

# AS TALLINNA VESI

Consolidated Interim Report for the 2<sup>nd</sup> quarter of 2024

2 August 2024



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Address	Ädala Str 10, Tallinn, Estonia
Members of the Management Board	Aleksandr Timofejev, Tarvi Thomberg, Taavi Gröön
Commercial register number	10257326
Telephone	+372 62 62 200
Fax	+372 62 62 300
E-mail	<a href="mailto:tvesi@tvesi.ee">tvesi@tvesi.ee</a>
Website	<a href="http://www.tallinnavesi.ee">www.tallinnavesi.ee</a>
Field of activity	Production, treatment and distribution of water, storm and wastewater disposal and treatment

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## MANAGEMENT REPORT

In the second quarter of 2024, we continued to provide high quality water and wastewater services and carried out large-scale reconstruction projects to ensure sustainability of our services. During the quarter, the company pumped 7 million m<sup>3</sup> of clean water into the water network and treated nearly 12.5 million m<sup>3</sup> of wastewater.

Tallinna Vesi's sales for the second quarter were €15.55 million, which is 1% more than in the same period last year.

**At the end of May, the Competition Authority approved the application submitted in September 2023 to change the price for water services** due to increased investment needs and the obligation to harmonise the price for water services for private customers and businesses under the Public Water Supply and Sewerage Act. The new prices in the Tallinn, Saue and Maardu areas came into effect on 1 July 2024.

### Sales from water services

Sales from water services sold to business customers in the second quarter of 2024 in the main service area of Tallinna Vesi were €4.50 million, which is 1.8% more than the year before.

Sales from water services provided to private customers in the second quarter were at the same level as a year earlier and amounted to €6.18 million.

The company's operating profit for the second quarter was €4.46 million. Operating profit increased by 8% or €0.33 million compared to the year before. The company's net profit was €2.19 million, which is €0.12 million less than in the same period of the previous year. The decrease in net profit was mainly driven by an increase in interest costs on loans.

### High quality water and wastewater services

**During the second quarter of 2024, we continued to provide reliable water and wastewater services**, as demonstrated by the consistently high-quality indicators. The quality of tap water in the second quarter was excellent, meeting 100% of all quality requirements. During the second quarter, 778 water samples were taken.

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

In 2024, innovative ice pigging technology is mainly being used to maintain water pipes. Using this technique, we cleaned 34 km of water mains in the second quarter. Ice pigging that is currently unique in the Nordic countries is a pipe cleaning technology in which an ice slurry made of water and table salt is pumped through the pipeline.

In addition, water quality has been supported by investments in water pumping stations in recent years to provide secondary chlorination in various parts of the city. Additional disinfection will 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, especially in summer when the water temperatures in the network get high.

One of our goals is to notify our customers about water interruptions well in advance. In the second quarter of 2024, we notified customers at least 1 hour before unplanned water interruption took place in 98% of cases.

Thanks to the operational response of our staff, the average duration of a water interruption in the second quarter was 3 hours and 17 minutes. To reduce the inconvenience caused by water interruptions, we continue installing additional isolation valves on the water network.

**In the second quarter of 2024, the effluent treated at the Paljassaare Wastewater Treatment Plant met all the requirements in place.**

The excellent quality of the treated effluent is demonstrated by pollutant levels well below the limits set by law. During the second quarter of 2024, we took out more than 163 tonnes of debris, 53 tonnes of grit, 481 tonnes of nitrogen and 63 tonnes of phosphorus from the wastewater.

### Investments

Tallinna Vesi aims to continue investing to increase the futureproofing of its infrastructure and to ensure the continuity of the vital services at prices that consumers can afford. The total amount of planned investments in 2024 is over €60 million, of which more than half, or nearly €38 million, is intended for the development and rehabilitation of pipelines. The total investment in pipelines also includes up to €10 million for the construction of stormwater pipelines financed by the City of Tallinn. Planned investments in water and wastewater treatment plants amount up to €19 million.

Renovations are ongoing on high-speed filters at the water treatment plant. The designs are being prepared for upgrading the ozone production technology used in water treatment and for the reuse of backwash water from the filters in B building. There are also plans for the replacement of sedimentation technology used in the clarifiers with flotation technology. The aim of these projects is to reduce the plant's own water and energy consumption and to increase its production capacity.

Tallinna Vesi will be investing nearly €9 million over the next three years to enhance the biological treatment process at the wastewater treatment plant. As a result, the Paljassaare Wastewater Treatment Plant will become more efficient in removing nitrogen and phosphorus from wastewater, which will ensure the highest purity of water returned to the environment. Among the major projects, we will start with the installation of mechanical screens at the headworks before the plant and the replacement of screens at the treatment plant.

Reconstructions are ongoing on the digesters and aeration tanks at the wastewater treatment plant. This year we will also start installing new, more efficient air blowers, expand our methanol tank fleet and begin preparations for the installation of a solar power plant.

At the end of the second quarter, the cogeneration plant at the Paljassaare Wastewater Treatment Plant was accepted from the partner who carried out the construction. This will allow us to use biogas to generate a significant part of the electricity needed for the wastewater treatment process, in addition to heat.

### Water network rehabilitation

**The rate of water loss in the water network remained low at 12.96% in the second quarter of the year.** This is a better result than in the same period last year (13.62%). To ensure low rates of water loss, it is important to carry on the continuous on-line monitoring of the water network and the timely implementation of the network rehabilitation programme.

By the end of the second quarter, we had rehabilitated and constructed more than 17 kilometres of pipelines, of which over 9 kilometres were built using environmentally friendly no-dig techniques. Tallinna Vesi is working closely with the City of Tallinn and other partners, such as AS Utilitas Tallinn, to plan and carry out the work so that as much work as possible can be carried out at the same time, with as little disruption to city life and traffic as possible.

In the second quarter, pipeline rehabilitation works were completed on Kopli and Lõime streets, L. Koidula Street, Sõpruse Avenue, Mustasõstra 4 and 5, Räätsaka and Härmatise streets.

Major pipe rehabilitation works have started on Lastekodu Street, F.R. Kreutzwaldi Street, Suur-Ameerika Street, Tondiloo Park, Videviku and Koidu Streets, Kaarli Avenue and Putukaväil.

Work is being carried out on Paavli Street, Võlvi Street, at the beginning of Tondi Street near the Tondi pumping station, next to the Tondi railway viaduct, along Järvevana Road near the water treatment plant, on the construction of water pipes for the chain houses in Mustamäe and Lasnamäe, and on Sinirebase and Piibri streets.

Preparations are underway for storm water schemes to cover Põhja-Tallinn and the city centre with a separate storm water system.

### Customer service

By the end of the second quarter, we had installed over 11,500 smart water meters, which means that more than 52% of our customers now have remote water meters. The main advantages of a smart meter include the speed and accuracy of data transmission, but also security and reliability. The aim is to increase the share of customers with smart meters to 60% in 2024, and to have all customers in our service area equipped with smart meters by the end of 2026 at the latest.

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 2024, we responded to written enquiries within 2 days in 99.7% of cases, thus maintaining a high level.

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 2024, we received a total of 205 customer complaints, which is significantly less compared to the same period a year ago (2023: 323). The number of complaints has decreased mainly due to fewer breakdowns. In the second quarter of 2024, we did not once fail to keep our promises to customers.

### Partnerships

At the beginning of the second quarter, we opened nearly 60 public water taps in Tallinn, where residents can get free drinking water until the end of September. In addition, we supported community events such as the Tallinn Old Town Days, Tallinn Gymnastics Festival and the Children's Day in Harku Municipality by providing tanks with fresh water. The Paljassaare Wastewater Treatment Plant and the Ülemiste Water Treatment Plant opened their doors to introduce the operations of the plants. Around 160 participants took part in the open day tours.

As a socially responsible company, we signed a cooperation agreement with the Estonian Paralympic Committee to support the preparation of athletes participating in the Paris Paralympic Games from 28 August to 8 September. We also joined the Diversity Charter and received recognition from the Ministry of Defence for our outstanding contribution to national defence. We supported the Ristiku Elementary School in Tallinn by helping them to add new features to their low level adventure trail.

We have started a cooperation project with students from the Estonian Academy of Arts, who proposed their design solutions for four of our pumping stations to decorate the facades of these buildings, thus bringing more art into the street space.

In the second quarter, we held an Annual General Meeting of Shareholders at the Ülemiste Water Treatment Plant, presenting also the digital version of the company's yearbook and offering shareholders the opportunity to take a tour of the water treatment processes.

For several years now, we have taken part in the employer reputation survey conducted by Kantar Emor. As the results show, we have moved up from last year's position, now ranking 20th in the top that was put together based on the survey conducted among working people.

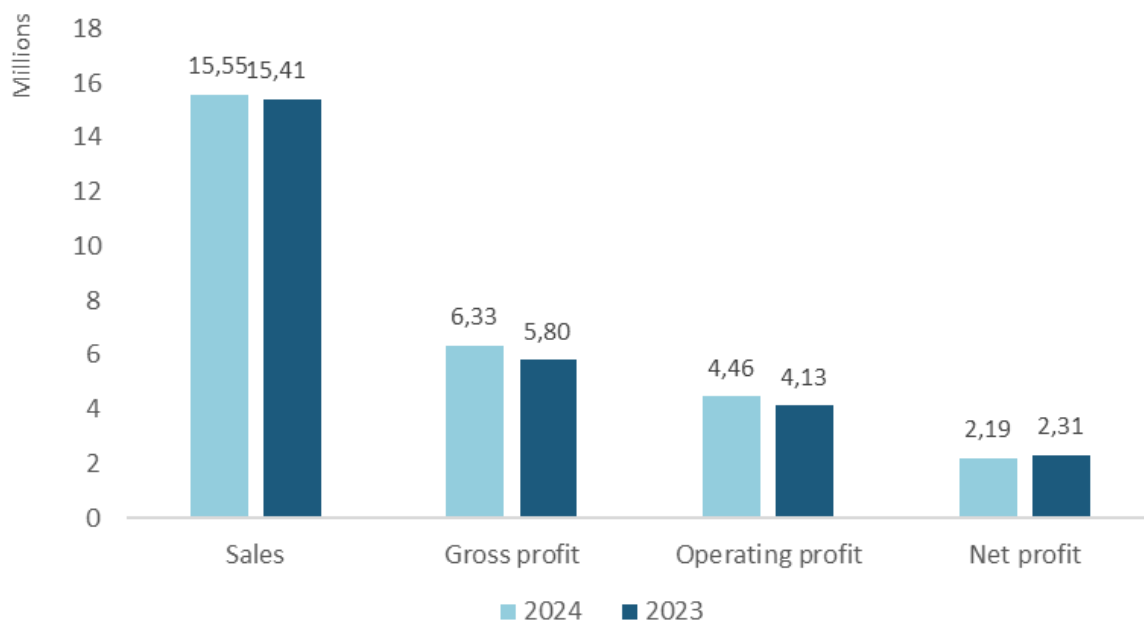
## OPERATIONAL PERFORMANCE DURING THE SECOND QUARTER OF 2024

Indicator	Unit	6 months 2024	6 months 2023	Quarter 2 2024	Quarter 2 2023
<b>Drinking water</b>					
Compliance of water quality at the customer's tap	%	100%	100%	100%	100%
Water loss rate in the water distribution network	%	14.78%	15.14%	12.96%	13.62%
Average duration of water interruption per property	h	2.93	2.97	3.28	2.48
<b>Wastewater</b>					
Number of sewer blockages	pc	251	329	114	153
Number of sewer collapses	pc	30	39	17	17
Compliance of treated effluent with environmental requirements	%	100%	100%	100%	100%
<b>Customer service</b>					
Number of customer contacts	pc	15,450	16,748	8,094	8,346
Responding to written customer enquiries at least within 2 working days	%	99.5%	97.5%	99.7%	100%
Number of failures to keep Promises to Our Customers	pc	0	0	0	0

## FINANCIAL RESULTS OF THE 2<sup>nd</sup> QUARTER OF 2024

The latest forecast from **Eesti Pank** expects the economy to revive in the second half of this year. The return to growth will be driven above all by a recovery in demand in foreign markets, which will help exporting companies. The labour market has stayed strong and combined with cuts in interest rates, this will help the purchasing power of households to bounce back. There remains a lot of uncertainty about the forecast though, partly because of the risks arising from geopolitical tensions.

The slowdown in the economic downturn and some signs of recovery are also reflected in the company's results. The turnover has increased in the 2<sup>nd</sup> quarter by €0.15 million compared to the same period of the previous year. Due to the increase of loan expenses and income tax on dividends the profit has decreased by 5.2% or €0.12 million, being 2.19 million in the 2<sup>nd</sup> quarter of 2024.



## MAIN FINANCIAL INDICATORS

€ million except key ratios	2 <sup>nd</sup> quarter			6 months			Variance 2024/ 2023	
	2024	2023	2022	2024/ 2023	2024	2023		2022
Sales	15.55	15.41	13.00	0.9%	30.49	30.01	25.05	1.6%
Gross profit	6.33	5.80	4.42	9.0%	12.39	11.52	8.80	7.6%
Gross profit margin %	40.68	37.66	33.98	8.0%	40.63	38.38	35.12	5.9%
Operating profit before depreciation and amortisation	6.49	6.10	4.69	6.5%	12.72	12.11	9.34	5.0%
Operating profit before depreciation and amortisation margin %	41.74	39.57	36.09	5.5%	41.70	40.37	37.26	3.3%
Operating profit	4.46	4.13	3.08	8.0%	8.58	8.20	6.09	4.7%
Operating profit - main business	4.17	3.81	2.83	9.3%	8.33	7.73	5.74	7.9%
Operating profit margin %	28.66	26.79	23.70	7.0%	28.15	27.33	24.29	3.0%
Profit before taxes	3.42	3.41	2.98	0.4%	6.45	6.93	5.88	-7.0%
Profit before taxes margin %	21.99	22.12	22.88	-0.6%	21.15	23.11	23.48	-8.5%
Net profit	2.19	2.31	0.96	-5.2%	5.20	5.81	3.84	-10.5%
Net profit margin %	14.10	15.02	7.36	-6.1%	17.07	19.37	15.31	-11.9%
ROA %	0.77	0.90	0.38	-14.7%	1.83	2.27	1.52	-19.0%
Debt to total capital employed %	60.76	57.66	57.09	5.4%	60.76	57.66	57.09	5.4%
ROE %	1.89	2.06	0.85	-8.4%	4.54	5.26	3.46	-13.7%
Current ratio	0.69	1.31	1.81	-47.3%	0.69	1.31	1.81	-47.3%
Quick ratio	0.63	1.24	1.75	-49.2%	0.63	1.24	1.75	-49.2%
Investments into fixed assets	11.39	5.77	4.95	97.4%	18.04	10.44	7.73	72.8%
Payout ratio %	-	79.41	78.52		-	79.41	78.52	

*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

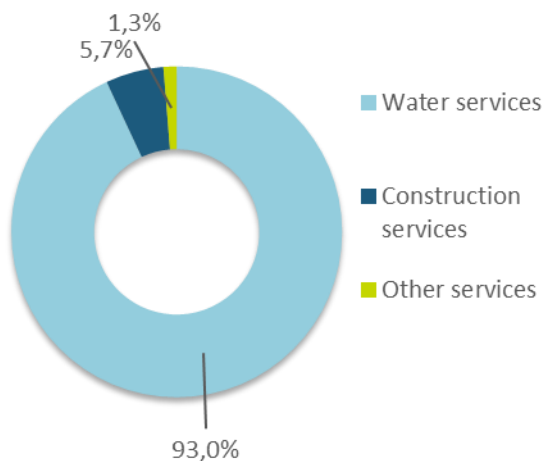
### SALES

The revenues from the main activities, i.e., sales of water and wastewater services in the 2<sup>nd</sup> quarter of 2024 were impacted by consumption. 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 2024. 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 harmonise the water price for private and business customers.

Regulated revenue in 2024 price decision is €8.6 million higher than stated in previous one. This is due to increased WACC (+0.82%) and due to increased RAB (+€49 thousand). The 2024 pricing decision was affected by all pricing components. Regulated depreciation and profitability have increased due to increased investment in recent years. RAB has increased from €173.2 million to €222.3 million. Due to the increased cost of capital, regulated WACC (%) has increased by 82 bps, up to 6.28%. Operating costs have increased by €2.2 million, or 7.9% when compared to the 2022 pricing decision. This reflects the overall changes in the price of energy, products and services. On an annual basis, the above has resulted in an increase in regulated revenues by €8.6 million (or +19.3%) compared to the 2022 decision. The change in the price for regulated water services was applied from 1 July, resulting impact on regulated revenues in the second half of 2024 amounts to ca +€1.6 million when compared to the first half of 2024.

### Group's total sales



In the 2<sup>nd</sup> quarter of 2024, the **group's total sales** were €15.55 million, the same level as in the same period of the previous year, when sales were €15.41 million. Sales of water services both in and outside the main service area accounted for 93.0% of the total sales, 5.7% of sales came from construction services and 1.3% from other services.

€ thousand	Quarter 2			Variance 2024/2023	
	2024	2023	2022	€	%
Water supply service	2,500	2,494	2,011	6	0.2%
Wastewater disposal service	3,682	3,658	2,984	24	0.7%
<b>Total from private customers</b>	<b>6,182</b>	<b>6,152</b>	<b>4,994</b>	<b>30</b>	<b>0.5%</b>
Water supply service	2,258	2,211	2,130	47	2.1%
Wastewater disposal service	2,238	2,207	2,112	31	1.4%
<b>Total from business customers</b>	<b>4,496</b>	<b>4,418</b>	<b>4,242</b>	<b>80</b>	<b>1.8%</b>
Water supply service	397	447	402	-50	-11.2%
Wastewater disposal service	1,063	1,013	896	50	4.9%
Stormwater disposal service	61	36	42	25	69.4%
<b>Total from outside service area customers</b>	<b>1,521</b>	<b>1,496</b>	<b>1,340</b>	<b>25</b>	<b>1.7%</b>
Stormwater collection and treatment and fire hydrants service	1,875	1,405	1,145	469	33.4%
Excessive pollution fees and sewer discharge service	396	365	337	31	8.5%
<b>Total from water services</b>	<b>14,470</b>	<b>13,836</b>	<b>12,058</b>	<b>632</b>	<b>4.6%</b>
Construction services	881	1,390	694	-509	-36.6%
Other services	201	179	250	22	12.3%
<b>TOTAL REVENUE</b>	<b>15,552</b>	<b>15,405</b>	<b>13,002</b>	<b>147</b>	<b>1.0%</b>

**Sales from water services** were €14.47 million, showing a 4.6% or €0.63 million increase compared to the 2<sup>nd</sup> quarter of 2023, resulting from an increase in consumption.

The sales to **private customers in the main service area** is at the same level compared to year-on-year, being €6.18 million.

Sales to **business customers in the main service area** increased by 1.8% or €0.08 million compared to the same period last year.

**Sales from the operation and maintenance of the fire hydrants and the stormwater system in the main service area** amounted to €1.87 million, showing an increase of 33.4% or €0.47 million compared to the same period in 2023.

**Sales from construction services** were €0.88 million, decreasing by 36.6% or €0.51 million year-on-year. The decrease in sales resulted from a lower number of pipe construction services ordered by water companies.

#### **COST OF GOODS AND SERVICES SOLD AND GROSS PROFIT**

**The cost of goods and services sold** amounted to €9.23 million in the 2<sup>nd</sup> quarter of 2024, being lower by 3.9% or €0.37 million compared to the equivalent period in 2023.

€ thousand	Quarter 2		Variance 2024/2023		
	2024	2023	2022	€	%
Water abstraction charges	-319	-326	-322	7	2.1%
Chemicals	-673	-735	-487	62	8.4%
Electricity	-1,128	-1,477	-1,801	349	23.6%
Pollution tax	-231	-164	-214	-67	-40.9%
<b>Total direct production costs</b>	<b>-2,350</b>	<b>-2,702</b>	<b>-2,824</b>	<b>352</b>	<b>13.0%</b>
Staff costs	-2,726	-2,521	-2,125	-205	-8.1%
Depreciation and amortisation	-1,780	-1,705	-1,395	-75	-4.4%
Construction services	-589	-1,024	-474	435	42.5%
Other costs of goods/services sold	-1,779	-1,651	-1,765	-128	-7.8%
<b>Other costs of goods/services sold total</b>	<b>-6,874</b>	<b>-6,901</b>	<b>-5,759</b>	<b>27</b>	<b>0.4%</b>
<b>Total cost of goods/services sold</b>	<b>-9,225</b>	<b>-9,603</b>	<b>-8,583</b>	<b>378</b>	<b>3.9%</b>

**Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €2.35 million, showing a 13.0% or €0.35 million decrease compared to the equivalent period in 2023. Changes in direct production costs resulted from a combination of changes in prices and in treated volumes as follows:

- **Costs of chemicals** decreased by 8.4% to €0.67 million, driven mainly by 50.32% lower consumption of coagulant and 25.49% lower consumption of methanol used in wastewater treatment process, but also as a result of a 3.97% decrease in the price for methanol. The impact of the changes in coagulant and methanol was €-0.04 and €-0.03 million respectively.
- **Electricity expenses** decreased by 23.6% to €1.13 million, driven mainly by lower electricity price during the summer period and electricity produced for own consumption at the combined heat and power plant.
- **Pollution tax** has increased by 40.9% compared to the same period last year. The increase in pollution taxes has been driven by an increase in the total nitrogen in the wastewater treated, which has been higher in 2024 due to a higher amount of wastewater being treated, as well as cooler weather.

**Other costs of goods/services sold** (staff costs, depreciation and amortisation, costs related to construction services and other costs of goods/services sold) are at the same level with the same period in previous year, offset by higher staff costs and lower costs of construction services.

- **Staff costs** have increased by 8.1% to €2.72 million due to an average 6.2% salary increase.
- **Construction services** costs have decreased by 42.5% or €0.43 million, to €0.59 million, related directly to the decrease in construction revenue.

As a result of all above, the **group's gross profit** for the 2<sup>nd</sup> quarter of 2024 was €6.33 million, showing an increase of 9.0% or €0.53 million, compared to the gross profit of €5.80 million for the comparative period in 2023.

## ADMINISTRATIVE AND MARKETING EXPENSES, OTHER INCOME AND EXPENSES

**Administrative and marketing expenses** increased by 16.5% or €0.25 million compared to the 2<sup>nd</sup> quarter of 2023, amounting to €1.77 million. The change is mainly due to the increase in salary costs and outsourced professional services.

**Other income and expenses** resulted in net loss of €0.09 million compared to net loss of €0.15 million in the comparative period in 2023.

## *OPERATING PROFIT*

As a result of the factors listed above the **group's operating profit** for the 2<sup>nd</sup> quarter of 2024 amounted to €4.46 million, being 8.0% or €0.33 million higher than in the same period in 2023.

## *FINANCIAL EXPENSES*

**The group's net financial income and expenses** have resulted in a net expense of €1.04 million, compared to €0.31 million lower expense in the 2<sup>nd</sup> quarter of 2023. The change was caused by the increased interest costs of loans linked to Euribor and to higher loan balance.

In June, additional €5 million was withdrawn from NIB loan, that at the end of second quarter resulted in the loan balance of €100 million, with floating interest.

In the 2<sup>nd</sup> quarter of 2024, the effective interest rate on loans was 4.83%, amounting to the interest costs of €1.08 million, compared to the effective interest rate of 3.47% and the interest costs of €0.72 million in the 2<sup>nd</sup> quarter of 2023.

## *NET PROFIT*

**The group's net profit** for the 2<sup>nd</sup> quarter of 2024 was €2.19 million, being €0.12 million lower than for the comparative period in 2023. The net profit was impacted by changes in operating profit and net financial expenses described above, also the higher income tax on dividends in amount of €1.20 million, that is €0.11 million higher compared to 2023 due to higher dividend payout.

## FINANCIAL RESULTS FOR THE SIX MONTHS OF 2024

### SALES

During the six months of 2024 the **group's total sales** were €30.49 million, showing an increase of 1.6% or €0.48 million year-on-year. **Sales from water services** for six months of 2024 were €28.72 million, increasing by 4.4% or €1.22 million year-on-year. Sales of water services, both in and outside of the main service area, accounted for 94.2% of the group's total revenue, 4.7% of sales accounted for construction services and 1.2% for other services.

€ thousand	6 months			Variance 2024/2023	
	2024	2023	2022	€	%
Water supply service	5 009	4 935	3 983	75	1.5%
Wastewater disposal service	7 378	7 258	5 916	120	1.7%
<b>Total from private customers</b>	<b>12 387</b>	<b>12 193</b>	<b>9 899</b>	<b>194</b>	<b>1.6%</b>
Water supply service	4 342	4 229	3 994	113	2.7%
Wastewater disposal service	4 434	4 459	4 090	-25	-0.6%
<b>Total from business customers</b>	<b>8 776</b>	<b>8 688</b>	<b>8 084</b>	<b>88</b>	<b>1.0%</b>
Water supply service	762	852	778	-90	-10.6%
Wastewater disposal service	2 130	2 108	1 768	23	1.1%
Stormwater disposal service	153	124	128	29	23.4%
<b>Total from outside service area customers</b>	<b>3 045</b>	<b>3 084</b>	<b>2 674</b>	<b>-36</b>	<b>-1.2%</b>
Stormwater collection and treatment and fire hydrants service	3 773	2 811	2 319	962	34.2%
Excessive pollution fees and sewer discharge service	734	718	602	16	2.2%
<b>Total from water services</b>	<b>28 715</b>	<b>27 494</b>	<b>23 577</b>	<b>1 223</b>	<b>4.4%</b>
Construction services	1 419	2 194	1 060	-775	-35.3%
Other services	354	317	418	37	11.7%
<b>TOTAL REVENUE</b>	<b>30 489</b>	<b>30 005</b>	<b>25 054</b>	<b>484</b>	<b>1.6%</b>

During the six months of 2024, **sales to private customers in the main service area** increased by 1.6% to €12.38 million, driven by an increase in consumption.

**Sales to business customers** increased by 1.0% to €8.77 million, also as a result of higher consumption.

Sales to **customers outside the main service area** decreased by 1.2% to €3.04 million, being mainly impacted by decrease in the water supply service revenues.

**Sales from the operation and maintenance of the stormwater and fire hydrants system in the main service area** in the six months of 2024 amounted to €3.77 million, showing an increase of 34.2% or €0.96 million compared to the same period in 2023.

**Sales from construction services** were €1.42 million, decreasing by 35.3% or €0.77 million year-on-year. The decrease in sales resulted from a lower number of pipe construction services ordered by water companies.

### COST OF GOODS AND SERVICES SOLD AND GROSS AND OPERATING PROFITS

€ thousand	6 months			Variance 2024/2023	
	2024	2023	2022	€	%
Water abstraction charges	-642	-645	-645	3	0.5%
Chemicals	-1 375	-1 353	-1 020	-22	-1.6%
Electricity	-2 497	-3 186	-3 512	689	21.6%
Pollution tax	-509	-469	-487	-40	-8.5%
<b>Total direct production costs</b>	<b>-5 024</b>	<b>-5 653</b>	<b>-5 664</b>	<b>629</b>	<b>11.1%</b>
Staff costs	-5 428	-4 872	-4 131	-556	-11.4%
Depreciation and amortisation	-3 624	-3 388	-2 821	-236	-7.0%
Construction services	-1 004	-1 646	-765	642	39.0%
Other costs of goods/services sold	-3 022	-2 931	-2 873	-90	-3.1%
<b>Other costs of goods/services sold total</b>	<b>-13 078</b>	<b>-12 838</b>	<b>-10 590</b>	<b>-240</b>	<b>-1.9%</b>
<b>Total cost of goods/services sold</b>	<b>-18 102</b>	<b>-18 490</b>	<b>-16 254</b>	<b>388</b>	<b>2.1%</b>

During the six months of 2024, **the cost of goods and services sold** amounted to €18.10 million, decreasing by 2.1% or €0.38 million compared to the equivalent period in 2023. **Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €5.02 million, remaining at the same level year-on-year. The increase in chemical costs was offset by the decrease in electricity costs.

- **Costs of chemicals** increased by 1.6% to €1.37 million, mainly due to an average 16.5% increase in the amount of coagulant and a 10.35% increase in the amount of chlorine, both used in the water treatment process, complemented by a 16.6% higher price of polymer used in the wastewater treatment process. The impact of the cost increase was +€0.06, +€0.02 and +€0.03 million respectively. The price increase was offset by a 4.9% lower price of methanol used in the wastewater treatment process and an 8.6% decrease in the amount used, with an impact of -€0.04 million.
- **Costs of electricity** decreased by 21.6% or €0.69 million resulting in costs worth of €2.49 million, driven mainly by lower average electricity prices and electricity produced for own consumption at the combined heat and power plant.

**Other costs of goods/services sold** (staff costs, depreciation and amortisation, construction services and other costs) amounted to €13.07 million, having increased by 1.9%. The changes in other costs of goods/services sold were mainly driven by an 11.4% or €0.56 million increase in staff cost and a 7.0% or €0.24 million increase in depreciation of fixed assets due to higher investment. Higher costs were offset by a 39.0% decrease in construction services costs, due to the lower number of pipe construction projects as described under second quarter results.

The **group's gross profit** for the six months of 2024 was €12.39 million, showing an increase of 7.6% or €0.87 million compared to the comparative period in 2023. The **group's operating profit** for the six months of 2024 recovered to €8.58 million, being 4.7% or €0.38 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 €2.14 million, compared to net expense of €1.26 million in the six months of 2023. The increase was mainly impacted by higher interest cost on loans.

## PROFIT BEFORE TAXES AND NET PROFIT

The **group's profit before taxes** for the six months of 2024 was €6.45 million, being 7.0% or €0.49 million lower than for the same period in 2023. The **group's net profit** for the six months of 2024 was €5.20 million, being 10.5% or €0.61 million lower than for the equivalent period in 2023, impacted by the €0.11 million higher income tax expense due to higher dividend payout.

## STATEMENT OF FINANCIAL POSITION

In the first 6 months of 2024, **the group invested into fixed assets** €18.04 million. As of 30/06/2024, non-current tangible assets amounted to €269.84 million, the majority of which in the amount of €209.19 million were pipelines (31/12/2023: €206.04 million). Total non-current assets amounted to €271.23 million (31/12/2024: €257.40 million).

Compared to the year-end of 2023, **the trade receivables, accrued income, and prepaid expenses** at the end of the 2<sup>nd</sup> quarter have increased to €9.28 million. The collectability rate continues to be high at 99.82%, compared to December 2023 when the collectability rate was 99.73%.

**Current liabilities** have increased by €2.13 million to €20.91 million compared to the end of 2023, mainly due to liabilities related to investments.

**Deferred income from connection fees** has increased by €3.11 million compared to the end of 2023, reaching €47.76 million.

**Provision for possible third-party claims** is of the same size as at the end of December 2023, i.e. €6.02 million. More detailed information about the provision is presented in Note 6 to the financial statements.

**The group's outstanding loans** amount to €100.00 million (31/12/2023: €96.82 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 30/06/2024 is 4.7%.

The group has **total debt to assets** level of 60.76%, which falls in the range of 54–65%, reflecting the group's equity profile. At the same time in 2023, the total debt to assets ratio was 57.66%.

## 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 2024, AS Tallinna Vesi has continued 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 2024, we continued 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 2<sup>nd</sup> quarter of 2024, the total number of employees in the group was 374 compared to 375 at the end of the same period in 2023. The full time equivalent (FTE) in the second quarter of 2024 and 2023 was 365.85 and 360.62 respectively. The average number of employees during the six months was 365.77 in the 2<sup>nd</sup> quarter of 2024 and 352.72 in 2023 respectively.

### Gender breakdown of staff:

Group	As of 30/06/2024			As of 30/06/2023		
	Women	Men	Women	Men	Women	Men
Group	111	263	374	112	263	375
Management Team	11	18	29	11	18	29
Executive Team	5	6	11	5	5	10
Management Board	0	3	3	0	3	3
Supervisory Council	1	7	8	1	8	9



The total salary costs were €3.86 million for the 2<sup>nd</sup> quarter of 2024, including €0.15 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 €0.18 million.

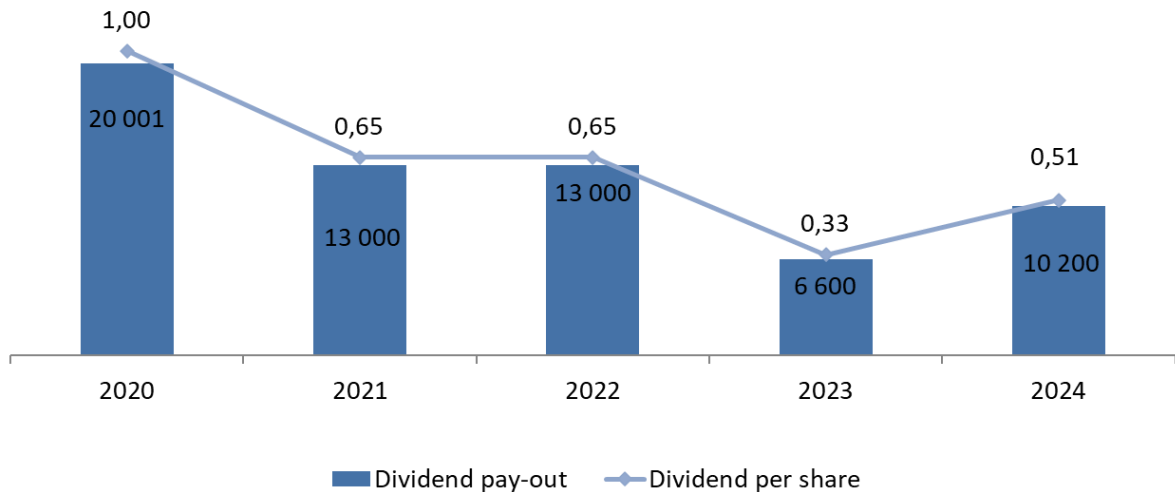
## DIVIDENDS

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 30/05/2024, the Supervisory Council proposed to pay out €0.51 per share from the 2023 profits. The pay-out is equal to 80% of earnings in 2023. The proposal was approved by the Annual General Meeting and the dividend pay-out was made on 27/06/2024.

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

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

As of 30/06/2024, AS Tallinna Vesi's shareholders, with a direct holding over 5%, were:

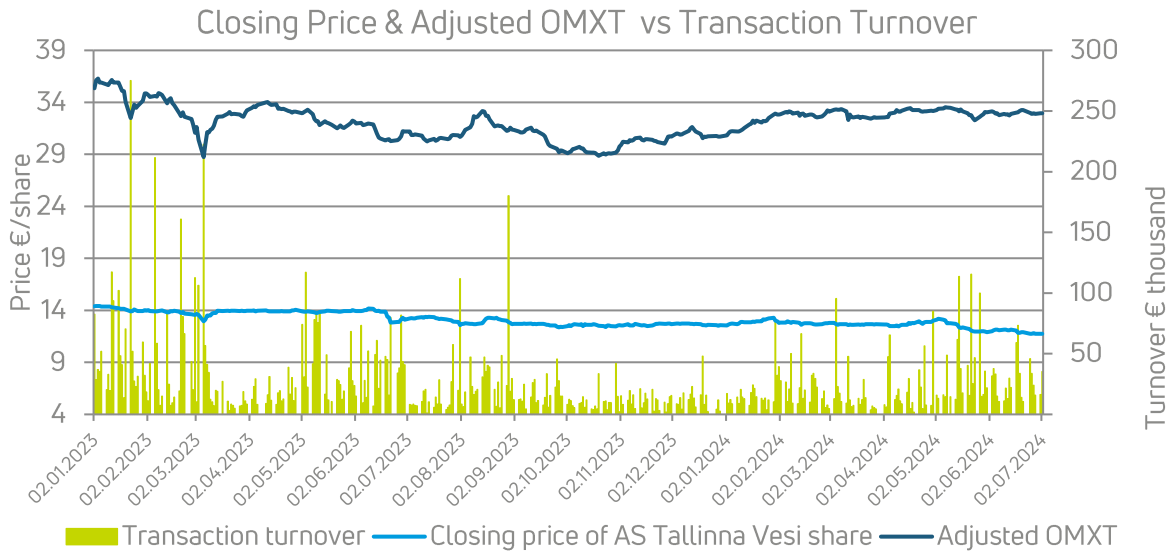
- City of Tallinn (55.06%)
- OÜ Utilitas (20.36%)

In six months of 2024, the local retail investors have increased their shareholdings by 0.08%, local institutional investors have increased their shareholdings by 0.02%, foreign institutional investors and foreign retail investors have decreased their shareholdings by 0.07% and 0.03% respectively.

As of 30/06/2024, the closing price of AS Tallinna Vesi's share was €10.25, which is 3.34% (2023 Q2: -7.04%) lower compared to the closing price of €10.60 at the beginning of the year. During the second quarter of 2024, the OMX Tallinn index decreased by 1.34% (2023 Q2: +1.13%).

In six months of 2024, 8,666 deals were concluded with the company's shares (2023 Q2: 10,045 deals) during which 212 thousand shares or 1.1% of all shares changed owners (2023 Q2: 242 thousand shares or 1.2%).

The turnover of transactions amounted to €2.2 million, being €0.78 million lower than in the comparative period of 2023.



## CORPORATE STRUCTURE

As of 30/06/2024, the group consisted of 3 companies. The subsidiaries OÜ ASTV Green Energy and Watercom OÜ are wholly 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.

- As of 25/04/2024 the mandate of Andrei Korobeinik as a member of the Supervisory Council ended. The City of Tallinn appointed Karolina Ullman as a member of the Supervisory Council of AS Tallinna Vesi, whose term of office in the company's Supervisory Council shall be effective from 01/07/2024 to 30/06/2027.
- The term of office of the following members of the Supervisory Council were extended:
  - Priit Koit – until 11/04/2027 (incl.)
  - Niall Patrick Mills – until 11/04/2027 (incl.)
  - Mart Mägi – until 31/03/2027 (incl.)
  - Robert Kitt – until 31/03/2027 (incl.)
  - Priit Rohumaa – until 3/06/2027 (incl.).

The Supervisory Council has established two committees to advise Supervisory Council on audit, 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 board > Supervisory council](#)

[About us > Audit committee](#)

[About us > 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 30/06/2024, 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:

[About us > Management board](#)

### Additional information:

Aleksandr Timofejev  
Chairman of the Board  
+372 62 62 200

[aleksandr.timofejev@tvesi.ee](mailto:aleksandr.timofejev@tvesi.ee)

Tarvi Thomberg  
Member of the Management Board  
+372 62 62 200

[tarvi.thomberg@tvesi.ee](mailto:tarvi.thomberg@tvesi.ee)

Taavi Gröön  
Member of the Management Board  
+372 62 62 200

[taavi.groon@tvesi.ee](mailto:taavi.groon@tvesi.ee)

## 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 2024. The interim accounts have not been reviewed by the auditors.

The condensed financial statements for the period ended on 30 June 2024 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 uncertainties.

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 2 August 2024 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

2 August 2024

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand

ASSETS	Note	as of 30 June 2024	as of 31 December 2023
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,923	14,736
Trade receivables, accrued income and prepaid expenses		8,988	8,608
Inventories		1,202	1,137
<b>TOTAL CURRENT ASSETS</b>		<b>14,113</b>	<b>24,481</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	4	269,839	256,108
Intangible assets	5	1,394	1,293
<b>TOTAL NON-CURRENT ASSETS</b>		<b>271,233</b>	<b>257,401</b>
<b>TOTAL ASSETS</b>		<b>285,346</b>	<b>281,882</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current portion of long-term lease liabilities		1,011	697
Current portion of long-term loans		3,571	3,594
Trade and other payables		12,275	10,886
Prepayments		3,762	3,604
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,619</b>	<b>18,781</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income from connection fees		47,761	44,653
Leases		2,575	1,892
Loans		95,963	92,835
Provision for possible third-party claims	6	6,018	6,018
Deferred tax liability		242	505
Other payables		94	128
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>152,653</b>	<b>146,031</b>
<b>TOTAL LIABILITIES</b>		<b>173,272</b>	<b>164,812</b>
<b>EQUITY</b>			
Share capital		12,000	12,000
Share premium		24,734	24,734
Statutory legal reserve		1,278	1,278
Retained earnings		74,062	79,058
<b>TOTAL EQUITY</b>		<b>112,074</b>	<b>117,070</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>285,346</b>	<b>281,882</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand

	Note	Quarter 2		for the 6 months ended 30 June	
		2024	2023	2024	2023
Revenue	7	15,552	15,405	30,489	30,005
Cost of goods and services sold	9	-9,225	9,603	-18,102	-18,490
<b>GROSS PROFIT</b>		<b>6,327</b>	<b>5,802</b>	<b>12,387</b>	<b>11,515</b>
Marketing expenses	9	-241	-205	-475	-419
Administrative expenses	9	-1,531	-1,317	-3,025	-2,620
Other income (+) / expenses (-)	10	-98	-153	-303	-275
<b>OPERATING PROFIT</b>		<b>4,457</b>	<b>4,127</b>	<b>8,584</b>	<b>8,201</b>
Financial income	11	67	26	149	36
Financial expenses	11	-1,104	-747	-2,285	-1,302
<b>PROFIT BEFORE TAXES</b>		<b>3,420</b>	<b>3,406</b>	<b>6,448</b>	<b>6,935</b>
Income tax		-1,226	-1,093	-1,244	-1,121
<b>NET PROFIT FOR THE PERIOD</b>		<b>2,194</b>	<b>2,313</b>	<b>5,204</b>	<b>5,814</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,194</b>	<b>2,313</b>	<b>5,204</b>	<b>5,814</b>
Attributable profit to:					
Equity holders of A shares		2,194	2,313	5,204	5,814
Earnings per A share (in euros)	12	0.11	0.12	0.26	0.29

## CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand		for the 6 months ended 30 June	
	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit		8,584	8,200
Adjustment for depreciation/amortisation	9,10	4,131	3,914
Adjustment for revenues from connection fees	10	-340	-292
Other non-cash adjustments		-91	-157
Profit (-) / loss (+) from sale of property, plant and equipment, and intangible assets		-55	-22
Change in current assets involved in operating activities		-446	343
Change in liabilities involved in operating activities		351	-526
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>12,134</b>	<b>11,460</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Acquisition of property, plant, and equipment, and intangible assets		-13,800	-10,495
Compensations received for construction of pipelines, including connection fees		952	1,724
Proceeds from sale of property, plant and equipment, and intangible assets		98	24
Interest received		149	36
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-12,601</b>	<b>-8,711</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Interest and loan financing costs paid		-2,572	-1,243
Lease payments		-584	-593
Received loans		5,000	45,500
Repayment of loans		-1,818	-39,318
Dividends paid		-10,069	-6,515
Income tax paid on dividends		-303	-278
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>-10,346</b>	<b>-2,447</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-10,813</b>	<b>302</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
	3	14,736	12,650
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>			
	3	3,923	12,952

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
<b>as of 31 December 2022</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>72,814</b>	<b>110,826</b>
Dividends	0	0	0	-6,600	-6,600
Comprehensive income for the period	0	0	0	5,814	5,814
<b>as of 30 June 2023</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>72,028</b>	<b>110,040</b>
<b>as of 31 December 2023</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>79,058</b>	<b>117,070</b>
Dividends	0	0	0	-10,200	-10,200
Comprehensive income for the period	0	0	0	5,204	5,204
<b>as of 30 June 2024</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>112,074</b>	<b>112,074</b>

## 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 2023. 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 2023, except for estimates addressed below:

- Management of the Group 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 24 months before 30 June 2024, 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 of 30 June 2024, Management of the Group has assessed the expected credit loss related to macroeconomic conditions to be €246 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 2024, claims totalling €13.6 million have been filed within four applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6.0 million (as of 31 December 2023: €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 2024	as of 31 December 2023
Cash in hand and in bank	3,923	14,736
<b>Total cash and cash equivalents</b>	<b>3,923</b>	<b>14,736</b>

### 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
<b>as of 31 December 2022</b>							
Acquisition cost	27,618	269,144	54,526	6,151	3,433	0	360,872
Accumulated depreciation	-8,262	-82,445	-38,660	0	-1,636	0	-131,003
<b>Net book value</b>	<b>19,356</b>	<b>186,699</b>	<b>15,866</b>	<b>6,151</b>	<b>1,797</b>	<b>0</b>	<b>229,869</b>
<b>Transactions in the period 1 January 2023 – 30 June 2023</b>							
Acquisition in book value	0	0	0	9,216	0	915	10,131
Write off and sale in residual value	0	-2	0	0	-1	0	-3
Reclassification	20	3,658	1,829	-6,257	1,665	-915	0
Depreciation	-159	-2,066	-1,239	0	-271	0	-3,735
<b>as of 30 June 2023</b>							
Acquisition cost	27,638	272,562	55,876	9,110	4,844	0	370,030
Accumulated depreciation	-8,421	-84,273	-39,419	0	-1,654	0	-133,767
<b>Net book value</b>	<b>19,217</b>	<b>188,289</b>	<b>16,457</b>	<b>9,110</b>	<b>3,190</b>	<b>0</b>	<b>236,263</b>
<b>as of 31 December 2023</b>							
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

<b>Net book value</b>	<b>19,542</b>	<b>206,043</b>	<b>18,405</b>	<b>9,025</b>	<b>3,093</b>	<b>0</b>	<b>256,108</b>
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#### Transactions in the period 1 January 2024 – 30 June 2024

Acquisition in book value	0	0	0	16,543	0	1,284	17,827
Write off and sale 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
<b>Net book value</b>	<b>19,385</b>	<b>209,197</b>	<b>17,701</b>	<b>19,600</b>	<b>3,956</b>	<b>0</b>	<b>269,839</b>

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
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#### as of 31 December 2022

Acquisition cost	5,023	91	5,114
Accumulated depreciation	-4,426	0	-4,426
<b>Net book value</b>	<b>597</b>	<b>91</b>	<b>688</b>

#### Transactions in the period 1 January 2023 – 30 June 2023

Acquisition in book value	0	308	308
Reclassification	19	-19	0
Depreciation	-179	0	-179

#### as of 30 June 2023

Acquisition cost	5,041	380	5,421
Accumulated depreciation	-4,604	0	-4,604
<b>Net book value</b>	<b>437</b>	<b>380</b>	<b>817</b>

#### as of 31 December 2023

Acquisition cost	5,400	514	5,914
Accumulated depreciation	-4,621	0	-4,621
<b>Net book value</b>	<b>779</b>	<b>514</b>	<b>1,293</b>

#### 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
<b>Net book value</b>	<b>668</b>	<b>726</b>	<b>1,394</b>

#### 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 business customer tariffs dropped by 15%, on average.

As of 30 June 2024, claims totalling €13.6 million have been filed within four applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6 million (as of 31 December 2023: €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, wastewater disposal, stormwater collection and treatment and fire hydrants service, excessive pollution fees and sewer discharge service.

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 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
<b>1 January 2024 – 30 June 2024</b>					
External revenue	28,715	1,419	355	0	30,489
Inter-segment revenue	3	1,436	3,113	-4,552	0
<b>Total segment revenue</b>	<b>28,718</b>	<b>2,855</b>	<b>3,468</b>	<b>-4,552</b>	<b>30,489</b>
<b>Segment's gross profit</b>	<b>11,665</b>	<b>189</b>	<b>955</b>	<b>-422</b>	<b>12,387</b>

<b>Unallocated expenses:</b>	
Marketing and administrative expenses	-3,500
Other income/expenses	-303

**Operating profit** **8,584**

**1 January 2023 – 30 June 2023**

External revenue	27,493	2,194	318	0	30,005
Inter-segment revenue	0	1,312	2,648	-3,960	0

**Total segment revenue** **27,493** **3,506** **2,966** **-3,960** **30,005**

**Segment's gross profit** **10,799** **287** **742** **-312** **11,516**

**Unallocated expenses:**

Marketing and administrative expenses	-3,040
Other income/expenses	-275

**Operating profit** **8,201**

**Revenue by activities**

€ thousand	2024	Quarter 2 2023	for the 6 months ended 30 June	
			2024	2023
<b>Water services</b>				
Water supply service	2,500	2,494	5,009	4,935
Wastewater disposal service	3,682	3,658	7,378	7,258
<b>Total from private customers</b>	<b>6,182</b>	<b>6,152</b>	<b>12,387</b>	<b>12,193</b>
Water supply service	2,258	2,211	4,342	4,229
Wastewater disposal service	2,238	2,207	4,434	4,459
<b>Total from business customers</b>	<b>4,496</b>	<b>4,418</b>	<b>8,776</b>	<b>8,688</b>
Water supply service	397	447	762	852
Wastewater disposal service	1,063	1,013	2,130	2,108
Stormwater disposal service	61	36	153	124
<b>Total from outside service area customers</b>	<b>1,521</b>	<b>1,496</b>	<b>3,045</b>	<b>3,084</b>
Stormwater collection and treatment and fire hydrants service	1,875	1,405	3,773	2,811
Excessive pollution fees and sewer discharge service	396	365	734	718
<b>Total from water services</b>	<b>14,470</b>	<b>13,836</b>	<b>28,715</b>	<b>27,494</b>
Construction services	881	1,390	1,419	2,194
Other services	201	179	355	317
<b>Total revenue</b>	<b>15,552</b>	<b>15,405</b>	<b>30,489</b>	<b>30,005</b>

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

## NOTE 8. STAFF COSTS

€ thousand	Quarter 2		for the 6 months ended 30 June	
	2024	2023	2024	2023
Salaries and wages	-2,893	-2,631	-5,806	-5,096
Social security and unemployment insurance tax	-966	-876	-1,884	-1,710
<b>Staff costs total</b>	<b>-3,859</b>	<b>-3,507</b>	<b>-7,690</b>	<b>-6,806</b>
<b>Average number of employees during the reporting period</b>	<b>371</b>	<b>356</b>	<b>366</b>	<b>348</b>

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

€ thousand	Quarter 2		for the 6 months ended 30 June	
	2024	2023	2024	2023
<b>Cost of goods and services sold</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Water abstraction charges	-319	-326	-642	-645
Chemicals	-673	-735	-1,375	-1,353
Electricity	-1,128	-1,477	-2,497	-3,186
Pollution tax	-231	-164	-509	-469
Staff costs	-2,726	-2,521	-5,428	-4,872
Depreciation and amortisation	-1,780	-1,705	-3,624	-3,388
Construction services	-589	-1,024	-1,004	-1,646
Other costs	-1,779	-1,651	-3,022	-2,931
<b>Total cost of goods and services sold</b>	<b>-9,225</b>	<b>-9,603</b>	<b>-18,102</b>	<b>-18,490</b>
<b>Marketing expenses</b>				
Staff costs	-222	-188	-431	-375
Depreciation and amortisation	0	-1	-1	-2
Other marketing expenses	-19	-16	-43	-42
<b>Total marketing expenses</b>	<b>-241</b>	<b>-205</b>	<b>-475</b>	<b>-419</b>
<b>Administrative expenses</b>				
Staff costs	-911	-798	-1,831	-1,559
Depreciation and amortisation	-92	-125	-187	-251
Other administrative expenses	-528	-394	-1,007	-810
<b>Total administrative expenses</b>	<b>-1,531</b>	<b>-1,317</b>	<b>-3,025</b>	<b>-2,620</b>

#### NOTE 10. OTHER INCOME/EXPENSES

€ thousand	Quarter 2		for the 6 months ended 30 June	
	2024	2023	2024	2023
Connection fees	172	148	340	292
Depreciation of single connections	-162	-138	-320	-273
Doubtful receivables expenses (-)/ expense reduction (+)	0	-50	-164	-74
Other income (+) / expenses (-)	-108	-113	-159	-220
<b>Total other income/expenses</b>	<b>-98</b>	<b>-153</b>	<b>-303</b>	<b>-275</b>

#### NOTE 11. FINANCIAL INCOME AND EXPENSES

€ thousand	Quarter 2		for the 6 months ended 30 June	
	2024	2023	2024	2023
Interest income	67	26	149	36
Interest expense, loan	-1,083	-718	-2,243	-1,266
Other financial income (+) / expenses (-)	-21	-29	-42	-36
<b>Total financial income/expenses</b>	<b>-1,037</b>	<b>-721</b>	<b>-2,136</b>	<b>-1,266</b>

#### NOTE 12. DIVIDENDS

€ thousand	Quarter 2		for the 6 months ended 30 June	
	2024	2023	2024	2023
Dividends declared during the period	10,200	6,600	10,200	6,600
Dividends paid during the period	10,069	6,515	10,069	6,515
Withheld income tax on dividends	131	85	131	85
Income tax on dividends paid	1,205	1,352	1,205	1,352
Dividends declared per shares:				
Dividends per A share (in euros)	0.51	0.33	0.51	0.33

Dividend income tax rate in 2024 was 20/80 (2023: 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, 2021 is the first year to be considered. 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 2		for the 6 months ended 30 June	
	2024	2023	2024	2023
Net profit for the period	2,194	2,313	5,204	5,814
Weighted average number of ordinary shares (in thousands)	20,000	20,000	20,000	20,000
Earnings per share (in euros)	0.11	0.12	0.26	0.29

Diluted earnings per share for the periods ended 30 June 2024 and 30 June 2023 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	as of 30 June	as of 31 December
€ thousand	2024	2023
Accounts receivable	895	1,005
Trade and other payables	1	20

#### Transactions recorded

€ thousand	as of 30 June		as of 31 December	
	2024	2023	2024	2023
Revenue	2,217	1,673	4,507	3,467
Purchase of thermal energy	13	16	60	71
Purchase of legal services	0	16	0	28
Capex investments	250	0	250	0

Fees to the Group's Management Board and Supervisory Council members (excluding social tax)	Quarter 2		for the 6 months ended 30 June	
€ thousand	2024	2023	2024	2023
Fees to Management Board members	80	76	220	191
Fees to Supervisory Council members	11	10	21	20

The Group's Management Board and Supervisory Council members are considered as key management personnel for whom the contractual salary payments have been calculated 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 €183 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 2024, the members of Management Board Aleksandr Timofejev, Taavi Gröön and Tarvi Thomberg owned the shares of AS Tallinna Vesi, 200, 400 and 600 shares accordingly. Taavi Gröön and Tarvi Thomberg have acquired 200 additional shares both during the 6 months period ended on 30 June 2024. 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. 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 2024 and 31 December 2023, 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 (since 1/07/2024)	Member of the Supervisory Council

Introduction of Supervisory Council members are published at Company's web page:

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