

AS TALLINNA VESI

Consolidated Interim Report for the 3rd quarter of 2025

31 October 2025



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MANAGEMENT REPORT

In the third quarter of 2025, we continued to provide high quality water supply and sewerage services and continued investment projects to ensure the sustainability of our services. During the quarter, the company pumped 6.20 million m³ of clean drinking water into the water distribution network and treated approximately 11,93 million m³ of wastewater.

Group sales

The Tallinna Vesi Group's sales in the third quarter of 2025 were €18.2 million, increasing 10.8%, or 1.77 million, compared to the same period of the previous year. Revenue growth was most affected by a change in prices due to the need for critical investments.

Sales of water services increased by 9.4%, or €1.35 million, reaching €15.71 million compared to the third quarter of 2024. The changes in the revenue from the sale of services to private and business customers are mainly related to moving towards harmonisation of water prices, resulting from the obligation under the Public Water Supply and Sewerage Act to offer a uniform price by 1 July 2026. The price change to this effect was approved by the Competition Authority in March and came into force on 1 May 2025.

The company's operating profit for the third quarter was €5.95 million, which is 13.5% more than in the same period last year. Operating profit was affected by price changes due to investments made to secure the service. The company's net profit was €4.96 million, which is 6.9% more than in the same period of the previous year.

High-quality water supply and sewerage services

During the third quarter of 2025, we continued to provide reliable water supply and sewerage service, as demonstrated by the quality indicators that remain at a consistently high level. The quality of tap water during the quarter was high, meeting 98.04% of all quality requirements. During the third quarter, 816 water samples were taken.

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

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

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

The average duration of a water interruption in the third quarter was 1 hour and 52 minutes, thanks to the operational response of our staff. This is half an hour better than in the third quarter of last year. To reduce the inconvenience caused by water interruptions, we continue installing additional isolation valves on the water network.

In the third quarter of 2025, the quality of the effluent treated at the Paljassaare Wastewater Treatment Plant outperformed the effluent standards. To keep the Baltic Sea clean, the company uses efficient treatment processes that helped to remove approximately 200 tonnes of solid waste, 63 tonnes of grit, 476 tonnes of nitrogen and 62 tonnes of phosphorus from wastewater during the third quarter of 2025.

Investments

Tallinn Vesi aims to develop the resilience of its infrastructure and to ensure the continuity of the vital service it provides, all the while keeping some of the lowest prices for service in Estonia. The total investments planned for 2025 amount up to €61 million.

Procurement activities for the reconstruction of the ozonation system at the water treatment plant are continuing, and renovation of the output pipe of Building A has begun.

At the wastewater treatment plant, the replacement of the screens at the screen building has been completed, while the installation of a new air blower, the reconstruction of the sludge dewatering system, and the renovation of two secondary clarifiers are currently underway. The installation of screens and the replacement of the suction valves on the main pumps are being completed at the main pumping station. The investments in the wastewater treatment plant planned for 2025 amount to €8 million.

Water network rehabilitation

The water loss rate in the water distribution network fell to 12.24% in the third quarter from 12.47% a year earlier. In order to keep water loss rates low, the company carries out continuous online monitoring of the water distribution network and continues with its planned water network rehabilitation programme.

By the end of the third quarter, we had rehabilitated and constructed 32 kilometres of pipelines, of which almost half, or over 14 kilometres, were built using the environmentally friendly no-dig techniques. We work closely with the City of Tallinn and other partners, such as AS Utilitas Tallinn, in order to carry out as many work as possible at the same time, thus saving the environment and causing as little disruption to city life and traffic as possible.

In the third quarter, major pipeline works started in the following locations: construction of a strategic stormwater receiving system in North Tallinn on Kolde Avenue, construction of Peterburi and Bornhöhe roads in cooperation with the City of Tallinn, and construction work on Retke Road in cooperation with Utilitas. Work has also started on the renovation of several streets using no-dig methods, allowing work to continue into the winter. In cooperation with the City of Tallinn, work is ongoing on Värvi and Mustjõe streets, and in cooperation with Utilitas on Tuukri and Uus-Sadama streets, where the extension of the stormwater collector that starts from Reidi Road will be completed. Work also continues on Paljassaare Road and on construction of the Nõlvaku collector.

In the third quarter, the renovation of the water pipeline on Tammsaare Road and the construction of the emergency overflow and stormwater outlet on Kopli Street and Paljassaare Road were completed. Works were also completed on Jaama, Raudtee and Vilmsi streets. The plan is to construct and rehabilitate a total of 44 kilometres of pipeline by the end of this year.

A scheme for the construction of a separate stormwater network in the city centre has been finalised, and work is underway on a stormwater scheme for the Mustamäe area. Both schemes apply near-natural solutions, which aim to ensure a longer retention time for stormwater and create a greener urban environment. These stormwater solutions help to reduce the risk of flooding during periods of heavy rainfall.

Customer service

By the end of the third quarter, we had installed approximately 17,500 smart meters, which means that 79% of our customers now have remote water meters. The main advantages of smart meters include the speed and accuracy of data transmission, but also their security and reliability. In 2025, we aim to install smart meters for 80 per cent of our customers, and by the end of 2026 at the latest, all customers in our service area will have their water meters replaced with smart meters.

We strive to provide our customers and consumers with a reliable service, part of which is the availability of important information about the service and the speed at which the enquiries are answered. In the third quarter of 2025, we responded to written enquiries within 2 days in 99.5% of cases, which shows the same level as last year.

We consider as complaints any enquiries received from customers that indicate dissatisfaction with the company's activities or the quality of the services provided. The aim of this is to gain a better understanding of the causes of customer dissatisfaction and to prevent complaints more effectively. In the third quarter of 2025, a total of 140 customer complaints were received, which is significantly less compared to the same period a year ago (179 complaints in 2024). There has been a decrease in the number of complaints, in particular due to a reduction in the number of enquiries relating to water quality and water pressure. Throughout the third quarter of 2025, we kept our promises to customers without fail.

Partnerships

As a summer period, the third quarter is a busy time for our company in terms of attending events and promoting water issues. As an example, we took part in Baltic Sea Day, an information day for kindergartens, the IRONMAN race, the Kõrvemaa Run, and the 53rd Run around Lake Ülemiste, hosted by Tallinna Vesi, by providing drinking water and introducing water services at these events.

Starting from June 30, we offered fresh drinking water in the rehearsals for the nationwide dance celebration and continued to provide drinking water to all singers and dancers throughout the entire week of the song and dance celebration in July. During the song and dance celebrations, approximately 3 million litres of tap water were consumed from taps and tanks at the festival grounds and accommodation sites, thus allowing to avoid tens of thousands of plastic bottles from being produced.

During the summer months, 60 public drinking water taps are open across Tallinn, providing fresh tap water to both residents and tourists.

In July and August, our experts shared their knowledge at the Investment Festival and the Opinion Festival.

We also continued the project started last year by having students from EKA to decorate four of our pumping stations, giving them a fresh look with their artwork over this summer.

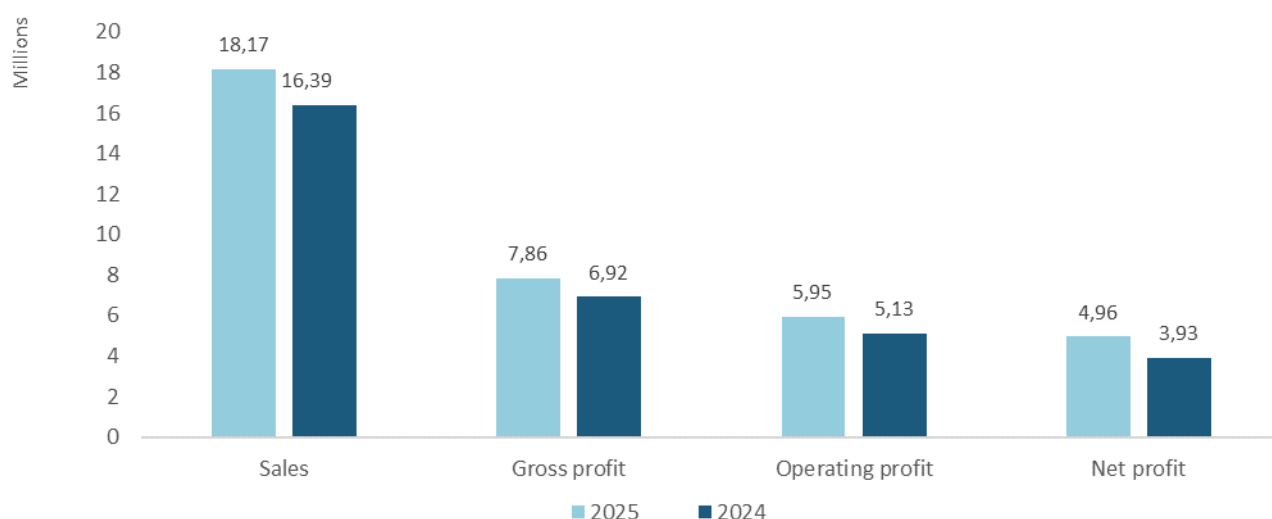
PERFORMANCE IN THE THIRD QUARTER OF 2025

Performance indicator	Unit	2025 9 months	2024 9 months	2025 III quarter	2024 III quarter
Drinking water					
Compliance of water quality at the customer's tap	%	99.3%	99.6%	98.0%	98.9%
Water loss rate in the water distribution network	%	13.53%	14.01%	12.24%	12.47%
Average duration of water interruption per property	h	1 h 52 min	2 h 22 min	2 h 09 min	2 h 0 min
Wastewater					
Number of sewer blockages	pc	255	331	67	80
Number of sewer collapses	pc	46	49	8	19
Treated effluent compliance with environmental requirements	%	100%	100%	100%	100%
Customer service					
Number of customer enquiries	pc	19637	22397	6883	6947
Responding to written enquiries at least within 2 working days	%	99.7%	99.6%	99.5%	99.8%
Number of failures to keep Promises to Our Customers	pc	0	0	0	0

FINANCIAL RESULTS OF THE THIRD QUARTER OF 2025

The latest economic forecast from [Eesti Pank](#) expects the economy to grow by 0.6% this year, and by over 3% in the next two years. The acceleration in growth in 2026 will be substantially driven by the additional borrowed money directed by the government into the economy. The conditions for growth within the economy itself will improve steadily until 2027, when the financial stimulus from the government will end. Foreign markets will by then be in a better state than they are now, and Estonian companies will have managed to become more competitive. Rises in production costs and taxes will keep inflation in Estonia high this year at 5.3%. It will come down next year to about 2% and then stay around there in 2027.

Due to the volume of construction services and price change of water services, the consolidated turnover has increased in the 3rd quarter by €1.77 million compared to the same period of the previous year. The company's profit has increased by 26.2% or €1.03 million, being €4.96 million in the 3rd quarter of 2025.



MAIN FINANCIAL INDICATORS

€ million except key ratios	Quarter 3			9 months			Variance	
	2025	2024	2023	2025/ 2024	2025	2024	2023	2025/2024
Sales	18.17	16.39	15.77	10.8%	53.57	47.22	46.06	13.4%
Gross profit	7.86	6.92	6.65	13.6%	21.60	19.33	18.19	11.7%
Gross profit margin %	43.26	42.21	42.19	2.5%	40.32	40.93	39.48	-1.5%
Operating profit before depreciation and amortisation	8.52	7.28	7.12	17.1%	22.76	19.99	19.23	13.9%
Operating profit before depreciation and amortisation margin %	46.90	44.39	45.13	5.6%	42.49	42.34	41.75	0.4%
Operating profit	5.95	5.13	5.10	15.9%	15.57	13.71	13.30	13.5%
Operating profit - main business	5.61	4.78	4.72	17.4%	14.62	13.11	12.44	11.5%
Operating profit margin %	32.74	31.29	32.32	4.6%	29.07	29.04	28.86	0.1%
Profit before taxes	5.04	4.07	4.20	24.1%	12.76	10.51	11.13	21.4%
Profit before taxes margin %	27.76	24.80	26.64	11.9%	23.82	22.26	24.17	7.0%
Net profit	4.96	3.93	4.05	26.2%	9.76	9.13	9.87	6.9%
Net profit margin %	27.29	23.97	25.71	13.9%	18.22	19.34	21.42	-5.8%
ROA %	1.47	1.33	1.54	10.6%	2.97	3.12	3.76	-4.7%
Debt to total capital employed %	65.20	61.82	57.42	5.5%	65.20	61.82	57.42	5.5%
ROE %	4.24	3.45	3.62	23.2%	8.15	7.84	8.77	4.0%
Current ratio	0.83	0.83	1.09	0.0%	0.83	0.83	1.09	0.0%
Quick ratio	0.76	0.78	1.03	-2.6%	0.76	0.78	1.03	-2.6%
Investments into fixed assets	14.47	15.38	12.40	-5.9%	37.11	33.42	22.84	11.0%
Payout ratio %	-	79.80	79.41		-	79.80	79.41	

Gross profit margin – Gross profit / Net sales

Operating profit margin – Operating profit / Net sales

Operating profit before depreciation and amortisation – Operating profit + depreciation and amortisation

Operating profit before depreciation and amortisation margin – Operating profit before depreciation and amortisation / Net sales

Net profit margin – Net profit / Net sales

ROA – Net profit / Average Total assets for the period

Debt to Total capital employed – Total liabilities / Total capital employed

ROE – Net profit / Average Total equity for the period

Current ratio – Current assets / Current liabilities

Quick ratio – (Current assets – Stocks) / Current liabilities

Payout ratio – Total Dividends per annum/ Total Net Income per annum

Main business – Water services related activities, excl. connections profit and government grants, construction services, doubtful receivables

STATEMENT OF COMPREHENSIVE INCOME

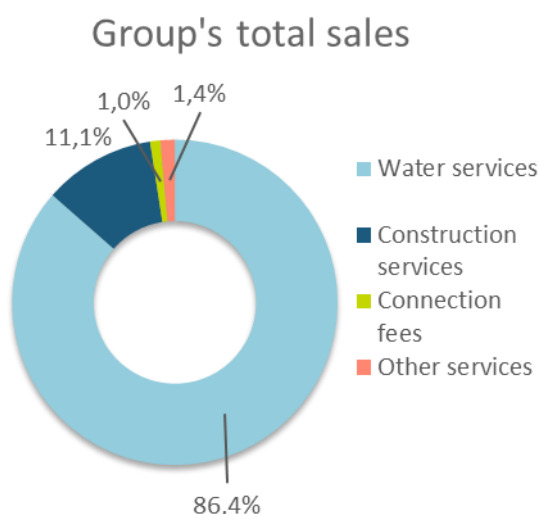
SALES

The revenues from the main activities, i.e., sales of water and wastewater services in the 3rd quarter of 2025 were impacted by consumption and the price changes effective from 01/07/2024, 01/11/2024 and 01/05/2025. Given the stability of the company's business and the Estonia's macroeconomic forecast, we do not expect any increase in the sales of our water services in 2025. Consequently, the company does not foresee any significant changes in the consumption of water services in the long run.

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

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

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



In the 3rd quarter of 2025, the **group's total sales** were €18.17 million, up 10.8% or €1.77 million compared to the same period of the previous year, when sales were €16.39 million. Sales from water services both inside and outside the main service area accounted for 86.4% of the total sales, 11.1% of the sales came from construction services, 1.4% from other services and 1.0% from connection fees.

€ thousand	Quarter 3			Variance 2025/2024	
	2025	2024	2023	€	%
Water supply service	4,162	3,303	2,420	858	26.0%
Wastewater disposal service	4,060	3,843	3,561	217	5.6%
Total from private customers	8,222	7,146	5,981	1,077	15.1%
Water supply service	1,770	1,935	2,080	-165	-8.5%
Wastewater disposal service	2,372	2,222	2,189	149	6.7%
Total from business customers	4,142	4,157	4,269	-15	-0.4%
Water supply service	546	483	411	63	13.0%
Wastewater disposal service	1,380	1,178	1,037	202	17.1%
Stormwater disposal service	10	30	31	-20	-66.7%
Total from outside service area customers	1,936	1,691	1,478	245	14.5%
Stormwater disposal and fire hydrants service	1,003	991	2,054	12	1.2%
Excess pollution charges and sewer discharge service	402	365	349	37	10.1%
Total from water services	15,705	14,350	14,132	1,354	9.4%
Construction services	2,017	1,657	1,289	360	21.7%
Connection fees	187	176	153	11	6.3%
Other services	258	210	192	48	22.9%
TOTAL REVENUE	18,167	16,393	15,767	1,773	10.8%

Sales from water services were €15.70 million, showing an increase of 9.4% or €1.35 million increase compared to the 3rd quarter of 2024, resulting from an increase in tariffs starting from 1 July and 1 November 2024, 1 May 2025.

The sales to **private customers in the main service area** increased by 15.1% or € 1.07 million. In the first quarter, the sales to private customers amounted to €8.22 million.

Sales to **business customers in the main service area** remained on the same level compared to the same period last year, being €4.14 million.

The principles for calculating the sales from the **stormwater disposal and fire hydrants service in the main service area** changed with the price change effective from 1 July. In the third quarter of 2025, the sales from the stormwater and fire hydrant service were €1.00 million, an increase of 1.2% compared to the same period in 2024. The revenue growth is related to the change in pricing, which is driven by changes in investments and regulatory costs.

Sales from construction services were €2.02 million, increasing by 21.7% or €0.36 million year-on-year. The increase in revenue was mainly due to the timing of external projects and significantly higher revenue from pipeline construction services won on the market, complemented by the growth in road construction revenue from services provided to non-group partners. The largest clients were the City of Tallinn and local municipalities in the surrounding area.

COST OF GOODS AND SERVICES SOLD AND GROSS PROFIT

The cost of goods and services sold amounted to €10.31 million in the 3rd quarter of 2025, being higher by 8.8% or €0.83 million compared to the equivalent period in 2024.

€ thousand	Quarter 3		Variance 2025/2024		
	2025	2024	2023	€	%
Water abstraction charges	-312	-317	-309	5	1.6%
Chemicals	-709	-711	-717	2	0.3%
Electricity	-1,012	-1,002	-1,583	-10	-1.0%
Pollution tax	-254	-184	-215	-70	-38.0%
Total direct production costs	-2,288	-2,215	-2,823	-73	-3.3%
Staff costs	-2,607	-2,522	-2,257	-85	-3.4%
Depreciation and amortisation	-2,406	-2,046	-1,908	-360	-17.6%
Construction services	-1,740	-1,341	-938	-399	-29.8%
Other costs	-1,266	-1,350	-1,189	84	6.2%
Other costs of goods/services sold total	-8,019	-7,259	-6,292	-760	-10.5%
Total cost of goods/services sold	-10,308	-9,474	-9,115	-834	-8.8%

Total direct production costs (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €2.28 million, showing a 3.3% or €0.07 million increase compared to the equivalent period in 2024. Direct production costs were affected by changes in prices and production volumes as follows:

- **Pollution tax expense** have increased by 38.0%, reaching 0.25 million. Mainly due to higher volumes and increased taxes.

Other costs of goods/services sold (staff costs, depreciation and amortisation, costs related to construction services and other costs of goods/services sold) increased by 10.5% compared to the same period last year. The changes in costs are as follows:

- **Staff costs** have increased by 3.4% to €2.61 million due to an average 5% salary increase.
- **Construction services** costs have increased by 29.8% or €0.40 million, to €1.74 million. The increase in construction services costs is directly related to the increase in the sales from construction services.

As a result of all above, the **group's gross profit** for the 3rd quarter of 2025 was €7.86 million, showing an increase of 13.6% or €0.94 million, compared to the gross profit of €6.92 million for the comparative period in 2024.

ADMINISTRATIVE AND MARKETING EXPENSES, OTHER INCOME AND EXPENSES

Administrative and marketing expenses increased by 5.8% or €0.09 million compared to the 3rd quarter of 2024, amounting to €1.82 million. The change is mainly due to the increase in assets maintenance services.

Other income and expenses resulted in net loss of €0.09 million compared to net loss of €0.07 million in the comparative period in 2024.

OPERATING PROFIT

As a result of the factors listed above the **group's operating profit** for the 3rd quarter of 2025 amounted to €5.95 million, being 15.9% or €0.82 million higher than in the same period in 2024.

FINANCIAL EXPENSES

The group's net financial income and expenses have resulted in a net expense of €0.90 million, compared to €0.16 million lower expense in the 3rd quarter of 2024. The change was caused by the fluctuation of Euribor resulting in lower interest expense on loan balance.

In July, additional €10 million was withdrawn from Syndicate loan, that at the end of third quarter resulted in the loan balance of €146 million, with floating interest.

In the 3rd quarter of 2025, the average interest rate on loans was 3.11%, amounting to the interest costs of €0.90 million, compared to the average interest rate of 4.73% and the interest costs of €1.06 million in the 3rd quarter of 2024, while the loan balance was €110 million.

NET PROFIT

The group's net profit for the 3rd quarter of 2025 was €4.96 million, being €1.03 million higher than for the comparative period in 2024. The net profit was impacted by changes in operating profit and net financial expenses described above.

FINANCIAL RESULTS FOR THE FIRST NINE MONTHS OF 2025

SALES

During the first nine months of 2025 the group's total sales were €53.56 million, showing an increase of 13.4% or €6.34 million year-on-year. Sales from water services for first nine months of 2025 were €45.97 million, increasing by 6.8% or €2.91 million year-on-year. Sales from water services both inside and outside of the main service area accounted for 85.8% of the group's total revenue, 11.9% of the sales accounted for construction services, 1.0% from connection fees and 1.2% for other services.

€ thousand	9 months			Variance 2025/2024	
	2025	2024	2023	Euro	%
Water supply service	11,408	8,312	7,355	3,096	37.2%
Wastewater disposal service	12,033	11,221	10,819	812	7.2%
Total from private customers	23,441	19,533	18,175	3,908	20.0%
Water supply service	5,554	6,277	6,308	-724	-11.5%
Wastewater disposal service	6,958	6,656	6,648	302	4.5%
Total from business customers	12,512	12,933	12,957	-422	-3.3%
Water supply service	1,559	1,245	1,262	314	25.2%
Wastewater disposal service	4,134	3,308	3,144	826	25.0%
Stormwater disposal service	29	183	154	-154	-84.2%
Total from outside service area customers	5,722	4,737	4,562	984	20.8%
Stormwater disposal and fire hydrants service	3,118	4,765	4,865	-1,648	-34.6%
Excess pollution charges and sewer discharge service	1,184	1,099	1,067	85	7.7%
Total from water services	45,977	43,067	41,626	2,911	6.8%
Construction services	6,349	3,075	3,483	3,273	106.4%
Connection fees	580	516	445	64	12.4%
Other services	660	566	509	94	16.6%
TOTAL REVENUE	53,566	47,223	46,064	6,343	13.4%

During the first nine months of 2025, **sales to private customers in the main service area** increased by 20.0% to €23.44 million, driven by an increase in consumption and change in tariffs from 1 July and 1 November 2024, additionally from 1 May 2025.

Sales to business customers decreased by 3,3% to €12.51 million, also because of changes in consumption and in tariffs. The decrease in sales to business customers was due to the decrease in water tariffs for business customers, resulting from the obligation under the law to harmonize the water price for private and business customers.

Sales to **customers outside the main service area** increased by 20.8% to €5.72 million, being mainly impacted by increase in the wastewater disposal and water service revenues.

Sales from the operation and maintenance of the stormwater and fire hydrants system in the main service area in the first nine months of 2025 amounted to €3.12 million, showing a decrease of 34.6% or €1.65 million compared to the same period in 2024. The decrease in sales reflects the change in the regulated pricing principles, under which, as of 1 July 2024, all revenues from the combined sewerage system are now included in the sales from the wastewater collection and treatment service, whereas in previous periods, the stormwater service also included part of the sales from the combined sewerage system. From 1 July 2024 onwards, the sales from the stormwater disposal service only include the sales from the separate stormwater system service.

Sales from construction services were €6.35 million, showing a double increase or €3.27 million year-on-year. The increase in revenue was mainly due to the growth in pipeline construction services turnover and the increase in services related to road construction works outside the group.

COST OF GOODS AND SERVICES SOLD AND GROSS AND OPERATING PROFITS

	9 months			Variance 2025/2024	
€ thousand	2025	2024	2023	€	%
Water abstraction charges	-940	-960	-954	20	2.1%
Chemicals	-2,242	-2,086	-2,070	-156	-7.5%
Electricity	-3,256	-3,499	-4,769	242	6.9%
Pollution tax	-902	-693	-684	-207	-29.8%
Total direct production costs	-7,341	-7,239	-8,476	-102	-1.4%
Staff costs	-8,392	-7,950	-7,129	-444	-5.6%
Depreciation and amortisation	-6,694	-5,990	-5,570	-705	-11.8%
Construction services	-5,419	-2,345	-2,584	-3,076	-131.2%
Other costs	-4,125	-4,372	-4,120	249	5.7%
Other costs of goods/services sold total	-24,631	-20,655	-19,403	-3,976	-19.2%
Total cost of goods/services sold	-31,970	-27,895	-27,878	-4,075	-14.6%

During the first nine months of 2025, **the cost of goods and services sold** amounted to €31.97 million, being 4.07 million higher than at the equivalent period in 2024. **Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €7.34 million, being at the same level as past year same period. Direct production costs were mainly affected by:

- **Chemicals** expense have increased by 7.5% or 0.16 million due to average 25.2% price increase offset of methanol used in wastewater treatment process.
- **Costs of electricity** that decreased by 6.9% or €0.24 million resulting in costs worth of €3.26 million, even though the increase of electricity price by 10.6%. The expense decrease is driven mainly by electricity produced for own consumption at the combined heat and power plant.
- **Pollution tax** have increased by 29.8% due to increased taxes and volumes produced.

Other costs of goods/services sold (staff costs, depreciation and amortisation, construction services and other costs) amounted to €24.63 million, having increased by 19.2%. The changes in other costs of goods/services sold were mainly driven by an 5.6% or €0.44 million increase in staff cost and a 131.2% or €3.07 million increase in construction services costs, due to the higher construction revenue, as described in the third quarter results.

The **group's gross profit** for the first nine months of 2025 was €21.60 million, showing an increase of 11.7% or €2.27 million compared to the comparative period in 2024. The **group's operating profit** for the first nine months of 2025 recovered to €15.57 million, being 13.5% or €1.86 million higher than in the same period in 2024, 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 €2.81 million, compared to net expense of €3.20 million in the first nine months of 2024. The increase was mainly impacted by lower rate of Euribor.

PROFIT BEFORE TAXES AND NET PROFIT

The **group's profit before taxes** for the first nine months of 2025 was €12.76 million, being 21.4% or €2.25 million higher than for the same period in 2024. The **group's net profit** for the first nine months of 2025 was €9.76 million, being 6.9% or €0.63 million higher than for the equivalent period in 2024, facing higher tax exposure resulting from increased dividend tax rates.

STATEMENT OF FINANCIAL POSITION

In the first nine months of 2025, **the group invested into fixed assets** €37.11 million. As of 30/09/2025, non-current tangible assets amounted to €322.76 million, the majority of which in the amount of €233.57 million were pipelines (31/12/2024: €231.78million). Total non-current assets amounted to €325.29 million (31/12/2024: €298.33 million).

The **trade receivables, accrued income, and prepaid expenses** at the end of the 3rd quarter were €10.79 million. The collectability rate remains high at 99.74%, like 99.78% at the end of September 2024.

Current liabilities have decreased by €0.64 million to €21.18 million compared to the end of 2024, mainly due to liabilities related to investments.

Deferred income from connection fees has increased by €1.50 million compared to the end of 2024, reaching €51.61 million.

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

The group's outstanding loans amount to €146.43 million (31/12/2024: €118 million).

The NIB loan taken in 2019 is being repaid in 11 equal semi-annual payments. The average interest rate on outstanding loans as at 30/09/2025 is 3.11%.

The group has **total debt to assets** level of 65.20%. At the same time in 2024, the total debt to assets ratio was 61.82%.

EMPLOYEES

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

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

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

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

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

At the end of the 3rd quarter of 2025, the total number of employees in the group was 385 compared to 370 at the end of the same period in 2024. The full time equivalent (FTE) at the end of third quarter of 2025 and 2024 was 350.9 and 359.2 respectively. The three-month average number of employees was 361.30 employees in 2025 and 368.48 employees in 2024.

Gender breakdown of staff:

	As of 30/09/2025			As of 31/12/2024		
	Women	Men	Women	Men	Women	Men
Group	105	253	358	103	267	370
Management Team	12	15	27	12	18	30
Management Board	0	3	3	0	3	3
Supervisory Council	2	7	9	2	7	9

The total salary costs were €3.70 million for the 3rd quarter of 2025, including €0.10 million paid to the Management Board and Supervisory Council members (excluding social taxes). The contingent liability in case the Supervisory Council should want to replace the current Management Board members is €0.19 million.

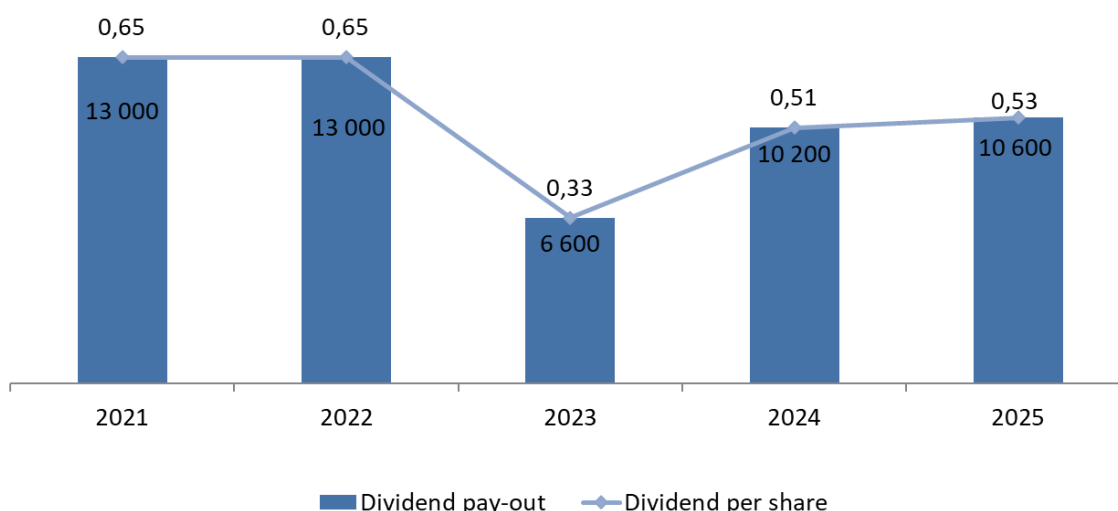
DIVIDENDS

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

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

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

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



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

SHARE PERFORMANCE

Tallinna Vesi is listed on Nasdaq Baltic Main List with trading code TVE1T and ISIN EE3100026436.

As of 30/09/2025, Tallinna Vesi's shareholders, with a direct holding over 5%, were:

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

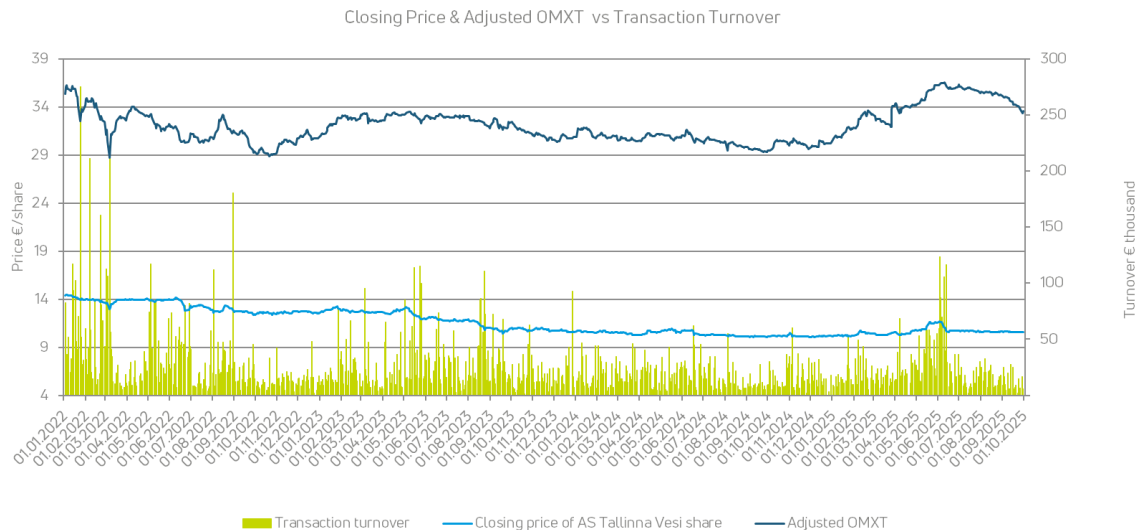
During the 9 months of 2025, the local retail investors have increased their shareholdings by 1.76% while the share of local institutional investors has decreased by 0.10% and the share of foreign retail investors has decreased by 1.68%. Share of foreign institutional investors has stayed on the same level.

As of 30/09/2025, the closing price of Tallinna Vesi's share was €10.60, which is 3.92% higher compared to the price of €10.20 at the beginning of the year (2024: -5.19%). OMX Tallinn index increased by 10.99% (2024: -5.05%).

During 2025, 10,447 transactions were made with the company's shares (2024: 12,246 transactions), during which 355 thousand shares or 1.8% of all shares changed hands (2024: 290 thousand shares or 1.4%).

The turnover of transactions in 9 months of 2025 amounted to €3.82 million, being €0.79 million higher than in the comparative period in 2024.

CLOSING PRICE AND ADJUSTED OMXT VS TRANSACTIONS TURNOVER



CORPORATE STRUCTURE

As of 30/09/2025, the group consisted of 3 companies. The subsidiaries OÜ ASTV Green Energy and Watercom OÜ are 100% owned by AS Tallinna Vesi and fully consolidated in the company's accounts.

CORPORATE GOVERNANCE

SUPERVISORY COUNCIL

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

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

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

[About us > Management and Responsibilities > Supervisory Council](#)

[About us > Management and Responsibilities > Committees](#)

[About us > Management and Responsibilities > Principles of Governance > Corporate Governance Report](#)

MANAGEMENT BOARD

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

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

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

As of 30/09/2025, the Management Board of AS Tallinna Vesi has three members: Aleksandr Timofejev (with the term of office as a Chairman of the Management Board until 30/10/2026), Tarvi Thomberg (with the term of office as a Member of the Management Board until 08/11/2026) and Taavi Gröön (with the term of office as a Member of the Management Board until 23/05/2027).

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

Additional information:

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

The Management Board has prepared the consolidated interim accounts of AS Tallinna Vesi (the Company) and its subsidiaries OÜ Watercom and OÜ ASTV Green Energy (together the Group) in the form of consolidated condensed financial statements for the 9 months period ended on 30 September of financial year 2025. The interim accounts have not been reviewed by the auditors.

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

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

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

Any subsequent events that materially affect the valuation of assets and liabilities and have occurred until the completion of the consolidated financial statements on 31 October 2025 have been considered in preparing the financial statements.

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

Aleksandr Timofejev

Member of the Management Board
Chief Executive Officer

Tarvi Thomberg

Member of the Management Board
Chief Asset Management Officer

Taavi Gröön

Member of the Management Board
Chief Financial Officer

31 October 2025

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand

		as of 30 September 2025	as of 31 December 2024
ASSETS	Note		
CURRENT ASSETS			
Cash and cash equivalents	3	5,369	3,589
Trade receivables, accrued income and prepaid expenses		10,786	10,746
Inventories		1,399	1,180
TOTAL CURRENT ASSETS		17,554	15,515
NON-CURRENT ASSETS			
Property, plant, and equipment	4	322,757	296,264
Intangible assets	5	2,531	2,062
TOTAL NON-CURRENT ASSETS		325,288	298,326
TOTAL ASSETS		342,842	313,841
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current portion of long-term lease liabilities		783	875
Current portion of long-term loans		3,407	3,441
Trade and other payables		14,109	13,581
Prepayments		2,885	2,646
TOTAL CURRENT LIABILITIES		21,184	20,543
NON-CURRENT LIABILITIES			
Deferred income from connection fees		51,610	50,106
Leases		1,638	2,178
Loans		142,496	114,241
Provision for possible third-party claims	6	6,018	6,018
Deferred tax liability		505	494
Other payables		76	108
TOTAL NON-CURRENT LIABILITIES		202,343	173,145
TOTAL LIABILITIES		223,527	193,688
EQUITY			
Share capital		12,000	12,000
Share premium		24,734	24,734
Statutory legal reserve		1,278	1,278
Retained earnings		81,303	82,141
TOTAL EQUITY		119,315	120,153
TOTAL LIABILITIES AND EQUITY		342,842	313,841

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand			Quarter 3		for the 9 months ended 30 September	
			2025	2024	2025	2024
	Note					
Revenue	1, 7		18,167	16,393	53,566	47,222
Cost of goods and services sold	1, 9		-10,307	-9,473	-31,970	-27,985
GROSS PROFIT	1		7,860	6,920	21,596	19,327
Marketing expenses	9		-222	-205	-716	-680
General administration expenses	9		-1,596	-1,514	-4,982	-4,539
Other income and expenses	1, 10		-95	-71	-327	-394
OPERATING PROFIT			5,947	5,130	15,571	13,714
Financial income	11		25	19	89	168
Financial expenses	11		-928	-1,083	-2,898	-3,368
PROFIT BEFORE TAXES			5,044	4,066	12,762	10,514
Income tax			-86	-136	-3,000	-1,380
NET PROFIT FOR THE PERIOD			4,958	3,930	9,762	9,134
COMPREHENSIVE INCOME FOR THE PERIOD			4,958	3,930	9,762	9,134
Attributable profit to:						
Equity holders of A-shares			4,958	3,930	9,762	9,134
Earnings per A share (in euros)	13		0.25	0.20	0.49	0.46

CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand		for the 9 months ended 30 September	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		15,571	13,714
Adjustment for depreciation/amortisation	9	7,191	6,279
Adjustment for revenues from connection fees	7	-580	-516
Other non-cash adjustments		26	-88
Profit (-)/loss (+) from sale of property, plant and equipment, and intangible assets		-57	-63
Change in current assets involved in operating activities		-258	-1,627
Change in liabilities involved in operating activities		-66	147
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		21,827	17,846
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of property, plant, and equipment, and intangible assets		-38,702	-25,955
Proceeds from targeted funding of property, plant, and equipment.	4	5,528	0
Compensations received for construction of pipelines, incl connection fees		1,523	1,517
Proceeds from sale of property, plant and equipment, and intangible assets		58	111
Interest received	11	89	168
TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES		-31,504	-24,159
CASH FLOWS USED IN FINANCING ACTIVITIES			
Interest and loan financing costs paid		-2,505	-2,617
Lease payments		-662	-916
Loans received		30,000	15,000
Repayment of loans		-1,786	-1,818
Dividends paid	12	-10,600	-10,069
Withheld income tax paid on dividends	12	0	-131
Income tax paid on dividends	12	-2,990	-1,508
TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES		11,457	-2,059
CHANGE IN CASH AND CASH EQUIVALENTS		1,780	-8,372
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	3,589	14,736
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	5,369	6,364

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
as of 31 December 2023	12,000	24,734	1,278	79,058	117,070
Dividends	0	0	0	-10,200	-10,200
Comprehensive income for the period	0	0	0	9,134	9,134
as of 30 September 2024	12,000	24,734	1,278	77,992	116,004
as of 31 December 2024	12,000	24,734	1,278	82,141	120,153
Dividends	0	0	0	-10,600	-10,600
Comprehensive income for the period	0	0	0	9,762	9,762
as of 30 September 2025	12,000	24,734	1,278	81,303	119,315

NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING PRINCIPLES

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

Change in presentation of connection fee income and expenses

In 2025, the Group has changed the presentation of income and depreciation cost from single connections. Changes in consolidated statement of comprehensive income and notes for reference period of 9 months ended on 30 September 2024 are presented in the following table.

€ thousand	For the 9 months ended 30 September 2024		
	Balance before the change in presentation	Impact of the change	Balance after the change
Consolidated statement of comprehensive income			
Revenue	46,706	516	47,222
Cost of goods and services sold	-27,410	-485	-27,895
Gross profit	19,296	31	19,327
Other income and expenses	-363	-31	-394
Note 7 Segment reporting			
Other services – external revenue	565	516	1,081
Other services – total segment revenue	5,296	516	5,812
Other services – segment's gross profit	1,625	31	1,656
Note 7 - table Revenue by activities			
Revenue from connection fees	0	516	516
Note 9 - table Cost of goods and services sold			
Depreciation and amortization	-5,505	-485	-5,990
Note 10 Other income and expenses			
Connection fees	516	-516	0
Depreciation of single connections	-485	485	0

Government grants

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

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

NOTE 2. CRITICAL ACCOUNTING ESTIMATES

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

- Management has developed estimates on the expected credit losses of trade receivables based on the best available information about past events, current conditions and forecasts of macroeconomic conditions. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September 2025, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of Estonia in which it sells its goods and services to be the most relevant factors and has accordingly adjusted the historical loss rates based on expected changes in these factors. As of 30 September 2025, Management of the Group has assessed the expected credit loss related to macroeconomic conditions to be €89 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 September 2025, claims totalling €14.7 million have been filed within five applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6.0 million and has suspended the reduction of the provision pursuant to the principle of conservatism. The Company has always acted legitimately by applying fair tariffs imposed in accordance with the law in force, and the Company believes there are no grounds for submitting the claims. Therefore, the Company does not admit any liability and fully rejects it.

NOTE 3. CASH AND CASH EQUIVALENTS

€ thousand	as of 30 September 2025	as of 31 December 2024
Cash in hand and in bank	5,369	3,589
Total cash and cash equivalents	5,369	3,589

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

€ thousand	Land and buildings	Facilities	Machinery and equipment	Construction in progress	Right-of-use assets	Right-of-use assets in progress	Total property, plant and equipment
as of 31 December 2023							
Acquisition cost	28,121	292,134	57,446	9,025	4,743	0	391,469
Accumulated depreciation	-8,579	-86,091	-39,041	0	-1,650	0	-135,361
Net book value	19,542	206,043	18,405	9,025	3,093	0	256,108
Transactions in the period 1 January 2024 - 30 September 2024							
Acquisitions	0	0	0	31,820	0	1,284	33,104
Write off and sale of property, plant, and equipment in residual value	0	0	-48	0	-6	0	-54
Reclassification	0	9,828	3,433	-13,134	1,129	-1,284	-28
Depreciation	-235	-3,446	-2,018	0	-406	0	-6,105
as of 30 September 2024							
Acquisition cost	28,121	301,381	60,602	27,711	5,382	0	423,197
Accumulated depreciation	-8,814	-88,956	-40,830	0	-1,572	0	-140,172
Net book value	19,307	212,425	19,772	27,711	3,810	0	283,025
as of 31 December 2024							
Acquisition cost	28,246	321,397	64,717	17,581	5,391	0	437,332
Accumulated depreciation	-8,782	-89,614	-40,977	0	-1,695	0	-141,068
Net book value	19,464	231,783	23,740	17,581	3,696	0	296,264
Transactions in the period 1 January 2025 - 30 September 2025							
Acquisitions	0	0	0	36,146	0	31	36,177
Reclassification	108	5,461	4,268	-12,659	22	-31	-2,831
Depreciation	-476	-3,667	-2,303	0	-407	0	-6,853
as of 30 September 2025							
Acquisition cost	27,944	326,489	68,366	41,068	4,982	0	468,849
Accumulated depreciation	-8,848	-92,912	-42,661	0	-1,671	0	-146,092
Net book value	19,096	233,577	25,705	41,068	3,311	0	322,757

By nature, the right-of-use assets comply with the asset class of machinery and equipment.

The number of acquisitions for the 9 months ended on 30 September 2025 are reduced by targeted financing of stormwater infrastructure developments in amount of €5,528 thousand.

NOTE 5. INTANGIBLE ASSETS

	Acquired licenses and other intangible assets	Unfinished intangible assets	Total intangible assets
€ thousand			
as of 31 December 2023			
Acquisition cost	5,400	514	5,914
Accumulated depreciation	-4,621	0	-4,621
Net book value	779	514	1,293
Transactions in the period 1 January 2024 - 30 September 2024			
Acquisition in book value	0	314	314
Reclassification	563	-563	0
Depreciation	-174	0	-174
as of 30 September 2024			
Acquisition cost	5,964	265	6,229
Accumulated depreciation	-4,795	0	-4,795
Net book value	1,169	265	1,434
as of 31 December 2024			
Acquisition cost	6,856	98	6,954
Accumulated depreciation	-4,892	0	-4,892
Net book value	1,964	98	2,062
Transactions in the period 1 January 2025 - 30 September 2025			
Acquisition in book value	0	938	938
Reclassification	-59	-72	-131
Depreciation	-338	0	-338
as of 30 September 2025			
Acquisition cost	3,434	964	4,398
Accumulated depreciation	-1,867	0	-1,867
Net book value	1,567	964	2,531

NOTE 6. PROVISION FOR POSSIBLE THIRD-PARTY CLAIMS

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

According to the law the tariffs established based on the Services Agreement were in force until the Competition Authority approved the new tariffs and the Company implemented these tariffs in line with the law. The Company has acted in good faith and in reliance to the applicable legal acts. Thus, the Company does

not consider itself liable to the customers for any claims related to the tariffs applied until the new tariffs approved by the Competition Authority were duly implemented.

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

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

NOTE 7. SEGMENT REPORTING

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

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

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

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

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

	Water services	Construction services	Other services	Inter-segment transactions	Total segments
€ thousand					
1 January 2025 - 30 September 2025					
External revenue	45,978	6,348	1,240	0	53,566
Inter-segment revenue	1	3,091	4,876	-7,968	0
Total segment revenue	45,979	9,439	6,116	-7,968	53,566
Segment's gross profit	19,251	603	2,404	-662	21,596
Unallocated expenses:					
Marketing and Administrative expenses					-5,698
Other income/expenses					-327
Operating profit					15,571

1 January 2024 - 30 September 2024

External revenue	43,066	3,075	1,081	0	47,222
Inter-segment revenue	3	2,267	4,731	-7,001	0
Total segment revenue	43,069	5,342	5,812	-7,001	47,222
Segment's gross profit	18,101	310	1,656	-740	19,327
Unallocated expenses:					
Marketing and Administrative expenses					-5,219
Other income/expenses					-394
Operating profit					13,714

Revenue by activities

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2025	2024	2025	2024
Water services				
Water supply service	4,162	3,303	11,408	8,312
Wastewater disposal service	4,060	3,843	12,033	11,221
Total from private customers	8,222	7,146	23,441	19,533
Water supply service	1,770	1,935	5,554	6,277
Wastewater disposal service	2,372	2,222	6,958	6,656
Total from corporate customers	4,142	4,157	12,512	12,933
Water supply service	546	483	1,559	1,245
Wastewater disposal service	1,380	1,178	4,134	3,308
Storm water disposal service	10	30	29	183
Total from outside service area customers	1,936	1,691	5,722	4,736
Storm water treatment and disposal service and fire hydrants service	1,003	991	3,118	4,764
Overpollution charges and discharging	402	365	1,184	1,099
Total from water services	15,705	14,350	45,977	43,065
Other services				
Construction services	2,017	1,657	6,349	3,075
Revenue from single connections (see note 1)	187	176	580	516
Other services	258	210	660	566
Total from other services	2,462	2,043	7,589	4,157
Total revenue (see note 1)	18,167	16,393	53,566	47,222

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

NOTE 8. STAFF COSTS

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2025	2024	2025	2024
Salaries and wages	-2,773	-2,653	-8,922	-8,459
Social security and unemployment insurance tax	-925	-883	-2,978	-2,767
Staff costs total	-3,698	-3,536	-11,900	-11,226
Average number of employees during the reporting period	365	374	361	368

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

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2025	2024	2025	2024
Cost of goods and services sold				
Water abstraction charges	-312	-318	-940	-960
Chemicals	-709	-711	-2,242	-2,086
Electricity	-1,012	-1,002	-3,256	-3,499
Pollution tax	-254	-184	-902	-693
Staff costs	-2,607	-2,522	-8,392	-7,950
Depreciation and amortization	-2,407	-2,045	-6,694	-5,990
Construction services	-1,740	-1,341	-5,419	-2,345
Other costs	-1,266	-1,350	-4,125	-4,372
Total cost of goods and services sold	-10,307	-9,473	-31,970	-27,895
Marketing expenses				
Staff costs	-205	-185	-657	-616
Depreciation and amortization	0	0	-1	-1
Other marketing expenses	-17	-20	-58	-63
Total marketing expenses	-222	-205	-716	-475
Administrative expenses				
Staff costs	-887	-829	-2,851	-2,660
Depreciation and amortization	-165	-101	-496	-288
Other general administration expenses	-544	-584	-1,635	-1,591
Total administrative expenses	-1,596	-1,514	-4,982	-4,539

NOTE 10. OTHER INCOME/EXPENSES

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2025	2024	2025	2024
Doubtful receivables expenses (-)/ expense reduction (+)	58	33	27	-131
Other income (+)/expenses (-)	-153	-104	-354	-263
Total other income / expenses	-95	-71	-327	-394

NOTE 11. FINANCIAL INCOME AND EXPENSES

	Quarter 3		for the 9 months ended 30 September	
€ thousand	2025	2024	2025	2024
Interest income	25	19	89	168
Interest expense, loan	-898	-1,064	-2,812	-3,307
Other financial income (+)/ expenses (-)	-30	-19	-86	-61
Total financial income / expenses	-903	-1,064	-2,809	-3,200

NOTE 12. DIVIDENDS

	Quarter 3		for the 9 months ended 30 September	
€ thousand	2025	2024	2025	2024
Dividends declared during the period	0	0	10,600	10,200
Dividends paid during the period	0	0	10,600	10,069
Withheld income tax on dividends	0	0	0	131
Income tax on dividends paid	0	0	2,990	1,508
Dividends declared per shares:				
Dividends per share (in euros)			0.53	0.51

Dividend income tax rate in 2025 was 22/78 (2024: 20/80).

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

NOTE 13. EARNINGS PER SHARE

	Quarter 3		for the 9 months ended 30 September	
€ thousand	2025	2024	2025	2024
Net profit for the period	4,958	3,930	9,762	9,134
Weighted average number of ordinary shares (in thousands)	20,000	20,000	20,000	20,000
Earnings per share (in euros)	0.25	0.20	0.49	0.46

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

NOTE 14. RELATED PARTIES

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

Shareholders having the significant influence

Balances recorded on the statement of financial position of the Group	as of 30 September	as of 31 December
€ thousand	2025	2024
Accounts receivable	1,075	1,305
Trade and other payables	57	59

Transactions recorded on the statement of comprehensive income

		Quarter 3	for the 9 months ended 30 September	
€ thousand	2025	2024	2025	2024
Revenue	2,245	1,233	5,629	5,741
Purchase of thermal energy	53	5	262	65
Capex investments	0	0	0	250

Fees to the Group's Management and Supervisory Council members (excluding social tax)		Quarter 3	for the 9 months ended 30 September	
€ thousand	2025	2024	2025	2024
Fees for Management Board	83	80	320	300
Supervisory Council fees	18	17	54	38

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

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

The potential salary liability would be up to €185 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 September 2025, the members of Management Board Aleksandr Timofejev, Taavi Gröön and Tarvi Thomberg owned the shares of AS Tallinna Vesi, 200, 600 and 1,000 shares accordingly. Tarvi Thomberg and Taavi Gröön both have acquired 200 shares during the 9 months period ended on 30 September 2025. All securities transactions have been conducted in accordance with the applicable law as well as relevant rules, including AS Tallinna Vesi rules for handling inside information.

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

NOTE 15. LIST OF SUPERVISORY COUNCIL MEMBERS

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

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

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