



**15 YEARS  
OF OUR  
COMPANY  
THE 2019  
STORY**

 **ABS JETS**

# THE YEAR IN REVIEW



# 15 YEARS OF OUR COMPANY **CONTENTS**

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# FOREWORD

## **Ladies and Gentlemen, dear Friends,**

The year 2019 marked ABS Jets' fifteenth anniversary. The year also saw several significant changes, especially in our parent fleet. At the beginning of the year, our fleet of Gulfstream aircraft, the absolute elite of business jets, welcomed another G650 aircraft. Around mid-year, we expanded our business portfolio with a helicopter division, representing another milestone in the growth of ABS Jets.

2019 marked a successful year for the company with the Operational Control Centre Department logging a record 5,250 flights scheduled to over 550 destinations. The Technical Division enjoyed similar success, our team of mechanics working 47,602 hours, i.e., 5% more than in 2018. A total of 80 aircraft from 16 countries underwent maintenance in the Maintenance Centre, and the Flight Division flew an impressive 4,243 flight hours in commercial operation, logging 2,225 flights. The aircraft we administered flew an average of 11.5 flight hours per day.

ABS Jets continues to follow its long-term goals by continuously streamlining its business practices and maintaining a high level of VIP services. The company also remains highly committed to client safety. Flight operations, maintenance, airworthiness, aircraft handling and external suppliers for related services were checked in 57 separate audits, and 24 safety training programmes were conducted for individual departments. ABS Jets has also successfully implemented an integrated ERP (Enterprise Resource Planning) information system as an integral part of development aimed at optimising the company's entire processes.

In 15 years, ABS Jets has successfully established itself on the Czech, Slovak and foreign private air transport market. Although the 2020 pandemic has struck the global aviation industry very hard, the company has all the prerequisites to successfully meet this challenge head on. ABS Jets is expecting dynamic and healthy growth in the future, interesting projects and opportunities for successful work.

In conclusion, I would like to thank the entire ABS Jets team for their loyalty and hard work. I would also like to extend my gratitude to our shareholders, clients and trading partners, who are an indispensable driving force in our development.

**Marcel Dostal**  
Chairman of the Board



# THE HISTORY OF ABS JETS

**2004**

ABS Jets established on 30 November 2004. Thirty employees and two jets (Cessna Citation Bravo and Embraer Legacy 600) commence operations under an air operator's certificate (AOC) and authorisation for EASA Part 145 aircraft maintenance and repairs.

**2005**

ABS Jets acquires additional aircraft – Embraer Legacy 600 and Cessna Citation Bravo. The company's Continuing Airworthiness Management Department (CAMO) is created.

**2006**

ABS Jets logs 2,370 flight hours.

**2007**

ABS Jets becomes an authorised Embraer service centre. The company achieves 100 employees and adds a Bombardier Learjet 60XR and another Embraer Legacy 600 to its fleet.

**2008**

ABS Jets creates an Operational Control Centre Department. The company obtains certification for flight planning and support services and becomes an authorized handling provider. ABS Jets expands its fleet of aircraft again, operating four aircraft from Brazilian manufacturer Embraer by the end of the year.

**2009**

Overseas Living magazine awards ABS Jets Best Business Aviation Company. The company obtains authorisation for handling services for its own fleet at Bratislava Airport and authorisation to maintain aircraft registered in Aruba. A fifth Embraer Legacy 600 is added to the fleet.

**2010**

The Bratislava base is approved for aircraft line maintenance.

**2011**

Hangar N opens in Prague.

# THE HISTORY OF ABS JETS

**2012**

NBAA awards ABS Jets with the Commercial Flying Safety Award (9 years and 21,177 flight hours without accident, baggage damage or personal injury). The company begins administration of an Embraer Phenom 300 aircraft.

**2013**

ABS Jets receives two new awards from the NBAA – Commercial Business Flying Safety Award and Aviation Support Services Safety Award. The company obtains international quality and safety certification IS-BAO Stage I for the first time. The first Embraer Legacy 650 comes under company administration this year.

**2014**

ABS Jets is awarded its second Commercial Flying Safety Award (11 years and 26,937 hours without accident, baggage damage or personal injury) and the Aviation Maintenance Department Safety Award for contributing to safe commercial aircraft operation through professional maintenance, also from the NBAA. ABS Jets obtains authorisation to maintain aircraft registered in Turkey. The company welcomes its first Gulfstream G550 and second Embraer Legacy 650 to the fleet.

**2015**

ABS Jets obtains authorisation to maintain aircraft registered in Russia. The company achieves IS-BAO Stage II certification.

**2016**

The company logs 30,000 flight hours without incident and obtains IS-BAH international certification (International Standard for Business Aircraft Handling).

**2017**

ABS Jets obtains IS-BAO Stage III certification and adds a second Gulfstream G550 to its fleet.

**2018**

ABS Jets becomes a member of the prestigious GAMA (General Aviation Manufacturers Association), obtaining IS-BAO Stage II certification.

**2019**

ABS Jets welcomes its first helicopter (Airbus H145) and a Gulfstream G650 into its commercial operation. As of the end of 2019, the company operates 12 aircraft + 1 helicopter.

# OUR PASSION

1x GULFSTREAM G650



2x GULFSTREAM G550



# OUR PASSION

6x *EMBRAER LEGACY*  
600/650



1x *AIRBUS H145*





# WHO HAS LED US TO SUCCESS?



**Andrea Brdiarova**  
Chief Executive Officer



**Radek Doubek**  
Chief Finance Officer



**Jan Kralik**  
Accountable Manager / Chief Operating Officer



**Stefan Kukura**  
Flight Operations Manager



**Martin Orlita**  
Quality, Safety and Security Manager



**Michal Pazourek**  
Director of Ground Operations



**Eva Stoklaskova**  
Legal Advisor



**Sébastien Albouy**  
Chief Technical Officer

# BEST UNDER OUR ROOF

**„Watching our company’s growth since we began has been an incredible experience. We started with one aircraft, twenty-seven employees, and a few clients who were interested in flying business jets. We all began, learned and did our best to move forward without disappointing. Without our trust in each other, reliability, a good dose of enthusiasm and the belief that what we were doing made sense, we would not today be proud of 15 successful years of operation. I would like to extend my deep gratitude to everyone who was with us at the beginning and who has joined us over time and will continue to grow with the company. We will keep improving the ABS Jets values and push the bar even higher. I want our people to keep improving and fulfilling their potential in their work, to feel satisfied and be proud employees who share a common goal.”**

It started with a single aircraft. A second and a third then followed ... Our fleet is continually growing, and we enjoy keeping count. Last year, we welcomed a truly exclusive model into our fleet from American manufacturer Gulfstream Aerospace—the G650—whose features rank it among the best the manufacturer has available and among world leaders in the business jet category.

An important milestone for the entire company was extending our existing certification in commercial air transport operations to include helicopter transport. At the end of May and beginning of June 2019, we took over a brand-new Airbus H145 helicopter from the production plant in Germany and immediately added it to our fleet. This step posed many administrative and technological challenges which had to be successfully addressed to obtain all the relevant authorisations.

In the final quarter, the company vigorously prepared for another exclusive addition—a three-engine Falcon 7X—the only one of its kind in the Czech Republic. This project has extended into 2020.

Last year, ABS Jets fortified its position as the largest business jet operator in the Czech and Slovak Republics based on its number and size of aircraft. ABS Jets is also one of the most important operators in Central Europe.



**Andrea Brdiarova**  
Chief Executive Officer

# CABIN AND COCKPIT – OUR HOME AWAY FROM HOME

**„I had the honour of being present when ABS Jets started sixteen years ago as a small company with a family spirit, two crews and a small plane. We have grown into a successful company, and today we fly 45 pilots and 22 flight attendants.“**

Airline pilots undoubtedly have the most beautiful view from their cockpits. In 2019, 34 pilots enjoyed this privilege at our company, and 20 flight attendants shared it from the passenger cabin. An average of 22 pilots and 13 flight attendants flew our six Embraer Legacy 600/650 aircraft, and 12 pilots and 7 flight attendants flew the three Gulfstream aircraft models. Three pilots were available for the helicopter.

In 2019, our commercial crews logged a total of 4,243 flight hours on 2,225 flights. We flew an average of 11.5 flight hours each day and took off and landed every four hours. Dozens of crew rotations took place in exotic destinations, including Cuba, China, the Maldives, Caribbean, Indonesia, Philippines and Seychelles. Our Embraer Legacy 600 even completed a trip around the world early in the year, with landings in the USA, Hawaii, Tahiti, New Zealand and Australia. The aircraft's journey took nearly three months.

The world of aviation and its rules are constantly evolving. For our flight staff to remain at the forefront, ABS Jets has conducted 362 ground training and simulator training programmes. Each ABS Jets pilot has spent an average of 36 hours a year in the classroom or in self-study online, while flight attendants have studied 20 hours per year. For regular training and testing, our pilots fly on simulators and have logged over 285 hours.

As part of the training for Upset Prevention and Recovery, which is now an integral part of training for professional pilots, most of our crews have completed practical exercises in aerobatic aircraft in addition to simulator training. Flying aerobatics during working hours also makes our company unique.

Our flight attendants also undergo intensive training to ensure clients receive exceptional service, especially with regard to cabin safety. For the new aircraft in our fleet (Gulfstream G650), we sent two flight attendants for a week of basic training in Savannah, Georgia, USA. In the second half of 2019, we adopted changes to flight crew licensing according to the new Civil Aviation Authority directive. For ABS Jets, this primarily meant administrative activities such as updating manuals, procedures and internal regulations, and of course, changing how training was organised.

**Stefan Kukura**  
Flight Operations Manager

# CARE ABOVE ALL

**“From its origins in the MRO world, ABS Jets has grown into a recognized brand backed by high quality services, value for money and dependability.**

**In an extremely competitive labour market, the Technical Department has successfully maintained strong employee loyalty by targeting employee development and engaging long-term strategies to improve processes. In 2019, the department exceeded its goals in revenue and margins and is on track today to invite new talent to its ranks and expand the ABS Jets name.”**

The ABS Jets Technical and Maintenance Centre is the heart of our company. The centre not only looks after our home fleet at bases in Prague and Bratislava but also our clients' aircraft from around the world. We are certified to provide heavy and line maintenance for Embraer and Gulfstream aircraft.

As in 2018, the labour market last year was marked by a huge demand for skilled labour. We therefore took several measures to retain our difficult to replace team members by offering salary increases, career advancement, and directly developing skills through mentoring and training. We also emphasised middle management training, especially in soft skills. We are convinced that only a truly satisfied and motivated team can be effective in its work. Improvement in work efficiency reflected a decrease in the company's dependence on external sources and positively affected our profit margin.

Not all experiences, however, have been constructive. This year, we faced several situations which affected the resulting quality of our work. Despite all the technologies and tools available to us, we are still just people, although our ability to identify problems, take responsibility and work hard to solve them is one of the company's primary strengths. We are constantly striving to keep the ABS Jets brand guarantee of the best MRO services on the market. In July 2019, our new technical director initiated our Embraer Authorised Service Centres Steering Committee (EASC), whose purpose is to ensure, for example, efficient distribution of parts and joint solutions to problems for service providers who become members of the committee directly with Embraer. The committee's first project was to optimise the processes for refurbishing and repairing tyres and chassis wheels. These were contracted to individual EASCs. The EASC Steering

Committee and coordination of its members not only creates a potential source of additional profit for ABS Jets, it also contributes to environmental protection. Instead of flying to remote service centres, local repair and maintenance solutions will help ease the stress on our planet and reduce costs for aircraft owners and operators.

The end of 2019 was hectic, especially for the Logistics team. As a result of the announced shutdown of Embraer's online system and therefore limited availability of spare parts during scheduled maintenance and AOG support (support during aircraft technical failure), the Logistics team had to carefully plan and secure supplies before the end of 2019 to mitigate any financial or operational impact on ABS Jets activities during the planned January 2020 initiative.

Despite an initial lag in the first quarter, maintenance centre employees reported record company revenues from heavy maintenance sales at the end of 2019. Since this is the most technical division of our company, concluding with some key figures is appropriate. Last year, maintenance centre employees invoiced an impressive total of 47,602 hours of work, a 5% increase on 2018. Maintenance was conducted on 80 aircraft from 16 countries.



**Sebastien Albouy**  
Chief Technical Officer

# AIRWORTHINESS IS ALWAYS MAINTAINED

**„In 2005, EASA ordered all commercial operators to create CAMO departments. Over the past fifteen years, we have had to build a brand-new CAMO department from the ground up. We first set up a suitable environment and ongoing airworthiness procedures for Cessna Citation 550 Bravo small aircraft. This was followed by steps to operate larger Embraer 135 BJ Legacy aircraft, which gave ABS Jets comprehensive maintenance experience. Another major step was introducing the Gulfstream G550 and G650 aircraft, which required us to learn a new technical documentation structure that we had no fundamental background in. The most recent milestone of our CAMO Department was introducing an Airbus H145 helicopter. We had to approach this completely different machine with a completely clean slate—we learned and created everything from scratch.”**

CAMO is extremely an important tier of support in managing and maintaining the aircraft of our external clients and the ABS Jets parent fleet. Last year marked especially important growth in our parent fleet with the addition of two completely new aircraft types—the Gulfstream G650 business jet and Airbus H145 helicopter. Because each type requires completely different technological procedures and processes, introducing these machines required all new procedures. However, thanks to careful organisation throughout 2018, everything went according to plan.

Our CAMO specialists must deal with unexpected situations and sudden changes during their work. Through their professionalism, ABS Jets can guarantee clients safe flights, reduce their costs and quickly respond to any unforeseen changes. For example, when one of our clients unexpectedly decided to sell their Embraer 135BJ Legacy, ABS Jets quickly looked after and promptly delivered all the documentation and technical logbook to the new owner. In another case this year, a client extended their fleet with an Embraer Legacy 650 and commissioned our team with managing its ongoing airworthiness. Another client

decided to change their aircraft's registration without prior notice. Although this may seem like a simple procedure, it requires a great deal of administration and related organisation. ABS Jets resolved this situation in time to the client's full satisfaction.

Last year, in cooperation with our line maintenance employees, the CAMO team successfully conducted its first ever medium 2A maintenance check on a Gulfstream G550 aircraft from the parent fleet in the ABS Jets hangars. This historical milestone will enable us to inspect the aircraft of other operators in the future.

As planned, ABS jets installed the FANS-1/A and ADS-B Out communication and navigation systems in its aircraft in 2019. Only two aircraft remain to undergo this procedure in the first half of 2020.

The second half of the year marked preparations for another potential addition to our family of managed aircraft. ABS Jets expanded its capacity without increasing its number of CAMO specialists.



**Stanislav Kucera**  
Continuing Airworthiness Manager

# EVERYWHERE ON TIME

**„Working for the market leader in business aviation is an immense pleasure. Over my nearly four years with the company, I have seen my department and the entire company grow. I have also advanced professionally in this environment and thank ABS Jets for this opportunity. I am happy to work with experts in the field, which is something I find greatly inspiring.“**

The year 2019 was especially challenging for our Travel Management and Jet Charter and Brokerage teams, which were merged into the new Charter & Travel Department. Establishing new processes, training individual team members and stabilising the new department overall took up the entire first half of the year.

However, this merger brought much new stimulus. We created a new and comprehensive product that will significantly improve our service quality to clients. We also gained several new consultants who moved the department forward very quickly.

Like any change, this innovation raised certain complications. Initial employee turnover was the main problem. Recruitment, training and the effort to create a loyal, self-functioning and motivated team proved to be an immense challenge under the current labour market circumstances and slowed down the new department's development.

The Charter & Travel Department's goal is to manage the small details which create an exceptional experience. These include not only arranging private aircraft but also, for example, coordinating limousines or helicopters for travel from the airport or accommodation, all according to the client's wishes, such as proven five-star chains to boutique hotels and private villas in exclusive locations. All these services are not only provided to external clients, but also to support crews, technicians and other team members during business trips.

We are continuously working to expand our network of global partners to offer services at most destinations with top quality and affordable rates. Last year was also highly successful in terms of the number of flights. June was our strongest month, our team arranging 50 flights for a total of over 70 flight hours. The total number of flights in 2019 exceeded 380, amounting to over 570 flight hours. New acquisitions went ahead at a pace similar to the previous year. We acquired 14 new clients from external sources.

The new Charter & Travel Department succeeded in setting up a premium and highly luxurious travel service unique to ABS Jets on the local market. Our employees in this department manage exclusive trips to Africa, Canada, the Middle East and Caribbean.

Despite the department merger and fluctuations in staff, the department achieved a record business result.



**Lucie Hanzlickova**  
Charter and Travel Manager

# GROUND ASSISTANCE AT YOUR SERVICE

***"I came to handling in 2008 when the service started and have seen a lot of dynamic and successful development. From just a few people and a few rotations per day, we have grown into a prosperous team of twenty, performing just under 2,400 rotations in 2019. We are the largest and by far the best business aviation handling service in Prague, with a market share of over 65%. I am proud to be head of the department and to continue leading our development."***

Our company supplies ground handling services in both Prague and in Bratislava. 2019 was a year of change for both departments, i.e. mainly personnel changes in management at the Prague and Bratislava bases. In Bratislava, the changes were associated with the introduction of two new base aircraft. As is characteristic, several flights in 2019 were linked to sporting and cultural events in addition to standard general and corporate flights. Our biggest event was supplying support for the new Embraer KC-390 transport aircraft for a several-day visit to Central Europe.

In November, a new, superior class vehicle commenced use at the Prague base. The vehicle allows external aircraft crews to be delivered autonomously and in corresponding quality. The crew lounge also commenced renovation, with expected completion in early 2020. Other notable operational activities were price list optimisation and preparations for full operation of third-party handling in Bratislava.

In total, over 2,300 flights were handled at the base in Prague and 700 at the base in Bratislava.

**Vladimir Nedelka**  
Ground Handling Manager

# WE FLY ACCORDING TO PLAN

***“Since I joined the department in 2008, the Operations Control Centre has seen huge development and engaged in an enormous amount of work. Technological progress is one matter. We progressed from Excel spreadsheets and pencils and paper to daily use of aviation software and applications in computers and tablets. As a result, the OCC has advanced in just a few short years to being able to supply the best possible services to our fleet, crews and clients and has built an excellent reputation in the aviation world. None of this would have been possible without the outstanding dispatchers who have worked at OCC since it began. Some of these people who were around when OCC commenced are now in top company management positions, and that’s impressive.”***

In 2019, both the parent fleet and growing number of external clients used the Operations Control Centre’s comprehensive services. The department’s main goal over the past year was to maintain high quality services and simplify processes.

The department adjusted to several departures over the year, especially before the hectic summer season. New dispatchers were trained very quickly to seamlessly integrate their work in supporting flights to traditional destinations and more exacting flight plans linked to events such as the Cannes Film Festival, Monaco Grand Prix and finals of the Champions League in Madrid.

ABS Jets proved its exceptional commitment to operations in planning a tour which spanned the globe for one of its Legacy 600 aircraft, several calibration missions and various delivery flights, i.e. flights to hand over new aircraft to owners.

The predominant trend in 2019 was clearly the greater number of long-distance flights, the longest being

(coincidentally the longest in the entire history of ABS Jets) a Gulfstream G550 flight from Prague to Jakarta, covering a distance of 11,400 kilometres in 13 hours and 35 minutes.

In total, OCC planned 5,250 flights to over 550 destinations. The traditional market was again Latin America, especially with Brazilian clientele. The OCC centre’s work was based on reliable and well-presentable BI data. As a result, ABS Jets made several contractual corrections with clients and updated prices for its premium services.

The department’s important milestone was the addition of a Gulfstream G650 aircraft and an Airbus H145 helicopter to the parent fleet. By their very character, helicopter operations have brought ABS Jets an entire new range of experience and knowledge in planning.



**Michal Salanda**  
OCC Manager



# FLYING IS SERIOUS BUSINESS

***“We are all unique, and that’s a good thing, since it makes life colourful and interesting. But when a complex organisation embraces difference, which ABS Jets undoubtedly does through its size and diverse aviation activities, this difference takes on an interesting dimension. In small business, where people with similar views and approaches usually meet, this is not so clear. But in a larger company, if you want to build and maintain the chief interests of clients in private air transport—accuracy, reliability, quality and safety—it is important to build a system which guarantees these qualities in aircraft maintenance and operation, flight preparation and the flight itself while also operating inconspicuously and allowing for necessary flexibility. I enjoy and am motivated by the people at ABS Jets. They have grasped this concept and move forward together to build on and improve our system. It is fantastic to look back and see that we have been heading in the right direction.”***

The addition of a Gulfstream G650 to the parent fleet and commencement of helicopter operations with a completely new aircraft, the Airbus H145 helicopter, were a major event for our company’s departments. Quality and Safety Management were no exception.

Handling both milestones has clearly demonstrated our company’s ability to function as a single professional team in all its activities. Using well-established and defined internal processes, checklists and templates to manage delivery and operations, the launch of these projects together with the team’s experience and training has led ABS Jets to achieve its goals smoothly and successfully. The Quality and Safety Management Department is proud of its strong role in shaping these processes, which include supplying ongoing reliable support and being an integral part of day-to-day operations.

In 2019, the Quality and Safety Management Department focused on another especially important goal. Based on feedback from ABS Jets flight, technical and ground staff concerning the external training centre, we created a new internal instructor

position to cover regular crew resource management (CRM) training and work with human factors.

The benefits of this change significantly improved training quality and lowered costs associated with training and education by up to 70% compared to the external training centre. All our employees have responded very positively to internal training, which covers many specific topics. The Quality and Safety Management Department launched the concept for the new training department. We are expecting other positive outcomes in the coming years from the feedback we receive on training in improvements to ABS Jets fleet operations and safety.

In total, our Quality and Safety Management Department conducted 14 crew resource management training programmes over 24 full days. Another two training programmes focused on only human factors and were held over two full days. ABS Jets also conducted 24 safety management training sessions for individual departments and 57 audits for air operations, ground handling, maintenance, airworthiness and external service providers.



**Martin Orlita**

Quality and Safety Manager/Security Manager

# PROFESSIONALS AND ENTHUSIASTS

**„The HR Department has changed significantly over the past few years and undergone many developments. From an administrative department with just one person, we have built a fully-fledged HR Department with a much greater capacity to oversee the needs and development of all employees and introduce new directions in employee care. HR’s main change and success is that its voice is heard by company management, and I am confident this will continue in the future.“**

While the figures have not changed significantly this year, our approach to professional development and benefits certainly has.

At the end of 2019, ABS Jets employed 206 people full-time in the Czech Republic and 38 in Slovakia. As in the previous year, we faced increased staff turnover in 2019, labour market circumstances mostly carrying over from 2018.

We continued to develop our cooperation with schools and students of secondary vocational schools and universities. This brought us many new talented colleagues and enormous assistance during the busy summer months from students who could work over the summer or in professional internships.

At the beginning of 2019, ABS Jets launched a new benefit system which emphasised employee loyalty and simplified the administrative side of employee rewards for both employees and the company. We gained much experience with the new system and collected feedback throughout the year to manage the new employee benefits and make minor adjustments, which became effective from the beginning of 2020.

2019 saw many employee developments across the company and improvements in internal communication. Employees could take part in soft skill training to explore communication, assertiveness, stress management, business skills, ethics and negotiation. We also supplied driver safety courses for employees who regularly drive company vehicles, and we expanded our language training opportunities.

We continued to develop middle and top management through workshops and coaching. One of the main events in this area was a workshop which brought together top and middle management over two days at the end of the summer to define the company’s strategy for the next three years. In 2019, we focused heavily on improving the skills of middle management and strengthening communication between management and employees.

2019 saw ABS Jets’ first all-staff meeting. Employees could engage with top management and learn about the company’s progress in meeting its goals and its outlook for the end of 2019. The company also prepared two company-wide events, one specifically for the Bratislava base. In the summer, we raced on go-karts. Our Christmas party celebrated ABS Jets’ 15th anniversary, and we thanked the nine employees who have been with the company since its very beginning.

**Katerina Ruthova**  
HR Manager

# A SMALL YET ESSENTIAL DEPARTMENT



**Oldrich Mejstrik**  
Facility Manager

***“Facility management is typically taken for granted. Most people assume that everything always works 100% under all circumstances. This is perfectly fine, but it is relatively difficult to ‘excel’ in this manner. Nevertheless, I think we did very well last year. We improved our employee working environment with several office and operating space renovations. However, I would like to highlight one specific course of action which successfully managed the lengthy preparations associated with reconstructing the central and south-eastern part of Hangar C. This is not simply about ticking off a common task from the list and absorbing glory—fulfilling this task presented us with a great challenge, i.e. actual implementation, which awaits us in 2020. I would like to thank all my colleagues and external partners who contributed to a successful year.”***

The Facility Management Department ensures that all other departments can do their work satisfactorily. The department reviews technological items and equipment, conducts regular inspections and performs all necessary maintenance and repairs. 2019 was a positive year for our staff in this department.

Last year, we installed LED lighting in the South Hall, thereby improving the working conditions for maintenance technicians while also reducing electricity costs. We also built our own compressor station to provide Technical Department employees with a better-quality compressed air supply and eliminate the reliance on external suppliers.

Throughout the year, the Facility Management Department oversees all key building functions and equipment to prevent damage and ensure operations are not impeded.

We also saw key successes in securing building permits, selecting contractors, and final approval from the company’s board of directors for extensive office renovations in 2020.

The 2020 goals include installing remote crane controls in the Western Hall, renovating and furnishing the technicians’ area, revitalising the offices, lounges, and rest rooms, and refurbishing the floor in Hangar C, the oldest section of ABS Jets. This last goal required long-term preparation and included obtaining building permits and selecting a general contractor. The work kept the team busy in 2019.

# HAVE YOU TRIED TURNING IT OFF AND BACK ON AGAIN?

**“Work at ABS Jets is teamwork. ABS Jets employees work enthusiastically, and our door is open to innovation and the latest ideas.”**

At the end of last year, we successfully implemented the new enterprise resource planning (ERP) system, which included introducing new accounting software and a new management and reporting system. This was undoubtedly the largest company-wide project of similar type that we have ever undertaken. In 2020, all functions will be harmonised to satisfy all our employees, clients and trading partners who use the system.

Business systems tailor-made for ABS Jets have also been integrated. The changes required significant modifications to these systems and clean-up of the company's database. The new ERP system launched in 2019, and individual primary systems were gradually connected.

In 2020, ABS Jets will also be expanding its systems for ground handling by third parties at the airport in Bratislava. The new ERP system also includes a complete BI solution, which will significantly support the company's economic and fiscal management capabilities in 2020.

Maintaining and expanding our own business systems solution for handling and dispatch is extremely demanding, both financially and in terms of time. We therefore plan to gradually replace them in the medium term with standard, commercially available systems.

The company's technological infrastructure was also upgraded last year. Disk arrays and the firewall were successfully upgraded, and backbone switches for the internal network were successfully exchanged.



**Vaclav Kucera**  
IT Manager

# MARKETING IS ESSENTIAL

After an extended period, the Marketing Department initiated personnel changes. Markéta Janatová, who until then had exclusively looked after sales, took over the department. Logically, this move linked the Sales and Marketing divisions, two departments which often work hand in hand.

2019 was about the spirit of celebrating ABS Jets' 15th anniversary on the market. Clients and partners encountered the "15" motif in various form throughout the year.

ABS Jets saw its first year of active membership in the multinational GAMA (General Aviation Manufacturers Association), which includes the top representatives of the world's leading aircraft manufacturers and business aviation and maintenance organisations. In addition to spreading ABS Jets' reputation at the association's home in Washington, USA, we took part in creating the Steering Committee for Embraer Authorised Service Centres (EASC). This major milestone is covered in a separate paragraph in Chapter 6.

ABS Jets also received several significant international awards in 2019. Our employees earned individual international Flying Safety Awards for quality and safety, issued by the North American NBAA. Director of Ground Operations, Michal Pazourek, achieved a great personal and corporate success with the "2019 Business Aviation Top 40 Under 40" award from the annual NBAA-BACE trade fair held in Las Vegas, confirming his unique approach and contribution to the company's development.

As with every year, it was a pleasant privilege to attend the traditional EBACE trade fair in Geneva in 2019 at the company-wide level. In September, our Technical Department represented ABS Jets at the RUBAE private aviation fair in Moscow, and in July it attended the TechCare conference organised by aircraft manufacturer Embraer. As is customary, the OCC department presented itself at the Schedulers and Dispatchers trade fair in San Antonio and at LABACE in São Paulo.

On the Czech and Slovak markets, ABS Jets management and our Sales Department participated in the Forbes Family Firm 2019 event, this time held in Zlín. ABS Jets also supported this event financially.

Our aviation professionals and enthusiasts support their aviation colleagues and the industry as a whole. On the labour market, we developed a strategic partnership with the Faculty of Transport of the Czech Technical University, especially in lectures and participation in career days. At the professional level, we organised a lecture for the Amateur Aviation Association of the Czech Republic.

Our support for promising aerobatic glider pilot, Adam Toman, should also be mentioned. Adam is a third-year student at the Secondary School of Aviation and Computer Science in Odolena Voda. For the third consecutive year, he has actively engaged in aerobatic gliding and already achieved interesting success, including second place at the Czech Championships in the advanced category.

Supporting aviation in the Czech Republic is a strategic goal of ABS Jets. Developing young aviation talent is also an integral part of this. The company has offered Adam Toman its support and became his official partner in the upcoming World Glider Aerobatic Championships.

***"The aviation business is essentially like marriage: it is a relationship for a lifetime. In 2019, we celebrated the company's 15th anniversary with employees. For many of them, this anniversary was also a personal milestone. It is incredible to see a company so energetic and vibrant, constantly looking for innovations and new opportunities and contact with industry leaders. This is why we all enjoy it and stay, for better or worse."***

**Marketa Janatova**  
Sales & Marketing Manager



# THE RESULTS ARE IN

**„This year, we implemented an ERP system. This challenging process not only streamlined finance but improved the output of our company’s teams. We optimised and cleaned the company’s processes and tuned individual department functions. At this point, I would like to thank the finance team for their patience and huge amount of work, and for their significant contribution, commitment, enthusiasm and ideas. ABS Jets is a company where everyone shares a common goal. This is the important basis for a successful company.”**

On the occasion of its 15th anniversary last year, ABS Jets had exceeded its sales plan by 15%. This was a year-on-year growth of 17%. The Maintenance Department contributed most to this increase.

Total revenues exceeded CZK 1.85 billion, profit before tax (EBT) achieving CZK 12 million. We invested over CZK 6.6 million to develop business and IT processes. Since January 2019, we have been using new accounting software, and along with this change, we integrated accounting and all operating systems into one ERP system and built a data warehouse with a BI (Business Intelligence) solution. Implementing this new comprehensive ERP has given us a robust management tool that lets us better distribute and efficiently use our internal resources. We can thus financially monitor not only individual services for customers but also the individual elements of specific services. This gives us a unique overview of their effectiveness.

In 2019, we also improved the financial forecasting process, which enabled us to distribute resources more efficiently over time.

In 2020, our efforts will focus on optimising the management system, managing the finances of individual aspects of services and fine-tuning forecasting to ensure the Finance Department is an even more reliable partner in the company’s business directions.

**Radek Doubek**  
Chief Financial Officer

# WE ACT RESPONSIBLY

Social responsibility and care for the environment are inextricably linked to all ABS Jets corporate processes. In addition to mandatory compliance with international standards, we strive to be one step ahead and implement procedures which exceed these standards.

A good example is the company's use of sheltered workshop services to produce its marketing items. We prioritise the products (e.g., office supplies) and services from these suppliers. In addition to direct assistance, we also attempt to break down unfounded stereotypes of the low quality or unreliability of these manufacturers.

We are strongly aware of the enormous potential in reducing emissions in passenger transport, especially regarding burning fossil fuels. Last year, we added the first hybrid car to our fleet, and it will not be the last. The South Hall, which is now exclusively illuminated with LED lighting, has also undergone major modernisation. This measure alone has significantly reduced our electricity consumption.

We are also continually attempting to reduce paper consumption. Our crews have been using iPads for pre-flight inspections and flight plans for several years now. Last year, our employees on the ground joined them and stopped using printed diagrams and drawings during maintenance and equipment installation. Our long-term aim is to reduce paper consumption to almost zero as part of a paperless policy.

Of course, waste recycling is an important contribution to environmental protection, which is why the company sorts its waste on each floor with recycling bins in the main areas.

We should also praise the creation of our EASC Steering Committee, which was initiated by our technical director. The steering committee aims to direct local repairs on Embraer aircraft rather than flying aircraft to remote service centres and thereby also significantly reduce the adverse impact on the environment. Even apparently purely business motivated decisions increase our contribution to sustainable development and demonstrate our commitment to caring for the planet.



# FUTURE INNOVATIONS

Scientific progress and modern technology are affecting ever more industries. Aviation is naturally no exception, and ABS Jets is constantly striving to discover new opportunities to move the company forward and ease the work for our employees.

The Technical Department especially relies on many devices that until a few years ago were only speculation in films. We are thinking about, for example, applying augmented reality techniques that would assist technicians in identifying parts of aircraft which require maintenance, or that could be used for training purposes. By using artificial intelligence, technicians would also be able to design service procedures much more quickly and with greater cost efficiency.

We also use several technologies that may not seem so exciting, yet they bring significant business results. Our integrated ERP system with Business Intelligence modules, for example, is one of these important technologies. With this system, we have linked all our departments and simplified communication and approval procedures for individual projects. The analytical BI component of this system lets us measure output and offer effective solutions for resource allocation.

In the near future, we will also be implementing a new internal communications system to streamline communication between employees and ease their integration into the company. We currently use an employee intranet, which is no longer graphically or functionally in line with today's trends.



# AND WHAT ELSE?

***“When the company launched, it had a few employees, a rented space in a hangar and two small jets in a country where private air transport was still a completely unknown concept. The road ahead over the next fifteen years was often bumpy and had many dead ends, as is always the case with market leaders. We have grown and learned how to deliver a flawless product to our clients, while naturally and unobtrusively raising the bar of quality and safety in everything we do to the highest level. As new faces gradually arrived, we not only dedicated ourselves to the final product but also on the very agents of our success—our employees. In fifteen years, we have covered a lot of ground, and as a result of natural competition around us, we now have the opportunity to continue growing and become even better at what we all already do with passion, devotion and respect.”***

**Jan Kralik**

Accountable Manager / Chief Operating Officer

## **Key objectives and business plan for 2020**

In September 2019, the company's management organised a two-day workshop for the heads of individual departments. The principal idea and expected outcomes were to involve middle management in preparing and designing a long-term strategy and obtaining their suggestions and thoughts for the direction of the company. After two days of brainstorming, the company's management outlined five fundamental areas and objectives that the company should focus on over the next three years.

- Become a sought-after employer and thus strengthen employee loyalty.
- Develop our employees and aid them in understanding their roles and responsibilities at the company.
- Minimise the environmental impact of our activities.
- Use modern technology in the company's business units.
- Expand business activities to maximise profits.

Establishing concrete steps to fully achieve these objectives is also important. For 2020, we set the following goals. These serve as the basic building blocks for the strategy outlined above:

- Implement a new communications tool to replace the obsolete corporate intranet.
- Focus more on communication through social media and internal marketing.
- After many years of effort, we obtained a permit at the end of 2019 from the operator of Bratislava airport to supply aircraft handling services to external clients. In 2020, we aim to actively offer this service to existing clients based at Prague Airport and any other clients who select Bratislava as their destination.
- Execute an ambitious plan for aircraft maintenance to exceed its excellent results in 2019 and focus on maximum quality of work. To fulfil some of our strategic goals, we need to progressively adopt modern technologies, for example in technical

training, where the need to keep improving our team of qualified technicians is high.

- Invest additionally in employee training. People are the company's key to success.
- Gradually expand existing cooperation with universities and vocational schools in the field of air transport.
- Extensively renovate our existing premises over the course of a year to create a new, impressive space which we can also lease to partner companies.
- Completely refurbish the floor in Hangar C.
- In the first quarter, the Technical Department will need to extensively inspect its fleet. One Embraer Legacy 600 will undergo its most comprehensive inspection after 16 years of operation. Another Embraer Legacy 600 will be inspected after 12 years of operation, and its chassis will be simultaneously refurbished.
- We expect the addition of (at least one) more new aircraft to the parent fleet in 2020 in the heavy jet category.
- Continue successful implementation of the critical chain method and attempt to find an acceptable IT solution to benefit our team in automating project management.
- Actively participate in events in our membership with GAMA to spread awareness of the ABS Jets brand.
- Become an ambassador of the European association EBAA for the Czech Republic and support local development of business aviation.

# **ABS JETS: THE 2019 STORY**

## **Published by ABS Jets, a.s.**

ABS Jets, a.s. was established on 30 June 2004 and entered in the Commercial Register kept by the Municipal Court in Prague, Section B, File 9421.

### **Registered office and correspondence address:**

ABS Jets, a.s., K Letišti 549 – Hangár C, 161 00 Prague 6 – Ruzyně, Czech Republic.

The company's main business activities are operation of commercial air transport, development, design, production, testing, maintenance, repair, modification and design changes of aircraft, aircraft components and other aeronautical products, mediation of trade and services, provision of handling services at Prague Airport – Ruzyně Jih, including technical and operational aircraft check-in at the apron, passenger and luggage check-in, pre-flight services and preparation and flight monitoring.

ABS Jets, a.s. has been operating in the Slovak Republic since 2007 through its foreign branch ABS Jets, a.s., organizačná zložka and is entered in the Commercial Register kept at the Regional Court in Bratislava I, Section B, File 1523/B.

### **Registered office of the Bratislava base and correspondence address:**

ABS Jets, a.s., organizačná zložka, MR Štefánik Airport, 823 11 Bratislava, Slovak Republic.

### **Ownership structure of the company valid and effective as of 31 December 2019:**

**J&T PRIVATE EQUITY GROUP LIMITED**, with registered address at Klimentos, 41–43, Klimentos Tower, 2nd floor, suite/office 22, Nicosia 1061, Republic of Cyprus: 50% of registered ordinary shares

**BRIDGEHILL LIMITED**, with registered office at Spyrou Kyprianou, 18, flat/office 301, P.C. 1075, Nicosia, Republic of Cyprus: 50% of registered ordinary shares

## **Prague headquarters, Czech Republic**

Web: [www.absjets.com](http://www.absjets.com), e-mail: [info@absjets.com](mailto:info@absjets.com)

General enquiries: +420 733 788 716, [info@absjets.com](mailto:info@absjets.com)

Aircraft Management: +420 602 136 230, [aircraftmanagement@absjets.com](mailto:aircraftmanagement@absjets.com)

Technical Department/Aircraft Maintenance: +420 733 788 206, [maintenance@absjets.com](mailto:maintenance@absjets.com)

AOG hotline (24/7): +420 725 529 489, [engineering@absjets.com](mailto:engineering@absjets.com)

Travel Management (24/7): +420 733 788 792, [travel@absjets.com](mailto:travel@absjets.com)

Private flights (24/7): +420 733 788 792, [sales@absjets.com](mailto:sales@absjets.com)

Ground handling and hangaring (24/7): +420 725 747 997, [handling@absjets.com](mailto:handling@absjets.com)

Operations Control Centre (24/7): +420 602 316 636, [occ@absjets.com](mailto:occ@absjets.com)

## **Foreign branch in Bratislava, Slovak Republic**

Web: [www.absjets.com](http://www.absjets.com), e-mail: [bts@absjets.com](mailto:bts@absjets.com)

Ground handling and hangaring (24/7): +420 911 563 190, [handlingbts@absjets.com](mailto:handlingbts@absjets.com)

AOG hotline (24/7): +421 911 748 546, [engineering@absjets.com](mailto:engineering@absjets.com)

**The company did not acquire any of its own shares this year.**

**Significant subsequent events as at the date of the annual report that affect the Company's operations (including an assessment of the potential impact of the COVID-19 virus) are set out in the notes to the financial statements included in the report.**

**All operating centres at the Prague base contributed to the annual report: Aircraft Management, Flight Department, Technical Department, CAMO Department (Continuing Airworthiness Management), Charter & Travel Department, Ground Handling Department, Operations Control Centre, Bratislava Base Operations Centres: Line Maintenance Department, Ground Handling Department and support departments throughout the company. Thank you!**

# SWORN STATEMENT

ABS Jets, a.s. solemnly declares that all information and data disclosed in this Annual Report is truthful and that no important facts have been omitted.

Prague, on this day 10.6.2020

  
**Marcel Dostal**  
Chairman of the Board of Directors

  
**Andrea Brdiarova**  
Member of the Board of Directors

# FINANCIAL STATEMENTS

**as at 31 December 2017**  
**prepared in accordance with IFRS as adopted**  
**by the European Union**

**Company name:**  
ABS Jets, a.s.

**Registered office:**  
Hangár C, K Letišti 549, Ruzyně, 161 00 Praha 6

**Legal form:**  
Akciová společnost

**Identification number:**  
271 63 628

# BALANCE SHEET IN FULL FORMAT

as at 31 December 2018 (in thousands of Czech crowns)

| Ident.      | ASSETS  | line      | Current period   |                  | Prior period   |                |
|-------------|---|-----------|------------------|------------------|----------------|----------------|
|             |   |           | Gross            | Adjust.          | Net            | Net            |
| a           | b   | c         | 1                | 2                | 3              | 4              |
|             | <b>TOTAL ASSETS</b>   | <b>1</b>  | <b>1 137 190</b> | <b>- 227 325</b> | <b>909 865</b> | <b>793 450</b> |
| <b>B.</b>   | <b>Fixed assets</b>   | <b>2</b>  | <b>614 762</b>   | <b>- 211 880</b> | <b>402 882</b> | <b>412 912</b> |
| B.I.        | Intangible fixed assets   | 3         | 37 869           | - 32 470         | 5 399          | 3 151          |
| B.I.2.      | Intellectual property rights  | 4         | 28 730           | - 28 712         | 18             | 55             |
| B.I.2.1.    | Software  | 5         | 28 730           | - 28 712         | 18             | 55             |
| B.I.4.      | Other intangible fixed assets   | 6         | 3 838            | - 3 758          | 80             | 101            |
| B.I.5.      | Advance payments for intangible fixed assets and intangible fixed assets under construction | 7         | 5 301            |                  | 5 301          | 2 995          |
| B.I.5.2.    | Intangible fixed assets under construction  | 8         | 5 301            |                  | 5 301          | 2 995          |
| B.II.       | Tangible fixed assets   | 9         | 576 893          | - 179 410        | 397 483        | 409 761        |
| B.II.1.     | Land and buildings  | 10        | 504 630          | - 127 699        | 376 931        | 387 643        |
| B.II.1.1.   | Land  | 11        | 74 134           |                  | 74 134         | 74 134         |
| B.II.1.2.   | Buildings   | 12        | 430 496          | - 127 699        | 302 797        | 313 509        |
| B.II.2.     | Plant and equipment   | 13        | 71 650           | - 51 711         | 19 939         | 22 074         |
| B.II.5.     | Advance payments for tangible fixed assets and tangible fixed assets under construction     | 14        | 613              |                  | 613            | 44             |
| B.II.5.1.   | Advance payments for tangible fixed assets  | 15        | 44               |                  | 44             | 44             |
| B.II.5.2.   | Tangible fixed assets under construction  | 16        | 569              |                  | 569            |                |
| <b>C.</b>   | <b>Current assets</b>   | <b>17</b> | <b>503 035</b>   | <b>- 15 445</b>  | <b>487 590</b> | <b>364 043</b> |
| C.I.        | Inventories   | 18        | 110 773          | - 3 556          | 107 217        | 82 672         |
| C.I.1.      | Raw materials   | 19        | 109 124          | - 3 556          | 105 568        | 82 173         |
| C.I.5.      | Advance payments for inventories  | 20        | 1 649            |                  | 1 649          | 499            |
| C.II.       | Receivables   | 21        | 358 419          | - 11 889         | 346 530        | 224 424        |
| C.II.1.     | Long-term receivables   | 22        | 7 848            |                  | 7 848          | 4 146          |
| C.II.1.1.   | Trade receivables   | 23        | 6 749            |                  | 6 749          | 3 047          |
| C.II.1.4.   | Deferred tax asset  | 24        | 1 099            |                  | 1 099          | 1 099          |
| C.II.2.     | Short-term receivables  | 25        | 350 571          | - 11 889         | 338 682        | 220 278        |
| C.II.2.1.   | Trade receivables   | 26        | 230 214          | - 11 749         | 218 465        | 176 633        |
| C.II.2.4.   | Receivables - other   | 27        | 120 357          | -140             | 120 217        | 43 645         |
| C.II.2.4.3. | Tax receivables   | 28        | 7 510            |                  | 7 510          | 6 176          |
| C.II.2.4.4. | Short-term advances paid  | 29        | 6 919            | -140             | 6 779          | 4 478          |
| C.II.2.4.5. | Estimated receivables   | 30        | 102 144          |                  | 102 144        | 30 879         |
| C.II.2.4.6. | Other receivables   | 31        | 3 784            |                  | 3 784          | 2 112          |
| C.IV.       | Cash  | 32        | 33 843           |                  | 33 843         | 56 947         |
| C.IV.1.     | Cash in hand  | 33        | 359              |                  | 359            | 329            |
| C.IV.2.     | Bank accounts   | 34        | 33 484           |                  | 33 484         | 56 618         |
| <b>D.</b>   | <b>Deferrals</b>  | <b>35</b> | <b>19 393</b>    |                  | <b>19 393</b>  | <b>16 495</b>  |
| D.1.        | Prepaid expenses  | 36        | 19 251           |                  | 19 251         | 16 306         |
| D.3.        | Accrued revenues  | 37        | 142              |                  | 142            | 189            |

| Ident.         | LIABILITIES                                      | line      | Current period | Prior period   |
|----------------|--|-----------|----------------|----------------|
|                |  |           |                |                |
| a              | b  | c         | 5              | 6              |
|                | <b>TOTAL LIABILITIES AND EQUITY</b>              | <b>38</b> | <b>909 865</b> | <b>793 450</b> |
| <b>A.</b>      | <b>Equity</b>                                    | <b>39</b> | <b>254 736</b> | <b>245 789</b> |
| A.I.           | Registered capital                               | 40        | 74 000         | 74 000         |
| A.I.1.         | Registered capital                               | 41        | 74 000         | 74 000         |
| A.III.         | Funds from profit                                | 42        | 5 085          | 5 085          |
| A.III.1.       | Other reserve funds                              | 43        | 5 085          | 5 085          |
| A.IV.          | Retained earnings (+/-)                          | 44        | 166 704        | 166 654        |
| A.IV.1.        | Retained profits or accumulated losses (+/-)     | 45        | 166 704        | 166 654        |
| A.V.           | Profit (loss) for the current period (+/-)       | 46        | 8 947          | 50             |
| <b>B. + C.</b> | <b>Liabilities</b>                               | <b>47</b> | <b>651 488</b> | <b>544 255</b> |
| <b>B. + C.</b> | <b>Provisions</b>                                | <b>48</b> | <b>4 314</b>   | <b>3 089</b>   |
| B.4.           | Other provisions                                 | 49        | 4 314          | 3 089          |
| <b>C.</b>      | <b>Liabilities</b>                               | <b>50</b> | <b>647 174</b> | <b>541 166</b> |
| C.I.           | Long-term liabilities                            | 51        | 239 368        | 252 410        |
| C.I.2.         | Liabilities to credit institutions               | 52        | 227 268        | 237 341        |
| C.I.3.         | Long-term advances received                      | 53        | 12 100         | 14 857         |
| C.I.9.         | Liabilities - other                              | 54        |                | 212            |
| C.I.9.3.       | Other payables                                   | 55        |                | 212            |
| C.II.          | Short-term liabilities                           | 56        | 407 806        | 288 756        |
| C.II.2.        | Liabilities to credit institutions               | 57        | 94 611         | 69 082         |
| C.II.3.        | Short-term advances received                     | 58        | 41 001         | 29 399         |
| C.II.4.        | Trade payables                                   | 59        | 187 655        | 150 178        |
| C.II.8.        | Liabilities - other                              | 60        | 84 539         | 40 09          |
| C.II.8.3.      | Payables to employees                            | 61        | 16 019         | 14 815         |
| C.II.8.4.      | Social security and health insurance liabilities | 62        | 7 157          | 6 514          |
| C.II.8.5.      | Tax liabilities and subsidies                    | 63        | 3 999          | 3 689          |
| C.II.8.6.      | Estimated payables                               | 64        | 56 640         | 14 015         |
| C.II.8.7.      | Other payables                                   | 65        | 724            | 1 064          |
| <b>D.</b>      | <b>Accruals</b>                                  | <b>66</b> | <b>3 641</b>   | <b>3 406</b>   |
| D.1.           | Accrued expenses                                 | 67        | 3 641          | 3 406          |

# INCOME STATEMENT CLASSIFICATION BY NATURE

for the year ended 31 December 2019  
(in thousands of Czech crowns)

| Ident.     | INCOME STATEMENT  | line      | Current          | Prior            |
|------------|---|-----------|------------------|------------------|
|            |   |           | period           | period           |
| a          | b   | c         | 1                | 2                |
| I.         | Revenue from products and services  | 1         | 1 856 150        | 1 587 824        |
| A.         | Cost of sales   | 2         | 1 452 019        | 1 243 405        |
| A.2.       | Materials and consumables   | 3         | 262 538          | 218 886          |
| A.3.       | Services  | 4         | 1 189 481        | 1 024 519        |
| D.         | Personnel expenses  | 5         | 324 655          | 297 345          |
| D.1.       | Wages and salaries  | 6         | 247 637          | 227 634          |
| D.2.       | Social security, health insurance and other expenses                                    | 7         | 77 018           | 69 711           |
| D.2.1.     | Social security and health insurance expenses   | 8         | 72 810           | 66 248           |
| D.2.2.     | Other expenses  | 9         | 4 208            | 3 463            |
| E.         | Adjustments relating to operating activities  | 10        | 21 751           | 21 177           |
| E.1.       | Adjustments to intangible and tangible fixed assets                                     | 11        | 19 207           | 18 596           |
| E.1.1.     | Depreciation and amortisation of intangible and tangible fixed assets                   | 12        | 19 207           | 18 596           |
| E.2.       | Adjustments to inventories  | 13        | 1 227            | -166             |
| E.3.       | Adjustments to receivables  | 14        | 1 317            | 2 747            |
| III.       | Other operating revenues  | 15        | 3 997            | 9 586            |
| III.1.     | Proceeds from disposals of fixed assets   | 16        | 569              |                  |
| III.3.     | Miscellaneous operating revenues  | 17        | 3 428            | 9 586            |
| F.         | Other operating expenses  | 18        | 23 819           | 18 755           |
| F.1.       | Net book value of fixed assets sold   | 19        | 1 361            |                  |
| F.3.       | Taxes and charges   | 20        | 2 030            | 2 043            |
| F.4.       | Provisions relating to operating activity and complex prepaid expenses                  | 21        | 1 225            | -534             |
| F.5.       | Miscellaneous operating expenses  | 22        | 19 203           | 17 246           |
| <b>*</b>   | <b>Operating profit (loss) (+/-)</b>  | <b>23</b> | <b>37 903</b>    | <b>16 728</b>    |
| VI.        | Interest revenue and similar revenue  | 24        | 3                | 4                |
| VI.2.      | Other interest revenue and similar revenue  | 25        | 3                | 4                |
| J.         | Interest expense and similar expense  | 26        | 15 165           | 11 881           |
| J.2.       | Other interest expense and similar expense  | 27        | 15 165           | 11 881           |
| VII.       | Other financial revenues  | 28        | 14 002           | 12 762           |
| K.         | Other financial expenses  | 29        | 24 572           | 16 540           |
| <b>*</b>   | <b>Profit (loss) from financial operations</b>  | <b>30</b> | <b>- 25 732</b>  | <b>- 15 655</b>  |
| <b>**</b>  | <b>Profit (loss) before tax (+/-)</b>   | <b>31</b> | <b>12 171</b>    | <b>1 073</b>     |
| L.         | Income tax  | 32        | 3 224            | 1 023            |
| L.1.       | Current tax   | 33        | 3 224            | 1 023            |
| <b>**</b>  | <b>Profit (loss) after tax (+/-)</b>  | <b>34</b> | <b>8 947</b>     | <b>50</b>        |
| <b>***</b> | <b>Profit (loss) for the accounting period (+/-)</b>                                    | <b>35</b> | <b>8 947</b>     | <b>50</b>        |
| <b>*</b>   | <b>Net turnover for the accounting period = I. + II. + III. + IV. + V. + VI. + VII.</b> | <b>36</b> | <b>1 874 152</b> | <b>1 610 176</b> |

# CASH FLOW STATEMENT

for the year ended 31 December 2019  
(in thousands of Czech crowns)

|  | Current         | Prior          |
|--|-----------------|----------------|
|  | period          | period         |
| <b>P. Cash and cash equivalents, beginning of period</b>   | <b>56 947</b>   | <b>39 317</b>  |
| <b>Net operating cash flow</b>   |                 |                |
| Z. Accounting profit (loss) from ordinary activities   | 12 171          | 1 073          |
| A.1. Non-cash transactions   | 38 930          | 32 520         |
| A.1.1. Depreciation and amortisation of fixed assets   | 19 207          | 18 596         |
| A.1.2. Change in:  | 3 769           | 2 047          |
| A.1.2.2. provisions and other adjustments  | 3 769           | 2 047          |
| A.1.3. Profit(-) Loss(+) on sale of fixed assets   | 792             |                |
| A.1.5. Expense and revenue interests accounted for   | 15 162          | 11 877         |
| <b>A.* Net operating cash flow before taxation and changes in working capital</b>                  | <b>51 101</b>   | <b>33 593</b>  |
| A.2. Changes in working capital  | - 57 842        | - 20 625       |
| A.2.1. Change in receivables from operating activities, estimated receivables and deferrals        | - 125 826       | - 9 509        |
| A.2.2. Change in short-term liabilities from operating activities, estimated payables and accruals | 93 756          | - 4 102        |
| A.2.3. Change in inventories   | - 25 772        | - 7 014        |
| <b>A.** Net operating cash flow before taxation</b>  | <b>- 6 741</b>  | <b>12 968</b>  |
| A.3. Interest paid excluding amounts capitalised   | - 15 165        | - 11 881       |
| A.4. Interest received   | 3               | 4              |
| A.5. Income tax paid on ordinary income and income tax relating to prior periods                   | - 3 719         | - 5 751        |
| <b>A.*** Net operating cash flow</b>   | <b>- 25 622</b> | <b>- 4 660</b> |
| <b>Investing activities</b>  |                 |                |
| B.1. Acquisition of fixed assets   | - 10 538        | - 8 083        |
| B.1.1. Acquisition of tangible fixed assets  | - 8 232         | - 5 029        |
| B.1.2. Acquisition of intangible fixed assets  | - 2 306         | - 3 054        |
| B.2. Proceeds from sales of fixed assets   | 569             |                |
| B.2.1. Proceeds from sales of tangible and intangible fixed assets                                 | 569             |                |
| <b>B.*** Net cash flow from investing activities</b>   | <b>- 9 969</b>  | <b>- 8 083</b> |
| <b>Financing activities</b>  |                 |                |
| C.1. Change in long-term resp. short-term liabilities from financing                               | 12 487          | 30 373         |
| <b>C.*** Net cash flow from financing activities</b>   | <b>12 487</b>   | <b>30 373</b>  |
| <b>F. Net increase or decrease in cash balance</b>   | <b>- 23 104</b> | <b>17 630</b>  |
| <b>R. Cash and cash equivalents, end of period</b>   | <b>33 843</b>   | <b>56 947</b>  |

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019  
(in thousands of Czech crowns)

|  | Registered capital | Other reserve funds | Retained profits or accumulated losses (+/-) | Profit (loss) for the current period | Total          |
|--|--------------------|---------------------|--|--------------------------------------|----------------|
| <b>Balance as at 1.1.2019</b>                      | <b>74 000</b>      | <b>5 085</b>        | <b>166 654</b>                               | <b>50</b>                            | <b>245 789</b> |
| Transfer of the profit (loss) of prior year period | --                 | --                  | 50   | -50                                  | --             |
| Profit (loss) for the current period               | --                 | --                  | --   | 8 947                                | 8 947          |
| <b>Balance as at 31.12.2019</b>                    | <b>74 000</b>      | <b>5 085</b>        | <b>166 704</b>                               | <b>8 947</b>                         | <b>254 736</b> |

|  | Registered capital | Other reserve funds | Retained profits or accumulated losses (+/-) | Profit (loss) for the current period | Total          |
|--|--------------------|---------------------|--|--------------------------------------|----------------|
| <b>Balance as at 1.1.2018</b>                      | <b>74 000</b>      | <b>5 085</b>        | <b>142 920</b>                               | <b>23 734</b>                        | <b>245 739</b> |
| Transfer of the profit (loss) of prior year period | --                 | --                  | 23 734                                       | -23 734                              | --             |
| Profit (loss) for the current period               | --                 | --                  | --   | 50                                   | 50             |
| <b>Balance as at 31.12.2018</b>                    | <b>74 000</b>      | <b>5 085</b>        | <b>166 654</b>                               | <b>50</b>                            | <b>245 789</b> |

# NOTES TO THE CZECH STATUTORY FINANCIAL STATEMENTS

## 1. Description and principal activities

### Establishment and description of the Company

ABS Jets, a.s. ("the Company") was incorporated on 30 June 2004 by being recorded in the Commercial Register maintained by the Municipal Court in Prague, under file number 9421, section B.

### The Company's principal activities are:

- the operation of commercial air transport;
- the development, design, manufacture, testing, maintenance, repair and modification of, and structural changes to, aircraft, aircraft parts and aviation technology;
- the provision of handling services at Praha-Ruzyně South Airport, including technical and operational aircraft handling on the apron, and passenger and baggage check-in;
- pre-flight preparation and flight monitoring services;
- catering services;
- brokerage of trade and services;
- the lease of real estate, apartments and non-residential premises, including the provision of basic services ensuring the due operation of the real estate, apartments and non-residential premises;
- the manufacture, trade and services not specified in Annexes 1 to 3 to the Trades Licensing Act;
- road motor transport – passenger transport operated by vehicles designed for transporting a maximum of nine passengers including the driver.

### Owners of the Company as at 31 December 2019

|                                  |               |
|----------------------------------|---------------|
| J&T PRIVATE EQUITY GROUP LIMITED | 50% of shares |
| Bridgehill Limited               | 50% of shares |

### Registered office

ABS Jets, a.s.  
K letišti 549, Hangar C  
161 00 Praha 6  
Czech Republic

### Identification number

271 63 628

### Members of the board of directors and supervisory board as at 31 December 2019

| Members of the board of directors: | Members of the supervisory board: |
|------------------------------------|-----------------------------------|
| Marcel Dostal (chairman)           | Richard Sedlacko (chairman)       |
| Andrea Brdiarova (member)          | Marketa Bobkova (member)          |
| Jan Kralik (member)                | Stanislav Kucera (member)         |

The Company does not prepare the consolidated financial statements for groups of entities nor is it part of any group of entities.

## 2. General accounting principles, accounting policies and their changes and deviations

These financial statements have been prepared in compliance with Act No. 563/1991 Coll., on Accounting, as amended, ("the Act on Accounting") and Decree of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provisions of the Act on Accounting, as amended, for business entities using double-entry bookkeeping, ("the Decree").

The financial statements have been prepared on a going concern basis.

#### A) Tangible and intangible fixed assets

The Company accounts for tangible and intangible assets using asset accounts. Tangible assets comprise land and structures, including buildings, regardless of their cost and useful life, and individual movable assets with a value of at least TCZK 40 and a useful life of more than one year. Intangible assets comprise individual intangible assets with a value of at least TCZK 60 and a useful life of more than one year. Tangible assets costing between TCZK 20 and TCZK 40 and having a useful life exceeding one year are recorded by the Company as low value assets with a depreciation period of 24 months.

The cost of internally produced fixed assets includes direct materials, direct wages and overheads directly related to the creation of the asset until it is put into use.

Tangible and intangible fixed assets are depreciated/amortised based on their cost and estimated useful life on a monthly straight-line basis, starting in the month following the date on which the asset is put into use. Land is not depreciated.

Assets are depreciated using the following methods over the following periods:

| Assets                          | Number (range) of years |
|---------------------------------|-------------------------|
| Buildings, halls and structures | 30-50                   |
| Machinery and equipment         | 2-5                     |
| Vehicles                        | 4-10                    |
| IT equipment                    | 2-5                     |
| Intangible assets               | 3-10                    |

In the income statement, depreciation is presented in "Depreciation and amortisation of intangible and tangible fixed assets".

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives.

#### B) Inventories

The Company measures inventories using the weighted average method applied to the costs of identical materials. Cost includes the purchase price of the inventory and related customs duties and in-transit storage and freight costs incurred in delivering the inventory to the manufacturing facility.

#### C) Establishment of adjustments and provisions

##### Receivables

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables. In the income statement, the establishment and release of adjustments is presented in "Adjustments to receivables".

##### Inventories

Adjustments are established to reduce the cost of inventory to net realisable value. In the income statement, the establishment and release of adjustments is presented in "Adjustments to inventories".

##### Provisions

As at the balance sheet date, a provision for untaken holidays is established based on an analysis of untaken holidays in the accounting period and average payroll expenses, including social security and health insurance expenses per employee.

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.

In the balance sheet, the income tax provision is reduced by income tax prepayments, and the net receivable (if any) is recorded in tax receivables. If the result is a liability, it is recorded in the income tax provision.

#### D) Foreign currency translation

The Company applies the Czech National Bank official rate to foreign currency transactions. During the year foreign exchange gains and losses are only recognised when realised at the time of settlement. As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the Czech National Bank official rate prevailing on the transaction date. Unrealised foreign exchange gains and losses are recognised in profit or loss.

#### E) Leased assets

Lease payments are expensed on a straight-line basis over the lease term. Where an asset is purchased at the end of the lease, it is recorded at its purchase price (replacement cost).

#### F) Recognition of revenues and expenses

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

#### G) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods. Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability is utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

#### H) Classification of liabilities

The Company classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.

### 3. DIntangible and tangible fixed assets

#### A) Intangible fixed assets

|                                 | Software | Other intangible fixed assets | Intangible fixed assets under construction | Total 2019    | Total 2018    |
|---------------------------------|----------|-------------------------------|--|---------------|---------------|
| <b>Acquisition cost</b>         |          |                               |  |               |               |
| Opening balance                 | 28 730   | 3 838                         | 2 995                                      | <b>35 563</b> | <b>32 509</b> |
| Additions                       | --       | --                            | 2 306                                      | <b>2 306</b>  | <b>3 054</b>  |
| Disposals                       | --       | --                            | --   | <b>--</b>     | <b>--</b>     |
| Transfers                       | --       | --                            | --   | <b>--</b>     | <b>--</b>     |
| Closing balance                 | 28 730   | 3 838                         | 5 301                                      | <b>37 869</b> | <b>35 563</b> |
| <b>Accumulated amortisation</b> |          |                               |  |               |               |
| Opening balance                 | 28 675   | 3 737                         | --   | <b>32 412</b> | <b>32 326</b> |
| Amortisation expense            | 37       | 21                            | --   | <b>58</b>     | <b>86</b>     |
| Disposals                       | --       | --                            | --   | <b>--</b>     | <b>--</b>     |
| Transfers                       | --       | --                            | --   | <b>--</b>     | <b>--</b>     |
| Closing balance                 | 28 712   | 3 758                         | --   | <b>32 470</b> | <b>32 412</b> |
| Net book value 1 Jan            | 55       | 101                           | 2 995                                      | <b>3 151</b>  | <b>183</b>    |
| Net book value 31 Dec           | 18       | 80                            | 5 301                                      | <b>5 399</b>  | <b>3 151</b>  |

## B) Tangible fixed assets

|                                 | Land   | Buildings | Machinery, equipment and vehicles | Low value assets | Tangible fixed assets under construction | Advances paid | Total 2019     | Total 2018     |
|---------------------------------|--------|-----------|-----------------------------------|------------------|--|---------------|----------------|----------------|
| <b>Acquisition cost</b>         |        |           |                                   |                  |  |               |                |                |
| Opening balance                 | 74 134 | 429 483   | 72 278                            | 8 463            | --                                       | 44            | <b>584 402</b> | <b>579 044</b> |
| Additions                       | --     | 1 013     | 5 791                             | 859              | 569                                      | --            | <b>8 232</b>   | <b>6 018</b>   |
| Disposals                       | --     | --        | -15 153                           | -588             | --                                       | --            | <b>-15 741</b> | <b>-660</b>    |
| Transfers                       | --     | --        | --                                | --               | --                                       | --            | <b>--</b>      | <b>--</b>      |
| Closing balance                 | 74 134 | 430 496   | 62 916                            | 8 734            | 569                                      | 44            | <b>576 893</b> | <b>584 402</b> |
| <b>Accumulated depreciation</b> |        |           |                                   |                  |  |               |                |                |
| Opening balance                 | --     | 115 974   | 51 152                            | 7 515            | --                                       | --            | <b>174 641</b> | <b>156 791</b> |
| Depreciation expense            | --     | 11 725    | 6 664                             | 760              | --                                       | --            | <b>19 149</b>  | <b>18 510</b>  |
| Disposals                       | --     | --        | -13 791                           | -589             | --                                       | --            | <b>-14 380</b> | <b>-660</b>    |
| Transfers                       | --     | --        | --                                | --               | --                                       | --            | <b>--</b>      | <b>--</b>      |
| Closing balance                 | --     | 127 699   | 44 025                            | 7 686            | --                                       | --            | <b>179 410</b> | <b>174 641</b> |
| Net book value 1 Jan            | 74 134 | 313 509   | 21 126                            | 948              | --                                       | 44            | <b>409 761</b> | <b>422 253</b> |
| Net book value 31 Dec           | 74 134 | 302 797   | 18 891                            | 1 048            | 569                                      | 44            | <b>397 483</b> | <b>409 761</b> |

## 4. Inventories

At the stocktaking held on 31 December 2019 the Company identified gross balance of material inventories of TCZK 109 124 (2018 – TCZK 84 502). 90% of these are spare parts for aircraft, with the most expensive items being spare parts for engines and recording devices.

As at 31 December 2019, the Company created an adjustment to inventories of TCZK 3 556 (2018 – TCZK 2 329).

## 5. Trade receivables and payables

A) Short-term trade receivables total TCZK 230 214 (2018 – TCZK 186 869), of which TCZK 115 670 (2018 – TCZK 74 874) is overdue. An adjustment of TCZK 11 749 (2018 – TCZK 10 432) was set up at 31 December 2019 for doubtful receivables.

The Company records long-term trade receivables of TCZK 6 749 (2018 – TCZK 3 047).

B) Short-term trade payables total TCZK 187 655 (2018 – TCZK 150 178), of which TCZK 74 421 (2018 – TCZK 60 425) is overdue. The Company monitors overdue payables on an ongoing basis and has assessed that the risk of inability to pay due liabilities is very low.

The Company records other long-term liabilities of TCZK 0 (2018 – TCZK 212).

## 6. Short-term advances received

As at 31 December 2019, the Company records short-term advances received that represent advances paid on the aircraft maintenance (replacement and repairs of spare parts, repairs of aircraft and other) of TCZK 41 001 (2018 – TCZK 29 399).

## 7. Estimated receivables

As at 31 December 2019, the estimated receivables of TCZK 102 144 (2018 – TCZK 30 879) include in particular un invoiced revenue from aircraft maintenance and flight sales.

## 8. Estimated payables

As at 31 December 2019, the estimated payables of TCZK 56 640 (2018 – TCZK 14 015) include un invoiced expenses incurred for the lease and operation of aircraft (handling, airport and overflight charges, fuel, etc.) and expenses for aircraft maintenance.

## 9. Registered capital

|                                      | Registered capital |
|--------------------------------------|--------------------|
| Balance at 31/12/2018                | 74 000             |
| 72 shares at CZK 1 000 000 per share | 72 000             |
| 4 shares at CZK 500 000 per share    | 2 000              |
| Balance at 31/12/2019                | 74 000             |
| 72 shares at CZK 1 000 000 per share | 72 000             |
| 4 shares at CZK 500 000 per share    | 2 000              |
| Registered capital                   | 74 000             |

## 10. Equity

As at the date of preparation of the financial statements, no decision was taken on the distribution of profit for 2019.

## 11. Provisions

In 2019, the income tax provision of TCZK 3 122 (2018 – TCZK 1 330) was reduced by income tax prepayments of TCZK 3 719 (2018 – TCZK 5 642). The net receivable of TCZK 597 is recorded in tax receivables (2018 – the net receivable of TCZK 4 312 was recorded in tax receivables).

Other provisions of TCZK 4 314 (2018 – TCZK 3 089) represent a provision for untaken holidays of employees.

## 12. Liabilities to credit institutions

Loans and other financial liabilities

| 31 December 2019               | Currency | Nominal interest rate                     | Maturity date | Carrying amount | Due within 1 year | Due in 1 to 5 years | Due in more than 5 years |
|--------------------------------|----------|---|---------------|-----------------|-------------------|---------------------|--------------------------|
| Loan PPF banka a.s.            | CZK      | 6M PRIBOR + 2,5 % p.a.                    | 30. 9. 2026   | 239 268         | 12 000            | 53 000              | 174 268                  |
| Loan KTK* PPF banka a.s.       | CZK      | 1M PRIBOR / EURIBOR / LIBOR + 2,20 % p.a. | 30. 1. 2020   | 82 397          | 82 397            | --                  | --                       |
| Loan KTK* Komerční banka, a.s. | CZK      | 13 % p.a.                                 | 20. 1. 2020   | 214             | 214               | --                  | --                       |
| Total                          |          |   |               | 321 879         | 94 611            | 53 000              | 174 268                  |

\*Overdraft loan



| 31 December 2018               | Currency | Nominal interest rate                     | Maturity date | Carrying amount | Due within 1 year | Due in 1 to 5 years | Due in more than 5 years |
|--------------------------------|----------|---|---------------|-----------------|-------------------|---------------------|--------------------------|
| Loan PPF banka a.s.            | CZK      | 6M PRIBOR + 2,5 % p.a.                    | 30. 9. 2026   | 251 341         | 14 000            | 56 000              | 181 341                  |
| Loan KTK* PPF banka a.s.       | CZK      | 1M PRIBOR / EURIBOR / LIBOR + 2,20 % p.a. | 30. 1. 2019   | 54 281          | 54 281            | --                  | --                       |
| Loan KTK* Komerční banka, a.s. | CZK      | 13 % p.a.                                 | 20. 1. 2019   | 801             | 801               | --                  | --                       |
| <b>Total</b>                   |          |   |               | <b>306 423</b>  | <b>69 082</b>     | <b>56 000</b>       | <b>181 341</b>           |

\*Overdraft loan

As at 31 December 2019, the Company drew an overdraft loan "KTK Komerční banka, a.s." of TCZK 214 (2018 – TCZK 801) with a credit line of up to TCZK 6 000.

As at 31 December 2019, the Company drew an overdraft loan "KTK PPF banka a.s." of TCZK 82 397 (2018 – TCZK 54 281) with a credit line of up to TCZK 160 000 and a long-term fixed-term loan "Loan PPF banka" of TCZK 239 268 (2018 – TCZK 251 341).

The loan from PPF banka a.s. is secured by a real estate pledge agreement, an agreement on the pledge of receivables arising from a bank account, a blank promissory note, and an agreement on the pledge of receivables and an assignment request confirmed by the insurance company.

#### • Compliance with financial covenants

The bank loans provided by PPF banka, totalling TCZK 321 665 (2018 – TCZK 305 622), are subject to financial covenants, with which the Company complies.

### 13. Segment information

Revenues by geography (based on the customer's registered office) and by major segments for 2019 and 2018 are disclosed in the following tables:

|                        | Flights and related services | Maintenance    | Other          | Total 2019       |
|------------------------|------------------------------|----------------|----------------|------------------|
| Czech Republic         | 375 810                      | 3 426          | 90 007         | 469 243          |
| Ireland                | 15 828                       | 105 579        | 168 647        | 290 054          |
| Cyprus                 | 255 959                      | 859            | 18 985         | 275 803          |
| British Virgin Islands | 117 056                      | 10 820         | 112 906        | 240 782          |
| Slovakia               | 82 146                       | 21 593         | 8 244          | 111 983          |
| Netherlands            | 98 889                       | 0              | 3 628          | 102 517          |
| Russia                 | 0                            | 57 135         | 1 697          | 58 832           |
| Other                  | 68 693                       | 175 936        | 62 307         | 306 936          |
| <b>Total</b>           | <b>1 014 381</b>             | <b>375 349</b> | <b>466 421</b> | <b>1 856 150</b> |

|                        | Flights and related services | Maintenance    | Other          | Total 2018       |
|------------------------|------------------------------|----------------|----------------|------------------|
| Czech Republic         | 395 925                      | 3 603          | 78 788         | 478 316          |
| Ireland                | 105 167                      | 122 722        | 47 019         | 274 908          |
| Cyprus                 | 103 551                      | 9 937          | 49 068         | 162 556          |
| British Virgin Islands | 161 022                      | 29 689         | 3 116          | 193 827          |
| Slovakia               | 50 056                       | 92             | 118 184        | 168 332          |
| Netherlands            | 95 937                       | 0              | 10             | 95 947           |
| Russia                 | 0                            | 21 786         | 3 206          | 24 992           |
| Other                  | 13 969                       | 111 201        | 63 776         | 188 946          |
| <b>Total</b>           | <b>925 627</b>               | <b>299 030</b> | <b>363 167</b> | <b>1 587 824</b> |

### 14. Services

|                                     | 2019             | 2018             |
|-------------------------------------|------------------|------------------|
| Lease of aircraft*                  | 690 576          | 589 678          |
| Airport charges                     | 28 073           | 33 174           |
| Navigation charges                  | 29 524           | 28 506           |
| Handling                            | 52 883           | 44 075           |
| Fees for replacement of spare parts | 42 567           | 46 572           |
| Accommodation                       | 25 485           | 23 320           |
| Training and workshops              | 37 585           | 33 837           |
| Labour hire                         | 26 911           | 10 729           |
| Meal allowance                      | 10 047           | 9 119            |
| Repair of aircraft                  | 54 068           | 34 873           |
| Repair of spare parts               | 38 151           | 32 639           |
| Travel expenses                     | 8 765            | 5 263            |
| Lease of land and buildings         | 19 251           | 18 421           |
| Change service                      | 14 929           | 12 334           |
| Hangarage and parking aircraft      | 13 539           | 13 371           |
| Other services                      | 97 127           | 88 608           |
| <b>Total</b>                        | <b>1 189 481</b> | <b>1 024 519</b> |

\* The expenses incurred on the lease of aircraft are described in detail in note 22.

### 15. Materials and consumables

|                          | 2019           | 2018           |
|--------------------------|----------------|----------------|
| Aviation fuel            | 128 073        | 114 469        |
| Spare parts for aircraft | 93 313         | 62 694         |
| Catering                 | 20 613         | 19 372         |
| Other                    | 20 539         | 22 351         |
| <b>Total</b>             | <b>262 538</b> | <b>218 886</b> |

### 16. Fees payable to statutory auditors

As at 31 December 2019, the Company records expenses incurred on statutory audit totalling TCZK 600 (2018 – TCZK 620).

### 17. Employees and members of management, supervisory and administrative bodies

Average number of executives, employees and personnel expenses for 2019:

|              | Number of employees | Wages and salaries | Social security and health insurance expenses | Social expenses | Total          |
|--------------|---------------------|--------------------|---|-----------------|----------------|
| Executives   | 8                   | 22 978             | 8 222   | 99              | 31 299         |
| Employees    | 249                 | 224 659            | 64 588  | 4 109           | 293 356        |
| <b>Total</b> | <b>257</b>          | <b>247 637</b>     | <b>72 810</b>                                 | <b>4 208</b>    | <b>324 655</b> |

Average number of executives, employees and personnel expenses for 2018:

|              | Number of employees | Wages and salaries | Social security and health insurance expenses | Social expenses | Total          |
|--------------|---------------------|--------------------|---|-----------------|----------------|
| Executives   | 8                   | 23 078             | 4 824   | 0               | 23 083         |
| Employees    | 218                 | 204 556            | 66 243  | 3 463           | 274 262        |
| <b>Total</b> | <b>226</b>          | <b>227 634</b>     | <b>66 248</b>                                 | <b>3 463</b>    | <b>297 345</b> |

In 2019, the remuneration paid to board members totalled TCZK 1 879 (2018 – TCZK 1 400).

## 18. Social security and health insurance liabilities

As at 31 December 2019, social security and health insurance liabilities total TCZK 7 157 (2018 – TCZK 6 514), of which TCZK 4 295 (2018 – TCZK 3 879) relates to social security liabilities and TCZK 2 862 (2018 – TCZK 2 635) to health insurance liabilities. None of these liabilities are overdue.

## 19. Tax liabilities

As at 31 December 2019, tax liabilities amount to TCZK 3 999 (2018 – TCZK 3 689). This amount primarily includes employee income tax prepayments withheld. None of these liabilities are overdue.

## 20. Income tax

### A) Current tax

Current income tax comprises a tax estimate for 2019 of TCZK 3 122 (2018 – TCZK 1 330) and an adjustment to the tax estimate for 2018 of TCZK 102 (2018 – TCZK -307).

### B) Deferred tax

The deferred tax asset value of TCZK 1 099 (2018 – TCZK 1 099) is not significant. In 2019, the Company also did not account for a change in deferred tax due to insignificance. The deferred tax asset arises in particular due to provisions and adjustments.

In accordance with the accounting policy described in note 2g), a tax rate of 19% was used to calculate deferred tax (2018 – 19%).

## 21. Related parties

### A) Transactions with related parties

In 2019 and 2018, the Company did not carry out any transactions with shareholders. In 2019 and 2018, the Company did not carry out any transactions with related parties that were not concluded based on the arm's length principle.

### B) In 2019 and 2018 members of management, supervisory and administrative bodies received no advances, deposits, loans, guarantees or other benefits, nor do they hold any shares/equity investments in the Company.

As at 31 December 2019 and 2018, the Company had incurred no pension liabilities to former members of management, supervisory and administrative bodies.

## 22. Leased assets - operating leases

The Company has long-term lease contracts for the land under Hangar N, the car park in front of Hangar C, and land and a hangar in Bratislava. The Company also leases non-residential premises in Kunovice, and an office and an information booth at Václav Havel Airport. In 2019, the total cost of the leases amounted to TCZK 19 251 (2018 – TCZK 19 401).

Lease payments under non-cancellable operating leases are payable as follows:

|                            | 31 December 2019 | 31 December 2018 |
|----------------------------|------------------|------------------|
| Less than one year         | 6 135            | 6 009            |
| Between two and five years | 25 540           | 24 036           |
| More than five years       | 67 485           | 75 113           |
| <b>Total</b>               | <b>98 160</b>    | <b>105 158</b>   |

The cost of the lease of aircraft as disclosed in note 14 relates to aircraft leased from related and third parties. The Company does not have its own aircraft. Instead, based on customer demand, it uses special operating leases to lease aircraft, which it then subleases to its customers. The cost of the lease of aircraft depends on the type of aircraft leased and the amount of hours flown during the lease term. The amount of revenue from flights is also based on the type of aircraft leased and the number of hours flown during the time that the aircraft is leased to the customer. The total term of the special operating lease of individual aircraft is significantly lower than their useful lives. The Company leases 12 aircraft and one helicopter under these special long-term operating leases. In the event of increased customer demand, it uses short-term leases to lease the additional number of aircraft required to satisfy increased demand. In 2019, the total cost of the leases of aircraft amounted to TCZK 690 576 (2018 – TCZK 589 678).

In 2019 and 2018, the Company did not lease any cars.

## 23. Contingencies and commitments

As at 31 December 2019, the Company records a bank guarantee of TCZK 14 000 (2018 – TCZK 14 000) in favour of Letiště Praha, a.s..

## 24. Cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents are defined to include cash in hand, cash in transit, cash at the bank and other financial assets whose valuation can be reliably determined and that can be readily converted to cash. Cash and cash equivalents as at the year end are as follows:

|                                  | Balance as at 31/12 |               |
|----------------------------------|---------------------|---------------|
|                                  | 2019                | 2018          |
| Cash                             | 33 843              | 56 947        |
| <b>Cash and cash equivalents</b> | <b>33 843</b>       | <b>56 947</b> |

In the cash flow statement, cash flows from operating, investing or financing activities are reported on a gross basis.

## 25. Material subsequent event

On 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic, and the Czech government declared a state of emergency on 12 March 2020. Responding to the potentially serious threat COVID-19 presents to public health, the Czech government authorities took measures to contain the outbreak, including the introduction of restrictions on the cross-borders movement of people, entry restrictions on foreign visitors and the temporary lock-down of certain industries. In connection with the development of the pandemic, these measures have been gradually released and the state of emergency ended on 17 May 2020.

The Company provides commercial air transport, development, design, testing, maintenance, repair, modification and structural changes to, aircraft, aircraft parts and aviation technology. It also ensures the brokerage of trade and services, the provision of handling services at Praha-Ruzyně South Airport, including technical and operational aircraft handling on the apron, and passenger and baggage check-in, pre-flight preparation and flight monitoring services. The Company was thus partly affected by the COVID-19 pandemic and in the past several weeks has generated lower revenues than originally planned.

Based on publicly available information as at the date of preparation of these financial statements, management

has considered a number of severe but plausible scenarios with respect to the potential development of the outbreak and its anticipated impact on the Company and the economic environment in which the Company operates, including measures already taken by the Czech government and governments in other countries where the Company's major business partners and customers are located.

To mitigate the risks resulting from potential adverse scenarios, management implemented several measures, notably including:

- implementation of a work from home programme on a rotational basis for a significant group of administrative employees as well as separate shifts for employees who must perform their work directly on-site
- limitation of evitable expenses to optimise costs (e.g. trainings, investments in assets), without suspension of Company activities in the past weeks, so that all employees could perform their work at all times
- diversification of the Company's its activities into segments that were affected by COVID-19 to a minimal extent and looks for new business opportunities
- assessment of available cash, achieved financial results and the performance of financial covenants (that the Company fulfils) on a regular basis
- regular updates of forecast of cash flows and financial results.

The Company uses standard external credit financing in form of term and overdraft loans. Up to the present day, the Company has not drawn up the maximum credit facility of an overdraft of MCZK 160. In case of need, the Company may draw additional funds that will provide for the Company's operation financially. At the same time, the Company has a significant balance of cash on bank accounts and a positive working capital, and it generated positive results during the months that were most affected by COVID-19.

In the management's view, the above factors support the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date. The management has concluded that the wide range of possible outcomes it has considered to arrive at this judgement does not give rise to material uncertainties related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

However, management cannot preclude the possibility that the prolongation of current measures, a reintroduction or tightening of lock downs, or their consequential adverse impact on the economic environment the Company operates in will have an adverse effect on the Company, its financial position and operating results, in the medium and longer term. The Company's management continues to monitor the situation closely and will respond to mitigate the impact of such events and circumstances as they occur.

The Company's management is not aware of any other events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2019.

# PREPARED ON: 10 JUNE 2020



**Marcel Dostal**  
Chairman of the board of directors



**Andrea Brdiarova**  
Member of the board of directors

**KPMG Česká republika Audit, s.r.o.**

Pobřežní 1a  
186 00 Prague 8  
Czech Republic  
+420 222 123 111  
www.kpmg.cz

This document is an English translation of the Czech auditor's report.  
Only the Czech version of the report is legally binding.

## **Independent Auditor's Report to the Shareholders of ABS Jets, a.s.**

### **Opinion**

We have audited the accompanying financial statements of ABS Jets, a.s. ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2019, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

### **Basis for Opinion**

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

### **Emphasis of Matter – Going concern**

We draw attention to Note 25 Material subsequent event of the financial statements, which describes a significant non-adjusting event after the reporting date, related to the outbreak of the COVID-19 pandemic and the government of Czech Republic's response to mitigate the outbreak's effects on the economy and the country's population. As also discussed in that Note, the Company's going concern assessment was based on cash

flow forecasts, updated financial plan and the possibility of additional drawing of an overdraft, which in management's view support the assertion that the Company will have sufficient resources to continue for a period of at least 12 months from the reporting date. Management concluded that the range of possible outcomes considered in arriving at this judgment does not give rise to a material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other Information**

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

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

- the other information describing matters 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 applicable laws and regulations.

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

### **Responsibilities of the Statutory Body, Supervisory Board for the Financial Statements**

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

In preparing the financial statements, the statutory body is responsible for assessing the 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 statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

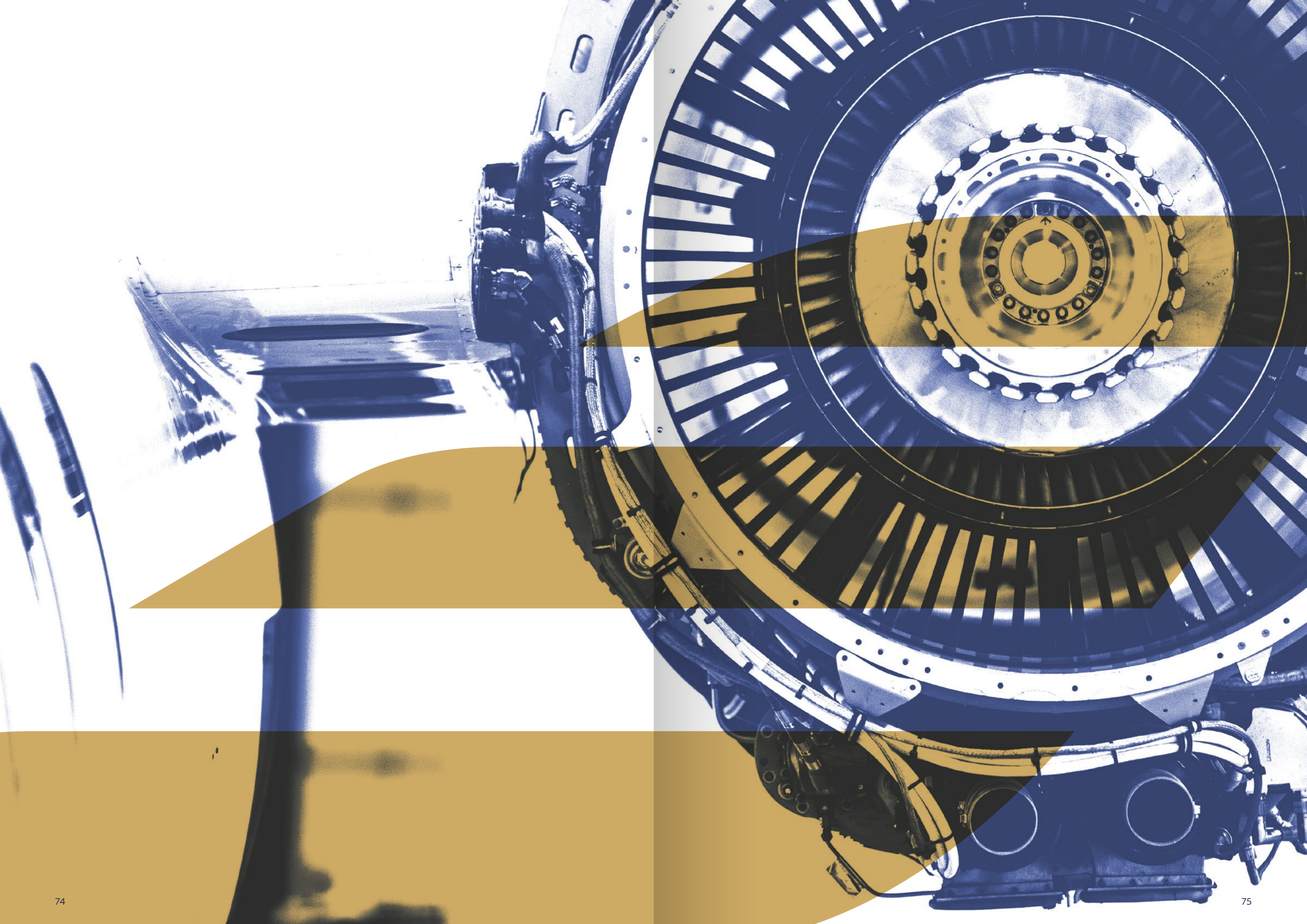
**Statutory Auditor Responsible for the Engagement**

Martina Štegová is the statutory auditor responsible for the audit of the financial statements of ABS Jets, a.s. as at 31 December 2019, based on which this independent auditor's report has been prepared.

Prague  
10 June 2020

*KPMG Česká republika Audit*  
KPMG Česká republika Audit, s.r.o.  
Registration number 71

*M. Štegová*  
Martina Štegová  
Partner  
Registration number 2082



**15 YEARS  
OF OUR  
COMPANY  
THE 2019  
STORY**