



**NAKIT**

Národní agentura pro  
komunikační a informační  
technologie, s. p.



**ANNUAL REPORT 2020**

**Národní agentura pro komunikační a informační technologie, s. p.** was established on 1 February 2016 as a service organization of the Ministry of the Interior of the Czech Republic. It provides services in the field of information and communication technologies (ICT) and is used by more than 40 regional offices. The NAKIT Statute defines a wide range of activities that permits it to establish new competencies enabling, for example, not only the operation and maintenance of information and communication technologies, but also their development in a manner consistent with the needs of their users.

## An introductory word from the Director

23.3.2021

Ladies and Gentlemen,

On the following pages, I present you with the annual report of Národní agentura pro komunikační a informační technologie.

In 2020, we focused on providing infrastructure, application and cybersecurity services to our main customer, the Ministry of the Interior, and worked on the development of key projects related to critical infrastructure or information systems such as NIS, EKIS, ISOSS, CMS 2.0. and the Portal občana application.

In the past year, NAKIT, as well as other organizations and society, has been impacted by events related to the COVID-19 epidemic, and as a result it has been a very dynamic year. In addition to maintaining, developing, and modernizing current services, NAKIT has played a crucial role in providing IT solutions for the Ministry of Health within the Smart Quarantine project. For example, we have prepared a virtual management of trace calls, the eRouška application, a set of dashboards with statistics for the Central Management Team and the Central Reservation System for testing and vaccination.

Internally, the year 2020 also affected us in connection with the need to adapt to new working conditions. All employees, for whom the nature of the work allows it, had to quickly reorient themselves mainly to a distanced form of working. We want to maintain and develop the way of work that the COVID-19 epidemic has forced on us, i.e., the modern principles of work organization and online communication, even after it has subsided. We have verified that we are technologically prepared and equipped for this mode of operation.

In the second half of 2020, we focused on setting targets for the new four-year period. The Supervisory Board approved the Strategy document 2021-2024. It remains our mission to provide useful and secure services and we want to strengthen the focus of our services on eGovernment and its development. This trend has resulted in the need for more significant personnel reinforcements already in 2020, especially in fields focusing on consulting services and methodologies for digitizing public administration.

Thanks to a positive economic result and overall healthy financial indicators, we are ready for the new challenges of 2021. We want to provide professional and safe services with an emphasis on individual customer needs and user friendliness. We also want to develop business relationships and professional partnerships while maintaining internal economic and process efficiency and focus on the development of the competencies and expertise of our employees.

I would like to thank all NAKIT employees at the headquarters in Prague and in the regions for their conscientiousness, coherence, and diligence with which they have fulfilled their work duties in this extraordinary year. I also thank our business partners for their cooperation so far and our valued customers for their trust. I believe that thanks to the reliability of the services we provide, we will maintain their trust in the years to come.

*Ing. Vladimír Dzurilla*  
NAKIT Director

# Annual report

Národní agentura pro komunikační a informační technologie, s. p. (hereinafter „NAKIT“ or „the Company“) is a state-owned company established in accordance with Act no. 77/1997 Coll., on State Enterprises, as amended (hereinafter „the Law on State Enterprises“). The founder of NAKIT is the Ministry of the Interior.

NAKIT was founded by a charter of the Ministry of the Interior of 21. 1. 2016 and it is registered in the Commercial Register kept by the Municipal court in Prague, Section A, entry 77322 of 1. 2. 2016. NAKIT's identification number is 047 67 543.

NAKIT is a legal entity, carrying out business activities with state property in its own name and under its own responsibility. It is authorized to manage this property.

The registered office of the Company is Kodaňská 1441/46, 101 00 Prague 10.

The entity is considered as a “Large Accounting Unit” under Act No. 563/1991 Coll., On Accounting, Section 1b (4).

The Company at 31. 12. 2020 did not show on its balance sheet any intangible assets arising from research and development.

The Company complies with all legal regulations regarding environmental protection and employment relations.

The Company has no foreign branches.

During 2019 the Company received a request pursuant to Act no.106/99 Coll., On free access to information, as amended by later regulations, which was answered within the statutory time limit.

In accordance with Act no. 253/2008 Coll., On Certain Measures Against Money Laundering and the Financing of Terrorism, as amended, NAKIT fulfilled its obligation to retain data on its actual owner and record these in the manner and to the extent provided for by Act no. 304/2013 Coll., On the Public Registers of Legal Entities and Natural Persons (hereinafter referred to as the „Register Act“).

The Company expects an increase of current activities within the current scope of business.

As of 31 December 2020, the company completed the long-term strategy of its development, which was divided into individual goals according to individual sections, which were continuously monitored and evaluated. The company has built its own economic system and anchored some parts to PowerFlow approval processes, leading to a reduction in ERP costs. This eliminated the dependence on external suppliers and the company has a unique opportunity to further develop this ERP according to its own needs.

As part of the implementation of a long-term strategy, the Company introduced an electronic system for determining and evaluating employee performance indicators, and a new system of employee training was introduced, including with the use of internal lecturers. As part of the implementation of the strategy, the Company strengthened its position as a professional authority in the field of security standards, which it also introduced in the company. The Company developed a project management system, including software support. By fulfilling the partial goal of the strategy, it was possible to deepen cooperation with existing customers and strengthen the positive customer experience with an emphasis on digitization. During the evaluated period,

intensive activities related to data harmonization at the beneficiary-site-service level in the configuration database took place on the part of the company and the founder. With these and other steps, the Company's Strategy for the period 2018-2020 was fulfilled in key areas and the Development Strategy for the next period was approved.

Significant events between the balance sheet date and the date of preparation of the annual report are presented in Note 20.

## INDEPENDENT AUDITOR'S REPORT

to the Founder of **Národní agentura pro komunikační a informační technologie, s. p.**

### Opinion

We have audited the accompanying financial statements of **Národní agentura pro komunikační a informační technologie, s. p.**, with its headquarters at Kodaňská 1441/46, Praha 10, Czech Republic, IC (Registration Number) 04767543, (hereafter the Company) prepared in accordance with Czech accounting regulations, which comprise the balance sheet as at 31. 12. 2020, the income statement, statement of changes in equity and cash flow statement for the period from 1. 1. 2020 to 31. 12. 2020 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

P In our opinion, the financial statements give a true and fair view of the assets, liabilities and equity of **Národní agentura pro komunikační a informační technologie, s. p.** as at 31. 12. 2020 and of the costs, revenues and its profit or loss and its cash flows for the period from 1. 1. 2020 to 31. 12. 2020, in accordance with Czech accounting regulations.

### Basis for opinion

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

### Other information included in the Annual Report

In compliance with Section 2 (b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Director is responsible for this other information.

Our opinion on the 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 of the company obtained from the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with the applicable laws and regulations, in particular, whether the other information complies with the laws and regulations in terms of formal requirements and procedures for preparing the other

information in the context of materiality, i.e. whether any non compliance with these requirements could influence judgments made on the basis of the other information.

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

the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and

the other information is prepared in compliance with the applicable laws and regulations.

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

### **Responsibilities of the Director, Supervisory Board and Audit Committee for the Financial Statements**

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

The Supervisory Board and Audit Committee are 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 scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director.

Conclude on the appropriateness of the Director 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 the Director, Supervisory Board and Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In Prague, on 23<sup>rd</sup> March 2021

Audit firm:

Partner:

BDO Audit s. r. o.

Ing. Ondřej Šnejdar

Certificate No. 018

Certificate No. 1987



Company: Národní agentura pro komunikační a informační technologie, s. p.

Identification number: 04767543

Legal form: State enterprise

Scope of activity: Supply, development and operation of information and communication technology systems and related services, including infrastructure used in the performance of state (public) administration tasks.

Balance sheet date: 31. 12. 2020

Date of preparation of the Financial Statements: 23.3.2021

## BALANCE SHEET

(in CZK thousands)

Title a	ASSETS b	31. 12. 2020			31. 12. 2019
		Gross 1	Adjust. 2	Net 3	Net 4
	<b>TOTAL ASSETS</b>	<b>758 163</b>	<b>-125 673</b>	<b>632 490</b>	<b>734 778</b>
<b>B.</b>	<b>Fixed assets</b>	<b>195 477</b>	<b>-121 267</b>	<b>74 210</b>	<b>70 591</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>27 790</b>	<b>-11 773</b>	<b>16 017</b>	<b>11 802</b>
<b>B. I. 2.</b>	<b>Valuable rights</b>	<b>26 490</b>	<b>-11 773</b>	<b>14 717</b>	<b>9 359</b>
B. I. 2.1.	Software	16 263	-9 891	6 372	2 427
B. I. 2.2.	Other valuable rights	10 227	-1 882	8 345	6 932
B. I. 5.	Advance payments for intang. fixed assets and intang. fixed assets in progress	1 300	0	1 300	2 443
B. I. 5.2.	Intangible fixed assets in progress	1 300	0	1 300	2 443
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>167 687</b>	<b>-109 494</b>	<b>58 193</b>	<b>58 789</b>
B. II. 2.	Tangible movable assets and their groups	158 048	-106 281	51 767	46 612
B. II. 3.	Adjustment to acquired assets	9 639	-3 213	6 426	7 068
B. II.	Advance payments for tangible fixed assets and tangible fixed assets under construction	0	0	0	5 109
B. II. 5.2	Tangible fixed assets under construction	0	0	0	5 109
<b>C.</b>	<b>Current assets</b>	<b>524 387</b>	<b>-4 406</b>	<b>519 981</b>	<b>599 664</b>
<b>C. I.</b>	<b>Inventory</b>	<b>50 242</b>	<b>0</b>	<b>50 242</b>	<b>22 654</b>
C. I. 1.	Materials	75	0	75	88
C. I. 2.	Work in progress and semi-finished products	0	0	0	145
<b>C. I. 3.</b>	<b>Finished products and merchandise</b>	<b>50 167</b>	<b>0</b>	<b>50 167</b>	<b>22 421</b>
C. I. 3.2.	Merchandise	50 167		50 167	22 421
<b>C. II.</b>	<b>Receivables</b>	<b>187 598</b>	<b>-4 406</b>	<b>183 192</b>	<b>284 217</b>
<b>C. II. 1.</b>	<b>Long-term receivables</b>	<b>2 206</b>	<b>0</b>	<b>2 206</b>	<b>0</b>
C. II. 1.4.	Deferred tax receivable	2 148	0	2 148	0
<b>C. II. 1.5.</b>	<b>Other receivables</b>	<b>58</b>	<b>0</b>	<b>58</b>	<b>71</b>
C. II. 1.5.	Other receivables	58	0	58	71
<b>C. II. 2.</b>	<b>Short-term receivables</b>	<b>185 392</b>	<b>-4 406</b>	<b>180 986</b>	<b>284 146</b>
C. II. 2.1.	Trade receivables	4 656	-4 406	250	1 000
C. II. 2.2.	Receivables - controlled and controlling entities	2 749	0	2 749	50 359
<b>C. II. 2.4.</b>	<b>Other receivables</b>	<b>177 987</b>	<b>0</b>	<b>177 987</b>	<b>232 787</b>
C. II. 2.4.	State - tax receivables	2 577	0	2 577	10 925
C. II. 2.4.	Short-term advance payments	12 271	0	12 271	11 879
C. II. 2.4.	Estimated receivables	161 520	0	161 520	209 883
C. II. 2.4.	Other receivables	1 619	0	1 619	100
<b>C. IV.</b>	<b>Cash in hand and bank accounts</b>	<b>286 547</b>	<b>0</b>	<b>286 547</b>	<b>292 793</b>
C. IV. 1.	Cash in hand	2	0	2	14
C. IV. 2.	Bank accounts	286 545	0	286 545	292 779
<b>D. I.</b>	<b>Accruals of assets</b>	<b>38 299</b>	<b>0</b>	<b>38 299</b>	<b>64 523</b>
D. I. 1.	Deferred expenses	38 299	0	38 299	64 523

Title a	LIABILITIES b	31. 12. 2020	31. 12. 2019
		5	6
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>632 490</b>	<b>734 778</b>
<b>A.</b>	<b>Equity</b>	<b>275 865</b>	<b>259 931</b>
<b>A. I.</b>	<b>Registered capital</b>	<b>200 000</b>	<b>200 000</b>
A. I. 1.	Registered capital	200 000	200 000
<b>A. II.</b>	<b>Share premium and capital contributions</b>	<b>39 325</b>	<b>41 123</b>
<b>A. II. 2.</b>	<b>Capital contributions</b>	<b>39 325</b>	<b>41 123</b>
A. II. 2.1.	Other capital contributions	31 518	33 316
A. II. 2.2.	Gains or losses from revaluation of assets and liabilities (+/-)	7 807	7 807
<b>A. III.</b>	<b>Legal, statutory and other reserve funds</b>	<b>23 150</b>	<b>22 744</b>
A. III. 1.	Other reserve funds	20 000	20 000
A. III. 2.	Statutory and other reserves	3 150	2 744
<b>A. IV.</b>	<b>Profit/loss – previous years (+/-)</b>	<b>-8 731</b>	<b>-8 731</b>
A. IV. 2.	Accumulated losses from previous years (+/-)	-8 731	-8 731
<b>A. V.</b>	<b>Profit/loss – current year (+/-)</b>	<b>22 121</b>	<b>4 795</b>
<b>B.</b>	<b>Liabilities</b>	<b>240 292</b>	<b>295 838</b>
<b>B. I.</b>	<b>Provisions</b>	<b>36 096</b>	<b>59 279</b>
B. I. 4.	Other provisions	36 096	59 279
<b>C.</b>	<b>Liabilities</b>	<b>204 196</b>	<b>236 560</b>
<b>C. I</b>	<b>Long-term liabilities</b>	<b>0</b>	<b>208</b>
C. I. 8.	Deferred tax liability	0	208
<b>C. II.</b>	<b>Short-term liabilities</b>	<b>204 196</b>	<b>236 351</b>
C. II. 4.	Trade payables	95 494	142 998
C. II. 6.	Liabilities – controlled and controlling entities	3 681	29 269
<b>C. II. 8.</b>	<b>Other liabilities</b>	<b>105 021</b>	<b>64 084</b>
C. II. 8.3.	Liabilities to employees	24 739	20 173
C. II. 8.4.	Social security and health insurance liabilities	14 008	11 023
C. II. 8.5.	Due to state, taxes and subsidies	21 804	4 474
C. II. 8.6.	Estimated liabilities	44 391	28 271
C. II. 8.7.	Other liabilities	79	143
<b>D.</b>	<b>Accruals of liabilities</b>	<b>116 333</b>	<b>179 009</b>
D. 1.	Deferred expenses	30 634	60 085
D. 2.	Deferred revenue	85 699	118 924

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Balance sheet date: 31. 12. 2020

Date of preparation of the Financial Statements: 23.3.2021

## INCOME STATEMENT

(in CZK thousands)

Title	TEXT	Current	Prior
		31. 12. 2020	31. 12. 2019
	B	1	1
<b>I.</b>	Sales of own products and services	1 139 259	1 224 831
<b>II.</b>	Sales of goods	153 508	54 786
<b>A.</b>	<b>Production consumption</b>	<b>755 876</b>	<b>774 808</b>
A. 1.	Cost of goods sold	153 462	54 608
A. 2.	Raw materials and consumption	18 400	19 488
A. 3.	Services	584 014	700 712
B.	Change in own production inventory (+/-)	145	4 666
<b>D.</b>	<b>Personnel expenses</b>	<b>520 931</b>	<b>464 180</b>
D. 1.	Wages and salaries	385 551	343 588
<b>D. 2.</b>	<b>Social security expenses, health insurance and other expenses</b>	<b>135 380</b>	<b>120 592</b>
D. 2.1.	Social security expenses and health insurance	129 761	113 970
D. 2.2.	Other expenses	5 619	6 622
<b>E.</b>	<b>Valuation adjustments relating to operating activities</b>	<b>15 843</b>	<b>8 467</b>
<b>E. 1.</b>	<b>Valuation adjustments of fixed tangible and intangible assets</b>	<b>19 761</b>	<b>10 837</b>
E. 1.1.	Valuation adjustments of fixed tangible and intangible assets - permanent	19 761	10 837
E. 2.	Valuation adjustments of inventories	-3 918	-612
E. 3.	Valuation adjustments of receivables	0	-1 758
<b>III.</b>	<b>Other operating income</b>	<b>2 727</b>	<b>4 173</b>
1.	Revenues from fixed assets sold	890	0
3.	Other operating income	1 838	4 173
<b>F.</b>	<b>Other operating expenses</b>	<b>-16 562</b>	<b>18 851</b>
F. 3.	Taxes and fees	545	280
F. 4.	Provisions relating to operating activities and complex deferred expenses	-23 183	15 172
F. 5.	Other operating expenses	6 075	3 401
<b>*</b>	<b>Operating profit/loss (+/-)</b>	<b>19 263</b>	<b>12 816</b>
<b>VI.</b>	<b>Interest income and similar income</b>	<b>486</b>	<b>486</b>
VI. 2.	Other interest and similar income	486	486
J.	Interest expense and similar expenses	85	0
2.	Other interest expense and similar expenses	85	0
K.	Other financial expenses	31	22
<b>*</b>	<b>Profit/loss from financial operations (transactions) (+/-)</b>	<b>370</b>	<b>464</b>
<b>**</b>	<b>Profit/loss before tax (+/-)</b>	<b>19 633</b>	<b>13 280</b>
<b>L.</b>	<b>Income tax</b>	<b>-2 488</b>	<b>8 485</b>
L. 1.	Income tax - due	-132	3 124
L. 2.	Income tax – deferred (+/-)	-2 356	5 361
<b>**</b>	<b>Profit/loss after tax (+/-)</b>	<b>22 121</b>	<b>4 795</b>
<b>***</b>	<b>Profit/loss of current accounting period</b>	<b>22 121</b>	<b>4 795</b>
<b>*</b>	<b>Net turnover = I + II + III + IV + V + VI + VII</b>	<b>1 295 980</b>	<b>1 284 276</b>

<b>P</b>		<b>292 793</b>	<b>317 263</b>
<b>Opening balance of cash and cash equivalents</b>			
<b>Cash flows from operating activities</b>			
Z	Profit or loss from ordinary activities before tax	19 633	13 280
A.1	Adjustments for non-cash transactions	-8 631	22 541
A.1.1	Depreciation of fixed assets and amortization of adjustments to acquired assets	19 761	10 837
A.1.2	Change in provisions and reserves	-27 101	12 802
A.1.3.	Profit (-) / Loss (+) from sale of fixed assets	-890	0
A.1.5	Interest expense and interest income excluding capitalized interest	-401	-486
A.1.6	Adjustments for other non-cash transactions	0	-612
A *	Net operating cash flow before tax	11 002	35 821
A.2	Change in working capital	20 942	39 062
A.2.1	Change in operating receivables, assets (CZ) and estimated receivables	131 974	-181 176
A.2.1.1	Change in operating receivables (excl. estimated receivables)	57 387	-18 852
A.2.1.2	Change in the status of active accrual accounts	26 224	-21 898
A.2.1.3	Change in estimated receivables	48 363	-140 426
A.2.2	Change in liabilities from operating activities, accrued liabilities and estimated liabilities	-87 362	237 388
A.2.2.1	Change in operating payables (excl. estimated payables)	-48 207	55 183
A.2.2.2	Change in accrued liabilities	-62 676	174 082
A.2.2.3	Change in estimated payables	23 521	8 123
A.2.3	Change in inventories	-23 670	-17 150
A.2.3.1	Change in inventories (excl. unfinished inventories and work-in-progress)	-27 733	-22 428
A.2.3.2	Unfinished inventories and work-in-progress	4 063	5 278
A **	Net operating cash flow	31 944	74 883
A.3	Interest paid, excluding capitalized interest	-85	0
A.4	Interest received	486	486
A.5	Income tax paid from ordinary operations and supplementary tax for previous periods	-2 513	-7 448
<b>A ***</b>	<b>Net operating cash flows</b>	<b>29 832</b>	<b>67 921</b>
<b>Cash flows from investing activities</b>			
B.1	Purchases of fixed assets	-23 380	-57 225
B.2	Revenues from sale of fixed assets	890	0
B.4	Change in investment liabilities	-7 401	0
<b>B ***</b>	<b>Net cash flows from investing activities</b>	<b>-29 891</b>	<b>-57 225</b>
<b>Cash flows from financing activities</b>			
C.2	Impact of changes in equity	-6 187	-35 166
C.2.5	Payments from capital funds	-6 187	-35 166
<b>C ***</b>	<b>Net financial cash flows</b>	<b>-6 187</b>	<b>-35 166</b>
<b>F</b>	<b>Net increase/decrease in cash and cash equivalents</b>	<b>-6 246</b>	<b>-24 470</b>
<b>R</b>	<b>Closing balance of cash and cash equivalents</b>	<b>286 547</b>	<b>292 793</b>

## STATEMENT OF CHANGES IN EQUITY

(CZK thous.)	Share capital	Other capital funds	Restatement differences from revaluation of assets and liabilities	Statutory reserve	Other profit funds	Shareholder fund	Accumulated losses brought forward	Profit or loss for the current year	Total
<b>Balance as at 31. 12. 2018</b>	<b>200 000</b>	<b>33 695</b>	<b>7 807</b>	<b>19 000</b>	<b>3 172</b>	<b>0</b>	<b>-18 731</b>	<b>45 359</b>	<b>290 302</b>
Allocation of profits and movement between funds	0	0	0	1 000	5 523	28 836	10 000	-45 359	0
Drawing on funds except shareh. fund	0	-379	0	0	-5 951	0	0	0	-6 330
Profit for the current period	0	0	0	0	0	0	0	4 795	4 795
Drawing on shareh. fund	0	0	0	0	0	-28 836	0	0	-28 836
<b>Balance as at 31. 12. 2019</b>	<b>200 000</b>	<b>33 316</b>	<b>7 807</b>	<b>20 000</b>	<b>2 744</b>	<b>0</b>	<b>-8 731</b>	<b>4 795</b>	<b>259 931</b>
Allocation of profits and movement between funds	0	0	0	0	4 795	0	0	-4 795	0
Drawing on funds except shareh. fund	0	-1 798	0	0	-4 389	0	0	0	-6 187
Profit for the current period	0	0	0	0	0	0	0	22 121	22 121
Drawing on shareh. fund	0	0	0	0	0	0	0	0	0
<b>Balance as at 31. 12. 2020</b>	<b>200 000</b>	<b>31 518</b>	<b>7 807</b>	<b>20 000</b>	<b>3 150</b>	<b>0</b>	<b>-8 731</b>	<b>22 121</b>	<b>275 865</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General information

#### 1.1. Basic information about the company

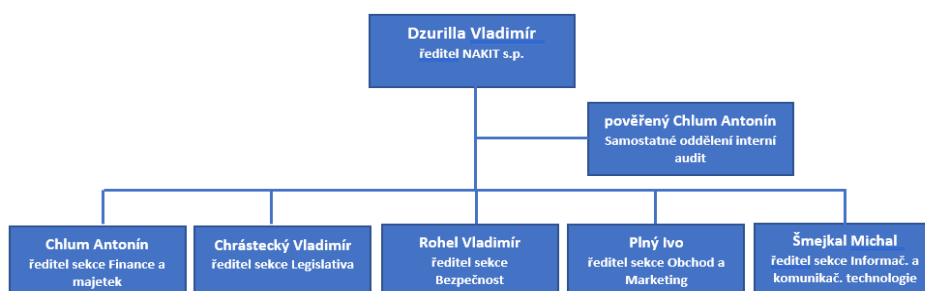
Národní agentura pro komunikační a informační technologie, s. p. (hereinafter „NAKIT“ or „the Company“) is a state-owned company. It is a legal entity conducting business activities with state property in its own name and under its own responsibility. The founder of the Company is the State. The Company was founded on 1. 2. 2016. The function of founder was carried out by the Ministry of the Interior of the Czech Republic on behalf of the State. As at 31. 12. 2019 the Company's headquarters are at Prague 10, Kodaňská 1441/46, Czech Republic. The identification number of the Company is 047 67 543 and it is registered in the Commercial Register kept by the Municipal court in Prague, Section A, entry 77322. The Company is a business entity in accordance with Act No. 77/1997 Coll., on State Enterprises, as amended.

The activities of the Company are as follows:

- a) production, trade and services not specified in Annexes 1 to 3 of the Trade Act,
- b) supply, development and operation of systems of information and communication technologies and related services, including infrastructure, which are used when performing the tasks of State (public) administration. Operation, supply and development of systems of information and communication technologies, which deal with sensitive data or classified information, including data registers and data warehouses,
- c) operations, support and development of critical communications infrastructure of the State, including CMS, especially according to Act. No. 365/2000 Coll., on public administration information systems and amendments to certain other Acts and Act no.300/2008 Coll., on electronic acts and authorized conversion of documents,
- d) providing central purchasing area services for entities of the State (public) administration,
- e) mapping of network and related infrastructure owned by public entities together with an analysis of current and future communications needs and demand for services of private networks from public entities. As part of this line of activity will also be the building and operating of a secure geo-information system containing information about private networks infrastructure,
- f) strategic support of development of private networks and related infrastructure and services of private networks for public entities, including the creation, implementation and application of strategy for the functional, organizational, architectural and technical development of private networks for public entities, as well as preparation of recommendations and methodologies for the realization of synergic effects in construction of private networks. Part of this activity is also the identification and implementation of appropriate security measures into the architecture of private networks and services,
- g) coordination of private networks construction by the Ministry of the Interior,
- h) mapping of the availability and usability of investment resources for the development of private networks including analysis of planned investment projects suitable for the parallel realization of private networks and related infrastructure.

The statutory bodies of the Company are the Director and the Supervisory Board. The statutory representative of the Company is the Director, respectively the Deputy Director.

The organizational structure (including internal audit department) as at 31. 12. 2020 is as follows:



Members of statutory bodies as at 31. 12. 2020:

Name	Position	Date of creation of the function	Recorded in the commercial register
Ing. Vladimír Dzurilla	Director	24.1.2018	17.3.2018
Ing. Antonín Chlum	Deputy Director	10.8.2017	30.9.2017

The Company is represented by the Director or the Deputy Director in the Director's absence.

During 2020, there were no changes in top management.

The structure of the supervisory board as at 31. 12. 2020 was as follows:

Name	Position	Date of creation of the function	Recorded in the commercial register
brig. gen. Mgr. Bc. Slavomír Bell, MSc.	Deputy chairman	15.10.2018	22.12.2018
Ing. Tomáš Hampel	Member	1.7.2020	13.8.2020
JUDr. Jaroslav Strouhal	Member	1.7.2020	13.8.2020
Mgr. Jan Ďoubal	Member	8.6.2020	13.8.2020
Pavel Čech	Member	6.10.2017	9.12.2017

The changes in the Supervisory Board during 2020 were as follows:

Name	Position	Date of creation of the function	Recorded in the commercial register
JUDr. Ing. Jiří Nováček	Chairman	30.6.2020	13.8.2020
JUDr. PhDr. Petr Mlsna, Ph.D.	Chairman	1.12.2020	Not yet registered

The composition of the Audit Committee as of 31.12.2020 was as follows:

Name	Date of creation of the function
Ing. Michal Plaček	20.2.2019
Ing. Mgr. David Sláma	19.9.2019
Mgr. Emil Ubias	16.9.2019

During 2020, there were no changes in the Audit Committee (hereinafter also "AC"). In 2020, six VPA meetings were held, which were attended by the full number of members. AC worked fully staffed in accordance with applicable legislation, the NAKIT Statute and the AC Statute. At its meetings, the AC discussed, among other things, the Report on the Activities of the AC for 2019, the NAKIT Strategy 2018–2020, and got acquainted with its creation, as well as the circumstances of the creation of the Strategy Implementation Plan and its implementation. AC was also acquainted with NAKIT risk management and the existence of the Risk Management Committee, which follows the methodological instruction of the Ministry of Finance of the Czech Republic. The standard information submitted by AC was a report on the Company's projects. At its meetings during 2020, AC was also informed about the situation and measures of NAKIT and the provision of NAKIT services in the event of an emergency caused by a coronavirus pandemic. Another point discussed by AC was the results of the inspection of the Follow-up Public Administration Inspection of the Ministry of the Interior of the Czech Republic from 2019 and corrective measures prepared by NAKIT for the results of this inspection. All corrective measures have already been taken by NAKIT and the Supervisory Board has been informed of this situation. Vpa also commented on the NAKIT 2021+ Strategy. At the last meeting of 2020 AC, the Financial and Investment Plan 2021 was also presented, which took note of AC.

In conclusion, the AC stated that, with regard to the established work plan of the AC for 2020 in the areas of main activities entrusted to the AC by the AC Articles of Association and general legislation, it did not find any serious negative facts at the end of 2020.

## 2. Basis of preparation of the Financial Statements

The financial statements have been prepared in accordance with Act no.563/1991 Coll., on Accounting and Decree no.500/2002 Coll. relating to this Act and according to Czech accounting standards for entrepreneurs, as amended. The financial statements have been prepared in accordance with accounting principles generally accepted in the Czech Republic and have been prepared under the historical cost convention except as disclosed below. The financial statements have been prepared for the period 1.1. – 31.12.2020, the comparable period is 1.1 – 31.12.2019.

## 3. Accounting policies

The valuation methods used by the Company in preparation of the financial statements as at 31. 12. 2020 are as follows:

### 3.1. Intangible fixed assets

Acquired intangible fixed assets are measured at cost which includes the purchase price and additional direct costs incurred in connection with the acquisition.

Intangible fixed assets whose value exceeds 40 thousand CZK per item are evenly amortized over their estimated useful lives in accordance with the amortization plan of the Company, for a period of 4 years, or in exceptional cases where the useful life spans a longer period.

Intangible fixed assets with a cost of less than 40 thousand CZK per item, are expensed at acquisition and are recorded only as operative, respectively in a subsidiary ledger.

The amortization schedule is updated throughout the use of the intangible fixed assets based on the expected useful life. The cost limit for the capitalisation of technical improvements of intangible assets is 40 thousand CZK. If the carrying value of an asset exceeds the estimated recoverable amount, the carrying value is reduced to that amount through allowances. The recoverable amount is determined based on expected future cash flows generated by the asset.

### 3.2. Tangible fixed assets

Acquired tangible fixed assets are initially recorded at cost, which includes the purchase price and additional costs incurred in connection with the acquisition. Loan interest is not included in the cost of tangible fixed assets.

Tangible assets acquired free of charge are valued at replacement acquisition cost and charged to the account of other capital funds. The replacement acquisition cost of these assets is determined based on an expert report, respectively based on the market prices of comparable assets in terms of condition and functional properties. The value of tangible assets is reduced by subsidies for the acquisition of assets.

The depreciation plan is updated throughout the use of the tangible fixed assets based on the expected useful life.

If the net book value of an asset exceeds its estimated recoverable amount, the net book value is reduced to that amount by allowances. The recoverable amount is determined based on expected future cash flows generated by the asset.

If the net book value of a cash-generating unit exceeds its estimated recoverable value, the net book value of the cash-generating unit is reduced by an allowance to the recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash income significantly independent from the cash income from other assets or groups of assets.



Allowances are made particularly for projects for which it is not known when and whether they will be applied and in the case of a planned sale, if the estimated selling price, net of costs related to the sale is less than the net book value reported in the accounting records.

The costs of technical improvements to tangible assets increase the acquisition price, when the total costs for the accounting period exceed the amount of 40 thousand CZK and when the technical improvements are put into use during that year. Repairs and maintenance are accounted for directly to expenses.

Tangible assets with a cost less than 40 thousand CZK per item are considered as inventory. They are accounted for upon consumption and recorded only in a subsidiary ledger. Tangible assets whose cost exceeds 40 thousand CZK per item are depreciated using the method of straight-line depreciation based on the expected useful lives of the assets.

### **3.3. Current financial assets**

Current financial assets consist of cash on hand and in bank accounts.

### **3.4. Inventories**

Purchased inventories are valued at acquisition cost, net of allowances. Acquisition cost includes all costs related to its acquisition (mainly transport, customs duty, etc.). For disposals of purchased inventories the Company uses the weighted average method.

Provisions for slow moving items and obsolete inventory are created based on an analysis of the turnover of inventory and based on an individual evaluation of inventories.

In the case of long-term contracts, the carrying value of work in progress also includes part of the administrative overhead. Received subcontractor supplies and other direct costs are expensed and simultaneously posted to activated work in progress. Subcontracted supplies are valued at cost. The clearing of work in progress occurs at the moment of the recognition of sales for deliveries.

### **3.5. Receivables**

Receivables are stated at nominal value less a provision for doubtful receivables. The provision for doubtful receivables is established based on the aging of receivables and an individual assessment of the creditworthiness of customers.

### **3.6. Equity**

The financial position and funds of the Company are governed by Act no.77/1997 Coll., on State Enterprises as amended. The share capital is, under this act, termed a business asset to which the Company has the right on its establishment. Share capital includes both registered and unregistered business assets, in compliance with the accounting regulations. Other capital funds are created in accordance with the accounting regulations for entrepreneurs.

Furthermore, the Company creates a reserve fund from profit, which may reach up to 10% of the share capital. The Company also forms a fund for cultural and social needs (hereinafter "FKSP").

### **3.7. Liabilities**

The Company creates a reserve if it has a present liability and it is likely that an outflow of resources will be required to settle the liability and a reliable estimate of the amount can be made.

Included in "Provision for income taxes" are also advances paid for income tax if they are lower than the advance provision for income taxes.

Long-term liabilities including loans and short-term liabilities including loans are stated at their nominal

values. Short-term loans are regarded as the part of long-term loans maturing within one year from the balance sheet date.

The Company creates a provision for the future liability from income tax less advances paid for income tax. If the advances for income tax exceed the estimated tax, the difference is recognized as a short-term receivable.

### **3.8. Leasing**

The purchase price of assets acquired under finance and operating leases are not capitalized in fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not due at the balance sheet date are disclosed in the notes but not recognized in the balance sheet. The Company recognizes the value of leased assets when the lease contract expires, and it takes up the purchase option. Lease payments paid in advance are accrued evenly over the life of the lease.

### **3.9. Conversion of foreign currencies**

Transactions in foreign currencies are converted and recorded at the exchange rate set by the Czech National Bank on the first day of the current month.

Balances of financial assets, receivables and liabilities denominated in foreign currencies have been converted at the exchange rate published by the Czech National Bank at the balance sheet date. All exchange profits and losses on financial assets, receivables and liabilities are charged in the profit and loss account.

### **3.10. Expenses and income**

Revenues and expenses are generally accounted for on an accrual basis, i.e. in the period to which they relate.

Sales are recognized at the time of provision of the service (except as noted below) or the sale of goods to customers and are reported net of discounts and value added tax.

The Company charged as a debit to expenses the creation of reserves and adjustments to cover all risks, losses and impairments that are known of at the balance sheet date.

### **3.11. Income tax**

The expense for income tax is calculated using the statutory tax rate on the accounting profit increased or decreased by permanent or temporary tax non-deductible expenses and non-taxable income (e.g. the creation and charging of other reserves and allowances, entertaining expenses, differences between accounting and tax depreciation, etc.).

The income tax liability of the Company is recorded in the balance sheet as part of "State – tax liabilities and subsidies" if the tax liability exceeds the tax prepayments. Otherwise, the amount exceeding the tax liability arising from tax prepayments is reported in "State – tax receivables".

The tax expense is reported in the profit and loss account as a tax on an operating activity.

### **3.12. Deferred tax**

Deferred tax is reported for all temporary differences between the net book value of an asset or liability in the balance sheet and its tax value.

### **3.13. Employee benefits**

The Company creates a reserve for untaken holidays. The Company creates an accrual for compensations and bonuses due to employees who are entitled to payment at the balance sheet date. The Company creates a reserve for compensations and bonuses to employees who are not entitled to payment as at the balance sheet date.

### 3.14. Related parties

The related parties of the Company are:

- The State as the founder of the Company, government agencies, state enterprises and companies, respectively any other legal entities where the State has a controlling influence, whatever is the substance of the relationship, and not merely the legal form;
- Members of statutory, supervisory and management entities and parties close to these entities, including enterprises or institutions and companies where these members and parties have a substantial, proportionate or controlling influence.

Significant transactions and balances with related parties are disclosed in Note 17 – Related party transactions.

### 3.15. Cash and cash equivalents

Financial resources are cash on hand including liquid valuables and cash in a bank account, including the overdrafts of current or overdraft accounts.

Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash and regarding these assets no significant changes of value in time is expected. Cash equivalents are cash deposits with a maximum of three months' notice and liquid debt securities tradable on a public market.

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

### 3.16. Changes in accounting policies and estimates

In the period 2020 and 2019 respectively, we did not identify any significant changes in accounting policies and estimates.

### 3.17. Subsequent events

The impact of events that occurred between the balance sheet date and the date of preparation of the financial statements, are reflected in the financial statements in the case that these events provide further evidence of conditions that existed at the balance sheet date. In the case that significant events occurred between the balance sheet date and the date of preparation of the financial statements but did not affect conditions at the balance sheet date, the effects of these events are disclosed in the notes to financial statements but are not recorded in the financial statements.

## 4. Fixed assets

### 4.1. Intangible assets

31. 12. 2019

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Software	10 022	99	0	10 121
Goodwill	300	7 009	0	7 309
Intangible assets under construction				
	0	9 550	-7 107	2 443
<b>Total 2019</b>	<b>10 322</b>	<b>16 658</b>	<b>-7 107</b>	<b>19 873</b>

\*) Additions and disposals also include transfers of intangible fixed assets under construction.

(CZK thous.)	Opening balance of amortisation	Additions	Disposals	Final balance of amortisation	Net book value
Software	-5 789	-1 906	0	-7 694	2 427
Goodwill	-31	-346	0	-377	6 932
Intangible assets under construction	0	0	0	0	2 243
<b>Total 2019</b>	<b>-5 820</b>	<b>-2 252</b>	<b>0</b>	<b>-8 071</b>	<b>11 802</b>

31. 12. 2020

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Software	10 121	6 515	-373	16 263
Goodwill	7 309	3 399	-480	10 228
Intangible assets under construction				
	2 443	10 807	-11 950	1 300
<b>Total 2020</b>	<b>19 873</b>	<b>20 721</b>	<b>-12 803</b>	<b>27 791</b>

\*) Additions and disposals also include transfers of intangible fixed assets under construction.

(CZK thous.)	Opening balance of amortisation	Additions	Disposals	Final balance of amortisation	Net book value
Software	-7 694	-2 570	373	-9 891	6 372
Goodwill	-377	-1 506	0	-1 883	8 345
Intangible assets under construction	0	0	0	0	1 300
<b>Total 2020</b>	<b>-8 071</b>	<b>-4 076</b>	<b>373</b>	<b>-11 774</b>	<b>16 017</b>

## 4.2. Tangible assets

31. 12. 2019

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Machinery and equipment	88 565	43 445	-84	131 926
Vehicles	6 961	0	0	6 961
Other tangibles	5 831	0	-35	5 796
Valuation difference on acquired assets	9 638	0	0	9 638
Tangible fixed assets under construction	267	47 674	-42 832	5 109
<b>Total 2019</b>	<b>111 262</b>	<b>91 119</b>	<b>-42 951</b>	<b>159 430</b>

\*) Additions and disposals also include transfers of tangible fixed assets under construction.

(CZK thous.)	Opening balance of amortisation	Additions	Disposals	Final balance of amortisation	Net book value
Machinery and equipment	-79 789	-6 843	60	-86 572	45 354
Vehicles	-6 961	0	0	-6 961	0
Other tangibles	-3 494	-1 078	34	-4 538	1 258
Depreciation of the valuation difference on acquired assets	-1 928	-642	0	-2 570	7 068
Tangible fixed assets under construction	0	0	0	0	5 109
<b>Total 2019</b>	<b>-92 172</b>	<b>-8 563</b>	<b>94</b>	<b>-100 641</b>	<b>58 789</b>

31. 12. 2020

(CZK thous.)	Opening balance	Additions *)	Disposals *)	Final balance
Machinery and equipment	131 926	20 586	-389	152 123
Vehicles	6 961	0	-6 599	362
Other tangibles	5 796	0	-233	5 563
Valuation difference on acquired assets	9 638	0	0	9 638
Tangible fixed assets under construction	5 109	15 817	-20 626	0
<b>Total 2020</b>	<b>159 430</b>	<b>36 103</b>	<b>-27 847</b>	<b>167 686</b>

\*) Additions and disposals also include transfers of tangible fixed assets under construction.

(CZK thous.)	Opening balance of depreciation	Additions	Disposals	Final balance of depreciation	Net book value
Machinery and equipment	-86 572	-14 155	0	-100 727	51 396
Vehicles	-6 961	0	6 599	-362	0
Other tangibles	-4 538	-872	218	-5 192	371
Depreciation of the valuation difference on acquired assets	-2 570	-642	0	-3 212	6 426
Tangible fixed assets under construction	0	0	0	0	0
<b>Total 2020</b>	<b>-100 641</b>	<b>-15 669</b>	<b>6 817</b>	<b>-109 463</b>	<b>58 193</b>

In the period 2020 and 2019 respectively, the Company received no subsidies for investment purposes, nor did it receive any significant tangible assets free of charge.

## 5. Receivables

At 31. 12. 2020 and at 31. 12. 2019 respectively, the Company had no receivables due after more than five years.

In 2020, the Company received no subsidies for operating purposes.

The summary of provisions for receivables is as follows:

(CZK thous.)	31.12.2018	Created	Used	31.12.2019	Created	Used	31.12.2020
Provision for trade receivables	6 164	0	-1 758	4 406	0	0	4 406
<b>Total</b>	<b>6 164</b>	<b>0</b>	<b>-1 758</b>	<b>4 406</b>	<b>0</b>	<b>0</b>	<b>4 406</b>

## 6. Current financial assets

The main bank used by the Company is the Czechoslovak Commercial Bank, Inc., where the Company has a current/overdraft account. An overdraft facility that allows the Company to have a negative balance is shown in Note 10 – Bank loans and overdrafts.

## 7. Equity

Registered capital as at 31. 12. 2020 and as at 31. 12. 2019 respectively, is CZK 200 000 thousand and the reserve fund as at 31.12. 2020 amounts to CZK 20 000 thousand. Changes in equity during 20 and 2019 are disclosed in the Statement of Changes in Equity.

## 8. Provisions

(CZK thous.)	Balance as at 31. 12. 2018	Creation	Dissolution / use	Balance as at 31. 12. 2019	Creation	Dissolution / use	Balance as at 31. 12. 2020
Social and health insurance	5 915	3 463	-3 295	6 083	4 330	-6 083	4 330
Unused vacations	2 001	2 194	-2 001	2 194	2 569	-2 194	2 569
Provision for severance payments incl. competition clause	0	0	0	0	963	0	963
Bonus elements of salaries	9 750	5 031	-4 151	10 630	6 152	-10 630	6 152
Other	26 441	16 076	-2 145	40 372	11 996	-30 286	22 082
<b>Total</b>	<b>44 107</b>	<b>26 764</b>	<b>-11 592</b>	<b>59 279</b>	<b>26 010</b>	<b>-49 193</b>	<b>36 096</b>
Corporate income tax return provisions	4 393	0	-4 393	0	0	0	0
<b>Total</b>	<b>48 500</b>	<b>26 764</b>	<b>-15 985</b>	<b>59 279</b>	<b>26 010</b>	<b>-49 194</b>	<b>36 096</b>

The provision for social and health insurance contributions was made in particular for the unpaid part of contractual wages, rewards for profits, unused vacations and other bonuses related to wages.

Other provisions have been created primarily to cover known risks and probable losses from ongoing litigation and out-of-court disputes and the resulting liabilities. The Company also created a provision for non-entitlement payroll components consisting of a subjective payroll component, including individual contractual payroll bonuses.

## 9. Current liabilities

As at 31 December 2020, the Company did not have short-term liabilities overdue, as at 31 December 2019 in the amount of CZK 60 thousand. CZK.

As at 31. 12. 2020 and at 31. 12. 2019 respectively, the Company had no long-term or short-term liabilities secured by collateral or guarantees in favour of the creditor.

Liabilities to related parties are disclosed in Note 15 – Related party transactions.

Estimated liabilities primarily relate to estimated compensation due to employees.

Liabilities for social security and health insurance amounted to 14 008 thousand CZK. This is the outstanding obligation from the wages for December 2020 which will have been paid in the following month.

At 31. 12. 2020 and 31. 12. 2019 respectively, the Company recorded no income tax arrears due to the local financial authorities.

## 10. Bank loans and overdrafts

Bank	Terms/Conditions	Currency	Total limit CZK thous	31. 12. 2019 CZK thous	31.12.2020 CZK thous
ČSOB, a. s.	Overdraft account	CZK	100 000	0	0

The Company has complied with all the conditions specified in the loan contract.

## 11. Income tax

Deferred tax asset (+) / liability (-) quantified using 19 % tax rate was as follows:

Items of deferred tax	2019			2020		
	Base CZK thous.	Deferred tax receivable CZK thous.	Deferred tax liability CZK thous.	Base CZK thous.	Deferred tax receivable CZK thous.	Deferred tax liability CZK thous.
Difference between the accounting and tax carrying value of fixed assets	-20 003	0	-3 801	-26 449	0	-5 025
Tax loss	0	0	0	12 890	2 449	0
Other provisions	18 906	3 592	0	24 861	4 724	0
Total	-1 097	3 592	-3 801	11 302	7 173	-5 025
<b>Net deferred tax asset</b>			<b>-208</b>		<b>2 148</b>	

In 2020, the Company reported a tax loss. In 2019, the Company reported corporate income tax expenses of CZK 3 124 thousand.

## 12. Leasing

The Company leases fixed assets, which are not recorded on the balance sheet (see Note 3.5 – Leasing and also Note 13 – Assets and liabilities not recognized in the balance sheet).

The amount of rent for property leased by the Company under operating leases as at 31. 12. 2020 and at 31. 12. 2019 respectively, amounted to CZK 9 514 tis. thousand and CZK 8 021 thousand, respectively.

The Company did not have any financial leases as at 31. 12. 2020 and 31. 12. 2019 respectively.

## 13. Assets and liabilities not recognized in the balance sheet

The Company recorded in the operating records at 31. 12. 2020 and 31. 12. 2019 respectively, low value assets and off-balance sheet leased assets (recorded at cost) that are not recognized in the balance sheet.

(CZK thous.)	31. 12. 2019	31.12.2020
Leased/supporting assets	37 755	45 085
Low value tangible assets	30 209	35 785
Low value intangible assets	4 611	5 951
<b>Total</b>	<b>72 575</b>	<b>86 821</b>

## 14. Contingent liabilities

In the course of 2020, execution proceedings were initiated against the Company concerning the enforced monetary obligation in the amount of CZK 1,393 thousand. CZK. The company considers this monetary obligation to be unjustified and acts in accordance with legal regulations.

The Management Board is not aware of any other significant contingent liabilities of the Company as at 31. 12. 2020.

## 15. Inventories

Summary of inventory provisions is as follows:

(CZK thous.)	31.12.2018	Created	Used	31.12.2019	Created	Used	31.12.2020
Provision for products in stock	4 530	0	-612	3 918	0	-3 918	0
<b>Total</b>	<b>4 530</b>	<b>0</b>	<b>-612</b>	<b>3 918</b>	<b>0</b>	<b>-3 918</b>	<b>0</b>

## 16. Employees

Breakdown of personnel costs:

	31. 12. 2019		31. 12. 2020	
	Total employees	Management and SB*	Total employees	Management and SB*
Average number of employees	412	12	448	13
in CZK thous.				
Payroll costs	343 588	16 589	385 551	15 768
Social and health insurance	120 592	4 707	129 761	4 563
Social costs	6 622	275	5 619	81
<b>Total personnel expenses</b>	<b>464 180</b>	<b>21 571</b>	<b>520 931</b>	<b>20 412</b>

\*excluding costs for severance pay and non-competing clauses

Note: Management is defined as level R and R-1

BDO Audit s. r. o., česká společnost s ručením omezeným (IČO 453 14 381, registrovaná u Rejstříkového soudu Praha, oddíl a vložka C. 7279, evidenční číslo Komory auditorů ČR 018) je členem BDO International Limited (společnosti s ručením omezeným ve Velké Británii) a je součástí mezinárodní sítě nezávislých členských firem BDO.



## 17. Transactions with related parties

In addition to the amounts referred to in Note 16 – Employees, the members and former members of the statutory and supervisory bodies and senior management of the Company have not received during the period 2020 and 2019 any loans, guarantees advances or other benefits beyond the collective agreement, except for Company management staff who have vehicles in private use for business and personal purposes. Furthermore, the Company has concluded a collective professional liability insurance with respect to management staff.

In the normal course of business during the year, several transactions were carried out with related parties. The list of transactions carried out in 2020 and 2019 and the related receivables (excluding provisions) and liabilities to related parties is as follows:

	<b>Revenues CZK thous.</b>	<b>Expenses CZK thous.</b>	<b>Receivables CZK thous.</b>	<b>Liabilities CZK thous.</b>
<b>31. 12. 2019</b>				
Ministry of Interior	-1 392 312	10 172	264 034	-180 612
Czech Post, s. p.	-2 208	5 267	540	-111
SPCSS, s.p.	0	586	216	0
Other	-487	0	0	0
<b>Total</b>	<b>-1 395 007</b>	<b>16 025</b>	<b>264 790</b>	<b>-180 723</b>

\* incl. SZR, HZS, ZSMV, PČR, ZZMV

	<b>Revenues CZK thous.</b>	<b>Expenses CZK thous.</b>	<b>Receivables CZK thous.</b>	<b>Liabilities CZK thous.</b>
<b>31. 12. 2020</b>				
Ministry of Interior	-1 218 012	7 387	137 802	-34 262
Czech Post, s. p.	0	6 091	19	-792
Ministry of Health	-51 886	0	16 851	0
SPCSS, s.p.	0	3 203	0	-3
Other	-8 244	0	0	0
<b>Total</b>	<b>-1 278 142</b>	<b>16 682</b>	<b>154 672</b>	<b>-35 058</b>

\* incl. SZR, HZS, ZSMV, PČR, ZZMV

## 18. Remuneration of the audit firm

The total cost of the remuneration of the audit firm for the statutory audit at 31. 12. 2020 and at 31. 12. 2019 amounted to CZK 260 thousand for each period.

## 19. Cash flow statement

The Company, for the purposes of the cash flow statement, did not consider the 31. 12. 2020 and 31. 12. 2019 overdraft facilities as cash equivalents (see Note 9 – Bank loans and overdrafts).

## 20. Subsequent events

The Czech government in accordance with articles 5 and 6 of constitutional law No. 110/1998 Coll., regarding the safety of the Czech Republic proclaimed an emergency status due to health threats with regard to the coronavirus (SARS CoV-2) for a period of 30 days – from 27<sup>th</sup> February 2021. Due to the ongoing emergency status all the impacts on the future business of the Company are being analyzed and conclusions will be made to minimize the negative impact on the Company.

In Prague on 23. 3. 2021

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Ing. Vladimír Dzurilla

Director

Národní agentura pro komunikační a informační technologie, s. p.