



SIA "RĪGAS ŪDENS"

(incorporated in the Republic of Latvia as a private limited company with registration number 40103023035)

Programme for the Issuance of Bonds in the Amount of up to EUR 60,000,000

Arranger and Dealer

Signet Bank AS

The date of this Base Prospectus is 9 May 2025



SIA "Rīgas ūdens"

(incorporated in the Republic of Latvia as a private limited company with registration number 40103023035)

Programme for the Issuance of Bonds in the Amount of up to EUR 60,000,000

Under this Programme for the Issuance of Bonds in the Amount of up to EUR 60,000,000 (the "**Programme**") described in this base prospectus (the "**Base Prospectus**") SIA "Rīgas ūdens", a private limited company (in Latvian – *sabiedrība ar ierobežotu atbildību*) incorporated in and operating under the laws of the Republic of Latvia, registered with the Commercial Register of the Republic of Latvia under registration number: 40103023035, legal entity identifier (LEI code): 6488Z9Y7BN122Y40LD08, legal address: Zīgfrīda Annas Meierovica bulvāris 1, Rīga, LV-1050, Latvia (the "**Issuer**" or the "**Company**"), may issue and offer from time to time in one or several series (the "**Series**") non-convertible unsecured and unguaranteed debt securities denominated in EUR, having maturity up to 10 (ten) years and with fixed interest rate in the form of European Green Bonds (the "**EuGBs**") or bonds marketed as environmentally sustainable ("**Environmentally Sustainable Bonds**") (together the "**Bonds**"), each as defined in the Regulation (EU) 2023/2631 (the "**EuGB Regulation**") and specified in the relevant final terms (the "**Final Terms**") (a form of which is contained herein). Each Series may comprise one or more tranches of Bonds (the "**Tranches**"). The maximum aggregate nominal amount of all Bonds from time to time outstanding under the Programme will not at any time exceed EUR 60,000,000.

Any Bonds issued under the Programme on or after the date of this Base Prospectus are issued in accordance with the provisions described herein.

To the extent not set forth in this Base Prospectus, the specific terms of any Bonds will be included in the relevant Final Terms. This Base Prospectus should be read and construed together with any supplement hereto and with any other documents incorporated by reference herein, and, in relation to any Tranche of Bonds, with the Final Terms of the relevant Tranche of Bonds.

This Base Prospectus has been prepared in connection with the offering and listing of the Bonds pursuant to the requirements of the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), the EuGB Regulation, the Financial Instruments Market Law (in Latvian – *Finanšu instrumentu tirgus likums*) and the Commission Delegated Regulation No 2019/980/EU (the "**Delegated Regulation**"), in particular the Annexes 6 and 14 thereof. The Bank of Latvia (in Latvian – *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Base Prospectus and has notified the approval of the Base Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian – *Lietuvos Bankas*)) and Estonia (the Estonian Financial Supervision Authority (in Estonian – *Finantsinspeksioon*)). The Bank of Latvia only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of any Bonds that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

This Base Prospectus is valid for a period of twelve months from the date of approval. The obligation to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

Application will be made to Akciju sabiedrība "Nasdaq Riga", registration number: 40003167049, legal address: Valņu 1, Rīga, LV-1050, Latvia ("**Nasdaq Riga**") for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche, and as soon as reasonably practicable after the Issue Date of any further Tranche of the same Series. Nasdaq Riga is a regulated market for the purposes of the Markets in Financial Instruments Directive 2014/65/EU, as amended ("**MiFID II**").

The Bonds shall be issued in the bearer dematerialised form and registered with Nasdaq CSD SE, registration number: 40003242879, legal address: Valņu 1, Rīga, LV-1050, Latvia (the "**Depository**"), in book-entry form. Investors may hold the Bonds through participants of the Depository, including credit institutions and investment brokerage firms.

The Bonds have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Bonds may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Investment in the Bonds to be issued under the Programme involves certain risks. Prospective investors should carefully acquaint themselves with such risks before making a decision to invest in the Bonds. The principal risk factors that may affect the Issuer's ability to fulfil its obligations under the Bonds are discussed in Section "**Risk Factors**" below.

Arranger and Dealer

Signet Bank AS

The date of this Base Prospectus is 9 May 2025

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RESPONSIBILITY STATEMENT

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer and the Bonds which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.

The Issuer, represented by the members of its Management Board, accepts responsibility for the information contained in this Base Prospectus and in any Final Terms which complete this Base Prospectus for each Tranche of Bonds issued hereunder and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and that the Base Prospectus does not omit anything likely to affect the import of such information.

Management Board of SIA "Rīgas ūdens":

Chairman of the Management Board
Krišjānis Krūmiņš

Member of the Management Board
Agnese Ozolkāja

Member of the Management Board
Normunds Zvaunis

This document is electronically signed with secure electronic signatures containing the time stamps.

IMPORTANT INFORMATION

To the fullest extent permitted by law, the Arranger and Dealer accepts no responsibility whatsoever for the contents of this Base Prospectus. The Arranger and Dealer accordingly disclaims all and any liability which it might otherwise have in respect of this Base Prospectus.

Neither the Arranger and Dealer nor any of its respective affiliates have authorised the whole or any part of this Base Prospectus and none of them make any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus or any responsibility for any acts or omissions of the Issuer or any other person in connection with issue and offering of the Bonds.

No person is authorised to give any information or to make any representation not contained in this Base Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger or the Dealer. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Base Prospectus, any Final Terms nor any other information supplied in connection with the offering of the Bonds (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Arranger or Dealer that any recipient of this Base Prospectus, any Final Terms or any other information supplied in connection with the offering of the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the offering of the Bonds constitutes an offer or invitation by or on behalf of the Issuer or the Arranger or Dealer, to any person to subscribe for or to purchase any Bonds.

Each potential investor in the Bonds must make their own assessment as to the suitability of investing in the Bonds. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Base Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds are governed by Latvian law and any disputes arising in relation to the Bonds shall be settled exclusively by the courts of the Republic of Latvia in accordance with Latvian law.

DISTRIBUTION OF THE BASE PROSPECTUS AND SELLING RESTRICTIONS

The distribution of this Base Prospectus and any Final Terms may in certain jurisdictions be restricted by law, and this Base Prospectus and any Final Terms may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Bonds, or otherwise to permit a public offering of the Bonds, in any jurisdiction other than the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia. The Issuer, the Arranger and the Dealer expect persons into whose possession this Base Prospectus or any Final Terms comes to inform themselves of and observe all such restrictions. Neither the Issuer nor the Arranger or Dealer accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of the Bonds is aware of such restrictions. In particular, this Base Prospectus and any Final Terms may not be sent to any person in the United States, Australia, Canada, Japan, Hong Kong, South Africa, Singapore, Russia, Belarus, or any other jurisdiction in which it would not be permissible to deliver the Bonds, and the Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any of these countries.

In accordance with Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (as amended), this Base Prospectus and any Final Terms may not be addressed to any Russian national or natural person residing in Russia, or any legal person, entity or body established in Russia. The latter shall not apply to nationals of a Member State of the European Union, of a country member of the European Economic Area or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the European Economic Area or in Switzerland.

In accordance with Council Regulation (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus (as amended), this Base Prospectus and any Final Terms may not be addressed to any Belarusian national or natural person residing in Belarus or any legal person, entity or body established in Belarus. The latter shall not apply to nationals of a Member State of the European Union or to natural persons having a temporary or permanent residence permit in a Member State of the European Union.

The Bonds have not been, and will not be, registered under the U.S. Securities Act 1933 (as amended) (the "**Securities Act**"), or with any securities regulatory authority of any state of the United States. This Base Prospectus or the Final Terms are not to be distributed to the United States or in any other jurisdiction where it would be unlawful. The Bonds may not be offered, sold, pledged or otherwise transferred, directly or indirectly, within the United States or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (the "**Regulation S**")),

except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

The Bank of Latvia (in Latvian – *Latvijas Banka*), as competent authority under the Prospectus Regulation, has approved this Base Prospectus and has notified the approval of the Base Prospectus to the competent authority in Lithuania (the Bank of Lithuania (in Lithuanian – *Lietuvos Bankas*)) and Estonia (the Estonian Financial Supervision Authority (in Estonian – *Finantsinspektsioon*)). However, in relation to each member state of the European Economic Area (the “**EEA**”) (except the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia), the Dealer has represented and agreed that it has not made and will not make any public offer of Bonds prior to that EEA member state’s authority receiving a certificate of approval of the Bank of Latvia attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Regulation together with a copy of the Base Prospectus.

Accordingly, any person making or intending to make an offer within the EEA of Bonds which are the subject of an offering contemplated by this Base Prospectus and the relevant Final Terms (other than the offer of Bonds in the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia) may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET: The Final Terms in respect of any Bonds will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Bonds and which channels for distribution of the Bonds are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), the Dealer subscribing for any Bonds is a manufacturer in respect of such Bonds, but otherwise neither the Arranger nor the Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical Financial Statements

With the exception of certain alternative performance measures ("**APMs**"), the financial information included in this Base Prospectus has been derived from:

- the Issuer's unaudited interim report for the three-month period ending 31 March 2025, prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("**IFRS**") (the "**2025 Interim Financial Statements**");
- the Issuer's unaudited interim report for the three-month period ending 31 March 2024, prepared in accordance with IFRS (the "**2024 Interim Financial Statements**");
- the Issuer's annual report, representing audited standalone financial statements for the financial year ending 31 December 2024, prepared in accordance with IFRS (the "**2024 Financial Statements**");
- the Issuer's annual report, representing audited standalone financial statements for the financial year ending 31 December 2023, prepared in accordance with IFRS (the "**2023 Financial Statements**"), and together with the 2025 Interim Financial Statements, the 2024 Interim Financial Statements and the 2024 Financial Statements, the "**Financial Statements**").

Auditors and unaudited information

Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE" audited the 2024 Financial Statements and issued an unqualified auditors' report on the aforementioned financial statements.

Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE" audited the 2023 Financial Statements and issued an unqualified auditors' report on the aforementioned financial statements.

Alternative performance measures

This Base Prospectus includes certain references to APMs derived from the Financial Statements such as EBITDA, Net Debt, Debt Service Coverage Ratio (DCSR), Interest coverage ratio (ICR), Net debt / EBITDA and Equity ratio. The Issuer uses these APMs to evaluate its performance, and this additional financial information is presented in this Base Prospectus. This information should be viewed as supplemental to the Financial Statements. Investors are cautioned not to place undue reliance on this information and should note that the APMs, as calculated by the Issuer, may differ materially from similarly titled measures reported by other companies, including the Issuer's competitors.

The APMs presented in the Base Prospectus are not IFRS measures. An APM should not be considered in isolation from, or as substitute for any analysis of, financial measures defined according to IFRS. Investors are advised to review these APMs in conjunction with the Financial Statements contained in this Base Prospectus. None of the APMs is subject to any audit or review by independent auditors.

The APMs should not be used instead of, or considered as alternatives to, the Issuer's historical financial results based on IFRS. The APMs relate to the reporting periods and are not meant to be predictive of future results.

The following tables present the selected APMs of the Issuer for the indicated periods or as of the indicated dates:

| | | Year ended 31 December | | | | | 3 months ended 31 March | |
|--------------------------|-----------|------------------------|------|------|------|------|-------------------------|------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2024 | 2025 |
| EBITDA | € million | 23 | 21 | 21 | 24 | 26 | 6 | 9 |
| Net Debt | € million | 16 | 14 | 24 | 36 | 55 | 43 | 58 |
| DSCR | ratio | 4.4 | 3.8 | 1.5 | 3.6 | 3.2 | 6.7 | 6.1 |
| ICR | ratio | 75.0 | 78.1 | 66.7 | 18.3 | 14.2 | 12.5 | 16.6 |
| Net Debt / EBITDA | ratio | 0.7 | 0.6 | 1.2 | 1.5 | 2.2 | 1.9 | 2.0 |
| Equity ratio | per-cent | 52% | 55% | 51% | 51% | 74% | 52% | 74% |

Management of the Issuer uses EBITDA, Net Debt, Debt Service Coverage Ratio (DSCR), Interest coverage ratio (ICR), Net debt / EBITDA and Equity ratio measures because the Issuer believes that these measures are commonly used by lenders, investors and analysts.

These measures are presented for purposes of providing investors with a better understanding of the Issuer's financial performance, cash flows or financial position as they are used by the Issuer when managing its business.

EBITDA

EBITDA should not be considered as alternative to profit before tax as defined by IFRS or to cash flows from operating activities (or any other performance measure determined in accordance with IFRS) or as indicator of operating performance or as measure of the Issuer's liquidity. EBITDA should not be considered as measures of discretionary cash available to the Issuer to invest in the growth of the Issuer's businesses.

EBITDA has certain limitations as an analytical tool, and should not be considered in isolation, or as a substitute for financial information as reported under IFRS. Investors should not place undue reliance on this data.

EBITDA in this Base Prospectus is presented, for each period, as: earnings before interest, corporate income tax, financial income, and depreciation and amortization.

No statement in this Base Prospectus is intended as a profit/EBITDA forecast and no statement in this Base

Prospectus should be interpreted to mean that the earnings of the Issuer for the current or future years would necessarily match or exceed the historical published earnings of the Issuer.

The table below presents a reconciliation of EBITDA to the net profit:

| | | Year ended 31 December | | | | | 3 months ended 31 March | |
|-------------------------------|------------|------------------------|---------------|---------------|---------------|---------------|-------------------------|--------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2024 | 2025 |
| Net profit | € thousand | 8 098 | 5 516 | 5 161 | 7 533 | -18 275 | 1 405 | 1 058 |
| Financial income, net | € thousand | 317 | 303 | 348 | 1279 | 1635 | 415 | 507 |
| Income tax | € thousand | 0 | 0 | 0 | 0 | 0 | 0 | 4.2 |
| Depreciation and amortization | € thousand | 14 786 | 15 228 | 15 055 | 14 870 | 42 489 | 4 151 | 7 041 |
| EBITDA | € thousand | 23 201 | 21 047 | 20 564 | 23 682 | 25 850 | 5 971 | 8 610 |

Net debt

Net debt consists of borrowings at the end of period, subtracting cash and cash equivalents at the end of the period. Cash and cash equivalents include placed fixed-term deposits with a maturity of less than 3 months.

It is used for the purpose of calculating the debt ratio by which the Issuer monitors its capital.

The following table illustrates the methodology the Issuer uses to determine net debt of the Issuer:

| | | Year ended 31 December | | | | | 3 months ended 31 March | |
|--------------------------------------|-----------------------|------------------------|---------------|---------------|---------------|---------------|----------------------------|---------------|
| | | 2020 | 2021 | 2022 | 2023 | 2024 | 2024 | 2025 |
| Borrowings | € thousand | 34 472 | 29 319 | 51 302 | 54 737 | 68 377 | 54 722 | 75 195 |
| Less Cash and cash equivalents | € thousand | 18 319 | 15 784 | 26 883 | 18 924 | 12 725 | 11 954 | 17 524 |
| Net debt | € thousand | 16 153 | 13 536 | 24 419 | 35 813 | 55 651 | 42 768 | 57 671 |

Debt Service Coverage Ratio (DSCR)

DSCR measures the ability of the Issuer to service its debt and is calculated as EBITDA divided by Debt Service Charges over the relevant period. Debt Service Charges constitute the sum of the Issuer's scheduled principal payments pursuant to the agreements on debt and interest payments, including interest rate swap payments on debt.

DSCR evaluates the Issuer's ability to service its debt, including both principal and interest payments, with its operating income (EBITDA).

Interest Coverage Ratio (ICR)

ICR is calculated as the ratio of EBITDA to Net Finance Charges for the relevant period. Net Finance Charges include all recurring debt related charges of the Issuer for the Relevant Period calculated according to the most recent Financial Reports, including: (a) cash interest expense on Financial Indebtedness (after deducting any interest income relating to Cash and Cash equivalents); and (b) including cash interest expense on guarantees issued by a bank or other financial institution.

The Interest Coverage Ratio assesses the Issuer's ability to meet its interest obligations from its operating earnings (EBITDA).

Net Debt to EBITDA

Net debt to EBITDA is used as a measure of financial leverage and the Issuer's ability to pay off its debt. The ratio is calculated by dividing the net debt by the trailing 12 months EBITDA. The ratio gives an indication as to how long the Issuer would need to operate at its current level to pay off all its debt.

Equity Ratio

Ratio of Total equity to total assets, calculated according to the most recent Financial Report, it measures the proportion of the Issuer's total assets that are financed by shareholders' equity. A higher ratio indicates a greater buffer against financial distress, as it shows the extent to which the Issuer's operations are funded by owners' contributions rather than borrowed funds.

Rounding

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Currencies

In this Base Prospectus, financial information is presented in euro (EUR), the official currency of the European Union Member States in the Eurozone.

Date of information

This Base Prospectus is drawn up based on information which was valid as of the date of this Base Prospectus. Where not expressly indicated otherwise, all information presented in this Base Prospectus (including the financial information of the Issuer, the facts concerning its operations and any information on the markets in which it operates) must be understood to refer to the state of affairs as of the aforementioned date. Where information is presented as of a date other than the date of the Base Prospectus, this is identified by specifying the relevant date.

Certain publicly available information

Certain statistical data and other information appearing in this Base Prospectus have been extracted from public sources identified in this Base Prospectus. None of the Arranger, the Dealer or the Issuer accepts responsibility for the factual correctness of any such statistics or information, but the Issuer accepts responsibility for accurately extracting and transcribing such statistics and information and believes, after due inquiry, that such statistics and information represent the most current publicly available statistics and information from such sources at the dates and for the periods with respect to which they have been presented. The Issuer confirms that all such third-party information has been accurately reproduced and, so far as the Issuer is aware and has been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Information on the EuGBs

Information on the EuGBs, including the European Green Bond Factsheet and the pre-issuance review, dated 6 May 2025 by Sustainable Fitch Ireland Limited, legal entity identifier (LEI): 213800JBPIRON5YQ587, is available on the Issuer's website: <https://www.rigasudens.lv/en/investors/eugb>. Neither the European Green Bond Factsheet nor the pre-issuance review, nor any allocation report, post-issuance review, impact report, impact report review or any other document related thereto are incorporated in, or forms part of, this Base Prospectus.

Websites

Information contained in any website referred to herein does not form part of this Base Prospectus.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Base Prospectus and include, but are not limited to, statements regarding the Issuer or the Issuer’s intentions, beliefs or current expectations concerning, among other things, the Issuer’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Issuer operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the financial position and results of operations of the Issuer, and the development of the markets and the industries in which members of the Issuer operate, may differ materially from those described in, or suggested by, the forward-looking statements contained in this Base Prospectus. In addition, even if the Issuer’s results of operations and financial position, and the development of the markets and the industries in which the Issuer operates, are consistent with the forward-looking statements contained in this Base Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements. See Section “*Risk Factors*” below.

These forward-looking statements are made only as of the date of this Base Prospectus. Except to the extent required by law, the Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Base Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer, or persons acting on the Issuer’s behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Base Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Bonds should not place undue reliance on these forward-looking statements.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the General Terms and Conditions of any particular Tranche of Bonds, the applicable Final Terms. This overview must be read as an introduction in conjunction with the other parts of the Base Prospectus (including any documents incorporated therein). Any decision to invest in the Bonds should be based on a consideration by the investor of the Base Prospectus as a whole.

Words and expressions defined in the General Terms and Conditions of the Bonds below or elsewhere in this Base Prospectus have the same meanings in this overview.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of the Delegated Regulation.

| | |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer: | SIA "Rīgas ūdens" |
| Legal Entity Identifier (LEI): | 6488Z9Y7BN122Y40LD08 |
| Programme Limit: | Up to EUR 60,000,000 aggregate nominal amount of Bonds outstanding at any one time. |
| Risk Factors: | Investing in Bonds issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Bonds are discussed in Section "Risk Factors" below. |
| Arranger of the Programme: | Signet Bank AS |
| Dealer: | Signet Bank AS |
| Method of Issue: | The Bonds shall be issued in Series. Each Series may comprise one or more Tranches of Bonds. The Bonds of each Tranche will all be subject to identical terms, except that the Issue Dates and the Issue Prices thereof may be different in respect of different Tranches. |
| Form of the Bonds: | The Bonds will be issued in dematerialized form and book-entered with Nasdaq CSD SE. |
| Status and Security: | The Bonds constitute direct, unsecured and unguaranteed obligations of the Issuer ranking <i>pari passu</i> without any preference among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law. |
| Currency: | EUR |

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|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Denomination: | The nominal amount of each Bond shall be specified in the Final Terms. |
| Issue Price: | The Bonds will be issued at a price within a range that will be determined by the Issuer and specified in the Final Terms. |
| Interest: | The Bonds will bear interest at a fixed interest rate that will be specified in the Final Terms. |
| Maturity: | The Bonds shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms. Each Series of Bonds may have a maturity up to 10 (ten) years. |
| Early Redemption: | If specified in the Final Terms, the Issuer is entitled to redeem each Series of Bonds, in whole but not in part, (i) at any time during the period between 12 (twelve) months and 3 (three) months prior to their maturity at a price equal to 101 (one hundred and one) percent of the nominal amount of the Bonds together with the accrued interest, or (ii) at any time during the period of 3 (three) months prior to their maturity at a price equal to the nominal amount of the Bonds together with the accrued interest, as more fully set out in Clauses 9.3 and 9.4 of the General Terms and Conditions of the Bonds. |
| Change of Control: | Following the occurrence of a Change of Control the Bondholders will be entitled to request the Issuer to redeem or, at the Issuer's option, procure the purchase of their Bonds, as more fully set out in Clause 12 of the General Terms and Conditions of the Bonds. |
| Negative Pledge: | The Bonds will have the benefit of a negative pledge as described in Clause 13 of the General Terms and Conditions of the Bonds. |
| Cross Default: | The Bonds will have the benefit of a cross default provision as described in Clause 14 of the General Terms and Conditions of the Bonds. |
| Listing: | Application will be made to Nasdaq Riga for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche, and as soon as reasonably practicable after the Issue Date of any further Tranche of the same Series. |
| Taxation: | All payments in respect of the Bonds by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (" Taxes "), unless the withholding or deduction of the Taxes is required by the laws of the Republic of Latvia. In such case, the Issuer shall make such payment after the |

withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amount so required to be withheld or deducted. The Issuer shall not be obligated to make any additional compensation to the Bondholders in respect of such withholding or deduction.

Rating:

As of the date of this Base Prospectus, the Issuer has a credit rating A3 by Moody's Ratings. The outlook is stable. A Series of Bonds to be issued under the Programme may be rated or unrated.

A rating is not a recommendation to buy or sell or hold Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.

European Green Bond Factsheet:

The Bonds are issued pursuant to the EuGB Regulation and the European Green Bond Factsheet, which has been subject to a pre-issuance review with a positive opinion, dated 6 May 2025 by Sustainable Fitch Ireland Limited, legal entity identifier (LEI): 213800JBPPIRON5YQ587, and is available on the Issuer's website <https://www.rigasudens.lv/en/investors/eugb> but is not incorporated in this Base Prospectus and does not form a part of the Base Prospectus.

Governing Law:

Latvian law.

Dispute Resolution:

Any disputes relating to or arising in relation to the Bonds shall be settled solely by the courts of the Republic of Latvia of competent jurisdiction.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Bonds and on the distribution of the Base Prospectus in the United States of America, the EEA (with respect to retail investors), the Republic of Latvia, the Republic of Lithuania, the Republic of Estonia and other jurisdictions, see Section *"Distribution of the Base Prospectus and Selling Restrictions"*.

RISK FACTORS

Prospective investors are advised to carefully consider the risk factors and other information provided in this Base Prospectus. Investing in the Bonds involves certain risks including but not limited to the risks described herein.

The Issuer believes that if one or more of the risk factors described herein emerges, it could have a negative effect on the Issuer's business operations, financial position and/or business results and, thereby, the Issuer's ability to fulfil its obligations under the Bonds as well as the market price and value of the Bonds. If these risks were to lead to a decline in the market price of the Bonds, prospective investors could lose all or part of their investment.

The risks and uncertainties described herein are the risks which the Issuer has deemed material; however, they are not the only factors affecting the Issuer's activities. Therefore, the Issuer does not claim that the statements below regarding the risks of acquiring and/or holding any Bonds are exhaustive. Also, other factors and uncertainties than those mentioned herein, which are currently unknown or deemed immaterial, could negatively affect the Issuer's business operations, financial position and/or business results and, thereby, the Issuer's ability to fulfil its obligations under the Bonds as well as the market price and value of the Bonds.

Most of these risk factors are contingencies which may or may not occur and the Issuer is not in a position to assess or express a view on the likelihood of any such contingency occurring.

The most material risk factors have been presented at the beginning in each category. The order of presentation of the remaining risk factors in each category in this Base Prospectus is not intended as an indication of the probability of their occurrence or of their potential effect on the Issuer's ability to fulfil its obligations under the Bonds.

All investors should make their own evaluations of the risks associated with an investment in the Bonds and should consult with their own professional advisers if they consider it necessary.

Macroeconomic and Political Risks

Risks related to macroeconomic conditions

The results of the business operations of the Issuer are dependent on Latvia's macroeconomic situation, including GDP, industrial production, inflation, energy prices, unemployment, consumer affluence, and fiscal policies. Additionally, the Issuer must navigate regional and international economic dynamics, which are affected by electricity prices in Latvia, the Baltic and Nordic regions, as well as commodity prices and consumer behaviour. Severe deterioration of either global, regional or national economic situation and/or financial position of the Latvian government may impede the capacity of the Issuer to honour its financial obligations. Furthermore, despite the Issuer's strong balance sheet, an unforeseen economic downturn could lead to reduced water service consumption, adversely affecting revenue and operational stability.

The macroeconomic environment may influence the Issuer's results of operations and financial condition. Adverse economic and financial market conditions may affect the Issuer in several ways, including, among others, an unexpected downturn in the economy could have an impact on the Issuer's customers and negatively affect its growth and results of operations through reduced water consumption. Also, households' capability to fulfil their obligations towards the Issuer may deteriorate, which could lead to an increase in the Issuer's overdue portfolio, creating adverse effect on the Issuers business and financial position

Any negative effect on the economy may decrease incomes of the Issuer's customers and the demand for the Issuer's services. Such effects may also result in insolvency of the Issuer's business partners, which could affect the operations of the Issuer, as well as its financial standing.

Political risk

The ability of the Issuer to achieve its business goals, *inter alia*, depends on the legislative environment and on political and social decisions made by the Issuer's shareholder, the Riga City Municipality. Political decisions adopted by the Riga City Council may have an adverse effect on business operations and financial position of the Issuer.

Strategic Risks

Risks related to strategic planning and implementation

The Issuer's financial stability depends on strategic planning that accurately defines goals, directions of action, and performance indicators aligned with internal objectives and external factors. When these elements are outdated, misaligned, or mismanaged, operational sustainability and long-term viability of the Issuer may be affected. The risks may involve inadequate determination of performance indicators or goals that fail to reflect evolving realities.

Given the unpredictable development of unsewered areas in Riga City, driven by investor activity and the anticipated increase in properties connected to the Riga centralised sewerage system to meet Directive 2024/3019 requirements, coupled with the lack of a clear development vision for wastewater discharge from peripheral municipalities, there is a risk that insufficient system capacity may prevent additional connections. This could restrict the development of Riga and peripheral undeveloped areas, potentially leading to negative environmental impacts. To address this, substantial investments may be required within a limited timeframe to expand and upgrade the sewerage infrastructure.

Work planning, control, and supervision also involve risks relating to ineffective oversight of socially significant investments, such as infrastructure expansion for the sewerage network, risks mismanagement and public dissatisfaction. While existing control mechanisms, including regular project audits and compliance reviews, mitigate some risks, gaps in monitoring or enforcement can still result in delays or cost overruns.

To address strategic planning-related risks, the Issuer is actively monitoring the established and planned treatment requirements and continues to work on projects such as the improvements in Vārnukrogs sludge storage facility, the sewage sludge anaerobic digester expansion project and expansion of wastewater treatment plant “Daugavgrīva”. A strategic project management procedure as well as a dedicated investment planning and execution control procedure has been introduced to ensure continuous oversight of projects. Additionally, efforts are being made to increase connection numbers through measures like co-financing programs, public awareness campaigns, and resident engagement. The process of connection provision, especially for high-risk construction projects, is being thoroughly reviewed. The Issuer actively participates in various environmental and water resource management initiatives, including the consultation process of Ministry of Climate and Energy for transposition of EU Directive 2024/3019 requirements into Latvian legislation, participation in the Latvian Water Supply and Sewerage Association LŪKA, European Federation of National Associations of Water Services EurEau and involvement in EU fund-related activities. Ongoing updates to Riga City’s development programs and strategic plans ensure effective investment planning and execution, with a focus on optimizing water resource management and infrastructure development.

If, however, despite the Issuer’s efforts any of these risks materialise, this may have an adverse impact on the Issuer’s reputation, business and financial position.

Market risks

The Issuer, being the sole provider of water supply services in Riga City, operates in a dynamic market influenced by changing customer behaviours, preferences, and habits, as well as fluctuations in the demand and supply of its services. These market risks present challenges to maintaining stable revenue streams, meeting customer expectations, and achieving long-term strategic objectives.

Changes in customer behaviour, driven by economic conditions, environmental awareness, or demographic trends, may pose a market risk. For instance, during economic downturns, customers may reduce water consumption or delay bill payments, straining the Issuer’s cash flow. Additionally, a shift in consumer preferences toward water-saving technologies could reduce reliance on the Issuer’s services, necessitating adjustments in operational planning and revenue models.

Risks Related to Environment and Climate

Energy efficiency risks

Risks related to energy efficiency arise from challenges in optimizing resource use and adapting to increasing energy costs, regulatory demands, and technological advancements. The Issuer’s operations rely significantly on energy and resource inputs, making energy efficiency essential for ensuring financial stability, environmental responsibility, and long-term sustainability.

External factors, such as climate variability, exacerbate energy efficiency risks. Prolonged heatwaves or heavy rainfall can strain energy-intensive systems, requiring additional resource allocation to maintain consistent service levels. These disruptions may further increase operational costs and challenge the Issuer's ability to meet environmental and service delivery targets.

Inefficient energy consumption in critical areas such as water extraction, wastewater treatment, and distribution networks can lead to higher operational expenses. For instance, aging of water supply and sewerage networks infrastructure and technologies in use, the water supply and sewerage pumping stations and biological waste water treatment plant "Daugavgrīva" may contribute to increased energy use. Rising energy prices further intensify financial pressures, reducing overall cost efficiency and limiting the Issuer's ability to allocate resources to other strategic priorities.

To mitigate energy efficiency risks, the Issuer has implemented several strategic initiatives, including the enhancement of on-site renewable energy generation, the optimization of energy efficiency measures, and the rehabilitation of water supply and sewerage infrastructure.

Risks related to extreme conditions

The Issuer's operations face growing vulnerabilities from extreme weather events and long-term climate changes. These risks, categorized as acute and chronic, threaten to disrupt services, damage critical infrastructure, and impose substantial financial and operational burdens.

Acute risks include extreme weather events such as intense storms, heavy rainfall, floods, and unseasonal temperature extremes. These events can overwhelm infrastructure and disrupt operations, as well as disrupt and delay the restoration of essential services. Insufficient hydraulic capacity of the wastewater treatment plant "Daugavgrīva" during heavy rainfall may increase the number of emergency discharges into Daugava, leading to potential overflows, environmental hazards, and service interruptions. Extreme weather events may also damage the Issuer's real estate, causing financial losses and impacting operations.

To mitigate these risks, the Issuer is implementing the expansion concept of the biological wastewater treatment plant "Daugavgrīva". It monitors wastewater flows and is working on a plan to build retention tanks in the sewer networks and mechanical pretreatment of wastewater in the emergency releases. Various measures are also being taken at the Issuer's facilities to ensure business continuity, such as installation of a two-line power supply, purchase of power generators, and others.

Environmental pollution risks

The Issuer's operations are influenced by various environmental risks related to wastewater management, infrastructure capacity, and compliance with environmental regulations. These risks include potential breaches in regulatory limits, such as proportion of treated wastewater, pollution levels of treated wastewater and odour emissions.

Ensuring the cleanliness and safety of water supplied to consumers is of paramount importance. To uphold these standards, the water treatment station employs a meticulous water treatment process, including daily microbiological testing at critical stages: the intake point, throughout the treatment process, and in the final drinking water.

The Issuer conducts regular and comprehensive monitoring of the sewer network, pollution levels, and odour concentrations to ensure effective management and timely response to potential issues. The monitoring process is further supported by the use of sorbent technology, which plays a vital role in controlling odour, especially during the summer months when odour management is of particular concern. The Issuer is also working on advancing the expansion concept for the wastewater treatment plant “Daugavgrīva” to enhance wastewater pre-treatment processes.

Materialisation of any of these risks may have an adverse effect on the Issuer’s business operations and financial standing.

Risks Related to Business Operations

Risks related to technological processes

Potential failures in water extraction processes, equipment malfunctions, contamination of water sources and power supply interruptions, particularly in systems with aging infrastructure, may lead to additional costs, cause environmental pollution and disrupt water availability, affecting both residential and industrial customers and potentially undermining the Issuer’s operational efficiency, financial standing and reputation.

Failures in treatment systems, capacity constraints, or operational inefficiencies can result in untreated or inadequately treated wastewater being released into the environment. Heavy rainfall or snowmelt may overload sewer networks, causing environmental damage and service interruptions. Insufficient pumping station capacity during such events can necessitate emergency overflows, leading to untreated wastewater discharges into Daugava, further exacerbating environmental impacts, disrupting service for a broad customer base, and incurring additional taxes. Moreover, power fluctuations or interruptions, automatic control system equipment failures or communication failures may result in interruptions or shutdowns of the automatic control and communication system of the sewage pumping station, resulting in a partial impact on the operation of the sewage pumping station. Centralized water pipes can also face significant risks from aging infrastructure, external factors, and third-party actions, leading to potential pipe bursts, leaks, blockages, or damage to critical components like valves and fire hydrants. These issues can interrupt drinking water supply, reduce water pressure, and disrupt fire hydrant functionality.

To mitigate potential risks, continuous monitoring and flow regulation of wastewater are conducted at pumping stations, with a defined key risk indicators for pollution levels in wastewater inflows. The expansion of the wastewater treatment plant “Daugavgrīva” is being realized, and automatic control system is being gradually replaced and integrated into the overall ABB SCADA automatic control system. Regular maintenance ensures the uninterrupted operation

of all systems, including a dedicated external service contract for communication systems. For power supply resilience, the Issuer ensures dual 110kV high-voltage lines and operates a stand-alone cogeneration station with a 2MW capacity. The sewage pumping station located at Daugavgrīvas iela 101, Riga, receives electricity from two independent substations located in different districts of Riga City, so that if one input is disconnected, it can be switched to the other. The operation of the electrical equipment is regularly monitored, planned preventive maintenance and technical maintenance of the power supply is carried out.

Security risks of information systems and resources

The Issuer's reliance on information systems and technological resources is critical for seamless operations, efficient service delivery, and compliance with regulatory standards. However, this reliance exposes the Issuer to significant security risks, particularly in safeguarding the availability, integrity, and confidentiality of information. With the growing complexity of cyber threats and increased reliance on digital systems, these risks have become more pronounced, potentially disrupting operations and compromising sensitive data.

The deterioration of the global political situation has resulted in an increase in cyber threats across the EU, particularly targeting state institutions, local governments, and critical infrastructure. This escalation has a significant impact on data security and the continuity of service delivery. Concern also involves protecting information systems against unauthorized access, cyberattacks, and data breaches. Threats such as ransomware attacks, phishing schemes, and system intrusions could compromise customer data, disrupt operational processes, and result in regulatory non-compliance. The consequences of such breaches include reputational harm, financial losses, and potential legal penalties.

To mitigate these risks, the Issuer has implemented data leakage prevention tools and employs internal monitoring and auditing using technical resources. The Issuer also restricts external access to the automated management system by establishing a controlled number of system users, based on the number of employees, and assigns specific access rights for each individual to ensure that only authorized personnel can access sensitive data. The Issuer's IT Department is operating under an enhanced cyber security monitoring regime. A contingency plan has been developed for large-scale cyberattack scenarios, which includes disconnecting external connections. The capacity for audit log volume has been increased to ensure the full scope of audit logs is captured. The firewall system has been replaced, providing additional protection for the critical infrastructure that is separated from the business network. A contract has been signed for the provision of business and critical infrastructure security services in certified data centres (Latvia State Radio and Television Center). Additionally, the Issuer's IT department has initiated an increase in staff to ensure greater control over outsourced services and to maintain knowledge continuity for specific systems.

Risks of business process management

The Issuer's ability to maintain operational efficiency and meet strategic objectives relies on the effective management of business processes. Risks in this area stem from challenges in ensuring processes are well-defined, compliant with regulatory and internal requirements, and resilient to disruptions. Ineffective process management can result in inefficiencies, service interruptions, and reputational damage, particularly when external and unforeseen conditions arise.

Misalignment of business processes with regulatory requirements and internal policies may lead to inefficiencies, increased operational costs, and penalties. For instance, inadequate monitoring of water treatment and distribution processes could result in delays or errors that impact service quality, erode public trust, and attract regulatory scrutiny. Control mechanisms and their effectiveness represent another critical area. Weak or poorly implemented controls can allow inefficiencies and non-compliance to persist undetected. Without robust mechanisms for process evaluation and refinement, the Issuer may struggle to adapt to evolving operational or regulatory demands.

The Issuer has established a robust proactive risk management framework, ensuring timely mitigation and prevention of risks through targeted methods and tools. Collaboration with Latvian state authorities strengthens controls, while quality monitoring and customer service standards enhance data accuracy and engagement. The IT development strategy focuses on improving data utilisation and business processes, supported by updated critical network lists and renewal methodologies to ensure infrastructure sustainability.

Investment prioritisation systems and regular monitoring of financial and non-financial targets promote efficient resource allocation and project planning, complemented by careful scheduling to minimise unnecessary financial costs. Collectively, these measures enhance the Issuer's capacity to effectively identify, manage, and mitigate risks, safeguarding operations and reputation.

Business continuity risks

The Issuer's ability to maintain uninterrupted operations in the face of external disruptions is critical to ensuring service reliability, regulatory compliance, and stakeholder trust. Business continuity risks stem from threats such as natural disasters, terrorism, pandemics, and other external factors that could impact the Issuer's infrastructure, operations, and resources. These risks underscore the need for preparedness and resilience to safeguard essential services.

Natural conditions, including extreme weather events like floods, storms, and heatwaves, pose significant threats to infrastructure and operations. For example, storm-induced power outages to water extraction and supply facilities can cause interruptions in water supply, which in turn negatively affects the network. Heavy rainfall could overwhelm sewerage networks, sewage pumping stations or damage key facilities like wastewater treatment plant "Daugavgrīva", resulting in wastewater emergency releases and increased maintenance costs. Human-made threats, including terrorism, cyberattacks, or industrial accidents, add another layer of complexity.

Similarly, chronic climate conditions, such as rising sea levels in the hundred years span, may necessitate the relocation or fortification of infrastructure in vulnerable areas to maintain long-term operational continuity. Targeted attacks on infrastructure or critical systems could lead to widespread disruptions, financial losses, and reputational damage.

The Issuer has implemented an operational risk management system to ensure the annual assessment and mitigation of risks associated with technological equipment, environmental factors, fire, explosions, chemical, biological, and physical safety. Business continuity is supported by dual-line power supply systems, backup generators, purchased tanks for fuel transportation and defined short-term/medium-term critical infrastructure enhancements. Additionally, a comprehensive continuity plan for critical infrastructure and IT operations has been developed, encompassing data backup, operational continuity, and recovery procedures. A critical staff list has been approved, and a contract with Sabiedrība ar ierobežotu atbildību "Tet" ensures a dedicated optical data transmission channel at the Issuer's key locations to mitigate data transmission disruption risks.

Limitation of the scope of the Issuer's business operations by the Riga City Council

The Issuer has entered into an agreement with the Riga City Council, dated 24 July 2019, on provision of water supply and sewerage services within the administrative territory of Riga City. By this agreement, the Riga City Council has assigned the Issuer with the task to provide various public water management services by using the water supply and sewerage network of Riga City owned by the Issuer, including, among others, abstraction, accumulation, preparation and supply of water, and wastewater collection and treatment.

The agreement with the Riga City Council has been concluded for a period of 10 years with an option to extend the term of the agreement if a relevant decision of the Riga City Council has been adopted. The current agreement is a continuation of a previous agreement on provision of water management services by the Issuer to Riga City, dated 10 June 2009, and any prolongation of the Issuer's remit will have to be renewed by 23 July 2029.

As a result of the necessity to enter into a new agreement with the Riga City Council and further prolongation of the Issuer's remit, as of 24 July 2029 the scope of the Issuer's business operations may be altered.

Considering that the Riga City Municipality is the sole shareholder of the Issuer and the Issuer owns the water supply and sewerage network that is used for provision of public water management services in Riga City, the Issuer's estimate for the limitation of the scope of the Issuer's business operations by the Riga City Council is low.

Legal and Regulatory Risks

Legislative risks

Legislative risks stem from amendments to laws, regulations, or policies that may impose new compliance obligations, alter operational frameworks, or increase costs, thereby challenging the alignment of the Issuer's strategic objectives with external requirements. The Issuer operates within a regulatory landscape subject to frequent changes that can significantly impact its ability to achieve strategic goals.

Changes in legislation often necessitate adjustments in planned investments or operational processes. For example, evolving standards for wastewater treatment, such as stricter nitrogen concentration regulations, could require modernization of the wastewater treatment plant "Daugavgriva" or upgrades to other facilities. There is also a possibility that the European Commission will propose a revision of Directive 86/278/EEC on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture, which may result in the Issuer's existing sludge treatment method not meeting the new requirements. Such adjustments may delay the implementation of strategic initiatives, lead to resource misallocation, and strain financial and operational capacities.

To mitigate legislative risks, the Issuer employs proactive regulatory monitoring and regularly engages with policymakers and industry stakeholders. This approach helps anticipate regulatory changes and align strategic plans accordingly.

General Data Protection Regulation compliance risk

There is a risk that the Issuer has not taken the necessary measures to ensure compliance with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and the free movement of such data and repealing Directive 95/46/EC (General Data Protection Regulation). This may have an adverse effect on the financial position and reputation of the Issuer.

The Issuer ensures that personal data of customers is always safe and that the processing of personal data is consistent with existing data protection legislation, internal policies, guidelines, and procedures. The Issuer has developed and implemented the necessary internal standards and personal data protection system. The Issuer has also appointed a data protection officer for ensuring the compliance with the requirements, guidelines, and procedures of personal data protection regulation.

In addition, the Issuer conducts reviews, provides employee training and enhances its protection measures to safeguard personal data against unauthorized access, accidental loss, disclosure, or destruction.

Compliance risk

Compliance risk arises from the Issuer's obligation to adhere to a dynamic and multifaceted legal and regulatory framework governing its operations. These risks include potential failures to meet regulatory requirements, internal policies, or industry standards, which may result in financial penalties, operational disruptions, legal liabilities, and reputational harm.

Operating in a highly regulated environment, the Issuer is subject to stringent environmental, health, safety, and financial reporting standards. For instance, non-compliance with wastewater treatment regulations, such as exceeding permissible discharge limits, could lead to fines, operational restrictions, or activity suspensions. Such breaches erode stakeholder trust, including among customers, regulators, and investors, amplifying the reputational impact. Internal compliance challenges also contribute to this risk. Weak internal controls, insufficient employee training, or inadequate awareness of regulatory requirements can result in unintentional violations. Inconsistencies in compliance monitoring and reporting mechanisms may expose the Issuer to undetected risks, increasing the likelihood of penalties or enforcement actions. Compliance can also be affected by various external circumstances, such as accidents, weather conditions or unlawful actions by third parties.

The Issuer has established a risk management system to ensure pro-active risk management, as well as timely introduction of corrective measures for mitigation or elimination of the compliance risks. The risk management methods are chosen depending on materiality of the particular risk and its impact on the Issuer's operations. To further support these efforts, the Issuer actively communicates with regulators and industry bodies, as well as educates its employees on relevant regulatory frameworks and legislative changes, ensuring they are equipped to navigate evolving compliance requirements effectively.

Litigation and dispute risk

Litigation and dispute risk arises from the possibility of legal challenges or conflicts involving the Issuer. These risks stem from disputes with customers, suppliers, regulators, or other third parties, potentially leading to financial losses, operational disruptions, and reputational damage. The Issuer's operations are governed by a complex legal and regulatory framework, and its extensive relationships with external stakeholders further increase exposure to this risk.

Contractual disputes may arise over the interpretation, execution, or terms of agreements with suppliers, contractors, or service providers. For instance, delays or cost overruns in infrastructure projects due to disputes with contractors can strain business relationships and impact operational timelines. Similarly, unresolved payment issues or disagreements over service levels with customers could escalate into legal proceedings, diverting resources and attention from core operations.

The Issuer has implemented a multi-faceted approach to mitigate litigation and dispute risks, ensuring effective management and resolution of potential conflicts. Quality control measures, including conversation monitoring, are actively conducted to maintain high service standards

and prevent misunderstandings that could lead to disputes. A structured service termination procedure and a comprehensive debtor monitoring protocol have been introduced to minimize financial risks associated with non-payment and ensure consistent enforcement of contractual obligations. Furthermore, the Issuer invests in maintaining employee expertise, particularly in the understanding and application of current regulatory requirements and legislative changes, ensuring compliance and reducing the likelihood of disputes arising from regulatory missteps. These measures collectively enhance the Issuer's ability to proactively manage and resolve disputes, safeguarding operational stability and stakeholder trust.

Financial Risks

Risks associated with the credit ratings of the Issuer

Currently, the Issuer has A3 credit rating from Moody's Ratings that reflects its strong institutional and operational linkages as well as an integral role within Riga City as reflected in a clear public policy mandate providing water supply and sewer services. However, any credit rating agency may lower its ratings or withdraw the rating if, in the sole judgement of the credit rating agency, the credit quality of the Issuer has declined or is in question. In addition, at any time a credit rating agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Issuer may be lowered.

According to the existing credit opinion relating to the Issuer's credit rating issued by Moody's Ratings, a credit rating downgrade could follow if sovereign credit rating of Latvia or credit rating of Riga City is downgraded. In addition, a downgrade of the Issuer's credit rating could result in case of any changes in the institutional and financial framework that weaken the Issuer's relationship with the Riga City Municipality.

If any of the ratings assigned to the Issuer is lowered or withdrawn, the market value of the Bonds may be reduced. Furthermore, such ratings may not reflect the potential impact of all risks related to the structure, market, and other factors that may affect the financial standing of the Issuer. Accordingly, a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The Issuer can at any time choose to stop cooperating with the current credit rating agency, which would result in the Issuer no longer being rated, unless the Issuer chooses to be rated by one or several other credit rating agencies. A decline in the rating of the Issuer or withdrawal of the rating by a rating agency may have a material adverse effect on the business, financial condition and results of operations of the Issuer.

Liquidity risk

For liquidity risk assessment purposes the Issuer analyses and assesses the coverage of outbound cash flows by inbound cash flows and liquid assets.

Notwithstanding the foregoing, there is a risk to incur losses in case the Issuer is unable to satisfy the legally valid claims of its creditors in a timely manner, or, in the case of contingency, such as, for instance, unexpected reduction in the volume of cash flows, resulting in a material shortage of liquid assets at the Issuer's disposal.

Risks related to the Bonds

The following risk factors are, among other things, material in order to assess the risks associated with the Bonds.

Possibility to forfeit interest and principal amount invested

Should the Issuer become insolvent, legal protection proceedings or out-of-court legal protection proceedings of the Issuer are initiated during the term of the Bonds, an investor may forfeit interest payable on, and the principal amount of, the Bonds in whole or in part. An investor is always solely responsible for the economic consequences of its investment decisions.

No guarantee or security

The Bonds will not constitute an obligation of anyone other than the Issuer and they will not be guaranteed. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Bonds.

The Bonds are unsecured debt instruments and the Bondholders would be unsecured creditors in the event of the Issuer's insolvency.

The Bonds do not contain covenants governing the Issuer's operations and do not limit its ability to merge or otherwise affect significant transactions that may have a material adverse effect on the Bonds and the Bondholders

The Bonds do not contain provisions designed to protect the Bondholders from a reduction in the creditworthiness of the Issuer. In particular, the General Terms and Conditions of the Bonds do not, except for the Change of Control and Events of Default conditions (see Clause 12 and Clause 14 of the General Terms and Conditions of the Bonds), restrict the Issuer's ability to increase or decrease its share capital, to enter into a merger or other significant transaction that could materially alter its existence, jurisdiction of organization or regulatory regime and/or its composition and business. In the event that the Issuer enters into such a transaction, Bondholders could be materially adversely affected. Furthermore, the Change of Control condition does not restrict the current shareholder of the Issuer, namely, the Riga City Municipality, from disposing any or all of its shareholdings, in case the law, which at the date of this Base Prospectus restricts privatisation or alienation of the shares of the Issuer, is changed.

No limitation on issuing additional debt

In accordance with the General Terms and Conditions of the Bonds the Issuer is not prohibited from issuing further debt. If the Issuer incurs significant additional debt of an equivalent seniority

with the Bonds, it will increase the number of claims that would be equally entitled to receive the proceeds, including those related to the Issuer's possible insolvency. Further, any provision which confers, purports to confer, or waives a right to create security interest in favour of third parties, such as a negative pledge, is ineffective against third parties since: (i) it is an issue of a contractual arrangement only being binding upon the parties to such contractual arrangement; (ii) there is no specific legislation in Latvia providing beneficiaries of negative pledge undertakings or covenants with a preferred position vis-a-vis the claims of third parties; and (iii) no registry or public record exists in Latvia through which negative pledge undertakings or covenants could be filed to obtain a preferred position. Should the Issuer breach its obligations under such undertakings and covenants and create a security interest in favour of a third party, such third party would obtain a valid and enforceable security interest over the pledged asset.

Adverse change in the financial condition or prospects of the Issuer

Any adverse change in the financial condition or prospects of the Issuer may have a material adverse effect on the liquidity of the Bonds and may result in a material decline in their market price. Such adverse change may result in a reduced probability that the Bondholders will be fully repaid on time. This provision concerns for the principal and interest amounts and/or any other amounts and items payable to the Bondholders pursuant to the General Terms and Conditions of the Bonds from time to time.

Risks related to the European Green Bonds

The European Green Bonds are issued in compliance with the EuGB Regulation. As outlined in the "Use of Proceeds" section, the Issuer commits to allocating an amount equal to the total proceeds from the issuance exclusively for expenditures linked to environmentally sustainable activities, as defined in Article 3 of Regulation (EU) No 2020/852, which establishes a framework to facilitate sustainable investment (the "**Taxonomy Regulation**"). Further details on these activities are available in the European Green Bonds Factsheet, which has been subject to a pre-issuance review, dated 6 May 2025 by Sustainable Fitch Ireland Limited, legal entity identifier (LEI): 213800JBPPIRON5YQ587, and is available on the Issuer's website <https://www.rigasudens.lv/en/investors/eugb> but is not incorporated in this Base Prospectus and does not form a part of this Base Prospectus.

The Bank of Latvia is responsible for supervising adherence to the EuGB Regulation and, in this capacity, is vested with certain supervisory powers. These include the authority to impose administrative sanctions and adopt other enforcement measures in response to any failure to comply with the applicable provisions of the EuGB Regulation. These may include (i) suspending or prohibiting the listing of the European Green Bonds or (ii) publicly disclosing the Issuer's non-compliance with the "European Green Bonds" label. Additionally, any failure by the Issuer to adhere to post-issuance reporting obligations under the EuGB Regulation, including securing an external examiner's review document, could result in the Bank of Latvia imposing regulatory sanctions or administrative measures. In such cases, the liquidity of the European Green Bonds may be impacted, potentially causing a significant decline in their market value and leading to

financial losses for the Bondholders. Moreover, any regulatory actions taken by the Bank of Latvia could also damage the Issuer's financial position or reputation.

Although a failure by the Issuer to meet its obligations under the EuGB Regulation will not constitute an Event of Default under Clause 14 of the General Terms and Conditions, any regulatory non-compliance with the EuGB Regulation could negatively impact the market value of the European Green Bonds and the Issuer's reputation, and may also adversely affect investors required to allocate their funds to assets intended for specific purposes, particularly in the context of portfolio management mandates.

Furthermore, the EuGB Regulation, along with the Taxonomy Regulation to which it refers, may be subject to amendments or regulatory developments that are currently unforeseeable and could introduce more stringent requirements. For instance, if changes to the technical screening criteria established by the delegated acts of the Taxonomy Regulation come into effect after the issuance date of the European Green Bonds, the Issuer will have a maximum of seven years to apply any unallocated proceeds in accordance with the new criteria. As of the date of this Base Prospectus, there is no certainty that the Issuer will be able to comply with these new technical requirements, which could ultimately lead to the loss of the "European Green Bonds" designation under the applicable regulatory sanctions.

Bondholders of European Green Bonds should also be aware that the EuGB Regulation does not confer any direct rights that Bondholders may assert in relation to the enforcement of its provisions under law. In particular, this entails the risk that, in the event of non-compliance with the regulatory requirements – such as the allocation of proceeds to activities that do not meet the criteria under the EU Taxonomy Regulation – the Bondholders will not have the right to demand the cancellation or early redemption of the European Green Bonds. This also applies in the event that the competent authority imposes administrative measures in response to a breach of the EuGB Regulation.

The EuGB Regulation came into force only recently, on 21 December 2024, and as of the date of this Base Prospectus, there remain uncertainties regarding how certain provisions will be applied or interpreted by relevant authorities. These uncertainties may not align with the Issuer's intentions in relation to its European Green Bonds issuance or could hinder the Issuer's ability to fulfil its obligations under the EuGB Regulation. Consequently, these factors could materially affect the market value of the European Green Bonds, potentially resulting in losses for bondholders.

Risks related to the Environmentally Sustainable Bonds

The Environmentally Sustainable Bonds are issued in compliance with the EuGB Regulation. In accordance with the EuGB Regulation the Issuer may make voluntary pre-issuance disclosures in relation to the Environmentally Sustainable Bonds. Such voluntary pre-issuance disclosures may include the minimum proportion of bond proceeds to be used for activities that are environmentally sustainable under Article 3 of the Taxonomy Regulation, as well as other elements

specified under the EuGB Regulation. Similarly, the Issuer may make periodic disclosures of post-issuance information by means of common templates established by the European Commission.

Although a decision by the Issuer not to opt in for the voluntary disclosures prescribed by the EuGB Regulation or a failure by the Issuer to meet its obligations under the EuGB Regulation will not constitute an Event of Default under Clause 14 of the General Terms and Conditions, any regulatory non-compliance with the EuGB Regulation in relation to the Environmentally Sustainable Bonds, including the alignment of proceeds with environmentally sustainable economic activities or timely publication of required information, may impact the market value of the Environmentally Sustainable Bonds, and could affect investors who are required to allocate their funds to instruments that meet specific sustainability criteria, particularly in the context of portfolio management mandates.

Furthermore, the EuGB Regulation and the Taxonomy Regulation may be subject to amendments or regulatory developments that could introduce more stringent requirements. If changes to the technical screening criteria under the Taxonomy Regulation come into effect after the issuance of the bonds, the Issuer may need to adjust its sustainability strategy. As of the date of this Base Prospectus, there is no certainty that the Issuer will be able to comply with future requirements, which could impact the environmentally sustainable designation of the Environmentally Sustainable Bonds.

The framework for bonds marketed as environmentally sustainable under the EuGB Regulation became applicable on 21 December 2024, and, as of the date of this Base Prospectus, there remain uncertainties regarding the interpretation and application of certain provisions by relevant authorities. These uncertainties could affect the Issuer's ability to meet its obligations under the EuGB Regulation and may impact the market performance of the Environmentally Sustainable Bonds.

Refinancing risk

The Issuer may be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt depends on the conditions of debt capital markets and its own financial condition. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a negative impact on the Issuer's operations, financial condition, earnings and on the Bondholders' recovery under the Bonds.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of the Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's results

of operations, prospects or financial condition. Factors including increased competition or the Issuer's operating results, the regulatory environment, general market conditions, natural disasters, pandemics, terrorist attacks and war may have an adverse effect on the market price of the Bonds.

An active market for the Bonds may not develop

Although application(s) will be made for the Bonds to be admitted to trading on Nasdaq Riga stock exchange, there is no assurance that such application(s) will be accepted and the Bonds will be admitted to trading. In addition, admission of the Bonds on a regulated market will not guarantee that a liquid public market for the Bonds will develop or, if such market develops, that it will be maintained, and neither the Issuer, nor the Arranger or the Dealer is under any obligation to maintain such market. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. A lack of liquidity may have a material adverse effect on the market price and value of the Bonds.

Exchange rate risk

The Issuer will pay principal and interest on the Bonds in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of EUR or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify currency exchange controls. An appreciation in the value of the Investor's Currency relative to EUR would decrease the Investor's Currency-equivalent: (i) yield on the Bonds; (ii) value of the principal payable on the Bonds; and (iii) market value of the Bonds.

No assurance on change of laws or practices

The Bonds are governed by the laws of the Republic of Latvia. Latvian laws (including but not limited to tax laws) and regulations governing the Bonds may change during the life of the Bonds, and new judicial decisions can be issued and/or new administrative practices may be adopted. No assurance can be given as to the impact of any of such possible changes of laws or regulations, or new judicial decision or administrative practice taking place after the date of this Base Prospectus. Hence, such change may have a material adverse effect on the Issuer's business, financial condition, results of operations and/or future prospects and, thereby, The Issuer's ability to fulfil its obligations under the Bonds, as well as taxation of the Bonds, and the market price of the Bonds. Such events may also result in material financial losses or damage to the Bondholders.

Redemption prior to maturity

If specified in the Final Terms, the Bonds are redeemable at the Issuer's option (i) at any time during the period between 12 (twelve) months and 3 (three) months prior to their maturity at a

price equal to 101 (one hundred and one) per-cent of the nominal amount of the Bonds together with the accrued interest, or (ii) at any time during the period of 3 (three) months prior to their maturity at a price equal to the nominal amount of the Bonds together with the accrued interest (as more fully set out in Clauses 9.3 and 9.4 of the General Terms and Conditions of the Bonds). In addition, the Bonds are redeemable on the occurrence of a Change of Control at a price equal to the nominal amount of the Bonds together with the accrued interest (as more fully set out in in Clause 12 of the General Terms and Conditions of the Bonds). Furthermore, if 75 (seventy-five) per-cent or more in principal amount of the Bonds then outstanding have been redeemed based on a Change of Control, the Issuer is entitled to redeem the remaining Bonds at a price equal to the nominal amount of the Bonds together with the accrued interest. It is possible that the Bonds are redeemed at a time when the prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds. It is further possible that the Issuer will not have sufficient funds at the time of the occurrence of a Change of Control to make the required redemption of Bonds.

No voting rights

Only the shareholder of the Issuer has voting rights in the Shareholder's Meeting. The Bonds carry no such voting rights. Consequently, the Bondholders cannot influence any decisions by the Issuer's shareholder concerning, for instance, the capital structure of the Issuer.

Amendments to the Bonds bind all Bondholders

The General Terms and Conditions of the Bonds contain provisions for Bondholders to consider matters affecting their interests generally. The decisions of Bondholders (including amendments to the General Terms and Conditions of the Bonds), subject to defined majorities requirements, will be binding to all Bondholders, including Bondholders who did not vote and Bondholders who voted in a manner contrary to the majority. This may cause financial losses, among other things, to all Bondholders, including the Bondholders who did not vote and Bondholders who voted in a manner contrary to the majority.

Certain material interests

The Arranger and the Dealer has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services provided to the Issuer in the ordinary course of business. Therefore, conflicts of interest may exist or may arise as a result of the Arranger's or the Dealer's current or future engagement in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Risks relating to the clearing and settlement in the Depository's book-entry system

The Bonds will be affiliated to the account-based system of the Depository, and no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within the Depository's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of the Depository's account-based system.

GENERAL TERMS AND CONDITIONS OF THE BONDS

1. Principal amount and issuance of the Bonds

- 1.1. Under this programme for the issuance of debt securities (the “**Programme**”) the Issuer may issue debt securities up to an aggregate principal amount of up to EUR 60,000,000 (sixty million euro) in the form of European Green Bonds or bonds marketed as environmentally sustainable, each as defined in the Regulation (EU) 2023/2631 (the “**Bonds**”).
- 1.2. The Bonds shall be issued in series (the “**Series**”).
- 1.3. Each Series may comprise one or more tranches of Bonds (the “**Tranches**”). The Bonds of each Tranche will all be subject to identical terms, except that the Issue Dates (as defined below) and the Issue Prices (as defined below) thereof may be different in respect of different Tranches.
- 1.4. In order to identify each Series and Tranches, the Final Terms (as defined below) shall stipulate a serial number of the respective Series and a serial number of the respective Tranche.
- 1.5. The terms and conditions of each Tranche shall consist of these general terms and conditions of the Bonds (the “**General Terms and Conditions**”) and the final terms (the “**Final Terms**”). The General Terms and Conditions shall apply to each Tranche.
- 1.6. Each Final Terms will be approved by the Management Board of the Issuer, published on the Issuer’s website <https://www.rigasudens.lv/en/investors> and submitted to the Bank of Latvia, which will forward them to the Bank of Lithuania (in Lithuanian – *Lietuvos Bankas*) and the Estonian Financial Supervision Authority (in Estonian – *Finantsinspektsioon*).
- 1.7. The aggregate principal amount of a Tranche shall be specified in the Final Terms. The Issuer may increase or decrease the aggregate principal amount of a Tranche as set out in the Final Terms during the Subscription Period (as defined below) of that Tranche.
- 1.8. The nominal amount of each Bond shall be specified in the Final Terms.

2. Form of the Bonds and ISIN

- 2.1. The Bonds are freely transferable non-convertible debt securities, which contain payment obligations of the Issuer towards the holders of the Bonds (the “**Bondholders**”).
- 2.2. The Bonds are dematerialized debt securities in bearer form which are disposable without any restrictions and can be pledged. However, the Bonds cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Latvian laws, including the United States, Australia, Japan, Canada, Hong Kong, South Africa, Singapore, Russia, Belarus and certain other jurisdictions. In addition, the Bondholders are

prohibited to resell, transfer or deliver the Bonds to any person in a manner that would constitute a public offer of securities.

- 2.3. The Bonds shall be book-entered with Nasdaq CSD SE (registration number: 40003242879, legal address: Valņņu 1, Riga, LV-1050, Latvia) (the “**Depository**”).
- 2.4. A separate ISIN will be assigned to each Series, which will be different from ISIN of other Series.
- 2.5. Before commencement of the offering of the Bonds of the first Tranche of each Series, the Depository upon request of the Issuer will assign ISIN to the respective Series. Where a further Tranche is issued, which is intended to form a single Series with an existing Tranche at any point after the Issue Date of the existing Tranche, a temporary ISIN may be assigned to the Bonds of such further Tranche, which is different from ISIN assigned to the relevant Series, until such time as the Tranches are consolidated and form a single Series.
- 2.6. ISIN of the respective Series and a temporary ISIN of the respective Tranche, if applicable, will be specified in the Final Terms.

3. Status and security

The Bonds constitute direct, unsecured and unguaranteed obligations of the Issuer ranking *pari passu* without any preference among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

4. Currency of the Bonds

The Bonds will be issued in EUR.

5. Issue price and yield

- 5.1. The Bonds will be issued at a price within a range that will be determined by the Issuer and specified in the Final Terms (the “**Issue Price**”).
- 5.2. The yield of each Tranche set out in the applicable Final Terms will be calculated as of the relevant Issue Date on an annual basis using the relevant Issue Price. It is not an indication of future yield.

6. Underwriting

None of the Tranches will be underwritten.

7. Issue date

The issue date of each Tranche (the “**Issue Date**”) shall be specified in the Final Terms.

8. Interest

- 8.1. The Bonds shall bear interest at a fixed annual interest rate, which shall be determined by the Issuer and specified in the Final Terms.
- 8.2. The interest on the Bonds will be paid on the dates specified in the Final Terms ("**Interest Payment Date**") until the Maturity Date (as defined below) and will be calculated on the aggregate outstanding principal amount of the Bonds of the respective Series.
- 8.3. Interest shall accrue for each interest period (the "**Interest Period**") from and including the first day of the Interest Period to (but excluding) the last day of the Interest Period on the principal amount of the Bonds of the respective Series outstanding from time to time. The first Interest Period commences on the Issue Date and ends on a day preceding the first Interest Payment Date (the "**First Interest Period**"). Each consecutive Interest Period begins on the previous Interest Payment Date and ends on a day preceding the following Interest Payment Date. The last Interest Period ends on the Maturity Date (as defined below).
- 8.4. Interest in respect of the Bonds will be calculated on the basis of the actual number of days elapsed in the relevant Interest Period divided by 365 (or, in the case of a leap year, 366), i.e. a day count convention Act/Act (ICMA) will be used.
- 8.5. When interest is required to be calculated in respect of a period of less than a full year (other than in respect of the First Interest Period) it shall be calculated on the basis of (i) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due, divided by (ii) the actual number of days from and including the Accrual Date to, but excluding the next following Interest Payment Date.
- 8.6. Interest on the Bonds shall be paid through the Depository in accordance with the applicable rules of the Depository. The Bondholders list eligible to receive the interest on the Bonds will be fixed at the end of the 5th (fifth) Business Day immediately preceding the Interest Payment Date.
- 8.7. Should any Interest Payment Date fall on a date which is not a Business Day, the payment of the interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

"**Business Day**" means a day on which the Depository system is open and operational.

9. Redemption

- 9.1. The Bonds shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms (the "**Maturity Date**"), unless the Issuer has redeemed the Bonds in accordance with Clauses 9.3 and 9.4, Clause 12 (*Change of control*) or Clause 14 (*Events of Default*) below or in case the Bondholders, upon proposal of the Issuer, pursuant to Clause

20 (*Decisions of the Bondholders*) have decided that the Bonds shall be redeemed prior to the Maturity Date.

- 9.2. Each Series of Bonds may have a maturity up to 10 (ten) years.
- 9.3. If specified in the Final Terms, the Issuer may redeem each Series of Bonds, in whole but not in part:
- (i) at any time during the period commencing on the first Business Day falling 12 (twelve) months prior to the Maturity Date (such Business Day included) and ending on the first Business Day falling 3 (three) months prior to the Maturity Date (such Business Day excluded), at an amount equal to 101 (one hundred and one) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the date of voluntary redemption; or
 - (ii) at any time during the period commencing on the first Business Day falling 3 (three) months prior to the Maturity Date (such Business Day included) and ending on the Maturity Date (the Maturity Date excluded), at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the date of voluntary redemption.
- 9.4. Any voluntary redemption in accordance with Clause 9.3 shall be made by the Issuer giving not less than 30 (thirty) but no more than 60 (sixty) calendar days' irrevocable notice specifying the voluntary redemption date, which shall be a Business Day within the relevant voluntary redemption period, as specified in Clause 9.3, paragraphs (i) and (ii), to the Bondholders in accordance with Clause 18 (*Notices*).
- 9.5. The principal of the Bonds shall be paid through the Depository in accordance with the applicable rules of the Depository. The Bondholders list eligible to receive the principal of the Bonds will be fixed at the end of the Business Day immediately preceding the payment of the principal of the Bonds.
- 9.6. Should the payment date fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

10. Taxation

All payments in respect of the Bonds by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**"), unless the withholding or deduction of the Taxes is required by the laws of the Republic of Latvia. In such case, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amount so required to

be withheld or deducted. The Issuer shall not be obligated to make any additional compensation to the Bondholders in respect of such withholding or deduction.

11. Admission to trading

- 11.1. The Issuer shall submit an application regarding inclusion of each Tranche in the Baltic Bond List of Akciju sabiedrība "Nasdaq Riga", registration number: 40003167049, legal address: Valņņu 1, Riga, LV-1050, Latvia ("**Nasdaq Riga**"). An application shall be prepared according to the requirements of Nasdaq Riga and shall be submitted to Nasdaq Riga within 3 (three) months after the Issue Date of the respective Tranche, and as soon as reasonably practicable after the Issue Date of any further Tranche of the same Series.
- 11.2. The Issuer shall use its best efforts to ensure that the Bonds remain listed in the Baltic Bond List of Nasdaq Riga or, if such listing is not possible, to obtain or maintain, listed or traded on another regulated market. The Issuer shall, following a listing or admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Bonds.
- 11.3. The Issuer will cover all costs which are related to the admission of the Bonds to the relevant regulated market.

12. Change of control

- 12.1. If at any time while any Bond remains outstanding: (i) there occurs a Change of Control (as defined below), and (ii) within the Change of Control Period (as defined below), a Rating Event (as defined below) in respect of that Change of Control occurs (such Change of Control and Rating Event not having been cured prior to the expiry of the Change of Control Period, together, a "**Change of Control Put Event**"), each Bondholder will have the option (the "**Change of Control Put Option**") (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer gives notice to redeem the Bonds according to Clauses 9.3 and 9.4) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, all or part of its Bonds, on the Optional Redemption Date (as defined below) at an amount equal to 100 (one hundred) per-cent of their nominal amount together with any accrued but unpaid interest to, but excluding, the Optional Redemption Date.

A "**Change of Control**" shall be deemed to have occurred if at any time following the Issue Date of the first Tranche of the Bonds, the Riga City Municipality ceases to own, directly or indirectly, at least 51 (fifty-one) per-cent of the issued share capital of the Issuer or ceases to have the power, directly or indirectly, to cast, or control the casting of, at least 50 (fifty) per-cent and one vote of the maximum number of votes that might be casted at a Shareholder's Meeting of the Issuer.

"**Change of Control Period**" means the period beginning on the date of the first public announcement by or on behalf of the Issuer by any bidder or any designated advisor, of the relevant Change of Control and ending 90 (ninety) days after completion of the relevant Change of Control.

A **"Rating Event"** shall be deemed to have occurred in respect of a Change of Control if (within the Change of Control Period) either:

- (i) (A) the rating previously assigned to the Issuer by any Rating Agency solicited by the Issuer is (x) withdrawn or (y) changed from an investment grade rating (Baa3/BBB- or its equivalent for the time being, or better) to a non-investment grade rating (Ba1/BB+ or its equivalent for the time being, or worse) or (z) (if the rating previously assigned to the Issuer by any Rating Agency solicited by the Issuer was below an investment grade rating (as described above)), lowered by at least one full rating notch (for example, from Ba1 to Ba2, or their respective equivalents) and (B) such rating is not subsequently upgraded (in the case of a downgrade) or reinstated (in the case of a withdrawal) within the Change of Control Period either to an investment grade credit rating (in the case of (x) and (y)) or to its earlier credit rating or better (in the case of (z)) by such Rating Agency; or
- (ii) the Issuer has not been previously assigned a credit rating solicited by the Issuer, and no Rating Agency assigns the Issuer an investment grade rating solicited by the Issuer within the Change of Control Period;

provided that the Rating Agency making the reduction in rating or deciding not to assign an investment grade rating announces or publicly confirms or, having been so requested by the Issuer, informs the Issuer in writing that the lowering or failure to assign an investment grade rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Rating Event).

"Rating Agency" means Moody's Ratings, S&P Global Ratings Europe Limited, Fitch Ratings Ireland Limited or any of their affiliates.

- 12.2. Promptly upon the Issuer becoming aware that a Change of Control Put Event has occurred, the Issuer shall give notice (a **"Change of Control Put Event Notice"**) to the Bondholders in accordance with Clause 18 (*Notices*) specifying the nature of the Change of Control Put Event and the circumstances giving rise to it, and the procedure for exercising the Change of Control Put Option.
- 12.3. To exercise the Change of Control Put Option, a Bondholder within the period (the **"Change of Control Put Period"**) of 45 (forty-five) days after a Change of Control Put Event Notice is given must provide to the Issuer in writing a notice on exercise of the Change of Control Put Option (a **"Change of Control Put Option Notice"**).
- 12.4. A Change of Control Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Bonds in respect of which the Change of Control Put Option has been validly exercised as provided above by the date which is the 5th (fifth) Business Day following the end of the Change of Control Put Period (the **"Optional Redemption Date"**).

- 12.5. For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Bondholder may incur as a result of or in connection with such Bondholder's exercise or purported exercise of, or otherwise in connection with, any Change of Control Put Option (whether as a result of any purchase or redemption arising therefrom or otherwise).
- 12.6. If 75 (seventy-five) per-cent or more in principal amount of the Bonds then outstanding have been redeemed pursuant to this Clause 12, the Issuer may, on not less than 30 (thirty) nor more than 60 (sixty) days' irrevocable notice to the Bondholders in accordance with Clause 18 (*Notices*) given within 30 (thirty) days after the Optional Redemption Date, redeem on a date to be specified in such notice at its option, all (but not some only) of the remaining Bonds at 100 (one hundred) per-cent of their nominal amount, together with interest accrued to, but excluding, the date of redemption.

13. Negative pledge

So long as any Bond remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries create or permit to subsist mortgage, pledge or any other security interest (each a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its present or future business, undertaking, assets or revenues to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith, or (b) providing such other security for the Bonds or other arrangement (whether or not it includes the granting of a security) as may be approved by the Bondholders pursuant to Clause 20 (*Decisions of the Bondholders*).

"**Subsidiary**" means a company:

- (i) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove majority members of the governing body or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer.

"**Material Subsidiary**" means at any time any Subsidiary:

- (i) whose total consolidated (or, if applicable, unconsolidated) assets (excluding intercompany loans, intercompany payables, intercompany receivables and intercompany unrealised gains and losses in inventories) represent not less than 10 (ten) per-cent of the total consolidated assets of the Issuer, or whose gross consolidated EBITDA (or, if applicable, unconsolidated) represents not less than 10 (ten) per-cent of the gross consolidated EBITDA of the Issuer, in each case as determined by reference to the most recent publicly available annual or interim

financial statements of the Issuer prepared in accordance with IFRS and the latest financial statements of the Subsidiary prepared in accordance with IFRS; or

- (ii) to which is transferred the whole or substantially all of the assets and undertakings of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

"EBITDA" means: (i) the consolidated operating profit of the Group or (ii) in the case of a Material Subsidiary, the consolidated or unconsolidated operating profit of such Material Subsidiary, in the case of both (i) and (ii) before taking into account:

- (a) depreciation and amortisation;
- (b) finance income and finance costs;
- (c) revaluation of property, plant and equipment, and investment property;
- (d) Impairment of property, plant and equipment;
- (e) current year income tax expense and deferred income tax (expense)/benefit;
- (f) any revaluation of non-current assets; and
- (g) exceptional items, as defined by IFRS or separately identified as such within the most recent publicly available annual or interim financial statements of the Issuer or the relevant Material Subsidiary (as the case may be), prepared in accordance with IFRS.

"Group" means the Issuer and its Subsidiaries from time to time.

"IFRS" means the International Financial Reporting Standards as adopted by the European Union.

"Permitted Security Interest" means:

- (i) any Security Interest created over any asset of any company which becomes a Subsidiary after the Issue Date of the first Tranche of the Bonds, where such Security Interest is created prior to the date on which the company becomes a Subsidiary, provided that:
 - (a) such Security Interest was not created in contemplation of the acquisition of such company; and
 - (b) the principal amount secured was not increased in contemplation of or since the acquisition (or proposed acquisition) of that company; and
- (ii) any Security Interest created pursuant to Article 207(3) of the Commercial Law of the Republic of Latvia (in Latvian – *Komerclikums*) as a result of which the share capital of the Issuer is reduced, provided that:

- (a) the amount by which the share capital of the Issuer is reduced consists solely of a property contribution (in Latvian – *mantiskais ieguldījums*) that is being transferred to the shareholder of the Issuer; and
- (b) the property contribution (in Latvian – *mantiskais ieguldījums*) forming the basis for the reduction of the share capital of the Issuer and which is being transferred to the shareholder of the Issuer, is not essential for the Issuer's principal business activities.

"Indebtedness" means any indebtedness (whether principal, premium, interest or other amounts) in respect of any bonds, notes or other debt securities or borrowed money by the Issuer or any of its Subsidiaries (other than from the Issuer to any of its wholly-owned Subsidiaries and from any of the Issuer's wholly-owned Subsidiaries to the Issuer or to another wholly-owned Subsidiary).

"Relevant Indebtedness" means any Indebtedness which is in the form of, or represented by any bond, note or other debt security which is, or is capable of being, quoted, listed or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

"Guarantee" means, in relation to any Indebtedness, any obligation to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness.

14. Events of Default

- 14.1. The Bondholders representing at least 10 (ten) per-cent of the principal amount of all outstanding Bonds may in accordance with Clause 18 (*Notices*) notify the Issuer about the occurrence of an Event of Default. Within 10 (ten) Business Days after receipt of notification regarding the occurrence of an Event of Default, the Issuer shall prepay all Bondholders the outstanding principal amount of the Bonds and the Interest accrued on the Bonds, but without any premium or penalty. Interest on the Bonds accrues until the prepayment date (excluding the prepayment date).

- 14.2. The Issuer shall notify the Bondholders about the occurrence of an Event of Default (and the steps, if any, taken to remedy it) in accordance with Clause 18 (*Notices*) promptly upon becoming aware of its occurrence.
- 14.3. Each of the following events shall constitute an event of default (an “**Event of Default**”):
- (i) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Bonds on the due date for payment thereof or fails to pay any amount of interest in respect of the Bonds on the due date for payment thereof and the default continues for a period of 5 (five) days in the case of principal and for a period of 14 (fourteen) days in the case of interest;
 - (ii) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations in respect of the Bonds, and such default is not capable of remedy or remains unremedied for at least 30 (thirty) days after written notice thereof, addressed to the Issuer by any Bondholder, has been received by the Issuer;
 - (iii) **Cross-default:**
 - (a) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (b) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Material Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such Indebtedness;
 - (c) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (a) and/or sub-paragraph (b) above and/or the amount payable under any Guarantee referred to in sub-paragraph (c) above individually or in the aggregate exceeds EUR 10,000,000 (ten million euro) (or its equivalent in any other currency or currencies);
 - (iv) **Security enforced:** a secured party enforces a security over the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries;
 - (v) **Cessation of business:** the Issuer or any of its Material Subsidiaries cease to carry on its current business in its entirety or a substantial part thereof, other than:
 - (a) pursuant to any sale, disposal, demerger, amalgamation, reorganization or restructuring or any cessation of business in each case on a solvent basis and within the Group; or

- (b) for the purposes of, or pursuant to any terms approved by the Bondholders in accordance with Clause 20 (*Decisions of the Bondholders*);
- (vi) **Liquidation:** an effective resolution is passed for the liquidation of the Issuer or any of its Material Subsidiaries other than, in case of a Material Subsidiary:
 - (a) pursuant to an amalgamation, reorganization or restructuring in each case within the Group; or
 - (b) that Material Subsidiary is a fund whose activities are limited by a certain term, and it is being liquidated upon the end of the term of its activities;
 - (c) for the purposes of, or pursuant to any terms approved by the Bondholders in accordance with Clause 20 (*Decisions of the Bondholders*);
- (vii) **Insolvency:**
 - (a) the Issuer or any of its Material Subsidiaries is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts; or
 - (b) the Issuer or any of its Material Subsidiaries enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or
 - (c) an application to initiate insolvency, restructuring (including proceedings such as legal protection proceedings and out-of-court legal protection proceedings) or administration of the Issuer or any of its Material Subsidiaries or any other proceedings for the settlement of the debt of the Issuer or of any of its Material Subsidiaries is submitted to the court by the Issuer or any of its Material Subsidiaries.

14.4. In case of the Issuer's liquidation or insolvency the Bondholders shall have a right to receive payment of the outstanding principal amount of the Bonds and the interest accrued on the Bonds according to the relevant laws governing liquidation or insolvency of the Issuer.

15. Further Issues

The Issuer may from time to time, without the consent of and notice to the Bondholders, create and issue further Bonds whether such further Bonds form a single Series with already issued Bonds or not. For the avoidance of doubt, this Clause 15 shall not limit the Issuer's right to issue any other debt securities.

16. Purchases

The Issuer or any of its Subsidiaries may at any time purchase the Bonds in any manner and at any price in the secondary market. Such Bonds may be held, resold or surrendered by the purchaser through the Issuer for cancellation. Bonds held by or for the account of the Issuer

or any of its Subsidiaries for their own account will not carry the right to vote at the Bondholders' Meetings or within Written Procedures and will not be taken into account in determining how many Bonds are outstanding for the purposes of these General Terms and Conditions.

17. Time bar

In case any payment under the Bonds has not been claimed by the respective Bondholder entitled to this payment within 10 (ten) years from the original due date thereof, the right to such payment shall be forfeited by the Bondholder and the Issuer shall be permanently released from such payment.

18. Notices

The Bondholders shall be advised of matters relating to the Bonds by a notice published in English and Latvian on the Issuer's website <https://www.rigasudens.lv/en/investors>, and, as of the date when the Bonds are admitted to trading on Nasdaq Riga, also in the Central Storage of Regulated Information, on the website of Nasdaq Riga www.nasdaqbaltic.com, as well as, if applicable, the Issuer shall inform the Depository on the changes of matters relating to the Bonds. Any such notice shall be deemed to have been received by the Bondholders when published in the manner specified in this Clause 18.

19. Representation of the Bondholders

The rights of the Bondholders to establish and/or authorize an organization/person to represent interests of all or a part of the Bondholders are not contemplated, however, such rights are not restricted. The Bondholders should cover all costs/fees of such representative(s) by themselves.

20. Decisions of the Bondholders

20.1. General provisions

- (i) The decisions of the Bondholders (including decisions on agreement with the Issuer on amendments to these General Terms and Conditions or the Final Terms of the Tranches of the relevant Series or granting of consent or waiver) shall be passed at a meeting of the Bondholders (the "**Bondholders' Meeting**") or in writing without convening the Bondholders' Meeting (the "**Written Procedure**") at the choice of the Issuer. However, the Issuer shall have a right to amend the technical procedures relating to the Bonds in respect of payments or other similar matters without the consent of the Bondholders, if such amendments are not prejudicial to the interests of the Bondholders.
- (ii) The Issuer shall have a right to convene the Bondholders' Meeting or instigate the Written Procedure at any time and shall do so following a written request from the

Bondholders who, on the day of the request, represent not less than one-tenth of the principal amount of the Bonds outstanding or the principal amount of the Bonds of the relevant Series outstanding (as applicable) (excluding the Issuer and its Subsidiaries).

- (iii) In case convening of the Bondholders' Meeting or instigation of the Written Procedure is requested by the Bondholders, the Issuer shall be obliged to convene the Bondholders' Meeting or instigate the Written Procedure within 1 (one) month after receipt of the respective Bondholders' written request.
- (iv) Only those who were registered as the Bondholders by the end of the 5th (fifth) Business Day prior to the date of the Bondholders' Meeting and only those who were registered as the Bondholders by the end of the 5th (fifth) Business Day after publishing an announcement on instigation of the Written Procedure or proxies authorised by such Bondholders, may exercise their voting rights at the Bondholders' Meeting or in the Written Procedure.
- (v) Quorum at the Bondholders' Meeting or in respect of the Written Procedure only exists if one or more Bondholders holding 50 (fifty) per-cent in aggregate or more of the principal amount of the Bonds outstanding or the principal amount of the Bonds of relevant Series outstanding (as applicable):
 - (a) if at the Bondholders' Meeting, attend the meeting; or
 - (b) if in respect of the Written Procedure, reply to the request.
- (vi) If the Issuer and/or its Subsidiaries are the Bondholders, their principal amount of the Bonds will be excluded when a quorum is calculated.
- (vii) If quorum does not exist at the Bondholders' Meeting or in respect of the Written Procedure, the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 20.2) or instigate a second Written Procedure (in accordance with Clause 20.3), as the case may be. The quorum requirement in paragraph (v) above shall not apply to such second Bondholders' Meeting or Written Procedure, except for exclusion of Issuer and its Subsidiaries from calculation of a quorum.
- (viii) Consent of the Bondholders holding at least 75 (seventy-five) per-cent of the aggregate principal amount of the outstanding Bonds attending the Bondholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required for agreement with the Issuer to amend Clause 3 (*Status and security*), Clause 12 (*Change of control*), Clause 13 (*Negative pledge*), Clause 14 (*Events of Default*), Clause 20 (*Decisions of the Bondholders*) or Clause 21 (*Governing law and dispute resolution*).
- (ix) Consent of at least 75 (seventy-five) per-cent of the aggregate principal amount of the outstanding Bonds of the respective Series attending the Bondholders' Meeting or

participating in the Written Procedure (i.e. replying to the request) is required for the following decisions:

- (a) agreement with the Issuer to change the date, or the method of determining the date, for the payment of principal, interest or any other amount in respect of the relevant Series, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the relevant Series or to change the method of calculating the amount of interest or any other amount payable on any date in respect of the relevant Series;
 - (b) agreement with the Issuer to change the currency of the relevant Series;
 - (c) agreement with the Issuer on any exchange or substitution of the Bonds of relevant Series for, or the conversion of the Bonds of relevant Series into, any other obligations or securities of the Issuer or any other person;
 - (d) in connection with any exchange, substitution or conversion of the type referred to in paragraph (c) agreement with the Issuer to amend any of the provisions of the relevant Series describing circumstances in which the relevant Series may be redeemed or declared due and payable prior to their scheduled maturity.
- (x) Consent of simple majority of all Bondholders or the Bondholders of the respective Series (as applicable) attending the Bondholders' Meeting or participating in the Written Procedure (i.e. replying to the request) is required to the decisions not covered in paragraph (viii) or (ix) above (as applicable).
- (xi) The Issuer shall have a right to increase the aggregate principal amount of the Bonds to be issued under the Programme without the consent of the Bondholders.
- (xii) Information about decisions taken at the Bondholders' Meeting or by way of the Written Procedure shall promptly be provided to the Bondholders in accordance with Clause 18 (*Notices*), provided that a failure to do so shall not invalidate any decision made or voting result achieved.
- (xiii) Decisions passed at the Bondholders' Meeting or in the Written Procedure shall be binding on all Bondholders irrespective of whether they participated at the Bondholders' Meeting or in the Written Procedure.
- (xiv) All expenses in relation to the convening and holding the Bondholders' Meeting or a Written Procedure shall be covered by the Issuer.

20.2. Bondholders' Meetings

- (i) If a decision of the Bondholders is intended to be passed at the Bondholders' Meeting, then a respective notice of the Bondholders' Meeting shall be provided to the Bondholders in accordance with Clause 18 (*Notices*) no later than 10 (ten) Business

Days prior to the meeting. Furthermore, the notice shall specify the time, place and agenda of the meeting, as well as any action required on the part of the Bondholders that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Bondholders' Meeting.

- (ii) The Bondholders' Meeting shall be held physically in Riga, Latvia. At the choice of the Issuer the Bondholders' Meeting can be held also remotely by use of a videoconference platform. Requirements for the identification of the Bondholders at the Bondholders' Meeting that is held remotely will be set by the Issuer and communicated upon convening the Bondholders' Meeting.
- (iii) The Bondholders' Meeting shall be organised by the chairman of the Bondholders' Meeting, who will be the Issuer's representative appointed by the Issuer.
- (iv) The Bondholders' Meeting shall be held in English with translation into Latvian, unless the Bondholders present in the respective Bondholders' Meeting unanimously decide that the respective Bondholders' Meeting shall be held only in Latvian or English.
- (v) Representatives of the Issuer and persons authorised to act for the Issuer may attend and speak at the Bondholders' Meeting.
- (vi) Minutes of the Bondholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The minutes shall be signed by the keeper of the minutes, which shall be appointed by the Bondholders' Meeting. The minutes shall be attested by the chairman of the Bondholders' Meeting, if the chairman is not the keeper of the minutes, as well as by one of the persons appointed by the Bondholders' Meeting to attest the minutes. The minutes from the relevant Bondholders' Meeting shall at the request of a Bondholder be sent to it by the Issuer.

20.3. Written Procedure

- (i) If a decision of the Bondholders is intended to be passed by the Written Procedure then a respective communication of the Written Procedure shall be provided to the Bondholders in accordance with Clause 18 (*Notices*).
- (ii) Communication in paragraph (i) above shall include:
 - (a) each request for a decision by the Bondholders;
 - (b) a description of the reasons for each request;
 - (c) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights;

- (d) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote “yes” or “no” for each request), as well as a form of a power of attorney; and
 - (e) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least 10 (ten) Business Days from the communication pursuant to paragraph (i) above) and a manner of a reply.
- (iii) When the requisite majority consents pursuant to paragraphs (viii), (ix) or (x) (as applicable) of Clause 20.1 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to paragraphs (viii), (ix) or (x) (as applicable) of Clause 20.1 even if the time period for replies in the Written Procedure has not yet expired.

21. Governing law and dispute resolution

- 21.1. The Bonds are governed by the laws of the Republic of Latvia.
- 21.2. Any disputes relating to or arising in relation to the Bonds shall be settled solely by the courts of the Republic of Latvia of competent jurisdiction.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Bonds issued under the Base Prospectus

[IMPORTANT – EEA RETAIL INVESTORS]

The Bonds have a fixed rate of interest and [the redemption amount is fixed] as described in the Base Prospectus. Accordingly, no key information document pursuant to Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) has been prepared by the Issuer.]

[IMPORTANT – EEA RETAIL INVESTORS: You are about to purchase a product that is not simple and may be difficult to understand. The Bonds have a fixed interest rate and offer an early redemption option, as described in the Base Prospectus. These Bonds are intended to be offered to retail investors in the European Economic Area (“**EEA**”), provided that a Key Information Document (“**KID**”) has been prepared in accordance with Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”). A retail investor is defined as a person who is one or more of the following: a retail client as defined in point (11) of MiFID II; a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or not a qualified investor as defined in Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Offering or selling the Bonds or otherwise making them available to any retail investor in the EEA without such a KID may be unlawful under the PRIIPs Regulation.]

[MiFID II Product Governance / Eligible Counterparties, Professional Clients and Retail Investors]

Solely for the purposes of [the] [each] manufacturer[’s][’s] product approval process, the target market assessment in respect of the Bonds has led to the conclusion that (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds are appropriate. *[specify further target market criteria] [specify negative target market, if applicable]*. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturer[’s][’s] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer[’s][’s] target market assessment) and determining appropriate distribution channels.]

Final Terms dated [●]

SIA “Rīgas ūdens”

Legal entity identifier (LEI): 6488Z9Y7BN122Y40LD08

Issue of [●] Bonds due [●]

**under the Programme for the Issuance of Bonds in the Amount of up to
EUR 60,000,000**

[to be consolidated and form a single series with [●]]

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions set forth in the Base Prospectus dated [•] 2025 [and the supplement(s) to it dated [•] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation] (the “**Base Prospectus**”) for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”).

This document constitutes the Final Terms of the Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Final Terms and the Base Prospectus.

The Base Prospectus has been published on the Issuer’s website
<https://www.rigasudens.lv/en/investors>.

A summary of the individual issue is annexed to these Final Terms.

- | | |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Issuer: | SIA “Rīgas ūdens” |
| 2. Series Number: | [•] |
| 3. Tranche Number: | [•] |
| 4. Form of Bonds | [European Green Bonds]/[Environmentally Sustainable Bonds] |
| 5. ISIN: | [[•]]/[Temporary ISIN: [•]. Upon admission of the Bonds to the regulated market the Bonds will be consolidated and form a single series with [•] and will have a common ISIN [•]] |
| 6. Aggregate principal amount: | [EUR [•] [in addition to [•]]] |
| 7. Nominal amount of the Bond: | EUR [•] |
| 8. Issue Date: | [•] |
| 9. Annual Interest Rate: | [•] |
| 10. Interest Payment Date: | [•] each year |
| 11. Maturity Date: | [•] |
| 12. Issue Price: | [•] |
| 13. Yield: | [•] |

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

14. Subscription Period: [•]

15. Early Redemption: [•]

16. Rating: The Bonds to be issued [are not/have been/are expected to be] rated [by:[•]]

17. Use of Proceeds [•]

18. Information about the securities of the Issuer that are already admitted to trading: [•]

These Final Terms have been approved by the Management Board of the Issuer at its meeting on [date] [month] [year].

Riga, [date] [month] [year]

[•]

OFFERING OF THE BONDS

Words and expressions defined in the General Terms and Conditions of the Bonds above or elsewhere in the Base Prospectus have the same meanings in this Section of the Base Prospectus.

1. General structure of the offering of Bonds

- 1.1. The Programme consists of (i) a public offering of the Bonds to retail investors and institutional investors (each an **“Investor”**) in the Republic of Latvia, the Republic of Lithuania and in the Republic of Estonia, and/or (ii) private placement of the Bonds to institutional Investors and retail Investors in certain Member States of the European Economic Area (**“EEA”**) and to other selected Investors in each case pursuant to an exemption under Article 1 of the Regulation (EU) 2017/1129 (the **“Prospectus Regulation”**).
- 1.2. The Bondholders shall be prohibited to resell, transfer or deliver the Bonds to any person in a manner that would constitute a public offer of securities.
- 1.3. For the purposes of the public offering, only such prospective Investors will be eligible to participate in the offering who at or by the time of placing their orders have opened securities accounts with entities of their choice, which are licensed to provide such services within the territory of the Republic of Latvia, of the Republic of Lithuania or of the Republic of Estonia and are members of Nasdaq Riga or have relevant arrangements with a member of Nasdaq Riga.
- 1.4. The offering of Bonds is not addressed to Investors who are Russian or Belarusian nationals or natural persons residing in Russia or Belarus or any legal persons, entities or bodies established in Russia or Belarus. The latter shall not apply to nationals of a Member State of the European Union, of a country member of the EEA or of Switzerland, or to natural persons having a temporary or permanent residence permit in a Member State of the European Union, in a country member of the EEA or in Switzerland within the meaning of Council Regulation (EU) No 833/2014 of 31 July 2014 (as amended), and nationals of a Member State of the European Union or natural persons having a temporary or permanent residence permit in a Member State of the European Union within the meaning of Council Regulation (EC) No 765/2006 of 18 May 2006 (as amended).
- 1.5. The public offering of each of the Tranche may be carried out through an auction facilitated by Nasdaq Riga (the **“Auction”**).

2. Subscription for the Bonds

- 2.1. The subscription period (the **“Subscription Period”**) for each Tranche shall be specified in the Final Terms. The Issuer may decide on shortening or lengthening the Subscription Period.
- 2.2. The Investors wishing to subscribe for and purchase the Bonds shall submit their orders to acquire the Bonds (the **“Subscription Orders”**) at any time during the Subscription Period.

- 2.3. At the time of placing a Subscription Order, each Investor shall make a binding instruction for depositing the Bonds in a securities account maintained in its name and opened with a credit institution or an investment brokerage firm of their choice which are licensed to provide such services within the territory of the Republic of Latvia, the Republic of Lithuania and the Republic of Estonia and are members of Nasdaq Riga or have relevant arrangements with a member of Nasdaq Riga.
- 2.4. Upon submission of the Subscription Order the Investor shall authorise the Depository, Nasdaq Riga and the Issuer to process, forward and exchange information on the identity of the Investor and the contents of respective Investor's Subscription Order before, during and after the Subscription Period.
- 2.5. An Investor shall be allowed to submit a Subscription Order either personally or via a representative whom the Investor has authorised (in the form required by the applicable law) to submit the Subscription Order. An Investor shall ensure that all information contained in the Subscription Order is correct, complete and legible.
- 2.6. The Issuer reserves the right to reject any Subscription Order that is incomplete, incorrect, unclear or ineligible or that has not been completed and submitted and/or has not been supported by the necessary additional documents, requested by the Issuer, during the Subscription Period and in accordance with all requirements set out in the General Terms and Conditions of the Bonds.
- 2.7. Any consequences of form of a Subscription Order for the Bonds being incorrectly filled out will be borne by the Investor.

3. Interest rate

- 3.1. The Issuer will offer the Bonds for a fixed annual interest rate as specified in the Final Terms.

4. Issue Price

- 4.1. The Bonds will be issued at the Issue Price within a range that will be determined by the Issuer and specified in the Final Terms.
- 4.2. By submitting the Subscription, each Investor undertakes to specify the investment amount(s) Investor is willing to invest at the price level within the available price range as indicated by the Issuer.
- 4.3. By submitting the Subscription Order, the Investor acknowledges that the final Issue Price for the Bonds shall be determined upon the discretion of the Issuer within the price range indicated in the Final Terms, taking into consideration, among other factors, the volume and price level of the Subscription Orders received from the Investors. The Investors will be informed about the final Issue Price upon allocation the Bonds to the Investors by publishing the relevant supplements or amendments to the Final Terms.

5. Place of the subscription

- 5.1. Initially the Bonds will be book-entered in the subscription account of the Dealer.
- 5.2. The subscription to the Bonds shall be made on the Subscription Orders which may be requested from the Dealer, and/or in accordance with specific rules for the Subscription of Nasdaq Riga or the Depository's participants located in the Republic of Latvia, of the Republic of Lithuania or of the Republic of Estonia.
- 5.3. For the purposes of public offering, the Subscription Orders may be submitted through any credit institution or an investment brokerage firm that is licensed to provide such services within the territory of the Republic of Latvia, the Republic of Lithuania or the Republic of Estonia, or to the Dealer. In case of the Auction, the Final Terms may prescribe that Subscription Orders may only be submitted through financial institutions that are members of Nasdaq Riga or have relevant arrangements with a member of Nasdaq Riga.
- 5.4. The procedure of submission of the Subscription Orders shall be specified in the Final Terms if any additional information shall be provided.
- 5.5. All Subscription Orders shall be binding and irrevocable commitments to acquire the allotted Bonds.

6. Private placement

- 6.1. In respect of private placement of the Bonds Investors wishing to purchase the Bonds may submit Subscription Orders through a credit institution or an investment brokerage firm that is licensed to provide such services in accordance with applicable laws.
- 6.2. Institutional Investors shall submit their own Subscription Orders or Subscription Orders received from other Investors, if any, to the Dealer.
- 6.3. Institutional Investors shall be entitled to place multiple Subscription Orders.
- 6.4. Institutional Investors shall contact the Dealer for information on detailed rules governing the placement of Subscription Orders, in particular the documents required if an order is placed by a statutory representative, proxy or any other person acting on behalf of an Investor.

7. Withdrawal of the Subscription Orders

- 7.1. An Investor may withdraw a Subscription Order for the Bonds of the respective Tranche by submitting a written statement to the credit institution or investment brokerage firm where the subscription was made at any time until the end of the Subscription Period of the respective Tranche.

- 7.2. The right of an Investor to withdraw a Subscription Order in accordance with Sub-Section 7.1 of this Section of the Base Prospectus shall only apply to the relevant Tranche and not to any other Tranches of the Bonds under this Base Prospectus.
- 7.3. An Investor shall be liable for payment of all fees and costs charged by a credit institution or an investment brokerage firm used by the Investor for the Subscription of the Bonds in connection with the withdrawal or amendment of the Subscription Order.
- 7.4. Following withdrawal of a Subscription Order, the repayments shall be made (or blocked funds shall be released) in accordance with the Subscription Order within 3 (three) Business Days following submission of a statement regarding withdrawal of the Subscription Order.

8. No assignment or transfer

The rights arising out of this Base Prospectus in relation to the subscription for the Bonds (including, without limitation, rights arising from any Subscription Orders or any acceptance thereof) are not assignable, tradable or transferable in any way and any assigned or transferred rights will not be recognised by the Issuer and will not be binding on the Issuer.

9. Payment for the Bonds

- 9.1. By submitting a Subscription Order, each Investor shall authorise and instruct the credit institution or investment brokerage firm operating the Investor's current account connected to the Investor's securities account to immediately block the whole subscription amount on the Investor's current account until the payment for the allotted Bonds is completed or until the funds are released.
- 9.2. The subscription amount to be blocked shall be equal to the Issue Price multiplied by the number of the Bonds the respective Investor wishes to subscribe for. Taking into account that the Issuer offers the Bonds at the Issue Price within a range as specified in the Final Terms, the transaction amount to be blocked will be equal to the largest investment amount (EUR) payable per Investor's offered preferred price level.
- 9.3. An Investor may submit a Subscription Order only when there are sufficient funds on the Investor's current account. If the blocked funds are insufficient, the Subscription Order will be deemed null and void to the extent funds are insufficient.
- 9.4. The Investors who have not been allotted any Bonds, including in case of withdrawal of Subscription Orders in accordance with Sub-Section 7.1 of this Section of the Base Prospectus and subject to requirements set forth in Sub-Section 7.3 of this Section of the Base Prospectus, or whose subscriptions have been reduced will receive reimbursements of the payment made upon placing the Subscription Order (or the blocked funds will be released) in accordance with instructions provided by each such Investor, as required under the procedures applicable within the credit institution or an investment brokerage firm with

which the Subscription Order was placed. The reimbursement will take place (or the blocked funds will be released) within 10 (ten) Business Days as from the end of the Subscription Period or withdrawal of a Subscription Order in accordance with Sub-Section 7.1 of this Section of the Base Prospectus. The payments shall be returned (or the blocked funds will be released) without any reimbursement for costs incurred by the Investors in the course of subscribing for the Bonds and shall be net of all transfer expenses and without interest.

- 9.5. In respect of private placement of the Bonds the Investor shall consent to the obligation to ensure the subscription amount on the settlement date on the Issue Date in accordance with the DVP (*Delivery vs Payment*) principle pursuant to the applicable rules of the Depository. Payments for the Bonds are interest free.

10. Allocation of the Bonds

- 10.1. On the next Business Day following the Subscription Period the Issuer shall decide whether to proceed with the issuance of the Tranche of the relevant Series or cancel the relevant issuance.
- 10.2. In case the Issuer decides to proceed with the issuance of the Tranche of the relevant Series the following actions shall be taken within the next 3 (three) Business Days following the Subscription Period:

(a) ***Allocation of the Bonds to the Investors***

- (i) The Issuer will establish the exact amount of the Bonds to be allotted with respect to each Subscription Order.
- (ii) In case the subscription amount for the Tranche of the relevant Series is equal to or exceeds the aggregate principal amount of the relevant Tranche, the Issuer may decide to, first, allocate the total available number of the Bonds to each Investor that is an employee of the Issuer, and, second, after allocation of the Bonds to the Investors that are employees of the Issuer, allocate the total remaining number of the Bonds to each Investor that is not an employee of the Issuer proportionally to the aggregate principal amount of the relevant Tranche and the amount subscribed by such Investor that is not an employee of the Issuer, provided that such proportional allocation applies equally to all Investors that are not employees of the Issuer;
- (iii) In case the subscription amount for the Tranche of the relevant Series is below the aggregate principal amount of the relevant Tranche, the Issuer may decide to cancel the issuance of the Tranche of the relevant Series or, subject to supplements or amendments to the Final Terms, to adjust the aggregate principal amount of the relevant Tranche corresponding to the subscription amount of the Tranche.

- (iv) In case any additional provisions apply to allocation of a separate Tranche of the Bonds, these will be specified in the Final Terms for the relevant Tranche.
- (v) The Issuer shall not be obliged to allocate any Bonds to any investors participating in the offering of the Bonds. Furthermore, there will be no target minimum individual allocation of the Bonds to the Investors.
- (vi) The final number of Bonds to be issued and the final size of the Tranche will be decided by the Issuer, based on the level of subscriptions. In addition, the number of Bonds to be allocated to each Investor shall be determined upon the discretion of the Issuer. Accordingly, the Investors who subscribe the Bonds may not receive all of the Bonds they have subscribed for and it is possible they may not receive any. In case the Investor has not been allocated any Bonds or allocation is less than the number of subscribed Bonds, the relevant amount shall be released to the Investors. All Investors who have been allocated the Bonds shall pay the same Issue Price and receive the same fixed annual interest rate for the Bonds.

(b) **Confirmations**

After completion of the allocation of the Bonds, an Investor shall receive a notification about partial or full satisfaction or rejection of the Subscription Order submitted by the Investor and the number of Bonds allocated to the Investor, if any. A confirmation shall be provided by a respective credit institution or investment brokerage firm where an Investor has submitted his/her/its Subscription Order.

(c) **Information about the results of the offering of the Bonds**

Information about the results of the offering of each Tranche (amount of the Bonds issued and an aggregate principal amount of the respective Tranche) shall be published on the Issuer's website <https://www.rigasudens.lv/en/investors> and, in case of the Auction or as long as the Bonds are admitted to trading on Nasdaq Riga, the website of Nasdaq Riga www.nasdaqbaltic.com.

11. Cancellation, suspension or postponement of the offering of the Bonds

- 11.1. Subject to Sub-Section 10.1 of this Section of the Base Prospectus, the Issuer may cancel the issuance of any Tranche of the relevant Series at any time prior to the settlement of the offering of the Bonds without disclosing any reason for doing so. The Issuer may also change the dates of opening and closing of the Subscription Period, or decide that the issuance of the Tranche of the relevant Series will be postponed and that new dates of the issuance of the Tranche of the relevant Series will be provided by the Issuer later.
- 11.2. The Issuer may cancel the issuance of the Tranche of the relevant Series prior to the settlement of the offering of the Bonds if the Issuer considers it impracticable or inadvisable

to proceed with the issuance of the Tranche of the relevant Series. Such reasons include, but are not limited to:

- (a) suspension or material limitation of trading in securities;
- (b) sudden and material adverse change in the economic or political situation in Latvia or worldwide;
- (c) a material loss or interference with the Issuer's or its Subsidiaries' business; or
- (d) any material change or development in or affecting the general affairs, management, financial position, shareholders' equity or results of the Issuer's operations or the operations of the Subsidiaries. In such an event, subscriptions for the Bonds that have been made will be disregarded, and any Subscription payments made will be returned (or the blocked funds will be released) without interest or any other compensation.

- 11.3. If the issuance of the Tranche of the relevant Series is suspended or postponed, the Issuer may decide that the Subscription Orders made and payments made (or the blocking of funds) will be deemed to remain valid until the settlement of the offering of the Bonds.
- 11.4. In case the issuance of the Tranche of the relevant Series is cancelled, suspended or postponed, the Issuer shall notify the Dealer and the Depository accordingly, and publish an announcement on its website <https://www.rigasudens.lv/en/investors> thereof.

12. Settlement of the offering of the Bonds

- 12.1. The settlement for the offering of the Bonds will be carried out in accordance with the DVP (*Delivery vs Payment*) principle by the Dealer pursuant to the applicable rules of the Depository. After the Dealer submits a corresponding DVP instruction via the Depository system, an Investor, acting through its credit institution or investment brokerage firm with which the investor has opened a securities account, shall confirm that instruction immediately (by sending a relevant instruction), but not later than by 4 pm (Riga time) on the same day.
- 12.2. The Bonds allocated to the Investors shall be transferred to their securities accounts in accordance with the DVP (*Delivery vs Payment*) principle pursuant to the applicable rules of the Depository simultaneously with the transfer of payment for such Bonds.
- 12.3. The title to the Bonds shall pass to the relevant Investors upon transfer of the Bonds to their securities accounts.
- 12.4. If an Investor has submitted several Subscription Orders through several securities accounts, the Bonds allocated to such Investor shall be transferred to all such securities accounts proportionally to the number of the Bonds indicated in the Subscription Orders submitted for each account, rounded up or down as necessary.
- 12.5. The settlement of the offering of the Bonds shall take place on the Issue Date. All paid up Bonds shall be treated as issued.

USE OF PROCEEDS

The Bonds are issued pursuant to the EuGB Regulation.

The estimated net proceeds from the issue of each Series of the Bonds, including the EuGBs and the Environmentally Sustainable Bonds issued in accordance with the EuGB Regulation, will be specified in the applicable Final Terms.

European Green Bonds

The net proceeds from each issue of Bonds designed as European Green Bonds or EuGBs will be applied by the Issuer in accordance with the EuGB Regulation and the European Green Bonds Factsheet to finance or refinance the projects that support the Issuer's climate change mitigation, climate adaptation, and sustainable resource management objectives, as outlined in the Issuer's Sustainable Development Strategy 2040 and Medium-Term Strategy 2025–2030.

Further information in relation to the EuGBs is available in the European Green Bonds Factsheet which is published on the Issuer's website <https://www.rigasudens.lv/en/investors/eugb> but is not incorporated in this Base Prospectus and does not form a part of this Base Prospectus.

The European Green Bonds Factsheet has been subject to a pre-issuance review with a positive opinion, dated 6 May 2025 by Sustainable Fitch Ireland Limited, legal entity identifier (LEI): 213800JBPPIRON5YQ587, (the “**External Reviewer**”), who has notified the European Securities and Markets Authority (“**ESMA**”) of its intention to provide external reviewer services pursuant to the EuGB Regulation and is included on the list of external reviewers published by ESMA. The inclusion of the External Reviewer on this list does not imply that ESMA has registered, authorised, or otherwise approved the External Reviewer.

For each 12-month period until the full allocation of the proceeds from the issuance of the European Green Bonds, the Issuer will prepare an annual allocation report. This report will demonstrate that the proceeds have been allocated in accordance with EuGB Regulation. The annual allocation report prepared after full allocation of the proceeds will be subject to a post-issuance review by the External Reviewer. The annual allocation reports and the post-issuance review will be published by the Issuer within 270 calendar days following the end of the relevant 12-month period.

In addition, pursuant to EuGB Regulation, the Issuer will publish an EuGB impact report once the proceeds have been fully allocated, and at least once during the lifetime of the European Green Bonds. The EuGB impact report(s) may be reviewed by the External Reviewer. The annual allocation reports, the pre-issuance and post-issuance reviews, the EuGB impact report(s), and, where applicable, the review of the EuGB impact report(s) will also be made available on the Issuer's website <https://www.rigasudens.lv/en/investors/eugb>.

Environmentally Sustainable Bonds

The net proceeds from each issue of Bonds designed as Environmentally Sustainable Bonds will be applied by the Issuer in accordance with the EuGB Regulation to finance or refinance the projects that contribute to the Issuer's broader environmental objectives, including the Issuer's climate change mitigation, climate adaptation, and sustainable resource management objectives, as outlined in the Issuer's Sustainable Development Strategy 2040 and Medium-Term Strategy 2025-2030. Such environmental objectives of the Issuer may align with the environmental objectives as set out in Article 9 of the Taxonomy Regulation.

In accordance with the EuGB Regulation the Issuer may make voluntary pre-issuance disclosures in relation to the Environmentally Sustainable Bonds. Such voluntary pre-issuance disclosures may include the minimum proportion of bond proceeds to be used for activities that are environmentally sustainable under Article 3 of the Taxonomy Regulation, as well as other elements specified under the EuGB Regulation. Similarly, the Issuer may make periodic disclosures of post-issuance information by means of common templates established by the European Commission.

Such disclosures, if applicable, will be made available in accordance with the EuGB Regulation and published on the Issuer's website <https://www.rigasudens.lv/en/investors>.

INFORMATION ABOUT THE ISSUER

General information

The legal and commercial name of the Issuer is SIA "Rīgas ūdens". The Issuer is a limited liability company (in Latvian – *sabiedrība ar ierobežotu atbildību*) incorporated pursuant to the laws of the Republic of Latvia on 12 January 2004. The Issuer is registered with the Commercial Register of the Republic of Latvia and operates according to the legislation of the Republic of Latvia. The Issuer is a 100 per-cent Riga City Municipality-owned water management company tasked to provide the residents of Riga City with high-quality and safe water management services.

The Issuer operates in a strategically important sector, performing a municipal function in the field of water and sewer services, providing public water management services in Riga City and in certain municipalities of its metropolitan area.

Basic information

Registration number: 40103023035

Legal Entity Identifier (LEI): 6488Z9Y7BN122Y40LD08

Registered address: Zīgfrīda Annas Meierovica bulvāris 1, Riga, LV-1050, Latvia

Website: www.rigasudens.lv

Telephone number: +371 6708 8346

E-mail: investoriem@rigasudens.lv

The information published on the Issuer's website www.rigasudens.lv does not form part of the Base Prospectus.

History and development of the Issuer

The Issuer, in its current corporate form, has a relatively recent history compared to the extensive history of Riga City's water supply system which was established already in 1620. In 1663, the first mechanical installation for water supply, a water cistern, was constructed. The initial stage of the establishment of the Riga City sewerage system began in 1861, followed by the construction of a new water supply system, including a pumping station, in 1863.

In 1883, the first studies on the extension of Riga City's water supply using groundwater were conducted. The construction of the "Baltezers" pumping station was completed in 1904, marking the beginning of the supply of underground water to Riga City. From 1911 to 1913, a second groundwater main from Bukulti to Riga City was constructed. In 1935, the pumping station "Zaķumuiža" was built, increasing the volume of groundwater supplied to Riga City. The first water quality control laboratory was established in 1947. In 1950, the "Baltezers" pumping station was

reconstructed, transitioning from steam-driven pumps to electrically driven centrifugal pumps. The construction of the “Daugava” drinking water treatment facility, the largest surface water treatment complex in Latvia, took place from 1970 to 1978, and it was put into operation at the end of 1978.

In the mid-20th century, the water management of Riga City was administered by the Water Supply and Sewerage Management Board of the Executive Committee of the Council of People’s Deputies of Riga City (in Latvian – *Rīgas pilsētas Tautas deputātu padomes izpildkomitejas Ūdensvada un kanalizācijas saimniecības pārvalde*). Subsequently, it was managed by the Riga City Municipality company “Water Supply and Sewerage” (in Latvian – *Rīgas pilsētas pašvaldības uzņēmums “Ūdensapgāde un kanalizācija”*).

On 24 September 1991, the Riga City Municipality company “Rīgas ūdens”, the predecessor of the Issuer, was incorporated. In the same year, wastewater treatment plant “Daugavgrīva” became operational, replacing three smaller plants in Jugla, Ķengarags, and Bolderāja that previously treated wastewater. The Riga City water environment project was launched in 1996. Between 1998 and 2000, the “Baltezers” complex was reconstructed, including the construction of a new pumping station, a 2000 m³ reservoir, technical buildings, and external communications. The reconstruction of the “Daugava” drinking water treatment facility was completed in 2000, introducing three-stage treatment technology and significantly improving the quality of drinking water. The water infrastructure in Riga was originally built to serve more than 1 million people. However, today the number of inhabitants is about 600,000 and continues to decline, reflecting changes in both population forecasts and the current reality.

On 16 December 2003, the Riga City Council adopted a decision to reorganize the Riga City Municipality company “Rīgas ūdens” into a limited liability company “Rīgas ūdens”, establishing that the Issuer would be the successor to the obligations and rights of the Riga City Municipality company “Rīgas ūdens”. The reorganization was completed on 12 January 2004, and since then the Issuer has borne its legal and corporate name.

The first phases of the Riga City water environment project were completed in 2006, resulting in quality improvements to the water and sewerage networks. The project “Development of water management in Riga, 3rd phase” was completed in 2009, extending the accessibility of the city networks in Šampēteris, Dārzciems, Zolitūde, and Pleskodāle. The project “Development of water management in Riga, 4th phase” was completed in 2016, extending the accessibility of the city networks in Mārupe (Riga City metropolitan area), Katlakalns, and Bolderāja, as well as the desalination plant in Baltezers. The project “Development of water management in Riga, 5th phase” was completed in 2023, extending the accessibility of the city networks in Imanta, Berģi (Riga City metropolitan area), and Beberbeķi. The project “Development of water management in Riga, 6th phase” was completed in 2024, extending the accessibility of the city networks in Ziepniekkalns, Imanta and Teika. Between 2021 and 2024, the largest sewage pumping station in the Baltics was built at Daugavgrīvas iela 101, Riga.

At the date of this Base Prospectus the Issuer provides the following public water management services:

- water supply:
 - water abstraction, storage, and treatment;
 - water supply;
- sewerage:
 - wastewater collection;
 - wastewater treatment and discharge into the environment.

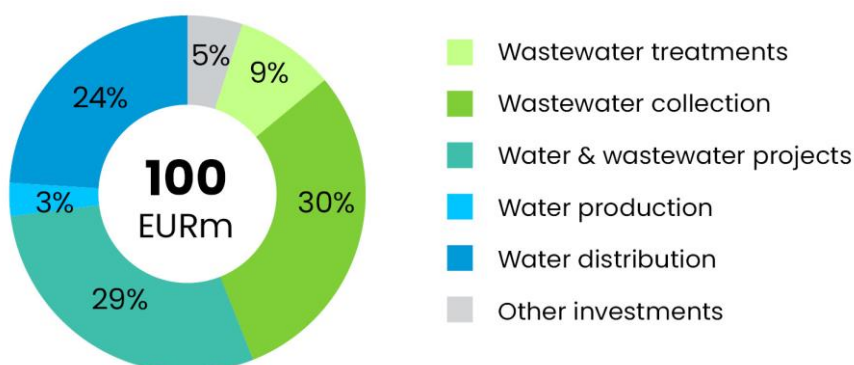
There have not been any recent material events that would be relevant for assessing the solvency of the Issuer.

Investments

The Issuer's sustainable development plans place significant importance on providing safe and high-quality centralized water management services. To ensure the continuous high quality and availability of these services in the long term, the Issuer continues to make investments in water abstraction, storage and preparation for use before supply to the centralised water supply network, maintaining and expanding the infrastructure, wastewater collection and treatment. The improvement of water resource management and infrastructure is closely linked to promoting research, digitalization, and the implementation of innovations.

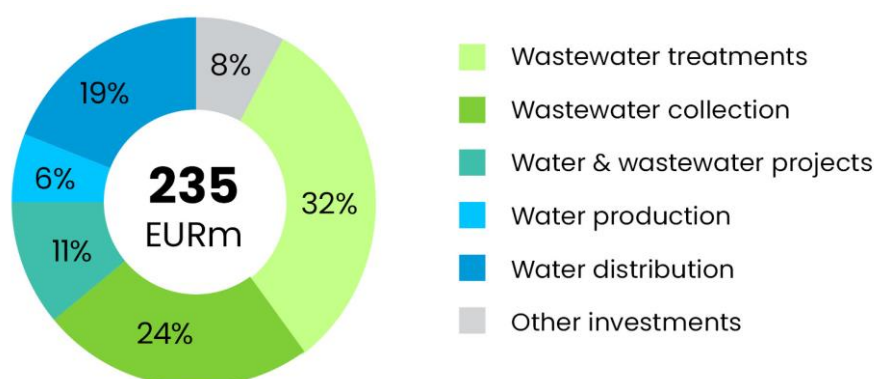
During 2022–2024, the capital expenditures of the Issuer have remained stable, ranging between EUR 30 and 35.6 million annually. In 2024, the largest investments, totalling over EUR 20 million, were allocated to infrastructure renewal (34%) and expansion (26%). The remaining funds were directed towards water quality improvement programs, sewer pumping station upgrades, and other essential projects. Additionally, the Baltics' largest pumping station was completed in 2024, with a total investment of EUR 18 million over last 4 years.

The Issuer's capital expenditures 2022–2024



Source: The Issuer

The Issuer's projected capital expenditures 2025–2028



Source: The Issuer

Main investment programmes 2025–2028

| Segment and related programme | EUR million |
|---------------------------------------------------------------------------------------------------|-------------|
| Wastewater treatment Sustainable wastewater management programme | 76.2 |
| Wastewater collection Programme for the rehabilitation of sewerage networks | 57.2 |
| Water & wastewater projects Rehabilitation of water distribution & sewerage network | 26.4 |
| Water distribution Rehabilitation of water distribution network | 43.4 |

Source: The Issuer

Strategic Framework

Strategy 2030

The Issuer operates under the Medium-Term Strategy 2030 (the “**Strategy 2030**”), which was approved by the Supervisory Board of the Issuer. This strategic roadmap defines key priorities across infrastructure development, environmental sustainability, financial stability, and service quality. The strategy is fully aligned with the Sustainable Development Strategy 2024–2040, ensuring that the Issuer remains a reliable, efficient, and future-ready water utility serving Riga’s residents, businesses, and institutions, outlining key objectives and priorities for infrastructure development, environmental sustainability, financial stability, and service quality enhancement. The foundation of Strategy 2030 is based on the Riga City Municipality’s decision of 20 November 2024, which outlines the Issuer’s strategic objective: to provide high-quality and reliable water services, ensure the sustainable and safe use of Riga’s water resources, manage strategic infrastructure responsibly, and foster public involvement in water conservation and pollution prevention. This mandate is further supported by Decision No. 938 of 6 October 2021, which defines specific non-financial targets for the Issuer, aligning with national regulations and sectoral policy frameworks.

At the core of Strategy 2030 is the goal of securing high-quality and uninterrupted water services while modernizing Riga City's water and wastewater infrastructure. A major priority within Strategy 2030 is the rehabilitation and modernization of Riga's water and wastewater infrastructure. The Issuer plans to repair at least 90 km of water pipes and 55 km of wastewater pipelines, aiming to reduce water leakage by 12.4%. Significant investments have also been and will be made in automation and digital monitoring, integrating smart metering and remote monitoring technologies. The implementation of a geographic information system (GIS)-based hydraulic monitoring system will enhance leak detection and infrastructure maintenance efficiency. To expand access to water services, the Issuer aims to integrate over 3,000 additional residents into the sewer system by 2030, ensuring sustainable wastewater management solutions. In particular, the Issuer has been actively promoting connections to centralized water and wastewater systems, implementing projects co-financed by the EU Cohesion Fund under the "Development of Water Supply and Sewerage Systems in Riga" initiative. Furthermore, the Issuer has commenced a large-scale expansion of the water infrastructure in the Mangaļsala water and wastewater development project, with construction scheduled for completion by 2027 and a long-term expansion project for the development of water and wastewater infrastructure in Dārziņi.

The Issuer is committed to meeting EU environmental regulations, including compliance with the Directive (EU) 2024/3019 on urban wastewater treatment, which introduces stricter effluent quality standards. The Issuer has received a certificate from the independent certification body Bureau Veritas Certification, confirming that the Issuer has undergone an audit and that its environmental management system complies with the requirements of the LVS EN ISO 14001:2015 standard. This certification applies to the areas of drinking water treatment and supply, as well as household wastewater collection and treatment. To meet these evolving requirements, the Issuer is expanding wastewater treatment capacity, deploying advanced nutrient removal technologies, and reducing its overall environmental impact. This includes ensuring wastewater treatment at efficiency levels exceeding national regulatory requirements for nitrogen and phosphorus removal, despite occasional wastewater loads surpassing the designed capacity of wastewater treatment plant "Daugavgrīva". Over 2024, the Issuer has managed to maintain overload rates below 1.57%, demonstrating resilience in wastewater treatment capacity. Pipeline rehabilitation projects, leak detection systems, and digital monitoring technologies are also being deployed to support the transition to more sustainable water supply practices.

A core priority is increasing renewable energy usage and reducing emissions. The Issuer aims to increase the share of renewable energy at the wastewater treatment plant to at least 85% of total consumption by 2030, including significant investments in biogas utilization and wastewater treatment energy recovery systems. The Issuer has also committed to a 30% reduction in Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 2030 and 50% by 2040, compared to baseline levels. Additionally, major energy efficiency upgrades have been implemented, including the reconstruction of the largest wastewater pumping station in the Baltics, located on Daugavgrīvas iela 101, Riga. This upgrade has led to an annual energy savings of more than 1,750 MWh and a reduction in technical water consumption by over 280,000 m³.

The strategy also highlights the importance of employee well-being and workforce development. The Issuer is investing in professional training, digital upskilling, and workplace safety initiatives. An employee satisfaction index target of at least +5 points above the industry average has been set, with continued efforts to enhance motivation and well-being. Corporate governance remains a priority, with the Issuer aligning its management practices to OECD Corporate Governance Guidelines, ensuring compliance, transparency, and accountability.

On the financial side, The Issuer's strategy includes maintaining an equity ratio of at least 35% of total assets and a Debt Service Coverage Ratio (DSCR) of no less than 1.2, ensuring long-term financial stability. Net profitability is projected to remain at a minimum of 7% over a three-year period and at a minimum of 10% from year 2027, while annual investments in infrastructure will exceed asset depreciation by at least 130%. To balance affordability and sustainability, household spending on water services will remain below 1.5% of average household income. The Issuer has committed to over €500 million in infrastructure investments by 2040, funded through green bonds, EU structural funds, and long-term credit facilities.

Environmental, social, and governance ("ESG")

The Issuer is committed to embedding sustainability into its core operations, aligning with its Sustainable Development Strategy 2024–2040. The Sustainable Development Strategy 2024–2040 was developed as a long-term framework for the Issuer, integrating environmental, social, and governance principles to ensure the responsible management of water resources, infrastructure modernization, and operational sustainability. The strategy was formulated following an extensive Double Materiality Assessment conducted in 2023, which identified the key ESG risks and opportunities relevant to the Issuer's operations. The adoption of the strategy was informed by the delegated tasks from Riga City Municipality, which mandated the development of a structured, long-term sustainability plan to address climate change mitigation, energy efficiency, and resource management. The strategy also aligns with the EU Corporate Sustainability Reporting Directive (CSRD) and the latest European Sustainability Reporting Standards (ESRS).

The Sustainable Development Strategy 2024–2040 was incorporated into the Issuer's Strategy 2030, ensuring that the company's short-term operational plans align with long-term sustainability goals. Moreover, the strategy has been embedded within Riga City's broader climate action framework, aligning with the Riga City Municipality's Climate Neutrality Commitment for 2030. Based on the Issuer's research on impacts, risks and opportunities, the Issuer has set three main priorities: climate change adaptation, climate change mitigation and responsible energy consumption.

The Issuer has established a comprehensive ESG policy framework that encompasses eight non-financial and five financial goals. These goals are designed to cover all aspects of ESG and align with the company's commitment to sustainable development. The non-financial goals include improving energy efficiency, compliance with water treatment requirements, efficient use of resources, enhancing customer satisfaction, promoting digital transformation, ensuring

employee well-being, and implementing responsible corporate governance. The financial goals focus on improving liquidity ratios (DSCR >1.2x, Equity ratio >35%), consistent annual profitability growth (>7 %, starting from 2027 >10%), medium-term revenue increase (>130 %), return on equity improvement (uncollectable debt ratio below 1.0% of net turnover), and investment in research and development (R&D) projects (>2 % per year).

The Issuer pursues the following sustainable development goals (the “SDGs”):

- clean water and sanitation;
- decent work and economic growth;
- industry, innovation and infrastructure;
- responsible consumption and production;
- climate action;
- life below water.

In the light of the SDGs, the Issuer has established a comprehensive ESG strategy with key performance indicators aimed at enhancing sustainability and operational efficiency. The Issuer contemplates to renovate over 250 km of water supply pipes and 150 km of wastewater pipes, invest at least 2% in R&D, reduce greenhouse gas emissions by 50%, and achieve a water leakage reduction to 30% or less. Additionally, the Issuer aims to maintain wastewater collection efficiency at 98% or higher and improve the energy efficiency of its wastewater treatment plants to 100%. The total investment required to achieve these goals is expected to reach EUR 500 million, sourced from both short-term (including, bank loans and operating cash flow), mid-term (issuance of debt securities, including the Bonds) and long-term funding (including, potential public-private partnerships and initial public offering possibilities). The investment for the period of 2025–2028 focuses on climate change mitigation (3%), water and marine resources (70%), and other strategic areas (27%), with approximately 60% of investments are expected to be aligned with the EU Taxonomy.

In particular, in the environmental domain, the Issuer has focused on reducing its ecological footprint through strategic investments in infrastructure and resource efficiency. In 2024, the Issuer supplied more than 36 million m³ of high-quality drinking water (in comparison to 35.507 million m³ in 2023), ensuring full compliance with EU drinking water standards. The annual volume of water realized in 2024 was 30.3 million m³, which is equivalent to the volume of water realized in 2023. In the first quarter of 2025 the Issuer supplied 8.91 million m³ of high-quality drinking water and realized 7,66 million m³ in comparison to 7,59 million m³ of drinking water realized in the first quarter of 2024 which indicates a slight increase in water consumption. Simultaneously, in 2024 the Issuer treated 51.345 million m³ of wastewater at the wastewater treatment plant “Daugavgrīva” (in comparison to 50.477 million m³ in 2023), with over 98% of Riga City’s population having access to centralized wastewater services. The total collected wastewater from customers in 2024 was 36.8 million m³, with over 60% originating from the residential sector in the Riga City,

in comparison to 36.4 million m³ in 2023. In the first quarter of 2025 the Issuer treated 12.34 million m³ of wastewater in comparison to 14.16 m³ of wastewater treated in the first quarter of 2024, meanwhile the collected wastewater volume in the first quarter of 2025 was 9.19 million m³ in comparison to 9.26 million m³ in the first quarter of 2024. The changes are related to a decrease in volumes in the first quarter from the Riga Municipality Area. The Issuer has also implemented significant initiatives in energy efficiency and emissions reduction, targeting a 30% decrease in Scope 1 and Scope 2 emissions by 2030, which translates to a reduction of 3,433 tons of CO₂ equivalent. To further its commitment to renewable energy, the Issuer has increased on-site biogas production, generating 400,000 EUR in revenue from biogas sales in 2024, and is progressively transitioning towards energy neutrality in wastewater treatment operations. Investments in circular economy practices have led to a substantial reduction in landfill waste, particularly through the improved management and recycling of wastewater sludge. Infrastructure modernization remains a priority, with EUR 35.6 million invested in 2024 to upgrade water and sewage networks, enhancing efficiency and reliability. The investment volume continued in the first quarter of 2025, reaching 5.68 million EUR, which includes the renewal of 4.2 km of networks (2.1 km of water supply networks and 2.1 km of sewer networks were renewed).

The Issuer is also dedicated to social responsibility, recognizing the fundamental role of access to clean water in public health and quality of life. Efforts to expand water and wastewater service accessibility in 2024 have resulted in the connection of 2144 new residents to the centralized sewer system and 469 new residents to the centralised water supply system. In 2024, 11.37 km of sewerage networks and 7.87 km of water supply networks have been extended in the EU Cohesion Fund co-financed and other projects. The total length of the new networks constructed in 2024 is 19.3 km. In 2025, the connection of new customers to centralized networks continued, with 246 new customers connected to water supply network and 66 new customers connected to wastewater network in the first quarter of 2025. Public engagement remains a cornerstone of the Issuer's strategy, with initiatives such as the installation of 36 free public drinking water stations across Riga, reducing plastic waste and promoting sustainable water consumption. In addition, 10 new water refill stations have been installed in schools, encouraging environmentally conscious habits among young people. The Issuer also prioritizes employee well-being, with over 600 professionals benefiting from extensive training programs in digitalization, sustainability, and process optimization, ensuring that workforce development aligns with the latest industry advancements. Workplace safety is rigorously maintained, adhering to occupational health and safety standards. Customer satisfaction is a significant measure of success, and in 2024, 89% of customers expressed satisfaction with services, with a Net Promoter Score (NPS) of 72, one of the highest in the public utilities sector.

Corporate governance at the Issuer is built on transparency, accountability, and strict regulatory compliance. As a publicly regulated entity, the Issuer operates under the supervision of the Public Utilities Commission (in Latvian – *Sabiedrisko pakalpojumu un regulēšanas komisija*), ensuring fair and sustainable tariff structures. From 1 January 2025, new tariffs have been implemented, with water supply set at EUR 1.28/m³ and sewage services at EUR 1.06/m³, reflecting a commitment to financial sustainability while maintaining affordability for residents. The Issuer's financial

stability remains strong, with a net turnover of EUR 76.34 million in 2024, representing a 0.15% year-on-year increase, and a 11.39% rise in net profit, reaching EUR 8.391 million. In the first quarter of 2025, sales amounted to EUR 19.93 million, compared to EUR 18.20 million in the first quarter of 2024. Governance and ethical standards are regulated by internal procedures of the Issuer (the Code of Ethics, the anti-bribery management system and the whistleblowing system), ensuring their integrity.

Dividends

The Issuer adheres to a dividend policy approved by the Riga City Council, ensuring a balanced approach between the shareholder returns and reinvestment in infrastructure and operations.

As of the date of this Base Prospectus, the dividends are allocated as follows:

- 10% of profits are allocated for dividend distribution;
- 30% is retained for the development of wastewater treatment and other key infrastructure projects;
- 60% is reinvested into the enhancement of public water services and business development, in line with the Strategy 2030.

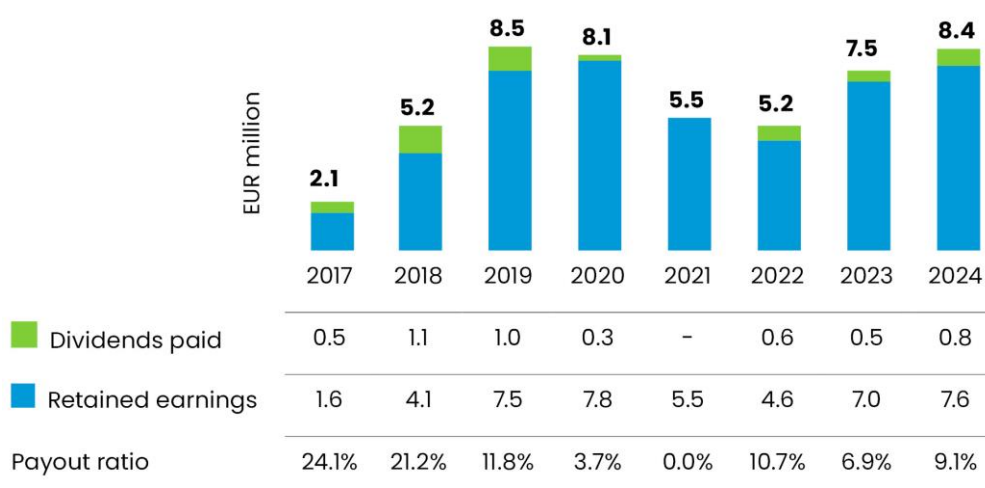
On 29 January 2025 the Riga City Council approved the intention of the Issuer to allocate 30% of its dividend profits over the next five years to the development of centralised water supply and sewerage networks in Dārziņi and the surrounding neighbourhoods. To secure funding for the development of water supply and sewerage systems in Dārziņi, the continuation of design and construction works of municipal networks in Mangaļsala, and the ongoing municipal co-financing program for connecting real estate to the centralised water supply and sewerage systems, the Riga City Council approved the Issuer's proposal to increase its dividend payout from 10% to 30% of the Issuer's 2024 profit for these purposes. This increase is directly linked to the Riga City Council's co-financing program, which provides support for connecting properties to the centralised water supply and sewerage networks. In previous years, more than EUR 3 million in support has been granted to residents through this program. In the first quarter of 2025, support was provided to 223 property owners through funding allocated by the Riga City Council.

Dividend policy segmentation



Source: The Issuer

Net profit and dividend payout ratio



Source: The Issuer

Awards and social contributions

The Issuer's commitment to sustainability and responsible management has been widely recognized, earning multiple prestigious awards.

In 2023, the Issuer received the Latvian Sustainable Governance Award for best practices in stakeholder management, highlighting its proactive approach in engaging with stakeholders and implementing sustainable initiatives.

In 2024, the Issuer has been named among Latvia's 50 most valuable companies in Nasdaq Riga and Prudentia Corporate Governance Index, achieving the highest possible corporate governance rating of 100 out of 100 points. The Issuer ranked 9th among state-owned companies with a calculated value of EUR 134.90 million; 42nd overall. In addition, the Issuer was awarded with the "Ilgtspējas Indekss 2024" Silver Certificate in the Latvian Corporate Sustainability and Responsibility Awards.

The Issuer has also served as an expert contributor in the Latvian Sustainable Governance Awards, providing its professional insights on ethics and sustainability in corporate governance. The Issuer is also proud to have been recognized in the 2024 ranking of Latvia's fairest employers, compiled by Figure Baltic Advisory, where it secured a position in the Top 10 among large companies.

In addition, the Issuer is regularly involved in various research and development project in the area of water supply and sewerage, as well as its experts participate in environmental education activities.

INFORMATION ABOUT BUSINESS OPERATIONS OF THE ISSUER

The Issuer is a capital company owned by the Riga City Municipality that operates in a strategically important sector and performs the municipal function in the field of (i) water supply and (ii) sewerage services, providing public water management services in the administrative territory of Riga City, as well as in certain municipalities of the Riga City metropolitan area.

In addition to its core water supply and sewerage services, the Issuer is involved in several supplementary business areas that support infrastructure development, environmental sustainability, and operational efficiency.

Market position of the Issuer

On 24 July 2019, the Riga City Council and the Issuer entered into a 10-year agreement (valid until 23 July 2029) designating the Issuer as the sole and exclusive provider of public water management services within the administrative territory of Riga City. This agreement is a continuation of earlier agreements with the Riga City Council, and secures long-term operational stability, allowing the Issuer to focus on infrastructural improvements, regulatory compliance, and service expansion.

The Issuer plays a critical role in ensuring the abstraction, purification, distribution of drinking water, and collection and treatment of wastewater to over 600,000 residents, businesses, and municipal institutions across Riga City and its metropolitan area.

The Issuer is registered with the Public Utilities Commission (in Latvian – *Sabiedrisko pakalpojumu un regulēšanas komisija*) as a regulated provider of water services, ensuring compliance with national and EU legislation governing utility services. In addition to its role as a provider of water supply and sewerage services, the Issuer regularly provides expert consultations to public sector policy makers.

In addition to serving the Riga City's core urban area, the Issuer provides water and wastewater services to several municipalities within the Riga metropolitan area that are connected through shared infrastructure. These include Jūrmala, Ādaži, Ropaži, Mārupe, and Ķekava, where the Issuer supplies water to or collects wastewater from intermediary service providers, who then distribute it to local consumers. As of 31 March 2025, these services accounted for a relatively small portion of the Issuer's total operations – approximately 0.9% of total water supply volume, 3.7% of wastewater treatment directly connected to the wastewater treatment station, and 6.5% of total wastewater services. However, there is significant potential for expansion.

As of 31 December 2024, the Issuer provided water supply services to 628,717 users in the Riga City and service connection accessibility rate of 98,04% and wastewater services to 615,700 users and service connection accessibility rate of 98,14%. While these volumes remain modest, the Issuer has identified underserved areas in the Riga City agglomeration and regional expansion as a key

growth area. The Riga City Council on 26 March 2025 made a decision to expand the Riga City agglomeration. This expansion aims to incorporate the areas of Mangaļsala, Dārziņi, Kundziņsala, and Trīsciems within the agglomeration boundaries, aligning with the Sustainable Development Strategy 2040. Under the Issuer's medium-term strategy, negotiations are ongoing with additional municipalities to extend service agreements and increase infrastructure integration. As the Riga City population is decreasing, but Riga City metropolitan area's population grows, demand for centralized water and wastewater services is rising, making this an area of strategic interest for future development. Under the Strategy 2030, the Issuer contemplates to continue discussions with suburban municipalities, with the goal of extending service agreements and increasing regional infrastructure integration. In providing public water services, the Issuer ensures:

- compliance of services with certain quality and environmental requirements, technical regulations, standards and the terms of contracts with service users;
- the quality of drinking water and wastewater treatment in accordance with the laws and regulations of the Republic of Latvia and the EU;
- maintaining water quality and quantity in water bodies within its remit;
- addressing environmental protection and water efficiency within its remit;
- water monitoring in the cases and in the procedures provided for in permits and regulatory enactments;
- designing and implementing water management development projects within its remit, implementing relevant EU directives.

Water management service provision in neighbouring municipalities



Source: The Issuer

Operational development and business expansion

Throughout its history, the Issuer has consistently expanded and modernised its infrastructure. In 1991, the wastewater treatment plant “Daugavgrīva” was launched, consolidating wastewater treatment that had previously been handled by smaller plants in Jugla, Ķengarags, and Bolderāja. By the late 1990s, The Issuer had initiated the Riga Environmental Project, an extensive programme to enhance water supply and sewer networks, with substantial investments made in infrastructure development.

Key milestones in the Issuer’s expansion included:

- **2000:** Completion of the reconstruction of the “Daugava” drinking water treatment facility, implementing a three-stage purification system, significantly improving drinking water quality.
- **2006:** Completion of the first phase of the Riga Environmental Project, improving the quality and reliability of the water and sewer network.
- **2009:** Expansion of city-wide network accessibility in Šampēteris, Dārzciems, Zolitūde, and Pleskodāle under the third phase of the Riga Water Management Development Project.
- **2011:** Construction of the water purification plant and the expansion of the Riga City’s water and sewerage networks with substantial support from EU Cohesion Fund.
- **2016:** Completion of the fourth phase, extending services to Mārupe, Katlakalns, and Bolderāja, along with the construction of an iron removal station in Baltezers.
- **2023:** Completion of the fifth phase, expanding the network to parts of Imanta, Berģi, and Beberbeķi.
- **2024:** Completion of the sixth phase, expanding the network to parts of Teika, Imanta and Ziepniekkalns.

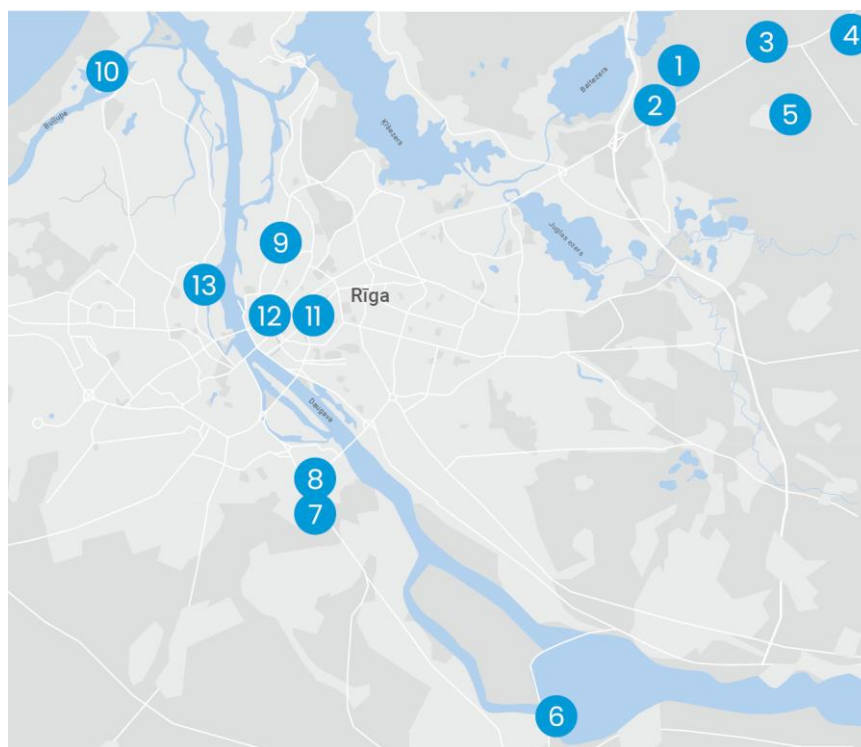
One of the most significant recent developments was the construction of the largest wastewater pumping station in the Baltics, completed between 2021 and 2024, further strengthening the Issuer’s ability to manage wastewater efficiently. As of 31 December 2024, the Issuer serviced 24,264 contracts for water and wastewater services and operated a vast infrastructure network that included:

- 1,536 km of water supply pipelines, 6 water abstraction stations, 285 boreholes, 5 reservoirs and 17 water supply pumping stations;
- 1,282 km of sewer networks, supported by 107 wastewater pumping stations;
- 37,031 sewer inspection manholes for system maintenance;

- annual water supply of approximately 36.6 million m³;
- annual wastewater treatment of approximately 51.3 million m³.

Main facilities and operational infrastructure

The Issuer operates a network of water abstraction, treatment, distribution, and wastewater management facilities, ensuring uninterrupted service to Riga City and certain municipalities in its metropolitan area. The Issuer's key facilities are strategically located to support efficient water supply and wastewater treatment operations.



Source: The Issuer

1. "Baltezers" underground water intake site, Ādaži and Ropaži Municipality;
2. "Baltezers-2" underground water intake site, Ropaži Municipality;
3. "Baltezers-1" underground water intake site, Ropaži Municipality;
4. "Rembergi" underground water intake site, Ropaži Municipality;
5. "Zakumiža" underground water intake site, Ropaži Municipality;
6. Daugava surface water intake site, Ķekava Municipality, 'Sūkņi';
7. "Daugava" drinking water treatment facility, Bauskas iela 209, Riga;
8. Water supply and sewer network service, Ziepniekkalna iela 70, Riga;
9. Sewer pumping station service, Ilzenes iela 1E, Riga;
10. "Daugavgrīva" wastewater treatment plant, Dzintara iela 60, Riga;
11. Customer service centre, Brīvības iela 49/53, Riga;
12. Administrative building: headquarters at Zigfrīda Annas Meierovica bulvāris 1, Riga;
13. Sewage pumping station, Daugavgrīvas iela 101, Riga.

One of the primary water sources for the Issuer is the “Baltezers – Zaķumuiža” underground water intake complex, located in Ropaži and Ādaži Municipalities. These facilities extract groundwater from deep underground reserves, ensuring a naturally filtered and mineral-rich water supply that requires minimal chemical treatment. The underground intake system provides a stable and reliable source of drinking water, supplementing the city’s surface water resources.

The Daugava surface water intake site, located in Ķekava Municipality, serves as a critical component of Riga City’s water supply system. This facility extracts surface water from Daugava, which is then processed at the “Daugava” drinking water treatment facility on Bauskas iela 209, Riga. The “Daugava” drinking water treatment facility is the largest and most advanced of its kind in Latvia, equipped with modern filtration, sedimentation, and disinfection technologies.

To ensure the smooth operation and maintenance of Riga City’s extensive water supply and sewer infrastructure, the Issuer operates dedicated service centres. The Water Supply and Sewer Line Network, located at Ziepniekkalns iela 70, Riga, is responsible for routine maintenance, emergency repairs, and infrastructure upgrades.

In addition to maintaining the wastewater network, the Issuer also operates a Sewer Line Pumping Station Service and one of the main sewer pumping stations on Ilzenes iela 1E, Riga. This facility is responsible for managing and maintaining the city’s wastewater pumping stations, which ensure the efficient transport of sewage and stormwater to treatment plants. The facility is equipped with state-of-the-art monitoring systems that track sewage flow rates, pump performance, and pressure levels, ensuring that wastewater is transported safely and efficiently across Riga City’s 1,282 km-long sewer network.

As part of its infrastructure modernization program, the Issuer completed the construction of the largest wastewater pumping station in the Baltics in 2024, located at Daugavgrīvas iela 101, Riga. As the largest facility of its kind in the Baltics, the new pumping station plays a critical role in collecting and transferring wastewater from neighbourhoods on the left bank of Daugava to the wastewater treatment plant “Daugavgrīva”. This facility is responsible for handling approximately 50% of Riga’s total wastewater. The new station replaces the previous pumping facility, which had operated at the same location for over 30 years but had become technically and operationally outdated. The modernization of this infrastructure brings substantial economic and environmental benefits, particularly in terms of energy and resource efficiency. Unlike the old station, which required approximately 300,000 cubic meters of water annually for equipment cooling, the new facility completely eliminates the need for cooling water, significantly reducing water consumption. Additionally, by completing the project in 2024, the electricity consumption was decreased by 1786 MWh, representing around 55% reduction in energy use compared to 2023.

The wastewater treatment plant “Daugavgrīva”, located on Dzintara iela 60, Riga, is one of the largest and most technologically advanced wastewater treatment facilities in the Baltics. This plant is responsible for treating over 50 million cubic meters of wastewater annually, ensuring compliance with EU environmental regulations before safely discharging treated effluent into natural water bodies. The facility employs multi-stage biological, chemical, and mechanical treatment processes, including sedimentation, activated sludge treatment, and nutrient removal, to minimize pollutant levels and protect the region’s aquatic ecosystems.

To further support sustainability and environmental stewardship, the wastewater treatment plant “Daugavgrīva” has integrated renewable energy solutions, including biogas recovery from sludge digestion. This initiative reduces the plant’s reliance on fossil fuels, lowers operational costs, and minimizes the facility’s overall carbon footprint, reinforcing the Issuer’s commitment to green energy and resource efficiency.

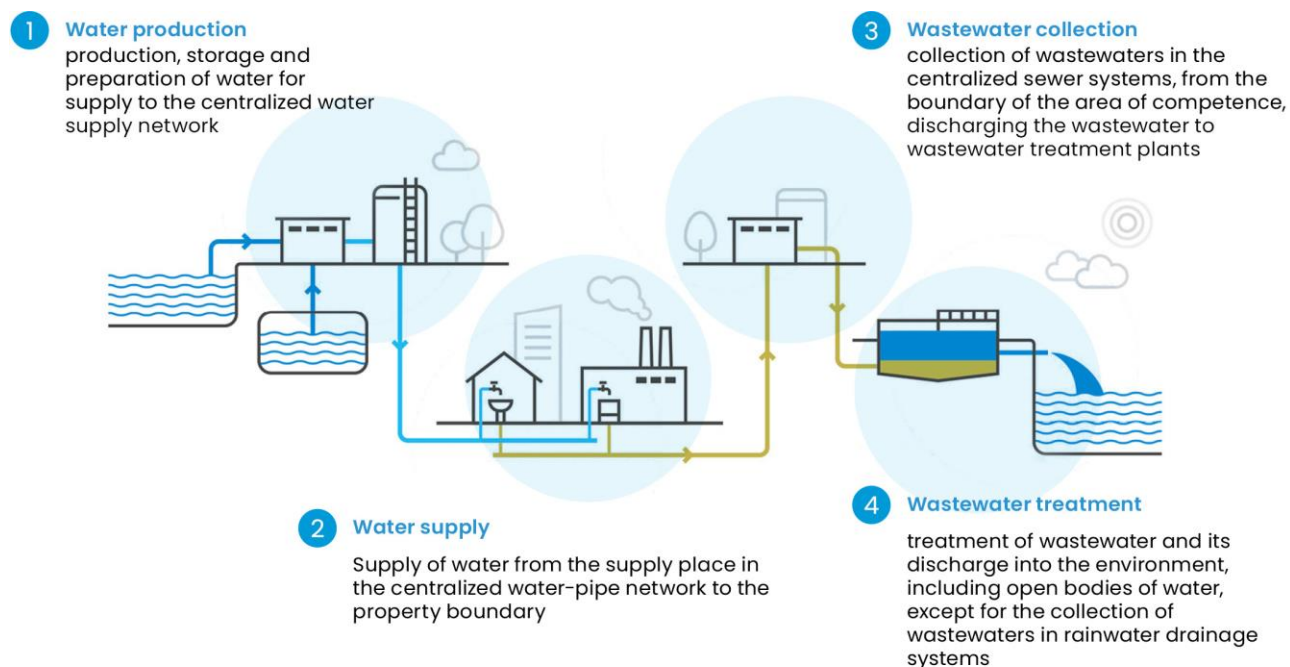
To ensure efficient customer service and administrative operations, the Issuer maintains several key office locations. The Customer Service Centre, Riga, provides a centralized hub for customer inquiries, billing assistance, and service coordination. This facility handles thousands of customer requests annually, including new service applications, water bill payments, and technical support for households and businesses.

The Issuer’s administrative headquarters, situated at Zigfrīda Annas Meierovica bulvāris 1, Riga, oversees corporate governance, regulatory compliance, IT, human resources, project management, strategic planning and other areas of the Issuer’s business.

Principal activities of the Issuer

The Issuer’s operations are organized around the provision of two main services: water supply and sewerage. Additionally, the Issuer is involved in several supplementary business areas that support public infrastructure development, environmental sustainability, and operational efficiency.

Full-scope water production, supply, collection and treatment process



Source: The Issuer

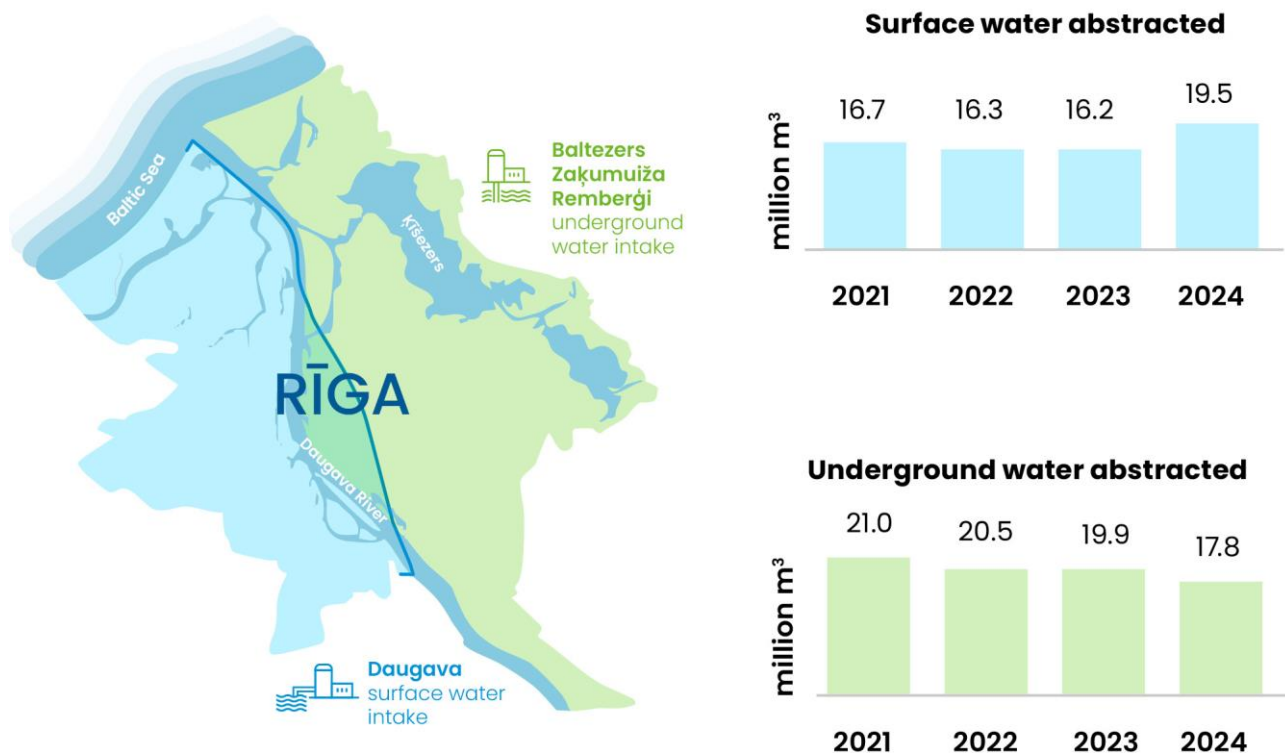
Water production and supply

Water supply is one of the main areas of activity for the Issuer. Water supply encompasses water abstraction, storage and preparation for use until supply to the centralized water supply network, and water supply from the centralized water supply network to the clients' property.

The water needed to supply Riga City is obtained from six urban water intake sites, which can be divided into two groups:

- waterworks using surface water as a water source – the Daugava surface water intake site;
- waterworks using underground water supplies – "Baltezers", "Baltezers-1", "Baltezers-2", "Zaķumuiža", "Remberģi" underground water intake sites.

Preliminary allocation of surface water and groundwater in the centralised water supply system of Riga City



Source: The Issuer

Water supply from surface water

A significant portion of Riga City's drinking water originates from Daugava, which is one of Latvia's largest and most vital water sources. Surface water extraction presents unique challenges, including fluctuating seasonal water quality, potential contamination from upstream activities, and natural sediment loads. To mitigate these risks, the Issuer has implemented stringent monitoring and protective measures, ensuring that only high-quality raw water enters the treatment process.

Most drinking water consumers on the left bank of Daugava receive their water from the Daugava basin, with the intake located at the Riga Hydroelectric Power Plant. The water is drawn from the deeper layers of the river and delivered via pumps to the "Daugava" drinking water treatment facility, where it is processed according to drinking water quality requirements using chemical agents, cleaned, disinfected, settled, and filtered multiple times. Ozone is used to disinfect surface water. The "Daugava" drinking water treatment facility can produce up to 150,000 m³ of drinking water per day. From 2021 to 2024 the Issuer extracted 37.7, 36.8, 36.0, and 37.3 million m³ of surface water, respectively. In the same time period, the Issuer supplied 37.0, 35.8, 35.5, and 36.6 million m³ of water, respectively, whereas the amount of water sold from 2021 to 2024 was 31.9, 31.1, 30.3 and 30.3 million m³. In the first quarter of 2025 the Issuer sold 7.66 million m³ of water in comparison to 7.59 million m³ of water sold in the first quarter of 2024. 95.9% of water consumption is metered, enabling accurate tracking and management of usage across the service area.

The "Daugava" drinking water treatment facility, a major component of the city's supply system, operates a multi-stage preliminary filtration process, removing large debris, sediments, and organic materials before the water is sent to the treatment plant. The intake station is strategically located to minimise exposure to industrial pollutants, and the surrounding buffer zones and environmental safeguards help to maintain water quality at the source. Advanced automated sensors and real-time water quality analysis are used to detect pollutant levels, temperature variations, and microbial activity, allowing for rapid response to any water quality threats.

Water supply from underground water

The Baltezers–Zaķumuiža underground water intake site provides centralised water supply mainly to consumers on the right bank of Daugava in Riga City. Water is obtained from five water points of urban importance – the underground boreholes in the "Baltezers", "Baltezers 1", "Baltezers 2", "Zaķumuiža" and "Remberģi" underground water intake sites. Surface water from lake Mazais Baltezers is used for groundwater recharge in the water reservoirs "Baltezers" and "Baltezers 2". The Baltezers–Zaķumuiža underground water intake site can produce up to 85,000 cubic metres of drinking water per day. From 2021 to 2024 the Issuer extracted 21.0, 20.5, 19.9 and 17.8 million m³ of underground water, respectively. The quality of the drinking water produced meets the requirements of the binding EU Directive, except for some water intake sites that have elevated levels of iron and manganese. The water from those intakes is treated in a de-ironing plant.

To ensure the conservation and restoration of water resources and to reduce the negative impact of pollution on the quality of the water, a protection zone was established around the underground water intake sites, covering a total area of 83 km² in the Ādaži and Ropaži Municipality.

The Issuer currently is performing hydrogeological survey and modelling of underground water resources long-term availability and necessary protection measures, to renew water abstraction licence according to Latvian legislation requirements. Also, hydrogeological survey, water abstraction testing and modelling is planned for approval of construction of the new underground water intake site which could potentially replace surface water intake sites.

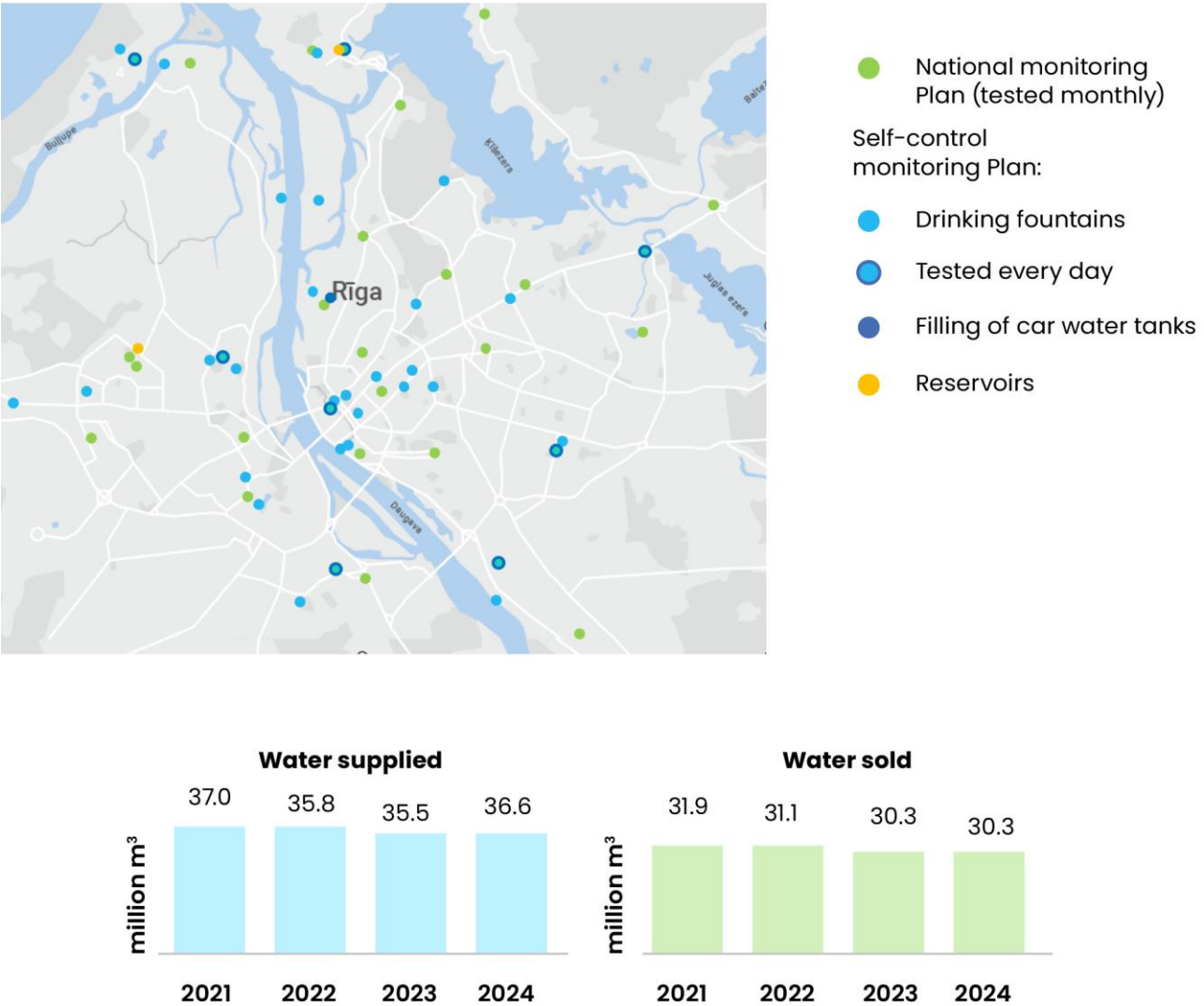
Water supply networks

The total length of Riga City's water supply networks as of 31 December 2024 was 1536.52 km. The water supply lines consist of pipes made of different materials (cast iron, steel, reinforced

concrete, plastic, etc.) and diameters (from 20 to 1200 mm). In order to improve the quality and safety of water supply, the Issuer replaces or rebuilds pipelines, hydrants and valves (more than 11,000) every year throughout the territory of Riga City. 15 water pressure pumping stations, including pressure boosting stations, built across the city ensured the availability of water to residents of certain neighbourhoods or groups of buildings in multi-storey buildings, delivering the necessary water pressure (no less than what is required for a five-storey residential building in the Latvian construction standards).

The volumes of substances in the water quality is monitored according to monitoring plan via direct measurements, tested by the Issuer's water testing laboratory accredited in Latvia. Water supply networks are flushed on annual basis to maintain high water quality standards. It is planned to reach flushing of all water supply networks at least once every 5 years. In 2024, the Issuer continued replacing and modernizing aging pipelines, hydrants, and gate valves to improve water quality and network resilience. In total 7.1 km water supply network was renovated in 2024.

Water supply monitoring locations and volume



Source: The Issuer

Sewerage

Sewerage is the second main area of activity for the Issuer. Sewerage management encompasses collection of wastewater in centralized sewage systems from the clients' properties and discharge to wastewater treatment plants. It is then followed by wastewater treatment and discharge into the environment, including surface water bodies. 98.14% of Riga citizens have access to centralized sewerage services.

Sewerage networks

The sewerage network of Riga City is a critical component of the city's wastewater management system, ensuring the efficient collection, transport, and treatment of domestic and industrial wastewater. As of 31 December 2024, the total length of Riga City's centralized sewerage network was 1,282 km, making it one of the largest and most complex urban wastewater infrastructures in Latvia. From 2021 to 2024, the Issuer collected 36.9, 36.6, 36.4 and 36.8 million m³ of wastewater, respectively. In the first quarter of 2025 the Issuer collected 9.19 million m³ of wastewater in comparison to 9.26 million m³ of wastewater collected in the first quarter of 2024.

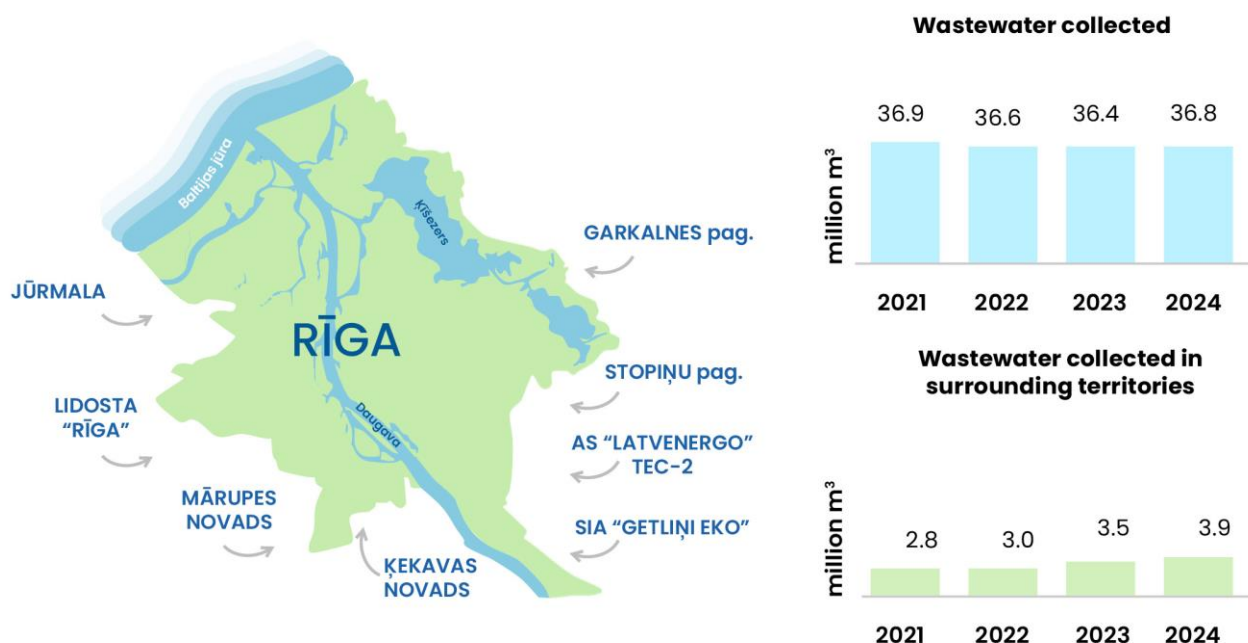
The sewerage system consists of pipes made of different materials (mostly ceramic, but also cast iron, steel, reinforced concrete, plastic, etc.) and diameters (up to 2300 mm circular form and 3000 x 1800 mm rectangular form channels). To facilitate the continuous and efficient movement of wastewater, as of 31 December 2024, the network is supported by 107 sewage pumping stations, which ensure that wastewater is transported from low-lying areas to treatment facilities. These pumping stations play a vital role in maintaining flow efficiency, particularly in areas where gravitational drainage alone would be insufficient.

For maintenance and operational control, as of 31 December 2024, the sewerage network was equipped with 37,031 manholes, strategically placed across the city. These manholes allow for inspection, routine cleaning, and emergency interventions, ensuring the network remains fully functional and free from blockages.

The Issuer conducts regular preventive cleaning and flushing operations throughout the sewerage system. These maintenance activities are essential for preventing sediment buildup, reducing the risk of blockages, and ensuring the long-term reliability of wastewater transport. By implementing modern sewer cleaning technologies, including high-pressure jetting, the Issuer ensures that the sewer network remains efficient and operational even during periods of heavy rainfall and increased wastewater loads.

To accommodate Riga City's growing population and expanding urban infrastructure, the Issuer continues to increase the capacity of the sewerage network and its pumping stations each year. These expansion efforts are designed to ensure the safe and uninterrupted collection of domestic wastewater and its transport to the wastewater treatment plant "Daugavgrīva", where it undergoes advanced purification processes before being safely discharged into the environment in compliance with EU and Latvian environmental regulations.

Wastewater collection locations and volume



Source: The Issuer

Wastewater treatment

The wastewater treatment process at the wastewater treatment plant "Daugavgrīva", the largest and most advanced facility of its kind in Latvia, is designed to ensure effective purification of urban wastewater before its safe discharge into the environment. The facility operates using a multi-stage treatment system, combining mechanical, biological, and sludge management processes to meet strict EU and Latvian environmental regulations. From 2021 to 2024, the Issuer treated 49.3, 48.1, 50.5 and 51.3 million m³, respectively. The Issuer provides wastewater collection and treatment for Riga, as well as approximately 6.3% of the total amount of wastewater collected from some adjacent municipalities (Ropaži, Mārupe, Ķekava, Salaspils), and approximately 4.3% of wastewater treatment for the city of Jūrmala (including from Babīte municipality in Mārupe county). In the first quarter of 2025 the Issuer collected 12.33 million m³ of wastewater (0.55 million m³ of wastewater in the surrounding territories of Riga City), in comparison to 14.16 million m³ of wastewater (0.63 million m³ of wastewater in the surrounding territories of Riga City) collected in the first quarter of 2024.

Upon arrival at the wastewater treatment plant "Daugavgrīva", wastewater undergoes an initial mechanical purification process to remove solid debris, sand, and non-biodegradable materials. Large objects are filtered out using bar screens, preventing damage to downstream treatment infrastructure. Sand and other heavy particles settle in grit chambers, where they are separated from the wastewater and later removed for disposal.

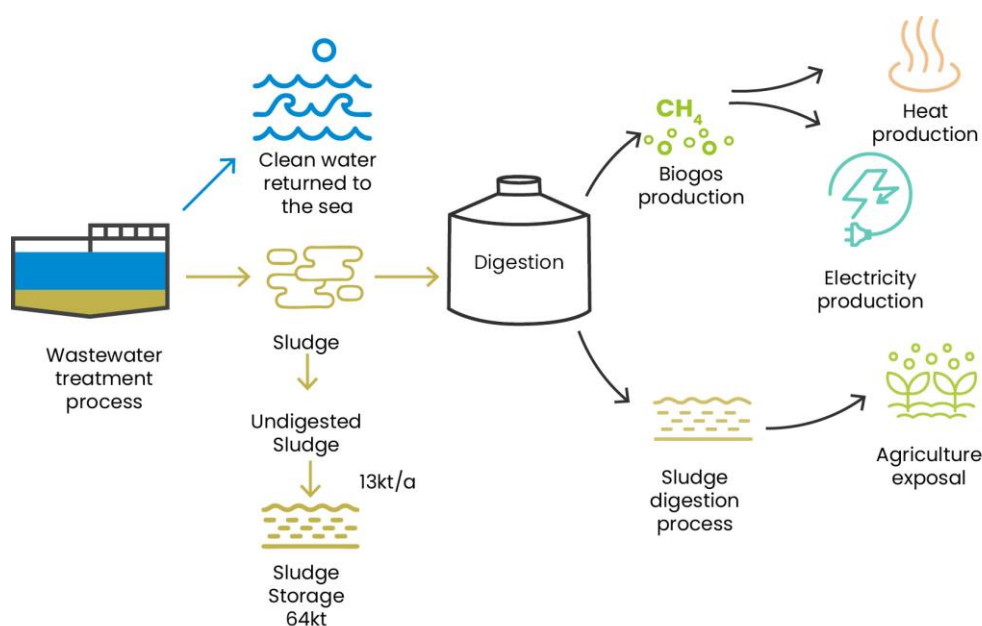
Following mechanical treatment, wastewater is subjected to biological purification using the activated sludge method. In this phase, microorganisms (bacteria and protozoa) decompose organic pollutants, breaking down dissolved contaminants and nutrients. This process mimics natural biodegradation but is conducted under controlled conditions to ensure maximum efficiency.

The biologically treated effluent is then safely discharged into the Gulf of Riga, approximately 2.4 km from the shoreline and at a depth of 15 meters. This discharge complies with the Council Directive 91/271/EEC of 21 May 1991 (from 2025 – Directive 2024/3019) concerning urban wastewater treatment requirements, ensuring minimal environmental impact on marine ecosystems.

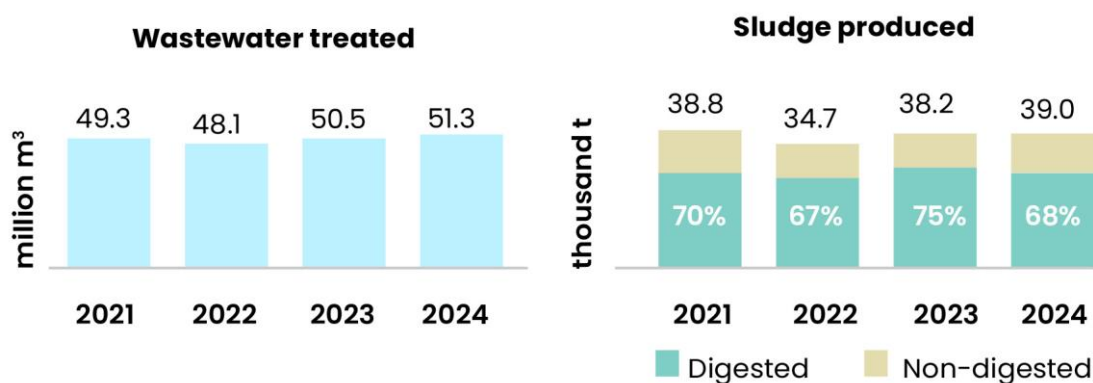
As part of the wastewater treatment process, biological sludge (a byproduct of biological purification) is generated. In 2024 the Issuer produced 39,017 tonnes of sludge, while in 2023 the Issuer produced 38,236 tonnes of sludge. In the first quarter of 2025 the Issuer produced 8,514 tonnes of sludge in comparison to 8,595 tonnes of sludge produced in the first quarter of 2024. The sludge is first directed to sludge thickening facilities, where excess water is removed, increasing the efficiency of further processing. The concentrated sludge is then treated in anaerobic digesters (methane tanks), a process that generates biogas as a renewable energy source. This biogas is subsequently used for heat generation at the treatment plant, reducing operational costs and supporting the Issuer's goal of achieving energy neutrality. The Issuer produces 4 million m³ of biogas and 8.5 GWh of electricity and heat annually. The use of treated sludge in agriculture is regulated by Cabinet of Ministers Regulation No. 362 (issued on 2 May 2006), "Regulations on the Use, Monitoring, and Control of Sewage Sludge and its Compost" (in Latvian – *Ministru kabineta noteikumi Nr. 362 "Noteikumi par notekūdeņu dūņu un to komposta izmantošanu, monitoringu un kontroli"*), which is aligned with the Council Directive 86/278/EEC of 12 June 1986 on the protection of the environment, and in particular of the soil, when sewage sludge is used in agriculture.

As of 31 December 2024, the wastewater treatment plant "Daugavgrīva" operated at approximately 68% of its designed daily hydraulic capacity, allowing for future expansion as Riga City's wastewater volumes increase. The facility is continuously upgraded to ensure compliance with evolving environmental and pollution control standards, while also adapting to climate resilience challenges, such as increased stormwater inflows during heavy rainfall events.

Wastewater treatment process and volume



Source: The Issuer



Source: The Issuer

Supplementary business areas of the Issuer

In addition to its core water supply and wastewater management services, the Issuer is involved in several supplementary business areas that support infrastructure development, environmental sustainability, and operational efficiency. While these additional activities are not primary revenue drivers, they contribute to the Issuer's long-term strategic goals, sustainability commitments, and service expansion efforts.

Fire hydrant management

The availability and functionality of fire hydrants are vital to urban safety, as they serve as the primary source of water for firefighting operations. As of 31 December 2024, the Issuer oversaw the maintenance of 7,580 fire hydrants strategically distributed across Riga City, ensuring they remain fully operational, accessible, and compliant with safety regulations. Each hydrant is inspected on a regular schedule, with preventive maintenance carried out to detect potential faults, leaks, or pressure deficiencies. The Issuer works in close coordination with the Riga City's Fire and Rescue Service, ensuring that hydrants are located at optimal distances for emergency response teams and that sufficient water pressure is available in all areas of the city.

In 2024, the Issuer continued the replacement of outdated hydrants with more durable, corrosion-resistant models, increasing their longevity and reducing maintenance costs.

Public drinking water stations

As part of its commitment to sustainability, public health, and environmental conservation, The Issuer has developed a network of public-access drinking water stations, providing residents and visitors with free access to clean, safe drinking water. This initiative supports environmental sustainability by reducing the consumption of bottled water, minimizing plastic waste, and promoting the use of high-quality municipal tap water as an alternative to commercially packaged beverages.

As of the date of this Base Prospectus, the Issuer provides 36 public drinking water stations across Riga City, with locations strategically chosen based on foot traffic, accessibility, and

environmental impact considerations. These stations are placed in public parks, transportation hubs, sports facilities, and tourist-heavy areas, ensuring that clean drinking water is available where it is most needed. In 2024, 11 new public water taps were installed, including the restoration of the historic Raiņa bulvāris tap house.

To further enhance accessibility, the Issuer introduced mobile drinking water stations, designed for use at public events, festivals, and outdoor gatherings. These innovative units allow for flexible deployment, ensuring that temporary venues can provide free, high-quality drinking water to large crowds.

New Service Connections and Infrastructure Expansion

One of the key supplemental services provided by the Issuer is the construction of new service connections, allowing customers to be integrated into the centralized water and wastewater networks. Each year, the Issuer invests approximately EUR 1 million in these connection services, which account for 1.3–1.4% of the Issuer's total turnover. It serves as a critical public service, ensuring that new residential, commercial, and industrial developments have access to essential water infrastructure. The Issuer has received approval from the Competition Council (in Latvian – *Konkurences padome*) to carry out these connection services within the framework of Cohesion Fund projects, ensuring that newly built properties are seamlessly integrated into the municipal water network.

Biogas production

A significant part of the Issuer's sustainability efforts involves the production and sale of biogas, a byproduct of the wastewater treatment process. The Issuer generates approximately EUR 400,000 per year from biogas sales, which are currently contracted to Sabiedrība ar ierobežotu atbildību "RIGENS" under an agreement valid until 2030. Looking ahead, the Issuer plans to take full ownership of biogas production and utilization once the contract expires, with the goal of achieving energy neutrality at the wastewater treatment plant. By retaining and using biogas internally, the Issuer aims to reduce its reliance on external energy sources, lower operational costs, and enhance its carbon footprint reduction efforts. This transition is aligned with Latvia's climate policy objectives and the EU's broader sustainability targets.

Stormwater collection and management

Although the responsibility for stormwater management has been formally transferred to the Riga City Council's Outdoor Mobility Department (in Latvian – *Rīgas domes Ārtelpas un mobilitātes departaments*), a significant portion of stormwater runoff still enters the centralized sewer network due to a lack of separate stormwater drainage systems in certain areas. As of 31 December 2024, the Issuer continued to manage this runoff at 5,283 locations, generating nearly EUR 2 million in annual revenue from stormwater treatment services. Given that Riga City's stormwater infrastructure remains incomplete, the Issuer plays a crucial role in ensuring that excess rainwater does not overload the sewer system, particularly during periods of heavy rainfall.

In 2023, the Issuer expanded its sewer monitoring system, equipping the network with 19 new flow/level meters to analyse rainwater inflow and infiltration levels. Additionally, the Issuer sealed 11 emergency storm drains and removed 3, reducing unregulated discharges into water bodies.

Customer segmentation

As Riga City's largest water management provider, the Issuer serves a diverse customer base consisting of residential consumers, commercial and industrial enterprises, and municipal entities. To ensure operational efficiency and improved customer service, the Issuer segments its customer base based on common characteristics. As of 31 March 2025, the Issuer had a total of 24,593 active service contracts, covering more than 600,000 residents across Riga City and its metropolitan area. Customers include property owners or managers using city water supply and sewer services under contractual agreements, as well as individuals contracting for decentralized wastewater treatment.

As of the date of this Base Prospectus, the customer segmentation focuses on three main groups:

- 42 % detached houses;
- 40 % owners and managers of apartment buildings;
- 18 % non-residential premises businesses, institutions, etc.

This approach ensures that services and communication are tailored to meet the specific needs of each segment, improving efficiency and customer satisfaction. Additionally, the company actively supports property owners and developers in connecting to the centralised systems by guiding them through the necessary, ensuring the sustainable development of water management infrastructure meeting the needs of all customers

Detached houses and apartment building owners

As of the date of this Base Prospectus, detached houses and apartment building owners constitute the largest portion of the Issuer's customer base, accounting for 42% and 40% of all service users, respectively. The Issuer provides drinking water and wastewater services to private homeowners, apartment buildings, and social housing units. The service reliability and efficiency is ensured by:

- various digital self-service options, with, as of the date of this Base Prospectus, 87 % of customers now registered in the online customer portal, allowing them to track water consumption, submit meter readings, and receive billing notifications electronically;
- SMS notifications for scheduled and emergency repairs, ensuring timely communication with residential customers.

Despite the essential nature of water consumption, the residential sector experienced a 0.2 % decline in usage in 2024 compared to 2023. This reduction can be attributed to several factors, including increased public awareness of water conservation, advancements in household efficiency, and targeted infrastructure improvements. Many households have adopted water-saving appliances, such as low-flow faucets, dual-flush toilets, and smart water meters, leading to more efficient water usage patterns. Additionally, the Issuer's leak detection and repair

initiatives have significantly reduced unintended water losses, further contributing to the overall decline in consumption. Despite this decrease, the Issuer remains committed to enhancing service reliability and modernizing its infrastructure to ensure long-term sustainability.

Non-residential premises

As of the date of this Base Prospectus, non-residential premises like businesses, institutions, etc. make up 18% of the Issuer's customer base. Key industries relying on the Issuer's services include:

- **manufacturing**, where water is used for cooling systems, material processing, and production lines;
- **retail and hospitality**, where shopping malls, hotels, and restaurants depend on a steady and high-quality water supply for sanitation and service operations;
- **healthcare institutions**, including hospitals, laboratories, and clinics, which require sterile water for medical procedures and facility hygiene.

Manufacturing facilities rely heavily on water for cooling systems, material processing, and production lines, where even a minor disruption in water supply can halt production, damage equipment, or lead to financial losses. Similarly, businesses in the retail and service sectors, such as shopping malls, hotels, and restaurants, depend on a consistent supply of clean water for sanitation, food preparation, and customer service. The healthcare industry is another critical segment, as hospitals, laboratories, and clinics require sterile water for medical procedures, patient care, and facility hygiene, where uninterrupted service is a non-negotiable necessity.

To meet the diverse needs of its industrial and commercial clients, the Issuer provides customised pipeline connections, ensuring that facilities receive the precise volume and pressure required for their operations. In addition, flexible water supply arrangements allow businesses to maintain uninterrupted service, even during maintenance periods or peak demand hours. The Issuer also implements priority response systems, ensuring that any unexpected disruptions or service failures are quickly addressed, minimising operational downtime.

The sector's water consumption grew by 0.5% in 2024 in comparison to 2023, reflecting business expansion, industrial growth, and a rebound in tourism-related services. Manufacturing and logistics hubs remained strong contributors to overall demand, while the hospitality sector, particularly hotels and event venues, saw increased water usage as tourism and business travel rebounded post-pandemic. Additionally, the continued development of commercial real estate projects has broadened the Issuer's non-residential customer base, with new businesses requiring long-term, stable access to municipal water services.

Public-sector clients rely on the Issuer's consistent water supply and wastewater management services to maintain public health, safety, and infrastructure across Riga City. Municipal clients include a wide range of public institutions, each with specific service requirements. Schools, hospitals, and government offices require a continuous and stable water supply for daily operations, hygiene, sanitation, and heating systems. Healthcare facilities, in particular, demand uncompromised water quality, as sterile water is crucial for medical procedures, patient care, and infection control. Similarly, government buildings rely on uninterrupted service to ensure that public administration and essential municipal functions remain operational.

Emergency services, including fire departments, civil defence agencies, and disaster response teams, depend on the Issuer’s water infrastructure for firefighting and emergency preparedness. Amongst the key responsibilities of the Issuer is the management and maintenance of Riga City’s fire hydrants, ensuring that they remain fully operational at all times. As of 31 December 2024, Riga City had 7,580 fire hydrants.

Public sanitation facilities also represent a critical component of the municipal water network, encompassing waste treatment plants, city parks, public restrooms, and transit hubs. These facilities require a steady water supply for cleaning, waste processing, and environmental maintenance. City parks, for example, rely on irrigation systems, while transit stations require high-capacity water services to maintain hygiene and public sanitation. The Issuer ensures that these facilities receive sufficient water volume and pressure, adapting service delivery to accommodate seasonal variations in demand and emergency contingencies.

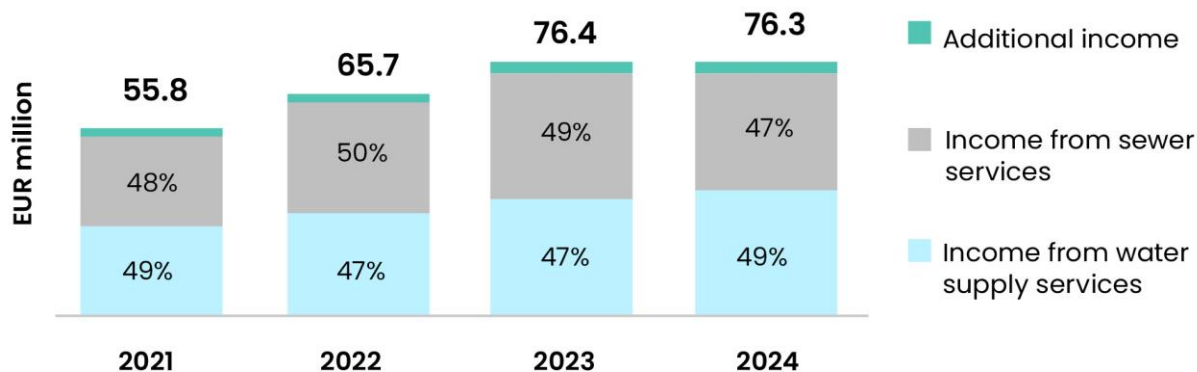
Income structure

The Issuer’s primary revenue streams derive from two main services: water supply and sewerage services. These services are provided under a municipality-delegated function, as stipulated in the agreement with the Riga City Council, dated 24 July 2019, on provision of water supply and sewerage services within the administrative territory of Riga City. Additionally, these services extend to certain suburban municipalities.

Revenue is determined by the volume of services consumed, which depends on population size and the regulated tariff set by the Public Utilities Commission. This tariff reflects technologically and economically justified costs necessary to ensure continuous, safe, and high-quality service provision, along with a return on investments.

In addition to its core services, the Issuer generates supplementary income from other sources, including fees for constructing new connections to the centralized system, revenue from biogas produced during sludge processing, and charges for additional sewerage services related to excess pollution from business clients.

Income split by segment



Source: The Issuer

Market regulation and quality compliance

As a regulated public utility provider, the Issuer operates under the jurisdiction of the Public Utilities Commission, which oversees tariff approvals, operational efficiency, and consumer protection policies. The Issuer must comply with a comprehensive set of national and EU regulations, including:

- Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy, transposed in Latvian law through the law "On Pollution" (in Latvian – *likums "Par piesārņojumu"*), Environmental Protection Law (in Latvian – *Vides aizsardzības likums*), Water Management Law (in Latvian – *Ūdens apsaimniekošanas likums*) and related laws and regulations of the Cabinet of Ministers (in Latvian – *Ministru kabineta noteikumi*), ensuring long-term sustainable water resource management;
- Council Directive 91/271/EEC of 21 May 1991 concerning urban waste-water treatment, transposed in Latvian law through the Law on Water Management Services (in Latvian – *Ūdenssaimniecības pakalpojumu likums*) and related regulations of the Cabinet of Ministers, governing the collection and treatment of wastewater;
- law "On Regulators of Public Utilities" (in Latvian – *likums "Par sabiedrisko pakalpojumu regulatoriem"*), regulating the operations of municipally owned utilities.

The tariff policy for the Issuer is also regulated by the Public Utilities Commission, ensuring that tariffs reflect the actual cost of service provision while maintaining the Issuer's financial sustainability. Tariffs for water supply and wastewater services are determined based on a cost-recovery principle, ensuring that revenue covers operational costs, infrastructure maintenance, and regulatory compliance requirements. According to the Public Utilities Commission's decision of 21 November 2024, the following tariffs have been in force for Riga since 1 January 2025 (excluding VAT):

- water supply tariff: EUR 1.28/m³;
- sewerage service tariff: EUR 1.06/m³;
- wastewater treatment tariff: EUR 0.40/m³.

Tariff methodology considerations



Source: Public Utilities Commission

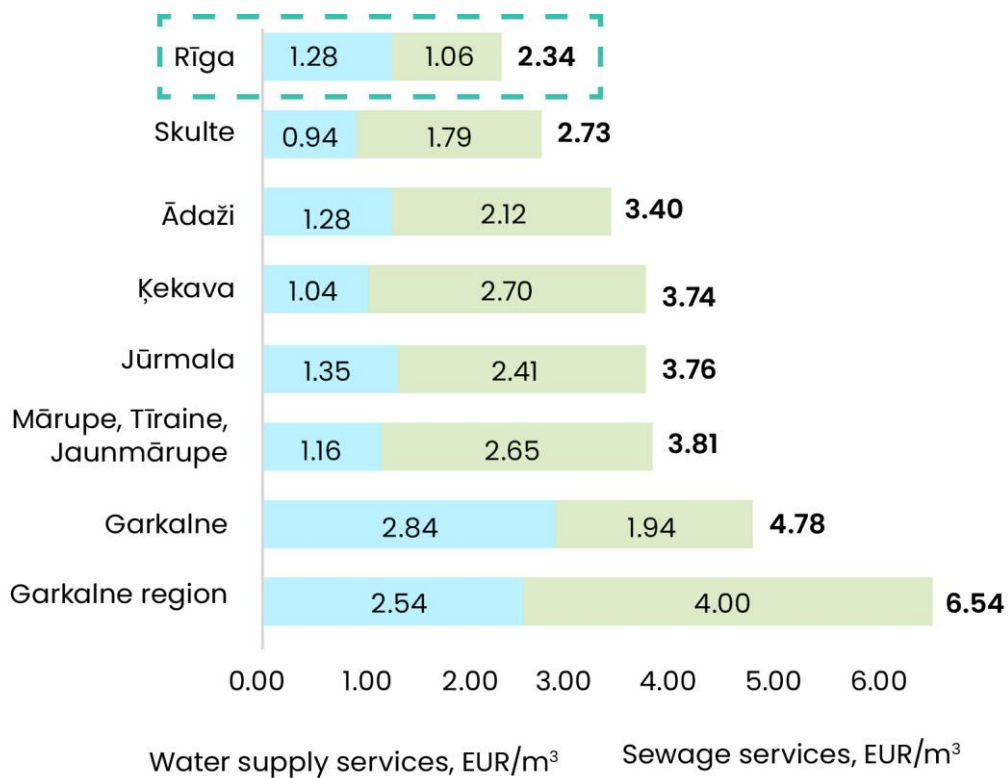
Tariffs are reviewed periodically in response to changes in operational costs, regulatory adjustments, and economic conditions. The Issuer must submit a tariff proposal to the Public Utilities Commission for approval, accompanied by a detailed breakdown of cost factors, including volume of services, regional pay gaps, features of the area, ownership of fixed assets, water quality, sewage pollution, energy consumption, infrastructure investment, and inflationary impacts. Tariffs vary from one locality to another, and these differences are due to various factors. The Issuer's medium-term tariff strategy, aims to maintain financial stability while keeping tariffs affordable. The strategy sets a target for net profitability, ensuring that the Issuer achieves an average net return on assets of at least 7% till year 2026 and 10% from year 2027 over a three-year period. If operational costs rise, the Public Utilities Commission may initiate a tariff revision process to ensure that the Issuer remains financially sustainable. In line with affordability objectives, the Issuer monitors the proportion of household water costs relative to disposable income. Current projections indicate that this benchmark will be met through controlled tariff adjustments and cost optimization strategies. Overall, the cost of water services in Latvia is on the rise, with utilities investing in improving their systems, which is positive.

Historical tariff development (excluding VAT)









Source: The Issuer

Water services end tariff comparison in the Riga City metropolitan area (as of 1 January 2025)



Source: The Issuer

Comparison of water management regulations and tariff structures in the Baltics

| | Latvia | Estonia | Lithuania | Baltic peer comparison | | | |
|----------------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| End consumer tariff structure | Fully regulated water tariff, cost-plus model with variations by municipality | Fully regulated water tariff, cost-based pricing model | Fully regulated water tariff, cost-plus and benchmarking models | Company |  RĪGAS ŪDENS |  Tallinna Vesi |  Vilniaus vandeny |
| Price differentiation by segment | No price differentiation, same tariffs for households and businesses | Different tariffs for households and businesses | Differentiation based on consumption levels and sectors | Ownership type | Municipal | Mixed | Municipal |
| WACC | Defined based on regulatory guidelines | Includes all long-term assets and net working capital | Determined case by-case, with return thresholds | Country |  Latvia |  Estonia |  Lithuania |
| WACC adjustments | Adjusted periodically based on economic conditions | Adjusted only if new tariff applications is filed | Reviewed annually | City resident | c.600,000 | c.450,000 | c.630,000 |
| Consumption volume adjustments | Volume over- or under - performance considered in tariff adjustments | Volume fluctuations affect tariff revisions with delays | Annual review includes adjustments for demand changes | Key financials (EUR million, 2023) | | | |
| Regulatory period | No fixed period, tariffs reviewed when cost change | No fixed period, tariffs reviewed when costs change | No fixed period, tariffs reviewed when costs change | Assets (2023) | 359.8 | 281.9 | 254.0 |
| | | | | Revenue (2023) | 76.5 | 61.2 | 59.1 |
| | | | | EBITDA (2023) | 23.7 | 25.4 | 21.0 |
| | | | | Net Debt / EBITDA (2023) | 1.5x | 3.3x | 2.3x |
| | | | | Main policies and regulations | | | |
| | | | | Dividend policy | 10% payout ratio | 50%-80% payout ratio | 60%-85% payout ratio |
| | | | | Allowed ROE | 5.42% | 8.10% | 6.30% |
| | | | | Permitted borrowing rate | 2.96% | 4.46% | 3.91% |
| | | | | WACC | 4.87% | 6.28% | 5.66% |

Source: Publicly available information, the Public Utilities Commission, Estonian Competition Authority, National Energy Regulatory Council in Lithuania

In provision of public water management services and engaging in other commercial activities stipulated in its Articles of Association, the Issuer complies with Latvian laws and regulations governing water management, construction, consumer rights protection, environmental protection, house management, and related fields, including the Law on Procurement of Public Service Providers (in Latvian – *Sabiedrisko pakalpojumu sniedzēju iepirkumu likums*), the Personal Data Processing Law (in Latvian – *Fizisko personu datu apstrādes likums*), and the Law On Prevention of Squandering of the Financial Resources and Property of a Public Entity (in Latvian – *Publiskas personas finanšu līdzekļu un mantas izšķērdēšanas novēršanas likums*). As a municipal capital company, the Issuer is also obligated to comply with the provisions outlined in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof (in Latvian – *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*) in its operations. In the field of environmental protection, the Issuer's activities are regulated by the Environmental Protection Law (in Latvian – *Vides aizsardzības likums*) and law "On Pollution" (in Latvian – *likums "Par piesārņojumu"*).

To ensure the highest safety and sustainability standards, the Issuer maintains a strict quality control framework, certified under ISO 14001:2015 (Environmental Management System Certification). The Issuer implements:

- 24/7 water quality monitoring at over 30 control stations, testing for chemical, biological, and microbiological contaminants;

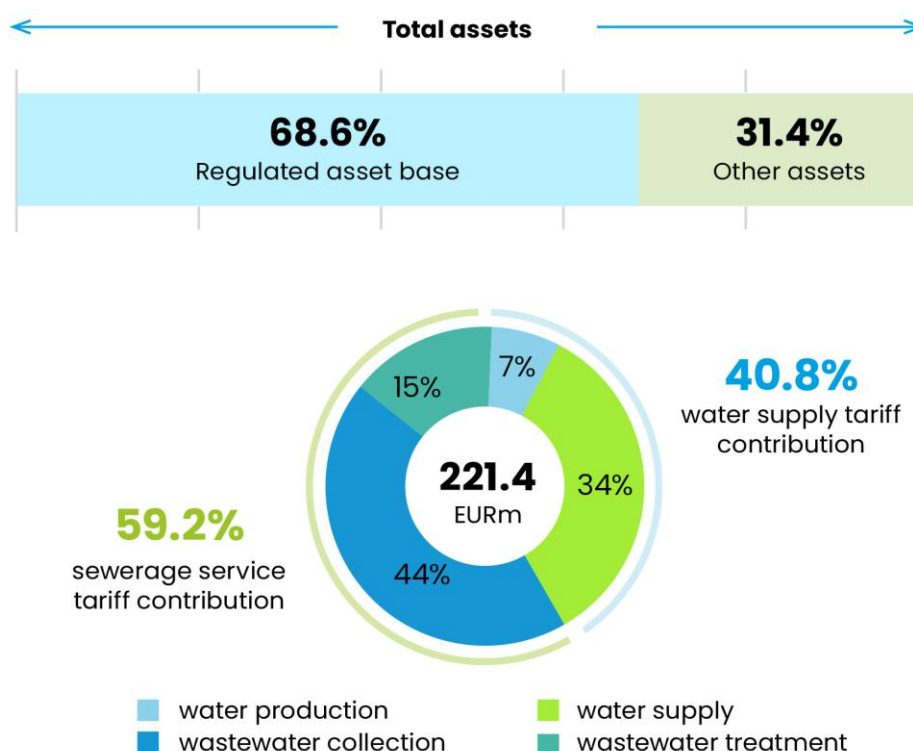
- advanced wastewater treatment technologies, reducing pollution before discharge into natural water bodies;
- climate resilience initiatives, including stormwater overflow control and urban flood prevention strategies.

Regulated asset base

As of 31 December 2023, the Issuer's regulated asset base (the "**RAB**") is valued at EUR 221 million and consists solely of commissioned long-term assets. This structure enables depreciation and the application of the weighted average cost of capital (the "**WACC**"), but excludes construction in progress, net working capital, and non-revenue-generating assets such as stormwater drainage, thus narrowing its scope compared to other countries.

The RAB planning includes detailed forecasting and multi-year contracts to ensure investments align with operational needs. However, 30% of the Issuer's assets have a book value of zero, which highlights the limitations of the current framework in accurately reflecting the true value of assets. The asset value as of 31 December 2024, incorporating asset revaluation, will be reflected in future tariffs.

The Issuer's regulated asset base (2024)

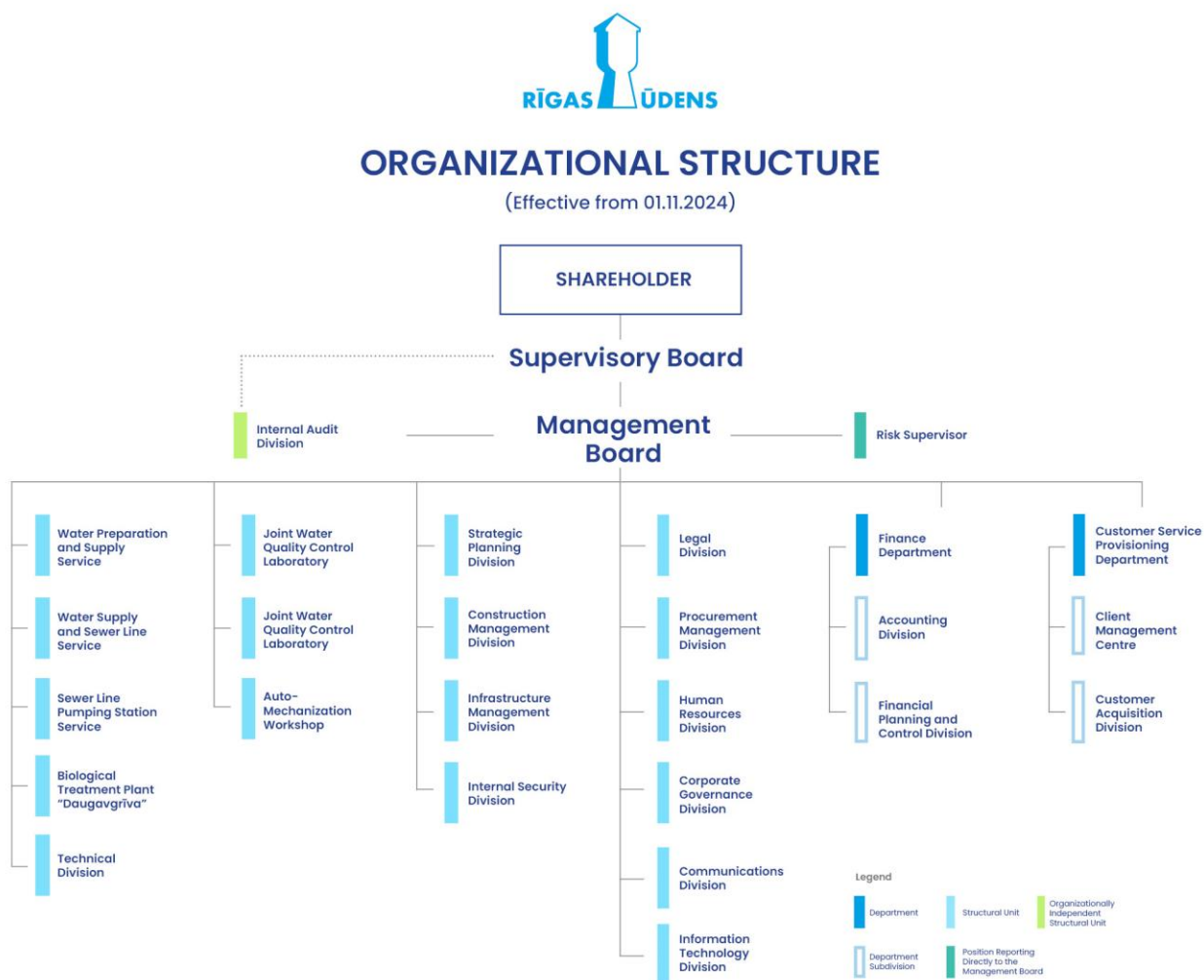


Source: The Issuer

ORGANISATIONAL STRUCTURE

As of the date of this Base Prospectus, the Issuer operates as a stand-alone company and does not have any subsidiaries.

As of the date of this Base Prospectus, the organisational structure of the Issuer is as follows:



ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

In accordance with the Commercial Law (in Latvian – Komerclikums) and the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian – Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums), the Issuer has the following corporate governance structure:

- Shareholder's Meeting;
- Supervisory Board;
- Audit Committee (to be elected in the next Shareholder's Meeting of the Issuer which will take place following the date of this Base Prospectus); and
- Management Board.

Shareholder's Meeting

Since the Riga City Municipality is the sole shareholder of the capital shares of the Issuer, the decisions within the competence of the Shareholder's Meeting shall be taken by the Executive Director of the Riga City Municipality who has all the rights, obligations and responsibilities of the representative of the holder of capital shares provided for in laws and regulations.

As of the date of this Base Prospectus, the shareholder's representative and the Executive Director of the Riga Municipality is **Jānis Lange**.

The Shareholder's Meeting has the power of decision if the shareholder's representative is participating in the Shareholder's Meeting. One share gives one vote.

According to the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian – *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*), the Shareholder's Meeting takes decisions on, *inter alia*, approval of the annual report of the Issuer, distribution of profits, election and revocation of the members of the Supervisory Board, election and revocation of auditors, bringing a claim or withdrawing a claim brought against a member of the Supervisory Board or the Management Board of the Issuer or an auditor, the amount of remuneration to be paid to auditors and members of the Supervisory Board and the Management Board of the Issuer, increasing or decreasing of the Issuer's equity capital, reorganisation of the Issuer, and election and revocation of a liquidator. The Management Board of the Issuer also needs a prior consent of the Shareholder's Meeting for taking a decision on the acquisition or alienation of an undertaking and termination of specific kinds of business operations and commencement of new kinds of business operations.

In addition to the tasks provided in the Law on the Management of Public Persons' Capital Shares and Capital Companies (in Latvian – *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*), at the Shareholder's Meeting decisions shall be taken on:

- acquisition and of real estate;
- other matters that may result in a significant change in the rights of the shareholder.

Supervisory Board

According to the law, all members of the Supervisory Board of the Issuer are state officials. Supervisory Board members are selected in the selection committee in accordance with the regulation that is applied in capital companies of public entities.

The members of the Supervisory Board elects among themselves the Chairperson and the Vice-Chairperson of the Supervisory Board. A term of office for members of the Supervisory Board of the Issuer five years.

According to the regulations of the Supervisory Board of the Issuer, the Supervisory Board has the following tasks:

- constantly monitor that the affairs of the Issuer are managed in accordance with the Law on the Management of Public Person's Shares and Capital Companies (in Latvian – *Publiskas personas kapitāla daļu un kapitālsabiedrību pārvaldības likums*), the Commercial Law (in Latvian – *Komerclikums*), other external regulatory enactments, the Articles of Association, decisions of the Shareholder's Meeting and decisions of the Riga City Council, and the Issuer's operational strategy;
- elect and recall members of the Management Board, constantly monitor the activities of the Management Board, determine the remuneration of the members of the Management Board;
- organize the nomination process of candidates for the selection of a member of the Management Board;
- approve the entry into a transaction between the Issuer and a member of the Management Board or an auditor;
- coordinate the requirements to be set in the procurement for an external auditor, including the terms of reference and draft contract;
- review the Issuer's annual report, the Management Board's report and the Management Board's proposals on the use of profit, prepare Supervisory Board's reports and submit them to the Shareholder's Meeting;
- approve the Issuer's medium-term strategy and monitor its implementation;

- approve the annual budget and monitor its implementation;
- determine the annual financial and non-financial goals and tasks to be achieved by the Management Board;
- evaluate the activities of the Issuer and the Management Board, to review the Management Board's reports, as well as to provide proposals to the Management Board and the shareholder's representative for improving the Issuer's activities;
- review issues related to holding of multiple positions by members of the Management Board and conflict of interest situations;
- represent the Issuer in court in all claims brought by the Issuer against the members of the Management Board, as well as in claims brought by the members of the Management Board against the Issuer and to represent the Issuer in other legal relations with the members of the Management Board;
- review in advance all issues that are planned to be included in the agenda of the Shareholder's Meeting and that are within the competence of the Shareholder's Meeting or that are forwarded for consideration at the Shareholder's Meeting upon the proposal of the Management Board or the Supervisory Board, or the shareholder's representative, and to give an opinion on them by submitting the minutes of the meeting of the Supervisory Board or an extract thereof, which reflect the progress of consideration of each discussed issue and the decision made;
- monitor the operation of internal control and risk management systems, review their compliance and effectiveness;
- approve the most important policies defining the Issuer's operating principles in relation to risk management, prevention of conflict of interest, combating corruption, corporate governance and other issues;
- conduct an annual self-assessment of the work of the Supervisory Board;
- approve the annual internal audit plan, review the internal auditor's reports on the results of the internal audit or inspection, as well as, if necessary, order other unscheduled audits or inspections;
- monitor the Issuer's whistleblowing system in accordance with the Issuer's policy for whistleblowing, review whistleblower reports on the activities of the Management Board, as well as regularly (once a quarter, if received) review the report provided by the Management Board on the review of whistleblower reports.
- coordinate the procedures developed by the Management Board for handling trade secrets.

As of the date of this Base Prospectus, the members of the Supervisory Board of the Issuer are:

- **Dace Ljusa**, Chairperson of the Supervisory Board. Ms. Ljusa has been a member of the Supervisory Board of the Issuer since September 2020 and was elected the Chairperson in August 2023. Her responsibilities include financial oversight, audit, risk management, and internal control systems. Her term ends in September 2025. With extensive experience in finance and management, Ms. Ljusa has served as the Chairperson of SEB Open Pension Fund, Board Member of SEB Life and Pensions Baltic SE, and the Chairperson of the Supervisory Board of Premium Medical. She has also held senior positions in Latvia's Ministry of Welfare, Ministry of Finance, and the State Treasury. Ms. Ljusa holds a Master's degree in Social Sciences from University of Latvia and an Engineering Master's from Riga Technical University.

- **Tālis Juhna***, Deputy Chairperson of the Supervisory Board. Mr. Juhna has been a member of the Supervisory Board of the Issuer since January 2021. His term runs until January 2026. An internationally recognized scientist, Mr. Juhna serves as the Rector of the Riga Technical University, a Professor at the Institute of Water Systems and Biotechnology, and a member of the Latvian Academy of Sciences. He also chairs the Advisory Board of the Latvian Council of Science and leads several expert commissions in engineering and environmental fields. His research centers on urban water quality and renewable energy from wastewater. Mr. Juhna holds a PhD in Water Technologies from Luleå University of Technology, Sweden, and an international Master's in Environmental Engineering from KTH Royal Institute of Technology, Sweden.

- **Imants Paeglītis**, member of the Supervisory Board. Mr. Paeglītis joined the Supervisory Board of the Issuer in August 2023 with a term lasting until August 2028. His responsibilities include strategy development and implementation, corporate governance, and leadership of teams and stakeholders. With over 15 years of experience managing large organizations, Mr. Paeglītis has held leadership roles such as Chairman of the Board at Riga East Clinical University Hospital, Board Member at the Road Traffic Safety Directorate, and Supervisory Board Member at Passenger Rail. He currently serves as the Chairman of the Supervisory Board of Latvijas Loto. Mr. Paeglītis holds a Master's degree in Business and Organization Management from RTU Riga Business School and a master's degree in engineering sciences and technologies, as well as a bachelor's degree in engineering sciences and a mechanical engineer qualification from Riga Technical University.

** Following amendments to the Law on Prevention of Conflict of Interest in the Activities of Public Officials (in Latvian – likums "Par interešu konflikta novēršanu valsts amatpersonu darbībā") (in force as of 11 January 2025 and applicable as of 31 August 2025), which introduce additional restrictions on the concurrent holding of offices by the heads of authorities of a public person, by 31 August 2025 Tālis Juhna, Deputy Chairperson of the Supervisory Board and Rector of the Riga Technical University, will cease to hold office as a member of the Supervisory Board of the Issuer. A new member of the Supervisory Board will be elected by 31 August 2025.*

The business address of each member of the Supervisory Board of the Issuer is Zigfrīda Annas Meierovica bulvāris 1, Riga, LV-1050, Latvia.

Audit Committee

As of the date of this Base Prospectus, the Issuer has not established the Audit Committee. The Audit Committee will be elected in the next Shareholder's Meeting of the Issuer which will take place following the date of this Base Prospectus.

Upon election, the Audit Committee will operate under the Financial Instruments Market Law (in Latvian – *Finanšu instrumentu tirgus likums*) and the Regulations of the Audit Committee approved by the Shareholder's Meeting. The principal duties of the Audit Committee will be to supervise the effectiveness of the Issuer's internal control, risk management and the Issuer's internal audit system as far as it concerns the reliability and objectivity of the annual reports and consolidated annual reports, as well as make proposals to address the deficiencies of the relevant system.

The Audit Committee will consist of three members elected by the Shareholder's Meeting. The Audit Committee will be chaired by its Chairperson, elected by the members of the Audit Committee from amongst themselves.

The Audit Committee will report its assessments and findings to the Shareholder's Meeting at least once a year. No restrictions will be imposed on the Audit Committee's actions, and the representatives of the Issuer will ensure the availability of all necessary information to the Audit Committee.

The business address of each member of the Audit Committee of the Issuer will be Zīgrīda Annas Meierovica bulvāris 1, Rīga, LV-1050, Latvia.

Management Board

According to the law, all members of the Management Board are state officials. The Issuer has three members of the Management Board elected by the Supervisory Board. The Management Board is in charge of daily operations of the Issuer.

Members of the Management Board of the Issuer are elected for five years. Members of the Management Board jointly represent the Issuer. The Chairperson of the Management Board is elected from the members of the Management Board by the Supervisory Board of the Issuer.

The Management Board of the Issuer shall need a prior consent of the Shareholder's Meeting for taking a decision on the following matters:

- acquisition and alienation of real estate;
- other matters that may result in a significant change in the rights of the shareholder.

The Management Board shall need a prior consent from the Supervisory Board of the Issuer on deciding the following matters:

- encumbrance of immovable property with rights *in rem*, except for the establishment of easements, if the easement rights are provided for in special regulatory enactments, and

their entry in the Land Register, and the entry in the Land Register of encumbrances related to utilities and their protection zones;

- entering into a transaction which has a material effect (at least 15% and not provided for in the medium-term business strategy) on the amount of assets set out in the medium-term business strategy of the Issuer;
- the conclusion of a transaction or a number of related transactions where the amount of the transaction exceeds EUR 500 000 excluding VAT;
- the determination of the most important conditions for determining the remuneration of the Issuer's employees, the payment of allowances and compensation, the coverage of expenses, bonuses and other material incentives, maximum monthly salaries (wages) and other conditions;
- the conclusion of other transactions which are not entered into in the ordinary course of the Issuer's business;
- the issue of bills of exchange or similar instruments of liability in the name of the Issuer or companies controlled by it, the issue of debt securities (bonds) by the Issuer;
- the entry into borrowing and lending agreements;
- the conclusion of assignment or set-off agreements on behalf of the Issuer, except in the ordinary course of the Issuer's business;
- the conclusion of a lease agreement for immovable property for a term exceeding 12 years;
- the acquisition or termination of a participation of the Issuer and the acquisition or termination of a decisive influence in other capital companies and the acquisition or termination of a participation of controlled capital companies of the company and the acquisition or termination of a decisive influence in other capital companies;
- granting of a gift (donation) the amount of which or the total amount of gifts (donations) made in a calendar year to one recipient of a gift (donation) exceeds EUR 1,500, taking into account that a gift (donation) the amount of which exceeds EUR 10,000 additionally requires permission from the Riga City Council;
- other actions which may cause material prejudice to the interests of the Issuer.

As of the date of this Base Prospectus, the members of the Management Board of Issuer are:

- **Krišjānis Krūmiņš**, Chairperson of the Management Board. Mr. Krūmiņš has been with the Issuer since 2014, serving as the Chairman of the Board since January 2022 with a term until January 2027. He leads strategy, quality management, risk oversight, legal affairs, and infrastructure development, including EU funded projects and modernization initiatives.

With extensive experience in construction project management, Mr. Krūmiņš previously held leadership roles at the Issuer, Riga International Airport, and the NCH investment group. He holds a Master's in Engineering Systems and an MBA from RTU Riga Business School, combining technical and strategic expertise.

- **Normunds Zvaunis**, member of the Management Board. Mr. Zvaunis has been with the Issuer since 2010 with his current term ending in May 2026. He oversees water supply and wastewater management, IT and telecommunications, civil protection, occupational safety, transport logistics, and risk management. With a background in economics and public administration, Mr. Zvaunis has held roles in the Ministry of Finance, EU institutions, and local government, focusing on program implementation and economic development. He holds a Master's degree in International Relations from University of Latvia and a Bachelor's degree in Management Science from Ventspils University of Applied Sciences.
- **Agnese Ozolkāja**, member of the Management Board. Ms. Ozolkāja joined the Management Board of the Issuer in 2023 with her term ending in September 2028. She oversees financial management, including budgeting, tariff development, accounting, and international funding acquisition, as well as customer relations, real estate management, energy services, water quality control, and personnel compensation systems. With nearly 20 years of experience in banking, Ms. Ozolkāja previously led SEB Bank's Corporate Finance Department in Riga and served as a Management Board Member at SEB Leasing. She holds a Master's degree in International Finance from RISEBA University and a Bachelor's degree in Business Management.

The business address of each member of the Management Board of the Issuer is Zīgrīda Annas Meierovica bulvāris 1, Riga, LV-1050, Latvia.

Conflict of interest

In accordance with the Law on Prevention of Conflict of Interest in the Activities of Public Officials (in Latvian – *likums "Par interešu konflikta novēršanu valsts amatpersonu darbībā"*), all members of the management boards and the supervisory boards of state-owned companies have the status of state officials. As such, all Management Board and Supervisory Board members of the Issuers are state officials and subject to detailed requirements of this law. The law permits them to combine their office of public official only with activities which are indicated by the law as compatible (e.g., offices in a trade union, association or similar organisation, teaching, scientific and creative work) in order to prevent personal or material interest in their activity as a state official. In accordance with the law, all state officials are obliged to submit an annual declaration of interest. On the basis of the applicable regulatory requirements, the Issuer has established a rigorous internal control system for whistleblowing and prevention of conflict of interest in the activities of the Issuer.

The Issuer is not aware of any conflicts of interest or potential conflicts of interest between duties of the members of the Management Board and Supervisory Board and their private interests

and/or their other duties. However, following amendments to the Law on Prevention of Conflict of Interest in the Activities of Public Officials (in force as of 11 January 2025 and applicable as of 31 August 2025), which introduce additional restrictions on the concurrent holding of offices by the heads of authorities of a public person, by 31 August 2025 Tālis Juhna, Deputy Chairperson of the Supervisory Board and Rector of the Riga Technical University, will cease to hold office as a member of the Supervisory Board of the Issuer. A new member of the Supervisory Board will be elected by 31 August 2025.

Employees

The Issuer ensures the composition of high-quality, appropriately quantitative and highly motivated personnel, promoting the efficient use of resources and promoting the professionalism, responsibility, loyalty and initiative of employees. As of 31 March 2025, the Issuer employed 767 employees, excluding the external contractors and members of the Management Board and the Supervisory Board. The Issuer's staff consists of about 36 % women and about 64 % men. The average age of employees is 49 years. 13% of the employees are under 35 years old, 41% are between 35 and 49 years, 23% are between 50 and 59 years, and 23% are 60 years and older. The average work experience of employees at the Issuer is 12.8 years. 77% of the Issuer's employees work in production, 15% are administrative staff, and 8% are sales staff. The interests of the Issuer's employees are represented by the independent employee union "Arodbiedrības LAKRS SIA 'Rīgas ūdens' arodorganizācija," which, as of 31 March 2025, included approximately 35% of all employees.

SELECTED FINANCIAL INFORMATION

The following table is a summary of the Issuer's financial performance and key performance indicators for the three-month periods ending 31 March 2025 and 31 March 2024, respectively, and the two financial years ending 31 December 2024 and 2023, respectively. The information set out in the table below has been extracted (without any material adjustment) from, and is qualified by reference to and should be read in conjunction with the unaudited interim reports of the Issuer for the three-month periods ending 31 March 2025 and 31 March 2024, and the audited annual reports of the Issuer for the years ending 31 December 2024 and 31 December 2023 together with the audit reports in connection therewith respectively, each of which is incorporated by reference to this Base Prospectus and forms an integral part of this Base Prospectus. The Issuer's audited annual reports and unaudited interim reports are prepared according to International Financial Reporting Standards (IFRS).

| | | Year ended 31 December | | 3 months ended 31 March | |
|---------------------------------------|------------|------------------------|-------------------|-------------------------|------------------|
| | | 2023 (audited) | 2024 (audited) | 2024 (unaudited) | 2025 (unaudited) |
| Key Financial data | | | | | |
| Revenue | € thousand | 76 448 | 76 336 | 18 194 | 19 925 |
| EBITDA | € thousand | 23 683 | 25 850 | 5 971 | 8 610 |
| Profit before tax | € thousand | 7 533 | -18 275 | 1 405 | 1 062 |
| Total compressive income for the year | | | 351 022 | | 3 561 |
| Net result for dividend distribution | € thousand | 7 533 | 8 391 | 1 405 | 4 619 |
| Total assets | € thousand | 359 827 | 717 253 | 354 434 | 720 935 |
| Total equity | € thousand | 183 657 | 534 024 | 185 160 | 535 081 |
| Total borrowings | € thousand | 54 737 | 68 377 | 54 722 | 75 195 |
| Cash and cash equivalents | € thousand | 18 924 | 12 725 | 11 954 | 17 524 |
| Cash flow from Operations | € thousand | 23 119 | 13 865 | -1 507 | 967 |
| Cash flow from Investments | € thousand | -34 933 | -34 153 | -5 046 | -3 233 |
| Cash flow from Financing | € thousand | 3 306 | 13 657 | -416.67 | 7 065 |
| Net Cash Flow | € thousand | -7 959 | -6 199 | -6 970 | 4 798 |
| EBITDA margin | per-cent | 31.0% | 33.9% | 32.8% | 43.2% |
| Net Debt | € thousand | 35 812 | 55 651 | 42 768 | 57 671 |
| DSCR | ratio | 3.6 | 3.2 | 6.7 | 6.1 |
| Interest coverage ratio | ratio | 18.3 | 14.2 | 12.5 | 16.6 |
| Net Debt / EBITDA | ratio | 1.5 | 2.2 | 1.9 | 2.0 |
| Equity ratio | per-cent | 51.0% | 74.5% | 52.2% | 74.2% |

FINANCIAL AND TREND INFORMATION

Historical Financial Information

The Issuer's unaudited interim reports for the three-month period ending 31 March 2025 and 31 March 2024, respectively, and the Issuer's audited annual reports as of and for the financial years ending 31 December 2024 and 31 December 2023, respectively, prepared according to IFRS, are incorporated by reference to this Base Prospectus and forms an integral part of it.

Legal and arbitration proceedings

The Issuer is not engaged in any governmental, legal or arbitration proceedings, and is not aware of any such proceedings pending or threatened against it during the 12 month-period prior to the date of this Base Prospectus that may have, or have had in the recent past, significant effect on the Issuer's financial position or profitability.

Significant Changes in Financial Position

There has been no significant change in the Issuer's financial position since the date of the 2024 Financial Statements.

Trend Information

There has been no other material adverse change in the prospects of the Issuer since the date of the 2024 Financial Statements.

There has been no significant change in in the financial performance of the Issuer since the date of the 2024 Financial Statements.

As of the date of this Base Prospectus there is no information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for 2025.

Future Outlook

The Issuer has not made any profit forecast or profit estimate in this Base Prospectus.

ADDITIONAL INFORMATION

Share Capital

The amount of the share capital of the Issuer is EUR 127,686,123 and it is composed of 127,686,123 shares. All shares are paid up. All shares are registered shares and they are dematerialised. The nominal value of a share is EUR 1.

All the shares and voting rights in the Issuer are owned by the Riga City Municipality.

Articles of Association

The most recent Articles of Association of the Issuer were approved by the Extraordinary Meeting of the Shareholders of the Issuer on 28 January 2025.

The objectives and purposes of the Issuer are stated in Clause 2 of the Articles of Association of the Issuer. According to the NACE classification the economic activities of the Issuer are as follows:

- water collection, treatment and supply;
- sewerage;
- waste collection, recovery and disposal activities;
- construction of utility projects for fluids;
- construction of other civil engineering projects;
- other construction installation;
- specialised construction activities in civil engineering;
- freight transport by road;
- rental and operating of own or leased real estate;
- architectural and engineering activities and related technical consultancy;
- technical testing and analysis;
- other professional, scientific and technical activities.

Material Contracts

The Issuer has entered into the following agreements that are material to the Issuer's ability to meet its obligations to the Bondholders in respect of the Bonds:

- an agreement with the Riga City Council, dated 24 July 2019, on provision of water supply and sewerage services within the administrative territory of Riga City;

- a loan agreement with the European Investment Bank in the amount of EUR 60,000,000, dated 16 June 2022, pursuant to which the following parts of the loan have been disbursed:
 - EUR 20,000,000, drawdown date 5 December 2022, with maturity on 7 December 2037;
 - EUR 10,000,000, drawdown date 3 November 2023, with maturity on 30 January 2039;
 - EUR 12,000,000, drawdown date 12 December 2023, with maturity on 30 January 2039;
 - EUR 10,000,000, drawdown date 6 August 2024, with maturity on 30 January 2039;
 - EUR 8,000,000, drawdown date 27 February 2025, with maturity on 31 January 2039;
- a loan agreement with the European Investment Bank in the amount of EUR 70,000,000, dated 7 April 2025, with maturity on 30 January 2039;
- a loan agreement with “Swedbank” AS in the amount of EUR 15,000,000, dated 6 April 2022, with maturity on 6 April 2027;
- a loan agreement with “Swedbank” AS in the amount of EUR 15,000,000, dated 24 September 2024, with maturity on 27 September 2029;
- a credit line agreement with OP Corporate Bank plc Latvian branch in the amount of EUR 5,000,000, dated 25 September 2024, with maturity on 24 September 2025;
- as of 31 December 2024, 463 agreements with various suppliers of the Issuer (33% in supply, 38% in construction and 29% in services), in the total amount of more than EUR 58,500,000.

Apart from the aforementioned agreements, the Issuer has not entered into any other material contracts outside the ordinary course of business, which could result in the Issuer coming under an obligation or entitlement that is material to the Issuer’s ability to meet its obligations to the Bondholders in respect of the Bonds.

THE ECONOMY OF THE REPUBLIC OF LATVIA

General overview

Latvia, a member of the European Union and part of NATO, the United Nations, and the OECD, is poised for economic acceleration in 2025, with GDP growth projected to reach 2.6%. In 2024, the Latvian economy contracted by 0.4%, with growth supported by a recovery in public and private consumption, while private investment and the lagging recovery of exports acted as drags on economic performance.

Despite these challenges, Latvia's recovery is expected to be driven by improving global economic conditions, particularly the European Central Bank's recent decision to lower its main interest rate by 25 basis points to 2.5% – the sixth consecutive cut since mid-2024. The favorable interest rate environment, combined with stronger GDP growth among Latvia's key export partners, is expected to support a rebound in export volumes, which have been adversely affected in recent years. Coupled with increasing domestic demand, this recovery is likely to drive growth in sectors that experienced a downturn in 2024, including manufacturing, construction, and commercial services.

Additionally, intensive efforts to secure EU funding are underway, with inflows expected to exceed EUR 1 billion in 2025. Latvia continues to benefit significantly from EU financial support, including EUR 4.2 billion in cohesion funds for the 2021–2027 period, averaging approximately 1.4% of GDP annually. Beyond EU funding, the government has prioritized productivity gains, investments in human capital development, and digitalization as key pillars of future economic growth. Targeted policies to enhance SME access to financing, implemented in 2024 through ALTUM development funds, further contribute to a positive economic outlook.

| Real GDP growth | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Latvia | -3.5% | 6.9% | 1.8% | 2.9% | -0.4% |
| EU (27) average | -5.6% | 6.3% | 3.5% | 0.4% | 1.0% |

Source: Eurostat

Inflation

In 2024, Latvia experienced a significant decline in inflation, with the average rate dropping from 9.1% to 1.3% over the year. This marked a substantial shift from the inflationary pressures of previous years, particularly the peak of 17.2% in 2022.

The moderation in inflation was driven by several key factors, most notably the easing of energy prices. Following the geopolitical tensions that had previously pushed energy costs to record highs, global oil and gas markets stabilized, leading to lower household expenditures on heating and electricity – key components of Latvia's consumer price index. Another critical factor was the

stabilization of global commodity prices, particularly for food and agricultural products. After years of volatility, prices in these sectors normalized, helping to curb food price inflation and contributing to the overall decline in consumer price growth.

Despite the overall decline, core inflation – excluding food and energy – remained elevated, estimated between 3% and 4%. This persistence was largely driven by rising service prices and wage pressures stemming from a tight labor market. Wage growth continued to play a central role in Latvia's inflation dynamics, with average gross wages rising by approximately 10% annually in 2024, reflecting labor market tightness and salary increases across various sectors.

As inflationary pressures eased throughout 2024, real wages began to recover, improving household purchasing power and supporting domestic demand. This recovery in real incomes is expected to have a positive impact on consumption patterns going forward.

| Inflation, HICP, average | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Latvia | 0.1% | 3.2% | 17.2% | 9.1% | 1.3% |
| EU (27) average | 0.7% | 2.9% | 9.2% | 6.4% | 2.6% |

Source: Eurostat

Unemployment

The unemployment rate closed the year at 6.9%, reflecting a slight increase from previous years. This trend was influenced by slower economic growth and ongoing demographic challenges, including a shrinking working-age population.

Despite these factors, the labor market remained tight, as evidenced by a real increase in net wages – adjusted for inflation – of 7.6% by the end of 2024. The main drivers of wage growth included increases in the minimum wage and public sector salaries.

The unemployment rate fluctuated throughout the year, reaching 6.7% in the third quarter before rising to 6.9% in the fourth quarter. Looking ahead, forecasts indicate a slight decline in unemployment in 2025 and 2026, supported by increasing labor demand and an improving economic outlook.

| Unemployment rate | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------|-------------|-------------|-------------|-------------|-------------|
| Latvia | 8.1% | 7.6% | 6.9% | 6.5% | 6.9% |
| EU (27) average | 7.2% | 7.1% | 6.2% | 6.1% | 5.9% |

Source: Eurostat

Foreign trade

In 2024, Latvia's foreign trade turnover in goods at current prices reached EUR 40.36 billion, marking a decline of EUR 2.09 billion, or 4.9%, compared to 2023. The total value of exports stood at EUR 18.68 billion, down by EUR 365.5 million, or 1.9%, while imports decreased by EUR 1.73 billion, or 7.4%, to EUR 21.68 billion.

Despite the overall decline, certain product groups experienced growth, including wood and wood products, prepared foodstuffs, and chemical products. Latvia's main trading partners in December 2024 were Lithuania (19.9% of total trade), Estonia (12.3%), and Germany (5.6%).

In terms of composition, services accounted for 29% of total exports, while goods made up 71%, in line with 2023 levels. The current account deficit narrowed from -3.9% to -2.1% of GDP as of 2024, primarily due to a contraction in imports, particularly in energy and consumer goods, as global energy prices stabilized.

Latvia's export performance remained challenged, with several key sectors, such as iron and steel, struggling to recover fully from previous disruptions due to weaker external demand and ongoing geopolitical tensions.

| Current account balance, share of GDP | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Latvia | 3.0% | -4.1% | -5.5% | -3.9% | -2.1% |
| EU (27) average | 2.5% | 2.3% | 1.8% | 1.9% | 2.4% (Q3) |

Source: Eurostat, Bank of Latvia

TAXATION

Tax legislation of the investor's member state and of the Issuer's country of incorporation may have an impact on the income received from the Bonds.

The following is a general summary of certain tax consideration in the Republic of Latvia in relation to the Bonds. It is not exhaustive and does not purport to be a complete analysis of all tax consequences relating to the Bonds, as well as does not take into account or discuss the tax implications of any country other than the Republic of Latvia. The information provided in this section shall not be treated as legal or tax advice; and prospective investors are advised to consult their own tax advisors as to the tax consequences of the subscription, ownership and disposal of the Bonds applicable to their particular circumstances.

This summary is based on the laws of Latvia as in force on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, provided that such changes could apply also retroactively.

Latvia has entered into a number of tax conventions on elimination of the double taxation, which may provide more favourable taxation regime. Therefore, if there is a valid tax convention with the country of a non-resident prospective investor, it should be also examined. The procedures for application of tax conventions are provided in the Republic of Latvia Cabinet of Ministers' Regulations No. 178 "Procedures for Application of Tax Relief Determined in International Agreements for Prevention of Double Taxation and Tax Evasion" of 30 April 2001.

Taxation of the Bondholders individuals

Resident Individuals

An individual will be considered as a resident of Latvia for taxation purposes:

- if the individual's declared place of residence is in the Republic of Latvia; or
- if the individual stays in the Republic of Latvia 183 days or more within any 12-month period, starting or ending in the taxation year; or
- if the individual is a citizen of the Republic of Latvia employed abroad by the government of the Republic of Latvia.

In accordance with the Law on Personal Income Tax (in Latvian – *Likums "Par iedzīvotāju ienākuma nodokli"*) the interest income from the Bonds for resident individuals will be subject to 25.5 per-cent withholding tax, deductible by the Issuer before the payment. The income from the sale of the Bonds will be subject to 25.5 per-cent tax, but the tax would be payable by the individual him/herself.

Should the total taxable income as defined under the Law “On Personal Income Tax” (in Latvian – *Likums “Par iedzīvotāju ienākuma nodokli”*) of an individual resident of Latvia exceed EUR 200,000 in a year, additional tax rate of 3% will be applicable to the portion of income exceeding EUR 200,000.

Special rules apply if the transactions with the Bonds are made through an investment account within the meaning of the Law on Personal Income Tax (in Latvian – *Likums “Par iedzīvotāju ienākuma nodokli”*). In such case taxation of income is deferred until the moment when the amount withdrawn from the investment account exceeds the contributed amount.

Non-resident individuals

In accordance with the Law on Personal Income Tax (in Latvian – *Likums “Par iedzīvotāju ienākuma nodokli”*) the interest income and interest equivalent income from the Bonds being circulated publicly as well as income from the sale of the publicly circulated Bonds will not be subject to tax in Latvia.

Taxation of the Bondholders entities

Resident entities

An entity will be considered as a resident of Latvia for tax purposes if it is or should have been established and registered in the Republic of Latvia in accordance with the legislative acts of the Republic of Latvia. This also include permanent establishments of foreign entities in Latvia.

Interest payments on the Bonds and proceeds from the disposal of the Bonds received by Latvian resident companies will not be subject to withholding tax in Latvia. Under the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) retained earnings are exempt from corporate income tax and only distributions are taxed. Corporate income tax rate on gross profit distribution is 20 per-cent. Corporate income tax on net amount of profit distribution is determined by dividing net amount with a coefficient of 0.8 (i.e., effective tax rate on net distributed profit is 25 per-cent).

However, Latvian credit institutions, branches of foreign credit institutions and consumer lenders (including Latvian branches of foreign consumer lenders) are required to pay a corporate income tax surcharge at a rate of 20%. This surcharge is applied to the profit (except flow-through dividends, profits from the sale of shares that are held for at least 36 months, profit distributed and taxed as interim dividends, profit of foreign permanent establishment taxed abroad) earned in the pre-tax year (for instance, in 2025 the surcharge will be payable from the profit of 2024), regardless of profit distribution. The corporate income tax due upon dividend distributions will be reduced by the surcharge paid.

Non-resident entities

In accordance with the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) the interest income and income from the disposal of the Bonds for non-resident entities will not be taxable in Latvia.

Taxation of low-tax non-residents

In general, payments (including interest payments) to non-residents located, registered or incorporated in a no-tax or low-tax country or territory as defined in the Regulations of the Cabinet of Ministers No.333 “List of Low Tax or No-Tax Countries and Territories”, adopted on 27 June 2023; effective as of 1 July 2023 (“**Low-Tax Non-Latvian Residents**”) are subject to withholding tax of 20 per-cent if the payer is a Latvian legal entity or 25.5 per-cent if the payer is a Latvian individual resident having obligation to withhold tax. However, pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) payments by Latvian legal entities to Low-Tax Non-Latvian Residents for securities publicly circulated in the EU or EEA are exempt from withholding tax if made at the market price. The Ministry of Finance of the Republic of Latvia in a legally non-binding explanation has confirmed that pursuant to Article 5(6) of the Corporate Income Tax Law (in Latvian – *Uzņēmumu ienākuma nodokļa likums*) there is no withholding tax also on the interest payments made by the Issuer to the holders of the notes publicly circulated in the EU or EEA who are Low-Tax Non-Latvian Residents, provided that the payments are made at the market price.

GENERAL INFORMATION

Authorisation

The shareholder of the Issuer has at the Shareholder's Meeting held on 11 April 2025 authorised the issue of the Bonds and authorised the Management Board of the Issuer to approve the characteristics of the Bonds, the Base Prospectus and any of the documents thereto, as well as any amendments and supplements thereof.

The Management Board of the Issuer has at its meeting held on 9 May 2025 approved the Base Prospectus and the General Terms and Conditions of the Bonds.

Each Final Terms issued in respect of each issue of the Bonds shall be approved by a separate resolution of the Management Board of the Issuer.

Auditors

Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE", registration number: 40003612562, legal address: Ūdens iela 12 – 45, Rīga, LV-1007, Latvia, has audited the 2024 Financial Statements included in this Base Prospectus and issued an unqualified auditors' reports on the aforementioned financial statements.

Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE" has audited the 2023 Financial Statements included in this Base Prospectus and issued an unqualified auditors' reports on the aforementioned financial statements.

Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE" is included in the register of audit firms maintained by the Latvian Association of Certified Auditors and holds audit company license No. 99. On behalf of Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE", the auditors' reports on the 2024 Financial Statements were signed by Anna Temerova-Allena, holding auditor's certificate No. 154. On behalf of Sabiedrība ar ierobežotu atbildību "POTAPOVIČA UN ANDERSONE", the auditors' reports on the 2023 Financial Statements were signed by Anna Temerova-Allena, holding auditor's certificate No. 154.

Listing

Application will be made to Nasdaq Riga for admitting each Tranche to listing and trading on the official bond list (the Baltic Bond List) of Nasdaq Riga according to the requirements of Nasdaq Riga not later than within 3 (three) months after the Issue Date of the respective Tranche, and as soon as reasonably practicable after the Issue Date of any further Tranche of the same Series. Nasdaq Riga is a regulated market for the purposes of MiFID II.

Clearing of the Bonds

The Bonds shall be issued in the bearer dematerialised form and registered with Nasdaq CSD SE, registration number: 40003242879. The International Securities Identification Number (ISIN) in relation to the Bonds of each Tranche will be specified in the relevant Final Terms.

The address of Nasdaq CSD SE is Valņu iela 1, Rīga, LV-1050, Latvia.

Legal Entity Identifier

The Issuer's legal entity identifier is 6488Z9Y7BN122Y40LD08.

Documents available

For as long as the Bonds are listed on the official bond list (the Baltic Bond List) of Nasdaq Riga, the copies of the following documents will be available on the Issuer's website <https://www.rigasudens.lv/en/investors>:

- (i) the Articles of Association of the Issuer;
- (ii) the Financial Statements;
- (iii) the European Green Bonds Factsheet;
- (iv) the pre-issuance review of the European Green Bonds Factsheet with a positive opinion, dated 6 May 2025 by Sustainable Fitch Ireland Limited, legal entity identifier (LEI): 213800JBPPIRON5YQ587;
- (v) the annual allocation reports of the European Green Bonds, post-issuance reviews, EuGB impact reports and, where applicable, the review of EuGB impact reports;
- (vi) each Final Terms; and
- (vii) this Base Prospectus together with any supplement.

Arranger and Dealer transacting with the Issuer

The Arranger and Dealer has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services provided to the Issuer in the ordinary course of business (see Section *Risk Factors – Risk related to the Bonds – Certain material interests*).

Interests of natural and legal persons involved in the issue/offer of the Bonds

Save for commissions to be paid to the Arranger and the Dealer, so far as the Issuer is aware, no person involved in the issue/offer of the Bonds has an interest material to the issue/offer.

Expenses Charged to the Investors

No expenses or taxes will be charged to the investors by the Issuer in respect to the issue of the Bonds. However, the investors may be obliged to cover expenses which are related to the opening of securities accounts with the credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor's purchase or selling orders of the Bonds, the holding of the Bonds or any other operations in relation to the Bonds. Neither the Issuer, nor the Arranger or the Dealer shall compensate the Bondholders for any such expenses.

Credit Ratings

As of the date of this Base Prospectus, the Issuer has a long-term credit rating A3 by Moody's Deutschland GmbH. The outlook is stable.

Moody's Deutschland GmbH is established in the EEA and is registered under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**"), and is, as of the date of this Base Prospectus, included in the list of credit rating agencies published by ESMA.

Bonds to be issued under the Programme may be rated or unrated. Where an issue of Bonds is rated, the applicable rating will be specified in the relevant Final Terms. Such rating will not necessarily be the same as the rating(s) assigned to the Issuer or to Bonds already issued (if applicable). Whether or not a credit rating applied for in relation to a relevant Series of Bonds will be issued by a credit rating agency established in the EEA and registered under the CRA Regulation will be disclosed in the Final Terms.

A rating is not a recommendation to buy or sell or hold Bonds and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Up-to-date information should always be sought by direct reference to the relevant rating agency.

INFORMATION INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Base Prospectus and form a part of the Base Prospectus:

- the Issuer's unaudited interim report for the three-month period ending 31 March 2025, prepared in accordance with IFRS, which is available for viewing on the Issuer's website: https://www.rigasudens.lv/en/financial-information#financial_reports;
- the Issuer's unaudited interim report for the three-month period ending 31 March 2024, prepared in accordance with IFRS, which is available for viewing on the Issuer's website: https://www.rigasudens.lv/sites/default/files/Investoriem/Finansu-informacija/Nerevidetais_saisinatais_finansu_parskats_3men2024.pdf (available in Latvian);
- the Issuer's annual report, representing audited standalone financial statements for the financial year ending 31 December 2024, prepared in accordance with IFRS, together with the audit report in connection therewith, which is available for viewing on the Issuer's website: https://www.rigasudens.lv/en/financial-information#financial_reports;
- the Issuer's annual report, representing audited standalone financial statements for the financial year ending 31 December 2023, prepared in accordance with IFRS, together with the audit report in connection therewith, which is available for viewing on the Issuer's website: https://www.rigasudens.lv/en/financial-information#financial_reports.

ISSUER

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