2018
Audit of financial statements	634	753

11 EVENTS THAT OCCURED AFTER THE BALANCE SHEET DATE

On 12 March 2020 the World Health Organization (WHO) declared the COVID-19 virus pandemic. The subsequent measures adopted by governments of individual countries including the government of the Czech Republic and the reaction of the public will have far reaching economic consequences in the following months. The ANS CR management anticipate substantial impact even on the economic performance of the company itself. The company management are analysing the situation and taking necessary steps to maintain the financial stability of the company. Even in this situation, ANS CR as a part of the national critical infrastructure will continue to secure provision of air navigation services and will carry on with its activities.

12 RISK MANAGEMENT

Credit risks – as of 31 December 2019, the company was not exposed to any significant credit risks. Financial assets consist primarily of cash deposits at banks and receivables. Cash deposits are made at reputable banking institutions. Risks associated with trade receivables are limited thanks to the large number of customers of air navigation services. The risks associated with receivables are further reduced by the effective recovery system used by the European Agency for the Safety of Air Navigation (EUROCONTROL).

Currency risks – the company is protected against significant fluctuations in the exchange rate on the date of billing services thanks to the mechanism of the monthly conversion of the reference unit price of air navigation services by the current exchange rate. The sensitivity of the company's exposure to currency (exchange rate) risks is reduced through this mechanism.

In addition, the company had contracts concluded for derivatives for hedging EUR/CZK exchange rate. The largest part of the derivatives is based on the company's strategy for hedging prepared in relation to hedging risks associated with foreign exchange rate movements connected to the termination of the intervention scheme of the Czech National Bank. Information on their valuation at the balance sheet date is included in clause 4.12.

13 LIABILITIES NOT STATED IN THE BOOKS

Litigations – no litigation was brought against the company as of 31 December 2019 that could have a significant impact on the financial statements.

Environmental liabilities – all standards related to environmental protection are complied with and no proceedings are being taken against entities in the group relating to environmental protection that could have a significant impact on the financial statements.

Bank guarantees – during 2019, the company provided bank guarantees to foreign customers in connection with the commercial activities of the Aviation School (CANI) and calibration fleet. The overview of the bank guarantees is as follows:

BANK GUARANTEE FOR	Guarantee valid	Amount and currency
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Herzegovina	28 Apr 2017 – 28 Apr 2020	759,489 EUR
Sakaeronavigatsia Ltd., Georgia	17 Apr 2018 – 31 Jan 2019	5,804 EUR
Tanzania Civil Aviation Authority	25 May 2018 – 31 May 2019	9,480 USD
Civil Aviation Regulatory Commission, Jordan	15 Nov 2018 – 15 Mar 2019	34,431 USD
Tanzania Civil Aviation Authority	21 Dec 2018 – 6 May 2019	17,112 USD
Tanzania Civil Aviation Authority	1 Feb 2019 – 30 Nov 2021	68,400 USD
Air Navigation Services Agency of Kosovo	13 Feb 2019 – 3 Nov 2020	4,109 EUR
Sakaeronavigatsia Ltd., Georgia	15 Apr 2019 – 31 Jan 2020	5,841 EUR

14 CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method and is published in a separate statement. Considered as cash resources are cash, including valuables, and cash equivalents in accounts, including overdrafts. Company assets do not include any cash equivalents. In order to increase the informative value of the report, changes in receivables and payables from operating activities have been adjusted to take into account changes in these receivables and payables related to subsidized projects, in which the parent company participates and that had no impact profit or loss even in cash flows in the amount of 26,764K CZK. The Other non-monetary operations item consists mainly of the revaluation of financial derivatives to fair value and revenues from subsidies posted at the amount corresponding to the cost expended.



In addition to fertilization or spraying, drones in agriculture are used for research purposes. Drones scan the terrain and monitor hydration or potential crop problems.

10.FOLLOW UPDATED INFORMATION FROM RELIABLE SOURCES

- Everything you have learnt from these Commandments is based on the applicable legislation of the Czech Republic – Czech Aviation Law (Act No. 49/1997 Coll. on civil aviation) and the Attachment X to the aviation Regulation L2.



When flying drone over the protective area of protected buildings, it is **ALWAYS** necessary to have a CAA permit (see 8th Be aware of where you are flying, p. 129).



Report on the Company's Performance in 2019 (including the financial statements) compiled according to the International Accounting Standards (IFRS)

INDIVIDUAL STATEMENT OF FINANCIAL SITUATION

for the year ended at 31 December 2019

		Year ending at	
		31 Dec 2019	31 Dec 2018
	FIXED ASSETS		
	Land, buildings and equipment (tangible assets)	2,934,187	2,578,783
3.1.2.	of which: lands, buildings and equipment in use	2,430,617	2,205,174
	of which: unfinished tangible assets	503,570	373,609
	Intangible assets	1,806,836	1,702,114
3.1.1.	of which: intangible assets in use	704,386	771,516
	of which: unfinished intangible assets	1,102,450	930,598
3.1.3.	Investments in subsidiaries and entities in the group	280,784	280,784
3.1.	TOTAL FIXED ASSETS	5,021,807	4,561,681
	CURRENT ASSETS		
3.2.	Inventories	12,455	22,071
3.3.	Trade receivables and other receivables	1,086,397	1,157,017
3.4.	Short-term financial assets, money and cash in bank accounts	959,885	1,202,717
	TOTAL CURRENT ASSETS	2,058,737	2,381,805
	TOTAL ASSETS	7,080,544	6,943,486

		Year ending at	
		31 Dec 2019	31 Dec 2018
	EQUITY		
3.6.2.	Registered capital	1,087,503	1,087,503
	Reserve fund	320,000	320,000
3.6.3.	Other funds of the company	4,207,878	4,245,879
	Retained earnings	280,426	390,728
3.6.	TOTAL EQUITY	5,895,807	6,044,110
	LONG-TERM LIABILITIES		
3.7.1.	Deferred tax liability	138,006	125,856
3.8.	Other long-term liabilities	1,450	65,961
	TOTAL LONG-TERM LIABILITIES	139,456	191,817
	SHORT-TERM LIABILITIES		
3.9.	Trade liabilities and other liabilities	1,045,281	707,559
	TOTAL EQUITY AND LIABILITIES	7,080,544	6,943,486

INDIVIDUAL STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE RESULT

for year ending at 31 December 2019 (data in CZK thousands)

		Year ending at	
		31 Dec 2019	31 Dec 2018
4.2.1.	Revenues	3,885,776	4,109,574
4.1.1.	Consumption of material and services	-630,824	-599,625
4.1.2.	Personnel costs	-2,403,492	-2,377,010
3.1.	Depreciation and amortization	-594,865	-576,936
4.2.1.	Other operating revenues	87,350	83,349
4.1.3.	Other operating costs	-260,776	-237,909
	Operating profit and loss	83,169	401,443
4.2.2.	Financial revenues	165,517	14,061
4.1.4.	Financial costs	-7,194	-42,750
	Financial profit and loss	158,323	-28,689
	Profit before tax	241,492	372,754
3.7.	Income tax	-49,497	-73,837
	Profit for the period	191,995	298,917
	Other comprehensive result for the period		
	Total comprehensive result for the period	191,995	298,917

INDIVIDUAL CASH FLOW STATEMENT

for the year ending at 31 December 2019

	Year ending at	
	31 Dec 2019	31 Dec 2018
Cash flow from operating activities		
Income from customers	3,953,475	4,103,223
Payments to suppliers	-789,158	-755,557
Payments to employees and deductions for employees	-2,357,975	-2,390,451
Cash flow generated from operations	806,342	957,215
Income tax paid	-63,690	-97,064
Interests received	7,053	1,479
Net cash resources from operating activities	749,705	861,630
Cash flows from investing activities		
Expenses connected to acquiring fixed assets	-843,775	-1,105,210
Income connected to selling fixed assets	1,238	352
Net cash flows from investing activities	-842,537	-1,104,858
Cash flows from financing activities		
Transfer of cash from the founder's fund to the founder	-150,000	-137,955
Net increase in cash and cash equivalents	-242,832	-381,183
Cash and cash equivalents at the beginning of the period	1,202,717	1,583,900
Cash and cash equivalents at the end of the period	959,885	1,202,717

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

for the year ending at 31 December 2019

	Registered capital	Reserve fund	Founder's fund	Other capital funds, Development fund	Retained earnings	Total
Status at 1 January 2018	1,087,503	320,000	0	4,032,875	517,183	5,957,561
Allocation to the reserve fund						0
Allocation to the founder's fund			175,959		-175,959	0
Use of the fund by the founder			-137,955			-137,955
Allocation to other capital funds				175,000	-175,000	0
Other use of retained earnings					-74,413	-74,413
Profit for the period					298,917	298,917
Status at 31 December 2018	1,087,503	320,000	38,004	4,207,875	390,728	6,044,110
Allocation to the reserve fund						0
Allocation to the founder's fund			111,996		-111,996	0
Use of the fund by the founder			-150,000			-150,000
Allocation to other capital funds						0
Other use of retained earnings					-190,298	-190,298
Profit for the period					191,995	191,995
Status at 31 December 2019	1,087,503	320,000	0	4,207,875	280,429	5,895,807

Annex to the Report on the Company's Performance in 2019 (including the financial statements) compiled according to the International Accounting Standards (IFRS)

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1 GENERAL INFORMATION

1.1 ESTABLISHMENT AND DESCRIPTION OF THE COMPANY

Name of the entity:	Air Navigation Services of the Czech Republic
Legal form:	State Company
Abbreviated name:	ANS CR
Date of establishment:	ANS CR was established on 1 January 1995 under a resolution of the Minister of Transport issued on 28 December 1994, Ref. No. 4283/94-KM. This decision transferred all assets that had been handled by the allowance organization, ANS CR, up until 31 December 1994, including all rights and obligations, to the company. The state company is registered in the Commercial Register of the Municipal Court in Prague, Section A, File 10771
Headquarters:	Navigační 787, 252 61 Jeneč
Identification number:	49710371
Core business:	Air navigation services, including aerodrome services, in the airspace of the Czech Republic and at Prague, Brno, Ostrava and Karlovy Vary airports
Share capital:	1,087,503,000 CZK
Employees:	The average number as of 31 December 2018 was 1,022 employees

1.2 MAIN OWNERS OF THE COMPANY

Air Navigation Services of the Czech Republic is a state-owned company. The position and legal status of the state company are governed by Act No. 77/1997 Coll. A founder of the company is the state. The Ministry of Transport, whose responsibility includes the core business of the company, acts in the name of the founder.

ANS CR prepares the individual financial statements in accordance with the national accounting standards. The consolidated financial statements have been prepared for the whole group by the parent company, ANS CR, in accordance with the national accounting standards. Companies included in the consolidation group are the Czech Aviation Training Centre and Czech Aviation Training Centre India, Pvt. Ltd. Information pursuant to section 39b of Decree No. 500/2002 Coll. will be presented in the consolidated financial statements.

1.3 CHANGES AND AMENDMENTS TO THE COMMERCIAL REGISTER DURING THE LAST REPORTING PERIOD

In 2019, no changes or amendments were entered into the Commercial Register in relation to ANS CZ.

1.4 ORGANIZATIONAL STRUCTURE OF THE COMPANY

The head of the company is the Director General, who is statutory body. There are three supporting departments directly subordinate to the Director General. The company is further organizationally divided into three performance departments each headed by a department director. The departments are divided into specialized divisions, each headed by a division manager, and specialized sections headed by qualified supervisors. As of 31 December 2019, the total number of these organizational units was 18.

The company has no organizational units abroad.

1.5 STATUTORY AND SUPERVISORY BODIES OF THE COMPANY AS OF 31 DECEMBER 2019

Company Management – Statutory Body

Director General:	Jan Klas
First Deputy Director General:	Petr Fajtl
Second Deputy Director General:	Miloslava Mezerová
Third Deputy Director General:	Jana Navrátilová

Supervisory Board	
Chairperson:	Magdalena Faltýsková
Deputy Chairperson:	Zdeněk Jelínek
	Petr Hromek
	Petr Kolomazník
	Stanislav Pleninger
	Milan Vondra

Since 6 January 2020, Mr Milan Vondra and Mr Petr Kolomazník, members of the Supervisory Board elected by the representatives of the company employees, have been replaced by new members of the Supervisory Board – Mr Aleš Kořínek and Mr Vít Soukup.

Pursuant to the provisions of section 44c, paragraph 1c) of an amendment to the Act No. 93/2009 Coll., on Auditors, as amended, ANS CR has the legal obligation to establish an Audit Committee for ANS CR. The amendment took effect on 1 January 2016. The Committee has 3 members, who were appointed by the statutory body of ANS CR on the recommendation of the Supervisory Board dated 28 November 2016.

Audit Committee	
Chairperson:	Ivan Hayek
Deputy Chairperson:	Eva Dekastellová
Member:	Eva Ondřichová

2 REVIEW OF BASIC ACCOUNTING POLICIES

ANS CR compiles this “Annex to Individual Financial Statements for 2019” in accordance with the Regulation (EC) No. 550/2004, Article 12, of 10 March 2004, on provision of air navigation services in the Single European Sky and with regard to the fact that the company accounting is conducted according to the national accounting standards and in accordance with Act No. 563/1991 Coll., on Accounting, as amended. The Annex has been compiled in accordance with the above regulation with the aim to achieve maximum, not full, compliance with the International Financial Reporting Standards (IFRS) regulated by EU legislation.

The financial statements have been prepared under historical cost convention. The principal accounting rules and procedures are set out below. The financial statements have been prepared on the entity continuity principle. The amounts shown in these financial statements are presented in Czech Crowns (CZK), rounded to the nearest thousand.

2.1 INTANGIBLE ASSETS

Intangible assets are recorded at cost less accumulated depreciation. Intangible assets costing less than 60K CZK are recorded as expenses. Intangible assets costing more than 60K CZK and with a usable life longer than one year are depreciated linearly monthly without interruption, while the length of depreciation is based on the estimated useful life. No allowances for intangible assets were created in 2019.

Estimated useful life of intangible assets in years:

Software	4-10 years
Other intangible assets	3-6 years

2.2 LAND, BUILDINGS AND EQUIPMENT

Land is stated at cost and not depreciated. Buildings and equipment are stated at cost less accumulated depreciation. Depreciation is based on the recommendations of "Principles for Establishing the Cost Base for Route Facility Charges and the Calculation of the Unit Rates" document issued by the European Agency for the Safety of Air Navigation, and completed strictly in a uniform, linear manner, taking into account the expected service and economic life of the individual assets. Allowances for tangible fixed assets were not created in 2019.

Estimated lifetime for the land, buildings and equipment in years:

Lands	Not depreciated
Buildings and structures	30 – 50 years
Machinery and equipment	4 – 15 years
of which – electronic and communication equipment	4 – 10 years
of which – energetic and other equipment	7 – 15 years
Masts, towers constructions, lines	20 years
Transport equipment	5 – 20 years
of which – cars	5 years
of which – aircraft	10 – 20 years
Inventory	3 – 10 years
of which – furniture	10 years
of which – office equipment, computer equipment and accessories	3 – 10 years

2.3 INVESTMENT IN SUBSIDIARIES AND GROUP ENTITIES

Stakes in controlled entities and subsidiaries and stakes in accounting entities under substantial influence are valued at acquisition cost. Upon sale or other disposal, they are valued using the weighted arithmetic average method. Allowances are created in the case of a temporary reduction in the value of financial fixed assets. No allowances for financial fixed assets were created in 2019.

2.4 CASH AND CASH IN BANK ACCOUNTS

This reporting group consists of valuables, cash, current accounts in banks and short-term financial deposits. Monetary resources in bank accounts, cash and cash equivalents in foreign currency are revaluated to Czech crowns by exchange rate valid on the balance sheet date.

2.5 INVENTORIES

Purchased inventories constituting materials and spare parts are valued at the cost of acquisition or the net realizable value; whichever is lower. Upon removal, the weighted arithmetic average method is used. Inventories cost includes the cost of acquisition, including related costs.

2.6 RECEIVABLES

Receivables are initially recognized at nominal value and are subsequently reported less any allowance. The value of bad receivables is reduced by allowances created for all receivables as follows:

- 100% for receivables with a due date of 31 December 2018 and older
- 50% for receivables with a due date within the period 1 January 2019 to 30 June 2019

Allowances are recorded separately for receivables owed by entities in bankruptcy proceedings, as well as those owed by individual debtors whose aggregate sum is less than 30K CZK.

2.7 PROVISIONS

In 2019, a provision for untaken vacation of 2019 was created.

2.8 TRADE PAYABLES

Trade payables are reported at their nominal value.

2.9 CONVERSION OF FOREIGN CURRENCIES INTO CZECH CURRENCY

Assets and liabilities denominated in foreign currencies are converted into Czech crowns at the time of the transaction using the daily exchange rate of CNB and are recognized at the end of the balance sheet date using the exchange rate stated by Czech National Bank for 31 December. Exchange gains and losses resulting from settling these transactions and from the valuation of monetary assets and liabilities denominated in foreign currencies at the balance sheet date are presented in the profit and loss statement.

2.10 DERIVATES

During the course of 2019, the company had a disposition of financial derivatives, which were negotiated for hedging currency risks with an expected movement in exchange rates after the relaxation of intervention by the Central Bank. At the balance sheet date, the derivatives are valued at their fair value. The manner for recognizing gains or losses from valuing of derivatives at their fair value depends on whether the derivative is designated as a hedging instrument and on the nature of the item being hedged.

2.11 LEASING – IAS 17

Leasing contracts and their terms are assessed to determine whether the leasing relation shall be recorded as financial or operating leasing. If a leasing contract passes all substantial risks and payments connected with the leasing subject to the lesser, the leasing contract is assessed as financial leasing or else it is operating leasing.

The company uses operating leasing. All leasing payments paid by the company are included in the profit and loss statement as a cost distributed uniformly over the term of the leasing contract.

The company rents some temporarily unexploited assets to other entities. Leasing payments received from lessees are posted to revenues and distributed uniformly over the term of the leasing contract.

2.12 EQUITY

The registered capital of the company is stated as the amount recorded in the Commercial Register of the Municipal Court. Investments exceeding the registered capital are reported as other capital funds, which consist of non-monetary investments in excess of the registered capital. The company creates a statutory reserve fund. In addition, the company creates funds from retained earnings based on internal regulations.

2.13 INCOME TAX

Income tax consists of current tax and deferred tax. Current tax includes the tax calculated from a tax base using tax rate for the current year and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated from temporary differences between the book value of assets and liabilities in the financial statements and their tax base used to calculate taxable income. Deferred tax liabilities are generally acknowledged for all taxable temporary differences. Deferred tax receivables are generally acknowledged for all deductible temporary differences to the extent in which taxable profit, against which the deductible temporary differences can be applied, is expected to be realized.

Deferred tax receivables and liabilities are valued using the tax rate applicable to the period where the receivable will be realized, or the liability paid, based on the tax rates codified or published before the end of accounting period.

2.14 COSTS AND REVENUES RECOGNIZING

Revenues and costs are recognized for the period to which they relate. The costs for providing air navigation services include: costs of the daily operation of air navigation services units, costs of operation and maintenance

of surveillance infrastructure, costs of operation and maintenance of telecommunications equipment, costs of providing aviation information services, costs of training and further education of employees, costs of air meteorological service, administrative costs and costs of membership in the EUROCONTROL agency.

Revenues from providing air navigation services are recognized on the basis of unit prices set according to internationally applied principles. Unit prices are set for a period of one calendar year. Revenues from providing air navigation services are recognized as income on a monthly basis with respect to the volume of services provided. Invoicing for air navigation services for terminal services management is completed by the company. Invoicing for providing air navigation services for en-route management services are completed for the company by the EUROCONTROL agency.

2.15 EMPLOYEE BENEFITS

The company makes regular contributions to the state budget for basic pension insurance. These contributions are derived from the amount of wages paid and entered in the company's costs in the same period as the related salary basis.

Based on the signed collective agreements, the company also contributes to the supplementary pension insurance of pension funds managed by commercial entities. The contributions are defined by the provisions of the collective agreement. Based also on the collective agreements, the company contributes to private life insurance of employees and pays their capital insurance.

2.16 USE OF ESTIMATES

Compilation of the financial statements requires the company management to make estimates and assumptions that affect the reported amounts of assets and liabilities (debts) as of December 31 and the reported amounts of revenues and costs during the reporting period. Company management has made these estimates and assumptions on the basis of all relevant information available. Nevertheless, given the nature of estimates, the actual values may differ from these estimates in the future.

2.17 SUBSIDIES

Subsidies are reported in accordance with IAS 20. State subsidies are reported if there is a reasonable certainty that the requirements for subsidies are to be met and the subsidies are to be received.

State subsidies are included systematically in the profit and loss statement during periods when the related costs to be compensated by the subsidies are posted. With regard to subsidies for a purchase of long-term assets, the valuation of assets is decreased by the amount of the subsidy granted.

Subsidies are provided from the European Commission arising from participation in the implementation of projects related to the development of air navigation services. The main European initiative aimed at the development of air navigation services is the initiative of Single European Sky ATM Research (SESAR).

2.18 SUBSEQUENT EVENTS

The impact of events that occurred between the balance sheet date and December 31 is reflected in the reporting if these events provided additional information about facts that existed at the date of the balance sheet. Where important events occurred between the balance sheet date and December 31

which take into account facts that occurred after the balance sheet date, the effects of these events are described in this Annex to the financial statements but are not recorded in the financial statements.

2.19 CHANGES IN VALUATION, DEPRECIATION AND ACCOUNTING METHODS COMPARED TO THE PREVIOUS ACCOUNTING PERIOD

No changes occurred during fiscal year 2019 in the valuation, depreciation and accounting methods used compared to the previous accounting period.



10. FOLLOW UPDATED INFORMATION FROM RELIABLE SOURCES

- Beginning roughly mid-2020 the rules will be gradually changed within the European legislation harmonization. Visit our „Létejte zodpovědně“ (“Be a Responsible Drone Pilot”) website regularly.

3 SUPPLEMENTARY INFORMATION TO THE FINANCIAL SITUATION

3.1 FIXED ASSETS

3.1.1 Intangible assets (IA)

2019 (CZK thousands)	Software	Other IFA	Total
ACQUISITION COST (AC)			
Balance at 1 January 2019	3,246,057	123,147	3,369,204
Additions	205,430	1,620	207,050
Disposals	6,613	0	6,613
Balance at 31 December 2019	3,444,874	124,767	3,569,641
ACCUMULATED DEPRECIATION			
Balance at 1 January 2019	2,497,939	99,749	2,597,688
Depreciation 2019	265,423	8,756	274,179
Disposals	6,612	0	6,612
Balance at 31 December 2019	2,756,750	108,505	2,865,255
NET BOOK VALUE 2019 (DP)	688,124	16,262	704,386
NET BOOK VALUE 2018 (DP)	748,118	23,398	771,516

Significant items of intangible fixed assets

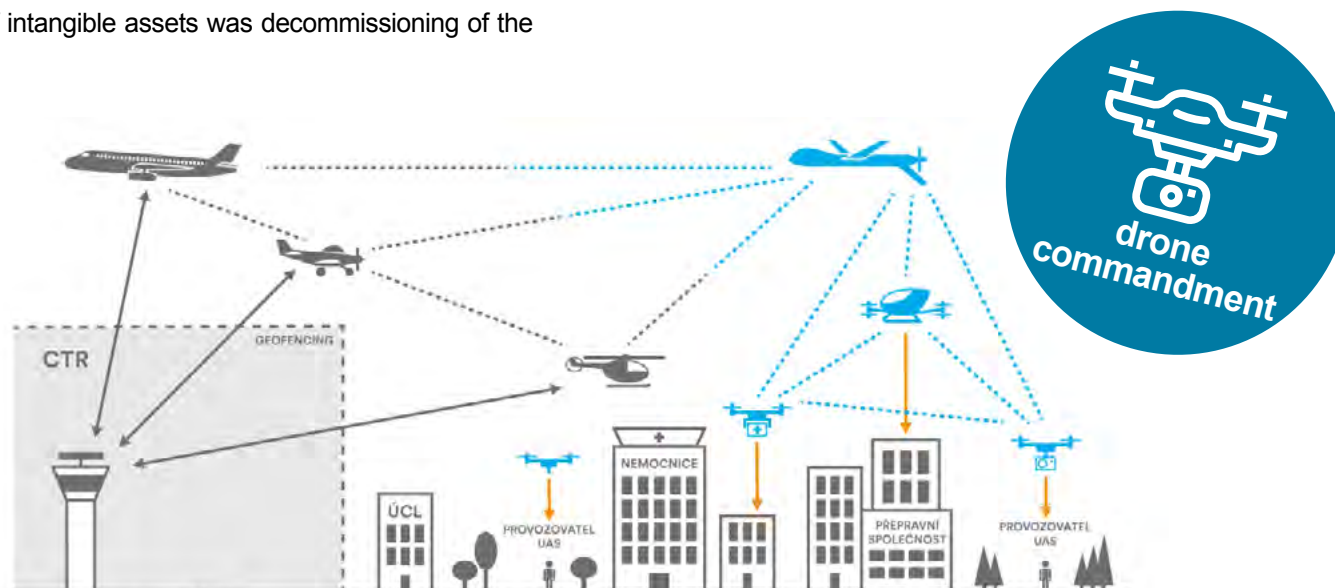
Item	Year of acquisition	AC (CZK thousands)	DP 2019 (CZK thousands)
EUROCAT 2000 PU IATCC system	2007	751,833	50,246
ESUP IATCC system	2007	656,819	171,831
IDP system for IATCC	2007	450,325	79,840
ESUP DTC System	2012	67,099	33,687
IDP DTC System	2011	53,405	22,830

The most important additions and disposals of intangible assets – the most significant additions to intangible assets in 2019 included acquisition of SW ACARS-GW in the amount of 20,662K CZK, SW SIMU TEB in the amount of 13,293K CZK, and the technical evaluation of SW ESUP IATCC in the amount of 64,087K CZK, and SW EUROCAT 2000 in the amount of 26,875K CZK. The most significant disposal of intangible assets was decommissioning of the outdated SW CMOS version.

Depreciation of intangible fixed assets – the depreciation of intangible fixed assets charged to costs in 2019 amounted to 274,179K CZK, and in 2018 to 263,650K CZK.

Allowances for intangible fixed assets – no allowances were created for IFA.

Unfinished IFA and prepayments for IFA – the total volume of unfinished IFA registered in the company at 31 December 2019 amounted to 1,102,450K CZK, and in 2018 the volume of unfinished IFA was 930,598K CZK. The increase is represented by acquisition of the Top Sky system in the amount of 599,751K CZK, release of SW IDP – WALDO in the amount of 199,969K CZK, and release of SW ESUP in the amount of 164,203K CZK.



Wishing you a lot of successful take-offs and landings and fly your drone responsibly. (www.letejtezodpovedne.cz).

3.1.2 Land, buildings and equipment (tangible assets)

2019 (CZK thousands)	Lands and buildings	Machinery and equipment	Means of transport	Inventory	Other TFA	Total
ACQUISITION COST (AC)						
Balance at 1 January 2019	2,796,527	3,261,628	223,008	192,228	169,457	6,642,848
Additions	29,867	311,691	195,816	3,444	6,869	547,687
Disposals	3,545	87,927	5,274	2,987	6,846	106,579
Balance at 31 December 2019	2,822,849	3,485,392	413,550	192,685	169,480	7,083,956
ACCUMULATED DEPRECIATION						
Balance at 1 January 2019	1,309,546	2,669,333	144,470	189,396	140,018	4,452,763
DP of disposed TFA 2019, disposal	0	190	0	28	87	305
DP of disposed TFA 2019, sale	634	24	0	0	0	658
Depreciation 2019	75,094	213,097	29,441	2,455	10,227	330,314
Movements of assets	3,046	87,927	5,274	2,987	6,848	106,082
Balance at 31 December 2019	1,382,228	2,794,717	168,637	188,892	143,484	4,677,958
ALLOWANCE 2019	0	0	5,157	0	0	5,157
ALLOWANCE 2018	0	0	0	0	0	0
DEPRECIATED PRICE (DP) 2019	1,440,621	720,451	239,756	3,793	25,996	2,430,617
DEPRECIATED PRICE (DP) 2018	1,486,981	607,384	78,538	2,832	29,439	2,205,174

Significant items of tangible assets

Item	Year of acquisition	AC (CZK thousands)	DP 2019 (CZK thousands)
IATCC Jeneč building	2005	924,394	527,068
Technical unit building at Prague airport	1992	525,137	294,327
Calibration aircraft B300 OK-ANS	2019	193,470	185,409
Calibration aircraft Cessna 560XL	2011	152,492	40,893
Aviation School (CANI) building	1983	148,632	78,633
Service building with a control tower at Ostrava airport	2016	114,216	104,435
Service building with a control tower at Brno airport	1949	98,123	43,152
MSSR RSM 970S radar	1997	92,729	0
B300 calibration aircraft measuring equipment	2019	72,765	69,733

The most important additions of fixed assets – in 2019 the most important addition to fixed assets was purchase of the B300 OK-ANS aircraft in the amount of 193,470 thousand CZK and the measuring equipment for the aircraft in the amount of 72,765 thousand CZK.

The most significant disposals of fixed assets included decommissioning of outdated UPC auxiliary sources which were replaced by new ones, and decommissioning of buildings due to demolition and new build construction on the premises of Mošnov airport.

Depreciation of tangible fixed assets charged to costs – the depreciation of TFA charged to costs in 2019 amounted to 315,627K CZK and in 2018 to 313,282K CZK.

Total amount of small tangible assets not included in the balance sheet – the total amount of tangible assets not included in the balance sheet as of 31 December 2019 is 77,368K CZK; as of 31 December 2018 it amounted to 75,471K CZK.

Allowances for tangible fixed assets – were created based on stocktaking as of 31 December 2019 in the amount of the difference between the book and use asset value in the sum of 5,157K CZK for the L410 UPV-E calibration aircraft.

Unfinished TFA – the total volume of unfinished TFA registered in the company at 31 December 2019 amounted to 503,570K CZK, in 2018 to 373,609K CZK. The increase is represented by purchase of the B300 OK-ANS aircraft including the measuring equipment (in the amount of 257,106K CZK), reconstruction of the VUJE building in the amount of 80,075K CZK, of Mošnov airport in the amount of 48,216K CZK, and reconstruction of Jeneč No. 284 in the amount of 44,222K CZK.

3.1.2.1 Specified assets of the company

In accordance with the provisions of Act No. 77/1997 Coll., on State Enterprise, special asset items are recorded in the bookkeeping – specified assets.

These are assets that are indispensable to the entity in terms of carrying out the activities for which the entity (company) was established. These assets are registered in the Commercial Register. The company may handle specified assets only with the approval of the founder. During the course of 2019, the following change in the range of the specified assets was made, i.e. decommissioning of the L-410 UVP-E calibration aircraft upon decision by the Ministry of Transport of the CR, Ref. No. 33/2019-410-PRIV/1.

The following specified assets are therefore on the books of the company as of 31 December 2019:

NAME OF SPECIFIED ASSETS	Inventory number	Acquisition price
IATCC Prague building	2016743	924,394
Operations building of the technical block at Prague airport	51062	525,137
Operations building with control tower at Ostrava airport	2021876	114,216
Operations building with control tower at Brno airport	52012	98,123
Operations building at Prague South locality	51150	61,028
Operations building with control tower at Karlovy Vary airport	54004	47,701
Operations building at Buchtův kopec locality	52011	40,170
Land under the building of the technical block at Prague airport	2563	1,349
Land under the operations building with TWR at Ostrava airport	648	337
Land under the operations building with TWR at Karlovy Vary airport	3882	261
Land under the operations building with TWR at Brno airport	2258	122
Land under the IATCC Jeneč building	569	45
Land under the operations building Prague South	34890	2
Land under the operations building Buchtův kopec	130	2
TOTAL ACQUISITION PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2019 (CZK thousands)		1,812,885
TOTAL DEPRECIATED PRICE OF SPECIFIED ASSETS AT 31 DECEMBER 2019 (CZK thousands)		1,029,353

3.1.3 Investments in subsidiaries and entities in the group

With regard to the liberalization of the market in the provision of air navigation services, ANS CR has further expanded, as one of its strategies, its commercial activities, particularly in the provision of consulting services in the ATM field and in the provision of air navigation services abroad. In line with this strategy, i.e., the expansion of commercial activities, the acquisition of Czech Aviation Training Centre (CATC), located at K letišti 934, 161 00 Prague 6, was carried out on 1 October 2012. The purchase price for a 100% stake in CATC Centre was 280 million CZK, based on an assessment of the sale compiled by an independent expert appointed by the court. ANS CR has therefore considerably expanded its range of services due to its many years of experience with training courses in aviation. Acquiring CATC has given the company the opportunity to provide comprehensive training and education for all licensed personnel in civil aviation.

The equity of CATC reached 314,943K CZK as of 31 December 2019. The company's net earnings for the accounting period of 2019 amounted to 201K CZK. As of 31 December 2019, receivables due CATC amounted to 228K CZK. Payables owed by CATC as of 31 December 2019 amounted to 328K CZK.

Based on a notarial deed dated 17 October 2014, the company FABCE, Aviation Services, Ltd., based in Zgornji Brnik 130N, SI-4210 Brnik, Slovenia, was established. The shareholders in the company are the providers of air navigation services in the Czech Republic, Slovakia, Austria, Hungary, Slovenia and Croatia, which are associated in the Central European Functional Airspace "FAB CE". The goal of this company is to coordinate the actions of the stakeholders in order to meet the objectives of the EU in the context of the "Single European Sky – SES" policy. ANS CR has a 1/6th stake in this service company (6K EUR).

3.2 INVENTORY

INVENTORY (CZK thousands)	at 31 December 2019	at 31 December 2018
Inventory	12,455	22,071

The main volume of inventory consists of spare parts for aviation safety technology.

3.3 TRADE RECEIVABLES AND OTHER RECEIVABLES

RECEIVABLES (CZK thousands)	at 31 December 2019	at 31 December 2018
Trade receivables	604,845	630,746
Tax receivables	69,012	68,297
Prepayments and other receivables	443,307	484,121
TOTAL RECEIVABLES		
Gross receivables	1,117,164	1,183,164
Accumulated depreciation	-30,767	-26,147
Net receivables	1,086,397	1,157,017

Trade receivables consist of receivables from users of air navigation services, accounting for 87%, and from other customers accounting for 13%.

In 2019, the company recorded tax receivables for the state in the amount of 104,807K CZK. This amount corresponds to prepayments made for income tax in the amount of 63,470K CZK, which, in accordance with accounting principles, was compensated with a reserve created for corporate tax in the amount of 35,795 K CZK, in addition to surplus VAT deductions in the amount

of 40,647K CZK, and tax deductions abroad in the amount of 690K CZK. The company records no receivables for social security and health insurance.

The total volume of prepayments and other receivables amount to 443,307K CZK. These especially include receivables from grants to SESAR projects in the amount of 146,257K CZK. The amount of the receivable corresponds to the company's claims from participating in the projects SESAR H 2020 and SESAR Deployment while maintaining the given budget for individual projects. In 2019, the amount of these claims was reduced by part which, according to the current course of grant's projects, will not be claimed. The amount of the receivables is reduced by the partial payments received for the projects. A receivable amounting to 21,292K CZK is an important item corresponding to the fair value of positive derivatives valuation as of 31 December 2019. An allowance in the amount of 7,020K CZK has been created for other receivables.

Part of other receivables is also created by a transaction with subsidiary entity for repurchase and retroactive lease of the L410 air simulator. This transaction is recorded in accordance with IAS 17 accounting standards. Value of the transaction amounted to 246,911K CZK. Retroactive lease will run for period of 15 years in uniform payments applying interest rate of 3.35%.

3.4 SHORT-TERM FINANCIAL ASSETS, MONEY AND CASH IN BANK ACCOUNTS

SHORT-TERM FINANCIAL ASSETS, MONEY AND CASH IN BANK ACCOUNTS (CZK thousands)	At 31 December 2019	At 31 December 2018
Money	1,963	2,124
Bank accounts	957,922	1,200,593
TOTAL MONEY AND CASH	959,885	1,202,717

At 31 December 2019, the company had contracts concluded for hedging derivatives for the EUR/CZK currency pair. They are based on the company's strategy prepared for hedging risks associated with foreign exchange movements connected to the termination of the intervention scheme of the Czech National Bank.

The company did not conduct any hedge accounting in 2019. Profits and losses realized from the revaluation of derivatives to fair value were recorded in the profit or loss for the current period. The positive or negative real values of derivatives are reported as of 31 December 2019 in other receivables or other liabilities.

The following table indicates the nominal values and positive or negative values of open hedging derivatives as of 31 December 2019:

DERIVATIVES (CZK thousands)	2019		2018	
	Fair value		Fair value	
	positive	negative	positive	negative
Forwards	6,615	-1,858	16,167	-36,592
Option structures	14,677	-118	30,448	-41,422

3.6 EQUITY

3.6.1 Changes in equity

A summary of changes in equity is reported in a separate statement.

3.6.2 Registered capital

There were no changes in registered capital amount during 2019.

3.6.3 Equity items

Reserve fund of the company is made up of allocations from disposable profit. This fund can only be used to cover losses.

Other company funds – the company creates a development fund, with allocations to this fund provided by disposable profit. This fund is used to finance key projects of the company's infrastructure. Other funds include the assets of the calibration fleet delimited from the Civil Aviation Authority (CAA) to ANS CR based on a decision of the Ministry of Transport in 2011. These delimited assets totalling 214,933K CZK were posted to equity in account 413400 – other capital funds/transfer of assets from other state organization. Based on a decision of the founder (the Ministry of Transport) in accordance with Act No. 77/1997 Coll., on State Enterprise, a founder's fund was established.

Earnings for the current accounting period (profit after tax) are allocated to the company funds after approval of the financial statements by the founder.

3.7 INCOME TAX

INCOME TAX (CZK thousands)	At 31 December 2019	At 31 December 2018
Due tax	36,689	67,141
Deferred tax	12,808	6,696
TOTAL TAX COSTS	36,689	67,141

3.7.1 Deferred tax liability

The deferred tax liability is based on temporary differences between tax and book values of assets and liabilities. The deferred tax liability for 2019 was calculated using the 2019 income tax rate of 19%.

DEFERRED TAX - DIFFERENCES FROM (CZK thousands)	At 31 December 2019	At 31 December 2018
Depreciated price of fixed assets (tax DP – accounting DP)	-702,605	-661,225
Allowances for fixed assets	5,157	
Allowances for receivables	11,428	5,935
Allowances for inventory	7,372	442
Receivables resulting from contractual fines	-6,908	-100
Accounting provisions	10,521	8,078
Leasing	-58,451	-15,532
Liabilities	7,134	
Basis for deferred tax receivable/debt	-726,352	-662,402
Tax rate	19%	19%
Net deferred tax	-138,007	-125,856

3.8 OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of purely accounting of revaluation of contracted derivatives by fair value.

3.9 LIABILITIES

LIABILITIES (CZK thousands)	At 31 December 2019	At 31 December 2018
Trade liabilities	367,903	118,145
Liabilities to employees	339,170	202,755
Liabilities to the state	115,194	97,912
of which		
- income tax from employment	52,184	47,345
- other taxes	10	0
- social and health insurance	63,000	50,567
Received advances	6,508	1,509
Subsidies	134,642	161,391
Other liabilities	81,864	125,847
TOTAL LIABILITIES	1,045,281	707,559

Trade liabilities consist of supplier invoices not paid before maturity.

Liabilities to employees – consist of salary for the period of December 2019, which was paid in January 2020. In addition, pursuant to Act No. 77/1997 Coll., the company creates a profit-based fund for cultural and social needs, which is as per IFRS reported as liability to employees. The company proceeds in a similar manner for a bonus fund, fund for other social spending and provisions for unused vacation.

State-liabilities – this item includes the prescribed payment of income tax from employment per employee for the pay period of December 2019. It also contains the prescribed payment of social security and health insurance per

employee for the pay period of December 2019 and the levies for road tax and property transfer tax.

Other liabilities – this item includes the payment of supplementary pension and private life insurance for employees in December 2019. It also includes the status of account 389 (estimated payables - supplies not invoiced for). Fair value of liabilities connected to derivatives holding amounted to 1,976K CZK.

Subsidies – this item indicates the volume of unused subsidies related to the realization of the SESAR projects totalling 134,642K CZK.

4 ADDITIONAL INFORMATION TO THE PROFIT AND LOSS STATEMENT AND OTHER COMPREHENSIVE RESULT

4.1 COSTS

4.1.1 Costs of material, energy and services

COSTS OF MATERIAL, ENERGY AND SERVICES (CZK thousands)	At 31 December 2019	At 31 December 2018
Material consumption	33,466	31,467
Energy consumption	47,718	41,815
Consumption of other non-storable items	894	738
Repairs and maintenance	79,942	76,098
Travel costs	26,469	32,251
SW support systems	99,383	96,053
Telecommunications fees and data networks	46,757	45,230
Aviation meteorology	75,026	74,074
Other services	221,169	201,899
TOTAL COSTS OF MATERIAL, ENERGY AND SERVICES	630,824	599,625

Services cost item includes, among others, the costs incurred for services provided by the auditing company. From the second half of 2015, BDO Audit provides audit services to the company. Costs of auditing services in 2019 reached 534K CZK; in 2018 it was 636K CZK.

4.1.2 Personal costs

PERSONAL COSTS (CZK thousands)	At 31 December 2019	At 31 December 2018
Payroll costs	1,851,129	1,849,359
Statutory social insurance	476,522	453,075
Statutory insurance costs	74,685	73,293
Other social costs	1,156	1,283
TOTAL PERSONAL COSTS	2,403,492	2,377,010

4.1.3 Other operating costs

OTHER OPERATING COSTS (CZK thousands)	At 31 December 2019	At 31 December 2018
Taxes and fees	3,336	2,985
Allowances	19,148	-1,724
Contributions to the budget of EUROCONTROL	157,184	145,569
Liability and property insurance	19,073	18,483
Costs for the state supervisory authority	43,548	45,225
Other	18,487	27,371
TOTAL OTHER OPERATING COSTS	260,776	237,909

4.1.4 Financial costs

FINANCIAL COSTS (CZK thousands)	At 31 December 2019	At 31 December 2018
Sold securities and shares	0	0
Exchange rate losses	7,194	0
Derivatives	0	42,750
Other financial costs	0	0
TOTAL FINANCIAL COSTS	7,194	42,750

4.2 REVENUES

4.2.1 Operating revenues

OPERATING REVENUES (CZK thousands)	At 31 December 2019	At 31 December 2018
Air navigation services	3,651,972	3,922,077
of which – en-route services	2,995,870	3,261,309
– terminal services	652,325	657,842
– training flights	3,777	2,926
Other revenues for sales of goods and services	233,804	187,497
Total results	3,885,776	4,109,574
Other operating revenues	87,350	83,349
of which – sales of assets	1,813	1,141
– compensation costs for exempted flights	51,268	52,209
– other operating revenues	34,269	29,999
TOTAL OPERATING REVENUES	3,973,126	4,192,923

The year-on-year slump in operating revenues in 2019 was primarily due to the substantial regulation (re-routing) of air traffic over the CR territory caused by capacity limits of neighbouring FIRs. The year-on-year volume of en-route air traffic expressed in service units (SU) thus dropped by 3.5 %. Other operating revenues stay volume-wise on the level of the previous period. Other operating costs account proportional part of subsidies provided in frame of SESAR projects solution amounting to 7,024K CZK.

4.2.2 Financial revenues

FINANCIAL REVENUES (CZK thousands)	At 31 December 2019	At 31 December 2018
Income from interest	13,185	9,327
Exchange rate gains	0	4,311
Derivatives	133,711	0
Financial investment revenues	17,405	0
Other financial revenues	1,216	423
TOTAL FINANCIAL REVENUES	165,517	14,061

5 EMPLOYEES, MANAGEMENT AND STATUTORY BODIES

The average number of employees and company management members and personnel costs for the financial year 2019 and 2018 are as follows:

(CZK thousands)	Employees		Company management		Total	
	2019	2018	2019	2018	2019	2018
Number (FTE)	1,004	974	18 + 7	19 + 7	1,022 + 7	993 + 7
Wage costs	1,759,920	1,756,764	91,209	92,595	1,851,129	1,849,359
Social security and health insurance premiums	459,763	436,846	16,759	16,229	476,522	453,075
Other personnel expenses	71,004	69,459	4,837	5,117	75,841	74,576
TOTAL PERSONNEL EXPENSES	2,290,687	2,263,069	112,805	113,941	2,403,492	2,377,010

The term company management means the Director General of the company, division directors, section deputies and supervisors of separate centres. Capital insurance, contribution to pension and life insurance were paid for members of management in accordance with the collective agreement. Members of management were also granted the use of company vehicles for private purposes.

The Supervisory Board of the company has six members, four are appointed by the founder, and two are elected from among the employees. Members of the Supervisory Board receive compensation for discharging their positions. The Audit Committee has three members. The Audit Committee members receive compensation for discharging their positions.

6 INFORMATION ON AFFILIATED COMPANIES

Air Navigation Services of the Czech Republic (hereinafter the “company”) is a state enterprise. The founder of the company is the Czech Republic – Ministry of Transport, náměstí Ludvíka Svobody 1222/12, 110 15 Prague 1. In addition to companies with equity participation, affiliated companies are those with equity participation of the Czech Republic through state authorities (ministries). All transactions between the company and affiliated companies were conducted under normal market conditions.

An affiliated company is the subsidiary Czech Aviation Training Centre (hereinafter “CATC”), of which the company has a 100% stake.

The volume of business costs from transactions with affiliated companies in 2019 amounted to 148,623K CZK. These are transactions where the volume is greater than 1M CZK for one supplier in 2019. The suppliers – affiliated companies – according to this definition are the Czech Hydro-Meteorological Institute, Czech Civil Aviation Authority, Prague Airport, Czech Aeroholding, FABCE, CATC, Institute of Aviation Medicine and Czech Telecommunications Authority. The total volume of payables of the company (only those due) to the affiliated companies stated here was 6,390K CZK as of 31 December 2019.

The volume of company revenues from transactions with affiliated companies in 2019 amounted to 82,586K CZK. These were transactions where the volume is greater than 1M CZK for one customer in 2019. The customers – affiliated companies – according to this definition are the Ministry of Transport, the Ministry of Defence, CATC, Czech Hydro-Meteorological Institute and Czech Civil Aviation Authority. The total volume of receivables for the company from the affiliated companies stated here was 15,650K CZK at 31 December 2019.

In 2019, ANS CR obtained full compensation from the state budget for costs incurred by the company in connection with the provision of services for flights exempted from charges in the aggregate amount of 51,268K CZK. This compensation is provided to ANS providers in accordance with European Commission Regulation No. 1794/2006 of 6 December 2006 as amended, laying down a common charging scheme for air navigation services on the basis of CR Government Resolution No. 1404 of 2 November 2005.

7 THE ASSUMED CONTINUATION OF THE COMPANY

ANS CR is a stable, reliable and predictable part of civil aviation in the Czech Republic, actively supporting its further dynamic development, while at the same time being a self-assured element of European integration and liberalization processes in the ATM environment. Being part of this framework will further increase its overall value and competitiveness. The Single European Sky, referred to as SES, is an important initiative of the European Commission in the field of air transport. The main goal of SES is to improve safety standards for air operations, ensuring the sustainable development of the air transport system and improvements in the overall performance of air traffic management and air navigation services for general air traffic in Europe, and to meet the requirements of all airspace users.

The year 2019 was at the same time the last year of the successful implementation of the performance plan drawn up in accordance with the policies of SES for the second reference period, i. e., for period of 2015-2019. The performance plan sets out the parameters of the sustainable development of the company for the purpose of providing cost effective air navigation services, while maintaining the financial stability of the company. The objectives set out for the company in the performance plan in the fifth

year of the second reference period were met. The financial situation is stable. The company has long been able to settle all its obligations related to ensuring its activities and all its obligations to the state budget. The financial statements prepared as of 31 December 2019 have therefore been compiled with the assumption of the company continuing to operate for an unlimited period of time.

8 SUBSIDIES

ANS CR is involved in development programmes in the ATM sector. One such programme is the SESAR Deployment Programme, where selected projects are co-funded by the European Union in the form of grant-aided projects through the Innovation and Networks Executive Agency (INEA). These grant-aided projects are focused on implementing new technologies in air navigation services, so a substantial part of them is co-funded with investment.

In addition, the company participates in eight SESAR H 2020 programmes, from which subsidies are granted to cover the company's operating costs expended in connection with the aim of the subsidy.

(EUR thousands)	Total expected amount of subsidy to be drawn by ANS CR
Subsidy from SESAR H 2020 programmes	374
Subsidy from SESAR 2020 programmes	657
Subsidy from SEAR Deployment programmes	7,532

The balance of receivables in respect of these subsidies is specified in clause 4.4.4 of this annex, the balances of related liabilities in clause 4.9.2. The amount of revenue entered into the books in connection with the subsidies is specified in clause 9 of the annex. During 2019, the charged amount of subsidy was amended by part, which will not be, according to current evaluation of course of subsidy projects, probably claimed. In 2020, another four grant contracts have been signed within the SEAR H 2020 programmes.

9 EVENTS THAT HAVE OCCURED AFTER THE BALANCE SHEET DATE

On 12 March 2020 the World Health Organization (WHO) declared the COVID-19 virus pandemic. The subsequent measures adopted by governments of individual countries including the government of the Czech Republic and the reaction of the public will have far reaching economic consequences in the following months. The ANS CR management anticipate substantial impact even on the economic performance of the company itself. The company management are analysing the situation and taking necessary steps to maintain the financial stability of the company. Even in this situation, ANS CR as a part of the national critical infrastructure will continue to secure provision of air navigation services and will carry on with its activities.

10 RISK MANAGEMENT

Credit risks – as of 31 December 2019, the company was not exposed to any significant credit risks. Financial assets consist primarily of cash deposits at banks and receivables. Cash deposits are made at reputable banking institutions. Risks associated with trade receivables are limited due to the

large number of air navigation services customers. The risks associated with receivables are further reduced by the effective recovery system used by the European Agency for the Safety of Air Navigation (EUROCONTROL) which ensures more than 99% repayment of receivables.

Currency risks – the company is protected against significant fluctuations in the exchange rate on the date of billing services thanks to the mechanism of the monthly conversion of the reference unit price of air navigation services by the current exchange rate. The sensitivity of the company's exposure to currency (exchange rate) risks is reduced through this mechanism.

In addition, the company has contracts concluded for derivatives for hedging the EUR/CZK exchange rate. The largest part of the derivatives is based on the company's strategy for hedging prepared in relation to hedging risks associated with foreign exchange rate movements connected to the termination of the intervention scheme of the Czech National Bank. Information on their valuation at the balance sheet date is included in clause 3.5.

11 LIABILITIES NOT STATED IN THE BOOKS

Litigations – no litigation was brought against the company as of 31 December 2019 that could have a significant impact on the financial statements.

Environmental liabilities – all standards related to environmental protection are complied with and no proceedings are being taken against the company relating to environmental protection that could have a significant impact on the consolidated financial statements.

Bank guarantees – during 2019, the company provided bank guarantees to foreign customers in connection with the commercial activities of the Aviation School (CANI) and the calibration fleet. An overview of the bank guarantees is as follows:

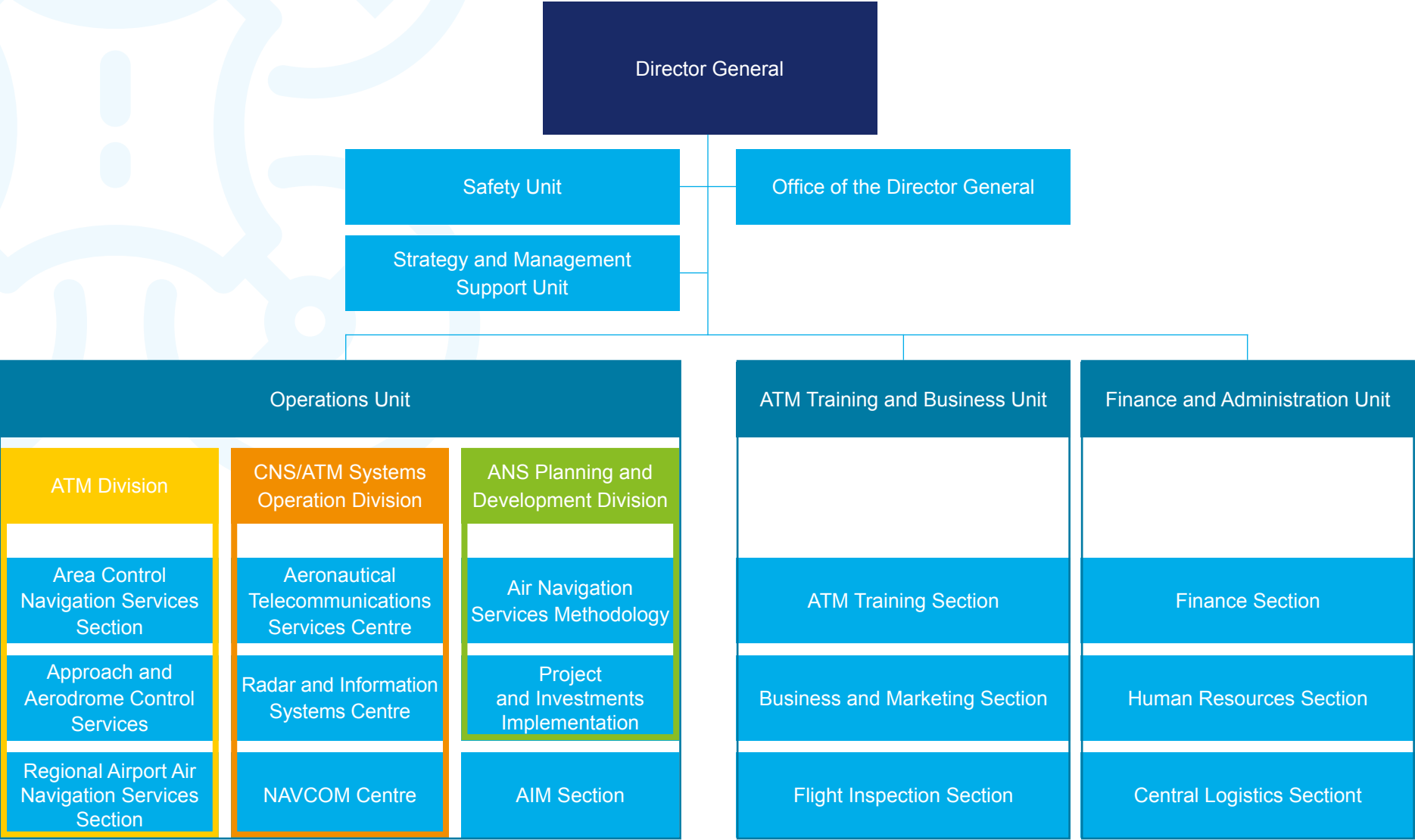
BANK GUARANTEES FOR	Guarantee valid	Amount and currency
Agencija za pružanje usluga u zračnoj plovidbi Bosne i Hercegovine, Bosnia and Herzegovina	28 Apr 2017 – 28 Apr 2020	759,489 EUR
Sakaeronavigatsia Ltd., Georgia	17 Apr 2018 – 31 Jan 2019	5,804 EUR
Tanzania Civil Aviation Authority	25 May 2018 – 31 May 2019	9,480 USD
Civil Aviation Regulatory Commission, Jordan	15 Nov 2018 – 15 Mar 2019	34,431 USD
Tanzania Civil Aviation Authority	21 Dec 2018 – 6 May 2019	17,112 USD
Tanzania Civil Aviation Authority	1 Feb 2019 – 30 Nov 2021	68,400 USD
Air Navigation Services Agency of Kosovo	13 Feb 2019 – 11 Mar 2020	4,109 EUR
Sakaeronavigatsia Ltd., Georgia	15 Apr 2019 – 31 Jan 2020	5,841 EUR

12 CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method and is published in a separate statement. Considered as cash resources are cash, including valuables, and cash equivalents in accounts, including overdrafts. Company assets do not include any cash equivalents.



ORGANIZATIONAL CHART OF ANS CR (as of 1 January 2019)





List of Abbreviations

ACC Area Control Centre	ECAC European Civil Aviation Conference
ACFT Aircraft	EDDM Munich Airport (IATA)
AFTN Aeronautical Fixed Telecommunication Network	EoSM Effectiveness of Safety Management
AIC Aeronautical Information Circular	ESUP EUROCAT Support
AIP Aeronautical Information Publication	EUROCONTROL European Organisation for the Safety of Air Navigation)
AMAN Arrival Management/Arrival Manager	FIR Flight Information Region
ANS Air Navigation Services	FL Flight Level
ANSP Air Navigation Service Provider	FRA Free Route Airspace
APP Approach Control	FRAPRA Free Route Airspace in FIR Prague
ARO Air Traffic Services Reporting Office	FRMS Fatigue Risk Management System
ATC Air Traffic Control	FTO Flight Training Organisation
ATCA Air Traffic Control Association	FUA Flexible Use of Airspace
ATCO Air Traffic Control Officer	GA General Aviation
ATFM Air Traffic Flow Management	HMI Human-Machine Interface
ATIS Automatic Terminal Information Service	IATA International Air Transport Association
ATM Air Traffic Management	IATCC Integrated Air Traffic Control Centre Prague
ATMS Air Traffic Management Systems	IBS Integrated Briefing System
ATPL (A) Airline Transport Pilot Licence (Airplanes)	ICAO International Civil Aviation Organization
ATS Air Traffic Services	IDP Information Display Processor
BUKOP Radome at Buchtuv kopec	IFR Instrument Flight Rules
CANSO Civil Air Navigation Services Organisation	ILS Instrument Landing System
CFL Cleared Flight Level	INEA Innovation & Networks Executive Agency
CISM Critical Incident Stress Management	IPT IP Telephone Exchange
CMOS Central Monitoring and Control System	IR Instrument Rating
CNS Communications/Navigation/Surveillance	ISO International Standards Organization
COM Communications	ISQMS Integrated Safety and Quality Management System
CRCO Central Route Charges Office (Eurocontrol)	JAA Joint Aviation Authorities
CTA Control Area	JAR Joint Aviation Requirements
CTR Control Zone	KOPI Radom in Písek
CZATCA Czech Air Traffic Control Association	L Rules and Regulations in the Czech Language
DAIW Danger Area Infringement Warning	AIS Aeronautical Information Service
DCT route Direct Route	LKAA Flight Information Region (FIR) of the Czech Republic
DME Distance Measuring Equipment	LKAA ALL all sectors of Czech airspace
DPS Data Processing Systems	LKAA L lower sector of Czech airspace
E2000 EUROCAT 2000 – ATM System	LKAA M/H/T medium/high/top sector of Czech airspace
EATMP European Air Traffic Management Programme	LKKV Karlovy Vary Airport
EC European Commission	LKMT Ostrava Airport

LKPR Václav Havel Prague Airport
LKTB Brno Airport
MSAW Minimum Safety Altitude Warning
MSSR Monopulse Secondary Surveillance Radar
MTOW Maximum Take-Off Weight
NAV Navigation/Navigator
NAVCOM Navigation/Communication
NDB Nondirectional Radio Beacon
NEASCOG NATO – EUROCONTROL ATM Security Coordinating Group
NM Network Manager
NOTAM Notice to Airmen
OJT On-the-job Training
OJTI On-the-job Training Instructor
OPMET Operational Meteorological Information
PRE-OJT Pre-On-the-job Training
RAT Risk Analysis Rate
RCC Rescue Coordination Centre
RCOM Radiocommunication
RGA Regional Airports
RIS Radar and Information Systems
RMCDE Radar Message Conversion and Distribution Equipment
RSR En-route Surveillance Radar
RVSM Reduced Vertical Separation Minimum
RWY Runway
SAT Site Acceptance Test
SC Senior Controller
SDM SESAR Deployment Manager
SES Single European Sky
SESAR Single European Sky ATM Research
SID Standard Departure Chart-Instrument
SIMU Simulator
SJU SESAR Joint Undertaking
SMC Surface Movement Control
SSR Secondary Surveillance Radar
STAR Standard Arrival
SU Service Unit

TAR Terminal Area Surveillance Radar
TMA Terminal Control Area
TWR Aerodrome Control Tower
UAC Upper Area Control Centre
UHF Ultra High Frequency
UIR Upper Flight Information Region
UPS Uninterruptible Power Supplies
VCS Voice Communication System
VFR Visual Flight Rules
VHF Very High Frequency
VOR VHF Omnidirectional Radio Range
WS Watch Supervisor
Incident Event in air operation other than an air accident
Instructor Air traffic controller responsible for proposal and requirements for new ATS systems and procedures. Checks their practical application. Prepares training documentation for ATS personnel.



Contacts

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Tax ID number

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Website:

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