

# REPORT ON BUSINESS ACTIVITIES AND RESULTS OF

AŽD PRAHA S.R.O.  
FOR THE FISCAL YEAR 2018/2019





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# INTRODUCTORY WORD OF GENERAL DIRECTOR

In the last year, we successfully completed the largest construction in our history – Reconstruction of telecommunication and signalling equipment in the Brno main railway station, as the leading contractor.



## Dear associates, business partners, dear friends,

allow me to introduce the annual report of the AŽD Praha s.r.o., which based on legal requirements describes the 2018/2019 fiscal year both in annotated, graphical and table forms. I am glad that we are building on the positive development of previous years with good results. From the perspective of the general director responsible for the company, I evaluate this year as one of the most difficult and most complicated, I have ever experienced in this post. Therefore, I would first like to thank to all my co-owners, customers and friends for their work, for help and confidence in the Czech company AŽD, in its systems and products. I also give thanks to our employees without whom we would not succeed.

The range of activities of AŽD in the last year focused especially on confirmation of our position both on the Czech and especially on foreign market. In addition to the Czech market, especially the Polish market particularly became one of the greatest challenges for us. I am pleased, we got a chance to prove the quality of Czech technologies and the high flexibility of our workers even here, and this also in next received contract for modernisation of signalling and telecommunication equipment in the section of the Slonice–Štětín line. It will be important to finish these contracts within the deadline and quality demands so as to maintain the good name of our Company on the Polish market. We also continued working on other foreign contracts, especially in Belarus, the Balkans and newly also in Israel. In the last year, we did less in Slovakia, where our work will have to be improved.

Preparation for the start of regular railway traffic on the Litoměřice horní n. – Most line, which mostly passes through the so called Plum Railroad, is really a matter of the heart for many of our employees. Huge efforts were crowned by a beautiful result – our Company owns and operates its own line not only as a testing polygon, but especially for the benefit of the travelling public. The line is really full of our own technologies and what is especially important in this period also serves to promote our Company, our technologies and the skills of our people. It was an histor-

ical challenge for our Company. I appreciate we have managed it, and allow me to give thanks to all, who participate on starting of the regular railway line. The domestic market remains, as I said before, the most important one for our Company. The quantity of finished constructions and other actions cannot be mentioned here in the full extend.

I will name only the largest construction in history we have realised as a leading contractor – reconstruction of telecommunication and signalling equipment in Brno main railway station, including repairs of superstructures and substructures and of two historical bridges. Electro-mechanical signalling equipment from the 1960s was replaced by fully electronic signalling equipment. Activities related to implementation of the European Train Control System ETCS continues on other lines, and I am glad that the already implemented sections are fully operational.

Our Company does not forget also the area of social activities. In the last year, we started to cooperate with the AutTalk Foundation, which is supporting families of children with autism. Further, we helped to disabled people and supported many cultural and sport events and also individual sportsmen.

As like every year, we try to pay our attention to our media image and promoting our whole branch, and by publishing of the quarterly journal Reportér, which is popular not only within the

AŽD company, but has become a railway journal for the wider public. The “Pozor vlak (Attention Train)” video-magazine has also become very popular and was taken also by some TV stations.

Our participation on domestic and worldwide exhibitions and fairs was also especially important. On Czech Raildays in Ostrava, we exhibited the Regiosprinter bought for the Plum Railroad.

As to the position of AŽD on the European market, we have improved, for example, in Serbia, Poland and other countries.

Dear friends,

a review of other information on the 2018/2019 fiscal year, that I would wish to highlight, could continue, but with regard to the limited space in this annual report, I have mentioned only the most principal milestones of the last year.

Once more many thanks to all for your work, support and confidence.

Ing. Zdeněk Chrdle  
CEO and General Director





# MANAGING BODIES AND ORGANISATIONAL UNITS

To provide top managing and conducting functions, the Company Head Office has been established, which manages and coordinates activities providing realisation of the Company's subject of business.

AŽD Praha s.r.o. (Company ID 480 294 83) is a solely Czech company owned by a long time stable group of owners. Pursuant to the Corporations Act of the Czech Republic, it is a limited liability company. It is incorporated in the Companies Register kept by the Municipal Court Prague, Section C, Insert 14616. From a legislative and economic point of view, it constitutes a single legal entity.

Three Executive Directors act on behalf of the Company in accordance with the Memorandum of Association. Each of the Executive Directors is entitled to act independently on behalf of the Company.

The Company Head Office has been established to ensure top management and overall functions and it manages and coordinates activities aimed at implementation of the subject of the business. The Company labour-law relations were fulfilled during the evaluated fiscal period in compliance with the legal regulations of the Czech Republic and a Corporate Collective Agreement.

The Company's bodies and representatives are mentioned in this Annual Report according to the state as at 30. 9. 2019.

## **COMPANY BODIES**

as at 30. 9. 2019

### **GENERAL ASSEMBLY**

#### **EXECUTIVES**

**Ing. Zdeněk CHRDLÉ**

General Director – CEO

**Ing. Roman JUŘÍK**

Technical Director

**Daniela VESELÁ**

Internal Company Affairs Manager

### **SUPERVISORY BOARD**

**Ing. František FORMÁNEK**

Partner

**Petr ROTT**

Partner

**Ing. Miroslav KOZÁK**

Financial Director

During the observed period of the 2018/2019 fiscal year, the statutory body worked in a stable assembly as well as the supervisory board.



**AŽD Praha s.r.o.**  
**HEADQUARTERS AND COMPANY HEAD OFFICE**

Žirovnická 3146/2, Záběhlice, 106 00 Prague 10  
Telephone: +420 267 287 111  
E-mail: info@azd.cz  
www.azd.cz

**General Director**  
Ing. Zdeněk CHRDLÉ

**Commercial Director**  
Ing. Petr FALTUS

**Financial Director**  
Ing. Miroslav KOZÁK

**Technical Director**  
Ing. Roman JUŘÍK

**Installation and Production Director**  
Ing. Radek ZAMRAZIL

**Equity Holdings Director**  
Ing. Jiří BAŤKA

**Road Telematics Commercial Director**  
Patrik REINIŠ

**Commercial Export Director**  
Ing. Petr ŽATECKÝ

**European Affairs Director**  
Ing. Vladimír KAMPÍK

**Equity Merges Director**  
Ing. Vladimír KETNER

**Personal (HR) Manager**  
Blanka PREŠINSKÁ



POZOR VLAK

## ORGANISATIONAL UNITS

### **“TECHNIKA” PLANT**

Žirovnická 3146/2, Záběhlice, 106 00 Prague 10

#### **Plant Director**

Ing. Karel VIŠNOVSKÝ

#### **Research and Development Deputy Director**

Ing. Antonín DIVIŠ

#### **Design Deputy Director**

Ing. Josef BOREČEK

### **PRODUCTION PLANT BRNO**

Křižíkova 465/32, 612 00 Brno – Královo Pole

#### **Plant Director**

Ing. Jolana HORSÁKOVÁ

### **PRODUCTION PLANT OLOMOUC**

Roháče z Dubé 113/6, 779 00 Olomouc – Bělidla

#### **Plant Director**

Ing. Stanislav SLAVÍČEK

### **INSTALLATION PLANT KOLÍN**

Polepská 724, 280 02 Kolín IV

#### **Plant Director**

Ing. Václav PAŘÍZEK

### **INSTALLATION PLANT OLOMOUC**

Jiráskova 948/5, 779 00 Olomouc – Hodolany

#### **Plant Director**

Ing. Zdeněk BÉBAR

### **LOGISTICS PLANT OLOMOUC**

Železniční 84/1, 779 00 Olomouc – Chválkovice

#### **Plant Director**

Ing. František GRAMBAL

### **TELEINFORMATICS DIVISION**

Ukrajinská 1517/4, 100 00 Prague 10 – Vršovice

#### **Division Director**

Ing. Tomáš HANDL

### **TELECOMMUNICATION AND SIGNALLING TECHNOLOGY SERVICE DIVISION**

Žirovnická 3146/2, Záběhlice, 106 00 Prague 10

#### **Division Director**

Ing. Václav BARTŮNĚK

### **ROAD TECHNOLOGY AUTOMATION DIVISION**

Křižíkova 465/32, 612 00 Brno – Královo Pole

#### **Division Director**

Ing. Jiří Vavrda

### **AŽD Praha s.r.o. ORGANISATIONAL UNIT BRATISLAVA**

Ružinovská 1G, 821 02

Bratislava, Slovak Republic

#### **Unit Director**

Ing. Štefan GLOVIČKO



**AŽD Praha s.r.o.**  
**Dio Stranog društva Crna Gora**

Vlada Martinovića B.B. Podgorica, Montenegro

**Unit Director**  
Zdeněk ŠAUER

**AŽD Praha s.r.o.**  
**Poslovna jedinica Banja Luka**

Jevrejska br. 37, 78 000 Banja Luka, BiH

**Unit Director**  
Otakar KAMENÍK

**AŽD Praha s.r.o.**  
**Merkezi Çek Cumhuriyeti Türkiye**  
**Izmir Şubesi**

Adalet Mahallesi 1643/34, Sokak C-blok apt.,  
no 6/5, 35530 Bayrakli, Izmir, Turkey

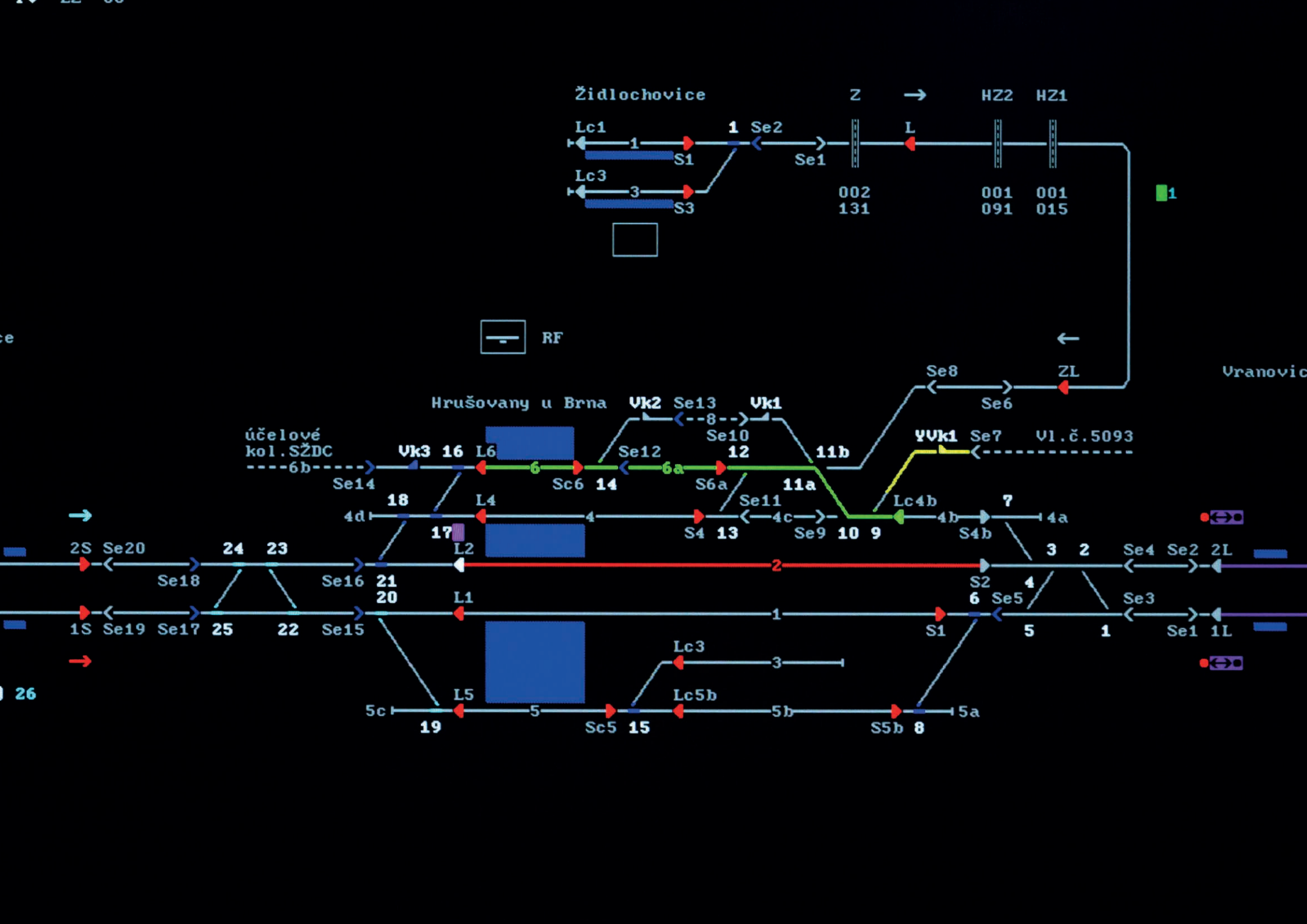
**Unit Director**  
Jaroslav SPOUSTA

# ORGANISATIONAL STRUCTURE

During the 2018/2019 fiscal year,  
no principal changes or activities occurred  
in the field of labour law relations.

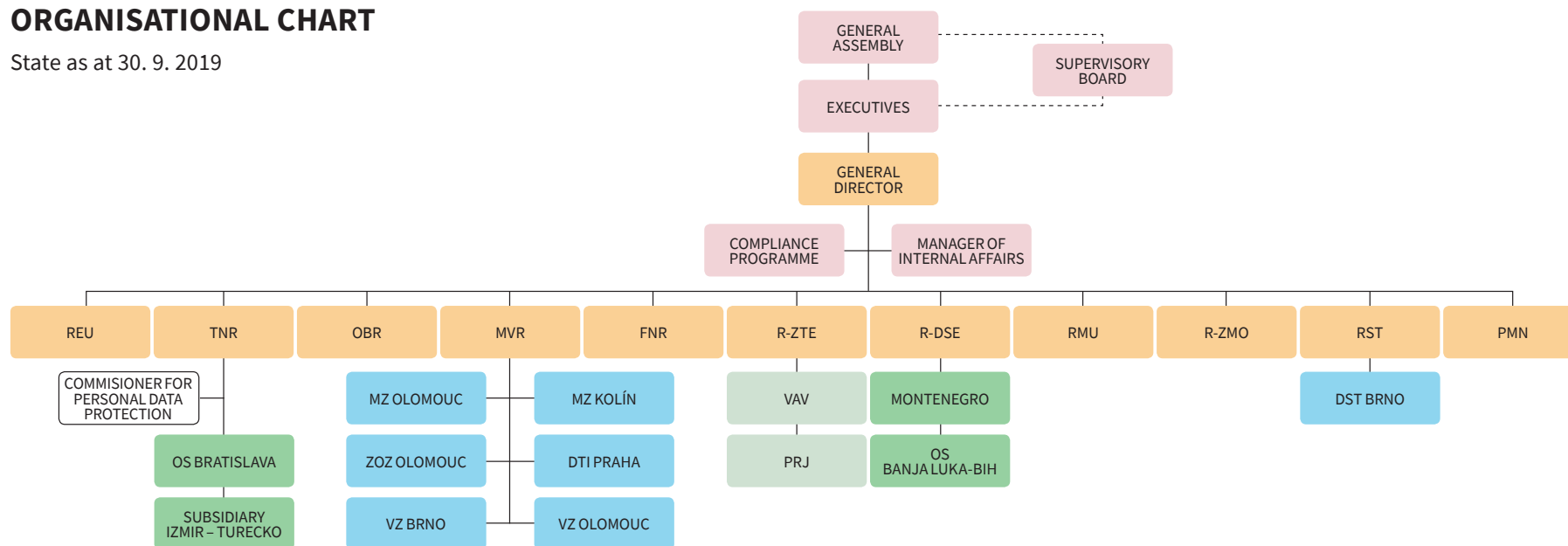
During the 2018/2019 fiscal year, no principal changes or activities occurred in the field of labour law relations. Mostly, common operative matters of a labour-law nature were resolved.





## ORGANISATIONAL CHART

State as at 30. 9. 2019



### Abbreviations:

REU – European Affairs Director  
 TNR – Technical Director  
 OBR – Commercial Director  
 MVR – Installation and Production Director  
 FNR – Financial Director  
 R-ZTE – “Technika” Plant Director  
 R-DSE – DSE Director  
 RMU – Director of Equity Holdings  
 R-ZMO – Commercial Export Director  
 RST – Road Telematics Commercial Director  
 PMN – HR Manager

VZ – Production plant  
 MZ – Installation plant  
 ZOZ – Logistic plant  
 ZTE – “Technika” Plant  
 PRJ – Design Department  
 VAV – Research and Development Department  
 DSE – Telecommunication and Signalling Technology Service Division  
 DTI – Teleinformatics Division  
 DST – Road Technology Automation Division  
 OPS – Personnel and Administration Department  
 OS – AŽD Praha s.r.o., organisational unit

# SCOPE OF BUSINESS AND ITS ANTICIPATED DEVELOPMENT

The Company implements public contracts. It is engaged in research and development. In addition, it has put into operation and significantly modernised a long-term non-operational line, on which it is now testing new technologies.



AŽD Praha s.r.o. is an important supplier of technological systems in the field of signalling, controlling, telecommunication and communication equipment of transport infrastructure. The company is basically focused on the field of signalling and telecommunication equipment for railway traffic. It provides not only production for its customers, but also complex deliveries and installation of these technological complexes for signalling and controlling of traffic infrastructure.

The most important customer is the Railway Infrastructure Administration (SŽDC), state organisation. Orders for this customer are processed in the form of public tenders, in compliance with rules of the Public Procurement Act. ČD a. s. and ČD Cargo a. s. are other important partners in the field of railway traffic. The participation of the firm in tenders for future higher contractors from the rank of construction companies is no less important. These firms usually belong to the greatest construction contractors on the Czech market.

The Company has the needed team of workers and its own technical background for complete securing of orders. It is able to cover works from processing of project documentation, securing of deliveries and performing of installation works. After execution of the contract, it is of course able to assure the warranty and post-warranty service, too.

The AŽD Praha s.r.o. dispose of certifications, that enable it to perform all needed works on the railway infrastructure in the field of signalling and

telecommunication technology. After finishing of installation works, the company carries out commissioning of technological equipment including prescribed tests and issuing of all required documents needed for its safe operation.

The long-term presence on the railway market in the field of signalling and telecommunication technology has proved that the AŽD Praha company is able to execute successfully complex constructions and not only in the scope of its business, but also as a higher contractor, and to assure a complete set of activities for the successful finishing of difficult contracts including also construction works from other branches.

However, AŽD Praha does not deal only with activities resulting from participation in public contracts, but also with development and research of required technologies. The last activity in this manner was the provision of a non-operational line from the original administrator and its consequent commissioning. After the period of seasonal operation, the line was principally modernised, which further enables to us to test also in the future new technologies under operating conditions and also in the mode of regular operation according to the time-table.

In its procedures, the AŽD Praha company tries to use its potential for economic and economically efficient solutions to achieve its objective, which is the contentment of the customer. To achieve this task, the process of related pro-

grammes of service, maintenance and repairs of the equipment is also necessary. All activities of AŽD are driven by an effort to maintain the achieved position and development of the Company also in the future.

The main activity of the Metro department (hereinafter OME) in the 2018/2019 fiscal year was assuring of deliveries of equipment, technologies and services especially for Dopravní podnik hl. m. Prahy. The greatest contract was the building of a complex safety system for the Prague metro, which is formed both by safety systems on all metro lines and also by an automatic train control system on B line. Currently, installation of a VKV digital telecommunication system is being carried out on the pilot project of two open line sections and three stations. After finishing the entire pilot project, the implementation will be carried out on the entire Prague metro network and for all metro trains.

In 2018/2019, we also provided warranty and post warranty service on A and B line of Prague metro and we also continued with the installation of the mobile part of the LZA automatic train control system on line B.

Technical development of OME prepared the Platform wall and doors pilot project in the Zličín Prague metro station. In the first step, the installation of one demonstration module within the AŽD premises was carried out, for which we received many remarks and topics. It was decided

to produce a second testing module considering the accepted remarks.

Within foreign orders, OME prepares for attendance in a tender for a signalling system of railway traffic in the developing network of the Warsaw metro.

The AŽD Company is also a technological partner and system integrator in the field of transport telematics. The commercial department of Road telematics is part of the Company Headquarters (OBU STM).

As an integrator of telematic system solutions it provides deliveries of intelligent systems and devices, which contribute to optimised controlling of traffic flows and to increase the efficiency and safety of operation on overland communications. The Road Technology Automation Division (DST Brno) is the section for implementation of orders in the road telematics field (STM). With its support, the STM provides its customers with complex telematics solutions for road transport, transport in tunnels public lighting and children's traffic playgrounds. These complex telematics solutions include transport studies, project activities, administration of grant titles, complex implementation activities, integration into existing systems, service and maintenance activities and transferred administration. It develops its activities successfully both in the Czech Republic and also abroad, for example, in Slovakia, in Turkey and Azerbaijan.

## **Foreign business and its development**

Foreign orders of AŽD show very dynamic progress. Centralisation of foreign activities is the main aspect of the foreign trade of AŽD. Individual destinations known as the locations of interest, are always administrated by a specialised team of people. This team is usually put together in the moment, when an interesting contract is received, or a significant position on a specific foreign market is gained. These teams are placed under the unified head of Foreign Trade, which better enables to manage foreign activities and to coordinate realisation of contracts inside the Company. Under the head of Foreign Trade Department, the "Engineering of Foreign Orders" Department works successfully, and manages implementation of individual foreign projects, and monitors economic indicators of orders in the context of planning.

Destinations in the main area of interest of AŽD are Slovakia, Lithuania, Belarus, Poland, Serbia, Montenegro, Bosnia and Herzegovina, Turkey, Bulgaria and Malaysia. Newly, the company strives to penetrate the territories of Croatia, Slovenia, Georgia and Ukraine.

## **Subsidiaries and organisational units of AŽD Praha abroad**

Development of foreign orders belongs to important attributes of the AŽD company. As one of indicators showing the growth of the Company foreign trade is the number of subsidiaries operating abroad. AZD BH in Bosnia and Herzegovina, and AZD Polska in Warsaw provide support during implementation of running contracts, the AZDAP company provides coordination of business activities for AŽD in Turkey, and the MPC Servis company in Belarus provides all service activities connected with deliveries of the AŽD for Belarussian Railways. Furthermore, AZD SASI in Serbia, AZD Zagreb in Croatia, AZD Slovakia and Automation of Railway Traffic Bratislava in Slovakia and BALKAN SAST in Bulgaria provide support in creating and implementation of foreign orders. Organisational units established in Montenegro, Bosnia and Herzegovina and Slovakia fulfil the function of local organiser and they create background intended mainly for installation works.





# PRODUCTION, INSTALLATION AND LOGISTIC ACTIVITIES

Our plants managed the tasks related with construction and reconstruction of railway infrastructure and assured within their capacities finishing and activation of equipment for permanent operation at many important constructions including repair works.



The Installation and Production Section is represented by six plants, which participate in complete production, installation and logistic activities.

These are the Production Plant Brno (VZB), specializing in electronics and address products of station interlocking and line signalling systems and other partial electronic products. The Production Plant Olomouc (VZO) specializes in production of cabinets of all types, both for internal and outdoor use and further wayside elements of signalling technology, such as signal devices, barrier drives, point machines, complete programme and other elements for installation in the railway yard.

In the area of installation and direct supplier activities, the Installation Plant Kolín (MZK) and Installation Plant Olomouc (MZO) mainly assure the installation and activation of station interlocking and line signalling technology.

The Teleinformatics Division (DTI) is the exclusive supplier of telecommunication technology within the Company.

The main logistics centre of the AŽD Company is the Logistics Plant with its seat in Olomouc (hereinafter ZOZ), which provides complex logistics activities, from purchasing and storage of materials for production and installation plants to their distributing directly to constructions, both throughout the Czech Republic and also abroad. Installation plants assure the complete supplying activities on our constructions

not only in the Czech Republic, but also abroad. A high level of installations is assured by qualified workers, which are continuously being trained for works in the field of new introduced signalling technology and telecommunication systems. During the 2018/2019 fiscal year, the capacities of installation plants were concentrated on sections of railway corridors and secondary lines. By modernisation of lines and railway stations we assure high comfort of operation and safety. All constructions are realised with modern technologies developed by us.

These are mainly systems of the modern station interlocking equipment of ESA 44 with the line signalling equipment ABE-1. The diagnostics of our own equipment is also an integral part of it, and it accelerates checking reliable operation of the equipment, including fast diagnosis of failures.

Other elements, which are installed by our installation plants to increase safety, are EZŠ systems (Evidence of Loss of Shunt) and VNPN (Warning of Non-Permitted Passing the Signal) with the General Stop function on the TRS system (Line Radio-System equipment) on all concerned train routes, where human factor is eliminated to the maximum extent. We continue with modernisation and introduction of new level crossing systems including new barrier drives (PZA 100 and PZA 200) to assure safe crossing of railways and roads.

In the field of remote station control (DOZ) we continue also with the extended offer and adding of new telecommunication systems with precise digital technology, including the incorporated system of GTN (Graphic-Technology Overlay) for traffic workers. In mobile units, we offer a more modern LS-06 device, which we install on railway vehicles. It is also necessary to mention the field of remote traffic control from CDP (Central Traffic Control) and equipment based on ETCS.

The Installation and Production Section (MVU), which coordinates individual procedures during production and installation, also participates on balanced full use of production and installation capacities. Within increasing the quality of supplied systems, our production plants are being continuously modernised by using the latest production technologies. Workers in installation plants are maintaining their qualification in the field of new developed technologies and working procedures. These latest technologies, processes and procedures assure high quality products and the used materials also minimise negative impacts on the environment.

Our production and installation plants in co-operation with the Logistics Plant managed the tasks related to construction and reconstruction of the railway infrastructure, and they assured within their capacities finishing and activation of equipment into permanent operation for many important constructions, including repair works.



# SERVICE ACTIVITIES

Service activities are provided  
24 hours a day and 365 days a year,  
based on emergency services.

The Telecommunication and Signalling Technology Service Division is an independent organisation unit, the main activity of which is providing service activities for the telecommunication and signalling systems.

It performs also services resulting from the responsibility for failures of work (equipment) during the warranty period (warranty service activity), and further performs of post warranty service activities and maintenance for the area of telecommunication, signalling and information equipment.

It executes service activities preferably for the field of new modernised technological complexes, and especially electronic computer station, line and level crossing safeguarding equipment and remote control systems including the service of the points and barrier programme of AŽD.

The service activities are performed by means of service groups located in DSE Brno, České Budějovice, Karlovy Vary, Kolín, Olomouc, Ostrava, Pardubice, Prague, Plzeň and Ústí nad Labem.

The service activity is provided continuously, 24 hours a day and 365 days a year, based on emergency services.

# INTEGRATED MANAGEMENT SYSTEM

The Integrated Management System assures fulfilment of strategic aims and demands in the field of quality, environment, safety and occupational safety and safety of information.

The fulfilment of demands, needs and expectations of customers is the main priority of AŽD.

The Integrated Management System is a part of Company management, by means of which it assures fulfilment of strategic aims and demands in the field of quality, environment, safety and occupational safety and safety of information.

These aims are declared in the Politics of Integrated Management System of AŽD document. The created system of management is applied on the scope of Company business. It defines mutual connections between individual organisational units and departments and specifies responsibility for processes assuring the quality of the final product provided to the customer, minimisation of negative environmental impacts, occupational health and safety, safety of information in the field of administration of commercial assets related to engineering-supplier activities and activities of design and development.

In 2017, the last recertification of the Integrated Management System was performed.

The accredited CQS certifying body during its audit has stated the compliance of the Quality Management System with the requirements of ČSN EN ISO 9001:2016, compliance of the Environmental Management System with the requirements of ČSN EN ISO 14001:2016 and compliance of the Occupational Health and Safety Management System with the requirements of OHSAS 18001:2008. Based on the successful result of the audit, the AŽD

was certified from the international certifying body CQS/IQNet by certificates with Registration numbers CZ-2050/2017, CZ-44/2017 and CZ-45/2017 valid to 10. 4. 2020.

In 2019, within the obligation of constant improvement, the commercial sections of Company Head Office and R&D departments were certified from the perspective of safety of information management according to the standard ČSN EN ISO/IEC 27001:2014 and the accredited CQS/IQNet certifying body issued a corresponding certificate for AŽD Praha: CZ-261/2018 validity to 19. 12. 2021.

Within a permanent increasing the efficiency and effectivity of the Integrated Management System of AŽD creates appropriate sources and implements progressive methods in all decisive fields of its activities in connection to strategic company targets.



# COMPLIANCE PROGRAMME

The Company has implemented and observes not only the Compliance programme, but also the Code of Ethics and related Anti-Corruption Policy.

The AŽD company has implemented the Compliance programme as a complex system of conduct for the Company and its employees in compliance with legal regulations and internal Company directives on moral and ethic principles with the aim to define and show that AŽD has accepted and introduced sufficient preventive and checking measures, directing to avoid the unlawful conduct of managers and employees of the Company.

To highlight the values of our Company, the Codex of AŽD Praha s.r.o. has been rewritten, and as Code of Ethics it is from now an integral part of Collective Agreement. At the same time, it is a basic building stone of Company culture, expressing the basic code of conduct, which are the principals for our Company. It represents a basic document for AŽD employees, how to behave inside and outside the Company.

The Code of Ethics is followed by the Anti-Corruption Policy, as a manual for employees of AŽD, which should help them with orientation in the field of protection against corruption. It familiarised employees with individual terms (e.g. bribe, corruption, etc.) including examples of corruptive conduct in common life, during public contracts and tenders, and also including simple instructions on how to behave properly. The aim of this document is to provide employees with a complex explanation of this issue, as a form of thorough prevention, and also to consider the provisions of the Anti-Corruption.

Policy of AŽD during cooperation with business partners, and also in the contracts concluded with them.

Due to the all-social situation, when it is demanded that the employees act, both externally and also to each other, based on defined criterions, the AŽD management has found it necessary to verify and so maintain the knowledge of chosen employees in this field on a high level. These employees are periodically trained in the form of e-learning, while they prove their knowledge in the form of an electronic test.

The Compliance programme in AŽD is managed by the Compliance Board. The Compliance officer is an executive body cooperating with employees.

# GDPR

This regulation is observed in the field of procedural, legal, organisational-technical and ICT processes.

The AŽD company fully complies with the Regulation of the European Parliament and Council (EU) 2016/679 (GDPR) and Act No. 110/2019 Coll., and Act No. 111/2019 Coll.

In 2018/2019, the GDPR analysis was carried out in the Company in the field of procedural, legal, organisational-technical and ICT processes.

Existing directives relevant for processing of personal data were revised and complemented.

In the field of documentation, contractual attachments corresponding with the demands of GDPR were concluded and further documentation for the camera system was processed and working procedures were adapted.

In the procedural field, the Company implemented the obligation to keep records on activities of data processing and to report the risk cases of violation of personal data protection to the supervisory body.

In the field of processed data, all evidences of personal data of employees and other physical persons has been mapped within AŽD, and rights to personal data in the information systems and storages has been formalised.

In the field of monitoring, a balance test of all cameras were performed (of monitored areas) with verification, if the rightful interest of the administrator prevails the rights of employees for protection of their privacy.

We have also implemented the Information Safety Management System (ISMS) and created documentation in the field of personal data protection.

# CHARITY ACTIVITIES

The company cooperates with the Charity fund AutTalk, Centrum Kociánka in Brno and the Jedlička Institute Foundation.



In the field of charity activities, in the last year AŽD established cooperation especially with the charity fund AutTalk of Kateřina Sokolová, the main aim of which is education on the problematics of autism. Within actions for support of this foundation, we participated in the exhibition of photos “What reflects autism” (Co nám zrcadlí autismus), and we became a general partner of the first year of RUN AUT, which took place in Hvězda park. We also supported specific parent self-help groups in Prague, Chouzovy u Plzně, Hlučín near Ostrava and in Olomouc.

Within the year-long celebrations of the 100th anniversary of Centrum Kociánka in Brno, we supported the event “Běh stoletou Kociánkou” as the general partner. Some employees of AŽD Production Plant Brno even actively participated in the run.

Help to the patients with cystic fibrosis was also part of our activities in the previous year.

Within charitable actions, we cooperate on a long-term basis by means of S-MOBILE with the Jedlička Institute Foundation, the mission of which is aimed at the integration of young people with physical handicaps into society. Hence, it is necessary to provide complex services mutually related and complementing each other, and one of them is also providing barrier-free transport for clients from Prague and its surrounding.

Also in this year, our Company participated in costs related to the operation of two micro-buses

intended for the barrier-free transport of pupils and students of the Jedlička Institute not only to school, but also to cultural, sports and other events out of school.

# FINANCIAL COMPANY MANAGEMENT

The Company has increased its turnover by 26% and employed 1,723 employees. Company financing has been stabilised, no assets are provided through financial lease and the Company has neither due liabilities in the field of health and social insurance nor tax underpayments.

The Company turnover of CZK 8.5 billion for the 2018/2019 fiscal year is 26% higher compared to the previous year period.

In connection with the increased turnover, optimisation of costs and Company organisation, better year-on-year business results have been achieved.

In the evaluated period, 1,723 workers worked in the Company, which is a year-on-year increase of 40 workers.

Our Company totally spent CZK 319 million for the research and development.

Company financing shows a stabilised state, turnover proportionally reflects in the obligations from trade relations.

The Company acquires no assets through financial lease and has neither due liabilities in the field of the health and social insurance nor tax underpayments.

The Company holds controlling and substantial interests in 21 (twenty one) subsidiaries, of which 11 (eleven) subsidiaries are abroad – Slovakia (4), Bulgaria, Serbia, Belarus, Croatia, Bosnia and Herzegovina, Turkey, Poland.

No significant events fundamentally affecting the Company's business occurred in the period between 30. 9. 2019 and the time when this report was compiled.

The assumed development of the Company's business is stabilised and as such this creates conditions for further development of the Company both at home and abroad.



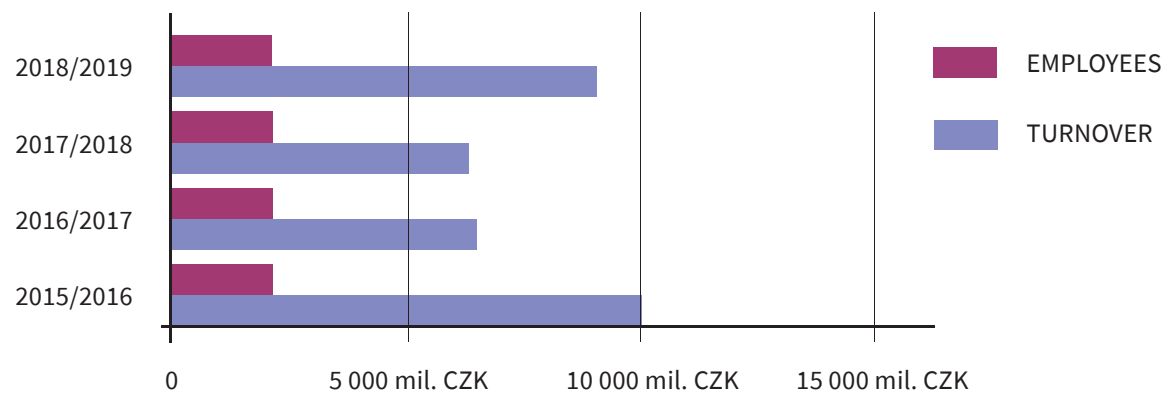




**Main financial indicators of AŽD Praha s.r.o.  
for the period 2018/2019 – from 1. 10. 2018 to 30. 9. 2019**

The company monitors its results in business periods beginning always from 1. 10. and lasting till 30. 9. of the next year.

Indicator/period	2015/2016	2016/2017	2017/2018	<b>2018/2019</b>
Turnover (mil. CZK)	9 961	6 890	6 782	<b>8 580</b>
Employees – full time equivalent	1 815	1 722	1 683	<b>1 723</b>







### Profit from turnover in %

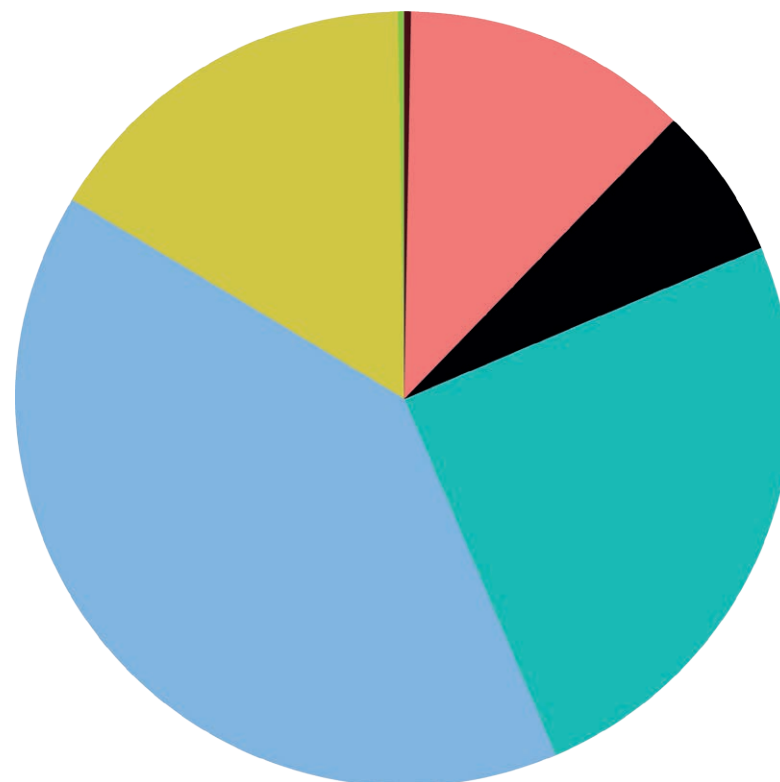
Indicator/period	2015/2016	2016/2017	2017/2018	<b>2018/2019</b>
Profit from turnover %	6,46	5,68	5,95	<b>9,10</b>



Indicator/period	2015/2016	2016/2017	2017/2018	<b>2018/2019</b>
Turnover (thous. CZK)	9 961 322	6 890 247	6 782 063	<b>8 580 264</b>
Profit after tax	643 033	391 288	403 367	<b>781 151</b>
Profit from turnover %	6,46	5,68	5,95	<b>9,10</b>
Value added tax	2 672 170	1 540 339	1 841 467	<b>2 227 851</b>
Bank loans	0	0	0	<b>0</b>
Employees – full time equivalent	1 815	1 722	1 683	<b>1 723</b>

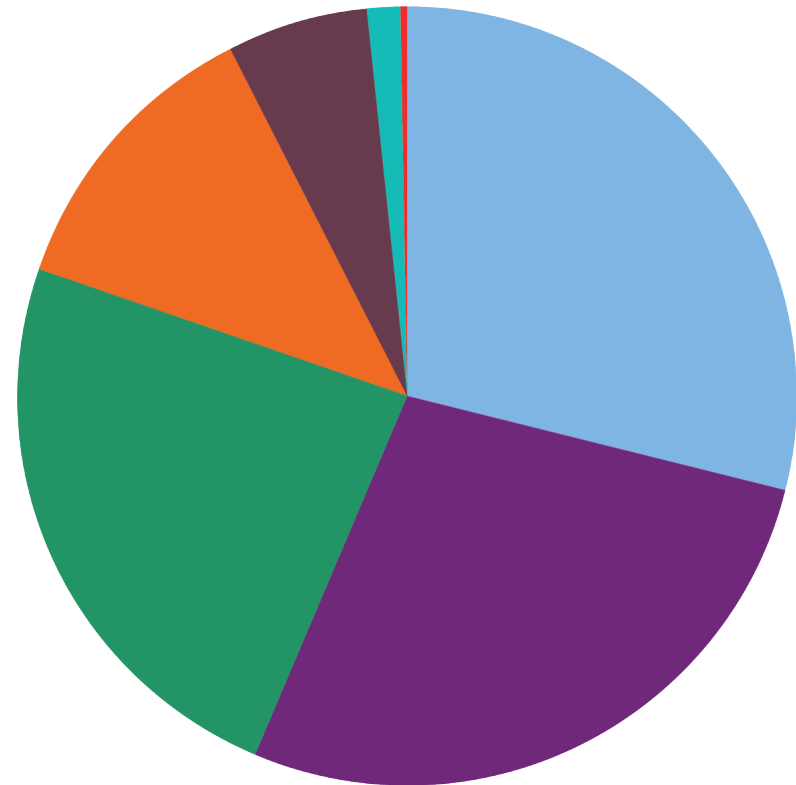
### Composition of assets as at 30. 9. 2019 (in thous. CZK)

	Long-term intangible fixed assets	24 897
	Long-term tangible fixed assets	779 276
	Long-term financial assets	425 017
	Inventories	1 628 092
	Receivables	2 604 189
	Financial assets	1 033 636
	Accruals	17 422
	<b>Assets total</b>	<b>6 512 529</b>



### Composition of Liabilities as at 30. 9. 2019 (in thous. CZK)

	Registered capital	384 436
	Capital funds	573
	Funds from profit	1 561 163
	Retained earnings from previous years	99 656
	Profit of 2018/2019 fiscal year	781 151
	Reserves	1 789 798
	Liabilities	1 894 986
	Bank loans and other creditors	0
	Accruals	766
	<b>Liabilities total</b>	<b>6 512 529</b>



# FINANCIAL STATEMENT

Balance sheet and profit/loss account  
as at 30. 9. 2019.



# BALANCE SHEET

in full extent

as at 30. 9. 2019 (in thous. CZK)

Identification	ASSETS	Row No.	Current accounting period			Previous period
			Gross	Adjustment	Net	Net
a	b	c	1	2	3	4
	TOTAL ASSETS (r. 2+3+37+74)	001	8 082 721	1 570 192	6 512 529	6 457 515
A.	Receivables from subscriptions	002				
B.	Fixed assets (r. 4+14+27)	003	2 670 029	1 440 839	1 229 190	851 403
B. I.	Long-term intangible fixed assets (r. 5+6+9+10+11)	004	163 527	138 630	24 897	18 972
B. I. 1.	Intang. results of research a development	005				
B. I. 2.	Valuable rights	006	159 482	138 030	21 452	17 237
2.1.	Software	007	156 960	136 408	20 552	15 893
2.2.	Other valuable rights	008	2 522	1 622	900	1 344
B. I. 3.	Goodwill	009				
B. I. 4.	Other long-term intangible fixed assets	010	2 874	600	2 274	1 201
B. I. 5.	Advance payments for long-term intangible fixed assets and Intang. fixed assets under construction	011	1 171		1 171	534
5.1.	Advance payments for long-term intangible fixed assets	012	313		313	133
5.2.	Long-term intangible fixed assets under construction	013	858		858	401
B. II.	Long-term tangible fixed assets (r. 15+18+19+20+24)	014	1 981 354	1 202 078	779 276	651 729
B. II.1.	Lands and constructions	015	690 551	306 165	384 386	399 539
1.1.	Lands and constructions	016	146 856		146 856	146 644
1.2.	Constructions	017	543 695	306 165	237 530	252 895
B. II. 2.	Equipment (tangible movables and their sets)	018	1 249 152	895 913	353 239	231 611
B. II. 3.	Invaluation difference to acquired assets	019				
B. II. 4.	Other long-term tangible fixed assets	020				
4.1.	Breeding of permanent crops	021				
4.2.	Adult animals and their groups	022				
4.3.	Other long-term tangible fixed assets	023				

Identification	ASSETS	Row No.	Current accounting period			Pervious period
			Gross	Adjustment	Net	Net
a	b	c	1	2	3	4
B. II. 5.	Advance payments for long-term tangible fixed assets and tangible fixed assets under construction	024	41 651		41 651	20 579
5.1.	Advance payments for long-term tangible fixed assets	025	20 089		20 089	10 800
5.2.	Long-term tangible fixed assets under construction	026	21 562		21 562	9 779
B. III.	Long-term financial assets (r. 28 to 34)	027	525 148	100 131	425 017	180 702
B. III. 1.	Shares – controlled or manag. organisation	028	470 213	95 820	374 393	127 835
B. III. 2.	Loans – controlled or manag. organisation	029	4 311	4 311		
B. III. 3.	Shares – substantial influence	030	48 624		48 624	48 624
B. III. 4.	Loans – substantial influence	031				
B. III. 5.	Other long-term securities and shares	032				
B. III. 6.	Loans – others	033				
B. III. 7.	Other long-term financial assets	034	2 000		2 000	4 243
7.1.	Another long-term financial assets	035				2 243
7.2.	Advance payments for long-term financial assets	036	2 000		2 000	2 000
C.	Current assets (r. 38+46+68+71)	037	5 395 270	129 353	5 265 917	5 588 462
C. I.	Inventory (r. 39+40+41+44+45)	038	1 628 092		1 628 092	1 273 333
C. I. 1.	Materials	039	871 366		871 366	739 832
C. I. 2.	Work in progress and semi-products	040	704 830		704 830	503 909
C. I. 3.	Products and merchandise	041	8		8	18
3.1.	Products	042				
3.2.	Merchandise	043	8		8	18
C. I. 4.	Young and other animals and their groups	044				
C. I. 5.	Advance payments for inventory	045	51 888		51 888	29 574
C. II.	Receivables (r. 47+57)	046	2 733 542	129 353	2 604 189	3 382 758
C. II. 1.	Long-term receivables (r. 47 to 51)	047	450 772		450 772	536 355
1.1.	Trade receivables	048	139 152		139 152	199 672

Identification	ASSETS	Row No.	Current accounting period			Pervious period
			Gross	Adjustment	Net	Net
a	b	c	1	2	3	4
1.2.	Receivables from controlled and manag. organisation	049				
1.3.	Receivables – substantial influence	050				
1.4.	Differed tax receivable	051	310 981		310 981	336 143
1.5.	Other receivables	052	639		639	540
1.5.1.	Receivables from partners	053				
1.5.2.	Long-term deposits given	054	639		639	540
1.5.3.	Estimated receivable	055				
1.5.4.	Other receivables	056				
C. II. 2.	Short-term receivables (r. 58 to 61)	057	2 282 770	129 353	2 153 417	2 846 403
2.1.	Trade receivables	058	2 082 178	69 384	2 012 794	2 527 089
2.2.	Receivables from controlled and manag. organisation	059	63 821	59 969	3 852	11 752
2.3.	Receivables – substantial influence	060				
2.4.	Other receivables	061	136 771		136 771	307 562
2.4.1.	Receivables from partners	062				
2.4.2.	social security and health insurance	063				
2.4.3.	Due from state – tax receivable	064	104 148		104 148	131 330
2.4.4.	Other deposits given	065	25 836		25 836	171 893
2.4.5.	Estimated receivable	066	4 538		4 538	483
2.4.6.	Other receivables	067	2 249		2 249	3 856
C. III.	Short-term financial assets (r. 69+70)	068				
C. III. 1.	Shares – controlled and manag. organisation	069				
C. III. 2.	Other short-term financial assets	070				
C. IV.	Finances (r. 72+73)	071	1 033 636		1 033 636	932 371
C. IV. 1.	Cash	072	2 622		2 622	2 677
C. IV. 2.	Bank accounts	073	1 031 014		1 031 014	929 694
D.	Accruals (r. 75 to 77)	074	17 422		17 422	17 650
D. 1.	Deferred expenses	075	17 422		17 422	17 650
D. 2.	Complex deferred costs	076				
D. 3.	Deferred income	077				

Identification	LIABILITIES	Row No.	Current period state	Previous period
a	b	c	5	6
	TOTAL LIABILITIES (r. 79+101+141)	078	6 512 529	6 457 515
A.	Equity (r. 80+84+92+95+99+100)	079	2 826 979	2 645 819
A. I.	Registered capital (r. 81 to 83)	080	384 436	384 436
A. I. 1.	Registered capital	081	384 436	384 436
A. I. 2.	Own shares (-)	082		
A. I. 3.	Changes of registered capital	083		
A. II.	Premium and capital funds (r. 84+85)	084	573	-48
A. II. 1.	Premium	085		
A. II. 2.	Capital funds (r. 87 to 91)	086	573	-48
2.1.	Other capital funds	087	555	555
2.2.	Revaluation differences of assets a liabilities (+/-)	088	18	-603
2.3.	Revaluation differences in transformation (+/-)	089		
2.4.	Differences from transformations (+/-)	090		
2.5.	Differences from evaluation in transformations (+/-)	091		
A. III.	Funds from earnings (r. 93+94)	092	1 561 163	1 675 763
A. III. 1.	Other reserve funds	093	1 558 732	1 673 732
A. III. 2.	Statutory and other funds	094	2 431	2 031
A. IV.	Profit/loss – previous year (r. 96 to 98)	095	99 656	182 301
A. IV. 1.	Retained earnings from previous years	096	99 656	182 301
A. IV. 2.	Accumulated losses from previous years (-)	097		
A. IV. 3.	Other profit/loss – previous years (+/-)	098		
A. V.	Profit/loss – current year	099	781 151	403 367
A. VI.	Decided on advance payment of dividends (-)	100		
B.+ C.	Other sources (r. 102+107)	101	3 684 784	3 804 272
B.	Reserves (r. 103 to 106)	102	1 789 798	1 802 164

Identification	LIABILITIES	Row No.	Current period state	Previous period
a	b	c	5	6
B. 1.	Reserves for pension and similar payables	103		
B. 2.	Income tax reserves	104	84 110	
B. 3.	Reserves under special statutory regulations	105		
B. 4.	Other reserves	106	1 705 688	1 802 164
C.	Payables (r. 108+123)	107	1 894 986	2 002 108
C. I.	Long-term payables (r. 109+112 to 119)	108	114 700	118 633
C. I. 1.	Issued bonds (r. 110+111)	109		
1.1.	Convertible bonds	110		
1.2.	Other bonds	111		
C. I. 2.	Payables to credit institutions	112		
C. I. 3.	Long-term advances received	113	304	262
C. I. 4.	Trade payables	114	114 396	118 371
C. I. 5.	Long-term notes payables	115		
C. I. 6.	Payables – controlled or manag. organisation	116		
C. I. 7.	Payables – substantial influence	117		
C. I. 8.	Deffered tax liability	118		
C. I. 9.	Payables – other (r. 120 to 122)	119		
9.1.	Payables to partners	120		
9.2.	Estimated payables (passive)	121		
9.3.	Other payables	122		
C. II.	Short-term payables (r. 124 +127 to 133)	123	1 780 286	1 883 475
C. II. 1.	Issue bonds (r. 125+126)	124		
1.1.	Convertible bonds	125		
1.2.	Other bonds	126		
C. II. 2.	Payables to credit institutions	127		
C. II. 3.	Short-term deposits received	128	119 151	501 973

Identification	LIABILITIES	Row No.	Current period state	Previous period
a	b	c	5	6
C. II. 4.	Trade payables	129	1 179 830	994 421
C. II. 5.	Short-term notes payables	130		
C. II. 6.	Payables – controlled or manag. organisation	131		
C. II. 7.	Payables – substantial influence	132		
C. II. 8.	Payables – others (r. 134 to 140)	133	481 305	387 081
8.1.	Payables from partners	134	106 520	132 020
8.2.	Short-term accommodations	135		
8.3.	Payables from employers	136	128 333	118 678
8.4.	Payables to social securities and health insurance	137	78 661	72 827
8.5.	Due from state – tax liabilities and subsidies	138	76 423	30 077
8.6.	Estimated payables	139	36 756	33 479
8.7.	Other payables	140	54 612	
D.	Accruals (r. 142+143)	141	766	7 424
D.1.	Accrued expenses	142	657	7 093
D.2.	Deferred revenues	143	109	331



## PROFIT/LOSS ACCOUNT

in full extent

as at 30. 9. 2019 (in thous. CZK)

Identification	TEXT	Row No.	Fiscal period	
			Current	Previous
a	b	c	1	2
I.	Revenues from sold products and services	01	7 345 295	5 809 479
II.	Revenues from sold goods	02	623 603	511 728
A.	Performance consumption (r. 4 to 6)	03	7 236 304	5 605 089
A.1.	Expenses on sold goods	04	522 226	427 166
A.2.	Consumption of material and energy	05	5 460 398	4 054 348
A.3.	Services	06	1 253 680	1 123 575
B.	Change in inventory of own products (+/-)	07	-189 514	-137 433
C.	Capitalization (-)	08	-1 305 743	-988 997
D.	Personnel expenses	09	1 495 102	1 361 936
D.1.	Wages	10	1 119 528	1 018 452
D.2.	Social security expenses and health insurance and other expenses (r. 12+13)	11	375 574	343 484
2.1.	Social security expenses and health insurance	12	356 132	329 518
2.2.	Other expenses	13	19 442	13 966
E.	Depreciations in operating area (r. 15+18+19)	14	67 663	101 968
E.1.	Depreciations of intangible and tangible fixed assets (r. 16+17)	15	116 430	115 790
1.1.	Depreciations of intangible and tangible assets – permanent	16	116 430	115 790
1.2.	Depreciations of intangible and tangible assets – temporary	17		
E.2.	Depreciations of inventory	18	-5 423	
E.3.	Depreciations of receivables	19	-43 344	-13 822

Identification	TEXT	Row No.	Fiscal period	
			Current	Previous
a	b	c	1	2
III.	Other operating revenues (r. 21 to 23)	20	486 681	354 999
III.1.	Revenues from disposals of fixed assets	21	1 298	5 856
III.2.	Revenues from disposals of materials	22	451 356	307 861
III.3.	Other operating revenues	23	34 027	41 282
F.	Other operating expenses (r. 25 to 29)	24	255 661	249 656
F.1.	Net book value of sold fixed assets	25	47	1 683
F.2.	Net book value of sold material	26	285 881	189 984
F.3.	Taxes and fees	27	6 051	6 113
F.4.	Reserves in operating area and complex deferred costs	28	-96 489	-3 291
F.5.	Other operating expenses	29	60 171	55 167
*	Operating profit/loss (+/-) (r. 1+2-3-7-8-9-14+20-24)	30	896 106	483 987
IV.	Revenues from long-term financial assets – shares (r. 32+33)	31	93 302	78 087
IV.1.	Revenues from shares - controlled or manag. organisation	32	75 302	78 087
IV.2.	Other revenues from shares	33	18 000	
G.	Expenses for sold shares	34	3 500	
V.	Revenues from other long-term financial assets (r. 36+37)	35		
V.1.	Revenues from other long-term financial assets – controlled or manag. organisation	36		
V.2.	Other revenues from other long-term financial assets	37		
H.	Expenses associated with other long-term financial assets	38		
VI.	Interest revenues and similar revenues (r. 40+41)	39	6 584	1 848
VI.1.	Interest revenues and similar revenues – controlled or manag. organisation	40	6 584	1 848
VI.2.	Other interest revenues and similar revenues	41		

Identification	TEXT	Row No.	Fiscal period	
			Current	Previous
a	b	c	1	2
I.	Depreciations and reserves in financial area	42		6 680
J.	Interest expenses and similar expenses (r. 44+45)	43		
J.1.	Interest expenses and similar expenses – controlled or manag. organisation	44		
J.2.	Other interest expenses and similar expenses	45		
VII.	Other financial revenues	46	24 799	25 922
K.	Other financial expenses	47	83 331	115 595
*	Profit/loss from financial operations/transactions (+/-) (r. 31–34+35–38+39–42–43+46–47)	48	37 854	-16 418
**	Profit/loss before taxation (+/-) (r. 30+48)	49	933 960	467 569
L.	Income tax (r. 51+52)	50	152 809	64 202
L.1.	Due income tax	51	127 647	68 662
L.2.	Income tax deferred (+/-)	52	25 162	-4 460
**	Profit/loss after taxation (r. 49–50)	53	781 151	403 367
M.	Transfer of dividends to partners (+/-)	54		
***	Profit/loss of current accounting period (+/-) (r. 53-54)	55	781 151	403 367
*	Net sales for current accounting period = I.+II.+III.+IV.+V.+VI.+VII. (r. 1+2+20+31+35+39+46)	56	8 580 264	6 782 063

# SUPERVISORY BOARD REPORT

During the evaluated period, the Supervisory Board provided activities pursuant to the Civil Code, Partnership Deed (Memorandum of Association), and observed General Assembly resolutions.

# SUPERVISORY BOARD REPORT OF AŽD PRAHA S.R.O.

## FOR BUSINESS RESULTS OF THE COMPANY FOR THE FISCAL YEAR 2018/2019

During the evaluated period, the Supervisory Board provided activities pursuant to the Civil Code, Partnership Deed (Memorandum of Association) and observed General Assembly resolutions.

At its regular Executive Meeting, the Supervisory Board was informed on the fulfilment of accepted intentions of the Executive Plan, on Company's business results, the Company's financial situation, the organisational changes, and Company's activities implementation at home and abroad.

**The Supervisory Board familiarised themselves with the submitted business results of the AŽD Praha s.r.o. company as at 30. 9. 2019 and approves them without any objection or complements.**

**The Supervisory Board therefore, after Executive discussion, advises the General Assembly to approve the business results of the AŽD Praha s.r.o. company as at 30. 9. 2019 including the final accounts and profit distribution proposal.**

Ing. František Formánek

Petr Rott

Ing. Miroslav Kozák

In Prague, on 16. 1. 2020







This annual report has been elaborated in compliance with the valid accounting act and reflects the state as at 30. 9. 2019  
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