

# AS TALLINNA VESI

Consolidated Interim Report for the 4<sup>th</sup> quarter of 2024

7 February 2025



Currency	Thousand euros
Start of reporting period	1 January 2024
End of reporting period	31 December 2024
Address	Ädala Str 10, Tallinn, Estonia
Members of the Management Board	Aleksandr Timofejev, Tarvi Thomberg, Taavi Gröön
Commercial register number	10257326
Telephone	+372 6262 200
Fax	+372 6262 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, stormwater and wastewater disposal and treatment

## Contents

MANAGEMENT REPORT	3
MANAGEMENT CONFIRMATION	18
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	19
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	20
CONSOLIDATED STATEMENT OF CASH FLOWS	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
NOTES TO THE ACCOUNTS	
NOTE 1. ACCOUNTING PRINCIPLES	22
NOTE 2. CRITICAL ACCOUNTING ESTIMATES	22
NOTE 3. CASH EQUIVALENTS	23
NOTE 4. PROPERTY, PLANT AND EQUIPMENT	24
NOTE 5. INTANGIBLE ASSETS	25
NOTE 6. PROVISION FOR POSSIBLE THIRD-PARTY CLAIMS	25
NOTE 7. SEGMENT REPORTING	26
NOTE 8. STAFF COSTS	27
NOTE 9. COST OF GOODS/SERVICES SOLD, MARKETING AND ADMINISTRATIVE EXPENSES	28
NOTE 10. OTHER INCOME / EXPENSES	28
NOTE 11. FINANCIAL INCOME AND EXPENSES	29
NOTE 12. DIVIDENDS	29
NOTE 13. EARNINGS PER SHARE	29
NOTE 14. RELATED PARTIES	30
NOTE 15. LIST OF SUPERVISORY COUNCIL MEMBERS	31

## MANAGEMENT REPORT

In the fourth quarter of 2024, we continued to provide high quality water supply and sewerage services and carried out investment projects to ensure the sustainability of our services. During the quarter, the company pumped 7.17 million m<sup>3</sup> of clean drinking water into the water distribution network and treated approximately 3 million m<sup>3</sup> of wastewater.

In the fourth quarter, the financial results were impacted by consumption volumes and the price change that took effect in the second half of the year. Tallinna Vesi's sales for the fourth quarter were €17.67 million, which is 13.8% more than in the same period last year.

### Sales from water services

Sales from water services provided to business customers in the fourth quarter of 2024 in the main service area of Tallinna Vesi were €4.3 million, which is 7.3% less than the year before. Sales from water services provided to private customers amounted to €7.39 million in the fourth quarter, increasing by 19.3% compared to the same quarter last year. These trends in sales are linked to the obligation imposed by law to harmonise the price of the service for private and business customers.

The company's operating profit for the fourth quarter was €5.27 million. Operating profit increased by 1.22 million euros compared to the year before. The increase in operating profit was due to the implementation of investments, the reduction in the cost of purchased energy and the start of energy production from wastewater. Net profit was €4.2 million, which is €1.2 million more than in the same period of the previous year. The change in net profit was mainly driven by higher interest costs.

### High-quality water supply and sewerage services

**During the fourth quarter of 2024, we continued to provide reliable and safe water supply and sewerage services**, as demonstrated by the quality indicators that remain at consistently high levels. The quality of tap water during the quarter was excellent, meeting 99.5% of all quality requirements. During the fourth quarter, 854 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 activities and timely investments.

In 2024, we mainly used ice pigging technology to maintain our water pipelines. Using this method, we cleaned 55 km of water network in the fourth 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 the pipeline.

The water quality is also supported by the investments in water pumping stations made in recent years, enabling additional chlorination in various parts of the city. Additional disinfection helps to ensure that the requirements for tap water quality are met at various points across the city where the chlorine levels in the water are normally very low. This is particularly important in the summer when water temperatures in the pipeline are high.

In the fourth quarter, the average duration of a water interruption was 4 hours and 5 minutes. To reduce the inconvenience caused by water interruptions, we continue to install additional isolation valves on the water network.

**In the fourth quarter of 2024, the effluent treated at the Paljassaare Wastewater Treatment Plant met all the requirements.** The excellent quality of the treated effluent is demonstrated by pollutant levels well below the limits set by law. During the fourth quarter of 2024, we took out more than 170 tonnes of debris, 60 tonnes of grit, 440 tonnes of nitrogen and 60 tonnes of phosphorus from wastewater.

Over the past year, the treatment plant has seen continued investment to ensure sustainable high-quality treatment performance. In the new year, the reconstruction of the mechanical screens and secondary clarifiers at the wastewater treatment plant will continue.

## Investments

Tallinna Vesi aims to continue investments to future-proof its infrastructure and ensure the continuity of the vital services it provides at prices consumers can afford. In 2024, Tallinna Vesi invested approximately €50 million in its fixed assets. This was €15 million more than in the year before. These investments will ensure the continuity of water services in our service area and improve the quality of the services we provide. The value of fixed assets totals €296.26 million.

In 2024, investment projects continued at the treatment plants, such as the renovation of the clarifiers at the Ülemiste Water Treatment Plant and the preparation of two major projects, one to upgrade and reconstruct the ozone production used in water treatment and the other to replace the sedimentation technology currently used in the clarifiers with flotation technology. These projects aim to reduce the energy consumption and increase the reliability of the treatment plant and to increase its production capacity.

One of the major projects at the Paljassaare Wastewater Treatment Plant was the reconstruction of the digesters, which was completed in 2024.

At the end of 2024, the subsidiary Watercom invested in equipment that allows the company to rehabilitate pipelines using a no-dig method, i.e., without digging a trench. The plan is to launch that service in 2025.

On 6 December 2024, the Competition Authority decided to proceed with AS Tallinna Vesi's request to change the prices for water services. This request concerns the prices for water services in the main service area in Tallinn and Saue, in the service area in Maardu and for other water companies. The new prices will take effect once the request has been approved by the Competition Authority. This change follows from the obligation imposed by law to harmonise the price of the service for private and business customers and reflects the need for continued investment to ensure clean drinking water and a clean environment, as well as the continuity of the services we provide.

## Water network rehabilitation

The water loss rate in the distribution network remained at a low level of 12.67% in the fourth quarter of the year, although it was higher than the year before (11.35%). To keep water losses low, the company is carrying out continuous online monitoring of the distribution network and is continuing with its planned water network rehabilitation programme.

By the end of the fourth quarter, we had rehabilitated and constructed more than 45 kilometres of network, 18 kilometres of which were built using environmentally friendly no-dig methods. Rehabilitation of the water infrastructure will help reduce the number of customers affected by service interruptions and ensure a smooth and high-quality water supply. In 2024, major works were carried out in all the largest districts of the city. In Lasnamäe, one of the main water pipelines in Tondiloo Park was replaced. In Mustamäe and Õismäe, the pipelines supplying booster pumping stations in Tondi and Siili streets were reconstructed. In the city centre, water pipelines were rehabilitated in Järvevana Road and Masina, Lastekodu, Liivalaia and Suur-Ameerika streets. Extensive works were also carried out in Põhja-Tallinn, covering Paljassaare Road, Kopli and Paavli streets, Putukaväil, Kolde Avenue and Ehte Street.

Particular attention has been paid to the construction of separate sewer systems, which will allow stormwater to be discharged directly into the sea, rather than to the wastewater treatment plant.

## Customer service

By the end of the fourth quarter, we had installed over 13,800 smart water meters, which means that more than 60% 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. The aim is that 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 fourth quarter of 2024, we responded to written enquiries within 2 days in 99.7% of cases, which is more than one percentage point higher than the year-ago result.

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 fourth quarter of 2024, we received a total of 238 customer complaints, which is more compared to the same period a year ago (in 2023, 165 complaints were received). The increased number of complaints was due to enquiries regarding water pressure and quality. In the fourth quarter of 2024, we failed to deliver on one promise to a customer.

### Partnerships

In the fourth quarter of 2024, Tallinna Vesi continued to explain to the public how the vital water services work and to promote the benefits of drinking tap water. The company participated in the Impact Day sustainability festival and opened the doors of its water treatment plant to the public during the Open House Tallinn architecture weekend.

We also held our first key customer day at the Ülemiste Water Treatment Plant, where we invited our partners and presented the topics and development trends that are currently important to the company.

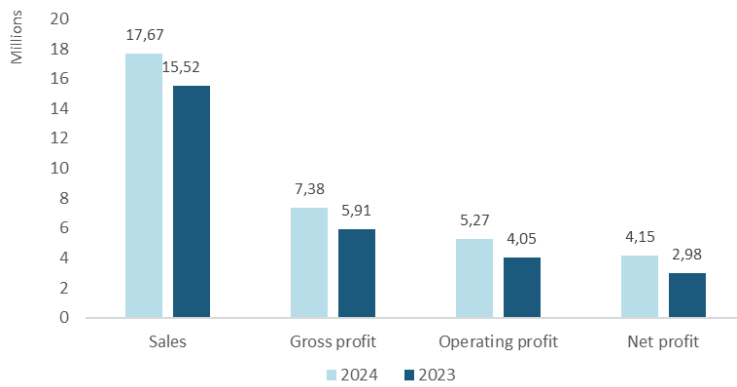
## OPERATIONAL PERFORMANCE DURING THE FOURTH QUARTER OF 2024

Performance indicator	Unit	2024 12 months	2023 12 months	2024 4 <sup>th</sup> quarter	2023 4 <sup>th</sup> quarter
<b>Drinking water</b>					
Compliance of water quality at the customer's tap	%	99.6%	99.9%	99.5%	99.7%
Water loss rate in the distribution network	%	13.67%	12.93%	12.67%	11.35%
Average duration of water interruption per property	h	4.05	2.52	3.13	2.55
<b>Wastewater</b>					
Number of sewer blockages	pc	422	507	91	81
Number of sewer collapses	pc	57	69	8	17
Compliance of treated effluent with environmental requirements	%	100%	100%	100%	100%
<b>Customer service</b>					
Number of customer enquiries	pc	29,362	34,051	6,965	8,300
Responding to written enquiries at least within 2 working days	%	99.6%	97.9%	99.7%	98.8%
Number of failures to keep Promises to Our Customers	pc	1	2	1	0

## FINANCIAL RESULTS OF THE 4<sup>th</sup> QUARTER OF 2024

The latest economic forecast from Eesti Pank finds that the economy has started to grow again, but that it will do so slowly. The economy will shrink a little overall on average for the year but will grow by around 2% next year and 3% in 2026. Inflation will remain at 3.5–4% this year and in the next two years, as tax rises will raise inflation in the short term. It is hard to escape from a lasting large budget deficit, but it is important to do so because orderly state finances will lay better foundations for growth in the economy.

The inflation is also reflected in the company's results. The turnover has increased in the 4<sup>th</sup> quarter by €2.15 million compared to the same period of the previous year due to change in tariffs. The profit has increased by 39.4% or €1.2 million, being 4.2 million in the 4<sup>th</sup> quarter of 2024.



## MAIN FINANCIAL INDICATORS

€ million except key ratios	4th quarter			12 months			Variance 2024/ 2023	
	2024	2023	2022	2024/ 2023	2024	2023		2022
Sales	17.67	15.52	16.03	13.8%	64.38	61.14	54.56	5.3%
Gross profit	7.38	5.91	4.52	24.8%	26.67	24.07	16.90	10.8%
Gross profit margin %	41.74	38.07	28.21	9.6%	41.43	39.36	30.97	5.3%
Operating profit before depreciation and amortisation	7.52	6.17	4.65	21.8%	27.51	25.40	18.14	8.3%
Operating profit before depreciation and amortisation margin %	42.54	39.78	29.00	7.0%	42.73	41.55	33.24	2.8%
Operating profit	5.27	4.05	2.80	30.0%	18.98	17.35	11.32	9.4%
Operating profit - main business	4.76	3.55	2.50	34.3%	17.88	15.99	10.31	11.8%
Operating profit margin %	29.82	26.12	17.45	14.2%	29.49	28.38	20.75	3.9%
Profit before taxes	4.27	3.07	2.44	38.9%	14.78	14.21	10.65	4.0%
Profit before taxes margin %	24.14	19.79	15.22	22.0%	22.96	23.23	19.51	-1.2%
Net profit	4.2	3.0	2.4	39.4%	13.28	12.84	8.41	3.4%
Net profit margin %	23.49	19.18	14.70	22.5%	20.63	21.01	15.41	-1.8%
ROA %	1.34	1.08	0.94	24.1%	4.46	4.80	3.30	-0.34
Debt to total capital employed %	61.71	58.47	56.26	5.5%	61.71	58.47	56.26	3.24
ROE %	3.51	2.58	2.15	36.5%	11.20	11.27	7.43	-0.07
Current ratio	0.76	1.30	1.24	-41.5%	0.76	1.30	1.24	-0.54
Quick ratio	0.70	1.24	1.17	-43.5%	0.70	1.24	1.17	-0.54
Investments into fixed assets	16.11	12.09	9.47	33.3%	49.53	34.93	25.13	14.60
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

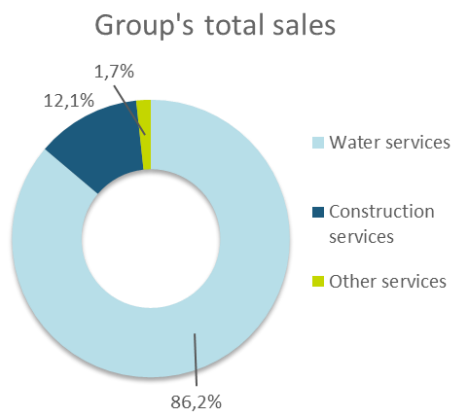
### SALES

The revenues from the main activities, i.e., sales of water and wastewater services in the 4<sup>th</sup> quarter of 2024 were impacted by consumption and the price changes effective from 01/07/2024 and 01/11/2024. 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 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.

The 2024 first 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 prices 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.



In the 4<sup>th</sup> quarter of 2024, the **group's total sales** were €17.67 million, up 13.8% or €2.15 million compared to the same period of the previous year, when sales were €15.52 million. Sales from water services both inside and outside the main service area accounted for 86.2% of the total sales, 12.1% of the sales came from construction services and 1.7% from other services.



€ thousand	Quarter 4			Variance 2024/2023	
	2024	2023	2022	€	%
Water supply service	3,402	2,506	2,445	896	35.8%
Wastewater disposal service	3,986	3,689	3,603	297	8.1%
<b>Total from private customers</b>	<b>7,388</b>	<b>6,195</b>	<b>6,048</b>	<b>1,193</b>	<b>19.3%</b>
Water supply service	1,967	2,205	2,083	-238	-10.8%
Wastewater disposal service	2,333	2,439	2,236	-106	-4.3%
<b>Total from business customers</b>	<b>4,300</b>	<b>4,644</b>	<b>4,319</b>	<b>-344</b>	<b>-7.4%</b>
Water supply service	487	408	427	79	19.4%
Wastewater disposal service	1,329	1,091	937	238	21.8%
Stormwater disposal service	222	105	35	117	111.4%
<b>Total from outside service area customers</b>	<b>2,039</b>	<b>1,604</b>	<b>1,400</b>	<b>435</b>	<b>27.1%</b>
Stormwater disposal and fire hydrants service	1,084	1,146	1,285	-62	-5.4%
Excess pollution charges and sewer discharge service	415	409	403	6	1.5%
<b>Total from water services</b>	<b>15,225</b>	<b>13,998</b>	<b>13,454</b>	<b>1,227</b>	<b>8.8%</b>
Construction services	2,145	1,291	2,360	854	66.2%
Other services	300	232	211	68	29.3%
<b>TOTAL REVENUE</b>	<b>17,670</b>	<b>15,522</b>	<b>16,025</b>	<b>2,148</b>	<b>13.8%</b>

**Sales from water services** were €15.23 million, showing an 8.8% or €1.23 million increase compared to the 4<sup>th</sup> quarter of 2023, resulting from an increase in tariffs starting from 1 July and 1 November 2024.

The sales to **private customers in the main service area** increased by 19.3% or € 1.19 million. In the fourth quarter, the sales to private customers amounted to €7.38 million.

Sales to **business customers in the main service area** decreased by 7.4% or €0.34 million compared to the same period last year. The decrease in sales to business customers was due to the decrease in water tariffs for business customers as of 1 July and 1 November 2024, resulting from the obligation under the law to harmonize the water price for private and business customers.

The principles for calculating the sales from the **stormwater disposal and fire hydrants service in the main service area** have changed with the price change effective from 1 July. In the third quarter of 2024, the sales from the stormwater and fire hydrant service were €1.08 million, a decrease of 5.4% compared to the same period in 2023. The decrease in sales reflects the change in the regulated pricing principles, under which, as of 1 July, 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 onwards, the sales from the stormwater disposal service only include the sales from the separate stormwater system service.

**Sales from construction services** were €2.15 million, increasing by 66.2% or €0.85 million year-on-year. The increase in sales was due to an increase in the volume of road construction contracts.

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

The **cost of goods and services sold** amounted to €10.29 million in the 4<sup>th</sup> quarter of 2024, being higher by 7.1% or €0.68 million compared to the equivalent period in 2023.

€ thousand	Quarter 4			Variance 2024/2023	
	2024	2023	2022	€	%
Water abstraction charges	-322	-317	-321	-5	-1.6%
Chemicals	-780	-673	-647	-107	-15.9%
Electricity	-1,190	-1,639	-2,672	449	27.4%
Pollution tax	-331	-322	-153	-9	-2.8%
<b>Total direct production costs</b>	<b>-2,622</b>	<b>-2,951</b>	<b>-3,792</b>	<b>329</b>	<b>11.1%</b>
Staff costs	-2,768	-2,556	-2,189	-212	-8.3%
Depreciation and amortisation	-1,943	-1,848	-1,616	-95	-5.1%
Construction services	-1,740	-898	-1,945	-842	-93.8%
Other costs	-1,221	-1,360	-1,961	139	10.2%
<b>Other costs of goods/services sold total</b>	<b>-7,672</b>	<b>-6,662</b>	<b>-7,711</b>	<b>-1,010</b>	<b>-15.2%</b>
<b>Total cost of goods/services sold</b>	<b>-10,295</b>	<b>-9,612</b>	<b>-11,503</b>	<b>-683</b>	<b>-7.1%</b>

**Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €2.62 million, showing a 11.1% or €0.33 million decrease compared to the equivalent period in 2023. Direct production costs were affected by changes in prices and production volumes as follows:

- **Chemical expenses** increased by 15.9% to €0.78 million, driven mainly by the price and volume used of methanol and polymer in wastewater cleaning process. The total impact of price and volumes were + €0.08 and +€0.06 million accordingly. Increased expenses were slightly balanced by lower prices and lower volumes of polymer used in water treatment plant, affect -€0.05 million. On the other hand, more coagulant was used in water treatment process that influenced expenses by +€0.03 million.
- **Electricity expenses** decreased by 27.4% to €1.20 million, driven mainly by lower electricity price and electricity produced for own consumption at the combined heat and power plant.

**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 15.2% compared to the same period last year. The changes in costs are as follows:

- **Staff costs** have increased by 8.3% to €2.76 million due to an average 6.2% salary increase and more people employed.
- **Construction services** costs have increased by 93.8% or €0.84 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 4<sup>th</sup> quarter of 2024 was €7.38 million, showing an increase of 24.8% or €1.47 million, compared to the gross profit of €5.91 million for the comparative period in 2023.

#### ADMINISTRATIVE AND MARKETING EXPENSES, OTHER INCOME AND EXPENSES

**Administrative and marketing expenses** increased by 21.2% or €0.34 million compared to the 4<sup>th</sup> quarter of 2023, amounting to €1.95 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 €0.16 million compared to net loss of €0.25 million in the comparative period in 2023.

## OPERATING PROFIT

As a result of the factors listed above the **group's operating profit** for the 4<sup>th</sup> quarter of 2024 amounted to €5.27 million, being 30.0% or €1.22 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 €1.00 million, compared to €0.22 million lower expense in the 4<sup>th</sup> quarter of 2023. The change was caused by the increased interest costs of higher loan balance.

In December, additional €5 million was withdrawn from Syndicate loan, that at the end of fourth quarter resulted in the loan balance of €118 million, with floating interest.

In the 4<sup>th</sup> quarter of 2024, the average interest rate on loans was 3.74%, amounting to the interest costs of €1.00 million, compared to the average interest rate of 4.99% and the interest costs of €1.01 million in the 4<sup>th</sup> quarter of 2023.

## NET PROFIT

The **group's net profit** for the 4<sup>th</sup> quarter of 2024 was €4.2 million, being €1.2 million higher than for the comparative period in 2023. The net profit was impacted by changes in operating profit and net financial expenses described above, as well as income tax on dividends in the amount of €1.20 million, which is €0.11 million higher compared to 2023 due to higher dividend payout.

## FINANCIAL RESULTS FOR THE TWELVE MONTHS OF 2024

### SALES

During the twelve months of 2024 the **group's total sales** were €64.38 million, showing an increase of 5.3% or €3.24 million year-on-year. **Sales from water services** for twelve months of 2024 were €58.29 million, increasing by 4.8% or €2.67 million year-on-year. Sales from water services both inside and outside of the main service area accounted for 90.5% of the group's total revenue, 8.1% of the sales accounted for construction services and 1.3% for other services.

€ thousand	12 months			Variance 2024/2023	
	2024	2023	2022	€	%
Water supply service	11,714	9,861	8,380	1,853	18.8%
Wastewater disposal service	15,207	14,508	12,406	699	4.8%
<b>Total from private customers</b>	<b>26,921</b>	<b>24,369</b>	<b>20,786</b>	<b>2,552</b>	<b>10.5%</b>
Water supply service	8,245	8,514	8,260	-269	-3.2%
Wastewater disposal service	8,988	9,087	8,480	-99	-1.1%
<b>Total from business customers</b>	<b>17,233</b>	<b>17,601</b>	<b>16,740</b>	<b>-368</b>	<b>-2.1%</b>
Water supply service	1,733	1,670	1,599	63	3.8%
Wastewater disposal service	4,875	4,236	3,525	639	15.1%
Stormwater disposal service	168	260	193	-92	-35.4%
<b>Total from outside service area customers</b>	<b>6,775</b>	<b>6,166</b>	<b>5,317</b>	<b>609</b>	<b>9.9%</b>

Stormwater disposal and fire hydrants service	5,849	6,011	4,643	-162	-2.7%
Excess pollution charges and sewer discharge service	1,514	1,476	1,403	38	2.6%
<b>Total from water services</b>	<b>58,291</b>	<b>55,624</b>	<b>48,890</b>	<b>2,667</b>	<b>4.8%</b>
Construction services	5,220	4,775	4,809	445	9.3%
Other services	865	742	860	123	16.6%
<b>TOTAL REVENUE</b>	<b>64,377</b>	<b>61,141</b>	<b>54,558</b>	<b>3,236</b>	<b>5.3%</b>

During the twelve months of 2024, **sales to private customers in the main service area** increased by 10.5% to €26.92 million, driven by an increase in consumption and change in tariffs from 1 July and 1 November 2024.

**Sales to business customers** decreased by 2.1% to €17.23 million, also as a result of changes in consumption and in tariffs.

Sales to **customers outside the main service area** increased by 9.9% to €6.77 million, being mainly impacted by increase in the wastewater disposal service revenues.

**Sales from the operation and maintenance of the stormwater and fire hydrants system in the main service area** in the twelve months of 2024 amounted to €5.85 million, showing a decrease of 2.7% or €0.16 million compared to the same period in 2023.

**Sales from construction services** were €5.22 million, increasing by 9.3% or €0.44 million year-on-year. The increase in sales resulted from a higher volume of road construction contracts.

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

€ thousand	12 months			Variance 2024/2023	
	2024	2023	2022	€	%
Water abstraction charges	-1,282	-1,271	-1,288	-11	-0.9%
Chemicals	-2,865	-2,742	-2,238	-123	-4.5%
Electricity	-4,690	-6,408	-9,234	1,718	26.8%
Pollution tax	-1,024	-1,005	-823	-19	-1.9%
<b>Total direct production costs</b>	<b>-9,861</b>	<b>-11,426</b>	<b>-13,583</b>	<b>1,565</b>	<b>13.7%</b>
Staff costs	-10,718	-9,684	-8,229	-1,034	-10.7%
Depreciation and amortisation	-7,448	-7,002	-5,930	-446	-6.4%
Construction services	-4,084	-3,481	-3,784	-603	-17.3%
Other costs	-5,594	-5,480	-6,134	-114	-2.1%
<b>Other costs of goods/services sold total</b>	<b>-27,844</b>	<b>-25,647</b>	<b>-24,077</b>	<b>-2,197</b>	<b>-8.6%</b>
<b>Total cost of goods/services sold</b>	<b>-37,705</b>	<b>-37,074</b>	<b>-37,660</b>	<b>-631</b>	<b>-1.7%</b>

During the twelve months of 2024, **the cost of goods and services sold** amounted to €37.71 million, being 0.63 million higher than at the equivalent period in 2023. **Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €9.84 million, being lower by 13.7% or €1.56 million. Direct production costs were mainly affected by:

- **Costs of electricity** that decreased by 26.8% or €1.72 million resulting in costs worth of €4.69 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 €27.84 million, having increased by 8.6%. The changes in other costs of goods/services

sold were mainly driven by an 10.7% or €1.03 million increase in staff cost and a 17.3% or €0.60 million increase in construction services costs, due to the higher construction revenue, as described in the fourth quarter results.

The **group's gross profit** for the twelve months of 2024 was €26.67 million, showing an increase of 10.8% or €2.61 million compared to the comparative period in 2023. The **group's operating profit** for the twelve months of 2024 recovered to €18.98 million, being 9.4% or €1.63 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 €4.20 million, compared to net expense of €3.14 million in the twelve months of 2023. The increase was mainly impacted by higher loan balance and higher interest cost on loans.

#### PROFIT BEFORE TAXES AND NET PROFIT

The **group's profit before taxes** for the twelve months of 2024 was €14.78 million, being 4.0% or €0.57 million higher than for the same period in 2023. The **group's net profit** for the twelve months of 2024 was €13.28 million, being 3.4% or €0.44 million higher 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 twelve months of 2024, **the group invested into fixed assets** €49.53 million. As of 31/12/2024, non-current tangible assets amounted to €296.26 million, the majority of which in the amount of €231.78 million were pipelines (31/12/2023: €206.04 million). Total non-current assets amounted to €298.33 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 4<sup>th</sup> quarter were €10.75 million. The collectability rate remains high at 99.62%, similar to 99.78% at the end of December 2023.

**Current liabilities** have increased by €1.76 million to €20.54 million compared to the end of 2023, mainly due to liabilities related to investments.

**Deferred income from connection fees** has increased by €5.45 million compared to the end of 2023, reaching €50.11 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 interim accounts.

**The group's outstanding loans** amount to €118.00 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 31/12/2024 is 3.7%.

The group has **total debt to assets** level of 61.71%, 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 58.47%.

## 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 have 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 4<sup>th</sup> quarter of 2024, the total number of employees in the group was 362 compared to 364 at the end of the same period in 2023. The full time equivalent (FTE) in the second quarter of 2024 and 2023 was 350.7 in both years. The average number of employees during the twelve months was 367.75 in the 4<sup>th</sup> quarter of 2024 and 359.11 in 2023.

### Gender breakdown of staff:

Group	As of 31/12/2024			As of 31/12/2023		
	Women	Men	Women	Men	Women	Men
Group	103	267	370	104	255	359
Management Team	12	18	30	12	18	30
Executive Team	5	6	11	5	6	11
Management Board	0	3	3	0	3	3
Supervisory Council	2	7	9	1	8	9

The total salary costs were €3.91 million for the 4<sup>th</sup> quarter of 2024, including €0.09 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.

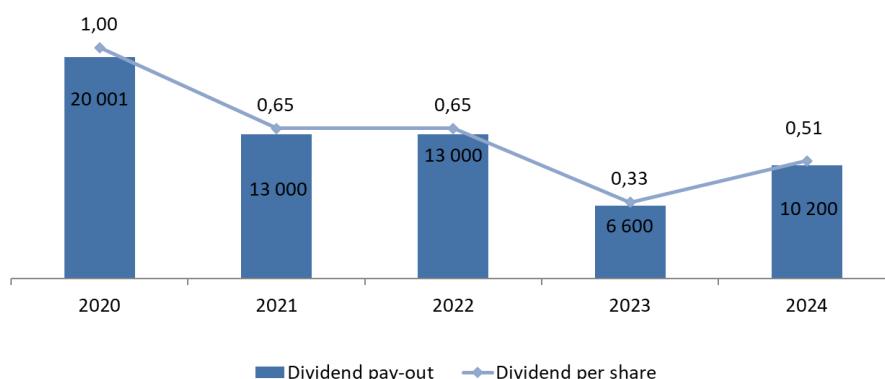
## DIVIDENDS

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

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

As of 31/12/2024, Tallinna Vesi's shareholders, with a direct holding over 5%, were:

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

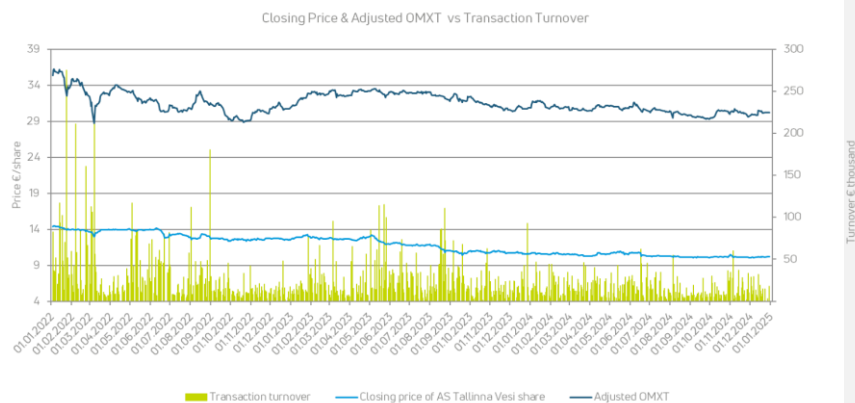
During the 12 months of 2024, the local retail investors and institutional investors have increased their shareholdings by 0.06% and 0.10% respectively, while the share of foreign institutional investors has decreased by 0.15% and the share of foreign retail investors has decreased by 0.01%.

As of 31/12/2024, the closing price of Tallinna Vesi's share was €10.20, which is 3.77% lower compared to the price of €10.60 at the beginning of the year (2023: -15.74%). OMX Tallinn index decreased by -2.01% (2023: +0.1%).

During 2024, 15,515 transactions were made with the company's shares (2023: 19,918 transactions), during which 382 thousand shares or 1.9% of all shares changed hands (2023: 504 thousand shares or 2.5%).

The turnover of transactions in 12 months of 2024 amounted to €3.96 million, being €1.94 million lower than in the comparative period in 2023.

### CLOSING PRICE AND ADJUSTED OMXT VS TRANSACTIONS TURNOVER



### CORPORATE STRUCTURE

As of 31/12/2024, 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.

- The term of office of AS Tallinna Vesi's Supervisory Council member and Vice Chairman, Priit Lello were extended for the next 3 years term of office until 15/11/2027.
- The term of office of Silver Tamm as a member of the Supervisory Council from 14/01/2025 were extended for the next statutory 3 years term of office.

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 30/09/2024, 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 under [About us > Management and Responsibilities > Management Board](#).

### Additional information:

Aleksandr Timofejev  
Chairman of the Board  
+372 6262 200  
[aleksandr.timofejev@tvesi.ee](mailto:aleksandr.timofejev@tvesi.ee)

Tarvi Thomberg  
Member of the Management Board  
+372 6262 200  
[tarvi.thomberg@tvesi.ee](mailto:tarvi.thomberg@tvesi.ee)

Taavi Gröön  
Member of the Management Board  
+372 6262 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 12 months period ended on 30 December of financial year 2024. The interim accounts have not been reviewed by the auditors.

The condensed financial statements for the period ended on 31 December 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 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 7 February 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

7 February 2025

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

Commented [TV1]: Kas see on ikka õige kuupäev?

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand

ASSETS	Note	as of 31 December 2024	as of 31 December 2023
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,589	14,736
Trade receivables, accrued income and prepaid expenses		10,746	8,608
Inventories		1,180	1,137
<b>TOTAL CURRENT ASSETS</b>		<b>15,515</b>	<b>24,481</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	4	296,264	256,108
Intangible assets	5	2,062	1,293
<b>TOTAL NON-CURRENT ASSETS</b>		<b>298,326</b>	<b>257,401</b>
<b>TOTAL ASSETS</b>		<b>313,841</b>	<b>281,882</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current portion of long-term lease liabilities		875	697
Current portion of long-term loans		3,441	3,594
Trade and other payables		13,581	10,886
Prepayments		2,646	3,604
<b>TOTAL CURRENT LIABILITIES</b>		<b>20,543</b>	<b>18,781</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income from connection fees		50,106	44,653
Leases		2,178	1,892
Loans		114,241	92,835
Provision for possible third-party claims	6	6,018	6,018
Deferred tax liability		494	505
Other payables		108	128
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>173,145</b>	<b>146,031</b>
<b>TOTAL LIABILITIES</b>		<b>193,688</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		82,141	79,058
<b>TOTAL EQUITY</b>		<b>120,153</b>	<b>117,070</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>313,841</b>	<b>281,882</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand

	Note	Quarter 4		for the 12 months ended 31 December	
		2024	2023	2024	2023
Revenue	7	17,670	15,522	64,377	61,141
Cost of goods and services sold	9	-10,295	-9,612	-37,705	-37,074
<b>GROSS PROFIT</b>		<b>7,375</b>	<b>5,910</b>	<b>26,672</b>	<b>24,067</b>
Marketing expenses	9	-228	-216	-908	-818
General administration expenses	9	-1,719	-1,391	-6,261	-5,278
Other income (+)/ expenses (-)	10	-160	-250	-521	-621
<b>OPERATING PROFIT</b>		<b>5,268</b>	<b>4,053</b>	<b>18,982</b>	<b>17,350</b>
Financial income	11	23	46	191	119
Financial expenses	11	-1,026	-1,028	-4,394	-3,263
<b>PROFIT BEFORE TAXES</b>		<b>4,265</b>	<b>3,071</b>	<b>14,779</b>	<b>14,206</b>
Income tax		-116	-95	-1,496	-1,362
<b>NET PROFIT FOR THE PERIOD</b>		<b>4,149</b>	<b>2,976</b>	<b>13,283</b>	<b>12,844</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>4,149</b>	<b>2,976</b>	<b>13,283</b>	<b>12,844</b>
Attributable profit to:					
Equity holders of A-shares		4,149	2,976	13,283	12,844
Earnings per A share (in euros)	13	0.21	0.15	0.66	0.64

<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>			
€ thousand		for the 12 months ended 31 December	
	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit		18,982	17,350
Adjustment for depreciation/amortisation	9,10	8,526	8,055
Adjustment for revenues from connection fees	10	-701	-604
Other non-cash adjustments		32	-16
Profit (-)/loss (+) from sale of property, plant and equipment, and intangible assets		-62	-34
Change in current assets involved in operating activities		-2,182	430
Change in liabilities involved in operating activities		1,652	-667
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>26,247</b>	<b>24,514</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Acquisition of property, plant, and equipment, and intangible assets		-42,730	-28,885
Compensations received for construction of pipelines, including connection fees		1,996	2,535
Proceeds from sale of property, plant and equipment, and intangible assets		111	37
Interest received		191	119
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-40,432</b>	<b>-26,194</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Interest and loan financing costs paid		-5,506	-3,413
Lease payments		-1,144	-1,233
Received loans		25,000	57,500
Repayment of loans		-3,604	-41,136
Dividends paid	12	-10,069	-6,515
Withheld income tax paid on dividends	12	-131	-85
Income tax paid on dividends	12	-1,508	-1,352
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>3,038</b>	<b>3,766</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-11,147</b>	<b>2,086</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>3</b>	<b>14,736</b>	<b>12,650</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3</b>	<b>3,589</b>	<b>14,736</b>

## 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	<b>-6,600</b>
Comprehensive income for the period	0	0	0	12,844	<b>12,844</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>
<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	<b>-10,200</b>
Comprehensive income for the period	0	0	0	13,283	<b>13,283</b>
<b>as of 31 December 2024</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>82,141</b>	<b>120,153</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 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 31 December 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 at 31 December 2024, Management of the Group has assessed the expected credit loss related to macroeconomic conditions to be €113 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 31 December 2024, 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 31 December 2024	as of 31 December 2023
Cash in hand and in bank	3,589	14,736
<b>Total cash and cash equivalents</b>	<b>3,589</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 - 31 December 2023</b>							
Acquisition in book value	0	0	0	32,885	0	1,099	33,984
Write off and sale in residual value	0	-2	-40	0	-6	0	-48
Reclassification	505	23,733	5,043	-30,011	1,850	-1,099	21
Depreciation	-319	-4,387	-2,465	0	-548	0	-7,719
<b>as of 31 December 2023</b>							
Acquisition cost	28,121	292,134	57,466	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>
<b>Transactions in the period 1 January 2024 - 31 December 2024</b>							
Acquisition in book value	0	0	0	47,175	0	1,312	48,487
Write off and sale in residual value	0	0	-48	0	-6	0	-54
Reclassification	236	30,412	8,092	-38,619	1,157	-1,312	-34
Depreciation	-314	-4,672	-2,709	0	-548	0	-8,243
<b>as of 31 December 2024</b>							
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
<b>Net book value</b>	<b>19,464</b>	<b>231,783</b>	<b>23,740</b>	<b>17,581</b>	<b>3,696</b>	<b>0</b>	<b>296,264</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
<b>as of 31 December 2022</b>			
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>
<b>Transactions in the period 1 January 2023 - 31 December 2023</b>			
Acquisition in book value	0	942	942
Reclassification	519	-519	0
Depreciation	-336	0	-336
<b>as of 31 December 2023</b>			
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>
<b>Transactions in the period 1 January 2024 - 31 December 2024</b>			
Acquisition in book value	0	1,039	1,039
Reclassification	1,455	-1,455	0
Depreciation	-271	0	-271
<b>as of 31 December 2024</b>			
Acquisition cost	6,856	98	6,954
Accumulated depreciation	-4,892	0	-4,892
<b>Net book value</b>	<b>1,964</b>	<b>98</b>	<b>2,062</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 commercial customer tariffs dropped by 15%, on average.

As of 31 December 2024, claims totalling €14.7 million have been filed within five applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6 million and has suspended the reduction of the provision pursuant to the principle of conservatism. The Company has always acted legitimately by applying fair tariffs imposed in accordance with

the law in force, and the Company believes there are no grounds for submitting the claims. Therefore, the Company does not admit any liability and fully rejects it.

## NOTE 7. SEGMENT REPORTING

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

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

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

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

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

€ thousand	Water services	Construction services	Other services	Inter-segment transactions	Total segments
<b>1 January 2024 - 31 December 2024</b>					
External revenue	58,291	5,220	866	0	64,377
Inter-segment revenue	4	3,403	6,271	-9,678	0
<b>Total segment revenue</b>	<b>58,295</b>	<b>8,623</b>	<b>7,137</b>	<b>-9,678</b>	<b>64,377</b>
<b>Segment's gross profit</b>	<b>24,773</b>	<b>646</b>	<b>2,365</b>	<b>-1,112</b>	<b>26,672</b>
<b>Unallocated expenses:</b>					
Marketing and Administrative expenses					-7,169
Other income/expenses					-521
<b>Operating profit</b>					<b>18,982</b>
<b>1 January 2023 - 31 December 2023</b>					
External revenue	55,624	4,775	742	0	61,141
Inter-segment revenue	0	5,693	5,311	-11,004	0
<b>Total segment revenue</b>	<b>55,624</b>	<b>10,468</b>	<b>6,053</b>	<b>-11,004</b>	<b>61,141</b>
<b>Segment's gross profit</b>	<b>22,184</b>	<b>1,104</b>	<b>1,722</b>	<b>-943</b>	<b>24,067</b>
<b>Unallocated expenses:</b>					
Marketing and Administrative expenses					-6,096
Other income/expenses					-621
<b>Operating profit</b>					<b>17,350</b>

## Revenue by activities

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
<b>Water services</b>				
Water supply service	3,402	2,506	11,714	9,861
Wastewater disposal service	3,986	3,689	15,207	14,508
Total from private customers	7,388	6,195	26,921	24,369
Water supply service	1,967	2,205	8,245	8,514
Wastewater disposal service	2,333	2,439	8,988	9,087
Total from corporate customers	4,300	4,644	17,233	17,601
Water supply service	487	408	1,733	1,670
Wastewater disposal service	1,566	1,091	4,874	4,236
Storm water disposal service	-15	105	168	260
Total from outside service area customers	2,038	1,604	6,775	6,166
Storm water treatment and disposal service and fire hydrants service	1,084	1,146	5,848	6,011
Overpollution charges and discharging	415	409	1,514	1,477
<b>Total from water services</b>	<b>15,225</b>	<b>13,998</b>	<b>58,291</b>	<b>55,624</b>
Construction services	2,145	1,291	5,220	4,775
Other services	300	233	866	742
<b>Total revenue</b>	<b>17,670</b>	<b>15,522</b>	<b>64,377</b>	<b>61,141</b>

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

## NOTE 8. STAFF COSTS

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
Salaries and wages	-2,933	-2,672	-11,392	-10,091
Social security and unemployment insurance tax	-972	-903	-3,740	-3,411
<b>Staff costs total</b>	<b>-3,905</b>	<b>-3,575</b>	<b>-15,132</b>	<b>-13,502</b>
<b>Average number of employees during the reporting period</b>	<b>366</b>	<b>363</b>	<b>368</b>	<b>359</b>

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

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
<b>Cost of goods and services sold</b>				
Water abstraction charges	-322	-317	-1,282	-1,271
Chemicals	-780	-673	-2,865	-2,742
Electricity	-1,190	-1,639	-4,690	-6,408
Pollution tax	-331	-322	-1,025	-1,005
Staff costs	-2,768	-2,556	-10,718	-9,684
Depreciation and amortization	-1,944	-1,848	-7,449	-7,002
Construction services	-1,740	-898	-4,084	-3,481
Other costs	-1,220	-1,360	-5,592	-5,480
<b>Total cost of goods and services sold</b>	<b>-10,295</b>	<b>-9,612</b>	<b>-37,705</b>	<b>-37,074</b>
<b>Marketing expenses</b>				
Staff costs	-209	-201	-825	-740
Depreciation and amortization	0	-1	-1	-3
Other marketing expenses	-19	-14	-82	-75
<b>Total marketing expenses</b>	<b>-228</b>	<b>-216</b>	<b>-908</b>	<b>-818</b>
<b>Administrative expenses</b>				
Staff costs	-928	-819	-3,589	-3,078
Depreciation and amortization	-130	-123	-418	-486
Other general administration expenses	-661	-449	-2,254	-1,714
<b>Total administrative expenses</b>	<b>-1,719</b>	<b>-1,391</b>	<b>-6,261</b>	<b>-5,278</b>

#### NOTE 10. OTHER INCOME/EXPENSES

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
Connection fees	185	159	701	604
Depreciation of single connections	-174	-148	-659	-564
Doubtful receivables expenses (-)/ expense reduction (+)	101	115	-30	-70
Other income (+)/expenses (-)	-272	-376	-533	-731
<b>Total other income / expenses</b>	<b>-160</b>	<b>-250</b>	<b>-521</b>	<b>-621</b>

#### NOTE 11. FINANCIAL INCOME AND EXPENSES

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
Interest income	23	46	191	119
Interest expense, loan	-1,004	-1,011	-4,311	-3,197
Other financial income (+)/ expenses (-)	-22	-17	-83	-66
<b>Total financial income / expenses</b>	<b>-1,003</b>	<b>-982</b>	<b>-4,203</b>	<b>-3,144</b>

#### NOTE 12. DIVIDENDS

€ thousand	for the 12 months ended 31 December			
	2024	2023		
Dividends declared during the period	10,200	6,600		
Dividends paid during the period	10,069	6,515		
Withheld income tax on dividends	131	85		
Income tax on dividends paid	1,508	1,352		
Dividends declared per shares:				
Dividends per share (in euros)	-	-	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 taken into account. In addition, for dividends payable to natural persons, income tax at a rate of 7% is withheld on dividends taxed with a lower income tax rate.

#### NOTE 13. EARNINGS PER SHARE

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
Net profit for the period	4,149	2,976	13,283	12,844
Weighted average number of ordinary shares (in thousands)	20,000	20,000	20,000	20,000
Earnings per share (in euros)	0.21	0.15	0.66	0.64

Diluted earnings per share for the periods ended 31 December 2024 and 31 December 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 € thousand	as of 31 December	as of 31 December
	2024	2023
Accounts receivable	1,305	1,005
Trade and other payables	59	20

Transactions recorded € thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
Revenue	1,845	1,619	7,586	7,437
Purchase of thermal energy	115	39	180	113
Purchase of legal services	0	0	0	28
Capex investments	0	0	250	0

Fees to the Group's Management and Supervisory Council members (excluding social tax) € thousand	Quarter 4		for the 12 months ended 31 December	
	2024	2023	2024	2023
Fees for Management Board	80	76	380	343
Supervisory Council fees	18	9	56	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 €182 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 31 December 2024, the members of Management Board Aleksandr Timofejev, Taavi Gröön and Tarvi Thomberg owned the shares of AS Tallinna Vesi, 200, 400 and 800 shares accordingly. Tarvi Thomberg have acquired 400 and Taavi Gröön 200 additional shares during the 12 months period ended on 31 December 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 31 December 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	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/>