

AS TALLINNA VESI

Consolidated Interim Report for the 1st quarter of 2021

30 April 2021



Currency	Thousand euros
Start of reporting period	1 January 2021
End of reporting period	31 March 2021
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Field of activity	Production, treatment and distribution of water; storm and wastewater disposal and treatment

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MANAGEMENT REPORT

Management Board's summary

In the 1st quarter of 2021, the spread of coronavirus continued to affect our ways of working as well as the financial performance of Tallinna Vesi. Monitoring the situation closely, Tallinna Vesi has maintained the changes in its working arrangements made in autumn, to ensure the continued safety of staff and uninterrupted, high-quality services to our customers. Due to decreased commercial consumption driven by the virus restrictions, the Company's revenues and profits for the 1st quarter of 2021 were lower in comparison with the same period last year. According to external forecasts, the impact of the pandemic will gradually start to reverse as the vaccine rollout progresses. We are therefore optimistic that consumption will also revert to pre-pandemic volumes in the longer term.

Financial performance reflects the impacts of coronavirus

The Company's sales revenue for the 1st quarter of 2021 decreased compared to the same period in 2020, resulting mainly from the lower consumption of commercial customers due to the Covid-19 pandemic. Sales revenue for the 1st quarter of 2021 was €11.78 million, reduced by 10.6% or €1.40 million compared to the same period in 2020.



Sales to private customers were €5.11, showing an increase of 1.7%, due to pandemic restrictions that have led people to work from home. Sales to commercial customers reduced by 21.5% to €3.26 million, which is a consequence of lower consumption by businesses. The hospitality sector has seen the greatest impact from the pandemic and the lockdown from mid-March has kept the majority of hospitality businesses closed.

The gross profit for the 1st quarter of 2021 was €5.18 million, showing a reduction of 14.5%, which is attributable to the lower sales revenue. The operating profit was €4.66 million, which is a reduction of €1.01 million or 17.8% compared to the previous year. Besides the negative changes in consumption, the operating profit was positively impacted by the €1.2 million reduction in the provision associated with third-party claims as was also done in the previous year.

The net profit for the 1st quarter of 2021 was €4.55 million, showing a decrease of 18.1% compared to the same period last year. Considering the imminent rollout of the coronavirus vaccinations, we remain optimistic that in long-term consumption will revert to pre-pandemic volumes, as the hospitality sector starts to recover in Tallinn.

High-quality services

In the 1st quarter of 2021, the water quality in the network was 100% compliant with all quality requirements. Excellent drinking water quality in the network was ensured due to efficient water treatment, proactive network maintenance processes and low raw water temperature.



The level of leakages for the first three months of the year was 15.46%, which was slightly higher than in the same period last year (14.90%). Slightly higher water loss is related to reduced consumption and cold weather. The number of sewer blockages in the network increased by 15% compared to the same period last year. At the same time, the reduction in the number of sewer collapses was a good reflection of the Company's targeted maintenance activities and strategic investments. There were approximately 30% less sewer collapses in the 1st quarter of 2021 year on year.

Treated effluent leaving Paljassaare Wastewater Treatment Plant was fully compliant with all regulations during the first three months of 2021.

We work hard to limit interruptions in the water network and minimise their duration when they occur. The average water disruption time was 3 hours and 19 minutes, and 93% of emergency interruptions were shorter than 5 hours. To minimise the effect of water interruptions on customers, the additional valve installation project continues also in 2021.

One of the largest projects of the past decade for the Company – the reconstruction of the mechanical treatment stage at Paljassaare wastewater treatment plant continued according to the plan. This major

project will continue throughout 2021. During the 1st quarter of 2021, we built 1,370 m of water pipes and 650 m of sewers.

We aim to deliver high-quality service to our customers. This year we have again set clear and challenging targets and aim to keep our promises made to customers, in terms of the speed of our response and problem-solving. In the first three months of 2021, the number of written inquires and repeated requests have decreased. This positive trend shows a stable improvement in the quality of service and, on the other hand, indicates that information is easily available to customers through other channels, such as our website or self-service.



The number of customer complaints was also significantly lower than in the same period last year. We failed one promise, which affected two customers. The failure was related to a planned interruption to water supply, where the opening of water supply was delayed by 2 hours due to a contractor's fault.

Supporting the community and raising environmental awareness

At the beginning of 2021, we continued to support our close to heart initiatives to give back to our community. We carried on with our long-term support to Estonian Disabled Athlete Sports Association, SPIN program, and Ristikü Elementary School.



At the end of the 1st quarter, we started to prepare our awareness campaign "Veendumus" of 2021, which calls on students in grades 6 to 12 to create ad campaigns promoting tap water. Today's youngsters are very environmentally conscious and want to make smarter consumption decisions, and we believe that they have the potential to make changes happen.

OPERATIONAL INDICATORS FOR THREE MONTHS OF 2021

Indicator	Unit	2021	2020	2019
Compliance of water quality at customer taps	%	100.0	100.0	99.73
Water loss in the water distribution network	%	15.77	14.90	12.86
Average duration of water interruptions per property	h	3.32	2.87	2.59
Number of sewer blockages	No	143	124	159
Number of sewer collapses	No	19	27	29
Compliance of treated effluent with environmental standards	%	100.0	100.0	100.0
Number of customer complaints	No	8	16	40
Number of customer contacts regarding water quality	No	42	64	27
Number of customer contacts regarding water pressure	No	51	64	54
Number of customer contacts regarding blockages and drainage of stormwater	No	244	266	328
Responding to written customer contacts within at least 2 working days	%	99.7	100.0	100.0
Number of failed promises cases	No	1	0	0
Notification of unplanned water interruptions at least 1 h before	%	99.8	99.4	97.2

Aleksandr Timofejev
Member of the Management Board
 Chief Operations Officer

Kristi Ojakäär
Member of the Management Board
 Chief Financial Officer

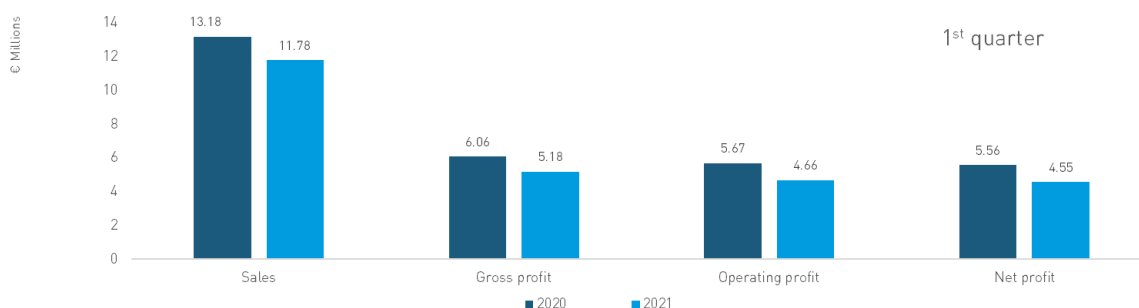
FINANCIAL HIGHLIGHTS OF THE 1st QUARTER OF 2021

The latest **economic forecast** from Eesti Pank expects the recovery of the Estonian economy to be delayed until the second half of the year but be faster. The exit from the crisis at the speed expected earlier is being hindered by the new and aggressive virus outbreaks and the resulting restrictions imposed. As conditions remain difficult in the first half of the year, expected growth in the economy is 2.7% for this year and an increase to 5% for 2022.

The industrial sector and goods exports, which are linked to the international goods markets, are suffering less from the Covid-19 restrictions. International demand for industrial output and global trade have already exceeded the pre-crisis level, offering growth opportunities for the exporting branches of the Estonian economy. As the course of the pandemic and the consequent restrictions are difficult to predict, uncertainty about the outlook for the economy remains high.

The pandemic has, among other factors, impacted also AS Tallinna Vesi's financial results, being the reason for lower revenues and profit of the Company compared to the same period in 2020.

The Group's sales revenues during the 1st quarter of 2021 were €11.78 million, being down by 10.6% or €1.40 million compared to the same period in 2020.



The gross profit in the 1st quarter of 2021 was €5.18 million, showing a decrease of 14.5% or €0.88 million. The decrease in gross profit was fully related to lower revenues as the total cost of goods and services sold was lower than in the comparative period. The revenues were mainly impacted by decrease in water and wastewater revenues from commercial customers within the service area, which were mostly affected by the pandemic-related lower consumption of commercial customers.

The operating profit was €4.66 million, showing a decrease of 17.8% or €1.01 million. In addition to the above-mentioned changes in gross profit, the operating profit both in the 1st quarter of 2021 and in the 1st quarter of 2020 was impacted by €1.20 million positive change in the provision formed for possible third-party claims. The operating profit for the 1st quarter of 2021 before the impact resulting from the change of provision formed for possible third-party claims was €3.46 million, compared to €4.47 million operating profit in the 1st quarter of 2021, being 22.6% or €1.01 million lower year-on-year.

The net profit for the 1st quarter of 2021 was €4.55 million, showing a decrease of 18.1% or €1.01 million. The net profit was mainly impacted by the above-mentioned changes in the revenue and operating profit, by deferred income tax expense and by lower net financial expenses. The changes in the financial expenses were influenced by lower interest expense and expiration of swap contracts in the middle of the 4th quarter of 2020. The net profit for the 1st quarter of 2021 without the impact resulting from the change of provision for possible third-party claims was €3.35 million compared to €4.29 million net profit in the 1st quarter of 2020 without the impact resulting from the change of provision for possible third-party claims and financial expense from swap contracts, being 22.0% or €0.94 million lower year-on-year.

MAIN FINANCIAL INDICATORS

€ million, except key ratios	1 st quarter			Change 2021/ 2020
	2021	2020	2019	
Sales	11.78	13.18	14.66	-10.6%
Gross profit	5.18	6.06	8.26	-14.5%
Gross profit margin %	43.97	45.96	56.33	-4.3%
Operating profit before depreciation and amortisation	6.23	7.18	8.39	-13.3%
Operating profit before depreciation and amortisation margin %	52.83	54.48	57.24	-3.0%
Operating profit	4.66	5.67	6.89	-17.8%
Operating profit - main business	4.50	5.62	6.78	-20.0%
Operating profit margin %	39.55	43.02	47.00	-8.1%
Profit before taxes	4.57	5.56	6.68	-17.7%
Profit before taxes margin %	38.78	42.15	45.58	-8.0%
Net profit	4.55	5.56	1.01	-18.1%
Net profit margin %	38.59	42.15	45.58	-8.4%
ROA %	1.77	2.09	2.74	-15.5%
Debt to total capital employed %	54.83	54.81	57.78	0.0%
ROE %	3.97	4.70	6.85	-15.4%
Current ratio	4.48	5.87	6.28	-23.7%
Quick ratio	4.42	5.83	6.24	-24.2%
Investments into fixed assets	2.28	3.59	3.41	-36.5%
Payout ratio %	na	na	na	

Gross profit margin – Gross 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

Operating profit margin – Operating profit / 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 debt

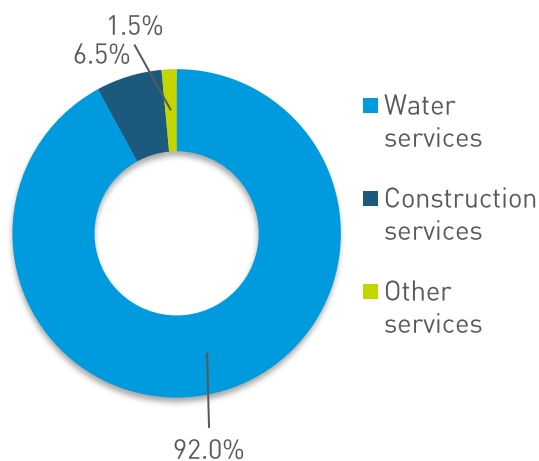
FINANCIAL RESULTS FOR THE 1ST QUARTER OF 2021

Statement of comprehensive income

SALES

The changes in the revenues from the main activities, i.e. sales of water and wastewater services, in the 1st quarter of 2021 were driven by changes in the consumption of water services resulting from the coronavirus outbreak. Given the Estonia's macroeconomic forecast, we expect a short-term decrease in the consumption of our water services also in the next quarters. In the long-term future, the Company does not expect significant changes in the water services consumption.

Group's total sales



In the 1st quarter of 2021, the **Group's total sales** were €11.78 million, showing a decrease of 10.6% or €1.40 million year-on-year. 92.0% of sales comprise of water services within and outside the service area, 6.5% from construction services and 1.5% from other services. The sale of construction services is more seasonal, and the Company continues to seek possibilities to grow the revenues from these services.

€ thousand	1 st quarter			Variance 2021/2020	
	2021	2020	2019	€	%
Water supply service	2,054	2,020	3,567	34	1.7%
Wastewater disposal service	3,057	3,006	2,924	51	1.7%
Total from private customers	5,111	5,026	6,491	85	1.7%
Water supply service	1,577	2,025	2,734	-448	-22.1%
Wastewater disposal service	1,682	2,124	2,267	-442	-20.8%
Total from commercial customers	3,259	4,149	5,002	-890	-21.5%
Water supply service	396	380	385	16	4.2%
Wastewater disposal service	844	856	815	-12	-1.4%
Storm water disposal service	83	108	147	-25	-23.1%
Total from outside service area customers	1,323	1,344	1,346	-21	-1.6%
Storm water treatment and disposal and fire hydrants service	872	1,186	944	-314	-26.5%
Overpollution charges and discharging	281	282	229	-1	-0.4%
Total from water services	10,846	11,987	14,012	-1,14	-9.5%
Construction services	765	1,029	549	-264	-25.7%
Other services	173	164	103	9	5.5%
TOTAL REVENUE	11,784	13,180	14,664	-1,396	-10.6%

Sales from water services were €10.85 million, showing a 9.5% or €1.14 million decrease compared to the 1st quarter of 2020, resulting from the changes in the sales volumes as described below:

- There has been a slight increase of 1.7% to €5.11 million in the sales to **private customers**, driven mainly by higher consumption volumes in apartment blocks, which is our biggest private customer group, and private houses segment. The total impact from consumption is +€0.08 million. Higher consumption of private customers was mainly related to coronavirus outbreak as substantial part of population is working from home.
- Sales to **commercial customers** within the service area decreased by 21.5% to €3.26 million driven by lower consumption of water services. The sales to commercial customers were impacted by pandemic as hotels and spas and entertainment facilities were operating with lower number of visitors and were closed from mid-March, and less people were working in offices. The impact from consumption on revenues from commercial customers was -€0.89 million.
- Sales to **customers outside the main service area** decreased by 1.6% to €1.32 million, which was also impacted by a change in the consumption of water and stormwater services. The total impact from changes in consumption was -€0.02 million.
- Sales from the **operation and maintenance of the stormwater and fire hydrant system in the main service area** amounted to €0.87 million, showing a decrease of 26.5% or €0.31 million compared to the same period in 2020, driven mainly by 38.7% lower stormwater volumes.
- **Overpollution charges and discharging** revenues decreased by 0.4% to €0.28 million.

Sales of **construction services** were €0.76 million, decreasing by 25.7% or €0.26 million year-on-year. The decrease was mainly related to lower revenues from pipe construction services due to snowy winter that made pipe construction challenging during the first two months.

COST OF GOODS AND SERVICES SOLD AND GROSS PROFIT

The cost of goods and services sold amounted to €6.60 million in the 1st quarter of 2021, being lower by €0.52 million compared to the equivalent period in 2020. The changes were influenced by lower costs related to construction services and direct production costs accompanied by lower other costs of goods.

€ thousand	1 st quarter		Variance 2021/2020		
	2021	2020	2019	€	%
Water abstraction charges	-307	-312	-292	5	1.6%
Chemicals	-447	-378	-405	-69	-18.3%
Electricity	-894	-970	-1,004	76	7.8%
Pollution tax	-233	-363	-367	130	35.8%
Total direct production costs	-1,881	-2,023	-2,068	142	7.0%
Staff costs	-1,837	-1,803	-1,645	-34	-1.9%
Depreciation and amortisation	-1,368	-1,320	-1,340	-48	-3.6%
Construction services	-607	-851	-437	244	28.7%
Other costs of goods/services sold	-910	-1,126	-914	216	19.2%
Other costs of goods/services sold total	-4,722	-5,100	-4,336	378	7.4%
Total cost of goods/services sold	-6,603	-7,123	-6,404	520	7.3%

Total direct production costs (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €1.88 million, showing a 7.0% or €0.14 million decrease compared to the equivalent period in 2020. Changes in direct production costs came from a combination of changes in prices and in treated volumes as follows:

- **Chemicals** costs increased by 18.3% to €0.45 million, driven mainly by on average 48% higher price and 11% higher usage of methanol, the combined effect of price and usage is worth €0.05 million. Chemicals cost increased also due to 30% higher usage of coagulant worth €0.02 million, in wastewater treatment to remove sludge and phosphorus. Higher costs of methanol and coagulant were partly balanced by 19.4% lower volume of polymer in wastewater treatment process.
- **Electricity** costs decreased by 7.8% to €0.89 million, driven mainly by 8.7% lower expense of electricity in wastewater treatment process and 27.6% lower expense in the main pumping station, worth €0.03 million and €0.05 million respectively.
- **Pollution Tax** cost has decreased by 35.8% to €0.23 million due to lower concentration of Nitrogen and BOD7 in wastewater treatment process, worth €0.07 million and €0.02 million accordingly.

Other costs of goods sold (staff costs, depreciation, construction services related costs and other costs of goods sold) amounted to €4.72 million, having decreased by 7.4% or €0.38 million. The decrease was mainly influenced by lower other costs of goods/services sold and lower costs related to construction services due following reasons:

- **Construction services costs** decreased by 28.7% to €0.61 million due to lower revenues from construction services mentioned earlier.
- **Other costs of goods/services sold** decreased by 19.2% to €0.91 million, mainly because of lower asset maintenance costs.

As a result of all above, the **Group's gross profit** for the 1st quarter of 2021 was €5.18 million, showing a decrease of 14.5% or €0.88 million, compared to the gross profit of €6.06 million for the comparative period of 2020.

ADMINISTRATIVE AND MARKETING EXPENSES, OTHER INCOME AND EXPENSES

Administrative and marketing expenses increased by 18.5% or €0.26 million amounting to €1.67 million, compared to 1st quarter of 2020.

Other income and expenses amounted to net income of €1.15 million, compared to net income of €1.03 million in comparative period, derived from higher revenues from connection fees and lower expense of doubtful receivables.

OPERATING PROFIT

As a result of the factors listed above the Group's **operating profit** for the 1st quarter of 2021 amounted to €4.66 million, being 17.8% or €1.01 million lower than in the corresponding period of 2020. Eliminating the effect of the change of provision for possible third-party claims, the operating profit for the 1st quarter of 2021 and 2020 would have been €3.46 million and €4.47 million, being lower by 22.6% or €1.01 million year-on-year.

FINANCIAL EXPENSES

The Group's net financial income and expenses have resulted in a net expense of €0.09 million, being 21.7% or €0.03 million lower compared to the 1st quarter of 2020. The lower numbers derived from reduced interest costs due to a lower interest margin of 2019 NIB loan agreement and expiry of SWAP agreements in the last quarter of 2020.

The standalone swap agreements were signed to mitigate the long-term floating interest risk. The interest swap agreements were signed for €37.5 million and ended in November 2020, loans €50.22 million were with floating interest rate. In the 1st quarter of 2021, the whole loan amount of €87.72 million was bearing a floating interest rate. The effective interest rate of loans in the 1st quarter of 2021 was 0.42%, amounting to the interest costs of €0.09 million, compared to the effective interest rate of 0.77% (incl SWAP interests) and the interest costs of €0.18 million in the 1st quarter of 2020.

PROFIT BEFORE TAXES AND NET PROFIT

The Group's **net profit** for the 1st quarter of 2021 was €4.55 million, being 18.1% or €1.01 million lower than for the comparative period of 2020. The decrease in net profit was mainly impacted by changes in operating profit and net financial expenses and deferred income tax expense. Eliminating the effects of the change of the fair value of swap contracts in 2020 and the change of provision for possible third-party claims, the Group's net profit for the 1st quarter of 2021 would have been €3.34 million compared to net profit of €4.29 million in 2020, showing a decrease of 22.0% or €0.94 million year-on-year.

Statement of financial position

In the first three months of 2021 **the Group invested into fixed assets** €2.28 million. As of 31/03/2021, non-current tangible assets amounted to €203,5 million, the majority of which in the amount of €163,1 was an investment in pipes (31/03/20 €162.6). Total non-current assets amounted to €204.15 million (31/03/2020: €181.84 million and €192.40 million respectively).

Compared to the year end of 2020 **the trade receivables, accrued income and prepaid expenses** have shown a decrease in the amount of €0.51 million to €6.51 million. Decrease mainly derives from lower trade receivables related to water and construction services and lower other receivables, by €0.57 million and €0.32 million respectively. The collectability rate continues to be high at 99.20% although decreased slightly compared to March 2020 when the collectability rate was 99.97%.

Current liabilities have decreased by €1.4 million to €12.15 million compared to the end of 2020, mainly deriving from investments related trade payables.

Deferred income from connection fees has increased compared to the end of 2020 by €1.05 million to €35.61 million.

Provision for possible third-party claims has decreased compared to the end of 2020 by €1.20 million to €8.42 million. More detailed information about the provision is presented in Note 6 to the financial statements.

The Group's **loan balance** of €87.72 million has remained the same it was at the end of 2020. In May 2019, the Company started to return the previous NIB loan in 11 equal semi-annual payments. The weighted average loan interest risk margin is 0.66%.

The Group has a **total debt to assets** level of 54.8%, in range of 54%-65%, reflecting the Group's equity profile. In the comparative period of 2020, the total debt to assets ratio was at the same level, being 54.8%.

Cash flow

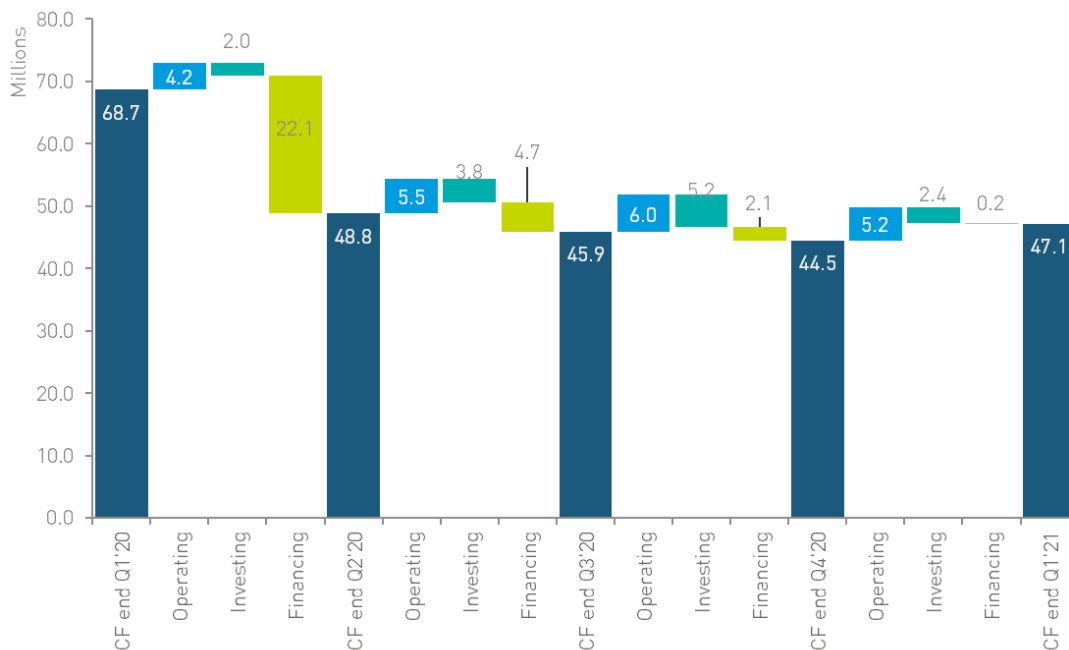
As of 31/03/2020, the cash position of the Group is strong. At the end of March 2021, the cash balance of the Group stood at €47.12 million, which is 18.2% of the total assets (31/12/2020: €44.51 million, forming 17.4% of the total assets).

The biggest contribution to the cash flows comes from the main activities. During the first three months of 2021, the Group generated €5.25 million of **cash flows from operating activities**, a decrease of €1.64 million compared to the corresponding period in 2020. Underlying operating profit continues to be the main contributor to operating cash flows.

In the three months of 2021 the result of **net cash flows from investing activities** was a cash outflow of €2.41 million and decrease of €0.26 million compared to the cash outflow of €2.67 million in the first three months of 2020. This is made up as follows:

- The cash outflows from investments in fixed assets have decreased by €0.06 million compared to 2020, amounting to €2.92 million.
- The compensations received for pipe construction were €0.51 million, showing an increase of €0.23 million compared to the same period of 2020.

In the three months of 2021 **cash outflow from financing activities** amounted to €0.22 million, decreasing by €0.10 million compared to the same period in 2020. The change was mainly related to lower interest and lease payments, both by €0.05 million.



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. This requires us to be resourceful

and flexible in our communication with the staff in order 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, bulletin boards, intranet, informative letters, team events and a quarterly internal newsletter. Estonian is not the communication language for quite a number of our staff, therefore we provide the majority of important information also in Russian.

We have described our human resource policies. We follow equality principles in selecting and managing people, which translates into providing, when feasible, everyone with equal opportunities. Understanding and appreciating the diversity of our staff, we ensure, that everyone is treated fairly and equally, and they have access to the same opportunities as is reasonable and practicable. We aim to ensure, that no employees are discriminated against due to, but not exclusive to age, gender, religion, cultural or ethnic origin, disability, sexual orientation or marital status.

Considering the spread of coronavirus, it is even more important than usual for us to keep our employees informed about developments in the company. We use various channels for doing so (listed above). In addition to the traditional channels of information, we also prepared a video in both Estonian and Russian about the related rearrangements in the company and distributed it among the staff. Also, a virtual appreciation gala was organised to recognize and award our best employees of 2020 in Tallinna Vesi and Watercom.

The corona crisis has significantly changed the daily working arrangements in our company, and many employees began to perform their tasks remotely. Currently, working from home has become a part of our daily lives. To support our employees, we have put in place the "Remote Working Rules" summarising the key topics. Another document "Risk Assessment for Remote Working" has been prepared as a tool used in assessing the risks at the place where remote work is performed. Both documents are reviewed and discussed with managers as well as signed by each employee working remotely. Furthermore, various useful documents of supporting information are available in the company's Intranet under the section "Remote Work". The implementation of remote working in the Company was also one of the key subjects raised in the 2020 Employee Satisfaction Survey. Corona crisis has also changed ways of working of skilled workers, many of them now work temporarily in shifts until to end of corona crisis to ensure the safety of people and uninterrupted work process.

At the end of the 1st quarter of 2021, the total number of employees was 330 compared to 329 at the end of the same period in 2020. The full time equivalent (FTE) was 313 and 315 respectively. Average number of employees during the three months was 331 in 2021 and 327 in 2020 respectively.

By gender, employee allocation was as follows:

	As of 31/03/2021			As of 31/03/2020		
	Women	Men	Total	Women	Men	Total
Group	89	241	330	88	241	329
Management Team	15	18	33	11	17	28
Executive Team	4	5	9	5	5	10
Management Board	1	2	3	1	2	3
Supervisory Board	1	8	9	1	8	9

The total salary costs were €2.56 million for the 1st quarter of 2021, including €0.09 million paid to the Management Board and Supervisory Council members (excluding social taxes). The contingent liability in case the Council should want to replace the current Management Board members is €0.09 million.

DIVIDENDS

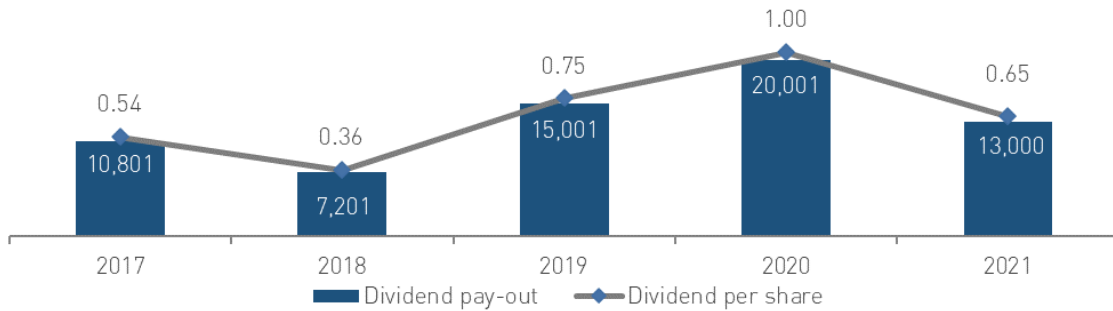
Dividend allocation to the shareholders is recorded as a liability in the financial statement of the Company at the time when the profit allocation and dividend payment is confirmed by the annual general meeting of shareholders.

Every year the Supervisory Council evaluates the proposal of the dividends to be paid out to the shareholders and approves it to be presented to the Annual General Meeting of shareholders for voting, considering all

circumstances. The Supervisory Council decided in its meeting held on 29/04/2021 to make a proposal to Annual General Meeting to pay out €0.65 per share from the 2020 profits. The pay-out is equal to 78% of earnings per share in 2020.

The Annual General Meeting of shareholders is scheduled for 03/06/2021.

Dividend pay-outs in the last five years have been as follows:



ASTV aims to distribute 50%-80% of the annual profit as dividends. Dividend payments shall be assessed annually considering ASTV's earnings, investment needs, liquidity position and long-term financial objectives.

SHARE PERFORMANCE

AS Tallinna Vesi is listed on Nasdaq Baltic Main List with trading code TVEAT and ISIN EE3100026436.

As of 01/04/2021, AS Tallinna Vesi's shareholders, with a direct holding over 5%, were:

- City of Tallinn (52.35%)
- OÜ Utilitas (17.65%)

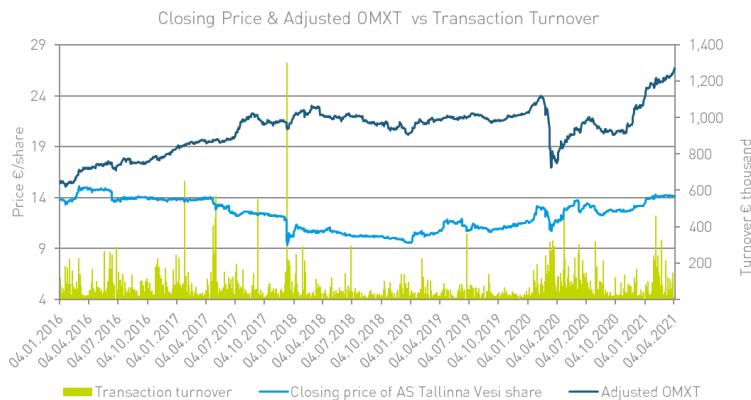
As of 08/04/2021, AS Tallinna Vesi acquired one B share with the nominal value of €60 from the City of Tallinn.

During the three months of 2021, the shareholder structure has been relatively stable compared to the end of 2020. At the end of the 1st quarter of 2021, the pension funds shareholding remained at the same level as at the end of 2020, being 0.69% of the total shares.

As of 31/03/2021, the closing price of AS Tallinna Vesi share was €14.15, which is 6.79% (2020: -0.43%) higher compared to the closing price of €13.25 at the end of the previous quarter. During the 1st quarter, the OMX Tallinn index increased by 11.72% (2020: -20.8%).

In three months of 2021, 5,662 deals were concluded with the Company's shares (2020: 5,332 deals) during which 351 thousand shares or 1.8% of all shares changed owners (2020: 464 thousand shares or 2.3%).

The turnover of transactions amounted to €4.95 million, being €498.43 thousand lower than in the comparative period of 2020.



CORPORATE STRUCTURE

As of 31/03/2021, the Group consisted of 3 companies. The subsidiaries OÜ ASTV Green Energy and Watercom OÜ are wholly owned by AS Tallinna Vesi and consolidated into the results of the Company.

CORPORATE GOVERNANCE

SUPERVISORY COUNCIL

Supervisory Council organises and arranges the management of the Company and supervises the activities of the Management Board. After the change in ownership of AS Tallinna Vesi, the amendment to the Articles of Association of AS Tallinna Vesi was approved by shareholders on 01/04/2021 without convening a general meeting. According to the amended Articles of Association the Supervisory Council members of AS Tallinna Vesi are elected or appointed for three years.

In relation to changes in ownership of AS Tallinna Vesi, the following changes took place in the Supervisory Council's membership:

On 31/03/2021, the terms of office of the following Supervisory Council members ended:

- Mr Simon Roger Gardiner
- Mr Martin Padley
- Mr Thomas Wright Lissett
- Mr Brendan Francis Murphy

The following members of Supervisory Council were appointed or elected:

- Mr Mart Mägi was elected from 01/04/2021 for a term set out in the Articles of Association,
- Mr Robert Kitt was elected from 01/04/2021 for a term set out in the Articles of Association,
- Mr Priit Koit was appointed from 12/04/2021 for a term set out in the Articles of Association,
- Mr Niall Patrick Mills was appointed from 12/04/2021 for a term set out in the Articles of Association.

On 07/04/21, the term of Mr Toivo Tootsen expired, and he was replaced by Mr Andrei Korobeinik, whom the City of Tallinn appointed as a Supervisory Council member from 26/04/2021 for a term set out in the Articles of Association.

On 16/04/2021, the Supervisory Council resolved by written procedure to elect Priit Koit as Chairman of Supervisory Council and Priit Lello as Vice Chairman of the Supervisory Council of AS Tallinna Vesi.

Supervisory Council has established three committees to advise Supervisory Council on audit, remuneration and corporate governance matters.

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

[About us > Management board > Supervisory council](#)

[About us > Audit committee](#)

[About us > Principles of governance > Corporate governance report](#)

MANAGEMENT BOARD

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 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.

To ensure that the Company's interests are met in the best way possible, the Management Board and Supervisory Council are collaborating extensively. Management Board and Supervisory Council hold a meeting together at least once a quarter. In those meetings the Management Board informs the Supervisory Council about all significant issues in Company's business operations, the meetings discuss delivery of the Company's

short and long-term goals as well as the risks that may impact the delivery. 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 amended Articles of Association the Management Board consists of 2 or 3 members, who are elected for 5 years.

Starting from 01/04/2020, there are 2 members in the Management Board of AS Tallinna Vesi: Aleksandr Timofejev (with the powers of a Management Board member until 29/10/2021) and Kristi Ojakäär (with the powers of a Management Board Member until 01/01/2023).

The term of office of the former Chairman of the Management Board, Karl Heino Brookes, expired on 31/03/2021.

Further information on the members of the Management Board is available on the Company's website:

[About us > Management board](#)

Additional information:

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Aleksandr Timofejev

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 3 months period of financial year 2021 ended 31 March 2021. The interim accounts have not been reviewed by the auditors.

The condensed financial statements for the period ended 31 March 2021 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 that occurred during the 3 months of the financial year 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, have an impact on the Company during the remaining 9 months of the financial year.

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 30 April 2021 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 Operating Officer

Kristi Ojakäär

Member of the Management Board
Chief Financial Officer

30 April 2021

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		as of 31 March		as of 31 December
ASSETS	Note	2021	2020	2020
CURRENT ASSETS				
Cash and cash equivalents	3	47,122	68,658	44,514
Trade receivables, accrued income and prepaid expenses		6,514	6,277	7,019
Inventories		809	602	701
TOTAL CURRENT ASSETS		54,445	75,537	52,234
NON-CURRENT ASSETS				
Property, plant and equipment	4	203,516	191,732	202,802
Intangible assets	5	634	666	629
TOTAL NON-CURRENT ASSETS		204,150	192,398	203,431
TOTAL ASSETS		258,595	267,935	255,665
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Current portion of long-term lease liabilities		393	362	393
Current portion of long-term loans		3,630	3,631	3,630
Trade and other payables		5,943	6,721	7,085
Derivatives		0	158	0
Prepayments		2,182	1,990	2,445
TOTAL CURRENT LIABILITIES		12,148	12,862	13,553
NON-CURRENT LIABILITIES				
Deferred income from connection fees		35,611	31,902	34,564
Leases		1,331	1,231	1,400
Loans		83,966	87,597	83,978
Provision for possible third-party claims	6	8,424	13,238	9,628
Deferred tax liability		276	0	255
Other payables		35	26	32
TOTAL NON-CURRENT LIABILITIES		129,643	133,994	129,857
TOTAL LIABILITIES		141,791	146,856	143,410
EQUITY				
Share capital		12,000	12,000	12,000
Share premium		24,734	24,734	24,734
Statutory legal reserve		1,278	1,278	1,278
Retained earnings		78,792	83,067	74,243
TOTAL EQUITY		116,804	121,079	112,255
TOTAL LIABILITIES AND EQUITY		258,595	267,935	255,665

Notes to the consolidated financial statements on pages 21 to 30 form an integral part of the condensed financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand		Quarter 1		for the year ended 31 December
	Note	2021	2020	2020
Revenue	7	11,784	13,180	51,717
Cost of goods and services sold	9	-6,603	-7,123	-29,491
GROSS PROFIT		5,181	6,057	22,226
Marketing expenses	9	-121	-117	-433
General administration expenses	9	-1,551	-1,295	-4,576
Other income (+)/expenses (-)	10	1,151	1,025	4,567
OPERATING PROFIT		4,660	5,670	21,784
Financial income	11	5	12	31
Financial expenses	11	-95	-127	-473
PROFIT BEFORE TAXES		4,570	5,555	21,342
Income tax	12	-21	0	-4,610
NET PROFIT FOR THE PERIOD		4,549	5,555	16,732
COMPREHENSIVE INCOME FOR THE PERIOD		4,549	5,555	16,732
Attributable profit to:				
Equity holders of A-shares		4,548	5,554	16,731
B-share holder		0.60	0.60	0.60
Earnings per A share (in euros)	13	0.23	0.28	0.84
Earnings per B share (in euros)	13	600	600	600

Notes to the consolidated financial statements on pages 21 to 30 form an integral part of the condensed financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand		3 months		for the year ended
	Note	2021	2020	31 December
				2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating profit		4,660	5,670	21,784
Adjustment for depreciation/amortisation	4,5,9,10	1,567	1,510	6,283
Adjustment for revenues from connection fees	10	-125	-111	-542
Other non-cash adjustments	6	-1,204	-1,204	-4,814
Profit (-)/loss (+) from sale of property, plant and equipment, and intangible assets		0	-11	-14
Change in current assets involved in operating activities		402	865	140
Change in liabilities involved in operating activities		-54	162	-215
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		5,246	6,881	22,622
CASH FLOWS USED IN INVESTING ACTIVITIES				
Acquisition of property, plant and equipment, and intangible assets		-2,923	-2,986	-15 682
Compensations received for construction of pipes, incl connection fees		508	275	1,998
Proceeds from sale of property, plant and equipment, and intangible assets		0	28	32
Interest received		1	11	35
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-2 414	-2,672	-13,617
CASH FLOWS USED IN FINANCING ACTIVITIES				
Interest paid and loan financing costs, incl swap interests		-121	-173	-719
Lease payments		-102	-153	-555
Repayment of loans		0	0	-3,636
Dividends paid	12	0	0	-19,888
Withheld income tax paid on dividends	12	0	0	-113
Income tax paid on dividends		0	0	-4,355
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		-223	-326	-29,266
CHANGE IN CASH AND CASH EQUIVALENTS		2,609	3,883	-20,261
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	44,514	64,775	64,775
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	47,123	68,658	44,514

Notes to the consolidated financial statements on pages 21 to 30 form an integral part of the condensed financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
as of 31 December 2019	12,000	24,734	1,278	77,512	115,524
Dividends	0	0	0	-20,001	-20,001
Comprehensive income for the period	0	0	0	16,732	16,732
As of 31 December 2020	12,000	24,734	1,278	74,243	112,255
as of 31 December 2019	12,000	24,734	1,278	115,524	153,536
Comprehensive income for the period	0	0	0	5,555	5,555
as of 31 March 2020	12,000	24,734	1,278	121,079	159,091
as of 31 December 2020	12,000	24,734	1,278	74,243	112,255
Comprehensive income for the period	0	0	0	4,549	4,549
As of 31 March 2021	12,000	24,734	1,278	78,792	116,804

Notes to the consolidated financial statements on pages 21 to 30 form an integral part of the condensed financial statements.

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 2020. 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.

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 2020, 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 related to Covid-19 outbreak. 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 24 months before 31 March 2021, 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 31 March 2021, Management of the Group has assessed the expected credit loss related to Covid-19 outbreak to be €59 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 the tariffs 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. The potential undiscounted payments by the Company in the future, if potential claims from customers were recognised by the courts, would amount to €21.1 million (as of 31 December 2020: €24.1 million). This estimate marks the maximum difference in between the tariffs approved based on the Services Agreement and the tariffs based on the Company's estimation, with the reservation to the possible fluctuation, regarding past 21 months (as of 31 December 2020: 24 months), being the approximate remaining unexpired term of potential claims. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €8.4 million (as of 31 December 2020: €9.6 million). As of 31 March 2020, claims totalling €1.5 million have been filed within two applications. The Company does not admit any liability and fully rejects it.

NOTE 3. CASH AND CASH EQUIVALENTS

€ thousand	as of 31 March		as of 31 December
	2021	2020	2020
Cash in hand and in bank	23,122	38,948	20,514
Short-term deposits	24,000	29,710	24,000
Total cash and cash equivalents	47,122	68,658	44,514

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

	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
€ thousand							
as of 31 December 2019							
Acquisition cost	26,688	229,228	48,552	2,456	2,493	1	309,418
Accumulated depreciation	-7,385	-73,805	-37,486	0	-1,115	0	-119,791
Net book value	19,303	155,423	11,066	2,456	1,378	1	189,627
Transactions in the period 1 January 2020 - 31 December 2020							
Acquisition in book value	0	0	0	18,336	0	951	19,287
Write off and sale of property, plant and equipment in residual value	0	0	0	0	-23	0	-23
Reclassification	191	10,682	1,418	-11,993	629	-952	-25
Depreciation	-296	-3,536	-2,013	0	-219	0	-6,064
as of 31 December 2020							
Acquisition cost	26,875	239,412	49,029	8,799	2,793	0	326,908
Accumulated depreciation	-7,677	-76,843	-38,558	0	-1,028	0	-124,106
Net book value	19,198	162,569	10,471	8,799	1,765	0	202,802
Transactions in the period 1 January 2021 - 31 March 2021							
Acquisition in book value	0	0	0	2,195	0	32	2,227
Reclassification	0	1,414	131	-1,545	32	-32	0
Depreciation	-73	-899	-449	0	-92	0	-1,513
as of 31 March 2021							
Acquisition cost	26,875	240,815	49,154	9,449	2,798	0	329,091
Accumulated depreciation	-7,750	-77,731	-39,001	0	-1,093	0	-125,575
Net book value	19,125	163,084	10,153	9,449	1,705	0	203,516

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.

NOTE 5. INTANGIBLE ASSETS

€ thousand	Acquired licenses and other intangible assets	Unfinished intangible assets	Total intangible assets
as of 31 December 2019			
Acquisition cost	4,463	11	4,474
Accumulated depreciation	-3,764	0	-3,764
Net book value	699	11	710
Transactions in the period 1 January 2020 - 31 December 2020			
Acquisition in book value	0	138	138
Reclassification	119	-119	0
Depreciation	-219	0	-219
as of 31 December 2020			
Acquisition cost	4,582	30	4,612
Accumulated depreciation	-3,983	0	-3,983
Net book value	599	30	629
Transactions in the period 1 January 2021 - 31 March 2021			
Acquisition in book value	0	59	59
Depreciation	-54	0	-54
as of 31 March 2021			
Acquisition cost	4,582	89	4,671
Accumulated depreciation	-4,037	0	-4,037
Net book value	545	89	634

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 privatisation of the company. From now on, the tariffs will be regulated by the Competition Authority in line with the methodology.

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 reduced by 27% and commercial customer tariffs dropped by 15%, on average.

The potential undiscounted payments by the Company in the future, if potential claims from customers were recognised by the courts, would amount to €21.1 million (as of 31 December 2020: €24.1 million). This estimate marks the maximum difference in between the tariffs approved based on the Services Agreement and the tariffs based on the Company's estimation, with the reservation to the possible fluctuation, regarding past 21 months (as of 31 December 2020: 24 months), being the approximate remaining unexpired term of potential claims.

The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €8.4 million (as of 31 December 2019: €9.6 million). As of 31 December 2020, claims totalling

€1.5 million have been filed within two applications. 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.

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 on the basis of 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 2021 - 31 March 2021					
External revenue	10,846	765	173	0	11,784
Inter-segment revenue	1	133	798	-932	0
Total segment revenue	10,847	898	971	-932	11,784
Segment's gross profit	4,955	7,797	3,452	-11,023	5,181
Unallocated expenses:					
Marketing and Administrative expenses					-1,672
Other income/expenses					1,151
Operating profit					4,660
1 January 2020 - 31 March 2020					
External revenue	11,987	1,029	164	0	13,180
Inter-segment revenue	1	936	771	-1,708	0
Total segment revenue	11,988	1,965	935	-1,708	13,180
Segment's gross profit	5,801	86	318	-148	6,057
Unallocated expenses:					
Marketing and Administrative expenses					-1,412
Other income/expenses					1,025
Operating profit					5,670

Revenue by activities

€ thousand	Quarter 1		for the year ended
	2021	2020	31 December 2020
Water services			
Water supply service	2,054	2,020	8,106
Wastewater disposal service	3,057	3,006	12,048
Total from private customers	5,111	5,026	20,154
Water supply service	1,577	2,025	7,209
Wastewater disposal service	1,682	2,124	7,417
Total from corporate customers	3,259	4,149	14,626
Water supply service	396	380	1,593
Wastewater disposal service	844	856	3,298
Storm water disposal service	83	108	291
Total from outside service area customers	1,323	1,344	5,182
Storm water treatment and disposal service and fire hydrants service	281	1,186	4,588
Overpollution charges and discharging	872	282	1,250
Total from water services	10,846	11,987	45,800
Construction services	765	1,029	5,222
Other services	173	164	695
Total revenue	11,784	13,180	51,717

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

NOTE 8. STAFF COSTS

€ thousand	Quarter 1		for the year ended
	2021	2020	31 December 2020
Salaries and wages	-1,911	-1,868	-7,417
Social security and unemployment insurance tax	-646	-631	-2,509
Staff costs total	-2,557	-2,499	-9,926
Average number of employees during the reporting period	331	327	332

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

€ thousand	2021	for the year ended	
		Quarter 1	31 December
	2020	2020	2020
Cost of goods and services sold			
Water abstraction charges	-307	-312	-1,237
Chemicals	-447	-378	-1,567
Electricity	-894	-970	-3,256
Pollution tax	-233	-363	-989
Staff costs	-1,837	-1,803	-7,247
Depreciation and amortization	-1,368	-1,320	-5,521
Construction services	-607	-851	-4,256
Other costs	-910	-1,126	-5,418
Total cost of goods and services sold	-6,603	-7,123	-29,491
Marketing expenses			
Staff costs	-99	-92	-370
Other marketing expenses	-22	-25	-63
Total marketing expenses	-121	-117	-433
Administrative expenses			
Staff costs	-621	-604	-2,309
Depreciation and amortization	-82	-87	-333
Other general administration expenses	-848	-604	-1,934
Total administrative expenses	-1,551	-1,295	-4,576

NOTE 10. OTHER INCOME/EXPENSES

€ thousand	2021	for the year ended	
		Quarter 1	31 December
	2020	2020	2020
Connection fees	125	111	542
Depreciation of single connections	-117	-103	-429
Doubtful receivables expenses (-)/ expense reduction (+)	2	-132	-64
Provision for possible third-party claims (Note 6)	1,204	1,204	4,814
Other income (+)/expenses (-)	-63	-55	-296
Total other income / expenses	1,151	1,025	4,567

NOTE 11. FINANCIAL INCOME AND EXPENSES

€ thousand	Quarter 1		for the year ended
	2021	2020	31 December 2020
Interest income	5	12	31
Interest expense, loan	-89	-123	-487
Interest expense, swap	0	-61	-185
Increase (+)/decrease (-) of fair value of swap	0	63	221
Other financial income (+)/expenses (-)	-6	-6	-22
Total financial income / expenses	-90	-115	-442

NOTE 12. DIVIDENDS

€ thousand	for the year ended	
	31 December 2020	
Dividends declared during the period		20,001
Dividends paid during the period		19,888
Withheld income tax on dividends		113
Income tax on dividends paid		-4,355
Dividends declared per shares:		
Dividends per A-share (in euros)		1
Dividends per B-share (in euros)		600

Dividend income tax rate in 2021 is 20/80 (in 2020: 20/80), but 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 is applied. When calculating the average dividend payment of the three preceding years, 2018 is the first year to be taken into account. In addition, for dividends payable to natural persons, income tax at a rate of 7% is withheld on dividends taxed with a lower income tax rate.

NOTE 13. EARNINGS PER SHARE

€ thousand	Quarter 1		for the year ended
	2021	2020	31 December 2020
Net profit minus B-share preferred dividend rights	4,548	5,554	16,731
Weighted average number of ordinary shares for the purposes of basic earnings per share (in pieces)	20,000,000	20,000,000	20,000,000
Earnings per A share (in euros)	0,23	0,28	0,84
Earnings per B share (in euros)	600	600	600

Diluted earnings per share for the periods ended 31 March 2021 and 2020 and 31 December 2020 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 Board 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 dominant influence

Balances recorded on the statement of financial position of the Group	31 March		as of 31 December
€ thousand	2021	2020	2020
Accounts receivable	707	97	1,390
Trade and other payables	0	201	186

Transactions	Quarter 1		for the year ended
€ thousand	2021	2020	31 December
	2021	2020	2020
Revenue	872	1,186	4,588
Purchase of administrative and consulting services	583	268	736

Fees to the Group's Management and Supervisory Board members	Quarter 1		for the year ended
€ thousand (excluding social tax)	2021	2020	31 December
	2021	2020	2020
Fees for Management Board	0	75	213
Supervisory Board fees	0	8	32

The Group's Management Board and Supervisory Board members are considered as key management personnel for whom the contractual salary payments have been accounted for as disclosed above. In addition to this one Board Member has also received direct compensations from the companies belonging to the group of United Utilities (Tallinn) B.V. as overseas secondees. Such compensations are recorded on the line 'Purchase of administrative and consulting services'.

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

The potential salary liability would be up to €94 thousand (excluding social tax) if the Supervisory Board would replace all Management Board members.

Company shares belonging to the Management Board and Supervisory Board members

As of 31 March 2021 and 2020 and 31 December 2020, the members of the Supervisory Council and the Management Board did not own any shares in the company.

NOTE 15. LIST OF SUPERVISORY BOARD MEMBERS

Priit Koit	Chairman of the Supervisory Council
Priit Lello	Vice Chairman of the Supervisory Council
Allar Jõks	Member of the Supervisory Council
Katrin Kendra	Member of the Supervisory Council
Robert Kitt	Member of the Supervisory Council
Andrei Korobeinik	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

Introduction of Supervisory Board members is published at company's web page.
<https://tallinnavesi.ee/en/ettevete/management-board/supervisory-council/>