



25

ANNUAL REPORT

SmVaK

Severomoravské vodovody a kanalizace Ostrava a.s.

 **aqualia**

ANNUAL REPORT 2025

PREPARED PURSUANT TO

the Act No. 563/1991 Coll. on Accounting as amended
the Act No. 90/2012 Coll. on Business Corporations

Severomoravské vodovody a kanalizace Ostrava a.s.

Registered office: 709 00 Ostrava – Mariánské Hory, 28. října 1235/169
The Company is entered in the public register – the Commercial Register
kept at the Regional Court of Ostrava, Section B, Entry 347.

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INTRODUCTION

DEAR SHAREHOLDERS, LADIES, AND GENTLEMEN.

Below please find the report with detailed information about our Company's performance and operation in 2025.

In water treatment plants, we produced 57.26 million m³ of top quality drinking water – this is more by 0.27 million m³ against the previous year. Regarding supplies of water to third party water companies, the decrease against the previous year was minimum: 0.95%, this means 0.195 million m³ in absolute figures, reaching 20.25 million m³. The quantity of water supplied to households and businesses increased by 0.89%. If compared 2024 and 2025. The increase by 0.276 million m³ resulted in supplies of 31.26 million m³.

It is worth mentioning that after several years with a decrease or stagnation, consumption of drinking water per day per capita increased in households, in a year-to-year comparison, from 84 up to 87 litres. In case of billed water, the consumption went up from 120 litres to 122 litres.

We received and treated wastewater from 81 municipalities for more than 0.480 million people in 82 waste water treatment plants. The volume of discharged wastewater remained almost same as in the previous period: the increase was minimal – 0.01%. 26.04 million m³ of wastewater was discharged as a paid service.

Services provided in a non-regulated business were developed, extended, and improved. Those services are a symbol of quality for us, and represent an interesting business opportunity. Thanks to our efforts in non-regulated business we reached the sales of CZK 177 million which means an increase by CZK 55 million, if compared with the previous year. This positively influenced our business performance.

Our sales in 2025 reached CZK 4,205 billion, the profit before taxation being CZK 759.25 million.

We pay a particular attention to Company's assets so that the facilities could work reliably and smoothly in the future. In 2025, more than CZK 1.25 billion was invested into water infrastructure and necessary repairs. We will continue this trend.

A number of challenges appear in front of us as a result of the European and Czech legislations which transform the standards adopted at the level of the European Union to the Czech environment. This includes a law governing critical infrastructure, law on cyber security, and the European Directive on treatment of municipal wastewater. Works are currently in progress regarding implementation of the Directive in the Czech environment. We are heavily involved in this process within professional associations. The final solution will define financial and technical demands regarding the water treatment process for our Company.

We are aware of sharing responsibility for development of the region. We keep on extending our activities – from ecology and increased

bio-diversity, through health care and social projects, to supporting of educational, community, and cultural activities and projects. One of tools is the programme named "We are in this together!" which supports non-profit organisations where our employees volunteer in their free time. This platform has been successfully running for ten years: it has supported two hundred projects which help improving the quality of life or just make the life more joyful. We will keep on organising this programme.

Some activities represent a merger of economy, environment protection and business. For instance, energy where investments into technologies reduce environment demands of operation, or where construction of renewable source plants increases production of clean energy. Just to remind, we plan to start building three small hydraulic power plants this year: in sites where our biggest water reservoirs are located (Krmelín, Bludovice, and Bruzovice). Once they are constructed, there will be ten small hydraulic power plants in our company.

In 2025 we launched a project named "A Key to the World" which was founded by the Eva Pavlová Endowment Fund and the Confederation of Industry and Transport of the Czech Republic. The goal is to help young people from children's homes to start living on their own. We approach the project seriously and our intention is not to do things just for becoming more visible and reaching appealing effects. Right now we are working to create long-lasting cooperation which will be favourable for all parties involved.

I would like to express gratitude to everybody who worked responsibly and completed their work tasks each day and helped making the year 2025 a successful year for our company.

A motivated and competent approach is a must so that we could reliably fulfil our key goals: providing top-level services to our customers. And this a top priority for use.

I would also like to thank the representatives of the municipalities where we operate, the state and public administration representatives, all our suppliers, business partners, and customers. I appreciate their constructive support and the will to look for the win-win solution in situations which require such an approach.

Anatol Pšenička
Managing Director



OBJECTS OF BUSINESS

of Severomoravské vodovody a kanalizace Ostrava a.s.:

- design work for capital construction
- official metering
- inspections of electrical devices (according to authorisation issued by IBP Ostrava on 25 March 1991 under Ref. 1841/10.00/91-EZ-R-S)
- civil engineering construction projects, including residential compounds
- business management services except for annexes to Act No. 455/91 Coll.
- road traffic
- water system plumbing services
- metal machining
- production, repair and installation of meters and gauges
- production and distribution of hot water
- building works in construction and repair of water supply and sewage systems
- cleaning of sewage systems and sewage system connections
- hazardous waste handling
- tax advisory, bookkeeping and maintaining of tax-related records
- operation of public water supply networks and sewage systems
- power generation
- production, trade and services not included in Annexes 1 to 3 of the Trade Licence Act in the following areas:
 - operation of public water supply networks and sewage systems
 - waste management /excluding hazardous wastes/
 - testing, metering, analyses and inspections
 - consultancy and advisory services, preparation of expert opinions and studies.
 - whole sale and retail
 - trade and service brokering
 - rental of other equipment and devices
 - data processing automation
 - accommodation services
 - lease of movable and immovable property, including services
 - lease of equipment and devices
 - provision of technical services
 - property broker services, property management and property maintenance
 - administration services and organisational and business services
 - research and development in the field of humanities or engineering science
 - storage
 - production, repair, and installation of meters and gauges.

Objects of business did not change in 2025. The Company remains engaged in its business activities within the mentioned areas.

In addition to laws in force, the Company runs its business pursuant to its Articles of Association. The full text of the Articles of Association is kept in the Collection of Deeds in the public register.

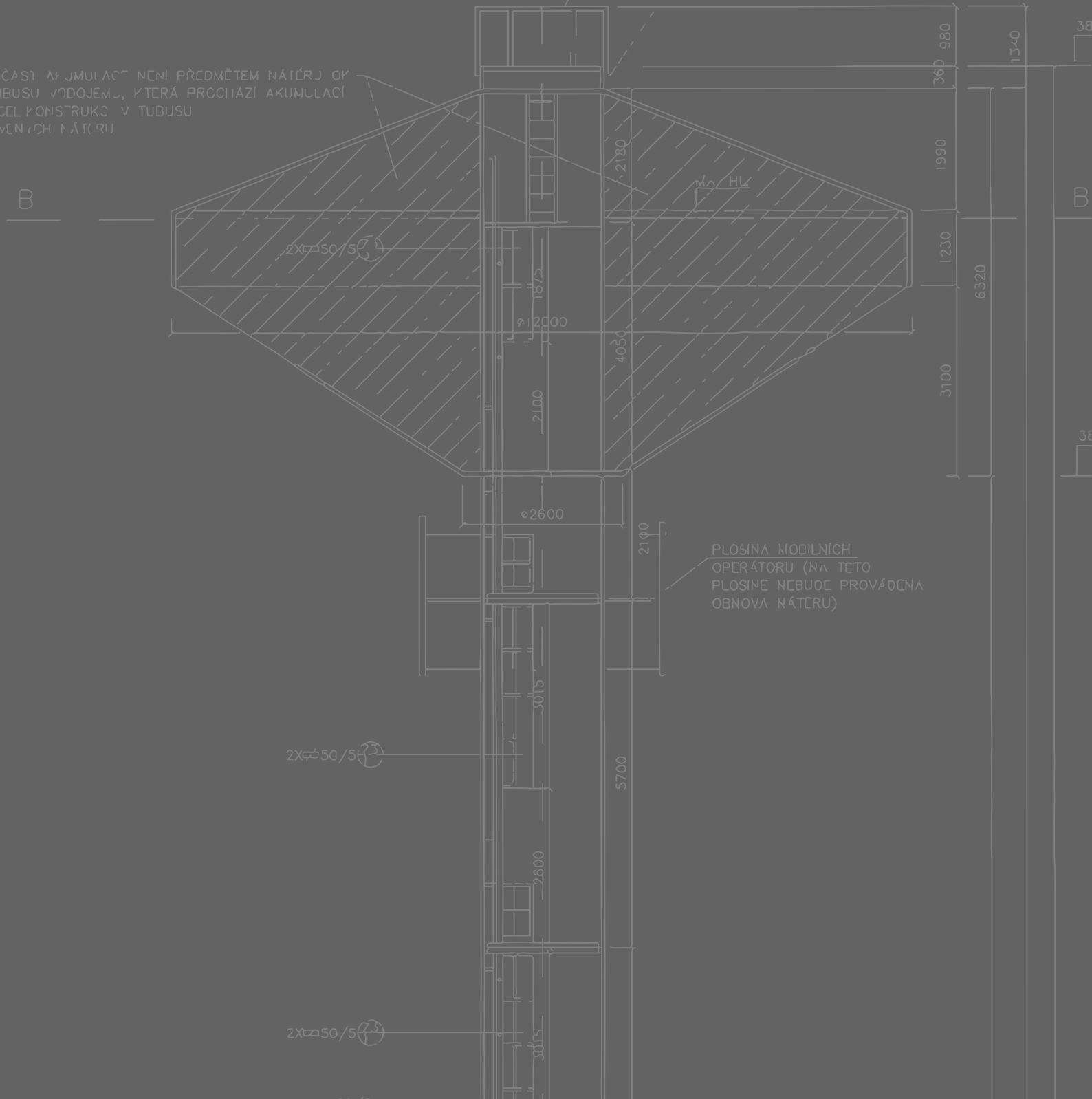
PROFILE

ODDOJEMEM

ČÁSTI AKUMULACE NEJÍ PŘEDMĚTEM NÁTĚRŮ OD
TUBUSU VODOJEMU, VTERÁ PRŮCHÁZÍ AKUMULACÍ
CELÝ KONSTRUKCE V TUBUSU
VĚTRCH NÁTĚRŮ

PLOŠINA MOBILNÍCI OPERÁTORU (NA TČTO
/ PLOŠINĚ NEBUDE PROVÁDĚNA OBNOVA NÁTĚRU)

-STŘECH- TUBUSU TUBUS VNĚJŠEK NAD AKUMULACÍ
TUBUS VNITŘEK - OBNOVA NÁTĚRU VIZ POZNÁMKA



This Annual Report describes the performance of Severomoravské vodovody a kanalizace Ostrava a.s. (“the Company”).

Severomoravské vodovody a kanalizace Ostrava a. s. is the largest water supply company in the Moravian-Silesian region and has been among long-standing leaders in the Czech water supply market. Its core business is production and supply of drinking water as well as discharge and treatment of wastewater.

SmVaK Ostrava ranks among the leading water companies in the Czech Republic and is among the leaders in the Moravian-Silesian Region. It applies the integrated management system which has been proved by five ISO certificates.

SmVaK Ostrava operates predominantly in following districts: Frýdek-Místek, Karviná, Nový Jičín, and Opava. SmVaK is also a supplier of drinking water for Ostrava, Hlučín, Studénka and other small towns. It also supplies drinking water to the border area with Poland (Jastrzębie-Zdrój) and to some municipalities in the Olomouc Region (Hranice na Moravě, Lipník nad Bečvou, and Přerov). In 2025, SmVaK Ostrava operated, pursuant to signed contracts, the sewage system and wastewater treatment plants in Vratimov, Dolní Lutyně, Mosty u Jablunkova, Neplachovice, Řepiště, and Velké Losiny in the Olomouc Region, but also in other towns in the Moravian-Silesian Region.

Using more than 146,000 water connection pipes with the total length of 770 km, the Company supplies drinking water to 704,000 people. It operates 82 wastewater treatment plants (80 mechanical-biological and 2 mechanical wastewater treatment plants) with the total capacity of 263,803 m³ per day (equivalent population: 966,147).

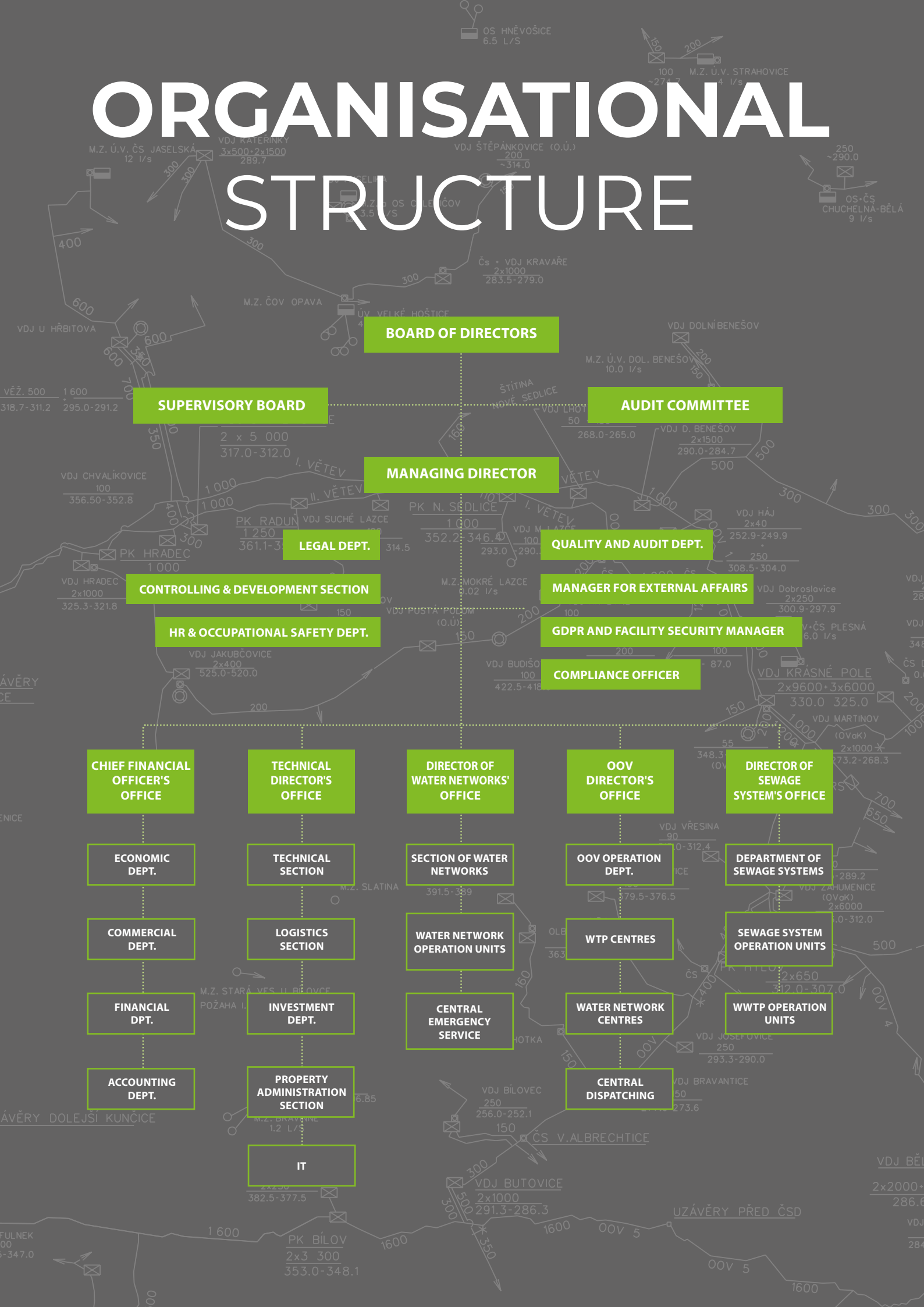
Since foundation of SmVaK Ostrava in 1992, when the local municipalities became the majority shareholders, several changes have been made to the structure of Company's ownership. As of 20 September 2019, the sole shareholder of the Company has been AQUALIA CZECH S.L., whose owners are FCC Aqualia, S.A 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. SmVaK Ostrava is a member of the group controlled by FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A. with its registered office in Spain.

KEY EVENTS IN 2025

- The sole shareholder, AQUALIA CZECH, S. L. acting in the capacity of the General Meeting held on 27 May 2025, approved the Annual Report for 2024, the regular financial statements for 2024, and made decision on distribution of the profit generated in the 2024 reporting period.
- The sole shareholder decided on distribution of the profit made in the 2024 reporting period as follows: the total profit of CZK 494,973,526.14 will be transferred onto the account for retained profits of past years, where a part of this, CZK 159,123,828.00 will be used only for activities specified in the renewal financing plan.
- In May 2025 the sole shareholder withdrew from office the member of the Board of Directors Mark Muller Aguirre. His membership ceased to exist on 27 May 2025.
- On 17 October 2025 Jesús Ventura Petrovello was elected a new member of the Board of Directors.
- On 27 May 2025 the sole shareholder acting in the capacity of the General Meeting elected Pedro Miñarro Perete a member of the Supervisory Board, and Otakar Hora, Petr Šobotník and Renáta Hótová members of the Audit Committee.
- The Supervisory Board elected Pedro Miñarro Perete Vice-chairman of the Supervisory Board.
- The members of the Audit Committee elected Otakar Hora Chairman of the Audit Committee.
- In accordance with IAS/IFRS adopted by the EU, the profit made by SmVaK Ostrava before tax was CZK 759.253 million in 2025. The projected total expenditure for the year 2025 was planned on expected needs, pricing implications and financial obligations.
- In 2025 the Company' investment policy was based on its business development needs, in line with the approved long-term plan. The Company invested almost CZK 611 million. The Company fulfilled its aim to invest in water management infrastructures in the municipalities in the region where it has been providing its services. CZK 627.187 million was allocated for repair and maintenance.
- In 2025 the Company managed to supply reliably the drinking water in the required quality and quantity to all sites where we operated, and also managed to treat the discharged wastewater.

ORGANISATIONAL STRUCTURE



BOARD OF DIRECTORS

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

MEMBERS OF THE BOARD OF DIRECTORS AS OF 31 DECEMBER 2025

Sub-section 17 of the Company's Articles of Association stipulates that the Board of Directors has 11 members.

THE COMPANY'S BOARD OF DIRECTORS AS OF 31 DECEMBER 2025

Jose Miguel Janices Carpintero	Chairman of the Board of Directors
Francisco Cuesta Henche	the First Vice-chairman
Miroslav Kyncl	the Second Vice-Chairman
Jesús Ventura Petrovello	member
Fernando Flores Gavala	member
Luis Carrero Bosch	member
José María Álvarez Oblanca	member
Vladimír Slivka	member
Iveta Vozňáková	member
Hana Staňková	member
Dalibor Bárta	member

In May 2025, Mark Muller Aguirre was removed as a member from the Board of Directors, and the sole shareholder acting in the capacity of the General Meeting elected Jesús Ventura Petrovello to take the vacancy.

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 authorised 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 directors in the Board announced that they had lost the statutory competence to serve as members of the body.

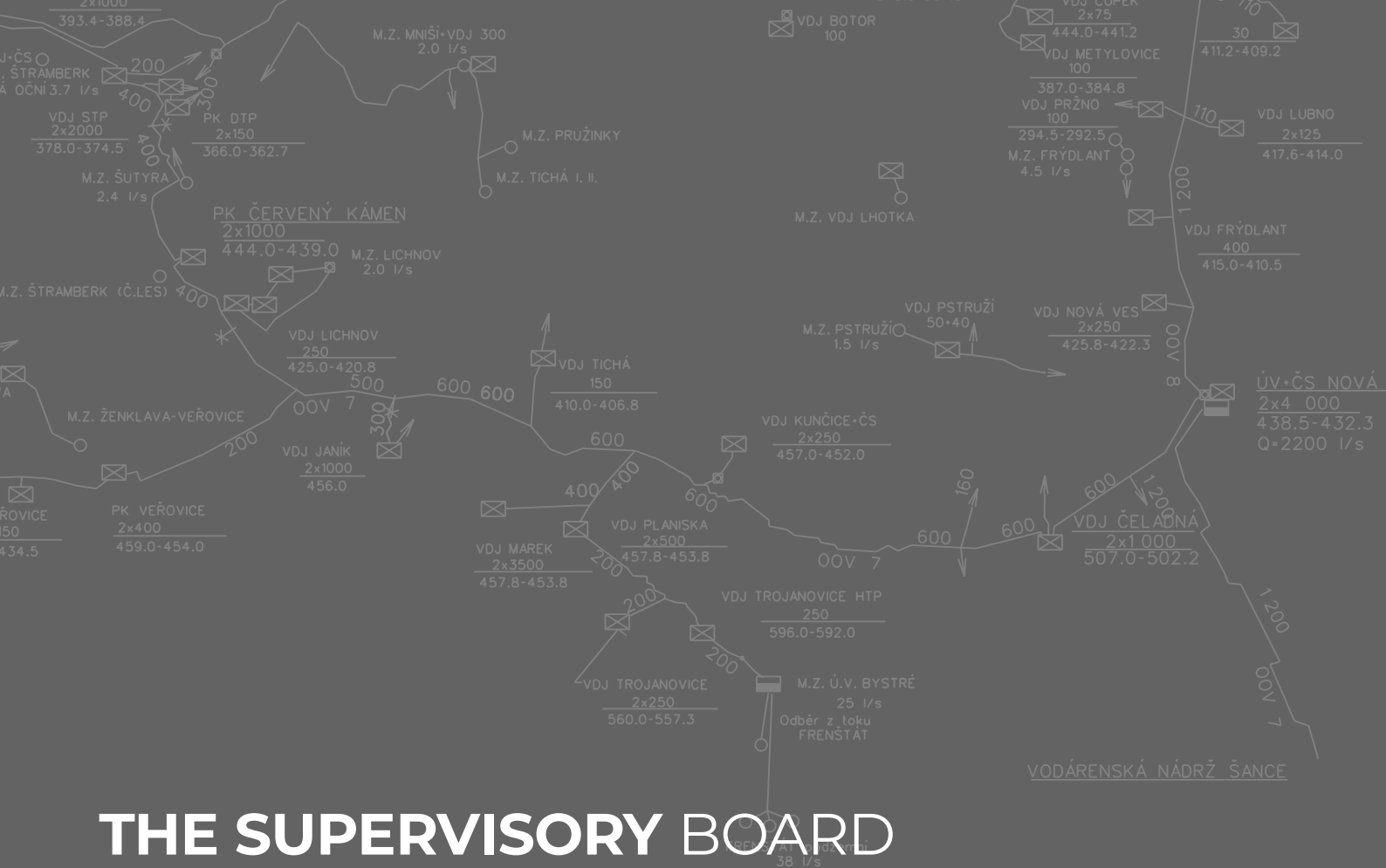
Description of pecuniary income	
Jose Miguel Janices Carpintero	No remuneration, based on remuneration waiver
Francisco Cuesta Henche	No remuneration, based on remuneration waiver
Miroslav Kyncl	Remuneration for the Board of Directors membership under a contract approved by the Company General Meeting for the performance of the authorised body's duties
Jesús Ventura Petrovello	No remuneration, based on remuneration waiver
Fernando Flores Gavala	No remuneration, based on remuneration waiver
Luis Carrero Bosch	No remuneration, based on remuneration waiver
José María Álvarez Oblanca	No remuneration, based on remuneration waiver
Vladimír Slivka	Remuneration for he Board of Directors membership under a contract approved by the Company General Meeting for the performance of the authorised body's duties
Iveta Vozňáková	Remuneration for the Board of Directors membership under a contract approved by the Company General Meeting for the performance of the authorised body's duties
Hana Staňková	Remuneration for the Board of Directors membership under a contract approved by the Company General Meeting for the performance of the authorised body's duties
Dalibor Bárta	Remuneration for the Board of Directors membership under a contract approved by the Company General Meeting for the performance of the authorised body's duties

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 entire amount of compensation to the members representing the sole shareholder is provided by the controlling party.

In 2025, the pecuniary income of the Board of Directors members totalled CZK 1.653 million (CZK 1.555 million in 2024). No in-kind compensation was provided.

The Board of Directors members who are listed above do not receive remuneration for the performance of office in line with their remuneration waiver in writing.



THE SUPERVISORY BOARD

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

MEMBERS OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2025

Pursuant to the Company's Articles of Association, the Supervisory Board has nine members where six of whom are elected by the General Meeting and three by the Company's employees.

SUPERVISORY BOARD AS OF 31 DECEMBER 2025	
Lukáš Ženatý	Chairman
Pedro Miñarro Perete	Vice-Chairman
Lenka Kolářová	member elected by Company's employees
Ondřej Novák	member elected by Company's employees
Petr Černoš	member elected by Company's employees
Jan Malík	member
René Chrobok	member
Tomáš Navrátil	member
Antonio Parisi	member

In 2025, the term of office expired for Pedro Miñarro Perete. The sole shareholder acting in the capacity of the General Meeting elected him again a member of the Supervisory Board. Then, the members of the Supervisory Board elected him again the Vice-Chairman.

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. In 2025, 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 income in kind
Lukáš Ženatý,	Remuneration for the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of the authorised body's duties.	
Jan Malík	Remuneration for the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of the authorised body's duties.	
Lenka Kolářová	Remuneration for the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of the authorised body's duties. The reported income includes also income earned under the Agreement on Company Employee's Salary. Compensation under the Collective Bargaining Agreement.	Supplementary pension insurance under the Collective Bargaining Agreement.
Ondřej Novák	Remuneration for the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of the authorised body's duties. The reported income includes also income earned under the Agreement on Company Employee's Salary. Compensation under the Collective Bargaining Agreement.	Supplementary pension insurance under the Collective Bargaining Agreement.
Petr Černocho	Remuneration for the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of the authorised body's duties. The reported income includes also income earned under the Agreement on Company Employee's Salary. Compensation under the Collective Bargaining Agreement.	
Pedro Miñarro Perete	Remuneration for 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 Bargaining Agreement.	
René Chrobok	Remuneration for the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of the authorised body's duties.	
Antonio Parisi	Remuneration for the Supervisory Board membership under a contract approved by the Company's General Meeting for the performance of the authorised body's duties.	
Tomáš Navrátil	Until 20 September 2019, no remuneration pursuant to Section 5 (2) of Act No. 159/2006 Coll., on Conflict of Interest, as amended. Since 21 September 2019: remuneration for 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 2025, the pecuniary income of the Company's Supervisory Board members who are not employed with the Company totalled CZK 1.077 million (CZK 1.012 million in 2024).

The pecuniary income of the Company's Supervisory Board members who were the Company employees in 2025 were as follows:

- Employment income (Company employees): CZK 5.551 million (CZK 5.231 million in 2024); and
- Income from holding the position of a member of the Supervisory Board: CZK 0.646 million (CZK 0.704 million in 2024).

Total in-kind and other compensation in connection with employment income in 2025 amounted to CZK 0.551 million (CZK 0.659 million in 2024).

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 are specified in the Company's Articles of Association, Section D, Sub-sections 32 to 35.

The Audit Committee remains to be a company body even if it is not a public interest entity anymore. The status of the Audit Committee is defined in the Company's Articles of Association.

MEMBERS OF THE AUDIT COMMITTEE AS OF 31 DECEMBER 2025

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

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

In 2025, the term of office expired for all members of the Audit Committee. The sole shareholder acting in the capacity of the General Meeting elected Otakar Hora, Petr Šobotník and Renáta Hótová to be again the members of the Audit Committee. Petr Šobotník was elected Vice-Chairman and Otakar Hora was elected Chairman.

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

In 2025, the pecuniary income of the Company's Audit Committee members amounted to CZK 0.646 million (CZK 0.608 million in 2024).

Information about persons responsible for the Annual Report and Financial Statement Audit

	Position	Employer
Anatol Pšenička	Managing Director	Severomoravské vodovody a kanalizace Ostrava a.s., 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
Halina Studničková	Chief Financial Officer	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
Petr Grzonka	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

Company's managers and executives

Description of responsibilities	Description of pecuniary income	Description of income in kind
<p>Anatol Pšenička, Managing Director</p>	<ul style="list-style-type: none"> • Ensures execution of the Company bodies' resolutions; • Acts on behalf of the Company within the scope of the written authorisation granted by the Board of Directors; • Acts on behalf of the Company within the scope of management of Company's activities; • Is in charge of the Company's crisis management; • Represents the Company's management team for the integrated management system; • Organises the Company's relations with the public; and • Is responsible for the provision of legal services in the Company. 	<p>Salary paid under the Agreement on the Appointment of the Managing Director (the basic salary, bonuses, compensation under the Collective Bargaining Agreement)</p> <p>A company car for personal use</p>
<p>Halina Studničková, Chief Financial Officer</p>	<ul style="list-style-type: none"> • 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; • Ensures ongoing financial management; • Is in charge of Company business operations and devising marketing strategy; • Is responsible for pricing policy; and • Acts on the Company's behalf within the scope of written authorisation by the Board of Directors 	<p>Salary paid under the Wage Contract (the basic salary, bonuses, compensation under the Collective Agreement)</p> <p>Supplementary pension, A company car for personal use</p>
<p>Martin Veselý, Technical Director</p>	<ul style="list-style-type: none"> • Ensures drafting of technology strategy; • Is responsible for preparation and effectiveness of the Company's investment projects; • Ensures meeting corporate energy and transport related targets; • Is in charge of occupational health and safety and fire protection policies; and • Is responsible for the central procurement system. 	<p>Salary paid under the Wage Contract (the basic salary, bonuses, compensation under the Collective Agreement)</p> <p>Supplementary pension, A company car for personal use</p>
<p>Milan Koníř, Director of Water Supply Networks</p>	<ul style="list-style-type: none"> • Is responsible for all water supply networks operations; • Is responsible for uninterrupted drinking water supply; • Is responsible for the quality of supplied water and the quality control of supplied water; • Is in charge of contacts with municipalities in water supply operations; • Is in charge of metrology within the scope of water supply; and • Acts on behalf of the Company within the scope of the written authorisation granted by the Board of Directors. 	<p>Salary paid under the Wage Contract (the basic salary, bonuses, compensation under the Collective Agreement)</p> <p>Supplementary pension, A company car for personal use</p>
<p>Petr Grzonka, Director of Sewage Systems</p>	<ul style="list-style-type: none"> • Is responsible for all sewage networks operations; • Is responsible for wastewater drainage and treatment; • Is responsible for the quality of discharged wastewater and quality control of discharged wastewater; • Is in charge of waste management across the Company; • Is in charge of metrology within the scope of wastewater drainage and treatment; and • Acts on behalf of the Company within the scope of the written authorisation granted by the Board of Directors. 	<p>Salary paid under the Wage Contract (the basic salary, bonuses, compensation under the Collective Agreement)</p> <p>Supplementary pension, A company car for personal use</p>
<p>Jiří Komínek, Director of Ostrava Area Water Supply Network</p>	<ul style="list-style-type: none"> • Is in charge of OOV management and all operations; • Is responsible for drinking water production in water treatment plants and water sources across the Company; • 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; • Is responsible for uninterrupted drinking water supply within the Ostrava Area Water Supply Networks; and • Is responsible for metrology within the scope of water treatment operations. 	<p>Salary paid under the Wage Contract (the basic salary, bonuses, compensation under the Collective Agreement)</p> <p>Supplementary pension, A company car for personal use</p>

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 top managers' bonuses are variable, depending on whether the top managers meet pre-defined criteria. Entitlement for bonuses and their payment depend 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;
- Acquisition activities.

The amount of approved bonuses depends on the required criteria as follows:

- The remuneration depends on a type of criterion. In case of a criterion with linear evaluation, the remuneration is correspondingly reduced depending on the reached level of fulfilment. In case of a criterion with threshold evaluation, the bonus is not paid if the target is not reached.

The Managing Directors assesses reaching the criteria by other managers, based on an authorisation granted to him by the Board of Directors.

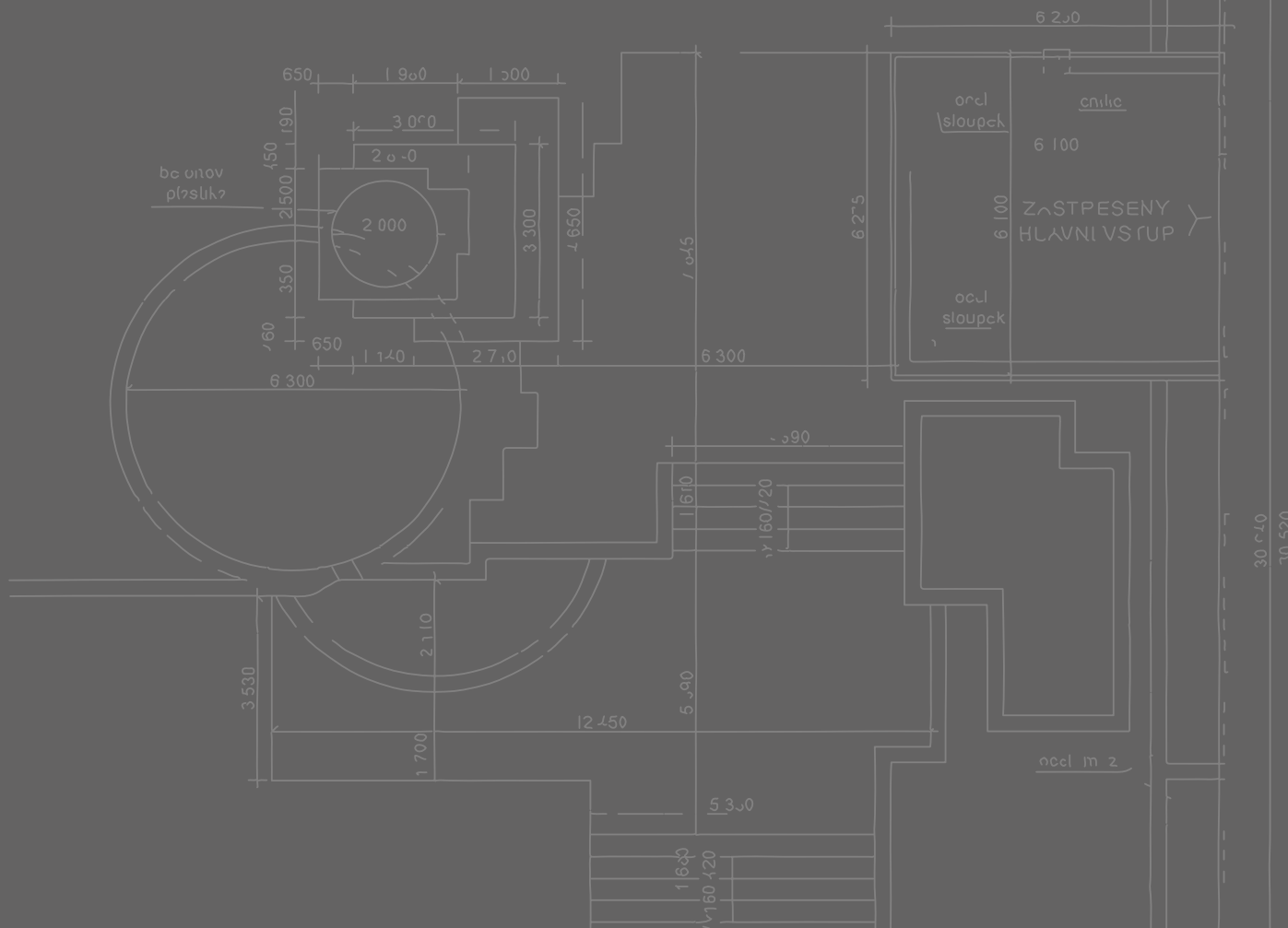
No Remuneration Committee has been set up by the Company. The salaries are monitored and evaluated for each calendar year.

Payment of bonuses (this means the transfer of finances for salaries) need to be approved by the Managing Director in cooperation with the parent company.

In 2025 the pecuniary income of managers totalled CZK 22.774 million (CZK 17.984 million in 2024); total in-kind and other compensation amounted to CZK 0.247 million (CZK 0.118 million in 2024).

Information about 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 executives as of 31 December 2025.

	Number of the Company's shares or similar types of securities as of 1 January 2025	Number of the Company's shares or similar types of securities as of 31 December 2025	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
Top managers and company executives	0	0	None



DEVELOPMENT OF THE COMPANY'S REGISTERED CAPITAL AND EQUITY

Indicator	UNIT	2023	2024	2025	ISIN No.
1. Registered capital	CZK ,000	1,296,909	1,296,909	1,296,909	-
Total shares	-	3,458,425	3,458,425	3,458,425	-
of which the bearer shares	-	421,385	421,385	421,385	CS0008435251
of which the registered shares	-	3,037,040	3,037,040	3,037,040	CS0009031166
2. Reserves	CZK ,000	0	0	0	-
3. Retained profit	CZK ,000	1,648,361	2,143,335	2,734,921	-
EQUITY	CZK ,000	2,945,270	3,440,244	4,031,830	-

SECURITIES ISSUED

A) STOCK

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

Issuer: Severomoravské vodovody a kanalizace Ostrava a.s.
Type of security: Shares
Class: Bearer shares
Total amount: CZK 158,019,375
Number of shares: 421,385 shares
Nominal value per share: CZK 375
Type: Book-entered shares, records of holders are maintained by Centrální depozitář cenných papírů, a.s. (Central Depository of Securities)
ISIN: CS 0008435251

On 23 July 2019 the General Meeting resolved pursuant to § 375 et seq. in the Act on Business Corporations on the forced transfer of ownership rights to all participating securities to the main shareholder, and the shares were removed from trading on the multilateral trading system, 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.

Instructions for exercising of shareholders' rights:

All details relating to the securities issued by the Company had been published until 20 September 2019 in line with laws and Company's Articles of Association in the Commercial Registered, Commercial Bulletin and at www.smvak.cz under 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 2025:

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.

Information on the Trade in Shares or Similar Securities Pertaining to the Company Conducted in 2025

The members of the Board of Directors or the Supervisory Board, the Company's top managers and executives 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 executives 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 top managers and executives, or their close relatives.

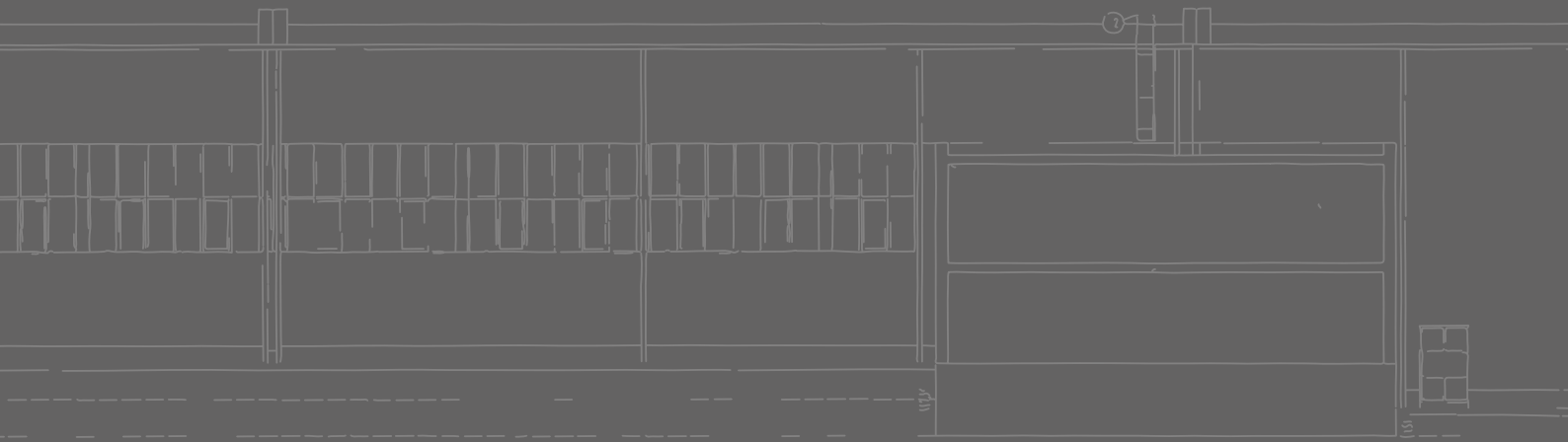
Remuneration of the statutory auditor for the relevant period

Auditor	Amount included in audit expenses for 2025	Other services	Other services - description
Ernst & Young Audit, s.r.o.	1,622	0	-

RIGHTS ARISING FROM OWNERSHIP OF SECURITIES

RIGHTS ARISING FROM OWNERSHIP OF SHARES

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



COMPANY MANAGEMENT AND ADMINISTRATION. COMPANY'S CONTROL TOOLS

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 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 interconnected 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. During DMS implementation, the system for electronic circulation of accounting documents and vouchers is being introduced. Transactions in DMS are approved in the digital e-environment which exists in the Mail Registry and Economic Information System.

b) Following employees are appointed as responsible for posting of the economic transactions:

- 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., and, in 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, or should be approved electronically in the Economic Information System.

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.

The Company 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; For transactions exceeding CZK 27 million incl. VAT, three authorised employees and four authorised members of the Company's body (the Board of Directors) jointly approve any such transaction.

Signing the 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

The internal audit is carried out as a part of the Integrated Management System. Activities of internal organisational units are systematically checked and evaluated in quality management, environment management, occupational safety management and fire prevention. Records of internal audits are submitted to the Company's management team. The purpose is to check compliance with occupational safety and work rules by employees as well as compliance with internal regulations and documents. Random workplace inspections, reviews of internal accounting records, and reviews of activity progress are also conducted.

Audit reports are assessed by the Managing Director. Members of the Audit Committee are informed about the results and findings of the internal audits.

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 who make payments print out a list of payment orders from EIS, review and sign it together. They 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 the 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 Occupational Safety Department. The payroll system can be accessed by Human Resources Payroll officers who process the payroll agenda as well as by the head of the Human Resources and Occupational Safety Department.

Any change in the payroll agenda needs consent granted by the Managing Director or the head of the Human Resources and Occupational Safety Department upon authorisation. Outputs of the final payroll statements need to be approved by the head of the Human Resources and Occupational Safety Department.

THE SOLE SHAREHOLDER'S CONTROL

The main shareholder in SmVaK is AQUALIA CZECH S.L. which owns 100% in the registered capital. It is the direct person 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 persons is provided herein; "Overview of the Group's Controlled and Controlling Persons" is included in the Notes as the Report of Relations pursuant to Section 82 in the Act on the Business Corporations.

The sole shareholder (being the controlling person) controls through its representatives, the members of the Board of Directors, the annual business plan and monthly performance, specifies and controls the targets and goals relating to business where such targets and goals are subject to regular assessment and any deviations need to be explained. The sole shareholder also controls and approves the performance under 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 sole 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

SmVaK Ostrava complies with the Code of Management and Administration of Czech Companies issued in 2018 ("the Code") which is based on OECD principles. SmVaK Ostrava follows the recommendations in order to improve quality of management, administration, responsibility and long-lasting prosperity, increasing thus the value, competitiveness and sustainability of its business.

The Company makes sure that its governance is transparent. That is why it provides all relevant data and information relating to its business, management and administration in the Annual Report and in the half-year report. 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 Supervisory Board towards the sole shareholder and third parties are in line with Chapters 5 and 6 in the Code as well as in accordance with the law and Articles of Association.

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.

Anytime where there had been more than one shareholder, the system of management and administration protected the rights of the shareholders, making it easy for the shareholders to exercise their rights, so that all shareholders could be given an equal opportunity and so that the minority shareholders could be involved in management of the company at general meetings. Shareholders' rights in the Company were exercised within the scope of Chapter 1 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 subject to updates each year and 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. In 2025, development and application of the programme continued. The programme introduces a comprehensive system of measures and procedures relating to all activities of all entities in FCC Group. The objective is to define rules of conduct which apply in FCC Group and to introduce the corporate culture across all aspects of the operations of individual companies in order to eliminate, as much as possible, any criminal liability.

As the FCC Group companies operate in the Czech Republic, the criminal liability results from the Act No. 418/2011 Coll. on Criminal Liability of Legal Persons and Procedures against Legal Persons, and the Application on § 8 (5) in the Act on Criminal Liability of Legal Persons and Procedures against Legal Persons which was issued by the Supreme Public Prosecutor.

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 ("the risk assessment"). At the same time, the applicability of the FCC Group's anti-corruption system in the Company was tested. Having analysed the data, a matrix of anticorruption controls was created. It defines the adopted actions which are monitored. Application of such actions is regularly validated by employees in charge. In 2025 there were 34 regular inspections within the evaluation process. Such inspections included checks in procurement, financial administration, or in human resources.

All internal documents that were approved in past, including the Compliance Management System, is updated regularly in order to be in line with the current situation in the Company and to be in line with the up-to-date text of samples which are in force in FCC Group.

In 2025, SmVaK Ostrava a.s. organised, in accordance with the compliance programme, a training for employees at all levels where such training focused on the Code of Ethics and related policies which are being under further development now. New employees were also introduced to the applicable laws on whistleblower protection and applicability of such laws for our Company. Training of the new employees is based on campaigns which were organised in past for the existing employees, the task being to deepen knowledge about the compliance programme and to undertake to comply with ethics values in each activity within the Company.

As the Act on Protection of Whistleblowers was adopted and entered into force, a whistleblower channel was created and a person was appointed who will address information in line with the Act. Such person is the Compliance Office who meets requirements of the law. The process of handling the information is governed by laws in force as well as by internal policies of FCC Group. In 2025, an update was made in order to reach full compliance with Czech laws. This means the Company officially fulfils statutory duties but also provides necessary resources, in terms of staff and material, for in-time and diligent inspection of received notifications.

In 2025, SmVaK Ostrava launched a project focused on inspection of its supplier chain. Certification of 300 major suppliers was carried out, the objective being to ensure that cooperating persons are mostly those with excellent ethics and compliance standards in business.

DECISION-MAKING PROCESSES 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 the sole shareholder.

THE CONTROLLED AND CONTROLLING PERSONS

The overview below shows the controlled and controlling parties within the FCC Group as of 31 December 2025.

1. CONTROLLED PERSON

Severomoravské vodovody a kanalizace Ostrava a. s.

Registered office: 28. října 1235/169, Mariánské Hory, 709 00 Ostrava

ID: 45193665

The Company is entered in the public register – the Commercial Register kept at the Regional Court of Ostrava, Section B, Entry 347.

2. ULTIMATE CONTROLLING PERSON OF THE GROUP

Fomento de Construcciones y Contratas, S. A.

Registered office: Barcelona, Balmes 36

ID: A-28037224

The company is registered in the Public Register kept in Barcelona, Section 21.736, File 1, Page B-26.947.

The company is not entered in a public register kept in the Czech Republic.

3. DIRECTLY CONTROLLING PERSON

AQUALIA CZECH S. L.

Registered office: Madrid, Avda. del Camino de Santiago 40, Kingdom of Spain

ID: B-85794931

The company is entered in the public register kept in Madrid on the page M-488820.

The company is not entered in a public register kept in the Czech Republic.

4. OTHER PERSONS IN THE GROUP WITH WHOM THE CONTROLLED PERSON WAS INVOLVED IN A CONTRACTUAL RELATION OR CONTRACTUAL CONDUCT

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

Registered office: Slavníkovců 571/21, Mariánské Hory, 709 00 Ostrava

ID: 64608042

The Company is entered in the public register – the Commercial Register kept at the Regional Court of Ostrava, Section C, Entry 14055.

4.2. Vodotech, spol. s r.o.

Registered office: Jaselská 220/47, Předměstí, 747 07 Opava

ID: 64086348

The Company is entered in the public register – the Commercial Register kept at the Regional Court of Ostrava, Section C, Entry 8486.

4.3. AqualiaIntech, S. A.

Registered office: Madrid, Avda. del Camino de Santiago 40, Kingdom of Spain

ID: A-28849495

The company is entered in the public register kept in Madrid on the page M-59467.

The company is not entered in a public register kept in the Czech Republic.

4.4. FCC AQUALIA, S. A.

Registered office: Madrid, Federico Salmon 13, Kingdom of Spain

The company is entered in the public register kept in Madrid on the page M-58878.

The branch of the foreign legal person is entered in the public register kept at the Municipal Court of Prague, Section A, Entry 69960 under the name FCC AQUALIA, S.A., organizační složka v České republice ("the organisational unit in the Czech Republic"), ID 27788318.

4.5. FCC Česká republika, s. r. o.

Registered office: Ďáblická 791/89, Ďáblice, 182 00 Praha 8

ID: 45809712

The Company is entered in the public register – the Municipal Register kept in Prague, Section C, Entry 12401.

4.6. OBSED a. s.

Registered office: Nemocniční 998/14, Moravská Ostrava, 702 00 Ostrava

ID: 27454045

The Company is entered in the public register – the Commercial Register kept at the Regional Court of Ostrava, Section B, Entry 3265.

4.7. HIDROTEC, Tecnología del Agua, S. L. U.

Registered office: Sevilla, c. Kansas City 9, Kingdom of Spain

ID: B-91033621

The company is registered in the public register kept in Sevilla, sheet SE 395, section 8 folio 71. The company is not registered in a public register the Czech Republic.

The Report of Relations specifies all members of the Group with which the controlled person had contractual relations or with which legal acts were performed in the reporting period beginning 1 January 2025 and ending 31 December 2025.

An integral part of this Annual Report is the Report of Relations between the Controlling Person and the Controlled Persons and between the Controlled Persons and other Persons Controlled by the Same Controlling Person for the reporting period beginning 1 January 2025 and ending 31 December 2025, prepared pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations.

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 person. It is directly controlled by the controlling person, 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 person or a partner in any other company which is a part of FCC Group.

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 regular Financial Statements for 2025 and the Annual Report for 2025.

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

**THE BOARD OF
DIRECTOR'S** REPORT ON
COMPANY'S BUSINESS
OPERATIONS AND ASSETS



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

KEY FINANCIAL FIGURES FOR 2025

- In 2025, Severomoravské vodovody a kanalizace Ostrava a.s. made the profit of CZK 759.253 million before taxes.
- If compared with 2024, water deliveries to water supply systems of third-party water companies fell slightly by 0.95% year-on-year, which represents a decrease of 0.195 million m³ year-on-year.
- Drinking water delivered to households and businesses in 2025 increased by 0.89% year-on-year, which represents 0.276 million m³ against 2024.
- The volume of drained wastewater (including the billed rainwater) showed a minor decrease of 0.01% against 2024.
- Supplies of drinking water from central and local sources were uninterrupted throughout 2025 and so was the drainage and treatment of waste water.
- The total income from water tariff and sewage charges amounted to CZK 4,022.365 million which is CZK 230.885 million more than in 2024.
- In 2025, the total volume of drinking water sold to end consumers reached 31.26 million m³, and the volume of waste water drained as a paid service totalled 26.038 million m³. 15.91 million m³ of drinking water was delivered to the systems of Czech water companies, and 4.355 million m³ was delivered to water supply systems in Poland.
- In accordance 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 2025 financial statements).

INCOME

In 2025, the total income reached CZK 4,204.852 million which is by CZK 288.346 million up than in 2024.

Development of income (CZK ,000)

Indicator	2023	2024	2025
Income from water tariffs and sewage charges	3,433,328	3,791,480	4,022,365
Other operating income	126,237	122,240	177,283
Interest and other financial income	1,945	2,786	5,204
Total income	3,561,510	3,916,506	4,204,852
Profit before taxes	576,030	628,569	759,253
Profit after taxes	405,117	494,974	591,586

Key business operations

Indicator	2023	2024	2025
Billed water (,000 m ³)	30,922	30,984	31,260
Bulk water (,000 m ³)	20,358	20,440	20,245
Discharged wastewater (,000 m ³)	26,112	26,035	26,038

4.335 million m³ of bulk water was supplied to consumers outside the territory of the Czech Republic. 12.043 million m³ of water was supplied to Ostravské vodárny a kanalizace a.s., and 1.326 million m³ of drinking water was supplied to Vodovody a kanalizace Přerov a.s. Other third party consumers were delivered 2.541 million m³ of drinking water.

COSTS

The total recognised expenses including taxes amounted to CZK 3,613.266 million in 2025.

Expenses in CZK ,000

Indicator	2023	2024	2025
Consumption of material and energy	706,124	746,277	778,939
Personnel costs	697,838	793,990	848,742
Depreciation	503,996	518,012	519,668
Other operation expense	872,122	1,019,764	1,145,564
Increase/decrease in reserves and adjusting entries – net value	5,862	18,026	- 22,378
Interests and other financial expense	199,538	191,868	175,064
Income tax	170,913	133,595	167,667
Expenses in total	3,156,393	3,421,532	3,613,266

Profit/loss

Profit before tax		Profit after due income tax and deferred income tax	
2023	CZK 576.030 million	2023	CZK 405.117 million
2024	CZK 628.569 million	2024	CZK 494.974 million
2025	CZK 759.253 million	2025	CZK 591.586 million

Proposed distribution of the Company's accounting profit made in 2025

Accounting profit	CZK 591,586,185.95
Proposed distribution of the Company's profit	
Net profit to be determined by the sole shareholder acting in the capacity of the General Meeting	CZK 591,586,185.95

Profit/loss. Dividend per share.

	2023	2024	2025
Profit/loss per share in CZK	117.14	143.12	171.06
Dividend per share in CZK	0	0	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.

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 2025.

BORROWINGS

In 2015 the Company signed a contract in order to secure its financial stability for the future period. The other party to the contract is **ING Bank N.V.**, a joint-stock company established under the law of the Netherlands with the registered office at Bijlmerplein 888, 1102 MG under 33031431 which is represented in the Czech Republic by ING Bank N.V., the branch in Prague with the registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, Czech Republic ID: 492 79 866. The contract provides for the credit framework up to CZK 120 million. The loan is secured with the promisory note ("the blank bill"). In 2025, this loan was used solely for the issuance of bank guarantees related to the operation of licence agreements and participation in tenders and to cover a short-lasting unbalance between Company's income and expenses.

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

Date of issue	Issued to the benefit of	Purpose of issue	Validity	Bank warranty in CZK
7. 5. 2021	Municipality of Písečná, Písečná čp. 262, 739 91 Písečná	Due fulfilment of operator's obligations arising from the contract	10. 5. 2021-10. 5. 2026	68,500.00
30. 11. 2021	Municipality of Orlová, Osvození 796, 735 14 Orlová-Lutyň	Due fulfilment of operator's obligations arising from the contract	1. 1. 2022-31. 12. 2026	210,000.00
30. 11. 2021	Municipality of Frýdek-Místek, Radniční 1 148, 738 01 Frýdek-Místek	Due fulfilment of operator's obligations arising from the contract	1. 1. 2022-31. 12. 2026	699,000.00
20. 12. 2021	Municipality of Frenštát pod Radhoštěm, nám. Míru 1, 744 01 Frenštát pod Radhoštěm	Due fulfilment of operator's obligations arising from the contract	1. 1. 2022-19. 12. 2026	200,000.00
20. 12. 2022	Municipality of Krmelín, Kostelní 70, 739 24 Krmelín	Due fulfilment of operator's obligations arising from the contract	1. 1. 2023-20. 12. 2027	324,000.00
21. 12. 2022	Municipality of Rychvald, Orlovská 678, 735 32 Rychvald	Due fulfilment of operator's obligations arising from the contract	1. 1. 2023-31. 12. 2027	43,000.00
21. 12. 2022	Municipality of Albrechtice, Obecní 186, 735 43 Albrechtice	Due fulfilment of operator's obligations arising from the contract	1. 1. 2023-31. 12. 2027	50,000.00
29. 6. 2023	Municipality of Opava, Horní náměstí 382/69, 746 01 Opava-Město	Due fulfilment of operator's obligations arising from the contract	1. 7. 2023-29. 6. 2028	955,000.00
27. 7. 2023	Municipality of Neplachovice, Na Návsi 16, 747 74 Neplachovice	Due fulfilment of operator's obligations arising from the contract	1. 1. 2024-27. 6. 2028	150,000.00
28. 12. 2023	Municipality of Těrlicko, Májová 474/16, 735 42 Těrlicko-Horní Těrlicko	Due fulfilment of operator's obligations arising from the contract	1. 1. 2024-31. 12. 2028	195,000.00
28. 12. 2023	Municipality of Háj ve Slezsku, Antonína Vaška 86, 747 92 Háj ve Slezsku, Chabičov	Due fulfilment of operator's obligations arising from the contract	1. 1. 2024-31. 12. 2028	410,000.00
23. 9. 2024	Municipality of Vratimov, Frýdecká 853/57, 739 32 Vratimov	Due fulfilment of operator's obligations arising from the contract	23. 9. 2024-31. 8. 2029	260,000.00
23. 9. 2024	Municipality of Řepiště, Mírová 178, 739 31 Řepiště	Due fulfilment of operator's obligations arising from the contract	23. 9. 2024-31. 8. 2029	114,000.00
23. 9. 2024	Union of Municipalities in the region of Nový Jičín, Masarykovo nám. 1/1, 741 01 Nový Jičín	Due fulfilment of operator's obligations arising from the contract	23. 9. 2024-31. 8. 2029	1,200,000.00
29. 5. 2025	Municipality of Petřvald, Petřvald 1 - Petřvald 175, 742 60 Petřvald (IČ: 00298263)	Due fulfilment of operator's obligations arising from the contract	1. 6. 2025-31. 5. 2030	165,000.00
24. 9. 2025	Municipality of Velké Losiny, Rudé Armády 321, 788 15 Velké Losiny	Operation of a sewage system and wastewater treatment plant for public needs: in Velké Losiny and in its suburbs - Maršíkov and Bukovice.	20. 12. 2025-31. 12. 2026	850,000.00
24. 9. 2025	Municipality of Horní Suchá, Sportovní 3/2, 735 35 Horní Suchá	Operation of water assets owned by the Municipality of Horní Suchá	20. 12. 2025-31. 12. 2026	230,000.00
24. 9. 2025	Municipality of Dolní Lutyně, Třanovského čp.10, 735 53 Dolní Lutyně	Due fulfilment of operator's obligations arising from the contract	20. 12. 2025-31. 12. 2026	130,000.00
24. 9. 2025	Municipality of Štramberk, Náměstí č.9, 742 66 Štramberk	Due fulfilment of operator's obligations arising from the contract	31. 12. 2025-20. 12. 2030	106,500.00

Payables as of 31 December 2025 in CZK ,000

	2023	2024	2025
Long-termed payables and unearned revenues	5,803,390	1,101,596	1,094,611
hereof: Payables – the controlling person	4,722,000	0	0
hereof: Deferred tax liability	698,661	717,496	732,055
hereof: Payables with respect to financial lease	360,405	358,022	337,707
hereof: Reserves	22,324	26,078	24,849
Short-termed payables and unearned revenues	944,390	5,438,320	5,068,650
hereof: Trade payables and other payables	858,751	959,328	893,580
hereof: Payables with respect to financial lease	33,124	31,250	26,983
hereof: Payables – the controlling person	44,217	4,412,000	4,102,000
hereof: Tax payables to the state	6,520	33,682	44,381
hereof: Reserves	1,778	2,060	1,706

In 2025, the Company settled all of its liabilities in a due and timely manner.

ORGANISATION AND HUMAN RESOURCES

Employment relations in the Company were governed by the Labour Code and the Collective Bargaining Agreement signed for 2025. 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

	2023	2024	2025
Re-calculated headcount	882	899	914
hereof employees in water networks	409	419	424
hereof employees in sewage systems	308	314	321
hereof – other employees	165	166	169

ANTI-BRIBERY AND ANTI-CORRUPTION 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. These topics are also addressed by the Code of Conduct of the FCC Group which the employees need to read when they are hired to work in the Company. They attach their signatures in order to confirm that they will be complying with the Code of Conduct. The Code of Conduct is available on the Company's intranet as well as at www.smvak.cz in the section Compliance programme. The Board of Directors approved the principles of the Anti-Corruption Policy valid in the FCC Group which is a part of the SmVaK's Compliance Management System.

The Board of Directors decided to apply the Code of Ethics of the FCC Group as well as other documents from the Compliance Management System in SmVaK Ostrava and to issue a public announcement on www.smvak.cz about the Company's commitment 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 www.smvak.cz; in terms of personal data protection, the Company has also published the Privacy Policy 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

Legal disputes against the Company initiated by the former shareholders have been closed.

LEGAL COURT DISPUTES WHERE THE COMPANY IS THE PLAINTIFF

I. Claiming of trade receivables

Court disputes in progress as of 31 December 2025 where the Company is the plaintiff	Number of cases	Amount in CZK
Receivables utilised in bankruptcy and insolvency proceedings	138	9,370,212.02
Actions filed:	85	1,050,757.05
of which distraint	66	741,282.05
Receivables utilised in inheritance proceedings	30	78,171.05
Receivables utilised in liquidation proceedings	0	0.00
Cases where the Company is the plaintiff – before action	156	598,367.51
Total cases pending	379	11,019,336.58

In 2025, Severomoravské vodovody a kanalizace Ostrava a.s. was a party to court disputes relating to collection of receivables which result, in particular, from unpaid supplies of water, discharge of wastewater, or other provided services.

BUSINESS OPERATIONS

In 2025, SmVaK Ostrava based its business on its stable customer basis, strengthening trends of service digitizing and user comfort.

Customer Centres in Ostrava, Frýdek-Místek, Karviná, Nový Jičín, and Opava kept representing the keystone for face-to-face contact with customers. More and more agenda is being moved to online environment which, thanks to an advanced customer portal, makes it possible to process many requirements online and customers do not have to visit the Customer Centres.

The year 2025 showed strengthening of the customer care. New communication channels were introduced which reduce the response time and improve transparency of information flow. The objective is an easy-to-understand and fast solution to each customer's requirement. In 2025, the business became not only an administrative service, but also an innovative and customer-focused solution which combines a personal approach with advanced technology and communication tools.

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. As of 31 December 2025 SmVaK Ostrava had 143,707 customers.

Customers and contracts in force in 2025

	Number of customers
Residents	130,431
Corporate customers	13,276
Total	143,707

STATEMENTS

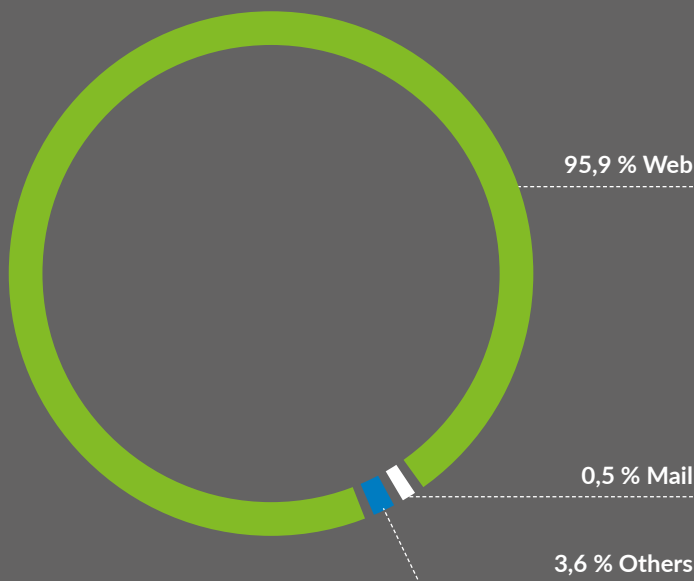
The provision of statements with respect to construction plans of investors (both on the existence of networks and project documentation) is among the basic supporting services provided by the Company. In 2025, the number of the processed requests for information about infrastructure dropped by 5% year-on-year. The main reason of the slight decrease in the number of requests was amendments to the law in the mid of 2024 which resulted, in a full scope, in slow permitting processes in 2025.

Number of processed requests in 2025 and the year-on-year increase/decrease

Year	Processed	Year-to-year increase/decrease
	Number	%
2023	30,367	(10)
2024	32,435	7
2025	30,860	(5)

Similar to other utility organisations, the Company's web site allows for submitting requests for an opinion. In 2025, almost 96% of all requests were submitted by an electronic form.

CHANNELS FOR SUBMITTING REQUESTS FOR A STATEMENT



In 2025, more than 52% of applications for statements were processed by an automated system. Thanks to gradual improvements in accuracy and in the automated system, and thanks to more data being introduced into the GIS database, the number of the requests that were processed automatically is slightly above 50%. The automated system helps considerably designers and construction businesses that speak highly of the Company as it provides promptly source data needed for construction designs.

The automated system which provides information on existence of networks is closely connected with "digi data", this means, supply of digital data about SmVaK's networks. If such source data are used by users, quality of submitted documentation improves and the information process becomes more efficient. In 2025, the Company processed 13,681 requests for digi data, this being more or less same as in 2024.

Number of processed requests for digi data and the year-on-year increase/decrease

Year	Processed	Year-to-year increase/decrease
	Number	%
2023	13,035	
2024	13,949	+7
2025	13,681	-2

PROJECTED BUSINESS DEVELOPMENT AND FINANCIAL POSITION IN 2026

In 2026, the Company plans to spend CZK 675 million on investment projects and CZK 513 million on repair projects. The investment policy will be based again on further enhancement in quality 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 2026 will be financed using the Company's own resources.

The planned expenditure for operation in 2026 should increase those spent last year by CZK 1.45 million: expenses of material consumption, personnel expenses and other services increased, while energy expenses went down.

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 Czech Republic.

In 2026, total expenses (excluding the income tax) are planned to amount to CZK 3,461.084 million, income should be CZK 4,188.115 million and profit before tax should reach CZK 570,468 million. The 2026 plan of total expenses is based on the anticipated needs and price development.

The draft business plan stipulates the following volume units for 2026: 30.99 million m³ of billed drinking water, 25.71 million m³ of discharged water, and 18.057 million m³ of bulk water.

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

CORE BUSINESS

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. After 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 water treatment plant in Podhradí, to enhance watercourse flow rates and to enable industrial offtake from them. An important function of the cascade is flood protection.

The Šance dam on the Ostravice River above the town of the same name in the Beskydy Mountains 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 water treatment plant in Nová Ves.

The valley dam on the Morávka River was, as a water source, built in the town of the same name in the Beskydy Mountains 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, in particular, to supply drinking water. Untreated water is supplied to the water treatment plant in Vyšní Lhoty

Pursuant to the current reservoir water quality, the water basin manager (Povodí Odry) 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 water treatment plants.

In order to protect the quality and safety of raw water, water resource protection zones are demarcated in the water 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.

PRODUCTION OF DRINKING WATER

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 city of Frýdek-Místek. The remaining part of drinking water production takes place at another 41 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 gravity flow system one with large-capacity storages for 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. Quality of raw water from water dams was influenced in 2025 by after-flooding consequences of extreme floods in September 2024. This resulted in rather challenging optimising of technologies used for production of drinking water in central water treatment plants so that the drinking water could be supplied, in a long-termed horizon, with top quality parameters.

Quality of drinking water – central water treatment plants (WTPs)

		2025	WTP PODHRADÍ	WTP NOVÁ VES	WTP VYŠNÍ LHOTY
Quality of water	Unit	Limit value pursuant to Act 258/2000 Coll. and Decree 252/2004 Coll.	Treated water Average value	Treated water Average value	Treated water Average value
pH		6.5 – 9.5	7.87	7.70	7.69
KNK _{4,5}	mmol.l ⁻¹	-	0.87	0.77	0.62
ZNK _{8,3}	mmol.l ⁻¹	-	0.024	0.030	0.030
Colour	mg.l ⁻¹ Pt	20	3.70	1.29	1.07
Turbidity	ZF	5	0.11	0.09	0.05
COD _{Mn}	mg.l ⁻¹	3	1.81	1.25	0.70
Iron	mg.l ⁻¹	0.2	< 0.05	< 0.05	< 0.05
Manganese	mg.l ⁻¹	0.05	< 0.025	< 0.025	< 0.025
Nitrites	mg.l ⁻¹	0.5	< 0.01	< 0.01	< 0.01
Aluminium	mg.l ⁻¹	0.2	0.03	0.02	0.01

The volume of drinking water production in 2025 followed the trend of the preceding period. During the year, the Company produced 57.260 million m³ of drinking water, which represented a year-on-year increase of 0,27 million m³.

The volume of drinking water production – time process

Water treatment plants – production of water ,000 m ³ /year	2019	2020	2021	2022	2023	2024	2025
Podhradí	28,016	28,244	28,142	26,934	27,814	29,807	29,115
Nová Ves	23,513	21,598	22,061	22,174	21,994	20,783	21,581
Vyšní Lhoty	5,376	4,860	4,867	4,747	4,394	3,693	3,985
Local sources	3,139	2,690	2,484	2,909	2,393	2,707	2,579
Total	60,042	57,392	57,554	56,764	56,595	56,990	57,260

DISTRIBUTION OF DRINKING WATER

Throughout the year 2025, the drinking water was supplied continuously, meeting the quality and quantity required by the customers for the drinking water. During the year, operation ran in a standard mode without any significant restrictions.

As of 31 December 2025, the Company operated 5,203 kilometres of water supplies, including 145,817 water service connections, 341 water reservoir, and 230 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 2025, the volume of billed water saw an increase by 0.276 million m³ year-on-year. Consumption of drinking water in households increased rather considerably (by 0.589 million m³ year-on-year); however, the amount of water supplied to other customers saw a decrease (0.313 million m³ year-on-year). The amount of bulk water decreased by 0.195 million m³ compared to 2024. A total of 22.39 million m³ and 8.87 million m³ of drinking water were delivered to households and, respectively, to other customers.

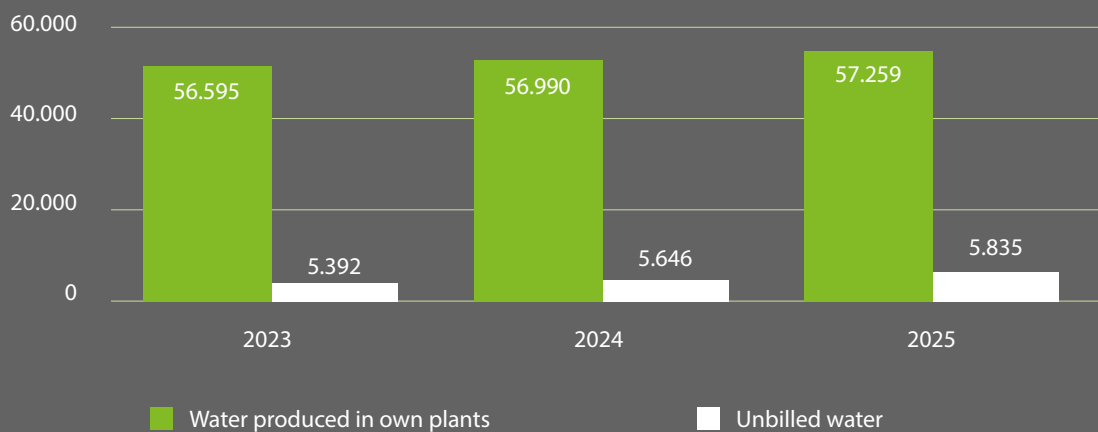
Water production and supply in units of volume

Indicator	Unit	2023	2024	2025
Water produced in own plants	,000 m ³	56,595	56,990	57,259
Bulk water taken from third-party water companies	,000 m ³	77	80	81
Bulk water supplied to third-party water companies	,000 m ³	20,358	20,440	20,245
Water produced for use by direct consumers	,000 m ³	36,314	36,630	37,095
Billed water	,000 m ³	30,922	30,984	31,260
of which: households	,000 m ³	21,670	21,801	22,390
others	,000 m ³	9,252	9,183	8,870

In 2025 the volume of unbilled water increased year-on-year: from 5.646 million m³ by 0.189 million m³ up to 5.835 million m³.

The year 2025 was yet again marked by increased efforts in respect of the construction and erection activities provided by the Central Emergency Service and individual emergency centres. The sales reached CZK 135 million.

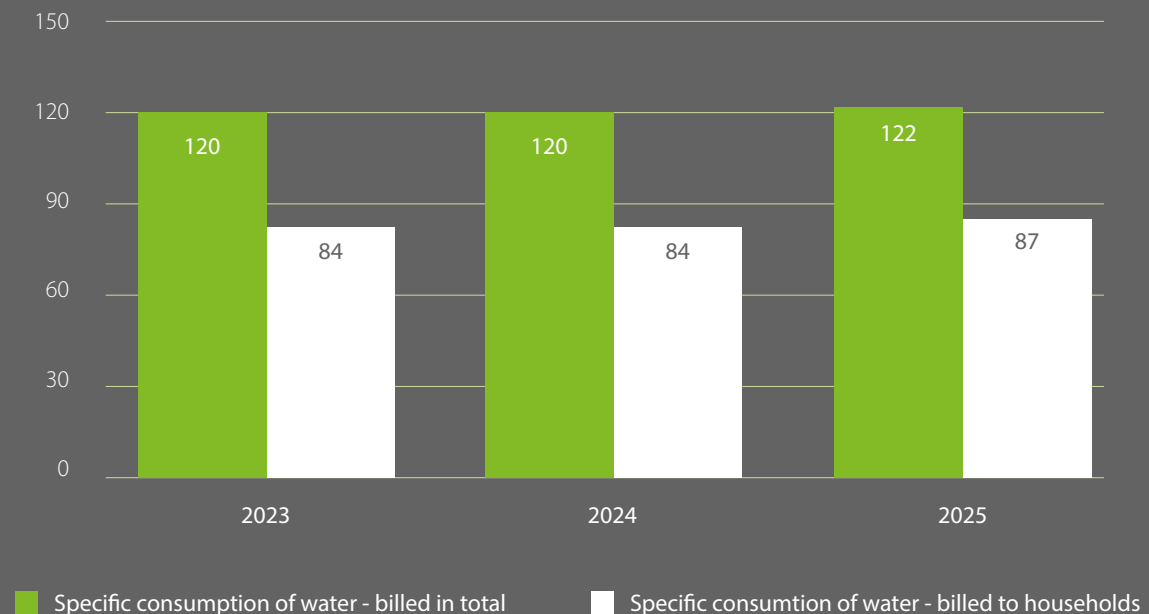
Production of water and related indicators in ,000 m³



General information about water networks

Indicator	2023	2024	2025
Number of residents connected to Company's system	708,273	707,084	703,926
Number of water supply networks for public consumption	129	129	129
of which: group pipelines	55	55	55
Length of water supply network (km)	5,172	5,187	5,203
Number of water service pipes	143,209	144,439	145,817
Length of water service pipes (km)	770	770	770
Number of installed water meters	145,348	146,584	147,996
Number of water meters replaced per year	24,977	23,906	20,043
Number of fixed-tariff water off-takes	1,455	1,424	1,407
Number of pumping/re-pumping stations	229	228	230
Number of water treatment plants	43	43	42
Number of water reservoirs	345	342	341
Volume of water reservoirs (m ³)	383,907	383,192	381,032

Specific consumption of water in litres per capita per day



Specific water consumption per capita/day in 2025 reached 122 litres for total billed water and 87 litres for billed water supplied to households. In both cases, there was a slight decrease against 2024.

OPERATION OF SEWAGE SYSTEMS

In 2025, the Company operated sewage networks in 81 municipalities in the Moravian-Silesian Region and in Velké Losiny in the Olomouc Region with the total length being 2,029 km. 479,597 people were connected through connection pipes to the sewage system.

The sewage network included 223 pumping stations transporting wastewater from low areas to gravity-flow sewage pipelines fitted with wastewater treatment plants at the end of each pipeline. In 2025, a total of 26.038 million m³ of wastewater was treated (including billed rainwater drainage) in the municipalities within the Company's scope of operation.

Wastewater treatment operations were carried out in 82 plants, of which 80 were mechanical-biological wastewater treatment plants and 2 were mechanical wastewater treatment plants. Their overall capacity is 263,803 m³ per day, which corresponds to 966,147 population equivalent (PE).

The quantity of wastewater drainage from households and industry did not change much against 2024. The proportion of wastewater treated in sufficient efficiency facilities did not change substantially. During the reporting period, 48.886 million m³ of wastewater was treated in all wastewater treatment plants, of which 44.829 million m³ was treated with a sufficient efficiency.

The operation of sewage networks and wastewater treatment plants continued smoothly in 2025 without any major breakdowns or accidents. The Company continued repairing plants damaged in September 2024 by floods. 59 wastewater treatment plants, 90 sewage pumping stations and many sections of sewage pipelines were damaged to a varying extent.

During 2025, a number of construction projects were performed on sewage networks. The most significant are as follows:

- Kopřivnice, the Záhumní and Kpt. Jaroše streets – reconstruction of the "BF-2" and "BD" sewers
- Třinec, the Frýdecká street – reconstruction of the "AB-3-9" sewer
- Bohumín, the Vilová street – reconstruction of the "Mcl" sewer
- Třinec, the Závodní street – reconstruction of rakes in the "Šancer" collector
- Horní Suchá, the Dr. Glazera street, buildings No. 1211-1218 – repair of the "AVIII" sewer
- Havířov Podlesí, the Studentská street, buildings No. 1125-1147 – repair of the "DXVI" sewer
- Karviná Hranice, the Žižkova street – repair of the "G" sewer
- Karviná, the Kosmonautů street, buildings 518-522 – repair of the "L III" sewer
- Karviná, the Božkova street, buildings 550-552 – repair of the "K" sewer
- Paskov, the Dvořákova and B Němcové street – reconstruction of the "AD" and "AJ" sewers
- Frenštát pod Radhoštěm, the Nádražní street – reconstruction of the sewage system
- Nový Jičín, the Jeremenkova street – reconstructions of the "AE" and "AE-1" sewers
- Opava, the Mírová street – reconstruction of the "AK-6.5" sewer – stage 2
- Opava, the Anenská street – reconstruction of the "BI" sewer

The projects implemented and launched in the area of wastewater treatment in 2025 focused on the renovation of facilities, improving the safety of wastewater treatment facilities, decreasing indicators of the discharged water, and enhancing the optimisation of technology processes: We continued removing considerable damage which resulted from floods in September 2024:

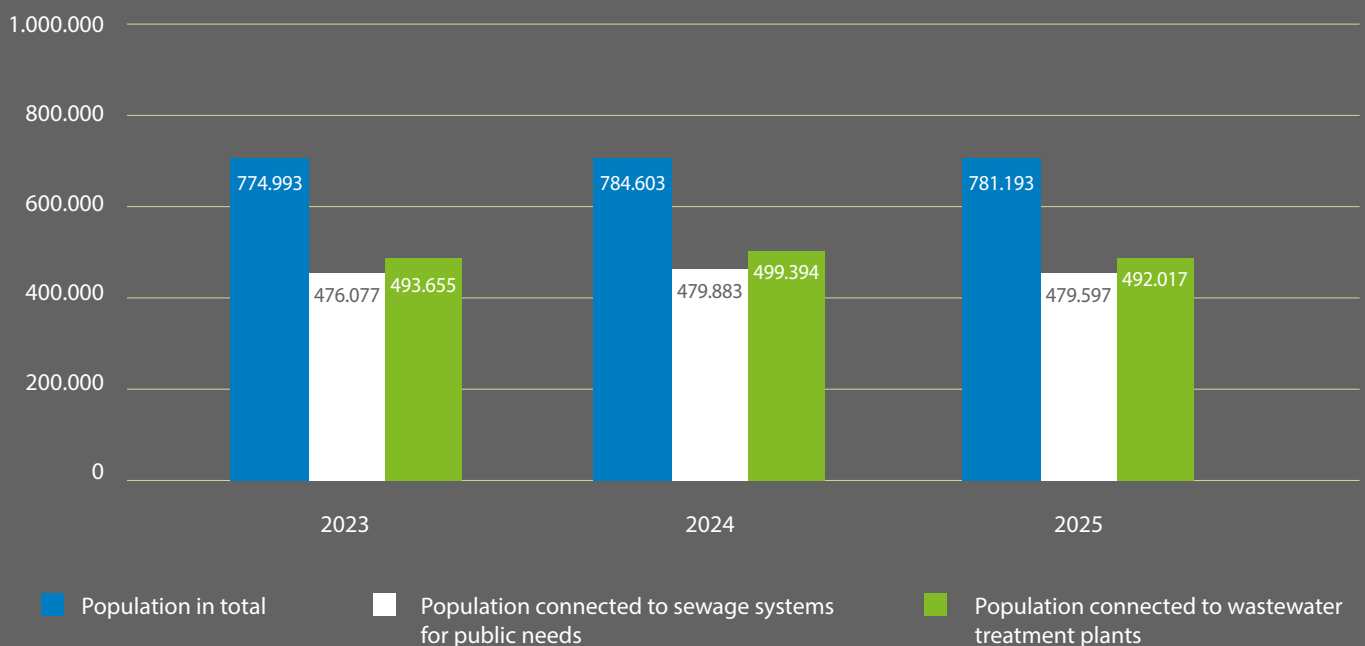
- WWTP in Frýdek-Místek – reconstruction of a pumping station for the rainwater tank
- WWTP in Frýdek-Místek – repair of facilities for the digestion tank VN-1
- WWTP in Frýdek-Místek – repair of gas pipes
- WWTP in Paskov – construction of a roof to cover a sludge storage area
- WWTP in Havířov – reconstruction and repair of the combined operation building
- WWTP in Bohumín – repair of the service area in the plant building
- WWTP in Bohumín – repair of technology in the digestion tank
- WWTP in Karviná – repair of painting on steel structures, ZNVK and NKV
- WWTP in Opava – reconstruction of a low-voltage switchgear, a blower house
- WWTP in Opava – repair of a switchboard in a sludge pumping station
- WWTP in Opava – repair of the overcladding, digestion tank #3
- WWTP in Bílovec – repair of a retention tank and gravel trap

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

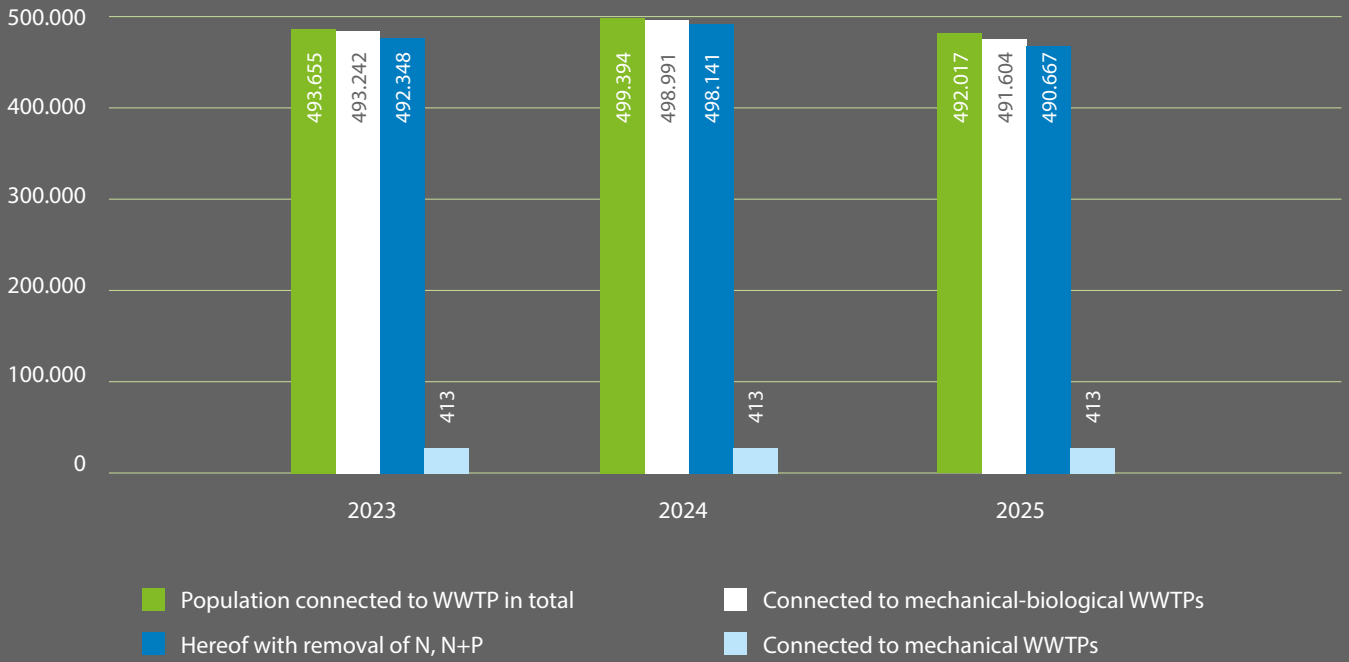
General information about sewage systems and wastewater treatment plants

Indicator	Unit	2023	2024	2025
Number of residents connected to sewage systems for public needs	Number	476,077	479,883	479,597
Number of municipalities where sewage system for public needs is available	Number	80	81	81
Wastewater treatment plants	Number	77	82	84
Capacity of wastewater treatment plants	m ³ .d ⁻¹	263,997	263,803	263,803
Length of sewage systems	km	1,977	2,009	2,029
Number of sewer connection pipes	Number	58,961	60,421	61,868
Volume of wastewater discharged into sewage systems for public needs (excluding billed rain water)	,000 m ³	22,340	22,517	22,388
of which treated wastewater	,000 m ³	22,317	22,487	22,494
Volume of treated wastewater (including rain water)	,000 m ³	48,968	47,789	44,887
Sludge produced in wastewater treatment plants per year (in 100% dry mass)	t.r ¹	9,728	9,581	9,581

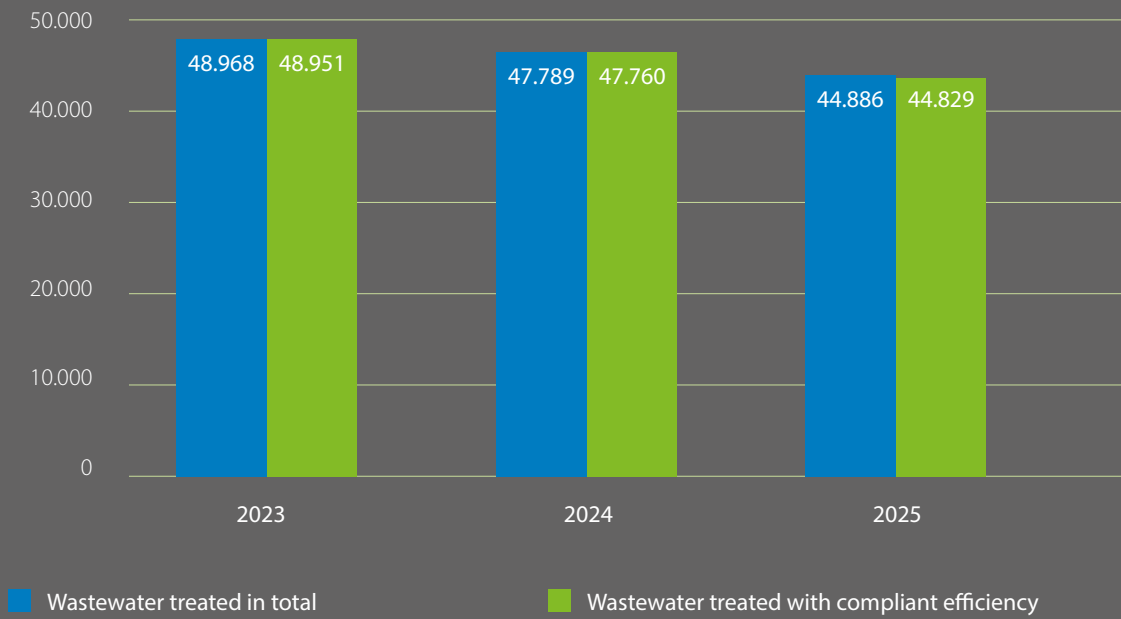
Population connected to sewage systems for public needs/wastewater treatment plants



Population connected to WWTPs by degree of treatment



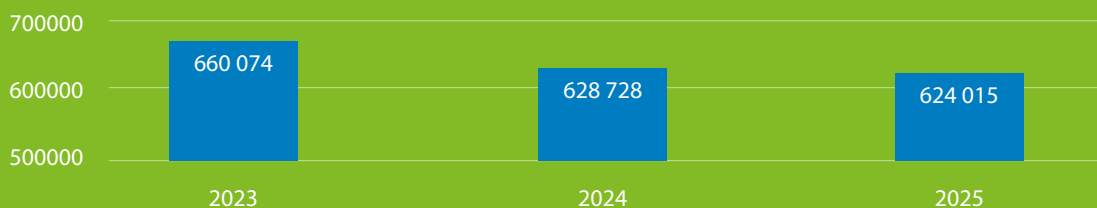
Wastewater treated with compliant efficiency



INVESTMENT PROJECTS AND REPAIR OF TANGIBLE ASSETS

The cost of investment projects and supplies in 2025 exceeded CZK 624 million. During the year, the original plan approved by the Board of Directors (CZK 558.168 million) was increased by CZK 65.5 million, reaching CZK 623.168 million.

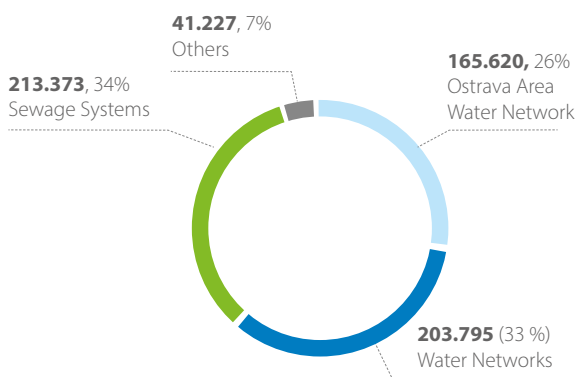
Summary and structure of investments in years (CZK ,000)



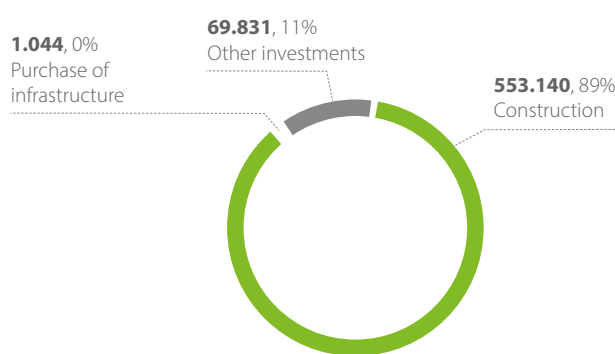
Liabilities with respect to construction and acquisition of assets (including the financial assets)

As of the date of the financial statements, the future liabilities with respect to capital expenditure under contracts are CZK 107.862 million (in 2024: CZK 163.044 million).

Investments in 2025 by areas in CZK ,000



Investments in 2025 by categories in CZK ,000



Major investment projects implemented and completed in 2025	Expenses in ,000 CZK
Water treatment plant in Vyšší Lhoty - reconstruction of technologies and upgrade of the automated control system	136,387
Pressure break chamber in Červený Kámen – repair and reconstruction of structures and wiring in the water reservoir and storage facility	13,939
Soběšovice - Husarůvka – replacement of a water supply	13,106
Krmelín, the Světlovská street – replacement of the water supply	5,889
Water reservoir in Třinec Sosna, HTP 2x1000 m – refurbishment of the facility	2,712
Dětmarovice, from the building # 789 to the building # 516 – replacement of the water pipeline, stage 1	30,933
Bohumín, the Na Chalupách, Vilová, Školní streets—replacement of the water pipeline	6,152
Bílovec, the 17. listopadu, 1. máje, Nad Přehradou streets – replacement of the water pipeline	7,922
Water reservoir in Bravinné, 100 m ³ - reconstruction of the facility	20,571
Kopřivnice, the Záhumní and Kpt. Jaroše streets– replacement of water pipelines	8,350
Frenštát pod Radhoštěm, the Nádražní street - replacement of a water pipeline	16,700
Otice, the Družstevní and Opavská streets – reconstruction of the water supply	12,956
Třinec, the Závodní street – reconstruction of rakes in the "Šancer" collector	10,243
WWTP in Frýdek-Místek – reconstruction of a pumping station for the rainwater tank	18,511
Bohumín, the Vilová street- reconstruction of the "Mcl" sewer	10,058
Nový Jičín, the Jeremenkova street – reconstructions of the "AE" and "AE-1" sewers	18,540
Frenštát pod Radhoštěm, the Nádražní street – reconstruction of the sewage system	28,675
Kopřivnice, the Záhumní and Kpt. Jaroše streets– reconstruction of the "BF-2" and "BD" sewers	10,938
WWTP Frenštát pod Radhoštěm - reconstruction of the final sludge unit	17,386

Major investment projects commenced or implemented in 2025

Name of the investment project	Total in CZK ,000	2025 in CZK ,000	2026 in CZK ,000
Water reservoir in Písečná – reconstruction of the reinforced concrete structure of the water reservoir	27,923	19,986	4,023
Reconstruction of the water conduit, DN 500, Dobrá - Nové Dvory - Frýdek	52,644	52,615	29
Pressure break chamber in Bruzovice - repair and reconstruction of an inflow facility, PK I, PK II	8,211	3,499	4,712
Water reservoir in Krmelín – repair and reconstruction of a switchgear, storage facility, emergency bypass, a partition wall	15,805	13,500	2,305
Water reservoir in Bystřice 2x500 and automated station in Bystřice HTP – reconstruction of the building	3,205	1,003	2,202
Karviná-Ráj, the Jabloňová, Slepá, Šeříková, Rajecká, Na Stráni streets – replacement of water supplies	21,345	13,500	7,885
Pumping station in Hůrka – reconstruction of the facility	16,907	14,359	2,548
Water reservoir in Příbor 2 x 1000 m ³ (Benátky) –reconstruction of the facility	9,846	6,105	3,741
WWTP in Horní Bludovice – construction of a sludge storage	7,735	4,793	2,942

Investments into operation assets

Name of the investment project	Investment made in 2023, CZK ,000	Investment made in 2024, CZK ,000	Investment made in 2025, CZK ,000
Cars and trucks (including leased vehicles)	15,110	8,866	26,321
Special vehicles, accessories, trailers	1,254	14,951	0
Pumps	3,255	4,946	3,802
Hand-held tools	0	0	0
Mechanisms	1,055	662	2,650
Water meters	9,777	5,767	948
IT	4,273	4,944	7,199
Others	21,387	25,008	28,911

MAJOR INVESTMENTS IN PAST YEARS

MAJOR PROJECTS COMMENCED OR COMPLETED IN 2023

The most important project which was completed in 2023 within the Ostrava-Area Water System was completed reconstruction of the water conduit, DN 500, from Záhumenice to Bělá, and completion of deacidification facilities in Jakubčovice and Hněvošice. Extensive modernisation was started in the water treatment plant in Vyšní Lhoty. The Company also started reconstruction of a break chamber in Bílov and other important water reservoir, including security features.

Regarding the drinking water supplies, the important construction projects include the connecting pipeline in Metylovice and reconstruction of water supplies in Třinec, Nový Borek. The reconstruction projects which were completed included reconstruction of the water supply at the Bezručova street in Dolní Lutyně, the Revoluční street in Nový Jičín, and water supplies in Sedlnice, Vítkov, and Melč. Other projects with rather high expenses included reconstruction of the water supplies in Vítkov, Nový Jičín, and Jablunkov.

Regarding the discharge and treatment of wastewater, the major construction projects which were completed included reconstruction of sewers in Doubrava, the Sportovní and Tyršova streets in Fulnek, and at the Příčnice street in Frenštát pod Radhoštěm. As far as the treatment of wastewater is concerned, the final sludge facility was built in WWTP Kopřivnice. Other investments included the start of reconstruction of sewers at the Dělnická street in Odry, reconstruction of technology facilities in WWTP Albrechtice, and reconstruction of WWTP in Dolní Benešov.

OTHER MAJOR CONSTRUCTION PROJECTS COMMENCED OR COMPLETED IN 2024

The most important construction project that was completed in 2024 in the Ostrava Area Water Supply Network is the completion and putting into operation of the water treatment plant in Odry, general reconstruction of water reservoirs in Baška and Havířov, and completed reconstruction of the pressure break chamber in Bílov. In 2024, the following projects started: construction of a water reservoir Písečná near Třinec, and reconstruction of a pressure break chamber in Červený kámen nad Kopřivnicí. Modernisation of a water treatment plant continued in Vyšší Lhoty.

Regarding the supplies of drinking water, the major construction projects included replacement of water supplies in Staré Město u Frýdku-Místku (the Jamnická street) and Sviadnov (the Staříčská and Na Drahách streets). Water supplies were reconstructed near Karviná: in Orlová, Dětmárovice, and Bohumín. In Opava, the water supply at the Stratilova street was replaced – this project was coordinated with the reconstruction of a sewer. Regarding the water reservoirs, construction of a water collection facility was started in Bílovec - Bravinné, and reconstruction of water reservoirs started in Třinec - Sosna and Melč near Opava.

As far as the discharge and treatment of wastewater is concerned, reconstruction of the raking facility started at the Šancer collector in Třinec, reconstruction of relief chambers started in Kozlovice, and a reconstruction project commenced also in Frenštát pod Radhoštěm: the final sludge facility in the wastewater treatment plant. Investments were also made with respect to reconstruction of the wastewater treatment plant in Dolní Benešov and reconstruction of a sewer at the Nádražní street in Frenštát pod Radhoštěm. The works have been coordinated with reconstruction of a water supply system.

OTHER MAJOR CONSTRUCTION PROJECTS COMMENCED OR COMPLETED IN 2025

Major construction projects which were completed in 2025 within the Ostrava Area Water Network included modernisation of the water treatment plant in Vyšší Lhoty (which took four years), reconstruction of a pressure break chamber in Červený kámen u Kopřivnice, and the water source facility in Kazničov.

In 2026, the following projects should be completed: construction of a water reservoir in Písečná, reconstruction of a water treatment plant in Bystré, and a pumping station in Dobrá u Frýdku-Místku.

Regarding the supplies of drinking water, major construction projects included replacement of water supplies in Soběšovice, Krmelín at the Světlovská street, Paskov at the Dvořákova street, Bohumín, at the Vilová street, Bílovec at the 17. listopadu street, Frenštát at the Nádražní street, and Otice at the Družstevní and Opavská streets. Regarding the storage of drinking water, water reservoirs in Třinec-Sosna and Bílovec-Bravinné were completed.

Regarding discharge and treatment of wastewater, following projects were completed in 2025: reconstruction of a pumping station for a rainwater storage in Frýdek-Místek, reconstruction of a relief chamber in Kozlovice, and reconstruction of a sewage system at the Vilová street in Bohumín and at the Nádražní street in Frenštát pod Radhoštěm.

INVESTMENT STRATEGY AND LONG-TERM INVESTMENT PLAN

OSTRAVA AREA WATER SUPPLY NETWORK

The long-term investment plan for the 2026–2030 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 drinking water, as well as reliability of the system. In 2025, the modernisation started for the technology and the automated control system in the water treatment plant in Vyšší Lhoty.

Ensuring security in the premises of water treatment plants and components of water infrastructure is also of strategic importance.

With regard to the feeders, the scheduled exchange of parts in an unsatisfactory technical condition continued. In 2025, a water conduit system was reconstructed (Dobrá - Nové Dvory - Frýdek). In 2026, the inflow facility will be reconstruction in the water reservoir in Bohumín – Záblatí.

WATER SUPPLY SYSTEMS

Major resources are directed at the restoration of the water supply network. In the 2026–2030 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 and pumping stations, including the technological equipment, management system, and improvement of building security. In 2026, extensive reconstructions of water reservoirs in Lublice and Příbor, among others, will continue.

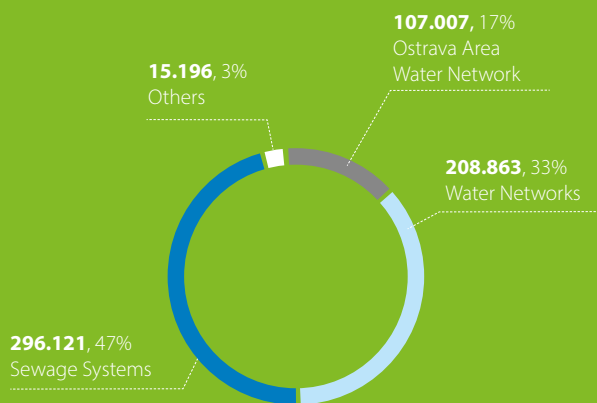
SEWAGE SYSTEM AND WASTEWATER TREATMENT PLANTS

In the future, most of the resources will be directed at the restoration of the sewage network, including the finalization of the liquidation of sewer outlets without treatment facilities. Much finances will be also invested into reconstruction of technology units in wastewater treatment plants. SmVaK is also preparing to face amendments to laws resulting from the Directive (EU) 2024/3019 of the European Parliament and of the Council of 27 November 2024 concerning urban wastewater treatment.

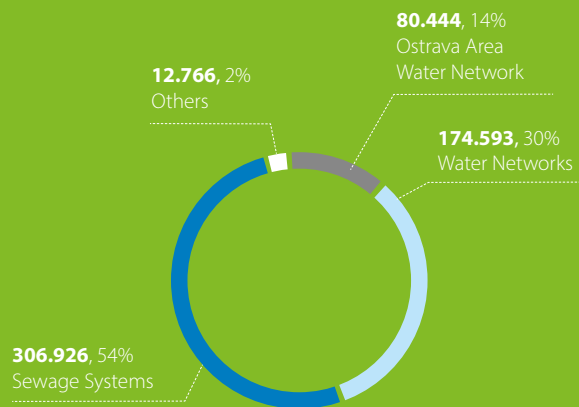
REPAIR OF TANGIBLE ASSETS

In 2025, 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. Repair and maintenance works performed by subcontractors in 2025 amounted to CZK 627.187 million, which represents an increase of 11.2% against the plan.

Repairs in 2025 by areas
in CZK ,000



Repairs in 2024 by areas
in CZK ,000



Major repairs performed in 2025

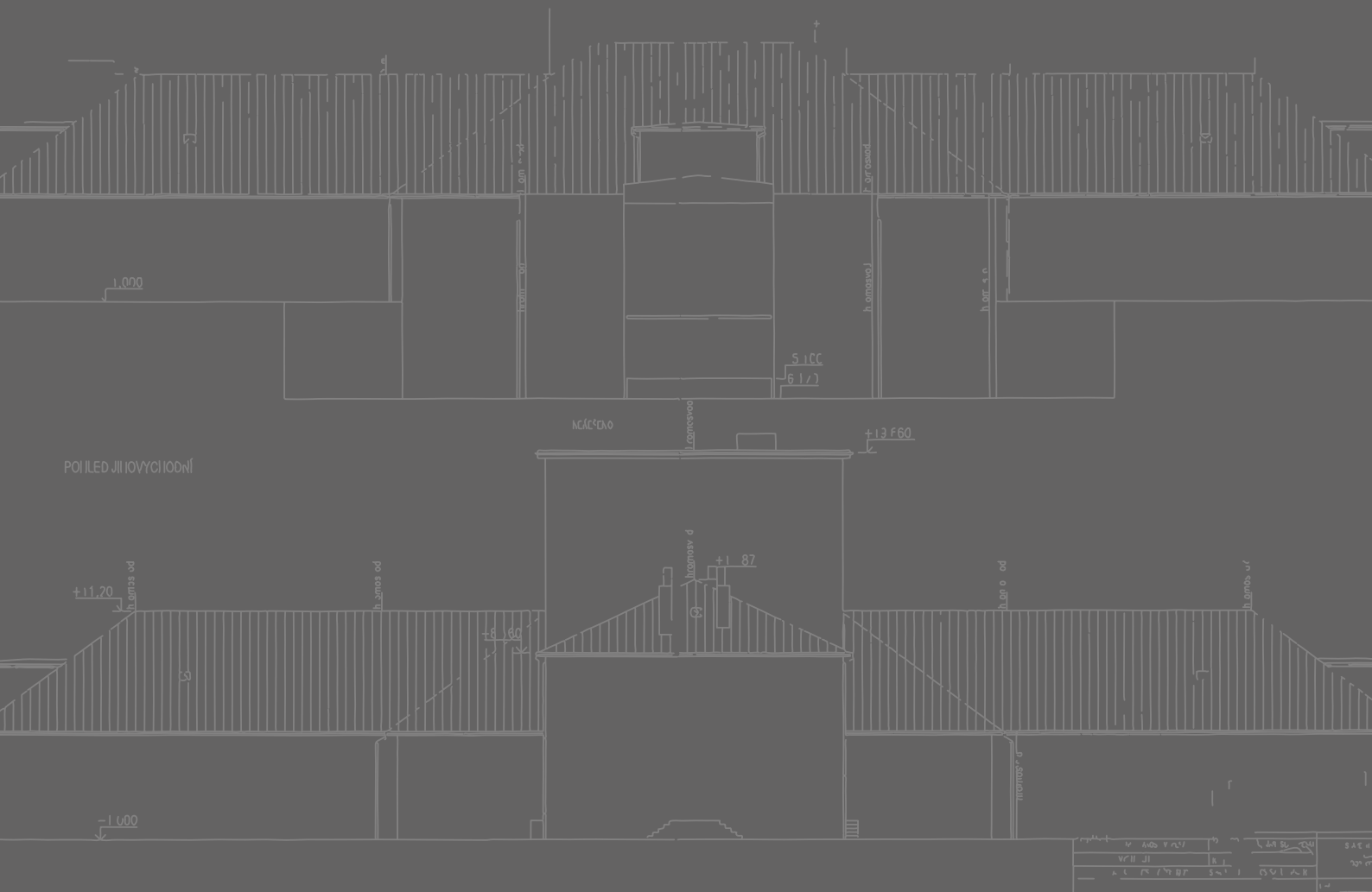
Name	Total costs in CZK ,000
Pressure break chamber in Červený Kámen – repair and reconstruction of structures and wiring in the water reservoir and storage facility	8,050
Water treatment plant in Nová Ves – repair of the building, storage facility, water reservoir for treated water - refurbishment of the reinforced concrete sections	17,203
Pressure break chamber in Bruzovice - repair and reconstruction of an inflow facility, PK I, PK II	14,497
Water reservoir in Třinec Sosna, HTP 2x1000 m – refurbishment of the facility	12,913
Water reservoir in Bystřice 2x500 and automated station in Bystřice HTP – reconstruction of the building	5,582
Water reservoir in Příbor 2 x 1000 m ³ (Benátky) – reconstruction of the facility	16,997
Water reservoir in Lublice 2x210 m ³ – reconstruction of the facility	8,259
WWTP in Frýdek Místek – repair of technology for the digestion tank VN-1	7,962
Karviná Hranice, the Žižkova street – repair of the “G” sewer	15,825
Fulnek, the Mlýnská street – repair of the “A” sewer	6,898
Opava, the Anenská street – replacement of the “Bl” sewer pipeline	10,011

Intangible assets

The Company owns intangible assets in the following values (in CZK ,000)

	2023	2024	2025
Buildings, net value	7,185,778	7,392,149	7,453,474
Land	167,832	170,324	171,897

Most buildings rank among the tangible fixed assets such as the water infrastructure facilities. Majority of such assets are used primarily for production of water, for providing the residents and other consumers with drinking water, and for discharge and treatment of wastewater.



INFORMATION TECHNOLOGIES

In 2025 all IT system ran in a stable way without unscheduled shutdown which would influenced core business and services provided by SmVaK Ostrava. The main objective was to improve availability and security for IT/IS.

Penetration tests were carried out regularly in order to check security. Users were again educated in cyber security, IT security, and phishing tests. SOC/SIEM services have been subject to continuous improvements (the cyber security services in the supervisory centre). The information security management system was audited, the objective being to confirm compliance with provisions of the Act No. 181/2014 Coll. on Cyber Security. New IT experts were hired in order provide sufficient staffing for development projects.

Consolidation of the existing IS and implementation of new IS continued, a particular attention being paid to crisis management, compliance with laws, and improved customer services. Deployment of SD-WAN and supporting equipment in network infrastructure were completed. Works continued in integration of IS and digitizing of corporate applications. Trainings started for implementation of Microsoft 365, the objective being to use advanced tools efficiently for corporate communication, collaboration, and data sharing. Each employee can use a AI chatbot with corporate information protection. Partners were consulted regarding optimising of certain activities and use of IT tools. Servers were replaced in the virtualisation server farm.

Plans for 2026

Further innovations and integration of hardware in IT infrastructure and some internal systems are planned for the next year. Regarding cyber security, compliance and duties resulting from the new law on cyber security will be ensured in line with the completed GAP analysis. A pilot project will be planned for AI deployment into agenda of one of our departments. ISO 27001 certification project will be performed in 2026.

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 aware of its responsibility for the region where it operates. The concept of the social accountability and sustainable development is an integral part of SmVaK Ostrava's existence – it passes through all its activities and it based on four pillars: Corporate Governance, People, Environment, and 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 where the policies are included in the Compliance Management System. For more details see Chapter 8 in this Annual Report.

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)

EN ISO 50001:2018 (Energy Management System)

ČSN ISO 14064-1 (Measuring and Reporting Greenhouse Gas Emissions – Carbon Footprint)

In June 2025, the Company successfully completed a re-certification audit for energy management under the ČSN ISO 50001 and certificate regained its validity. Regarding the quality, environment, and occupational safety, a surveillance audit was carried out in 2025.

HUMAN RESOURCES

As the Company is fully aware of the significance of qualified and motivated employees for its operation and further development, it pays great attention to human resources. In 2025, labour relations were in compliance with the Labour Code and the applicable collective bargaining agreement (in force for the 2025-2027 period), which is signed on a yearly basis. The Company has not established a special remuneration committee.

Recalculated headcount – development over time

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Blue collars	555	552	542	544	548	548	557	566	579
White collars	305	311	313	311	313	324	325	333	335
Total	860	863	855	855	861	872	882	899	914

OCCUPATIONAL SAFETY

The Company continuously pays particular 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.

As a result of implementing the ČSN ISO 45001, the entire Company applies 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. Almost-incidents are identified and preventive measures are defined. Efficient preventive measures help reducing potential impacts on employees and their health. 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.

Introduction and application of the integrated management system will affect all spheres of occupational safety and health protection. 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 (or close to roads); 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 2025, nine minor occupational injuries were recorded, none of them resulting in long-lasting 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 groundwork and road work (or work close to roads), 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 2025, 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, the management team visited the worksites, refresher employee training was organised, and the activities were observed from the perspective of occupational health and safety. Managers organised talks with employees on occupational health and safety 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.

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 and occupational safety officers. In 2025 the Company kept on developing its talents and organised training that focused on health of its employees. In line with the program of the Integrated Management System, the employees may choose to be vaccinated against hepatitis and tick encephalitis.

In 2025 the Company provided 5,360 hours of training. This means, 4.38 hours of training per employee. In the first half of the year, the Company focused on organising only the trainings that were absolutely necessary, especially the trainings required by law and activities available online. Within the Healthy Company Programme, several successful projects were carried out in connection with staff health, physical activities, and mental hygiene.

BENEFITS

The Company provides its employees with many benefits, for instance, it contributes to meal vouchers, or pays some leisure time activities in culture, sport, or social events for employees.

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.

In extreme cases of social need, the Company offers employees (or their bereaved family members) a one-off non-repayable benefit amounting to CZK 20,000. 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. Jánův 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 entered into 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. On sites where water tanks, water treatment facilities, and wastewater treatment facilities are located, flower meadows are being planted and bug hotels are being built. The Company plans to continue with these activities in the future, 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 ČSNISO 14064-1 standard. In order to calculate a carbon trace, SmVaK prepared guidelines the correctness and completeness of which was verified by an independent auditor, TÜV SÜD Czech s.r.o. At the same time, the calculation of the carbon trace was verified for the reference year, 2014, and will be used for comparison of carbon traces in the coming years. In 2019, SmVaK checked the carbon trace calculation again.

The Company wishes to continue the activities leading to the reduction of its carbon footprint.

SYSTEM FOR ENERGY EFFICIENCY IMPROVEMENT

In 2016, the Company became the second water company in the Czech Republic to implement the ČSN ISO 50001 standard. In June 2025, the Company passed successfully the third recertification audit. The implementation of this standard entails monitoring energy handling with a view to improving the energy efficiency of operations and technology facilities. Measurable objectives and targets have been set as to what savings may be achieved in certain technology areas and in energy management.

Introduction of ISO 50001 extended and completed the existing integrated management system. This will consequently lead to regular monitoring of energy consumption, a pursuit of savings in energy consumption and a gradual optimisation of the efficient use of all types of energy in the Company. It will be also possible to identify possible usable sources of energy in the Company.

In order to generate and use more electricity from renewable resources, in 2023 the Company complete construction of a new photocell power plant on the roof the office building in Ostrava-Mariánské Hory. Its output is 19.8 kWp. The energy produced by the photocell power plant is consumed completely in the Company's office building. In 2025 the photocell power plant produced 17 MWh. As the Company aims to reduce permanently the carbon trace and impacts on environment, it bought in 2025 another 14 low-emission cars (plug-in cars and hybrid cars) which are used by employees from the Company Administration and operation centres for water networks and sewage systems. The Company operates now thirty three low emission cars.

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 2025, the Company's facilities that have been using renewable energy sources generated 8.565 MWh of electricity.

Small hydroelectric power plants installed within the Ostrava Area Water Supply Network generated 4,922 MWh where 3,215 MWh were used for operation of technology facilities of the Ostrava Area Water Supply Network and 36 MWh were transmission losses (low/high voltage).

Co-generation units in the wastewater treatment plants generated 3,643 MWh of electricity, of which 2,884 MWh were allocated for powering the operation of technological equipment, and 759 MWh were consumed by the operation of the co-generation units.

In 2025, 1,672 MWh of electricity from renewable sources were sold to ČEZ Distribuce (the energy company) from small water power plants and cogeneration 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. Much attention is also paid to organisations involved in health and social projects. The Company supports also projects that focus on improved quality of environment.

The Company is a major employer in the region. Given that its annual investments in the water infrastructure is more than one billion Czech Crown, the Company indirectly provides jobs for hundreds of employees of its contractors.

The Company is a partner in the "Key to the World" project which was founded thanks to coordination between the Confederation of the Industry and Transport of the Czech Republic and Eva Pavlová Endowment Fund. The goal is to help young people from children's homes to start living on their own. Thanks to this project, four young people from the children home in Nový Jičín had an opportunity to gain work experience in our facilities.

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

In 2025, the tenth year of the grant programme for active employees entitled "We are in this together" saw support provided to nineteen projects of the non-profit organisations in which the Company's employees are involved as volunteers in their free time and generally free-of-charge. The total support for projects costs CZK 0.3 million.

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.

The Company continues the successful programme and, in December 2025, declared a call for proposals for projects to be implemented in 2026.

EDUCATION

There has been long-term cooperation between the Company and Technical University Ostrava, namely the Faculty of Mining and Geology. Cooperation with the Faculty of Civil Engineering from VŠB-TU Ostrava has been extended. 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. 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 and the professionals.

The second programme with the similar focus is the Oxidan Planet. It is intended for teenagers. So that the both programmes could succeed, the dates are always regularly occupied for the entire respective school year.

PERSONS RESPONSIBLE FOR VERIFICATION OF FINANCIAL STATEMENTS:

In 2023: Ernst & Young Audit, s.r.o.
Auditor's name: Jiří Křepelka
Certificate No.: 2163
Audit date: Financial Statement for the year 2023: 29 February 2024

In 2024: Ernst & Young Audit, s.r.o.
Auditor's name: Radek Pav
Certificate No.: 2042
Audit date: Financial statement for the year 2024: 28 February 2025

In 2025: Ernst & Young Audit, s.r.o.
Auditor's name: Radek Pav
Certificate No.: 2042
Audit date: Financial statement for the year 2025: 11 March 2026

Pursuant to Section 17 of Act No. 93/2009 Coll., the auditor was appointed on 26 May 2025 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.

Ostrava, dated 11 March 2026



Miroslav Kyncl
Vice-Chairman of the Board of Directors



Vladimír Slivka
Member of the Board of Directors

DECLARATION OF THE SUPERVISORY BOARD

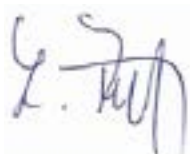
REGARDING THE FINANCIAL STATEMENTS FOR 2025, ANNUAL REPORT FOR 2025 AND THE RESULT OF THE REVIEW OF THE REPORT OF RELATIONS FOR 2025

In accordance with Clause 24 (2) (a) and (b) of the Articles of Association the Supervisory Board of the Company reviewed the regular Financial Statements of the Company for the accounting period 2025. The report about the results of the review was discussed by the Supervisory Board at its meeting on 13 March of 2026.

The Supervisory Board states:

1. The Supervisory Board discussed and reviewed the regular Financial Statements of the Company for the accounting period 2025. When being reviewed no facts were revealed which would indicate that some data included in the regular Financial Statements for the accounting period 2025 might be incorrect or incomplete.
2. No conflict with generally binding legal regulations, Articles of Association or resolutions of the General Meeting was found in the activities of the Company.
3. The Supervisory Board did not identify any case where the Board of Directors would have acted contrary to the law, Articles of Association or resolutions adopted at the General Meeting.
4. The Report on Relations between Related Parties was correctly drawn up and is in line with the requirements of the Act on Business Corporations (Section 82). The data in the Report is based on information about related parties included in the regular Financial Statements of the Company for the accounting period 2025.

Based on these findings, the Supervisory Board submits to the General Meeting in accordance with Section 447 (3) of the Act no. 90/2012 Coll. this declaration with a recommendation for approval of the regular Financial Statements of the Company for the accounting period 2025.



RNDr. Lukáš Ženatý, Ph.D.
Chairman of the Supervisory Board

AUDITOR'S REPORT



(Translation of a report originally issued in Czech)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Severomoravské vodovody a kanalizace Ostrava a.s.:

Opinion

We have audited the accompanying financial statements of Severomoravské vodovody a kanalizace Ostrava a.s. (hereinafter also the "Company") prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2025, 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 material accounting policy information. For details of the Company, see Note 1 to the financial statements.

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 at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under 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.

Other Information

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 complies with law or regulation 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. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

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

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union 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 and Audit Committee are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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


As part of an audit in accordance with the above 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 Supervisory Board and Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Audit, s.r.o.
License No. 401



Radek Pav, Auditor
License No. 2042

11 March 2026
Prague, Czech Republic

POST BALANCE SHEET EVENTS

No post Balance Sheet events exist that would be significant for purposes of the Annual Report.

OTHERS

The key area for R&D we have been involved in 2025 was reuse and processing of water treatment sludge, increasing the energy potential of biogas, and activities aimed at designing and testing of innovative technologies within Company's professional business.

The Company does not have a branch office or another part of a company establishment abroad

The Company did not acquire its own shares in 2025.

The Company is not obliged to disclosed information pursuant to special laws.

APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for disclosure by the Board of Directors on 11 March 2026.



Miroslav Kyncl
Vice-Chairman of the Board of Directors



Anatol Pšenička
Managing Director



Vladimír Slivka
Member of the Board of Directors



Halina Studničková
Chief Financial Officer



25

FINANCIAL STATEMENTS

& NOTES TO THE
FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2025



SmVaK

Severomoravské vodovody a kanalizace Ostrava a.s.



aqualia

1. BALANCE SHEET AS OF 31 DECEMBER 2025

Assets	See Chapter in the Notes	As of 31 December 2025 in CZK ,000	As of 31 December 2024 in CZK ,000
ASSETS IN TOTAL		10,195,091	9,980,160
Fixed assets		9,312,996	9,133,709
Intangible assets	4.1.1.	50,906	53,550
Property, plant, and equipment	4.1.2.	8,921,320	8,710,919
Rights to use the assets	4.1.3.	340,770	369,240
Current assets		882,095	846,451
Inventory	4.2.1.	21,178	20,347
Other receivables	4.2.2.	62,665	66,830
Unbilled water and sewage tariffs	4.2.3.	438,891	418,983
Trade receivables	4.2.4.	133,773	124,505
Cash and bank accounts	4.2.5.	225,588	215,786

LIABILITIES		As of 31 December 2025 in CZK ,000	As of 31 December 2024 in CZK ,000
LIABILITIES IN TOTAL		10,195,091	9,980,160
Equity		4,031,830	3,440,244
Registered capital	4.3.	1,296,909	1,296,909
Retained profit		2,734,921	2,143,335
Long-term payables		1,094,611	1,101,596
Reserves	4.4.	24,849	26,078
Payables with respect to lease	4.6.	337,707	358,022
Deferred tax liability	4.9.2.	732,055	717,496
Short-term payables		5,068,650	5,438,320
Reserves	4.4.	1,706	2,060
Trade payables and other payables	4.5.	893,580	959,328
Payables with respect to lease	4.6.	26,983	31,250
Payables - the controlling person	4.8.	4,102,000	4,412,000
Payable income tax	4.9.1.	44,381	33,682

2. COMPLETE STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2025

	See Chapter in the Notes	2025 in CZK ,000	2024 in CZK ,000
Income from water tariffs and sewage charges	4.10.	4,022,365	3,791,480
Other operating income	4.11.	177,283	122,240
Consumption of materials and energy	4.12.	(778,939)	(746,277)
Personnel costs	4.13.	(848,742)	(793,990)
Depreciation	4.1.1, 4.1.2. a 4.1.3.	(519,668)	(518,012)
Other operation expense	4.14.	(1,145,564)	(1,019,764)
Increase/decrease in reserves and temporary reduction in value of assets	4.15.	22,378	-18,026
Income from operation		929,113	817,651
Interest and other financial income	4.16.	5,204	2,786
Interests and other financial expense	4.16.	(175,064)	(191,868)
Financial income	4.16.	(169,860)	(189,082)
Profit before taxation		759,253	628,569
Income tax	4.9.	(167,667)	(133,595)
Profit after taxation		591,586	494,974
Comprehensive profit after tax for Company owners		591,586	494,974
Profit per share (in CZK)	3.16.		
Elementary profit		171.06	143.12
Diluted profit		171.06	143.12

3. CHANGES IN OWN CAPITAL AS OF THE YEAR ENDING 31 DECEMBER 2025

	Registered capital in CZK ,000	Retained profit in CZK ,000	Own equity in total in CZK ,000
As of 31 December 2023	1,296,909	1,648,361	2,945,270
Profit/loss from 2024	0	494,974	494,974
Comprehensive profit after tax made in 2024	0	494,974	494,974
As of 31 December 2024	1,296,909	2,143,335	3,440,244
Profit/loss from 2025	0	591,586	591,586
Comprehensive profit after tax made in 2025	0	591,586	591,586
As of 31 December 2025	1,296,909	2,734,921	4,031,830

4. CASH FLOW FOR THE YEAR ENDING 31 DECEMBER 2025

	Period until 31 December 2025 in CZK ,000	Period until 31 December 2024 in CZK ,000
Cash at beginning of the period	215,786	27,545
Cash flow from main business (from operation)		
Profit on ordinary activities before tax	759,253	628,569
Adjustments for non-monetary operations	664,582	715,250
Depreciation of fixed assets	519,668	518,012
Increase/decrease in temporary value of assets and reserves	(22,378)	18,026
Profit/loss from sale of fixed assets	(1,048)	(6,118)
Paid and received interests	168,340	185,330
Net cash flow from operation before increase/decrease in working capital	1,423,835	1,343,819
Increase/decrease in working capital	(150,390)	144,306
Increase/decrease in receivables and accrued assets	(22,843)	37,163
Increase/decrease in payables and accrued liabilities	(126,779)	106,072
Increase/decrease in stock	(768)	1,071
Net cash flow from operation before tax	1,273,445	1,488,125
Interests paid	(159,894)	(210,501)
Interest with respect to lease	(13,677)	(14,555)
Interests received	4,840	2,607
Paid income tax on ordinary activities	(142,409)	(87,597)
Net cash flow from operation	962,305	1,178,079
Expenses on acquisition of fixed assets	(611,092)	(653,589)
Income from sale of fixed assets	616	8,702
Net cash flow from investment	(610,476)	(644,887)
Instalments with respect to lease payables	(32,027)	(34,951)
Increase/decrease in in-group loans	(310,000)	(310,000)
Net cash flow from financial transactions	(342,027)	(344,951)
Net change in cash	9,802	188,241
Cash at the end of the period	225,588	215,786

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1. GENERAL INFORMATION

1.1. INCORPORATION AND CHARACTERISTICS OF THE COMPANY

Severomoravské vodovody a kanalizace Ostrava a.s. ("the Company") was incorporated on 1 May 1992 as a joint-stock company. Its ID is 45193665.

Below are the main objects of Company's business:

- production and distribution of drinking water and service water
- discharge and treatment of wastewater
- construction of water facilities

On 23 July 2019 the General Meeting resolved pursuant to § 375 et seq. in the Act on Business Corporations on the forced transfer of ownership rights to all participating securities to the main shareholder, and the shares were removed from trading on the multilateral trading system, 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.

The Company is based in Ostrava-Mariánské Hory, 28. října 1235/169, 709 00 Czech Republic.

The structure of shareholders as of 31 December 2025 is as follows:

Shareholder	Share in the registered capital
AQUALIA CZECH S.L.	100 %
Total	100 %

Figures in these financial statements are in CZK ,000 (thousands Czech Crown) except for the profits per share which are in CZK.

1.2. ORGANISATION STRUCTURE

The Company is divided into four internal organisational units:

1. Headquarters
 - 1.1. Managing Director's Division
 - 1.2. Chief Finance Officer's Division
 - 1.3. Technical Director's Division.
 - 1.4. International Development Department.
2. Water Networks Director's Division
3. Sewage Systems Director's Division
4. OOV Director's Division (Ostrava Area Water System)

1.3. IDENTIFICATION OF THE GROUP

Directly controlling person: **AQUALIA CZECH, S. L.**

As of 31 December 2025 the Company does not own any share in any other company.

2. APPLICATION OF NEW AND AMENDED ACCOUNTING STANDARDS (“IFRS”) IN THE WORDING ADOPTED BY THE EUROPEAN UNION

In 2025 the Company was using the new and amended standards and interpretation issued by the International Accounting Standards Board (“IASB”) and the International Financial Statements Reporting Interpretation Committee (“IFRIC”) in IASB which regulate business.

STANDARDS AND INTERPRETATION IN FORCE DURING THE REGULAR REPORTING PERIOD

The reporting year saw the first year of force of modification of the following standards issued by the International Accounting Standards Board (“IASB”) approved for application in EU:

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability (an amendment).** The amendment has been binding since the start of the regular accounting period on 1 January 2025. However, the accounting units are free to use it before that date.

Introduction of the modified standards did not have any significant impacts on Company's accounting rules.

New standards and modifications of the existing standards which have not been applied by the Company yet

a) New standards and amended standards which are not in force yet but have been adopted by the European Union

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments).** In May 2024, the IASB issued amendments to the Classification and Measurement of Financial Instruments which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.
- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments).** In December 2024, the IASB issued targeted amendments for a better reflection of Contracts Referencing Nature-dependent Electricity, which amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures and they become effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted.
- **Annual Improvements to IFRS Accounting Standards – Volume 11.** In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted

b) New standards and amended standards which are not in force yet but have not been adopted by the European Union

- **IFRS 18 Presentation and Disclosure in Financial Statements.** In April 2024, the IASB issued the IFRS 18 - Presentation and Disclosure in Financial Statements which replaces IAS 1 - Presentation of Financial Statements and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments).** In May 2024, the IASB issued the IFRS 19 - Subsidiaries without Public Accountability: Disclosures, and in August 2025 the IASB issued amendments to IFRS 19. IFRS 19 (including the amendments) becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.
- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments).** In November 2025, the IASB issued amendments to Translation to a Hyperinflationary Presentation Currency which amend IAS 21 The Effects of Changes in Foreign Exchange Rates, and they become effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted.
- **Amendment in 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.** In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Company has made decision not to apply the standards and modifications of the existing standards prior to the date when they enter into force. The Company's management team has analysed the situation and believes that the first adoption of the standards and modifications of the existing standards will not have any significant impact on the Company's financial statement.

3. IMPORTANT ACCOUNTING RULES AND PROCEDURES

The financial statements are prepared in accordance with the International Financial Reporting Standards adopted by the EU on the principle of historical costs.

The financial statements were prepared pursuant to laws and regulations of the Czech Republic.

3.1. INTANGIBLE ASSETS

The intangible assets which were acquired as separate assets are posted in acquisition prices after deduction of cumulated amortisation and loss from reduced value. Normal amortisation and depreciation is used throughout the expected service life of the assets. The expected service life and amortisation/depreciation methods are validated always by the end of each reporting period where impacts of any changes in estimates are posted retrospectively.

Should the net book value of the asset exceed the estimated value, an estimated entry is used to make the net book value be in line.

Non-current intangible assets that exceed CZK 60,000 were depreciated as expenses on the basis of the expected service life of the assets. Small-size fixed tangible assets that do not exceed CZK 60,000 are entered as one-off expense in the year of purchase and are kept as operative entries.

Straight-line depreciation of fixed intangible assets is used, considering the expected service life as follows:

	%
Software	25
Valuable rights	10 to 20

3.2. PROPERTY, PLANT, AND EQUIPMENT

Acquisition prices incl. acquisition costs minus adjustments minus the posted loss from reduced value are applied for the property, plant and equipment used for provision of services or for administrative purposes. Company's assets include particularly waste treatment plants, water supply pipelines, wastewater treatment plants and sewage pipelines. A net book price set by a certified expert is used for non-current tangible assets.

Non-current intangible assets that exceed CZK 80,000 are depreciated as expenses on the basis of the expected service life of the assets.

Small-size fixed tangible assets that do not exceed CZK 80,000 are entered as one-off expense in the year of purchase and are kept as operative entries.

The acquisition prices of the assets, except for land and investments in progress, are depreciated for the estimated service line. Linear depreciation is used as follows:

	%
Buildings	1.5 to 5.15
Production equipment – plants and devices	4 to 25
IT and IS	17 to 25
Transport vehicles - motor vehicles	4 to 25
Inventory	4 to 12
Fixed tangible assets where the acquisition price is between CZK 1,000 and CZK 80,000	25
Water meters	17

Expenses relating to technical betterment of the non-current tangible assets increase the cost of such asset. Repair and maintenance are posted as expenses.

Any loss or profit made from sale or retirement of an asset is the difference between revenue from sale and the net book value of such asset as of the date of the sale. Such loss/profit is posted in the complete income statement.

When taking stock, the net book values of the assets and their service lives are evaluated pursuant to IAS 36 – Impairment of Assets. Pursuant to that standard, the Company distributed its assets into groups which could be regarded as separate cash-generating units: the water networks, sewage systems and the other assets. In each such group of assets, the impairment was considered using the following indications of impairment:

External sources: market value decline for the group of assets, negative changes in technology, markets, economy, or laws, increases in market interest rates, net assets of the company higher than market capitalisation.

Internal indications: obsolescence or physical damage, asset is held for disposal, asset is held for sale, asset does not generate sufficient income, asset is not used sufficiently, the purpose of use has changed.

Having evaluated the assets, no indications have been revealed for impairment of the asset groups. Only internal indications of impairment have been revealed for certain items in the asset groups. Impairment of the assets is the difference between the net book value of the asset and the recoverable amount from such asset. The recoverable amount from such asset is either the net selling price of the asset or the value from use of such asset, whichever is higher. Such decrease in the value of assets is posted using the temporary reduction in the value of assets.

3.3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash in hand and cash in banks. The cash and cash equivalents can be immediately exchanged for the known sum in cash and a negligible risk of exchange is typical of them. The real value of the cash and cash equivalents is not different from their net book value.

3.4. INVENTORY

The stock is posted either at the acquisition price or at the net realisable cost, whichever is lower. The acquisition price includes the price of acquisition of such asset including transport costs and overheads and direct wages, if any, relating to maintaining the stock in the current condition. The Company has been using the weighed arithmetic average method for stocktaking. The net realisable value is the estimated net selling price minus all estimated costs for completion, and costs relating to marketing, sale and distribution of such asset.

3.5. TRADE RECEIVABLES

First, the receivables are posted using the real values. Then, estimates and adjustments are made if any receivables are bad and/or can not be recovered. Such temporary reduction of the value is calculated using the model of expected credit loss. Bad debts are written off once debtor's insolvency procedure is closed. Because maturity terms for receivables are short, the real value of the receivable is almost the book value.

Creation of temporary reduction of the value with respect to the receivables depends on the analysed maturity date of the receivable. The amount results from the debt collectability test.

If the receivables are overdue for less than 180 days, the temporary reduction in the value is 1% of the nominal value of such receivable (1% in 2024). If the receivables are overdue for more than 180 days but less than 365 days, the temporary reduction in the value is 48 % of the nominal value of such receivable (52% in 2023). If the receivables are overdue for more than 365 days, the temporary reduction in the value is 95% of the nominal value of such receivable (99% in 2023).

For the temporary reduction of the value the method above is used because the differences in credit risks for the receivables are very small. If there is a specific credit risk (for instance, a debtor faces a bankruptcy), an individual approach is used to the temporary reduction of the value.

3.6. TRADE PAYABLES

Trade payables are evaluated primarily in their real values. Because such payables are short-termed, the real value is almost the book value.

3.7. PAYABLES - THE CONTROLLING PERSON

Payables to the controlling person are the payables resulting from a loan provided within the group. The loan is posted as a nominal value of the amount to be paid, applying the effective interest rate method. A short-term loan is a part of a long-term loan which is due within one year after the date of the financial statements.

3.8. RESERVES

Reserves are created if the Company reports a payable because of a past event and such payment is estimated to result probably in outflow of economic advantages. The Company has been creating reserves for future employee benefits (benefits paid for old age retirement, anniversaries in their personal lives), for changes in the Company's organisational structure, and for similar situations. The reserves are posted using the best estimates by the Company management team which should estimate probable costs to be incurred by the Company in the future in order to settle such payable.

The reserves are long-termed or short-termed. The long-termed reserves are discounted based to the current value.

3.9. CONVERSION OF FOREIGN CURRENCY INTO CZK

The financial statements are in the currency of the primary economic environment where the entity carries on its business (in CZK).

Assets and liabilities in foreign currency are measured in CZK, applying the exchange rate valid as of the date of a transaction declared by the Czech National Bank.

Assets and liabilities as well as cash in foreign currency are, as of the date of the financial statements, calculated using the exchange rate which is declared by the Czech National Bank as of 31 December. Non-cash items which are evaluated in historic costs in foreign currency are not converted. Losses or profits made from such conversion are posted in the complete income statement for the reported period.

3.10. LEASE

The lessee posts the asset consisting in the right to use, as well as the liability resulting from the lease. The asset consisting in the right to use is posted similarly as fixed tangible assets. Depreciation is similar as well. In the first entry, the lease liabilities represent the current value of the liabilities resulting from lease instalments throughout duration of the lease and the discounted implicit rate of lease, if it can be determined easily. If the lease rate cannot be determined easily, the lessee will use its incremental lease interest rate. In the first entry of the lease liability, only the following is posted: the fixed lease instalments and variable instalments which depend on development of the rate/index. The variable lease which does not depend on the index/rate is not included into valuation of the lease liability and asset consisting in the right to use. The lease fee is posted in the Complete Income Statement as "other operating expenses" for the period when the situation or circumstance happened which resulted in such expenses.

The Company posts the leased assets as the right to use the assets, and the related liabilities as of the date when the lease assets became fit for use. Each lease instalment consists of the liability instalment and financial expense. The financial expense is posted as an expenses and is reported as "interest and other financial expense" throughout duration of the lease. The liability is paid up using a constant interest rate for the remaining liability in each reporting period.

The Company shall re-valuate the lease liability and post necessary changes in the assets with respect to the right to use if:

- there is a change in lease duration,
- there are changes in lease payments because of changes in the reference index,
- the lease contract was modified.

First, the assets are evaluated using the current value of the lease payments. When valuating the assets, following items should be included:

- all lease instalments paid as of the start of the lease or earlier, minus all incentives received with respect to the lease,
- any initial direct expenses,
- expenses needed for reaching the required condition of the asset at the end of the lease.

Then, the assets which represent the right to use are posted in the balance sheet as the right to use the asset. The assets are valued using the cost of asset minus adjusting entries and cumulated loss from the reduced value. Adjustments are also made in case of re-valuation and modifications of lease contracts. Assets that represent the rights to use are depreciated using straight-line depreciation throughout the service life or the assets or throughout duration of the lease, whichever is shorter.

Payments made with respect to short-term rent and lease of all low-value assets are posted evenly as an expense in the complete income statement under "other operating expenses".

Short-time rent is a lease with duration of 12 months or less.

3.11. TAXES

The final tax in the complete income statement is the payable tax for the accounting period and increase/decrease in the deferred tax.

The tax payable for the accounting period depends on the taxable profit and tax base. The tax base is different from the profit before taxation which is shown in the complete income statement because the tax base does not include earnings and expenses which are taxable or recognised in other periods. Furthermore, the tax base does not include items which are not taxable and those which are not tax deductible. The tax payable is calculated using the tax rate applicable as of the date of the financial statements.

Deferred tax payables and tax receivables which result from differences between the tax assets and tax liabilities in the financial statements and which correspond to the tax base of such assets and liabilities used for calculation of the taxable profit, are posted using the balance sheet payable approach. The deferred tax payables are posted for each temporary difference, while the deferred tax receivables are posted in the scope in which it is likely that the taxable profit will exist against which the deductible temporary difference could be set off. In case of lease contracts where the Company/Group is the lessee, the temporary differences are determined as a total for the right to use and the lease liability arising from the lease contract.

The book value of the deferred receivable is evaluated as of each balance day and is reduced in the scope in which it is likely that no sufficient taxable profit would exist which would make it possible to set off the receivable or a part of such receivable.

The deferred tax is calculated using the tax rates which are expected to apply in the period when the assets will be realised, or when the liabilities will be settled. The deferred tax is shown in the complete income statement.

The deferred tax receivables and deferred tax payables are set off with each other if a legally enforceable claim exists for offsetting of the tax receivable for the regular period against the tax payable for the regular period, if such tax is collected by the same revenue authority and if the Company intends to settle its tax receivables and the tax payables in the regular period in the same amount.

3.12. INCOME

Revenues are posted using the real value at the moment of the supply from past or supply to be supplied in the future. Such revenues are the revenues from sale of goods and services within ordinary business of the Company, minus discounts, value added tax and other taxes relating to the sale. The Company posts the income from contracts signed with the customers if:

- the contract is identified,
- the liability to provide a supply is identified,
- the price of transaction is quoted,
- The transaction prices are allocated to each liability to provide a supply,
- the income is accepted upon fulfilment of the liability to provide a supply.

Income from water tariffs and those from sewage charges are posted at the moment when drinking water is supplied in the water network or when wastewater is discharged in sewage systems. The water charges and sewage fees of solidarity were set pursuant to the applicable Czech Ministry of Finances Decree No. 01/VODA/2022 on regulation of water charges and sewage fees of 12 July 2021 as amended in the Ministry of Finances Decree No. 02/VODA/2022, Ministry of Finances Decrees No. 03/VODA/2022, No. 04/VODA/2022, and No. 05/VODA/2022. Asset estimates with respect to the water tariff and sewage charge for water supplied or wastewater discharged in 2025 which will be billed in 2026 were calculated using the average data read off during the past invoicing period per day multiplied with the number of days when such services were provided from the last meter reading until 31 December 2025.

The estimates were calculated based on the up-to-date development of water/sewage bills, compared with the same period of the previous year, and based on information about water produced in 2025. Such estimates are shown in the balance sheet as non-billed water tariff and sewage charge.

3.13. SEGMENTS

Pursuant to IFRS 8 – Operation Segments, the Company regards its activities as one segment only. Revenues generated from other activities are negligible and are regarded as non-core business. From the point of view of geography, the Company serves in particular the Moravian-Silesian region, which for purposes of income reporting comprises also certain close-to-border regions in Poland. Drinking water supplied to Poland represents ca. 2.11% of total revenues from water tariff, sewage charged and bulk water. None of the customers generate more than 10% of the revenues.

3.14. REAL VALUE OF THE FINANCIAL INSTRUMENTS

The Company does not own any financial instruments which would be evaluated using the real value after initial recognition. The real value of the financial instruments is almost same as their book value, unless stated otherwise.

3.15. LOAN EXPENSES

The loan expenses which are directly related to acquisition, construction or production of an eligible asset are capitalised using a portion of the acquisition costs for that asset until the moment when the asset is prepared to a considerable extent for the intended use of sale. Any other loan expenses are shown in the complete profit and loss account for the period where such cost occurred. No part of the loan expenses in these financial statements is related to acquisition of fixed assets and fulfills requirements for capitalisation of the loan expenses in the acquisition price of the asset.

3.16. PROFIT PER SHARE AND DIVIDEND

The calculated basic profit and diluted profit per share are same. The profit per share is calculated as follows:

(In CZK ,000 except for the profit per share in CZK)	2025	2024
Profit made in the current period	591,586	494,974
Average number of shares during the period	3,458,425	3,458,425
Profit per share (basic and diluted profits)	171.06	143.12
Share in profit per 1 share	To be decided by the sole shareholder acting in the capacity of the general meeting	0

Decisions on dividends are made by the authorised bodies of the Company within distribution of the profit made by the Company during the reported period.

3.17. SIGNIFICANT ESTIMATES

When applying the accounting rules, the Company's management team is required to make certain guesses and to prepare estimates and assumptions with respect to the assets and liabilities if such information is not now available from other sources. The estimates, guesses and assumptions are based on experience from past periods and on other factors which are regarded as relevant. Real figures may be different from such estimates. The estimates, guesses and assumptions are subject to regular validation. Corrections in such accounting estimates are made in the period when such correction was made (if the correction affects that period only) or in the period when such correction was made as well as in the future periods (if the correction affects both the current and future periods).

Estimates for non-billed water tariffs and sewage charges are made on the basis on experience from past periods and on other factors which are regarded as relevant. The real figures can be different from the estimated income from water tariffs and sewage charges. The estimates, guesses and assumptions are subject to regular validation.

4. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENT AND COMPLETE STATEMENT

4.1. FIXED ASSETS

4.1.1. Intangible assets

	Software (,000 CZK)	Valuable rights (,000 CZK)	Intangible fixed assets under construction (,000 CZK)	Total (,000 CZK)
COSTS				
As of 31. 12. 2023	275,178	48,224	6,557	329,959
Increase	12,952	3,277	12,765	28,994
Decrease	(2,158)	0	(16,229)	(18,387)
As of 31 December 2024	285,972	51,501	3,093	340,566
Increase	6,578	1,761	10,114	18,453
Decrease	(1,822)	0	(8,340)	(10,162)
As of 31 December 2025	290,728	53,262	4,867	348,857
ADJUSTING ENTRIES				
As of 31 December 2023	(264,295)	(12,809)	0	(277,104)
Depreciation per year	(10,119)	(1,951)	0	(12,070)
Eliminated upon retirement	2,158	0	0	2,158
As of 31 December 2024	(272,256)	(14,760)	0	(287,016)
Depreciation per year	(10,709)	(2,048)	0	(12,757)
Eliminated upon retirement	1,822	0	0	1,822
As of 31 December 2025	(281,143)	(16,808)	0	(297,951)
BOOK VALUE				
As of 31 December 2023	10,883	35,415	6,557	52,855
As of 31 December 2024	13,716	36,741	3,093	53,550
As of 31 December 2025	9,585	36,454	4,867	50,906

In 2024 the Company acquired the non-tangible assets at CZK 0.574 million – they were posted directly as expenses (2024: CZK 0.21 million).

The reason for such increase in the non-tangible accounts is, in particular, the extension of SW Monet, SW GIST and DMS app in 2024 and 2025. In 2025, the Company posted CZK 12.757 million as depreciation of intangible assets in the complete income statement (2024: CZK 12.07 million).

4.1.2. Property, buildings, plant

	Land (,000 CZK)	Buildings (,000 CZK)	Machinery and equipment (,000 CZK)	Other assets (,000 CZK)	Tangible assets under construction, including advances (,000 CZK)	Total (,000 CZK)
COSTS						
As of 31 December 2023	167,832	16,042,820	2,862,930	856	593,596	19,668,034
Increase	2,692	548,218	158,768	0	649,820	1,359,498
Decrease	(200)	(8,795)	(42,552)	0	(709,678)	(761,225)
As of 31 December 2024	170,324	16,582,243	2,979,146	856	533,738	20,266,307
Increase	1,573	402,331	135,853	0	663,662	1,203,419
Decrease	0	(3,339)	(41,911)	0	(519,446)	(564,696)
As of 31 December 2025	171,897	16,981,235	3,073,088	856	677,954	20,905,030
ADJUSTING ENTRIES AND REDUCTION IN VALUE						
Adjusting entries as of 31 December 2023	0	(8,847,529)	(2,244,091)	0	0	(11,091,620)
Depreciation per year	0	(340,495)	(126,638)	0	0	(467,133)
Eliminated upon retirement	0	4,619	23,750	0	0	28,369
Adjusting entries as of 31 December 2024	0	(9,183,405)	(2,346,979)	0	0	(11,530,384)
Depreciation per year	0	-(340,725)	(130,727)	0	0	(471,452)
Eliminated upon retirement	0	2,809	21,757	0	0	24,566
Adjusting entries as of 31 December 2025	0	(9,521,321)	-2,455,949	0	0	(11,977,270)
Decreased value as of 31 December 2023	0	(9,513)	(29)	0	0	(9,542)
Creation	0	0	(18,286)	0	0	(18,286)
Withdrawal	0	2,824	0	0	0	2,824
Decreased value as of 31 December 2024	0	(6,689)	(18,315)	0	0	(25,004)
Creation	0	0	0	0	0	0
Withdrawal	0	249	18,315	0	0	18,564
Decreased value as of 31 December 2025	0	(6,440)	0	0	0	(6,440)
BOOK VALUE						
As of 31 December 2023	167,832	7,185,778	618,810	856	593,596	8,566,872
As of 31 December 2024	170,324	7,392,149	613,852	856	533,738	8,710,919
As of 31 December 2025	171,897	7,453,474	617,139	856	677,954	8,921,320

Advances for acquisition of non-current tangible assets are CZK 14.829 million (as of 31 December 2024: CZK 0.64 million).

As of 31 December 2025, CZK 6.44 million was posted as a temporary reduction in the value for fixed assets unused now and in the future (as of 31 December 2024: CZK 25.004 million).

Increase/decrease in the temporary reduction in the value is posted in the complete income statement as creation and withdrawal of reserves and temporary reduction in value of the assets.

Tangible assets acquired by the Company in 2025 which were posted directly as costs were CZK 22.804 million (2024: CZK 15.247 million). These are small and short-term tangible assets which include other movables and sets of movables, the usable life of which is more than one year where such assets are not shown among the fixed assets.

In 2025, CZK 471.452 million was posted in the complete income statement as depreciation of the assets (in 2024: CZK 467.133 million).

The reason for increase in the fixed tangible assets in 2024 and 2025 is mainly acquisition of new assets because of reconstruction of water networks, sewage systems and facilities and equipment in water treatment plants and wastewater treatment plants.

The net book value of the long-termed tangible assets as of 31 December 2025, this means CZK 152.396 million (as of 31 December 2024: CZK 164.694 million) includes also the net book value of the assets which were acquired as contribution from the municipalities into own capital of the Company (in 1998 and 1999). KAs of 31 December 2025 the Company properly filed all applications to enter the right to property at the Land Registry.

Received subsidies

The Company did not receive any subsidies for acquisition of fixed assets in 2024 and 2025. The subsidies received in previous years were posted as a decrease in acquisition price of Company's assets. In 2025, the depreciation is lower because the costs were reduced thanks to the subsidy of CZK 9.44 million which was granted in past (in 2024: CZK 9.440 million).

Fixed assets under pledge

As of 31 December 2024 and 31 December 2025 no Company's assets were under pledge.

4.1.3. Assets with respect to the right to use

The financial statement includes a separate item for the asset with respect to the right to use:

Assets – the right to use (classified by asset classes)	31 December 2025 (CZK ,000)	31 December 2024 (CZK ,000)
Buildings and constructions	336,513	355,782
Vehicles	4,257	13,458
Total	340,770	369,240

	Buildings and constructions (CZK ,000)	Vehicles (CZK ,000)	Others (CZK ,000)	Total (CZK ,000)
As of 31 December 2023 – IFRS 16	352,406	25,610	333	378,349
Increase – new lease contracts	29,159	874	0	30,033
Terminated lease contracts	0	0	(333)	(333)
Depreciation	(25,783)	(13,026)	0	(38,809)
As of 31 December 2024 – IFRS 16	355,782	13,458	0	369,240
Increase – new lease contracts	6,933	56	0	6,989
Terminated lease contracts	0	0	0	0
Depreciation	(26,202)	(9,257)	0	(35,459)
As of 31 December 2025 – IFRS 16	336,513	4,257	0	340,770

The Company leases properties (the office building), vehicles, and infrastructure assets. The lease is negotiated individually, and the lease terms and conditions (including the rights to terminate and renew the lease) are very different.

Below is a general summary of lease features:

- The office building is rented for 20 years. The rent agreement can be extended. Lease instalments are increased pursuant to the defined formula.
- The rain water tank in Karviná is rented for 10 years.
- The water pipeline for Plzeňský Prazdroj (the brewery) is rented for 5 years.
- Vehicles are rented for a fixed period of time: 3 to 6 years.

4.2. CURRENT ASSETS

4.2.1. INVENTORY

The Company reduced the value of unused inventories: CZK 0.552 million (as of 31 December 2024: CZK 0.615 million). The inventories are mostly chemical agents and small water components in warehouses in brutto value CZK 21.73 million (as of 31 December 2024: CZK 20.962 million). Consumption of materials at stock is shown within consumption of water, materials and chemical. In 2025 it was CZK 209.128 million (as of 31 December 2024: CZK 179.194 million).

4.2.2. Other receivables

Other receivables	(CZK ,000)	
	As of 31 December 2025	As of 31. December 2024
Other receivables	51,556	59,312
Prepaid expenses	11,109	7,518
Current receivables in total	62,665	66,830

Other receivables are the advances paid for the rent with respect to electricity and operation of the rented infrastructure assets.

4.2.3. Unbilled water and sewage tariffs

The calculation of the amounts (as of 31 December 2025: CZK 438.891 million, as of 31 December 2024: CZK 418.983 million) is described in Chapters 3.12 and 3.17 above.

4.2.4. Age of trade receivables

Year	Category	Before due date	After due date					After due date in total	Total
			0 - 90 days	91 - 180 days	181 - 360 days	1 - 2 years	2 and more years		
31. 12. 2024	Gross value	103,948	22,070	1,254	1,722	530	9,541	35,117	139,065
	Reduction of value	(503)	(3,566)	(310)	(239)	(464)	(9,478)	(14,057)	(14,560)
	Net amount	103,445	18,504	944	1,483	66	63	21,060	124,505
31. 12. 2025	Gross value	113,215	21,878	688	487	694	9,203	32,950	146,165
	Reduction of value	0	(2,442)	(57)	(317)	(648)	(8,928)	(12,392)	(12,392)
	Net amount	113,215	19,436	631	170	46	275	20,558	133,773
2025	Year-to-year impact of reduction in value/ increase in gross value	9,770	932	(313)	(1,313)	(20)	212	(502)	9,268

Having tested and analysed the recovery and receivables, the following reduction in value of overdue receivables was posted:

Receivables after due date	As of 31 December 2025		As of 31 December 2024	
	Rate	Reduction of value (CZK ,000)	Rate	Reduction of value (CZK ,000)
Specific trade receivables		0		2,980
More than 365 days	95 %	9,576	99 %	9,903
180–365 days	48 %	317	52 %	1,444
Less than 180 days	1 %	2,499	1 %	233
Total		12,392		14,560

4.2.5. Cash

Cash and cash equivalents	(CZK ,000)	
	As of 31 December 2025	As of 31 December 2024
Cash in hand	366	432
Cash in banks	225,222	215,354
Current financial assets in total	225,588	215,786

The balance of the current financial assets is the total balance of cash and cash equivalents in the cash flow statement.

4.3. EQUITY

The equity comprises the registered capital and retained profit.

The registered capital is CZK 1,296.909 million CZK and consists of 3,037,040 registered shares with the nominal value of CZK 375 each, and 421,385 bearer shares with the nominal value of CZK 375 each.

The profit made after 2024 after tax was CZK 494.974 million. It was approved and carried forward as a retained profit of past years by the decision made by the Company's sole shareholder on 27 May 2025 as follows:

	(CZK ,000)
	2025
Profit made in 2024	494,974
Profit carried forward as retained profits of past years	494,974

The Company uses the total debt indicator to monitor its capital structure. This indicator is the net debt to (own capital plus net debt). As of 31 December 2025, the total debt indicator is 56.02% (as of 31 December 2024: 61.71%) - see the table below.

	(CZK ,000)	
	As of 31 December 2025	As of 31 December 2024
Payables – the controlling person	4,102,000	4,412,000
Trade payables and other payables	1,258,270	1,348,600
Cash in hand and cash in banks	(225,588)	(215,786)
Net debt	5,134,682	5,544,814
Equity	4,031,830	3,440,244
Own capital + net debt	9,166,512	8,985,058
Total debt indicator	56.02 %	61.71 %

4.4. RESERVES

	(CZK ,000)	
	Reserve for employee benefits	Reserves in total
Balance as of 31 December 2023	24,102	24,102
Creation of reserves	4,036	4,036
Using of reserves	0	0
Balance as of 31 December 2024	28,138	28,138
Creation of reserves	0	0
Using of reserves	(1,583)	(1,583)
Balance as of 31 December 2025	26,555	26,555

The reserve for employee benefits is used for employees who celebrate their work anniversaries or retire from work. The sum in the reserve depends on the collective agreement and is based on the age of employees and expected use of the reserve for employees/groups of employees. The value of value in the course of time is also considered there.

In the balance sheet, the reserves are divided into current and non-current reserves by the expected time of use.

	(CZK ,000)	
	Reserve for employee benefits	Reserves in total
Balance as of 31 December 2024	28,138	28,138
Current reserves	2,060	2,060
Non-current reserves	26,078	26,078
Balance as of 31 December 2025	26,555	26,555
Current reserves	1,706	1,706
Non-current reserves	24,849	24,849

4.5. TRADE PAYABLES AND OTHER PAYABLES

Current trade payables and other payables	(CZK ,000)	
	As of 31 December 2025	As of 31 December 2024
Trade payables	662,870	754,879
Payables to employees	71,331	62,684
Social security insurance and health insurance to be paid	23,603	22,942
Other current payables	135,776	118,823
Current trade payables and other payables in total	893,580	959,328

In the Company, there were not any trade payables after maturity dates as of 31 December 2025 (as of 31 December 2024: CZK 0).

The current payables included the payable fee for consumption of ground water and fee for pollution of wastewater (as of 31 December 2025: CZK 9.431 million, as of 31 December 2024: CZK 13.659 million), and accrued liabilities (as of 31 December 2025: CZK 86.62 million, as of 31 December 2024: CZK 60.881 million).

4.6. LIABILITIES RESULTING FROM LEASE

	Minimum instalment with respect to rent		Current minimum instalment with respect to rent	
	As of 31 December 2025	As of 31 December 2024	As of 31 December 2025	As of 31 December 2024
Payable within 1 year	39,687	44,678	26,983	31,250
Payable between 2 and 5 years	137,182	143,449	95,096	98,722
Payable after 5 years	305,878	330,149	242,611	259,300
Total	482,747	518,276	364,690	389,272
Minus unpaid financial payables (interest)	118,057	129,004	0	0
Minus payables due within 1 year (shown as current payables)	26,983	31,250	26,983	31,250
Payables due after 1 year	337,707	358,022	337,707	358,022
Lease-related payables in total	364,690	389,272	364,690	389,272

In 2025, the Company posted trade payables with respect to the rent of the office building, infrastructure assets, and lease liabilities with respect to lease contracts for new cars.

The payables relating to the rent of the office building were CZK 260.23 million as of 31 December 2025 (as of 31 December 2024: CZK 262.801 million).

The payables relating to the lease contracts for new cars were CZK 4.493 million as of 31 December 2025 (as of 31 December 2024: CZK 14.167 million).

The payables relating to the rent of the infrastructure assets were CZK 99.967 million as of 31 December 2025 (as of 31 December 2024: CZK 112,304).

4.7. LEASE-RELATED AMOUNTS IN THE REPORTING PERIOD

The amounts below are posted in the complete income statement and cash flow statement:

Depreciation of assets with respect to the right to use, by asset classes	(CZK ,000)	
	2025	2024
Buildings and constructions	26,202	25,783
Vehicles	9,257	13,026
Others	0	0
Depreciation in total	35,459	38,809
Interest payable with respect to lease liabilities (included into the financial expenses)	13,677	14,555
The expenses relating to the variable lease instalments which are not included into the lease liabilities include the rent fee paid based on m ³ taken during the reported year	48,129	47,560
Total lease-related expenses	97,265	100,924

Lease-related financial expenses	(CZK ,000)	
	2025	2024
Variable lease instalments	48,129	47,560
Fixed lease instalments	45,704	49,506

4.8. PAYABLES - THE CONTROLLING PERSON

Finances for the payment were obtained from the loan provided by the parent company, AQUALIA CZECH S. L. Pursuant to the agreement to provide an in-group loan of 12 May 2022, the Company obtained on 14 June 2022 CZK 5.4 billion. The loan balance to be paid was, as of 31 December 2025, CZK 4.102 billion (2024: CZK 4.412 billion). On 12 May 2025 an Amendment No. 1 extended the period for one year, until 12 May 2026. As of 12 May 2025 the Amendment above modified the fixed interest rate from 3.67% p.a. up to 3.73% p.a. The interest from the in-group loan for 2025 reached CZK 159.446 million (2024: CZK 172.391 million). The parent company confirmed that, if needed, it was prepared to provide necessary financing in the future.

4.8.1. Analysis of maturity dates for financial payables

The table below shows the remaining time of the maturity dates for the financial payables. The table is based on non-discounted cash flow for the financial payables. It takes into account the earliest possible dates when payment of such payables can be required. The table includes the cash flow with respect to the interest and principal.

AS OF 31 DECEMBER 2025 (CZK ,000)	Interest rate	Less than 1 year	2–5 years	5 years and more
Trade payables and other payables	0	893,580	0	0
Liabilities resulting from lease	5.5	4,046	152	0
Liabilities resulting from lease	2.865	22,937	94,944	242,611
Payables - the controlling person	3.67	4,102,000	0	0
Total		5,022,563	95,096	242,611

AS OF 31 DECEMBER 2024 (CZK ,000)	Interest rate	Less than 1 year	2–5 years	5 years and more
Trade payables and other payables	0	959,328	0	0
Liabilities resulting from lease	5.5	8,992	4,197	0
Liabilities resulting from lease	2.865	22,258	94,525	259,300
Payables - the controlling person	3.67	4,412,000	0	0
Total		5,402,578	98,722	259,300

4.9. INCOME TAX

	As of 31 December 2025 (CZK ,000)	As of 31 December 2024 (CZK ,000)
Due income tax	153,108	114,760
Deferred income tax	14,559	18,835
Total	167,667	133,595

As of 31 December 2025 the due income tax was CZK 153.108 million (in 2024: CZK 114.76 million). During 2025, the advances paid were CZK 104.601 million (in 2024: CZK 83.216 million). As of 31 December 2025, the payable income tax was CZK 44.381 million (in 2024: CZK 33.682 million).

The Company is not required to pay a top-up tax which would ensure the minimum level of taxation of big global and big national groups.

4.9.1. Due tax

The tax per year is based on the profit in the complete income statement:

	2025 (CZK ,000)	2024 (CZK ,000)
Profit before taxes	759,253	628,569
Tax rate for the current year	21 %	21 %
Tax with the income tax rate applicable in the Czech Republic	159,443	131,999
Non-deductibles with respect to tax and revenues (balance)	(10,460)	(15,100)
Income tax for the current period	148,983	116,899
Income tax for the past period	4,125	(2,139)
Due income tax	153,108	114,760
Deferred income tax (+/-)	14,559	18,835
Income tax in total	167,667	133,595
Effective tax rate	22.08 %	21.25 %

4.9.2. Deferred tax

As of 31 December 2025, the deferred tax was calculated pursuant to the Act on Income Tax and applicable tax rates. The deferred tax is calculated for all temporary differences between the assets and liabilities in books and those for taxes. The tax rate is 21%.

The deferred tax in the complete income statement was CZK 14.559 million (in 2024: CZK 18.835 million).

The deferred tax to be paid can be analysed as follows:

Deferred tax	As of 31 December 2025 (CZK ,000)	rate in %	As of 31 December 2024 (CZK ,000)	rate in %
Difference between the net book value and tax residual value of the fixed assets	(735,066)	21.0	(724,776)	21.0
Temporary reduction in value of fixed assets	1,352	21.0	5,251	21.0
Temporary reduction in value of inventories	116	21.0	129	21.0
Temporary reduction in value of receivables	583	21.0	970	21.0
Unpaid insurance	960	21.0	930	21.0
Total	(732,055)		(717,496)	

4.10. INCOME FROM WATER TARIFFS AND SEWAGE CHARGES

	Period until 31 December 2025 (CZK ,000)			Period until 31 December 2024 (CZK ,000)		
	Czech Republic	Abroad	Total	Czech Republic	Abroad	Total
Production and distribution of drinking water	2,290,284	80,460	2,370,744	2,172,078	65,052	2,237,130
Disposal and treatment of wastewater	1,517,083	0	1,517,083	1,481,689	0	1,481,689
Related services	134,538	0	134,538	72,661	0	72,661
Total	3,941,905	80,460	4,022,365	3,726,428	65,052	3,791,480

4.11. OTHER OPERATING INCOME

	(CZK ,000)	
	Period until 31 December 2025	Period until 31 December 2024
Income from building works	149,170	82,552
Income from rent	11,058	11,764
Revenues from sale of materials and assets (net)	1,048	6,118
Other operation revenues (payments from insurance companies, sale of electricity)	16,007	21,806
Total	177,283	122,240

4.12. CONSUMPTION OF MATERIALS AND ENERGY

	(CZK ,000)	
	Period until 31 December 2025	Period until 31 December 2024
Consumption of water, materials and chemicals	651,833	594,618
Gas, electricity and heat	133,430	157,389
Green Bonus paid for generation of environmental-friendly electricity	(6,324)	(5,730)
Total	778,939	746,277

The Company has been using renewable sources for generation of electricity from biogas produced in wastewater treatment plants. In 2008 the Company signed a contract with the electricity distributor ČEZ Distribuce a.s. for support of the environmentally-friendly electricity generated without use of the operator's distribution grid. Under the contract the Company has been receiving a bonus for the electricity which it generates. In 2025 the Green Bonus was 6.324 million (in 2024: CZK 5.730 million). The green bonus is reported in the complete income statement as a decrease in costs of electricity consumed.

4.13. PERSONNEL COSTS

2025 (CZK ,000)	Headcount	Wages	Social security and health insurance	Other expenses	Personnel costs
Employees	908	585,540	199,305	30,124	814,969
Members of management bodies	6	22,774	5,389	190	28,353
Total	914	608,314	204,694	30,314	843,322
Supervisory Board/Audit Committee members	23	0	1,398	4,022	5,420
Total	937	608,314	206,092	34,336	848,742

2024 (CZK ,000)	Headcount	Wages	Social security and health insurance	Other expenses	Personnel costs
Employees	899	551,799	187,132	26,345	765,333
Members of management bodies	6	17,984	4,839	118	22,884
Total	905	569,783	191,971	26,463	788,217
Supervisory Board/Audit Committee members	23	0	1,894	3,879	5,773
Total	928	569,783	193,865	30,342	793,990

Other expenses include an extra voluntary insurance for an old age pension. This is, in fact, a pension scheme with a fixed fee. No other obligations exist for the Company except for payment of that fee.

Donations, loans and other supplies

In 2025 and 2024, the Board of Directors members, the Supervisory Board members and the members of the company management bodies received following bonuses and payments in addition to their regular wage packages where such bonuses were posted as other personnel expenses:

2025 (CZK ,000)	Board of Directors	Supervisory Board / Audit Committee	Members of management bodies
Bonus for the office	1,653	2,369	0
Non-monetary and other income (bonus under the collective agreement and cars which can be used also for private purposes)	0	0	190

2024 (CZK ,000)	Board of Directors	Supervisory Board / Audit Committee	Members of management bodies
Bonus for the office	1,555	2,324	0
Non-monetary and other income (bonus under the collective agreement and cars which can be used also for private purposes)	0	0	118

4.14. OTHER OPERATION EXPENSE

	(CZK ,000)	
	Period until 31 December 2025	Period until 31 December 2024
Repairs	627,187	574,729
Travel costs	11,673	10,980
PR and entertainment	4,064	3,562
Transport	17,133	9,406
Telecommunication	7,179	7,544
Mail expenses	10,646	9,677
Advisory and legal services	9,178	9,071
Collection, transport and disposal of sludge	52,259	46,023
Rent	66,867	55,207
Cleaning and guarding	31,081	32,890
Laboratory analyses and expertises	59,293	57,385
IT services	38,522	37,788
Technical improvement of assets which does not meet requirements set forth for capitalisation	7,167	5,563
Training	4,082	2,861
Taxes and fees	3,996	3,505
Write off receivables	210	1,403
Write off investments	183	99
Compensation of damage	564	104
Pollution fees	4,692	8,079
Premium of insurance:	13,488	9,863
Meter reading, call centre	66,676	63,746
Works/services of material-nature	27,183	19,222
Other operation expenses (such as sub-supplies and other purchased works)	82,241	51,057
Total	1,145,564	1,019,764

Remuneration of the statutory auditor for the relevant period

Auditor	Amount included in audit expenses for 2025 (in CZK ,000)	Other services (in CZK ,000)
Ernst & Young Audit, s.r.o.	1,622	0

Auditor	Amount included in audit expenses for 2024 (in CZK ,000)	Other services (in CZK ,000)
Ernst & Young Audit, s.r.o.	1,608	0

4.15. CREATION OF RESERVES AND TEMPORARY REDUCTION IN VALUE OF THE ASSETS

	(in CZK ,000)	
	Period until 31 December 2025	Period until 31 December 2024
Reserves - increase/decrease	(1,583)	4,036
Temporary reduction in value of inventories – increase/decrease	(63)	278
Temporary reduction in value of assets – increase/decrease	(18,564)	15,462
Temporary reduction in value of receivables – increase/decrease	(2,168)	(1,750)
Total – increase/decrease in reserves and temporary reduction in value of assets	(22,378)	18,026

4.16. FINANCIAL REVENUES AND EXPENSES

	(in CZK ,000)	
	Period until 31 December 2025	Period until 31 December 2024
Interests paid and interests received	(173,180)	(187,937)
Bank fees, exchange rate loss	(1,884)	(3,931)
Expenses in total	(175,064)	(191,868)
Interest received and other financial revenues	5,204	2,786
Total income	5,204	2,786
Net total	(169,860)	(189,082)

4.17. TRANSACTIONS WITH RELATED PERSONS

Persons in the Group:

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A. is the controlling person in **FCC Grupo**:

- **AQUALIA CZECH, S. L.**
- **AQUALIA INTECH, S. A.**
- **Aqualia infraestructuras inženýring, s.r.o.** (the majority share: AQUALIA INTECH, S. A.)
- **Vodotech, spol. s r.o.** (the subsidiary of AQUALIA INTECH, S. A.)
- **FCC Aqualia, S. A.**
- **FCC Česká republika, s.r.o.**
- **OBSSED a. s.**
- **HIDROTEC, Tecnología del Agua, S. L. U.**
- **FCC Aqualia, S.A., organizační složka v České republice**

The tables below list the transactions with the related persons in 2025 and 2024. These were the arm's length transactions.

All the companies above are parts of FCC Group.

Revenues made with the related persons

2025	(CZK ,000)			
Person	Relation to the Company	Services	Interest	Total
Vodotech, spol. s r.o.	Other related persons	2,146	0	2,146
Aqualia infraestructuras inženýring, s.r.o.	Other related persons	135	0	135
FCC Česká republika, s.r.o.	Other related persons	1,537	0	1,537
FCC Aqualia, S. A., organizační složka ČR	Other related persons	274	0	274
Total		4,092	0	4,092

2024	(CZK ,000)			
Person	Relation to the Company	Services	Interest	Total
Vodotech, spol. s r.o.	Other related persons	2,217	0	2,217
Aqualia infraestructuras inženýring, s.r.o.	Other related persons	231	0	231
FCC Česká republika, s.r.o.	Other related persons	698	0	698
FCC Aqualia, S. A., organizační složka ČR	Other related persons	281	0	281
Total		3,427	0	3,427

Purchases made with the related persons

2025	(CZK ,000)			
Person	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Other related persons	127,984	15	127,999
Aqualia infraestructuras inženýring, s.r.o.	Other related persons	392,126	0	392,126
Fomento de Construcciones y Contratas, S. A.	Other related persons	3,997	0	3,997
Aqualia Czech, S. L.	Parent company	159,446	0	159,446
FCC Aqualia, S. A.	Other related persons	8,559	0	8,559
FCC Česká republika, s.r.o.	Other related persons	27,979	0	27,979
FCC Aqualia, S. A., organizační složka ČR	Other related persons	3,044	0	3,044
Hidrotec Tecnología del Agua, S. L. U.	Other related persons	60	0	60
OBSSED a. s.	Other related persons	35,630	0	35,630
Total		758,825	15	758,840

2024	(CZK ,000)			
Person	Relation to the Company	Services	Other expenses	Total
Vodotech, spol. s r.o.	Other related persons	125,409	44	125,453
Aqualia infraestructuras inženýring, s.r.o.	Other related persons	349,844	0	349,844
Fomento de Construcciones y Contratas, S. A.	Other related persons	3,553	0	3,553
Aqualia Czech, S. L.	Parent company	172,391	0	172,391
FCC Aqualia, S. A.	Other related persons	6,927	0	6,927
FCC Česká republika, s.r.o.	Other related persons	13,539	0	13,539
FCC Aqualia, S. A., organizační složka ČR	Other related persons	3,340	0	3,340
Hidrotec Tecnología del Agua, S. L. U.	Other related persons	24	0	24
OBSSED a. s.	Other related persons	30,563	0	30,563
Total		705,590	44	705,634

Acquisition of fixed tangible assets from the related persons

Person	(CZK ,000)		
	Relation to the Company	2025	2024
Vodotech, spol. s r. o.	Other related persons	46,910	29,499
Aqualia infraestructuras inženýring, s.r.o.	Other related persons	479,768	498,948
FCC Aqualia, S. A., organizační složka ČR	Other related persons	6,804	6,466
Total		533,482	534,913

Receivables from the related persons

Person	(CZK ,000)	
	As of 31 December 2025	As of 31 December 2024
Vodotech, spol. s r. o.	0	193
Aqualia infraestructuras inženýring, s.r.o.	1,210	1,208
FCC Aqualia, S. A., organizační složka ČR	0	44
FCC Česká republika s.r.o.	4	175
Total	1,214	1,620

Payables with respect to the related persons

Person	(CZK ,000)	
	As of 31 December 2025	As of 31 December 2024
Vodotech, spol. s r. o.	49,718	47,190
Aqualia infraestructuras inženýring, s.r.o.	362,803	428,901
Fomento de Construcciones y Contratas, S. A.	749	661
FCC Česká republika s.r.o.	3	1,195
OBSSED a.s.	0	3,936
FCC Aqualia, S. A.	16,543	3,360
Aqualia Czech, S. L.	4,108,707	4,419,098
FCC Aqualia, S. A., organizační složka ČR	0	9,776
Trade payables in total	4,538,523	4,914,117

IN-GROUP LOAN

More details are provided in Chapter 4.8 External Financing.

The transactions between the related persons were entered in books using prices typical of trade transactions.

Sums which have not been paid yet are not secured and will be paid by bank transfers. No warranties were granted or received. No temporary reduction in value was posted for the related person receivables.

5. RISKS RELATING TO THE FINANCIAL STATEMENTS

The capital structure is managed in such a way so that the Company could reach, in a long term, a stable financial position and so that it could generate maximum profits for the shareholder.

Company's business involves credit risk, liquidity risk and market risks. The market risk includes currency risk and interest rate risk.

CREDIT RISK

A credit risk is a risk of default on a debt that may arise from a party failing to pay the requirement payment which causes the Company to suffer a loss. The Company's management body introduced rules in order to manage the credit risk, and the credit risk is being monitored now. Trade receivables are highly diversified and the Company does not face any major credit risk with respect to an individual entity or a group of entities. The credit risk with respect to liquid financial means is minimum because the partners are top rating banks.

CURRENCY RISK

The group carries out most transactions in CZK and is not subject to significant currency risk.

INTEREST RISK

A fixed interest rate bears interest with respect to the main liability. The risk, if any, of changes in the real value is not secured.

LIQUIDITY RISK

The management body created a reasonable framework in order to manage the liquidity risk and short-term, medium-term and long-term finances. The Company manages the liquidity by maintaining a reasonable reserve and long-term credit tools. It monitors the planned and real cash flows and adjusts the maturity dates for payables and receivables. The company fulfills its commitments duly and in time.

6. SENSITIVITY ANALYSIS

SENSITIVITY TO MARKET CHANGES

The Company is the dominant producer and supplier of drinking water and the main provider of wastewater discharge services in the Moravian-Silesian Region. It has been monitoring and evaluating behaviour on its market. The Company is not sensitive to changes on the market because the water tariff and sewage charge are subject to price regulation and the Company includes all justified costs into tariffs.

SENSITIVITY TO CHANGES IN INTEREST RATE

Because of the in-group loan, the Company is sensitive to changes in the interest rates. If the increase is 1.0 per cent point, the real value of the liability with respect to the bonds will drop by CZK 44.120 million. In case of an unfavourable scenario when the decrease is 1.0 per cent point, the real value of the liability with respect to the bonds will increase by CZK 44.120 million.

SENSITIVITY TO THE CURRENCY EXCHANGE RISK

The Company carries out most transactions in CZK and is not subject to significant current risk.

7. CONDITIONAL LIABILITIES

BILLS OF EXCHANGE

In July 2015 the Company signed a contract in order to secure its financial stability for the future period. The other party to the contract is **ING Bank N.V.**, a joint-stock company established under the law of the Netherlands with the registered office at Bijlmerplein 888, 1102 MG under 33031431 which is represented in the Czech Republic by ING Bank N.V., the branch in Prague with the registered office at Českomoravská 2420/15, Libeň, 19000 Praha 9, Czech Republic ID: 492 79 866. The contract provides for the credit line up to CZK 120 million. The credit is secured with the promisory note ("the blank bill"). In 2025, the credit line was used for issuance of bank warranties and for covering short-lasting unbalance between Company's income and expense.

BANK WARRANTIES

As of 31 December 2025, the Company issued the bank warranties amounting to CZK 6.360 million (as of 31 December 2024: CZK 6.231 million).

For the summary of bank warranties as of 31 December 2025 see the table below

Date of issue	Issued to the benefit of	Purpose of issue	Validity	Bank warranty in CZK
07. 5. 2021	Municipality of Písečná, Písečná čp.262, 739 91 Písečná	Due fulfilment of operator's obligations arising from the contract	10. 5. 2021-10. 5. 2026	68,500
30. 11. 2021	Municipality of Orlová, Osvobození 796, 735 14 Orlová-Lutyně	Due fulfilment of operator's obligations arising from the contract	1. 1. 2022-31. 12. 2026	210,000
30. 11. 2021	Municipality of Frýdek-Místek, Radniční 1148, 738 01 Frýdek-Místek	Due fulfilment of operator's obligations arising from the contract	1. 1. 2022-31. 12. 2026	699,000
20. 12. 2021	Municipality of Frenštát pod Radhoštěm, nám. Míru 1, 744 01 Frenštát pod Radhoštěm	Due fulfilment of operator's obligations arising from the contract	1. 1. 2022-19. 12. 2026	200,000
20. 12. 2022	Municipality of Krmelín, Kostelní 70, 739 24 Krmelín	Due fulfilment of operator's obligations arising from the contract	1. 1. 2023-20. 12. 2027	324,000
21. 12. 2022	Municipality of Rychvald, Orlovská 678, 735 32 Rychvald	Due fulfilment of operator's obligations arising from the contract	1. 1. 2023-31. 12. 2027	43,000
21. 12. 2022	Municipality of Albrechtice, Obecní 186, 735 43 Albrechtice	Due fulfilment of operator's obligations arising from the contract	1. 1. 2023-31. 12. 2027	50,000
29. 6. 2023	Municipality of Opava, Horní náměstí 382/69, 746 01 Opava-Město	Due fulfilment of operator's obligations arising from the contract	1. 7. 2023-29. 6. 2028	955,000
27. 7. 2023	Municipality of Neplachovice, Na Návsí 16, 747 74 Neplachovice	Due fulfilment of operator's obligations arising from the contract	1. 1. 2024-27. 6. 2028	150,000
28. 12. 2023	Municipality of Těrlícko, Májová 474/16, 735 42 Těrlícko-Horní Těrlícko	Due fulfilment of operator's obligations arising from the contract	1. 1. 2024-31. 12. 2028	195,000
28. 12. 2023	Municipality of Háj ve Slezsku, Antonína Vaška 86, 747 92 Háj ve Slezsku, Chabičov	Due fulfilment of operator's obligations arising from the contract	1. 1. 2024-31. 12. 2028	410,000
23.09.2024	Municipality of Vratimov, Frýdecká 853/57, 739 32 Vratimov	Due fulfilment of operator's obligations arising from the contract	23. 9. 2024-31. 8. 2029	260,000
23. 9. 2024	Municipality of Řepiště, Mírová 178, 739 31 Řepiště	Due fulfilment of operator's obligations arising from the contract	23. 9. 2024-31. 8. 2029	114,000
23. 9. 2024	Union of Municipalities in the region of Nový Jičín, Masarykovo nám. 1/1, 741 01 Nový Jičín	Due fulfilment of operator's obligations arising from the contract	23. 9. 2024-31. 8. 2029	1,200,000
29. 5. 2025	Municipality of Petřvald, Petřvald 1 - Petřvald 175, 742 60 Petřvald (IČ: 00298263)	Due fulfilment of operator's obligations arising from the contract	1. 6. 2025-31. 5. 2030	165,000
24. 9. 2025	Municipality of Velké Losiny, Rudé Armády 321, 788 15 Velké Losiny	Operation of a sewage system and wastewater treatment plant for public needs: in Velké Losiny and in its suburbs - Maršíkov and Bukovice.	20. 12. 2025-31. 12. 2026	850,000
24. 9. 2025	Municipality of Horní Suchá, Sportovní 3/2, 735 35 Horní Suchá	Operation of water assets owned by the Municipality of Horní Suchá	20. 12. 2025-31. 12. 2026	230,000
24. 9. 2025	Municipality of Dolní Lutyně, Tránovského čp.10, 735 53 Dolní Lutyně	Due fulfilment of operator's obligations arising from the contract	20. 12. 2025-31. 12. 2026	130,000
24. 9. 2025	Municipality of Štramberk, Náměstí č.9, 742 66 Štramberk	Due fulfilment of operator's obligations arising from the contract	31. 12. 2025-20. 12. 2030	106,500

For the summary of bank warranties as of 31 December 2024 see the table below

Date of issue	Issued to the benefit of	Purpose of issue	Validity	Bank warranty in CZK
8. 9. 2015	Municipality of Albrechtice, Obecní 186, 735 43 Albrechtice	Operation of water assets owned by the Municipality of Albrechtice	8. 9. 2015 - 31. 12. 2024	36,000
21. 12. 2020	Municipality of Velké Losiny, Rudé Armády 321, 788 15 Velké Losiny	Operation of a sewage system and wastewater treatment plant for public needs: in Velké Losiny and in its suburbs - Maršíkov and Bukovice.	21. 12. 2020-20. 12. 2025	850,000
27. 7. 2023	Municipality of Neplachovice, Na Návsi 16, 747 74 Neplachovice	Due fulfilment of operator's obligations arising from the contract	27. 7. 2023-27. 7. 2028	150,000
9. 1. 2020	Municipality of Vratimov, Frýdecká 853/57, 739 32 Vratimov	Due fulfilment of operator's obligations arising from the contract	9. 1. 2020-31. 8. 2029	260,000
9. 1. 2020	Municipality of Řepiště, Mírová 178, 739 31 Řepiště	Due fulfilment of operator's obligations arising from the contract	9. 1. 2020-31. 8. 2029	114,000
21. 12. 2020	Municipality of Horní Suchá, Sportovní 3/2, 735 35 Horní Suchá	Operation of water assets owned by the Municipality of Horní Suchá	21. 12. 2020-20. 12. 2025	230,000
21. 12. 2020	Municipality of Dolní Lutyně, Tranovského čp.10, 735 53 Dolní Lutyně	Due fulfilment of operator's obligations arising from the contract	21. 12. 2020-20. 12. 2025	130,000
21. 12. 2020	Municipality of Štramberk, Náměstí č.9, 742 66 Štramberk	Due fulfilment of operator's obligations arising from the contract	21. 12. 2020-20. 12. 2025	106,500
7. 5. 2021	Municipality of Písečná, Písečná čp.262, 739 91 Písečná	Due fulfilment of operator's obligations arising from the contract	7. 5. 2021-10. 5. 2026	68,500
20. 12. 2021	Municipality of Frenštát pod Radhoštěm, nám. Míru 1, 744 01 Frenštát pod Radhoštěm	Due fulfilment of operator's obligations arising from the contract	20. 12. 2021-19. 12. 2026	200,000
30. 12. 2021	Municipality of Orlová, Osvobození 796, 735 14 Orlová-Lutyně	Due fulfilment of operator's obligations arising from the contract	30. 12. 2021-31. 12. 2026	210,000
30.12.2021	Municipality of Frýdek-Místek, Radniční 1148, 738 01 Frýdek-Místek	Due fulfilment of operator's obligations arising from the contract	30. 12. 2021-30. 12. 2026	699,000
30. 12. 2021	Union of Municipalities in the region of Nový Jičín, Masarykovo nám. 1/1, 741 01 Nový Jičín	Due fulfilment of operator's obligations arising from the contract	30. 12. 2021-31. 8. 2029	1,200,000
20. 12. 2022	Municipality of Krmelín, Kostelní 70, 739 24 Krmelín	Due fulfilment of operator's obligations arising from the contract	20. 12. 2022-20. 12. 2027	324,000
21. 12. 2022	Municipality of Rychvald, Orlovská 678, 735 32 Rychvald	Due fulfilment of operator's obligations arising from the contract	21. 12. 2022-31. 12. 2027	43,000
21. 12. 2022	Municipality of Albrechtice, Obecní 186, 735 43 Albrechtice	Due fulfilment of operator's obligations arising from the contract	21. 12. 2022-31. 12. 2027	50,000
29. 6. 2023	Municipality of Opava, Horní náměstí 382/69, 746 01 Opava-Město	Due fulfilment of operator's obligations arising from the contract	29. 6. 2023-29. 6. 2028	955,000
28. 12. 2023	Municipality of Těrlícko, Májová 474/16, 735 42 Těrlícko-Horní Těrlícko	Due fulfilment of operator's obligations arising from the contract	28. 12. 2023-31. 12. 2028	195,000
28. 12. 2023	Municipality of Háj ve Slezsku, Antonína Vaška 86, 747 92 Háj ve Slezsku, Chabičov	Due fulfilment of operator's obligations arising from the contract	28. 12. 2023-31. 12. 2028	410,000

LIABILITIES WITH RESPECT TO CONSTRUCTION AND ACQUISITION OF ASSETS (INCLUDING THE FINANCIAL ASSETS)

As of the date of the financial statements, the future liabilities with respect to capital expenditure under contracts are CZK 107.862 million (in 2024: CZK 163.044 million).

8. COURT DISPUTES

OVERVIEW OF COURT DISPUTES

Legal disputes where the Company is the defendant

Legal disputes against the Company initiated by the former shareholders have been closed.

Legal court disputes where the Company is the plaintiff

In 2025 Severomoravské vodovody a kanalizace Ostrava a.s. was party to court disputes relating to collection of receivables which result, in particular, from unpaid supplies of water, discharge of wastewater, or other provided services.

9. POST BALANCE SHEET EVENTS

As of 31 December 2025, no circumstances occurred which would have a significant impact on the financial statements.

10. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for disclosure by the Board of Directors on 11 March 2026.



Miroslav Kyncl
Vice-chairman of the Board of Directors



Anatol Pšenička
Managing Director



Vladimír Slivka
Member of the Board of Directors



Halina Studničková
Chief Financial Officer



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REPORT ON RELATIONS

Pursuant to § 82, Act No. 90/2012 Coll. on Business Corporations as amended, the Board of Directors of **Severomoravské vodovody a kanalizace Ostrava a.s.** prepared the Report on Relations between the controlling person and the controlled person and on relations between the controlled person and persons controlled by the same controlling person ("the Report on Relations") for the reporting period starting 1 January 2025 and ending 31 December 2025.

SmVaK

Severomoravské vodovody a kanalizace Ostrava a.s.

 **aqualia**

I. PERSONS IN THE GROUP

Severomoravské vodovody a kanalizace Ostrava a.s. is a member of the group named FCC Grupo where the controlling person of the group is FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.

This report lists all members of the Group with whom the controlled person entered into any contractual relationship or with whom any legal conduct existed from 1 January 2025 until 31 December 2025.

1. CONTROLLED PERSON

Severomoravské vodovody a kanalizace Ostrava a.s.

with the registered office at 28. října 1235/169, Mariánské Hory, 709 00 Ostrava
ID: 45193665

The company is registered in the Commercial Register kept at the Regional Court of Ostrava, Section B, Entry 347.

2. CONTROLLING PERSON IN THE GROUP

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A.

with the registered office in Barcelona, Balmes 36, Kingdom of Spain
ID: A-28037224

The company is entered in the Commercial Register kept in Barcelona on the page B-26.947.

The company is not registered in the Commercial Register kept in the Czech Republic.

3. DIRECTLY CONTROLLING PERSON

AQUALIA CZECH S. L.

with the registered office in Madrid, Avda. Camino de Santiago 40, Kingdom of Spain
ID: B-85794931

The company is entered in the Commercial Register kept in Madrid on the page M-488820.

The company is not registered in the Commercial Register kept in the Czech Republic.

4. OTHER PERSONS IN THE GROUP WITH WHOM THE CONTROLLED PERSON WAS INVOLVED IN A CONTRACTUAL RELATION OR CONTRACTUAL CONDUCT

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

with the registered office at Slavníkovců 571/21, Mariánské Hory, 709 00 Ostrava
ID: 64608042

The company is registered in the Commercial Register kept at the Regional Court of Ostrava, Section C, Entry 14055.

4.2. Vodotech, spol. s r.o.

with the registered office at Mojmírovců 571/15, Mariánské Hory, 709 00 Ostrava
ID: 64086348

The company is entered in the Commercial Register kept at the Regional Court of Ostrava, Section C, Entry 8486.

4.3. Aqualia Intech, S.A

with the registered office in Madrid, Avd. Camino de Santiago 40, Kingdom of Spain
ID: A -28849495

The company is entered in the Commercial Register kept in Madrid on the page M- M-59467.

The company is not registered in the Commercial Register kept in the Czech Republic.

4.4. FCC AQUALIA, S.A.

with the registered office in Madrid, Federico Salmón 13, Kingdom of Spain

The company is entered in the Commercial Register kept in Madrid on the page M- M-58878.

The branch of the foreign legal person is entered in the Commercial Register kept at the Municipal Court of Prague, Section A, Entry 69960 under the name FCC AQUALIA, S.A., organizační složka v České republice ("the organisational unit in the Czech Republic").

ID: 27788318

4.5. FCC Česká republika, s. r.o.

with the registered office at Ďáblická 791/89, Ďáblice, 182 00 Praha 8

ID: 45809712

The company is entered in the Commercial Register kept at the Municipal Court of Prague, Section C, Entry 12401.

4.6. OBSED a.s.

with the registered office at Frýdecká 740, Hrabová, 739 32 Ostrava

ID: 27454045

The company is registered in the Commercial Register kept at the Regional Court of Ostrava, Section B, Entry 3265.

4.7. HIDROTEC, Tecnología del Agua, S.L.U.

with the registered office in Sevilla, avenida de Kansas City 6, Kingdom of Spain

ID: B-91033621

The company is entered in the Commercial Register kept in Sevilla on the page SE- 39514.

The company is not registered in the Commercial Register kept in the Czech Republic.

II. THE STRUCTURE OF RELATIONS AMONG THE PERSONS IN THE GROUP

1. WAY OF CONTROL

AQUALIA CZECH S. L. is the directly controlling person of Severomoravské vodovody a kanalizace Ostrava a.s. As of 31 December 2025 it owned 3,458,425 shares of Severomoravské vodovody a kanalizace Ostrava a.s. This represented 100% of the registered capital and same share in voting rights.

The controlling is performed by the directly controlling person, in particular by exercising directly the powers of the General Meeting.

The controlling person is represented by its directors who sit on the Board of Directors and Supervisory Board of the controlled person.

2. STRUCTURE OF THE RELATIONS IN THE GROUP

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

Fomento de Construcciones y Contratas, S. A. owns directly 41% in the registered capital of FCC AQUALIA, S. A. It also owns 10% through its own subsidiaries which are at 100% owned by this company.

FCC TOPCO S.à.r.l. which is entered in the Commercial Registry of Luxemburg based at Boulevard Grande-Duchesse Charlotte 48, Luxemburg, owns 100% in the registered capital of FCC MIDCO, S.A.

FCC MIDCO S.A. which is entered in the Commercial Registry of Luxemburg based at Boulevard Grande-Duchesse Charlotte 48, Luxemburg, owns 10% in the registered capital of FCC AQUALIA, S.A.

GLOBAL INFRACO SPAIN, S.L. which is a Spanish company residing at the Paseo de la Castellana 187, entered in the Commercial Register in Madrid, in the file 34 584, page 40 under M – 622180, owns 49% in the registered capital of FCC AQUALIA, S.A.

FCC AQUALIA, S.A. owns:

- 99.9995% in the registered capital of AQUALIA INTECH, S.A.,
- .99.9999% in the registered capital of AQUALIA CZECH S.L.
- 49% in the registered capital of Aqualia infraestructuras inženýring, s.r.o.
- 100% in the registered capital of HITROTEC, Tecnología del Agua, S.L.U.,

AQUALIA INTECH,S.A. owns:

- 51% in the registered capital of Aqualia infraestructuras inženýring, s.r.o.
- 100% in the registered capital of Vodotech, spol. s r.o.
- 0.0001% in the registered capital of AQUALIA CZECH S.L.

100% share in the registered capital in FCC Česká republika s. r.o. is owned by FCC Environment CEE GmbH which is owned at 100 % by FCC Austria Abfall Service AG.

FCC Česká republika, s. r. o. owns 100% share in the registered capital of OBSED a. s.

Severomoravské vodovody a kanalizace Ostrava a. s. is a controlled person and is not a controlling person or owner of any corporation which is a part of FCC Group or any other corporation out of the Group.

3. POSITION OF THE CONTROLLED PERSON

The controlled person is a corporation which runs its own business and such business does not depend on activities performed by other FCC Group companies.

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

III. THE LIST OF CONDUCTS PERFORMED DURING THE LAST REPORTING PERIOD

The list of conducts performed during the last reporting period upon request or in interest of the controlling person or persons controlled by the controlling person if such conduct was related to assets exceeding 10% of the controlled person's registered capital specified in the last financial statements.

In the reporting period, no conduct have been observed upon request or in interests of the controlling persons and/or persons controlled by the controlling person where such conduct would be related to assets that exceed 10% of own equity of the controlled person as reported in the financial statements for the reporting period just before the reporting period that precedes the period for which this Report on Relations is drafted.

IV. OVERVIEW OF AGREEMENTS ENTERED INTO BY AND BETWEEN THE PERSONS IN THE GROUP

In the reporting period, the controlling person and the controlled person ("Severomoravské vodovody a kanalizace Ostrava a.s." or "SmVaK Ostrava") and/or persons controlled by the same controlling person and/or other persons in the Group signed the following agreements/contracts and/or provided the services/supplies on the basis of new agreements or the agreements signed in the previous periods:

I. SALE OF PRODUCTS, GOODS AND SERVICES

In the reporting period, SmVaK Ostrava sold its products, goods, and services to the following related persons:

Vodotech, spol. s r.o.

The contractual relations continued during the reporting period on the basis of the contract as amended to administer and maintain SW and HW dated 10 August 2009. The price of the consulting service was based on the transfer prices.

The contractual relation continued during the reporting period on the basis of contract to provide consulting services of 26 January 2018 where SmVaK Ostrava was the service provider and the related person was the client. The subject was the consulting with respect to client's corporate matters as well as the consulting services regarding the PR, mass media and marketing. The price of the consulting service was based on the transfer prices.

The contractual relationship continued during the reporting period on the basis of the contract to rent non-residential spaces – the business area and operational areas in Opava of 31 August 1995, and its amendments.

In the reporting period, the contractual relationships existed on the basis of the following agreements to rent non-residential areas for business purposes:

- The agreement No. 1/97 in effect since 30 September 1997 and its amendments. The subject was the rent of the non-residential areas in the water treatment plants in Vyšní Lhoty, Nová Ves u Frýdlantu nad Ostravicí, and Podhradí.
- The agreement No. 2/97 in effect since 30 September 1997 and its amendments. The subject was the rent of the non-residential areas in the WWTP Frýdek-Místek and WWTP Třinec.
- The agreement No. 3/97 in effect since 30 September 1997 and its amendments. The subject was the rent of the non-residential areas in the WWTP Havířov.
- The agreement No. 4/97 in effect since 30 September 1997 and its amendments. The subject was the rent of the non-residential areas in the WWTP Šenov u Nového Jičína.
- The agreement No. 5/97 in effect since 30 September 1997 and its amendments. The subject was the rent of the non-residential areas in the WWTP Opava.
- The agreement No. VII.15/06.2023. The subject was the rent of the non-residential areas (garages in Opava, the Jaselská site). This contract was terminated by agreement as of 30 April 2025.

The contracts/agreements were signed for an indefinite period of time where a three month notice of termination should be given. The rent was set on the basis of the length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons.

In the reporting period, supplies continued pursuant to the agreement to rent the movable – an automatic wastewater sample where SmVaK Ostrava a.s. was the lessor and Vodotech spol. s r.o. was the lessee. The rent was set on the basis of the length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons. The rent is adjusted each year according to the inflation rate declared by the Czech Statistics Office for the previous calendar year.

During the reporting period the contractual relations continued in accordance with the contract No. 396/95 of 21 August 2008. The subject of the contract and its amendments is the supply of water from water mains, removal of wastewater through sewage systems to the headquarters of the contractual partner, and removal of rain water from rented areas. The contract was drafted pursuant to Act No. 274/2001 Coll. as amended.

During the reporting period, the contractual relations continued in accordance with the contract of 24 February 2005: the related person was buying back the non-functioning and rejected water meters from SmVaK Ostrava.

Upon a job order placed by the related person, SmVaK Ostrava a.s. sold the material.

Aqualia infraestructuras inženýring, s.r.o.

The contractual relation continued during the reporting period on the basis of contract to provide consulting services where SmVaK Ostrava was the service provider and the related person was the client. The subject was the consulting with respect to client's corporate matters as well as the consulting services regarding the PR, mass media and marketing. The price of the consulting service was based on the transfer prices.

The contractual relationship continued during the reporting period on the basis of the contract to rent non-residential spaces – the business area in Šenov u Nového Jičína. The rent was set on the basis of the length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons.

FCC Česká republika s. r.o.

On the basis of the contract on wastewater treatment, SmVaK Ostrava a.s. treated the wastewater for the related person. The price of the work was based on the applicable SmVaK Ostrava's pricelist.

2. PURCHASE OF GOODS AND SERVICES

Severomoravské vodovody a kanalizace Ostrava a.s. purchased the goods/services, purchased the investment project supplies, and received the consulting/other services from the following parties:

Vodotech, spol. s r.o.

In the reporting period, the contractual relationship continued under the contract 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 are correct. The client was SmVaK Ostrava a.s. The price for the supply was set in line with laws and length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons.

In the reporting period, supplies continued pursuant to the contract on provision of services and its amendments. The subject was to read water meters and to validate data relating to the SmVaK Ostrava's customers for needs of the customer service department upon its requests, and to provide smart-metering services using NB-IOT for reading of water meters and electricity meters. The price for the supply was set in line with laws and length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons.

In the reporting period, the contractual relationship continued under the contract on provision of services. Under the contract, the controlled person operated a call centre for SmVaK Ostrava a.s.. The price for the supply was set in line with laws and length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons.

On the basis of a job order placed by the controlled person, the related person sold the materials.

During the accounting period, the supplies continued pursuant to the framework service agreement to provide installation and inspection. The subject was provision of specialised services, namely, the regular inspection of sites and installation/replacement of water meters including the equipment for remote reading of water meters. The contract price was fixed upon agreement of the both parties, in compliance with the length of arms' principle as the price typical of that time and that place.

In the reporting period, supplies continued in line with the framework service agreement on official inspection of gas, pressure, and lifting equipment where SmVaK Ostrava was the client and the related person was the supplier. The agreement also covered the training of employees with respect to operation of pressure equipment, lifting facilities and dedicated equipment.

In the reporting period, supplies continued pursuant to the framework agreement on laboratory services and its amendment. The subject was to take and analyse samples of raw water and drinking water in OOV, to take and analyse samples of drinking water in water networks, and to take and analyse samples of waste water in wastewater treatment sludge. The price of the sampling and analysing is that given in the related person's price list that is in force.

Supplies under the Framework Agreement on General Organisation of Investment Construction Projects as amended continued during the reporting period. The Framework Agreement was signed on 24 November 2020 by and between SmVaK Ostrava as the client and the related person as the contractor. The purpose of the Framework Agreement is general organisation of construction projects, including engineering, preparation of project documentation and supply of all data which are essential for construction works and final acceptance of the complete project where separate contracts will be signed for each project.

In accordance with terms and conditions of the Framework Agreement, SmVaK Ostrava and the related person signed, during the reporting period, the contracts to perform the construction works in the Moravian-Silesian Region and to prepare project documentation for those projects. These contract included supplies of works including materials and technology facilities, including the complete engineering for those works.

The contract price was specified for each project in line with the Act on Prices and in line with the documentation on transfer prices in transactions made by and between the related persons.

In the reporting period SmVaK Ostrava as the client and the related party as a supplier signed an agreement for supplies and installation. The subject of the agreement was reading of water meters using the NB IoT and Read by/Drive technologies: Following devices were supplied: water meters and equipment for remote reading of water meters. Services were provided with respect to optimised reading of the water meters. The price for the supplies and services was set in line with the Act on Prices and in line with the documentation on transfer prices in transactions made by and between the related persons. The contract was signed for a definite period of time until 31 December 2026.

Aqualia infraestructuras inženýring, s.r.o.

Supplies under the Framework Agreement on General Organisation of Investment Construction Projects as amended continued during the reporting period. The Framework Agreement was signed on 29 June 2015 by and between SmVaK Ostrava as the client and the related person as the contractor. The purpose of the Framework Agreement is general organisation of construction projects, including engineering, preparation of project documentation and supply of all data which are essential for issuance of master zoning permits, building permits and final acceptance of completed construction projects where separate contracts will be signed for each project.

In accordance with terms and conditions of the Framework Agreement, SmVaK Ostrava and the related person signed, during the reporting period, the contracts to supply construction works including the materials for construction projects in the Moravian-Silesian Region, for the construction works and geodetic works so that the structures could be entered into client's GIS, for repair of infrastructure assets and investment construction projects, for preparation of project documentation, and for general engineering services. In the reporting period, the related person finished the activities pursuant to the contracts to provide a work which had been signed in previous years.

The contract price of the work was specified for each project in line with the Act on Prices and in line with the documentation on transfer prices in transactions made by and between the related persons.

FCC Česká republika, s.r.o.

In the reporting period, activities continued pursuant to the agreement to receive the sludge. The related party, SmVaK Ostrava, took over and liquidated water sludge from the water treatment plants in Podhradí, Nová Ves, and Vyšní Lhoty. The agreement is in force until 31 December 2026.

In the reporting period an agreement was signed with the related person who takes over technology wastes and other waste. Agreements were also signed on reuse/disposal of rakings and on reuse/disposal of technology debris from construction activities where the related person takes over and disposes/reuses the debris produced at SmVaK Ostrava's sites. The agreements are in force until 31 December 2026.

Supplies continued pursuant to the agreement to transport wastewater where wastewater is being transported for the client, SmVaK Ostrava. The agreement was in force until 31 May 2025.

OBSED a. s.

In the reporting period, supplies continued under the contract signed on 31 March 2021 between SmVaK Ostrava a.s. as a customer and the related person as a supplier. The subject was acceptance and disposal of sludge from treatment of municipal wastewater in wastewater treatment plants. The contract was signed for the period until 31 December 2028. The contract was awarded in the tender pursuant to the Act No. 134/2016 Coll. as amended as a public tender contract which exceeded the limit.

3. OTHER CONTRACTUAL RELATIONS

Related person:

Aqualia infraestructuras inženýring, s.r.o.

Pursuant to the contract to provide IT services entered into by Fomento de Construcciones y Contratas, S.A and El corte inglés, S.A., SmVaK Ostrava a.s. billed the partner in the reporting period the provision of the services where the price was an aliquot part of the total price agreed for the services and the shares of the services consumed by each company.

In the reporting period, supplies continued pursuant to the data processing agreement that was signed on 9 May 2019 between SmVaK Ostrava a.s. as a data controller and the related person as a data processor. The subject was protection of personal data provided by individuals in connection with contracts signed by the mentioned parties.

SmVaK Ostrava a.s. evaluated compliance with the conditions set forth in the Documentation on transfer prices used in transactions between the related persons and charged the related person with a part of the price for preparation of the Documentation.

In the reporting period, supplies continued by and between SmVaK Ostrava a. s., Vodotech, spol. s r.o. a Aqualia infraestructuras inženýring, s.r.o. pursuant to the trilateral agreement on cyber security cooperation. The agreement regulates principles of cooperation between the parties in that area.

Vodotech, spol. s r.o.

In the reporting period, supplies continued pursuant to the data processing agreement that was signed on 23 May 2018 between the related person as a data controller and SmVaK Ostrava a.s. as a data processor. The subject was protection of personal data provided by individuals in connection with contracts signed by the mentioned parties.

Pursuant to the contract to provide IT services entered into by Fomento de Construcciones y Contratas, S.A and El corte inglés, S.A., SmVaK Ostrava a.s. billed the partner in the reporting period the provision of the services where the price was an aliquot part of the total price agreed for the services and the shares of the services consumed by each company.

SmVaK Ostrava a.s. evaluated compliance with the conditions set forth in the Documentation on transfer prices used in transactions between the related persons and charged the related person with a part of the price for preparation of the Documentation.

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S. A.

In the reporting period, supplies continued through Fomento de Construcciones y Contratas, S.A. This company agreed to provide IT services for all companies in FCC Group, the other party to the contract is El Corte Inglés, S.A. with the registered office at C/ Hermosilla, 112. 2800920 Madrid, Kingdom of Spain. Under that agreement, each company from the Group is provided the IT services, and the related person charges the controlled person for such services. The price is based on the total price agreed for the services and the proportions of the services which are used by the companies.

FCC AQUALIA, S. A.

In the reporting period, the framework agreement on consulting services was signed by and between the related person as the service provider and SmVaK Ostrava as the client. The subject of the contract was preparation of offers for tenders where operators should be found for water networks and sewage systems in the Czech Republic and abroad, supervision over and check of construction projects, preparation of optimising measures for other than core business carried on by SmVaK Ostrava, and the consulting and advisory in preparation of the investment plan from the point of view of the best technology and economic solutions. The contract was signed for the period from 1 January 2025 until 31 December 2025. The price for the services provided was specified in line with laws and length of arm's principle pursuant to the documentation on transfer prices in transactions made by and between the related persons.

In the reporting period, the services continued pursuant to the agreement to provide IT services as amended. The agreement was signed by the related party as a provider and SmVaK Ostrava as a client. The fee for the services was specified in line with the agreement to provide the IT services which was entered into by FCC Aqualia, S. A and Fomento de Construcciones y Contratas, S.A.

In the reporting period SmVaK Ostrava a.s. arranged the rent of an apartment for employees of the related person's branch in the Czech Republic. The rent and services relating to the use of the apartment were charged fully by the controlled person to the related person.

In the reporting period SmVaK Ostrava a.s. arranged meal vouchers, work clothes and work tools for employees of the related person's branch in the Czech Republic. Costs incurred were charged fully to the related person.

In the reporting period SmVaK Ostrava provided for use to the related person's branch a part of the space in Prague which SmVaK Ostrava has been renting. SmVaK Ostrava charged the related person with a proportional part of the rent and fee for services relating to use of the space.

AQUALIA CZECH S. L.

Severomoravské vodovody a kanalizace Ostrava a.s. as a debtor and AQUALIA CZECH S.L. as a creditor signed in May 2022 a credit agreement for repayment of the issued bonds. In May 2025, they signed an amendment which extended the payment date for credit.

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

In the reporting period, supplies were provided pursuant to the agreement to provide temporary services. Pursuant to the agreement, the controlled person was charge the payment for administrative and technical services.

V. OTHER LEGAL CONDUCT

No legal acts out of the scope of typical legal acts performed by the controlling person exercising the powers of the shareholder in the controlled person were carried out during the accounting period in favour of the controlling person, persons controlled by the same controlling person and/or other persons from within the Group.

The Board of Directors of SmVaK Ostrava a.s. represents that it is not aware of any legal conduct between the controlled person, controlling persons and other related persons in the Group that would result in entering into other contracts/agreements than those mentioned above. The Board of Directors also represents that it is not aware of any conduct between the controlled person, controlling person and other persons in the Group which would be made upon request or in interest of the controlling person or the main person in the Group.

VI. OTHER ACTIONS

No legal acts in addition to those which are typical legal acts performed by the controlling person exercising the powers of the shareholder in the controlled person were carried out during the reporting period in favour of the controlling person, persons controlled by the same controlling person and/or other persons from within the Group.

VII. SUPPLIES AND CONSIDERATIONS

No other considerations and/or values out of the scope of typical considerations and/or values provided by the controlled person in relation to the controlling person being the shareholder in the controlled person were provided or adopted during the reporting period in favour of, or upon initiative of, the controlling person and persons controlled by the same controlling person or other persons from within the group on part of the controlled person.

VIII. ADVANTAGES, DISADVANTAGES AND RISKS RESULTING FROM THE PERSONS IN THE GROUP

The Board of Directors is not aware of any fact that would cause a controlled person to suffer damage because of being a part of FCC Group.

The controlled person has following advantages thanks to being part of the Group:

- It uses warranties provided by the controlling person from the Group.
- It uses public relation of the Group.
- It uses the licence for know-how which comprises the experience and expertise as well as operational and commercial knowledge gained throughout operation of water networks and sewage systems.
- It uses best prices for services, works and licences on the basis of contracts signed by the controlling person for companies from the Group.

The controlled person does not face any risks because of being a part of the Group as its business does not depend on other companies from the Group and is not influenced by activities carried by the others from the Group.

IX. INFORMATION ABOUT HARM

It follows from the audit and evaluation of the contractual relations and legal conduct existing between the controlled person, controlling person and other persons in the Group that the controlled person has not suffered any harm. All above listed contracts and contract relationships were concluded and all legal acts were performed under terms and conditions and at prices typical of commercial dealings for that place of performance.

Transactions between the related persons were entered in books using the standard market prices.

X. CONCLUSION

Severomoravské vodovody a kanalizace Ostrava a.s. represents that it has not been involved, during the reporting period, in any other contract relations and did not provide any other service/supply/performance except for those mentioned above with respect to the controlled person, the persons controlled by the same controlling person or other persons from the Group.

This report was prepared by the Board of Directors of Severomoravské vodovody a kanalizace Ostrava a.s. and approved at its meeting on 4 March 2026. This report was submitted for review to the Supervisory Board and to the auditors who are in charge of auditing the financial statements for 2025 and confirming the compliance of the Annual Report for 2025 with the financial statements for 2025 in accordance with the Act on Auditors, Act on Business Corporations and Accounting Act.

The financial scope of considerations provided between the controlling person, controlled person, the persons controlled by the same controlling person, and other companies from the Group pursuant to data given in this report is defined in the attachment to the financial statements for the year 2025.

The transactions with related persons were conducted under conditions typical of business and the prices were set on the basis of length-of-the-arm principle and documentation stipulating prices for transactions between the related persons.

The Board of Directors of Severomoravské vodovody a kanalizace Ostrava a.s. represents that this report has been prepared with due and professional care and that it comprises all facts which have been known and available as of the date of preparation.

Ostrava, dated 11 March 2026



Miroslav Kyncl
Vice–Chairman of the Board of Directors



Vladimír Slivka
Member of the Board of Directors

SmVaK

 aqualia