



BRATISLAVSKÁ
VODÁRENSKÁ
SPOLOČNOSŤ



Annual Report

2022

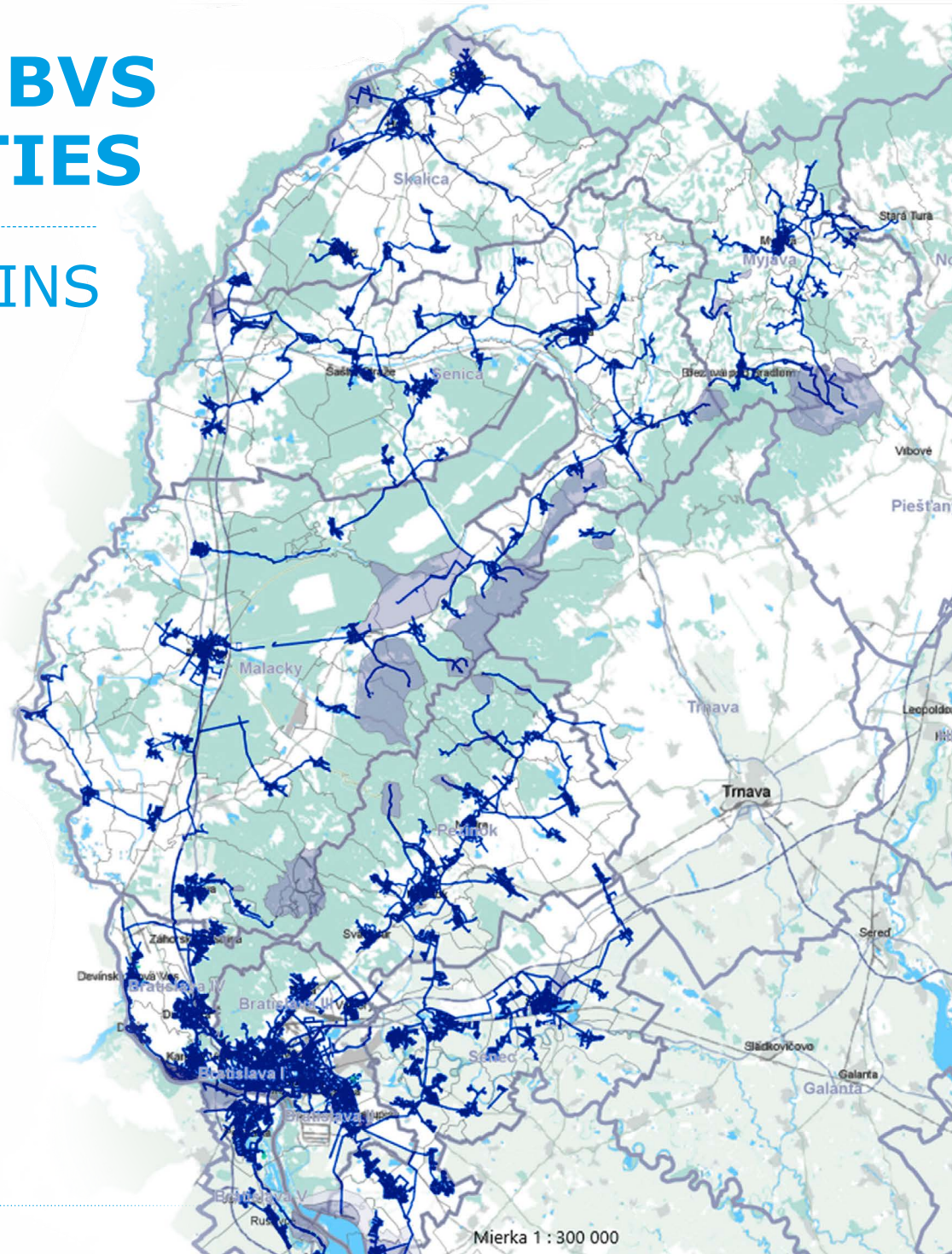
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MAP OF BVS ACTIVITIES

WATER MAINS NETWORK

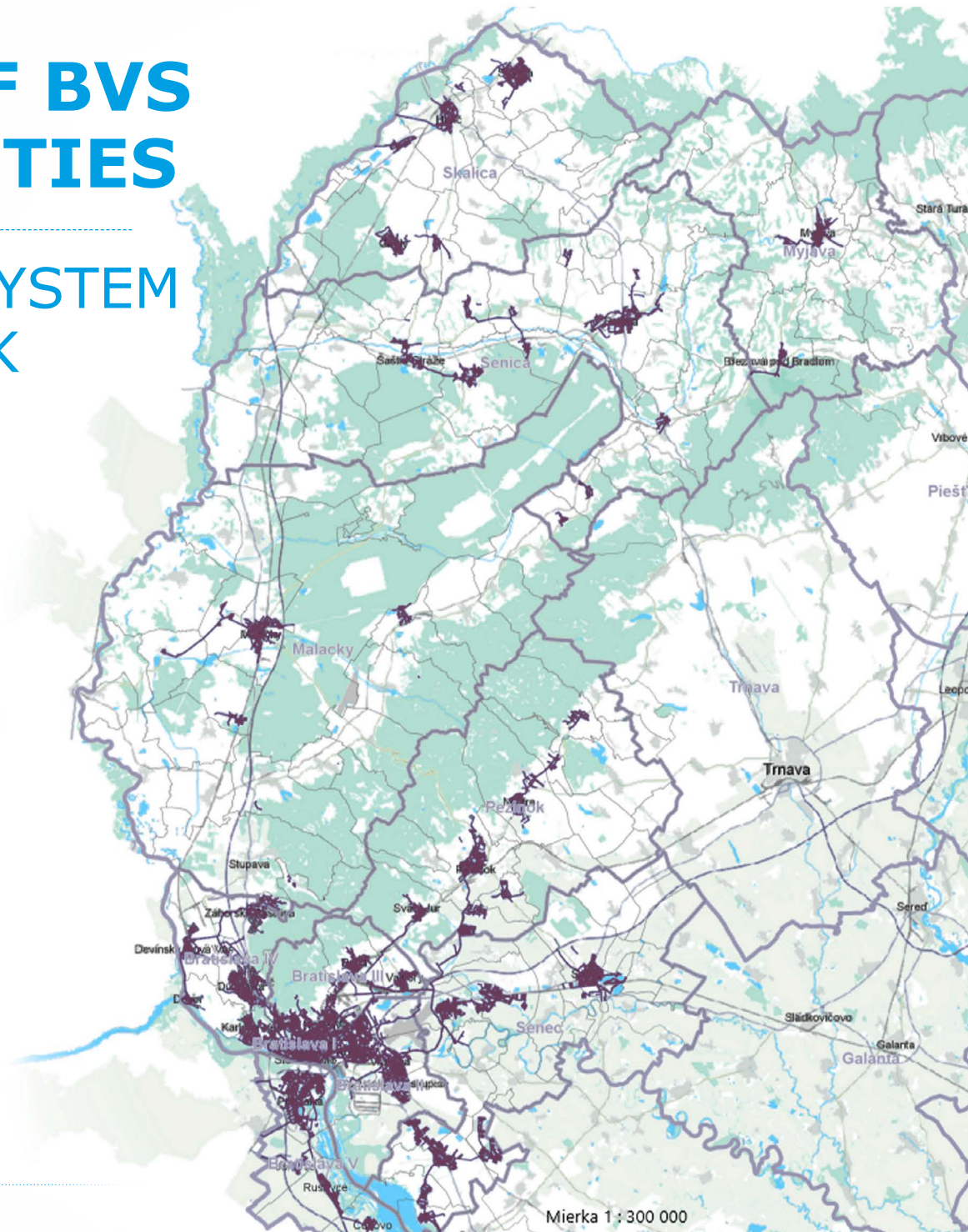




BVS

MAP OF BVS ACTIVITIES

SEWER SYSTEM NETWORK



Mierka 1 : 300 000



ADDRESS OF THE CHIEF EXECUTIVE OFFICER

JUDr. Peter Olajš

Investments should be the basis of every infrastructure company. That's why I'm glad that we adhered to our plan in 2022 and doubled the volume of our year-on-year investments to an almost record level. The doubling was made up of specific projects that will be reflected in better stability of water supplies. We expanded water supply to additional municipalities and invested into more efficient technologies that will reduce our costs in the future. We successfully completed the construction of the water mains in Popudinské Močidlány, reconstructed the skeleton network in Bratislava, built a completely new water reservoir in Záhorská Bystrica and built a completely new sewage system in Pezinok.

We managed to do all this in a year when BVS had to deal with two fundamental negative phenomena affecting our profit. The first big problem was the rapidly rising electricity prices. To be specific, in 2021 BVS consumed approximately 7 million euros worth of electricity; in 2022 this amount doubled to 15 million euros. BVS, unlike some factories, does not have the opportunity to reduce production. Our pumps have to pump water into reservoirs regardless of electricity prices on world markets.

The second major factor that affected our business management was inflation. Growth in the prices of goods and services exceeding ten percent, together with rises in the price of fuels and construction materials, automatically affected the management of our company. After a record profit in 2021, BVS recorded a loss in 2022. I consider it a strategically correct decision that the temporary worsening of the economic situation in 2022 was not resolved by stopping investments. Doing so would have had a negative impact on the company itself in the future, and our customers would have felt it immediately. A fundamental step towards the future was the adoption of a new regulatory policy for the water industry for the next seven years. Bratislavská vodárenská spoločnosť coordinated the communication of all large water companies in Slovakia and through the Association of Water Companies was a partner of the Regulatory Office for Network Industries in setting the regulation for the next period. Thanks to the new regulatory policy, all water companies in Slovakia will be able to gradually reduce their investment debt and will begin to actively adapt to climate change, which we all face.



ADDRESS OF THE CHAIRMAN OF THE SUPERVISORY BOARD

JUDr. Ing. Martin Kuruc

Dear shareholders, dear colleagues,

under the leadership of the board of directors and the supervision of the Supervisory Board, BVS made great efforts in 2022 for the sustainability of the budget framework and, despite adverse external circumstances, tried to fulfil its obligations in accordance with the approved plan.

From an economic point of view, 2022 was one of the hardest years for BVS since 2008. A part of 2022 was still marked by COVID-19. However, other negative external aspects also affected the running of the company, the main ones being the increase in electricity prices, a request of the Ministry of Environment of the Slovak Republic to turn on more pumps, the increase in fuel prices, but also their increased consumption due to a 25% increase in repairs, which was also reflected in the higher consumption of water pipe materials and in costs incurred during related surface restorations. The enormous, unexpected increase in costs was partially eliminated thanks to the increase in income from unregulated activities. However, the balance after deduction of taxes and social and health insurance company contributions still reached minus 2.6 million euros.

BVS constantly takes steps to improve the quality of its activities, improve its functioning, reduce costs and rationally use financial resources. At its meetings, the Supervisory Board thoroughly dealt with each problem and adopted conclusions. Authorised members of the Supervisory Board participated in all public procurements of the company with a value of over 50,000 euros. The Supervisory Board provided suggestions regarding the need to reduce the company's investment debt by completing new networks and renewing the infrastructure, which would be financed using free funds from the cash-flow from operating activities or by loans.

One of the priorities of 2022 was once again effective communication of the Chairman and members of the Supervisory Board with the Metropolitan Authority of Bratislava, the capital of Bratislava, as the majority owner, but also with other company partners. In 2022, as part of its membership in the Association of Water Companies, the company was actively involved in communication with the RONI in the preparation of changes to the regulatory framework for water companies valid from 1 January 2023, where not only the real costs of water companies, but also future investments in networks will be taken into account. BVS also focused on its customers with the aim of improving services, flexible communication and dealing with

initiatives. Online communication through the company's web portal has proven to be very effective, and it was also used to evaluate customer satisfaction.

In 2022, two members of the Supervisory Board were elected by the company's employees – Ing. Alena Trančíková and Ing. Peter Tokoš. Congratulations to both of you; I look forward to working with you.

In conclusion, I would like to express my gratitude to all the members of the Supervisory Board for the trust shown during the previous term of office and for their trust in me for the next term of office. I especially want to thank the members of the Supervisory Board who regularly participated and were actively engaged in the processes of individual procurements and

evaluation of competitions, which is a great benefit for the company.

I would also like to thank the shareholders, the Board of Directors, partners and all employees of BVS.

I appreciate the high-quality and effective cooperation of the company's Board of Directors with the Supervisory Board, and I believe that this mutual trend of cooperation will continue in the following period.

JUDr. Ing. Martin Kuruc, m. p.

Chairman of the Supervisory Board of BVS, a.s.

OUR MISSION, VISION AND VALUES

Our mission

We are your reliable partner in supplying high-quality drinking water and its ecological renewal from the natural water cycle.

Our vision

To deliver services to each consumer served by our company and to achieve the highest possible satisfaction of all our customers.

Our values

Openness, decency, professionalism, responsibility.

HIGH ENERGY PRICES



One of the main factors that affected the functioning of BVS in 2022 were high energy prices. A 100% increase in electricity costs could not be compensated for by lower consumption, as the demand for water was high and the operation of wastewater treatment facilities was also energy-intensive.

In 2020 and 2021, BVS was already taking rationalisation measures to reduce electricity consumption, and further steps in this respect were mainly connected with the replacement of older, energy-intensive devices with newer and more economical ones. This is also why BVS planned several investments aimed at streamlining its operation.

YEAR OF INVESTMENTS



Investments in the renewal and development of the water infrastructure have increased fivefold in the course of two years. This is the result of systematic work in terms of rationalisation measures together with a reasonable policy of making water and sewer rates more realistic, thanks to which investments in priority projects can be restarted.

The investments were aimed at all areas of activity of BVS and were made within the entire region of its activity. Priority was given to critical infrastructure and projects with high added value, whether from an economic or social point of view.

EXTREME WEATHER

The extreme weather tested several areas of the company's operation. Above all, the low amount of precipitation during the spring months, together with the extreme drought and high temperatures right from the beginning of the summer, affected the operation in a fundamental way.

A critical situation occurred mainly in areas that are not connected to water sources that draw their water from the Danube and are dependent on local rainfall. The decrease in the yield of these sources was dramatic in 2022 and came unusually early, which caused problems with the supply of drinking water to the population, especially in the Carpathian and in the Záhorie regions. The trend of the changing nature of precipitation was also confirmed. Rains tended to have the character of violent storms and downpours, which did not have the potential to fully replenish the groundwater level, but at the same time caused problems on the surface and at the same time increased operating costs for wastewater pumping.

INFLATION

Along with high energy prices, the company also had to cope with high inflation, which affected the prices of fuel, construction materials and services. This not only had an impact on the normal operation, but also on ongoing investments.

Despite these extraordinary circumstances, BVS was able to adhere to its investment plan and implement all investments that had started, as well as start new projects.



BVS

BVS

SLOVAKIA-WIDE WATER COMPANIES WORKER SKILLS COMPETITION

After a break forced by the COVID-19 pandemic, we managed to restore the tradition of the Slovakia-wide Water Companies Worker Skills Competition. The 36th year of the competition was organised by Bratislavská vodárenská spoločnosť in cooperation with the Association of Water Companies.

The competition took place in Šamorín, near the largest source of underground water in Slovakia, and its aim was, among other things, to draw the public's attention to the importance of protecting water sources, as well as to other problems that water companies currently have to solve.





ADDRESS OF THE CHIEF PRODUCTION OFFICER

Ing. Ladislav Kizak

The year 2022 was exceptional. After more than five years of decline, the average water consumption per household increased in 2022. The increase from 96 litres of drinking water per capita per day in 2021 to 107 litres in 2022 was likely due primarily to an unusually hot summer that arrived earlier than normal and affected water consumption over a longer period.

The exceptionally warm weather not only affected water consumption, but also the yield of several water sources. The decrease in yield caused problems with water supplies to municipalities, especially in the vicinity of the Small Carpathians and in Záhorie, i.e. in locations that are not connected to the main BVS water supply sources around the Danube. BVS took steps to deliver water to these locations through alternative routes and in some cases supplied residents by means of drinking water tanks.

BVS launched several projects to improve the condition of the sewage network. By supplying new technology, we cleaned more sewers and also repaired 50% more manholes than last year. With regular monitoring, we are better prepared to react to faults.

We gradually started repairs of smaller reservoirs (both technological and construction parts) to supply water of excellent quality. A refurbishment of water improvement stations was also essential; we applied new trends in order to better prepare for the change that pesticides can cause.

A network of twenty-four wastewater treatment plants treated more than 56 million cubic metres of sewage water in 2022. We have launched projects at smaller WWTPs which reduce the number of workers needed to operate the WWTP. This is mainly due to a shortage on the labour market.



ADDRESS OF THE CHIEF FINANCIAL OFFICER

Ing. Emerich Šinka

The year-on-year drop in profit from a historically record result in 2021 to red numbers in 2022 was undoubtedly caused by expense items over which BVS had no influence.

The total loss at the level of 2.6 million euros was to a considerable degree due to the increased costs of electricity, guidelines of the Slovak Environmental Inspection to change the system of the use of pumps at wastewater treatment plants, or the general increase in the prices of materials and services. The total growth of unpredictable expenses thus exceeded 6.5 million euros. Of course, these factors were also reflected in a decrease of the EBITDA indicator, which, against the plan, decreased year-on-year by 3.9 million euros.

Despite these figures, BVS adhered to its investment plan, and after the crisis years of 2019 and 2020, investments rose to almost 50 million euros in 2022, which was a year-on-year increase of almost 22 million euros.

A detailed look at the numbers shows that BVS managed to increase income in 2022. In addition to the growth of income from regulated activity, other incomes were the main item to record high growth compared to the plan, which is related to the better detection of illegal connections to our network and the related collection of fines. The already mentioned increase in the area of electricity, costs or services, together with personnel costs, dominates the expense items.

The new regulatory policy, which was approved by the Regulatory Office for Network Industries in 2022, will be an essential factor for the management of water plants in the future. In accordance with the new regulatory policy, economically justified operating expenses will be evaluated based on the previous accounting period, so they will be reflected in the price with a delay of approximately half a year, and new technical lifespans will already apply to assets, as a result of which the amount of depreciation has decreased compared to previous periods. The reasonable profit for the next regulatory period for the water company is set at the level of 4.26 percent.



ADDRESS OF THE CHIEF SALES OFFICER

Ing. Matúš Letko

Solving the capacity problem of infrastructure does not always have to mean physical investments. It can also be solved by means of smart solutions.

One of the examples that confirm this rule was a solution to the problem of lack of capacity at wastewater treatment plants, which were overloaded with cesspool water in our region. In addition to the technological problem in operation, this also had a negative impact on people who had a problem disposing of their cesspool water in an ecological way. The solution we came up with in 2022 was a new electronic reservation system for receiving cesspool water at our wastewater treatment plants. Thanks to this, we were able to increase the capacity of our wastewater treatment plants to process cesspool water by more than ten percent. By changing the pricing policy and using time more efficiently, we also increased sales by 30 percent. The result is not only the solving of an acute problem that has troubled customers, but also improved economic figures and an increase in transparency.

The traditional shift of our customers to digital services continued in 2022. Year-on-year growth of almost 20,000 take-off points, which are managed through the electronic BVS Customer Portal, means that BVS exceeded the threshold of 56 percent of customers with whom it communicates electronically three years after the launch of the portal. Also, the transition from paper to electronic invoices, which is also already used by more than half of our customers, continues successfully.

In 2022, BVS launched a communication campaign aimed at customers drawing attention to the negative impact of plastic packaging in the wild on drinking water, which it supported by installing drinking fountains not only in Bratislava, but also in several towns in the region. Depending on the location, BVS uses either urban drinking fountains with a minimalist design or modern touch-free drinking fountains. BVS also supported people's responsible behaviour towards the environment with a campaign aimed at the responsible use of sewers, which tried to draw attention to the problem of sewers overflowing with garbage that should not be disposed of in this way.



ADDRESS OF THE CHIEF INVESTMENT OFFICER

Ing. Marián Havel

Almost 50 million euros reinvested in infrastructure in 2022 is not only almost double the previous year, but also the highest amount reinvested in this region since 2016. We managed to achieve this thanks to the revitalisation of pre-investment preparation in previous years and greater emphasis on the actual implementation of individual projects.

One of the most important actions that we implemented in 2022 is the refurbishment of the skeleton water mains network in Bratislava. The refurbishment of one of the largest DN 1400 water pipelines used in Slovakia was carried out using modern trenchless technology and, together with the refurbishment of the parallel DN 1200 pipeline, will improve the safety of key water mains systems on the eastern outskirts of Bratislava. Work on the construction of a new water reservoir in Záhorská Bystrica was also finished in the capital. In addition to modern technologies, the new reservoir can also boast of architecture close to nature, including the green roof of the reservoir.

In the Záhorie, BVS completed an extension of the Holdošov Mlyn water source. This source is crucial for the water supply of people in its surroundings, and thanks to the increased capacity of the water source, the construction of water mains distributions in the municipalities of Radošovce, Dubovce and Popudinské Močidlány can also take place.

In 2022, the refurbishment of the pumping station in Karlova Ves also fully got under way. This pumping station is located in the site of the historically oldest waterworks in Bratislava and is undergoing a complete structural and technological refurbishment. It will be equipped with four new modern pumps with a total pumping capacity of more than a thousand litres of water per second.

At the same time, BVS was finalising investments in several of its own internal spaces, which will improve the working environment of employees and make the production process more efficient.

COMPANY PROFILE



COMPANY PROFILE

IDENTIFICATION DATA:

Business name: Bratislavská vodárenská spoločnosť, a.s.

Registered office: Prešovská 48, 826 46 Bratislava

IČO [organisation ID No.]: 35 850 370

IČ DPH [VAT Reg. No.]: SK2020263432

DIČ [TIN]: 2020263432

Date of registration: 7th January 2003

Legal form: akciová spoločnosť ((public) company limited by shares)

NATURE OF THE BUSINESS:

- operation of category I to III public water mains,
- operation of category I to III public sewer systems,
- performance of physical-chemical, biological and microbiological analyses of surface, drinking and wastewater within the scope of an unqualified trade,
- doing business in non-hazardous waste management,
- engineering activities in the construction sector – procurement activities in the construction sector,
- generation and supply of electricity from renewable energy sources,
- construction of simple and minor structures and modifications thereof,
- brokerage in the field of services,
- lease (rental) of movables,
- distribution and sale of drinking water,
- performance of construction supervision activities – structural and civil engineering,
- implementation of buildings and modifications thereof,
- lease (rental) of real estate associated with the provision of other than basic services related to leases (rentals);
- operation of cultural, social and entertainment facilities,
- advertising and marketing services,
- performance of physical-chemical, biological and microbiological analyses of sludge and biogas and sampling of drinking and wastewater, sludge and biogas within the scope of an unqualified trade,
- research and development in the area of natural and technical sciences.

STATUTORY BODIES:

- Board of Directors (Management Board) (see current extract from the Business Register on its website)
- Supervisory Board (see the current extract from the Business Register on its website)

Shareholders: Number of shareholders: 89

Majority shareholder: Bratislava, the Capital of the Slovak Republic: 59.29%

BVS – treasury shares: 8.43%

Other municipalities and towns: 32.28%

THE FACE VALUE, NUMBER, CLASS, TYPE AND FORM OF SHARES:

Share capital: EUR 281,365,934.89

Face value of one share: EUR 33.19

Number of shares: 8,477,431

Class of shares: ordinary shares

Type of shares: registered shares

Form of shares: book-entry shares

Limited transferability of registered shares: pursuant to the Articles of Association, the transferability of shares is limited. A transfer of company shares is subject to approval by the company's Supervisory Board.

Subsidiary: BIONERGY, a. s. (100% ownership interest) – incorporation on 31st December 2009.

OTHER LEGAL FACTS:

Bratislavská vodárenská spoločnosť, a.s., [Bratislava Waterworks Company, Plc.] (hereinafter referred to as "BVS"), Prešovská 48, Bratislava, was founded in accordance with Privatisation Decision No. 853 issued by the Ministry for the Administration and Privatisation of National Property of the Slovak Republic dated 2nd October 2002, file No. KM – 1306/2002, by investing as capital contribution the entire assets of the dissolved state-owned enterprise Vodárne a kanalizácie Bratislava [Waterworks and Sewer Systems, Bratislava], with its registered office at Prešovská 48, Bratislava, and parts of the assets of the dissolved state-owned enterprise Zapadoslovenské vodárne a kanalizácie, štátny podnik [West Slovak Waterworks and Sewer Systems, state-owned enterprise], with its registered office at Trnavská 32, Bratislava: the Bratislava – vidiek [Bratislava - surrounding countryside] branch, the Senica branch, the Šamorín long-distance water mains production and operation centre, a part of the company management building, in accordance with privatisation project number 2276. BVS took over the assets and liabilities, rights and obligations (even unknown ones) of the dissolved state-owned enterprises, including the rights and obligations resulting from labour law relations (except for rights under section 16 of Act No. 92/1991 Coll. [i.e. Collection of Laws]). On 15th July 2020, Bratislavská vodárenská spoločnosť bought 49% of the share of Infra Services, a. s., and became its sole shareholder. On 1st June 2021, Infra Services, a. s., was merged with Bratislavská vodárenská spoločnosť.

COMPANY BODIES



JUDr. Peter Olajoš
Chairman of the Board of Directors
and CEO



Ing. Emerich Šinka
Member of the Board of Directors
and Chief Financial Officer



Ing. Ladislav Kizak
Member of the Board of Directors
and Chief Production Officer



Ing. Matúš Letko
Member of the Board of Directors
and Head of the Sales Department



Ing. Marián Havel
Member of the Board of Directors
and Chief Investment Officer

SUPERVISORY BOARD



JUDr. Ing. Martin Kuruc
Chairman



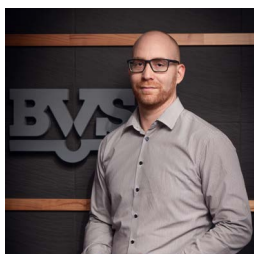
Jozef Kolla
Member



Ing. Alena Trančíková
Member



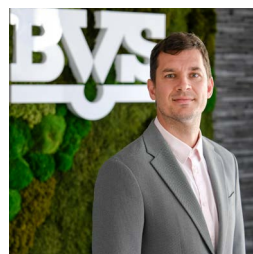
Ing. Jozef Krúpa
Member



Ing. Jakub Mrva
Member



Mgr. Ing. Michal Radosa
Member



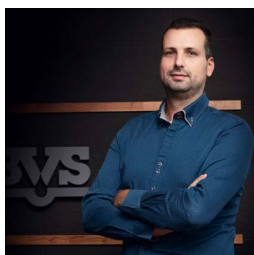
Ing. Peter Tokoš
Member (in office since
14th Dec. 2022)



Mgr. Peter Littera
Member (in office till
14th Dec. 2022)



Mgr. Martin Vlačíky, PhD.
Member



Ing. Roman Lamoš
Member



Mgr. Veronika Hanzalíková, PhD.
Member



Ing. Ján Karman
Member



Ing. Viliam Szász
Member

A photograph of a body of water reflecting industrial structures, with the text "CORE BUSINESS" overlaid in the bottom right corner. The image shows a calm body of water reflecting the sky and the silhouettes of industrial buildings and pipes. The reflections are sharp and clear, creating a symmetrical effect. The text "CORE BUSINESS" is written in a bold, white, sans-serif font in the bottom right corner of the image.

**CORE
BUSINESS**

The core business of BVS is the production and distribution of drinking water and the drainage and treatment of wastewater. It provides these activities through five divisions. The sixth division is the Chemical Technology and Laboratory Activities Division, which monitors the quality of both drinking water and wastewater at all stages of the production processes.

BVS Divisions:

- Water Production Division,
- Water Distribution Division,
- Wastewater Drainage Division,
- Wastewater Treatment Division,
- Measurement and Water Management Division,
- Chemical Technology and Laboratory Activities Division.

To support our core business, it also provides related ancillary services.

Services related to drinking water:

- supply of good quality drinking water,
- approval of public water mains, technical surveillance thereof,
- demarcation of water mains networks, finding water network outages and leaks,
- assembly/dismantling of water meters and water network connections,
- the leasing of hydrant standpipes,
- works on water mains networks (repairs of water mains connections, replacement of water network nodes, replacements, repairs and maintenance of water mains pipes etc.).

Wastewater-related services:

- drainage of wastewater through sewer systems and treatment of wastewater,
- demarcation of sewer networks, technical surveillance thereof,
- works on sewer networks (maintenance, repairs in case of breakdowns, etc.).

Other services:

- hydrological opinions,
- opinions on design documentation,
- administrative activities (copying and correcting invoices, amending customer contracts, etc.).

Laboratory services:

- sensory testing,
- physical and chemical analyses,
- inorganic trace analysis,
- organic trace analysis,
- microbiological analyses,
- hydrobiological analyses.

PRODUCTION AND DISTRIBUTION OF DRINKING WATER

In 2022 BVS administered and operated a total of 19 public water mains in 118 municipalities, 60 water sources with a total capacity of 5,848 l/s, 134 water reservoirs with a total volume of 400,000 m³, 113 water pumping stations with a total capacity of 12,131 l/s and 6 groundwater filtration plants with a total capacity of 268 l/s. More than 804,000 people were supplied with drinking water through public water mains in a water distribution network 3,321 km in length.

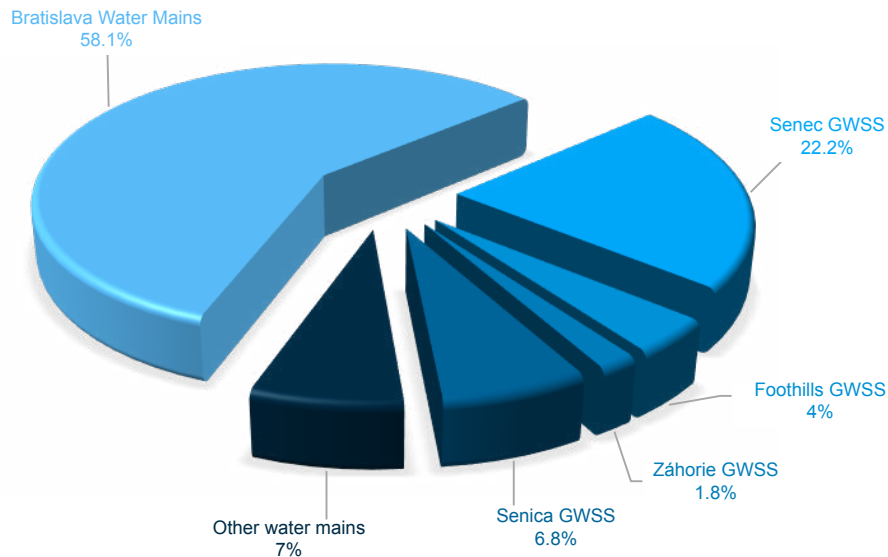
On 31st December 2022, a total of 97% of the population in towns and other municipalities in which BVS operates public water mains received water from public water mains.

In 2022, 64,288,000 m³ of drinking water were generated and ready for use, which was 2,534,000 m³ less than in 2021.

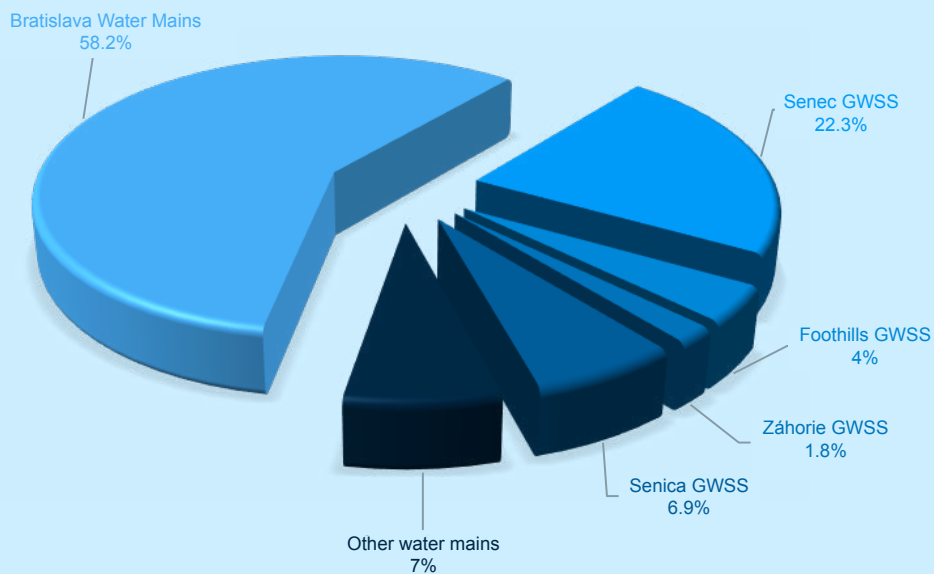
THE BALANCE INDICATORS FOR INDIVIDUAL TERRITORIES ARE AS FOLLOWS:

	BVS	Bratislava Water Mains	Senec Group Water Supply System (GWSS)	Foothills GWSS	Záhorie GWSS	Senica GWSS	Other water mains
Water sources in use (number)	60	6	2	7	8	11	26
Water taken off from water sources (ths. m ³)	65,533	38,086	14,573	2,631	1,195	4,451	4,597
Water produced in own facilities (ths. m ³)	65,453	38,086	14,573	2,631	1,195	4,377	4,590
Number of residents connected to the WM (number)	804,130	483,111	73,827	66,671	39,656	65,575	75,290

WATER TAKEN OFF FROM WATER SOURCES:



WATER PRODUCED IN OWN FACILITIES

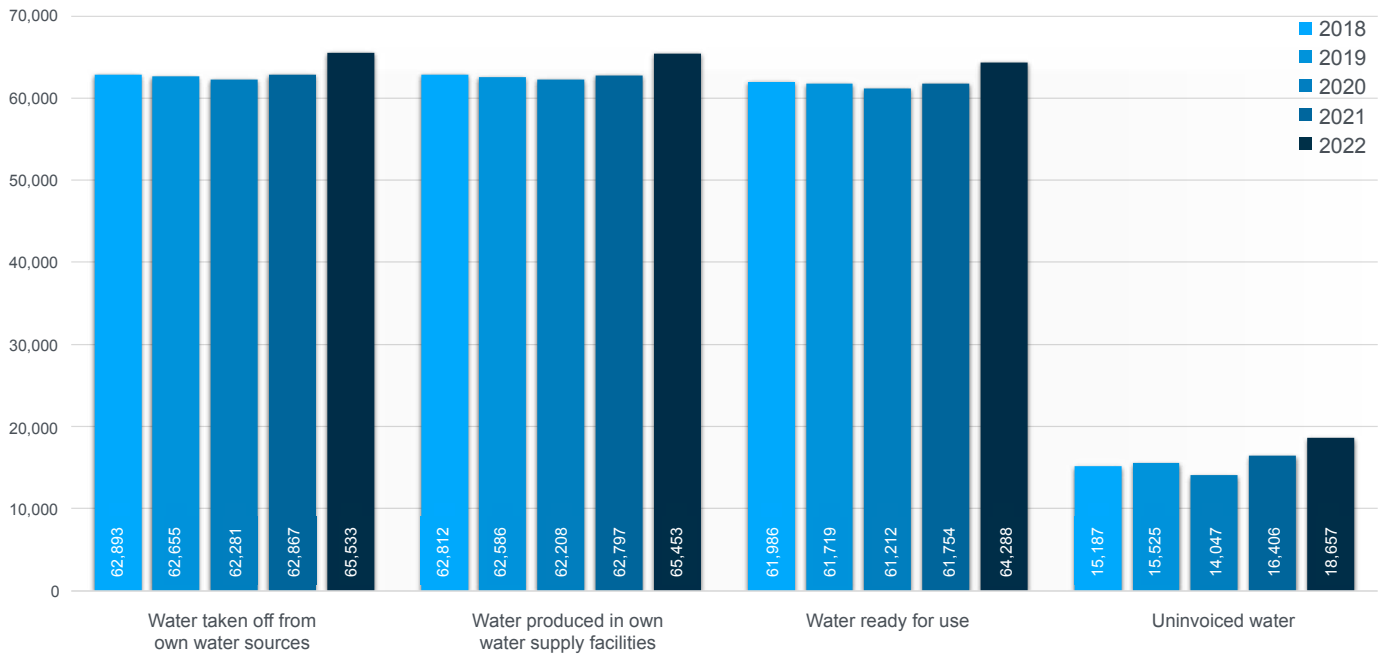


BASIC DATA ON THE WATER MAINS

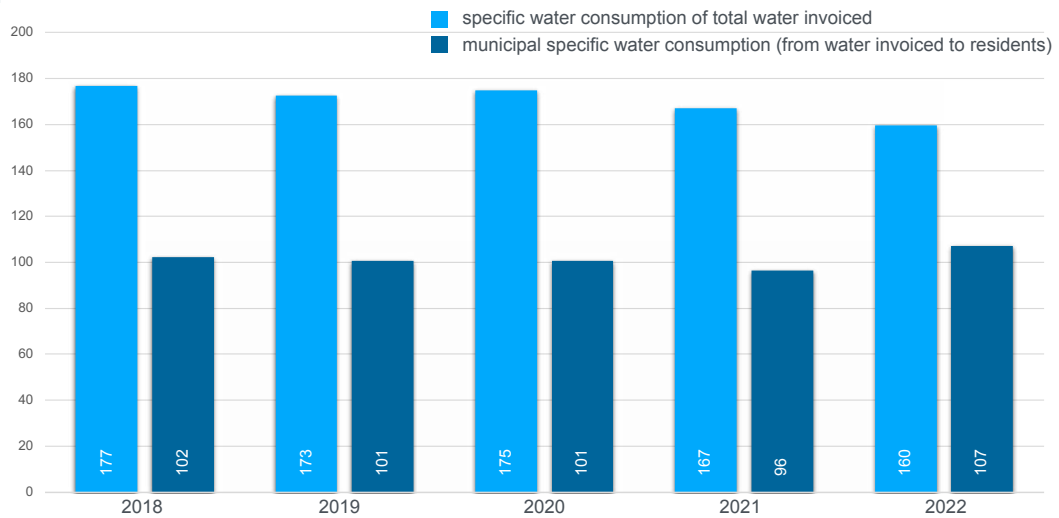
Indicator	2018	2019	2020	2021	2022
Total number of public water mains	19	19	19	19	19
Number of municipalities with public water mains	117	118	118	118	118
Length of the water mains network (km)	3,233	3,254	3,278	3,300	3,321
Number of residents supplied with drinking water	738,746	747,467	755,481	760,644	804,130
Total number of water sources	60	60	60	60	60
Number of water improvement stations	8	6	6	6	6
Number of water reservoirs	130	131	132	132	134
Volume of the reservoirs (m ³)	397,398	397,448	398,398	398,348	399,611
Number of pumping stations	107	107	109	111	113
Capacity of the pumping stations (l/s)	11,795	11,714	11,990	12,101	12,131

Drinking water production and distribution (ths. m ³)	2018	2019	2020	2021	2022
Water taken off from own water sources	62,893	62,655	62,281	62,867	65,533
Water produced in own water supply facilities	62,812	62,586	62,208	62,797	65,453
Water ready for use	61,986	61,719	61,212	61,754	64,288
Uninvoiced water	15,187	15,525	14,047	16,406	18,657

GRAPHICALLY:



L / RESIDENT / DAY



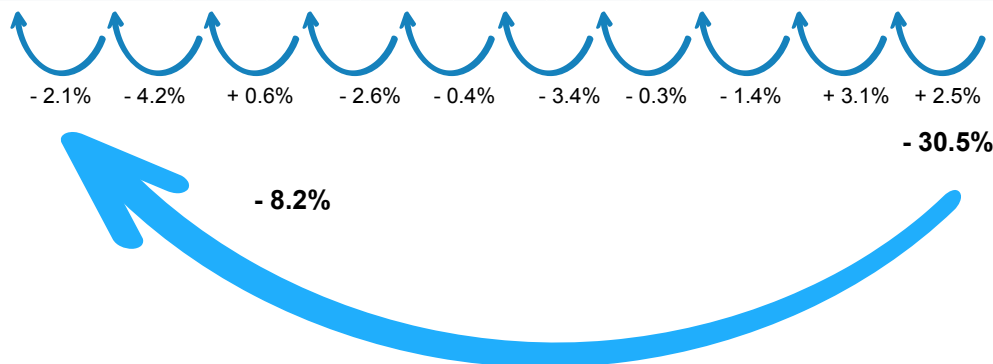
WATER LOSSES IN 2022 REACHED 26.7%

Indicator	Unit of measurement	2022	
Water losses	ths. m ³	17,178	26.7%
Uninvoiced water	ths. m ³	18,657	29.0%
Water invoiced to direct customers	ths. m ³	45,631	
Water produced and ready for use	ths. m ³	64,288	

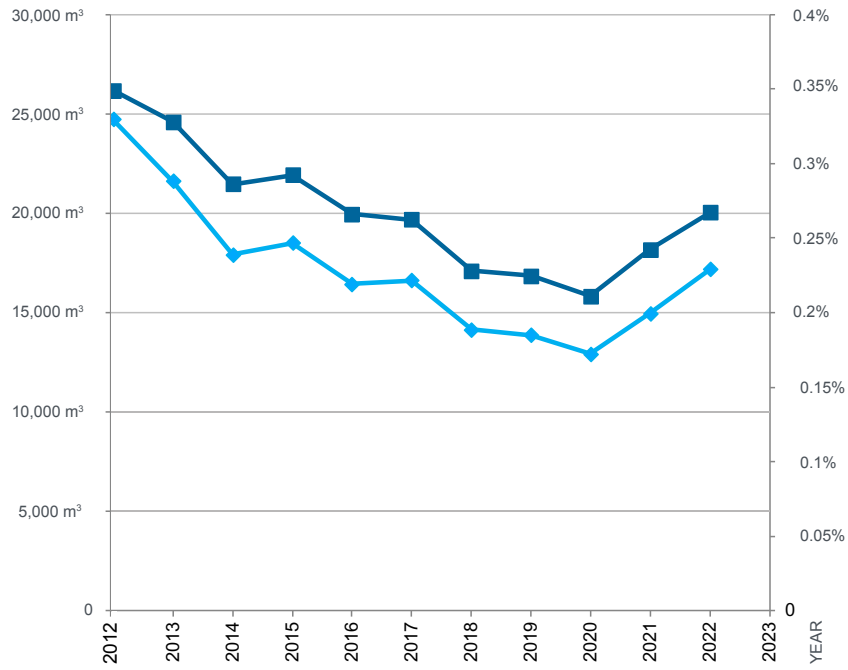
Water losses in 2022 increased by 2.5% compared to the previous year 2021. Compared to 2012, the reduction of water losses reaches a volume of 7.6 million m³, which represents a reduction in the volume of water losses by 30.5%.

WATER LOSSES IN 2022 REACHED 26.7%

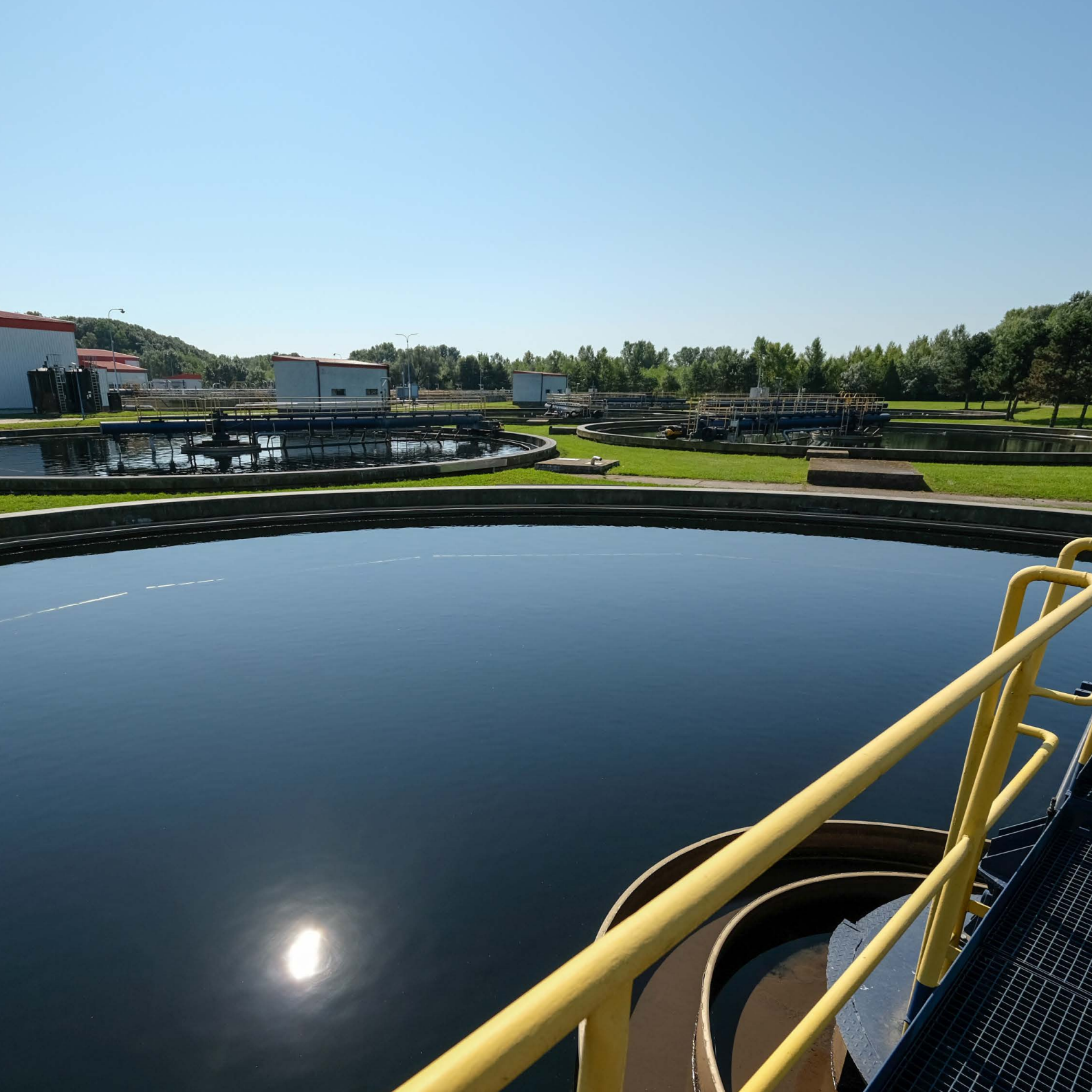
Indicator	Unit of measurement	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Water produced and ready for use	ths. m ³	70,864	65,909	62,631	63,278	61,859	63,388	61,986	61,719	61,212	61,754	64,288
Invoiced water	ths. m ³	44,653	42,963	43,429	43,602	44,425	45,705	46,799	46,194	47,165	45,348	45,631
Uninvoiced water	ths. m ³	26,211	22,945	19,202	19,676	17,434	17,683	15,187	15,525	14,047	16,406	18,657
	%	37.0%	34.8%	30.7%	31.1%	28.2%	27.9%	24.5%	25.2%	22.9%	26.6%	29.0%
Water losses in the pipe network	ths. m ³	24,730	21,614	17,929	18,501	16,453	16,627	14,140	13,863	12,926	14,973	17,178
	%	34.9%	32.8%	28.6%	29.2%	26.6%	26.2%	22.8%	22.5%	21.1%	24.2%	26.7%



STRATY VODY V POTRUBNEJ SIETI



- Water losses in the pipeline network ths. m³
- Water losses in the pipeline network %



WASTEWATER DRAINAGE AND TREATMENT

In 2022, the Wastewater Drainage Division (WWDD) operated a total of 24 wastewater treatment plants (WWTP) and 3 sewage pumping stations (SPS). Of the mentioned objects, 6 WWTP are operated by virtue of an operations contract, because they are not in the ownership of BVS, a.s.

The main activity of the WWDD in operating WWTP focused on fulfilling the prescribed limit values of indicators of cleaned wastewater determined by water-law decisions, issued by district environmental authorities (DEA), and a reduction of the fee obligation for the discharge of wastewater with residual pollution. Management of primary waste (raked waste, sand, sludge) was continuously ensured upon its creation within the technological process of wastewater treatment using the energy potential of sludge and minimising operating costs for its recovery or disposal.

The results of monitoring the quality of discharged wastewater for 2022 showed compliance with the quality of discharged wastewater at individual WWTPs according to valid permits for wastewater discharge.

We will pay advance fees for 2023 for discharged pollution in 2022 for the Senec WWTP, Plavecký Štvrtok WWTP and Skalica WWTP.

Inspections by state water administration authorities were carried out by the Slovak Environmental Inspection at the Central WWTP Bratislava-Vrakuňa. In May, an inspection was started by the water inspection section in connection with an extraordinary deterioration of the water on the Little Danube watercourse after enormous rains; in August, an inspection by the air protection section was started; and, in September, an inspection was started again by the water protection section. Of

the listed inspections, only the inspection by the air protection section has been closed so far.

The permit for the discharge of wastewater was reviewed for the operation of the Bratislava-Vrakuňa WWTP based on a request of BVS, a.s., regarding the maximum amount of discharged wastewater with a hitherto negative result for BVS, a.s.

As part of emergencies at WWTP facilities and repairs of technological equipment and refurbishments, short-term permits for the discharge of wastewater (over-limit discharge) were issued at the Smrdáky, Senec, Hamuliakovo, Malacky (2x) and Šaštín WWTPs.

The following purchases and installations were purchased and implemented out of the 2022 plan of machines and equipment not included in the budget: a N-NH₄ analyser, several probes, coarse machine scraped rakes in the storm pumping station facility at the Petržalka WWTP, 20 automatic wastewater samplers for various WWTP facilities and a skid steer loader for collecting sludge for the Rohožník WWTP.

From the 2022 investment plan, the refurbishment of the Smrdáky WWTP was started, which continues in 2023. The blower plant at the Malacky WWTP was also refurbished. In addition, a more extensive refurbishment of the welding and blacksmith workshop of the Vrakuňa Central WWTP was carried out and the control system at the Šaštín-Stráže WWTP was replaced and this WWTP was connected to the BVS network.

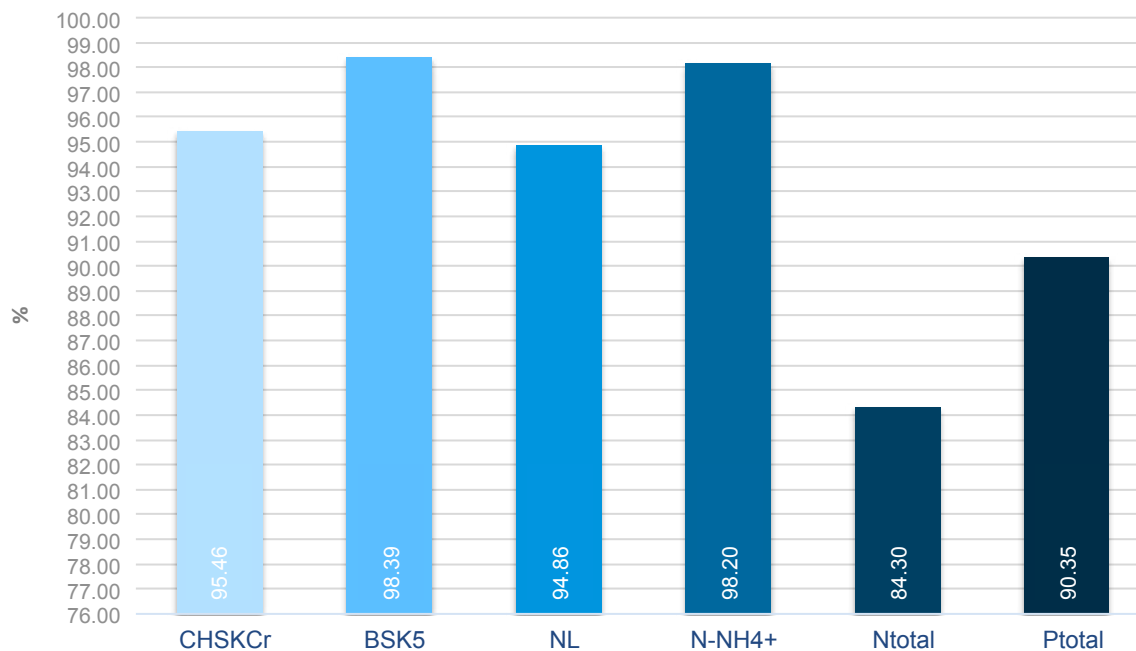
In addition, necessary repairs of technical and technological equipment were carried out at individual WWTPs, e.g. on the aeration systems of the Hamuliakovo and Senica WWTPs.

QUANTITY OF TREATED WASTEWATER AT THE WWTP IN 2022 (m³. year⁻¹)

Vrakuňa	33,575,570	Rohožník	170,968	Šaštín	168,015
Petržalka	8,141,176	Pl. Štvrtok	648,401	Gbely	317,865
Devínska N. Ves	1,774,212	Myjava	1,096,330	Prievaly	27,145
Modra	1,298,977	Brezová	604,706	Jablonica	55,439
Častá	164,038	Senica	1,760,049	Š. Humence	89,543
Senec	1,330,465	Smrdáky	97,351	Kopčany	94,940
Hamuliakovo	1,328,580	Holíč	1,011,365	Pl. Peter	8,675
Malacky	1,750,089	Skalica	1,080,689	Zl. dolina	13,801.50

Quantity of treated wastewater **56,608,389.50 m³/ year⁻¹**

AVERAGE CLEANING EFFECTS BROKEN DOWN BY INDIVIDUAL POLLUTION INDICATORS FOR 2021 (%)



QUANTITY OF WATER TREATED IN WWTPS IN 2022 (m³.year⁻¹)

Vrakuňa	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	50	10	20	5	10	1
	achieved	20.4	3.40	10.4	1.19	6.41	0.56
Petržalka	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	50	10	20	5	10	1
	achieved	20.1	3.50	10.3	0.65	6.91	0.71
Devínska Nová Ves	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	50	10	15	3	14	1.5
	achieved	21.9	4.40	10.0	0.46	9.05	0.67
Modra	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	45	10	20	4	14	1
	achieved	18.0	3.09	10.3	0.48	8.17	0.40
Častá	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	50	10	20	2	-	-
	achieved	21.5	3.01	10.0	0.51	-	-
Senec	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	70	20	20	15	15	2
	achieved	24.7	3.57	11.1	3.48	15.5	0.41
Hamuliakovo	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	70	15	20	10	15	2
	achieved	26.0	3.59	10.0	3.01	12.8	0.66
Malacky	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	35	7	20	0.5	15	1
	achieved	24.4	4.09	10.3	0.24	9.05	0.42

Rohožník	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	40	10	15	2	-	-
	achieved	21.9	3.00	10.0	0.43	-	-
Plavecký Štvrtok	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	47	10	25	-	-	-
	achieved	19.1	4.78	10.0	-	-	-
Myjava	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	60	15	15	3	15	1
	achieved	19.1	3.18	10.4	0.70	13.1	0.40
Brezová	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	40	8	20	1.5	-	-
	achieved	12.0	3.04	10.0	0.47	-	-
Senica	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	50	10	10	3	15	1
	achieved	21.5	3.56	10.0	0.50	10.6	0.38
Smrdáky	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	40	15	25	-	-	-
	achieved	20.8	3.33	11.2	-	-	-
Holíč	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	50	10	10	5	15	1
	achieved	20.2	3.14	10.0	0.35	8.30	0.58
Skalica	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	45	10	15	4	15	1.5
	achieved	23.4	3.47	10.3	0.58	12.2	0.29

Gbely	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	40	10	20	2	-	-
	achieved	20.9	3.19	10.0	0.53	-	-
Šaštín-Stráže	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	60	10	10	5	15	2
	achieved	25.5	3.02	10.0	0.48	12.1	5.22
Prievaly	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	120	25	25	-	-	-
	achieved	58.4	7.07	19.8	-	-	-
Jablonica	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	70	30	30	-	-	-
	achieved	39.0	4.25	11.5	-	-	-
Šajdíkove Humence	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	135	30	30	-	-	-
	achieved	55.0	7.28	14.5	-	-	-
Kopčany	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	90	15	25	-	-	-
	achieved	54.0	6.68	13.4	-	-	-
Plavecký Peter	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	100	30	30	-	-	-
	achieved	57.8	5.31	12.2	-	-	-
Zlatnícka Dolina	indicator	CHSK _{Cr}	BSK ₅	NL	N-NH ₄ ⁺	N _{total}	P _{total}
	permit	60	30	30	-	-	-
	achieved	25.3	3.00	17.5	-	-	-

REUSED SLUDGE FROM WWTPS IN 2022 (RAW THICKENED SLUDGE, STABILISED DEWATERED SLUDGE IN TONNES OF 100% dry matter.y-1)

	raw thickened sludge	dewatered stabilised sludge
Vrakuňa	11,724.56	-
Petržalka	2,016.99	-
Devínska Nová Ves	917.32	-
Modra+ 1 small WWTP	-	297.8
Senec	-	364.17
Hamuliakovo	-	437.95
Malacky+1 small WWTP	-	445.5
Rohožník	-	31.05
Myjava	-	293.3
Brezová	-	50.8
Senica + 6 small WWTPs	676.1	-
Holíč + 2 small WWTP	-	360.1
Skalica + 1 small WWTP	-	319.69

BIOGAS PRODUCTION IN WWTPS IN 2022 (m³.y-1), BIOGAS TREATMENT (%)

	biogas production	biogas consumption		
		boiler combustion	cogeneration	residual gas burner
Hamuliakovo	214,411	100	-	-
Myjava	73,811	18.3		81.7
Holíč	60,261	0		100



LABORATORY ACTIVITIES

The Chemical Technology and Laboratory Activities Division, accredited testing laboratory, carried out an operating inspection:

1. of the quality of drinking water in all public water mains facilities operated by our company from the water source to the final consumer.
2. of the quality of wastewater, sewage sludge and biogas from public sewer system facilities, from process steps of wastewater treatment plants and from important wastewater producers.

In addition to monitoring drinking water, wastewater, sewage sludge and biogas for our company's needs, the testing laboratory used its free capacity to perform water analyses ordered by external customers.

The testing laboratory performs laboratory tests of drinking water, wastewater, sewage sludge and biogas in the number of samples and within the scope of indicators required by valid legislation (Regulation of the Ministry of Health of the Slovak Republic No. 247/2017 Coll. [i.e. Collection of Laws of the

Slovak Republic], Regulation of the Ministry of Environment of the Slovak Republic No. 636/2004 Coll. for drinking water and Regulation of the Ministry of Environment of the Slovak Republic No. 315/2004 Coll., Regulation of the Ministry of Environment of the Slovak Republic No. 55/2004 Coll. for wastewater), as well as by the need to check the process steps at water improvement stations, or waste water treatment plants, and by the need to check the quality of discharged water at important wastewater generators.

On 2nd and 3rd November 2022, the laboratory successfully obtained an extension of the accreditation by the Slovak National Accreditation Service. The extension of the accreditation focused on the assessment of the actual performance of the test by a laboratory worker, an inspection of documentation (standard work procedures, verification records, other documentation demanded by STN EN ISO/IEC 17 025:2018).

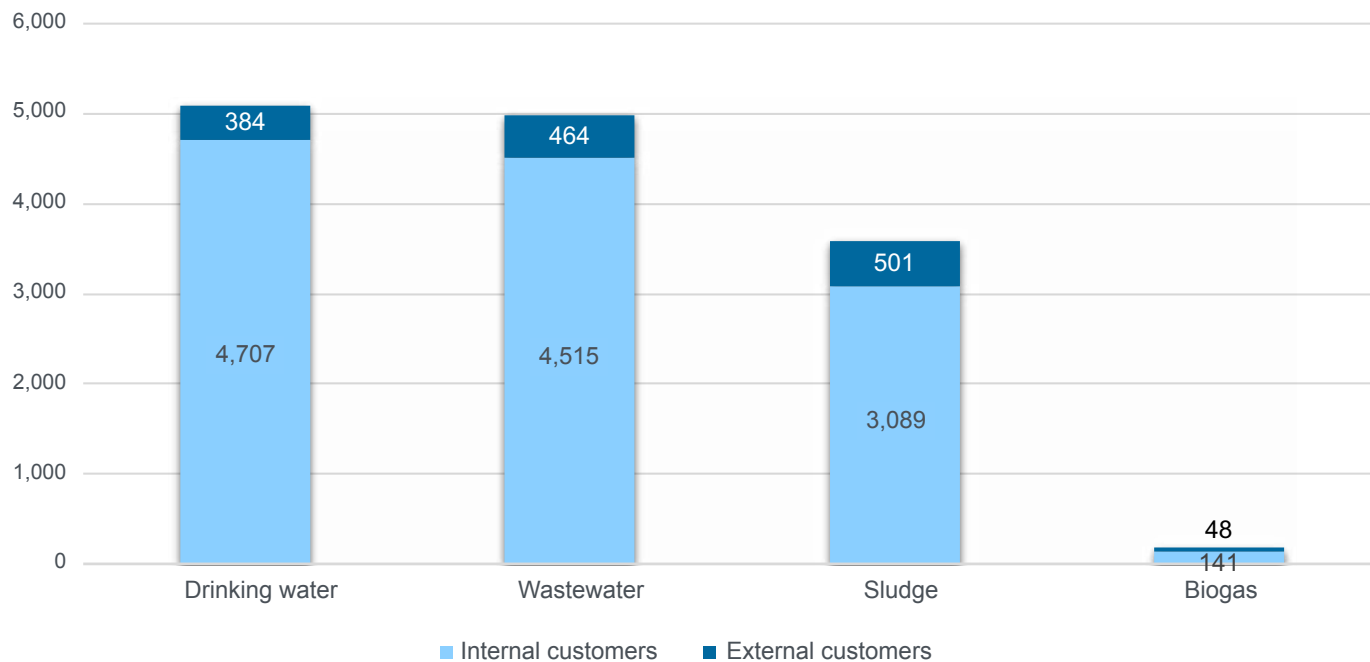
The laboratory currently has a total of 190 accredited indicators of the quality of drinking water, or wastewater, sewage sludge and hot water, and it has been accredited for drinking and wastewater sampling.

OVERVIEW OF THE ACTIVITIES OF THE TESTING LABORATORY IN 2022

Number of samples – total number of analysed samples of drinking water, wastewater, sewage sludge and biogas.

Number of samples – 2022	Drinking water	Wastewater	Sewage sludge	Biogas
Internal customers	4,707	4,515	3,089	141
External customers	384	464	501	48
Total	5,091	4,979	3,590	189

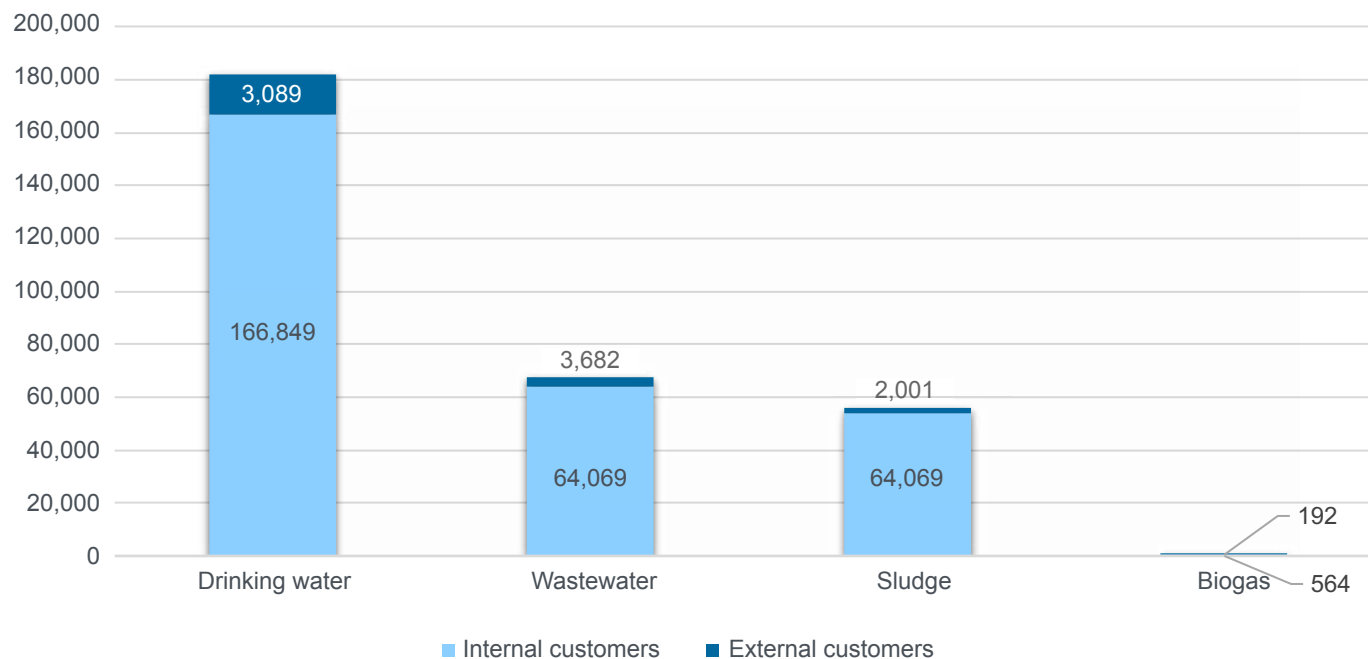
OVERVIEW OF THE ACTIVITIES OF THE TESTING LABORATORY – NUMBER OF SAMPLES 2022



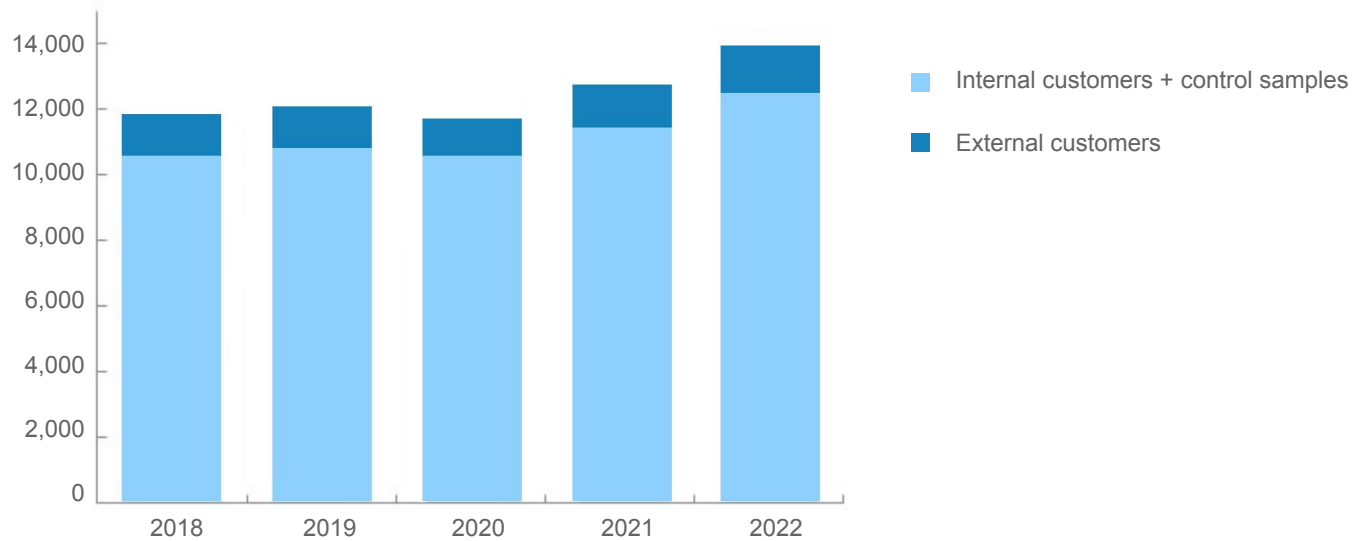
Number of analyses - total number of analyses of individual quality indicators of drinking water, wastewater, sewage sludge and biogas, i.e. the total number of laboratory tests performed.

Number of samples – 2022	Drinking water	Wastewater	Sewage sludge	Biogas
Internal customers	166,849	64,069	53,882	564
External customers	15,046	3,682	2,001	192
Total	181,895	67,751	55,883	756

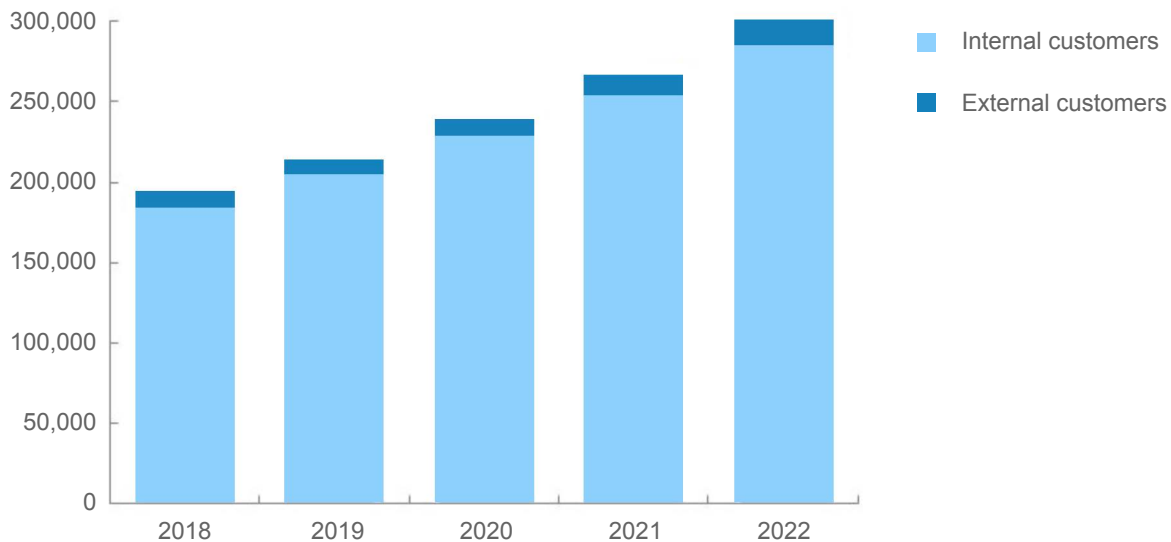
OVERVIEW OF THE ACTIVITIES OF THE TESTING LABORATORY – NUMBER OF ANALYSES – 2022



OVERVIEW OF THE ACTIVITIES OF THE TESTING LABORATORY – NUMBER OF SAMPLES



OVERVIEW OF THE ACTIVITIES OF THE TESTING LABORATORY – NUMBER OF ANALYSES



SUBSIDIARY BIONERGY, a.s.

ECONOMIC DATA OF INDIVIDUAL FINANCIAL STATEMENTS

Indicator	2020	2021	2022
Net turnover	EUR 7,609,635	EUR 7,549,025	EUR 11,025,848
Profit/loss before tax	EUR 2,460,341	EUR 5,756	EUR 319,762
Profit/loss after tax	EUR 1,919,476	EUR 50,776	EUR 201,329

MAIN OBJECT OF THE COMPANY

- production and supply of electricity by production equipment with a total installed capacity of up to 1 MW,
- electricity production, electricity supply,
- heat production, heat distribution,
- doing business in non-hazardous waste management,
- activity of business, organisational and economic consultants.

NATURE OF THE BUSINESS

- doing business in non-hazardous waste management,
- activity of business, organisational and economic consultants,
- purchase of goods for the purpose of selling them to the final consumer (retail) or for purpose of its sale to other persons carrying out a trade (wholesale),
- brokerage in the field of trade,
- brokerage in the field of production,
- brokerage in the field of services,
- production and supply of electricity by production equipment with a total installed capacity of up to 1 MW,
- electricity production, electricity supply,
- lease (rental) of movable property,
- services related to computer data processing,
- informative testing, measurement, analysis and controls,
- heat production, heat distribution,
- research and development in the field of natural and technical sciences.

Source: www.orrsr.sk

BOARD OF DIRECTORS (MANAGEMENT BOARD) AS OF 31st DECEMBER 2022

Name	Office	In office from
Branislav Tedla	Chairman	30th September 2019
PhDr. Patricius Palla	Vice Chairman	26th May 2016
Ing. Dušan Myslivec	Member	30th September 2019
JUDr. Ing. Marek Zajíček	Member	30th September 2019
Ing. Milan Kresáč	Member	30th September 2019

SUPERVISORY BOARD AS OF 31 DECEMBER 2022

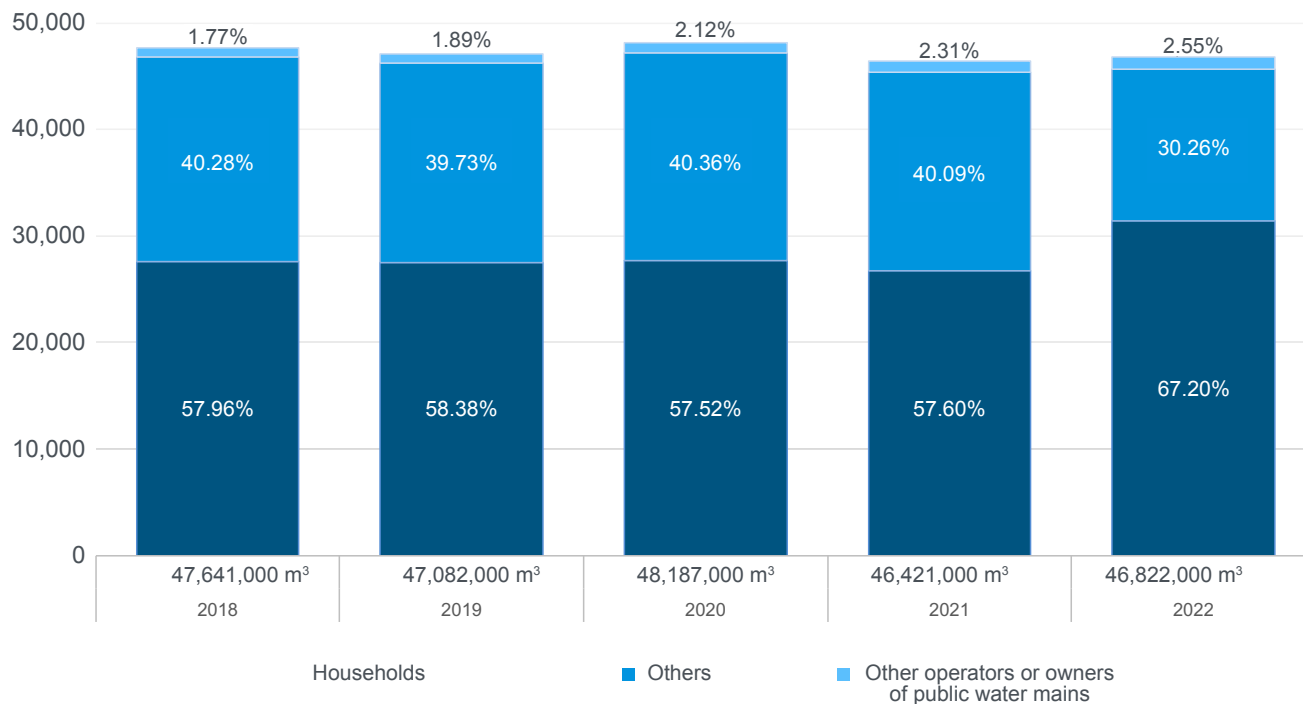
Name	Office	In office from
Ing, Matej Vagač	Chairman	30th September 2019
Ing. Peter Strapák	Member	30th September 2019
Peter Hochschorner	Member	1st December 2021

OUR CUSTOMERS

Bratislavská vodárenská spoločnosť supplies drinking water to three basic segments – households, other operators or owners of the public water supply and other consumers. Other operators or owners of public water supply are entities that further supply consumers with drinking water through public water mains that they either own or operate.

DRINKING WATER (ths. m³)

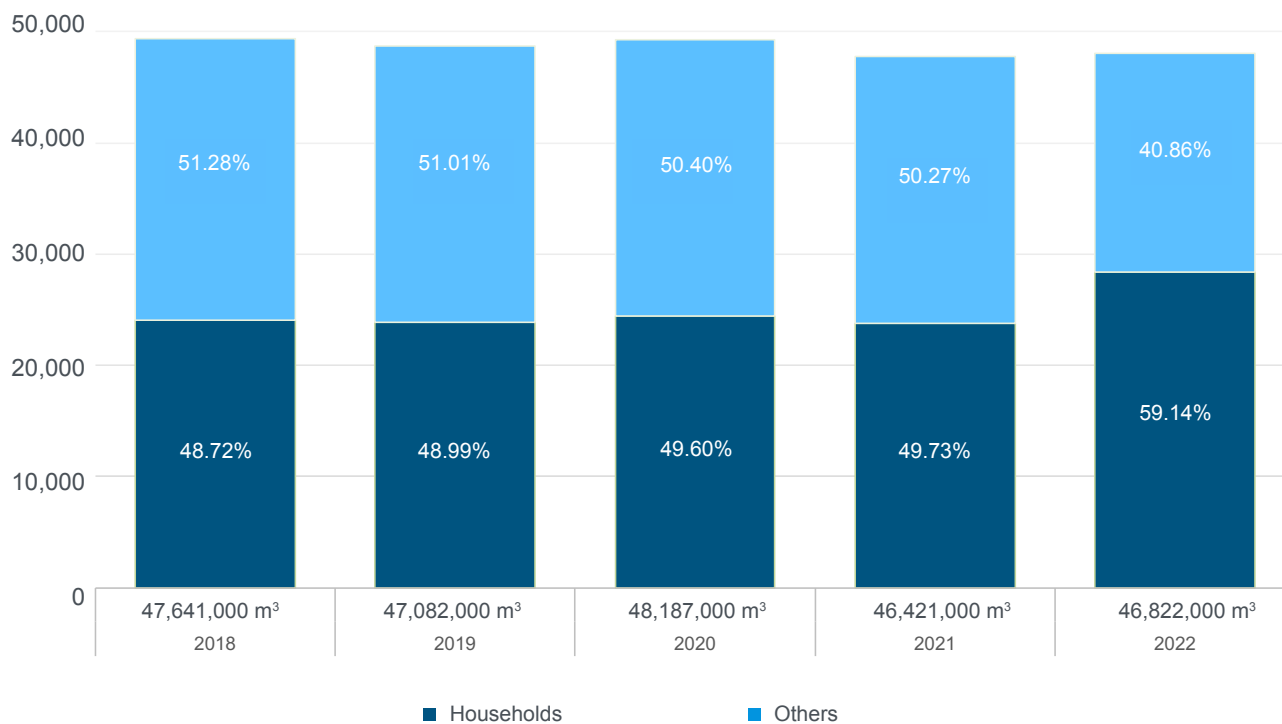
		2018	2019	2020	2021	2022
Drinking water ths. m³		47,641 ths. m³	47,082 ths. m³	48,187 ths. m³	46,421 ths. m³	46,822 ths. m³
Households	ths. m ³	27,611	27,489	27,716	26,739	31,462
Others	ths. m ³	19,188	18,705	19,449	18,609	14,168
Other operators or owners of public water mains	ths. m ³	842	888	1,022	1,073	1,192



Within its regulated activities, Bratislavská vodárenská spoločnosť carries out drainage of wastewater in two segments – households and other wastewater producers – in the following proportions:

WATER DRAINED (ths. m³)

		2018	2019	2020	2021	2022
Water drained ths. m³		49,418 ths. m³	48,732 ths. m³	49,245 ths. m³	47,808 ths. m³	48,069 ths. m³
Households	ths. m ³	24,078	23,872	24,426	23,775	28,430
Other	ths. m ³	25,340	24,861	24,820	24,033	19,639



TOP CUSTOMERS

- Veolia Energia Slovensko, a.s.
- Bratislava, the Capital of the Slovak Republic
- Bytové družstvo Petržalka [Petržalka Housing Cooperative]
- SLOVNAFT, a.s.
- MH Teplárenský holding, a.s.
- RAJO s.r.o.
- Stavebné bytové družstvo občanov so sídlom v Pezinku [Residential Building Cooperative of Citizens based in Pezínok]
- H-PROBYT, spol. s.r.o.
- Okresné stavebné bytové družstvo Senica [District Residential Building Cooperative in Senica]
- Bytkomfort – BA, a.s.

PRICE FOR THE PRODUCTION, DISTRIBUTION AND SUPPLY OF DRINKING WATER AND DRAINAGE AND TREATMENT OF WASTEWATER

Business activities in field of public water mains and public sewer systems are regulated by Act No. 442/2002 Coll. on Public Water Mains and Public Sewer Systems and on Amendments to Act No. 276/2001 Coll. on Regulation in Network Industries, as amended. The act regulates, among other things, the establishment, development and operation of public water mains and public sewer systems, the rights and obligations of their operators, as well as the supervision by public administration bodies, primarily in terms of compliance with drinking water quality indicators and wastewater drainage.

Prices in the water industry and the conditions for their application are regulated by the Regulatory Office for Network Industries (hereinafter referred to as the “RONI”) by Act No. 250/2012 Coll. on Regulation in Network Industries, as amended, and Regulation of the RONI No. 361/2021 Coll. of 6 October 2021 amending Regulation of the Regulatory Office for Network Industries No. 21/2017

Coll. Laying Down the Price Regulation of the Production, Distribution and Supply of Drinking Water through Public Water Mains, the Drainage and Treatment of Wastewater through the Public Sewer System, as amended by Regulation No. 204/2018 Coll. of 27th June 2018.

The method of implementing the price regulation takes into account the scope, structure and amount of economically justifiable expenses that have been demonstrably spent to carry out the regulated activity, the method of determining the amount of a reasonable profit, including the extent of investments that can be included in the price, the method of calculating the maximum price of the production, distribution and supply of drinking water and the drainage and treatment of wastewater, as well as the source data for the price proposal, the procedure and the condition for the application of the price.

The aim of the Regulation of the RONI No. 361/2021 Coll. is an update of the current regulatory period, which was extended until 31st December 2022 based on Supplement 1 of the regulatory policy for the regulatory period 2017 – 2021, adopted by the regulatory council on 10th November 2020. It also takes into account the changes that resulted from the application practice in the implementation of price regulation in water management, which is reflected in the lower administrative complexity of the preparation of documents, with the submission of price proposals and actual data via an electronic mailbox, the formulas for calculating the investment development factor and the coefficient of utilisation of the projected capacity for wastewater removal and treatment are modified and refined, and the definition of the cost change value is added in order to increase comprehensibility.

On 4th November 2021, in the matter of an alteration of decision No. 0016/2020/V of 10th August 2020, by which the Office determined for the Company the maximum price of the production, distribution and supply of drinking water through public water mains and for the drainage and treatment of wastewater through the public sewer system till 31st December 2021, the RONI decided, on its own initiative, that it extends for the Company, by decision No. 0106/2021/V of 4th November 2021, the validity of the hitherto maximum price of the production, distribution and supply of drinking water through public water mains and for the drainage and treatment of wastewater through the public sewer system till 31st December 2022.

FINAL PRICE DECISION NO. 0016/2020/V, BY WHICH THE REGULATORY OFFICE FOR NETWORK INDUSTRIES SETS PRICES TILL 31st DECEMBER 2021, AND ON THE BASIS OF THE FINAL PRICE DECISION NO. 0106/2021/V TILL 31st DECEMBER 2022

Final price decision	€/m³ excl. VAT	€/m³ incl. VAT
Maximum price of the production and supply of drinking water through public water mains	1.0135	1.2162
Maximum price of the production and distribution of drinking water through public water mains	0.7090	0.8508
Maximum price of the drainage and treatment of wastewater through the public sewer system	0.9985	1.1982

At the same time, the RONI in the matter of a change to decision No. 0013/2020/V from 2nd April 2020, by which the office set the company's maximum price for the treatment of wastewater supplied to the wastewater treatment plant through public sewerage till 31st December 2021, decided on its own initiative that by decision No. 0107/2021/V dated 4th November 2021 it extends the company's current maximum price for the treatment of wastewater supplied to the wastewater treatment plant through public sewerage until 31st December 2022.

FINAL PRICE DECISION NO. 0013/2020/V, BY WHICH THE REGULATORY OFFICE FOR NETWORK INDUSTRIES SETS PRICES TILL 31st DECEMBER 2021, AND ON THE BASIS OF THE FINAL PRICE DECISION NO. 0107/2021/V TILL 31st DECEMBER 2022

Final price decision	€/m ³ excl. VAT	€/m ³ incl. VAT
Maximum price of the treatment of wastewater supplied to the wastewater treatment plant through the public sewer system	0.5526	0.6631

As a result of a significant change in economic parameters caused primarily by the increase in electricity prices in 2022, the Company submitted a proposal for a price change, mainly for the purpose of securing sufficient financial resources necessary to cover operating costs and ensure the proper operation of the Company.

On 24th February 2022, in the matter of the decision on the proposal of prices for the production and supply of drinking water through public water mains, the production and distribution of drinking water through public water mains and for the drainage and treatment of wastewater through the public sewer system, the RONI issued the final price Decision No. 0014/2020/V, by which it determined for the Company the prices valid till 31st December 2022.

FINAL PRICE DECISION NO. 0014/2022/V, BY WHICH THE REGULATORY OFFICE FOR NETWORK INDUSTRIES SETS PRICES TILL 31st DECEMBER 2022

Final price decision	€/m ³ excl. VAT	€/m ³ incl. VAT
Maximum price of the production and supply of drinking water through public water mains	1.0387	1.2464
Maximum price of the production and distribution of drinking water through public water mains	0.7267	0.8720

DEVELOPMENT OF PRICES APPROVED BY THE RONI FOR YEARS 2018 – 2022 PER M³ (EXCL. VAT)

BVS	2018	2019	2020	2021	2022
Price of the production and supply of drinking water through public water mains	0.9359	0.9359	1.0135	1.0135	1.0387
Price of the distribution of drinking water through public water mains	0.6547	0.6547	0.7090	0.7090	0.7267
Price of the drainage and treatment of wastewater through the public sewer system	0.9216	0.9216	0.9985	0.9985	0.9985
Price for the treatment of wastewater supplied to the wastewater treatment plant through the public sewer system	-	-	0.5526	0.5526	0.5526

DEVELOPMENT OF PRICES APPROVED BY THE RONI FOR YEARS 2018 – 2021 PER m³ (INCL. VAT)

BVS	2018	2019	2020	2021	2022
Price of the production and supply of drinking water through public water mains	0.9359	0.9359	1.0135	1.0135	1.0387
Price of the distribution of drinking water through public water mains	0.6547	0.6547	0.7090	0.7090	0.7267
Price of the drainage and treatment of wastewater through the public sewer system	0.9216	0.9216	0.9985	0.9985	0.9985
Price for the treatment of wastewater supplied to the wastewater treatment plant through the public sewer system	-	-	0.5526	0.5526	0.5526

DEVELOPMENT OF PRICES APPROVED BY THE RONI FOR YEARS 2018 – 2021 PER m³ (INCL. VAT)

BVS	2018	2019	2020	2021	2022
Price of the production and supply of drinking water through public water mains	1.1231	1.1231	1.2162	1.2162	1.2464
Price of the distribution of drinking water through public water mains	0.7856	0.7856	0.8508	0.8508	0.8720
Price of the drainage and treatment of wastewater through the public sewer system	1.1059	1.1059	1.1982	1.1982	1.1982
Price for the treatment of wastewater supplied to the wastewater treatment plant through the public sewer system	-	-	0.6631	0.6631	0.6631



HUMAN RESOURCES

IN 2022, BVS, , EMPLOYED 1,103 EMPLOYEES ON AVERAGE.
THE STRUCTURE OF COMPANY EMPLOYEES
BY WORK CATEGORIES WAS AS FOLLOWS:

53.76%

technical and business professionals

46.24%

blue-collar workers

EDUCATIONAL STRUCTURE OF THE EMPLOYEES OF THE COMPANY IN 2022:

3.08%

with an elementary education,

33.82%

with a secondary education (vocational),

38.17%

with a standard secondary education,

0.45%

with a higher professional education,

1.63%

with a university education – bachelor,

22.85%

with a university education.

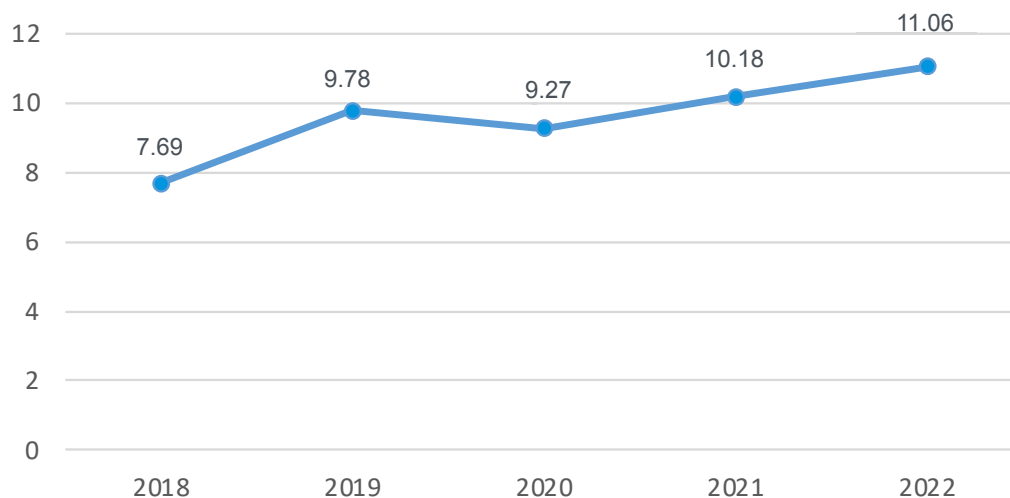
AGE STRUCTURE OF EMPLOYEES IN 2022

Age structure of employees	Women	Men	Total
up to 20 years	0.00%	0.09%	0.09%
21 – 30 years	2.12%	6.17%	8.29%
31 – 40 years	7.23%	14.20%	21.43%
41 – 50 years	7.23%	20.19%	27.43%
51 – 60 years	7.67%	22.93%	30.60%
above 60 years	1.94%	10.23%	12.17%
	26.19%	73.81%	100%

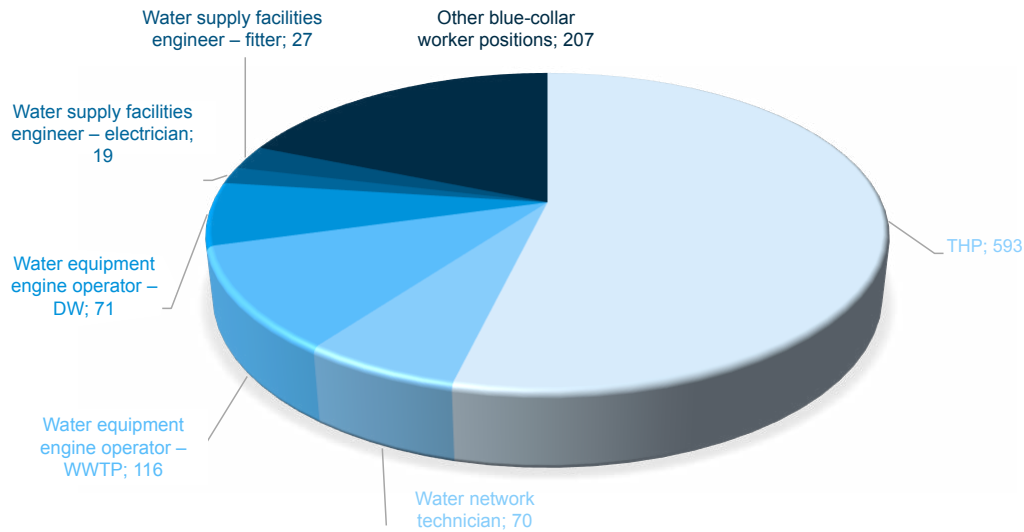
The average age of company employees was **45 YEARS** in 2022.

Employee turnover was **11.06%**.

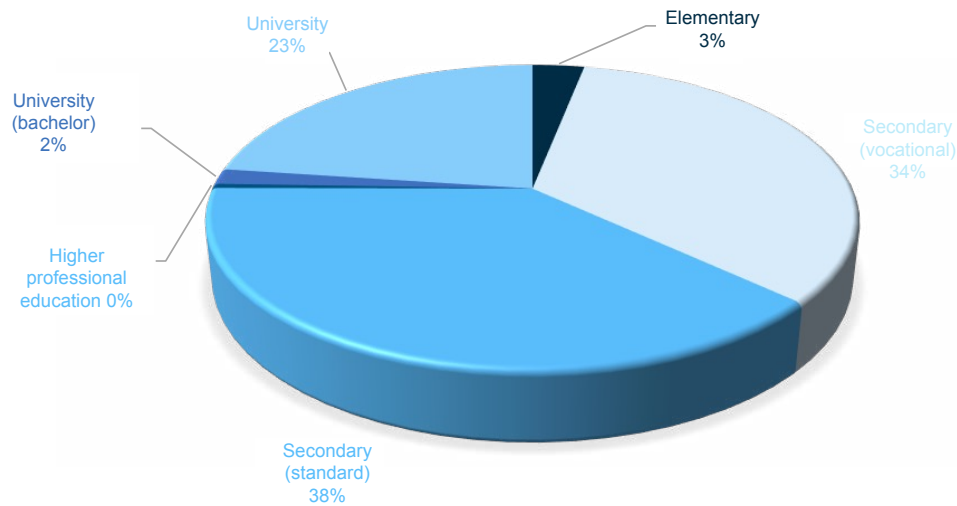
DEVELOPMENT OF THE TURNOVER RATE FROM 2018 TO 2022



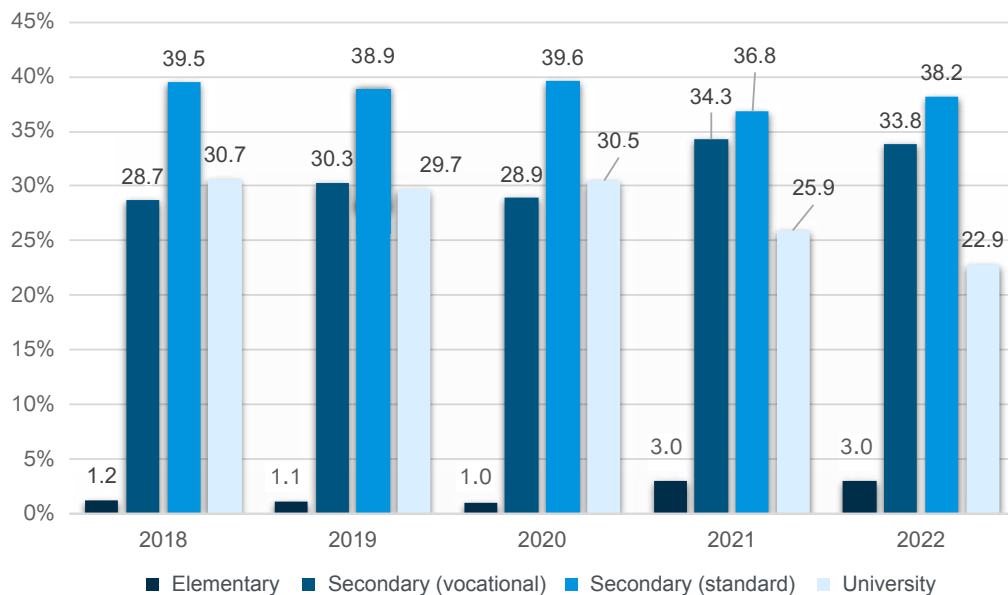
OCCUPATIONAL STRUCTURE OF BVS, a.s., EMPLOYEES AS OF 31st DECEMBER 2022



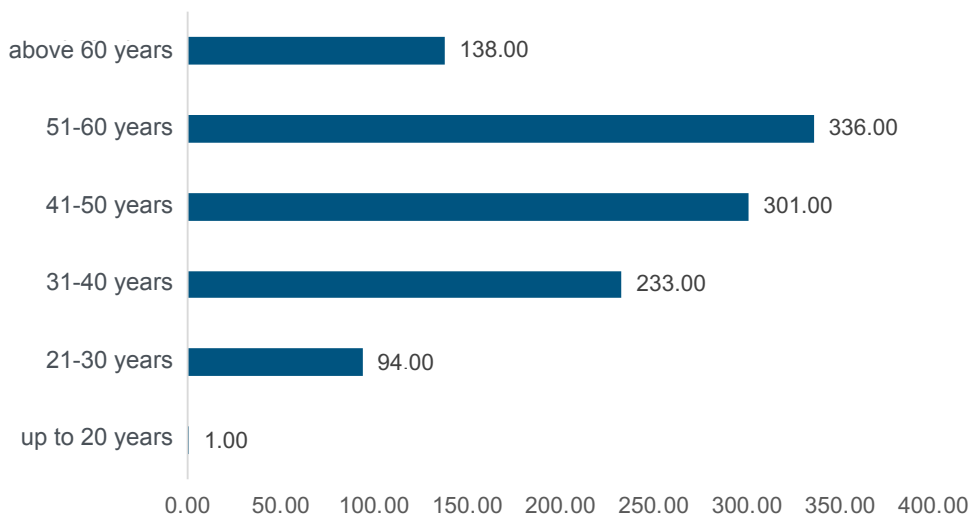
EDUCATION LEVEL OF BVS, a.s., EMPLOYEES AS OF 31st DECEMBER 2022



QUALIFICATION STRUCTURE OF BVS DURING THE PERIOD 2018 – 2022 (%)



AGE STRUCTURE OF BVS, a.s., EMPLOYEES AS OF 31st DECEMBER 2022



SOCIAL POLICY

In 2022, basically after two years of adapting its social policy to the pandemic situation, BVS functioned as it did in the pre-pandemic period. This means that training and development activities for employees were largely carried out face-to-face or in a hybrid way.

Due to positive experience with work from home, BVS kept this work option as a benefit for professions whose nature allows the possibility of working from home. The contribution, introduced in 2021, was kept in force by the company.

BVS continued with its pre-set social programme, and in the area of employee care and as part of implementation of its social policy, it contributed from the Social Fund for employees, mainly to a supplementary pension saving scheme (SPS), for employee dining services and for social financial support for long-term sick leaves.

It also provided allowances for individually organised child recreation for the children of employees, for a childbirth, for a first marriage and for becoming independent from parents and the associated purchase of a first apartment or construction of a first single-family house, as well as an optional social allowance to cover various social activities. Importantly, in 2022, just like in 2021, BVS did not reduce the employee benefits and it did not reduce the number of employees.

As part of the employer's and employee's participation in the SPS, a total of 667 employees took part in the saving scheme; in addition to payments out of company expenses (totalling EUR 241,800.89 in 2022), the company also made contributions totalling EUR 85,855.20 from the Social Fund.

In 2022, the company's social and wage policy continued to include the provision of bonuses to employees on the occasion of important work-related anniversaries and bonuses to non-contributory blood donors.

BVS also offers discounts for employees on its own products within its portfolio. The income tax and social and health insurance company contributions on the provision of this benefit are paid by the employer.

At the same time, the company began gradually to change the wage policy. Even employees who thus far have been remunerated on a hourly wage basis will undergo a gradual change to monthly fixed wages, with which the company wants to follow the Slovak trend in remuneration.

DEVELOPMENT, TRAINING AND EDUCATION OF EMPLOYEES

After two years of being affected by the pandemic, BVS returned to almost the original setting of education and development of employees.

BVS switched from a predominantly online form of education and development to a hybrid method of employee development; i.e. part of the educational activities was carried out in the form of online teaching, part in face-to-face form, and some development activities were carried out in both ways at the same time. After the merger with Infra Services, a. s., it was necessary to harmonise job positions and related levels of development and training.

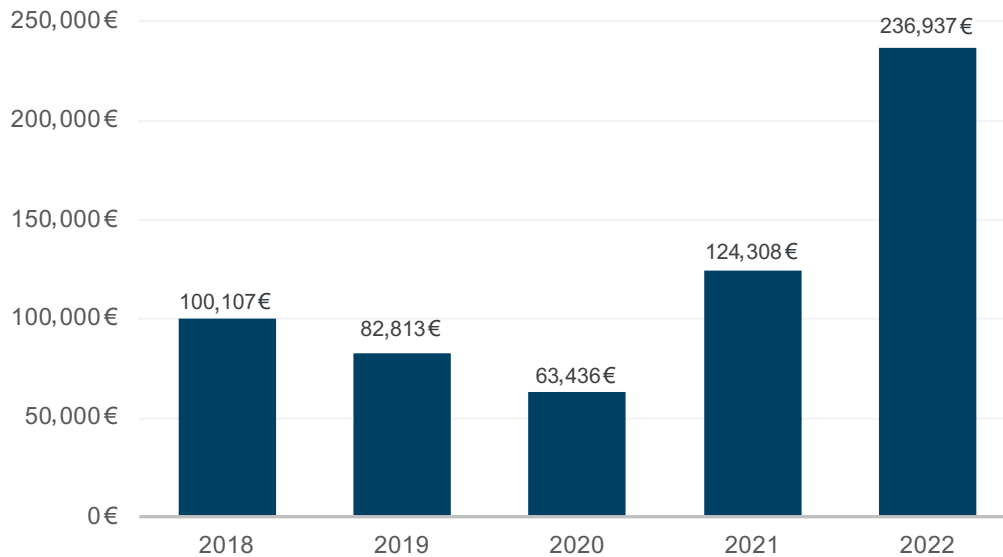
At the same time, it was necessary to adapt people to ongoing changes from the point of view of soft skills. BVS also continued to deepen qualifications by means of individual programmes.

BVS continued to support employees in improving their English language level, 100% online.

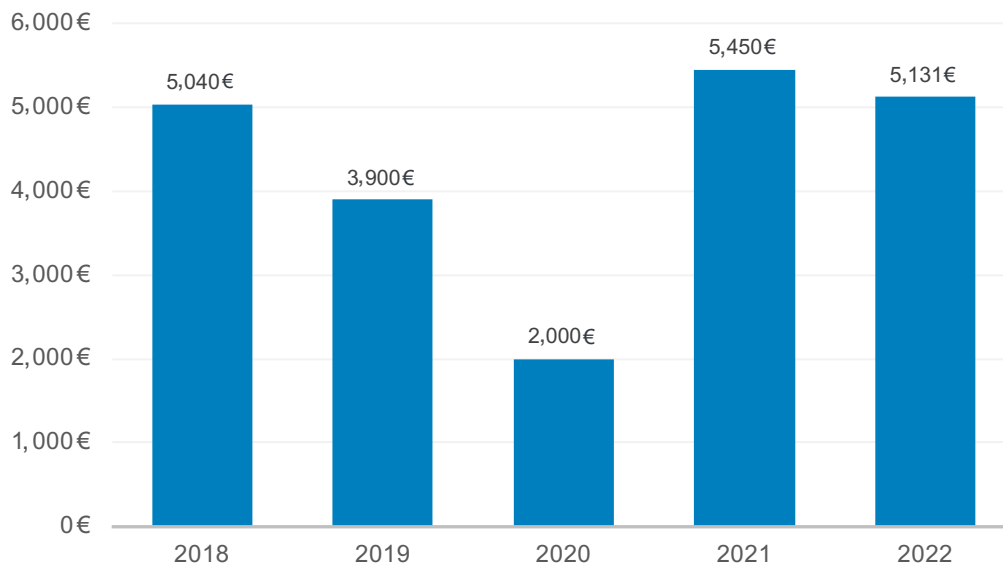
In 2022 BVS continued in its previous practice of teaching students from secondary vocational schools who focus the professions of fitters and electrical mechanics.

In the process of training, education and development of employees, the company invested a total of € 236,937 in 2022, for mandatory professional refresher retraining resulting from OHS and PPE legislation and other legislation, professional online workshops, domestic and foreign professional conferences, courses, seminars aimed at increasing the professional and professional knowledge of employees, language education, the raising of qualification and soft-skills training.

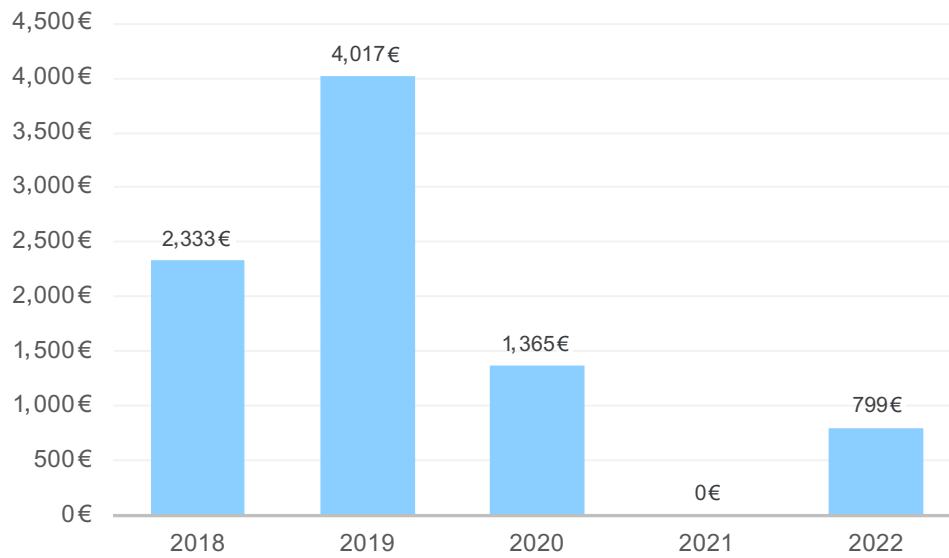
OVERVIEW OF THE DEVELOPMENT OF EMPLOYEE EDUCATION EXPENSES (IN €) IN 2018 – 2022



OVERVIEW OF THE DEVELOPMENT OF EMPLOYEE QUALIFICATION IMPROVEMENT EXPENSES (IN €) IN 2018 – 2022



OVERVIEW OF THE DEVELOPMENT OF COSTS FOR SECONDARY VOCATIONAL SCHOOLS (IN €) IN THE YEARS 2018 – 2022



SOCIAL RESPONSIBILITY AND PHILANTHROPY

In 2022, Bratislavská vodárenská spoločnosť implemented and supported projects and activities focusing on education, environmental education and philanthropy which were carried out in the field of BVS's operation. Through the Modrá škola – voda pre budúcnosť (Blue School – Water for the Future) programme we worked with pupils and teachers and also supported some public events. The BVS Foundation also involved its employees in activities of public interest. Traditional forms of support included the provision drinking regimens at various public events using tanks filled with drinking water. Interest in this kind of support is continually growing. In 2022, BVS supported, among others, the following events: Bratislava Inline, 10,000 Trees Initiative, Bratislava May Festival, Science Fair, Devín-Bratislava National Race, Bratislava Coronation Days, Od Tatier k Dunaju (From the Tatras to the Danube Relay Race), and the Slovakia Canoeing Championship.



BVS FOUNDATION

The Foundation supports educational, teaching and cultural activities and projects deepening the interest of the public in water, sources of drinking water and their protection; they create a new culture of perceiving water and the relation to it. The foundation cooperates with elementary schools, secondary schools and universities, with non-governmental organisations, institutions and individuals. The foundation also conducts activities for employees of BVS, a.s., and for its subsidiary. We are pleased and we appreciate that employees are able to accept their part of social responsibility and to help where it is needed.

The BVS Foundation created, in cooperation with the educational programme for children Modrá škola – voda pre budúcnosť (Blue School – Water for the future), the Drinking Water Centre. Through our interactive model of a waterworks system, we revealed for the children some secrets of the path any drop of drinking water has to travel before we can enjoy it in a cup.

The total expenses of the BVS Foundation amounted to EUR 48,519.45. The amount of EUR 42,300 was paid to the organisations/ persons receiving donations. The donations were redistributed in accordance with the constitution of the foundation and with the consent of the Board of Trustees of the BVS Foundation.

Other expenses associated with the operation of the foundation amounted to EUR 6,519.45.

For information about the Foundation's activities, visit the website www.nadaciabvs.sk or see the Annual Report of the BVS Foundation for Year 2022.



EDUCATIONAL PROJECTS

BVS emphasises the importance of teaching about water among children and young people. Through educational activities it explains waterworks processes and the importance of drinking water, points out the importance of a drinking regimen, hygienic habits, the protection of water resources and other related topics to children in an interesting and playful way. In 2022, the company continued to implement its own educational programme for children and youngsters, Modrá škola – voda pre budúcnosť (Blue School – Water for the Future), which is very popular among pupils, students and teachers every year.

In 2022, the programme was devoted to pedagogic and marketing activities for specific target groups and the public. At schools it formed an integral part of the school educational system, and for the public it was an interesting enrichment of free time.

One of the most popular activities of the Blue School programme included teaching programmes in the BVS Waterworks Museum in Bratislava. These programmes are linked to the curriculum of state educational programmes and reflect the needs of individual levels of pre-school, primary and secondary education. They focus on learning by experience with the use of interactive models, experiments and games, through which children and youngsters will enjoy the topic of water even more and understand it better.

In 2022, more than 40 schools, a total of 1,717 pupils from kindergartens, primary and secondary schools and universities within the territorial scope of BVS, a.s., activities, showed interest in the Blue School teaching programme. At the same time, field trips to BVS facilities, such as water sources and wastewater treatment plants, were renewed in 2022. Field trips to BVS facilities were completed by more than 170 pupils. The unfavourable situation persisted at the beginning of the year, which made it impossible to carry out some educational and awareness raising activities (open house at the Slovak Hydrometeorological Institute, open house at the Water Museum).

After the loosening of anti-pandemic measures, we supported several important events (Bratislava May Festival, Petržalka Days, ŠÍŠKA Festival), which by default are tied to direct interactivity between the lecturer and pupils, or the lecturer and the public. We also participated in the project “Experience the city for children” in cooperation with the Bratislava Metropolitan Institute. By spreading awareness about water, we continued to implement our own educational activities, such as a day camp for the children of BVS employees and the Water Festival. A total of 16 teams with 62 pupils from all over Slovakia actively participated in the final of the Water Festival. In the following year, our intention will be to continue the successfully functioning programme and continue to spread awareness about water among children, youth and the general public.



WATERWORKS MUSEUM

The Waterworks Museum is a specialised technical museum, mainly focusing on the waterworks sector, active all over Slovakia. Its founder is BVA. The museum is located in the historic premises of the 1st gas station in Karlova Ves. Its mission is historical water research, education and informing the public about water activities by means of modern technologies, professional lectures and exhibitions.

The Waterworks Museum had three expositions in 2022 – the main exposition in the premises of the original gas station in Karlova Ves, an outdoor exposition in the Waterworks Garden and an outlying exposition in the premises of the first electric gas station on the island of Sihot'. The exposition on Sihot' was not accessible to the public in 2022 due to an ongoing refurbishment.

The commission for creating the collections met on 8th November 2022, and 44 objects were added to the museum's collections. As of 31st December 2022, 5,861 collection items had been recorded in the collections of the Water Museum.

The museum organised 83 educational and professional field trips to the exposition of the Waterworks Museum with a total of 1,906 visitors. The educational programme Blue School implemented 59 educational tours for 1,549 visitors in the museum in 2022, and another 300 visitors participated in a specialised event for the public – the Night of Museums and Galleries.

An important activity of the museum is the provision for internal events of BVS and the rental of the premises for commercial events.

A total of 36 events for BVS – training events, general meetings, press conferences and events for employees – took place in the museum during 2022. The premises of the museum were rented out for 28 commercial events.

In 2022, the museum premises were modernised, receiving a new entrance hall and sanitary facilities.

The Waterworks Garden, with an area of one hectare, was accessible to the public throughout the year in the premises of the Waterworks Museum. The garden is designed as a recreation area and is a continuation of the exposition of the Waterworks Museum. The approximate annual number of visitors to the garden is 15,000 visitors. In the course of 2022, indoor markings and new facilities for cyclists were added to the garden.

The total revenue of the museum from rentals of the premises was EUR 33,660 excl. VAT in 2022.

NUMBER OF WATERWORKS MUSEUM VISITORS IN 2022**Waterworks Museum – Number of visitors of the museum expositions in 2022
(events for the public, WM field trips, Blue School)**

Type of visit	Number of visitors	Number of events
WM field trips	1,906	83
Blue School educational tours	1,549	59
Events for the public	300	1
Others (visits without booking)	440	N/A
Total	4,195	113

**Waterworks Museum – Number of visitors of the conference rooms of the museum in 2022
(events for BVS, commercial rentals)**

Type of visit	Number of visitors	Number of events
Events for BVS	1,491	36
Commercial rentals	3,035	28
Total	4,526	64



TECHNOLOGICAL AND INVESTMENT DEVELOPMENT

The primary duty of Bratislavská vodárenská spoločnosť is to ensure the operation of public water distribution networks, public sewer systems, including water sources and wastewater treatment facilities in the Bratislava Region and partially also in the Trnava and Trenčín Regions.

A prerequisite for providing quality waterworks services is the good technical condition of public water distribution and sewer networks and wastewater treatment plant and their sufficient capacity.

Bratislavská vodárenská spoločnosť ensures smooth operation of public water distribution systems, public sewer systems, water sources and wastewater treatment facilities by their renewal, refurbishment and upgrade.

New constructions are built by BVS, a.s., in compliance with the development plans of the towns, municipalities and boroughs of Bratislava, for which it performs technical activities.

Investment activities of BVS, a.s., are based on the existing operational condition of water distribution systems, sewer systems and wastewater treatment facilities, the necessity to harmonise their parameters with valid legislation and the limits of wastewater released according to EU guidelines and the documents "Strategy and Upgrades of BVS, a.s., Water Infrastructure System Upgrade" and "Programme for Reducing Losses in the Water Distribution System". These strategic objectives are reflected in constructions and projects included in the investments plan and capital construction of the company.

The planned material volume of the investments and capital construction for BVS, a.s., in 2022 was approved in the total amount of EUR 53,540,554.

In 2022, BVS, a.s., achieved material fulfilment of the approved plan for investments and capital construction amounting to EUR 47,075,215, i.e. 87.92% of the total planned material annual volume of EUR 53,540,554. Of this, the total fulfilment in constructions amounted to EUR 33,723,388, i.e. 88.70% of the total planned material annual volume of EUR 38,021,564.

Despite the crisis situation in connection with the COVID-19 pandemic, BVS, a.s., managed to meet the set goals in the year under review.

CONSTRUCTION OF THE FOLLOWING BUILT STRUCTURES WAS COMPLETED IN 2022:

- Extension of the Holdošov Mlyn water source – part 2 of the construction (BS [built structure] 01, BS 02, OS [operation set] 01),
- Vajnory, vacuum sewerage, modernisation of OS 1 and modernisation of branches A and B, OS 2, refurbishment of the LV connection,

- Veľké Leváre – rehabilitation of public water mains,
- Bratislava, rehabilitation of DN 1400 transit water mains from Podunajské Biskupice to the Little Danube,
- Holíč, supply pipe Holíč Water Source – forest to Holíč Water Improvement Station LT DN 350,
- Construction of water mains in the municipality of Radošovce,
- Záhorská Bystrica, reservoir, supply pipeline,
- Bratislava, Devínska cesta, modernisation of the sanitary facilities of the Waterworks Museum,
- Bratislava, Potočná ulica – construction of the sewer system and refurbishment of DN 150 public mains,
- Budmerice, ulica J. Rašu and Revolučná ulica – rehabilitation of public water mains,
- Viničné – Kozia ulica, Hlavná ulica and Vinohradnícka ulica – rehabilitation of the water mains,
- Zlatnícka dolina reservoir and WWTP – rehabilitation of the structure,
- Bratislava, Hradská ulica – rehabilitation of the water mains,
- Bratislava, Starohájska ulica – BS 200 – site infrastructure, site security,
- Častá - repair of a sewer system emergency,
- Malacky WWTP – emergency rehabilitation of the blower plant building,
- Rohožník, rehabilitation of the water mains in the locations “Sádek” and “Na lázku”,
- Šenkvice, Cerovská ulica – rehabilitation of DN 150 water mains,
- Malacky, Hviezdoslavova ulica – relaying of the local sewer system,
- Bratislava, Vajnory, Dorastenecká ulica – rehabilitation of the public water mains,
- Bratislava, Košická, Oravská ulica – rehabilitation of the emergency state of the public sewer system.

CONSTRUCTION CONTINUED ALSO ON STRUCTURES UNDER CONSTRUCTION STEMMING FROM 2014, 2020 AND 2021:

- Extension of the Holdošov Mlyn water source – part 2 of the construction (BS 01, BS 02, OS 01, including access road and reinforced surfaces),
- Vajnory, vacuum sewerage, modernisation of OS 1 and modernisation of branches A and B, OS 2, refurbishment of the LV connection,
- Bratislava, rehabilitation of the DN 1400 transit water mains from Podunajské Biskupice to the Little Danube,
- Záhorská Bystrica, reservoir, supply pipeline,
- Holíč, supply pipe Holíč Water Source – forest to Holíč Water Improvement Station LT DN 350,
- Veľké Leváre – rehabilitation of the public mains,
- Construction of water mains in the municipality of Radošovce,
- Bratislava, rehabilitation of the transit water mains from Podunajské Biskupice to the Little Danube,
- Holíč Water Improvement Station, complete refurbishment of the structure, stage I,
- Pezinok, Grinava – sewer system construction, stage I,
- Construction of water mains in the municipality of Popudinské Močidl'any,
- Bratislava, Vajnory, Dorastenecká ulica – rehabilitation of the public water mains.

IN THE PERIOD I – XII 2022, THE IMPLEMENTATION OF ABOVE ALL THE FOLLOWING CONSTRUCTIONS STARTED:

- Bratislava, Devínska cesta, modernisation of the sanitary facilities of the Waterworks Museum,
- Viničné – Kozia ulica, Hlavná ulica and Vinohradnícka ulica – rehabilitation of the water mains,

- Dubovce, construction of water mains in the municipality,
- Malacky WWTP – emergency rehabilitation of the blower plant building,
- Zlatnícka dolina reservoir and WWTP – rehabilitation of the structure,
- Karlova Ves WWTP – renovation of the structure’s technology,
- Budmerice, ulica J. Rašu and Revolučná ulica – rehabilitation of the public water mains,
- Častá – repair of sewer system emergency,
- Bratislava, Železničná ulica No. 5219/1, refurbishment of the operational building and premises,
- Bratislava, Hradská ulica – rehabilitation of the water mains,
- Chovátsky Grob, Čierna Voda, SPS 02 – rehabilitation of the structure,
- Baránok reservoir – rehabilitation of an emergency condition,
- Smrdáky WWTP, rehabilitation of the oxidation ditch, completion of the relief chamber and mechanical pre-treatment,
- Záhorská Bystrica, rehabilitation of the water mains on Donská Street and reduction shaft, connection near D2,
- Rača – Grinava, water supply pipeline, structure: Grinava PS and Bernolákovo PS, modification of structures in the site,
- Bratislava, Potočná ulica – construction of sewer system and refurbishment of DN 150 public water mains,
- Vínosady, Školská ulica – rehabilitation of the water mains,
- Bratislava, Starohájska ulica – BS 200 – site infrastructure, site security,
- Bratislava, Jasovská ulica – Rovniankova ulica – rehabilitation of DN 800 water mains using trenchless technology,
- Bratislava, Vrakuňa Central WWTP – refurbishment of the operational building,
- Technical and storage structure with administrative facilities, drinking water filler,
- Devínska cesta, Museum – transformer station refurbishment,
- Construction of cesspool water receiving stations at the WWTP,
- Petržalka WWTP – pumping of organic pollution from the sand washer to the area behind the sand catcher,
- Bratislava, Little Danube junction, rehabilitation of 2 x DN 800 water mains,
- Petržalka WWTP – refurbishment of transformer station 969,
- Bratislava, DN 1100 connection in the Podunajské Biskupice site,
- Bratislava, Kremnická ulica – rehabilitation of the public water mains,
- Rehabilitation of the emergency condition of a DN 300 (AZC) water supply pipeline,
- Bratislava, Holíčska ulica – refurbishment of an apartment,
- Bratislava, Brečtanová ulica – refurbishment of an apartment,
- Nová Dedinka, relaying of the water mains and water meter shaft,
- Bratislava, Moravská ulica, Škultétyho ulica – rehabilitation of the emergency condition of the sewer system,
- Bratislava, Košická ulica – Oravská ulica intersection – rehabilitation of the emergency condition of the public sewer system,
- Bratislava, Konventná ulica – rehabilitation of the water mains and sewer system,
- Bratislava, Lamač, Lediny – rehabilitation of water mains,
- Rohožník, rehabilitation of the water mains in the locations “Sádek” and “Na lázku”,
- Šenkvice, Cerovská ulica – rehabilitation of the water mains,
- Malacky, Hviezdoslavova ulica – relaying of the local sewer system,
- Change in layout of a part of the 1st floor of the Prešovská 48 administrative building.

BVS, a.s., BEGAN TO PREPARE THE PROJECT DOCUMENTS FOR THE FOLLOWING STRUCTURES IN 2022:

- Change in layout of a part of the 1st floor of the Prešovská 48 administrative building,
- Senica WWTP site – Hviezdoslavova ulica and Železničná ulica,
- Bratislava, Železničná ulica no. 5219/1, refurbishment of the operational building and premises,

- Devínska Nová Ves WWTP site,
- Vrakuňa Central WWTP – elimination of the spread of odour, 1st stage,
- Bratislava, Trnávka – rehabilitation of public water mains and public sewer systems on selected streets – stage 2,
- Lamač, Malokarpatské námestie – water retention measures,
- Holíč, ulica Kpt. Nálepku and Fučíkova ulica – rehabilitation of the public sewer system,
- Bratislava, Palisády, rehabilitation of the DN 200 public water mains,
- Senica, water bypass of the town,
- Petržalka WWTP, refurbishment of transformer station 969,
- Modra WWTP – provision of a spare power source,
- Bratislava, Bojnická ulica – change of the purpose of use of spaces of the BVS building.

PROJECT DOCUMENTS PREPARATION CONTINUED FOR THE FOLLOWING STRUCTURES:

- Pezinok, Tehelná ulica – sewer system and water mains,
- Malacky WWTP – comprehensive refurbishment of the WWTP,
- Bratislava, Devínska cesta – sewer system, water mains refurbishment,
- Bratislava – water supply for the western development pole,
- Bratislava, sewer connection HA and connection of collectors E and A,
- Dunajská Lužná – sewer bypass of the village,
- Bratislava, Rebarborová ulica – expansion of the public sewer system and rehabilitation of the water mains,
- Bratislava, Podniková ulica – rehabilitation of collector C,
- Myjava WWTP – rehabilitation of the sludge storage tank, supply chute and new waste sewerage,
- Bratislava, Vrakuňa Central WWTP – odour elimination in the form of odourization,
- Bratislava, Vrakuňa Central WWTP – rehabilitation of chutes and tanks of the mechanical stage,
- Bratislava, Kutlíkova PS – complete renovation of the structure,
- Bratislava, Podunajské Biskupice PS – complete renovation of the structure,
- Bratislava, Staré Mesto, modernisation of collectors “AXI. and AXIa” and rehabilitation of the public water mains in Ulica 29. Augusta,
- Bratislava, Trnávka – rehabilitation of public water mains and public sewer systems on selected streets,
- Bratislava, Alstrova ulica – rehabilitation of the public water mains and public sewer system,
- Bratislava, Rusovce and Čunovo – rehabilitation of selected PS and modernisation of the sewage collector in Balkánska ulica,
- Bratislava, Vajnorská ulica – rehabilitation of the public water mains and public sewer system,
- Stupava, Budovateľská ulica, Bezručova ulica and Školská ulica – rehabilitation of the municipal water mains.

WE LIST THE FOLLOWING SEPARATELY:

Projects co-financed by the European Union from the Cohesion Fund and the state budget under the Operational Programme Environment – INVESTMENT TO YOUR FUTURE:

“Holíč, refurbishment and intensification of the WWTP” (EUR 10,570,671)”

“Sewer system construction in the Danube part of the Bratislava Region”

- intensification and upgrade of the Vrakuňa Central Wastewater Treatment Plant, construction 2 (EUR 20,198,964)
- intensification and upgrade of the Petržalka Wastewater Treatment Plant, construction 2 (EUR 8,572,860)

“Completion of the sewer system and the WWTP in the Modra agglomeration” (EUR 8,817,305)

The Ministry of Environment of the Slovak Republic evaluated compliance with the terms and conditions of the Contract on a Non-repayable Financial Contribution as fulfilled, including financial analysis, without applying a correction, i.e. without returning a part of the obtained subsidy under the terms and conditions of the contract.

A project co-financed from the Cohesion Fund and the state budget within the Operational Programme Quality of the Environment:

“Rohožník WWTP – refurbishment and upgrade” (EUR 2,777,444)

The project was co-financed from European Union funds and its objective was to improve the drainage and treatment of municipal wastewater in agglomerations with a population equivalent of over 2,000 in accordance with the commitments of the Slovak Republic towards the European Union.

The actual implementation of the project started on 19th July 2017. The work was completed in January 2019. The WWTP received the final approval for use from the inspector and it was put into trial operation.

In accordance with the terms and conditions of the Contract on a Non-repayable Financial Contribution, completed investment projects are subject to a mandatory 5-year monitoring by the Ministry of Environment of the Slovak Republic and for a period of 5 years from the commissioning for permanent operation. BVS, a.s., is obliged to send, once a year, reports on the fulfilment of indicators (financial flows, measurable indicators, i.e. the population equivalent connected to newly constructed sewer systems, and/or refurbished wastewater treatment plants and the number of agglomerations whose issues have been resolved).

The Ministry of Environment of the Slovak Republic will evaluate compliance with the terms and conditions of the Contract on a Non-repayable Financial Contribution only after the end of the monitoring period, and if the requirements of the financial analysis, or of measurable indicators, are not adhered to, it may perform corrections, i.e. a part of the subsidy may be returned in accordance with the terms and conditions of the contract.

As part of the financial control of the NFC Provider, the project in question is subject to mandatory monitoring of set indicators till 2024.

In the preparation and implementation of individual constructions, BVS focuses on using the latest information technologies, by which it ensures their proper functioning in the water mains and sewer system through a central control centre. At the same time, new technologies make it possible to increase the protection of built structures in terms of safety and security.

FULLFILLMENT OF THE PLAN OF INVESTMENTS AND CAPITAL CONSTRUCTION OF BVS, a.s., FOR 2022

	EUR
Refurbishments and new investments – implementation in 2022	33,723,388
Total constructions	33,723,388
Other items with capital construction	13,351,827
TOTAL	47,075,215



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PROSPECTS OF MODERNISING THE WATER MANAGEMENT INFRASTRUCTURE OF BVS

In modernising its water management infrastructure, BVS has focused on the existing condition of the assets it uses for its core business activities (public water mains and public sewer systems). One of the key priorities is to keep the existing assets in good condition, which is achieved by ongoing restoration. Our commitment to keep the existing water management infrastructure in good condition is integrally related to the task of modernising the system for this infrastructure. This aim is directed toward attaining increasingly reliable and safe, economical, environmentally friendly high-quality production and distribution, as well as in wastewater drainage and treatment, while achieving sufficient capacities to satisfy demands for land development.

THE PRIORITIES IN THE MODERNISING OF THE WATER SUPPLY SYSTEM ARE AS FOLLOWS:

- achieving the water capacities needed to reliably meet current demands for drinking water supply while also taking into consideration long-range needs,
- subsidising deficit areas or areas with problematic local sources,
- optimising the use of springs with the energy-saving gravitational distribution of water to consumers,
- optimising the drinking water supplying process by making the use of water sources and water distribution more effective through gradual implementation of the integrated management system and central technological dispatching,
- ensuring alternative solutions of water supply in emergency situations.

MODERNISATION OF THE WATER SUPPLY SYSTEMS IS FOCUSED ON THE IMPLEMENTATION OF THE FOLLOWING CONCEPTS

The current concept of using the water sources in the Danube valley for the city of Bratislava will be kept in the long-term, as these sources are very suitably located on city land or in its immediate vicinity. In terms of distribution of water from sources to the place of consumption (the city), it is necessary to build a separate water supply from the water source Rusovce – Ostrovné lúčky – Mokrad' to the reservoir and pumping station Podunajské Biskupice using the Danube bridge being built as part of the D4 motorway construction (putting of horizontal pipes on the new bridge).

Regarding other places of water consumption, it has to be noted that the local water sources in the Záhorie and Little Carpathians regions are not sufficient due to their capacity and quality; therefore, these places of water consumption are currently supplanted to a significant degree by higher quality and more plentiful groundwater (water sources from the Danube region). The eccentric location of these water sources (in the Danube region) in relation to the location of consumers outside the city of Bratislava means

that additional water piping capacity needs to be built. Thus far, the distribution lines have been constructed from Bratislava to the Záhorie (up to Malacky) and to the Foothills region (up to Pezinok, or up to Modra and Senec). Keeping this in mind, we plan to build further distribution facilities to optimise the supply to the Little Carpathians region from the eastern part of Bratislava (a new water line Rača – Pezinok (Grinava) with relocation of the Bernolákovo pumping station to the Pezinok – Grinava node) or to solve water supply problems of the western development pole of Bratislava and to optimise the supply to the Záhorie region from Bratislava (creation of a transport line West pump station – western development pole, or a water supply line from the Lamač water reservoir), or of a continuation line to the Senec group water supply system, as well as to the Holíč – Skalica group water supply system.

SPECIFIC MEASURES:

- a separate water supply line from the water source Rusovce – Ostrovné lúčky – Mokrad' to the water reservoir and pumping station Podunajské Biskupice (putting of water mains pipes on the new Danube bridge being built as part of the construction of the D4 motorway),
- water supply for the north-western development pole of the city of Bratislava, the Malacky water mains bypass and the Rožňák – Plavecké Podhradie water supply line,
- completion of the Zohor – Suchohrad – Malacky supply line,
- a set of facilities and measures for optimising the use of springs,
- a set of waterworks facilities for a reliable drinking water supply in Bratislava – Kramáre and Koliba,
- drinking water supply to other potential development areas of the city of Bratislava – Záhorská Bystrica, Marianka, Vajnory, Vínohrady, Južné mesto, Jarovce, Rusovce, Čunovo,
- modernisation of the water system in the eastern part of Bratislava and around Pezinok and Senec, with a new water supply Bratislava – Rača – Pezinok (Grinava), and/or, as variants, connections and lower order loops through Čierna Voda; relocation of the Bernolákovo pumping station to Pezinok (not implemented anymore),
- optimisation of the integrated management system and central technology dispatching.

The current and anticipated total balance (water reserves) of the territory for which BVS is responsible is positive. In order to preserve this favourable condition, it is necessary to consistently protect the water sources and to deal with cases of deteriorated quality of water at the sources (e.g. water treatment is necessary at the Kalinkovo source); in addition, expansion of the Rusovce – Ostrovne lúčky – Mokrad' source and the Šamorín source is necessary to increase the degree of diversification of sources (backup of sources).

PRIORITIES IN SEWER SYSTEM MODERNISATION INCLUDE:

- achieving sewerage capacities needed to reliably meet the current demand for wastewater collection while considering future needs,
- providing wastewater treatment in compliance with current legislation and in line with current land development,
- lowering the amount of ballast water in public sewer systems (inflows of groundwater and surface water runoff – rainwater and surface water),
- optimising the sewerage process by permanent enhancement of the quality of the integrated management system and central technology dispatching.

The modernisation of sewer systems focuses on the concept of centralising the wastewater treatment process – the connection of additional municipalities (Most pri Bratislave and Malinovo – already under construction) to the left bank sewer system of the city of Bratislava with the joint Bratislava–Vrakuňa WWTP and connection of the planned sewer system of municipalities in the Senica – Holíč territory to the joint Holíč WWTP, as well as execution of the group sewer system Plavecký Mikuláš – Plavecký Peter, possibly

also Prievally. In other cases, independent sewer systems with a separate WWTP will be used, with possible connections to a low number of satellite settlements (municipalities) around smaller towns.

SPECIFIC MEASURES:

- modernisation of sewer networks (in Bratislava mainly refurbishment of critical sections of the main collectors, rainwater tanks in the catchment areas of collectors B, C; the relief chamber at collector AIX, elimination of effluent surface waters from suburban areas, greater emphasis on regular cleaning of sewer collectors, dealing with the sewer system of developing areas in the eastern part of the town – completion of the rainwater tank in Rača, creation of a connection of collector E with Chemical Wastewater Sewer II, sewage collector SC in the Devínska Nová Ves WWTP catchment; outside Bratislava mainly discharge sewer line Rovinka – Dunajská Lužná and Miloslavov – Dunajská Lužná in the Hamuliakovo WWTP catchment),
- modernisation of the Hamuliakovo WWTP to ensure sufficient capacity covering the needs of land development,
- modernisation of other WWTP to increase the capacity to cover the needs of land development and to ensure appropriate technology: Rohožník (currently in trial operation), Gbely, Smrdáky, Senica, Holíč, Devínska Nová Ves,
- optimisation of the integrated management system and the central technology dispatching.

The general BVS strategy in the area of modernisation of the water management infrastructure is conceived with regard to basic EU documents (in general terms this is Directive 2000/60/EC of the European Parliament and of the Council in the area of wastewater drainage and treatment, Council Directive No. 91/271/EEC, and in the area of the quality of drinking water Council Directive No. 98/83/EC), as transposed into national legislation (in particular, Act No. 364/2004 Coll. on Water, and Act No. 442/2002 Coll. on Public Water Mains and Public Sewer Systems) as well as into other strategic documents of the Slovak Republic.



THE „SAFE COMPANY“ PROGRAMME

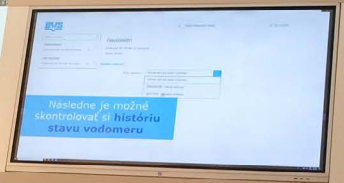
Occupational health and safety and continuous improvement of working conditions have been among the main objectives of Bratislavská vodárenská spoločnosť for many years.

By fulfilling the conditions and obtaining the “Safe Company” certificate, BVS, a.s., has demonstrated that priority tasks in modern management systems also inseparably include care for the health protection and safety at work of its employees.

With regard to compliance with the “Safe Company” programme, in the calendar year 2022, BVS, a.s., continued to use its best efforts to increase occupational health and safety and hygiene at work and to improve the working conditions of its employees.

Achieving the set objectives in terms of an overall improvement of the working conditions involves long-term tasks. BVS, a.s., considers occupational health and safety to be a serious issue and uses funds to achieve OHS objectives, as well as the tasks and objectives included in the “Safe Company” programme.

2



INFORMATION TECHNOLOGIES

In 2022, as part of ensuring the smooth operation of IT systems and applications, we gradually renewed the morally and physically outdated HW equipment in the BVS infrastructure by gradually replacing the core switches, the company's server farm, the disk array expansion and the company's data back-up. This activity ensured that the company uses modern and reliable information technologies that contribute to the quality of (and provide a solid foundation for) service provision for our internal and external customers. Further support system monitoring tools have been deployed that successfully predict most possible outages even before the event itself. The modernisation and replacement of information and communication devices and equipment for the company's employees and an upgrade of the operating systems on the equipment also continued.

The ITD ensured the construction of a second data centre in its own premises, which contributed to increased security and availability of BVS IT systems and at the same time enabled the transfer of other systems from rental, and thus a further reduction of economic costs.

In the field of applications, the functionalities of the applications used were improved and expanded during 2022. The expansion of the systems was conditioned by the needs of BVS to increase the quality of services offered to customers, as well as by internal needs to optimise and make the company's processes more efficient in the form of process automation and digitisation.

The Helpdesk record-keeping system was gradually fine-tuned – the functionalities were improved and record-keeping of requests from asset management were added to it, which streamlined the process of reporting and keeping records on things and events belonging to the BVS asset management area.

Several modifications were implemented in the SAP business economic system, which helped to streamline company processes in divisions and in commercial or financial areas. In the production department, the processes of creating and processing service reports of some types of requests were automated, which improved the process and reduced the delay in providing services to the end customer.

In the water distribution division, a pilot mobile solution was applied for breakdowns, entering and recording of performances, as well as displaying of breakdowns on a map via SAP FIORI and GIS on mobile devices, which will allow, e.g., the direct entry of a breakdown on the spot, an overview of assigned breakdowns, the entry of performances of individual workers working on the breakdown and for a company vehicle, and the keeping of records of performances of persons and company vehicles in the field. The solution helped streamline working hours and enable administrative tasks to be performed online at the point of the breakdown.

In the area of mobile applications, the Diavaso solution for remote meter reading was deployed and integrated with SAP. The solution provides meter installation, remote reading, as well as meter operation and configuration. We are waiting for the acceptance of the solution and the transition to production operation.

In the field of transport, the integration of SAP with the GPS system for monitoring motor vehicles was implemented in order to track and record data on the operation of vehicles and mechanisms, which made it possible to obtain an overview and control over the BVS vehicle fleet in the form of online tracking of vehicle movements using a map background or camera recording, automatically generated reports on the operation of the motor vehicle, reporting and statistics.

In the area of the customer portal, solutions were implemented aimed at increasing user comfort and supplementing services, such as sending text (SMS) messages during planned shutdowns or incorporating sent electronic documents into the customer portal.

At the end of the year, preparatory work began for the deployment of a new version of the Memphis registry system, which is planned to be completed in the first half of 2023.

In the personnel and payroll system, new modules of the eHuman online system were activated, namely eHRM and eAppraisal. The eHRM module enables each employee, in addition to an overview of pay slips, to access their personal data, an overview of their completed training, vacations taken and doctor consultations, as well as a form for the annual final tax account. In the middle of 2022, appraisal interviews were conducted for the first time through the eAppraisal module. In the course of 2022, eight new attendance terminals were installed in selected locations in the territory in which BVS is active.

In the area of the geographic information system (GIS), we focused on continuing the work for an upgrade of the system in the scope of an update of the main areas, especially the address register, street graphics as well as on the cleaning of data, such as offtake points, levels and forms. The GIS system underwent an upgrade that led to simplification and unification of levels. The GIS was expanded with an expression portal module, which ensured faster processing of requests for drawings from requesting persons. In 2023, the system will also be expanded to include the possibility of submitting requests for comments.

The implementation of the international project "SYSTEM" was completed. The main goal of the project was to develop and design a new sensor system for the detection of selected types of substances that are found in municipal waste, wastewater and air in order to increase the safety of the population in accordance with environmental protection. The project consortium consisted of a total of 22 entities from different EU countries (BE, DE, IT, PL, SK, SE, UK) and consisted mainly of scientific and research organisations, technology developers and water sector companies.

This year the ITD also worked intensively on fulfilling the legislative obligations arising from the Cyber Act, as well as on eliminating shortcomings from the cyber security audit carried out at the end of 2021. In the area of technical IT security solutions, steps were taken to ensure security tools for data protection and IT BVS network infrastructure. At the same time, guidelines were being updated in the area of cyber security process solutions to improve the quality of the company's processes.

With all the above-mentioned activities, we, too, wanted to contribute to the efficiency of activities in BVS and the subsequent improvement and expansion of services, as well as the optimisation of economic costs. We want to continue the trend of modernisation of information systems in BVS as a modern digital company in the future.

CORE BUSINESS



Bratislavská vodárenská spoločnosť, a.s.

**INDEPENDENT AUDITOR'S REPORT
AND CONSOLIDATED FINANCIAL STATEMENTS**

**(PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS IN FORCE IN THE EUROPEAN UNION)**

For the year ended 31st December 2022

**Consolidated financial statements of
Bratislavská vodárenská spoločnosť, a.s.,
for the year ending on 31 December 2022
prepared in accordance with the International Financial Reporting
Standards in force in the European Union**

Date of preparation of the financial statements	Signature record of members of the statutory body of the accounting entity	Signature record of the person responsible for preparation of the financial statements	Signature record of the person responsible for bookkeeping
	<p><i>[illegible signature]</i> JUDR. Peter Olajoš Chairman of the Board of Directors and CEO</p> <p><i>[illegible signature]</i> Ing. Emerich Šinka Member of the Board of Directors and Chief Financial Officer</p>	<p><i>[illegible signature]</i></p> <p>Ing. Michal Greguš Head of the Finance and Accounting Section</p>	<p><i>[illegible signature]</i></p> <p>Ing. Silvia Gálová Head of the Information System Department</p>

BVS Annual report 2022

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BVS Annual Report 2022

Bratislavská vodárenská spoločnosť, a.s.Consolidated statement of financial position as of 31 December 2022
(in whole euros)

	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Non-current tangible assets	9	437,415,855	410,028,766
Intangible assets and other assets	10	4,697,622	4,000,083
Right-of-use assets	6	9,461,870	8,862,154
Deferred tax assets	11	801,570	201,463
Other non-current assets		67,868	73,550
		452,444,785	423,166,016
Current assets			
Inventories	8	2,184,406	1,397,080
Trade receivables and other receivables	7	15,634,938	15,735,679
Income tax asset		0	56,981
Cash and cash equivalents	5	18,241,952	29,106,055
		36,061,296	46,295,795
Total assets		488,506,081	469,461,811
LIABILITIES AND EQUITY			
Equity			
Share capital	17	281,365,935	281,365,935
Treasury shares	17	-1,927,338	-1,927,338
Legal reserve fund and other funds		5,890,483	5,205,971
Retained earnings		32,999,806	37,874,137
		318,328,886	322,518,705
Non-current liabilities			
Lease liabilities	6	6,847,641	5,839,779
Loans and borrowings	14	87,986,948	68,499,948
Provisions	16	1,306,619	1,117,470
Deferred income	12	38,995,996	39,430,540
Pension liabilities	15	2,056,451	2,399,767
Other non-current liabilities	13	2,577,776	1,068,875
		139,771,431	118,356,379
Short-term payables			
Lease liabilities	6	2,551,797	2,836,691
Trade payables and other payables	13	24,417,748	22,275,011
Deferred income	12	2,847,724	2,961,343
Loans and borrowings	14	513,000	513,682
Income tax liabilities		75,495	0
		30,405,764	28,586,727
Total equity and liabilities		488,506,081	469,461,811

The attached notes are an integral part of the consolidated financial statements.

BVS Annual Report 2022

Bratislavská vodárenská spoločnosť, a.s.

Consolidated statement of comprehensive income for the year ending on 31 December 2022
(in whole euros)

	Note	2022	2021
Sales revenues	18	98,723,318	97,267,700
Consumption of water, other materials and utilities	19	-22,607,733	-14,801,886
Wages and salaries	20	-35,892,810	-32,967,643
Depreciation, amortisation and changes in provisions for assets	6, 9, 10	-29,835,071	-30,455,741
Services	21	-19,913,920	-18,391,579
Other operating expenses	22	-1,523,968	-1,078,832
Other operating revenues	22	8,989,477	8,381,957
Net operating expenses		-100,784,025	-89,313,726
Operating profit/loss		-2,060,707	7,953,974
Financial income	23	17	1
Financial expenses	23	-627,995	-564,656
Net financial expenses		-627,978	-564,655
Profit/(loss) before tax		-2,688,685	7,389,319
Income tax	24	-750,637	-1,534,174
Profit/loss for the current period		-1,938,048	5,855,145
Items that will not be reclassified subsequently into profit or loss			
Actuarial remeasurement of employee benefits	15	68,732	-120,187
Deferred tax on the actuarial remeasurement of employee benefit obligations	24	-14,434	25,239
Other comprehensive income		54,298	-94,948
Comprehensive income for the current period		-1,883,750	5,760,197

The attached notes are an integral part of the consolidated financial statements.

BVS Annual Report 2022

Bratislavská vodárenská spoločnosť, a.s.

Consolidated statement of changes in equity for the year ending on 31 December 2022

(in whole euros)

(in whole EUR)	Share capital	Treasury shares	Legal reserve fund	Development fund	Other capital reserves	Retained earnings	Total equity
Balance as of 1 January 2021	281,365,935	-1,927,338	28,075,386	0	2,344,094	7,490,855	317,348,932
Profit/(loss) for the year	0	0	0	0	0	5,855,145	5,855,145
Other comprehensive profit/(loss) for the year	0	0	0	0	0	-94,948	-94,948
<i>Total comprehensive profit/(loss) for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,760,197</i>	<i>5,760,197</i>
Contribution to the reserve fund and development fund	0	0	263,244	0	0	0	263,244
Contribution to the Social Fund	0	0	0	0	0	-252,325	-252,325
Dividend paid out	0	0	0	0	0	-1,112,228	-1,112,228
Other – transfer from the reserve fund	0	0	-25,476,753	0	0	25,987,638	510,885
Balance as of 31 December 2021	281,365,935	-1,927,338	2,861,877	0	2,344,094	37,874,137	322,518,705
Profit/(loss) for the year	0	0	0	0	0	-1,938,048	-1,938,048
Other comprehensive profit/(loss) for the year	0	0	0	0	0	54,298	54,298
<i>Total comprehensive profit/(loss) for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-1,883,750</i>	<i>-1,883,750</i>
Contribution to the reserve fund and development fund	0	0	684,512	0	0	-684,512	0
Dividends paid out	0	0	0	0	0	-2,880,485	-2,880,485
Other	0	0	0	0	0	574,416	574,416
Balance as of 31 December 2022	281,365,935	-1,927,338	3,546,389	0	2,344,094	32,999,806	318,328,886

The attached notes are an integral part of the consolidated financial statements.

BVS Annual Report 2022

Bratislavská vodárenská spoločnosť, a.s.

Consolidated statement of cash flows for the year ending on 31 December 2022
(in whole euros)

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Cash flows from operating activities	25	27,178,516	37,086,387
Expenditures for repayments of short-term leases, leases of low-value assets, and variable lease payments not included in the valuation of the lease liability	21	-242,008	-99,014
Tax refunds (+)/Tax paid (-)		559,335	-501,800
Interest paid	23	-509,446	-409,904
<i>of which: Expenditure for the interest part of the lease liability</i>	23	-127,027	-118,701
Interest received	23	0	0
Dividends paid out		-2,637,618	-1,112,228
Net cash flows from operating activities		24,348,779	34,963,441
<u>Cash flows from investing activities</u>			
Purchase of non-current tangible assets	9	-49,070,854	-25,930,247
Purchase of non-current intangible assets	10	-1,444,903	-679,203
Capitalised interest	9	-254,062	-162,495
Proceeds from the sale of non-current assets		105,961	1,612,973
Net cash flows from investing activities		-50,663,858	-25,158,972
<u>Cash flow from financing activities</u>			
Proceeds from received loans and borrowings	14	20,000,000	0
Repayment of loans and borrowings	14	-513,682	-514,225
Expenditure for the repayment of lease liabilities		-4,035,341	-4,443,734
Net cash flows from financing activities		15,450,978	-4,957,959
Net cash flows		-10,864,102	4,846,510
Cash and cash equivalents at the beginning of the period	5	29,106,055	24,259,545
Cash and cash equivalents at the end of the period	5	18,241,952	29,106,055

The attached notes are an integral part of the consolidated financial statements.

BVS Annual report 2022**Bratislavská vodárenská spoločnosť, a.s.**

Notes to the consolidated financial statements for the year ending on 31 December 2022
(in whole euros)

Notes to the consolidated financial statements**1. General information****Description of the company**

Bratislavská vodárenská spoločnosť, a.s. (IČO [organisation ID No.]: 35 850 370), was founded in accordance with Privatisation Decision No. 853 issued by the Ministry of Administration and Privatisation of the National Property of the Slovak Republic on 2 October 2002, by transformation of the state-owned enterprise Vodárne a kanalizácie [Waterworks and Sewer Systems] and a part of the state-owned enterprise Západoslovenské vodárne a kanalizácie [West Slovak Waterworks and Sewer Systems]. The company was incorporated by registration in the Business Register on 7 January 2003 (Business Register of District Court Bratislava I in Bratislava, section: Sa [company limited by shares], file No. 3080/B).

Bratislavská vodárenská spoločnosť, a.s. (hereinafter referred to as “BVS” or the “Company”), is an “akciová spoločnosť” [(public) company limited by shares] in the Slovak Republic. The Company’s registered office is in Bratislava, Prešovská ulica 48. The core activities of the Company include the operation of public water mains and sewer systems in the areas of Bratislava, Senica and Záhorie.

The majority shareholder of the company is the public administration entity Bratislava, the Capital of the Slovak Republic.

Liability of the Company

Neither Bratislavská vodárenská spoločnosť, a.s., nor its subsidiary have unlimited liability in any other accounting entities.

The reason for and method of preparing the financial statements

These consolidated financial statements are the annual consolidated financial statements of Bratislavská vodárenská spoločnosť, a.s., in accordance with Act No. 431/2002 Coll. on Accounting, as amended. The annual consolidated financial statements were prepared for the period from 1 January 2022 to 31 December 2022 in accordance with the International Financial Reporting Standards (hereinafter referred to as the “IFRS”) valid in the European Union (hereinafter referred to as the “EU”).

The consolidated data of the Group are included in the consolidated financial statements of the public sector entity Bratislava, the Capital of the Slovak Republic, which are included in the aggregate financial statements of the public sector. The consolidated financial statements of Bratislava, the Capital of the Slovak Republic, are available for inspection at the registered office of Bratislava, the Capital of the Slovak Republic, and are stored in the Register of Financial Statements at <http://www.registeruz.sk> under the IČO [organisation ID number] of Bratislava, the Capital of the Slovak Republic.

The aggregate financial statements of the public sector comprise the balance sheet, the profit and loss statement and the notes prepared on the basis of the consolidation principle used in the International Public Sector Accounting Standards (IPSAS). The accounting entities included in the aggregate financial statements form a so-called aggregate group. The reason for this name is the preparation of aggregate financial statements as an accounting document based on accounting standards. As the principle of control of one accounting entity over other entities is not fulfilled (the Ministry of Finance of the Slovak Republic

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does not own local government entities and the like), the financial statements cannot be called consolidated financial statements, but have to be called aggregate financial statements.

The aggregate financial statements are prepared on the basis of the consolidated financial statements of the central public administration, consolidated financial statements of municipalities, consolidated financial statements of higher territorial units, separate financial statements of municipalities that have not prepared consolidated financial statements and separate financial statements of other public sector entities and legal entities with state ownership founded under special pieces of legislation.

The aggregate financial statements are deposited in the Register of Financial Statements at <http://www.registeruz.sk>, under the IČO of the Ministry of Finance of the Slovak Republic.

Information on the Group

The Company has a controlling influence and is the parent company with a stake in the following subsidiaries:

Company name	IČO [organ. ID No.]	Registered office	Ownership interest/ voting rights	Ownership relationship
BIONERGY, a. s.	45 322 317	Prešovská 48, Bratislava	100%	subsidiary

The main activity of the subsidiary BIONERGY, a. s., is doing business in the field of disposal of non-hazardous waste generated during the operation of WWTP. The primary mission is the continuous processing of sewage sludge and other biodegradable waste within the Company's regional activities and the subsequent combustion of sludge gas in cogeneration units for the purpose of producing electricity and heat.

Bratislavská vodárenská spoločnosť, a.s., together with its subsidiary BIOENERGY, a. s., is referred to in these consolidated financial statements as the "Group". BVS prepares the consolidated financial statements for all companies in the consolidated group. In 2022, BVS consolidates the subsidiary using the full consolidation method.

In 2022, the Group had an average recalculated number of employees of 1,140 (2021: average recalculated number of employees of 1,111). The number of employees as of 31 December 2022 was 1,182, of which 197 were executives (the number of employees as of 31 December 2021 was 1,174, of which 196 were executives).

2. Summary of the main accounting principles and methods

The basic accounting principles and methods applied in preparing these consolidated financial statements are described below. The methods are applied consistently during all reported periods, unless specified otherwise.

2.1 Basis for preparation of the consolidated financial statements

The Company's consolidated financial statements for the previous reporting period were approved by the General Meeting of the Company held on 2 June 2022.

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These consolidated financial statements are kept at the Company's registered office and in the Register of Financial Statements at <http://www.registeruz.sk>, under the Company's IČO [organisation ID No.].

The Slovak Act on Accounting (Act of the National Council of the Slovak Republic No. 431/2002 Coll., as amended) requires that the Group prepare consolidated financial statements for the year ending on 31 December 2022 in line with the International Financial Reporting Standards valid in the European Union.

These consolidated financial statements were prepared in accordance with the IFRS valid in the European Union using the going concern assumption with respect to the Group. The consolidated financial statements were prepared using the historical cost principle. The Group applies all IFRS and interpretations issued by the International Accounting Standards Board (hereinafter referred to as the "IASB") which are valid in the EU and were valid and effective for consolidated financial statements prepared for the year ending on 31 December 2022.

The preparation of the consolidated financial statements in accordance with the IFRS valid in the EU requires the use of the accounting estimates and judgement of the management in applying the accounting procedures. In the process of applying the accounting methods, the management also makes certain critical decisions. The areas that require higher level decision-making or that are more complex, or areas where assumptions and estimates are significant to the consolidated financial statements, are specified in item 4 of the Notes.

In preparing the consolidated financial statements in accordance with the IFRS valid in the EU, it is necessary to use estimates and assumptions that affect the amounts reported in the financial statements and notes to the financial statements. Although these estimates are based on the management's best knowledge of current events and activities, reality may differ from such estimates.

In 2022, there was an escalation of political tensions in the region, which resulted in a war conflict between the Russian Federation and Ukraine and significantly affected global events, negatively affecting commodity prices and financial markets and contributing to increased volatility in the business environment. The situation remains very unstable and one may expect the impact of imposed sanctions, a limitation of the activities of companies operating in the region, as well as the consequences for the overall economic environment, primarily limitations of supply and customer chains. Even though the extent of the consequences of these events on the Group cannot be fully predicted at the moment, the Group has not currently identified significant negative impacts on its operation and is convinced that there is no significant uncertainty in the going concern assumption for Group.

The reporting period is the calendar year.

The consolidated financial statements have been prepared in euros – "EUR". Unless stated otherwise, the values are stated as whole numbers without decimal places.

2.1.1 Changes in the accounting principles and reporting

The accounting principles are consistent with the accounting principles used in the consolidated financial statements prepared for the year ending on 31 December 2021.

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Issued standards, interpretations and amendments to standards that the Group applied for the first time in 2022

The following amended standards and interpretations became effective for the Group as of 1 January 2022 but had no significant impact on the Group:

- Proceeds before Intended Use, Onerous Contracts – Cost of Fulfilling a Contract, Reference to the Conceptual Framework – amendments to IAS 16, IAS 37 and IFRS 3 in narrow scope and Annual Improvements to IFRS Standards 2018–2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022)
- Covid-19-Related Rent Concessions – Amendment to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021)

Issued standards, interpretations and amendments to standards that are effective after 1 January 2023 and that the Company has not applied prematurely

Certain new already issued standards, interpretations and amendments are mandatory for annual periods beginning on or after 1 January 2023, with the Group not having applied them prematurely:

- IFRS 14 – Regulatory Deferral Accounts (a standard issued on 30 January 2014 and effective for periods beginning on or after 1 January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on date to be determined by the IASB)
- IFRS 17 – Insurance Contracts (standard issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023)
- Amendment to IFRS 17 and IFRS 4 (amendment issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023)
- Amendment to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)
- Amendment to IAS 8 – Definition of accounting estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)
- Deferred tax related to assets and liabilities arising from a single transaction – Amendment to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023)
- Option for insurers applying IFRS 17 – Amendment to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023)
- Amendment to IFRS 16 – Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024)
- Classification of Liabilities as Current or Non-current – amendment to IAS 1 (the original amendment was issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, finally effective for annual periods beginning on or after 1 January 2024).

The above standards, interpretations and amendments to standards (including those not having yet been approved by the European Union) are not expected to have any significant impact on the Group's consolidated financial statements.

2.2. Consolidation

The attached notes are an integral part of the consolidated financial statements.

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Subsidiaries are those accounting entities, including structured entities that the Group controls because

- (i) it has the power to govern those of their relevant activities that significantly affect their income,
- (ii) it has the right, or rights, to participate in variable returns from its interest in those accounting entities, and
- (iii) it has the ability to exercise its legal authority over those entities to affect the amount of the investor's returns.

In assessing whether the Group controls another accounting entity, the existence and effect of material voting rights, including material potential voting rights, are taken into account. For a right to be material, its holder must have the practical ability to exercise it when the need arises to make decisions about the controlled accounting entity's relevant activities. The Group may control an accounting entity even if it does not hold a majority of the voting rights. In such a case, the Group assesses the amount of its voting rights by comparison with the size and distribution of the shares of other voting rights holders to determine whether it has de facto control over the accounting entity. Protection rights of other investors, e.g. those relating to significant changes in the accounting entity's activities, or those applying only in exceptional circumstances, do not prevent the Group from exercising a controlling influence in that accounting entity. Subsidiary accounting entities are consolidated from the date on which the Group acquires control (acquisition date) and are excluded from consolidation from the date on which the Group ceases to control the accounting entity.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated during the consolidation. Unrealised gains are also eliminated, unless the recoverability of the cost is not guaranteed. The Company and all its subsidiaries use the same accounting policies that are consistent with the Group's accounting policies.

In 2022, BVS consolidates the subsidiary using the full consolidation method.

2.3 Foreign currency translation

Functional currency and presentation currency

The data in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the "functional currency").

The financial statements are presented in euros – "EUR", with amounts rounded to whole numbers without decimal places. The euro is the functional and presentation currency of the Group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised with an impact on profit or loss.

Items measured at fair value in a foreign currency are translated at rates prevailing on the date when their fair value is set. Exchange rate differences from trade receivables and payables as well as from borrowings are recorded as financial income or expense because the Group reports income and expenses by their type, rather than by their function.

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2.4 Financial assets***Financial instruments – key definitions for measurements***

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The best evidence of fair value is an active market price. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. Incremental costs are those that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and security exchanges and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost (“AC”) is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus cumulative interest, and for financial assets less any allowance for expected credit losses (“ECL”). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount of the debt instrument to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised debt discounts or premiums (including possible accrued fees) are not recognised separately and are included in the carrying amounts of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for a debt premium or discount, which reflects the credit spread over the floating rate specified by the instrument, or other variables that are not reset to market rates. Such debt premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial instruments – initial recognition

All financial instruments are initially recognised at fair value adjusted for transaction costs. The fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is recognised only when there is a difference between the fair value and the transaction price that can be evidenced by other market transactions of the same instrument or a measurement technique whose inputs include only data from observable markets. After initial recognition, a provision is recognised for financial assets measured at amortised cost, which results in an immediate accounting loss.

Financial assets – classification and subsequent measurement – measurement category

The Group classifies financial assets only in the amortised cost category. The classification and subsequent measurement of financial assets depends on:

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- (i) the Group's business model for managing a portfolio of related assets and
- (ii) the cash flow characteristics of the assets.

Financial assets – classification and subsequent valuation – business model

The business model reflects how the Group manages the assets in order to generate cash flows, i.e. whether the Group's objective is:

- (i) solely to collect the contractual cash flows from the assets (hold to collect contractual cash flows), or
- (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets (hold to collect contractual cash flows and sell) or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "another" business model and measured by means of the fair value through profit or loss ("FVTPL").

The business model is determined for a group of assets (at a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set for the portfolio available on the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio and past experience on how the cash flows for the respective assets were collected. The purpose of the business model used by the Group is to hold financial assets to maturity and to collect the contractual cash flows.

Financial assets – classification and subsequent measurement – cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold financial assets to collect cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, the time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed at initial recognition of an asset and it is not subsequently reassessed. The Group performs a SPPI test for its financial assets.

The Group holds only trade receivables, contractual assets and cash and cash equivalents. The nature of financial assets is short-term, and the contractual cash flows represent principal and interest payments that take into account the time value of money, and therefore the Group recognises them in the amortised cost.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period subsequent to the change in the business model. The Group did not change its business model during the current and immediately preceding reporting period and did not make any reclassifications.

Impairment of financial assets – expected credit losses ("ECL") provision

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The Group determines, on the basis of expected future developments, the ECL for receivables measured at amortised cost and for contract assets. The Company measures the ECL and recognises net impairment losses on financial and contract assets on each reporting date. The measurement of ECL reflects:

- (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes,
- (ii) the time value of money and
- (iii) all available and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Receivables measured at amortised cost are presented in the statement of financial position net of the ECL provision.

The Group applies to trade receivables the simplified approach under IFRS 9, i.e. it estimates ECL using lifetime expected losses. For the calculation of the lifetime expected losses for trade receivables, the Group uses a matrix that takes into account the time overdue of the receivables, the recoverability of the receivables and the amount of written-off receivables.

The amount of the provision was the difference between the asset's carrying amount and the present value of expected future cash flows, discounted at the original effective interest rate. The carrying amount of the receivable was reduced using provisions and the corresponding amount of the loss is expensed within "Other operating expenses".

Financial assets – write-off

The Group writes off all or part of its financial assets when the Group has exhausted all practical possibilities for a full or partial recovery of those assets and there is no reasonable expectation of recovery of those assets.

Financial assets – derecognition

The Group ceases to recognise financial assets when

- (i) the assets have been repaid or the right to cash flows from those assets has expired, or
- (ii) the Group has transferred rights to cash flows from financial assets to another person and at the same time effectively all benefits and risks associated with the asset.

2.5 Financial liabilities

Classification depends on contractual obligations related to the financial instrument and on the intentions with which management has entered into a contract.

Management determines the classification of its financial liabilities at initial recognition. All financial liabilities of the Group have been measured at the carrying amount using the effective interest method. When a financial liability is recognised for the first time, the Group measures it at its fair net value reduced by the transaction costs that are directly attributable to the origin of the financial liability, and accruals are subsequently created for them using the effective interest method.

A financial liability (or a part thereof) is removed from the consolidated statement of financial position when, and only when, it is discharged – i.e. when the obligation specified in a contract is paid, cancelled or

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expires. The gain or loss resulting from the derecognition of financial liabilities is recognised when the financial liability is derecognised.

2.6 Cash and cash equivalents for the purpose of recognising cash flows

Cash includes cash and bank accounts. Cash equivalents are short-term highly liquid investments readily convertible to cash with a maturity of less than three months from the date of acquisition, for which there is an insignificant risk of any change in value.

2.7 Trade receivables and other receivables

After initial recognition, receivables are measured at the carrying amount using the effective interest method, reduced by a provision for expected loan losses.

Trade receivables are classified as current assets if they are expected to be earned in the ordinary course of the business cycle, which is a period equal to or shorter than 1 year. Otherwise, they are recognised as non-current assets.

If a trade receivable is uncollectible, it is written off with a contra entry in the provision for receivables. Subsequent payments of receivables written off in the past are entered on the credit side of expenses to reduce the value of receivables within "Other operating expenses".

2.8 Inventories

Inventories are reported at cost. The cost includes the costs of material, other direct costs and related overhead costs. If the cost or the own cost of inventories is higher than their net realisable value as of the balance sheet date, a provision is made for inventories in the amount of the difference between their measurement in the accounting and their net realisable value. Net realisable value is the estimated selling price of inventories less the estimated costs of their completion and costs necessary to make their sale.

Measurement of the inventory loss of the company BVS is determined using the weighted arithmetic average. Measurement of the inventory loss of the company BIONERGY, a. s. is determined using the weighted arithmetic average.

The cost of own produced inventory includes direct materials, direct labour and an appropriate proportion of production overhead expenses including the licensing fee, but without the cost of borrowings and loans.

2.9 Non-current tangible assets

Non-current tangible assets are recognised at historical cost less accumulated depreciation and provisions for impairment of receivables. On sale or disposal of assets, the cost and accumulated depreciation and provisions are cleared, and the net gain or loss resulting from its sale or disposal is recognised in the profit/loss for the period.

The initial cost of an item of a long-term tangible asset comprises its purchase price, including import duties and non-refundable purchase taxes, and all costs directly attributable to bringing the asset to an operable condition and to the location where it will be used, such as costs of loans and borrowings. The estimated costs of decommissioning and reclamation are capitalised at initial recognition or when the

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decommissioning decision is made. Changes in estimates adjust the carrying amounts of non-current tangible assets. Expenditures incurred after non-current tangible assets have been commissioned, for example, with respect to minor repairs, maintenance as well as overhead costs (excluding costs of overhauls), are recognised as expenses in the period in which they arise. Costs of overhauls are capitalised as a separate component of the related assets, and the component being replaced during the overhaul is derecognised.

Depreciation commences in the month the asset was put into use. Land and works of art are not depreciated. Non-current tangible assets are depreciated according to the depreciation plan drawn up based on the expected period of their use corresponding to the consumption of future economic utility from assets and the actual technical lifespan.

Assets under construction represent non-current tangible assets, and they are recognised at cost. The cost includes the cost of non-current tangible assets and other direct costs. Assets under construction are not depreciated until the respective assets are ready to use.

Land is recognised at cost adjusted for provisions for impairment. Land is not depreciated.

The depreciation periods set by the expected useful life of the assets, depreciation methods and depreciation rates for non-current tangible assets are as follows:

	Expected period of use (years)	Depreciation method	Annual depreciation rate (%)
Constructions			
- buildings	20 – 50	straight-line	2.0 – 5.0
- water mains networks and sewer networks	12 – 100	straight-line	1.0 – 8.33
Machinery, devices and equipment	4 – 17	straight-line	5.88 – 25.0
Water meter	12 – 18	straight line	5.56 – 8.33
Vehicles	4 – 6	straight-line	16.67 – 25.0
Low-value non-current tangible assets	varies	straight-line	varies

The most significant part of assets is represented by land, buildings and constructions relating to the infrastructure of drinking water production, delivery and distribution and wastewater drainage and treatment.

Gains and losses on the disposal of buildings, constructions, machinery and equipment are fully reflected in the profit/loss.

Costs incurred after putting into use are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and daily maintenance are expensed as incurred. The costs of replacing significant parts or components of non-current tangible assets are capitalised and the replaced part is derecognised.

The carrying amount of the asset is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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Each component of any item of non-current tangible assets with a cost that is significant in relation to the total cost of the item is depreciated separately. The Group allocates the proportionate amount initially recognised as an item of non-current assets to its significant components, and each such component is depreciated separately.

Assets that are worn or otherwise disposed of are eliminated from the consolidated statement of financial position along with the corresponding accumulated depreciation.

2.10 Non-current intangible assets

An intangible asset acquired separately is recognised at cost and is acquired in a business acquisition at its fair value on the acquisition date. An intangible asset is recognised if future economic benefits embodied in the asset and, in addition, the cost of such asset are likely to be reliably estimated.

Upon initial recognition, intangible assets are recognised at cost. The estimated useful lives of such intangible assets are either finite or indefinite. Assets with a finite useful life are amortised on a straight-line basis over the estimated useful life. The time and method of depreciation are reviewed annually at the end of the reporting period. Intangible assets generated internally, excluding development costs, are not capitalised and the expenditure is recognised as expenses affecting the profit/loss in the year in which the expenditure is incurred. Intangible assets are tested annually for impairment, either individually or at the level of a cash-generating unit. Useful life is also examined on an annual basis, and adjustments, if necessary, are performed prospectively.

Research costs are expensed as incurred. Costs incurred for the development of an individual project are capitalised if their future returns are probable. After initial recognition, assets are carried at cost less any accumulated impairment losses. In the development stage, assets are not depreciated. While the assets are available for use, the audit of a reduction in the carrying amount of development costs is made annually or more frequently, if during the period there is an indication that the carrying amount may not be recoverable.

Goodwill is recognised upon the purchase or contribution of a business or its part, if the purchase price or the accepted value of the contribution is higher than the fair value of the individual components of the assets and liabilities by which these assets and liabilities are measured in the accounting system of the buyer or the recipient of the contribution. Goodwill is accounted for in a merger and division, if the carrying value of the share of a participating company in another participating company is higher than the fair value of the assets and liabilities attributable to that share, with the carrying value of the share in the case of a merger and division being understood as the value of the share measured at fair value. When accounting for goodwill, it is determined to what extent the economic benefits will increase in the future in connection with the goodwill and decrease in connection with negative goodwill. If the future increase in economic benefits is likely to be lower than the amount of goodwill recognised in the accounting system, the respective part of the goodwill will be written off when the company or its part is purchased or provided as a contribution. The resulting negative goodwill is written off once.

In the case of a contribution in kind, which is a business or a part of a business (hereinafter referred to as a "business contribution"), an entry is made for the received individual components of assets and liabilities making up the business contribution on the materially relevant accounts at fair value. The difference between the fair value of the individual components of the assets and liabilities that make up the business

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contribution and the value of the contribution in kind set off against the shareholder's contribution (hereinafter referred to as the "accepted value of the contribution") is accounted for, depending on its nature, as goodwill or as negative goodwill.

The Group does not have intangible assets with indefinite (unlimited) useful lives. Non-current intangible assets are depreciated as follows:

	Expected period of use (years)	Depreciation method	Annual depreciation rate (%)
Software	4–5	straight-line	20–25
Royalties (licenses), other non-current int. assets	3-20	straight-line	5.0 – 33.33
Goodwill/badwill	1	straight-line	100

Expenses associated with maintaining computer software programs are recognised as expenses affecting profit/loss in the reporting period in which they incurred. Development costs that are directly attributable to the design and testing of identifiable software products controlled by the Group are capitalised as an intangible asset when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use,
- management intends to complete the software product and use or sell it,
- the accounting entity has the ability to use or sell the software product,
- it can be demonstrated how the software product will generate future economic benefits,
- adequate technical, financial and other resources to complete its development, use or sale are available,
- the expenses attributable to the procurement of the software product during its development can be reliably measured.

Capitalised expenses associated with software development include employee costs and the appropriate portion of overheads. Other development costs that do not meet these criteria are recognised as expenses of the period in which they incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Computer software development costs capitalised as intangible assets are amortised over their estimated useful lives.

2.11 Impairment of non-financial assets

At the end of each reporting period, management examines whether there is any indication that a non-current tangible or intangible asset, including right-of-use assets, may be impaired. If any such indication exists, management estimates the recoverable amount, which is the higher of fair value less costs to sell and value in use. The carrying amount is reduced to its recoverable amount, and the impairment loss is recognised so as to affect profit/loss for the current period. Provisions for assets created in prior periods are released, if appropriate, when there has been a change in the estimates used to determine the asset's value in use or its fair value less costs to sell.

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2.12 Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group has opted for a policy of not separating lease and non-lease components for all categories of assets resulting from a lease and instead recognises each lease as a single lease component.

The Group does not apply IFRS 16 to leases of intangible assets.

In the year ending 31 December 2022, the Group did not enter into sale and leaseback transactions.

The Group does not have leases that would result for the Group in restrictions on the payment of dividends or on compliance with set financial indicators.

Right-of-use assets

Right-of-use assets refer to non-current assets that are leased under a contract containing a lease under IFRS 16.

The Group mainly leases vehicles, specialised machinery (e.g. tank trucks, monitoring vehicles), premises (e.g. for the purposes of client centres) and land (e.g. under wastewater treatment plants). The lease term varies and ranges from 2 to 40 years.

The Group recognises right-of-use assets and the corresponding lease liability as of the commencement date of the lease (the date the asset is provided for use). The right-of-use asset is measured at cost as of the commencement date of the lease, which comprises: the amount of the initial measurement of the lease liability, any lease payments made on or before the commencement date of the lease less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease for the return of the subject of the lease.

After the commencement date of the lease, the right-of-use asset is measured by applying a cost model. The cost of the right does not contain any accumulated depreciation and any provisions for assets and is adjusted for any remeasurement of the lease liability resulting from a lease modification or a reassessment of the lease liability.

Recognised right-of-use assets are not subject to a further sublease by the Group and do not correspond to the definition of investment property.

Depreciation of right-of-use assets

The right to use an asset is depreciated using the straight-line method over its estimated life. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date of the lease to the end of the useful life of the underlying asset. Otherwise, the Group shall depreciate the right-of-use asset from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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Lease liability

As of the commencement date of the lease, the Group measures the lease liability at the present value of future lease payments realised during the lease duration. The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term: (i) fixed payments (including in-substance fixed payments), less any lease incentives payable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date of the lease; (iii) amounts expected to be payable by the Group under residual value guarantees; (iv) the exercise price of a purchase option, if the Group is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group's current lease contracts do not include any residual value guarantees.

Future increases in variable lease payments that depend on an index or rate are included in the measurement of the lease liability only if there is a change in cash flows (i.e. when the adjustment to the lease payments takes effect).

After the commencement date of the lease, the Group measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability,
- (ii) reducing the carrying amount to reflect the lease payments made, and
- (iii) remeasuring the carrying amount to reflect any lease modifications or reassessment of the lease liability or to reflect revised in-substance fixed lease payments.

Lease modification

A lease modification is a change in the scope of a lease or the consideration for a lease that was not part of the original terms and conditions of the lease. A modification is recognised as of its effective date.

The Group recognises a lease modification as a separate lease if both the modification increases the scope of the lease and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope of the lease. In other cases, the Group recognises the lease modification as a remeasurement of the lease liability,

- (i) by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, with the resulting gains or losses being recognised in profit or loss, or
- (ii) in other cases by making a corresponding adjustment to the right-of-use asset.

Reassessment of the lease liability

The reassessment of a lease liability is a change in lease payments that do not result from a lease modification. In such a case, the reassessment of the lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

The Group remeasures the lease liability, if there is

- (i) a change in the lease term assessment,

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- (ii) a change in the assessment of an option to purchase the underlying asset,
- (iii) a change in the amounts expected to be payable under a residual value guarantee, or
- (iv) a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

A change in the lease term or assessment of an option to purchase the underlying asset will occur only if a significant event or significant change in circumstances occurs that affects that assessment and is under the control of the Group.

Lease term

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise (or not to exercise) an option, the Group considers all relevant facts and circumstances that create an economic incentive for the Group to exercise (or not to exercise) the option.

The lease term is reassessed if the option is actually exercised (or not exercised), or if the Group is required to exercise it (or not to exercise it). The assessment of whether the exercise of the option is sufficiently certain is reassessed only if a significant event or significant change in circumstances occurs that affects that assessment and is under the control of the Group.

Discount rate

Lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, which is usually the case with the Group, the Group uses the incremental borrowing rate of companies in the Group.

The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate on the effective date of the change in the lease contract, if the interest rate implicit in the lease cannot be readily determined. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

For the purpose of determining the incremental borrowing rate, the Group:

- if possible, uses as a starting point a recent third-party financing received by the Group, adjusted to reflect changes in financial conditions since the receipt of the third-party financing;
- uses an approach based on a risk-free interest rate adjusted for a credit risk margin, and
- makes adjustments specific to the lease, e.g. due to another maturity date, currency and security of the borrowing.

Interest on lease liability

Lease payments are allocated between the principal and interest on the lease liability. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic rate of interest is the discount rate, or, if applicable, the revised discount rate described in the paragraph above.

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Lease liability interest expenses, if not included in the carrying amount of a qualifying asset, are presented as part of finance expenses in profit or loss.

Variable lease payments

Variable lease payments are recognised after the commencement date of the lease in profit or loss in the period in which the event or condition that triggers those payments occurs.

The recognition of variable lease payments results mainly from the Group's selected accounting policy of not separating the lease and non-lease components of the lease contract.

Variable lease payments relate mainly to operating expenses related to the underlying asset and are relatively small compared to fixed payments.

Short-term leases and leases of low-value underlying assets

The Group recognises lease payments associated with short-term leases and leases for which the underlying asset is of low value as an expense on either a straight-line basis over the lease term or another systematic basis, if that basis is more representative of the pattern of the Group's economic benefits. This policy is applied by the Group to all classes of underlying assets to which the right of use relates.

A short-term lease is a lease that lasts 12 months or less. An underlying asset with a value of up to EUR 5,000 at the time when it was new is considered to be a low-value asset. In the current reporting period, the Group did not enter into any significant leases of this type.

Rental income

To determine the classification of leases in which the Group is in the position of the lessor, as a finance or operating lease, the Group assesses whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee. Factors that are taken into account in this assessment are, e.g., the transfer of ownership of the underlying asset to the lessee at the end of the lease term, the price of a possible lessee's option to purchase the underlying asset, the present value of the lease payments compared to the fair value of the underlying asset, the specificity of the use of the underlying asset only for the lessee, etc. At present, the Group does not have lease contracts that are classified as financial lease according to the above criteria.

For lease contracts that are operating leases, rental income is recognised on a straight-line basis over the lease term or on another systematic basis, if this is more representative of the pattern of the Group's economic benefits.

The Group presents the underlying assets subject to operating leases in its consolidated statement of financial position according to the nature of the underlying asset.

None of the assets that are the subject of operating leases meet the definition of investment property due to the fact that they form an insignificant part of the units that serve the Group's primary business activity.

No significant income which would result from variable lease payments not depending on an index or rate arises for the group in connection with operating leases.

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The Group mainly leases parts of land, parts of water reservoirs and parts of wastewater treatment plant premises. The contractual terms and conditions do not provide the lessee with purchase options or require residual value guarantees.

The Group's activities as a lessor are not significant. For this reason, there is no formal policy for managing the residual value of leased assets.

Cash flows from leases

Cash payments for the main portion of a lease liability are classified as part of financing activities. Cash payments for the interest portion of a lease liability are also classified as part of financing activities unless they are capitalised as part of the cost of a qualifying asset.

Rent payments from short-term leases, rents for low-value assets and variable lease payments that are not included in the measurement of the lease liability are recognised in the statement of cash flows under operating activities.

2.13 Subsidies related to assets

Government subsidies are reported at fair value if it is virtually certain that the subsidies will be received and all conditions associated with granting subsidies are fulfilled. If the subsidy is used for compensation of costs, the subsidy is recognised as other operating revenues during the period in which the expenses are recognised for the settlement of which the subsidies were designed. If the subsidies are used to acquire non-current assets, the fair value of the subsidy is recorded as deferred income and released to the profit/loss on a straight-line basis.

2.14 Non-current financial assets

Upon acquisition (initial measurement), the interest in the joint venture is measured at the acquisition price, including acquisition-related costs (fees, brokerage commissions, etc.). The acquisition price of securities does not include interest on loans for the acquisition of shares, exchange rate differences and costs associated with holding the share.

As of the balance sheet date, interests in joint ventures are accounted for using the equity method.

2.15 Share capital

The share capital of the Company is made up of ordinary certificated shares. The Company did not issue any new ordinary shares in the current and immediately preceding reporting period. In recent years, the Company has purchased its own ordinary shares, which the Company recognises at cost.

2.16 Retained earnings

Retained earnings reported in the consolidated financial statements are not funds intended for the payment of dividends. The funds intended for paying out dividends are determined on the basis of the Company's separate financial statements.

2.17 Legal reserve fund

The legal reserve fund is created by the Company in accordance with the Commercial Code and the Company's Articles of Association. Contributions to the legal reserve fund were created from the net profit

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up to the amount of 20% of the share capital. The legal reserve fund may be used only in accordance with the Commercial Code and the Company's Articles of Association to cover losses and may not be paid out as a dividend.

2.18 Payment of dividends

Dividends are reported in the notes to the consolidated financial statements, if they have been approved after the reporting date but before the separate financial statements are authorised by the Company's Board of Directors. Distribution of dividends to Company shareholders is recognised as a liability and deducted from equity at the end of the reporting period only if they are approved before or at the end of the reporting period.

2.19 Development reserve and other capital reserves

The Group creates a Development Reserve from its profits for future investment costs under the Commercial Code and the Company's Articles of Association. Creation of this reserve must be approved by the General Meeting of shareholders.

Such reserves can be distributed only with the consent of shareholders. Other capital reserves are made up of donation from shareholders (mainly water mains and sewerage infrastructure).

2.20 Taxes

Income tax was recognised in the consolidated financial statements in accordance with the laws that had been enacted or substantially enacted by the end of the reporting period. The income tax expense represents the current tax and deferred tax and is recognised in profit or loss, except for cases where it is recognised in other comprehensive income or directly in equity, because the tax relates to transactions that are also recognised in other comprehensive incomes or directly in equity in a given period or another period.

The current income tax is the amount of expected payments or refunds from the tax authorities in respect of taxable profit or loss for the current or prior period. Taxable gains or losses are estimated if the consolidated financial statements are approved before the relevant tax returns are filed. Taxes other than income tax are charged to administrative and other operating expenses.

The balance sheet liability method is used to compute the deferred tax. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the values used for taxation purposes. Deferred tax assets and liabilities are measured using the tax rates that should apply to taxable income in the years in which it is expected that these temporary differences will be realised. The measurement of deferred tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner of realisation or settlement of the carrying amounts of assets and liabilities that are expected by the Group by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused redeemable tax credits and tax losses when it is probable that sufficient future taxable profits against which the deferred tax assets will be possible to carry forward, except:

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- if deferred tax assets relating to temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affect neither accounting nor taxable profit or loss, and
- in respect of deferred income taxes arising from temporary differences related to interests in subsidiaries or joint ventures, the Group recognises deferred tax assets only to the extent in which it is probable that the temporary differences will be settled in the near future, if the Group controls the settlement of those temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- deferred tax liabilities arising from the initial recognition of goodwill or assets or liability in a transaction that is not a business combination and at the time of the transaction it does not affect either accounting or taxable profit or loss, and
- deferred income taxes arising from temporary differences related to interests in subsidiaries or joint ventures, if the Group controls the settlement of these temporary differences and it is probable that the temporary differences will not be settled in the near future.

At the end of each reporting period, the Group reassesses unrecognised deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Conversely, the Group reduces the carrying amount of the deferred tax asset if it is no longer probable that sufficient taxable profit will be generated that will allow a part or the entire deferred tax asset to be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities related to taxes payable to the same tax authority and the Group intends to settle current tax asset and liability on a net basis.

Other taxes

Other taxes (e.g. real estate tax, road tax) are included in other operating expenses.

Excise duty

Revenues, expenses, assets and liabilities are recognised and the net of the value of the excise duty except when:

- the excise duty incorporated into the price of purchased goods and services is not claimable by tax authorities; in such case the excise duty is recognised as part of the acquisition cost value of the assets or as part of the cost items, and
- receivables and payables include the value of the excise duty.

The net value of the excise duty which is claimable by or payable to the tax authorities is reported as part of receivables and payables in the statement of financial position.

2.21 Loans and borrowings

All loans and borrowings are initially recognised at the fair value of the liability net of transaction costs associated with the borrowing. After initial recognition, they are recognised at amortised cost using the effective interest method. The amortised cost is calculated by taking into account all costs and discounts or

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premiums on settlement. Interest expenses are calculated using the effective interest rate method and are recognised over the time to maturity of the loan. Interest expenses that the Group would have saved if it had not invested in non-current tangible assets that require more time to prepare their use are capitalised as part of the cost of such non-current tangible assets. Capitalisation of interest expenses ends when the asset is ready and available for use. Other interest expenses are recognised in the Group's profit/loss.

2.22 Employee benefitsShort-term employee benefits

Salaries, wages, paid annual leave, bonuses and other non-monetary benefits are recognised in the costs in the reporting period in which the right to them ensues for the Group employees. The current liabilities to the employees include, without limitation, wages and compensation of wages for used days of leave.

Pension plan

The Collective Agreement for the period from 1 May 2021 to 31 March 2024 was signed on 30 April 2021. Upon first termination of employment after having acquired the right to an old-age pension, a premature old-age pension, a disability pension if the capacity to perform gainful activities is reduced by at least 70%, an employee is entitled to retirement payment under section 76a of the Labour Code amounting to at least average monthly wages increased by another retirement payment amounting to at least average monthly wages. The right to an old-age pension or a disability pension will be proved by the employee in the form of a legally effective decision of the Social Insurance Company (Sociálna poisťovňa). The right to a premature old-age pension will be proved by the employee in the form of a legally effective statement of the Social Insurance Company about filling the application for a premature old-age pension. The right to a retirement payment can be exercised only once.

Employees terminating employment within 30 days from the date they acquired the right to an old-age pension and within 30 days of the date when the employee was served with the decision on the granting of a disability pension, if the capacity to perform gainful activities is reduced by at least 70%, will also be paid an increased retirement payment amounting to four-times the average monthly wage, in addition to the retirement payment under the previous paragraph. Employees who have acquired the right to a premature old-age pension at the end of the employment relationship will be paid, after filing an application submitted to the Social Insurance Company no later than 10 days after the termination of the employment relationship, an additional severance payment equal to four-times their average monthly wage in addition to the severance allowance under the previous paragraph.

For selected jobs positions set by the employer the time limit for exercising the right is 6 months. This time limit may be prolonged upon agreement.

Employees holding selected job positions set by the employer may exercise the right to an increased severance payment of four-times the average monthly wage only after a newly hired employee for the relevant job position completes the induction training.

The obligation related to the plan with the set amount of the pension is reported as long-term provisions and calculated as of the reporting date using the actuarial method as the current value of the retirement

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payment for the years of service until the balance sheet date. The actuarial gains and losses arising from adjustments and changes of the actuarial assumptions are recognised in other comprehensive income.

Other long-term employee benefits

The Group also pays work and life jubilee remunerations.

Non-current liabilities to employees arising from work jubilees are also recognised as a long-term provision, and they are measured in a similar way as liabilities arising from the plan of the fixed amount of the pension. The costs resulting from the increased remuneration under the Collective Agreement are recognised immediately in the costs as a net amount in the period when they occur. The work jubilee remuneration depends on the number of years worked in the Group. The actuarial gains and losses arising from changed assumptions for the provision for work jubilees and life jubilees are recognised as expenses affecting profit/loss.

The same or a similar obligation was incorporated in the agreement with the trade unions in 2002. The Group created expectations on the side of the employees that it will continue providing benefits. The Group believes that suspension of their provision is not realistic.

Pension plans with pre-determined contributions

The Group contributes to government-defined contribution supplemental pension plans.

The Group makes contributions to government health, sickness, retirement benefit, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary payments. Throughout the year, the Group made contributions amounting to 35.2% (2021: 35.2%) of gross salaries up to a monthly salary cap, which is defined by the applicable legal provisions for such schemes, together with contributions by employees of a further 13.4% (2021: 13.4%).

The cost of these payments is charged to the profit and loss in the same period as the related salary cost.

Severance payments

Under section 76 of the Labour Code the Group is obligated to pay a severance payment if employment is terminated by agreement for reasons specified in section 63(1)(a) or (b) or because the employee lost the capacity to perform current work given his state of health as set out in a medical report.

The amount of the severance payment depending on the number of years worked is provided by the Group in line with the Labour Code and the valid Collective Agreement. The amount of severance payment in excess of the legal obligation is subject to collective bargaining.

2.23 Trade payables and other liabilities

Trade payables are obligations to pay for goods or services that have been acquired by the Group in the ordinary course of business from suppliers. Liabilities are reported as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at the carrying amount using the effective interest method.

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2.24 Provisions

Provisions are reported if the Group has a currently existing liability (legal or non-contractual) arising from a past event, the settlement of which will probably (rather yes than no) be a loss of business resources representing economic benefits, while the amount of such liability can be estimated reliably. When the Group expects to receive compensation for the whole provision for a liability or its part, the compensation is reported only if its receipt is certain. Provisions for liabilities are reassessed at the end of each reporting period, and their amount is adjusted to reflect the current best estimate. The amount of the provision represents the present value of the expenditure, taking into account the risks which will be probably used to settle the liability. The expenditure is determined using the estimated risk free interest rate as the discount rate. Where discounting is used, the carrying amount of the provision for liability is increased in each period to reflect the distribution of the discount over time. This increase is recognised as an interest expense.

Provision for expenses related to environmental protection

Provisions for the environment are created when the cost of environmental clean-up are probable and can be reliably estimated. The creation of these provisions generally corresponds in terms of time to a formal plan of action or commitment to dispose or shut down the unused property. The amount recognised is the best estimate of the expenditure required.

2.25 Revenue recognition

Revenue comprises the fair value of the received consideration or receivable for the sale of goods and services in the ordinary course of the Group's activities net of value-added tax, rebates and discounts.

Revenues are recognised when it is probable that the accounting entity will accrue the economic benefits associated with the transaction. Revenues are recognised net of value-added tax, excise duties and discounts upon delivery of goods or services and after having transferred the risks and benefits.

Sale of own products, material and goods

Revenues from the sale and distribution of drinking water (the so-called "water rates") are reported when the drinking water is supplied to the customer. The amount of supplied drinking water is determined by the reading on the specified meter (water meter). If the amount of water is not measured, the Group determines the amount of water supplied by indicative consumption numbers in accordance with the Regulation of the Ministry of the Environment of the Slovak Republic No. 397/2003 Coll. The consumption readings and invoicing for large customers are performed monthly. In the small consumption segment, the Group performs consumption readings and billing once a year, with the Group having divided the customer base into twelve invoicing cycles, in the case of very small consumption into four, two, or one invoicing cycle. The amount of payments in individual invoicing cycles is determined according to the average amount of supplied drinking water for a comparable period on the basis of the billing of the previous invoicing cycle. The invoicing of drinking water delivered in 2022 for all twelve invoicing cycles will be completed during 2023. The Group uses the average consumption measured at individual consumption points for the purpose of estimating the revenue from supplied and uninvoiced drinking water.

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Provision of services

Revenues from the sale of services (in particular the so-called “sewer rates” and “precipitation rates”) are recognised in the reporting period in which the services are rendered. The amount of water discharged into the public sewer system (the sewer rate) is provided for by the customer with his meter, which must meet the conditions specified by a special regulation. If the amount of discharged water is not measured, it is assumed that the customer discharges into the public sewer system the amount of wastewater that he was found to take off from the public water mains, plus the amount of water discharged from other sources (e.g. a domestic well). If the amount of precipitation water discharged into the public sewer system (the precipitation rate) is not measured, the amount is calculated and updated in accordance with the Regulation of the Ministry of the Environment of the Slovak Republic No. 397/2003 Coll. The invoicing and invoicing cycles for sewer rates and precipitation rates are determined analogically to those for water rates.

Revenues from the sale of other services are recognised in the period in which the services are rendered, and they are invoiced immediately after the service is rendered.

2.26 Costs of borrowings and loans received

The cost of borrowings and loans received that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. Capitalisation of the costs of borrowings and loans received commences when preparing the asset for its intended use and when the costs of borrowings and loans are incurred. Costs of borrowings and loans received are capitalised until the assets are ready for their intended use. Costs of borrowings and loans consist of interest expense and other costs associated with the borrowings of funds.

2.27 Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when it is probable that they will result in economic benefits. Contingent liabilities are not recognised in the consolidated financial statements until they are acquired in a business combination. They are disclosed in the notes to the consolidated financial statements only if the possibility of an outflow of resources representing economic benefits is not distant.

2.28 Corrections of errors from previous periods

If the Group finds a significant error in the current accounting period relating to previous accounting periods, it corrects this error retrospectively in such a way that it also changes the data for previous accounting periods which are reported in these financial statements. Corrections of insignificant errors of previous accounting periods are posted in the current accounting period to the relevant expense or income account.

No significant correction of errors from previous periods was posted in 2022.

3. Financial risk management**3.1 Financial risk factors**

The Group's business activities expose it to certain financial risks, in particular credit risk, interest rate risk and partially the risk of changes in foreign currency exchange rates. The Group's principal financial

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instruments comprise bank loans, trade receivables and payables resulting directly from the Group's ordinary course of business.

Risk management is carried out by the Financial Department, which identifies and assesses the financial risks and proposes measures for financial risk management. Financial risk management is governed by the guidelines approved by the Board of Directors of the Company.

Market risk

(a) Price risk

Because the Group does not invest in shares or similar financial instruments, it is not exposed to a price risk.

(b) Cash flow and fair value interest rate risk

The Group is exposed to interest rate risk as a result of short-term and long-term deposits. Floating interest rate borrowings expose the Group to the variability of cash flows risk. Fixed interest rate borrowings expose the Group to the fair value risk. The Group has considerable liabilities with a Euribor floating rate; its interest expense depends on changes in interest rates, and therefore the Group is exposed to interest rate risk. The Group monitors the volume of floating rate loans with regard to internally set limits and at the same time regularly monitors the development of interest rates. In the event of a negative expected development, the Group reassesses its sources of funding. Upon a change of the Euribor interest rate by -1%, the Group would have interest expenses lower by EUR 24,000 (2021: unchanged). Upon a change of the market interest rate by +1%, the Group's interest expense was EUR 96,000 higher (2021: EUR 102,000 higher).

As of 31 December 2022 and 2021, the Group has no significant interest-bearing assets, apart from short-term bank deposits and funds on bank accounts; cash flows from operating activities depend on variation of the market interest rate only to a minor extent.

Credit risk

Credit risk arises in relation to cash and cash equivalents, financial derivatives and deposits in banks and financial institutions. The Group is also exposed to credit risk due to trading with wholesale and retail sales customers resulting from unsettled receivables and agreed future transactions.

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	as of 31 December 2022	as of 31 December 2021
Trade receivables and other receivables (Note 7)	15,634,938	15,735,679
Cash and cash equivalents (Note 5)	18,241,952	29,106,055
Total financial assets	33,876,890	44,841,734

In order to eliminate the credit risk arising from bank accounts and derivative financial instruments, the Group has relationships only with those banks and financial institutions that have a high independent rating

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assessment. Cash is deposited with financial institutions bearing the minimum insolvency risk at the time of depositing money.

Financial assets, which represent a potential subject of credit risk, comprise trade receivables in particular. An overview of trade receivables and an analysis of their provision are specified in item 7 of the Notes.

The Group has established credit management rules that ensure credit risk mitigation. Signing an agreement with new customers is preceded by identifying the customer's financial standing and approval of the transaction. The Group does not assign individual risk limits to its customers. As for trade receivables, the Group does not have a significant concentration of credit risk mainly due to a large number of diverse customers. The Group uses a system of reminder notices, which may culminate in a service disconnection, as the prevailing discipline for payment enforcement. The collection of receivables could be influenced by economic factors; management believes that there is no significant risk of loss to the Group beyond the provisions already recorded.

Liquidity risk

Liquidity risk means that the Group may encounter difficulties in meeting its obligations associated with financial liabilities. Liquidity risk management implies maintaining sufficient cash.

Based on expected cash flows, management monitors the interim forecasts of the liquidity level. The main instruments for liquidity management include cash and cash equivalents (Item 5 of the Notes).

The body responsible for processing the business plan of the Group is the Commercial Department, which prepares the plan in collaboration with other departments. The business plan is submitted for approval to the Board of Directors and subsequently presented for assessment to the Supervisory Board. The plan also includes the annual review of cash flows prepared using the indirect method.

The table below analyses the contractual undiscounted cash flows from the payment of financial liabilities of the Group:

As of 31 December 2022

(in whole euros)	Maturity within 3 months	Maturity from 3 months to 1 year	Maturity from 1 to 5 years	Maturity over 5 years	Total
Bank loans (Note 14)	128,250	384,750	16,391,965	71,594,983	88,499,948
Interest on bank loans	315,302	1,088,338	8,110,115	9,796,828	19,310,583
Trade payables and other liabilities (Note 13)	24,385,435	874,307	1,472,277	263,504	26,995,523
Lease liabilities including interest (Note 6)	822,053	1,825,548	4,629,743	3,038,577	10,315,921
Total financial liabilities under IFRS 7	25,651,040	4,172,943	30,604,100	84,693,892	145,121,975

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As of 31 December 2021

(in whole euros)	Maturity within 3 months	Maturity from 3 months to 1 year	Maturity from 1 to 5 years	Maturity over 5 years	Total
Bank loans (Note 14)	128,932	384,750	9,634,641	58,865,307	69,013,630
Interest on bank loans	108,119	328,474	1,647,636	3,378,671	5,462,900
Trade payables and other liabilities (Note 13)	21,124,024	1,150,987	1,068,875	0	23,343,886
Lease liabilities including interest (Note 6)	1,178,677	1,764,601	3,549,697	3,163,681	9,656,656
Total financial liabilities under IFRS 7	22,539,752	3,628,812	15,900,849	65,407,659	107,477,072

To maintain the currently valid conditions of loan contracts, the Company is obliged to meet the following indicators:

Indicator	Limit	as of 31 December 2022	as of 31 December 2021
Debt service coverage ratio (DSCR)	minimum: 1.2	18.86	31.31
Debt/EBITDA	maximum: 6	4.17	2.26
Equity ratio	minimum: 55%	66.06%	69.85%

3.2 Capital management

Management considers the Group's equity, as reported in these financial statements (as of 31 December 2022: EUR 318,328,886; as of 31 December 2021: EUR 322,518,706), to be the capital.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to keep low financing costs.

The Group creates a legal reserve fund, which is used to cover any losses or adopt measures to overcome an unfavourable course of management. The legal reserve fund cannot be distributed as a dividend.

The Company is bound by loan agreements to comply with the financial indicator of ratio equity to the sum of equity and liabilities. At the end of the reporting period the indicator was met. Based on loan agreements, the calculation of covenants is tied to the values presented in the separate financial statements of the Company.

3.3 Fair value estimate

The carrying amounts of the financial assets and liabilities are approximately equal to their fair value. The fair value of financial liabilities for the purposes of disclosure in the annex to the financial statements is determined by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

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4. Critical accounting estimates and decisions

In applying the Group's accounting principles described in item 2 of the Notes, the Group adopted the following decisions concerning uncertainties and estimates having a material impact on the amounts reported in the consolidated financial statements. This section outlines the issues that pose a significant risk of material adjustments in the next reporting period:

The regulatory framework in the area of the development of public water mains and public sewer systems

The business of public water mains and sewer system is regulated by Act No. 442/2002 Coll. on Public Water Mains and Public Sewer Systems and on Alterations of and Additions to Act No. 276/2001 Coll. on Regulation in Network Industries, as amended. This Act stipulates, among other things, the establishment, development and operation of public water mains and public sewer systems, the rights and obligations of their operators as well as the supervision performed by bodies of public administration, in particular in the area of adherence to qualitative indicators for drinking water as well as wastewater drainage.

The rates in the water management industry and the terms and conditions for their application fall under the power of the Regulatory Office for Network Industries (hereinafter referred to as RONI) under Act No. 250/2012 Coll. on Regulation in Network Industries, as amended, and Regulation of the RONI No. 361/2021 Coll. of 6 October 2021 Altering and Supplementing Regulation of the RONI No. 21/2017 Coll. Laying down the Price Regulation of the Production, Distribution and Supply of Drinking Water by the Public Water Mains and the Drainage and Treatment of Wastewater through the Public Sewer System, as amended by Regulation No. 204/2018 Coll. of 27 June 2018.

The method of implementing the price regulation takes into account the extent, structure and amount of the economically justified costs that were demonstrably incurred in carrying out the regulated activities; the method of determining the amount of reasonable profit, including the amount of investments that can be included in the price; the method of calculating the maximum price for production, distribution and supply of drinking water and the drainage and treatment of wastewater; as well as the source data for the price proposal and the procedure and terms and conditions of applying the price.

The aim of the provisions of Regulation of the RONI No. 361/2021 Coll. is an update of the current regulatory period, which was extended until 31 December 2022 based on Supplement 1 to the Regulatory Policy for the regulatory period 2017–2021, adopted by the Regulatory Council on 10 November 2020. It also takes into account the changes that resulted from the application practice in the implementation of price regulation in the water industry, which is reflected in the lower administrative complexity of the preparation of documents, with the submission of price proposals and actual data via an electronic mailbox; the formulas for calculating the investment development factor and the utilisation coefficient of the projected capacity for wastewater discharge and treatment are modified and refined, and a definition of the cost change value is added to increase comprehensibility.

On 4 November 2021, in the matter of an alteration of decision No. 0016/2020/V of 10 August 2020, by which the Office determined for the Company the maximum price of production, distribution and supply of drinking water through public water mains and for drainage and treatment of wastewater through the public sewer system till 31 December 2021, the RONI decided, on its own initiative, that it extends for the Company, by decision No. 0106/2021/V of 4 November 2021, the validity of the hitherto maximum price of

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production, distribution and supply of drinking water through public water mains and for drainage and treatment of wastewater through the public sewer system till 31 December 2022.

Final price decision No. 0016/2020/V, by which the Regulatory Office for Network Industries sets prices till 31 December 2021, and on the basis of the final price decision No. 0106/2021/V till 31 December 2022:

Final price decision	EUR/m³ excl. VAT
Maximum price of production and supply of drinking water through public water mains	1.0135
Maximum price of production and distribution of drinking water through public water mains	0.7090
Maximum price of drainage and treatment of wastewater through the public sewer system	0.9985

At the same time, in the matter of changing Decision No. 0013/2020/V of 2 April 2020, by which the RONI determined for the Company the maximum price for treatment of wastewater supplied to a wastewater treatment plant through the public sewer system until 31 December 2021, the RONI decided, on its own initiative, that it extends for the Company, by Decision No. 0107/2021/V from 4 November 2021 the validity of the current maximum price for treatment of wastewater supplied to a wastewater treatment plant through the public sewer system until 31 December 2022.

Final price decision No. 0013/2020/V, by which the Regulatory Office for Network Industries sets prices till 31 December 2021, and on the basis of the final price decision No. 0107/2021/V till 31 December 2022:

Final price decision	EUR/m³ excl. VAT
Maximum price of treatment of wastewater supplied to a wastewater treatment plant through the public sewer system	0.5526

As a result of a significant change in economic parameters, caused primarily by the increase in electricity prices in 2022, the Company submitted a proposal for a price change, mainly for the purpose of securing sufficient financial resources necessary to cover operating costs and ensure the proper operation of the Company. On 24 February 2022, in the matter of the decision on the proposal of prices for production and supply of drinking water through public water mains, production and distribution of drinking water through public water mains and for drainage and treatment of wastewater through the public sewer system, the RONI issued the final price Decision No. 0014/2020/V, by which it determined for the Company the prices valid till 31 December 2022. The Company started to apply the new prices in accordance with the decision on 1 April 2022.

Final price decision No. 0014/2022/V, by which the Regulatory Office for Network Industries sets prices till 31 December 2022:

Final price decision	EUR/m³ excl. VAT
Maximum price of production and supply of drinking water through public water mains	1.0387
Maximum price of production and distribution of drinking water through public water mains	0.7267

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On 21 November 2021, in the matter of a proposal of the prices of production and supply of drinking water through public water mains, production and distribution of drinking water through public water mains, drainage and treatment of wastewater through the public sewer system and treatment of wastewater supplied to the wastewater treatment plant, the RONI issued the final price decision No. 0001/2023/V, by which it determined for the Company the prices valid till 31 December 2027. The Company started to apply the new prices in accordance with the decision on 24 January 2023.

Final price decision No. 0001/2023/V, by which the Regulatory Office for Network Industries sets prices till 31 December 2027:

Final price decision	EUR/m³ excl. VAT
Maximum price of production and supply of drinking water through public water mains	1.2025
Maximum price of production and distribution of drinking water through public water mains	0.6612
Maximum price of drainage and treatment of wastewater through the public sewer system	1.1251
Maximum price of treatment of wastewater supplied to a wastewater treatment plant through the public sewer system	0.6364

Impairment of non-current tangible and intangible assets

The Company manages extensive tangible and intangible assets needed to provide for its activities. Another part of the technology is managed by the subsidiary BIONERGY, a. s. The net book value of tangible and intangible assets of the Group amounted to EUR 452 million as of 31 December 2021 (as of 31 December 2021: EUR 423 million), including the right-of-use assets in the form of a lease. The Group's management assessed the future economic benefits following from the long-term tangible and intangible assets of the Company, including the right to use the leased assets, given the high degree of interdependence of business for both companies as one cash-generating unit.

At the end of each accounting period, management examines whether there is any indication that a non-current tangible or intangible asset may be impaired. If any such indication exists, management estimates the recoverable amount, which is the higher of fair value less costs to sell and value in use.

The Group's cash inflows are regulated and are based on its justified expenses, which are assessed by the Office for the Regulation of Network Industries ("RONI") in accordance with applicable legislation. A description of the regulatory framework for the development and operation of public water mains and public sewer systems is given below. The Company's profitability is limited to 0.08 EUR/m³ excl. VAT for the production, distribution and supply of drinking water and 0.10 EUR/m³ excl. VAT for drainage and treatment of wastewater. Due to the regulation of income, the Company does not achieve a profitability that would ensure the payback of investments in non-current tangible and intangible assets (including the right to use leased assets) to an appropriate extent, and the Company's management has assessed this fact as an indicator of impairment of assets.

In addition to assumptions like a discount rate of 6.4% p. a. (2021: 6.4% p. a.), the estimated future cash flows, future capital expenditures required to secure cash inflow and the required working capital, the

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Group also took into account in the calculation the probability that the RONI will change the regulatory policy, which will entail an increase in the water and sewer rates that will ensure full economic payback for water sector assets. On 6 October 2022, the RONI issued the Regulation No. 323/2022 Coll. establishing the price regulation of production, distribution and supply of drinking water by public water mains and drainage and treatment of wastewater through the public sewer system and some conditions for the performance of regulated activities in water management, effective from 1 January 2023. Based on the applicable legislation in the area of price regulation, the Group considers the reported provisions for non-current tangible and intangible assets to be adequate.

Litigations

The Group is party to various litigations for which management has estimated a probable loss, which may result in certain financing expenses. In determining this estimate, the Group relied on the advice of its external legal counsel, the latest available information on the status of court hearings and internal assessment of the likely outcome, and it creates provisions, if needed. Details of individual litigations are specified in items 16 and 27 of the Notes.

Actuarial estimates in the calculation of pension scheme liabilities

The cost of a defined benefit pension plan is determined by actuarial calculations. These calculations include estimates of discount rates, the future wage growth, mortality or employee turnover. Due to the long-term nature of such pension plans, such estimates are subject to a high degree of uncertainty. Further information on the provision for long-term employee benefits is provided in item 15 of the Notes.

5. Cash and cash equivalents

In the consolidated statement of financial position, cash and cash equivalents comprise the following items:

(in whole euros)	as of 31 December 2022	as of 31 December 2021
Cash and cash equivalents on hand	1,044	547
Current accounts in banks	18,240,908	16,105,508
Term deposits	0	13,000,000
Total	18,241,952	29,106,055

As of 31 December 2022 and 2021, the cash and cash equivalents were freely at the Group's disposal.

No balances are overdue or impaired. In order to eliminate credit risk resulting from the bank accounts held, the Group enters into relationships only with those banking and financial institutions that have a high independent rating. Cash is placed in financial institutions with which there is a minimal risk of insolvency at the time the funds are deposited.

The credit quality of cash and cash equivalents deposited in banks is as follows:

(in whole euros)	Credit rating	31 December 2022	31 December 2021
Všeobecná úverová banka	Moody's A2	8,503,161	20,913,343
Tatra banka	Moody's A2	3,304,378	2,654,770
Slovenská sporiteľňa	Moody's A2	4,963,229	4,071,009
ČSOB	Moody's A2	1,000,427	1,000,703

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UniCredit	Moody's A3	469,713	465,683
Total cash and cash equivalents in banks		18,240,908	29,105,508

The overview does not contain the Group's cash and cash equivalents on hand.

6. Right-of-use assets and lease liabilities

The right-of-use assets by the category of the underlying asset are shown in the following table:

(in whole euros)	Vehicles	Land	Buildings and premises	Machinery	Total
As of 1 January 2022	4,738,659	3,301,782	687,230	134,483	8,862,154
Additions	3,049,481	9,284	114,896	0	3,173,661
Disposals	0	0	-168,370	-74,748	-243,118
Other lease modifications	1,434,554	242,094	-147,782	17,749	1,546,615
Reassessments of the lease liability	0	0	0	0	0
Depreciations	-3,521,993	-164,588	-124,969	-65,892	-3,877,442
As of 31 December 2022	5,700,701	3,388,572	361,005	11,592	9,461,870

The right-of-use assets by the category of the underlying asset for the previous period are shown in the following table:

	Vehicles	Land	Buildings and premises	Machinery	Total
As of 1 January 2021	5,048,468	3,450,468	2,004,406	903,738	11,407,079
Additions	2,128,294	0	356,153	0	2,484,447
Disposals	-184,694	0	-1,697,496	0	-1,882,190
Other lease modifications	1,348,232	1,538	338,865	-356,649	1,331,987
Reassessments of the lease liability	0	0	0	0	0
Depreciations	-3,601,641	-150,223	-314,698	-412,607	-4,476,169
As of 31 December 2021	4,738,659	3,301,782	687,230	134,483	8,862,154

Movements in the value of lease liabilities during 2022 and 2021 are shown in the following table:

(in whole euros)	2022	2021
As of 1 January	8,676,470	11,190,246
Additions	3,173,661	2,484,447
Disposals	-243,856	-1,887,895
Other lease modifications	1,459,470	1,133,406
Reassessments of the lease liability	0	0
Interest on the lease liability	127,027	118,701
Lease payments	-3,793,333	-4,562,435
As of 31 December	9,399,438	8,676,470

The costs of short-term leases, variable lease payments and leases of low-value assets are specified in item 21 of the Notes. Additions to right-of-use assets and lease liabilities represent significant non-monetary transactions from investment activities or financial activities. The total monetary expenditure for 2022 in connection with the leases amounts to EUR 4,035,341 (2021: EUR 4,542,748).

7. Trade receivables and other receivables

(in whole euros)	as of 31 December 2022	as of 31 December 2021
Trade receivables	10,423,197	10,253,066

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Unbilled revenues	4,290,973	4,347,921
Total trade receivables	14,714,170	14,600,987
Advances and prepaid expenses	642,366	713,126
Tax receivables (mainly resulting from VAT) and subsidies	278,402	421,566
Total other non-financial receivables	920,768	1,134,692
Total trade receivables and other receivables	15,634,938	15,735,679

The development of the provision is shown in the following table:

(in whole euros)	2022	2021
As of 1 January	2,452,928	2,671,249
Creation of a provision for receivables	1,902,861	171,871
Release of the provision	-675,995	-208,623
Write-off of unenforceable receivables	-412,577	-181,569
As of 31 December	3,267,217	2,452,928

The Group created 100% provisions for all receivables overdue for more than 1,080 days, because it follows from previous experience that receivables overdue for more than 1,080 days are unenforceable. The provisions for trade receivables overdue for 360 to 1,080 days are created based on an estimate of the irrecoverable amount according to previous experience with a percentage of unsettled receivables. The Group does not create provisions for overdue receivables for which it has agreed on a repayment schedule with the debtor and the debtor adheres to the repayment schedule

Details of the expected credit losses with respect to trade receivables:

	(in whole euros)	as of 31 December 2022					as of 31 December 2021		
		loss %	Gross carrying amount	Expected credit loss (ECL)	Net carrying amount	loss %	Gross carrying amount	Expected credit loss (ECL)	Net carrying amount
Non-overdue		7.71%	12,388,261	955,281	11,432,980	0.01%	10,710,460	1,071	10,709,389
Overdue:									
- less than 360 days		9.37%	2,496,822	233,899	2,262,923	1.55%	2,357,985	36,549	2,321,436
-361-720 days		20%	1,061,125	204,985	856,140	20%	541,624	98,915	442,709
-721-1,080 days		50%	321,051	160,211	160,840	50%	984,266	449,772	534,494
-more than 1,081 days		100%	1,714,128	1,712,841	1,287	100%	2,459,580	1,866,621	592,959
Trade receivables			17,981,387	3,267,217	14,714,170		17,053,915	2,452,928	14,600,987

Mathematically, the expected credit loss (ECL) does not correspond to the stated percentages of provisions, as the Group creates 100% provisions for companies in bankruptcy and restructuring regardless of the maturity of receivables, and the Group does not create provisions for receivables that are part of repayment schedules that debtors adhere to, because the Group does not consider these receivables to be risky, regardless of the original maturity of these receivables.

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The fair value of the receivables is not significantly different from their carrying amount.

8. Inventories

(in whole euros)	Net value as of 31 December 2022	Net value as of 31 December 2021
Material and spare parts	2,184,406	1,397,080
Total inventories	2,184,406	1,397,080

The inventory items are shown after provisions for slow-moving materials and spare parts of EUR 373,031 (2021: EUR 373,203).

The Group's inventories are not pledged for the benefit of creditors.

9. Non-current tangible assets

(in whole euros)	Land, buildings and constructions	Machinery, devices and equipment	Capital construction in progress	Total
As of 1 January 2022				
Cost	813,673,354	134,303,163	36,362,332	984,338,848
Accumulated depreciation and provisions	-464,014,758	-108,610,890	-1,684,434	-574,310,082
Net book value as of 1 January 2022	349,658,595	25,692,273	34,677,898	410,028,766
Additions	0	0	51,553,180	51,553,180
Capitalised cost of loans and borrowings*	0	0	254,062	254,062
Capitalisation Asset	22,957,841 243,090	10,039,272 -2,498,440	-32,997,113 -147,916	0 -2,403,266
decreases/disposals				
Depreciation	-17,342,867	-7,765,374	0	-25,108,241
Decrease in accumulated depreciation	644,842	2,428,249	0	3,073,091
Change in provisions	13,848	0	4,414	18,262
Net book value as of 31 December 2022	356,175,350	27,895,980	53,344,525	437,415,855
Cost	836,874,285	141,843,995	55,024,545	1,033,742,825
Accumulated depreciation and provisions	-480,698,935	-113,948,015	-1,680,020	-596,326,970
<i>of which: provisions</i>	<i>-41,334,032</i>	<i>-3,187,754</i>	<i>-1,680,020</i>	<i>-46,201,806</i>
Net book value as of 31 December 2022	356,175,350	27,895,980	53,344,525	437,415,855

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*The rate applied to the capitalisation of the cost of loans and borrowings was approximately 0.60% p.a. in 2022.

(in whole euros)	Land, buildings and constructions	Machinery, devices and equipment	Capital construction in progress	Total
As of 1 January 2021				
Cost	799,217,688	130,941,259	26,182,627	956,341,574
Accumulated depreciation and provisions	-447,815,431	-101,895,088	-1,440,481	-551,150,999
Net book value as of 1 January 2021	351,402,257	29,046,172	24,742,146	405,190,575
Additions	0	0	29,937,292	29,937,291
Capitalised cost of loans and borrowings*	0	0	134,777	134,777
Capitalisation	16,137,900	3,754,464	-19,892,364	0
Asset	-1,682,234	-392,560	0	-2,074,794
decreases/disposals				
Depreciation	-17,003,945	-7,928,384	0	-24,932,329
Decrease in accumulated depreciation	781,213	1,210,425	0	1,991,638
Change in provisions	23,405	2,157	-243,953	-218,391
Net book value as of 31 December 2021	349,658,595	25,692,273	34,677,898	410,028,766
Cost	813,673,354	134,303,163	36,362,332	984,338,848
Accumulated depreciation and provisions	-464,014,758	-108,610,890	-1,684,434	-574,310,082
of which: provisions	-41,347,880	-3,187,754	-1,684,434	-46,220,068
Net book value as of 31 December 2021	349,658,595	25,692,273	34,677,898	410,028,766

*The rate applied to the capitalisation of the cost of loans and borrowings was approximately 0.60% p.a. in 2021.

The Group's non-current assets are not pledged for the benefit of creditors. The non-current tangible assets are insured against natural disasters, interruption of operation (and other events) up to the cost (purchase price) of the assets.

10. Non-current intangible assets

(in whole euros)	Acquired software	Royalties, other non-current intang. assets	Goodwill	Acquisition of non-current intang. assets in process	Total
As of 1 January 2022					

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Cost	6,603,826	3,251,392	1,689,032	5,177	11,549,427
Accumulated amortisation and provisions	-3,380,930	-2,478,400	-1,689,032	-982	-7,549,344
Net book value as of 1 January 2022	3,222,896	772,992	0	4,195	4,000,083
Additions	0	0	0	1,469,836	1,469,836
Capitalisation	1,102,135	293,311	0	-1,395,446	0
Asset decreases/disposals	-142,423	0	0	-982	-143,405
Amortisation	-613,274	-159,022	0	0	-772,296
Change in accumulated amortisation	142,422	0	0	0	142,422
Change in provisions	0	0	0	982	982
Net book value as of 31 December 2022	3,711,757	907,281	0	78,585	4,697,622
Cost	7,563,538	3,544,703	1,689,032	78,585	12,875,858
Accumulated amortisation and provisions	-3,851,781	-2,637,422	-1,689,032	0	-8,178,235
<i>of which: provisions</i>	<i>-265,884</i>	<i>-64,179</i>	<i>-1,689,032</i>	<i>-0</i>	<i>2,019,095</i>
Net book value as of 31 December 2022	3,711,757	907,281	0	78,585	4,697,622

(in whole euros)	Acquired software	Royalties, other non-current intang. assets	Goodwill	Acquisition of non-current intang. assets in process	Total
As of 1 January 2021					
Cost	6,014,574	3,158,013	1,689,032	61,677	10,923,296
Accumulated amortisation and provisions	-3,346,260	-2,470,512	-1,689,032	-982	-7,506,786
Net book value as of 1 January 2021	2,668,314	687,502	0	60,694	3,416,510
Additions	0	10,744	0	683,366	694,109
Capitalisation	657,230	82,635	0	-739,865	0
Asset decreases/disposals	-67,978	0	0	0	-67,979
Amortisation	-440,353	-129,484	0	0	-569,837
Change in accumulated amortisation	405,683	121,596	0	0	527,279
Change in provisions	0	0	0	0	0
Net book value as of 31 December 2021	3,222,896	772,992	0	4,195	4,000,083
Cost	6,603,826	3,251,392	1,689,032	5,177	11,549,427
Accumulated amortisation and provisions	-3,380,930	-2,478,400	-1,689,032	-982	-7,549,344
<i>of which: provisions</i>	<i>-265,884</i>	<i>-64,179</i>	<i>-1,689,032</i>	<i>-982</i>	<i>2,020,077</i>
Net book value as of 31 December 2021	3,222,896	772,992	0	4,195	4,000,083

Non-current intangible assets consist mainly of software used by the Group companies and intangible assets acquired by BVS. The Group owns no software created by its own activities.

11. Deferred income tax

Deferred income (i.e. corporate) tax is calculated in full on temporary differences under the balance sheet liability method using a principal tax rate of 21% (in 2021 a rate of 21%). Deferred tax liabilities are mainly made up of the difference between the tax value and carrying amount of non-current tangible assets.

Deferred tax assets and liabilities are offset by the Group if it has a legally enforceable right to offset a current tax asset against current tax liabilities and if the deferred income tax relates to the same tax administration authority.

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(in whole euros)	as of 31 December 2022	as of 31 December 2021
Deferred tax liability from assets	-9,336,560	-9,574,523
Deferred tax asset with respect to provisions	937,740	947,962
Deferred tax asset with respect to the provision for retirement payments	371,980	405,427
Deferred tax asset with respect to assets (provisions)	10,662,174	10,569,478
Other	-1,833,763	-2,146,880
Total deferred tax liabilities	801,570	201,463

Movements in deferred tax on temporary differences were recognised in profit or loss, except for EUR 14,434 (2021: EUR -25,239), which relates to actuarial remeasurements of employee benefit obligations payable after termination of employment, and which was recognised in other comprehensive income.

12. Deferred income

(in whole euros)	2022	2021
As of 1 January	39,430,540	38,731,245
Transfer to the short-term part	-2,847,736	-3,166,210
Additions per year	2,413,192	3,865,505
Long-term subsidies and contributions as of 31 December	38,995,996	39,430,540
As of 1 January	2,961,343	3,097,065
Additions per year	59,207	181,969
Transfer from the long-term part	2,847,736	3,166,210
Use per year through the profit and loss account	-3,020,562	-3,483,901
Short-term subsidies and contributions as of 31 December	2,847,724	2,961,343
Total subsidies and contributions as of 31 December	41,843,720	42,391,883

The Company uses subsidies from the Cohesion Fund (of the European Union) and the state budget to co-finance projects aimed at increasing the efficiency of wastewater treatment in order to meet legislative requirements for the removal of nutrients and phosphorus in treated wastewater in accordance with European legislation.

Projects co-financed from subsidies from the Cohesion Fund and the state budget under the Operational Programme Environment – INVESTMENT TO YOUR FUTURE:

- Holič, refurbishment and intensification of a wastewater treatment plant

Project implementation started in May 2011. The work was completed, delivery was taken of it and in September 2014 the competent Building Authority issued its consent to putting the WWTP into permanent operation.

The subject was the complete modernisation and refurbishment of the WWTP with the construction of a new discharge pipeline for treated water leading to the Morava River (the original recipient was the Kyštor stream). The modernisation was necessary in order to comply with legislative requirements regarding the quality of discharged treated wastewater in nitrogen and phosphorus indicators.

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- Sewer system construction in the Danube part of the Bratislava Region in the parts
 - intensification and upgrade of the Vrakuňa Central Wastewater Treatment Plant, construction 2
 - intensification and upgrade of the Petržalka Wastewater Treatment Plant, construction 2

The provision of wastewater treatment related to the part of Bratislava, the capital of Slovakia, belonging to the basin of the Danube border river, but partly also to sewerage wastewater pumped to Bratislava from the part of the Little Carpathians region (up to Pezinok). The implementation of the project started on 8 November 2013. The work was completed in November 2015. After a year of trial operation, both treatment plants are in permanent operation.

- Completion of the sewer system and the wastewater treatment plant in the Modra agglomeration

The project included the refurbishment of the wastewater treatment plant in Modra, the completion of the sewer system in the town of Modra and construction of a sewer system in the village of Dubová. The implementation started on 30 June 2014. The work was completed in December 2015 and received final approval for use from the inspector; it was put into trial operation and then into permanent operation.

A project co-financed from the Cohesion Fund and the state budget within the Operational Programme Quality of the Environment

- Rohožník wastewater treatment plant – refurbishment and upgrade

The project was co-financed from European Union funds, and its objective was to improve drainage and treatment of municipal wastewater in agglomerations with a population equivalent of over 2,000 in accordance with the commitments of the Slovak Republic towards the European Union. The actual implementation of the project started on 19 July 2017. The work was completed in January 2019. The WWTP received final approval for use from the inspector, and it was put into trial operation.

In accordance with the terms and conditions of the Contract on a Non-repayable Financial Contribution, completed investment projects are subject to a mandatory 5-year monitoring by the Ministry of Environment of the Slovak Republic, and for a period of 5 years from the commissioning for permanent operation. BVS is obliged to send, once a year, reports on the fulfilment of indicators (financial flows, measurable indicators, i.e. the population equivalent connected to newly constructed sewer systems, and/or refurbished wastewater treatment plants and the number of agglomerations whose issues have been resolved). The Ministry of Environment of the Slovak Republic will evaluate compliance with the terms and conditions of the Contract on a Non-repayable Financial Contribution only after the end of the monitoring period, and if the requirements of the financial analysis or of measurable indicators are not adhered to, it may perform corrections, i.e. a part of the subsidy may be returned in accordance with the terms and conditions of the contract.

In the preparation and implementation of individual constructions, BVS focuses on using the latest information technologies, which ensures their proper functioning in the water mains and sewer system through a central control centre. At the same time, new technologies make it possible to increase the protection of built structures in terms of safety and security.

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Non-current tangible assets acquired through co-financing from subsidies are subject to the condition of maintaining ownership of these assets for at least 5 years from the end of the projects.

Subsidies for the acquisition of non-current intangible assets and non-current tangible assets are first reported as deferred income and are gradually released as operating revenues in temporal and material connection with the posting of depreciation of subsidised non-current assets.

13. Trade payables and other liabilities

(in whole euros)	as of 31 December 2022	as of 31 December 2021
Trade payables and other liabilities	24,231,363	20,665,581
Unbilled deliveries and doubtful accounts	295,053	257,287
Financial liabilities	24,526,415	20,922,868
Liabilities to employees	1,474,656	1,438,860
Liabilities to the Social Insurance Company	994,452	982,158
Non-financial liabilities	2,469,108	2,421,018
Total trade payables and other liabilities and Other long-term liabilities	26,995,523	23,343,886

The fair value of current and non-current liabilities is not materially different from their carrying amount. The Company has no trade payables covered by a right of pledge.

The structure of non-overdue and overdue liabilities is shown in the following table:

(in whole euros)	as of 31 December 2022	as of 31 December 2021
Non-overdue liabilities	39,964	133,067
Overdue liabilities	26,955,559	23,210,819
Total trade payables and other liabilities and Other long-term liabilities	26,995,523	23,343,886

14. Loans and borrowings

(in whole euros)	2022	2021
As of 1 January	513,682	514,907
Bank loans received	0	682
Transfer from the long-term part	513,000	513,000
Principal repayments	-513,682	-514,907
Short-term bank loans as of 31 December	513,000	513,682
As of 1 January	68,499,948	69,012,948
Bank loans received	20,000,000	0
Transfer to the short-term part	-513,000	-513,000
Long-term bank loans as of 31 December	87,986,948	68,499,948
Total loans and borrowings	88,499,948	69,013,630

On 23 June 2020, BVS entered into a loan contract with UniCredit Bank Czech Republic and Slovakia, a.s., for the granting of a loan of EUR 10.5 million for the purposes of paying the purchase price of the 49%

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minority stake in Infra Services, a. s. The loan is due on 30 June 2030; the interest rate of the granted loan is 3M EURIBOR + 0.85% p.a.

On 20 November 2020, the Company entered into a loan contract with Slovenská sporiteľňa, a. s., for the granting of a loan in of EUR 59.28 million for the purpose of refinancing loans provided by Tatra banka due on 31 December 2020. The agreed interest rate is 0.59% p. a.; the loan is due on 30 September 2045. The first loan instalment of EUR 689,000 is due on 30 June 2024.

On 4 August 2020, the Company entered into a loan contract with the Council of Europe Development Bank (CEB) for the purpose of financing investment projects, in the total amount of EUR 50 million. On 12 July 2022, the Company drew the first tranche of the loan in the amount of EUR 15 million, the interest rate was agreed at the level of 2.09%. The first instalment of the tranche in the amount of EUR 1.5 mil. is due on 12 July 2026. On 9 December 2022, the Company drew the second tranche of the loan in the amount of EUR 5 million, with an agreed interest rate of 3.20% p.a. and the first principal instalment on 9 December 2026.

15. Liability concerning benefits upon termination

The Company's long-term employee benefits plan represents a defined benefit plan under which, upon retirement, employees are entitled to a one-time contribution.

Liabilities from benefits are measured at the present value of expected future monetary cash outflows discounted at an interest rate equal to the interest rate of high-quality corporate bonds with a 30-year time to maturity, published by the European Central Bank. The company derives the discount rate from the expected real interest rate of 2.4245% p. a. (in 2021: 0.1442%) and the expected employee turnover of 11.5095% (in 2021: 10.04%).

The change in provisions for retirement payments reported in the consolidated statement of financial position for the year ending on 31 December 2022 and the year ending on 31 December 2021 can be summarised as follows:

(in whole euros)	2022	2021
As of 1 January	1,516,329	1,396,142
Net change in the provisions (actuarial estimate), included in other comprehensive income <i>of which: change in provisions before discounting</i>	-68,731	120,187
<i>interest from discounting</i>	67,470	678,315
	-136,202	-558,128
Provision for retirement payments as of 31 December	1,447,598	1,516,329
Provision for work jubilees	360,841	433,300
Social Fund liabilities	248,012	450,138
Total liability concerning liabilities upon termination and other as of 31 December	2,056,451	2,399,767

The creation and use of the Social Fund are shown in the following table:

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(in whole euros)	2022	2021
As of 1 January	450,138	368,499
Creation through expenses, other allocation	533,096	490,814
Drawdown	-735,222	-409,175
As of 31 December	248,012	450,138

16. Long-term provisions

(in whole euros)	As of 1 January	Creation	Use	Cancellation	As of 31 December
Provisions for environmental issues	7,269	0	0	0	7,269
Provisions for litigations	1,110,201	208,030	330	18,550	1,299,350
Total for 2021	1,117,470	208,030	330	18,550	1,306,619
Provisions for environmental issues	7,269	0	0	0	7,269
Provisions for litigations	1,089,407	69,490	16,880	31,816	1,110,201
Total for 2021	1,096,676	69,490	16,880	31,816	1,117,470

(i) Provisions for environmental issues

As of 31 December 2022, the provision amounted to EUR 7,269 (31 December 2021: EUR 7,269).

(ii) Litigations

The provision for passive litigations totalling EUR 1,299,350 (2021: EUR 1,110,201) is created until the court decides on individual litigations, on the basis of expert appraisals by the Company's legal representatives, who have the most relevant information on the course of litigation, evidence, etc. The litigations against the Group mainly concern compensation for damage cause by operating activities, compensation of a non-proprietary loss, compensation for unjust enrichment and bills of exchange. The Group expects the litigations to be ended in the 2023–2025 period.

Details on litigations with a significant claimed principal with accessions thereof, with which the Group expects a low risk of failure and for which no provision has been created, can be found in item 27 of the Notes.

17. Share capital

As of 31 December 2022 and 2021, the share capital of the Company consisted of 8,477,431 ordinary book-entry shares with a face value of EUR 33.19 each, which were fully paid up. As of 31 December 2022, the company held 714,771 treasury shares (2021: 714,771) at a cost of EUR 1,927,338. Laws do not restrict the holding of such shares in any manner. Other shareholders hold 7,762,660 shares. In 2022, the Company paid shareholders dividends from profit of EUR 2,880,485 (in 2021: EUR 1,213,609), of which the Company's share in treasury share dividends is EUR 242,867. The dividend paid per share in 2022 is equal to EUR 0.34 (2021: EUR 0.14).

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18. Revenues

(in whole euros)	2022	2021
Water rates	47,988,540	46,740,364
Sewer rates and precipitation rates	47,901,998	47,716,189
Goods sales revenues	29,468	12,326
Lease revenues	137,768	109,386
Sales revenues from wastewater treatment	940,182	739,113
Sales revenues from the installation of connections to the water mains and sewer network and the installation of water meters	629,922	626,567
Engineering activities and opinion stating activities	566,664	490,210
Job-order production	0	413,767
Other revenues	528,776	419,778
Total revenues	98,723,318	97,267,700

19. Cost of the water, material and energy consumption

(in whole euros)	2022	2021
Underground water extraction	2,201,325	2,111,515
Consumption of other material	5,488,941	4,229,111
Energy consumption (electricity, gas, heat)	11,125,250	6,516,313
Consumption of other non-inventory items	3,763,737	1,757,687
Goods sold	28,652	11,206
Creation/(clearing) of provisions for inventories (material)	-172	176,054
Total cost of water, material and energy consumption	22,607,733	14,801,886

20. Wages and salaries

(in whole euros)	2022	2021
Wages and salaries (including remuneration for members of "statutory bodies")	24,604,453	22,585,240
Pension funds contributions	3,340,904	3,061,173
Other social security contributions and social expenses	7,947,453	7,321,230
Total wages and salaries	35,892,810	32,967,643

21. Services

(in whole euros)	2022	2021
Repairs and asset maintenance	5,127,044	3,771,123
IT expenses	2,507,844	3,028,479
Security service	1,751,983	1,872,750
Sludge disposal, waste collection	2,039,207	1,754,645
Surface finishing works	1,292,893	1,021,000
Road signs	119,601	227,992
Revisions and diagnostics, water meter verification	603,672	546,479
Inventory of hydraulic structures	185,412	469,812
Winter and summer maintenance	557,565	457,116
Legal services	481,404	584,472
Audit and advice	821,032	896,912
Postage, hybrid mail	755,097	775,772
Telecommunication services	462,980	447,363
Cleaning, washing	451,816	357,042

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Specialised transport	125,660	109,354
Regime monitoring	137,972	136,469
Marketing	438,444	136,415
Debt recovery	110,569	111,374
I&C servicing	186,988	80,700
Travel expenses, representation expenses	191,686	50,498
Sewer system monitoring	55,131	74,403
Test and analysis of water samples	34,096	40,755
Replacements and readings of water meters, installation of connections and water meters	12,344	436,905
Short-term lease expenses	104,318	15,032
Variable lease payments expenses	43,453	57,544
Low-value asset lease expenses	94,236	26,438
Other	1,221,473	904,736
Total services	19,913,920	18,391,579

22. Other operating expenses and revenues

(in whole euros)	2022	2021
Taxes and fees	446,794	980,156
Property insurance, organisation liability insurance, vehicle insurance	475,512	371,769
Net book value of sold non-current assets and material	6,264	305,966
Creation/(clearing) of provisions for receivables impairment	45,075	-261,447
Write-off of receivable	444,183	181,569
Creation/(clearing) of provisions	-230,791	-872,779
Depreciation of wasted investments	148,899	0
Other expenses	188,032	373,598
Total other operating expenses	1,523,968	1,078,832
Revenue from the sale of non-current assets and material	106,820	1,613,626
Contractual fines and penalties, other fines	1,075,126	531,491
Release of subsidies and gifts to income	2,955,132	3,260,343
Capitalisation of own work to investments	1,726,803	1,230,799
Damages	1,783,428	812,563
ZSE CHPU additional distribution payments	0	225,048
Other revenues	1,342,168	708,087
Total other operating revenue	8,989,477	8,381,957

The contractual fines and penalties in other operating expenses are made up of fees for demand notes, default interests and sanctions for unauthorised connections to the water mains and unauthorised discharge of wastewater into the sewer system.

23. Financial income and expenses

(in whole euros)	2022	2021
Interest income	0	0
Gains on foreign exchange	17	1
Total financial income	17	1
Interest expenses	509,446	409,904
of which: Lease liability interest	127,027	118,701
Losses on foreign exchange	146	46
Other financial expenses	118,403	154,706
Total financial expenses	627,995	564,656

24. Income tax

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(in whole euros)	2022	2021
Current income tax	-204,282	140,225
Change in the deferred tax	-546,355	1,393,945
Total income tax	-750,637	1,534,174

The standard income tax rate applied for 2022 was 21% (2021: 21%). The reconciliation between the actual income tax expense and the theoretical amount calculated based on the applied tax rate, is as follows:

(in whole euros)	2022	2021
Profit/(loss) before tax	-2,688,685	7,389,319
Theoretical tax expense at the applied 21% tax rate	-564,624	1,551,757
Expenses unrecognisable for tax purposes	218,922	235,271
Untaxed expenses to which a deferred tax has not been posted	0	0
Other	-404,935	-252,854
Income tax expense for the reporting period	-750,637	1,534,174

25. Cash flows from operating activities

(in whole euros)	2022	2021	
Profit for the period before tax	-2,688,685	7,389,319	
adjusted for:			
Non-cash expenses and income			
Depreciation of non-current tangible and intangible assets	9.10	29,854,315	30,312,903
Write-off of receivables		856,760	181,569
Increase (decrease) in provisions for receivables	7	814,289	-261,447
Increase (decrease) in provisions for non-current assets	9.10	-19,244	142,838
Increase (decrease) in provisions for inventories	8	-172	176,054
Increase (decrease) in provisions for liabilities	16	189,149	20,794
Loss (profit) from the sale of long-term tangible assets		-99,697	-1,307,007
Change in deferred income	12	-42,327	-2,718,078
Release of accruals and deferrals (donations) to the profit		-2,955,132	-505,019
Net interest expense	23	509,446	409,904
Adjustment of the value of disposed assets		-829,404	0
Changes in working capital			
Decrease (increase) in inventories	8	-787,326	-164,828
Decrease (increase) in trade receivables and other receivables	7	-656,567	2,280,355
Increase (decrease) in trade payables and other liabilities	13	3,033,110	1,129,030
Total		27,178,516	37,086,387

26. Balances and transactions with related parties

The Group falls under the control of its main shareholder, which is Bratislava, the capital of the Slovak Republic. For this reason, all legal entities controlled by the Slovak Republic are a related party of the Group. The Group supplies water to these related parties and charges sewer rates, and it purchases goods and services in the ordinary course of its business. The group reported revenues of EUR 2,448,977 towards Bratislava, the capital of the Slovak Republic, mainly for sewer rates and precipitation rates (2021: EUR 2,040,104). The group reported costs to the capital in the amount of EUR 567,388 (2021: EUR 353,479) and the acquisition of property – land in the amount of EUR 2,121,505 (2021: EUR 0). The Group records claims towards the capital city and advanced payments as of 31 December 2021 in the amount of EUR 242,223 (as of 31 December 2021: EUR 1,156,727). The Group records liabilities towards the capital city in the amount

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of EUR 151 (as of 31 December 2021: EUR 151). The Group applies to transactions with other entities an exception from the disclosure of individually insignificant transactions with related parties that are controlled by the State, jointly controlled or the State has significant influence over them. Apart from the above transactions, the Group has not recorded individually significant transactions with such related parties, except for tax payments, which are separately disclosed in the balance sheet, the statement of comprehensive income and the notes.

In addition to the City of Bratislava and the Slovak Republic, the Group's main related party is its key management.

Remuneration paid to members of the Group's bodies during the year ended 31 December 2022 amounts to EUR 597,094, of which EUR 519,354 were for the Board of Directors and EUR 77,740 for the Supervisory Board (31 December 2021: EUR 495,953, of which EUR 415,000 were for the Board of Directors and EUR 80,953 for the supervisory board). The liability due to remuneration of Group bodies members is EUR 47,413 as of 31 December 2022 (as of 31 December 2021: EUR 39,442). The severance pay to BVS management paid in 2022 amounts to EUR 0 (in 2021: EUR 0). No other significant payments or benefits were provided to key management. Remuneration is included in personnel costs.

In 2022, members of the BVS "statutory body" were provided with company motor vehicles, which they could also use for private purposes. Beyond that, no loans, guarantees or other forms of collateral were provided to them, nor funds or other benefits for private purposes that are accounted for (in 2021: the same).

27. Possible other liabilities and other financial obligations

The Group has the following potential additional liabilities that are not included in the current accounts and are not stated in the consolidated statement of financial position:

(i) Uncertainty under Slovak tax law

As many areas of Slovak tax law have not yet been sufficiently proven by practice, their application by tax authorities remains uncertain. The extent of this uncertainty is not quantifiable and will not be overcome until legal precedents or, where applicable, official interpretations by competent authorities are available.

(ii) Environmental burdens

On 13 May 2004, the Parliament of the Slovak Republic approved Act No. 364/2004 Coll. on Waters and on an Alteration of Act No. 372/1990 Coll. on Administrative Infractions, as amended (the Water Act), in which requirements of the Directive of the Council 91/271/EEC concerning urban wastewater treatment were also incorporated. Under this act, there is the duty to finish the construction of a public sewer system with associated wastewater treatment in agglomerations with more than 10,000 inhabitants by the end of 2010, and in agglomerations with more than 2,000 inhabitants by the end of 2015. The Company finances these investments from its own resources, from subsidies from the state budget and EU funds, as well as through bank loans.

Under the Water Act, the Company pays fees of EUR 0.0332 per m³ for water taken from underground sources and pursuant to Ordinance of the Government of the Slovak Republic No. 755/2004 Coll. Laying

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down the Amount of Unregulated Payments, the Amount of Fees and the Details Related to Charges for the Use of Waters, it also pays fees for wastewater discharge into surface waters. In 2022, the Company paid advance payments for fees for water taken from underground sources in the amount of EUR 2,111,515 (2021: EUR 2,090,389) by virtue of a Decision issued by the SLOVENSKÝ VODOHOSPODÁRSKY PODNIK, štátny podnik [Slovak Water Management Company, state-owned enterprise]. The actual amount of costs of water taken is EUR 2,201,325.

In 2022, the Company paid advances for fees of EUR 32,389 (2021: EUR 30,895) for the discharge of wastewater into surface waters by virtue of a Decision issued by the SLOVENSKÝ VODOHOSPODÁRSKY PODNIK, štátny podnik. The company expects that the amount of EUR 22,121 will be refunded to it in 2023, because the indicators of wastewater discharged at only one of three WWTP being monitored exceeded the concentration and balance limits for the imposition of charges.

(iii) Litigations

The Company is currently involved in several passive litigations. The outcome of these litigations can result in liabilities higher than the recorded liabilities, and such differences could be material.

The Company is subject to the following litigations with a significant claimed principal with accessions thereof, in which the company anticipates a low risk of failure and for which no full provision has been created, only a provision equal to the amount which the Company expects to be obliged to pay:

- claimant: BLUECUBE s.r.o., the claimed principal with accessions thereof is EUR 6.76 million,
- claimant: B. Lauko, the claimed principal with accessions thereof is EUR 3.11 million.

On 28 April 2020, the Žilina District Court issued a resolution initiating proceedings for the imposition of a fine in connection with the verification of the veracity and completeness of beneficial owner data entered in the Public Sector Partners Register (PSPR) on Infra Services, a. s., as a public sector partner. The maximum financial risk of the impact from a potentially incorrect or incomplete indication of the beneficial owner for the period from the company's registration in the PSPR in September 2017 to May 2019 (when Mr. Ivan Kmotrik was registered as the beneficial owner) represents the amount of economic benefit obtained for that period. The company achieved the following results for the last accounting periods: for the accounting period 2020 a loss of EUR 161,000; for the accounting period 2019 a loss after tax of EUR 554,000; for the accounting period 2018 a profit after tax of EUR 1,612,000. As of the balance sheet date, the degree of this uncertainty cannot be quantified, because it is not clear whether the court will conclude on the basis of the evidence presented that the application for registration in the PSPR contained false or incomplete information and, if the court finds a breach of the law, what amount of economic benefit it will determine (it does not follow clearly from the law how the economic benefit is calculated). If the court concludes that the economic benefit cannot be determined, it will impose a fine of between EUR 10,000 and EUR 1,000,000. The degree of the said uncertainty will disappear only after the official decision of the Žilina District Court on the amount of the fine, or on the suspension of the proceedings is available.

(iv) The regulatory framework in the area of the development and operation of public water mains and public sewer systems

See item 4 of the Notes.

(v) Other risks

The attached notes are an integral part of the consolidated financial statements.

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Bratislavská vodárenská spoločnosť, a.s.

Notes to the consolidated financial statements for the year ending on 31 December 2022
(in whole euros)

The company analyses the correctness of the procedure of public procurement and of the publication of contracts with suppliers and the possible impacts of these facts on the validity of those contracts and on the financial statements. At the same time, in the past the Supreme Audit Office carried out inspections in the company which also related to these facts. The matter at issue is mainly a contract with the subsidiary Infra Services, a. s., in the context of a framework service contract. It is not possible to estimate the potential impacts on the financial statements, if they are necessary, as of the date of preparation of these financial statements.

28. Events after the balance sheet date

At the BVS general assembly on 20 January 2023, members of the supervisory board nominated by Bratislava, the capital of the Slovak Republic, were dismissed and new ones were appointed.

Except for the stated information, there were no significant events requiring disclosure or an adjustment of the statements.

The attached notes are an integral part of the consolidated financial statements.



BALANCE SHEET

BALANCE SHEET	2022	2021	2020	2019	2018
	(EUR ths.)	(EUR ths.)	(EUR ths.)	(EUR ths.)	(EUR ths.)
TOTAL ASSETS	476,510	458,540	460,636	523,029	541,404
Non-current assets	432,079	403,855	413,468	501,704	514,721
Non-current intangible assets	4,653	3,979	2,603	3,086	3,553
Non-current tangible assets	409,663	382,112	374,462	442,471	455,020
Non-current financial assets	17,763	17,763	36,404	56,147	56,147
<i>Shares and ownership interests in affiliated entities</i>	<i>17,757</i>	<i>17,757</i>	<i>36,397</i>	<i>56,141</i>	<i>56,141</i>
Current assets	39,719	49,594	38,960	16,791	21,190
Inventories	1,766	1,309	286	206	680
Long-term receivables	10,212	9,706	10,875	335	574
Current receivables	11,366	11,100	11,103	11,535	13,808
Current financial assets	1,927	1,927	1,927	1,927	1,927
Financial accounts	14,448	25,553	14,769	2,788	4,201
Accruals and deferrals	4,711	5,090	8,207	4,534	5,493
TOTAL EQUITY AND LIABILITIES	476,510	458,540	460,636	523,029	541,404
Equity	314,798	320,295	321,423	383,479	387,865
Share capital	281,366	281,366	281,366	281,366	281,366
Share premium	0	0	0	0	0
Other capital reserves	2,344	2,344	2,344	2,344	2,344
Legal reserve funds	2,870	2,191	27,404	32,988	32,902
Other revenue reserves	0	0	0	33,650	33,253

Revaluation differences	30,835	30,835	34,159	34,159	34,159
Retained earnings	0	-3,232	-26,482	1,952	3,232
Profit/loss for the period	-2,617	6,791	2,632	-2,981	608
Liabilities	119,712	95,849	97,513	94,950	110,331
Legal provisions	714	713	456	548	452
Other long-term and short-term provisions	6,237	6,445	5,956	5,481	3,614
Non-current liabilities	1,917	1,159	1,358	7,968	9,034
Current liabilities	22,344	18,519	20,215	17,162	30,071
Bank loans and financial assistance	88,500	69,014	69,528	63,792	67,160
<i>Long-term bank loans</i>	<i>87,987</i>	<i>68,500</i>	<i>69,013</i>	<i>0</i>	<i>62,657</i>
<i>Current bank loans and short-term financial assistance</i>	<i>513</i>	<i>514</i>	<i>515</i>	<i>63,792</i>	<i>4,502</i>
Accruals and deferrals	42,000	42,395	41,699	44,601	43,208

PROFIT AND LOSS STATEMENT

PROFIT AND LOSS STATEMENT	2022	2021	2020	2019	2018
	(EUR ths.)	(EUR ths.)	(EUR ths.)	(EUR ths.)	(EUR ths.)
Net turnover	108,010	103,177	99,602	96,400	95,546
Operating revenues	108,117	104,791	100,114	96,404	95,626
Revenues from goods sold	29	12	0	0	0
Revenues from own products sold	47,989	46,742	46,152	43,814	43,860
Revenues from services sold	50,936	50,312	48,859	47,754	47,789
Change in internal inventories	0	0	0	-512	0
Capitalisation	1,727	1,231	575	582	550
Revenues from the sale of non-current assets and material	107	1,614	512	4	80
Other operating revenues	7,329	4,880	4,016	4,761	3,347
Operating expenses	110,939	95,848	96,535	100,413	95,500
Cost of goods sold	29	11	0	0	0
Cost of material, energy and other non-inventory items	22,853	13,850	13,153	13,742	13,077
Provisions for inventories	0	176	0	0	0
Services	27,179	28,689	34,887	37,322	40,432
Personnel expenses	37,008	28,855	22,036	20,193	18,994

Taxes and fees	421	947	362	299	94
Depreciation, amortisation and provisions for non-current intangible assets and non-current tangible assets	24,190	23,332	25,467	25,537	24,613
Net book value of non-current assets sold and material sold	6	306	24	0	39
Provisions for receivables	814	-255	275	-382	-762
Other operating expenses	1,439	-63	330	3,702	-987
Operating profit/loss	-2,822	8,942	3,579	-4,008	126
Value added	50,621	55,571	47,546	40,575	38,690
Income from financing activities	0	0	0	932	1,177
Expenses for financing activities	752	605	-53	581	609
Profit/loss from financing activities	-752	-605	53	169	568
Profit/loss for the period before tax	-3,574	8,337	3,632	-3,658	694
Current income tax	-427	323	3	3	1
Deferred income tax	-530	1,223	997	-681	85
Profit/loss for the period after tax	-2,617	6,791	2,632	-2,981	608

STATEMENT OF CASH FLOWS

	Item name	Reporting period				
		2022 (EUR ths.)	2021 (EUR ths.)	2020 (EUR ths.)	2019 (EUR ths.)	2018 (EUR ths.)
Cash flows from operating activities (OA)						
P/L	Profit/loss from ordinary activities before income tax (+/–)	-3,574	8,337	3,632	-3,658	694
A.1	Non-cash transactions effecting the profit/loss from ordinary activities before income tax (+/–)	23,233	19,056	42,596	25,313	22,118
A.1.1	Depreciation and amortisation of intangible and non-current tangible assets (+)	24,131	23,133	24,588	24,411	24,450
A.1.2	Net book value of non-current tangible and intangible assets recorded upon disposal of such assets and charged to expenses for ordinary activities, except for its sale (+)	-	-	-	6	2
A.1.3	Write-off of receivables (+)	857	182	-	-	-
A.1.4	Change in provisions for liabilities (+/–)	-206	213	384	1,963	-988
A.1.5	Change in provisions for assets (+/–)	873	120	82,369	-262	-601
A.1.6	Dividends and other profit sharing charged to revenues (–)	-	-	-	-931	-1,177
A.1.7	Interest expense (+)	634	451	430	412	477
A.1.8	Gain/loss on the sale of non-current assets except for assets considered cash equivalents (+/–)	-101	-1,307	-488	-4	-44
A.1.9	Other items of a non-cash nature (+/–)	-2,955	-3,737	-64,688	-1,280	-
A.2	Effect of changes in working capital on the profit/loss from ordinary activities	2,418	2,630	-21,596	-7,431	565
A.2.1	Change in receivables and accruals and deferrals from operating activities (–/+)	-1,602	3,533	-3,095	3,425	-2,116

A.2.2	Change in payables and accruals and deferrals from operating activities (+/-)	4,477	-813	-18,422	-11,330	2,885
A.2.3	Change in inventories (-/+)	-457	-90	-79	474	-165
*	Cash flow from operating activities except for cash inflows and outflows listed separately in other sections of the statement of cash flows (+/-) (sum P/L +A.1 + A.2)	22,077	30,023	24,632	14,224	23,377
A.3	Interest paid (-)	-477	-451	-430	-412	-477
A.4	Dividends and other profit sharing received (+)	-	-	-	931	1,177
A.5	Dividends and other profit sharing paid (-)	-2,638	-1,112	-	-271	-
A.6	Income tax paid (-/+)	312	-258	1	-1	9
A.7	Other	-	6,859	-	-	-
A	Net cash flow from operating activities	19,274	35,061	24,203	14,471	24,086
Cash flows from investment activities (IA)						
B.1.1	Expenditures for the acquisition of non-current tangible and intangible assets (-)	-49,971	-25,376	-18,446	-12,520	-23,150
B.1.2	Proceeds from the sale of non-current tangible and intangible assets (+)	107	1,613	488	4	-
B	Net cash flow from investing activities	-49,864	-23,763	-17,958	-12,516	-23,150
Cash flows from financing activities (FA)						
C.1	Cash flows arising from non-current liabilities and current liabilities from financing activities	19,486	-514	5,736	-3,368	-5,629
C.1.1	Proceeds from loans (+)	20,000	-	69,782	1,134	5,157
C.1.2	Expenditure for the repayment of loans (-)	-514	-514	-64,046	-4,502	-10,786
C	Net cash flow from financing activities	19,486	-514	5,736	-3,368	-5,629
D	Net increase or net decrease in cash and cash equivalents (+/-) (sum A + B + C)	-11,104	10,783	11,981	-1,413	-4,693
E	Cash and cash equivalents at the beginning of the reporting period	25,552	14,769	2,788	4,201	8,894
F	Cash and cash equivalents balance at the end of the reporting period (sum D + E)	14,448	25,552	14,769	2,788	4,201

OVERVIEW OF CHANGES IN SHARES FOR THE YEARS 2018 TO 2022

Ser. No.	shareholder	as of 31st December 2018				as of 31st December 2019			
		additions	disposals	number of shares	%	additions	disposals	number of shares	%
1	Bratislavská vodárenská spoločnosť, a.s.			714,771	8.43			714,771	8.43
2	Bratislava, the Capital of the Slovak Republic			5,026,138	59.29			5,026,138	59.29
3	Town of Skalica			733,012	8.65			733,012	8.65
4	Town of Pezinok			245,495	2.90			245,495	2.90
5	Town of Malacky			211,013	2.49			211,013	2.49
6	Town of Senec			169,240	1.99			169,240	1.99
7	Town of Modra			96,030	1.13			96,030	1.13
8	Town of Stupava			88,648	1.05			88,648	1.05
9	Town of Svätý Jur			50,211	0.59			50,211	0.59
10	Municipality of Bernolákovo			50,638	0.60			50,638	0.60
11	Municipality of Blatné			15,494	0.18			15,494	0.18
12	Municipality of Boldog			4,427	0.05			4,427	0.05
13	Municipality of Borinka			4,741	0.06			4,741	0.06
14	Municipality of Borský Svätý Jur			17,685	0.21			17,685	0.21
15	Municipality of Brestovec			11,168	0.13			11,168	0.13
16	Municipality of Budmerice			21,920	0.26			21,920	0.26
17	Municipality of Bukovec			5,078	0.06			5,078	0.06
18	Municipality of Cerová			14,449	0.17			14,449	0.17
19	Municipality of Častá			22,617	0.27			22,617	0.27
20	Municipality of Častkov			6,472	0.08			6,472	0.08
21	Municipality of Čataj			10,910	0.13			10,910	0.13
22	Municipality of Dojč			13,314	0.16			13,314	0.16
23	Municipality of Dolány			11,808	0.14			11,808	0.14
24	Municipality of Dubová			9,393	0.11			9,393	0.11
25	Municipality of Dubovce			7,505	0.09			7,505	0.09
26	Municipality of Dunajská Lužná			32,493	0.38			32,493	0.38

as of 31st December 2020				as of 31st December 2021				as of 31st December 2022			
additions	disposals	number of shares	%	additions	disposals	number of shares	%	additions	disposals	number of shares	%
		714,771	8.43			714,771	8.43			714,771	8.43
		5,026,138	59.29			5,026,138	59.29			5,026,138	59.29
		733,012	8.65			733,012	8.65			733,012	8.65
		245,495	2.90			245,495	2.90			245,495	2.90
		211,013	2.49			211,013	2.49			211,013	2.49
		169,240	1.99			169,240	1.99			169,240	1.99
		96,030	1.13			96,030	1.13			96,030	1.13
		88,648	1.05			88,648	1.05			88,648	1.05
		50,211	0.59			50,211	0.59			50,211	0.59
		50,638	0.60			50,638	0.60			50,638	0.60
		15,494	0.18			15,494	0.18			15,494	0.18
		4,427	0.05			4,427	0.05			4,427	0.05
		4,741	0.06			4,741	0.06			4,741	0.06
		17,685	0.21			17,685	0.21			17,685	0.21
		11,168	0.13			11,168	0.13			11,168	0.13
		21,920	0.26			21,920	0.26			21,920	0.26
		5,078	0.06			5,078	0.06			5,078	0.06
		14,449	0.17			14,449	0.17			14,449	0.17
		22,617	0.27			22,617	0.27			22,617	0.27
		6,472	0.08			6,472	0.08			6,472	0.08
		10,910	0.13			10,910	0.13			10,910	0.13
		13,314	0.16			13,314	0.16			13,314	0.16
		11,808	0.14			11,808	0.14			11,808	0.14
		9,393	0.11			9,393	0.11			9,393	0.11
		7,505	0.09			7,505	0.09			7,505	0.09
		32,493	0.38			32,493	0.38			32,493	0.38

27	Municipality of Gajary			29,471	0.35			29,471	0.35
28	Municipality of Hamuliakovo			9,764	0.12			9,764	0.12
31	Municipality of Hrašné			5,349	0.06			5,349	0.06
32	Municipality of Hrubá Borša			3,910	0.05			3,910	0.05
33	Municipality of Hurbanova Ves			2,562	0.03			2,562	0.03
34	Municipality of Chorvátsky Grob			17,213	0.20			17,213	0.20
35	Municipality of Igram			6,180	0.07			6,180	0.07
36	Municipality of Ivanka pri Dunaji			52,436	0.62			52,436	0.62
37	Municipality of Jablonica			25,538	0.30			25,538	0.30
38	Municipality of Jablonka			6,101	0.07			6,101	0.07
39	Municipality of Jablonové			11,786	0.14			11,786	0.14
40	Municipality of Jakubov			15,134	0.18			15,134	0.18
41	Municipality of Kalinkovo			9,663	0.11			9,663	0.11
42	Municipality of Kaplná			7,539	0.09			7,539	0.09
43	Municipality of Kátov			6,595	0.08			6,595	0.08
44	Municipality of Kostolište			10,325	0.12			10,325	0.12
45	Municipality of Kostolná pri Dunaji			5,180	0.06			5,180	0.06
46	Municipality of Kostolné			7,685	0.09			7,685	0.09
47	Municipality of Krajné			19,381	0.23			19,381	0.23
48	Municipality of Kráľová pri Senci			15,527	0.18			15,527	0.18
49	Municipality of Láb			15,336	0.18			15,336	0.18
50	Municipality of Limbach			12,022	0.14			12,022	0.14
51	Municipality of Lozorno			29,774	0.35			29,774	0.35
52	Municipality of Malé Leváre			11,505	0.14			11,505	0.14
53	Municipality of Malinovo			14,303	0.17			14,303	0.17
54	Municipality of Marianka			10,662	0.13			10,662	0.13
55	Municipality of Miloslavov			9,663	0.11			9,663	0.11
56	Municipality of Mokry Háj			6,584	0.08			6,584	0.08
57	Municipality of Most pri Bratislave			17,190	0.20			17,190	0.20
58	Municipality of Nová Dedinka			18,482	0.22			18,482	0.22
59	Municipality of Pernek			8,539	0.10			8,539	0.10
60	Municipality of Píla			2,764	0.03			2,764	0.03
61	Municipality of Plavecký Mikuláš			8,112	0.10			8,112	0.10
62	Municipality of Plavecký Peter			7,202	0.08			7,202	0.08
63	Municipality of Plavecký Štvrtok			22,055	0.26			22,055	0.26
64	Municipality of Podkylava			3,180	0.03			3,180	0.03

	29,471	0.35		29,471	0.35		29,471	0.35
	9,764	0.12		9,764	0.12		9,764	0.12
	5,349	0.06		5,349	0.06		5,349	0.06
	3,910	0.05		3,910	0.05		3,910	0.05
	2,562	0.03		2,562	0.03		2,562	0.03
	17,213	0.20		17,213	0.20		17,213	0.20
	6,180	0.07		6,180	0.07		6,180	0.07
	52,436	0.62		52,436	0.62		52,636	0.62
	25,538	0.30		25,538	0.30		25,538	0.30
	6,101	0.07		6,101	0.07		6,101	0.07
	11,786	0.14		11,786	0.14		11,786	0.14
	15,134	0.18		15,134	0.18		15,134	0.18
	9,663	0.11		9,663	0.11		9,663	0.11
	7,539	0.09		7,539	0.09		7,539	0.09
	6,595	0.08		6,595	0.08		6,595	0.08
	10,325	0.12		10,325	0.12		10,325	0.12
	5,180	0.06		5,180	0.06		5,180	0.06
	7,685	0.09		7,685	0.09		7,685	0.09
	19,381	0.23		19,381	0.23		19,381	0.23
	15,527	0.18		15,527	0.18		15,527	0.18
	15,336	0.18		15,336	0.18		15,336	0.18
	12,022	0.14		12,022	0.14		12,022	0.14
	29,774	0.35		29,774	0.35		29,774	0.35
	11,505	0.14		11,505	0.14		11,505	0.14
	14,303	0.17		14,303	0.17		14,303	0.17
	10,662	0.13		10,662	0.13		10,662	0.13
	9,663	0.11		9,663	0.11		9,663	0.11
	6,584	0.08		6,584	0.08		6,584	0.08
	17,190	0.20		17,190	0.20		17,190	0.20
	18,482	0.22		18,482	0.22		18,482	0.22
	8,539	0.10		8,539	0.10		8,539	0.10
	2,764	0.03		2,764	0.03		2,764	0.03
	8,112	0.10		8,112	0.10		8,112	0.10
	7,202	0.08		7,202	0.08		7,202	0.08
	22,055	0.26		22,055	0.26		22,055	0.26
	3,180	0.03		3,180	0.03		3,180	0.03

65	Municipality of Poriadie			8,033	0.09			8,033	0.09
66	Municipality of Prietržka			4,798	0.06			4,798	0.06
67	Municipality of Prievaly			9,797	0.12			9,797	0.12
68	Municipality of Reca			13,943	0.16			13,943	0.16
69	Municipality of Rohožník			470	0.01			470	0.01
70	Municipality of Rohov			4,303	0.05			4,303	0.05
71	Municipality of Rovinka			13,853	0.16			13,853	0.16
72	Municipality of Sekule			17,819	0.21			17,819	0.21
73	Municipality of Slovenský Grob			19,853	0.23			19,853	0.23
74	Municipality of Smrdáky			7,292	0.09			7,292	0.09
75	Municipality of Sološnica			16,595	0.20			16,595	0.20
76	Municipality of Stará Myjava			7,820	0.09			7,820	0.09
77	Municipality of Studienka			17,741	0.21			17,741	0.21
78	Municipality of Suchohrad			6,483	0.08			6,483	0.08
79	Municipality of Šenkvice			46,234	0.55			46,234	0.55
80	Municipality of Štefanová			3,854	0.05			3,854	0.05
81	Municipality of Tomášov			22,640	0.26			22,640	0.26
82	Municipality of Trnovec			3,427	0.04			3,427	0.04
83	Municipality of Velké Leváre			38,167	0.45			38,167	0.45
84	Municipality of Viničné			16,359	0.19			16,359	0.19
85	Municipality of Vinosady			10,146	0.12			10,146	0.12
86	Municipality of Vištuk			14,696	0.17			14,696	0.17
87	Municipality of Vlky			4,191	0.05			4,191	0.05
88	Municipality of Vysoká Pri Morave			20,527	0.24			20,527	0.24
89	Municipality of Záhorská Ves			17,348	0.20			17,348	0.20
90	Municipality of Zálesie			8,359	0.10			8,359	0.10
91	Municipality of Závod			28,909	0.34			28,909	0.34
92	Municipality of Zohor			34,392	0.41			34,392	0.41
	Total			8,477,431	100.00			8,477,431	100.00

		8,033	0,09			8,033	0,09			8,033	0,09
		4,798	0.06			4,798	0.06			4,798	0.06
		9,797	0.12			9,797	0.12			9,797	0.12
		13,943	0.16			13,943	0.16			13,943	0.16
		470	0.01			470	0.01			470	0.01
		4,303	0.05			4,303	0.05			4,303	0.05
		13,853	0.16			13,853	0.16			13,853	0.16
		17,819	0.21			17,819	0.21			17,819	0.21
		19,853	0.23			19,853	0.23			19,853	0.23
		7,292	0.09			7,292	0.09			7,292	0.09
		16,595	0.20			16,595	0.20			16,595	0.20
		7,820	0.09			7,820	0.09			7,820	0.09
		17,741	0.21			17,741	0.21			17,741	0.21
		6,483	0.08			6,483	0.08			6,483	0.08
		46,234	0.55			46,234	0.55			46,234	0.55
		3,854	0.05			3,854	0.05			3,854	0.05
		22,640	0.26			22,640	0.26			22,640	0.26
		3,427	0.04			3,427	0.04			3,427	0.04
		38,167	0.45			38,167	0.45			38,167	0.45
		16,359	0.19			16,359	0.19			16,359	0.19
		10,146	0.12			10,146	0.12			10,146	0.12
		14,696	0.17			14,696	0.17			14,696	0.17
		4,191	0.05			4,191	0.05			4,191	0.05
		20,527	0.24			20,527	0.26			20,527	0.24
		17,348	0.20			17,348	0.20			17,348	0.20
		8,359	0.10			8,359	0.10			8,359	0.10
		28,909	0.34			28,909	0.34			28,909	0.34
		34,392	0.41			34,392	0.41			34,392	0.41
		8,477,431	100.00			8,477,431	100.00			8,477,431	100.00



BRATISLAVSKÁ
VODÁRENSKÁ
SPOLOČNOSŤ