

# AS TALLINNA VESI

Consolidated Interim Report for the 4<sup>th</sup> quarter of 2025

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Field of activity	Production, treatment and distribution of water, stormwater and wastewater disposal and treatment

## Contents

MANAGEMENT REPORT	3
MANAGEMENT CONFIRMATION	19
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	20
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	21
CONSOLIDATED STATEMENT OF CASH FLOWS	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	23
NOTES TO THE ACCOUNTS	
NOTE 1. ACCOUNTING PRINCIPLES	24
NOTE 2. CRITICAL ACCOUNTING ESTIMATES	24
NOTE 3. CASH EQUIVALENTS	25
NOTE 4. PROPERTY, PLANT AND EQUIPMENT	26
NOTE 5. INTANGIBLE ASSETS	27
NOTE 6. PROVISION FOR POSSIBLE FOURTH-PARTY CLAIMS	27
NOTE 7. SEGMENT REPORTING	28
NOTE 8. STAFF COSTS	30
NOTE 9. COST OF GOODS/SERVICES SOLD, MARKETING AND ADMINISTRATIVE EXPENSES	30
NOTE 10. OTHER INCOME / EXPENSES	30
NOTE 11. FINANCIAL INCOME AND EXPENSES	31
NOTE 12. DIVIDENDS	31
NOTE 13. EARNINGS PER SHARE	31
NOTE 14. RELATED PARTIES	32
NOTE 15. LIST OF SUPERVISORY COUNCIL MEMBERS	33

## MANAGEMENT REPORT

In the fourth 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 7.17 million m<sup>3</sup> of clean drinking water into the water network and treated over 14.1 million m<sup>3</sup> of wastewater.

### Group sales

The Tallinna Vesi Group sales in the fourth quarter of 2025 were €18.92 million, an increase of 5.9% or €1.06 million compared to the same period last year. Growth in revenue was mainly affected by changes in prices for water service related to investments.

Revenue from the sale of water services increased by 7.3% or €1.11 million compared to the fourth quarter of 2024, reaching €16.33 million. Changes in sales revenue from services provided to private and business customers are mainly related to price changes resulting from investment needs and the transition towards harmonised water prices, resulting from the obligation to provide a uniform price by 1 July 2026, as set out in the Public Water Supply and Sewerage Act. 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 fourth quarter was €5.65 million, which is 7.2% higher than the same period last year. The company's net profit was €4.51 million, which is €0.36 million higher than in the same period last year. The growth in net profit has been driven by operational efficiency and the justified profitability of investments made to ensure a clean environment and service continuity.

In the fourth quarter, investments amounted to €18.6 million, which is 15.6% more than in the same period of 2024.

In 2026, Tallinna Vesi will continue to invest in ensuring a clean environment, as well as maintaining the high quality and continuity of its service. The total investments planned will amount to €60 million also in 2026.

### High-quality water supply and sewerage services

**Throughout the fourth quarter of 2025, we continued to provide reliable and secure water supply and sewerage services**, as demonstrated by the quality indicators that remain at a consistently high level. Tap water quality was excellent throughout the quarter, meeting 99.9% of all quality requirements. During the fourth quarter, 1,019 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 method, we cleaned 42 km of water network in the fourth quarter. Ice pigging that 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 pipe.

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. Small quantities of chlorine remain in the water, helping to ensure consistently high drinking water quality throughout the network.

The average duration of a water interruption in the fourth quarter was 2 hour and 10 minutes, thanks to the operational response of our staff. This is nearly two hours less than in the fourth quarter of last year. To reduce the inconvenience caused by water interruptions, we continue installing additional isolation valves on the water network.

On the last day of 2025, an exceptional natural event put our crisis plan to the test, but the team quickly resolved the disruptions that occurred. Once again, we apologise that many people in Tallinn had to spend New Year's Eve stocking up on water, which was otherwise readily available from their taps for all the other 364 days of the year. The water supply was restored to all consumption points during New Year's Eve. We are analysing technologies to mitigate the impact of similar natural events and improve customer service based on this experience.

**In the fourth quarter, the quality of treated effluent from 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 326 tonnes of solid waste, 55 tonnes of grit, 511 tonnes of nitrogen and 64 tonnes of phosphorus from wastewater during the fourth quarter of 2025.

## Investments

Tallinn Vesi aims to further future-proof its infrastructure and to ensure the continuity of the vital service it provides, all the while keeping the price for the service affordable for consumers. The total amount of investments in 2025 was €56 million.

At the water treatment plant, activities related to the reconstruction of the ozonation stage, and the procurement of the new building design are ongoing. In wastewater treatment, the installation of primary and secondary screens in the mechanical treatment, upgrading of the biological treatment, reconstruction of the sludge treatment, and renovation of the secondary clarifiers have been completed. Investments in the wastewater treatment plant amounted to €15.3 million in 2025.

## Water network rehabilitation

The water loss rate in the water distribution network fell to 11.87% in the fourth quarter from 12.67% 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 fourth quarter, we had rehabilitated and constructed 45.1 kilometres of pipes. Almost half of these, or 22 kilometres, were built using environmentally friendly no-dig methods. We are working closely with the City of Tallinn and other partners, such as AS Utilitas Tallinn, so that we can complete as much 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 fourth quarter, major pipe construction work continued on Kolde Avenue as part of the development of a strategic stormwater receiving system for the North Tallinn area, on Peterburi Road in cooperation with the City of Tallinn, and on Retke Road in cooperation with Utilitas. Pipe construction also continued on Paljassaare Road. Construction of the Nõlvaku collector is in its final stages, with the final works to upgrade ventilation systems underway. Work started on the reconstruction of water and sewer pipes in Lauteri Street and at the intersection of Endla and Tehnika streets.

The renovation of the water pipes on Bornhöhe Road, as well as the construction work in Tuukri and Uus-Sadama streets as part of the extension to the stormwater collector starting from Reidi Road, was completed in the fourth quarter. In cooperation with the City of Tallinn and Utilitas, the renovation of Värvi and Mustjõe streets was completed.

A stormwater scheme is being developed for the Mustamäe area. The scheme uses nature-based solutions to ensure longer retention times 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 fourth quarter, we had installed approximately 18,460 smart meters, which means that more than 80 percent of our customers now have remote water meters. The main advantages of smart meters

include the speed and accuracy of data transmission, but also their security and reliability. By 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 2025, we responded to written enquiries within two days in 99.7 percent of cases, which is a similar level to the previous year. In 2026, we aim to further enhance the speed and quality of customer notifications.

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 2025, a total of 122 customer complaints were received, which is significantly less compared to the same period last year (238 complaints in 2024). The number of complaints has decreased, in particular due to the drop in enquiries related to water quality and blockages. Throughout the fourth quarter of 2025, we kept our promises to customers without fail.

### Partnerships

In the fourth quarter of 2025, we continued to explain to the public how the vital water services work and to raise awareness of the important aspects of maintaining a clean living environment by participating in the Impact Day sustainability festival and opening the doors of our water treatment plant to the public as part of the Open House Tallinn architecture weekend.

We were awarded the title of Green Company of the Year at the Estonian Successful Companies Awards, showing that we are making an impact and that we are on the right track in investing for the future. At Tallinna Vesi, we are responsible for providing drinking water to about half a million people, as well as ensuring that wastewater is treated in an environmentally friendly way and returned to nature. This responsibility helps maintain focus, set meaningful long-term goals, seek innovative solutions, and engage employees and the community in making sustainable choices.

The Estonian Waterworks Association recognised our employees for their contribution to the water sector and named our cogeneration plant at the Paljassaare wastewater treatment plant the Water Achievement of the Year.

## PERFORMANCE IN THE FOURTH QUARTER OF 2025

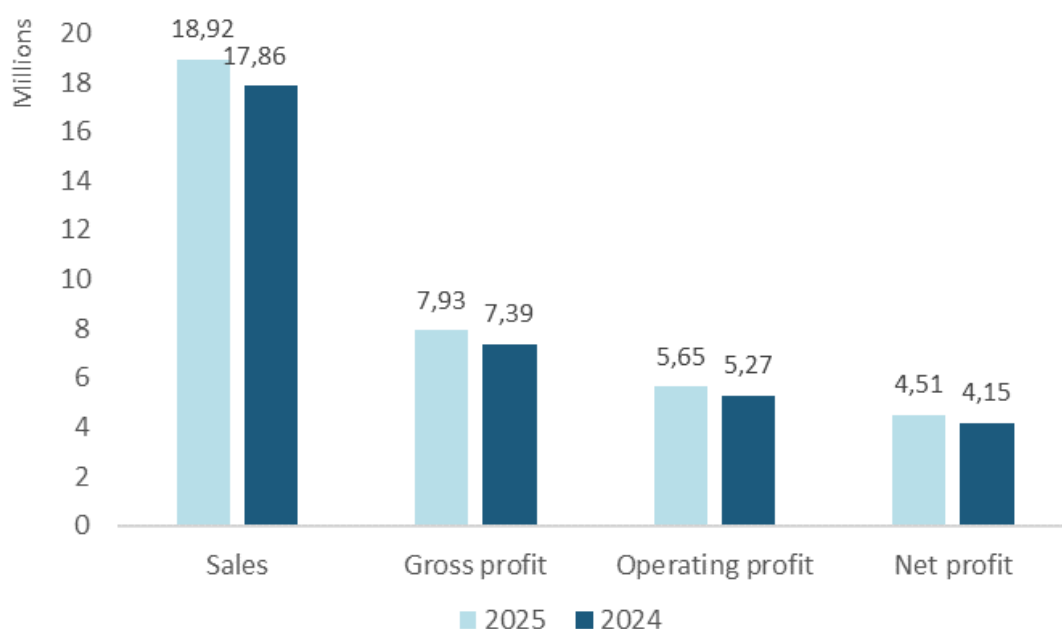
Performance indicator	Unit	2025 12 months	2024 12 months	2025 4 <sup>th</sup> quarter	2024 4 <sup>th</sup> quarter
Drinking water					
Compliance of water quality at the customer's tap	%	99.5%	99.6%	99.9%	99.5%
Water loss rate in the water distribution network	%	13.01%	13.67%	11.87%	12.67%
Average duration of water interruption per property	h	2 h 9 min	3 h 13 min	2 h 10 min	4 h 5 min
Wastewater					
Number of sewer blockages	pc	343	422	88	91

Number of sewer collapses	pc	63	57	17	8
Compliance of treated effluent with environmental requirements	%	100%	100%	100%	100%
<b>Customer service</b>					
Number of customer enquiries	pc	26,122	29,360	6,490	6,965
Responding to written enquiries at least within 2 working days	%	99.7%	99.6%	99.7%	99.7%
Number of failures to keep Promises to Our Customers	pc	0	1	0	1

## FINANCIAL RESULTS OF THE FOURTH QUARTER OF 2025

The latest economic forecast from [Eesti Pank](#) finds that the Estonian economy is recovering. The revival in the economy in 2026 will be supported above all by the rebound in foreign markets and by measures taken by the state. Income tax changes will leave people with more money available, and the increase in spending by the state will steer additional funds into the Estonian economy. Lower interest rates, good access to bank loans and falling inflation will also improve the outlook for the Estonian economy. The Estonian economy is forecast to grow by 3.6% in 2026 with growth then slowing to 2.5% by 2028 as the fiscal stimulus fades.

Due to the volume of construction services and price change of water services, the consolidated turnover has increased in the 4<sup>th</sup> quarter by €1.06 million compared to the same period of the previous year. The company's profit has increased by 8.7% or €0.4 million, being €4.51 million in the 4<sup>th</sup> quarter of 2025.



## MAIN FINANCIAL INDICATORS

€ million except key ratios	Quarter 4			12 months			Variance	
	2025	2024	2023	2025/ 2024	2025	2024	2023	2025/2024
Sales	18.92	17.86	15.68	5.9%	72.48	65.08	61.75	11.4%
Gross profit	7.93	7.39	5.92	7.3%	29.52	26.72	24.11	10.5%
Gross profit margin %	41.91	41.37	37.76	1.3%	40.73	41.05	39.04	-0.8%
Operating profit before depreciation and amortisation	8.19	7.52	6.17	9.0%	30.95	27.51	25.40	12.7%
Operating profit before depreciation and amortisation margin %	43.30	42.10	39.37	2.9%	42.70	42.27	41.14	1.0%
Operating profit	5.65	5.27	4.05	7.2%	21.22	18.98	17.35	11.8%
Operating profit - main business	5.25	4.76	3.55	10.3%	19.87	17.88	15.99	11.1%
Operating profit margin %	29.85	29.51	25.85	1.2%	29.27	29.17	28.10	0.4%
Profit before taxes	4.67	4.27	3.07	9.5%	17.43	14.78	14.21	18.0%
Profit before taxes margin %	24.70	23.89	19.59	3.4%	24.05	22.71	23.01	5.9%
Net profit	4.51	4.15	2.98	8.7%	14.27	13.28	12.84	7.4%
Net profit margin %	23.84	23.24	18.98	2.6%	19.69	20.41	20.80	-3.5%
ROA %	1.28	1.34	1.08	-5.1%	4.21	4.46	3.30	-5.6%
Debt to total capital employed %	66.02	61.71	58.47	7.0%	66.02	61.71	58.47	7.0%
ROE %	3.71	3.51	2.58	5.6%	11.70	11.20	7.43	4.5%
Current ratio	0.93	0.76	1.30	22.4%	0.93	0.76	1.30	22.4%
Quick ratio	0.89	0.70	1.24	27.1%	0.89	0.70	1.24	27.1%
Investments into fixed assets	18.63	16.11	12.09	15.6%	55.74	49.53	34.93	12.5%
Payout ratio %	-	79.80	79.41		-	79.80	79.41	

Gross profit margin – Gross profit / Net sales

Operating profit margin – Operating profit / Net sales

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

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

Net profit margin – Net profit / Net sales

ROA – Net profit / Average Total assets for the period

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

ROE – Net profit / Average Total equity for the period

Current ratio – Current assets / Current liabilities

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

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

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



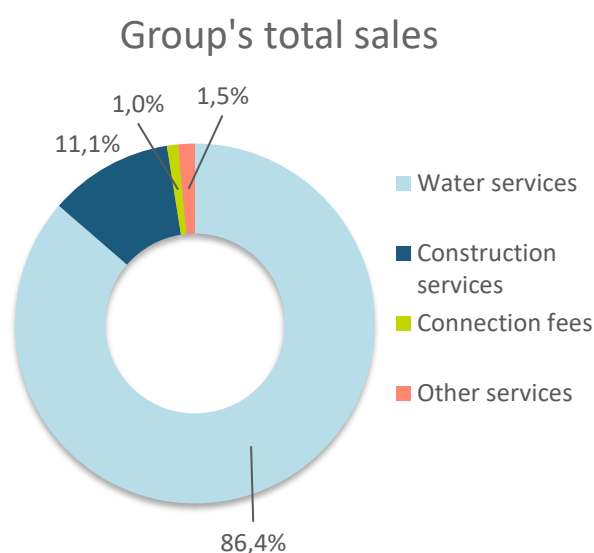
## STATEMENT OF COMPREHENSIVE INCOME

### SALES

The revenues from the main activities, i.e., sales of water and wastewater services in the 4<sup>th</sup> quarter of 2025 were impacted by consumption and the price changes effective from 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.

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 4<sup>th</sup> quarter of 2025, the **group's total sales** were €18.92 million, up 5.9% or €1.06 million compared to the same period of the previous year, when sales were €17.85 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, 1.5% from other services and 1.0% from connection fees.

€ thousand	Quarter 4			Variance 2025/2024	
	2025	2024	2023	€	%
Water supply service	4,230	3,402	2,506	828	24.3%
Wastewater disposal service	4,164	3,986	3,689	178	4.5%
<b>Total from private customers</b>	<b>8,394</b>	<b>7,388</b>	<b>6,195</b>	<b>1,006</b>	<b>13.6%</b>
Water supply service	1,799	1,967	2,205	-168	-8.5%
Wastewater disposal service	2,453	2,333	2,439	120	5.1%
<b>Total from business customers</b>	<b>4,252</b>	<b>4,300</b>	<b>4,644</b>	<b>-48</b>	<b>-1.1%</b>
Water supply service	551	487	408	64	13.1%
Wastewater disposal service	1,429	1,566	1,091	-137	-8.7%
Stormwater disposal service	10	-15	105	25	-166.7%
<b>Total from outside service area customers</b>	<b>1,990</b>	<b>2,038</b>	<b>1,604</b>	<b>-48</b>	<b>-2.4%</b>
Stormwater disposal and fire hydrants service	1,237	1,084	1,146	153	14.1%
Excess pollution charges and sewer discharge service	461	415	409	46	11.1%
<b>Total from water services</b>	<b>16,334</b>	<b>15,225</b>	<b>13,998</b>	<b>1,109</b>	<b>7.3%</b>
Construction services	2,108	2,145	1,291	-37	-1.7%
Connection fees	189	185	159	4	2.2%
Other services	284	300	232	-16	-5.3%
<b>TOTAL REVENUE</b>	<b>18,915</b>	<b>17,855</b>	<b>15,681</b>	<b>1,060</b>	<b>5.9%</b>

**Sales from water services** were €16.33 million, showing an increase of 7.3% or €1.11 million increase compared to the 4th quarter of 2024, resulting from an increase in tariffs starting from 1 November 2024 and 1 May 2025.

The sales to **private customers in the main service area** increased by 13.6% or € 1.01 million. In the fourth quarter, the sales to private customers amounted to €8.39 million.

Sales to **business customers in the main service area** remained on the same level compared to the same period last year, being €4.25 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 2024. In the fourth quarter of 2025, the sales from the stormwater and fire hydrant service were €1.24 million, an increase of 14.1% 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 €2.11 million, decreasing by 1.7% or €0.04 million year-on-year. The decrease in revenue was mainly due to the timing of external projects and seasonal activities.

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

**The cost of goods and services sold** amounted to €10.98 million in the 4<sup>th</sup> quarter of 2025, being higher by 5.0% or €0.52 million compared to the equivalent period in 2024.

€ thousand	Quarter 4		Variance 2025/2024		
	2025	2024	2023	€	%
Water abstraction charges	-321	-322	-317	1	0.3%
Chemicals	-787	-780	-673	-7	-0.9%
Electricity	-1,112	-1,190	-1,639	78	6.6%
Pollution tax	-342	-331	-322	-11	-3.3%
<b>Total direct production costs</b>	<b>-2,562</b>	<b>-2,622</b>	<b>-2,951</b>	<b>60</b>	<b>2.3%</b>
Staff costs	-3,056	-2,768	-2,556	-288	-10.4%
Depreciation and amortisation	-2,381	-2,118	-1,996	-263	-12.4%
Construction services	-1,710	-1,740	-898	30	1.7%
Other costs	-1,279	-1,220	-1,360	-59	-4.8%
<b>Other costs of goods/services sold total</b>	<b>-8,426</b>	<b>-7,846</b>	<b>-6,810</b>	<b>-580</b>	<b>-7.4%</b>
<b>Total cost of goods/services sold</b>	<b>-10,988</b>	<b>-10,469</b>	<b>-9,760</b>	<b>-519</b>	<b>-5.0%</b>

**Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €2.56 million, showing a 2.3% or €0.06 million decrease compared to the equivalent period in 2024. Direct production costs were affected by changes in prices and production volumes as follows:

- The **electricity expense** has decreased by 6.6%, mainly due to electricity produced for own consumption at the combined heat and power plant.
- **Pollution tax expense** have increased by 3.3%, reaching 0.34 million. Mainly due to higher volumes and increased taxes.

**Other costs of goods/services sold** (staff costs, depreciation and amortisation, costs related to construction services and other costs of goods/services sold) increased by 7.4% compared to the same period last year. The changes in costs are as follows:

- **Staff costs** have increased by 10.4% to €3.05 million due to an average 5% salary increase, changes in performance related pay and to lesser extent additional team members.
- **Construction services** costs are on the same level compared to PY same period, being €1.71 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 2025 was €7.93 million, showing an increase of 7.3% or €0.54 million, compared to the gross profit of €7.39 million for the comparative period in 2024.

## ADMINISTRATIVE AND MARKETING EXPENSES, OTHER INCOME AND EXPENSES

**Administrative and marketing expenses** increased by 5.0% or €0.09 million compared to the 4<sup>th</sup> quarter of 2024, amounting to €2.05 million. The change is mainly due to the increase in contract services and increase in IT expenses.

**Other income and expenses** resulted in net loss of €0.23 million compared to net loss of €0.17 million in the comparative period in 2024.

## OPERATING PROFIT

As a result of the factors listed above the **group's operating profit** for the 4<sup>th</sup> quarter of 2025 amounted to €5.65 million, being 7.2% or €0.38 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 €0.97 million, compared to €0.03 million lower expense in the 4<sup>th</sup> quarter of 2024. The change was caused by the fluctuation of Euribor resulting in lower interest expense on loan balance.

In December, an additional €25 million loan agreement was concluded with the Nordic Investment Bank of which €5 million was immediately withdrawn. The term of the loan agreement is 15 years, and it forms part of the financing arrangement entered into in 2023.

In fourth quarter, additional €10 million was withdrawn from Syndicate loan, that at the end of fourth quarter resulted in the loan balance of €160 million, with floating interest.

In the 4<sup>th</sup> quarter of 2025, the average interest rate on loans was 3.24%, amounting to the interest costs of €0.96 million, compared to the average interest rate of 3.74% and the interest costs of €1.00 million in the 4<sup>th</sup> quarter of 2024, while the loan balance was €118 million.

## NET PROFIT

The group's net profit for the 4<sup>th</sup> quarter of 2025 was €4.51 million, being €0.4 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 TWELVE MONTHS OF 2025

### SALES

During the twelve months of 2025 the group's total sales were €72.48 million, showing an increase of 11.4% or €7.40 million year-on-year. Sales from water services for twelve months of 2025 were €62.31 million, increasing by 6.9% or €4.02 million year-on-year. Sales from water services both inside and outside of the main service area accounted for 86.0% of the group's total revenue, 11.7% of the sales accounted for construction services, 1.3% from connection fees and 1.1% for other services.

€ thousand	12 months			Variance 2025/2024	
	2025	2024	2023	Euro	%
Water supply service	15,638	11,714	9,861	3,924	33.5%
Wastewater disposal service	16,197	15,207	14,508	990	6.5%
<b>Total from private customers</b>	<b>31,835</b>	<b>26,921</b>	<b>24,369</b>	<b>4,914</b>	<b>18.3%</b>
Water supply service	7,353	8,245	8,514	-892	-10.8%
Wastewater disposal service	9,412	8,988	9,087	424	4.7%
<b>Total from business customers</b>	<b>16,765</b>	<b>17,233</b>	<b>17,601</b>	<b>-468</b>	<b>-2.7%</b>
Water supply service	2,110	1,733	1,670	377	21.8%
Wastewater disposal service	5,562	4,874	4,236	688	14.1%
Stormwater disposal service	38	168	260	-130	-77.4%
<b>Total from outside service area customers</b>	<b>7,710</b>	<b>6,775</b>	<b>6,166</b>	<b>935</b>	<b>13.8%</b>
Stormwater disposal and fire hydrants service	4,355	5,848	6,011	-1,493	-25.5%
Excess pollution charges and sewer discharge service	1,645	1,514	1,476	131	8.7%
<b>Total from water services</b>	<b>62,310</b>	<b>58,291</b>	<b>55,624</b>	<b>4,019</b>	<b>6.9%</b>
<b>Construction services</b>	<b>8,457</b>	<b>5,220</b>	<b>4,775</b>	<b>3,237</b>	<b>62.0%</b>

Connection fees	770	701	604	69	9.8%
Other services	944	866	742	78	9.0%
<b>TOTAL REVENUE</b>	<b>72,481</b>	<b>65,078</b>	<b>61,745</b>	<b>7,403</b>	<b>11.4%</b>

During the twelve months of 2025, **sales to private customers in the main service area** increased by 18.3% to €31.84 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 2.7% to €16.76 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 13.8% to €7.71 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 twelve months of 2025 amounted to €4.35 million, showing a decrease of 25.5% or €1.50 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 €8.46 million, showing a double increase or €3.24 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**

	12 months			Variance 2025/2024	
€ thousand	2025	2024	2023	€	%
Water abstraction charges	-1,261	-1,282	-1,271	21	1.6%
Chemicals	-3,030	-2,865	-2,742	-165	-5.8%
Electricity	-4,367	-4,690	-6,408	323	6.9%
Pollution tax	-1,244	-1,025	-1,005	-219	-21.4%
<b>Total direct production costs</b>	<b>-9,902</b>	<b>-9,861</b>	<b>-11,426</b>	<b>-41</b>	<b>-0.4%</b>
Staff costs	-11,448	-10,718	-9,684	-730	-6.8%
Depreciation and amortisation	-9,075	-8,108	-7,566	-967	-11.9%
Construction services	-7,128	-4,084	-3,481	-3,044	-74.5%
Other costs	-5,404	-5,592	-5,480	188	3.4%
<b>Other costs of goods/services sold total</b>	<b>-33,055</b>	<b>-28,502</b>	<b>-26,211</b>	<b>-4,553</b>	<b>-16.0%</b>
<b>Total cost of goods/services sold</b>	<b>-42,958</b>	<b>-38,364</b>	<b>-37,638</b>	<b>-4,594</b>	<b>-12.0%</b>

During the twelve months of 2025, **the cost of goods and services sold** amounted to €42.96 million, being 4.59 million higher than at the equivalent period in 2024. **Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €9.90 million, being at the same level as past year same period. Direct production costs were mainly affected by:

- **Chemicals** expense have increased by 5.8% or 0.16 million due to average 14.3% price increase offset of methanol used in wastewater treatment process.

- **Costs of electricity** that decreased by 6.9% or €0.32 million resulting in costs worth of €4.37 million. The expense decrease is driven mainly by electricity produced for own consumption at the combined heat and power plant.
- **Pollution tax** have increased by 21.4% 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 €33.05 million, having increased by 16.0%. The changes in other costs of goods/services sold were mainly driven by an 6.8% or €0.73 million increase in staff cost and a 74.5% or €3.04 million increase in construction services costs, due to the higher construction revenue, as described before.

The **group's gross profit** for the twelve months of 2025 was €29.52 million, showing an increase of 10.5% or €2.81 million compared to the comparative period in 2024. The **group's operating profit** for the twelve months of 2025 recovered to €21.22 million, being 11.8% or €2.23 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 €3.78 million, compared to net expense of €4.20 million in the twelve 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 twelve months of 2025 was €17.43 million, being 18.0% or €2.65 million higher than for the same period in 2024. The **group's net profit** for the twelve months of 2025 was €14.27 million, being 7.4% or €0.99 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 twelve months of 2025, **the group invested into fixed assets** €55.74 million. As of 31/12/2025, non-current tangible assets amounted to €338.65 million, the majority of which in the amount of €253.04 million were pipelines (31/12/2024: €231.78million). Total non-current assets amounted to €341.35 million (31/12/2024: €298.33 million).

The **trade receivables, accrued income, and prepaid expenses** at the end of the 4<sup>th</sup> quarter were €10.56 million. The collectability rate remains high at 99.68%, like 99.62% at the end of December 2024.

**Current liabilities** have increased by €4.14 million to €24.69 million compared to the end of 2024, mainly due to liabilities related to investments.

**Deferred income from connection fees** has increased by €2.01 million compared to the end of 2024, reaching €52.11 million.

No change was recorded in the **provision for possible third-party claims** compared to 31/12/2024, 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 €160 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 31/12/2025 is 3.24%.

The group has **total debt to assets** level of 66.02%. At the same time in 2024, the total debt to assets ratio was 61.71%.

## 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 2026, 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 2026, 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 4<sup>th</sup> quarter of 2025, the total number of employees in the group was 370 compared to 370 at the end of the same period in 2024. The full time equivalent (FTE) at the end of fourth quarter of 2025 and 2024 was 353.7 and 350.70 respectively. The twelve-month average number of employees was 357,31 employees in 2025 and 359.11 employees in 2024.

### Gender breakdown of staff:

	As of 31/12/2025			As of 31/12/2024		
	Women	Men	Women	Men	Women	Men
<b>Group</b>	<b>105</b>	<b>250</b>	<b>355</b>	<b>103</b>	<b>267</b>	<b>370</b>
Management Team	13	14	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 €4.35 million for the 4<sup>th</sup> 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.

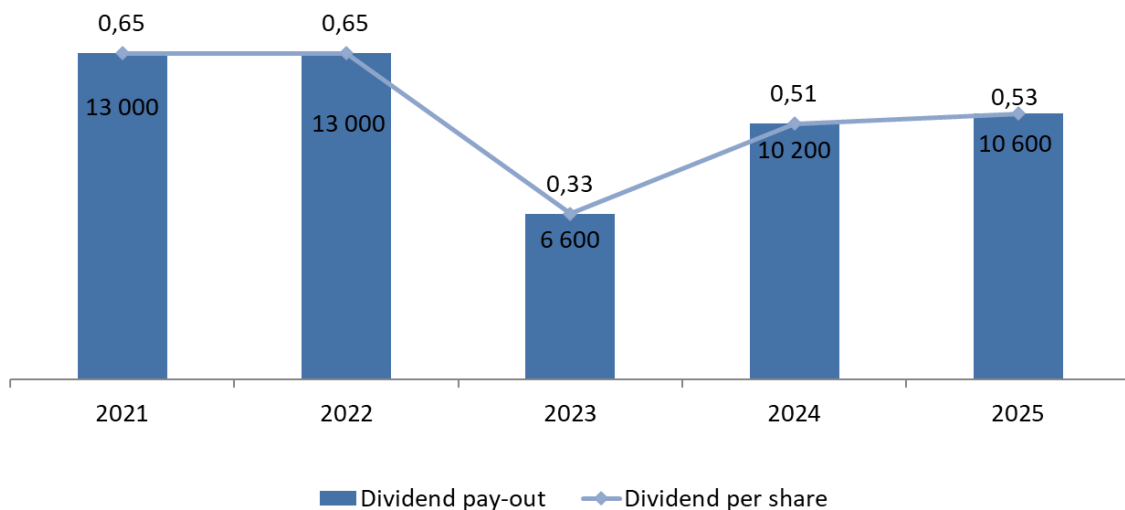
## DIVIDENDS

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 31/12/2025, Tallinna Vesi's shareholders, with a direct holding over 5%, were:

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

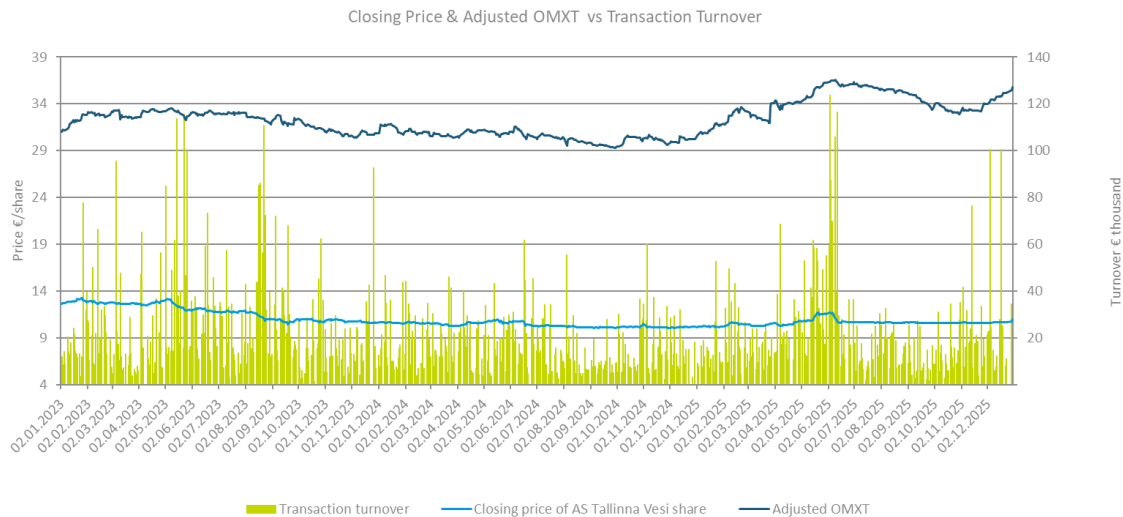
In 2025, the total number of shareholders decreased by 3.1% (371 shareholders). This includes a 4.3% decline among foreign investors and a 3.0% decline among local investors. During the year, the share of local corporate investors fell by 0.26%, while the share of local individual investors increased by 0.28%. Among foreign investors, the proportion of corporate shareholders remained unchanged, and the share of individual shareholders decreased by 0.02%.

As of 30/12/2025, the closing price of Tallinna Vesi's share was €11.00, which is 7.84% higher compared to the price of €10.20 at the beginning of the year (2024: -3.77%). OMX Tallinn index increased by 18.42% (2024: -2.01%).



During 2025, 13,204 transactions were made with the company's shares (2024: 15,515 transactions), during which 471 thousand shares or 2.4% of all shares changed hands (2024: 380 thousand shares or 1.9%). The turnover of transactions in 12 months of 2025 amounted to €5.03 million, being €1.1 million higher than in the comparative period in 2024.

## CLOSING PRICE AND ADJUSTED OMXT VS TRANSACTIONS TURNOVER



## CORPORATE STRUCTURE

As of 31/12/2025, 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 31/12/2025, 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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## 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 31 December of financial year 2025. The interim accounts have not been reviewed by the auditors.

The condensed financial statements for the period ended on 31 December 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 6 February 2026 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

6 February 2026

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand

		as of 31 December 2025	as of 31 December 2024
ASSETS	Note		
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	11,294	3,589
Trade receivables, accrued income and prepaid expenses		10,762	10,746
Inventories		1,163	1,180
<b>TOTAL CURRENT ASSETS</b>		<b>23,219</b>	<b>15,515</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	4	338,654	296,264
Intangible assets	5	2,699	2,062
<b>TOTAL NON-CURRENT ASSETS</b>		<b>341,353</b>	<b>298,326</b>
<b>TOTAL ASSETS</b>		<b>364,572</b>	<b>313,841</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current portion of long-term lease liabilities		765	875
Current portion of long-term loans		3,742	3,441
Trade and other payables		17,604	13,581
Prepayments		2,781	2,646
<b>TOTAL CURRENT LIABILITIES</b>		<b>24,892</b>	<b>20,543</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income from connection fees		52,112	50,106
Leases		1,502	2,178
Loans		155,391	114,241
Provision for possible third-party claims	6	6,018	6,018
Deferred tax liability		697	494
Other payables		165	108
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>215,885</b>	<b>173,145</b>
<b>TOTAL LIABILITIES</b>		<b>240,777</b>	<b>193,688</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		85,783	82,141
<b>TOTAL EQUITY</b>		<b>123,795</b>	<b>120,153</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>364,572</b>	<b>313,841</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand		Quarter 4		for the 12 months ended 31 December	
	Note	2025	2024	2025	2024
Revenue	1, 7	18,915	17,855	72,481	65,078
Cost of goods and services sold	1, 9	-10,988	-10,469	-42,958	-38,364
<b>GROSS PROFIT</b>	<b>1</b>	<b>7,927</b>	<b>7,386</b>	<b>29,523</b>	<b>26,714</b>
Marketing expenses	9	-257	-228	-974	-908
General administration expenses	9	-1,788	-1,719	-6,770	-6,261
Other income and expenses	1, 10	-236	-171	-562	-563
<b>OPERATING PROFIT</b>		<b>5,646</b>	<b>5,268</b>	<b>21,217</b>	<b>18,982</b>
Financial income	11	16	23	106	191
Financial expenses	11	-991	-1,026	-3,889	-4,394
<b>PROFIT BEFORE TAXES</b>		<b>4,671</b>	<b>4,265</b>	<b>17,434</b>	<b>14,779</b>
Income tax		-192	-116	-3,192	-1,496
<b>NET PROFIT FOR THE PERIOD</b>		<b>4,479</b>	<b>4,149</b>	<b>14,242</b>	<b>13,283</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>4,479</b>	<b>4,149</b>	<b>14,242</b>	<b>13,283</b>
Attributable profit to:					
Equity holders of A-shares		4,479	4,149	14,242	13,283
Earnings per A share (in euros)	13	0.22	0.21	0.71	0.66

## CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand		for the 12 months ended 31 December	
	Note	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit		21,217	18,982
Adjustment for depreciation/amortisation	9	9,735	8,526
Adjustment for revenues from connection fees	7	-770	-701
Other non-cash adjustments		28	32
Profit (-)/loss (+) from sale of property, plant and equipment, and intangible assets		-115	-62
Change in current assets involved in operating activities		2	-2,182
Change in liabilities involved in operating activities		730	1,652
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>30,827</b>	<b>26,247</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Acquisition of property, plant, and equipment, and intangible assets		-53,231	-42,730
Proceeds from targeted funding of property, plant, and equipment.	4	5,869	0
Compensations received for construction of pipelines, incl connection fees		1,975	1,996
Proceeds from sale of property, plant and equipment, and intangible assets		130	111
Interest received	11	106	191
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-45,151</b>	<b>-40,432</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Interest and loan financing costs paid		-4,934	-5,506
Lease payments		-876	-1,144
Loans received		45,000	25,000
Repayment of loans		-3,571	-3,604
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
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>22,029</b>	<b>3,038</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>7,705</b>	<b>-11,147</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>3</b>	<b>3,589</b>	<b>14,736</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3</b>	<b>11,294</b>	<b>3,589</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
<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>
<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>
Dividends	0	0	0	-10,600	<b>-10,600</b>
Comprehensive income for the period	0	0	0	14,242	<b>14,242</b>
<b>as of 31 December 2025</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>85,783</b>	<b>123,795</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 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 12 months ended on 31 December 2024 are presented in the following table.

	For the 12 months ended 31 December 2024		
€ thousand	Balance before the change in presentation	Impact of the change	Balance after the change
<b>Consolidated statement of comprehensive income</b>			
Revenue	64,377	701	65,078
Cost of goods and services sold	-37,705	-659	-38,364
Gross profit	26,672	42	26,714
Other income and expenses	-521	-42	-563
<b>Note 7 Segment reporting</b>			
Other services – external revenue	866	701	1,567
Other services – total segment revenue	7,137	701	7,838
Other services – segment's gross profit	2,365	42	2,407
<b>Note 7 - table Revenue by activities</b>			
Revenue from connection fees	0	701	701
<b>Note 9 - table Cost of goods and services sold</b>			
Depreciation and amortization	-7,449	-659	-8,108
<b>Note 10 Other income and expenses</b>			
Connection fees	701	-701	0
Depreciation of single connections	-659	659	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 31 December 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 31 December 2025, Management of the Group has assessed the expected credit loss related to macroeconomic conditions to be €94 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 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 31 December 2025	as of 31 December 2024
Cash in hand and in bank	11,294	3,589
<b>Total cash and cash equivalents</b>	<b>11,294</b>	<b>3,589</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 2023</b>							
Acquisition cost	28,121	292,134	57,446	9,025	4,743	0	391,469
Accumulated depreciation	-8,579	-86,091	-39,041	0	-1,650	0	-135,361
<b>Net book value</b>	<b>19,542</b>	<b>206,043</b>	<b>18,405</b>	<b>9,025</b>	<b>3,093</b>	<b>0</b>	<b>256,108</b>
<b>Transactions in the period 1 January 2024 - 31 December 2024</b>							
Acquisitions	0	0	0	47,175	0	1,312	48,487
Write off and sale of property, plant, and equipment 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>
<b>Transactions in the period 1 January 2025 - 31 December 2025</b>							
Acquisitions	0	0	0	54,429	0	89	54,518
Write off and sale of property, plant, and equipment in residual value	0	0	-15	0	0	0	-15
Reclassification	1,080	26,287	11,663	-41,852	81	-89	-2,830
Depreciation	-557	-5,032	-3,159	0	-535	0	-9,283
<b>as of 31 December 2025</b>							
Acquisition cost	28,916	346,830	73,975	30,158	4,985	0	484,864
Accumulated depreciation	-8,929	-93,792	-41,746	0	-1,743	0	-146,210
<b>Net book value</b>	<b>19,987</b>	<b>253,038</b>	<b>32,229</b>	<b>30,158</b>	<b>3,242</b>	<b>0</b>	<b>338,654</b>

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

The number of acquisitions for the 12 months ended on 31 December 2025 are reduced by targeted financing of stormwater infrastructure developments in amount of €5,869 thousand.

## NOTE 5. INTANGIBLE ASSETS

	Acquired licenses and other intangible assets	Unfinished intangible assets	Total intangible assets
€ thousand			
<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>
<b>Transactions in the period 1 January 2025 - 31 December 2025</b>			
Acquisition in book value	0	1,220	1,220
Reclassification	-43	-88	-131
Depreciation	-452	0	-452
<b>as of 31 December 2025</b>			
Acquisition cost	3,357	1,230	4,587
Accumulated depreciation	-1,888	0	-1,888
<b>Net book value</b>	<b>1,469</b>	<b>1,230</b>	<b>2,699</b>

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

## NOTE 7. SEGMENT REPORTING

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

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

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

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

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

€ thousand	Water services	Construction services	Other services	Inter-segment transactions	Total segments
<b>1 January 2025 - 31 December 2025</b>					
External revenue	62,310	8,457	1,714	0	72,481
Inter-segment revenue	2	5,066	6,302	-11,370	0
<b>Total segment revenue</b>	<b>62,312</b>	<b>13,523</b>	<b>8,016</b>	<b>-11,370</b>	<b>72,481</b>
<b>Segment's gross profit</b>	<b>26,482</b>	<b>1,018</b>	<b>3,192</b>	<b>-1,169</b>	<b>29,523</b>
<b>Unallocated expenses:</b>					
Marketing and Administrative expenses					-7,744
Other income/expenses					-562
<b>Operating profit</b>					<b>21,217</b>
<b>1 January 2024 - 31 December 2024</b>					
External revenue	58,291	5,220	1,567	0	65,078
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>7,838</b>	<b>-9,678</b>	<b>65,078</b>
<b>Segment's gross profit</b>	<b>24,773</b>	<b>646</b>	<b>2,407</b>	<b>-1,112</b>	<b>26,714</b>
<b>Unallocated expenses:</b>					
Marketing and Administrative expenses					-7,169
Other income/expenses					-563

## Revenue by activities

	Quarter 4		for the 12 months ended 31 December	
€ thousand	2025	2024	2025	2024
<b>Water services</b>				
Water supply service	4,230	3,402	15,638	11,714
Wastewater disposal service	4,164	3,986	16,197	15,207
Total from private customers	8,394	7,388	31,835	26,921
Water supply service	1,799	1,967	7,353	8,245
Wastewater disposal service	2,453	2,333	9,412	8,988
Total from corporate customers	4,252	4,300	16,765	17,233
Water supply service	551	487	2,110	1,733
Wastewater disposal service	1,429	1,566	5,562	4,874
Storm water disposal service	10	-15	38	168
Total from outside service area customers	1,990	2,038	7,710	6,775
Storm water treatment and disposal service and fire hydrants service	1,237	1,084	4,355	5,848
Overpollution charges and discharging	461	415	1,645	1,514
<b>Total from water services</b>	<b>16,334</b>	<b>15,225</b>	<b>62,310</b>	<b>58,291</b>
<b>Other services</b>				
Construction services	2,108	2,145	8,457	5,220
Revenue from single connections (see note 1)	189	185	770	701
Other services	284	300	944	866
<b>Total from other services</b>	<b>2,581</b>	<b>2,630</b>	<b>10,171</b>	<b>6,787</b>
<b>Total revenue (see note 1)</b>	<b>18,915</b>	<b>17,855</b>	<b>72,481</b>	<b>65,078</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	
	2025	2024	2025	2024
Salaries and wages	-3,273	-2,933	-12,195	-11,392
Social security and unemployment insurance tax	-1,078	-972	-4,056	-3,740
<b>Staff costs total</b>	<b>-4,351</b>	<b>-3,905</b>	<b>-16,251</b>	<b>-15,132</b>
<b>Average number of employees during the reporting period</b>	<b>356</b>	<b>366</b>	<b>357</b>	<b>368</b>

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

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2025	2024	2025	2024
<b>Cost of goods and services sold</b>				
Water abstraction charges	-321	-322	-1,261	-1,282
Chemicals	-787	-780	-3,030	-2,865
Electricity	-1,112	-1,190	-4,367	-4,690
Pollution tax	-342	-331	-1,244	-1,025
Staff costs	-3,056	-2,768	-11,448	-10,718
Depreciation and amortization	-2,381	-2,118	-9,075	-8,108
Construction services	-1,710	-1,740	-7,129	-4,084
Other costs	-1,279	-1,220	-5,404	-5,592
<b>Total cost of goods and services sold</b>	<b>-10,988</b>	<b>-10,469</b>	<b>-42,958</b>	<b>-38,364</b>
<b>Marketing expenses</b>				
Staff costs	-234	-209	-891	-825
Depreciation and amortization	0	0	-1	-1
Other marketing expenses	-23	-19	-82	-82
<b>Total marketing expenses</b>	<b>-257</b>	<b>-228</b>	<b>-974</b>	<b>-908</b>
<b>Administrative expenses</b>				
Staff costs	-1,061	-928	-3,912	-3,589
Depreciation and amortization	-163	-130	-659	-418
Other general administration expenses	-564	-661	-2,199	-2,254
<b>Total administrative expenses</b>	<b>-1,788</b>	<b>-1,719</b>	<b>-6,770</b>	<b>-6,261</b>

**NOTE 10. OTHER INCOME/EXPENSES**

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2025	2024	2025	2024
Doubtful receivables expenses (-)/ expense reduction (+)	-6	101	22	-30
Other income (+)/expenses (-)	-230	-272	-584	-533
<b>Total other income / expenses</b>	<b>-236</b>	<b>-171</b>	<b>-562</b>	<b>-563</b>

**NOTE 11. FINANCIAL INCOME AND EXPENSES**

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2025	2024	2025	2024
Interest income	16	23	106	191
Interest expense, loan	-961	-1,004	-3,773	-4,311
Other financial income (+)/ expenses (-)	-30	-22	-116	-83
<b>Total financial income / expenses</b>	<b>-975</b>	<b>-1,003</b>	<b>-3,783</b>	<b>-4,203</b>

**NOTE 12. DIVIDENDS**

€ thousand	Quarter 4		for the 12 months ended 31 December	
	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**

€ thousand	Quarter 4		for the 12 months ended 31 December	
	2025	2024	2025	2024
Net profit for the period	4,479	4,149	14,242	13,283
Weighted average number of ordinary shares (in thousands)	20,000	20,000	20,000	20,000
Earnings per share (in euros)	0.22	0.21	0.71	0.66

Diluted earnings per share for the periods ended 31 December 2025 and 31 December 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 € thousand	as of 31 December 2025	as of 31 December 2024
Accounts receivable	823	1,305
Trade and other payables	62	59

Transactions recorded on the statement of comprehensive income € thousand	2025	Quarter 4 2024	for the 12 months ended 31 December 2025	2024
Revenue	2,767	1,845	8,396	7,586
Purchase of thermal energy	120	115	381	180
Capex investments	0	0	0	250

Fees to the Group's Management and Supervisory Council members (excluding social tax) € thousand	2025	Quarter 4 2024	for the 12 months ended 31 December 2025	2024
Fees for Management Board	83	80	403	380
Supervisory Council fees	18	18	72	56

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 and Supervisory Council.

The potential salary liability would be up to €193 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 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 12 months period ended on 31 December 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 31 December 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/>