



LETIŠTĚ PRAHA, A. S.

2020

ANNUAL REPORT



Foreword by the Chairman of the Board of Directors

Ladies and Gentlemen,

Letiště Praha, a. s., has experienced a year of the greatest aviation industry crisis. The cause of the unprecedented global air transport decline was, indeed, the Covid-19 pandemic. However, looking back at the past year in retrospect and considering all circumstances, we still managed to cruise through 2020 graciously. From the beginning, we saw the crisis as an opportunity. We took advantage of the limited traffic and accelerated some projects of necessary reconstruction and modernisation of the airport infrastructure. We have intensified our digitalization efforts and focused on strengthening the customer experience. Our priority remained the safety of passengers and employees, to which we added the dimension of health protection and were rewarded with an international ACI Airport Health Accreditation certificate.

Lastly, but by no means least, we focused on the area of sustainable development, which will be crucial for our future direction. We want to join the forthcoming environmental commitment of the European aviation sector. Its goal is to reduce CO₂ emissions by 45% by 2030 and reach carbon neutrality by 2050. We will achieve this together with other air transport entities, for example, by supporting the development of environmentally friendly aircraft and engines, changing operational procedures and using green fuels. On an individual front, we have drafted a sustainable development strategy, which will include not only the environmental area, but also social and corporate governance initiatives.

Václav Havel Airport Prague remained open throughout the pandemic as part of the country's critical infrastructure. In spring, it was thus able to handle flights with medical supplies and repatriation flights, aboard which thousands of Czechs returned home from abroad. At the same time, austerity measures were applied. Thanks to these, the responsible approach in previous years and accumulated financial reserves, we financed airport operations from our own resources for nine months and applied for a loan at the very end of the year.

In the summer, we witnessed a partial traffic recovery. Some routes were gradually resumed, with up to 87 destinations serviced. Nevertheless, the airport was far from its full capacity use. Therefore, we decided to open some of its premises to the public. We launched the Runway park project with an educational and entertaining weekend programme run directly on the airfield.

In the autumn of 2020, the second wave of the pandemic hit the airport. Regardless, a number of routes remained operational with some routes even experiencing capacity increases. This was proof for us that Czechs want to travel and that the demand for flying is high, despite the epidemiological situation. In this respect, we are convinced that a final return aboard aircraft could be relatively quick.

The year 2020 was not easy. Thanks are owed primarily to airport employees for the year being overcome. Now, we are turning to 2021 together, hoping for a gradual return of regular operations.

Václav Řehoř
Chairman of the Board of Directors
Letiště Praha, a. s.

1. Company Profile

Mission of the Company

The main mission of Letiště Praha, a. s. (hereinafter also referred to as “Prague Airport” or “the Company”) is to operate the international civil airport, Václav Havel Airport Prague, promote its further growth, contribute to the constant development of civil air transport in the Czech Republic, maintain its accessibility to the general public and facilitate modern, fast and comfortable travel for customers.

Prague Airport organises and manages operations at Václav Havel Airport Prague, international civil aviation airport, allocates airport capacity to individual air carriers and provides additional services connected with airport operations, such as handling of passengers and their baggage, parking and catering. Prague Airport also leases airport space for commercial use. The Company is constantly expanding, developing and modernising its services.

Prague Airport co-operates closely with the Ministry of Transport of the Czech Republic, the Civil Aviation Authority, the Air Navigation Services of the Czech Republic, air carriers, public authorities within and outside the aviation sector, and other users of the airport. It also enjoys close cooperation with the City of Prague and municipalities in the vicinity of the airport. Václav Havel Airport Prague is home base to three carriers, namely České aerolinie (hereinafter referred to as “Czech Airlines”), Smartwings and Ryanair.

Prague Airport manages security at Václav Havel Airport Prague in co-operation with other security forces, such as the Police of the Czech Republic. It also has its own specialised fire-fighting unit. Medical service is provided 24/7 by a contracted partner.

Prague Airport is aware of its corporate social responsibility with regard to the impact of its operations on the environment and its surrounding areas.

Legal Status of the Company

Letiště Praha, a. s., was incorporated by registration in the Commercial Register administered by the Municipal Court in Prague, Section B, Insert 14003, on 6 February 2008.

The Prague Airport Group associates companies active in areas linked to the operations of Václav Havel Airport Prague and related ground services.

The Company is the sole shareholder of B. aircraft, a.s. (hereinafter referred to as “B. aircraft”), Czech Airlines Handling, a.s. (hereinafter referred to as “Czech Airlines Handling”) and Czech Airlines Technics, a.s. (hereinafter referred to as “Czech Airlines Technics”).

The Company has neither a branch nor another part of its business enterprise abroad.

Prague Airport is currently not pursuing any significant research and development activities.

The Company did not acquire its own shares in 2020.

2. Company Management and Governance

General Data

Corporate Name: Letiště Praha, a. s.

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 14003

Company Reg. No.: 28244532

Company Tax No.: CZ699003361
Date of Incorporation: 6 February 2008
Registered Office: K letišti 1019/6, 161 00 Praha 6, the Czech Republic

Shareholder

The Ministry of Finance, Registration No.: 000 06 947, as a central government body that represents the Czech Republic while exercising its ownership rights, is the sole shareholder of the Company.

Administrative Bodies

The General Meeting is the supreme body of the Company. It appoints and dismisses members of the Board of Directors and the Supervisory Board with the exception of two Supervisory Board members that are elected by the employees of the Company. The General Meeting also appoints and dismisses members of the Audit Committee.

The Board of Directors is the Statutory Body of the Company. It manages the Company's affairs and acts on behalf of the Company. As at 31 December 2020, there were four members of the Board of Directors.

The Supervisory Board is the controlling body of the Company. It supervises the scope of performance of the Board of Directors and the Company's business activities. There were six members of the Supervisory Board as at 31 December 2020.

The Audit Committee is an independent body of the Company established pursuant to the Act on Auditors and the Articles of Association of the Company. There were three members of the Audit Committee as at 31 December 2020.

Contact

Letiště Praha, a. s.
K letišti 1019/6
161 00 Praha 6
The Czech Republic

Telephone: +420 220 111 888

Data Box: ayqexy5

Internet: www.prg.aero

Board of Directors of the Company

As at 31 December 2020, the Company was managed by the Board of Directors which had four members.

Chairman of the Board of Directors

Václav Řehoř

Vice-Chairman of the Board of Directors

Jiří Kraus

Member of the Board of Directors

Jiří Černík

Member of the Board of Directors

Jakub Puchalský

Changes to the Board of Directors

Milan Špaček – membership terminated on 30 June 2020

Jakub Puchalský – membership commenced on 1 July 2020

Supervisory Board of the Company

As at 31 December 2020, the Supervisory Board had six members.

Chairman of the Supervisory Board

Jan Švejnar

Vice-Chairman of the Supervisory Board

Ondřej Landa

Member of the Supervisory Board elected by employees

Jiří Hošek

Member of the Supervisory Board

Stanislav Kouba

Member of the Supervisory Board elected by employees

Kamil Pomahač

Member of the Supervisory Board

Petr Šobotník

There were no changes to the Supervisory Board in 2020.

Audit Committee

Chairman of the Audit Committee

Petr Šobotník

Vice-Chairperson of the Audit Committee

Andrea Lukášíková

Member of the Audit Committee

Ivo Středa

There were no changes to the Audit Committee in 2020.

3. Human Resources

As at 31 December 2020, Prague Airport employed a total of 2,380 employees.

In terms of the average number of employees in full-time equivalent units, the Company had 2,661 employees in 2020.

The Company's conduct is in compliance with labour laws and directives in effect and the Collective Agreement concluded for the relevant period.

4. Selected 2020 Events and 2021 Outlook

2020 Main Events

January

- In 2019, Václav Havel Airport Prague handles a total of 17,804,900 passengers, representing a 10.9% year-on-year increase compared to 2018.
- SCAT Airlines announces its plan to increase the number of frequencies on its route between Prague and Nur-Sultan (formerly Astana) during the 2020 summer season.
- Bamboo Airways shares its plan to launch a Prague – Hanoi route.

- On 10 January 2020, the Praha restaurant ceases operation for four months due to scheduled reconstruction.

February

- AirSerbia airlines increases the number of flights to the capital of Serbia. The carrier will service the Belgrade route up to ten times a week effective June 2020.
- Prague Airport launches operations of its Cyber Security Operational Centre (CSOC), designed to investigate cyberattacks and security incidents.
- Prague Airport receives the *Zlatá pecka (Golden Hit)* award for its billboard campaign to support tourism in Prague and the Central Bohemian region run on New York subway trains and in the centre of Manhattan at the turn of 2018 and 2019, with the 'See It Live' website as a part of the campaign.
- Working with Mall.tv, a unique project of a live camera feed is launched, showing high-resolution images of the 06/24 main runway action.
- SkyUp Airlines launches ticket sales on its new direct connection between Prague and Zaporizhia in south-west Ukraine.
- Prague Airport launches a new ON AIR online programme, broadcasting interviews with interesting personalities.

March

- Prague Airport receives the 2019 Airport Service Quality Award, defending the position of the best European airport in the category of 15 - 25 million annually handled passengers in terms of customer satisfaction.
- Václav Havel Airport Prague offers passengers the option of Self-service Bag Drop. Using modern technology, the system allows passengers to self-check-in their baggage.
- Effective 12 March 2020, the Government of the Czech Republic declares a state of emergency across the Czech Republic to last 30 days. Due to the immediate threat to public order and interior security of the Czech Republic associated with the spread of the Covid-19 disease caused by the new SARS-CoV-2 coronavirus, protection is temporarily reintroduced at Czech interior borders, including air borders. These measures significantly reduce air traffic over the Czech Republic and the provision of services at Václav Havel Airport Prague.
- Following the declaration of the state of emergency by the Government of the Czech Republic, the Board of Directors approves the implementation of procedures pursuant to the Crisis Preparedness Plan, which Prague Airport had drafted to facilitate crisis management.
- Employees are gradually transferred under the partial unemployment regime and stay at home, in line with the controlled downturn of operations. Employees able to work remotely are subject to mandatory home-office.
- Starting March 2020, post the declaration of the state of emergency by the Government of the Czech Republic, Prague Airport Supervisory Board is regularly informed at its meetings of the current development of the crisis and the measures taken by the Board of Directors.
- Effective 16 March 2020, the Government of the Czech Republic extends the ban on entering the Czech Republic to all foreigners. At the same time, Czech citizens are banned from travelling abroad. All foreigners, with the exception of those with temporary or permanent residence permits, are prohibited from entering the territory of the Czech Republic, while our citizens are unable to leave the Czech Republic.
- A number of repatriation flights from various destinations land at Václav Havel Airport Prague under the co-operation with the Ministry of Foreign Affairs with several air carriers. Alongside Bamboo Airways, Czech citizens also return home aboard the Smartwings Group aircraft. Special flights with medical supplies on board also head to Prague.

April

- The unfavourable situation in the field of aviation due to the Covid-19 disease has an adverse effect on Prague Airport.

- Václav Havel Airport Prague remains open for all arrivals and departures. A total of 44 special flights with medical supply cargo land at the airport in a month. Up to 1,200 tons of medical aid thus reaches the Czech Republic.
- Prague Airport launches a volunteering project for full-time employees under the partial unemployment regime. For a volunteer day, employees are paid 100% of their regular salary.

May

- Based on the proposal of the Board of Directors, the Supervisory Board approves a set of 2020 measures responding to the unprecedented decline in air traffic in the form of the 2020 Recovery Plan. The plan and the implementation of the set measures is to be reviewed by the Supervisory Board every month.
- Operations on two routes from Václav Havel Airport Prague are resumed, namely the KLM regular flights to Amsterdam and the air connection to Düsseldorf operated by Eurowings.
- For the first time in seventy years, a unique parachute jump lands on a grassy area of Václav Havel Airport Prague. Under regular airport operation, it would not be possible to hold a similar event, performed this time in cooperation with the Civil Aviation Authority and the Air Navigation Services of the Czech Republic.
- Czech Airlines resumes certain regular flights to Václav Havel Airport Prague. At this point, these comprise Paris, Amsterdam and Frankfurt on Main routes.
- Swiss International Air Lines resumes its regular connection between Prague and Zurich effective Friday, 5 June 2020.
- Certain businesses resume their operations at Václav Havel Airport Prague (airport lounges, the Aerorooms hotel, a refreshment shop).
- Brussels Airlines is to resume its regular connection between Prague and Brussels effective 14 June 2020. Flights to be available up to four times a week.
- Air Serbia plans to re-launch its route to Belgrade in Serbia on 15 June 2020.
- Smartwings announces its plan to resume operations on its Split, Croatia, route with up to three times a week frequency effective 10 June 2020.

June

- On 25 June 2020, the Sole Shareholder in exercise of the powers of the General Meeting of the Company, decided to increase the share capital by the amount of CZK 24,519,336, 000 to the amount of 27,031,564,000 CZK. The share capital was increased from the Company's own resources in accordance with the Article 495 et seq. of the Commercial Corporations Act.
- The low-cost airline, Wizz Air, announces the launch of a new direct route from Prague to Tirana, Albania. The carrier will operate flights to the capital of Albania twice weekly, on Mondays and Fridays, effective 3 July 2020.
- Air Malta is to resume its direct flights from Prague to the Mediterranean island of Malta. The carrier will service the route twice per week, on Tuesdays and Saturdays, starting 4 July 2020.
- Ryanair announces resumed operations. Effective 1 July 2020, the carrier offers over 20 regular connections to/from Prague under its 2020 summer schedule.
- The low-cost airline, Wizz Air, announces the launch of a new direct route from Prague to Varna. The carrier will operate flights to Bulgaria twice weekly effective 17 July 2020.
- Certain businesses resume their operations at Václav Havel Airport Prague (airport lounges, refreshment shops).

July

- The Runway Park kick-off weekend takes place at Václav Havel Airport Prague with the programme mainly comprising a presentation of our airport units, i.e. falconers and K-9 handlers alongside demonstrations of airport equipment and vehicle fleet. Visitors are also able to learn details on the operation and maintenance of airfield and aircraft.
- Aegean Airlines resumes flights from Prague to Athens with a twice-weekly frequency initially, followed by a planned frequency increase in August 2020.

- Prague Airport offers the public a number of experiences in the airport environment. Those interested can become a firefighter for a day, hold a wedding or organise a birthday party directly at the airport. They can also explore the airport behind the scenes on several airport tour routes or visit the Runway Park on the former Runway 22.
- A series of 2020 Runway Run races takes place on the runway of Václav Havel Airport Prague.
- Alitalia plans to resume its flights between Prague and Rome effective 1 September 2020.
- Korean Air is to resume its operations on the Prague – Seoul route effective 21 August 2020.
- Effective July 2020, there is a personnel change to the Prague Airport Board of Directors, to which Mr. Jakub Puchalský is elected. His main task for the foreseeable future is to launch negotiations with Prague Airport business partners aimed at approving adjustments to the lease relations between the parties due to the effects of the Covid-19 pandemic. He is also to supervise the Aviation Business, Communications, Marketing and Customer Experience departments.

August

- Effective 1 August 2020, TAP Air Portugal resumes its direct connection between Prague and Lisbon.
- Smartwings is to resume charter flights to Djerba, Monastir and Enfidha on Saturday, 15 August 2020. The carrier will service flights from Prague for travel agencies up to 12 times a week.
- The airport commemorates the 75th anniversary of the arrival of Czechoslovak RAF pilots in Prague after World War II.
- On Friday, 21 August 2020, Korean Air resumes operations on its Prague – Seoul route, making it the third resumed long-haul route from Václav Havel Airport Prague.
- Effective 28 March 2021, Blue Air is to launch flights from Prague to Bucharest in Romania.
- Transavia Airlines announces its plan to resume direct flights to Eindhoven in the Netherlands effective 31 August 2020, followed by the re-launch of its Paris/Orly connection in October 2020.

September

- The main phase of the Terminal 1 baggage sorting facility project is completed. The check-in of all non-Schengen flights is performed in the Terminal 1 departure hall as normal.
- Working with the National Technical Museum and in co-operation with the Aviation Association of Bohemia, Prague Airport organises a panel exhibition of photographs on the occasion of the 75th anniversary of the return home of Czechoslovak pilots serving in the British Royal Air Force.
- A new Relax Zone is opened at Václav Havel Airport Prague, located on the first floor of the non-public part of Terminal 1, right next to the recently renovated Runway Restaurant.
- Ukraine International Airlines plans to re-launch operations on its route to the capital of Ukraine, Kyiv, with a three-times-weekly frequency effective October 2020.

October

- Václav Havel Airport Prague tours are discontinued based on a government decree on a limited number of people at events.
- Prague Airport wins second place in the 2020 Sodexo Employer competition in the Prague region in the category of businesses with under 5,000 employees.

November

- LOT Polish Airlines announces the launch of its new direct route between Prague and Ostrava effective 11 November 2020.
- Due to the change to the winter flight schedule and as a result of less air traffic, the number of entry points to the arrival and departure halls at Terminals 1 and 2 is reduced from the beginning of November 2020 to 31 March 2021.
- Václav Havel Airport Prague joins the celebrations of the Day of the Struggle for Freedom and Democracy. The airport arrival hall lights up in the colours of the Czech tricolour.

- The Chairman of the Board of Directors of Prague Airport, Václav Řehoř, is elected a member of the European Council of Directors of Airports Council International (ACI Europe), an international association of airports.
- Prague Airport receives the ACI Airport Health Accreditation certificate for detailed readiness and diligence in the area of protective measures against the spread of the Covid-19 virus.

December

- In line with government measures, Václav Havel Airport Prague opens airport lounges and the AeroRooms hotel to the public effective 3 December 2020.
- The Runway restaurant is also re-opened to the public in accordance with current regulations applied by the Czech government.
- Air Cairo re-increases the number of frequencies on its regular route between Prague and Hurgada to a three-weekly service.
- flydubai air carrier is to resume its regular connection to Dubai with a twice-weekly frequency effective 23 December 2020.
- The Prague City Council approves an amendment to the Zoning Plan, which will enable the construction of a parallel runway as an important part of the airport's long-term development plans.
- The co-operation between Prague Airport and the Railway Infrastructure Administration on the modernisation of the Prague - Kladno line continues. Contracts are concluded to enable the joint preparation and coordination of individual projects for the construction of rail connections on the territory of our airport with regard to the specifics of the infrastructure.

2021 Subsequent Events Prior to the Annual Report Signing Date

January

- Prague Airport initiates negotiations with the representatives of the Ministry of Health regarding the provision of a vaccine against the Covid-19 disease for employees of the Prague Airport Group as a part of critical state infrastructure.

February

- The Ministry of Finance of the Czech Republic approves the 2021 Prague Airport Business and Financial Plan and the 2021 and 2022 Investment Plans.

March

- The Ministry of Finance of the Czech Republic approves a change of the Articles of Association of the Company, which in particular incorporates an amendment to the Commercial Corporations Act.
- With regard to the further extension of the state of emergency in the Czech Republic and announcement of tightening measures related to another wave of the Covid-19 pandemic in the Czech Republic, further negative impacts on the air transport sector can be expected. Therefore, the Company carefully monitors the current development of the air transport and the forecasts of relevant international organizations and associations. If necessary, the Company's management is ready to take further measures.
- The Company closely monitors the further development and operation of Smartwings, a.s., which had been placed in a pre-insolvency moratorium until 26 March 2021, and of Czech Airlines in the context of declared insolvency. Both companies continue operating their flights according to the flight schedule. According to a press release issued by Smartwings, a.s., financing of the company has been secured and Smartwings, a.s. can thus continue its restructuring process.

No additional subsequent events, other than those aforementioned and the events mentioned in the Financial Statements, occurred which could have affected the Annual Report in a substantial manner.

More detailed information about the Company's performance and economic position is provided in the appendices to this Annual Report, in particular in the financial statements and its appendices that make up an integral part the Annual Report.

2021 Outlook

Economic Situation

The macroeconomic assumptions of the 2021 Financial Plan are based on a document published by the Ministry of Finance of the Czech Republic – 49th Colloquium – a review of forecasts of the Czech Republic macroeconomic development trends (2020–2023) – average review results. The Financial Plan takes into account the effects of the 2020 Covid-19 pandemic on the development of the main revenues and costs in the 2021 income statement.

The main Financial Plan assumptions follow the strategic goals of the Company, especially to ensure:

- Safety and security and investments in safety and security technology
- Repairs and investments in taxiways and aprons
- Reduced number of employees to the amount necessary to ensure safe and secure operation and maintain sufficient competencies and qualifications for the operation of the airport

2021 Main Objectives

- Maintaining financial stability
- Facilitating aviation and non-aviation business resumption
- Promoting digitalization across the entire company
- Incorporating Customer Experience into airport operations
- Sustaining long-term development

2021 Key Investment Projects

- TWY R relocation and extension, including a new apron South (second stage)
- Extension of WWTP and WWTP South (finalisation)
- Baggage sorting facility reconstruction (finalisation)
- Replacement of RWY 06/24 standby power supply
- RWY 12/30 repair
- Repair of heating plant chimneys
- Development projects (preparatory phases)
- Airport equipment, technology and facilities
- Security
- IT infrastructure and applications

5. Disclosure of Information Pursuant to Act No. 106/1999 Coll., on Free Access to Information

In the period from 1 January 2020 to 31 December 2020, Letiště Praha, a. s., received forty (40) submissions identified as requests for information under Act. No. 106/1999 Coll., on Free Access to Information, as amended (hereinafter referred to as the „Act on Free Access to Information“).

The number of issued Decisions on the requests for information: 34

The number of issued Decisions declining the request: 11

The number of issued Decisions deferring the petition: 2

The number of appeals lodged against the Decision declining the request: 2

The number of complaints regarding the process of handling the request for information: 1

In the reporting period, Letiště Praha, a. s., did not receive any reimbursement of cost associated with the provision of information pursuant to the Act on Free Access to Information.

Letiště Praha, a. s., is in one legal dispute with GO parking s. r. o., concerning the provision of information under the Act on Free Access to Information.

During the defined period, Letiště Praha, a. s., did not provide any information subject to copyright protection under a license or sub-license agreement pursuant to provisions of Section 14a of the Act on Free Access to Information.

6. Responsibility for the Annual Report

The Board of Directors hereby declares that the information included in the 2020 Annual Report corresponds to the real situation and gives a true and fair view of the Company's financial situation, business activities and results of its operations for the previous accounting period and that no fundamental circumstances were omitted that might affect the precise and correct assessment of the performance, activities and economic position of Letiště Praha, a. s.

In Prague on 31 March 2021



Václav Řehoř
Chairman of the Board of Directors
Letiště Praha, a. s.



Jiří Černík
Member of the Board of Directors
Letiště Praha, a. s.

7. Appendices

- Report of the Board of Directors of the Company on Relations
- Report of the Supervisory Board of the Company
- Report of the Audit Committee of the Company
- Financial Statements for the Year Ended on 31 December 2020
 - Balance Sheet as at 31 December 2020
 - Profit and Loss Statement for the Year 2020
 - Statement on Changes in Equity for the Year 2020
 - Cash-Flow Statement for the Year 2020
 - Notes to the Financial Statements for the Year Ended on 31 December 2020
- Independent Auditor's Report to the Shareholder of the Company

Report on Relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and other Entities Controlled by the Same Controlling Entity

Drafted by Letiště Praha, a. s., Board of Directors pursuant to Section 82, Chapter 1 of Act No. 90/2012 Coll., as amended, on Business Corporations and Cooperatives (the Business Corporations Act) for the reference period from 1 January 2020 to 31 December 2020.

SECTION I CONTROLLING ENTITY, CONTROLLED ENTITY AND OTHER ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY

1. Controlled Entity

Letiště Praha, a. s.

With its registered seat at: K letišti 1019/6, Ruzyně, 161 00 Prague 6,
Company Identification Number: 282 44 532,
Registered in the Commercial Register administered by the Municipal Court in Prague, Section B,
Entry 14003.

(Hereinafter referred to as “**the Controlled Entity**”).

The Controlled Entity is a business corporation primarily focusing on operating the international civil airport, Václav Havel Airport Prague. Its scope of business is outlined in detail in the company’s Articles of Association.

2. Controlling Entity

The Ministry of Finance

With its registered seat at: Letenská 525/15, Malá Strana, 118 00 Prague 1,
Identification Number: 000 06 947,

(Hereinafter referred to as “**the Controlling Entity**”).

The Controlling Entity is a central government authority, established by the Act No. 2/1969, Coll., as amended, on the Establishment of Ministries and Other Central Government Authorities of the Czech Republic (hereinafter referred to as “the Competence Act”).

3. Role of the Controlled Entity

Letiště Praha, a. s., is an integral part of the Letiště Praha Group, also comprised of Czech Airlines Handling, a.s., providing ground handling of passengers, including their baggage, cargo and post and handling of aviation fuel (aircraft refueling), Czech Airlines Technics, a.s., performing aircraft hangar maintenance and B. aircraft, a.s., focusing primarily on leasing of aircrafts to air carries. In addition to the operation of Václav Havel Airport Prague the Controlled Entity also carries out coordination, financial and strategic management, implementation of synergies and provision of shared services within the Letiště Praha Group.

4. Other Entities Controlled by the Same Controlling Entity

(Hereinafter referred to as “**the Related Entities**”)

1. ČEPRO, a.s.

With its registered seat at: Dělnická 213/12, Holešovice, Post Code: 170 00 Prague 7,
Company Identification Number: 601 93 531,
Registered in the Commercial Register administered by the Municipal Court in Prague, Section B,
Entry 2341.

The company focuses primarily on production and processing of fuel and lubricants, fuel distribution and hazardous waste handling. Its scope of business is outlined in detail in company’s Articles of Association.

2. Česká exportní banka, a.s.

With its registered seat at: Prague 1, Vodičkova 34 č.p. 701, Post Code: 11121,
Company Identification Number: 630 78 333,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 3042.

The company focuses primarily on activities pursuant to section 1, Chapter 1 and 3 of Act No. 21/1992, Coll., as amended, on Banks and on provision of investment services pursuant to Act. No. 256/2004, Coll., as amended, on Capital Market Business. Its scope of business is outlined in detail in company's Articles of Association.

3. ČEZ, a. s.

With its registered seat at: Prague 4, Duhová 2/1444, Post Code: 140 53,
Company Identification Number: 452 74 649,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1581.

The company focuses primarily on electricity production, electricity and gas trade, production and distribution of thermal energy, installation, repairs and maintenance of reserved electrical equipment, production of low voltage switchgear and production and import of chemicals and chemical products. Its scope of business is outlined in detail in company's Articles of Association.

4. Exportní garanční a pojišťovací společnost, a.s.

With its registered seat at: Prague 1, Vodičkova 34/701, Post Code: 11121,
Company Identification Number: 452 79 314,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1619.

The company focuses primarily on insurance activities pursuant to the Insurance Act within the scope of non-life insurance. Its scope of business is outlined in detail in company's Articles of Association.

5. GALILEO REAL, k.s. v likvidaci

With its registered seat at: Thámova 181/20, Post Code: 186 00 Prague 8,
Company Identification Number: 261 75 291,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section A, Entry 42738.

The company focuses primarily on real estate agency work, trade brokering, factoring and forfaiting. Its scope of business is outlined in detail in company's Articles of Association.

6. HOLDING KLADNO a.s. "v likvidaci"

With its registered seat at: Cyrila Boudy 1444, Kladno – Kročehlavy, Post Code: 272 01,
Company Identification Number: 451 44 419,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1335.

The company focuses primarily on production and trade of crude steel, fine section steel, medium carbon steel, raw steel – wide and drawn, tubes, welded steel pipes (except precisely welded), metal forming rollers. Its scope of business is outlined in detail in company's Articles of Association.

7. IMOB a.s. v likvidaci

With its registered seat at: Thámova 181/20, Karlín, Post Code: 186 00 Prague 8,
Company Identification Number: 601 97 901,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 2651.

The company focuses primarily on real estate agency work, leasing and renting real estate and business, financial, organisational and economic consultancy. Its scope of business is outlined in detail in company's Articles of Association. The company is the general partner of the GALILEO REAL, k.s. related entity.

8. Kongresové centrum Praha, a.s.

With its registered seat at: 5. května 1640/65, Nusle, Post Code: 140 00 Prague 4,
Company Identification Number: 630 80 249,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 3275.

The company focuses primarily on organizing congresses, symposia, trade-fairs, exhibitions and other social gatherings as well as hospitality services. Its scope of business is outlined in detail in company's Articles of Association.

9. MERO ČR, a.s.

With its registered seat at: Kralupy nad Vltavou, Veltruská 748, Post Code: 27801,

Company Identification Number: 601 93 468,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 2334.

The company focuses primarily on production, installation and repairs of electrical appliances and machinery, constructions, modifications and rectification of modifications of buildings and construction design. Its scope of business is outlined in detail in company's Articles of Association.

10. MUFIS a.s.

With its registered seat at: Prague 1, Jeruzalémská 964/4, Post Code: 11000,

Company Identification Number: 601 96 696,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 2517.

The company focuses primarily on trade and service brokerage and advisory and consultancy activities. Its scope of business is outlined in detail in company's Articles of Association.

11. PRISKO a.s.

With its registered seat at: Thámová 181/20, Karlín, Post Code: 186 00 Prague 8,

Company Identification Number: 463 55 901,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 1729.

The company focuses primarily on management and settlement of assets and liabilities related to privatised property. Its scope of business is outlined in detail in company's Articles of Association.

12. Severočeské mlékárny, a.s. Teplice

With its registered seat at: Teplice 41503, Libušina 2154,

Company Identification Number: 482 91 749,

Registered in the Commercial Register administered by the Regional Court in Ústí nad Labem, Section B, Entry 438.

The company focuses primarily on production of dairy products. Its scope of business is outlined in detail in company Articles of Association.

13. THERMAL-F, a.s.

With its registered seat at: Karlovy Vary, I.P.Pavlova 2001/11, Post Code: 36001,

Company Identification Number: 254 01 726,

Registered in the Commercial Register administered by the Regional Court in Plzeň, Section B, Entry 813.

The company focuses primarily on hospitality services, healthcare services, tanning salon operations, massages, reconditioning and regeneration services. Its scope of business is outlined in detail in company's Articles of Association.

14. Výzkumný a zkušební letecký ústav, a.s.

With its registered seat at: Prague - Letňany, Beranových 130, Post Code: 19905,

Company Identification Number: 000 10 669,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 446.

The company focuses primarily on research and development in natural, technical and social sciences. Its scope of business is outlined in detail in company's Articles of Association.

5. Other Entities Controlled by the Controlled Entity

1. Czech Airlines Handling, a.s.

With its registered seat at: Prague 6, Aviatická 1017/2, Post Code: 16008,

Company Identification Number: 256 74 285,

Registered in the Commercial Register administered by the Municipal Court in Prague Section B, Entry 17139.

The company provides handling services at Václav Havel Airport Prague, including technical and operational dispatch of aircraft on aprons, handling of passengers including their baggage, cargo and post. Its scope of business is outlined in detail in company's Articles of Association. The Controlled

Entity owns 100% shares of the company.

2. Czech Airlines Technics, a.s.

With its registered seat at: Prague 6 - Ruzyně, Jana Kašpara 1069/1, Post Code: 16008,

Company Identification Number: 271 45 573,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 9307.

The company focuses primarily on aircraft repair and maintenance, modifications and construction changes to aircraft, aircraft engines, propellers, aircraft parts and devices and aviation ground facilities. Its scope of business is outlined in detail in company's Articles of Association. The Controlled Entity owns 100% shares of the company.

3. B. aircraft, a.s.

With its registered seat at: Prague 6 - Ruzyně, Jana Kašpara 1069/1, Post Code: 161 00,

Company Identification Number: 242 53 006,

Registered in the Commercial Register administered by the Municipal Court in Prague, Section B, Entry 18408.

The company focuses primarily on providing operating leasing of aircrafts. Its scope of business is outlined in detail in company's Articles of Association. The Controlled Entity owns 100% shares of the company.

6. Other Entities Controlled by the Related Entities

IMOB a.s.

- ▶ **SLOVIM s.r.o. v likvidaci**, with its registered seat at: Anglická 140/20, Vinohrady, 120 00 Prague 2, Company Identification Number: 082 07 763, the Related Entity owns business share in the amount of 100%.

MERO ČR, a.s.

- ▶ **MERO Germany AG**, with its registered seat at: MERO - Weg 1, 850 88 Vohburg an der Donau, SRN, Company Identification Number: 152122768, the Related Entity owns 100% shares of the company.

PRISKO a.s.

- ▶ **OKD, a.s.**, with its registered seat at: Stonavská 2179, Doly, 735 06 Karviná, Company Identification Number: 059 79 277, the Related Entity owns 100% shares of the company.

Výzkumný a zkušební letecký ústav, a.s.

- ▶ **VZLU TECHNOLOGIES, a.s.**, with its registered seat at: Beranových 130, 199 00 Prague, Letňany, Company Identification Number: 291 46 241, the Related Entity owns 100% shares of the company.
- ▶ **VZLU TEST, a.s.**, with its registered seat at: Beranových 130, 199 00 Prague, Letňany, Company Identification Number: 045 21 820, the Related Entity owns 100% shares of the company.
- ▶ **SERENUM, a.s.**, with its registered seat at: Beranových 130, 199 00 Prague, Letňany, Company Identification Number: 014 38 875, the Related Entity owns 100% shares of the company.

Entities controlled by ČEZ, a. s.

- ▶ Due to high number of business corporations directly or indirectly controlled by ČEZ, a.s., the Controlled Entity refers to the ČEZ, a. s. website.

SECTION II RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND THE RELATED ENTITIES

1. Structure of Relations

- ▶ The Controlling Entity owns the following business share in the Related Entities:

Related Entity	Share	Note
ČEPRO, a.s.	100,00 %	
Česká exportní banka, a.s.	84,00 %	
ČEZ, a.s.	69,78 %	
Exportní garanční a pojišťovací společnost, a.s.	100,00 %	
GALILEO REAL, k.s. v likvidaci	100,00 %	
HOLDING KLADNO a.s., "v likvidaci"	96,85 %	
IMOB a.s. v likvidaci	100,00 %	
Kongresové centrum Praha, a.s.	54,35 %	
MERO ČR, a.s.	100,00 %	
MUFIS a.s.	49,00 %	
PRISKO a.s.	100,00 %	
Severočeské mlékárny, a.s. Teplice	40,78 %	
THERMAL-F, a.s.	100,00 %	
Výzkumný a zkušební letecký ústav, a.s.	100,00 %	

2. Methods and Means of Control

The Controlling Entity owns 100% shares of the Controlled Entity. Control is thus executed primarily through voting rights of the Controlling Entity as the sole shareholder in the capacity of General Meeting of the Controlled Entity. In this way, the Controlling Entity is able to ensure appointments and removals of its representatives and other parties to/from company statutory bodies and is thus able to influence business activities of the Controlled Entity.

During the reference period, the Controlling Entity had two representatives in the Supervisory Board of the Controlled Entity. Concurrently, beyond statutory wording, Statutes of the Controlled Entity entrust the issues listed under Article 12, Chapter 1, Letters dd) - ii) of company Statutes, related primarily to the annual financial plan approvals, two-year investment plan, debts, provision and acceptance of loans, credits and signature of agreements outside the general business scope, to the authority of the sole shareholder in the capacity of General Meeting. Except as disclosed above, the Controlling Entity used no other methods and means of control.

For the avoidance of doubt, it is stated that the Controlling Entity has no means by which it could exercise decisive influence in other entities controlled by the Controlled Entity, i.e. in the subsidiary corporations, to control it within the meaning of Section 74 (1) of the Business Corporations Act. At the same time, the Controlled Entity states that neither the Controlling Entity, nor any of its representatives, is a member of any of those subsidiary corporation's bodies nor has it been during the reference period.

SECTION III. REFERENCE PERIOD

The report covers the last accounting period, i.e. the accounting period from 1 January 2020 to 31 December 2020.

SECTION IV OVERVIEW OF ACTIONS TAKEN IN THE REFERENCE PERIOD, WHICH WERE TAKEN AT THE INITIATIVE OR IN THE INTEREST OF THE CONTROLLING ENTITY OR THE RELATED ENTITIES, WHERE SUCH ACTIONS CONCERNED ASSETS EXCEEDING 10% OF THE CONTROLLED ENTITY'S EQUITY AS DETERMINED FROM THE FINANCIAL STATEMENTS FOR THE PERIOD IMMEDIATELY PRECEDING THE ACCOUNTING PERIOD FOR WHICH THIS REPORT ON RELATIONS IS BEING PROCESSED

On 25 June 2020, the Controlling Entity decided within the scope of the general meeting of the Controlled Entity to increase the share capital of the Controlled Entity by the amount of CZK 24,519,336 thousand. to the amount of CZK 27,031,564 thousand. The share capital was increased from the Controlled Entity's own resources in accordance with Section 495 et seq. of the Business Corporations Act.

Excluding the above-mentioned increase of the share capital of the Controlled Entity, no other legal actions nor other measures were taken by the Controlled Entity in the reference period at the initiative or in the interest of the Controlling Entity or the Related Entities concerning assets exceeding 10% of the Controlled Entity's equity as determined from the financial statements for the period immediately preceding the accounting period immediately preceding the accounting period for which this report on relations is being processed (as at 31 December 2019 10% of the Controlled Entity's equity capital was CZK 3,464,337 thousand). The Controlled Entity was also not prevented from taking actions or making strategic decisions due to the control of the company motivated by the interests or initiatives of the Controlling Entity.

SECTION V AN OVERVIEW OF MUTUAL CONTRACTS AND AGREEMENTS BETWEEN THE CONTROLLED ENTITY AND THE CONTROLLING ENTITY, OR BETWEEN THE RELATED ENTITIES

In the reference period, the following contracts have been in force between the Controlling Entity and the Controlled Entity:

Reference No.	Contracting Party	Contract Subject Matter	Date of Signature
0220007056	The Ministry of Finance	Contract for the Sale of Privatized Property	27.5.2020
9000001631	The Ministry of Finance	Agreement on Settlement of Environmental Obligations	5.1.2010

In the reference period, the following contracts have been in force between the Controlling Entity and the Related Entities:

Reference No.	Contracting Party	Contract Subject Matter	Date of Signature
0224003614	ČEPRO, a.s.	Framework Purchase Contract – Supply of Fuel	22.2.2018
0230003758	ČEPRO, a.s.	Non-disclosure Agreement	18.10.2017
8000003901	ČEPRO, a.s.	Framework Service Contract – Supply of Aviation Fuel	13.8.2009

Contracts concluded between the Controlled Entity and other entities controlled by the Controlled Entity that were in effect in the reference period are disclosed in the reports on relations of the respective companies.

SECTION VI DAMAGE SETTLEMENT

The Controlled Entity is neither aware of any damage incurred during the reference period as a consequence of actions taken by the Controlling Entity nor of the fact that the Related Entities consciously took measures towards one another or accepted contractual entitlements from one another which could be harmful to themselves or to the Controlled Entity, with the potential to become the subject to compensation pursuant to Sections 71 and 72 of the Business Corporations Act.

SECTION VII RELATION CONSEQUENCES ASSESSMENT

The Board of Directors of the Controlled Entity assessed the potential advantages and disadvantages of the aforementioned position of the Controlled Entity and concluded that since there are no significant relations between the Controlling Entity and the Controlled Entity and the Related Entities in view of the differences in their core business activities, there are no special advantages or disadvantages to the above-described relations for the entities. The only exception to the rule are the relations resulting from the execution of the shareholder rights of the Controlling Entity at the General Meeting of the Controlled Entity. However, the rights are executed in line with the Business Corporations Act and Company Statutes. The Board of Directors took the above-described relations under advisement and states that it is aware of no risks resulting from the relations among the above-listed entities.

SECTION VIII CONCLUSION

This report was discussed and approved by the Board of Directors of the Controlled Entity on 9 March 2021.

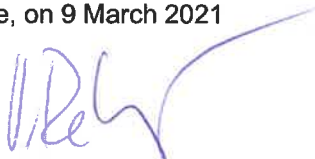
The Board of Directors, as the Statutory Body of the Controlled Entity, hereby declares that the data stated in this Report on Relations is correct and complete. Drafting the Report, the Board of Directors included all information and data available or obtained by acting with due diligence.

The required data was not made available to the statutory body of the Controlled Entity by the below-listed Related Entities:

- ▶ **HOLDING KLADNO, a.s. v likvidaci**
- ▶ **Severočeské mlékárny a.s. Teplice**

This Report was submitted for review to the auditor auditing the financial statements and verifying other relevant information in the Annual Report of the Controlled Entity pursuant to specific legislation.

In Prague, on 9 March 2021



Václav Řehoř
Chairman of the Board of Directors
Letiště Praha, a. s.



Jiří Černík
Member of the Board of Directors
Letiště Praha, a. s.

Supervisory Board Report

1. Supervisory Board Meetings

In the course of 2020, the Supervisory Board of the company Letiště Praha, a. s. (hereinafter referred to as “the Company”) met at three meetings held at the Company’s registered office and twelve meetings were held via Microsoft Teams videoconference. In relation to the coronavirus crisis, there were four extraordinary Supervisory Board videoconference meetings in March and April 2020.

2. Supervisory Board Members

Members of the Supervisory Board as of 31 December 2020

Supervisory Board	Position
Jan Švejnar	Chairman
Ondřej Landa	Vice- Chairman
Jiří Hošek	Member
Stanislav Kouba	Member
Kamil Pomahač	Member
Petr Šobotník	Member

There were no personnel changes in the Supervisory Board during the year 2020.

3. Work of the Supervisory Board in the Reporting Period

The responsibilities of the Supervisory Board are set out in the Act No. 90/2012 Coll., on Business Corporations.

During the reporting period, the Supervisory Board carefully monitored the activities of the Board of Directors within its scope of competence, the implementation of the decisions taken by the sole shareholder acting in the capacity of the General Meeting, and the performance of business activities of the Company.

At its meetings, the Supervisory Board regularly discussed the economic performance of the Company, and performance of agreed financial plan and plan of investments. It also controlled and supervised financial management as well as supervised integrity of accounting and financial reporting systems. Each year, the Supervisory Board discusses and gives its recommendations on the proposal of Business and Financial Plan including the Investment Plan of the Prague Airport Group companies. In accordance with Articles of Association of the Company, the Supervisory Board also puts forward its opinion on the proposal of the Board of Directors for setting and evaluation of yearly key performance indicators of members of Boards of Directors of the companies within the Group.

As a result of the global COVID-19 pandemic, the year 2020 was truly extraordinary also for the Supervisory Board of the Company. After declaration of the state of emergency by the government of the Czech Republic, the Supervisory Board was called in session almost every week in March and April 2020 in order to be kept up to date with immediate development of the crisis, impacts on the airport and planned measures. In April 2020, a comprehensive proposal of measures responding to the critical situation in the air transport sector, the impact on the Company’s economic performance and its operations was submitted to the Supervisory Board. This proposal was subsequently finalized and approved by the Supervisory Board in May as the so-called Recovery Plan for 2020. The Plan was continuously updated with regard to the implementation of individual measures and regularly submitted to the Supervisory Board for discussion.

When needed, the Supervisory Board consulted ad hoc issues that are, in accordance with the applicable legislation, subject to a decision by the sole shareholder acting in the capacity of the General Meeting of the Company, giving respective recommendations. In April 2020, the Supervisory Board discussed a proposal of the Board of Directors to change the Articles of Association, and recommended that the sole shareholder should approve the proposal.

As part of its oversight responsibilities, the Supervisory Board was informed about the results of internal audit activities, particularly about main findings and suggestions of realized audits, and about the implementation of corrective measures resulting from the conducted audits. In this manner, the Supervisory Board was informed of the identified shortcomings and of the procedure aimed at their correction, especially with respect to the efficiency of the internal control mechanisms. The Supervisory Board was also regularly informed about conclusions of meetings of the Audit Committee of the Company, particularly through the Chairman of the Audit Committee, who is also member of the Supervisory Board.

With regard to the end of the accounting period, the Supervisory Board is informed of the Report on Relations, it discusses the Independent Auditor's Report and reviews the Financial Statements and Consolidated Financial Statements of the Company that are attached to the Annual Report and Consolidated Annual Report of the Company, submitted to the Supervisory Board.

At its meetings, the Supervisory Board was kept informed about key developments in the Company, about the plans of the Board of Directors and the results of its meetings by the Chairman of the Board of Directors or other members of the Company's Board of Directors. Members of the Board of Directors regularly participated in the Supervisory Board meetings. When necessary, other executive staff of the Company responsible for the activities under discussion by the Supervisory Board were also invited to attend the meetings.

In Prague, 16 February 2021

Ondřej Landa

Vice-Chairman of the Supervisory Board of Letiště Praha, a.s.



Audit Committee Report

1. Legal Status of Audit Committee

The Audit Committee (the “AC” or the “Committee”) has been established by the Company under the chapter VII., art. 26, par. 1 of the Articles of Association of the Company. Status and scope of activity of the Committee is governed by the relevant articles of the Act no. 93/2009 Coll., the Act on Auditors, as amended (the „Act on Auditors”).

2. Audit Committee Meetings

In the course of 2020, the Audit Committee met at one meeting at the Company’s registered office and another five meetings were held via Microsoft Teams videoconference. The meetings took place on the following days:

- 11 March 2020
- 30 March 2020
- 7 May 2020
- 28 May 2020
- 10 September 2020
- 10 December 2020

Besides the Committee members, the meetings held in 2020 were also attended by Mr. Jiří Černík, Member of Letiště Praha, a. s., (hereinafter also referred to as “Prague Airport” or “the Company”) Board of Directors. Other regular participants were Mrs. Iveta Kašparová (Accounting, Taxes and Financial Reporting) and Mr. Filip Zelingr (Audit, Risk and Compliance). Representatives of PricewaterhouseCoopers Audit, s.r.o. (hereinafter also referred to as “PwC”), which was appointed as an external auditor for the period from 2019 to 2022 by the sole shareholder in exercising the powers of the General Meeting, were invited to discuss topics and activities related to the external audit.

3. Members of the Audit Committee

Members of the Audit Committee as of 31 December 2020

Audit Committee	Position
Petr Šobotník	Chairman
Andrea Lukasíková	Vice-Chairman
Ivo Středa	Member

There were no personnel changes in the Audit Committee during the year 2020.

4. Work of the Audit Committee in the Reporting Period

In 2020, the Audit Committee worked fully in compliance with applicable legal regulations, particularly with the Act on Auditors, the Articles of Association, the Rules of Procedure of the Audit Committee and the approved Plan of Activities of the Audit Committee for 2020.

After declaration of the state of emergency by the government of the Czech Republic related to the Covid-19 pandemic, starting from March 2020, the Audit Committee was regularly informed of the immediate development of the crisis, impacts on economic activities and operation of the Company and measures adopted by the Board of Directors of the Company at its meetings.

In the reporting period, the Audit Committee dealt with, among other things, the following issues during its meetings:

- Drafting of the Audit Committee's Activity Report for 2019 addressed to the sole shareholder (Annex of Prague Airport Annual Report for 2019);
- Monitoring of drafting process of financial statements and consolidated financial statements on a continuous basis (discussions with the representatives of the Company management);
- Monitoring of process of statutory audit of financial statements and consolidated financial statements on a continuous basis (external auditor's representatives (PwC) presentations of the audit process of the financial statements, and discussions with external auditor) and final assessment of compulsory audit outcome;
- Evaluation of the external auditor (especially in terms of the auditor's independence and quality of the audit);
- Discussing the Report on External Evaluation of Internal Audit, Annual Reports on the Internal Audit, Risk Management and Compliance;
- Monitoring of effectiveness of internal control system, of internal audit and risk management of the Company;
- Oversight of performance, independence and objectivity of the internal audit;
- Approval or pre-approval regarding provision of "other non-audit services" pursuant to the Act on Auditors;
- Discussing Risk Management Reports within Prague Airport Group;
- Discussions regarding Quarterly Reports on Changes in Values of Significant Risks;
- Discussions on Quarterly Summary Reports on the Implementation of the Internal Audit Plan and on Implementation of Adopted Corrective Measures;
- Discussion on the change in the Internal Audit Plan for 2020 and its continuous fulfilment (including adopted changes and review of adequacy of the Internal Audit Department's resources);
- Discussions on results of conducted internal audits and on implementation of adopted corrective measures;
- Approval of the Schedule of the Meetings and Plan of Activities of the Audit Committee for the year 2021;
- Information on key developments in Prague Airport Group.

5. Conclusion

The Plan of Activities of the Audit Committee for the year 2020 was fully implemented. The Audit Committee regularly informed the Supervisory Board and, if applicable, it put forward its recommendations on the issues that were discussed during the AC meetings through the Chairman of the AC, who took part in the Supervisory Board meetings.

In conclusion, it can be declared that before signing date of this Report, the Audit Committee did not find any evidence of serious irregularities, about which the sole shareholder, acting in capacity of the General Meeting, should be informed within the scope of its key activities that are defined by the applicable legislation, the Articles of Association and the Rules of Procedure.

In Prague, 10 March 2021



Petr Šobotník

Chairman of the Audit Committee of Letiště Praha, a. s.

Financial Statements

For the Year Ended 31 December 2020

LETIŠTĚ PRAHA, A. S.
BALANCE SHEET
AS AT 31.12.2020 (IN THOUSAND CZK)

		31.12.2020			31.12.2019
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	59,101,953	(23,046,303)	36,055,650	37,490,465
B.	Fixed assets	58,452,381	(22,920,120)	35,532,261	34,854,952
B.I.	Intangible fixed assets	1,051,729	(849,474)	202,255	190,456
	2. Royalties	1,021,386	(849,459)	171,927	163,972
	2.1. Software	943,900	(798,390)	145,510	133,900
	2.2. Other royalties	77,486	(51,069)	26,417	30,072
	4. Other intangible fixed assets	2,781	-	2,781	5,068
	5. Advances paid and intangible fixed assets in the course of construction	27,562	(15)	27,547	21,416
	5.2. Intangible fixed assets in the course of construction	27,562	(15)	27,547	21,416
B.II.	Tangible fixed assets	53,657,391	(20,719,260)	32,938,131	30,749,167
	1. Land and constructions	43,736,404	(14,857,062)	28,879,342	27,077,150
	1.1. Land	18,195,223	-	18,195,223	16,603,386
	1.2. Constructions	25,541,181	(14,857,062)	10,684,119	10,473,764
	2. Equipment	8,163,322	(5,718,091)	2,445,231	1,654,785
	3. Adjustment to acquired fixed assets	216,274	(140,578)	75,696	90,114
	4. Other tangible fixed assets	19,395	(2,961)	16,434	18,097
	4.3. Tangible fixed assets - other	19,395	(2,961)	16,434	18,097
	5. Advances paid and tangible fixed assets in the course of construction	1,521,996	(568)	1,521,428	1,909,021
	5.1. Advances paid for tangible fixed assets	1	-	1	146,909
	5.2. Tangible fixed assets in the course of construction	1,521,995	(568)	1,521,427	1,762,112
B.III.	Long-term investments	3,743,261	(1,351,386)	2,391,875	3,915,329
	1. Investments - subsidiaries and controlling party	3,740,549	(1,351,386)	2,389,163	3,912,461
	7. Other long-term investments	2,712	-	2,712	2,868
	7.1. Long-term investments - other	2,712	-	2,712	2,868
C.	Current assets	608,988	(126,183)	482,805	2,599,311
C.I.	Inventories	41,933	(9,755)	32,178	34,401
	1. Raw materials	36,578	(9,755)	26,823	27,258
	2. Work in progress and semi-finished products	615	-	615	2,148
	3. Finished goods and goods for resale	3,756	-	3,756	4,044
	3.1. Finished goods	67	-	67	62
	3.2. Goods for resale	3,689	-	3,689	3,982
	4. Immature livestock	907	-	907	833
	5. Advances paid for inventory	77	-	77	118
C.II.	Receivables	554,349	(116,345)	438,004	1,105,925
	1. Long-term receivables	30,194	-	30,194	-
	1.1. Trade receivables	30,194	-	30,194	-
	2. Short-term receivables	524,155	(116,345)	407,810	1,105,925
	2.1. Trade receivables	337,168	(114,194)	222,974	968,268
	2.4. Receivables - other	186,987	(2,151)	184,836	137,657
	2.4.3. Taxes - receivables from the state	104,182	-	104,182	61,246
	2.4.4. Short-term advances paid	40,426	-	40,426	47,056
	2.4.5. Estimated receivables	38,419	(54)	38,365	27,011
	2.4.6. Other receivables	3,960	(2,097)	1,863	2,344
C.IV.	Cash	12,706	(83)	12,623	1,458,985
	1. Cash in hand	4,049	(83)	3,966	5,047
	2. Cash at bank	8,657	-	8,657	1,453,938
D.	Prepayments and accrued income	40,584	-	40,584	36,202
	1. Prepaid expenses	37,864	-	37,864	32,122
	3. Accrued income	2,720	-	2,720	4,080

LETIŠTĚ PRAHA, A. S.
BALANCE SHEET
AS AT 31.12.2020 (IN THOUSAND CZK)

		31.12.2020	31.12.2019
	TOTAL LIABILITIES AND EQUITY	36,055,650	37,490,465
A.	Equity	32,782,975	34,643,372
A.I.	Share capital	27,031,564	2,512,227
1.	Share capital	27,031,564	2,512,227
A.II.	Share premium and capital contributions	14,144	24,533,403
2.	Capital contributions	14,144	24,533,403
2.1.	<i>Other capital contributions</i>	13,354	24,532,457
2.2.	<i>Assets and liabilities revaluation</i>	790	946
A.IV.	Retained earnings / Accumulated losses	7,597,742	4,589,779
1.	Retained earnings	7,597,742	4,589,779
A.V.	Profit / (loss) for the current period	(1,860,475)	3,007,963
B.+C.	Liabilities	3,195,761	2,782,766
B.	Provisions	207,131	202,246
4.	Other provisions	207,131	202,246
C.	Liabilities	2,988,630	2,580,520
C.I.	Long-term liabilities	271,353	639,065
4.	Trade payables	260,015	283,024
8.	Deferred tax liability	11,338	356,041
C.II.	Short-term liabilities	2,717,277	1,941,455
1.	Debentures and bonds issued	-	256,426
1.2.	<i>Other debentures and bonds issued</i>	-	256,426
2.	Liabilities due to financial institutions	237,232	-
3.	Short-term advances received	12,347	26,701
4.	Trade payables	591,375	601,077
6.	Liabilities - subsidiaries and controlling party	1,290,736	-
8.	Liabilities - other	585,587	1,057,251
8.3.	<i>Liabilities to employees</i>	115,963	105,649
8.4.	<i>Liabilities for social security and health insurance</i>	52,928	61,833
8.5.	<i>Taxes and state subsidies payable</i>	27,723	274,454
8.6.	<i>Estimated payables</i>	386,506	612,584
8.7.	<i>Other liabilities</i>	2,467	2,731
D.	Accruals and deferred income	76,914	64,327
1.	Accrued expenses	63,040	58,461
2.	Deferred income	13,874	5,866

LETIŠTĚ PRAHA, A. S.
PROFIT AND LOSS ACCOUNT
FOR THE YEAR 2020 (IN THOUSAND CZK)

	2020	2019
I. Sales of products and services	2,917,055	8,832,413
II. Sales of goods	9,189	26,572
A. Cost of sales	1,077,868	1,559,121
1. Cost of goods sold	7,004	16,051
2. Raw materials and consumables used	373,851	553,575
3. Services	697,013	989,495
B. Changes in inventories of finished goods and work in progress	2,213	(2,970)
C. Own work capitalised	(32,670)	(36,106)
D. Staff costs	2,291,384	2,537,491
1. Wages and salaries	1,663,389	1,822,968
2. Social security, health insurance and other social costs	627,995	714,523
2.1. Social security and health insurance costs	530,075	619,564
2.2. Other costs	97,920	94,959
E. Value adjustments in operating activities	1,603,590	1,148,689
1. Value adjustments of fixed assets	1,521,210	1,125,205
1.1. Depreciation, amortisation and write off of fixed assets	1,319,041	1,159,323
1.2. Provision for impairment of fixed assets	202,169	(34,118)
2. Provision for impairment of inventories	535	1,997
3. Provision for impairment of receivables	81,845	21,487
III. Operating income - other	160,102	99,815
1. Sales of fixed assets	28,263	4,128
2. Sales of raw materials	21,311	54,002
3. Other operating income	110,528	41,685
F. Operating expenses - other	124,245	334,575
1. Net book value of fixed assets sold	7,275	330
2. Material sold	19,590	50,201
3. Taxes and charges from operating activities	10,654	10,146
4. Operating provisions and complex prepaid expenses	4,885	158,126
5. Other operating expenses	81,841	115,772
* Operating result	(1,980,284)	3,418,000
IV. Income from sales of long-term investments - shares	-	275,135
1. Income from sales of investments - subsidiaries or controlling party	-	275,135
VI. Interest and similar income	6,989	31,679
2. Other interest and similar income	6,989	31,679
I. Value adjustments and provisions from financial operations	216,761	-
J. Interest and similar expenses	12,372	13,505
1. Interest and similar income - subsidiaries or controlling party	6,438	-
2. Other interest and similar income	5,934	13,505
VII. Other financial income	7	16
K. Other financial expenses	3,867	7,893
* Financial result	(226,004)	285,432
** Net profit / (loss) before taxation	(2,206,288)	3,703,432
L. Tax on profit or loss	(345,813)	695,469
1. Tax on profit or loss - current	(1,109)	685,936
2. Tax on profit or loss - deferred	(344,704)	9,533
** Net profit / (loss) after taxation	(1,860,475)	3,007,963
*** Net profit / (loss) for the financial period	(1,860,475)	3,007,963
* Net sales for the financial period	3,093,342	9,265,630

LETIŠTĚ PRAHA, A. S.
CASH FLOW STATEMENT
FOR THE YEAR 2020 (IN THOUSAND CZK)

	2020	2019
	Cash flows from operating activities	
	Net profit before tax	(2,206,288) 3,703,432
A.1	Adjustments for non-cash movements	1,810,147 1,011,825
A.1.1	Depreciation and amortisation of fixed assets and receivables written off	1,320,247 1,159,555
A.1.2	Change in provisions	506,196 147,491
A.1.3	(Profit)/loss from disposal of fixed assets	(20,987) (3,798)
A.1.4	Dividend income	- (275,135)
A.1.5	Net interest expense/(income)	5,383 (18,174)
A.1.6	Other non-cash movements	(692) 1,886
A*	Net cash flow from operating activities before tax and changes in working capital	(396,141) 4,715,257
A.2	Working capital changes	416,012 24,995
A.2.1	Change in receivables and prepayments	624,420 (22,282)
A.2.2	Change in short-term payables and accruals	(210,097) 48,639
A.2.3	Change in inventories	1,689 (1,362)
A**	Net cash flow from operating activities before tax	19,871 4,740,252
A.4	Interest received	6,989 31,679
A.5	Income tax paid	4,469 (753,564)
A***	Net cash flow from operating activities	31,329 4,018,367
	Cash flows from investing activities	
B.1	Acquisition of fixed assets	(3,791,868) (2,666,874)
B.2	Proceeds from sale of fixed assets	28,263 4,128
B.4.	Dividends and capital reduction proceeds *)	1,306,620 275,135
B***	Net cash flow from investing activities	(2,456,985) (2,387,611)
	Cash flows from financing activities	
C.1	Change in long- and short-term liabilities	1,008,866 (725,235)
C.2	Changes in equity	(248,659) (1,409,074)
C.2.6	Dividends paid including withholding tax paid	(248,659) (1,409,074)
C.3	Interest paid	(18,062) (12,702)
C***	Net cash flow from financing activities	742,145 (2,147,011)
	Net increase/(decrease) in cash and cash equivalents	(1,683,511) (516,255)
	Cash and cash equivalents at the beginning of the year	1,458,985 1,975,240
	Cash and cash equivalents at the end of the year	(224,526) 1,458,985

*) The capital reduction was settled against received loan.

LETIŠTĚ PRAHA, A. S.
STATEMENT OF CHANGES OF EQUITY
FOR THE YEAR 2020 (IN THOUSAND CZK)

	Share capital	Other capital contributions	Assets and liabilities revaluation	Retained earnings and profit or loss for the current period	Total
Balance as at 1 January 2019	2,512,227	24,532,034	927	6,247,512	33,292,700
Equity transactions with owners	-	-	-	(1,657,733)	(1,657,733)
Dividends paid				(1,657,733)	(1,657,733)
Other transactions	-	423	19	3,007,963	3,008,405
Assets acquired free of charge		423			423
Revaluation of shares			19		19
Net profit / (loss) for the financial period				3,007,963	3,007,963
Balance as at 31 December 2019	2,512,227	24,532,457	946	7,597,742	34,643,372
Equity transactions with owners	24,519,337	(24,519,337)	-	-	-
Share capital increase	24,519,337	(24,519,337)			
Other transactions	-	234	(156)	(1,860,475)	(1,860,397)
Assets acquired free of charge		234			234
Revaluation of shares			(156)		(156)
Net profit / (loss) for the financial period				(1,860,475)	(1,860,475)
Balance as at 31 December 2020	27,031,564	13,354	790	5,737,267	32,782,975

Notes to the Financial Statements

For the Year Ended 31 December 2020

1. General Information

Letiště Praha, a. s. ("the Company"), Company Identification Number 282 44 532, was established on 6 February 2008 by registration in the Commercial Register of the Municipal Court in Prague, Section B, Insert 14003 and its registered office is in Prague 6, K letišti 1019/6, Postal Code 161 00, Czech Republic.

The Company is a parent company of a group of Czech entities specializing in the activities connected with the operation of the international civil airport Václav Havel airport Prague and provision of related ground-handling services.

The main mission of the Company is to operate the international civil airport Václav Havel Airport Prague in an effective and safe manner, promote its further growth, contribute to the constant development of civil air transport in the Czech Republic, maintain its accessibility to the general public and facilitate modern, fast and comfortable travel for customers.

The Company organises and manages operations at Václav Havel Airport Prague, allocates airport capacity to individual air carriers and provides additional services connected with airport operations, such as handling of passengers and their baggage, parking and catering. The Company also leases airport premises for commercial use. The Company is constantly expanding, developing and modernising its services.

The Company cooperates closely with the Ministry of Transport of the Czech Republic, the Civil Aviation Authority, the Air Navigation Services of the Czech Republic, air carriers, public authorities within and outside the aviation sector, and other users of the airport. It also enjoys close cooperation with the City of Prague and municipalities in the vicinity of the airport. Václav Havel Airport Prague is home base to three carriers - České aerolinie a.s., Ryanair and Smartwings, a.s. (former Travel Service, a.s.).

The Company manages security at Václav Havel Airport Prague, i.e. the security control of passengers and baggage and surveillance of the entire airport grounds in cooperation with other security forces, such as the Police of the Czech Republic. The Company also has its own specialised fire-fighting unit. Medical First Aid is provided 24/7 by a contracted partner.

The Company is aware of its corporate social responsibility with regard to the impact of its operations on the environment and its surrounding areas. Therefore, it pursues its business activities in a way which is considerate and responsible to the environment and the lives of people in the areas surrounding the airport.

2. Accounting Principles

a) Basis of Preparation of Financial Statements

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

The financial statements of the Company are prepared using the going concern principle. The management of the Company believes that the Company is able to continue as a going concern.

The existence of the novel coronavirus causing the Covid-19 disease was confirmed in early 2020 and has spread globally. The pandemic and especially the restrictive measures taken in order to mitigate the health impacts have caused disruptions to businesses and economic activities and have affected the Company's operations in the year ending 31 December 2020.

However, the Company deems the current situation temporary and expects the return to the 2019 level of operations within the next four to five years. This expectation corresponds with the available predictions issued by international aviation organizations (IATA, ACI, Eurocontrol and other).

Management has considered the impact of the novel coronavirus causing the Covid-19 disease when assessing the valuation of assets and liabilities and going concern assumptions.

These financial statements are presented in thousands of Czech crowns ("CZK"), unless stated otherwise.

b) Intangible Fixed Assets

Intangible fixed assets include assets with an estimated useful life longer than one year and acquisition cost exceeding CZK 40 thousand.

Intangible fixed assets with an acquisition cost of less than CZK 40 thousand on an individual basis are expensed upon acquisition.

Purchased intangible fixed assets are recorded at acquisition cost less accumulated amortisation and impairment.

Technical improvements exceeding the amount of CZK 40 thousand per an individual asset for the period are capitalised.

Intangible fixed assets are amortised, using the straight-line method, over their estimated useful lives as follows:

	Number of Years
Software	2 – 6
Licenses	over the contract term

When the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is reduced to the recoverable amount by an allowance. If the impairment of an asset is other than temporary, the asset is written down permanently.

c) Tangible Fixed Assets

Tangible fixed assets include assets with an estimated useful life longer than one year and an acquisition cost exceeding CZK 20 thousand on an individual basis. Tangible assets with an acquisition cost of CZK 1 thousand to CZK 20 thousand on an individual basis are expensed upon acquisition and are recorded in the off-balance sheet.

2. Accounting Principles (continued)

c) Tangible Fixed Assets (continued)

Purchased tangible fixed assets are recorded at acquisition cost less accumulated depreciation and impairment. The acquisition cost includes the purchase cost and the costs attributable to the acquisition. The cost of respective tangible fixed assets is reduced by the grants received towards the acquisition.

Tangible fixed assets manufactured internally are recorded at own cost.

Assets acquired free of charge are recorded at replacement cost as at the date of acquisition.

Technical improvements exceeding the amount of CZK 40 thousand per an individual asset for the period are capitalised.

Tangible fixed assets, other than land and assets under construction, are depreciated using the straight-line method over their estimated useful life as follows:

	Number of years
Constructions	20 – 50
Machinery and equipment	4 – 20
Furniture and fixtures	6 – 12
Vehicles	4 – 12

With respect to the assets which were subject of the technical improvements and whose useful lives were adjusted accordingly, based on an estimate provided by technical departments, depreciation expense is calculated from net book value, increased by the cost of technical improvement, over the new (adjusted) remaining useful live.

When the carrying value of an asset exceeds its estimated recoverable amount, the carrying value is reduced to the recoverable amount by an allowance. If the impairment of an asset is other than temporary, the asset is written down permanently.

d) Long-term investments

Long-term investments mainly include investments in subsidiaries and long-term investments in securities.

Investments in entities, in which the Company has the power to govern the financial and operating policies to obtain benefits from its activities, are classified as investments in subsidiaries and are originally recorded at acquisition cost. The acquisition cost also includes costs directly attributable to the acquisition, such as service fees and provisions to brokers, advisors and the stock exchange. In case of impairment indicators, the carrying value of the investments is reassessed at the end of the accounting period using valuation models (e.g. discounted cash flow method) taking into account the strategic plans of the individual companies within the consolidation group and the consolidation group itself. When the carrying value of investment in subsidiary exceeds its estimated recoverable amount, the carrying value is reduced to the recoverable amount by an allowance.

Long-term investments in securities are recorded at fair value. Changes in fair value of long-term investments in securities are recorded in equity.

e) Inventories

Purchased inventories are recorded at acquisition cost which is reduced with a provision in cases when there are reasons for its creation. The acquisition cost includes all direct and indirect costs incurred to bring the inventory into its present stage and location (such as freight costs). The weighted average method is applied for all disposals.

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and an individual evaluation of inventories.

2. Accounting Principles (continued)

e) Inventories (continued)

Work in progress represents construction contracts and it is recorded at direct costs, which include direct material and payroll costs and production overheads.

f) Receivables

Upon recognition, receivables are recorded at their nominal value and subsequently reduced by appropriate allowances for bad and doubtful debts.

A provision for bad debts is created based on an ageing analysis and individual evaluation of the collectability of receivables.

g) Cash Flow

Cash and cash equivalents include cash in hand including stamps and vouchers and cash in banks.

The Company has prepared a cash-flow statement using the indirect method.

h) Foreign Currency Translations

Transactions denominated in foreign currencies during the accounting period are translated and recorded at the daily exchange rate of the Czech National Bank.

All monetary assets, receivables and liabilities denominated in foreign currencies are translated at the year-end exchange rate as published by the Czech National Bank. Any resulting foreign exchange gains and losses are recognised in the current year's financial income or expenses.

The foreign exchange gains and losses relating to provisioned receivables in foreign currencies are calculated from the net value of receivable.

The Company treats advances paid for the acquisition of fixed assets as receivables and therefore these assets are translated as at the balance sheet date.

In 2020, the Company changed the method of calculating foreign exchange gains and losses relating to receivables reduced by allowance for bad and doubtful debts, in accordance with the National Accounting Board Interpretation I-42 Provisioned receivables in Foreign Currencies. The foreign exchange gains and losses relating to provisioned receivables in foreign currencies are calculated from the net value of the receivable, i.e. from the value of the receivable net of the related provision, and are reported as part of the financial profit or loss of the current period. This change in the accounting policy does not affect the economic results of previous accounting periods.

i) Revenue and Expense Recognition

Revenues and expenses are recognised in the period to which they relate on an accrual basis.

Sales are recognised as at the date the services are rendered or the goods are delivered and accepted by the customer and are stated net of discounts and Value Added Tax.

Revenues from fines and penalties are recorded when there is a sufficient level of assurance of their settlement.

j) Subsidies

Subsidies are recognized on their receipt or when there is an undeniable right to receive the subsidy. When the subsidy relates to an expense item, it is recognised as operating or financial income. When the subsidy relates to an asset, it reduces the cost of the respectable asset.

2. Accounting Principles (continued)

k) Provisions

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

The income tax provision in the balance sheet is reduced by the related advances paid and any resulting receivable is presented in the row Taxes – receivables from the state.

l) Employee Benefits

Contributions are made to the government's employment, social policy and health schemes at the statutory rates in force during the year based on gross salary payments. Regular contributions are made to fund the national pension plan.

Under the terms defined in the Collective Agreement, the Company provides its employees with contributions to pension schemes administered by commercial funds.

The liability from untaken holidays and from quarterly and annual employees' bonuses is recognised as an estimated payable. The liability from other employee benefits and from mid-term KPIs is recognised as a provision.

m) Liabilities

Trade payables are recorded in their nominal value.

n) Bonds

The bonds are initially recognized in the amount of the inflows from the bonds issued. The difference between the nominal value and the initial value of the debt is booked as an interest expense in the profit and loss account on an accrual basis.

Bonds payable within one year are recognised as short-term liabilities. The interest payable within one year is also recognised as a short-term liability. Bonds payable after one year are recognised as long-term liabilities.

o) Loans

Loans are stated at their nominal value.

The Company classifies the part of long-term loans that is due within one year from the balance sheet date as a short-term liability.

p) Interest Costs

Interest costs that are directly attributable to the acquisition of tangible and intangible fixed assets are capitalized during the period of completion and preparation of the asset for its intended use.

All other interest costs are expensed on an accrual basis.

q) Taxation

Depreciation of Fixed Assets for Tax Purposes

The depreciation of fixed assets for tax purposes is calculated using the accelerated depreciation method.

2. Accounting Principles (continued)

q) Taxation (continued)

Current Tax Payable

The current tax payable is based on taxable profit for the reporting period. Taxable profit differs from the net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred Taxation

Deferred tax is accounted for using the balance sheet liability method.

Under the liability method, deferred tax is calculated at the income tax rate that is expected to apply in the period when, according to Company's expectation, the tax liability is settled, or the asset realised.

The balance sheet method focuses on the temporary differences, i.e. differences between the tax base of an asset and/or liability and its carrying amount in the balance sheet. The tax base of an asset or a liability is the amount that will be deductible for tax purposes in the future.

Deferred tax assets are recognised if it is probable that sufficient future taxable profit will be available against which the assets can be utilised.

Deferred tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also included in equity.

Deferred tax assets and liabilities in the balance sheet are offset and reported on an aggregate net basis.

r) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company believes that the estimates and assumptions used will not significantly differ from the actual results and outcomes in the following reporting periods.

s) Related Parties

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

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

t) Equity

The Company's share capital is reported in the amount recorded in the Commercial Register by the Municipal Court. Any increase or decrease of the share capital on the basis of a decision of the General Meeting or in accordance with law and the Articles of Association at the discretion of the Board of Directors, which was not recorded in the Commercial Register as at balance sheet date, is reported as Changes in share capital.

2. Accounting Principles (continued)

u) Subsequent Events

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

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

3. Intangible Fixed Assets

Cost CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
1 January 2019	850,375	62,969	3,307	15,244	931,895
Addition/transfers	55,169	5,789	3,573	6,187	70,718
Disposals	(200)	-	(1,812)	-	(2,012)
31 December 2019	905,344	68,758	5,068	21,431	1,000,601
Addition/transfers	58,800	8,728	3,082	6,131	76,741
Disposals	(20,244)	-	(5,369)	-	(25,613)
31 December 2020	943,900	77,486	2,781	27,562	1,051,729

Accumulated amortisation and impairment CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
1 January 2019	(731,583)	(27,051)	-	(15)	(758,649)
Amortisation	(40,304)	(11,635)	-	-	(51,939)
Disposals	200	-	-	-	200
Decrease of impairment	243	-	-	-	243
31 December 2019	(771,444)	(38,686)	-	(15)	(810,145)
Amortisation	(47,389)	(11,386)	-	-	(58,775)
Disposals	20,244	-	-	-	20,244
Increase/decrease of impairment	199	(997)	-	-	(798)
31 December 2020	(798,390)	(51,069)	-	(15)	(849,474)

Net book value CZK '000	Software	Other royalties	Other intangible fixed assets	Intangible fixed assets in the course of construction	Total
31 December 2019	133,900	30,072	5,068	21,416	190,456
31 December 2020	145,510	26,417	2,781	27,547	202,255

4. Tangible Fixed Assets

Cost CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
1 January 2019	16,576,792	22,942,181	6,822,647	11,778	1,173,049	-	216,274	47,742,721
Additions/transfers	26,594	1,351,438	622,575	7,617	589,947	146,909	-	2,745,080
Disposals	-	(16,311)	(221,382)	-	(316)	-	-	(238,009)
31 December 2019	16,603,386	24,277,308	7,223,840	19,395	1,762,680	146,909	216,274	50,249,792
Additions/transfers	1,598,821	1,264,396	1,182,456	-	(236,594)	(146,908)	-	3,662,171
Disposals	(6,984)	(523)	(242,974)	-	(4,091)	-	-	(254,572)
31 December 2020	18,195,223	25,541,181	8,163,322	19,395	1,521,995	1	216,274	53,657,391

Accumulated depreciation and impairment CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
1 January 2019	-	(13,077,363)	(5,466,289)	(858)	(568)	-	(111,742)	(18,656,820)
Depreciation	-	(768,421)	(318,709)	(440)	-	-	(14,418)	(1,101,988)
Disposals	-	8,466	215,900	-	-	-	-	224,366
Other increase of depreciation	-	-	(57)	-	-	-	-	(57)
Decrease of impairment	-	33,774	100	-	-	-	-	33,874
31 December 2019	-	(13,803,544)	(5,569,055)	(1,298)	(568)	-	(126,160)	(19,500,625)
Depreciation	-	(852,569)	(389,834)	(1,663)	-	-	(14,418)	(1,258,484)
Disposals	-	523	240,901	-	-	-	-	241,424
Other increase of depreciation	-	-	(204)	-	-	-	-	(204)
Increase/decrease of impairment	-	(201,472)	101	-	-	-	-	(201,371)
31 December 2020	-	(14,857,062)	(5,718,091)	(2,961)	(568)	-	(140,578)	(20,719,260)

Net book value CZK '000	Land	Constructions	Equipment	Other tangible fixed assets	Tangible fixed assets in the course of construction	Advances paid for tangible fixed assets	Adjustment to acquired fixed assets	Total
31 December 2019	16,603,386	10,473,764	1,654,785	18,097	1,762,112	146,909	90,114	30,749,167
31 December 2020	18,195,223	10,684,119	2,445,231	16,434	1,521,427	1	75,696	32,938,131

In 2020, line Depreciation, amortisation and write off of fixed assets in the profit and loss account includes the net book value of scrapped fixed assets in the amount of CZK 1,782 thousand (CZK 5,396 thousand in 2019).

The Company has no pledged assets as at 31 December 2020 and 2019.

As at 31 December 2020, land with a value of CZK 4,601,956 thousand was partly encumbered by easement (CZK 4,490,240 thousand as at 31 December 2019). However, the easements only related to an immaterial area of the land involved.

Based on an impairment review of constructions (with respect to their potential use either for its own purposes or for rent), the Company recorded an impairment of selected buildings, which equalled CZK 694,443 thousand as at 31 December 2020 (CZK 492,971 thousand as at 31 December 2019).

4. Tangible Fixed Assets (continued)

In 2020, the Company received a contribution from the State Fund for Transport Infrastructure in the amount of CZK 123,208 thousand to finance the acquisition of airport equipment designated to protect civil aviation against acts of unlawful interference.

5. Investments in Subsidiaries

As at 31 December 2020 CZK '000	Acquisition date	Acquisition cost	Share in %	Net loss in 2020	Equity
Czech Airlines Handling, a.s. (registered office: Praha 6, Aviatická 1017/2, post code 160 08)	26 October 2011	1,431,169	100	(122,005)	604,537
Czech Airlines Technics, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 160 08)	13 April 2012	1,085,000	100	(214,088)	790,162
B. aircraft, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 161 00)	27 November 2012	1,224,380	100	(343,335)	1,009,971
Total		3,740,549			

As at 31 December 2019 CZK '000	Acquisition date	Acquisition cost	Share in %	Net profit in 2019	Equity
Czech Airlines Handling, a.s. (registered office: Praha 6, Aviatická 1017/2, post code 160 08)	26 October 2011	1,431,169	100	9,472	726,532
Czech Airlines Technics, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 160 08)	13 April 2012	1,085,000	100	10,589	1,010,384
B. aircraft, a.s. (registered office: Praha 6 – Ruzyně, Jana Kašpara 1069/1, post code 161 00)	27 November 2012	2,531,000	100	97,926	2,659,926
Total		5,047,169			

The subsidiaries stated above are included in the consolidated financial statements published in the collection of documents of the commercial register.

On 16 July 2020, the Company as the sole shareholder in B. aircraft, a.s. decided to decrease the share capital of B. aircraft, a.s. by CZK 1,306,620 thousand.

Management of the Company performed an impairment review of the investments in subsidiaries in 2020.

The impairment of B. aircraft, a.s. was increased by CZK 216,678 thousand as at 31 December 2020.

5. Investments in Subsidiaries (continued)

The impairment to investments in subsidiaries equalled CZK 1,351,386 thousand as at 31 December 2020 (CZK 1,134,708 thousand as at 31 December 2019).

6. Inventories

A provision for obsolete and slow-moving inventory was recorded in the amount of CZK 9,755 thousand as at 31 December 2020 (CZK 9,220 thousand as at 31 December 2019).

7. Receivables

CZK '000		31 December 2020	31 December 2019
Long-term receivables			
Trade receivables		30,194	-
Long-term receivables total		30,194	-
Short-term receivables			
Trade receivables	- current	193,819	832,436
	- overdue	143,349	158,261
Other receivables	- current	184,891	147,598
	- overdue	2,096	2,130
Short-term receivables total		524,155	1,140,425
Allowance for doubtful receivables		(116,345)	(34,500)
Net receivables total		438,004	1,105,925

The increase of the allowance for bad and doubtful debts in 2020 is mainly influenced by the Covid-19 impact on the aviation and travel industry.

Receivables have not been covered by guarantees and none of them are due in more than 5 years.

The Company has neither receivables nor contingent receivables recorded off the balance sheet except from the receivables from unpaid penalties in case that there is not a sufficient level of assurance of their settlement.

8. Equity

Authorised and Issued Share Capital

31 December 2020			31 December 2019		
Nominal value	No.	Carrying value	Nominal value	No.	Carrying value
(CZK/share)	(pcs)	(CZK '000)	(CZK/share)	(pcs)	(CZK '000)
1,076	25,122,271	27,031,564	100	25,122,271	2,512,227

In 2020, the Company increased its share capital by CZK 24,519,337 thousand from its own resources by transferring the amount from other capital funds.

Based on the decision of the General Meeting of Shareholders held on 24 June 2020 the 2019 profit in the amount of CZK 3,007,963 thousand was transferred to retained earnings.

Until the date of preparation of these financial statements, the Company has not proposed distribution of the loss incurred in 2020.

9. Provision

CZK '000	Income tax	Legal disputes and other business risks	Employee benefits, remuneration and redundancy payments	Noise abatement measures	Total
Opening balance as at 1 January 2019	84,678	13,127	30,993	-	128,798
Charge for the year	692,574	200	18,796	150,000	861,570
Reversed	(6,638)	-	-	-	(6,638)
Utilized	(78,040)	-	(10,870)	-	(88,910)
Income tax advances	(701,633)	-	-	-	(701,633)
Transfer to receivables	9,059	-	-	-	9,059
Closing balance as at 31 December 2019	-	13,327	38,919	150,000	202,246
Charge for the year	4,591	-	21,444	-	26,035
Reversed	-	-	(2,308)	-	(2,308)
Utilized	-	-	(10,263)	(3,988)	(14,251)
Transfer from receivables	(4,591)	-	-	-	(4,591)
Closing balance as at 31 December 2020	-	13,327	47,792	146,012	207,131

In case that the advances paid for the income tax are lower than the estimated income tax, the income tax provision in the balance sheet is shown net of these advances.

Provisions for legal disputes and other business risks were established based on the estimates made by the technical departments and the management of the Company. The provision for legal disputes also includes the estimated legal fees.

Provisions for employee benefits and remuneration relate to the employee benefits provided to the employees by the Company on the basis of the Collective Agreement upon their work jubilees or upon their retirement and the medium-term KPIs of the Company's management.

The noise abatement measures provision is related to implementation of supplementary noise abatement measures the Company has committed to perform as a part of the noise management policy.

10. Payables

CZK '000	31 December 2020	31 December 2019
Short-term payables		
Trade payables - current	561,548	595,003
- overdue	29,827	6,074
- of which payables within the consolidation group	2,557	1,102
Trade payables total	591,375	601,077
Short-term advances received	12,347	26,701
Bonds issued	-	256,426
Liabilities due to financial institutions	237,232	-
Liabilities – subsidiaries and controlling party	1,290,736	-
Other liabilities - current	585,587	1,057,251
- of which payables within the consolidation group	12,468	4,426
Short-term liabilities total	2,717,277	1,941,455
Long-term liabilities		
Trade payables	260,015	283,024
- of which payables within the consolidation group	7,934	7,536
Deferred tax liability	11,338	356,041
Long-term liabilities total	271,353	639,065
Short-term and long-term liabilities total	2,988,630	2,580,520

The above-mentioned liabilities have not been secured against any assets of the Company and are not due after more than 5 years.

The Company has no overdue liabilities related to social security and health insurance or any other overdue liabilities to the tax authorities or other state institutions.

As at 31 December 2020, short-term liabilities exceed short-term assets. However, it does not represent any endangerment of the financial position or the going concern of the Company, as the Company is able to revolve the short-term intercompany loans and has access to further external financing that exceeds the balance of short-term payables.

Long-term trade payables include retainage, principals received from airlines and received principals related to the rent agreements.

Estimated payables as at 31 December 2020 mainly include the unbilled acquisition of fixed assets in the amount of CZK 131,338 thousand (CZK 203,844 thousand as at 31 December 2019), unbilled rent discounts in relation to Covid-19 in the amount of CZK 112,248 thousand (CZK 0 thousand as at 31 December 2019), the expenses related to untaken vacation, quarterly and annual employees' bonuses in the amount of CZK 40,815 thousand (CZK 64,652 thousand as at 31 December 2019), the expenses related to volume-based incentives for airlines in the amount of CZK 35,195 thousand (CZK 237,452 thousand as at 31 December 2019), unsettled donations to municipalities in the amount of CZK 31,815 thousand (CZK 39,771 thousand as at 31 December 2019), and other unbilled operating expenses.

Row Taxes and state subsidies payable in the balance sheet as of 31 December 2019 also includes dividend withholding tax in the amount of CZK 248,659 thousand due in January 2020.

10. Payables (continued)

a) Bonds Issued

CZK '000	31 December 2020	31 December 2019
Bonds due within 1 year	-	256,426
Bonds due in 1 - 5 years	-	-
Bonds issued total	-	256,426

In 2020, financial expenses related to the issued bonds equalled CZK 5,824 thousand (CZK 13,104 thousand in 2019).

b) Loans and Other Debt

CZK '000	31 December 2020	31 December 2019
Bank loan - overdraft	237,232	-
Short term intercompany loans	1,290,736	-
<i>of which principal</i>	<i>1,290,000</i>	<i>-</i>
<i>accrued interest</i>	<i>736</i>	<i>-</i>
Loans and other debt total	1,527,968	-

In 2020, the Company drew a bank overdraft from Komerční banka, a.s. (hereinafter as "KB"). The overdraft interest rate is defined as PRIBOR plus margin. The overdraft is not secured.

Interest expenses related to the KB overdraft equalled CZK 110 thousand in 2020 (CZK 0 thousand in 2019).

On 15 January 2020, the Company concluded framework loan agreements with B. aircraft, a.s. and Czech Airlines Handling, a.s. Based on these agreements the Company drew a loan in the total amount of CZK 1,290,000 thousand as at 31 December 2020. The interest rate for the intercompany loans is defined as PRIBOR plus margin. The interest rate as at 31 December 2020 equalled 0.40 % p.a.

Interest expenses related to intercompany loans equalled CZK 6,438 thousand in 2020 (CZK 0 thousand in 2019).

11. Other Liabilities

Accrued expenses as at 31 December 2020 mainly include unbilled acquisition of fixed assets in the amount of CZK 32,996 thousand (CZK 37,793 thousand as at 31 December 2019).

Deferred income mainly includes accrued rent and parking revenues.

Deferred income is charged to revenues based on the accrual principal.

Deferred income relating to the companies within the consolidation group as at 31 December 2020 equalled CZK 364 thousand (CZK 443 thousand as at 31 December 2019).

12. Income Tax

The income tax expense analysis:

CZK '000	2020	2019
Current tax expense	-	692,574
Retrospective utilisation of tax loss generated in the year 2020	(5,700)	-
Adjustment of prior year tax expense based on final CIT return	4,591	(6,638)
Deferred tax expense/(revenue)	(344,704)	9,533
Total income tax expense/(revenue)	(345,813)	695,469

The Company has used the option of retrospective utilisation of the tax loss which was approved in the Czech Republic in order to mitigate the impact of the novel coronavirus causing the Covid-19 disease. In line with the conditions, the tax loss generated in the year ending 31 December 2020 at the maximum allowed amount of CZK 30,000 thousand was utilised retrospectively and settled with the tax base of the year ending 31 December 2018, and the related tax receivable in the amount CZK 5,700 thousand was presented as Tax receivables.

The deferred tax liability can be analysed as follows:

CZK '000	31 December 2020	31 December 2019
Deferred tax liability arising from:		
Difference between accounting and tax net book value of fixed assets	(504,411)	(479,027)
Deferred tax asset arising from:		
Provision and estimated payables	19,368	22,210
Allowances and other temporary differences	153,109	100,776
Tax loss	320,596	-
Net deferred tax liability	(11,338)	(356,041)

13. Revenue Analysis

Revenues from the main activities:

CZK '000	2020	2019
Air traffic operations – mainly airline fees	1,449,624	6,049,509
Commercial and other rent	831,895	1,661,105
Other revenues (parking, VIP lounges, restaurants)	644,725	1,148,371
Total	2,926,244	8,858,985

All revenues are generated in the Czech Republic.

The decrease of revenues in 2020 resulted from a major impact of Covid-19 on aviation sector and travel industry.

14. Employees

Staff costs in 2020:

	Average recalculated number of employees	CZK '000
Salaries of the members of Board of Directors, Supervisory Board and Audit Committee	13	22,863
Wages and salaries of employees	2,661	1,640,526
Social security and health insurance costs		530,075
Social costs		97,920
Staff costs total	2,674	2,291,384

Staff costs in 2019:

	Average recalculated number of employees	CZK '000
Salaries of the members of Board of Directors, Supervisory Board and Audit Committee	13	30,229
Wages and salaries of employees	2,796	1,792,739
Social security and health insurance costs		619,564
Social costs		94,959
Staff costs total	2,809	2,537,491

Members of the Board of Directors, Supervisory Board and Audit Committee were not provided with any loans, credits, deposits, advance payments or guarantees.

Company cars are also made available for private use by the Board of Directors on a contractual basis.

The members of the Board of Directors are provided with pension insurance, accident insurance and professional indemnity insurance.

In 2020, the members of the Supervisory Board, the members of the Board of Directors and the members of the Audit Committee received regular monthly remuneration in accordance with applicable agreements, which were approved by the Ministry of Finance. In 2020, the members of the Board of Directors further received a remuneration based on the fulfilment of assigned annual and medium-term KPIs, approved by the Supervisory Board.

Except for the benefits mentioned above, no other financial or non-financial benefits were provided in 2020 to the founder, members of statutory and supervisory bodies, Audit Committee, or the Company's management.

The Company also provides employees with benefits resulting from the applicable Collective Agreement.

Antivirus Government Programme

In March 2020 the Government of the Czech Republic approved a government subvention to staff costs (the Antivirus Programme) - an employment protection measure with the intention to mitigate the negative impact of the global spread of Covid-19. The subsidy applies to employers whose employees have been quarantined, isolated, or hindered at work as a result of the government regulations and emergency measures. In 2020, the Company received a subsidy from the antivirus programme in the amount of CZK 73,366 thousand. The subsidy received was recorded as other operating income.

15. Related Party Transactions

Purchases and sales within the consolidation group:

CZK '000	2020		2019	
	Purchases / Interest	Sales	Purchases / Interest	Sales
Czech Airlines Handling, a.s.	8,441	131,683	7,764	241,131
Czech Airlines Technics, a.s.	10,317	204,695	544	195,059
B. aircraft, a.s.	9,380	2,184	-	2,452

Liabilities to the companies within the consolidation group are included in Notes 10 a 11.

Transactions with the members of the Board of Directors and Supervisory Board are included in Note 14.

Transactions with other related parties are immaterial and were concluded under standard market conditions.

16. Fees Paid and Payable to the Audit Company

The information relating to the fees paid and payable for services performed by the audit company PricewaterhouseCoopers Audit, s.r.o. is included in the consolidated financial statements of Letiště Praha group.

17. Commitments

As at 31 December 2020 the Company had contracted investment commitments in total amount of CZK 1,063,283 thousand (CZK 1,723,234 thousand as at 31 December 2019).

The Company has no other material contracted investment commitments or other material future liabilities.

18. Contingent Liabilities

Management of the Company is not aware of any contingent liabilities as at 31 December 2020.

19. Cash Flow Statement

Cash and cash equivalents in the cash-flow statement include:

CZK '000	31 December 2020	31 December 2019
Cash in hand, vouchers and cash in transit	4,049	5,047
Cash at bank	8,657	1,453,938
Overdraft bank loan	(237,232)	-
Total	(224,526)	1,458,985

20. Subsequent Events

With regard to the further extension of the state of emergency in the Czech Republic and the announcement of tightening the measures related to another wave of the Covid-19 pandemic, further negative impacts on the air transport sector can be expected. Therefore, the Company carefully monitors the current development of the air transport and the forecasts of relevant international organizations and associations. If necessary, the Company's management is ready to take further measures.

In March 2021 the Municipal Court of Prague declared the airline České aerolinie a.s. (hereinafter as „ČSA“) bankrupt. In this context, the Company closely monitors the further development and operation of ČSA. As ČSA continues to operate its flights according to the flight schedule and its obligations to the Company are being duly paid, the full impact of the situation on the Company's income cannot be assessed yet.

No other events have occurred subsequent to year-end that would have a material impact on the financial statements for the year 2020.

31 March 2021



Ing. Václav Řehoř, Ph.D., MBA
Chairman of the Board of Directors
Letiště Praha, a. s.



Ing. Jiří Černík
Member of the Board of Directors
Letiště Praha, a. s.



Independent auditor's report

to the shareholder of Letiště Praha, a. s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Letiště Praha, a. s., with its registered office at K letišti 1019/6, Praha 6 - Ruzyně (the "Company") as at 31 December 2020, of the Company's financial performance and cash flows for the year ended 31 December 2020 in accordance with Czech accounting legislation.

What we have audited

The Company's financial statements comprise:

- the balance sheet as at 31 December 2020,
- the income statement for the year ended 31 December 2020,
- the statement of changes in equity for the year ended 31 December 2020,
- the statement of cash flows for the year ended 31 December 2020, and
- the notes to the financial statements including significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Other information

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

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

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic
T: +420 251 151 111, www.pwc.com/cz

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.



consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

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

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

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

Responsibilities of the board of directors, supervisory board and audit committee of the Company for the financial statements

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

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

The supervisory board of the Company is responsible for overseeing the financial reporting process. The audit committee of the Company is responsible for monitoring of the financial statements preparation process.

Auditor's responsibilities for the audit of the financial statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors, supervisory board and 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.

31 March 2021

PricewaterhouseCoopers Audit, s.r.o.
represented by



Jiří Zouhar



Danuše Polívková
Statutory Auditor, Licence No. 2462

This report is addressed to the shareholder of Letiště Praha, a. s.