

# SmVak

## **ANNUAL REPORT**

aqualia





## **ANNUAL REPORT**

#### **PURSUANT TO**

Act No. 256/2004 Coll., on Capital Market Undertakings, as amended Act No. 563/1991 Coll., on Accounting, as amended Act No. 90/2012 Coll., on Business Corporations

Severomoravské vodovody a kanalizace Ostrava a.s. Registered office: 28. října 1235/169, Mariánské Hory, 709 00 Ostrava The Company is incorporated in the public register – Register of Companies maintained by the Regional Court in Ostrava, File B, Insert 347

> Date of Incorporation: 1 May 1992 Company ID No.: 45193665 Tax ID No.: CZ45193665 Telephone: 596 697 111 Fax: 596 624 205 E-mail: smvak@smvak.cz Website: www.smvak.cz

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### INTRODUCTION

Dear Shareholder, Ladies and Gentlemen,

We hereby present a report that comprehensively documents the activities and operations of our company in 2020. This year was completely different from what everyone expected and planned, not only in the Czech Republic but worldwide. The global spread of the novel coronavirus contested most of the existing certainties established customs, rules and procedures. In both personal and professional lives, we encountered completely new situations, which we had to tackle flexibly, fast and often without pre-defined strategies and procedures. We often had to enter uncharted territory and find effective solutions that could only be found outside traditional ways of thinking.

During the exceptionally difficult year, the Company managed to provide reliable supplies of high-quality drinking water in all locations of its operation, as well as drainage and treatment of wastewater. Therefore, the Company fulfilled its main tasks it is facing in the long-term. And it fulfilled them also in other domains, such as in the HR, economic-customer or investment areas, even though it often achieved them through other ways than originally expected.

First of all, I would like to thank everyone who contributed to SmVaK Ostrava fulfilling its tasks in the individual segments of our activities. I appreciate that I can be the head of a company whose employees, when facing difficult, uncomfortable and unknown situations, when it is necessary to be flexible and react fast, both in the field and operations and in the office, use their commitment and skills to tackle these problems so that they do not negatively affect our customers.

The new situation also brought new challenges. It transpired that many solutions that had previously seemed unfeasible, or feasible only at great costs and over a long period of time, could be implemented very fast thanks to the knowledge, competence and motivation of people. This applies not only to education and the functioning of public administration, but also the business sector, the waterworks industry, and, of course, the Company.

In the times of the state of emergency and closed customer centres and sales points, the Company proved that it can handle the majority of customer requests by using modern technologies without the need for personal contact. The same applies to the area of expressing opinions and gathering data from water metres. The coronavirus pandemic shifted the Company towards a higher rate of computerisation, more efficient use of IT tools and an improved IT infrastructure. This realisation is important for the following period and we will continue to develop this area intensely. It is one of the Company's main goals and challenges for the following period, which will help it shift its services even closer to its customers with regard to customer friendliness and comfort, as customer satisfaction is absolutely essential for the Company.

Despite all the difficulties, the Company managed to fulfil its plans not only in investments, where we allocated an alltime-high amount of CZK 693 million, but also in repairs, where we allocated more than CZK 217 million. We exceeded the set plan in both areas. I am glad that these figures prove, in contrast to the claims of certain critics, that the Company takes good care of the waterworks infrastructure in its possession with all seriousness and responsibility with regard to its future use and reliable operation. Especially the first wave of the novel coronavirus in spring 2020 had a major impact on social life but also the industry and services sector. A number of important suppliers from among industrial businesses temporarily suspended their production; the sector of services or education was also dampened for practically the entire year.

This resulted in a decreased demand for drinking water or wastewater production in the related objects. The move of the major part of people's lives to their homes, whether due to working from home, sick leave, quarantine or childcare, was not able to compensate for this decrease. Yet we can state that compared to other regions in the Czech Republic – especially those dependant on tourism and services for foreign clientele – the situation in our region was mostly stable and the decrease in drinking water production amounted to 4.4% (2,650 thousand m<sup>3</sup>) year-on-year. We supplied 412 thousand m<sup>3</sup> more drinking water to households year-on-year.

The Company is aware that it does not perform its activities in a vacuum but is closely linked to the region in which it operates. The year full of difficulties only emphasised the fact that in times of distress, businesses have to help where help is needed. This applies to the Company as well.

Most cultural events could not take place at all and sports and leisure events could be organised only in certain parts of the year and in a restricted mode. In relation to this, the Company flexibly adjusted the aim of its socially responsible activities. Some projects, which were already supported as part of our traditional programme for motivated employees active in the non-profit sector entitled "We are in this together!", had to be changed as we went along. Therefore, in one case, the funds were not used for the organisation of a cultural event but for buying gifts for children who had to spend Christmas in a hospital.

We also supported volunteers who went to help people in quarantine or sick with COVID-19. We donated to the project for the manufacture of face shields for healthcare workers in the front line.

We also thought of our former colleagues to whom we offered help in case they were quarantined, sick with COVID-19 or unable to go shopping or run necessary errands in person simply because they were concerned about the spread of the disease. I could continue by listing more examples of activities we performed due to the COVID-19 pandemic.

Therefore, besides our employees, whom I have already thanked above, I would like to thank representatives of the municipalities in which we operate, state and public administration representatives, all our suppliers, business partners and customers for their constructive cooperation in 2020. It was only thanks to cooperation, helpfulness, and the will of all involved to find mutually acceptable solutions to sensitive and difficult problems, that we managed to successfully overcome the challenges of the past year.

ANATOL PŠENIČKA Managing Director

# SCOPE OF BUSINESS

## SCOPE OF BUSINESS

#### SCOPE OF BUSINESS OF SEVEROMORAVSKÉ VODOVODY A KANALIZACE OSTRAVA A.S.:

- Design work for capital construction
- Official metering
- Inspections of power installations (according to the authorisation of IBP Ostrava of 25 March 1991, registration No.: 1841/10.00/91-EZ-R-S)
- Civil engineering construction projects, including residential compounds
- Business management services excl. Annexes to Act No. 455/91 Coll.
- Freight road transport
- Water systems plumbing services
- Metal machining
- Production, repair and installation of metering devices
- Production and distribution of hot water
- Construction work upon building and repair of water supply and sewage systems
- Sanitation of sewage systems and sewage service connections
- Hazardous waste management
- Tax advisory, bookkeeping and maintaining tax-related records
- Public water supply and sewage systems operation
- Production of electricity
- Production trades and services not included in Annexes 1 3 to the Trade Licensing Act, specifically in the following areas:
  - Public water supply and sewage systems operation
  - Waste management /excluding hazardous waste management /
  - Metering testing, analyses and checks
  - Advisory and consultancy, preparation of expert studies and opinions
  - Wholesale and retail
  - Trade and services brokering
  - Rental of other machinery and equipment
  - Automated data processing
  - Accommodation services
  - Lease of movables and real estate, including services
  - Rental of machinery and equipment
  - Provision of technical services
  - Realty services, real estate property management and maintenance
  - Administration services and organisational and business services
  - Research and development in the field of technical sciences or social sciences
  - Storage
  - Production, repair and installation of metering devices.

During 2020, no modifications were made to the scope of business. The Company remains engaged in its business activities within the above-stated areas.

The scope of business of the Company's branch entitled Severomoravské vodovody a kanalizace Ostrawa a.s., oddzial w Polsce

The scope of business of the branch in Poland is identical to the scope of business of SmVaK Ostrava a.s. in the territory of the Czech Republic registered in the public Register of Companies.

Aside from the applicable legislation, the Company is governed by the Articles of Association.

The Articles of Association were deposited in the Collection of Deeds in the public Register of Companies.

# COMPANY **Profile**

## COMPANY **PROFILE**

This annual report includes the results of the Company which comprises:

- · Severomoravské vodovody a kanalizace Ostrava a.s. (hereinafter the "Company")
- · Severomoravské vodovody a kanalizace Ostrawa a.s., oddzial w Polsce (organisational branch in Poland)

The Company is the largest water management company in the Moravian-Silesian Region and a long-standing leader in the Czech water management market. The principal business activity of the Company relates to the production and supply of drinking water and wastewater drainage and treatment.

The Company is one of the top water management companies in the Czech Republic and retains a strong position among major business entities in the Moravian-Silesian Region. The Company applies an integrated management system attested by five ISO certificates.

The Company predominantly operates in the districts of Frýdek-Místek, Karviná, Nový Jičín and Opava. In addition, the Company has drinking water supply contracts concluded with Ostrava, Hlučín, Studénka and a number of other smaller municipalities. Furthermore, the Company supplies drinking water to the border area with Poland (Jastrzębie-Zdrój) and a part of the Olomouc region (including Hranice na Moravě, Lipník nad Bečvou and Přerov). On a contractual basis, in 2020, the Company operated the sewage system and wastewater treatment plant e.g. in Vratimov, Dolní Lutyně, Mosty u Jablunkova, Řepiště and Velké Losiny in the Olomouc Region, but also in other towns in the Moravian-Silesian Region.

Using almost 138 thousand water connections with a total length of 770 km, the Company supplies drinking water to 721,469 citizens. It also operates 75 wastewater treatment plants (73 mechanical-biological, 2 mechanical) with a total capacity of 262,140 m<sup>3</sup> per day (sufficient for 954,376 people).

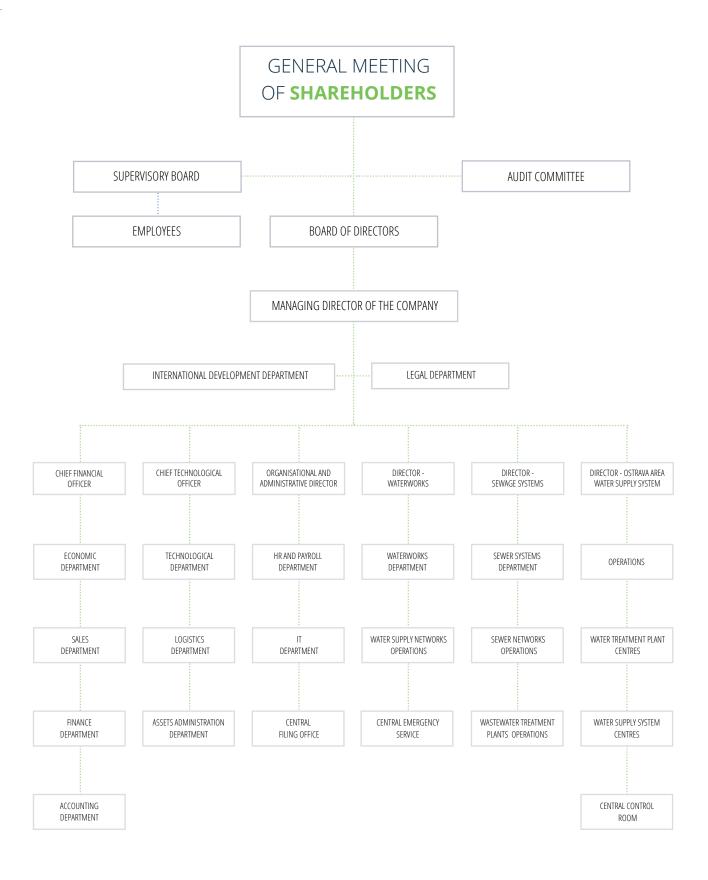
Several changes have been made to the Company's ownership structure since the establishment of the Company in 1992 when municipalities became the majority shareholders. Since the effective date 20 September 2019, the sole shareholder of the Company has been AQUALIA CZECH S.L., whose partners included by the time of the preparation of this report FCC Aqualia, S.A with a 99.9999% ownership interest, and Aqualia Intech, S. A with a 0.0001% ownership interest.

The Company does not hold any ownership interest in subsidiaries or any other companies. The Company is a member of the Group controlled by FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., with its registered office in Spain.

## KEY EVENTS IN 2020

- The sole shareholder, AQUALIA CZECH, S. L, acting in the capacity of the General Meeting held on 7 May 2020, approved the 2019 annual report, the 2019 ordinary financial statements, as well as the distribution of profit generated in the 2019 reporting period.
- The sole shareholder decided on the distribution of profit generated in the 2019 reporting period in the following manner: out of the profit after tax in the amount of CZK 379,496,092.96, a part of the profit amounting to CZK 293,664,948.88 will be paid to the sole shareholder as a profit share and the remaining CZK 85,831,144.08 can be used only for activities in accordance with the fulfilment of the recovery funding plan.
- The sole shareholder, AQUALIA CZECH, S. L, acting in the capacity of the General Meeting, decided to amend and update the Articles of Association by way of a notarial deed and to re-appoint two members of the Board of Directors whose term of office expired. At the same time, their Executive Service Agreements were approved. The appointed members were Guillermo Moya García-Renedo and Fernando Flores Gavala.
- In accordance with IAS/IFRS as adopted by the EU, the Company's financial performance in 2020 resulted in a pre-tax profit of CZK 501,352 thousand. The projected total expenses for 2020 were based on the Company's needs, pricing implications and financial obligations.
- In 2020, the Company's investment policy was based on its business development needs, in line with the approved long-term plan. The Company met investment needs amounting to almost CZK 693 million. The Company fulfilled its aim to invest in water management infrastructures in the municipalities of the region which is subject to the Company's supplies.
- Pursuant to Section 19a (1) of Act No. 563/1991 Coll., the Company, in its capacity as a business entity issuing investment securities, i.e. bonds listed on a regulated securities market in the EU Member States, maintains its accounts and prepares its financial statements in accordance with International Financial Reporting Standards as adopted by the EU (see Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards).
- In November 2020, the Company successfully defended three certifications (occupational health and safety management system, quality management system, environmental management system) in the recertification audit. In the case of Occupational Health and Safety, the certification was performed under the new ČSN ISO 45001:2018 standard. In October, the Company saw the successful completion of an external surveillance audit focusing on the energy management system. In November, the Company's fulfilment of the ČSN ISO 14064-1 standard (quantification and reporting of greenhouse gases carbon footprint) for 2019 was successfully verified.
- Throughout virtually the entire year the Company had to react accordingly to the global pandemic of the novel coronavirus across all areas of its operations. The Company was successful in this and throughout the year, the exceptionally difficult situation did not negatively affect steady supplies of drinking water in the appropriate quality and quantity to all customers; wastewater removal and treatment were also problem-free.

# ORGANISATIONAL Structure



## DECISION-MAKING PROCESS AND COMPOSITION OF **THE BODIES OF THE COMPANY**

#### **BOARD OF DIRECTORS**

The decision-making process and the powers of the Board of Directors as the statutory body is specified in the Company's Articles of Association, Section B – Board of Directors, Sub-sections 16 to 22.

#### **COMPOSITION OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2020**

Sub-section 17 of the Company's Articles of Association stipulates that the Board of Directors has 15 members.

The Company's Board of Directors as of 31 December 2020			
Félix Parra Mediavilla	Chairman of the Board		
Luis Francisco De Lope Alonso	First Vice-Chairman		
Guillermo Moya García-Renedo	Second Vice-Chairman		
Miroslav Kyncl	Third Vice-Chairman		
Isidoro Antonio Marbán Fernández	member		
Fernando Flores Gavala	member		
Luis Carrero Bosch	member		
José María Álvarez Oblanca	member		
Francisco José Araque Padilla	member		
Mark Muller Aguirre	member		
Václav Holeček	member		
Věra Palková	member		
Ladislav Šincl	member		
Miroslav Šrámek	member		
Zdeněk Trejbal	member		

Based on the resolution of the sole shareholder, Guillermo Moya García-Renedo and Fernando Flores Gavala were re-appointed members of the Board of Directors on 7 May 2020. Based on the decision of the Board of Directors outside meetings, Guillermo Moya García-Renedo was appointed the 2nd Vice-Chairman of the Board of Directors on 8 June 2020. This change is recorded in the Register of Companies.

#### **DETAILS OF THE BOARD OF DIRECTORS**

All members of the Board of Directors confirmed in a statutory declaration before the election that they were qualified to be members of the Company's statutory body and that there were no obstacles for the performance of the office in line with applicable regulations. During the discharge of the functions, none of the Board members announced that they had lost the statutory competence to serve as members of the body.

Information pursuant to Section 118 (4) (f) of Act 256/2004 Coll.			
	Description of pecuniary income		
Félix Parra Mediavilla	No income, based on remuneration waiver		
Miroslav Kyncl	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for the performance of statutory body obligations		
Fernando Flores Gavala	No income, based on remuneration waiver		
Luis Francisco de Lope Alonso	No income, based on remuneration waiver		
Isidoro Antonio Marbán Fernández	No income, based on remuneration waiver		
Guillermo Moya García-Renedo	No income, based on remuneration waiver		
Luis Carrero Bosch	No income, based on remuneration waiver		
José María Álvarez Oblanca	No income, based on remuneration waiver		
Věra Palková	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations		
Zdeněk Trejbal	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations		
Václav Holeček	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations		
Miroslav Šrámek	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations		
Ladislav Šincl	Compensation arising from the Board of Directors membership under a contract approved by the Company General Meeting for performance of statutory body obligations		
Francisco José Araque Padilla	No income, based on remuneration waiver		
Mark Muller Aguirre	No income, based on remuneration waiver		

#### **PRINCIPLES OF REMUNERATION**

The General Meeting approves remuneration to the Board of Directors members for the duration of their four-year term pursuant to the Agreement on the Performance of Office. The remuneration is a fixed monthly amount, regardless of the member's specific position within the Board of Directors, without any variable component. The Board of Directors members receive no other form of compensation. The Company made no agreement with any member on the provision of any benefits upon the termination of membership in the Board of Directors. The entire amount of compensation to the members representing the sole shareholder is provided by the controlling party.

In 2020, pecuniary income of the Company Board of Directors members totalled CZK 1,188 thousand (same as in the previous period).

No in-kind compensation was provided. The above-referred Board members receive no remuneration for the performance of office in line with their remuneration waiver in writing.

#### **SUPERVISORY BOARD**

The decision-making process and the powers of the Supervisory Board as a controlling body is specified in the Company's Articles of Association, Section C – Supervisory Board, Sub-sections 24 to 31.

#### **COMPOSITION OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2020**

Pursuant to the Company's Articles of Association, the Supervisory Board has 12 members, eight of whom are elected by the General Meeting and four by the Company's employees.

Supervisory Board as of 31 December 2020		
Lukáš Ženatý	Chairman	
Pedro Miñarro Perete	Vice-Chairman	
Raúl Martí Segura	member	
Lenka Kolářová	member elected by the Company's employees	
Zbyněk Skyba	member elected by the Company's employees	
Markéta Rosmarinová	member elected by the Company's employees	
Roman Gúber	member elected by the Company's employees	
Jan Malík	member	
René Chrobok	member	
Tomáš Navrátil	member	
Vladimír Slivka	member	
Antonio Parisi	member	

In 2020, there were no changes in the composition of the Supervisory Board.

#### DETAILS OF THE SUPERVISORY BOARD

All members of the Supervisory Board confirmed in a statutory declaration before the election that they were qualified to be members of the Company's body and that there were no obstacles for the performance of the office in line with effective regulations. During 2020, none of the Supervisory Board members announced that they had lost the statutory competence to serve as members of the body.

	Description of pecuniary income	Description of in-kind compensation
Lukáš Ženatý	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations.	
Jan Malík	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations.	
Lenka Kolářová	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations. The repor- ted income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance under the Collective Agreement
Roman Gúber	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations. The repor- ted income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance under the Collective Agreement
Zbyněk Skyba	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations. The repor- ted income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance under the Collective Agreement
Pedro Miñarro Perete	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations. Compensation under the Collective Agreement	
Raúl Martí Segura	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations.	
René Chrobok	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations.	
Vladimír Slivka	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations.	
Markéta Rosmarinová	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations. The repor- ted income includes also income earned under the Agreement on Company Employee's Wage. Compensation under the Collective Agreement	Supplementary pension insurance
Antonio Parisi	Compensation arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations.	
Tomáš Navrátil	Until 20 September 2019, no compensation pursuant to Section 5 (2) of Act No. 159/2006 Coll., on Conflict of Inte- rest, as amended, since 21 September 2019, compensati- on arising from the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of supervisory body obligations	

#### **PRINCIPLES OF REMUNERATION**

The General Meeting approves remuneration to members for the duration of their four-year term. The remuneration is a fixed monthly amount, regardless of the member's position within the Supervisory Board, without any variable component. The Supervisory Board members receive no other form of compensation. The Company made no agreement with any member on the provision of any benefits upon the termination of membership in the Supervisory Board.

In 2020, pecuniary income of the Company's Supervisory Board members who are not employed at the Company totalled CZK 924 thousand (CZK 792 thousand in 2019).

Pecuniary income of the Company's Supervisory Board members - Company employees in 2020 were as follows:

- Employment income (Company employees) CZK 5,057 thousand (CZK 4,376 thousand in 2019); and
- Income from holding the position of a member of the Supervisory Board CZK 660 thousand (CZK 660 thousand in 2019).

Total in-kind and other compensation in connection with employment income in 2020 amounted to CZK 221 thousand (CZK 455 thousand in 2019).

#### AUDIT COMMITTEE

The Audit Committee was established by a change in the Articles of Association as another body of the Company based on a decision of the General Meeting held on 25 May 2017 subsequent to Section 44 (12) of Act No. 93/2009 Coll., as amended.

The status, authority and decision making of the Audit Committee is specified in the Company's Articles of Association, Section D, Sub-sections 32 to 35.

#### **COMPOSITION OF THE AUDIT COMMITTEE AS OF 31 DECEMBER 2020**

Pursuant to Article 33 of the Articles of Association, the Audit Committee has three members:

Petr Šobotník, Chairman of the Committee Otakar Hora, Vice-Chairman of the Committee Renáta Hótová, Member of the Committee

Information on the members of the Audit Committee is available at the Company's website www.smvak.cz under 'Bodies of the Company'.

Financial income of the members of the Audit Committee amounted to CZK 396 thousand in 2020 (CZK 396 thousand in 2019).

Information on the persons responsible for the Annual Report and Financial Statements audit			
Name and surname	Position Employer		
Anatol Pšenička	Managing Director Severomoravské vodovody a kanalizace Ostrava a. s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava		
Halina Studničková	Finance Director Severomoravské vodovody a kanalizace Ostrava a. s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava		
Martin Veselý	Technical Director Severomoravské vodovody a kanalizace Ostrava a. s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava		
Milan Koníř	Director of Water Supply Networks Severomoravské vodovody a kanalizace Ostrava a. s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava		
Jan Tlolka	Director of Sewage Systems Severomoravské vodovody a kanalizace Ostrava a. s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava		
Jiří Komínek	Director of Ostrava Area Water Supply Network Severomoravské vodovody a kanalizace Ostrava a. s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava		
Petr Šváb	Administration Director Severomoravské vodovody a kanalizace Ostrava a. s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava		

#### THE COMPANY'S MANAGEMENT

	Information pursuant to 118 (4) (f) and (h) of A	DESCRIPTION OF	DESCRIPTION OF IN-
	DESCRIPTION OF RESPONSIBILITIES	PECUNIARY INCOME	KIND COMPENSATION
Anatol Pšenička, Managing Director	<ul> <li>Ensures execution of the Company bodies' resolutions;</li> <li>Acts on the Company's behalf within the scope of written authorisation by the Board of Directors;</li> <li>Acts on the Company's behalf within the scope of management of the Company's operations;</li> <li>Is in charge of the Company's emergency management;</li> <li>Represents the Company's management for the integrated management system,</li> <li>Organises the Company's relations with the public; and</li> <li>Is responsible for the provision of legal services in the Company.</li> </ul>	Salary paid under the Agreement on the Appointment of the Managing Director (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Halina Studničková, Chief Financial Officer	<ul> <li>Is responsible for the effectiveness of economic and financial transactions, drafting of the Company's economic and financial plan and ensuring that its targets are met;</li> <li>Ensures ongoing financial management;</li> <li>Is in charge of Company business operations and devising marketing strategy;</li> <li>Is responsible for pricing policy; and</li> <li>Acts on the Company's behalf within the scope of written authorisation by the Board of Directors.</li> </ul>	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Martin Veselý, Chief Technology Officer	<ul> <li>Ensures drafting technology strategy;</li> <li>Is responsible for the preparation and effectiveness of the Company's investment projects;</li> <li>Ensures meeting corporate energy and transport-related targets;</li> <li>Is in charge of occupational health and safety and fire protection policies; and</li> <li>Is responsible for the central procurement system.</li> </ul>	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Petr Šváb, Organisational and Administrative Director	<ul> <li>Is responsible for meeting the Company's reporting obligations, as securities issuer, ensuing from generally binding regulations and internal rules;</li> <li>Ensures archive activities across the Company;</li> <li>Is in charge of human resources, payroll policy and payroll agenda; and</li> <li>Is responsible for IT operation and development.</li> </ul>	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Milan Koníř, Director of Waterworks	<ul> <li>Is responsible for all water supply networks operations;</li> <li>Is responsible for uninterrupted drinking water supply;</li> <li>Is responsible for the quality of supplied water and the quality control of supplied water;</li> <li>Ensures collaboration with cities and municipalities in water supply operations;</li> <li>Is in charge of metrology within the scope of water supply; and</li> <li>Acts on the Company's behalf within the scope of written authorisation by the Board of Directors.</li> </ul>	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use
Jan Tlolka, Director of Sewage Systems	<ul> <li>Is responsible for all sewage networks operations;</li> <li>Is responsible for wastewater drainage and treatment;</li> <li>Is responsible for the quality of discharged wastewater and quality control of discharged wastewater;</li> <li>Is in charge of waste management across the Company;</li> <li>Is in charge of metrology within the scope of wastewater drainage and treatment; and</li> <li>Acts on the Company's behalf within the scope of written authorisation by the Board of Directors.</li> </ul>	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use

Information pursuant to 118 (4) (f) and (h) of Act 256/2004 Coll.				
	DESCRIPTION OF RESPONSIBILITIES	DESCRIPTION OF PECUNIARY INCOME	DESCRIPTION OF IN-KIND COMPENSATION	
Jiří Komínek, Director of Ostrava Area Water Supply System (OOV)	<ul> <li>Is in charge of OOV management and all operations;</li> <li>Is responsible for drinking water production in water treatment plants and water sources across the Company;</li> <li>Is responsible for the quality of water supplied from water treatment plants, water sources and water supply networks and for quality control of supplied water;</li> <li>Is responsible for uninterrupted drinking water supply within the Ostrava Area Water Supply Networks; and</li> <li>Is responsible for metrology within the scope of water treatment operations.</li> </ul>	Salary paid under the Wage Contract (basic salary, bonuses, compensation under the Collective Agreement)	Supplementary pension, Company car for personal use	

#### **PRINCIPLES OF REMUNERATION**

The Company's managers with managing powers (hereinafter the "managers") are paid a fixed basic salary and a variable component (bonuses) on the basis of their Wage Contract.

For the Managing Director, the amount of the monthly salary is determined by the Company's Board of Directors, and for other top managers by the Managing Director, based on an authorisation issued by the Board of Directors.

The managers' bonuses are variable, depending on whether the managers meet pre-defined criteria. Entitlement for bonuses and their payment depends on meeting the criteria set for individual managers.

The key criteria for bonus payments are:

- · The total volume of the Company's operational production;
- Operating profit before taxes, without extraordinary gains;
- Available cash-flow;
- · Compliance with the Company's investment plan; and
- Acquisition activities of the Company.

The amount of approved bonuses is based on evaluation of meeting the required criteria as follows:

• No bonus is paid when less than 90 percent of the criteria are met;

• The bonus is reduced when the criteria are met at 90-100 percent, based on the evaluation of meeting each specific criterion.

The Board of Directors assesses meeting the pre-defined criteria by the Managing Director, and the Managing Directors assesses meeting the criteria by other managers, based on an authorisation of the Board of Directors.

No Remuneration Committee has been set up by the Company. Wages are monitored and evaluated for each calendar year.

Bonus payments (money transfers) are subject to approval by the Company's Economic Director and Managing Director.

In the event of termination of the manager's employment, a competition clause has been signed pursuant to Section 310 of the Labour Code for one year, which guarantees severance pay of the employee's 12 average salaries provided the terms of the competition clause have been met.

In 2020, pecuniary income of managers totalled CZK 15,599 thousand (CZK 14,460 thousand in 2019); total in-kind and other compensation amounted to CZK 820 thousand (CZK 798 thousand in 2019).

Information pursuant to Section 118 (4) (g) of Act No. 256/2004 Coll., on the Company's shares or similar types of securities and option or comparable investment instruments, the value of which pertains to the Company's shares or similar types of securities in the ownership of members of the Board of Directors and/or the Supervisory Board members and other Company managers and executives as of 31 December 2020.

	Number of the Company's shares or similar types of securities as of 1 January 2020	Number of the Company's shares or similar types of securities as of 31 December 2020	Option or comparable investment instruments, the value of which pertains to the Company's shares or similar types of securities
Board of Directors members in total	0	0	none
Supervisory Board members in total	0	0	none
Company managers and executives	0	0	none

## DEVELOPMENT OF THE COMPANY'S REGISTERED CAPITAL AND EQUIT

ACCOUNTS AND ADDRESS OF

DEVELOPMENT OF THE COMPANY'S REGISTERED CAPITAL AND EQUITY					
Indicator	Measurement Unit	2018	2019	2020	ISIN No.
1. Registered capital	CZK thousand	1,296,909	1,296,909	1,296,909	-
Total shares	Piece	3,458,425	3,458,425	3,458,425	-
of which bearer share	Piece	421,385	421,385	421,385	CS0008435251
of which registered shares	Piece	3,037,040	3,037,040	3,037,040	CS0009031166
2. Reserve funds	CZK thousand	0	0	0	-
3. Retained earnings	CZK thousand	429,782	518,770	635,405	-
EQUITY	CZK thousand	1,726,691	1,815,679	1,932,314	-

## aqualia Smvak SECURITIES

#### **SECURITIES ISSUED**

#### A) STOCK

lssuer:	Severomoravské vodovody a kanalizace Ostrava a.s.
Type of security:	Shares
Class:	Registered share
Total amount:	CZK 1,138,890,000
Number of shares:	3,037,040
Nominal value per share:	CZK 375
Form:	Book-entered; records of holders are maintained by Centrální depozitář cenných papírů, a.s.
	(Central Depository of Securities)
ISIN:	CS 0009031166
lssuer:	Severomoravské vodovody a kanalizace Ostrava a.s.
Type of security:	Shares
Class:	Bearer share
Total amount:	CZK 158,019,375
Number of shares:	421,385
Nominal value per share:	CZK 375
Form:	Book-entered; records of holders are maintained by Centrální depozitář cenných papírů, a.s.
	(Central Depository of Securities)
ISIN:	CS 0008435251

In connection with the decision of the General Meeting of 23 July 2019 within the meaning of Section 375 et seq. of the Act on Business Corporations on the forced transfer of ownership rights to all participating shares to the majority shareholder, the shares were removed from trading on the multilateral trading facility operated by RM-SYSTÉM, česká burza cenných papírů a.s. (Czech Stock Exchange), effective from 20 September 2019, based on the decision of the director of RM-SYSTÉM No. 8/2019 of 28 August 2019.

#### **DIVIDEND PAYMENTS:**

Payments of dividends in previous years were effected under the rules passed by the respective General Meeting's resolution through Československá obchodní banka, a.s., Radlická 333/150, 150 57 Prague 5.

#### **INSTRUCTIONS FOR EXERCISING SHAREHOLDERS' RIGHTS:**

Until 20 September 2019, all information pertaining to securities issued by the Company were published pursuant to its Articles of Association and the applicable legislation in the Register of Companies, the Commercial Bulletin and on the website www.smvak.cz in section Shareholders and Investors/Published Documents and Notices and Calls.

#### Shareholders holding at least a 5% interest in the Issuer's registered capital or voting rights as of 31 December 2020:

AQUALIA CZECH S. L.	100 %
Madrid, Avda. del Camino de Santiago 40, Kingdom of Spain	

The Company's shares are fully transferable and bear no first option.

#### B) BONDS ISSUED ON 17 JULY 2015 MATURING ON 17 JULY 2022

lssuer:	Severomoravské vodovody a kanalizace Ostrava a.s.	
Type of security:	Bonds	
Class:	Book-entered bearer bond	
Total amount:	CZK 5,400,000,000	
Number of bonds:	1,800	
Nominal value:	CZK 3,000,000	
Fixed interest yield:	2.625% p.a.	
Date of issue:	17 July 2015	
ISIN:	CZ 0003512824	

The foregoing bond issue was approved by a resolution of the Board of Directors dated 21 April 2015.

The Company issued the bonds in the aggregate nominal amount of CZK 5,400,000,000 (in words: five billion four hundred million Czech crowns) with 2.625% annual fixed interest rate maturing in 2022. The offering circular and the issue conditions were approved by the Czech National Bank on 14 July 2015 under ref. no. 2015/078294/CNB/570.

The Issuer's offering circular is available at www.smvak.cz in section 'Shareholders and Investors/Bonds'.

Effective as of 17 July 2015, the bonds issued were accepted for trading on the Regulated Market based on a resolution of the Managing Director of Burza cenných papírů Praha, a.s. (Prague Stock Exchange) dated 13 July 2015 under ref. no. B/102/2015/KB. The bonds began to be traded on 17 July 2015, when all of 1,800 bonds were sold.

Bond Holders as of 31 December 2020		
Number of bonds held by foreign corporate entities	34	
Number of bonds held by corporate entities (CZ)	1,657	
Number of bonds held by individuals (CZ)	109	
Total bonds	1,800	

All information pertaining to these securities is available at the Company's registered office. The services of a fiscal and payment broker with respect to the payment of interest and bonds are provided by Komerční banka, a.s., having its registered office at Na Příkopě 33, 114 07 Prague 1, P. O. BOX 839, the Czech Republic.

#### Information on the Trade in Shares or Similar Securities Pertaining to the Company Conducted in 2020.

In 2020, members of the Board of Directors or the Supervisory Board, the Company's managers and their close relatives did not trade any shares or similar securities pertaining to the Company. Due to the decision of the General Meeting on the forced transfer of all shares to the majority shareholder, the ownership rights to shares of members of the Supervisory Board were transferred.

Members of the Board of Directors or the Supervisory Board and the Company's managers received no loans or borrowings, nor did they receive any liability, collateral or performance. The Company's employees do not have an opportunity to hold a share in the Company's registered capital.

The Company did not conclude any contracts with the members of the Board of Directors or the Supervisory Board, the managers or their close relatives.

Costs of Remuneration of the Statutory Auditor for the Relevant Period				
Auditor	Amount included in audit costs for 2020	Other services	Other services – Description	
Deloitte Audit s.r.o.	961	-	-	
Deloitte Advisory s.r.o.	-	266	Insolvency test	

## RIGHTS ARISING FROM **OWNERSHIP OF SECURITIES**

#### **RIGHTS ARISING FROM THE OWNERSHIP OF SHARES**

The shareholders' rights are governed by Act No. 90/2012 Coll., on Business Corporations, and by the Company's Articles of Association.

#### **RIGHTS ARISING FROM THE OWNERSHIP OF BONDS**

The bond holders' rights are governed by generally binding regulations, namely the Act on Business Corporations; Act No. 190/2004 Coll., on Bonds; the terms and conditions of bond issue; and the Issuer's Offering Circular, which is published on the website www.smvak.cz under 'Shareholders and Investors/Bonds'.



MANDATORY INFORMATION PURSUANT TO THE ACT ON CAPITAL MARKET UNDERTAKINGS



## CORPORATE CONTROL INSTRUMENTS

#### CONTROL PROCEDURES AND AUTHORISATION FOR ACCOUNTING TRANSACTIONS

Pursuant to the provisions of the Accounting Act, separate methodology guidelines, which are part of the ISO standardisation, define specific positions and persons responsible for accounting transactions, persons responsible for their recognition, as well as the payment terms applied.

Payments arising from all accounting documents and their recognition may be approved and signed solely by persons responsible for specific accounting transactions and persons responsible for recognition of the specific accounting transactions.

## A) EMPLOYEES AUTHORISED TO APPROVE FINANCIAL TRANSACTIONS REPORTED IN ACCOUNTING DOCUMENTS ARE RESPONSIBLE FOR:

- · Accuracy, admissibility and efficiency of recognised financial transactions;
- Ensuring control as regards compliance of the data reported in accounting documentation with actual data;
- Correctness, accuracy and completeness (including numerical control) of the financial amounts recognised above;
- Adherence to financial limits determined for respective authorised persons;
- Observing the premise that the limited value of a financial transaction means the sum of all values of specific items that are mutually inter-connected in terms of purpose, contents or personnel.

The authorised employee approves financial transactions by his/her signature which must be identical with the signature specimen.

## **B) EMPLOYEES AUTHORISED TO APPROVE RECOGNITION OF FINANCIAL TRANSACTIONS WITHIN THE COMPANY HOLD THE FOLLOWING POSITIONS:**

- · Head of the Accounting Department; and
- · General accountant.

The employees authorised to approve the recognition of financial and accounting transactions are responsible for the following:

- · Accounting records comply with the chart of accounts, approved recognition procedures and the valid accounting plan;
- Accounting documentation meets all requirements pursuant to Act No. 563/1991 Coll., in the case of tax documents also the requirements pursuant to Act No. 235/2004 Coll. On Value-Added Tax, as amended;
- Financial transactions reported in the accounting documents have been duly approved by the authorised employees;
- In terms of recognition approval, each accounting document must include two signatures of persons authorised to approve recognition of financial transactions.

Circulation of all accounting documents is ensured to maintain a steady flow of all documents (from issuance, approval and payment to recognition) in a rational and continuous manner and within reasonable deadlines.

SmVaK Ostrava a.s. has appointed and authorised employees responsible for reviewing accuracy, completeness, admissibility and legitimacy of financial transactions and persons authorised to approve these transactions.

Their powers are defined in accordance with the amounts/prices determined for specific (separate) financial transactions. For transactions under CZK 3 million incl. VAT, three authorised employees jointly approve any such transaction; for transactions between CZK 3 million and CZK 27 million incl. VAT, three authorised employees and three authorised members of the Company's body (Board of Directors) jointly approve any such transaction; and for transactions exceeding CZK 27 million incl. VAT, three authorised members of the Company's body (Board of Directors) jointly approve any such transaction; and for transactions exceeding CZK 27 million incl. VAT, three authorised members of the Company's body (Board of Directors) jointly approve any such transaction.

Concluding supply contracts and ordering material and services is performed within the scope of authorisations granted by the Company's Board of Directors to senior managers and authorisations arising from the Company's internal policies.

#### **INTERNAL AUDIT**

Internal audit within the integrated management system involves an ongoing and systematic review and evaluation of operations of internal organisational units in the areas of quality, energy management, environment, occupational health and safety and fire protection management. Records of internal audits are submitted to the Company's management. Control activities focus on compliance employment-related regulations and the Labour Code, binding internal policies and documents. Random workplace inspections, reviews of internal accounting records, and reviews of activity progress are also conducted.

Inspection reports are presented to the Managing Director. In line with the findings (if any), measures are taken by authorised employees to eliminate identified deficiencies.

Members of the Audit Committee are informed about the results and findings of the internal audits performed.

#### **PAYMENT CONTROL**

The Company ensures control of all payments executed by authorised employees within the Economic Information System (EIS) in terms of the legitimacy of specific financial transactions and the amount of payment.

The employees executing payments print out a list of payment orders from the EIS system, review and sign it together with respective tax documents (invoices) and submit the payment orders for review to the authorised employee of the finance department, who checks the data for reconciliation and verifies it by signing the accuracy of the issued payment orders. A protocol is prepared on required payments.

Prior to the execution of payments, a Protocol for Approval of the Financial Transaction is prepared and subsequently submitted for a review and approval to the authorised employees who permit the execution of the payments by signing the Protocol.

After sending the payment orders to the respective bank, the authorised employee signs a control protocol that is filed with a control copy for a compatible medium, a dispatch label for non-document exchange of data carriers, a protocol on successful completion of data transfer, and a list of payment orders.

#### **ELIMINATION OF POTENTIAL RISKS**

The detailed business and financial plan for the current year includes identification of potential risks and their elimination in the given environment. The Company effectively eliminates all risks.

#### **PAYROLL CONTROL MANAGEMENT**

Access to the payroll and personnel files is granted by the system administrator, following a consultation with the head of the Human Resources and Payroll department, and approval by the administration director. The payroll system can be accessed by Human Resources Payroll officers processing the payroll agenda, the head of the Human Resources and Payroll department and the administration director.

All wage modifications are subject to the approval of the managing director. Payroll outputs are subject to inspection by the heads of the Human Resources department and the administrative director and, subsequently, approved by the economic director and the managing director.

#### THE SOLE SHAREHOLDER'S CONTROL

The Company's sole shareholder is AQUALIA CZECH S.L., which holds 100.00% of share capital and is the entity directly controlling Severomoravské vodovody a kanalizace Ostrava a.s. FCC Aqualia S. A. holds 99.9999% of the share capital of AQUALIA CZECH S.L., an interest of 0.0001% is held by Aqualia Intech S.A. All of the aforementioned companies are part of the Group controlled by FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A., with its registered office in Balmes 36, Barcelona, Kingdom of Spain.

More detailed information on the controlled and controlling entities is provided herein; "Overview of the Group's Controlled and Controlling Entities" is included in the Appendix thereto entitled the "Report on Related Party Transactions pursuant to Section 82 of the Business Corporations Act".

The sole shareholder (the controlling party) reviews, through its representatives – ie the members of the Board of Directors, the annual business plan and monthly economic results, sets and reviews business goals and objectives that are assessed on an ongoing basis and discussed in the event of any discrepancies. In addition, the majority shareholder reviews and approves meeting the targets of the investment plan.

The Company has drafted in-house rules which set forth clearly defined procedures and control mechanisms. These are primarily methodological regulations in the ISO documentation system, which in detail describe procedures of processing common transactions, including fraud prevention rules. The Company's internal audit controls adherence to the relevant rules. The majority shareholder in no way influences or interferes with the Company's internal policies.

No other measures beyond the scope of the statutory obligations have been adopted.

### COMPANY CODES

The Company publicly complies with and performs its activity in line with the Czech Corporate Governance Code 2018 (the "Code") based on the OECD Principles. It fully complies with its principles in order to improve its governance, corporate responsibility and long-term prosperity, increase its value, competitiveness and sustainability of its activities.

The Company makes sure that its governance is transparent. To this purpose, it publishes all relevant information regarding its activities and governance in its annual and semi-annual reports. The main features of the Company's system of internal controls and risk management in relation to financial reporting are disclosed in subchapter Corporate Control Instruments of this annual report.

Responsibilities of the Board of Directors and the Supervisory Board to the sole shareholder and to third parties are in compliance with Chapter V and VI of the Code, the Articles of Association and applicable legislation. Members of the Board of Directors and the Supervisory Board are able to exercise objective independent judgment on corporate affairs and they have access to accurate, relevant and timely information in order to ensure due performance of duties. The composition of corporate bodies of the Company is disclosed in Chapter 4 of this annual report. The composition of elected bodies reflects the requirements put on the Company with regard to its business activities and its further development.

For the entire time when the Company had more than one shareholder, the governance system protected and facilitated the exercise of shareholders' rights in a way that ensured equal rights for all shareholders, including minority ones, with the possibility to participate in the management of the Company through the General Meeting. Shareholders' rights in the Company were exercised within the scope of Chapter I of the Code. Presently, when the Company has a sole shareholder, the framework for the exercise of the shareholder's rights is defined by both applicable legislation and the Company's Articles of Association.

The Company is in full compliance with the Code of Conduct of the FCC Group, of which it forms part, and has implemented the Code into its corporate management system. The full wording of the Code of Conduct is available on the Company's Intranet and website.

## COMPLIANCE **PROGRAMME**

During 2020, a corporate compliance programme was implemented and developed in the FCC Group. The programme introduces a comprehensive system of measures and procedures relating to all activities of all entities in the Group. The compliance programme aims at setting internal operating rules in both the parent company of the FCC Group and its subsidiaries and affiliates. The aim is to define rules of conduct in relation to third parties and introduce a corporate culture across all aspects of the operations of individual entities.

When introducing the compliance programme, an analysis of the activities performed in the Company was conducted in order to identify risks and their consequences for the Company with regard to the prevention of possible criminal liability of the Company. At the same time, the applicability of the FCC Group's anti-corruption system in the Company was tested. No deficiencies were found in the conducted risk analysis that would pose a risk to the Company in terms of potential criminal liability.

In relation to the implementation of the FCC Group's compliance programme, the Board of Directors of the Company approved the following policies: Anti-Corruption Policy, Protocol on Preventing and Combating Harassment, Human Rights Protection Policy, Gift Acceptance Policy, Commercial Agents Relationships Policy, Health Protection Policy, Policy of Participation in Tenders for the Supply of Goods and Services, and Policy of Business Partner Relations in connection with Compliance with Legal Regulations. The documents are available on the Company's intranet and available for consultation in locations accessible to all Company's employees.

#### DECISION-MAKING PROCESS AND SCOPE OF POWERS OF THE GENERAL MEETING

The status and power of the General Meeting are defined in Section A – General Meeting in the Company's Articles of Associations.

Starting from 20 September 2019, when the forced transfer of all shares to the sole shareholder became effective, the powers of the General Meeting are exercised by one shareholder.

# ACCESS TO THE ANNUAL REPORT

SmVak

- The Company's Annual Report for 2020 is available both in paper form and on a USB stick to be distributed free of charge and available from 30 April 2021 at the Company's registered office on business days from 9:00 a.m. to 3:00 p.m. In addition, the Annual Report can be accessed at the registered offices of all parties that are recipients of the Annual Report pursuant to Act No. 256/2004 Coll., i.e. Česká národní banka a.s. (Czech National Bank), Burza cenných papírů Praha (Prague Stock Exchange), and ING Bank N.V., organizační složka.
- 2. As of 30 April 2021, the Annual Report shall be also posted on www.smvak.cz in the section Shareholders and Investors/ Published documents in the pdf format.



<sup>T</sup>aqualia

The overview below shows the controlled and controlling parties within the FCC Group as of 31 December 2020.

#### **CONTROLLED PARTY**

Severomoravské vodovody a kanalizace Ostrava a. s. With its registered office at 28. října 1235/169, Mariánské Hory, 709 00 Ostrava Corporate ID: 45193665 The company is registered in the Register of Companies maintained by the Regional Court in Ostrava, Section B, File No. 347.

#### ULTIMATE CONTROLLING PARTY OF THE GROUP

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A. With its registered office at Balmes 36, Barcelona Corporate ID: A-28037224 The Company is registered in the Register of Companies in Barcelona, Section 21.736, File 1, page B-26.947. The company is not registered in the Register of Companies in the Czech Republic.

#### DIRECTLY CONTROLLING PARTY

AQUALIA CZECH S. L. With its registered office at Avda. del Camino de Santiago 40, Madrid, Spain Corporate ID: B-85794931 The company is registered in the Register of Companies in Madrid, Deed no. M-488820. The company is not registered in the Register of Companies in the Czech Republic.

## OTHER PARTIES WITHIN THE GROUP WITH WHICH THE COMPANY HAD CONTRACTUAL RELATIONSHIPS OR PERFORMED LEGAL ACTS

Aqualia infraestructuras inženýring, s.r.o.

36

With its registered office at Slavníkovců 571/21, Mariánské Hory, 709 00 Ostrava-Corporate ID: 64608042 The company is registered in the Register of Companies maintained by the Regional Court in Ostrava, Section C, File 14055.

Vodotech, spol. s r.o. With its registered office at Jaselská 220/47, Předměstí, 747 07 Opava Corporate ID: 64086348 The company is registered in the Register of Companies maintained by the Regional Court in Ostrava, Section C, File 8486.

Aqualia Intech, S. A. With its registered office at Avda. del Camino de Santiago 40, Madrid, Spain Corporate ID: A -28849495 The company is registered in the Register of Companies in Madrid, Deed no. M-59467. The company is not registered in the Register of Companies in the Czech Republic.

Tratamiento industrial de aguas, S. A. With its registered office at Federico Salmón 13, Madrid, Spain Corporate ID: A28525723

The company is registered in the Register of Companies in Madrid, Deed no. M - 20467. The organisational branch of the foreign entity was recorded in the Register of Companies maintained by the Municipal Court in Prague, Section A, File 61073, corporate ID: 28382161, until 5 September 2020, when the organisational branch was deleted from the Register of Companies.

FCC AQUALIA, S. A. With its registered office at Federico Salmón 13, Madrid, Spain The Company is registered in the Register of Companies in Madrid, Deed no. M-58878. The organisational branch of the foreign entity is recorded in the Register of Companies maintained by the Municipal Court in Prague, Section A, File 69960, corporate ID: 27788318. FCC Česká republika, s.r.o. With its registered office at Ďáblická 791/89, Prague 8, postal code 182 00 Corporate ID: 45809712 The Company is registered in the Register of Companies maintained by the Municipal Court in Prague, Section C, File 12401.

OBSED a.s.

With its registered office at Nemocniční 998/14, Moravská Ostrava, 702 00 Ostrava Corporate ID: 27454045 The Company is registered in the Register of Companies maintained by the Regional Court in Ostrava, Section B, File 3265.

HIDROTEC, Tecnología del Agua, S.L.U. With its registered office at Sevilla, c. Kansas City 9, Kingdom of Spain Corporate ID: B – 91033621 The company is registered in the Register of Companies in Sevilla, sheet SE 395, section 8, folio 1. The company is not registered in the Register of Companies in the Czech Republic.

The FCC Group consists of companies the list of which is attached to this Annual Report. The Report on Related Party Transactions specifies all members of the Group with which the controlled party had contractual relations or with which legal acts were performed in the reporting period ended 31 December 2020.

The Report on Related Party Transactions between the Controlling Party and the Controlled Parties and between the Controlled Parties and other Parties Controlled by the Same Controlling Party for the reporting period ended 31 December 2020, prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations, is an integral part of this Annual Report.

The Company declares that it conducts its business operations independently of the other Group companies as its activities are not dependent on any other Group member.

Severomoravské vodovody a kanalizace Ostrava a.s. is the Controlled Party. It is directly controlled by the Controlling Party, particularly through decisions of the sole shareholder acting in the capacity of the General Meeting as part of business management through the representatives of the sole shareholder in the Board of Directors and executive management.

The Company is not a Controlling Party or a partner in any other FCC Group member firm.

The level of the Company's compliance with selected chapters of the Code of Corporate Governance, based on the OECD Principles, is subject to regular analyses; application of the principles to the Company's specific conditions is included in the documents related to the preparation of the annual Financial Statements and the Annual Report for 2020.

The Company is not aware of any risk factors arising from its dominant market position in the regions of its operation.

## THE BOARD OF DIRECTORS REPORT ON BUSINESS OPERATIONS OF THE COMPANY AND THE STATE OF ITS ASSETS

All figures disclosed in this report comply with International Financial Reporting Standards IAS/IFRS (hereinafter "IFRS"), as adopted by the EU.

#### **KEY FINANCIAL RESULTS FOR 2020**

- Severomoravské vodovody a kanalizace Ostrava a.s. generated profit before taxes of CZK 501,352 thousand in 2020.
- Water deliveries to water supply systems of third-party water management companies decreased by 8.9% year-on-year, which represents a decrease of 1,796 thousand cubic metres against 2019.
- The volume of drinking water delivered to households and businesses in 2020 decreased by 3% year-on-year, which represents a decrease of 965 thousand cubic metres against 2019.
- The volume of drained wastewater (including the meteoric water invoiced) recorded a minor decrease of 1% compared to the volume in 2019.
- Supplies of drinking water from central and local sources were uninterrupted throughout 2020 and so was the drainage and treatment of wastewater.
- Total income related to water and sewer rates amounted to CZK 2,571,437 thousand, which is CZK 67,745 thousand more than in 2019.
- The Company's overall financial performance in 2020 can be described as favourable, despite the society-wide situation caused by the novel coronavirus. The total volume of drinking water sold to final consumers amounted to 32,304 thousand m<sup>3</sup>, and the volume of drained wastewater for consideration totalled 26,721 thousand m<sup>3</sup>. A total of 14,179 thousand m<sup>3</sup> of drinking water was delivered to the systems of domestic water management companies, and 4,282 thousand m<sup>3</sup> was delivered to water supply systems in Poland.
- In compliance with applicable legislation and IAS/IFRS as adopted by the EU, the Company's asset stock-taking included special procedures to apply the respective standards (hereinafter "IAS") to the Company's specific conditions (refer to the Notes to the annual financial statements).

#### Income

The total income amounted to CZK 2,668,193 thousand in 2020, i.e. by CZK 61,718 thousand more than in 2019.

Overview of the development of income in CZK thousand				
Indicator	2018	2019	2020	
Income related to water and sewer rates	2,409,770	2,503,692	2,571,437	
Other operating income	100,454	101,680	96,104	
Interest and other financial income	537	1,103	652	
Total income	2,510,761	2,606,475	2,668,193	
Profit before taxes	362,802	473,934	501,352	
Profit after taxes	292,789	379,496	404,521	

Information on Key Business Operations						
Indicator 2018 2019 2020						
Billed water (thousand m <sup>3</sup> )	33,286	33,269	32,304			
Supplied water (thousand m³)	20,575	20,257	18,461			
Wastewater drainage (thousand m <sup>3</sup> )	27,822	26,993	26,721			

A total of 4,282 thousand m<sup>3</sup> of supplied water was delivered to consumers outside the territory of the Czech Republic. The volume of water supplied to Ostravské vodárny a kanalizace a.s. amounted to 9,447 thousand m<sup>3</sup>. A total of 2,077 thousand m<sup>3</sup> of drinking water was supplied to Vodovody a kanalizace Přerov a.s. A total of 2,655 thousand m<sup>3</sup> of water was delivered to third-party customers.

#### **EXPENSES**

The total recognised expenses including taxes amounted to CZK 2,263,672 thousand in 2020.

Expenses in CZK thousand				
Indicator	2019	2020		
Material and energy consumption	476,701	497,298	494,654	
Personnel expenses	479,418	508,058	531,486	
Depreciation/amortisation	509,141	509,661	443,652	
Other operating expenses	526,496	472,367	515,920	
Net provisions and allowances	94	(18,921)	15,993	
Interest and other financial expenses	156,109	164,078	165,136	
Income tax	70,013	94,438	96,831	
Total expenses	2,217,972	2,226,979	2,263,672	

#### **PROFIT/LOSS**

Profit before taxes		
2018	CZK 362,802 thousand	
2019	CZK 473,934 thousand	
2020	CZK 501,352 thousand	

Profit after income tax payable and deferred			
2018	CZK 292,789 thousand		
2019	CZK 379,496 thousand		
2020	CZK 404,521 thousand		

#### FINANCING

As one of the key goals of successful financial management, the Company's financial assets, cash security and settlement of liabilities (hereinafter "liquidity") were managed in an optimum manner throughout the entire reporting period.

No movable or immovable assets of the Company were pledged as of 31 December 2020.

#### LOANS

To ensure financial stability for the coming years, in 2015, the Company entered into a framework loan agreement for CZK 120,000 thousand with ING Bank N.V., a joint-stock company incorporated under the laws of the Netherlands, with its registered office at Bijlmerplein 888, 1102 MG under no. 33031431, represented in the Czech Republic through ING Bank N.V., branch Prague, with its registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, the Czech Republic, corporate ID: 492 79 866. The loan is secured by a promissory note ("blank bill"). In the year ended 31 December 2020, this loan was used solely for the issuance of bank guarantees related to the operation of licence agreements and participation in tenders.

Within the scope of licensing tenders for operating the water supply infrastructure by selected cities and municipalities, the following bank guarantees were provided as security:

Date of issue	lssued to the benefit of	Purpose of issue	Valid	Výše bankovní záruky
3 Sep 2020	Associated municipalities of the Nový Jičín region	Operation of water supply infrastructure – sewage systems of the Associated municipalities of the Nový Jičín region	7 Sep 2020 – 31 Dec 2022	CZK 675,000
3 Sep 2020	Town of Štramberk	Operation of water supply infrastructure – sewage system of the town of Štramberk	7 Sep 2020 – 31 Dec 2021	CZK 50,000
3 Sep 2020	Horní Suchá municipality	Selection of an operator for water supply assets of the Horní Suchá municipality	7 Sep 2020 – 31 Dec 2021	CZK 150,000
3 Sep 2020	Town of Orlová	Operation of the infrastructure of the town of Orlová	7 Sep 2020 – 31 Dec 2022	CZK 100,000
3 Sep 2020	Albrechtice municipality	Operation of water supply assets of the Albrechtice municipality	21 Dec 2020 – 20 Dec 2024	CZK 36,000
21 Dec 2020	Velké Losiny municipality	Operation of wastewater drainage and a public water treatment plant in Velké Losiny and the Maršíkov and Bukovice districts	21 Dec 2020 – 20 Dec 2025	CZK 850,000
17 Aug 2016	Dolní Lutyně municipality	Due fulfilment of the operator's obligations arising from a contract	1 Sep 2016 – 31 Dec 2020	CZK 350,000
19 Dec 2018	Statutory city of Opava	Due fulfilment of the operator's obligations arising from a contract	1 Jan 2019 – 31 Dec 2023	CZK 400,000
19 Dec 2018	Neplachovice municipality	Due fulfilment of the operator's obligations arising from a contract	1 Jan 2019 – 31 Dec 2023	CZK 150,000
9 Jan 2020	Town of Vra- timov	Due fulfilment of the operator's obligations arising from a contract	9 Jan 2020 – 31 Dec 2024	CZK 260,000
9 Jan 2020	Řepiště muni- cipality	Due fulfilment of the operator's obligations arising from a contract	9 Jan 2020 – 31 Dec 2024	CZK 114,000
25 Aug 2020	Vodárenská společnost Táborsko s.r.o.	Selection of an operator of the water and sewerage system for Vodárenská společnost Táborsko s.r.o.	2 Sep 2020 – 30 Jun 2021	CZK 2,000,000
21 Dec 2020	Horní Suchá municipality	Operation of water supply assets of the Horní Suchá municipality	1 Jan 2021 – 20 Dec 2025	CZK 230,000
21 Dec 2020	Dolní Lutyně municipality	Due fulfilment of the operator's obligations arising from a contract	1 Jan 2021 – 20 Dec 2025	CZK 130,000
21 Dec 2020	Town of Štramberk	Due fulfilment of the operator's obligations arising from a contract	1 Jan 2021 – 20 Dec 2025	CZK 106,500

Liabilities as of 31 December 2020 in CZK thousand				
	2018	2019	2020	
Long-term liabilities and deferred income, of which	5,957,147	6,210,194	6,293,747	
Banks loans and bonds payable	5,357,372	5,369,282	5,381,539	
Deferred tax liability	543,197	548,116	567,222	
Finance lease liabilities	38,254	275,785	315,674	
Provisions	18,324	17,011	29,312	
Current liabilities and deferred income, of which	698,747	722,340	728,016	
Bank loans and bonds payable	64,575	64,575	64,575	
Trade payables and other liabilities	592,743	604,545	628,792	
Finance lease liabilities	12,621	21,173	28,882	
Tax liability to the state	9,980	25,614	1,178	
Provisions	18,828	6,433	4,589	

In 2020, the Company settled all of its liabilities in a due and timely manner.

#### **ORGANISATIONAL MATTERS AND HUMAN RESOURCES**

Labour relations in the Company were governed by the Labour Code and the Collective Agreement signed for 2020. The Company has not set up any Remuneration Committee.

In its day-to-day activities, the Company strictly adheres to the principle of equal opportunities (diversity policy) in hiring, employing and evaluating employees and maintaining the principle of fair remuneration. The Company actively supports the education and training of employees on all management levels.

Number of employees					
2018 2019 2020					
Total headcount, adjusted, of which	863	855	855		
Water supply system employees	402	403	404		
Sewage system employees	309	298	297		
Other employees	152	154	154		

Profit/loss, Dividend per Share				
2018 2019 2020				
Profit/loss per share in CZK	84.66	109.73	116.97	
Dividend per share in CZK 84.00 84.91 To be decided by the sole shareholder				

The dividend policy is subject to decisions of the sole shareholder in relation to the distribution of profits generated in the respective year.

#### **ANTI-CORRUPTION AND ANTI-BRIBERY MEASURES**

Measures against corruption and bribery are defined in the Company's internal documents – mainly in the Working Rules of SmVaK Ostrava. Each employee must acquaint themselves with the contents of the Working Rules upon employment commencement and confirm their understanding by appending their signature. This issue is also addressed by the Code of Ethics of the FCC Group of which employees are informed and which is available on the Company's intranet and on the website www.smvak.cz in the section About us. The Board of Directors approved the principles of the Anti-Corruption Policy valid in the FCC Group.

The Board of Directors decided to apply the Code of Ethics of the FCC Group in SmVaK Ostrava and to issue a public announcement on www.smvak.cz about the Company's pledge to observe the rules specified in the Code of Ethics.

#### **RESPECT FOR HUMAN RIGHTS**

The Company fully respects the human rights of all entities which it has encountered as part of its business and other activities. In terms of its business activity, the Company is aware that situations with possible impacts on human rights may emerge. Therefore, the Company uses efficient mechanisms providing fair solutions to these situations. This principally involves the process of handling objections, complaints and protection of rights in terms of the General Data Protection Regulation (GDPR). Essential principles are set up within these processes; specifically: transparency, legitimacy and fair solutions. In order to address potential complaints concerning tap water supplies and the draining of wastewater through the sewage system, the Company has published its Complaints Procedure on its website including the form for exercising the rights of data subjects. The Company has adopted the Human Rights Protection Policy applied in the FCC Group.

Respect for human rights is subject to internal governance documentation and employee training. The Company pays attention to human rights compliance by means of an internal control system and the Code of Ethics of the FCC Group.

## COURT, ADMINISTRATIVE AND **ARBITRATION PROCEEDINGS**

#### LEGAL DISPUTES WHERE THE COMPANY IS THE DEFENDANT

#### I.

On 22 August 2016, the former minority shareholder Miroslav Frank filed a legal action for the invalidity of the resolution of the General Meeting held on 26 May 2016 challenging the accuracy of the ordinary financial statements for the year ended 31 December 2015, including the follow-up resolution of the General Meeting on distributing the 2015 profit and retained earnings brought forward.

The Regional Court in Ostrava, following its resolution of 16 June 2017, dismissed the action in full and decided that the resolution of the General Meeting was valid. The plaintiff filed an appeal against this resolution with the High Court in Olomouc. The High Court in Olomouc, based on its resolution of 14 August 2018, upheld the resolution of the Regional Court in Ostrava.

On 31 December 2018, Miroslav Frank filed an appeal against these resolutions with the Supreme Court of the Czech Republic. The Court heard this appeal and terminated the proceedings by a resolution of 30 June 2020. The appellate proceedings were therefore concluded.

#### П.

On 15 August 2017, the former minority shareholders Miroslav Frank and EBN SEENA s.r.o. filed a petition to declare invalidity of the resolution of the General Meeting held on 25 May 2017 with the Regional Court in Ostrava, in relation to the reduction of the registered share capital of the Company and the resolution on distributing the 2016 profit.

The Regional Court in Ostrava issued a resolution on 4 December 2017 that the resolution of the Company's General Meeting held on 25 May 2017 on distributing the 2016 profit and reducing registered share capital is null and void.

The Company filed an appeal against the resolution of 12 January 2018 with the High Court in Olomouc. On the basis of the appeal discussed, the High Court in Olomouc, through its resolution of 16 October 2018, annulled the contested resolution of the Regional Court in Ostrava by dismissing the petition in relation to EBN SEENA s.r.o. in full, and in relation to the petition of Miroslav Frank by dismissing the petition to declare invalidity of the resolution of the General Meeting, which made a decision on the distribution of profit for the reporting period of 2016, and cancelling the resolution of the Regional Court in Ostrava on the reduction of the Company's share capital. The matter was returned to this Court for further proceedings.

On 15 March 2019, both minority shareholders filed an appeal with the Supreme Court of the Czech Republic against the resolution of the High Court in Olomouc in this matter. The Company made a statement on the contents of the appeal and informed the Supreme Court of the Czech Republic that the plaintiffs are no longer shareholders of the Company due to squeeze-out of minority shareholders and therefore lost active legal standing. The appellate proceedings have not been concluded yet.

#### III.

On 22 October 2019, the municipality of Čeladná filed a petition for declaring invalidity of the resolution of the General Meeting held on 23 July 2019, which made a decision pursuant to Section 375 et seq. of the Business Corporations Act on the forced transfer of the ownership right to all participation securities to the majority shareholder. According to the plaintiff, the reason for the invalidity of the resolution of the General Meeting is the fact that the Czech National Bank did not grant prior approval of this transfer.

Another reason for the invalidity of the resolution of the General Meeting according to the plaintiff is the fact that the forced transfer of the participation securities will lead to restrictions of the instruments of the plaintiff and other municipalities for the fulfilment of their public law obligations pursuant to Section 2 (2) and Section 35 (2) of the Act on Municipalities.

Representatives of the Company provided a statement on this petition and informed the Court about their dissenting opinion. On 2 June 2020, i.e. a day before the scheduled hearing, the plaintiff withdrew its petition and the Court terminated the proceedings, deciding that the plaintiff is obliged to reimburse SmVaK Ostrava for the costs of the proceedings. The plaintiff did not agree with the part of the judgment concerning the reimbursement of costs and appealed to the High Court in Olomouc. The High Court in Olomouc upheld the judgment of the Regional Court in Ostrava. The municipality of Čeladná already reimbursed the costs of the first-instance proceedings.

#### LEGAL DISPUTES WHERE THE COMPANY IS THE PLAINTIFF

#### I. COLLECTION OF TRADE RECEIVABLES

Overall summary of active legal disputes as of 31 December 2020			
	Number of cases	Amount in CZK	
Utilised in bankruptcy and insolvency proceedings:	159	10,731,600.45	
Actions filed:	174	2,549,531.88	
of which distraint	141	2,006,738.99	
Utilised in inheritance proceedings:	11	90,964.10	
Utilised in liquidation proceedings:	1	4,473.00	
Active cases – before action:	98	366,664.62	
Total cases pending:	432	13,652,269.95	

#### II.

Based on an administrative action filed by the Company against the resolution of the State Energy Inspection no. 902004517 of 15 February 2017, ref. no. SEI-1083/2017/90.221-1, whereby the Company received a fine, the matter was heard by the Regional Court in Ostrava under ref. no. 22 A 78/2017. On 24 June 2019, the Regional Court in Ostrava cancelled the challenged resolution and returned the matter for a new hearing to the Energy Regulatory Office.

On 21 November 2019, the Company received a notification from the Energy Regulatory Office about the continuation of the administrative proceedings regarding the fine for the regulatory offence after the cancellation of the resolution of the State Energy Inspection, Central Inspectorate, no. 902004517, of 15 February 2017, ref. no. SEI-1083/2017/90.221-1, and resolution of the State Energy Inspection, Regional Inspectorate for the Moravian-Silesian Region, no. 802026116, of 4 November 2016, by the Regional Court in Ostrava.

The Energy Regulatory Office repeatedly discussed the case and by resolution ref no. 11545-8/2019-ERU of 14 February 2020 terminated the proceedings against SmVaK Ostrava on the grounds that with respect to the amendment to Act No. 165/2012, the punishability of the second-discussed offence expired as well (the resolution was delivered on 18 February 2020). The proceedings were therefore concluded.

#### III.

A court case is still ongoing with respect to an administrative action filed by the Company against the resolution of the State Energy Inspection no. 904047515 of 10 December 2015, ref. no. 0813029a14/1576/15/90.220/Kr held by the Municipal Court in Prague under ref. no. 3 Af 16/2016; based on the challenged resolution, the Company received a fine for incorrect utilisation and drawing of a higher amount of the green bonus in electricity generation by combustion of sewerage gas from wastewater treatment plants.

On 22 September 2020, the Municipal Court in Prague ruled against SmVaK Ostrava and upheld the resolution of the State Energy Inspection, Regional Inspectorate, by which a penalty for committing an administrative offence was imposed on SmVaK Ostrava under Section 16 (1) (c) of Act No. 526/1990 Coll., on Prices, as amended (the "Prices Act"), which the Company, as an electricity producer by combustion of sewerage gas from wastewater treatment plants, allegedly committed by wrongfully drawing a higher amount of green bonuses, contrary to the material conditions stipulated by the price authority. In accordance with the Code of Administrative Procedure, the Company brought an appeal in cassation before the Supreme Administrative Court of the Czech Republic against the resolution of the Municipal Court in Prague.

Distribution of the Company's Accounting Profit for 2020				
	in CZK			
Accounting profit	404,521,245.37			
Proposed distribution of the Company's profit				
Net profit to be determined by the sole shareholder acting in the capacity of the General Meeting	404,521,245.37			

#### **BUSINESS OPERATIONS**

In 2020, business operations were carried out by five customer centres (in Ostrava, Frýdek-Místek, Karviná, Nový ličín and Opava). Due to the epidemiological situation in the Czech Republic, points of sale were closed from March until the end of 2020. In reaction to the state of emergency declared by the government and the resulting anti-epidemic measures, customer centres were closed to the public in specific parts of the year as well. For the most part (with the exception of receiving payments), their activities were ensured without the need for personal contact, i.e. electronically, by phone or in writing. In the periods of eased anti-epidemic measures (summer and beginning of autumn), under strict preventive hygiene conditions, the customer centres were open, enabling personal contact with customers. An online reservation system was introduced for scheduling personal appointments at the customer centres. From 26 October until the end of 2020, due to the state of emergency and the epidemiological situation, the customer centres of the Company closed again. In customer centres, with the exception of the above-stated periods of a state of emergency and the resulting restrictions, customers may conclude contracts and amendments to contracts for supplying drinking tap water and wastewater drainage services, make changes relating to water and sewage charges, solve invoicing matters, request payment schedules in the event of inability to pay financial liabilities arising from drinking water supplies and wastewater drainage, make complaints, request statements on potential conflicts with the Company's engineering networks, request for a permit to establish water and sewage lines, order construction or renovation of a line, order special services, such as cesspit or septic tank pumping or delivery of drinking water in a tank.

Priority activities of customer centres include making contracts with customers for water supply and wastewater drainage services.

In 2017, an application was launched at www.smvak.cz, allowing clients to order almost 50 types of service in nine basic areas without having to visit the Company's customer centres or plants in person.

Pursuant to Act No. 274/2001 Coll., Implementing Decree No. 428/2001 Coll., and the Business Terms and Conditions of Water Supply from the Water Supply Network and Drainage of Wastewater through the Sewage System, the Company enters into contracts with customers for the supply of drinking water from public water supply networks and provision of services pertaining to drainage of wastewater through public sewage networks. Pursuant to an amendment to Act No. 274/2001 Coll. and the Civil Code, Act No. 89/2012 Coll., contracts for public water supply and wastewater drainage concluded with customers meet the requirements of the aforementioned amendment. At the same time, the Company has started the process of making the existing customer contracts compliant with valid legislation.

A total of 134,235 contracts were concluded as of 31 December 2020, which accounts for 99.27% of the total number of customers amounting to 135,226.

Overview of customers and contracts in force in 2020					
Number of customers         Number of contracts in force/total num force         Contracts in force/total num force					
Households	122,589	121,832	99.38%		
Corporate customers	12,637	12,403	98.15%		
Total	135,226	134,235	99.27%		

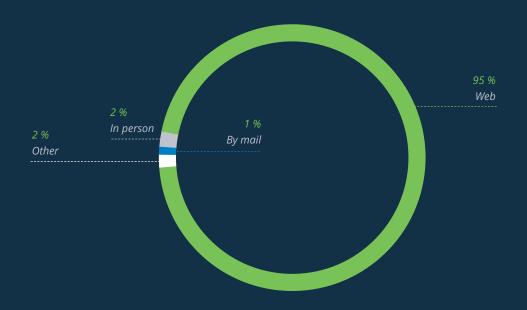
#### **PROVISION OF OPINIONS**

The provision of opinions on construction plans of investors (both on the existence of networks and project documentation) is among the basic supporting services provided by the Company. Following the continuous increase of requests over the past years, the number of requests stabilised in 2018. However, in the years 2019 and 2020, the numbers rose again by 6.5% and 5.5%, respectively. The number of settled requests for an opinion totalled to 35,626 in 2020.

Number of settled requests and the year-on-year growth/decrease						
Year	Year Processed Year-on-year growth/					
2018	31,705	- 0,5 %				
2019	33,771	+ 6,5 %				
2020	35,626	+ 5,5 %				

Similar to other utility organisations, the Company's web site allows for submitting requests for an opinion. Almost 95% of all requests lodged in 2020 were filed in this manner, also due to the fact that it was often impossible to file a request in person in a customer centre.

#### **GRAPH: CHANNELS FOR SUBMITTING REQUESTS FOR AN OPINION**



In 2020, almost 46% of all requests for an opinion were processed via the automatic system launched in 2016. Thanks to further adjustments and improvements of the system and GIS, the number of requests processed automatically increased by 6% compared to 2019. Thanks to this, the opinion department was able to process a higher number of requests and to settle all of them in the legally required 30-day period.

#### **PROJECTED BUSINESS DEVELOPMENT AND FINANCIAL POSITION IN 2021**

The Company plans to spend CZK 740 million on investment projects in 2021. Similarly to prior years, the Company aims to base its investment policy on the need for the ongoing improvement and development of business activities. It focuses primarily on renewal, upgrades and reconstruction of water supply and sewage networks and projects aimed at compliance with legislative requirements for both drinking water purification and deliveries and wastewater drainage and treatment. The Company will continue to support and finance development projects pertaining to water supply infrastructure in the municipalities of the region in which the Company operates. All investments in 2021 will be financed using the Company's own resources.

Year-on-year, an increase of CZK 84,451 thousand is planned for 2021 in respect of the total increase in costs of repairs, maintenance, material consumption and other operating costs.

The Company will develop its activities and react to opportunities for boosting its further growth, in particular through acquisitions of target water management companies and tenders for the operation of water management infrastructure in the individual parts of the Czech Republic.

In 2021, total expenses (not including the income tax) are planned to amount to CZK 2,277,264 thousand, income to CZK 2,804,275 thousand and profit before tax to CZK 527,011 thousand. The 2021 plan of total expenses is based on the anticipated needs and price development.

The draft business plan stipulates the following volume units for 2021: 32,757 thousand m<sup>3</sup> of billed drinking water, 26,540 thousand m<sup>3</sup> of drained water and CZK 18,968 thousand m<sup>3</sup> of water delivered to other water management companies for further distribution.

The Company has no knowledge of any risk factors arising from its dominant market position in the regions in which it operates.

# PRINCIPAL ACTIVITIES

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#### WATER RESOURCES

96% of the Company's production of drinking water is ensured by the treatment of raw water that comes from central sources – the Kružberk, Šance and Morávka water reservoirs managed by the state-owned Povodí Odry ("Odra Basin") enterprise.

The water reservoir on the Moravice River by Kružberk at the foothills of the Jeseníky Mountains was built as the first valley dam in the Odra basin in 1948-1955. Following the completion of the higher-lying Slezská Harta reservoir, which Kružberk closely cooperates with as part of the cascade, its tasks are to ensure the supply of raw water for the Podhradí Water Treatment Plant, to enhance watercourse flow rates and to enable industrial offtake from them. An important function of the cascade is flood protection.

The Šance valley dam on the Ostravice River above the town of the same name was built in 1964-1969 according to the original notions about the need for flood protection, which was later supplemented with a plan to supply the region with drinking water. It supplies untreated water to the Nová Ves Water Treatment Plant.

The valley dam on the Morávka River was, as a water source, built between 1961-1967 due to the growing requirements to ensure the supply of drinking water. Besides enhancing flow rates below the dam, reducing flood flow rates and the continuous use of the flow for energy purposes, the purpose of the facility was namely to supply drinking water. It supplies untreated water to the Vyšní Lhoty Water Treatment Plant.

Pursuant to the current reservoir water quality, the manager may choose to offtake raw water for treatment to produce drinking water out of several offtake altitudes, which ensures the optimum set-up of the treatment process. Turbines thanks to which the available energy potential of the transported water may be exploited are placed at the inflow to each of the three main water treatment plants. In order to protect the quality and safety of raw water, water resource protection zones are demarcated in the catchment areas of all reservoirs, where special conditions apply to business and the performance of possible activities so that the quality and capacity of water in water reservoirs are not compromised.

#### **DRINKING WATER PRODUCTION**

The majority of the production takes place at water treatment plants in Podhradí by the town of Vítkov, Nová Ves by the town of Frýdlant nad Ostravicí and Vyšní Lhoty close to the town of Frýdek-Místek. The remaining part of drinking water production takes place at another 43 local sources of ground and surface water.

Three central water treatment plants are interconnected by means of a system of feeder mains, creating a backbone production and distribution system of the Ostrava Area Water Supply System, which is operated mainly as a gravitational one with large-capacity accumulations of drinking water. This, together with the possibility to interconnect and substitute central sources, ensures a highly-reliable and continuous supply of drinking water to the consumption points supplied.

The drinking water production process and product quality are monitored in compliance with valid legislation and in the frequency and scope necessary for reviewing the correct set-up of technology processes. Besides laboratory sample analyses, the quality of drinking water is monitored using a number of continuous analysers, with the health limits thereon set by Decree No. 252/2004 Coll., which stipulates the safety requirements for drinking water and hot water, including the frequency and scope of reviews.

Legislative water samples are analysed in an accredited laboratory, with analyses of operational water tests provided by operational laboratories at the Podhradí Water Treatment Plant and the Nová Ves Water Treatment Plant. In the long term, the Company has succeeded in maintaining a high quality of drinking water supplies.

	WATER QUALITY IN CENTRAL WATER TREATMENT PLANTS							
		2020	PODHRADÍ WATER TREATMENT PLANT	NOVÁ VES WATER TREATMENT PLANT	VYŠNÍ LHOTY WATER TREATMENT PLANT			
Water quality	Unit of measure- ment	Limit value pursuant to Act No. 258/2000 Coll. and Decree No. 252/2004 Coll.	Treated water Average value	Treated water Average value	Treated water Average value			
рН		6.5 – 9.5	7.74	7.78	7.81			
KNK <sub>4,5</sub>	mmol.l-1	-	0.87	0.68	0.54			
ZNK <sub>8,3</sub>	mmol.l-1	-	0.018	0.019	0.016			
Colour	mg.l <sup>-1</sup> Pt	20	3.79	2.15	0.26			
Opacity	ZF	5	0.059	0.025	0.015			
CHSK <sub>Mn</sub>	mg.l-1	3	1.71	1.21	0.58			
Iron	mg.l <sup>-1</sup>	0.2	< 0.05	< 0.05	< 0.05			
Manganese	mg.l-1	0.05	< 0.025	< 0.025	< 0.025			
Nitrates	mg.l <sup>-1</sup>	50	4.93	1.80	2.43			
Nitrites	mg.l <sup>-1</sup>	0.5	< 0.01	< 0.01	< 0.01			
Aluminium	mg.l <sup>-1</sup>	0.2	0.03	0.03	0.01			

The volume of drinking water production in 2020 follows the trend of the preceding period. During the year, the Company produced 57,392 m<sup>3</sup> of drinking water, which represents a year-on-year decrease of 2,650 thousand cubic metres.

THE VOLUME OF DRINKING WATER PRODUCTION – TIME PROCESS								
Water treatment plants – water production in thousands of cubic metres per year	2014	2015	2016	2017	2018	2019	2020	
Podhradí	30,903	32,614	29,723	27,468	28,704	28,016	28,244	
Nová Ves	24,426	22,941	23,273	24,043	23,715	23,513	21,598	
Vyšní Lhoty	5,901	5,694	5,800	5,705	5,167	5,376	4,860	
Local sources	3,303	3,198	3,240	3,190	3,143	3,139	2,690	
Total	64,533	64,448	62,036	60,406	60,729	60,042	57,392	

Despite the exceptionally difficult society-wide impact of the novel coronavirus pandemic throughout 2020, the Company was able to ensure smooth supplies of drinking water, fully satisfying customer requirements for the quality and amount of supplied drinking water thanks to sufficient capacities and flexibly adjusted organisation of activities. During the state of emergency declared by the Government of the Czech Republic in the first half of the year, certain operating activities were restricted or even suspended in order to protect the health of the Company's employees but also due to customer concerns about the spread of the disease (the exchange of billing water meters at customers was almost completely suspended, planned temporary shutdowns were limited and certain planned operating activities were postponed). During the year, the Company managed to eliminate this forced operating service outage.

As of 31 December 2020, the Company operated a 5,099-km water supply network, including 138,350 water service connections, 358 water tanks and 221 pumping stations. The supply of top quality drinking water, which ranks among the best in the Czech Republic, is among the Company's long-term goals that it has succeeded in meeting.

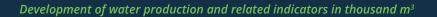
In comparison to 2019, the volume of billed drinking water saw a decrease in 2020, by 965 thousand m<sup>3</sup> year-on-year. Consumption of drinking water in households increased (by 412 thousand m<sup>3</sup> year-on-year); however, the amount of water supplied to other customers, also due to the above-described reasons, saw a considerable decrease (1,377 thousand m<sup>3</sup> year-on-year). The amount of water supplied to water management organisations decreased by 1,796 thousand m<sup>3</sup> compared to 2019. A total of 23,441 thousand m<sup>3</sup> of drinking water was delivered to households, and 8,863 thousand m<sup>3</sup> to other customers.

Water production and supply in units of volume						
Indicator	Unit	2018	2019	2020		
Water produced in Company facilities	thousand $m^3$	60,729	60,042	57,392		
Water from third-party water management organisations	thousand m <sup>3</sup>	132	79	77		
Water supplied to third-party water management organisations	thousand $m^3$	20,575	20,257	18,461		
Water produced for use by final consumers	thousand m <sup>3</sup>	40,286	39,864	39,008		
Billed water	thousand m <sup>3</sup>	33,286	33,269	32,304		
Of which: households other	thousand $m^3$	22,899 10,387	23,029 10,240	23,441 8,863		

In 2020, the volume of unbilled water increased slightly, increasing from 6,595 thousand m<sup>3</sup> to 6,704 thousand m<sup>3</sup>, i.e. by 109 thousand m<sup>3</sup> in comparison to 2019.

The year 2020 was yet again marked by increased efforts in respect of the construction and assembly activities provided by the Central Emergency Service and individual emergency centres. The recorded revenue amounted to CZK 69,293 thousand.

#### **BASIC INFORMATION ON WATER SUPPLY NETWORKS**





Water produced in Company facilities (in thousand m<sup>3</sup>)
 Unbilled water (in thousand m<sup>3</sup>)

Indicator	2018	2019	2020
Number of inhabitants connected to the system	723,755	721,491	721,469
Number of water supply networks for public consumption of which: group pipelines	129 56	130 55	130 55
Length of water supply network (km)	5,078	5,072	5,099
Number of water service connections	135,294	136,510	138,350
Length of water service connections (km)	771	770	770
Number of installed water meters	137,154	138,552	140,428
Number of replaced water meters /year	24,686	18,955	19,219
Number of fixed-tariff water off-takes	1,728	1,589	1,573
Number of pumping and re-pumping stations	222	219	221
Number of water treatment plants	46	45	46
Number of water tanks	370	359	358
Volume of water tanks (m <sup>3</sup> )	390,589	389,649	389,424

Development of specific water consuption (in litres per capital/day)



Specific water consumption per capita/day in 2020 amounted to 123 litres for total billed water and 89 litres for billed water supplied to households. Total specific billed water consumption decreased by 3 litres compared to 2019; specific water consumption billed to households increased by 2 litres per capita/day compared to 2019. This development is the result of the epidemic situation and the related pandemic measures, which affected not only the corporate and public sectors but also everyday household lives.

Especially during the first wave of the COVID-19 epidemic in spring 2020, manufacture in the facilities of several significant customers in the region was temporarily limited (e.g. Hyundai Motor Manufacturing Czech and the related companies in the supply chain, OKD, LIBERTY Ostrava etc.); schools were repeatedly closed during the year and activities of businesses in the sector of services were restricted (hotel industry, gastronomy business). This resulted in a decreased demand for drinking water from these entities.

However, many businesses as well as state institutions introduced work from home for their employees, if the nature of their work allowed it. Apart from this reason, specific water consumption billed to households may have increased also due to the fact that customers tended to stay at home more often to take care of their family members, to stay in compulsory quarantine or due to being sick with COVID-19.

#### **OPERATION OF SEWAGE SYSTEMS**

In 2020, the Company operated sewage networks in 80 municipalities and cities in the Moravian-Silesian Region and in Velké Losiny in the Olomouc Region in the total length of 1,872 km. A total of 485,424 inhabitants were connected to the network through sewage service connections.

The sewage network included 176 pumping stations transporting wastewater from low areas to gravitation sewage pipelines fitted with wastewater treatment plants at the end of each pipeline. In 2020, a total of 26,721 thousand m<sup>3</sup> of wastewater was drained (including billed rainwater drainage) in the towns and municipalities within the Company's scope of operation.

Wastewater treatment operations were carried out in 75 plants, of which 73 are mechanical/biological wastewater treatment plants and 2 mechanical wastewater treatment plants. Their overall capacity is 262,140 m<sup>3</sup> per day and 954,376 population equivalents (PE).

The quantity of wastewater drainage from households and industry saw a slight decrease as compared to 2019. The proportion of wastewater treated in sufficient efficiency facilities did not change substantially. During the reviewed period, a total of 55,180 thousand m<sup>3</sup> of wastewater was treated in all wastewater treatments plants, of which 55,164 thousand m<sup>3</sup> was in sufficient efficiency facilities.

Throughout the year, the operation of the sewage systems and wastewater treatment plants was trouble-free with no major interruptions or failures, despite the fact that it was necessary to cope with the strict measures introduced during the COVID-19 pandemic, which affected day-to-day operating activities.

During 2020, a number of constructions were performed on sewage networks. The most significant are as follows:

- Doubrava removal of the sewage outfalls at U Komendra Street (including the construction of Doubrava WWTP)
- Albrechtice reconstruction of the "O1C" lightening sewer
- Těrlicko, Hornická Street reconstruction of a sewage pumping station
- · Havířov Město, U Stromovky Street reconstruction of the "AVI" and "AVIa" sewers
- · Karviná Nové Město, Třída Družby 1396-1400 reconstruction of the "BVIc" and "BVIc2" sewers
- Nový Jičín, Máchova Street reconstruction of the "AL" sewer
- Odry Sewage Pumping Station (Nábřežní) reconstruction of the technological process control system and integration into the controlling system of SmVaK Ostrava
- Nový Jičín, Nábřežní Street, Msgr. Šrámka Street, Komenského Street, Novosady Street reconstruction of sewers
- Příbor, Zámečnická Street, Nádražní Street, Sigmunda Freuda Square- reconstruction of sewers
- Opava, Olomoucká Street reconstruction of the "A" sewer
- · Opava, Těšínská Street reconstruction of the inspection chambers of the "A" sewer

The projects implemented and launched in the area of wastewater treatment in 2020 focused on the renovation of facilities, enhancing the optimisation of technology processes and reducing the discharge of residual waste were as follows:

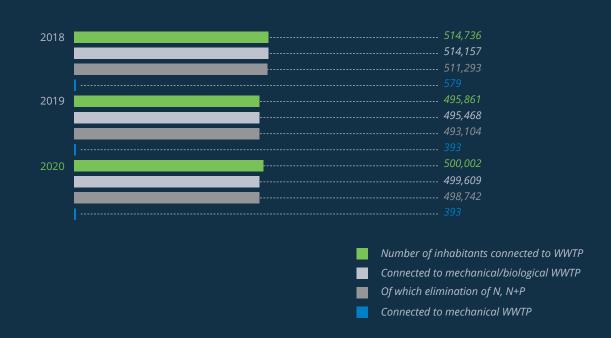
- Třinec WWTP reconstruction of sludge drainage
- Český Těšín WWTP reconstruction of boiler room
- Třinec WWTP reconstruction of cogeneration
- · Horní Bludovice WWTP extension of the degree of biological treatment
- · Karviná WWTP adjustment of primary and return sludge draining control
- Štramberk (Kanada) WWTP reconstruction of the construction and technologies (construction finalisation)
- Dobroslavice sewers and WWTP (construction finalisation)
- Bílovec WWTP intensification (beginning of construction)
- Kopřivnice WWTP construction of the DN-3 clarifier (beginning of construction)

All mechanical/biological wastewater treatment plants owned by the Company comply with the requirements of the EU and Government Regulation No. 401/2015 Coll.

Key technical data on sewage networks and wastewater treatment plants						
Indicator	Unit	2018	2019	2020		
Households connected to public sewage system	number	504,405	484,050	485,424		
Municipalities with public sewage systems	number	80	79	80		
Wastewater treatment plants	number	71	72	75		
Capacity of wastewater treatment plants	m³.d⁻¹	271,081	261,759	262,140		
Length of the sewage system	km	1,888	1,842	1,872		
Sewage service connections	number	55,568	54,219	55,280		
Wastewater discharged into public sewage systems (excl. billed rainwater drainage)	thousand m <sup>3</sup>	23,897	23,305	22,957		
of which treated	thousand m <sup>3</sup>	23,826	23,251	22,687		
Treated wastewater (incl. rainwater)	thousand m <sup>3</sup>	45,407	48,284	55,180		
Sludge produced in wastewater treatment plants (100% dry mass)	t.r-1	10,694	10,214	10,034		

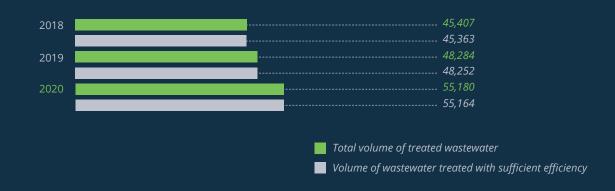
Inhabitants connected to public sewage systems and wastewater treatment plants





Inhabitants connected to wastewater treatment plants broken down by treatment level

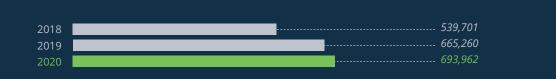
#### Volume of wastewater treated with sufficient efficiency (in thousand m<sup>3</sup>r<sup>-1</sup>)



The year-on-year increase of 14.3% in the volume of treated wastewater was the result of 2020 being an exceptionally rainy year in areas where the Company operates sewage systems and wastewater treatment plants.

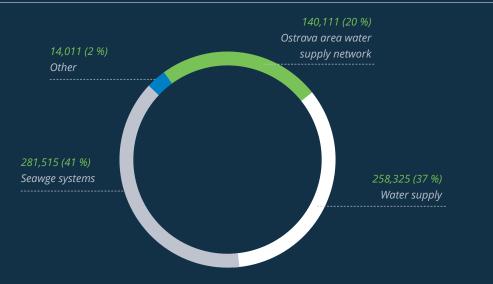
#### **INVESTMENT PROJECTS AND REPAIRS OF TANGIBLE ASSETS**

The cost of investment projects and deliveries incurred in 2020 exceeded CZK 693 million.

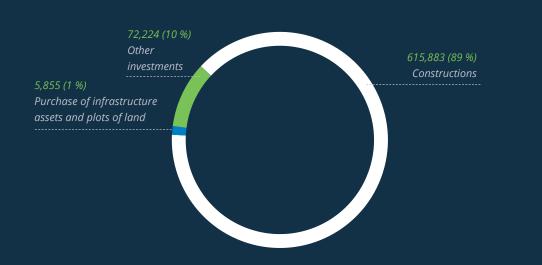


#### Summary and structure of investment in 2020 (in CZK thousand)





Investment summary by category (in CZK thousand)



Major investment projects implemented and completed in 2020					
Investment name	Total costs in CZK thousand				
Chlebovice – Lysůvky – reconstruction of water pipes	13,840				
Sviadnov, ulice Milíčova a Rybářská – replacement of water pipes	5,072				
Bohumín – Záblatí, Sokolská Street, Bezručova Street, Na Pískách Street – replacement of water mains	11,527				
Nový Jičín, Máchova Street – replacement of water mains	12,528				
Nový Jičín, Nábřežní Street, Msgr. Šrámka Square, Komenského Street, Novosady Street – replacement of a water main	9,756				
Karviná – Nové Město, Třída Družby Street No. 1396 – 1400 – reconstruction of the "BVlc" and "BVlc2" sewers	5,765				
Nový Jičín, Máchova Street – reconstruction of the "AL" sewer	16,946				
Příbor, Zámečnická Street, Nádražní Street, Sigmunda Freuda Square – reconstruction of sewers	8,389				
Opava, Olomoucká Street – reconstruction of the "A" sewer	12,375				

Major investment projects commenced or realised in 2020						
Investment name	Total in CZK thousand	2020 in CZK thousand	2021 onwards in CZK thousand			
DN 500 feeder Chlebovice – Staříč – Bělá – reconstruction	146,429	63,566	40,491			
Nová Ves WTP– reconstruction of the technological part and automated management system	130,852	25,533	5,875			
Mniší Water Reservoir – repair and reconstruction of the construction part of the accumulation chamber and the water reservoir	11,009	9,074	1,935			
Bílov Water Reservoir 2 x 250 m <sup>3</sup> – damp-proofing of the building	4,020	3,512	508			
Podhradí WTP – replacement of part of the DN 1000 piping – drain from the ozone reaction tanks – flocculation	15,557	1,248	14,309			
Opava, Mostní Street, Sadová Street – replacement of water mains	24,608	7,019	17,589			
Extension of gauging of lightening waters in WWTP - 1st phase, 2nd phase	32,370	12,342	20,028			
Frýdek Místek WWTP – reconstruction of the operational building	16,173	6,310	9,863			
Kopřivnice WWTP – construction of the DN-3 clarifier	37,963	21,491	16,472			
Bílovec WWTP – intensification	60,411	42,632	17,779			

Investments in operating assets in 2020							
Investment name	Investment in 2018 in CZK thousand	Investment in 2019 in CZK thousand	Investment in 2020 in CZK thousand				
Automobiles – passenger, trucks (incl. leased vehicles)	23,840	17,000	35,219				
Automobiles - special, accessories, trailers	466	15,277	5,421				
Pumps	2,515	3,970	2,257				
Hand tools	157	348	398				
Machinery	7,003	1,131	1,494				
Water meters	3,469	5,473	4,633				
Computing technology	9,424	5,140	12,193				
Other	373	6,280	10,609				

### MAJOR INVESTMENTS IN PAST YEARS

#### **MAJOR PROJECTS COMMENCED OR COMPLETED IN 2018**

The most significant construction of 2018 was the completion of the reconstruction of the feeding main in the first stage of the DN 500 Záhumenice – Bělá feeder – emergency solution of the crossing of the Odra River and beginning of the reconstruction of the technological part as well as an automated management system in the Nová Ves WTP.

A significant investment in the area of drinking water supply was, for example, the reconstruction of the water pipes in Krnovská Street in Opava. The construction was realised in coordination with the Road and Motorway Directorate, which was simultaneously working on the renewal of streets in this area. Similar were also the works in Opava-Kateřinky, Kolofíkovo nábřeží, Ratibořská Street – reconstruction of water pipes, where the renewal of streets was realised by the Statutory City of Opava.

A significant investment related to wastewater drainage and treatment included the start of the reconstruction of the Václavovice WTP and the initiation of the construction of a WTP and the finalisation of the construction of a sewage system for public use in Dobroslavice aimed at automated sewage and wastewater treatment in the municipality.

#### **MAJOR PROJECTS COMMENCED OR COMPLETED IN 2019**

The most important project of 2019 was the commencement of reconstruction of the DN 500 Feeder Chlebovice – Staříč – Bělá and the continued reconstruction of the technological part and automated management system in Nová Ves WTP.

A major investment into drinking water supplies was the reconstruction of the water main on the streets of 5. května, Kosmonautů, Čs. legií, J. Koczura and Okrajní in Bohumín, in coordination with the owners of other utilities, such as Gridservices, CETIN, and the town of Bohumín, which carried out a reconstruction of the sewage system. Another important project was the reconstruction of the water main in Starý Jičín – Vlčnov, carried out due to frequent breakdowns and poor technical state of the infrastructure.

Important projects in the area of draining and treating wastewater included the ongoing construction of sewage systems and WWTPs in Dobroslavice, Doubrava, and Petřvald. The aim of these constructions was to ensure controlled drainage of wastewater into new WWTPs and connection to the existing sewer network; at the same time, sewage outfalls were removed.

#### **MAJOR PROJECTS COMMENCED OR COMPLETED IN 2020**

The most important project commenced in Ostrava Area Water Supply Networks was the reconstruction of the Mniší Water Reservoir and Frýdek Water Reservoir, the replacement of part of the DN 1000 drainage piping from the ozone reaction tanks in Podhradí WTP, and the ongoing reconstruction of the DN 500 feeder Chlebovice – Staříč – Bělá.

In the area of supplies of drinking water, important completed investments included the reconstruction of water mains in Stará Ves (Na Závodí Street, U Vody Street and Petřvaldská Street), Chlebovice – Lysůvky, Bohumín – Záblatí (Sokolská Street, Bezrušova Street, Na Pískách Street), Nový Jičín (Máchova Street, Nábřežní Street, Msgr. Šrámka Square, Komenského Street, Novosady Street), and Opava (Mostní Street, Sadová Street – to be finished in 2021). Further, the reconstruction of the building of the intervention centre in Orlová was completed, which will significantly reduce the operating costs of the building.

In the area of wastewater drainage and treatment, constructions were completed that removed the existing sewer outfalls without treatment facilities and wastewater is now being drained to newly built wastewater treatment plants in Dobroslavice and Doubrava. In a similar construction in Petřvald – Podlesí, wastewater is newly drained to Havířov WWTP through a sewer pumping station. Other initiated projects include a construction of a clarifier in the area of Kopřivnice WWTP and the extension of the degree of biological treatment and sludge management in Bílovec WWTP.

### INVESTMENT STRATEGY AND LONG-TERM INVESTMENT PLAN

#### **OSTRAVA AREA WATER SUPPLY NETWORK**

The long-term investment plan for the 2020–2025 period is supported by projects that are ready design-wise or the design solution of which is currently still being worked on.

In the area of water treatment plants, continuous modernisation of technological equipment is planned in order to ensure high quality of produced water, as well as reliability of the system. In 2018, the modernisation of the technological part and the automated management system in the Nová Ves water treatment plant was launched. These extensive works will be completed in spring 2021. They will be gradually followed up by smaller projects in all the three central water treatment plants.

Ensuring security in the premises of water treatment plants and related facilities is also of strategic importance. That is why in 2019, building security modernisation projects were launched in the water treatment plants in Nová Ves and Podhradí. The projects will be finalised in 2021 and the Company will continue with the modernisation of building security in other strategic facilities.

With regard to the feeders, systematic exchange of parts in an unsatisfactory technical condition continued. In 2019, the reconstruction of the DN 500 Chlebovice – Staříč – Bělá feeder was launched; the works will be finished in 2021. In the second stage, the reconstruction of the Záhumenice – Bělá feeder will continue.

#### WATER SUPPLY SYSTEM

Major resources are directed at the restoration of the water supply network. In the 2020–2025 period, the length of the water mains under restoration is planned to be gradually increased. Further resources are put into the reconstruction of water tank facilities or pumping stations, including the technological equipment, management system, and improvement of building security.

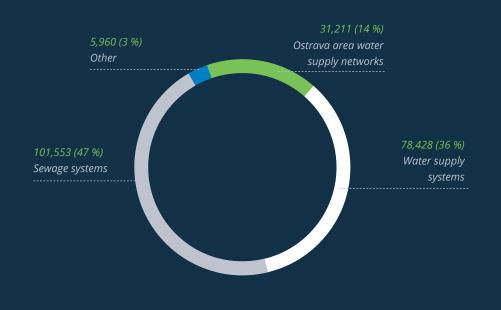
#### SEWAGE SYSTEM AND WASTEWATER TREATMENT PLANTS

In the next period, most of the resources will be directed at the restoration of the sewage network, including the finalisation of the liquidation of sewer outlets without treatment facilities. Further significant resources will be allocated to the reconstruction of the technological equipment of wastewater treatment plants and, pursuant to the legislative requirements, to equipping the lightening chambers with devices to measure the volume and quality of lightened water. The Company is also preparing for changes in legislation regarding sludge management. A study on sludge disposal for the upcoming period was carried out and in 2020, the Company prepared a project of the first of the planned sludge dryers in the region.

#### **REPAIRS OF TANGIBLE ASSETS**

In 2020, repairs were carried out on water supply facilities (water treatment plants, water tanks, pumping stations, wastewater treatment plants), and on water supply and sewage networks. All failures were resolved in a prompt and efficient manner. The volume of repair and maintenance work performed by subcontractors amounted to CZK 217,152 thousand in 2020, which represents an increase of 6.1% against the plan.

#### Repair volumes in 2020 in CZK thousand - by field



Key repairs performed in 2020					
Repair	Total costs in CZK thousand				
Raduň Break Pressure Chamber – repair and reconstruction of the accumulation chamber, damp-proofing of the break pressure chamber	6,720				
Podhradí WTP – repair and reconstruction of the batcher building	6,042				
Vyšní Lhoty WTP – repair of the construction parts of the buildings	3,894				
Bílov Water Reservoir 2 x 250 m <sup>3</sup> – damp-proofing of the building	6,102				
Fulnek Water Reservoir 2 x 750 $m^3$ – damp-proofing of the building	7,500				

#### **IMMOVABLE ASSETS**

The Company owns immovable assets in the following value (in CZK thousand):

	2018	2019	2020
Net structures	6,338,413	6,350,945	6,413,437
Land	155,850	164,839	166,356

Most structures owned by the Company represent tangible fixed assets of a water management infrastructure nature, which primarily serve for production operations, the supply of drinking water to customers, and the drainage and treatment of wastewater.

# INFORMATION TECHNOLOGIES

One of the main tasks in 2020 was to further increase the security and reliability of information systems and ensure suitable technical means for working from home during the coronavirus pandemic. Due to the newly-emerged situation, it was necessary to quickly set up appropriate conditions for employees to be able to work from home or isolated workplaces in terms of their hardware and software equipment; it was also necessary to put into operation suitable communication technologies to support remote communication and teamwork, to ensure a secure connection to the information systems and a sufficient number of laptops.

An extensive project was initiated to further increase building security of the operating premises, especially water treatment plants and important water reservoirs. This brought about the importance of ensuring a suitable data connection among the individual security features and central security control systems.

Furthermore, crucial IT infrastructure was modernised with the aim of ensuring its better reliability and security.

In 2020, the Company expanded the functionality of a number of existing information systems and began implementing new ones, for example, a project management system or a document circulation and administration system.

In 2021, the Company plans to continue especially with projects that increase cybersecurity and physical security of information systems and equipment. The Company will continue the implementation of the document circulation and administration system and further modernisation of the IT infrastructure.

# SUSTAINABLE DEVELOPMENT

With respect to its activities, the Company influences the lives of the majority of the people in the region, be it through its customers to whom it supplies drinking water and provides wastewater drainage, its employees or suppliers of material, technologies and services.

The Company is fully aware of its responsibility for the region in which it operates and has thus incorporated the principles of social responsibility and sustainable growth into all its activities. The Company's philosophy is based on four pillars, namely Corporate Governance, People, the Environment and the Region.

#### **CORPORATE GOVERNANCE**

The Company voluntarily abides by the selected Chapters of the Code of Corporate Governance based on the OECD principles compiled by the Czech Securities Commission.

Being a member of the FCC Group, the Company also adopted the FCC Group Code of Ethics which it implemented and adjusted in line with its specific conditions. In line with the compliance programme of the FCC Group, the Company also adopted the Policies that supplement the FCC Code of Ethics – the Human Rights Protection Policy, Gift Policy, Commercial Agents Relationships Policy, and Health Protection Policy. These policies were published on the Company's intranet and in locations accessible to all employees. In late 2020 and early 2021, their implementation into the Company's day-to-day activities began and employees started to familiarise themselves with them.

#### THE COMPANY IS A HOLDER OF FIVE QUALITY MANAGEMENT CERTIFICATES, NAMELY:

ČSN EN ISO 9001: 2016 (quality management system) ČSN EN ISO 14001: 2016 (environmental management system) ČSN ISO 45001: 2018 (occupational safety and health protection management system) ČSN ISO 50001:2018 (energy management system) ČSN ISO 14064-1 (measuring and reporting greenhouse gas emissions – carbon footprint)

In November 2020, the Company successfully completed a recertification audit extending the validity of three certificates (occupational safety and health protection management system, quality management system and environmental management system). In terms of occupational safety, the Company completed certification under the new ČSN ISO 45001:2018 standard. In October, the Company successfully completed an external surveillance audit of the energy management system. In November, the Company was successfully verified under ČSN ISO 14064-1 (measuring and reporting greenhouse gas emissions – carbon footprint) for 2019.

#### **HUMAN RESOURCES**

As the Company fully realises the significance of qualified and motivated employees for its operation and further development, it pays great attention to human resources. In 2020, labour relations were in compliance with the Labour Code and the applicable collective bargaining agreement, which is concluded on a yearly basis. The Company has not established a special remuneration committee.

Recalculated headcount – development over time	2016	2017	2018	2019	2020
Manual workers	555	555	552	542	544
Technical operations managers	313	305	311	313	311
Total	868	860	863	855	855

#### **OCCUPATIONAL SAFETY**

The Company continuously pays great attention to its occupational safety and health protection management system in all aspects of its operation. In line with the ISO standards, it has therefore implemented an integrated occupational safety and health protection management system under the new ČSN ISO 45001 standard. In November 2020, the Company successfully completed another supervisory audit and together with quality management and environmental protection succeeded in extending the validity of the certificate under the ČSN ISO 45001 standard.

As a result of implementing the ISO standard, the entire Company employs occupational health and safety and fire safety standards with the objective to enhance the level of health and safety of the Company's employees. New risks are regularly being identified and implemented in the risk register. Effective measures are adopted to mitigate the potential impact on employees' health, such as modifying personal protective work equipment and replacing individual protection measures with collective employee protection measures.

The implementation and maintenance of the integrated management system affects all areas of occupational safety, such as compliance with safe work procedures in the operation and maintenance of water management facilities or performing employee tasks on roads and movement thereon; enforcing conditions regarding compliance with occupational safety upon the conclusion of contractual relations with suppliers; issuing of entry permits within the Company's facilities; performing worksite supervision; performing controls as part of reconstruction of buildings and technical facilities; staff training; worksite sanitation standards; continuous use of personal protection aids; provision of prophylactic drinks to employees, prevention of occupational injuries, etc.

In 2020, twelve light occupational injuries were recorded, none of them resulting in permanent health damage. The investigation of their causes did not identify any violation of regulations on the employer's part. In view of the demanding and versatile nature of jobs performed by Company employees and the impact of climatic conditions, a high frequency of ground work and road work, this record shows that the implementation of the ČSN ISO 45001 standard and its continuous improvement has a long-lasting positive effect on the occupational safety and health protection of the Company's employees.

In 2020, the Company continued with the health and safety at work project focused on the culture of prevention which includes four tools for mutual communication between employees and the employer. In the course of the project, management visits at the worksites were performed, as well as refresher employee training, and observation of performed activities from the perspective of occupational health and safety. Talks with employees on occupational health and safety were organised on a regular basis at the facility centres. The aforementioned tools were brought to the Company's employees' notice and they fulfil their purpose as further means of communication between the employees and the management of the Company.

In relation to the novel coronavirus pandemic in 2020, increased requirements were placed on equipping all employees with personal protective equipment, which served as a preventive protection against the spread of COVID-19 (masks, respirators, anti-COVID disinfectants, disposable gloves etc.). This equipment was adequately provided to all employees with regard to their job classification.

#### FURTHER EDUCATION AND TRAINING

The training system is based on the relevant regulations and laws related to individual activities. A training plan is prepared for each year and approved in line with the methodology instruction. The training plan is based on the records of work activities and health checks of employees, which subsequently form the basis for training and medical examination frequency.

It is possible to assign training in the human resources information system. The system subsequently evaluates whether the prerequisites for the performance of a specific activity are met, i.e. whether the training or relevant health checks have been realised. The system also informs the relevant department heads and human resources officers about any training or health checks whose due date is approaching. The training sessions are organised based on their nature, location of the operation and the number of employees signed up for the training, in cooperation with the relevant department heads and human resources officers. In line with the program of the Integrated Management System, the employees may choose to be vaccinated against hepatitis and tick encephalitis.

In 2020, the Company provided 3,857 hours of training, which represents approximately 19 hours of training per employee per year. The year-on-year decrease of 3 hours per employee was caused by the global pandemic. The Company focused on organising only training that was absolutely necessary, especially training required by law and activities available online.

#### BENEFITS

The Company provides its employees with a number of benefits, such as meal vouchers for employees working at least four and a half work hours a day. The Company covers 60% of the value of the employee meal vouchers. Providing that certain criteria are met, the employees are also entitled to vouchers for cultural, sports and social events.

In cooperation with O2 Family, the Company arranged the possibility for employees and their families to obtain more advantageous plans in this operator's programme.

In compliance with Section 212 of the Labour Code, all employees have an additional week of vacation. Employees who are engaged in particularly hard work (e.g. in the sewage system operation and wastewater treatment plants) are entitled to another additional week of vacation. The Company provides contributions to employees and their family members for child camps, package tours, medical and wellness therapies in line with the regulations approved in the collective bargaining agreement.

In extreme cases of social need, the Company offers employees (or their bereaved family members) a one-off non-repayable benefit amounting to CZK 15,000. Upon a written request, the Company may provide a re-payable interest-free loan amounting to CZK 20,000/CZK 50,000 as appropriate. The Company's employees receive rewards on special work and life anniversaries, or merit rewards (e.g. Jánský medal or commemorative crosses for blood donors).

Employees who meet certain criteria receive contributions to pension funds.

#### **ENVIRONMENT**

The ongoing objective of the Company's operations is to ensure long-term protection of the environment in regions where the Company conducts business, with an increased focus on sustainable development. Investments in wastewater drainage and treatment aim primarily to renovate the existing sewage networks and upgrade the facilities housing sewage pumping stations and wastewater treatment plants. The Company was awarded the ČSN EN ISO 14001: 2016 certification.

Investments in wastewater drainage and treatment focus primarily on the renovation of the existing sewage networks and upgrade of wastewater treatment plants and of the facilities housing sewage pumping stations.

The Company continued to expand and improve services provided to municipalities in the operation of sewage systems and wastewater treatment plants and in meeting related legislative environmental requirements, including advisory services, particularly in respect of projects co-funded from EU grants or from national sources. The Company operates sewage systems and wastewater treatment plant facilities in numerous municipalities and cities under license contracts concluded with these entities and also provides related professional technical support.

The Company introduces elements of biodiversity in its premises where it makes sense environmentally, technologically, and economically. In water tank areas, WTP and WWTP areas, flower meadows are being introduced on a larger scale, as well as bug hotels. The Company plans to continue with these activities in the following period, intending to expand biodiversity in suitable areas by introducing new elements (pools etc.).

#### **CARBON FOOTPRINT MONITORING**

The Company decided to carry out a comprehensive analysis of how its activities affect the surrounding environment in terms of greenhouse gas emissions. For this reason, it described its carbon footprint in great detail in line with the ČSN ISO 14064-1 standard. Its calculation entailed creating a methodology, the correctness and completeness of which was verified by an independent audit company. Simultaneously, the calculation of the Company's carbon footprint in 2014 was verified, which was selected to be the reference year and which serves as a benchmark for comparing the carbon footprint in the subsequent years. The Company intends to continue in the activities leading to the reduction of its carbon footprint.

In November 2020, the Company successfully verified this standard for 2019. The measures implemented so far have proved to be effective.

#### SYSTEM FOR ENERGY EFFICIENCY IMPROVEMENT

In 2016, the Company became the second water management company in the Czech Republic to implement the ČSN ISO 50001 standard. In October 2020, the Company also successfully underwent the surveillance audit. The implementation of this standard entails monitoring energy handling with a view to improving the energy efficiency of operations and technological devices. Measurable objectives and targets have been set as to what savings may be achieved in handling energies and in which areas.

The introduction of the ISO 50001 system represents an addition to and expansion of the existing integrated management system, which will consequently lead to a constant monitoring of energy consumption, a pursuit of savings in energy consumption and a gradual optimisation of the use of all types of energy in the Company.

#### SMALL HYDROELECTRIC POWER PLANTS AND COGENERATION UNITS

In addition to producing drinking water and facilitating wastewater treatment, modern water management facilities use their capacity to generate clean renewable electricity or heat. In 2020, the Company's facilities using renewable energy sources generated 9,636 MWh of electricity.

Small hydroelectric power plants installed within the Ostrava Area Water Supply Networks generated 4,935 MWh, of which 1,958 MWh were sold to the ČEZ Distribuce distribution network and the Pražská energetika trader, and the remaining 2,907 MWh were used to operate the technological equipment of the Ostrava Area Water Supply Networks. Transmission losses (low/high voltage) amounted to 70 MWh.

Co-generation units in the wastewater treatment plants generated 4,701 MWh of electricity, of which 3,816 MWh were allocated for powering the operation of technological equipment, 87 MWh were supplied to the ČEZ Distribuce network, and 798 MWh were consumed by the operation of the co-generation units.

The methodology guidelines for waste management, chemical substances management, air protection and wastewater discharge were updated to comply with the relevant legislative changes and reflect the actual conditions in respective Company centres.

#### REGION

The Company supports activities of non-profit organisations working with children, teenagers, people with disabilities and the elderly. SMVAK Ostrava is a partner to numerous cultural, social, sports and educational events organised in the region, organised principally by local towns and municipalities.

In 2020, activities in this area were substantially limited due to the epidemic situation and the resulting restrictions, which affected the organisation of events in the aforementioned areas. Due to this fact, the Company supported organisations that joined the fight against the novel coronavirus, whether by providing material support to ADRA volunteers in the form of personal protective equipment or by providing financial support to projects focused on the manufacture of face shields for healthcare workers in the front line.

The Company also thought of former employees to whom it offered help in case they were quarantined, sick or unable to go shopping or run necessary errands in person because they were concerned about the spread of the disease.

The Company is a major employer in the region. Given that its annual investments in the renovation of the water management infrastructure amount to hundreds of millions of Czech crowns, the Company indirectly provides jobs for hundreds of employees of its contractors.

#### WE ARE IN THIS TOGETHER! ("PLAVEME V TOM SPOLU!")

In 2020, the fifth year of the grant programme for active employees entitled "We are in this together" saw support provided to 20 projects of the non-profit organisations in which the Company's employees are involved in their free time and generally free-of-charge. The total support to projects amounted to approximately CZK 200 thousand.

Assistance was directed at events for people with disabilities, cultural events, projects for the conservation of the environment, children's events or activities of sports clubs and voluntary fire brigades. In order for the supported projects to take place, a number of them had to be modified during the year due to the restrictions resulting from the epidemic situation.

The Company continues to run the successful programme – in December 2020, it announced a grant call for projects to be implemented in 2021.

#### **EDUCATION**

There has been long-term cooperation between the Company and Technical University Ostrava, namely the Faculty of Mining and Geology. Thanks to this, a number of the university's alumni specialising in water management have found employment in the Company. Both institutions have also cooperated in the field of scientific research over the long term.

In cooperation with experts on modern and innovative forms of education, the Company prepared a programme for secondary school pupils entitled The Tree of Life (Strom života). The project has been implemented in schools since April 2016. By the end of 2019, it was realised nearly 220 times and approximately 3,700 6- and 7-grade pupils participated in this project. Using an experience-based approach, the educational programme explains the significance of water for humans and the environment. As a game that addresses the issue in a comprehensive way, it is the first of its kind in the Czech Republic. For its innovativeness, it won an award both from the general public (Association for the Development of the Moravian-Silesian Region) and the professional public (the Eduina competition).

The coronavirus pandemic and the resulting closure of schools meant that in 2020, the programme was implemented only in six schools until March (compared to 31 schools and 90 implementations in 2019). As soon as the epidemic situation and the related measures allow, the Company is planning to continue with the Tree of Life programme, as well as the Oxidian Planet programme, aimed at pupils in the senior years of primary schools and students of freshman years of multi-annual grammar schools.

#### PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS:

In 2018:	Deloitte Audit s.r.o. Karolinská 654/2, 186 00, Prague Date Michaelu
Auditor's Name: Auditor's Certificate No.:	Petr Michalík 2020
Audit Date:	2018 Financial Statements, 4 March 2019
In 2019:	Deloitte Audit s.r.o.
	Karolínská 654/2, 186 00, Praha
Auditor's Name:	Petr Michalík
Auditor's Certificate No.:	2020
Audit Date:	2019 Financial Statements, 2 March 2020
In 2020:	Deloitte Audit s.r.o.
	Italská 2581/67, Vinohrady, 120 00, Praha 2
Auditor's Name:	Petr Michalík
Auditor's Certificate No.:	2020
Audit Date:	2020 Financial Statements, 30 March 2021

Pursuant to Section 17 of Act No. 93/2009 Coll., the auditor was appointed on 7 May 2020 by the Company's sole shareholder, AQUALIA CZECH, S. L., acting in the capacity of the General Meeting.

### CLOSING STATEMENT

We hereby declare that to the best of our knowledge the Annual Report gives a true and fair view of the financial position, business activities and results of operations of the Company for the past reporting period and of the projected financial position, business activities and results of operations.

In Ostrava on 18 February 2021

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Miroslav Kyncl Vice-Chairman of the Board of Directors

Václav Holeček Member of the Board of Directors

Ó DECLARATION OF THE SUPERVISORY BOARD REGARDING THE FINANCIAL STATEMENTS FOR 2020, ANNUAL **REPORT FOR 2020 AND THE RESULT** OF THE REVIEW OF THE REPORT ON

**RELATED PARTY TRANSACTIONS** FOR 2020

In accordance with Clause 24 (2) (a) and (b) in the Articles of Association the Supervisory Board reviewed the regular financial statements for the accounting period 2020. Results of the review were discussed by the Supervisory Board at its meeting on 26 February 2021.

The Supervisory Board confirms the following:

- 1. The Supervisory Board discussed and reviewed the regular financial statements for the accounting period 2020. No facts have been revealed when reviewing the regular financial statements which would suggest that some data included in the financial statements for the accounting period 2020 might be incorrect or incomplete.
- 2. No conflict has been revealed between SmVaK's activities and generally binding legal regulations, Articles of Associations and/or resolutions adopted by the General Meeting.
- 3. The Supervisory Board has not identified any case where the Board of Directors would be acting contrary to law, Articles of Association or resolutions adopted at the General Meeting.
- 4. The Report on Relations was correctly drafted and signed and is in line with provisions of the Act on Business Corporations (§ 82). Information in the Report is based on information about the related persons which is a part of the regular financial statements for the accounting period 2020.

Considering the findings above, the Supervisory Board submits at the General Meeting in line with provisions of the Clause 447 (3) of the Act 90/2012 Co., this statement and recommends that the General Meeting should approve the regular final financial statements for the accounting period 2020.

Ostrava, 26 February 2021

Lukáš Ženatý Chairman of the Supervisory Board

# AUDITOR'S REPORT



# Deloitte.

Deloitte Audir s.r.o. Churchill I Italská 2581/67 120 00 Praha 2 – Vinohrady Czech Republic

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"THE REPORT BELOW REPRESENTS THE AUDITOR'S REPORT THAT RELATES SOLELY AND EXCLUSIVELY TO THE OFFICIAL ANNUAL REPORT PREPARED IN THE XHTML FORMAT."

### **INDEPENDENT AUDITOR'S REPORT** To the Shareholders of Severomoravské vodovody a kanalizace Ostrava a.s.

Having its registered office at: 28. října 1235/169, Mariánské Hory, 709 00 Ostrava

#### Audit Report on the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Severomoravské vodovody a kanalizace Ostrava a.s. (hereinafter also the "Company") prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the statement of financial position as of 31 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Severomoravské vodovody a kanalizace Ostrava a.s. as of 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, 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 guidelines. Our responsibilities under this law and regulation 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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How it was addressed
Unbilled income relating to water and sewage charges and	estimated receivables
The key audit matter is the Company's unbilled income	In addressing this key audit matter we performed

relating to water and sewage charges and estimated receivables (Note 4.11 and 4.2.3 to the financial statements).

In addressing this key audit matter we performed a combination of tests of internal controls and substantive testing.

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Key Audit Matter	How it was addressed

Water and sewage charges are billed based on concluded contracts. Contracts are predominantly concluded for an indefinite period and the charges are determined based on the effective price list updated annually and approved by the Company's Board of Directors. A key step is also the determination of estimated receivables, i.e. unbilled water and sewage charges representing unbilled income of a given month. Revenues are significantly impacted by estimates, which are calculated based on the prior period's real consumption.

We have identified a risk in an erroneous determination of prices, or possible erroneous assignment of prices from the price list to customers. There is also a risk that unbilled income is recognised based on an inexact estimate of the amount of consumed water. For these reasons, unbilled income related to water and sewage charges and related estimated balances are considered to be a key audit matter.

#### Testing of internal controls

We assessed the design and implementation of the key internal controls relating to the income from water and sewage charges. Our procedures included testing:

- System-based controls over the amount of consumed water as input in the system during the measurement and whether it is actually used for invoicing;
- Controls over the prices which are based on the effective price list as approved by the Company's Board of Directors and that the price list is used to generate involces for final customers; and
- Testing controls related to Information Technology (IT) over access rights and change management of relevant IT applications with assistance from our IT specialists.

#### Substantive testing

We performed an analytical test in which we used from the system the total amount of consumed water for individual categories and multiplied it by the effective price and compared it with the amount presented in the accounting records.

On a sample basis, we tested the calculation of the final price to confirm that the Ministry of Finance's decree was not violated.

We tested whether invoices were recognised in the relevant reporting periods and whether sales were not misstated through reporting in an incorrect period. On a sample basis, we selected invoices recorded around the year-end and based on supporting documents related to these invoices we assessed if the revenue was recorded in the correct period.

We examined the year-on-year development of estimated receivables. We broke down the balance recognised for water and sewage charges and performed tests on a sample basis of the groups, comparing the data with the latest available issued invoices and calculating the estimate with the accuracy expressed in days. We also tested completeness and accuracy of estimates and focused on the assessment of the impact of estimated receivables of the prior year on the current reporting period.

The Company annually incurs significant expenditure in acquiring property, plant and equipment as stated in Note 4.1.2 to the financial statements.

Given the significant balance of the acquired assets it is necessary to consider the nature of capitalised costs to ensure that property, plant and equipment meet the specific recognition criteria in IAS 16 'Property, Plant and Equipment', specifically in relation to assets Our audit procedures, on a sample basis, included, among others:

 Our audit work included assessing the nature of property, plant and equipment capitalised by the Company to test the validity of amounts capitalised and evaluating whether assets capitalised meet the recognition criteria set out in IAS 16 'Property, Plant and Equipment'.

Key Audit Matter	How it was addressed
constructed by related parties. Based on the application of its judgement, management also assigns appropriate useful economic lives to assets. As a result, this was noted as a key audit matter.	<ul> <li>Our audit work considered whether capitalisation of assets ceased when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by the Company.</li> <li>Furthermore, we challenged the useful economic lives assigned with reference to the Company's historical experience and our understanding of the future utilisation of assets by the Company.</li> </ul>

#### Other Information 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 Board of Directors 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 law or regulation, in particular, whether the other information in terms of formal requirements and procedure 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 applicable law or regulation.

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 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 Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and the Council, we provide the following information in our independent auditor's report, which is required in addition to the requirements of International Standards on Auditing:

#### Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 7 May 2020 and our uninterrupted engagement has lasted for six years.

#### Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 19 February 2021 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

#### Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and which have not been disclosed in the financial statements.

#### Report on Compliance with the ESEF Regulation

We have conducted a limited assurance engagement on the verification of compliance of the financial statements included in the annual report with the provisions of the Commission Delegated Regulation (EU) 2019/815 on the European Single Reporting Format, which apply to the financial statements (the "ESEF Regulation").

#### Responsibilities of the Board of Directors

The Company's Board of Directors is responsible for the preparation of the financial statements in compliance with the ESEF Regulation. Inter alia, the Company's Board of Directors is responsible for:

- The proposition, introduction and maintenance of the internal control system relevant for applying the requirements of the ESEF Regulation; and
- The preparation of the financial statements included in the annual report in the valid XHTML format.

#### Auditor's Responsibilities

Our task is to express an opinion whether the financial statements included in the annual report are in all material aspects in compliance with the requirements of the ESEF Regulation, based on the audit evidence obtained. Our limited assurance engagement was conducted in accordance with the International Standard on Assurance Engagements 3000 (Revised) – 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' (hereinafter "ISAE 3000").

The nature, timing and scope of the selected procedures depend on the auditor's judgment. A reasonable assurance is a high level of assurance; however, it is not a guarantee that the review conducted in accordance with the above standard will always detect a potentially existing material non-compliance with the ESEF Regulation.

As part of the selected procedures, we performed the following work:

- We familiarised ourselves with the requirements of the ESEF Regulation;
- We familiarised ourselves with the internal controls relevant for applying the requirements of the ESEF Regulation;
- We identified and evaluated risks of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error; and
- Based on this, we proposed and implemented procedures with the aim of reacting to the evaluated risks and obtaining reasonable assurance for the purposes of expressing our conclusion.

The aim of our procedures was to assess whether all financial statements included in the annual report were prepared in the valid XHTML format.

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

#### Conclusion

In our opinion, the Company's financial statements as of 31 December 2020 included in the annual report are in all material aspects in compliance with the requirements of the ESEF Regulation.

In Prague on 30 March 2021

Audit firm:

Statutory auditor:

Deloitte Audit s.r.o. registration no. 079

All

Petr Michalík registration no. 2020

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# POST BALANCE SHEET **EVENTS**

No events occurred subsequent to the balance sheet date that would be material for fulfilling the purpose of the annual report.

# APPROVAL OF THE FINANCIAL STATEMENTS

aqualia Cool 650. The financial statements were approved by the Board of Directors for publication on 18 February 2021.

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Miroslav Kyncl Vice-Chairman of the Board of Directors

Václav Holeček Member of the Board of Directors

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Anatol Pšenička Managing Director



Halina Studničková Finance Director

# FINANCIAL STATEMENT

INCLUDING AN ATTACHEMENT 2020

1. STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020			
Assets (In CZK thousand)	Note	As of 31 December 2020 In CZK thousand	As of 31 December 2019 In CZK thousand
TOTAL ASSETS		8,954,077	8,748,213
Non-current assets		8,099,526	7,805,389
Intangible assets	4.1.1.	54,752	48,567
Property, plant and equipment	4.1.2.	7,687,581	7,445,698
Assets held for sale	4.1.2.	4,376	0
Right-of-use assets	4.1.3.	352,817	311,124
Current assets		854,551	942,824
Inventories	4.2.1.	16,423	15,878
Other receivables	4.2.2.	27,193	26,320
Unbilled water and sewage charges	4.2.3.	249,197	246,667
Trade receivables	4.2.4.	98,463	96,983
Cash and bank	4.2.5.	463,275	556,976

EQUITY & LIABILITIES (In CZK thousand)	Note	As of 31 December 2020 In CZK thousand	As of 31 December 2019 In CZK thousand
TOTAL EQUITY & LIABILITIES		8,954,077	8,748,213
Equity		1,932,314	1,815,679
Share capital	4.3.	1,296,909	1,296,909
Retained earnings		635,405	518,770
Non-current liabilities		6,293,747	6,210,194
Provisions	4.4.	29,312	17,011
Lease liabilities	4.6.	315,674	275,785
Bank loans and bonds issued	4.8.	5,381,539	5,369,282
Deferred tax liability	4.9.2.	567,222	548,116
Current liabilities		728,016	722,340
Provisions	4.4.	4,589	6,433
Trade and other payables	4.5.	628,792	604,545
Lease liabilities	4.6.	28,882	21,173
Bank loans and bonds issued	4.8.	64,575	64,575
Value added tax liability	4.10.	0	8,991
Income tax liability	4.11.	1,178	16,623

2. STATEMENT OF COMPREHENSIVE INC			
	Note	Year ended 31 December 2020 In CZK thousand	Year ended 31 December 2019 In CZK thousand
Income from water and sewage charges	4.11.	2,571,437	2,503,692
Other operating income	4.12.	96,104	101,680
Consumed materials and energy	4.13.	(494,654)	(497,298)
Personnel expenses	4.14.	(531,486)	(508,058)
Depreciation and amortisation	4.1.1., 4.1.2. a 4.1.3.	(443,652)	(509,661)
Other operating expenses	4.15.	(515,920)	(472,367)
Charge for and release of provisions and temporary impairment of assets	4.16.	(15,993)	18,921
Income from operating activities		665,836	636,909
Interest and other financial income	4.17.	652	1,103
Interest and other finance costs	4.17.	(165,136)	(164,078)
Loss on financial transactions	4.17.	(164,484)	(162,975)
Income before income taxes		501,352	473,934
Income taxes	4.9.	(96,831)	(94,438)
Net income		404,521	379,496
Comprehensive income, net of tax, attributable to the Company's owners		404,521	379,496
Earnings per share (CZK):	3.16.		
Basic		116.97	109.73
Diluted		116.97	109.73

#### 2. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

3. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020			
	Share capital In CZK thousand	Retained earnings In CZK thousand	Total equity In CZK thousand
Balance at 1 January 2018	1,296,909	429,782	1,726,691
Payment of dividends pursuant to the General Meeting's decision of 21 May 2019	0	(290,508)	(290,508)
Profit or loss for 2019	0	379,496	379,496
Comprehensive income for 2019	0	379,496	379,496
Balance at 31 December 2019	1,296,909	518,770	1,815,679
Payment of dividends pursuant to the General Meeting's decision of 7 May 2020	0	(293,665)	(293,665)
Time-barred unpaid profit shares	0	2,027	2,027
Time-barred unpaid share capital	0	3,128	3,128
Time-barred unpaid reserve fund	0	624	624
Profit or loss for 2020	0	404,521	404,521
Comprehensive income for 2020	0	404,521	404,521
Balance at 31 December 2020	1,296,909	635,405	1,932,314

	Year ended 31 December 2020 In CZK thousand	Year ended 31 December 2019 In CZK thousand
Cash as of 1 January	556,976	561,357
Cash flows from principal profit-making (operating) activity		
Profit on ordinary activities before taxation	501,352	473,934
Non-cash adjustments	619,910	649,540
Depreciation and amortisation	443,652	509,661
Changes in temporary impairment of assets and provisions	15,993	(18,921)
(Profit)/ Loss on disposal of property, plant and equipment	(2,360)	(2,061)
Interest expense and interest income	150,368	148,951
Adjustments for other non-cash transactions	12,257	11,910
Net cash from operating activities before changes in working capital	1,121,262	1,123,474
Change in working capital	(17,360)	13,156
Change in receivables and in prepaid expenses and unbilled revenue	(10,420)	35,470
Change in payables and in accruals and deferred income	(6,335)	(20,674)
Change in inventories	(605)	(1,640)
Net cash from operating activities before taxation	1,103,902	1,136,630
Interest paid	(141,750)	(141,750)
Interest on leases	(9,244)	(8,290)
Interest received	626	1,089
Income tax paid on ordinary activities	(93,168)	(66,488)
Net cash flows from operating activities	860,366	921,191
Purchase of property, plant and equipment	(638,787)	(616,868)
Proceeds from sale of property, plant and equipment	2,352	1,984
Borrowings and loans to related parties	0	0
Net cash flows used in investing activities	(636,435)	(614,884)
Payments of lease liabilities	(23,967)	(20,180)
Dividends paid	(293,665)	(290,508)
Net cash flows used in financing activities	(317,632)	(310,688)
Net increase/(decrease) in cash	(93,701)	(4,381)
Cash as of 31 December	463,275	556,976

#### 4. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

### 5. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020



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### 1. GENERAL INFORMATION

#### **1.1. FORMATION AND DESCRIPTION OF THE COMPANY**

Severomoravské vodovody a kanalizace Ostrava a.s. (hereinafter the "Company") was incorporated on 1 May 1992. The corporate ID is 45193665. The Company has the legal status of a joint stock company.

The Company is primarily engaged in the following activities:

- Production and distribution of potable and industrial water;
- Discharge and cleaning of waste water; and
- Civil engineering.

Following the decision of the General Meeting of 23 July 2019 in line with Section 375 et seq. of the Business Corporations Act on the forced transfer of ownership rights to all participation securities to the majority shareholder, shares were withdrawn from trading on the multilateral trading system operated by RM-SYSTÉM, česká burza cenných papírů a.s. with effect from 20 September 2019, based on the decision of the director of this company no. 8/2019 dated 28 August 2019. The Company's registered office is located in Ostrava, 28. října 1235/169, Mariánské Hory, post code 709 00, the Czech Republic.

The Company's shareholders as of 31 December 2020 were as follows:

Shareholder	Ownership interest
AQUALIA CZECH S. L.	100 %
Total	100 %

These financial statements are presented in thousands of Czech crowns (CZK thousand), with the exception of earnings per share that are presented in Czech crowns.

#### **1.2. COMPANY ORGANISATIONAL STRUCTURE**

The Company is organised into four internal organisational units as follows:

- 1. Company management
  - 1.1. Managing Director
  - 1.2. Finance Director
  - 1.3. Technological Manager
  - 1.4. Organisational and Administration Manager
  - 1.5. International Development
- 2. Water Supply Manager
- 3. Sewerage Manager

4. Manager of "Ostravský oblastní vodovod, OOV" (Ostrava Regional Water Supply)

#### **1.3. GROUP STRUCTURE**

Entity exercising direct control over the Company: AQUALIA CZECH, S. L.

The Company held no equity investments in any other company as of 31 December 2020.

# 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In 2020, the Company used the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) which apply to its business.

#### STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT PERIOD

The following amendments to the current standards issued by the IASB and adopted by the EU are effective in the current period:

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of "material" (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 Business Combinations Definition of a Business (effective for business combinations for which the
  acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and for
  asset acquisitions that occur on or after the beginning of that period);
- Amendments to IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform – Phase 1 (effective for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 16 Leases Covid-19-Related Rent Concessions (effective for annual periods beginning on or after 1 June 2020, earlier application is permitted);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020).

The adoption of the above amendments to existing standards resulted in no significant changes in the Company's accounting policies.

#### NEW STANDARDS ISSUED AND AMENDMENTS TO EXISTING STANDARDS NOT YET APPLIED BY THE COMPANY

At the balance sheet date, the following new standards, amendments to existing standards and new interpretations were issued but are not yet effective.

- IFRS 17 Insurance Contracts including amendments to IFRS 17 (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 3 Business Combinations Reference to the Conceptual Framework with amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022);
- Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9 adopted by the EU on 15 December 2020 (effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform — Phase 2 – adopted by the EU on 13 January 2021 (effective for annual periods beginning on or after 1 January 2021);
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures\* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date deferred until the research project on the equity method has been concluded);
- Amendments to IAS 1 Presentation of Financial Statements\* Classification of Liabilities as Current or Non-Current Deferral of Effective Date (effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 16 Property, Plant and Equipment\* Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022),
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets\* Onerous Contracts Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022),
- Amendments to various standards due to "Improvements to IFRSs (cycle 2018–2020)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after 1 January 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.)

\* not yet approved for use in the European Union

The Company has elected not to adopt these new standards, amendments to existing standards and new interpretation in advance of their effective dates. Based on the Company's estimates and analyses, the adoption of these standards and amendments to existing standards will have no material impact on the financial statements of the Company in the period of initial application.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) under the historical cost convention.

The financial statements comply with the relevant regulations of the Czech Republic and were authorised by the Board of Directors on 18 February 2021.

#### **3.1. INTANGIBLE ASSETS**

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down to the recoverable value.

Amortisation of intangible fixed assets is recorded on a straight line basis over their estimated useful lives as follows:

	%
Software	25
Valuable rights	10 – 20

#### **3.2. PROPERTY, PLANT AND EQUIPMENT**

Property and plant intended for use in providing services or for administrative purposes are stated at cost, including costs of acquisition, less accumulated depreciation and any recognised impairment loss.

The Company's assets primarily comprise the equipment of water treatment plants, water pipelines, wastewater treatment plants and sewerage networks.

Depreciation is charged so as to write off the cost of assets, other than land and assets under construction, over their estimated useful lives, using the straight line method, on the following basis:

	%
Buildings	1 through 5
Manufacturing machinery – machines and equipment	4 through 25
Computers	17 through 25
Motor vehicles	4 through 25
Furniture and fixtures	4 through 12
Tangible fixed assets with a cost between CZK 30,000 and CZK 40,000	25
Water meters	17

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset at the transaction date and is recognised in profit or loss.

The carrying amount of assets and their useful life are assessed as part of stocktaking under IAS 36 Impairment of Assets. In line with IAS 36, the Company split its assets into the following groups which can be considered as independent cash generating units: water supply, sewerage and other. These groups of assets were reviewed for impairment based on the following criteria:

- External indications: reduction in the market value of a group of assets, negative changes in the market environment, changes in the market interest rates, imbalance between the market capitalisation at the stock exchange and the net assets value in the books; and
- Internal indications: obsolescence or physical damage, assets intended to disposal, assets held for sale, assets not generating sufficient benefits, redundant assets, the method of utilising assets changed.

The conducted review did not identify any indications of impairment with a group of assets. Only internal indications of impairment of individual assets were identified. The impairment of such assets is determined as the difference between the carrying amount of an asset and its recoverable amount. The recoverable amount is the higher of the net selling price of the assets and its value in use. This impairment of assets is recognised in the books through temporary impairment of assets.

#### **3.3. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents principally consist of cash on hand and on bank accounts. Cash and cash equivalents are easily convertible into cash in an amount agreed in advance and carry a negligible risk of changes in value. The fair value of cash and cash equivalents does not differ from their carrying amount.

#### **3.4. INVENTORIES**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present condition and location. Inventory consumption is calculated using the weighted arithmetic average method. The net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### **3.5. RECEIVABLES**

Upon origination, receivables are stated at their fair value, with temporary impairment of assets subsequently recognised for doubtful and bad debts, calculated according to the expected credit loss model. Irrecoverable receivables are written off only after the completion of the debtor's composition proceedings. The fair value of receivables approximates their carrying amount due to their short maturity.

Temporary impairment of assets is recognised for bad debt based on the ageing analysis of receivables; to determine the amount of allowance, a recoverability test is used.

Temporary impairment of assets is recognised for receivables past due less than 180 days, from 180 to 365 days and by more than 365 days at 6% (2019: 1%), 65% (2019: 15%) and 99% (2019: 93%) of the nominal value of the receivable, respectively.

Temporary impairment of assets is recognised on the above basis because the differences between the credit risk associated with individual receivables is minimal. Temporary impairment of assets for receivables associated with a specific credit risk (e.g. the debtor is bankrupt) is recognised based on an individual assessment.

#### **3.6. TRADE PAYABLES**

Trade payables are recognised at their fair value. The fair value of payables approximates their carrying amount due to their short maturity.

#### **3.7. BONDS**

The Company issued dematerialised bearer bonds. Bonds issued by the Company are traded on the main market of the Prague Stock Exchange. The bond issue is initially recognised at fair value less transaction costs within non-current payables. Subsequent to initial recognition, the Company measures its issued bonds at amortised cost using the effective interest rate.

Accrued interest due in 2021 is recognised in current payables.

#### **3.8. PROVISIONS**

The Company recognises a provision when it has a present obligation as a result of a past event and it is probable that the settlement of the obligation will cause an outflow of economic benefits. The Company recognises provisions for the payment of future employee benefits (e.g. upon personal anniversaries or retirement), for organisational changes and other provisions. Provisions are recorded in the amount of estimated costs on the disposal based on the best estimate of the Company's management of expenses incurred in settling the Company's liability.

Provisions are classified as long-term and short-term. Long-term provisions are discounted to their present value.

#### **3.9. TRANSLATION OF FOREIGN CURRENCIES**

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (CZK).

Accounting transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, cash, receivables and payables denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-financial items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising from the translation are included in the statement of comprehensive income for the period.

#### **3.10. LEASES**

The lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to tangible fixed assets and depreciated accordingly. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lesse shall use their incremental borrowing rate. The initial measurement of lease liabilities includes only fixed lease payments and variable payments dependent on the development of a rate or index. Variable rental not dependent on an index or rate is not included in the measurement of a lease liability and right-of-use asset. This rental is reported in the statement of comprehensive income under Other operating expenses as an expense in the period when the event or condition giving rise to these expenses occurs.

The Company recognises leased assets as right-of-use assets and related liabilities as of the date when the leased asset is fit for use. Each lease payment is divided into the payment of the lease liability and the finance costs. The finance costs are recognised as part of costs on the line 'Interest and other finance costs' over the lease term and the liability is paid using a constant interest rate on the remaining balance of the liability in each reporting period.

The Company remeasures the lease liability and performs corresponding adjustments of the related right-of-use asset, if:

- · The lease term has changed;
- The lease payments have changed as a result of a change in the reference index; and
- The lease contract has been modified.

Assets are first measured based on the present value of lease payments. In addition, the measurement of these assets includes:

- · Any lease payments made on or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- · Costs of restoring the asset to the condition required at the end of the lease term.

Right-of-use assets, reported in the balance sheet on the line 'Right-of-use assets', are subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses, and are adjusted for any remeasurement of the lease liability to reflect any reassessment or lease modifications. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

Payments related to all short-term leases and leases of all low value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income under Other operating expenses.

A short-term lease is a lease that has a lease term of 12 months or less.

#### 3.11. TAXATION

The resulting tax amount presented in the statement of comprehensive income includes the current tax payable and the change in the deferred tax balance.

The tax currently payable is based on taxable profit and the tax base. The tax base differs from the net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using the tax rate that has been enacted by the reporting date.

Deferred tax liabilities and assets arising on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of these assets and liabilities used in the computation of taxable profit are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences while deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. For lease contracts where the Company (Group) is the lessee, temporary differences are determined in aggregate for the right-of-use asset and the lease liability arising from the contract.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Like in the previous year, deferred tax in 2020 was recalculated using the tax rate of 19% applicable in 2021 for all temporary differences. Deferred tax is charged or credited to the statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax office and the Company intends to settle its current tax assets and liabilities on a net basis.

#### **3.12. REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or accrued and represents amounts for sales of goods and services provided in the normal course of the Company's business, net of discounts, value added tax and other sales related taxes.

The Company reports revenues from contracts with customers if:

- · A contract with a customer is identified;
- A performance obligation is identified;
- The price of the transaction is set;
- · Transaction prices are allocated to individual performance obligations;
- Revenues are recognised when the performance obligation is fulfilled.

Revenues from water and sewage charges are recognised when potable water is delivered through pipelines or waste water is drained. Solidarity prices of water and sewage charges were set in accordance with the valid Assessment of the Ministry of Finance No. 04/2019 dated 27 June 2019.

Unbilled revenues relating to charges for the water supplies which were performed in 2020 and will be invoiced in 2021 were established by reference to the results of average meter readings for the previous billing period per one day multiplied by the number of days when the water supplies were provided from the last meter reading to 31 December 2020. These estimated receivables are reported in the line "Unbilled water and sewage charges" in the balance sheet.

#### **3.13. SEGMENT REPORTING**

The Company treats its operations as one segment in line with IFRS 8 – Operating Segments. Other operations represent a negligible portion of income and are treated as support activities. In terms of geographic segments, the Company operates in one region, namely the Moravian-Silesian Region. For income monitoring purposes, the region also includes cross-border areas in Poland. Water supplies to Poland represent 1.9% of total income related to water and sewage service charges and to supplied water. None of the Company's customers account for more than 10% of income.

#### **3.14. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Company does not own any financial instruments to be measured at fair value after the initial recognition. The fair value of financial instruments approximates their carrying amount, unless disclosed otherwise.

#### **3.15. BORROWING COSTS**

In general, borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Any other borrowing costs are recognised as an expense in the statement of comprehensive income as incurred. No portion of borrowing costs is currently attributable to the acquisition of property, plant and equipment and, accordingly, no such costs are eligible for capitalisation.

#### **3.16.EARNINGS PER SHARE AND AMOUNT OF SHARE IN PROFIT**

The calculated values of the basic and diluted earnings per share are equal. The earnings per share were calculated as follows:

(CZK thousand, earnings per share and amount of dividend in CZK)	2020	2019
Profit for the period	404,521	379,496
Average number of shares for the period	3,458,425	3,458,425
Earnings per share (both basic and diluted)	116.97	109.73
Share in profit per share	To be decided by the General Meeting	84.91

The dividend policy is subject to decisions of the Company's bodies as part of the allocation of the Company's profit for the particular period.

#### **3.17. SIGNIFICANT ACCOUNTING ESTIMATES**

In the application of the accounting policies the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Unbilled water and sewerage charges are estimated based on measurements made in prior periods and other factors that are considered to be relevant. The real values may differ from the estimated income from water and sewerage charges. Estimates and assumptions are reviewed on a regular basis.

### 4. ADDITIONAL INFORMATION ON THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME

#### **4.1. NON-CURRENT ASSETS**

#### **4.1.1. INTANGIBLE ASSETS**

	Software (CZK thousand)	Patents and similar rights (CZK thousand)	Intangibles in progress (CZK thousands)	Total (CZK thousand)
COST				
31 December 2018	231,171	26,890	16,660	274,721
Additions	10,119	6,127	13,999	30,245
Disposals	(1,848)	(3,717)	(16,247)	(21,812)
31 December 2019	239,442	29,300	14,412	283,154
Additions	9,152	6,525	18,163	33,840
Disposals	(101)	0	(15,677)	(15,778)
31 December 2020	248,493	35,825	16,898	301,216
ACCUMULATED AMORTISAT	ION			
31 December 2018	(217,895)	(9,024)	0	(226,919)
Amortisation for the year	(12,155)	(1,078)	0	(13,233)
Eliminated upon disposal	1,848	3,717	0	5,565
31 December 2019	(228,202)	(6,385)	0	(234,587)
Amortisation for the year	(10,622)	(1,356)	0	(11,978)
Eliminated upon disposal	101	0	0	101
31 December 2020	(238,723)	(7,741)	0	(246,464)
NET BOOK VALUE				
31 December 2018	13,276	17,866	16,660	47,802
31 December 2019	11,240	22,915	14,412	48,567
31 December 2020	9,770	28,084	16,898	54,752

In 2020 and 2019, the Company purchased intangible assets charged to expenses totalling CZK 155 thousand and CZK 253 thousand, respectively.

The increase in the value of intangible assets resulted primarily from the Monet software extensions and easements.

In 2020 and 2019, the Company recognised amortisation charges of CZK 11,978 thousand and CZK 13,233 thousand, respectively, in the statement of comprehensive income.

No impairment was recognised against intangible assets as of 31 December 2020.

#### 4.1.2. PROPERTY, PLANT AND EQUIPMENT

	Land (CZK thousand)	Buildings (CZK thousand)	Machinery and equipment (CZK thousand)	Other assets (CZK thousand)	Tangibles in progress including advances (CZK thousand)	Total (CZK thousand)
COST						
31 December 2018	156,051	13,594,695	2,470,592	867	326,918	16,549,123
Transfer to right-of-use assets	0	(37,340)	(75,531)	0	0	(112,871)
Additions	8,948	414,906	114,006	0	657,131	1,194,991
Disposals	(160)	(24,555)	(41,115)	0	(549,289)	(615,119)
31 December 2019	164,839	13,947,706	2,467,952	867	434,760	17,016,124
Transfer to assets held for sale	0	(14,351)	(2,541)	0	0	(16,892)
Additions	1,764	380,257	104,934	0	713,138	1,200,093
Disposals	(247)	(7,095)	(42,893)	0	(539,436)	(589,671)
31 December 2020	166,356	14,306,517	2,527,452	867	608,462	17,609,654
ACCUMULATED DEPRECIATION INCLUD	NG IMPAIRMEN	Т				
31 December 2018	0	(7,239,131)	(1,945,469)	0	0	(9,184,600)
Transfer to right-of-use assets	0	15,442	21,860	0	0	37,302
Depreciation during the year	0	(384,546)	(90,913)	0	0	(475,459)
Eliminated upon disposal	0	23,187	41,115	0	0	64,302
31 December 2019	0	(7,585,048)	(1,973,407)	0	0	(9,558,455)
Transfer to assets held for sale	0	7,112	2,382	0	0	9,494
Depreciation during the year	0	(313,022)	(90,118)	0	0	(403,140)
Eliminated upon disposal	0	6,652	32,265	0	0	38,917
31 December 2020	0	(7,884,306)	(2,028,878)	0	0	(9,913,184)
Impairment as of 31 December 2018	(201)	(17,151)	(379)	0	0	(17,731)
Additions	0	0	0	0	0	0
Use	201	5,438	121	0	0	5,760
Impairment as of 31 December 2019	0	(11,713)	(258)	0	0	(11,971)
Transfer to assets held for sale	0	2,944	78	0	0	3,022
Additions	0	(5)	0	0	0	(5)
Use	0	0	65	0	0	65
Impairment as of 31 December 2020	0	(8,774)	(115)	0	0	(8,889)
NET BOOK VALUE						
31 December 2018	155,850	6,338,413	524,744	867	326,918	7,346,792
31 December 2019	164,839	6,350,945	494,287	867	434,760	7,445,698
31 December 2020	166,356	6,413,437	498,459	867	608,462	7,687,581

As of 31 December 2020 and 2019, the Company reported advances of CZK 8,150 thousand and CZK 7,741 thousand, respectively, for the acquisition of property, plant and equipment.

As of 31 December 2020 and 2019, the Company recognised temporary impairment of CZK 11,911 thousand and CZK 11,971 thousand, respectively, for idle property, plant and equipment which cannot be used in the future. This temporary impairment was mainly recognised for buildings.

The change in temporary impairment is presented in the line "Charge for and release of provisions and temporary impairment of assets" in the statement of comprehensive income.

In 2020 and 2019, property, plant and equipment charged to expenses totalled CZK 10,499 thousand and CZK 9,448 thousand, respectively. Such assets consist of low value tangible assets, i.e. other movables and sets of movables with a useful life greater than one year which are not included in property, plant and equipment.

In 2020 and 2019, the Company recognised depreciation charges of CZK 403,140 thousand and CZK 475,459 thousand, respectively, in the statement of comprehensive income.

The increase in the balance of property, plant and equipment resulted primarily from the acquisition of new assets as part of water main and sewer system line reconstructions, renovation of premises and from new technologies for water treatment plants.

The net book value of property, plant and equipment as of 31 December 2020 and 2019 also includes the net book value of CZK 211,118 thousand and CZK 226,026 thousand, respectively, of assets contributed by municipalities to the Company's equity (in 1998 and 1999).

All the Company's applications for the entry of ownership rights in the real estate register were duly registered as of 31 December 2020.

#### **GRANTS RECEIVED**

In 2020, the Company received no grants to finance the acquisition of non-current assets. Grants received in the past are presented as a reduction of the acquisition price of the Company's assets. Depreciation charges in 2020 are lower with respect to the lowered acquisition cost due to the received grant in the amount of CZK 9,440 thousand (2019: CZK 9,440 thousand).

#### NON-CURRENT ASSETS PLEDGED AS SECURITY

The Company did not have any assets pledged as security as of 31 December 2020.

#### 4.1.3. RIGHT-OF-USE ASSETS

The statement of financial position shows a separate item for right-of-use assets, including:

Assets – right-of-use assets (by asset class)	31 Dec 2020 (CZK thousand)	31 Dec 2019 (CZK thousand)
Buildings and structures	264,331	234,856
Cars	75,719	61,092
Other	12,767	15,176
Total	352,817	311,124

	Buildings and structures (CZK thousand)	Cars (CZK thousand)	Other (CZK thousand)	Total (CZK thousand)
Balance at 1 Jan 2019 – IFRS 16	243,948	49,905	21,899	315,752
Additions – new lease contracts	0	24,968	0	24,968
Lease contract termination	0	(249)	(8,378)	(8,627)
Depreciation	(9,092)	(13,532)	1,655	(20,969)
Balance at 31 Dec 2019 – IFRS 16	234,856	61,092	15,176	311,124
Additions – new lease contracts	41,124	41,124	31,741	0
Lease contract termination	0	(60)	(2,578)	(2,638)
Depreciation	(11,649)	(17,054)	169	(28,534)
Balance at 31 Dec 2020 – IFRS 16	264,331	75,719	12,767	352,817

The Company leases real estate (office building), cars and infrastructure assets. The leases are arranged on an individual basis and include a wide range of terms and conditions (including rights to termination and extension).

The primary features of leases are summarised below:

- An administrative building is leased for a period of 20 years with the possibility of contract extension. Lease payments are increased in accordance with a defined pattern;
- Storm water basin in Karviná is leased for 10 years;
- Cars are leased for a fixed period of 3 6 years; and
- Infrastructure assets, used by the Company under operation agreements, for which preliminary agreements on future purchase contracts have been concluded.

#### 4.1.4. NON-CURRENT ASSETS HELD FOR SALE

On 23 July 2020, the Company's Board of Directors decided to sell Nová Ves, Bystřička, Lučina, Trojanovice resorts and Nová Ves cabin.

Resort name	Amortised cost at 31 Dec 2020 (CZK thousand)
Nová Ves	1,942
Bystřička	16
Lučina	409
Trojanovice	2,009
Cabin in Nová Ves	0
Total	4,376

#### **4.2. CURRENT ASSETS**

#### **4.2.1. INVENTORIES**

In 2020 and 2019, temporary impairment recognised for idle inventories totalled CZK 212 thousand and CZK 152 thousand, respectively. Inventories are principally composed of chemical products and low value water supply parts in stock. Consumed inventories for 2020 and 2019 presented within consumed materials and energy (including water and chemicals) were CZK 125,875 thousand and CZK 122,169 thousand, respectively.

#### **4.2.2. OTHER RECEIVABLES**

	(CZK thousand)		
Other receivables	Balance at 31 Dec 2020	Balance at 31 Dec 2019	
Other receivables	19,845	18,451	
Prepaid expenses	7,348	7,869	
Total current receivables	27,193	26,320	

Other receivables primarily include advances for rental charges relating to the operation of leased infrastructure assets and a receivable arising from the value added tax.

#### 4.2.3. UNBILLED WATER AND SEWAGE CHARGES

The policy for calculating these balances (which totalled CZK 249,197 thousand and CZK 246,667 thousand as of 31 December 2020 and 2019, respectively) is disclosed in Note 3.12.

	P	Before	Overdue				Total	Total	
Year	Category	due	0 - 90 days	91 - 180 days	181 – 360 days	1 - 2 years	2 years and more	past due	(CZK thousand)
	Gross	83,766	17,039	964	1,096	2,802	9,828	31,729	115,495
31 Dec	Impairment	0	(2,739)	(779)	(1,013)	(2,776)	(9,725)	(17,032)	(17,032)
2020	Net	83,766	14,300	185	83	26	103	14,697	98,463
	Gross	74,296	21,154	816	758	2,360	9,095	34,183	108,479
31 Dec	Impairment	0	(212)	(8)	(381)	(2,271)	(8,624)	(11,496)	(11,496)
2019	Net	74,296	20,942	808	377	89	471	22,687	96,983
2020	Year-on-year effects of impairment	0	2,527	771	632	505	1,101	5,536	5,536

#### 4.2.4. AGING STRUCTURE OF TRADE RECEIVABLES

Impairment of overdue receivables is recognised based on a recoverability test as follows:

Receivables past their due	Balance at 31 Dec 2020		vables past their due Balance at 31 Dec 2020		Balance at .	31 Dec 2019
dates (CZK thousand)	Rate	Rate Impairment		Impairment		
More than 365 days	99%	12,501	93%	10,895		
180 - 365 days	65%	1,013	15%	381		
Less than 180 days	6%	3,518	1%	220		
Total		17,032		11,496		

#### 4.2.5. CASH

Cash and cash equivalents	(CZK thousand)			
	Balance at 31 Dec 2020	Balance at 31 Dec 2019		
Cash on hand	416	407		
Cash at bank	462,859	556,569		
Total current financial assets	463,275	556,976		

The above balances of current financial assets are presented as the closing balances of cash and cash equivalents in the cash flow statement.

#### 4.3. EQUITY

Equity consists of share capital and retained earnings.

The Company's fully paid share capital of CZK 1,296,909 thousand is composed of 3,037,040 registered shares with a nominal value of CZK 375 and 421,385 bearer shares with a nominal value of CZK 375.

The 2019 profit after tax totalling CZK 379,496 thousand was approved and distributed by the resolution of the sole shareholder of the Company on 7 May 2020 as follows:

	(CZK thousand)
	2020
Profit for 2019	379,496
Profit shares	293,665
Profit allocated to retained earnings	85,831

The Company monitors its capital structure using the total debt ratio set as net debt to the sum of equity reflecting the share capital recorded as of 31 December 2019 and net debt. As of 31 December 2020 and 2019, the total debt ratio was 76% and 76%, respectively, as disclosed in the table below.

	(CZK th	ousand)
	Balance at 31 Dec 2020	Balance at 31 Dec 2019
Bank loans and bonds issued	5,446,114	5,433,857
Trade payables and other payables	973,348	901,503
Cash on hand and cash at bank	(463,275)	(556,976)
Net debt	5,956,187	5,778,384
Equity	1,932,314	1,815,679
Equity + net debt	7,888,501	7,594,063
Total debt ratio	75.50%	76.09%

#### **4.4. PROVISIONS**

	(CZK thousand)				
	Provision for employee benefits	Other provisions	Total provisions		
Balance at 31 Dec 2018	26,016	11,136	37,152		
Additions	3,137	0	3,137		
Use	(5,709)	(11,136)	(16,845)		
Balance at 31 Dec 2019	23,444	0	23,444		
Additions	13,053	0	13,053		
Use	(2,596)	0	(2,596)		
Balance at 31 Dec 2020	33,901	0	33,901		

The provision for employee benefits is created for retirement and anniversary bonuses. The amount of the provision is determined with reference to the Collective Agreement and respects the age structure of employees, the likelihood of the drawing of these benefits for individual employees or groups of employees, and reflects the time value of money.

No other provisions were recognised in 2020.

The provisions are classified as long-term and short-term in the accompanying statement of financial position based upon the anticipated period of their realisation.

	(CZK thousand)					
	Provision for employee benefits	Other provisions	Total provisions			
Balance at 31 Dec 2019	23,444	0	23,444			
Short-term portion	6,433	0	6,433			
Long-term portion	17,011	0	17,011			
	Provision for employee benefits	Other provisions	Total provisions			
Balance at 31 Dec 2020	33,901	0	33,901			
Short-term portion	4,589	0	4,589			
Long-term portion	29,312	0	29,312			

#### **4.5. TRADE AND OTHER PAYABLES**

Current trade and other payables	(CZK thousand)			
	31 December 2020	31 December 2019		
Trade balances	530,193	500,598		
Payables to employees	34,944	39,788		
Payables related to social security and health insurance	14,116	14,268		
Other current payables	49,539	49,891		
Total current trade and other payables	628,792	604,545		

The Company reported no overdue trade payables as of 31 December 2020(as of 31 December 2019: CZK 0).

Other current payables as of 31 December 2020 and 2019 include particularly payables related to fees for the consumption of underground water and fees for pollution of waste water in the aggregate amount of CZK 19,506 thousand and CZK 10,661 thousand, respectively. As of 31 December 2020, other current payables include payables to shareholders in the amount of CZK 540 thousand (CZK 6 million as of 31 December 2019).

#### 4.6. LEASE LIABILITIES

	Minimum lease payment (CZK thousand)		Present value of minimum lease payment (CZK thousand)		
	As of 31 Dec 2020	As of 31 Dec 2019	As of 31 Dec 2020	As of 31 Dec 2019	
Due within one year	38,147	29,380	28,882	21,173	
Due from 2 to 5 years	126,298	98,355	100,253	71,257	
Due after 5 years	282,592	270,688	215,421	204,528	
Total	447,037	398,423	344,556	296,958	
Less outstanding financial liabilities (interest)	102,481	101,465	0	0	
Less payables due within one year (presented within short-term payables)	28 882	21 173	28 882	21 173	
Payables due after one year	315,674	275,785	315,674	275,785	
Total lease liabilities	344,556	296,958	344,556	296,958	

In 2020, the Company recorded liabilities arising from the lease of an administrative building, infrastructure assets, liabilities arising from lease contracts entered into in connection with the acquisition of new cars and a liability arising from leases acquired on the basis of operations contracts for water management assets of towns and municipalities.

The present value of liabilities arising from the lease of an administrative building was CZK 234,719 thousand and CZK 234,610 thousand as of 31 December 2020 and 2019, respectively.

The present value of liabilities arising from contracts entered into with lease companies for the acquisition of new cars was CZK 77,133 thousand and CZK 62,109 thousand as of 31 December 2020 and 2019, respectively.

The present value of liabilities arising from the lease of infrastructure assets amounted to CZK 32,523 thousand and CZK 0 as of 31 December 2020 and 2019, respectively.

The present value of liabilities arising from operations contracts for water management assets of towns and municipalities was CZK 182 thousand and CZK 239 thousand as of 31 December 2020 and 2019, respectively.

#### 4.7. AMOUNTS RELATED TO LEASES FOR THE REPORTING PERIOD

The following amounts are reported in the statement of comprehensive income and the cash flow statement:

Depreciation of right-of-use assets by asset class		(CZK thousand)		
		2019		
Buildings and structures	11,649	9,092		
Car	17,054	13,532		
Other	(169)	(1,655)		
Total depreciation	28,534	20,969		
Interest expense on lease liabilities (included in finance costs)	9,244	8,290		
Costs related to variable lease payments not included in lease liabilities representing rental paid based on actually acquired m <sup>3</sup> during the year	31,500	30,853		
Total costs related to leases	69,278	60,112		

Cash expenses for leases	(CZK thousand)		
Cush expenses for reases	2020 2019		
Variable lease payments	31,500	30,853	
Fixed lease payments	32,257	28,470	

#### 4.8. BANK LOANS AND BONDS ISSUED

The Company did not report any payables from loans as of 31 December 2020.

On 17 July 2015, the Company issued bonds of CZK 5,400,000 thousand which were accepted for trading on the principal market of the Prague Stock Exchange. The bond issue is recognised at amortised cost. The costs associated with the issue settled during 2015 in the amount of CZK 81,258 thousand are included in the effective interest rate of 2.865% p.a. The bonds bear fixed interest at 2.625% p.a. The expenses relating to the issue are included in the effective interest rate.

As of 31 December 2020, the amortised cost of the bonds reported under long-term payables amounts to CZK 5,381,539 thousand (31 December 2019: CZK 5,369,282 thousand).

The fair value of bonds using the model of the coupon-free yield curve and interest rate risk mark-up is CZK 5,521,254 thousand and CZK 5,374,825 thousand as of 31 December 2020 and 2019, respectively.

Current payables from bank loans and bonds issued include interest on bonds of CZK 64,575 thousand which relates to 2020 but is due in 2021(in 2019: CZK 64,575 thousand).

#### **4.8.1. ANALYSIS OF FINANCIAL LIABILITIES MATURITY**

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Company can be required to pay. The table includes both interest and principal cash flows.

	(CZK thousand)					
As of 31 Dec 2020	Interest rate	Less than 1 year	2 – 5 years	Over 5 years		
Trade and other payables	0	628,792	0	0		
Lease liabilities	5,5	18,008	53,353	3,481		
Lease liabilities	2.865	10,874	46,899	211,941		
Bonds in the nominal value of CZK 5.4 billion with the effective interest rate of	2.865	141,750	5,470,875	0		
Total		799,424	5,571,127	215,422		

#### FAIR VALUE MEASUREMENT

Bonds are classified in Level 3 in the fair value hierarchy, the reason being that their fair value is calculated using a valuation model. The fair value is calculated as equal to the present value of future cash flows arising from the holding of the bond. The discount rates included in the calculation are derived from a market coupon-free yield curve adjusted for the credit spread for the issuer's credit risk.

As of 31 December 2020, the Company did not hold any financial instruments with fair value not corresponding to their carrying value, except for bonds described in Note 4.8. above.

#### **4.9. INCOME TAXES**

	31 December 2020 (CZK thousand)	31 December 2019 (CZK thousand)
Income tax due	77,724	89,520
Income tax deferred	19,107	4,918
Total	96,831	94,438

The tax payable as of 31 December 2020 amounts to CZK 77,724 thousand (31 December 2019: CZK 89,520 thousand). Prepayments for 2020 amounted to CZK 77,829 thousand (prepayments for 2019: CZK 67,611 thousand). As of 31 December 2020, the Company records an income tax payable in the amount of CZK 1,178 thousand (as of 31 December 2019: an income tax payable of CZK 16,623 thousand).

#### 4.9.1. TAX PAYABLE

The annual tax liability can be reconciled to income as per the statement of comprehensive income as follows:

	2020 (CZK thousand)	2019 (CZK thousand)
Profit before tax	501,352	473,934
Current year tax rate	19%	19%
Tax based on the Czech Republic's statutory income tax rate	95,057	90,047
Tax non-deductible expense and income (net)	2,857	(895)
Current period income tax	98,114	89,152
Income tax of prior years	(1,283)	5,286
Total income tax	96,831	94,438
Effective tax rate	19.31%	19.93%

#### 4.9.2. DEFERRED TAX

As of 31 December 2020, deferred tax was determined in compliance with the Income Taxes Act, reflecting the applicable tax rates. The deferred tax liability is calculated from all temporary differences arising between the carrying amounts and tax values of assets and liabilities at the rate of 19%. In 2019, deferred tax was also calculated using the 19% rate.

Deferred tax recorded in the statement of comprehensive income amounted to CZK 19,107 thousand and CZK 4,918 thousand in the years ended 31 December 2020 and 2019, respectively.

The deferred tax liability is analysed as follows:

Deferred tax arising from (CZK thousand)	31 December 2020	Rate in %	31 December 2019	Rate in %
Difference between tax and carrying amounts of non-current assets	(570,966)	19.0	(551,175)	19.0
Temporary impairment of non-current assets	2,242	19.0	2,274	19.0
Temporary impairment of inventories	40	19.0	29	19.0
Temporary impairment of receivables	1,134	19.0	195	19.0
Outstanding insurance premium	328	19.0	561	19.0
Total	(567,222)		(548,116)	

#### 4.10. VALUE ADDED TAX LIABILITY

The Company recorded a VAT receivable from the state of CZK 2,339 thousand as of 31 December 2020 (2019: payable of CZK 8,992 thousand).

#### 4.11. INCOME FROM WATER AND SEWAGE CHARGES

	Year ended 31 December 2020 (CZK thousand)			Year ended 31 December 2019 (CZK thousand)		
	In-country	Cross-border	Total	In-country	Cross-border	Total
Production and distribution of potable water	1,535,734	49,513	1,585,247	1,512,907	38,830	1,551,737
Draining and cleaning of waste water	954,490	0	954,490	922,729	0	922,729
Related services	31,700	0	31,700	29,226	0	29,226
Total	2,521,924	49,513	2,571,437	2,464,862	38,830	2,503,692

#### **4.12. OTHER OPERATING INCOME**

	(CZK thousand)		
	Year ended 31 December 2020	Year ended 31 December 2019	
Income from construction work	69,293	72,083	
Rental income	10,989	11,042	
Gains from the sale of assets and materials, net	2,359	2,060	
Other operating income (compensation from insurance companies, compensation for mining damage, etc.)	13 463	16 495	
Total	96,104	101,680	

#### 4.13. CONSUMED MATERIAL AND ENERGY

	(CZK thousand)		
	Year ended 31 December 2020	Year ended 31 December 2019	
Consumption of water, materials and chemicals	431,278	430,689	
Gas, electricity and heat	80,129	81,212	
"Green bonus" - support of electricity production	(16,753)	(14,603)	
Total	494,654	497,298	

The Company uses renewable sources for the production of electricity from biogas in waste water treatment plants. In 2008, the Company concluded a contract with the distributor of energy, ČEZ Distribuce a.s., for the support to the production of electricity without the use of the distribution network of the operator, based on which the Company receives a green bonus for the produced amount of electricity. The green bonus amounted to CZK 16,753 thousand and CZK 14,603 thousand in the years ended 31 December 2020 and 2019, respectively, and was recognised in the statement of comprehensive income as a decrease in the costs of energy consumption.

#### **4.14. PERSONNEL EXPENSES**

2020 (CZK thousand)	Headcount	Payroll costs	Social security and health insurance	Other costs	Total personnel expenses
Staff	859	364,651	122,786	18,859	506,296
Management	7	15,599	5,304	42	20,945
Total	866	380,250	128,090	18,901	527,241
Board of Directors, Supervisory Board and Audit Committee members	30	0	1,077	3,168	4,245
Total	896	380,250	129,167	22,069	531,486

2019 (CZK thousand)	Headcount	Payroll costs	Social security and health insurance	Other costs	Total personnel expenses
Staff	848	349,551	118,901	16,716	485,168
Management	7	14,460	4,169	124	18,753
Total	855	364,011	123,070	16,840	503,921
Board of Directors, Supervisory Board and Audit Committee members	27	0	1,050	3,087	4,137
Total	882	364,011	124,120	19,927	508,058

Other costs also include expenses of pension insurance of employees, the substance of which represents a retirement benefit scheme with a fixed contribution. Except for the due contributions, no other obligations arise for the Company from the scheme.

#### LOANS, BORROWINGS AND OTHER BENEFITS PROVIDED

In 2020, members of the Board of Directors, Supervisory Board and management received the following bonuses and other remuneration reported as other personnel costs in excess of their basic salaries:

	(CZK thousand)			
2020	Board of Directors	Supervisory Board, Audit Committee	Management	
Remuneration for Board positions	1,188	1,980	0	
In-kind and other income (bonuses on the basis of collective bargaining agreement, company cars used for private purposes)	0	221	821	
	(CZK thousand)			
		(CZN thousand)		
2019	Board of Directors	Supervisory Board, Audit Committee	Management	
2019 Remuneration for Board positions		Supervisory Board,	<i>Management</i> 0	

#### 4.15. OTHER OPERATING EXPENSES

	(CZK thousand)		
	Year ended 31 Dec 2020	Year ended 31 Dec 2019	
Repairs	217,152	187,490	
Travel expenses	6,592	5,793	
Representation, promotion	1,194	2,417	
Transport	1,258	1,267	
Telecommunication	7,069	6,099	
Postal charges	7,221	7,185	
Advisory, legal services	6,104	5,538	
Waste treatment and sludge disposal	31,224	30,234	
Rental charges	34,796	34,352	
Cleaning, security guards	18,437	17,342	
Lab work, expert reports	36,079	36,519	
IT services	25,539	21,559	
Technical improvement	4,199	4,931	
Training	1,514	2,055	
Taxes and fees	4,630	4,592	
Write-off of receivables	279	841	
Write-off of investments in assets	13	467	
Damage compensation	226	358	
Pollution charges	17,104	8,610	
Insurance premium	7,444	5,754	
Deductions, call centre	43,892	42,296	
Work and services of having material content	11,939	12,324	
Other operating expenses (e.g. other purchased work, sub-deliveries)	32 015	34 344	
Total	515,920	472,367	

#### FEE TO THE STATUTORY AUDITOR FOR THE RELEVANT PERIOD

Auditor	Reported under the cost of audit in 2020 (in CZK thousand)	Other services (in CZK thousand)	Other services - description
Deloitte Audit s.r.o.	961		
Deloitte Advisory s.r.o.		266	Solvency test

#### 4.16. CHARGE FOR PROVISIONS AND TEMPORARY IMPAIRMENT OF ASSETS

	(CZK thousand)		
	Year ended 31 Dec 2020	Year ended 31 Dec 2019	
Provisions – year-to-year change	10,457	(13,708)	
Temporary impairment of inventories – year-to-year change	60	0	
Temporary impairment of assets - year-to-year change	(60)	(5,759)	
Temporary impairment of receivables - year-to-year change	5,536	546	
Total change in provisions and temporary impairment of assets	15,993	(18,921)	

#### **4.17. FINANCE INCOME AND COSTS**

	(CZK thousand)		
	Year ended 31 Dec 2020	Year ended 31 Dec 2019	
Interest paid	(150,994)	(150,040)	
Bank fees paid, exchange rate losses	(14,142)	(14,038)	
Total expenses	(165,136)	(164,078)	
Interest received and other finance income	652	1,103	
Total income	652	1,103	
Total, net	(164,484)	(162,975)	

#### **4.18. RELATED PARTY TRANSACTIONS**

Group companies:

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. is the controlling person of the FCC Group.

- AQUALIA INTECH, S.A.
- Aqualia infraestructuras inženýring, s.r.o. (majority share of AQUALIA INTECH, S.A.)
- Vodotech, spol. s r.o. (a subsidiary of AQUALIA INTECH, S.A.)
- FCC aqualia, S.A.
- FCC Česká republika, s.r.o.
- OBSED a.s.
- HIDROTEC, Tecnologia del Agua, S.L.U.

Related party transactions carried out in 2020 and 2019 are presented in the tables below. These transactions were made on an arm's length basis.

All of the above-listed companies are included in the FCC Group.

#### **INCOME GENERATED WITH RELATED PARTIES**

2020	(CZK thousand)			
Entity	Relation to the Company	Services	Interest	Total
Vodotech, spol. s r.o.	Group company	1,501	0	1,501
Aqualia infraestructuras inženýring, s.r.o.	Group company	9,141	0	9,141
FCC Česká republika s.r.o.	Group company	427	0	427
FCC Aqualia, S. A., organizační složka, cz	Group company	12	0	12
Total		11,081	0	11,081

2019	(CZK thousand)			
Entity	Relation to the Company	Services	Interest	Total
Vodotech, spol. s r.o.	Group company	1,120	0	1,120
Aqualia infraestructuras inženýring, s.r.o.	Group company	5,377	0	5,377
FCC Česká republika s.r.o.	Group company	555	0	555
Total		7,052	0	7,052

#### PURCHASES FROM RELATED PARTIES

2020	(CZK thousand)			
Entity	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Group company	73,592	14	73,606
Aqualia infraestructuras inženýring, s.r.o.	Group company	106,502	0	106,502
Fomento de Construcciones y Contratas, S. A.	Group company	4,288	0	4,288
Aqualia Czech, S. L.	Parent company	3,913	0	3,913
FCC Aqualia, S. A.	Group company	2,926	0	2,926
FCC Česká republika s.r.o.	Group company	3,982	0	3,982
Hidrotec Technologia del Aqua, S. L. U.	Group company	433	0	433
OBSED a.s.	Group company	22,074	0	22,074
Total		217,710	14	217,724

2019	(CZK thousand)			
Entity	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Group company	58,395	42	58,437
Aqualia infraestructuras inženýring, s.r.o.	Group company	110,968	0	110,968
Fomento de Construcciones y Contratas, S. A.	Group company	3,756	0	3,756
Aqualia Czech, S. L.	Parent company	3,825	0	3,825
FCC Aqualia, S. A.	Group company	2,838	0	2,838
FCC Česká republika s.r.o.	Group company	3,762	0	3,762
Hidrotec Technologia del Aqua, S. L. U.	Group company	87	0	87
OBSED a.s.	Group company	21,841	0	21,841
Total		205,472	42	205,514

#### ACQUISITIONS OF FIXED ASSETS FROM RELATED PARTIES

Fueties	(CZK thousand)		
Entity	Relation to the Company	2020	2019
Vodotech, spol. s r.o.	Group company	4,994	6,871
Aqualia infraestructuras inženýring, s.r.o.	Group company	575,869	568,203
FCC Aqualia, S. A.	Group company	0	0
Fomento de Construcciones y Contratas, S. A.	Group company	0	0
FCC Aqualia, S. A., organizační složka, cz	Group company	5,301	5,049
Total		586,164	580,123

#### **RECEIVABLES FROM RELATED PARTIES**

Entity	(CZK thousand)		
Linkty	31 December 2020	31 December 2019	
Trade receivables			
Vodotech, spol. s r.o.	50	92	
Aqualia infraestructuras inženýring, s.r.o.	2,163	1,262	
FCC Aqualia, S. A., organizační složka, cz	58	32	
FCC Česká republika s.r.o.	0	59	
Total	2,271	1,445	

#### PAYABLES TO RELATED PARTIES

Entity	(CZK thousand)		
Entry	31 December 2020	31 December 2019	
Trade payables			
Vodotech, spol. s r.o.	10,577	7,512	
Aqualia infraestructuras inženýring, s.r.o.	275,149	237,584	
FCC Aqualia, S. A.,organizační složka, cz	0	0	
Fomento de Construcciones y Contratas, S. A.	484	438	
FCC Česká republika s.r.o.	445	356	
Hidrotec Technologia del Aqua, S. L. U.	417	87	
OBSED a.s.	2,193	2,698	
FCC Aqualia, S. A.	239	2,777	
Total trade payables	289,504	251,452	

Related party transactions were conducted at arm's length prices charged at the location of the supply's provision and for commercial transactions.

Outstanding amounts have not been collateralised and will be settled via bank transfer. No guarantees were provided or received. No temporary impairment was recognised for receivables from related parties.

## 5. FINANCIAL STATEMENTS RISKS

The Company manages its capital structure so as to achieve a long-term stable financial position while maximising long-term returns for its shareholders.

The nature of the Company's operations exposes the Company to credit, liquidity and market risks. The market risks are further associated with the currency and interest rate risks.

#### **CREDIT RISK**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company management has adopted a policy of credit risk management and the level of the risk is monitored. The structure of trade receivables is highly diversified and the Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

#### **CURRENCY RISK**

The Company conducts substantially all of its transactions in Czech crowns and hence is not exposed to any significant foreign currency risk.

#### **INTEREST RATE RISK**

The Company's principal liability bears a fixed interest rate. The risk of a change in the fair value is not hedged.

#### **LIQUIDITY RISK**

The Company has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding. The Company manages liquidity risk by maintaining adequate reserves and long-term lending facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company meets its obligations as required and on time.

# 6. SENSITIVITY **ANALYSIS**

#### **SENSITIVITY TO MARKET CHANGES**

The Company as a dominant producer and distributor of potable water and a provider of waste water discharge and treatment services in the Moravian-Silesian Region periodically monitors and assesses the situation in the market where it operates. Since water and sewerage charges are subject to price regulations and reflect all of the Company's eligible costs, the Company is not significantly sensitive to changes in the market.

#### SENSITIVITY TO INTEREST RATE CHANGES

As a bond issuer, the Company's sensitivity to interest rate changes is as follows. A 1.0 percent increase in the interest rate results in a decrease in the fair value of the payable arising from the bonds issued in the amount of CZK 82,045 thousand; unfavourable development represented by a decrease in the interest rate of 1.0 percent leads to an increase in the fair value of the payable in the amount of CZK 82,045 thousand.

#### **CURRENCY RISK SENSITIVITY**

As the Company conducts a vast majority of its transactions in Czech crowns, it is not sensitive to currency risks.

# 7. COMMITMENTS AND **CONTINGENCIES**

#### **ISSUED SECURITY BILLS**

To ensure financial stability for the coming years, the Company entered into an agreement for an amount up to CZK 120,000 thousand with ING Bank N.V., a joint-stock company established under laws of the Netherlands with its registered office at Bijlmerplein 888, 1102 MG, no. 33031431, represented in the Czech Republic by ING Bank N.V., branch Prague, with its registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, the Czech Republic, ID: 492 79 866., in July 2015. The loan is secured with a promissory note (a "blank bill"). In 2020, it was used to issue bank guarantees.

#### **ISSUED BANK GUARANTEES**

As of 31 December 2020, the Company reported bank guarantees totalling CZK 5,252 thousand (2019: CZK 3,046 thousand). For details of bank guarantees, refer to the table below:

Date of issue	Issued to the benefit of	Purpose of issue	Valid from - to	Bank guarantee amount
3 September 2020	Associated municipalities of the Nový Jičín region	Operation of water supply infrastructure – sewage systems of the Associated municipalities of the Nový Jičín region	7 Sept 2020 – 31 Dec 2022	CZK 675,000
3 September 2020	Town of Štramberk	Operation of water supply infrastructure – sewage system of the town of Štramberk	7 Sept 2020 – 31 Dec 2021	CZK 50,000
3 September 2020	Horní Suchá municipality	Selection of an operator for water supply assets of the Horní Suchá municipality	7 Sept 2020 – 31 Dec 2021	CZK 150,000
3 September 2020	Town of Orlová	Operation of the infrastructure of the town of Orlová	7 Sept 2020 – 31 Dec 2022	CZK 100,000
3 September 2020	Albrechtice municipality	Operation of water supply assets of the Albrechtice municipality	21 Dec 2020 – 20 Dec 2024	CZK 36,000
21 December 2020	Velké Losiny municipality	Operation of wastewater drainage and a public wastewater treatment plant in Velké Losiny and the Maršíkov and Bukovice districts	21 Dec 2020 – 20 Dec 2025	CZK 850,000
19 Dec 2018	Opava statutory city	Due fulfilment of the operator's obligations arising from the contract	1 Jan 2019 - 31 Dec 2023	CZK 400,000
19 Dec 2018	Neplachovice municipality	Due fulfilment of the operator's obligations arising from the contract	1 Jan 2019 - 31 Dec 2023	CZK 150,000
9 January 2020	Town of Vratimov	Due fulfilment of the operator's obligations arising from the contract	9 Jan 2020 – 31 Dec 2024	CZK 260,000
10 January 2020	Řepiště municipality	Due fulfilment of the operator's obligations arising from the contract	9 Jan 2020 - 31 Dec 2024	CZK 114,000
25 August 2020	Vodárenská společnost Táborsko s.r.o.	Selection of an operator of water lines and sewerage system for Vodárenská společnost Táborsko s.r.o.	2 Sept 2020 – 30 June 2021	CZK 2,000,000
21 December 2020	Horní Suchá municipality	Operation of water supply assets of the Horní Suchá municipality	1 Jan 2021 – 20 Dec 2025	CZK 230,000
21 December 2020	Dolní Lutyně municipality	Due fulfilment of the operator's obligations arising from the contract	1 Jan 2021 – 20 Dec 2025	CZK 130,000
21 December 2020	Town of Štramberk	Due fulfilment of the operator's obligations arising from the contract	1 Jan 2021 – 20 Dec 2025	CZK 106,500

#### SURETIES

As of 31 December 2020, the Company records no surety (2019: CZK 0).

#### LIABILITIES ASSOCIATED WITH CONSTRUCTION AND ACQUISITION OF ASSETS (INCLUDING FINANCIAL ASSETS)

As of 31 December 2020 and 2019, the Company recorded contingent liabilities of CZK 218,510 thousand and CZK 344,493 thousand, respectively, arising from contracted capital expenditures.

### 8. COVID-19

The Company assessed the impact of COVID-19 on its financial statements for the year ended 31 December 2020. This included our best estimate of the potential impact thereof on our ability to collect receivables and pay liabilities duly and on time, generate future revenue, access financing and calculate estimates.

We performed analyses of customers and key suppliers (raw water, investments), evaluation of cash flows and staffing. The analyses did not identify indications as to the Company's inability to continue as a going concern or to pay liabilities.

As a result of government measures that restrict economic activities, the risk of bad receivables increased. As of 31 December 2020, based on a recovery test and an analysis of the most important receivables past their due dates, we recognised a provision against receivables which covers these risks.

In the year ended 31 December 2020, the epidemiologic situation and the related pandemic measures affected not only the corporate and public sectors but also everyday household lives.

Especially during the first wave of the COVID-19 epidemic in spring 2020, manufacture in the facilities of several significant customers in the region was temporarily limited (e.g. Hyundai Motor Manufacturing Czech and the related companies in the supply chain, OKD, LIBERTY Ostrava etc.); schools were repeatedly closed during the year and activities of businesses in the sector of services were restricted (hotels, restaurants). This resulted in a decreased demand for drinking water and the subsequent collection of wastewater from these entities.

However, many businesses as well as state institutions introduced work from home for their employees. Due to the closure of schools, many people stayed at home to take care of their children; many people also had to stay in compulsory quarantine. This led to increased water consumption billed to households.

The above circumstances resulted in an overall decline in income compared to the plan, with the decline in income in the area of businesses, services and public sector being partially compensated for by an increase in income in the area of households.

In response to this, we conducted a sensitivity analysis of revenues, costs and cash flows, which confirmed the Company's ability to continue as a going concern.

# 9. LEGAL **DISPUTES**

#### LEGAL DISPUTES WHERE THE COMPANY IS THE DEFENDANT

In 2020, these included the below legal proceedings initiated by legal actions of minority shareholders for the invalidity of resolutions made by general meetings of the Company. The proceedings in points I. and III. were concluded with final and conclusive effect as of 31 December 2020.

#### I.

# Legal action for invalidity of the resolution made by the general meeting held on 26 May 2016 – resolution on the distribution of the profit generated in 2015 and retained earnings brought forward

- The Company's general meeting held on 26 May 2016 decided to distribute the profit generated in the 2015 reporting period as follows: part of the profit amounting to CZK 338,925,650 will be paid to shareholders as a profit share and part of the profit amounting to CZK 60,485,074.38 will be allocated to retained earnings brought forward. In addition, the general meeting decided to pay the retained earnings of CZK 866,151,501.19 to shareholders as a profit share.
- 2. On 22 August 2016, a minority shareholder filed a petition with the Regional Court in Ostrava for declaration of invalidity of the resolution of the general meeting on the profit distribution.
- 3. By its resolution ref. no. 42 Cm 174/2016-121 of 16 June 2017, the Regional Court in Ostrava rejected the petition in full.
- 4. The shareholder filed an appellate review with the High Court in Olomouc against the resolution on 28 July 2017 due to an incorrect legal assessment of the matter.
- 5. The High Court in Olomouc upheld the resolution of the Regional Court in Ostrava by its resolution ref. no. 5 Cmo 256/2017-234 of 14 August 2018; the resolution of the Regional Court in Ostrava is final and conclusive.
- 6. On 31 December 2018, the shareholder filed an appellate review with the Supreme Court of the Czech Republic against the resolution of the High Court in Olomouc, in which the subject matter of the appellate review is the legal interpretation of the content of a protest lodged at the general meeting and the related right to file a petition for declaration of invalidity of the resolution made by the general meeting.
- 7. The Supreme Court of the Czech Republic discussed the appellate review filed by Miroslav Frank and decided on its rejection by a resolution of 30 June 2020 delivered in July 2020. The proceedings were therefore concluded.

#### II.

# Legal action for invalidity of the resolution made by the general meeting on 22 May 2017 – decrease in the share capital and resolution on the distribution of the profit generated in the 2016 reporting period

- 1. As the resolution of the general meeting on a decrease in the share capital of 30 July 2015 was declared invalid with final and conclusive effect and a decision on the appellate review to the Supreme Court of the Czech Republic was not made in 2017, the Company's general meeting decided by a resolution on the decrease in the share capital in the same scope as in 2015.
- 2. On 15 August 2017, two minority shareholders, the first one being an individual who is concurrently a statutory body of the other minority shareholder, a corporate entity, filed a petition with the Regional Court in Ostrava for invalidity of the resolution of the general meeting of 22 May 2017 on the decrease in the share capital and distribution of the profit generated in the 2016 reporting period.
- 3. By its resolution ref. no. 28 Cm 221/2017-68 of 4 December 2017, the Regional Court in Ostrava declared the resolution of the general meeting on the distribution of the profit generated in the 2016 reporting period and resolution on the decrease in the share capital invalid.

- 4. On 12 January 2018, SmVaK Ostrava filed an appeal with the High Court in Olomouc against the resolution.
- 5. By its resolution ref. no. 5 Cmo 38/2018-125 of 16 October 2018, the High Court in Olomouc set aside the resolution of the Regional Court in Ostrava by setting aside both the resolution on the distribution of the profit generated in the 2016 reporting period and the resolution on the decrease in the share capital in respect of the shareholder corporate entity, and, in respect of the shareholder individual, setting aside the resolution on the distribution of the profit generated in the 2016 reporting period and setting aside resolution on the decrease in the share capital, referring the case back to the Regional Court in Ostrava for further proceedings, taking into account the ruling of the Supreme Court of the Czech Republic of 17 July 2018.
- 6. On 15 March 2019, both minority shareholders filed an appellate review with the Supreme Court of the Czech Republic against the resolution of the High Court in Olomouc, stating that the court assessed the entire process and content of the resolution made by the general meeting incorrectly, primarily failing to address the breach of the right of shareholders for information relating to the Company and the content of protests lodged at the general meeting.
- 7. The Company was called upon by the Regional Court in Ostrava to comment on the content of the appellate review. The statement on the appellate review was prepared by the Company, the principal argument points being that the Company provided the shareholders with all available information relating to individual items on the agenda and answered all requests for information at the general meeting. Concurrently, the Company stated in its statement that the subject matter of the appellate review had already been dealt with in the past by the judicial decision of the Supreme Court of the Czech Republic, which found it to be unfounded, and the Company therefore proposes to dismiss it in full.
- 8. At present, the appellate review is being discussed in proceedings before the Supreme Court of the Czech Republic. The Supreme Court was informed that the plaintiffs are no longer shareholders of the Company due to the squeeze out of minority shareholders and consequently lost their active legal standing. The matter has not yet been decided.

#### III.

# Legal action for invalidity of the resolution made by the general meeting on 23 July 2019 – resolution on the transfer of participation securities to the majority shareholder

- 1. The Company's general meeting held on 23 July 2019 decided on the transfer of participation securities of the Company to the majority shareholder, AQUALIA CZECH S. L. under Section 375 et seq. of the Business Corporations Act. Consideration for one share was determined to be CZK 1,260.
- 2. On 22 October 2019, former minority shareholder Čeladná municipality filed a legal action with the Regional Court in Ostrava for invalidity of the resolution of the general meeting, in which it seeks annulment of the resolution in the part concerning the resolution on the forced transfer of shares to the majority shareholder.
- 3. According to the plaintiff, the reason for the invalidity of the resolution made by the general meeting is the absence of prior granted consent of the Czech National Bank with the transfer. The plaintiff sees another reason for the invalidity of the resolution made by the general meeting in the fact that the instruments of the plaintiff and other municipalities and towns in the fulfilment of public law obligations under Section 2 (2) and Section 35 (2) of the Act on Municipalities will be restricted.
- 4. In this case, SmVaK Ostrava is represented by Havel & Partners, s. r. o. law firm which drew up an opinion on the filed legal action. The opinion was sent to the Regional Court in Ostrava on 10 February 2020.
- 5. The regional Court in Ostrava ordered an oral hearing in the case to take place on 3 June 2020. The plaintiff asked for an amendment to the taking of evidence to include an additional question for RM SYSTÉM, which should explain why RM-SYSTÉM is listed in European Journals, such as the regulated European market, and according to which rules they run a multilateral trading system.
- 6. On 2 June 2020, i.e. one day before the ordered hearing, the plaintiff withdrew the legal action. By the resolution of 10 July 2020, the Regional Court in Ostrava decided to discontinue the proceedings and concurrently decided on the obligation of Čeladná municipality, as an unsuccessful plaintiff, to pay the costs of the proceedings to SmVaK Ostrava. Čeladná municipality did not agree with the resolution on the payment of costs, filed an appeal against this part of the ruling, and asked that each party bear its costs of the proceedings.
- 7. SmVaK Ostrava sent a dissenting opinion on the appeal of Čeladná municipality with a petition for confirmation of the resolution of the Regional Court in Ostrava. By its resolution of 22 September 2020, the High Court in Olomouc upheld the ruling of the Regional Court in Ostrava. Čeladná municipality has already paid the costs of the first-instance proceedings.

#### LEGAL DISPUTES WHERE THE COMPANY IS THE PLAINTIFF

	Number of cases	Amount in CZK
Utilised in bankruptcy and insolvency proceedings:	159	10,731,600.45
Actions filed:	174	2,549,531.88
of which distraint	141	2,006,738.99
Utilised in liquidation proceedings:	1	4,473.00
Active cases – before action:	98	366,664.62
of which in inheritance proceedings	11	90,964.10
Total cases pending:	432	13,652,269.95

#### Overall summary of legal disputes where the Company is the plaintiff as of 31 December 2020

- 1. A court case is still ongoing with respect to an administrative action filed by the Company against the resolution of the State Energy Inspection no. 904047515 of 10 December 2015, ref. no. 0813029a14/1576/15/90.220/Kr held by the Municipal Court in Prague under ref. no. 3 Af 16/2016; based on the challenged resolution, the Company received a fine for incorrect utilisation and drawing of a higher amount of the green bonus in electricity generation by combustion of sewerage gas from wastewater treatment plants. SmVaK Ostrava sent the final decision of the Regional Court in Ostrava in a similar case to the Municipal Court in Prague and it was expected that the Municipal Court in Prague would decide in favour of SmVaK Ostrava, as it was in the case conducted in Ostrava.
- 2. However, on 22 September 2020, the Municipal Court in Prague ruled against SmVaK Ostrava and upheld the resolution of the State Energy Inspection, Regional Inspectorate, by which a penalty for committing an administrative offence was imposed on SmVaK Ostrava under Section 16 (1) (c) of Act No. 526/1990 Coll., on Prices, as amended (the "Prices Act"), which the Company, as an electricity producer by combustion of sewerage gas from wastewater treatment plants, allegely committed by wrongfully drawing a higher amount of green bonuses, contrary to the material conditions stipulated by the price authority.
- 3. In accordance with the Code of Administrative Procedure, the Company brought an appeal in cassation before the Supreme Administrative Court of the Czech Republic against the resolution of the Municipal Court in Prague.

## 10. SUBSEQUENT EVENTS

No events occurred subsequent to the balance sheet date that would have a significant impact on the financial statements as of 31 December 2020.

# 11. FINANCIAL STATEMENTS AUTHORISATION

These financial statements were authorised for issue by the Board of Directors on 18 February 2021.

/7u/

Miroslav Kyncl Vice-Chairman of the Board of Directors

Václav Holeček Member of the Board of Directors

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Anatol Pšenička Managing Director



Halina Studničková Finance Director

# REPORT ON RELATIONS

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# REPORT ON **RELATIONS**

The Board of Directors of **Severomoravské vodovody a kanalizace Ostrava a. s.** prepared the report on relations between the controlling entity and the controlled entity and on relations between the controlled entity and entities controlled by the same controlling entity pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations, as amended, for the reporting period from 1 January 2020 to 31 December 2020.

#### I. MEMBERS OF THE GROUP

Severomoravské vodovody a kanalizace Ostrava a.s. is a member of the FCC Group, which is controlled by FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A. The list of entities included in the Group is outlined in the appendix to this report which forms an integral part of the report.

This report lists all members of the Group with which the controlled entity had any contractual relationships or with which any legal acts were made from 1 January 2020 to 31 December 2020.

#### **1. CONTROLLED ENTITY**

Severomoravské vodovody a kanalizace Ostrava a.s. with its registered office at 28. října 1235/169, Mariánské Hory, 709 00 Ostrava ID: 45193665 The company is entered in the Register of Companies kept by the Regional Court in Ostrava, Section B, Entry 347

#### **2. CONTROLLING ENTITY OF THE GROUP**

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A. with its registered office at Barcelona, Balmes 36, Kingdom of Spain ID: A-28037224, The company is entered in the Register of Companies kept in Barcelona, page B-26.947. The company is not entered in the Register of Companies kept in the Czech Republic

#### **3. DIRECTLY CONTROLLING ENTITY**

AQUALIA CZECH S.L. with its registered office at Madrid, Avenida del Camino de Santiago 40, Kingdom of Spain ID: B-85794931 The company is entered in the Register of Companies in Madrid on page M-488820. The company is not entered in the Register of Companies in the Czech Republic

# 4. OTHER ENTITIES IN THE GROUP WITH WHICH THE CONTROLLED ENTITY HAD ANY CONTRACTUAL RELATIONS OR LEGAL ACTS

4.1. Aqualia infraestructuras inženýring, s.r.o.
with its registered office at Slavníkovců 571/21, Mariánské Hory, 709 00 Ostrava
ID 64608042
The company is entered in the Register of Companies kept by the Regional Court in Ostrava, Section B, Entry 14055

4.2. Vodotech, spol. s r.o.
with its registered office at Jaselská 220/47, Předměstí, 747 07 Opava
ID 64086348
The company is entered in the Register of Companies kept by the Regional Court in Ostrava, Section B, Entry 8486

4.3. Aqualia Intech, S.A
with its registered office at Madrid, Avenida del Camino de Santiago 40, Kingdom of Spain ID A -28849495
The company is entered in the Register of Companies in Madrid on page M-59467
The company is not entered in the Register of Companies in the Czech Republic

4.4. FCC AQUALIA, S.A.

with its registered office at Madrid, Federico Salmón 13, Kingdom of Spain The company is entered in the Register of Companies in Madrid on page M-58878 The branch of the foreign legal entity is entered in the Register of Companies kept by the Municipal Court in Prague, Section A, Entry 69960 ID 27788318

4.5. FCC Česká republika, s.r.o.
with its registered office at Ďáblická 791/89, Ďáblice, 182 00 Prague 8,
ID 45809712
The company is entered in the Register of Companies kept by the Municipal Court in Prague, Section C, Entry 12401

4.6. OBSED a.s.
with its registered office at Nemocniční 998/14, Moravská Ostrava, 702 00 Ostrava
ID 27454045
The company is entered in the Register of Companies kept by the Regional Court in Ostrava, Section B, Entry 3265

4.7. HIDROTEC, Tecnologia del Agua, S.L.U. with its registered office at Sevilla, avenida de Kansas City 6, Kingdom of Spain ID B-91033621

The company is entered in the Register of Companies in Sevilla on page SE 39514 The company is not entered in the Register of Companies in the Czech Republic

#### **II. THE STRUCTURE OF RELATIONS BETWEEN THE ENTITIES IN THE GROUP**

#### **1. METHOD OF CONTROL**

AQUALIA CZECH S.L. as the directly controlling entity owned 3,458,425 shares of Severomoravské vodovody a kanalizace Ostrava as of 31 December 2020. This represented a share of 100% in the voting rights and the same share in the registered capital.

Control is performed by the directly controlling entity, mainly by acting directly in the capacity of the Company's General Meeting.

The controlling entity is represented in the Board of Directors and the Supervisory Board of the controlled entity.

Cooperation between the entities in the Group is based on the arm's length principle where the Group uses synergies in the purchase of supplies and services.

#### **2. STRUCTURE OF THE GROUP**

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. is the controlling entity of the entire group named FCC Grupo.

A list of members of the group is appended to this report.

#### Fomento Construcciones y Contratas, S. A. owns a 51% equity investment in FCC AQUALIA, S. A.

#### FCC AQUALIA, S. A. owns:

- = 100% equity investment in AQUALIA INTECH, S. A.
- = 99.9999% equity investment in AQUALIA CZECH S. L.
- = 49% equity investment in Aqualia infraestructuras inženýring, s.r.o.
- = 100% equity investment in HITROTEC, Tecnologia del Agua, S. L. U.

#### **AQUALIA INTECH, S. A. owns:**

- = 51% equity investment in Aqualia infraestructuras inženýring, s.r.o.
- = 100% equity investment in Vodotech, spol. s r.o.
- = 100% equity investment in Tratamiento industrial de aguas, S. A.
- = 0.0001% equity investment in AQUALIA CZECH S. L.

100% equity investment in FCC Česká republika s.r.o. is owned by FCC Environment CEE GmbH which is fully owned by FCC Austria Abfall Service AG.

FCC Česká republika s.r.o. owns a 100% equity investment in OBSED a.s.

SmVaK Ostrava a.s. is a controlled entity and it is not a controlling entity or owner in any company in FCC Grupo or any other company outside of the Group.

#### **3. POSITION OF THE CONTROLLED ENTITY**

The controlled entity is a corporation running its own business that does not depend on activities performed by other FCC Grupo companies.

The controlled entity is an independent and autonomous business entity with respect to the controlling and related parties.

#### III. OVERVIEW OF ACTS MADE DURING THE PAST REPORTING PERIOD AT THE INITIATIVE OR IN THE INTEREST OF THE CONTROLLING ENTITY OR ENTITIES CONTROLLED BY THE CONTROLLING ENTITY IF SUCH ACTS RELATE TO ASSETS EXCEEDING 10% OF THE CONTRO-LLED ENTITY'S EQUITY IDENTIFIED IN THE MOST RECENT SET OF FINANCIAL STATEMENTS:

On 7 May 2020, the sole shareholder, acting in the capacity of the general meeting, decided on the distribution of the profit generated in the 2019 reporting period as follows: CZK 85,831,144.08 of the profit after tax totalling CZK 379,496,092.96 will be used for the activities fulfilling the plan of financing of renewal of water supply and sewage and CZK 293,664,948.88 will be paid out as a profit share.

Based on the result of the solvency test prepared pursuant to Section 40 (1) of Act No. 90/2012 Coll., on Business Corporations, the Board of Directors decided, based on the resolution of the sole shareholder acting in the capacity of the general meeting on the distribution of profit generated in the 2019 reporting period, to pay out profit shares.

#### IV. OVERVIEW OF CONTRACTS CONCLUDED BETWEEN THE ENTITIES IN THE GROUP

The financial volume of the transactions with related parties is provided in section X of this report.

In the reporting period, the controlled entity (hereinafter also "SmVaK Ostrava a.s.") and the controlling entity, entities controlled by the same controlling entity and other entities in the Group signed the following agreements or provided supplies on the basis of the contracts concluded in previous periods or on the basis of newly-concluded contracts, in the following areas:

#### **1. SALE OF PRODUCTS, GOODS AND SERVICES**

#### a) Sale of Products

During the reporting period, SmVaK Ostrava a.s. sold its products and goods to the following related party under the relevant contractual relationships:

#### Vodotech, spol. s r.o.

- During the reporting period, the contractual relationship continued in accordance with contract no. 396/95 of 21 August 2008. The subject of the contract and its amendments is the supply of water from the water network, removal of wastewater through sewerage systems to the headquarters of the related party, and removal of rainwater from rented areas. The contract was made pursuant to Act No. 274/2001 Coll., as amended.
- During the reporting period, the contractual relationship continued in accordance with the contract of 24 February 2005 based on which the related party bought back non-functioning and rejected water meters from SmVaK Ostrava a.s. The contract is concluded for an indefinite period of time with a three-month notice period.
- · Based on an order made by the related party, a sale of protective equipment for the partner's employees was carried out.

#### b) Sale of Services

For the sale of its own services SmVaK Ostrava a.s. was involved in contractual relationships with the following related parties:

#### Vodotech, spol. s r.o.

- The contractual relationship continued during the reporting period on the basis of the contract to administer and maintain SW and HW dated 10 August 2009 including amendments thereto. The contract is concluded for an indefinite period of time with a three-month notice period. On 16 December 2020, Amendment No. 3 was concluded with the subject matter involving the specification of provided services and a new price arrangement.
- The contractual relationship continued during the reporting period between the related party, as the ordering party, and SmVaK Ostrava, as the provider, based on a contract on the provision of advisory services dated 26 January 2018, concerning advisory regarding the ordering party's corporate matters and media, PR and marketing consultations. The contract is concluded for an indefinite period with a one-month notice period. The fee for the provision of advisory services was set on the arm's length basis.
- The contractual relationship continued during the reporting period based on the contract for the lease of non-residential premises – premises used for business activities and handling areas in Opava of 31 August 1995 and amendments thereto; and
- The contractual relationships continued during the reporting period based on the following contracts for the lease of non--residential premises – premises used for business activities:
  - Contract no. 1/97 dated 30 September 1997 and amendments thereto, where the subject of the lease is non-residential
    premises in the water treatment plant in Vyšní Lhoty, water treatment plant in Nová Ves and water treatment plant in
    Podhradí. On 29 April 2020, Amendment No. 4 was concluded which amended the amount of the lease and payments
    for the services relating to the use of the premises for 2020, taking into account the level of inflation for 2019.
  - Contract no. 2/97 dated 30 September 1997 and amendments thereto, where the subject of the lease is non-residential
    premises in the wastewater treatment plant in Frýdek-Místek and Třinec. On 29 April 2020, Amendment No. 28 was
    concluded which amended the amount of the lease and payments for the services relating to the use of the premises for
    2020, taking into account the level of inflation for 2019.
  - Contract no. 3/97 dated 30 September 1997 and amendments thereto, where the subject of the lease is non-residential
    premises in the wastewater treatment plant in Havířov. On 29 April 2020, Amendment No. 27 was concluded which
    amended the amount of the lease and payments for the services relating to the use of the premises for 2020, taking into
    account the level of inflation for 2019.
  - Contract no. 4/97 dated 30 September 1997 and amendments thereto, where the subject of the lease is non-residential
    premises in in the wastewater treatment plant in Šenov u Nového Jičína. On 29 April 2020, Amendment No. 27 was concluded which amended the amount of the lease and payments for the services relating to the use of the premises for
    2020, taking into account the level of inflation for 2019.
  - Contract no. 5/97 dated 30 September 1997 and amendments thereto, where the subject of the lease is non-residential premises in the wastewater treatment plant in Opava. On 29 April 2020, Amendment No. 28 was concluded which amended the amount of the lease and payments for the services relating to the use of the premises for 2020, taking into account the level of inflation for 2019.

The above contracts were concluded for an indefinite period of time with a three-month notice period. The rent amount is set on the arm's length basis using the method described in the Documentation on transfer prices in related party transactions.

- · During the reporting period, contractual relations continued based on the contracts for the lease of movable assets:
  - Contract no. 1/97 dated 30 September 1997 and amendments thereto, where the subject of the lease are movable
     assets laboratory devices in water treatment plant Podhradí and Nová Ves u Frýdlantu nad Ostravicí.
  - Contract no. 3/97 dated 30 September 1997 and amendments thereto, where the subject of the lease are movable assets – laboratory devices and equipment in the wastewater treatment plant in Havířov and water pipeline operation centre in Karviná,
  - Contract no. 5/97 dated 30 September 1997 and amendments thereto, where the subject of the lease are movable
     assets laboratory devices and equipment in the wastewater treatment plant in Opava.
  - Contract no. 6/97 dated 30 September 1997 and amendments thereto, where the subject of the lease are movable
     assets laboratory devices and equipment in the central laboratory in Ostrava.

The above contracts were concluded for an indefinite period of time with a three-month notice period. The rent amount is set on the arm's length basis using the method described in the Documentation on transfer prices in related party transactions and is adjusted on the basis of the annual inflation rate declared by the Czech Statistical Office for the previous calendar year.

#### Aqualia infraestructuras inženýring, s.r.o.

- The contractual relationship continued during the reporting period between the related party, as the ordering party, and SmVaK Ostrava a.s., as the provider, based on a contract on the provision of advisory services dated 26 January 2018, concerning advisory regarding the ordering party's corporate matters and media, PR and marketing consultations. The contract is concluded for an indefinite period with a one-month notice period. The fee for the provision of advisory services was set on the arm's length basis.
- In the reporting period, SmVaK Ostrava a.s., as the contractor, and the related party, as the client, entered into contracts
  for work where the subject was the work relating to building of water management infrastructure structures and their
  repairs performed by the related party for a third party. In the concluded contracts for work, the price was set on the
  basis of the budget and SmVaK a.s.'s valid pricelist of work and services. All work was completed properly and in time
  and was handed over to the client in accordance with the contract.

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- On the basis of the contract on wastewater treatment, in the reporting period SmVaK Ostrava a.s. provided the related
  party with treatment of wastewater from septic tanks, cesspools and wastewater from landfills brought to the wastewater treatment plant. The fee was set based on SmVaK Ostrava a.s.'s valid price list.
- Based on the related party's order, SmVaK Ostrava cleaned technical facilities of the related party. The price was determined according to the valid price list of SmVaK Ostrava a.s.

#### c) Provision of Other Services

As part of the provision of other services, SmVaK Ostrava a.s. had contractual relationships in the area of provision of services with the following partners:

#### Vodotech, spol. s r. o.

- On 30 September 2019, SmVaK Ostrava a.s. as the lessor and the related party as the lessee concluded a contract for the lease of movable assets – automatic wastewater samplers. The contract has been concluded for a definite period of time until 31 December 2021 with a three-month notice period. The rent was set on the arm's length basis pursuant to the Documentation on transfer prices in related party transactions.
- Pursuant to an order of the related party, SmVaK Ostrava a.s. made copies of meter readings of selected customers. The price for the performed services was determined by an agreement of the contracting parties.

#### Aqualia infraestructuras inženýring, s.r.o.

 In the reporting period, the contractual relationship continued based on contracts for the lease of non-residential premises – premises used for business activities in Šenov u Nového Jičína. The contract is concluded for an indefinite period of time with a three-month notice period. The amount of the rent is determined on the arm's length principle according to the Documentation on transfer pricing in related party transactions.

#### 2. PURCHASE OF GOODS AND SERVICES

SmVaK Ostrava a.s. purchased goods, services, advisory and other services from the following related parties in the reporting period:

#### Vodotech, spol. s r.o.

- In the reporting period, the contractual relationship continued under the contract No. 01/2009 of 24 February 2009 where the purpose of the contract was to repair and maintain the water meters for cold water and hot water and to verify whether the water meters function correctly for SmVaK Ostrava as the client. The contract is made for an indefinite period of time with a three-month notice period. The price for the performance was specified in line with the arm's length principle pursuant to the Documentation on transfer prices in related party transactions. The price is adjusted on the basis of the inflation rate declared by the Czech Statistical Office for the previous calendar year.
- In the reporting period, the contractual relation continued under the contract on provision of services of 27 August 2009 incl. the amendments thereto, where the purpose was to arrange the reading of water meters at SmVaK Ostrava a.s.'s customers, to prepare supporting documents from the read data for billing and to check the functionality of water meters on customer sites. The contract is concluded for an indefinite period of time with a three-month notice period. SmVaK Ostrava as the client may withdraw from the contract. The price for the supply in line with the contract is set in line with the arm's length principle pursuant to the Documentation on transfer prices in related party transactions. The price is adjusted on the basis of the inflation rate declared by the Czech Statistical Office for the previous calendar year. On 20 April 2020, amendment no. 14 was concluded, setting the price of services for 2020.
- In the reporting period, the contractual relationship continued based on the contract on the provision of call centre services dated 30 June 2008 and amendments thereto, whereby the related party arranged the operation of a customer service line for SmVaK Ostrava a.s. The contract is concluded for an indefinite period of time with a three-month notice period. The price for the supply is set in line with the arm's length principle pursuant to the Documentation on transfer prices in related party transactions. On 15 April 2020, amendment no. 12 was concluded, determining the price of the services provided for 2020.
- The related party sold, upon the controlled entity's purchase order, materials ie the meters specified above (water meters).
- In the reporting period, supplies continued pursuant to the Master Service Contract of 7 June 2017 on the provision of specialised services by the related party consisting in systematic inspections of locations including installation and replacement of water meters including devices for remote reading with a right of withdrawal from the contract for SmVaK Ostrava a.s. as the client. The price of the supplies based on this contract is set by agreement of the parties based on the arm's length principle as the price common at the relevant place and time. On 20 April 2020, amendment no. 3 to this contract was concluded, setting the price for 2020.
- Based on an order from SmVaK Ostrava a.s., the related party provided training of the Company's employees in relation to the operation of pressure, lift and dedicated equipment.
- In the reporting period, supplies continued between the related party as the provider and SmVaK Ostrava a.s. as the user
  pursuant to the contract on the use of CRM LEONARDO CALL CENTRUM software of 21 August 2018 for the purposes of
  service offers and customer requirements. The contract is concluded for an indefinite period of time with a two-month
  notice period. The price was set by agreement on the arm's length basis.
- On 26 June 2019, SmVaK Ostrava a.s., as the client, and the related party, as the provider, concluded a master service contract – assembly and supply of equipment for remote reading of water meters. The contract was concluded for a definite period of time until 31 December 2020 and the price of the provided services and supplies was set in line with the transfer pricing documentation as the price common at the relevant place and time. On 6 March 2020, amendment to this contract was concluded, adjusting the price for the supplies.

On 18 May 2019 SmVaK Ostrava a.s., as the client, and the related party, as the provider, concluded a master service contract – review of gas, pressure and lift equipment. The price for the provision of services is set based on the valid price list of the related party. The contract is concluded for an indefinite period of time with a two-month notice period and a right to withdraw from the contact in the event of a serious breach of the terms and conditions.

On 21 April 2020, amendment no. 1 to this contract was concluded, setting a new time schedule for the provision of services and an updated price list.

- On 4 March 2020, a contract for work was concluded with the related party with the provision of work in 2020 and involving sampling and analysis of samples of drinking and raw water in the Ostrava area water supply network ("OOV") system.
- On 4 March 2020, a contract for work was concluded with the related party with the provision of work in 2020 and involving sampling and analysis of samples waste water and sewage sludge.
- On 4 March 2020, a contract for work was concluded with the related party the subject of which is sampling and analysis of samples of drinking water in water distribution networks. The contract was concluded for the period of 2020.

The price of sampling and analysing pursuant to the above contracts is specified in the related party's price list with the provision of a bulk discount.

#### Aqualia infraestructuras inženýring, s. r. o.

• On the basis of contracts for work concluded in 2019, the related party prepared the project documentation for the following construction work in the reporting period:

Construction number	Construction name
5682	Skřipov, Hrabství – construction of sewerage system and WWTP
1619	Water treatment plant Vyšní Lhoty – modernisation of automatic management system and renovation of technology
20138	Water tank Kostelec 2x 100 m <sup>3</sup> – building redevelopment
3875	Těrlicko, Hornická – renovation of the DN 300 sewer
2773	Frýdlant nad Ostravicí, Hukvaldská – capacity improvement of sewer "AC", including building a rainwater tank
1675	Feeder DN 1200 Šance - Nová Ves, feeder DN 600 Nová Ves - Čeladná - Červený Kámen – renovation of Ostravice bridge
1674	Renovation of corrosion protection – cathodic protection station Stonava, cathodic protection station Velká Polom
3873	Karviná - Fryštát, Karola Śliwky – renovation of relief chambers "OK1 beta B", "OK1 beta C" and "OK1 beta E"
1671	Water tank Frenštát – repair and renovation of the construction part and electric wiring
30151	Petřvald, Vodárenská, Šumbarská – replacement of water mains
1680	Water treatment plant Bystré - repair of collection and renovation of maintaining residual flow rate
1679	Water tank Baška – repair and renovation of the construction part of the valve chamber and water tank
2774	Wastewater treatment plant Brušperk – renovation of sludge drainage
4058	Vřesina, Nad Opustou – renovation of water mains
40149	Bílovec, Ostravská – replacement of water mains
3876	Orlová, Okružní, S. Tůmy, Ke Studánce, Žofinská – renovation of sludge pump station
3877	Wastewater treatment plant Bohumín - renovation of automatic pressure station for industrial water
30149	Orlová, Sadová – replacement of water mains
3879	Wastewater treatment plant Havířov -measuring device for imported wastewater
1688	Pressure break chamber Staříč - repair and renovation of the construction part
30150	Karviná - Nové Město, Janáčkova, nám Budovatelů, Erbenova – replacement of water mains
3874	Karviná - Nové Město, Janáčkova, Erbenova – renovation of the "BVIb5" and "BVIe" sewers
30155	Karviná – Nové Město, Třída Družby no. 1396–1400 – replacement of water mains
3880	Karviná - Nové Město, Třída Družby 1396-1400 – renovation of the "BVIc" and "BVIc2" sewers
20153	Automatic pressure station Stará Ves nad Ondřejnicí – building redevelopment
20152	Český Těšín, Na Lučinách – replacement of the water pipeline
30152	Havířov - Šumbark, Odboje, Dukelská – replacement of water mains

Construction number	Construction name
50102	Jančí – connection to the water pipeline of Větřkovice
1664	Water tank Pstruží – repair of the construction part of the valve chamber and water tank
1685	Water tank Ženklava – repair and renovation of the construction part
30154	Bohumín - Skřečoň, Myslivecká – replacement of water mains
3882	Bohumín - Skřečoň, Myslivecká – renovation of the "beta Aj", "beta Ajl", "beta Ajl", sewers
4729	Nový Jičín, Nábřežní, Msgr. Šrámka, Komenského, Novosady – renovation
40089	Water tank Bravinné 100 m <sup>3</sup> – renovation of the structure
50104	Branka, Školní-most – replacement of the water pipeline
50103	Domoradovice – replacement of the feeding pipes
30157	Petřvald, Ludvíkova, Šenovská, K Ubytovnám – replacement of water mains
20159	Český Těšín, Hlavní třída, Viaduktová, Sokola Tůmy, Ostravská – replacement of water mains
40153	Heřmánky – replacement of water mains under the railway and the Odra river
4730	Odry, Mendlova – renovation of the sewerage system
30156	Rychvald, Orlovská, U Pošty, Michálkovická – replacement of water mains
3883	Wastewater treatment plant Havířov - construction of a low-temperature drying room and a pyrolysis unit
50105	Water tank Bělá – connection of LV cable

• On the basis of contracts for work concluded in 2020, the related party prepared the project documentation for the following construction work in the reporting period:

Construction number	Construction name
40157	SedInice – replacement of water mains
30160	Orlová – Poruba, Václavská– replacement of water mains
R 1687	OOV – renovation of collectors in the Sviadnov centre
R 1686	OOV – renovation of collectors in the Krásné Pole centre
5692	Opava, Olomoucká- renovation of the "A" sewer
50107	Vítkov, Nová – replacement of the water pipeline
5689	Vítkov, Nová – renovation of the sewerage system
20170	Metylovice - Lhotka – connection of water pipes (replacement of the source balance)
20164	Raškovice – replacement of the water pipeline
30166	Havířov - Bludovice, Selská – replacement of water mains
40160	Bartošovice – replacement of water mains
30161	Havířov – Šumbark, Jarošova, Okružní – replacement of water mains
30162	Těrlicko, Slezská, Kosmonautů – replacement of water mains
50117	Podvihov, Na Nové – construction of the automatic pressure station and water pipeline
30163	Karviná - Ráj, Jabloňová, Slepá, Šeříková, Rájecká, Na Stráni – replacement of water mains
20165	Těrlicko – Horní Těrlicko, Na Výsluní - replacement of the water pipeline
20169	Vratimov - Horní Datyně, Souběžná – replacement of the water pipeline
50112	Opava, Nádražní okruh, náměstí Svobody – replacement of the water pipeline
5693	Opava, Nádražní okruh – renovation of manholes in the "AH" sewer
50114	Opava – Kateřinky, U Švédské kaple – replacement of water mains

Construction number	Construction name
50115	Ludgeřovice, U školky – replacement of water mains
50116	Háj ve Slezsku – renovation of the bridging of the supply line
R 1706	Staré Město u Karviné water resource – decommissioning of the waterworks
1608	Chlebičov water resource – replacement of the JS-1 borehole
20180	Vratimov, U Mateřské školy – replacement of the water pipeline
2778	Vratimov, U Mateřské školy and Na Vyhlídce – renovation of the sewerage system
40165	SedInice – Bartošovice – replacement of water mains
40164	Nový Jičín, U Jičínky – replacement of water mains
2779	Frýdek-Místek, Pionýrů, Ostravská – renovation of the "AN" sewer
3887	waste water treatment plant Havířov- renovation of the primary sludge pumping station
3888	waste water treatment plant Havířov – renovation of the stabilised sludge pumping from a storage tank
1715	Deacidification station Odry – renovation of the LV connection, replacement of power cables and transformer
20161	Třinec, Žižkova and Lípová – replacement of the water pipeline
1707	Water treatment plant Nová Ves- renovation of the filter hall roof
3889	Rychvald, Středová – renovation of the sewerage
50122 (I+R)	Water tank Komárov 2x250m <sup>3</sup> - building redevelopment
3890	Český Těšín, Kpt. Jaroše – renovation of the "EVIa" sewer
3891	Karviná - Nové Město, Erbenova, Havířská – renovation of the sewerage system
2782	Vratimov, Křivá, Ovocná – renovation of "BB2" and "BB21" sewers
3892	Český Těšín, Divadelní – renovation of the "Gd3" sewer
50123	Opava, Čajkovského – replacement of the water pipeline
5696	Opava, Otická, náměstí Svobody, sady Svobody – renovation of the sewerage system
4733	Frenštát pod Radhoštěm, Příčnice, Školská čtvrť – renovation of the "AC" sewer

• On the basis of contracts for work concluded in 2020, the related party will prepare the project documentation for the following construction work in 2021:

Construction number	Construction name
3885	Bohumín - Skřečoň, Cihelní, 1. máje – renovation of the "beta Aa", "beta Ab" sewers
1689	Water tank Písečná 2 x 75 m <sup>3</sup>
2780	Třinec, Žižkova and Lipová – renovation of the "AD" sewer
30165	Havířov-Město, U Motelu – replacement of water mains
20178	Vratimov, Křivá – replacement of the water pipeline
40168	Příbor, nábřeží Rudoarmějců, 9. května, Vrchlického – replacement of water mains
40167	Odry, Ke Koupališti, Zahradní, Hranická – replacement of water mains
30176	Havířov – Prostřední Suchá, Hornická, kpt. Jasioka – replacement of water mains
30175	Orlová – Lutyně, Na Stuchlíkovci – renovation of the water mains
2781	Waste water treatment plant Frýdek-Místek- renovation of the pumping station in the rainwater tank
1701	Lichnov water tank - LV connection, repair, and renovation of the structure part
3893	Waste water treatment plant Horní Bludovice – construction of an access road

Construction number	Construction name
1712 (I+R)	Deacidification station Hněvošice- repair of HV1, HV2 boreholes, renovation of telemetry and measuring of water levels in boreholes
1713 (I+R)	Deacidification station Hněvošice – repair and renovation of the construction and technological part
1716	OOV – renovation of PKO feeders from the Kružber group water pipeline (KSV)
1717	OOV – renovation of PKO feeders from the Bruntál group water pipeline (BSV)
20073	Třinec, Bezručova – replacement of the water pipeline
50124	Melč group water pipeline A – replacement of supply lines (1st and 2nd stage)
50131	Lhotka u Litultovic – replacement of the water pipeline
1569	Renovation of the DN 500 feeder Dobrá - Nové Dvory - Frýdek
20182	Sviadnov, O. Kišové – replacement of the water pipeline
30177	Šenov, Petřvaldská, Těšínská – replacement of water mains
30178	Dětmarovice, 680 - 872 – replacement of water mains
20185	Frýdek-Místek, U Nemocnice – construction of a water meter shaft
50130	Podlesí – replacement of the water pipeline (1st and 2nd stage)
1729	Acceleration pumping station Petrovice – renovation of the control system
20123	Redevelopment of the Třinec centre's compound
30181	Orlová-Lutyně, 17. listopadu – replacement of water mains and network modifications
30179	Rychvald, Školní – set up of a water meter shaft
3707	Waste water treatment plant Rychvald (Václavka) – renovation of the Imhoff tank
40181	Trnávka – replacement of the water line bridge
40183	Bílovec, Za Nemocnicí – replacement of water mains
40182	Kopřivnice, Obránců míru – replacement of water mains

• On the basis of contracts for work concluded in 2019, the related party completed construction work which included renovation of the following infrastructure assets in the reporting period:

Construction number	Construction name
R1077	Bruzovice pressure break chamber – redevelopment of the structure – repair part
R1563	Water treatment plant Nová Ves- repair and renovation of construction part of the structures – filter hall, power management building, chlorine storage, dosage and ancillary operations building, workshop and garage building
R1607	Renovation and repair of lighting of 8 compounds of the water treatment plan and the waste water treatment plant – 2x water treatment plant of OOV
R1612	Záhumenice extension - repair and renovation of the structure part and earthing
R40154	SmVaK Ostrava a.s. compound, Suvorovova 538, Šenov u Nového Jičína – construction repair of garages
8562-125	Waste water treatment plant Frýdek-Místek – repair of pipeline between the VK and DN -2-3-5-8 troughs
8562-126	Waste water treatment plant Frýdek-Místek – repair of the pipeline in a technological collector
8443-148	Třinec, Nový Borek 775-780 – repair of the "BA-7" sewer breakdown
8444-149	Havířov - Bludovice, Želivského 1338 – repair of the A sewer breakdown
8573-155	Waste water treatment plant Opava – repair of the pumping station to achieve a biological degree of treatment

• On the basis of contracts for work concluded in 2020, the related party performed construction work which included renovation of the following infrastructure assets in the reporting period:

Construction number	Construction name			
R1654	Water tank Frýdek – repair and renovation of the construction part and electrical wiring			
R1660	Water tank Doubrava- repair of drainage from accumulation chambers			
R1661	Water treatment plant Vyšní Lhoty- repair of the construction part of structures			
R1691	Water treatment plant Podhradí – repair and renovation of the dosage building			
R40174	Water tank Veřovice HTTP 2x100m <sup>3</sup> - construction repair of the structure			
R40175	Water tank Starý Jičín 100m <sup>3</sup> – construction repair of the structure			
R40176	SmVaK compound at Suvorovova 538, Šenov – repair of the façade on the warehouse, workshop and garage building			
8445-001	Karviná - Mizerov, Stavbařů 2193 – repair of the HIIIa sewer breakdown			
8445-007	Nový Bohumín, J. Palacha 625 – repair of the BII sewer breakdown			
8445-018	Karviná - Ráj, Božkova 555 – repair of the "JI" sewer breakdown			
8562-020	Waste water treatment plant Frýdek-Místek – repair of the breakdown of the roof on the sludge treatment and disposal building			
8445-023	Karviná – Ráj, Božkova 553 – repair of the "JI" sewer breakdown			
8564-032	Waste water treatment plant Havířov- repair of the DN-2 technological built-in			
8452-033	Bílovec, Havlíčkova, Svobodova – repair of the AH sewer breakdown			
8445-037	Karviná-Nové Město, Třída Osvobození 1731 – repair of the EVIII sewer breakdown			
8452-039	Sludge pumping station Odry (Nábřežní)– repair of the screw pumps breakdown			
8452-041	Frenštát p. R., Dvořákova, Jandovo stromořadí – repair of the "AC" sewer breakdown			
8453-047	Opava, M. Horákové – repair of the CQ sewer breakdown			
8445-050	Karviná - Nové Město, Náměstí Budovatelů 1422 – repair of the "BVId" sewer breakdown			
8445-055	Nový Bohumín, Družstevní 767 – repair of the NBIVa sewer breakdown			
8444-074	Orlová - Lutyně, Rydultowská 1000 – repair of the AVIi sewer breakdown			
8443-081	Třinec, Jablunkovská 415 – repair of the AZ sewer breakdown			
8445-093	Nový Bohumín, ČSA 1072 – repair of the "BI" sewer breakdown			
8445-105	Rychvald, Stará Kolonie – repair of the BIX sewer breakdown			
8572-109	Waste water treatment plant Nový Jičín – repair of the RM07 switchboard and electrical wiring system breakdown			
8572-124	Waste water treatment plant Fulnek – repair of the input pumping station breakdown			
8564-127	Waste water treatment plant Orlová – repair of the Flottweg separator breakdown			
8444-128	Sludge pumping station Šenov (Na Sedlácích)– repair of the pump sump technology breakdown			
8444-146	Petřvald, Ve Finských 571 – repair of the "AVId" sewer breakdown			
8452-152	Příbor, Vrchlického – repair of the "AK" sewer breakdown			
8572-168	Waste water treatment plant Fulnek- repair of the aeration equipment breakdown in AN			
8452-169	Nový Jičín, Slovanská – repair of the "AE-10" sewer breakdown			
8565-174	Waste water treatment plant Karviná – repair of the Motorgas MGW 260 cogeneration unit			
8453-177	Opava, Mostní – repair of the "BS-6" sewer breakdown			
8565-178	Waste water treatment plant Karviná – repair of the roof breakdown on the VN2 building			
8564-182	Waste water treatment plant Orlová – repair of the roof breakdown on the service building			
8573-184	Waste water treatment plant Opava – overhaul of the TBG 235 cogeneration unit			
8445-186	Karviná - Nové Město, Na Vyhlídce 1234-1235 – repair of the sewer connections breakdown			

Construction number	Construction name
8444-192	Petřvald, Generála Svobody (by the playground) – repair of the "AVIIIa" sewer
8572-193	Waste water treatment plant Odry – repair of the YBA 720x7974 screw pump breakdown
8444-195	Orlová - Lutyně, Kpt. Jaroše 790 – repair of the "AVII" sewer
8563-198	Český Těšín waste water treatment plant – repair of damage on a road
8444-203	Havířov - Šumbark, Jaroše 990 – repair of the "Alll" sewer breakdown
8445-206	Karviná - Nové Město, Náměstí Budovatelů 1425 – repair of the BVId sewer breakdown
8453-208	Opava, Liptovská, Procházkova – sewerage system breakdown

• On the basis of contracts for work concluded in 2020, the related party will perform construction work comprising repairs of the following infrastructure assets in 2021:

Construction number	Construction name
R40129	Water tank Bílov 2 x 250 m <sup>3</sup> - building redevelopment
R40131	Water tank Fulnek 2 x 750 m <sup>3</sup> – building redevelopment
8572-115	Waste water treatment plant Nový Jičín – overhaul of the cogeneration unit
8562-136	Waste water treatment plant Paskov – repair of the technological tanks breakdown
8573-196	Waste water treatment plant Opava - repair of the sludge pumping station and the DZ trough

The subject matter of the contracts named above included the preparation of project documentation and comprehensive engineering and construction work including the supply of construction materials for the construction and subsequent surveying work for the building for the purposes of the inclusion in the client's geographic information system (GIS). The price for the work is always determined in individual contracts for work in line with the Act on Prices and the Documentation on transfer prices in related party transactions. The payment terms and conditions, quality warranties and contractual fines are determined in line with the Master Agreement on General Construction Projects of 29 June 2015 and amendments thereto.

- Based on a contract for work concluded in 2020, the related party removed and disposed of the cancelled Stachovice pumping station for SmVaK Ostrava a.s.
- Based on a contract for work concluded in 2020, the related party will complete the removal and disposal of the former Holotovec water treatment plant for SmVaK Ostrava a.s.

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- On 4 January 2019, a contract for work was concluded regarding the handover and disposal of wastewater sludge from the water treatment plants in Podhradí u Vítkova, Nová Ves and Vyšní Lhoty. The contract was signed for the period from 1 January 2019 to 31 December 2020. The contract was concluded based on the results of a tender as a public tender contract which did not exceed the limit, pursuant to an internal guideline of the controlled entity.
- Based on an order, the related party leased waste containers to SmVaK Ostrava. The lease fee was determined according to the price list of the related party.

#### OBSED a.s.

- Based on orders from SmVaK Ostrava a.s., the related party organised transport of sludge in addition to the scope of the contract on the takeover and disposal of wastewater sludge from treatment of communal wastewater in the wastewater treatment plant.
- In the reporting period, supplies continued pursuant to the contract of 7 December 2017. The subject matter of the contract was the collection and disposal of sludge from treatment of communal wastewater in the wastewater treatment plant by the related party. The contract was signed for the period from 1 January 2018 until 31 December 2020. The contract was concluded based on the results of a tender pursuant to the Act No. 137/2006 Coll. as a public tender contract which exceeded the limit. The performance under the contract was extended to 31 March 2021 by Amendment No. 1 of 8 December 2020.

#### **3. SUPPLIES OF AN INVESTMENT NATURE**

During the reporting period, SmVaK Ostrava a.s. had contractual relations with the following related parties as part of the purchased supplies of an investment nature:

#### Aqualia infraestructuras inženýring, s.r.o.

• On the basis of contracts for work concluded in 2019, the related party completed the following construction projects during the reporting period:

Construction number	Construction name
1570	Bruzovice pressure break chamber – redevelopment of the structure – part of the investment
1612	Záhumenice extension – repair and renovation of the construction part and earthing
1692	Pumping station Petrovice – addition of water sanitation
20099	Stará Ves nad Ondřejnicí, Na Závodí, U Vody, Petřvaldská – renovation of the water pipeline
20126	Třinec, Lidická – replacement of the water pipeline
30127	Orlová centre – replacement of electrical equipment in the high voltage substation and the KA_9264 transformer station
30132	Intervention centre Orlová – redevelopment of the centre
40122	Tichá – replacement of the water pipeline
40132	SedInice – replacement of water mains
50078	Vršovice, HTP – replacement of water mains
50081	Nové Těchanovice – renovation of the water pipeline
50084	Opava - Kateřinky, U Cukrovaru, Rolnická – replacement of the water pipeline
2769	Waste water treatment plant Trinec – renovation of the sludge dewatering
3794	Petřvald, Podlesí nos. 1 and 2 – liquidation of the sewerage outlet
3823	Doubrava – liquidation of the sewerage outlets U Komendra
3852	Waste water treatment plant Havířov- renovation of the water pipeline
3865	Waste water treatment plant Český Těšín – renovation of the boiler room
3867	Waste water treatment plant Horní Bludovice – expansion of the biological degree
3881	Těrlicko, Hornická – renovation of sewage pumping station
4715	Waste water treatment plant Štramberk (Canada) – renovation of the structure and technology
5670	Dobroslavice – sewerage system and waste water treatment plant (800 EO)

• On the basis of contracts for work concluded in 2020, the related party performed the following construction work in the reporting period:

Construction number	Construction name
11570	Bruzovice pressure break chamber - renovation of the structure - part of the investment
1577	Water treatment plant Nová ves - renovation of the sludge treatment and disposal
11612	Záhumenice extension - repair and renovation of the construction part and earthing
11618	Water treatment plant Velké Hoštice- replacement of the delivery pipes from the S2 well and the V3A borehole
11631	Feeder DN 600 Čeladná - Červený kámen – addition of a section seal
11666	Water tank Smolkov – addition of water sanitation
11676	Water treatment plant Košařiska – addition of an air dehumidifier
11691	Water treatment plant Podhradí – repair and renovation of the dosage building
11693	Water tank Krmelín – provision of a safe access to water meter shafts

Construction number	Construction name			
11697	Water tank Kopřivnice- construction and technical survey – renovation of telemetry			
11702	Pumping station Klokočůvek – emergency renovation of the 2nd pump machinery set			
120099	Stará Ves nad Ondřejnicí, Na Závodí, U Vody, Petřvaldská – renovation of the water pipeline			
120102	Krmelín, Květná – construction modification of the water pipeline			
120103	Frýdek-Místek, ČSA – construction modification of the water pipeline			
120125	Třinec, U Splavu – replacement of the water pipeline			
120126	Třinec, Lidická – replacement of the water pipeline			
120127	Chlebovice - Lysůvky – renovation of the water pipeline			
120135	Vratimov, Na Příčnici – replacement of the water pipeline			
120139	Komorní Lhotka – replacement of the water pipeline			
120140	Bruzovice - U fotbalového hřiště – replacement of the water pipeline			
120142	Sviadnov, Milíčova and Rybářská – replacement of the water pipeline			
120143	Komorní Lhotka, Kamenec – replacement of the water pipeline			
20152	Český Těšín, Na Lučinách – replacement of the water pipeline			
20177	Jablunkov-Písečná – adjustment of the method of drinking water supply			
130117	Havířov - Podlesí, Okrajová, Dlouhá třída – renovation of water mains			
130118	Bohumín – Záblatí, Sokolská, Bezručova, Na Pískách – replacement of water mains			
130121	Havířov – Prostřední Suchá, Horní Suchá Pašůvka – replacement of water mains			
130126	Havířov - Bludovice, Rodinná, Havraní, Na Kavkovicích, Těšínská – renovation of water mains			
130127	Orlová centre – replacement of the low voltage substation and KA_9264 transformer station electrical equipment			
30128	Orlová - Lutyně, Zátiší, Luční – replacement of water mains			
130132	Orlová intervention centre – renovation of the centre			
130133	Havířov-Bludovice, Padlých hrdinů – replacement of water mains			
130134	Petřvald, Březinská – replacement of water mains			
130138	Rychvald, U Skučáku, Rybničná – replacement of water mains			
130139	Havířov – Prostřední Suchá, Hornická – replacement of water mains			
130147	Nový Bohumín, Spojovací – replacement of water mains			
130149	Orlová, Sadová – replacement of water mains			
130151	Petřvald, Vodárenská, Šumbarská – replacement of water mains – 1st and 2nd part			
130155	Karviná – Nové Město, tř. Družby no. 1396–1400 – replacement of water mains			
14058	Vřesina, Nad Opustou – renovation of water mains			
140122	Tichá – replacement of the water pipeline			
140132	SedInice – replacement of water mains			
140137	Nový Jičín, Máchova – replacement of water mains			
140138	Příbor, Zámečnická, Nádražní, náměstí Sigmunda Freuda – renovation of the water pipeline			
140141	Nový Jičín, Nábřežní, Msgr. Šrámka, Komenského, Novosady – replacement of water mains			
140146	Jakubčovice nad Odrou, Oderská – replacement of water mains			
140149	Bílovec, Ostravská – replacement of water mains			
150063	Opava, Krnovská – renovation of the water pipeline			
50075	Kružberk – renovation of the water pipeline			
150078	Vršovice, HTP – replacement of water mains			

Construction number	Construction name
150081	Nové Těchanovice – renovation of the water pipeline
150084	Opava - Kateřinky, U Cukrovaru, Rolnická – replacement of the water pipeline
150089	Vítkov, Dělnická II – replacement of water mains
150091	Vítkov - Podhradí – adjustment of the method of drinking water supply
150095	Jančí – replacement of water pipeline
150096	Štítina – water meter and reduction shaft
150097	Háj ve Slezsku, Mírová – re-routing of water connections
150103	Domoradovice – replacement of the water supply mains
12767	Waste water treatment plant Trinec – renovation of the co-generation
12769	Waste water treatment plant Trinec - renovation of the sludge dewatering
2783	Waste water treatment plant Řepiště – inclusion of the control system of SmVaK Ostrava
13794	Petřvald, Podlesí nos. 1 and 2 – disposal of the sewerage outlets
13823	Doubrava – disposal of the sewerage outlets at U Komendra
13852	Waste water treatment plant Havířov – renovation of the water pipeline
13865	Waste water treatment plant Český Těšín – renovation of the boiler room
13867	Waste water treatment plant Horní Bludovice – expansion of the biological degree
13872	Albrechtice u Českého Těšína – renovation of the "O1C" relief sewer
13877	Waste water treatment plant Bohumín– renovation of the automatic pressure station for water intended for industrial use
13878	Waste water treatment plant Karviná – modification on the equipment for pumping of primary and returnable sludge
13880	Karviná - Nové Město, Třída Družby 1396-1400 – renovation of "BVIc" and "BVIc2" sewers
13881	Těrlicko, Hornická – renovation of sewage pumping station
3894	Rychvald, Červená kolonie – renovation of the B sewer
3895	Havířov - Město, U Stromovky – renovation of the "AVI" and "AVIa" sewers
3896	Karviná-Nové Město, Na Vyhlídce – renovation of the B sewer
14715	Waste water treatment plant Štramberk (Canada) – renovation of the structure and technology
14721	Nový Jičín, Máchova – renovation of the "AL" sewer
14725	Příbor, Zámečnická, Nádražní, Sigmunda Freuda – renovation of the sewerage system
14729	Nový Jičín, Nábřežní, Msgr. Šrámka, Komenského, Novosady – renovation of the sewerage system
4734	Sludge pumping station Odry (Nábřežní) – renovation of the technological process system management and inclusion in the control system
15670	Dobroslavice – sewerage system and waste water treatment plant (800 EO)
15687	Opava, Těšínská – renovation of the manholes of the "A" sewer
15692	Opava, Olomoucká – renovation of the "A" sewer
15694	Vlaštovičky – data transfer from sewerage system structures to the control room

• In the reporting period, the following contracts for work were concluded with the related party under which the construction work is to be completed in 2021:

Construction number	Construction name
1513	Renovation of feeder DN 500 Chlebovice - Staříč - Stará Bělá
1563	Water treatment plant Nová Ves – renovation of the construction part of the buildings – hall of filters, power management building, chlorine storage
1579	Water treatment plant Nová Ves – renovation of the technological part and automated technological process control system
11606	Raduň pressure break chamber – repair and renovation of the valve chamber, renovation of the pressure break chamber
1607	Renovation and repair of exterior lighting of 8 water treatment plant and waste water treatment plant compounds - 2x water treatment plant of OOV
11630	Water tank Mniší- repair and renovation of the construction part of storage chamber and the water tank
11645	Water treatment plant Nová Ves- renovation of the lighting and socket wiring
11654	Water tank Frýdek – repair and renovation of the construction part and wiring
1673	Water treatment plant Nová ves – sewage disposal
11690	Water treatment plant Podhradí– replacement of part of the DN 1000 piping – drain from the ozone reaction tank – flocculation
20141	Vratimov, Popinecká – replacement of the water pipeline
130135	Karviná - Ráj, Haškova – replacement of water mains
I30140	Havířov - Město, U Školky, Gogolova, Majakovského, Matuškova – replacement of water mains
130150	Karviná – Nové Město, Janáčkova, nám. Budovatelů, Erbenova – replacement of water mains
130152	Havířov - Šumbark, Odboje, Dukelská – replacement of water mains
140114	Fulnek, Masarykova, Fučíkova, Kostelní – renovation of water mains
140129	Water tank Bílov 2 x 250 m <sup>3</sup> – structure redevelopment
140131	Water tank Fulnek 2 x 750 m <sup>3</sup> – building redevelopment
140133	Ženklava, from Municipal Authority to house no. 208 – replacement of water mains
150047	Velká Polom - DTP – renovation of water mains
150072	Water tank Nové Těchanovice Lhotka 250 – building redevelopment
150082	Opava, Mostní, Sadová – replacement of water mains
12772	Addition of measuring of released water in the waste water treatment plant – 1st stage
12774	Waste water treatment plant Brušperk – renovation of the sludge dewatering
12775	Waste water treatment plant Frýdek-Místek – renovation of the service building
13858	Havířov - Bludovice, Rodinná – renovation of the AXL sewer
13874	Karviná - Nové Město, Janáčkova, Erbenova – renovation of "BVlb5" and "BVle" sewers
13875	Těrlicko, Hornická – renovation of the DN 300 sewer
14724	Waste water treatment plant Kopřivnice – construction of the DN-3 secondary settling tank
14726	Waste water treatment plant Bílovec - intensification
15678	Opava (Fügnerova) sludge pumping station – repair of the sump pump and technology
15684	Opava, Sadová – renovation of manholes in the sewerage system

The subject matter of the above contracts included the supply of construction work including material and technological facilities, if any, and the relating comprehensive engineering work. Individual contractual prices are always determined in the relevant contracts for work in line with the Act on Prices and the Transfer Pricing Documentation applicable to related party transactions. The payment terms and conditions, quality warranties and contractual fines are determined in line with the Framework Agreement on General Construction Projects of 29 June 2015 and amendments thereto.

#### 4. OTHER CONTRACTUAL RELATIONS

#### **Related party:**

#### Aqualia infraestructuras inženýring, s.r.o.

- In the reporting period, supplies under the Master Agreement on General Organisation of Investment Construction Projects of 29 June 2015 concluded between SmVaK Ostrava a.s., as the client, and the related party, as the contractor, continued. The purpose of the agreement was as follows: general organisation of construction projects, including engineering, preparation of project documentation and supply of all data which are essential for issuance of zoning permits, building permits and final acceptance of completed construction projects, with separate contracts to be signed for each project. The price of for work under individual contracts for work was set on the basis of the arm's length principle pursuant to the Documentation on transfer prices in related party transactions. The contract is concluded for an indefinite period of time with a three-month notice period. According to the contract, the client SmVaK Ostrava a.s. may withdraw from the contract in case of gross violation of the contractor's obligations. On 12 March 2020, an amendment to the Master Agreement was concluded which stipulates the prices of work effective in 2020.
- Because the contractor failed to complete and hand over the project documentation or failed to complete the construction work in time, SmVaK Ostrava a.s. imposed, in line with the contract for work, a penalty of 0.05% of the price for the work for each day of default in two cases. The billed contractual penalties were paid in full – they were offset against the agreed price of the work.
- In relation to the conclusion of the contract for the provision of IT services between Fomento de Construcciones y Contratas, S.A. and El Corte Inglés, S. A., SmVaK Ostrava a.s. a fee for the provision of these services charged to the related party as a percentage of the total agreed price for the provided services and the share of the services actually used by the individual companies, in the reporting period.
- In the reporting period, performance continued to be provided under the Processing Agreement concluded on 9 May 2019 between SmVaK Ostrava a.s., as the controller, and the related party, as the processor, in order to protect personal data of natural persons as part of the fulfilment of the contractual relations concluded by the contracting parties.
- SmVaK Ostrava a.s. ensured the assessment of the fulfilment of the conditions set in the Documentation on transfer prices in related party transactions and subsequently billed a portion of the cost of processing of the documentation to the related party.

#### Vodotech, spol. s r.o.

- In the reporting period, supplies continued to be provided under the Processing Agreement of 23 May 2018 concluded between the related party, as the processor, and SmVaK Ostrava a.s., as the controller, in relation to a change in legislation on protection of personal data of natural persons (GDPR), specifying the obligations of the parties in relation to the contract for the provision of services creation of copies, and contract for the provision of services operation of the call centre.
- In relation to the conclusion of the contract for the provision of IT services between Fomento de Construcciones y Contratas, S.A. and El Corte Inglés, S. A., in the reporting period SmVaK Ostrava a.s. charged a fee for the provision of these services to the related party as a percentage of the total agreed price for the provided services and the share of the services actually used by the individual companies.
- In the reporting period, performance under an agreement between SmVaK Ostrava a. s. and the related party for the common use of the Labsystem software continued. Its servicing and repairs are provided by SmVaK Ostrava a. s., and the Company rebills a proportionate part of these costs to the related party.
- On 24 November 2020, the Master Contract for a Comprehensive Construction of Technological Structures was
  concluded between SmVaK Ostrava a.s., as the client, and the related party, as the contractor, the subject matter of
  which is a comprehensive construction of technological structures, including related engineering activities. Individual
  contracts for work will be concluded for individual structures. The price for the work under individual concluded contracts for work is set on the basis of the arm's length principle pursuant to the Documentation on transfer prices in
  related party transactions. The contract is concluded for an indefinite period of time with a three-month notice period. According to the contract, the client SmVaK Ostrava a.s. may withdraw from the contract in case of gross violation
  of the contractor's obligations. The contract has been in effect since 1 January 2021.

 SmVaK Ostrava a.s. ensured the assessment of the fulfilment of the conditions set in the Documentation on transfer prices in related party transactions and subsequently recharged a portion of the cost of processing to the related party.

#### FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A.

In the reporting period, performance continued by Fomento de Construcciones y Contratas, S. A., which concluded a
contract for all FCC Grupo companies for the provision of IT services with El Corte Inglés, S. A., with its registered office
at C/ Hermosilla, 112. 2800920 Madrid, Spain. Based on this contract, the related party charges a fee for the provision
of these services to the individual group companies as a percentage of the total agreed price for the provided services and the share of the services actually used by the individual companies. By concluding the contact for the entire
group, the controlled entity received advantages in form of high quality of the services provided and a favourable
price for the provision of these services.

#### FCC AQUALIA, S. A.

- In the reporting period, on 14 February 2020, the agreement on consulting services was signed by the related party, as the service provider, and SmVaK Ostrava a.s., as the client. The subject matter of the contract was the preparation of bids for tenders, in concession award procedures, for operators of water networks and sewage systems in the Czech Republic and abroad, the supervision over and check of construction projects, preparation of optimising measures for activities other than core business carried out by SmVaK Ostrava, a.s. and consulting and advisory in the preparation of the investment plan for 2021 from the point of view of the most appropriate technology and economic solutions. The contract was signed for the period from 1 January 2020 to 31 December 2020. The price for the services provided was specified in line with laws and arm's length principle pursuant to the Documentation on transfer prices in related party transactions.
- In the reporting period, performance under the Agreement on the Provision of Information Technology Services of 6 December 2019 continued, the subject matter of which is provision of services between the related party, as the provider, and SmVaK Ostrava a.s., as the client. The agreement is concluded for a definite period of time; if the contracting parties do not inform the other contracting party that they do not insist on the continuance of the agreement, by a written notification delivered to the other contracting party no less than 20 days before the end of the validity of the agreement, will be extended to another calendar year. The price for the provided services was set pursuant to the contract for the provision of IT services concluded between FCC Aqualia, S. A. and Fomento de Construcciones y Contratas, S. A. of 28 September 2018. On 10 June 2020, Amendment No. 1 thereto was concluded, its subject matter is a specification of the scope of services and price arrangement taking into account the change in the subject of the performance.
- In the reporting period SmVaK Ostrava a.s. arranged for the rent of an apartment for an employee of the related party's branch in the Czech Republic. The rent and services relating to the use of the apartment were recharged to the related party in full.
- In the reporting period, SmVaK Ostrava a.s. let a portion of the business premises in Prague that SmVaK Ostrava leases for the Organisational Development Division for use by a branch of the related party. In relation to this, SmVaK Ostrava a.s. charged to the related party a proportionate part of the rent and payment for services related to the use of these premises.
- In the reporting period, performance continued in line with the contract for the provision of software product licences
  including the provision of technical support and updating the software products concluded between Fomento de
  Construcciones y Contratas, S. A. and Microsoft, based on which the relevant licences may be used by all members
  of FCC Grupo. Based on this fact, fees are charged to the controlled entity for the licences used in line with the prices
  paid to the owner by Microsoft, in the amount corresponding to the number of licences used by SmVaK Ostrava a.s.

#### HIDROTEC, Tecnologia del Agua, S. L. U.

In the reporting period, performance under the Contract for the Provision of Advisory Services in the area of safety
and occupational health protection continued. The contract was concluded for one year and unless this contract is
terminated in writing by either of the parties at least two months before the end of the period of validity, the contractual relationship will be extended for another year under the same pricing conditions. The price for the subject of this
contract is set by agreement of the parties on the arm's length basis as the price common at the relevant place and
time.

#### **V. OTHER LEGAL ACTS**

In the reporting period, no legal acts were made, or contracts concluded, for the benefit of the controlling entity, entities controlled by the same controlling entity and other group entities, outside standard legal acts of the controlling entity as part of the exercise of its rights, as the shareholder of the controlled entity.

The Board of Directors of SmVaK Ostrava a.s. declares that it is not aware of any other legal acts performed between the controlled entity, the controlling entity and other entities in the Group which would result in other contracts and agreements than those which are mentioned above. The Board of Directors declares that it is not aware of any acts performed between the controlled entity, the controlling entity and other entities in the Group which would be made at the initiative or in the interest of the controlling entity or the ultimate controlling entity in the Group.

#### **VI. OTHER MEASURES**

In the reporting period, no legal acts were made and no contracts were concluded for the benefit of the controlling entity, entities controlled by the same controlling entity and other group entities, outside standard legal acts performed by the controlling entity as part of the exercise of its rights as the shareholder of the controlled entity.

#### **VII. SUPPLIES AND CONSIDERATIONS**

No other performance or consideration out of the scope of typical performance or consideration provided by the controlled entity in relation to the controlling entity being the shareholder of the controlled entity were provided or adopted during the reporting period in the interest or at initiative of the controlling entity and entities controlled by the same controlling entity or other entities in the Group.

# VIII. ADVANTAGES, DISADVANTAGES AND RISKS RESULTING FROM THE RELATIONS BETWEEN THE ENTITIES IN THE GROUP

The Board of Directors is not aware of any fact due to which the controlled entity may experience any disadvantage resulting from its membership in FCC Grupo.

The controlled entity enjoys the following advantages arising from its membership in the Group:

- It uses warranties provided by the controlling entity of the Group.
- It uses the Group's promotional activities.
- It uses the licences for know-how which comprise the experience and expertise as well as operational and commercial knowledge gained throughout the operation of water networks and sewage systems.
- It has access to more advantageous prices for services, work and licences on the basis of contracts signed by the controlling entity for companies from the Group.

The controlled entity is not exposed to any risks resulting from being part of the Group as its business does not depend on other companies from the Group and is not influenced by activities carried out by any other Group members.

#### **IX. INFORMATION ABOUT DETRIMENT**

It follows from the review and evaluation of the contractual relations and legal acts between the controlled entity, the controlling entity, and other entities in the Group that the controlled entity has not suffered any detriment. All above listed contracts and contractual relationships were concluded and all legal acts were performed under terms and conditions and at prices typical of business relations for that place of performance.

The transactions between related parties were performed under arm's length prices common at the place of performance and in business relations.

Unpaid amounts were not secured and will be settled in the form of bank transfers. No guarantees were received or provided.

#### **X. CONCLUSION**

Severomoravské vodovody a kanalizace Ostrava a. s. declares that during the reporting period it did not conclude any other contract with the controlling entity, with the entities controlled by the same controlling entity or with any other entity from the Group, that it was not in any contractual relationship with the listed entities and that it did not provide any performance or consideration other than those listed above.

This report was prepared by the Board of Directors of Severomoravské vodovody a kanalizace Ostrava a.s. and was approved on 18 February 2021. In addition, it was submitted for review to the Supervisory Board and to the audit company that audited the 2020 financial statements and consistency between the 2020 Annual Report and the 2020 financial statements in accordance with the Act on Auditors, the Business Corporations Act and the Accounting Act.

As Severomoravské vodovody a kanalizace Ostrava a.s. is required pursuant to Act No. 256/2004 Coll. on Capital Market Transactions to prepare the Annual Report, this report will be attached thereto as an appendix.

The financial scope of the supplies provided between the controlled entity, the controlling entity, entities controlled by the same controlling entity and other entities in the Group pursuant to the information provided in this report is quantified in the notes to the financial statements for the year ended 31 December 2020 and the following overview.

Transactions conducted with the related parties in 2020 are listed in the tables below. The transactions were conducted under conditions typical of business relations and the prices were set on the basis of the arm's length principle and documentation stipulating prices for transactions between related parties.

All amounts are presented in thousands of Czech crowns.

#### **INCOME GENERATED WITH RELATED PARTIES**

2020	(CZK thousand)				
Entity	Relation to the Company	Services	Interest	Total	
Vodotech, spol. s r.o.	Group company	1,501	0	1,501	
Aqualia infraestructuras inženýring, s.r.o.	Group company	9,141	0	9,141	
FCC Česká republika s.r.o.	Group company	427	0	427	
FCC Aqualia, S. A., organizační složka, cz	Group company	12	0	12	
Total		11,081	0	11,081	

2019	(CZK thousand)				
Entity	Relation to the Company	Services	Interest	Total	
Vodotech, spol. s r.o.	Group company	1,120	0	1,120	
Aqualia infraestructuras inženýring, s.r.o.	Group company	5,377	0	5,377	
FCC Česká republika s.r.o.	Group company	555	0	555	
Total		7,052	0	7,052	

#### PURCHASES FROM RELATED PARTIES

2020	(CZK thousand)			
Entity	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Group company	73,592	14	73,606
Aqualia infraestructuras inženýring, s.r.o.	Group company	106,502	0	106,502
Fomento de Contrucciones y Contratas, S. A.	Group company	4,288	0	4,288
Aqualia Czech, S. L.	Parent company	3,913	0	3,913
FCC Aqualia, S. A.	Group company	2,926	0	2,926
FCC Česká republika s.r.o.	Group company	3,982	0	3,982
HIDROTEC, Tecnologia del Aqua, S. L. U.	Group company	433	0	433
OBSED a. s.	Group company	22,074	0	22,074
Total		217,710	14	217,724

2019	(CZK thousand)			
Entity	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Group company	58,395	42	58,437
Aqualia infraestructuras inženýring, s.r.o.	Group company	110,968	0	110,968
Fomento de Construcciones y Contratas, S. A.	Group company	3,756	0	3,756
Aqualia Czech, S. L.	Parent company	3,825	0	3,825
FCC Aqualia, S. A.	Group company	2,838	0	2,838
FCC Česká republika s.r.o.	Group company	3,762	0	3,762
HIDROTEC, Tecnologia del Aqua, S. L. U.	Group company	87	0	87
OBSED a.s.	Group company	21,841	0	21,841
Total		205,472	42	205,514

#### ACQUISITIONS OF FIXED ASSETS FROM RELATED PARTIES

	(CZK thousand)		
Entity	Relation to the Company	2020	2019
Vodotech, spol. s r.o.	Group company	4,994	6,871
Aqualia infraestructuras inženýring, s.r.o.	Group company	575,869	568,203
FCC Aqualia, S. A.	Group company	0	0
Fomento de Construcciones y Contratas, S. A.	Group company	0	0
FCC Aqualia, S. A.,organizační složka, cz	Group company	5,301	5,049
Total		586,164	580,123

#### **RECEIVABLES FROM RELATED PARTIES**

Entity	31 December 2020 (CZK thousand)	31 December 2019 (CZK thousand)
Trade receivables		
Vodotech, spol. s r.o.	50	92
Aqualia infraestructuras inženýring, s.r.o.	2,163	1,262
FCC Aqualia, S. A.,organizační složka, cz	58	32
FCC Česká republika s.r.o.	0	59
Total	2,271	1,445

#### **PAYABLES TO RELATED PARTIES**

Entity	31 December 2020 (CZK thousand)	31 December 2019 (CZK thousand)
Trade payables	'	
Vodotech, spol. s r.o.	10,577	7,512
Aqualia infraestructuras inženýring, s.r.o.	275,149	237,584
FCC Aqualia, S. A., organizační složka, cz	0	0
Fomento de Construcciones y Contratas, S. A.	484	438
FCC Česká republika s.r.o.	445	356
HIDROTEC, Tecnologia del Aqua, S. L. U.	417	87
OBSED a.s.	2,193	2,698
FCC Aqualia, S. A.	239	2,777
Total trade payables	289,504	251,452

The Board of Directors of Severomoravské vodovody a kanalizace Ostrava a.s. declares that this report has been prepared with due managerial care and that it comprises all facts which known and available to it as of the date of preparation.

In Ostrava on 18 February 2021

Signatures of Members of the Board of Directors:

lyu/

Miroslav Kyncl Vice-Chairman of the Board of Directors

Václav Holeček Member of the Board of Directors

# THE LIST OF COMPANIES OF FCC GRUPO AS AT 31 DECEMBER 2020

Real

Name	Registered office	Ownership interest
Abastecimientos y Saneamientos del Narte, S.A., Sole – Shareholder Company	11 – Vigo (Pontevedra), Spain	100,00
Abrantaqua – Servico de Aguas Residuais Urbanas de Municipio de Abrantes, S.A	Portugal	60,00
Acque di Calianissetta, S. p.A.	Italy	98,48
Aigües de Vallirana, S.A., Sole - Shareholder Company	Conca de Tremp, 14 - Vallirana (Barcelona) Spain	100,00
Aisa, D.O.O., Mastar	Bosna-Herzegovina	100,00
Aqua Campiña, S.A.	Avda. Blas Infante, 6 - Ecija (Sevilla), Spain	90,00
Aquacartaya, S.L.	Av. San Francisco Javier, 27 2o - Sevilla, Spain	100,00
Aquaelvas - Aguas de Elvas, S.A.	Portugal	100,00
Aquafundalia - Agua Do Fundao, S.A.	Portugal	100,00
Aquajarez, S.L.	Cristalería, 27. Pol. Ind. Rondo Oeste - Jerez de la Frontera (Cádiz)	51,00
Aqualia Czech, S. L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
FCC Aqualia , S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Aqualia Industrial Solutions, S.A., Sole-Shaareholder Company (5)	Federico Salmón, 13 - Madrid, Spain	100,00
Aqualia Infraestructuras Inženýring, s.r.o.	Slavníkovců 571/21, Mariánské Hory, Ostrava, Czech Republic	100,00
Aqualia Infraestructuras de México, S.A. de C.V.	Mexico	100,00
Aqualia Infraestructuras Montenegro (AIM) D.O.O. Niksic	Montenegro, Spain	100,00
Aqualia New Europe, B.V	The Netherlands	51,00
Aquamaior - Aguas de Compo Maior, S.A.	Portugal	99,92
Cartagua, Aguas de Cartaxo, S.A.	Portugal	60,00
Colaboración Gestión y Asistencia, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Compañía Onubense de Aguas, S.A.	Avda. Martín Alonso Pinzón, 8 - Huelva, Spain	60,00
Conservación y Sistemas, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Depurlan, 11, S.A.	San Miguel, 4.3 B - Zaragoza, Spain	100,00
Depurtebo, S.A.	San Pedro, 57 - Zuera (Zargoza), Spain	100,00
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 - Madrid, Spain	70,00
Entenmanser, S.A.	Castillo, 13 - Adeje (Santa Cruz de Tenerife), Spain	97,00
F.S. Colaboración y Asistencia, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Hidrotec Technologia del Agua, S.L. Sale - Shareholder Company	Av. San Francisco Javier, 15 - Sevilla, Spain	100,00
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 - Adeje (Santa Cruz de Tenerife, Spain)	100,00
Iversora Riutort	Berlín, 38-43 - Barcelona, Spain	100,00
Vodotech, spol. s.r.o.	Jaselská 220/47, Předměstí, Opava, Czech Republic	100,00
Severomoravské vodovody a kanalizace Ostrava a. s.	28.října 1235/169, Mariánské Hory, Ostrava, Czech Republic	100,00
Alfonso Benitez, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Aparcamientos Concertados, S.A.	Arquitecto Gaudí, 4 - Madrid, Spain	100,00
Armigesa, S.A.	Plaza de la Constitución s/n - Armilla (Granada), Spain	51,00
Azincourt Investment, S.L., Sole-Shareholder Company	Federico Salmón, 13-Madrid, Spain	100,00
Baltecma, Gestión de Residuos Industriales, S.L.	Contradors, parcela 34 P.I. Marratxi - Marratxi (Balearic Islands)	70,00
Beta de Administración, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
C.G.T. Corporación General de Transportes, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Camusa Corporación Americana de Mobiliario Urbano, S.A.	Argentina	100,00

Name	Registered office	Ownership interest
Cemusa Amazonia, S.A.	Brazil	100,00
Cemusa Boston, LLC	USA	100,00
Cemusa Brasilia, S.A.	Brazil	100,00
Cemusa do Brasil, Ltda	Brazil	100,00
Cemusa, Corporación Europea de Mobiliario Urbano, S.A.	Francisco Soncha, 24 - Madrid, Spain	100,00
Cemusa, Inc.	USA	100,00
Cemusa Italia, S.R.L.	Italy	100,00
Cemusa NY, LLC	USA	100,00
Cemusa Portugal, Companhia Mobiliaro Urbano e Publicidade, S.A.	Portugal	100,00
Cemusa Rio, S.A.	Brazil	100,00
Cemusa Salvador, S.A.	Brazil	65,00
Compañía Catalana de Servicios, S.A.	Balmes, 36 - Barcelona, Spain	100,00
Compañía Control de Residuos, S.L.	Peňa Redonda, 27 P.I. Silvota - Llanera,Asturia, Spain	64,00
Compañía Control de Residuos, S.L.	Ulises, 18 - Madrid, Spain	100,00
Corporación Inmobiliaria Ibérica, S.A.	Ulises, 18 - Madrid, Spain	100,00
Dédalo Patrimonial, S.L., Sole- Shareholder Company	Federico Salmón, 13-Madrid, Spain	100,00
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza km 25 Zaragoza, Spain	60,00
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53,62
Ecogenesis Societé Anonime Rendering of Cleansing and Waste Management Services	Greece	51,00
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13-Madrid, Spain	100,00
Egypt Environmental Services, S.A.E.	Egypt	100,00
Ekostone Aridos Siderúrgicos, S.L.	Las Mercedes, 25 - Las Arenas (Vizcaya), Spain	51,00
Empresa Comarcal de Serveis Medioambientals del Baix Penedés - ECOBP, S.L.	Plaza del Centre, 3 - El Vendrell (Tarragona), Spain	66,60
Empresa Municipal de Desarrollo Sostenible Ambiental de Úbeda, S.L.	Plaza Vázquez de Molina, s/n - Úbeda (Jáen, Spain)	90,00
Enviropower Investments Limited	United Kingdom	100,00
Equipos y Procesos, S.A.	Basílica, 19 - Madrid, Spain	80,73
Europea de Tratamiento de Residuos Industriales, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Ámbito, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Enviromental, LIc.	USA	100,00
FCC Enviroment Services (UK) Limited	United Kingdom	100,00
FCC Logística S.A., Sole - Shareholder Company	Buenos Aires, 10 P.I. Comporroso - Alcalá de Henares (Madrid)	100,00
FCC Logística Portugal, S.A.	Portugal	99,90
FCC Lubricants LIc.	USA	51,00
FCC Medio Ambiente, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Versia, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Focsa Servicos de Saneamento Urbano de Portugal, S.A.	Portugal	100,00
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frantera, s/n - Los Barrios (Cádiz)	85,00
Gandia Serveis Urbans, S.A.	Llanterners, 6 - Gandía (Valencia), Spain	65,00
Geneus Canarias, S.L., Sala-Shareholder Company	Electricista, 2. U.L. de Salinetas - Telde (Las Pamas), Spain	100,00
GERAL I.S.V. Brasil, Ldo	Brazil	100,00
Gestió i Recuperació de Terrenys, S.A., Sole-Shareholder Company	Rambla de Catalunya, 2-4 - Barcelona, Spain	80,00

Name	Registered office	Ownership interest
FCC Austria Abfall Service AG	Austria	100,00
FCC Freistadt Abfall Service GmbH	Austria	100,00
FCC Halbenrein Abfall Service Gessellschaft m.b.H. & Co Nfg KG	Austria	100,00
FCC Mostviertel Abfall Service GmbH	Austria	100,00
FCC Neunkirchen Abfall Service GmbH	Austria	100,00
FCC Austria Abfall Service AG, Zisterdorf	Austria	100,00
FCC Halbenrein Abfall Service Gessellschaft m.b.H. & Co Nfg KG	Austria	100,00
FCC Industrieviertel Abfall Service Gesellschaft m.b.H. & Co Nfg K	G Austria	100,00
FCC Wiener Neustadt Abfall Service Gessellschaft m.b.H.	Austria	100,00
FCC České Budějovice, s.r.o.	Dolní 876/1, České Budějovice, Czech Republic	75,00
FCC BEC s.r.o.	Lovosice, Prosmycká 2/čp.88, Czech Republic	100,00
FCC Dačice, s.r.o.	U Stadionu 50, Dačice, Czech Republic	100,00
FCC EKO d.o.o.	Serbia	100,00
FCC Polska Sp. z o.o.	Poland	100,00
FCC Znojmo, s.r.o.	Dobšická 3639/10a, Znojmo, Czech Republic	50,00
FCC Únanov, s.r.o.	Únanov 385, Czech Republic	100,00
A.S.A. Finanzdienstleistungen, GmbH	Austria	100,00
FCC Hódmezővásárhely Köztisztasági Ltd.	Hungary	61,83
FCC HP, s.r.o.	Ďáblická 791/89, Praha 8, Czech Republic	100,00
FCC Environment CEE GmbH	Austria	100,00
FCC Kikinda d.o.o	Serbia	80,00
FCC Liberec, s.r.o.	Mydlářská 105/10, Liberec, Czech Republic	55,00
FCC Lubliniec Sp. z o.o.	Poland	61,97
FCC Magyarország Ltd.	Hungary	100,00
A.S.A. Mazedonia dooel	Macedonia	100,00
FCC Neratovice s.r.o.	Neratovice, Ke Spolaně 655, okres Mělník, Czech Republic	100,00
FCC Litovel, s.r.o.	Cholinská 1008, Litovel, Czech Republic	49,00
ASTV, s.r.o.	Jedovnická 4247/2, Židenice, Brno, Czech Republic	49,00
FCC Environment România S.R.L.	Romania	100,00
FCC Slovakia, s.r.o.	Slovakia	100,00
FCC Žabovřesky, s.r.o.	Korejská 3082/2, Žabovřesky, Czech Republic	89,00
FCC Tarnobrzeg Sp. z o.o.	Poland	60,00
FCC Trnava, s.r.o.	Slovakia	50,00
FCC Prostějov, s.r.o.	Průmyslová 4407/1b, Prostějov, Czech Republic	75,00
FCC Vrbak d.o.o. Lapovo	Serbia	51,02
FCC Žabčice, s.r.o.	Oulehly 450, Žabčice, Czech Republic	100,00
FCC Zohor, s.r.o.	Slovakia	85,00
FCC Bec, s.r.o.	Prosmycká 2/88, Lovosice, Czech Republic	100,00
FCC Eko Radomsko Sp. z o.o. w Radomsku	Poland	100,00
FCC Entsorga Entsorgungsgesellschaft m.b.H. & Co. Nfg KG	Austria	100,00
Erd-Kom Érdi Kommunális Hulladékkezelö	Hungary	90,00
Inerta Abfallbehandlungs, GmbH	Austria	100,00

Name	Registered office	Ownership interest
Miejskie Przedsiebiorstwo Gospodarki Komunalnej, sp. z.o.o. Zabrze	Poland	80,00
Obsed A.S.	Nemocniční 998/14, Moravská Ostrava, Ostrava, Czech Republic	100,00
Quail spol. s.r.o.	Dolní 876/1, České Budějovice 3, Czech Republic	100,00
FCC Regios A.S.	Úholičky 215, Velké Přílepy, Czech Republic	100,00
Miejskie Przedsiębiorstwo Gospodarki Komunalnej Sp. z o. o.	Poland	60,00
FCC Prostějov s.r.o.	Průmyslová 4407/1b, 796 01 Prostějov, Czech Republic	75,00
FCC Uhy, s.r.o.	Uhy 160, Czech Republic	66,00
FCC Slovakia, s.r.o.	Slovakia	100,00
FCC Textil2Use GmbH	Austria	100,00
Valmax Impex, S.R.L.	Romania	60,00
3C Holding Limitet	United Kingdom	100,00
3C Waste Limited	United Kingdom	100,00
Allington O & M Services Limited	United Kingdom	100,00
T Shooter Limited	United Kingdom	100,00
Waste Recovery Limited	United Kingdom	100,00
Waste Recycling Group (Central) Limited	United Kingdom	100,00
Waste Recycling Group (UK) Limited	United Kingdom	100,00
Waste Recycling Group (Scotland) Limited	United Kingdom	100,00
Waste Recysling Group (Yorkshire) Limited	United Kingdom	100,00
Wastenotts (Reclamation) Limited	United Kingdom	100,00
Wastenotts O & M Services Limited	United Kingdom	100,00
Welbeck Waste Management Limited	United Kingdom	100,00
WRG (Midlands) Limited	United Kingdom	100,00
WRG (Northern) Limited	United Kingdom	100,00
WRG Acquisitions 2 Limited	United Kingdom	100,00
WRG Environmental Limited	United Kingdom	100,00
WRG Waste Services Limited	United Kingdom	100,00
Integreciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 PK 3, 280 - Castañeda (Cantabria)	90,00
International Petroleum Corp. of. Delaware	USA	100,00
International Services Inc, S.A., Unipersonal	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Jaime Franquesa, S.A.	Pl. Zona Franca Sector B calle D 49 - Barcelona, Spain	100,00
Jaume Oro, S.L	Av. Del Bosc, s/n P.I Hostal Nou, 15 - Bellpuig (Lleida)	100,00
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 6 - Cartagena (Murcia), Spain	90,00
Limpezas Urbanas de Mallorca, S.A.	Ctra. Santa Margolida-Can Picafort- Santa Margalida (Balearic Islands)	100,00
Manipulación y Recuperación MAREPA, S.A.	Av. San Martin de Valdeiglesias, 22 - Alcorcón (Madrid)	100,00
Municipal de Serveis, S.A being dissolved	Joan Torro i Cabratosa, 7 - Girona, Spain	80,00
Newlog Logistica, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
Recuperació de Pedreres, S.L.	Rambla de Catalunya, 2 - Barcelona, Spain	80,00
Saneamiento y Servicios, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Serveis d´Escommbreries i Neteja, S.A.	Coure, s/n - Pl, Riu Clar - Tarragona, Spain	100,00
Servicios de Levante, S.A.	Camino Pla Museros, s/n - Almazora (Castellón), Spain	100,00
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00

Name	Registered office	Ownership interest
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Ví, 1 - Girona, Spain	75,00
Sistemas y Vehiculos de Alta Tecnología, S.A.	Federico Salmń, 13 Madrid, Spain	100,00
Societat Municipal Medioambiental d´lgualda, S.L.	Pl. de l´Ajuntament, 1 - Igualada (Barcelona), Spain	65,91
Telford & Wrekin Services, Ltd	United Kingdom	100,00
Tratamientos y Recuperaciones Industriales, S.A.	Rambla de Catalunza, 2-4, P.5 / Barcelona, Spain	75,00
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 - Pl. Patada del Cid - Quart de Poblet (Valencia)	80,00
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4 A - Bilbao (Vizcaya), Spain	100,00
Zona Verde - Promocao e Marketing Limitada	Portugal	100,00
Allington Waste Company Limited	United Kingdom	100,00
Anti-Waste (Restortion) Limited	United Kingdom	100,00
Anti-Waste Limited	United Kingdom	100,00
Arnold Waste Disposal Limited	United Kingdom	100,00
BDR Property Limited	United Kingdom	80,02
BDR Waste Disposal Limited	United Kingdom	100,00
Darrington Quarries Limited	United Kingdom	100,00
Derbyshire Waste Limited	United Kingdom	100,00
East Waste Limited	United Kingdom	100,00
FCC Buckinghamshire Holdings Limited	United Kingdom	100,00
FCC Buckinghamshire Limited	United Kingdom	100,00
FCC Buckinghamshire (Support Services) Limited	United Kingdom	100,00
FCC Environmental Services UK Limited	United Kingdom	100,00
FCC Evnironment (UK) Limited	United Kingdom	100,00
FCC Environment (Lincolnshire), Ltd	United Kingdom	100,00
FCC Environment (Berkshire), Ltd.	United Kingdom	100,00
FCC Environment Limited	United Kingdom	100,00
FCC PFI Holdings Limited	United Kingdom	100,00
FCC Recycling (UK) Limited	United Kingdom	100,00
FCC Waste Services (UK) Limited	United Kingdom	100,00
FCC Wrexham PFI (Phase II Holding), Ltd.	United Kingdom	100,00
FCC Wrexham PFI (Phase II ), Ltd.	United Kingdom	100,00
FCC Wrexham PFI Limited	United Kingdom	100,00
FCC Wrexham PFI Holdings Limited	United Kingdom	100,00
Finstop Limited	United Kingdom	100,00
Focsa Services (UK) Limited	United Kingdom	100,00
Hykeham O&M Services Limited	United Kingdom	100,00
Integrated Waste Management Limited	United Kingdom	100,00
Kent Conservation & Management Lmited	United Kingdom	100,00
Kent Energy Limited	United Kingdom	100,00
Kent Enviropower Limited	United Kingdom	100,00
Landfill Management Limited	United Kingdom	100,00
Lincwaste Limited	United Kingdom	100,00
Norfolk Waste Limited	United Kingdom	100,00
Pennine Waste Management Limited	United Kingdom	100,00

Name	Registered office	Ownership interest
RE3 Holding Limited	United Kingdom	100,00
RE3 Limited	United Kingdom	100,00
FCC Industrial Colombia, S.A.S.	Colombia	100,00
FCC Industrial de Panamá, S.A.	Panama	100,00
FCC Industrial e Infraestructuras Energéticas, S.A., Unipersonal	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Industrial Perú, S.A.	Peru	100,00
FCC Industrial UK Limited	United Kingdom	100,00
FCC Industriale, SRL	Italia	100,00
FCC Saudi Company	Saudi Arabia	100,00
FCC Servicios Industiales y Energéticos México, S.A. de C.V.	Mexico	100,00
Fomento de Construcciones y Contratas Canada, Ltd	Canada	100,00
Fomento de Construcciones y Contatos Construction Ireland Limited	Ireland	100,00
Gavisa Portugal Montagens Eléctricas, Lda	Portugal	97,00
Ibervia Construcciones y Contratas, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Impulsora de proyectos PROSERME, S.A. de C.V.	Mexico	100,00
M&S Concesiones, S.A.	Costa Rica	100,00
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta - Madrid, Spain	100,00
Megaplás, S.A., Unipersonal	Hilanderas, 4-14 - La Poveda - Arganda del Rey (Madrid)	100,00
Megaplás Italia, S.p.A.	Italy	100,00
Motre, S.L.	Balmes, 36 - Barcelona, Spain	100,00
Moviterra, S.A.	Balmes, 36 - Barcelona, Spain	100,00
Naturaleza, Urbanismo y Medio Ambiente, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Nevasa Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
PPP Infraestrcture Investments, B.V.	The Netherlands	100,00
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Pedrera Les Gavarres, S.L.	Balmes, 36 - Barcelona, Spain	100,00
Pinturas Joque, S.L.	Acanto, 22 - Madrid, Spain	100,00
Prefabricados Delta, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Proyectos y Servicios, S.A., Unipersonal	Acanto, 22 - Madrid, Spain	100,00
Ramalho Rosa Cobetar Sociedade de Construcoes, S.A.	Portugal	100,00
Serviá Contó, S.A.	Balmes, 36 - Barcelona, Spain	100,00
Servicios Dos Reis, S.A. de CV	Mexico	100,00
Sincler, S.A., Unipersonal	Av.Camino De Santiago, 40 - Madrid, Spain	100,00
Tema Concesionaria, S.A.	Porto Pi, 8 - Palma de Mallorca (Balearic Islands), Spain	100,00
Tulsa Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Vela Borovica Koncern, D.O.O.	Croatia	95,00
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Acanto, 22 - Madrid, Spain	100,00
Sociedad Española de Aguas Filtradas, S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Sociedad Ibérica del Agua, S.I.A, S.A., Sole-Shareholder Company	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13-Madrid, Spain	100,00
ACE Scutmadeira Sistemas de Gestao e Controlo de Tráfego	Portugal	100,00
Alpetrol S.A.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00

Name	Registered office	Ownership interest
Alpine Consulting d.o.o.	Slovenia	100,00
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n - Barajas de Melo (Cuenca)	100,00
Autovía Conquense, S.A.	Acanto, 22 - Madrid, Spain	100,00
BBR Pretensados y Técnicas Especiales, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Binatec al Maghreb, S.A.	Maroko	100,00
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85,59
Concesiones Viales de Costa Rica, S.A.	Costa Rica	100,00
Concesiones Viales S. de R.L. de C.V.	Mexico	99,97
Construcción y Filiales Mexicanas, S.A. de C.V.	Mexico	100,00
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52,00
Construcciones Hospitalarias, S.A.	Panama	100,00
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	55,60
Contratos y Ventas, S.A.	Av. de Santander, 3-1o - Ovideo (Asturias), Spain	100,00
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100,00
Dezvoltare Infraestructura, S.A.	Romania	51,03
Dizara Inversión, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
EHST - European High-Speed Trains SGPS, S.A.	Portugal	85,71
FCC Colombia, S.A.S.	Colombia	100,00
FCC Construcción, S.A.	Balmes, 36 - Barcelona, Spain	100,00
FCC Construcción de Centroamérica, S.A.	Costa Rica	100,00
FCC Construcción Chile, SPA	Chile	100,00
FCC Construcción Peru, S.A.C.	Peru	100,00
FCC Constructii Romania, S.A.	Romania	100,00
FCC Construction Hungary Kft	Hungary	100,00
FCC Construction I-95. Ltc.	USA	100,00
FCC Construction, Inc.	USA	100,00
FCC Construction International, B.V.	The Netherlands	100,00
FCC Construction Northern Ireland Limited	United Kingdom	100,00
FCC Construcoes do Brasil, Ltda.	Brazil	100,00
FCC Elliot UK Limited	United Kingdom	50,10
Socíeté des Ciments d´Enfidha	Tunisia	62,89
Uniland Acquisition Corporation	USA	79,08
Uniland Cementera, S.A.	Córcega, 299 - Barcelona, Spain	71,43
Uniland International, B.V.	The Netherlands	79,08
Uniland Trading, B.V.	The Netherlands	79,09
Enefi Energía, S.A. Sole-Shareholder, Company	Federico Salmón, 13-Madrid, Spain	100,00
Enerstar Villena, S.A.	Maestro Chanzá, 3 - Alicante, Spain	57,80
Eolica Calvent, S.L.	Balmes, 36 - Barcelona, Spain	80,05
Ethern Electric Power	Federico Salmón, 13-Madrid, Spain	100,00
FCC Energía Aragón, S.L	Manuel Lasala, 36 - Zaragoza, Spain	100,00
FCC Energía Aragón II, S.L.	Manuel Lasala, 36 - Zaragoza, Spain	100,00
FCC Energía USA, S.L, Sale-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Power Generation, S.L., Unipersonal	Federico Salmón, 13 - Madrid, Spain	100,00

Name	Registered office	Ownership interest
FM Green Power Investments, S.L.	Federico Salmón, 13 - Madrid, Spain	100,00
Fomento Internacional Focsa, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
Olivento, S.L., Sale-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
Guzmán Energía, S.L.	Portada, 11 - Palma del Río (Córdoba), Spain	70,00
Guzmán Energy O&M, S.L.	Federico Salmón, 13 - Madrid, Spain	70,00
Helios Patrimonial 1, S.L., Sole- Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
Helios Patrimonial 2, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Bvefdomintaena Beteiligungsverwaltung, GmbH	Austria	100,00
Compañía General de Servicios Empresariales, S.A., Sole- Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
Corporación Española de Servicios, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
Europea de Gestión, S.A., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
F-C y C, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
FCC 1, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Construcciones y Contratos Internacional, S.L., Sole - Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Fomento de Obras y Construcciones, S.L. Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Inmobiliara Conycon, S.L., Sole-Shareholder Company	Federico Salmón, 13 - Madrid, Spain	100,00
Fedemes, S.L.	Federico Salmón, 13 - Madrid, Spain	100,00
Per Gestora Inmobiliaria, S.L.	Federico Salmón, 13 - Madrid, Spain	100,00
Aridos de Navarra, S.A.	Estella, 6 - Pamplona (Navarra), Spain	47,24
Aridos Uniland, S.A., Sale-Shareholder Company	Córcega, 299 - Barcelona, Spain	71,43
Aridos y Premezclados, S.A. , Sole-Shareholder Company	José Abascal, 59-Madrid, Spain	71,58
Atracem, S.A., Sole-Shrareholder Company	José Abascal, 59 - Madrid, Spain	71,58
Canteras de Aláiz, S.A	Dormilatéria, 72 - Pamplona (Navarra), Spain	55,37
Cementos Alfa, S.A.	Josefina de la Maza, 4 PE Piasca - Santander (Cantabria)	63,03
Cementos Portland Valderrivas, S.A.	Dormilatéria, 72 - Pamplona (Navarra), Spain	71,58
Cementos Villaverde, S.L., Sole-Shareholder Company	Almagro, 26 - Madrid, Spain	71,58
Coastal Cement Corporation	USA	79,08
Compañía Auxilar de Bombeo de Hormigón, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid, Spain	71,58
Dragon Alfa Cement Limited	United Kingdom	69,64
Dragon Energy, Llc.	USA	79,08
Dragon Products Company, Inc.	USA	79,08
Giant Cement Company	USA	79,08
Giant Cement Holding, Inc.	USA	79,08
Giant Cement NC, Inc.	USA	79,08
Giant Cement Virgina, Inc.	USA	79,08
Giant Resource Recovery, Inc.	USA	79,08
Giant Resource Recovery - Arvonia, Inc.	USA	79,08
Giant Resource Recovery - Attalla, Inc.	USA	79,08
Giant Resource Recovery - Harleyville, Inc.	USA	79,08

Name	Registered office	Ownership interest
Giant Resource Recovery - Sumter, Inc.	USA	79,08
Hormigones de la Jacetonia, S.A.	Llano de la Victoria - Jaca (Huesca), Spain	49,43
Hormigones Reinosa, S.A., Sole-Shareholder Company	Josefina de la Maza, 4 Pe Piasca - Santander (Cantabria)	63,03
Hormigones Uniland, S.L., Sole-Shareholder Company	Córcega, 299 - Barcelona, Spain	71,43
Hormigones y Morteros Preparados, S.A., Sole-Shareholder Company	José Abascal, 59 - Madrid, Spain	71,58
Horminal, S.L., Sale-Shareholder Company	José Abascal, 59 - Madrid, Spain	71,58
Keystone Cement Company	USA	71,58
Morteros Valderrivas, S.L., Sole-Shareholder Company	José Abascal, 59 - Madrid, Spain	71,58
Participaciones Estella 6, S.L., Sole-Shareholder Company	Estella, 6 - Pamplona (Navarra), Spain	71,58
Portland, S.L., Sole- Shareholder Company	José Abascal, 59 - Madrid, Spain	71,58
Prebesec Mallorca, S.A.	Santa Margarida i els Monjos (Barcelona), Spain	54,14
Prebesec, S.A., Sole-Shareholder Company	Córcega, 299 - Barcelona, Spain	71,43
Sechem, Inc.	USA	79,08
Select Beton, S.A.	Tunisia	69,46
Alfonso Benítez, S.A.	Federico Salmón, 13-Madrid, Spain	100,00
Beootpad s.o.o. Beograd	Serbia	100,00
FCC Equal CEE, S.L.	Federico Salmón, 13-Madrid, Spain	100,00
Golrib, Solucoes de Valorizacao de Residuos Lda.	Portugal	55,00
Czysta Energia Gdansk sp. Z.o.o.	Poland	100,00
Grupo FCC Environment	United Kingdom	
Jamie Franquesa, S.A.	P.I Zona Franca Sector B calle D 49 - Barcelona, Spain	100,00
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvia, S.A.	Doctor Jiménez Rueda, 10 - Atarfe (Granada), Spain	60,00
Servicios de Levante, S.A.	Camino Pla Museros, s/n - Almazora (Castellón), Spain	100,00
Agualia de Alcár Empresa Mixta, S.A.	Rondilla Cruz Verde, 1 - Alcár de San Juan (ciudad Real)	52,38
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	100,00
Aqualia Infraestrucurtas d.o.o. Mostar	Bosna-Herzegovina	100,00
Aqualia Infraestructuras Pristina Lic.	Kosovo	100,00
Empresa Gestora de Aguas Linenses, S.A.	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Aqualia, S. A.	Federico Salmón, 13 - Madrid, Spain	51,00
FCC Aqualia,América, S.A.U.	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Aqualia U.S.A. Corp	USA	100,00
Hydrotec Tecnología del Aguas, S.L. Unipersonal	Av. Kansas City, 9 - Sevila, Spain	100,00
Inversora Riutort, S.L.	Berlín, 38-43 - Barcelona, Spain	100,00
Sociedad Ibércia del Agua, S.A., Unipersonal	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Agregados y Materiales de Panamá, S.A.	Panama	100,00
Alpine - Energie Holding AG	Germany	100,00
Colobiana de Ingrastructuras, S.A.S.	Colombia	100,00
Conciones Viales de Costa Rica, S.A.	Costa Rica	100,00
Concretos Estrucurales, S.L.	Nicaragua	100,00
Conservial Infraestructuras, S.L.	Acanto, 22 - Madrid, Spain	100,00

Name	Registered office	Ownership interest
Consorcio FCC Iquique Ltda.	Chile	100,00
Constructora Meco-Caabsa, S.A. de C.V.	Salvador	60,00
Corporación M&S de Nicaragua, S.A.	Nicaragua	100,00
Edificadora MSG, S.A.	Panama	100,00
Edificadora MSG, S.A. de C.V. (El Salvador)	Salvador	100,00
Eólica Catvent, S.L.	Balmes, 36 - Barcelona, Spain	80,04
FCC Construcción América, S.A.	Costa Rica	100,00
FCC Construcción Costa Rica, S.A.	Costa Rica	100,00
FCC Edificadora CR, S.A.	Costa Rica	100,00
FCC Electromechanical Lic.	Saudi Arabia	100,00
FCC Elliott Construction Limited	Ireland	100,00
FCC Elliott Limited	United Kingdom	50,10
FCC Mersey Gasteway Ltd.	United Kingdom	100,00
FCC Mersey Gateway Investments Ltd.	United Kingdom	100,00
Guinea Ecuatorial Fomento de Construcciones y Contratas Construcción, S.A.	Guiena Ecuatorial	65,00
Meco Santa Fe Limited	Belice	100,00
Carbocem, S.A.	Paseo de la Castellana, 45 - Madrid, Spain	55,12
Dragon Portland Limited	USA	79,08
Société des Cimentad d´Enfidha	Tunisia	69,48
Cemusa Portugal Comphania de Mobilliaro Urbano e Publicidade, S.A.	Portugal	100,00
Compania General de Servicios Empresariales, S.A. Unipersonal	Federico Salmón, 13 - Madrid, Spain	100,00
Costa Verde Habitat, S.L.	Orense, 11 - Madrid, Spain	100,00
Europea de Gestión, S.A. Unipersonal	Federico Salmón, 13 - Madrid, Spain	100,00
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 - Madrid, Spain	100,00
Per Gestora Inmobiliaria, S.L.	Federco Salmón, 13 - Madrid, Spain	100,00

