AS TALLINNA VESI

Consolidated Interim Report for the 2nd quarter of 2025

01 August 2025

Currency	Thousand euros
Start of reporting period	1 January 2025
End of reporting period	30 June 2025
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Field of activity	Production, treatment and distribution of water, stormwater and wastewater disposal and treatment

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MANAGEMENT REPORT

In the second quarter of 2025, we continued to provide high quality water supply and sewerage services and continued investment projects to ensure the sustainability of our services. During the quarter, the company pumped 6.81 million m^3 of clean drinking water into the water distribution network and treated approximately 3 million m^3 of wastewater.

Group sales

The Tallinna Vesi Group sales in the second quarter of 2025 were €19.4 million, increasing 23.4% or €3.67 million compared to the same period of the previous year. The increase in revenue was mainly driven by the subsidiary's sales of construction services, which increased by €2.65 million compared to the same period the year before. The increase in sales of construction services was due to the timing of projects and the higher volume of construction projects won in tenders.

Sales of water services increased by 6.6%, or €0.95 million, reaching €15.43 million compared to the second quarter of 2024. The changes in the revenue from the sale of services to private and business customers are mainly related to moving towards harmonisation of water prices, resulting from the obligation under the Public Water Supply and Sewerage Act to offer a uniform price by 1 July 2026. The price change to this effect was approved by the Competition Authority in March and came into force on 1 May 2025.

The company's operating profit for the second quarter was €5.14 million, which is 15.2% more than in the same period last year. Operating profit was affected by price changes due to investments made to secure the service. In 2025, the corporate income tax on dividends increased significantly, and as a result, net profit was €0.83 million lower than in the same period the year before, reaching €1.37 million.

High-quality water supply and sewerage services

During the second quarter of 2025, we continued to provide reliable and secure water supply and sewerage services, as demonstrated by the consistently high-quality indicators. The quality of tap water during the quarter was excellent, meeting 100% of all quality requirements. During the second quarter, 564 water samples were taken.

Clean tap water has been ensured by the efficient water treatment process and regular monitoring of the water network, along with the ongoing preventive maintenance activities and timely investments.

We mainly use ice pigging technology to maintain our water networks. Using this technique, we cleaned 43 km of water network in the second quarter. Ice pigging, which is currently unique in the Nordic countries, is a pipe cleaning technology that involves pumping an ice slurry made of water and table salt through a pipeline.

In addition, water quality has been supported by investments in water pumping stations in recent years to provide additional disinfection in various parts of the city. Additional disinfection will help to ensure that the requirements set for tap water quality are met at various points across the city where chlorine levels in the water are normally very low. Additional disinfection is particularly important in summer when water temperatures in the pipelines are high. Chlorine persists in the water in small quantities and helps to ensure high drinking water quality throughout the water network.

The average duration of a water interruption in the second quarter was 2 hours and 15 minutes, thanks to the operational response of our staff. This is one hour better than in the second quarter of last year. To reduce the inconvenience caused by water interruptions, we continue installing additional isolation valves on the water network.

In the second quarter of 2025, the quality of the treated effluent from the Paljassaare Wastewater Treatment Plant exceeded the effluent standards. To keep the Baltic Sea clean, the company uses efficient treatment processes that helped to remove more than 270 tonnes of solid waste, 50 tonnes of sand, 514 tonnes of nitrogen and 65 tonnes of phosphorus from wastewater during the second quarter of 2025.

Investments

Tallinn Vesi aims to increase the futureproofing of its infrastructure and to ensure the continuity of the vital service it provides in such a way that the price of the service remains affordable for consumers. The total planned investment for 2025 is €61 million.

Major investments in the second quarter included the completion of the reconstruction of four filters at the water treatment plant and the launch of the procurement for the upgrading of the ozonation process applied in the production of clean drinking water.

At the wastewater treatment plant, major works were completed to upgrade the mechanical treatment stage by reconstructing the existing screens at the plant and installing new screens at the main pumping station. Planned investments in the wastewater treatment plant amount to €8 million in 2025.

Water network rehabilitation

The water loss rate in the water distribution network fell to 12.4% in the second quarter of the year, compared with 13% a year earlier. In order to keep water loss rates low, the company carries out continuous online monitoring of the water network and continues with its planned water network rehabilitation programme.

By the end of the first quarter, we had rehabilitated and constructed approximately 20.5 kilometres of pipelines, nearly half of which, or 9.2 kilometres, were built using environmentally friendly no-dig techniques. We work closely with the City of Tallinn and other partners, such as AS Utilitas Tallinn, in order to carry out as many work as possible at the same time, thus saving the environment and causing as little disruption to city life and traffic as possible.

In the second quarter, major construction work started on Kopli Street, the next phase of Paljassaare Road, A. H. Tammsaare Road in the section between Tondi Street and Sõpruse Avenue, and Tuukri and Uus-Sadama streets. The pipeline to be replaced on Tammsaare Road is an important supply line for the Mustamäe and Õismäe area. Work on Tuukri and Uus-Sadama streets also involves the construction of large stormwater pipelines to mitigate flooding in that area.

Work will continue in cooperation with the City of Tallinn on Värvi and Mustjõe streets, and in cooperation with Utilitas on Jaama and Raudtee streets and Vana-Pärnu Road. Work on the construction of water pipelines for the chain houses and the rehabilitation of sewer pipelines in various parts of the city using no-dig techniques is also progressing.

The second quarter saw the completion of work started last year on Lastekodu Street, where, along with the reconstruction of the street, all the pipelines were rehabilitated, and a new stormwater pipeline was built. Construction has reached the final stage on Paljassaare Road, where an important emergency overflow for the main wastewater pumping station and a stormwater outlet for the Paljassaare and Kopli areas are being built. The plan is to construct and rehabilitate a total on 45 kilometres of pipeline by the end of this year.

A scheme for the construction of a separate stormwater network in the city centre is under preparation, and a contract has been signed to prepare a stormwater scheme for Mustamäe area. Both schemes follow the principles of nature-friendly solutions, which aim to increase the retention time of stormwater and create a greener urban environment. Implementing projects based on these stormwater schemes will help reduce the risk of flooding during heavy rainfall.

Customer service

By the end of the second quarter, we had installed more than 16,160 smart meters, which means that 72% of our customers now have remote water meters. The main advantages of smart meters include the speed and accuracy of data transmission, but also their security and reliability. By 2025, we aim to install smart meters for 80 per cent of our customers, and by the end of 2026 at the latest, all customers in our service area will have their water meters replaced with smart meters.

We strive to provide our customers and consumers with a reliable service, part of which is the availability of important information about the service and the speed at which the enquiries are answered. In the second quarter of 2025, we responded to written enquiries within 2 days in 99.7% of cases, which shows the same high level as last year.

We consider as complaints any enquiries received from customers that indicate dissatisfaction with the company's activities or the quality of the services provided. The aim of this is to gain a better understanding of the causes of customer dissatisfaction and to prevent complaints more effectively. In the second quarter of 2025, a total of 130 customer complaints were received, which is significantly less compared to the same period a year ago (205 complaints in 2024). There has been a decrease in the number of complaints, in particular due to a reduction in the number of enquiries relating to water quality and water pressure. In the second quarter of 2025, we did not once fail to keep our promises to customers.

Partnerships

The second quarter marks the beginning of summer and is a busy time for our company in terms of attending events and promoting water issues. For example, we took part in a gymnastics party, Tallinn Old Town Days, Kopli Liinid Run, and many other summer events in our service area. On 30 June, we started providing fresh drinking water in the rehearsal fields of the Dance Celebration, followed by the supply of drinking water to Song and Dance Celebration participants throughout the celebration week.

At the beginning of May, we opened 59 public drinking water taps across Tallinn, which will be available for everyone to use until the end of summer.

Tallinna Vesi's long-standing commitment to environmental sustainability was recognised with the gold level in 2025 Corporate Social Responsibility Index. We were also awarded the silver level "Supporter of National Defenders" recognition.

In the second quarter, the traditional open day was held at the Paljassaare Wastewater Treatment Plant, with more than 130 people visiting the plant. We also introduced the operation of water and wastewater treatment to people from ministries and agencies in our field, as well as to Rohetiiger, a group of environmentally conscious businesses.

In June, we marked an important milestone in our company's investor relations by celebrating 20 years since our listing. A general meeting of shareholders was also held in the second quarter.

In May, our company's experts shared their knowledge at two conferences: the Natural Resources Conference, held by Äripäev, and the Baltic Water Works conference, organised by the Estonian Waterworks Association.

PERFORMANCE IN THE SECOND QUARTER OF 2025

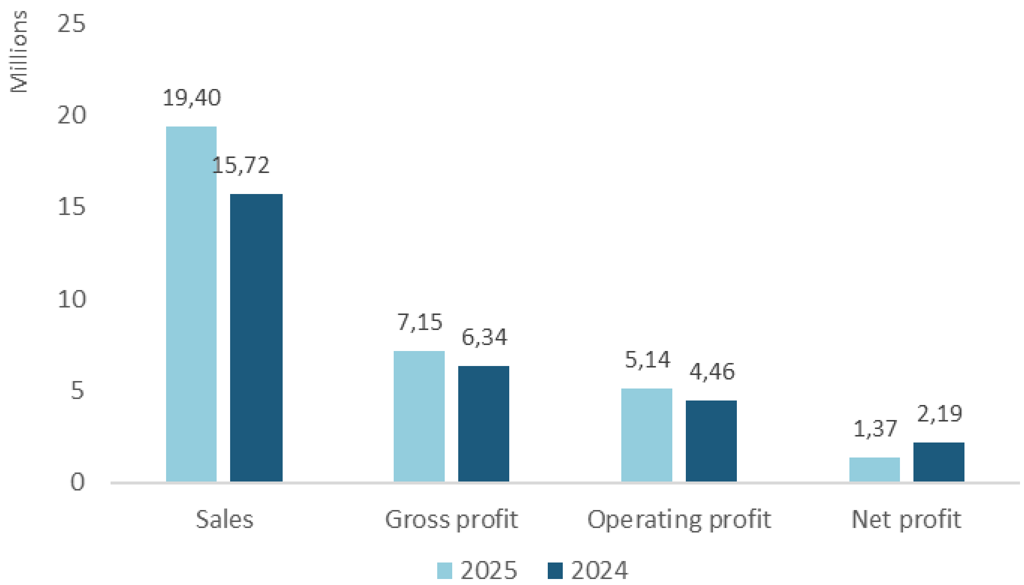
Performance indicator	Unit	2025 6 months	2024 6 months	2025 2nd quarter	2024 2nd quarter
Drinking water					
Compliance of water quality at the customer's tap	%	100%	100%	100%	100%
Water loss rate in the water distribution network	%	14.21%	14.78%	12.49%	12.96%
Average duration of water interruption per property	h	2 h 20 min	2 h 56 min	2 h 15 min	3 h 17 min
Wastewater					

Number of sewer blockages	pc	200	251	79	114
Number of sewer collapses	pc	38	30	16	17
Treated effluent compliance with environmental requirements	%	100%	100%	100%	100%
Customer service					
Number of customer enquiries	pc	12,753	15,445	6,446	8,089
Responding to written enquiries at least within 2 working days	%	99.8%	99.5%	99.7%	99.7%
Number of failures to keep Promises to Our Customers	pc	0	0	0	0

FINANCIAL RESULTS OF THE SECOND QUARTER OF 2025

The latest economic forecast from **Eesti Pank** finds that growth in the economy may remain at 1.5% this year and be 2-3% in the next two years. The customs tariffs imposed by the USA will have a limited impact on Estonia, but if the tariff is set higher than currently, it will hinder growth in the economy. Production costs and tax rises will keep inflation in Estonia up this year at 5.4%. It should be around 3% in the next two years.

Due to the volume of construction services and price change of water services, the consolidated turnover has increased in the 2nd quarter by €3.67 million compared to the same period of the previous year. The company's profit has declined as a result of corporate income tax liabilities related to dividend distributions decreased by 37.7% or €0.83 million, being €1.37 million in the 2nd quarter of 2025.



MAIN FINANCIAL INDICATORS

€ million except key ratios	Quarter 2 2025	2024	2023	2025/ 2024	6 months 2025	2024	2023	Variance 2025/ 2024
Sales	19.40	15.72	15.55	23.4%	35.40	30.83	30.30	14.8%
Gross profit	7.15	6.34	5.81	12.8%	13.74	12.41	11.53	10.7%
Gross profit margin %	36.84	40.30	37.37	-8.6%	38.80	40.25	38.07	-3.6%
Operating profit before depreciation and amortisation	7.65	6.66	6.24	14.9%	14.60	13.05	12.40	11.9%
Operating profit before depreciation and amortisation margin %	39.46	42.35	40.11	-6.8%	41.24	42.32	40.92	-2.6%
Operating profit	5.14	4.46	4.13	15.2%	9.62	8.58	8.20	12.1%
Operating profit - main business	4.69	4.17	3.81	12.6%	9.00	8.33	7.73	8.0%
Operating profit margin %	26.48	28.35	26.54	-6.6%	27.19	27.84	27.07	-2.4%
Profit before taxes	4.23	3.42	3.41	23.7%	7.72	6.45	6.93	19.7%
Profit before taxes margin %	21.80	21.75	21.91	0.2%	21.80	20.92	22.89	4.2%
Net profit	1.37	2.19	2.31	-37.7%	4.80	5.20	5.81	-7.7%
Net profit margin %	7.05	13.95	14.88	-49.5%	13.57	16.88	19.19	-19.6%
ROA %	0.42	0.77	0.90	-45.1%	1.49	1.83	1.52	-18.6%
Debt to total capital employed %	65.32	60.76	57.66	7.5%	65.32	60.76	57.66	7.5%
ROE %	1.15	1.89	2.06	-39.2%	4.10	4.54	3.46	-9.8%
Current ratio	0.66	0.69	1.31	-4.3%	0.66	0.69	1.31	-4.3%
Quick ratio	0.60	0.63	1.24	-4.8%	0.60	0.63	1.24	-4.8%
Investments into fixed assets	15.88	11.39	5.77	39.4%	22.64	18.04	10.44	25.5%
Payout ratio %	-	79.80	79.41		-	79.80	79.41	

Gross profit margin – Gross profit / Net sales
Operating profit margin – Operating profit / Net sales
Operating profit before depreciation and amortisation – Operating profit + depreciation and amortisation
Operating profit before depreciation and amortisation margin – Operating profit before depreciation and amortisation / Net sales
Net profit margin – Net profit / Net sales
ROA – Net profit / Average Total assets for the period
Debt to Total capital employed – Total liabilities / Total capital employed
ROE – Net profit / Average Total equity for the period
Current ratio – Current assets / Current liabilities
Quick ratio – (Current assets – Stocks) / Current liabilities
Payout ratio – Total Dividends per annum/ Total Net Income per annum
Main business – Water services related activities, excl. connections profit and government grants, construction services, doubtful receivables

STATEMENT OF COMPREHENSIVE INCOME

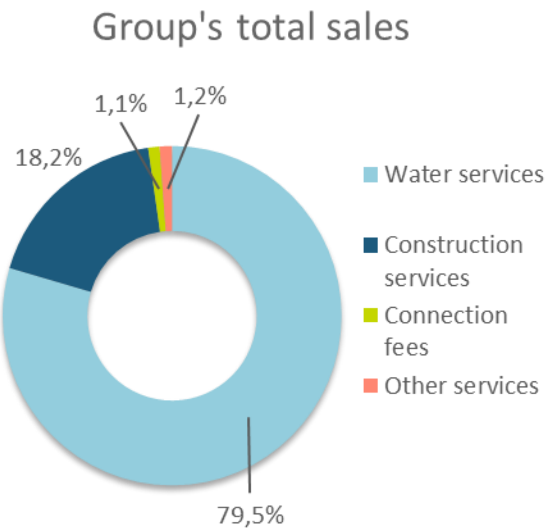
SALES

The revenues from the main activities, i.e., sales of water and wastewater services in the 2nd quarter of 2025 were impacted by consumption and the price changes effective from 01/07/2024, 01/11/2024 and 01/05/2025. Given the stability of the company's business and the Estonia's macroeconomic forecast, we do not expect any increase in the sales of our water services in 2025. Consequently, the company does not foresee any significant changes in the consumption of water services in the long run.

The Competition Authority approved the new prices for water services in the Tallinn, Saue and Maardu areas, which became effective as of 01/07/2024. Tallinna Vesi submitted the application to change the components of the water price, which had remained unchanged for four years, in September 2023, in line with the investment needs to improve the continuity of the water infrastructure and the new legal obligation to equalize the water price for private and business customers.

Due to the increase in the price of electricity, Tallinna Vesi has applied to the Competition Authority to revise the prices for water services. The price change took effect on 01/11/2024 and amounted to an average of one cent per cubic metre.

Due to the investment needs to improve the continuity of the water infrastructure, the prices also changed starting from 01/05/2025.



In the 2nd quarter of 2025, the **group's total sales** were €19,40 million, up 23.4% or €3.67 million compared to the same period of the previous year, when sales were €15.72 million. Sales from water services both inside and outside the main service area accounted for 79.5% of the total sales, 18.2% of the sales came from construction services, 1.2% from other services and 1.1% from connection fees.

€ thousand	Quarter 2 2025	2024	2023	Variance 2025/2024 €	%
Water supply service	3,890	2,500	2,494	1,390	55.6%
Wastewater disposal service	4,030	3,682	3,658	348	9.5%
Total from private customers	7,920	6,182	6,152	1,738	28.1%
Water supply service	1,870	2,258	2,211	-388	-17.2%
Wastewater disposal service	2,338	2,238	2,207	100	4.5%
Total from business customers	4,208	4,496	4,417	-288	-6.4%
Water supply service	523	397	447	126	31.7%
Wastewater disposal service	1,296	1,063	1,013	233	21.9%
Stormwater disposal service	10	61	36	-51	-83.6%
Total from outside service area customers	1,829	1,521	1,496	308	20.2%
Stormwater disposal and fire hydrants service	1,078	1,875	1,406	-797	-42.5%
Excess pollution charges and sewer discharge service	391	396	365	-5	-1.3%
Total from water services	15,425	14,470	13,837	955	6.6%
Construction services	3,529	881	1,390	2,648	300.6%
Connection fees	211	172	148	39	22.7%
Other services	228	201	179	27	13.4%
TOTAL REVENUE	**19,395**	**15,723**	**15,553**	**3,672**	**23.4%**

Sales from water services were €15.43 million, showing an increase of 6.6% or €0.95 million increase compared to the 2nd quarter of 2024, resulting from an increase in tariffs starting from 1 July and 1 November 2024, 1 May 2025.

The sales to **private customers in the main service area** increased by 28.1% or € 1.74 million. In the first quarter, the sales to private customers amounted to €7.92 million.

Sales to **business customers in the main service area** decreased by 6.4% or €0.29 million compared to the same period last year. The decrease in sales to business customers was due to the decrease in water tariffs for business customers, resulting from the obligation under the law to harmonize the water price for private and business customers.

The principles for calculating the sales from the **stormwater disposal and fire hydrants service in the main service area** have changed with the price change effective from 1 July. In the second quarter of 2025, the sales from the stormwater and fire hydrant service were €1.07 million, a decrease of 42.5% compared to the same period in 2024. The decrease in sales reflects the change in the regulated pricing principles, under which, as of 1 July 2024, all revenues from the combined sewerage system are now included in the sales from the wastewater collection and treatment service, whereas in previous periods, the stormwater service also included part of the sales from the combined sewerage system. From 1 July 2024 onwards, the sales from the stormwater disposal service only include the sales from the separate stormwater system service.

Sales from construction services were €3.53 million, increasing by more than 3 times or €2.65 million year-on-year. The increase in revenue was mainly due to the timing of external projects and significantly higher revenue from pipeline construction services won on the market, complemented by the growth in road construction revenue from services provided to non-group partners. The largest clients were the City of Tallinn and local municipalities in the surrounding area.

COST OF GOODS AND SERVICES SOLD AND GROSS PROFIT

The cost of goods and services sold amounted to €12.25 million in the 2nd quarter of 2025, being higher by 30.5% or €2.86 million compared to the equivalent period in 2024.

	Quarter 2			Variance 2025/2024	
€ thousand	2025	2024	2023	€	%
Water abstraction charges	-310	-319	-326	9	2.8%
Chemicals	-740	-673	-735	-67	-10.0%
Electricity	-1,046	-1,128	-1,477	82	7.3%
Pollution tax	-339	-231	-164	-108	-46.8%
Total direct production costs	-2,435	-2,350	-2,702	-85	-3.6%
Staff costs	-2,900	-2,726	-2,521	-174	-6.4%
Depreciation and amortisation	-2,170	-1,942	-1,843	-228	-11.7%
Construction services	-3,048	-589	-1,024	-2,459	-417.5%
Other costs	-1,697	-1,779	-1,651	82	4.6%
Other costs of goods/services sold total	-9,815	-7,036	-7,039	-2,779	-39.5%
Total cost of goods/services sold	**-12,250**	**-9,386**	**-9,741**	**-2,864**	**-30.5%**

Total direct production costs (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €2.43 million, showing a 3.6% or €0.08 million decrease compared to the equivalent period in 2024. Direct production costs were affected by changes in prices and production volumes as follows:

- **Chemical expenses** increased by 10.0% to €0.74 million, driven mainly by the price of methanol and the volume increase of coagulant and aerotech used in wastewater cleaning process. The total impact of price and volumes were + €0.05 and +€0.02 million and +€0.01 million accordingly. Increased expenses were even more increased by higher prices of coagulant used in water treatment plant, affect +€0.01 million.
- **Electricity expenses** decreased by 7.3% to €1.04 million, driven mainly by electricity produced for own consumption at the combined heat and power plant. The price for electricity has increased by averagely 9.1%.
- **Pollution tax expense** have increased by 46.8%, reaching 0.34 million. Mainly due to higher volumes and increased taxes.

Other costs of goods/services sold (staff costs, depreciation and amortisation, costs related to construction services and other costs of goods/services sold) increased by 39.5% compared to the same period last year. The changes in costs are as follows:

- **Staff costs** have increased by 6.4% to €2.90 million due to an average 5% salary increase.

- **Construction services** costs have increased by 417.5% or €2.46 million, to €3.05 million. The increase in construction services costs is directly related to the increase in the sales from construction services.

As a result of all above, the **group's gross profit** for the 2nd quarter of 2025 was €7.15 million, showing an increase of 12.8% or €0.81 million, compared to the gross profit of €6.34 million for the comparative period in 2024.

ADMINISTRATIVE AND MARKETING EXPENSES, OTHER INCOME AND EXPENSES

Administrative and marketing expenses increased by 3.7% or €0.06 million compared to the 2nd quarter of 2024, amounting to €1.84 million. The change is mainly due to the increase in outsourced professional services.

Other income and expenses resulted in net loss of €0.17 million compared to net loss of €0.10 million in the comparative period in 2024.

OPERATING PROFIT

As a result of the factors listed above the **group's operating profit** for the 2nd quarter of 2025 amounted to €5.14 million, being 15.2% or €0.68 million higher than in the same period in 2024.

FINANCIAL EXPENSES

The group's net financial income and expenses have resulted in a net expense of €0.91 million, compared to €0.13 million lower expense in the 2nd quarter of 2024. The change was caused by the fluctuation of Euribor resulting in lower interest expense on loan balance.

In May, additional €15 million was withdrawn from Syndicate loan, that at the end of second quarter resulted in the loan balance of €136 million, with floating interest.

In the 2nd quarter of 2025, the average interest rate on loans was 3.11%, amounting to the interest costs of €0.91 million, compared to the average interest rate of 4.73% and the interest costs of €1.08 million in the 2nd quarter of 2024, while the loan balance was €100 million.

NET PROFIT

The group's net profit for the 2nd quarter of 2025 was €1.37 million, being €0.83 million higher than for the comparative period in 2024. The net profit was impacted by changes in operating profit and net financial expenses described above.

FINANCIAL RESULTS FOR THE FIRST SIX MONTHS OF 2024

SALES

During the first six months of 2025 the **group's total sales** were €35.4 million, showing an increase of 14.8% or €4.57 million year-on-year. **Sales from water services** for first six months of 2024 were €30.27 million, increasing by 5.4% or €1.56 million year-on-year. Sales from water services both inside and outside of the main service area accounted for 85.5% of the group's total revenue, 12.2% of the sales accounted for construction services, 1.0% from connection fees and 1.1% for other services.

	6 months			Variance 2025/2024	
€ thousand	2025	2024	2023	Euro	%
Water supply service	7,247	5,008	4,935	2,239	44.7%
Wastewater disposal service	7,973	7,378	7,258	595	8.1%
Total from private customers	15,219	12,387	12,193	2,832	22.9%
Water supply service	3,784	4,342	4,229	-558	-12.9%
Wastewater disposal service	4,587	4,434	4,459	153	3.5%
Total from business customers	8,371	8,776	8,688	-405	-4.6%
Water supply service	1,013	762	852	251	32.9%

Wastewater disposal service	2,753	2,129	2,108	624	29.3%
Stormwater disposal service	19	153	124	-134	-87.6%
Total from outside service area customers	3,786	3,044	3,083	742	24.4%
Stormwater disposal and fire hydrants service	2,115	3,773	2,811	-1,658	-43.9%
Excess pollution charges and sewer discharge service	782	734	718	48	6.5%
Total from water services	30,274	28,715	27,493	1,559	5.4%
Construction services	4,331	1,419	2,194	2,912	205.2%
Connection fees	394	340	292	54	15.9%
Other services	400	354	318	46	13.0%
TOTAL REVENUE	**35,400**	**30,829**	**30,297**	**4,571**	**14.8%**

During the first six months of 2025, **sales to private customers in the main service area** increased by 22.9% to €15.22 million, driven by an increase in consumption and change in tariffs from 1 July and 1 November 2024, additionally from 1 May 2025.

Sales to business customers decreased by 4.6% to €8.37 million, also as a result of changes in consumption and in tariffs.

Sales to **customers outside the main service area** increased by 24.4% to €3.78 million, being mainly impacted by increase in the wastewater disposal service revenues.

Sales from the operation and maintenance of the stormwater and fire hydrants system in the main service area in the first six months of 2025 amounted to €2.12 million, showing a decrease of 43.9% or €1.66 million compared to the same period in 2024.

Sales from construction services were €4.33 million, showing a double increase or €2.91 million year-on-year. The increase in revenue was mainly due to the growth in pipeline construction services turnover and the increase in services related to road construction works outside the group.

COST OF GOODS AND SERVICES SOLD AND GROSS AND OPERATING PROFITS

	6 months			Variance 2025/2024	
€ thousand	2025	2024	2023	€	%
Water abstraction charges	-628	-642	-645	14	2.2%
Chemicals	-1,534	-1,375	-1,353	-159	-11.6%
Electricity	-2,243	-2,497	-3,186	254	10.2%
Pollution tax	-648	-509	-469	-139	-27.3%
Total direct production costs	-5,053	-5,024	-5,653	-29	-0.6%
Staff costs	-5,786	-5,428	-4,872	-358	-6.6%
Depreciation and amortisation	-4,287	-3,944	-3,661	-343	-8.7%
Construction services	-3,679	-1,004	-1,646	-2,675	-266.4%
Other costs	-2,858	-3,023	-2,932	165	5.5%
Other costs of goods/services sold total	-16,610	-13,399	-13,111	-3,211	-24.0%
Total cost of goods/services sold	**-21,663**	**-18,421**	**-18,763**	**-3,242**	**-17.6%**

During the first six months of 2025, **the cost of goods and services sold** amounted to €21.66 million, being 3.24 million higher than at the equivalent period in 2024. **Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €5.05 million, being at the same level as past year same period. Direct production costs were mainly affected by:

- **Costs of electricity** that decreased by 10.2% or €0.25 million resulting in costs worth of €2.24 million, driven mainly by electricity produced for own consumption at the combined heat and power plant.
- **Pollution tax** have increased by 27,3% due to increased taxes and volumes produced.
- **Chemicals** expense have increased by 11.6% or 0.16 million due to increased prices and volumes used of methanol in wastewater cleaning process.

Other costs of goods/services sold (staff costs, depreciation and amortisation, construction services and other costs) amounted to €16.61 million, having increased by 24.0%. The changes in other costs of goods/services sold were mainly driven by an 6.6% or €0.36 million increase in staff cost and a 266.4% or €2.67 million increase in construction services costs, due to the higher construction revenue, as described in the second quarter results.

The **group's gross profit** for the first six months of 2025 was €13.74 million, showing an increase of 10.7% or €1.33 million compared to the comparative period in 2024. The **group's operating profit** for the first six months of 2025 recovered to €9.62 million, being 12.1% or €1.04 million higher than in the same period in 2023, mainly due to the optimisation of electricity costs following the launch of the CHP plant.

FINANCIAL EXPENSES

The group's net financial income and expenses have resulted in a net expense of €1.91 million, compared to net expense of €2.14 million in the first six months of 2024. The increase was mainly impacted by lower rate of Euribor.

PROFIT BEFORE TAXES AND NET PROFIT

The **group's profit before taxes** for the first six months of 2025 was €7.72 million, being 19.7% or €1.27 million higher than for the same period in 2024. The **group's net profit** for the first six months of 2025 was €4.80 million, being 7.7% or €0.40 million lower than for the equivalent period in 2024, impacted by the higher income tax rate on dividend payout.

STATEMENT OF FINANCIAL POSITION

In the first six months of 2025, **the group invested into fixed assets** €22.64 million. As of 30/06/2025, non-current tangible assets amounted to €312.08 million, the majority of which in the amount of €230.11 million were pipelines (31/12/2024: €231.78million). Total non-current assets amounted to €314.30 million (31/12/2024: €298.33 million).

The **trade receivables, accrued income, and prepaid expenses** at the end of the 2nd quarter were €11.69 million. The collectability rate remains high at 99.75%, like 99.82% at the end of June 2024.

Current liabilities have increased by €3.00 million to €23.55 million compared to the end of 2024, mainly due to liabilities related to investments.

Deferred income from connection fees has increased by €0.91 million compared to the end of 2024, reaching €51.01 million.

Provision for possible third-party claims is of the same size as at the end of December 2024, i.e. €6.02 million. More detailed information about the provision is presented in Note 6 to the interim accounts.

The group's outstanding loans amount to €136.43 million (31/12/2024: €118 million).

The NIB loan taken in 2019 is being repaid in 11 equal semi-annual payments. The average interest rate on outstanding loans as at 30/06/2025 is 3.11%.

The group has **total debt to assets** level of 65.32%. At the same time in 2024, the total debt to assets ratio was 60.76%.

EMPLOYEES

We believe it is important to treat our employees equally, involve them in the decision-making process and to inform them regularly. We consider the involvement of our staff in the decision-making process instrumental for them to understand and be able to support the company in its pursuits. Our staff can vary to a large degree in age, nationality, nature of work and in many other aspects. At AS Tallinna Vesi, people work in the offices, on the construction sites and at the treatment plants. We have signed the Diversity Charter to affirm that we respect the diversity of our employees and value the principle of equal treatment, both within our own organization and in society at large. We do this by raising awareness of diversity issues among our employees and ensuring that these principles are respected. This requires us to be resourceful and flexible in our communication with the staff to involve, engage and listen to them. This is done using several means and channels of communication, such as regular staff meetings with the management, regular safety inspections carried out by members of management, digital screens, intranet, monthly newsletters, team events and meetings.

Our everyday work is guided by our values: I am part of the team, I care, I am reliable, I am forward looking.

As a socially responsible company, we value and develop our employees, by offering them new challenges, whilst also implementing succession planning activities. Safety at work is our top priority. We continuously train and develop a safe working culture in our company. In 2025, AS Tallinna Vesi is continuing with the scholarship program for students launched in autumn 2021. Through this program, we want to keep motivating students with good results. At the same time, this will give us a chance to promote the water sector and attract specialists with fresh expertise to join the company. In 2025, we continue to work with three trade schools and three universities. In autumn 2023, we launched a scholarship program for employees of AS Tallinna Vesi to recognize and motivate the employees within the company who invest in their development by studying at a trade school or university, thereby creating added value both for the company and the society at large. Recognizing and appreciating the diversity of our staff, we ensure that everyone, be it an existing or potential employee, is treated fairly and equally and provided with equal opportunities, where reasonable and practicable in the given circumstances. Within the company, we ensure that no one is discriminated against due to their age, gender, religion, cultural or ethnic origin, disability, sexual orientation or marital status, or any other grounds.

It is important for us to protect the health of our staff, so we offer additional vaccination options against COVID-19 virus, as well as influenza, tick-borne encephalitis, tetanus, and hepatitis, in accordance with the risk assessment prepared within the company. In addition to the above, we offer opportunities to stay healthy by using health insurance and sports facilities.

We consider it important to develop our staff, which is why we have organized a wide range of training courses for skilled workers, specialists, and managers (for example, training on work involving an open flame, training on safe working in confined spaces, training for new managers, etc.).

At the end of the 2nd quarter of 2025, the total number of employees in the group was 364 compared to 374 at the end of the same period in 2024. The full time equivalent (FTE) in the second quarter of 2025 and 2024 was 356.15 and 365.85 respectively. The three-month average number of employees was 358.44 employees in 2025 and 365.77 employees in 2024.

Gender breakdown of staff:

	As of 30/06/2025			As of 31/12/2024		
	Women	Men	Women	Men	Women	Men
Group	**106**	**258**	**364**	**111**	**263**	**374**
Management Team	12	15	27	11	15	29
Management Board	0	3	3	0	3	3
Supervisory Council	2	7	9	1	7	8

The total salary costs were €4.09 million for the 2nd quarter of 2025, including €0.10 million paid to the Management Board and Supervisory Council members (excluding social taxes). The contingent liability in case the Supervisory Council should want to replace the current Management Board members is €0.19 million.

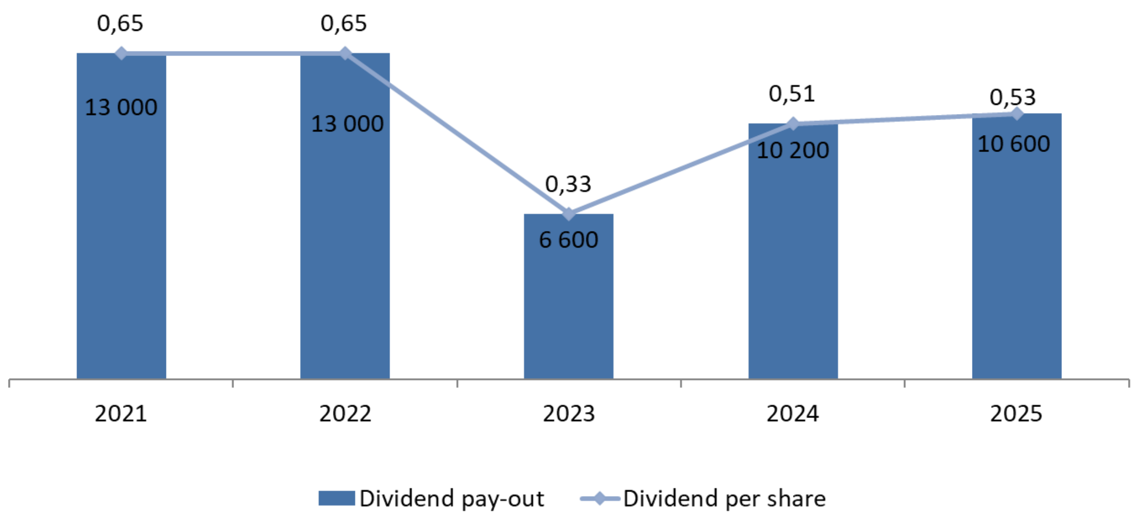
DIVIDENDS

Dividend allocation to the shareholders is recorded as a liability in the financial statement of the company at the time when the profit allocation and dividend payment is confirmed by the Annual General Meeting of Shareholders.

Every year, the Supervisory Council evaluates, considering all the circumstances, the proposal for the dividend to be paid to shareholders and approves it to be presented for a vote by the Annual General Meeting of Shareholders.

In the Annual General Meeting held on 22/05/2025, the Supervisory Council proposed to pay out €0.53 per share from the 2024 profits. The pay-out is equal to 80% of earnings in 2024. The proposal was approved by the Annual General Meeting and the dividend pay-out was made on 17/06/2025.

In the last five years, dividends have been paid as follows:



AS Tallinna Vesi aims to distribute 50–80% of the annual profit as dividends. Dividend payments are assessed annually considering the company's earnings, investment needs, liquidity position and long-term financial targets.

SHARE PERFORMANCE

Tallinna Vesi is listed on Nasdaq Baltic Main List with trading code TVE1T and ISIN EE3100026436.
As of 30/06/2025, Tallinna Vesi's shareholders, with a direct holding over 5%, were:

- City of Tallinn (55.06%)
- OÜ Utilitas (20.36%)

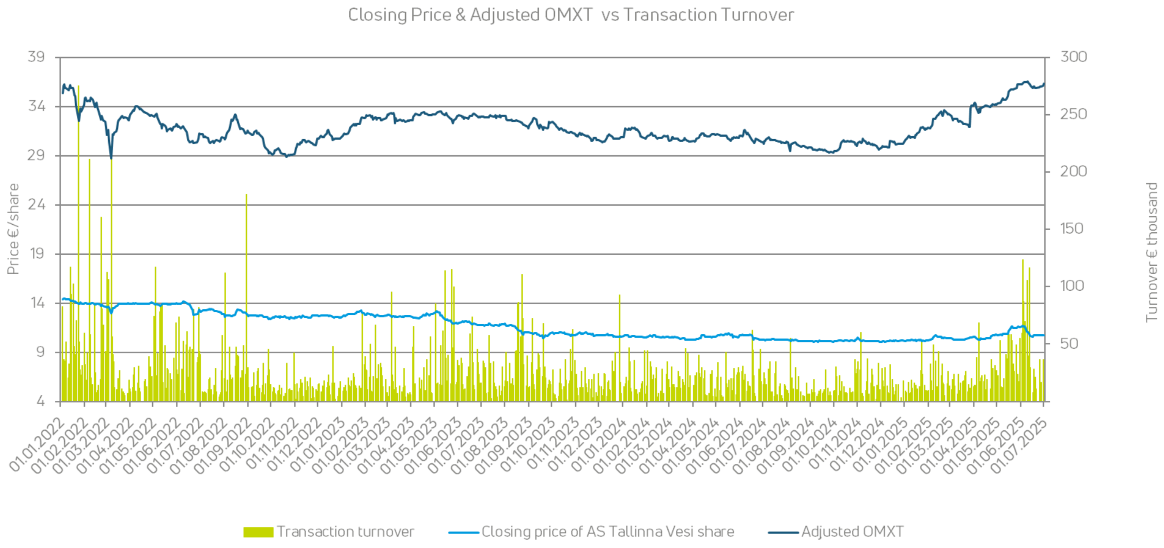
During the 6 months of 2025, the local retail investors have increased their shareholdings by 1.78% while the share of local institutional investors has decreased by 0.09% and the share of foreign retail investors has decreased by 1.68%. Share of foreign institutional investors has stayed on the same level.

As of 30/06/2025, the closing price of Tallinna Vesi's share was €10.70, which is 4.90% higher compared to the price of €10.20 at the beginning of the year (2024: -3.30%). OMX Tallinn index increased by 19.41% (2024: -1.34%).

During 2025, 8,666 transactions were made with the company's shares (2024: 7,720 transactions), during which 276 thousand shares or 1.38% of all shares changed hands (2024: 212 thousand shares or 1.06%).

The turnover of transactions in 6 months of 2025 amounted to €2.23 million, being €0.74 million lower than in the comparative period in 2024.

CLOSING PRICE AND ADJUSTED OMXT VS TRANSACTIONS TURNOVER



CORPORATE STRUCTURE

As of 30/06/2025, the group consisted of 3 companies. The subsidiaries OÜ ASTV Green Energy and Watercom OÜ are 100% owned by AS Tallinna Vesi and fully consolidated in the company's accounts.

CORPORATE GOVERNANCE

SUPERVISORY COUNCIL

Supervisory Council organizes and arranges the management of the company and supervises the activities of the Management Board. According to the Articles of Association, the Supervisory Council members of AS Tallinna Vesi are elected or appointed for three years.

The Supervisory Council has established two committees to advise Supervisory Council on audit and on nomination and remuneration matters.

Further information about the Supervisory Council and committees is available in Note 15 to the financial statements, as well as on the company's website:

About us > Management and Responsibilities > Supervisory Council

About us > Management and Responsibilities > Committees

About us > Management and Responsibilities > Principles of Governance > Corporate Governance Report

MANAGEMENT BOARD

The Management Board is a governing body, which represents and manages AS Tallinna Vesi in its daily operations in accordance with the legal requirements as well as the Articles of Association. The Management Board is required to act economically in the most efficient way taking into consideration the interest of the company and its shareholders and to ensure the sustainable development of the company in accordance with the set objectives and strategy.

The Management Board and the Supervisory Council cooperate fully to safeguard the best interests of the company. The Management Board and the Supervisory Council hold regular meetings together at least once a quarter. At those meetings the Management Board informs the Supervisory Council about significant aspects of the company's business and discuss the delivery of the company's short- and long-term objectives and the risks that may affect them. The Management Board prepares a management report for every Supervisory Council meeting and submits it in advance with sufficient time for the Supervisory Council to study it.

According to the Articles of Association, the Management Board consists of two to three members who are elected for five years.

As of 30/06/2025, the Management Board of AS Tallinna Vesi has three members: Aleksandr Timofejev (with the term of office as a Chairman of the Management Board until 30/10/2026), Tarvi Thomberg (with the term of office as a Member of the Management Board until 08/11/2026) and Taavi Gröön (with the term of office as a Member of the Management Board until 23/05/2027).

Further information on the members of the Management Board is available on the company's website under About us > Management and Responsibilities > Management Board.

Additional information:

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Tarvi Thomberg
Member of the Management Board
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Taavi Gröön
Member of the Management Board
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MANAGEMENT CONFIRMATION

The Management Board has prepared the consolidated interim accounts of AS Tallinna Vesi (the Company) and its subsidiaries OÜ Watercom and OÜ ASTV Green Energy (together the Group) in the form of consolidated condensed financial statements for the 6 months period ended on 30 June of financial year 2025. The interim accounts have not been reviewed by the auditors.

The condensed financial statements for the period ended on 30 June 2025 have been prepared following the accounting policies and the manner of presenting the information in line with the International Financial Reporting Standards as adopted by the EU. The condensed financial statements provide a fair presentation of the assets, liabilities, financial position and result of the operations and the cash flows of the Group.

The interim report gives a fair presentation of the main events and of their effect on the condensed financial statements. It includes the description of the main risks and unclear aspects that can, based on the sensible judgement of the Management Board.

The significant transactions with related parties are disclosed in the interim accounts.

Any subsequent events that materially affect the valuation of assets and liabilities and have occurred until the completion of the consolidated financial statements on 1 August 2025 have been considered in preparing the financial statements.

The Management Board considers AS Tallinna Vesi and its subsidiaries to be going concern entities.

Aleksandr Timofejev
Member of the Management Board
Chief Executive Officer

Tarvi Thomberg
Member of the Management Board
Chief Asset Management Officer

Taavi Gröön
Member of the Management Board
Chief Financial Officer

1 August 2025

Introduction and photos of the Management Board members are published at company's web page https://tallinnavesi.ee/en/ettevote/management-board/.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand

ASSETS	Note	as of 30 June 2025	as of 31 December 2024
CURRENT ASSETS			
Cash and cash equivalents	3	2,533	3,589
Trade receivables, accrued income and prepaid expenses		11,695	10,746
Inventories		1,255	1,180
TOTAL CURRENT ASSETS		**15,483**	**15,515**
NON-CURRENT ASSETS			
Property, plant, and equipment	4	312,083	296,264
Intangible assets	5	2,220	2,062
TOTAL NON-CURRENT ASSETS		**314,303**	**298,326**
TOTAL ASSETS		**329,786**	**313,841**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term lease liabilities		803	875
Current portion of long-term loans		3,407	3,441
Trade and other payables		16,975	13,581
Prepayments		2,363	2,646
TOTAL CURRENT LIABILITIES		**23,548**	**20,543**
NON-CURRENT LIABILITIES			
Deferred income from connection fees		51,011	50,106
Leases		1,801	2,178
Loans		132,455	114,241
Provision for possible third-party claims	6	6,018	6,018
Deferred tax liability		419	494
Other payables		177	108
TOTAL NON-CURRENT LIABILITIES		**191,881**	**173,145**
TOTAL LIABILITIES		**215,429**	**193,688**
EQUITY			
Share capital		12,000	12,000
Share premium		24,734	24,734
Statutory legal reserve		1,278	1,278
Retained earnings		76,345	82,141
TOTAL EQUITY		**114,357**	**120,153**
TOTAL LIABILITIES AND EQUITY		**329,786**	**313,841**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand		Quarter 2		for the 6 months ended 30 June	
	Note	**2025**	**2024**	**2025**	**2024**
Revenue	1, 7	19,395	15,724	35,399	30,829
Cost of goods and services sold	1, 9	-12,250	-9,387	-21,663	-18,422
GROSS PROFIT	**1**	**7,145**	**6,337**	**13,736**	**12,407**
Marketing expenses	9	-239	-241	-495	-475
General administration expenses	9	-1,599	-1,531	-3,386	-3,025
Other income and expenses	1, 10	-171	-108	-232	-323
OPERATING PROFIT		**5,136**	**4,457**	**9,623**	**8,584**
Financial income	11	30	67	64	149
Financial expenses	11	-937	-1,104	-1,969	-2,285
PROFIT BEFORE TAXES		**4,229**	**3,420**	**7,718**	**6,448**
Income tax		-2,861	-1,226	-2,914	-1,244
NET PROFIT FOR THE PERIOD		**1,368**	**2,194**	**4,804**	**5,204**
COMPREHENSIVE INCOME FOR THE PERIOD		**1,368**	**2,194**	**4,804**	**5,204**
Attributable profit to:					
Equity holders of A-shares		1,368	2,194	4,804	5,204
Earnings per A share (in euros)	13	0.07	0.11	0.24	0.26

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand	Note	for the 6 months ended 30 June 2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		9,623	8,584
Adjustment for depreciation/amortisation	9	4,618	4,131
Adjustment for revenues from connection fees	7	-394	-340
Other non-cash adjustments		28	-91
Profit (-)/loss (+) from sale of property, plant and equipment, and intangible assets		-46	-55
Change in current assets involved in operating activities		-1,023	-446
Change in liabilities involved in operating activities		-892	351
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**13,698**	**12,134**
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant, and equipment, and intangible assets		-25,367	-13,800
Proceeds from targeted funding of property, plant, and equipment.	4	5,454	0
Compensations received for construction of pipelines, incl connection fees		623	952
Proceeds from sale of property, plant and equipment, and intangible assets		46	98
Interest received		64	149
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		**-19,180**	**-12,601**
CASH FLOWS USED IN FINANCING ACTIVITIES			
Interest and loan financing costs paid		-2,482	-2,572
Lease payments		-452	-584
Loans received		20,000	5,000
Repayment of loans		-1,786	-1,818
Dividends paid	12	-10,600	-10,069
Income tax paid on dividends		-254	-303
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		**4,426**	**-10,346**
CHANGE IN CASH AND CASH EQUIVALENTS		**-1,056**	**-10,813**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**3**	**3,589**	**14,736**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3**	**2,533**	**3,923**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
as of 31 December 2023	**12,000**	**24,734**	**1,278**	**79,058**	**117,070**
Dividends	0	0	0	-10,200	**-10,200**
Comprehensive income for the period	0	0	0	5,204	**5,204**
as of 30 June 2024	**12,000**	**24,734**	**1,278**	**74,062**	**112,074**
as of 31 December 2024	**12,000**	**24,734**	**1,278**	**82,141**	**120,153**
Dividends	0	0	0	-10,600	**-10,600**
Comprehensive income for the period	0	0	0	4,804	**4,804**
as of 30 June 2025	**12,000**	**24,734**	**1,278**	**76,345**	**114,357**

NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING PRINCIPLES

The condensed consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. The condensed interim financial statements do not contain all the information presented in the annual financial statements and should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2024. Selected notes are included in interim financial statements to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

Change in presentation of connection fee income and expenses

In 2025, the Group has changed the presentation of income and depreciation cost from single connections. Changes in consolidated statement of comprehensive income and notes for reference period of 6 months ended on 30 June 2024 are presented in the following table.

	For the 6 months ended 30 June 2024		
€ thousand	Balance before the change in presentation	Impact of the change	Balance after the change
Consolidated statement of comprehensive income			
Revenue	30,489	340	30,829
Cost of goods and services sold	-18,102	-320	-18,422
Gross profit	12,387	20	12,407
Other income and expenses	-303	-20	-323
Note 7 Segment reporting			
Other services – external revenue	355	340	695
Other services – total segment revenue	3,468	340	3,808
Other services – segment's gross profit	955	20	975
Note 7 - table Revenue by activities			
Revenue from connection fees	0	340	340
Note 9 - table Cost of goods and services sold			
Depreciation and amortization	-3,624	-320	-3,944
Note 10 Other income and expenses			
Connection fees	340	-340	0
Depreciation of single connections	-320	320	0

Government grants

The grant is deducted from the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

The purchase of assets and the receipt of grants are recorded separately in cash flow statement.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of material misstatements to the carrying amounts of assets and liabilities were the same as described in the last annual financial statements as at and for the year ended 31 December 2024, except for estimates addressed below:

- Management has developed estimates on the expected credit losses of trade receivables based on the best available information about past events, current conditions and forecasts of macroeconomic conditions. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 June 2025, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of Estonia in which it sells its goods and services to be the most relevant factors and has accordingly adjusted the historical loss rates based on expected changes in these factors. As at 30 June 2025, Management of the Group has assessed the expected credit loss related to macroeconomic conditions to be €147 thousand. Estimated credit loss is being revised according to further developments.

- Management has made an estimate with regards to possible third-party claims based on the maximum difference between revenues calculated with tariffs established based on the Services Agreement and based on the Company's estimation, with the reservation to the possible fluctuation. According to the law, the tariffs established based on the Services Agreement were in force until the Competition Authority approved the new tariffs and the Company implemented these tariffs in line with the law. The Company has acted in good faith and in reliance to the applicable legal acts. Thus, the Company does not consider itself liable to the customers for any claims related to the tariffs applied until the new tariffs approved by the Competition Authority were duly implemented.

  As of 30 June 2025, claims totalling €14.7 million have been filed within five applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6.0 million and has suspended the reduction of the provision pursuant to the principle of conservatism. The Company has always acted legitimately by applying fair tariffs imposed in accordance with the law in force, and the Company believes there are no grounds for submitting the claims. Therefore, the Company does not admit any liability and fully rejects it.

NOTE 3. CASH AND CASH EQUIVALENTS

€ thousand	as of 30 June 2025	as of 31 December 2024
Cash in hand and in bank	2,533	3,589
Total cash and cash equivalents	**2,533**	**3,589**

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

€ thousand	Land and buildings	Facilities	Machinery and equipment	Construction in progress	Right-of-use assets	Right-of-use assets in progress	Total property, plant and equipment
as of 31 December 2023							
Acquisition cost	28,121	292,134	57,446	9,025	4,743	0	391,469
Accumulated depreciation	-8,579	-86,091	-39,041	0	-1,650	0	-135,361
Net book value	**19,542**	**206,043**	**18,405**	**9,025**	**3,093**	**0**	**256,108**
Transactions in the period 1 January 2024 - 30 June 2024							
Acquisitions	0	0	0	16,543	0	1,284	17,827

Write off and sale of property, plant, and equipment in residual value	0	0	-42	0	-6	0	-48
Reclassification	0	5,406	1,404	-5,968	414	-1,284	-28
Depreciation	-157	-2,252	-1,351	0	-260	0	-4,020
as of 30 June 2024							
Acquisition cost	28,121	297,316	58,048	19,600	5,381	0	408,466
Accumulated depreciation	-8,736	-88,119	-40,347	0	-1,425	0	-138,627
Net book value	**19,385**	**209,197**	**17,701**	**19,600**	**3,956**	**0**	**269,839**
as of 31 December 2024							
Acquisition cost	28,246	321,397	64,717	17,581	5,391	0	437,332
Accumulated depreciation	-8,782	-89,614	-40,977	0	-1,695	0	-141,068
Net book value	**19,464**	**231,783**	**23,740**	**17,581**	**3,696**	**0**	**296,264**
Transactions in the period 1 January 2025 - 30 June 2025							
Acquisitions	0	0	0	22,128	0	3	22,131
Reclassification	35	752	735	-3,431	-5	-3	-1,917
Depreciation	-163	-2,426	-1,531	0	-275	0	-4,395
as of 30 June 2025							
Acquisition cost	28,281	321,932	65,245	36,278	4,970	0	456,706
Accumulated depreciation	-8,945	-91,823	-42,301	0	-1,554	0	-144,623
Net book value	**19,336**	**230,109**	**22,944**	**36,278**	**3,416**	**0**	312,083

Property, plant and equipment and intangible assets are written off, if the conditions of the asset do not enable its further usage for production purposes. By nature, the right-of-use assets comply with the asset class of machinery and equipment.

The amount of acquisitions for the 6 months ended on 30 June 2025 are reduced by targeted financing of stormwater infrastructure developments in amount of €5,454 thousand.

NOTE 5. INTANGIBLE ASSETS

€ thousand	Acquired licenses and other intangible assets	Unfinished intangible assets	Total intangible assets
as of 31 December 2023			
Acquisition cost	5,400	514	5,914
Accumulated depreciation	-4,621	0	-4,621
Net book value	**779**	**514**	**1,293**

Transactions in the period 1 January 2024 - 30 June 2024			
Acquisition in book value	0	212	212
Depreciation	-111	0	-111
as of 30 June 2024			
Acquisition cost	5,400	726	6,126
Accumulated depreciation	-4,732	0	-4,732
Net book value	**668**	**726**	**1,394**
as of 31 December 2024			
Acquisition cost	6,856	98	6,954
Accumulated depreciation	-4,892	0	-4,892
Net book value	**1,964**	**98**	**2,062**
Transactions in the period 1 January 2025 - 30 June 2025			
Acquisition in book value	0	512	512
Reclassification	-62	-69	-131
Depreciation	-223	0	-223
as of 30 June 2025			
Acquisition cost	3,431	541	3,972
Accumulated depreciation	-1,752	0	-1,752
Net book value	**1,679**	**541**	**2,220**

NOTE 6. PROVISION FOR POSSIBLE THIRD-PARTY CLAIMS

On 12 December 2017, the Supreme Court made a decision on AS Tallinna Vesi's cassation in the tariff dispute with the Estonian Competition Authority. The court stated that the Competition Authority is not bound by the agreement on the water tariffs contained in the Services Agreement, which was executed upon privatization of the Company. From then on, the tariffs are regulated by the Competition Authority.

According to the law the tariffs established based on the Services Agreement were in force until the Competition Authority approved the new tariffs and the Company implemented these tariffs in line with the law. The Company has acted in good faith and in reliance to the applicable legal acts. Thus, the Company does not consider itself liable to the customers for any claims related to the tariffs applied until the new tariffs approved by the Competition Authority were duly implemented.

On 18 October 2019, the Competition Authority approved the tariffs that the Company had applied for in September of that year. The new tariffs for water services came into force on 1 December 2019. In the Company's main service area, the private customer tariffs decreased by 27% and commercial customer tariffs dropped by 15%, on average.

As of 30 June 2025, claims totalling €14.7 million have been filed within five applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6 million and has suspended the reduction of the provision pursuant to the principle of conservatism. The Company has always acted legitimately by applying fair tariffs imposed in accordance with the law in force, and the Company believes there are no grounds for submitting the claims. Therefore, the Company does not admit any liability and fully rejects it.

NOTE 7. SEGMENT REPORTING

The Group has defined the business segments based on the reports used regularly by the chief operating decision maker for the purposes of making strategic decisions. The chief operating decision maker monitors the Group’s operations by activities. Three segments are distinguished: water services, construction and other services.

Water services: water supply, storm and wastewater disposal and treatment, fire hydrants service, overpollution charges and discharging.

Construction services: construction services provided by Watercom OÜ. Construction services have been identified as a reportable segment because its revenues are more than 10% of the combined revenues of all segments.

Other services: road maintenance, jet wash and transportation services, project management and owner's supervision and other activities. Other activities are of less importance to the Group's financial results and none of them constitutes a separate segment for reporting purposes.

The Group's chief operating decision maker assesses the performance of each operating segment based on its revenue (external and inter-segment revenue) and gross profit. The inter-segment transactions are carried out on market terms.

€ thousand	Water services	Construction services	Other services	Inter-segment transactions	Total segments
1 January 2025 - 30 June 2025					
External revenue	30,273	4,331	795	0	35,399
Inter-segment revenue	0	1,884	3,331	-5,215	0
Total segment revenue	**30,273**	**6,215**	**4,126**	**-5,215**	**35,399**
Segment's gross profit	**12,238**	**355**	**1,590**	**-447**	**13,736**
Unallocated expenses:					
Marketing and Administrative expenses					-3,881
Other income/expenses					-232
Operating profit					**9,623**
1 January 2024 - 30 June 2024					
External revenue	28,715	1,419	695	0	30,289
Inter-segment revenue	3	1,436	3,113	-4,552	0
Total segment revenue	**28,718**	**2,855**	**3,808**	**-4,552**	**30,829**
Segment's gross profit	**11,665**	**189**	**975**	**-422**	**12,407**
Unallocated expenses:					
Marketing and Administrative expenses					-3,500
Other income/expenses					-323
Operating profit					**8,584**

Revenue by activities

€ thousand	Quarter 2 2025	Quarter 2 2024	for the 6 months ended 30 June 2025	for the 6 months ended 30 June 2024
Water services				
Water supply service	3,890	2,500	7,247	5,009
Wastewater disposal service	4,030	3,682	7,973	7,378
Total from private customers	7,920	6,182	15,220	12,387
Water supply service	1,870	2,258	3,784	4,342
Wastewater disposal service	2,338	2,238	4,587	4,434
Total from corporate customers	4,208	4,496	8,371	8,776
Water supply service	523	397	1,013	762
Wastewater disposal service	1,296	1,063	2,753	2,130
Storm water disposal service	10	61	19	153
Total from outside service area customers	1,829	1,521	3,785	3,045
Storm water treatment and disposal service and fire hydrants service	1,078	1,875	2,115	3,773
Overpollution charges and discharging	391	396	782	734
Total from water services	**15,426**	**14,470**	**30,273**	**28,715**
Other services				
Construction services	3,530	881	4,331	1,419
Revenue from single connections (see note 1)	211	172	394	340
Other services	228	201	401	355
Total from other services	**3,969**	**1,254**	**5,126**	**2,114**
Total revenue (see note 1)	**19,395**	**15,552**	**35,399**	**30,829**

100% of the Group´s revenue was generated within the Republic of Estonia.

NOTE 8. STAFF COSTS

€ thousand	Quarter 2 2025	Quarter 2 2024	for the 6 months ended 30 June 2025	for the 6 months ended 30 June 2024
Salaries and wages	-3,071	-2,893	-6,149	-5,806
Social security and unemployment insurance tax	-1,022	-966	-2,053	-1,884
Staff costs total	**-4,093**	**-3,859**	**-8 202**	**-7 690**
Average number of employees during the reporting period	**358**	**371**	**359**	**366**

NOTE 9. COST OF GOODS AND SERVICES SOLD, MARKETING AND ADMINISTRATIVE EXPENSES

€ thousand	Quarter 2		for the 6 months ended 30 June	
Cost of goods and services sold	**2025**	**2024**	**2025**	**2024**
Water abstraction charges	-310	-319	-628	-642
Chemicals	-740	-673	-1,534	-1,375
Electricity	-1,046	-1,128	-2,243	-2,497
Pollution tax	-339	-231	-648	-509
Staff costs	-2,900	-2,726	-5,786	-5,428
Depreciation and amortization	-2,170	-1,942	-4,287	-3,944
Construction services	-3,049	-589	-3,679	-1,004
Other costs	-1,696	-1,779	-2,858	-3,022
Total cost of goods and services sold	**-12,250**	**-9,387**	**-21,663**	**-18,422**
Marketing expenses				
Staff costs	-222	-222	-452	-431
Depreciation and amortization	0	0	-1	-1
Other marketing expenses	-17	-19	-42	-43
Total marketing expenses	**-239**	**-241**	**-495**	**-475**
Administrative expenses				
Staff costs	-971	-911	-1,964	-1,831
Depreciation and amortization	-166	-92	-330	-187
Other general administration expenses	-462	-528	-1,092	-1,007
Total administrative expenses	**-1,599**	**-1,531**	**-3,386**	**-3,025**

NOTE 10. OTHER INCOME/EXPENSES

€ thousand	Quarter 2 2025	2024	for the 6 months ended 30 June 2025	2024
Doubtful receivables expenses (-)/ expense reduction (+)	-34	0	-31	-164
Other income (+)/expenses (-)	-137	-108	-201	-159
Total other income / expenses	**-171**	**-108**	**-232**	**-323**

NOTE 11. FINANCIAL INCOME AND EXPENSES

€ thousand	Quarter 2 2025	2024	for the 6 months ended 30 June 2025	2024
Interest income	30	67	64	149
Interest expense, loan	-908	-1,083	-1,914	-2,243
Other financial income (+)/ expenses (-)	-29	-21	-55	-42
Total financial income / expenses	**-907**	**-1,037**	**-1,905**	**-2,136**

NOTE 12. DIVIDENDS

€ thousand	Quarter 2 2025	Quarter 2 2024	for the 6 months ended 30 June 2025	for the 6 months ended 30 June 2024
Dividends declared during the period	10,600	10,200	10,600	10,200
Dividends paid during the period	10,600	10,069	10,600	10,069
Withheld income tax on dividends	0	131	0	131
Income tax on dividends paid	2,736	1,205	2,736	1,205
Dividends declared per shares:				
Dividends per share (in euros)	0.53	0.51	0.53	0.51

Dividend income tax rate in 2025 was 22/78 (2024: 20/80). Non-taxable are dividend payments which were taxed previously. In 2025, the amount is €900 thousand – dividend paid by subsidiary.

Until 2024, for dividend payments in the amount of up to the average taxed dividend payment during the three preceding years, the income tax rate 14/86 was applied. In addition, for dividends payable to natural persons, income tax at a rate of 7% was withheld on dividends taxed with a lower income tax rate.

NOTE 13. EARNINGS PER SHARE

€ thousand	Quarter 2 2025	Quarter 2 2024	for the 6 months ended 30 June 2025	for the 6 months ended 30 June 2024
Net profit for the period	1,368	2,194	4,804	5,204
Weighted average number of ordinary shares (in thousands)	20,000	20,000	20,000	20,000
Earnings per share (in euros)	0.07	0.11	0.24	0.26

Diluted earnings per share for the periods ended 30 June 2025 and 30 June 2024 was equal to earnings per share figures stated above.

NOTE 14. RELATED PARTIES

Transactions with related parties are considered to be transactions with members of the Supervisory Council and Management Board, their relatives, and the companies in which they have control or significant influence and transactions with shareholder having the significant influence. Dividend payments are indicated in the Statement of Changes in Equity.

Shareholders having the significant influence

Balances recorded on the statement of financial position of the Group € thousand	as of 30 June 2025	as of 31 December 2024
Accounts receivable	1,090	1,305
Trade and other payables	4	59

Transactions recorded on the statement of comprehensive income

€ thousand	2025	Quarter 2 2024	2025	for the 6 months ended 30 June 2024
Revenue	2,199	2,217	3,383	4,507
Purchase of thermal energy	56	13	209	60
Capex investments	0	250	0	250

Fees to the Group's Management Board and Supervisory Council members (excluding social tax) € thousand	2025	Quarter 2 2024	2025	for the 6 months ended 30 June 2024
Fees for Management Board	83	80	236	220
Supervisory Council fees	18	11	36	21

The Group's Management Board and Supervisory Council members are considered as key management personnel for whom the contractual salary payments have been accounted for as disclosed above.

The Group's Management Board members are elected for 5 (five) years and Supervisory Council members for 3 (three) years. Stock exchange announcement is published about the change in Management Board and Supervisory Council.

The potential salary liability would be up to €194 thousand (excluding social tax) if the Supervisory Council were to replace all Management Board members.

Company shares belonging to the Management Board and Supervisory Council members

As of 30 June 2025, the members of Management Board Aleksandr Timofejev, Taavi Gröön and Tarvi Thomberg owned the shares of AS Tallinna Vesi, 200, 600 and 1,000 shares accordingly. Tarvi Thomberg and Taavi Gröön both have acquired 200 shares during the 6 months period ended on 30 June 2025. All securities transactions have been conducted in accordance with the applicable law as well as relevant rules, including AS Tallinna Vesi rules for handling inside information.

As of 30 June 2025, and 31 December 2024, the members of Supervisory Council did not own any shares in the Company.

NOTE 15. LIST OF SUPERVISORY COUNCIL MEMBERS

Priit Koit	Chairman of the Supervisory Council
Priit Lello	Vice Chairman of the Supervisory Council
Robert Kitt	Member of the Supervisory Council
Gerli Kivisoo	Member of the Supervisory Council
Niall Patrick Mills	Member of the Supervisory Council
Mart Mägi	Member of the Supervisory Council
Priit Rohumaa	Member of the Supervisory Council
Silver Tamm	Member of the Supervisory Council
Karolina Ullman	Member of the Supervisory Council

Introduction of Supervisory Council members is published at company's web page:

https://tallinnavesi.ee/en/ettevote/management-board/supervisory-council/