

SIA "Rīgas ūdens" UNAUDITED CONDENSED FINANCIAL STATEMENTS

for the 6-month period that ended
on June 30, 2025, prepared in accordance with
to the requirements of international financial
reporting standards

RIGA, 2025



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Information about company

Company name	SIA „Rīgas ūdens”
Legal status	Limited company
Registration number, place and date	40103023035 Riga, September 24. 1991 Reregistration in the Commercial Register 12 January 2004, under uniform registration number 40103023035
Address	Zigfrida Annas Meierovica boulevard 1 Riga, LV-1495, Latvia
Owner	Riga City Council(100%) Ratslaukums 1, Riga, LV-1050,Latvia
Supervisory board members	Dace Ljusa – Chairman of the supervisory board Tālis Juhna – member of the supervisory board Imants Paeglītis – member of the supervisory board
Board members	Krišjānis Krūmiņš- Chairman of the board Normunds Zvaunis– member of the board Agnese Ozolkāja – member of the board

Key Performance Indicators

Period 01.01.2025–30.06.2025

Business Performance



-0,06%

Volume of
Water Sold
(m³) Compared
to 6M 2024

-1,3%

Sewerage
Services (m³)
Compared to 6M
2024

0,8 km

New Pipelines
Constructed

8km

Renovated
Pipelines

+495

New Service
Users

Financial Performance



+7,1%

6-Month
Revenue
Changes
Compared to 6M
2024

+38%

6-Month
EBITDA
Changes
Compared to 6M
2024

2,1x

Net debt/
EBITDA

72,4%

Capital ratio

14,58
MEUR

Investment
Volume

Management report

Business model

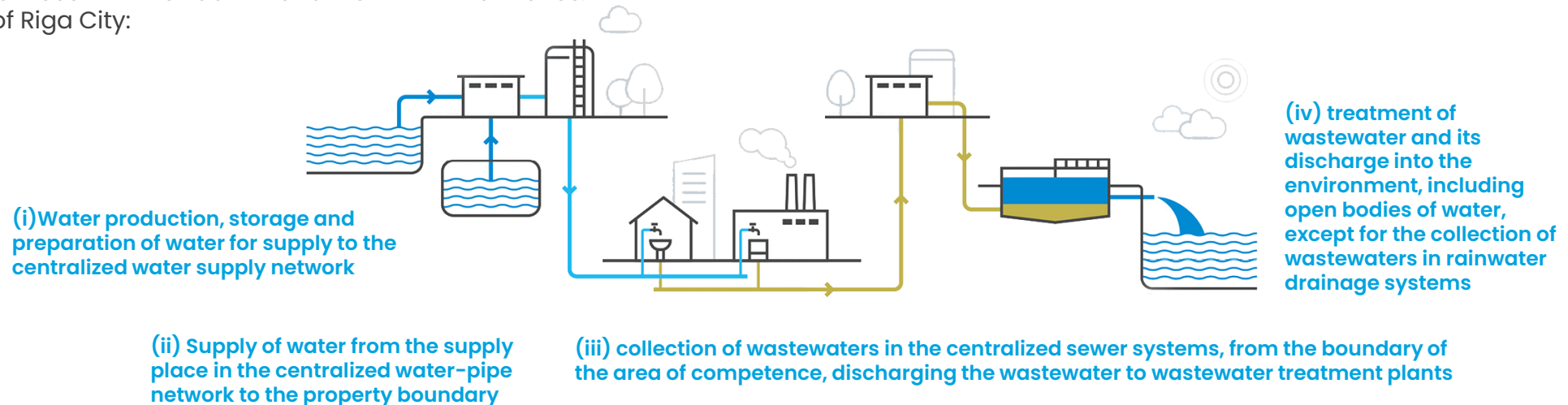
The main activity of SIA "Rīgas ūdens" (hereinafter – society) is the provision of centralised water supply and sewerage services to natural and legal persons.

on July 24, 2019, the Riga City Self-government and the company entered into a new contract for the provision of the following water management public services in the administrative territory of Riga City:

The contract shall remain in force until 23 July 2029.

The company also provides centralised water supply services in certain territories of Pierīga – Adazi Municipality Adazi Parish, Ropazi Municipality Garkalne and Stopiņu Parish, Marupes Municipality Marupes Parish and Kekava Municipality Kekava Parish territories.

In addition to operating services in the field of water management, the company provides real estate rental services, providing utilities to tenants, conducting water and sewage laboratory analysis and other services. The proportion of these services is negligible.



Management report

Water management service tariff

During the reporting period, the Company ensured the provision of water utility services as stipulated in the Public Service Agreements and implemented a range of measures aimed at improving the Company's infrastructure, technological development, customer service, and service delivery efficiency.

To support continued pipeline renovation and mitigate the future increase in costs associated with unplanned repair works, a tariff revision is planned for the upcoming period.

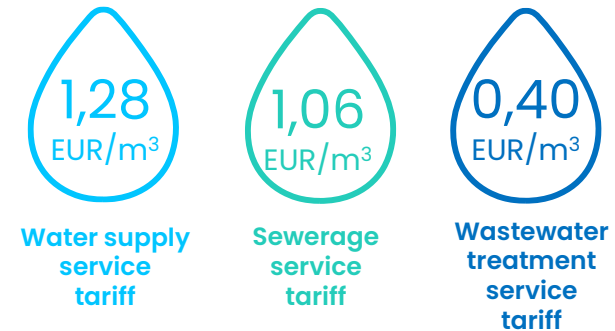
The tariffs set for the Company's operations, which form the basis of its revenue, are strictly monitored by the Public Utilities Commission (hereinafter – PUC).

On January 1, 2025, new water utility service tariffs (excluding value-added tax) came into effect, as approved by the Public Utilities Commission (PUC) Council Decision No. 86 dated November 21, 2024, regarding the tariffs of SIA "Rīgas ūdens." The tariff changes were related to an increase in capital costs. No changes were made to other components of the water utility service tariff.

On July 3, 2025, the PUC adopted a decision on the return on capital rates for 2026, increasing the existing rate from 4.87% to 5.82%.

A tariff proposal for SIA "Rīgas ūdens" water utility services has been submitted to the PUC. It foresees a tariff increase of EUR 0.33/m³ effective from December 1, 2025. The increase is intended to cover expenses related to the renovation of the city's water supply and sewerage pipelines.

Tariffs for water Management services from 1 January 2025 (without value added tax):



Overall, tariffs increased by 1.7% and amount to EUR 2.83 (VAT included).



Management report

Bond Issuance in May 2025

Oversubscription and Broad Investor Participation Confirm the Success of the Transaction

By launching its first public European green bond offering to investors in the Baltics, SIA "Rīgas ūdens" successfully raised EUR 20 million. The company attracted 228% of its targeted bond issuance amount, with total demand reaching EUR 45.5 million—significantly exceeding the planned EUR 20 million.

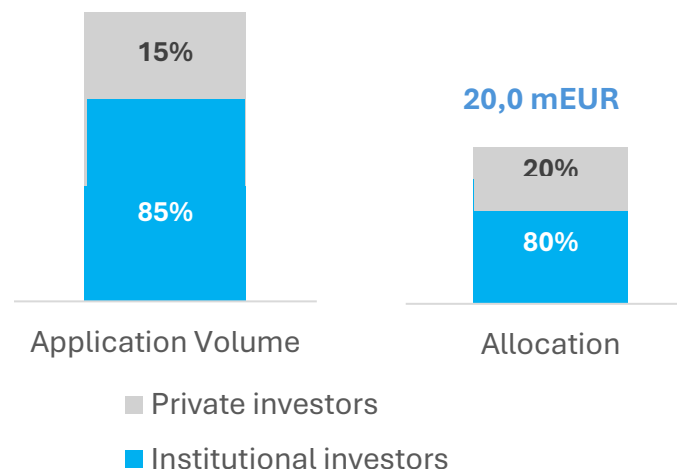
Strong demand was driven by institutional investors, who accounted for approximately 85% of the total demand (EUR 38.5 million). More than 25 institutional investors participated, including the Nordic Investment Bank, asset managers, banks, and insurance companies.

Private investor demand amounted to EUR 7 million, representing 15% of the total.

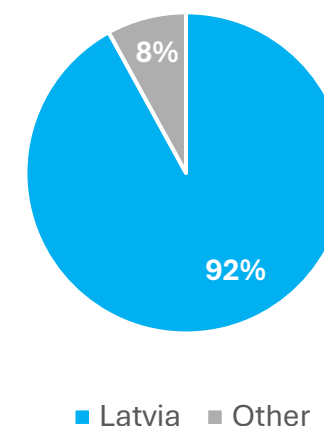
Each bond has a nominal value of EUR 100, an annual interest rate of 4%, with coupon payments made quarterly. The bonds have a maturity period of 5 years.

Summary of Demand and Allocation

45,5 mEUR



Private Investors by Country

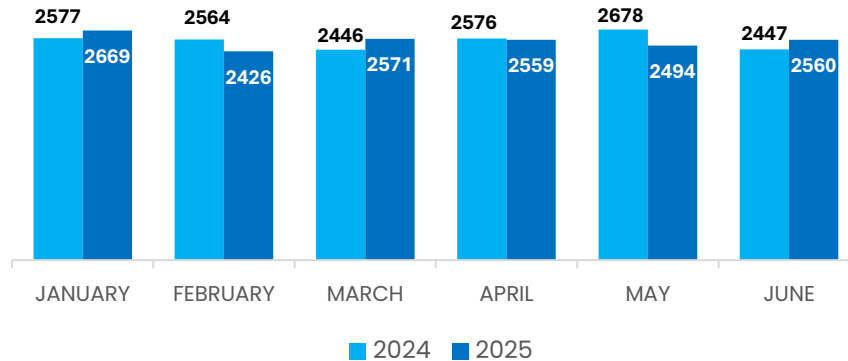


The bonds were listed on the Nasdaq Riga regulated market on June 5, 2025 — one day after the issuance date.

Management report

Volume of water supply and sewerage services provided during the reporting period

Water supply services, thousand m³



Water supply services remained largely consistent compared to the corresponding period in 2024.



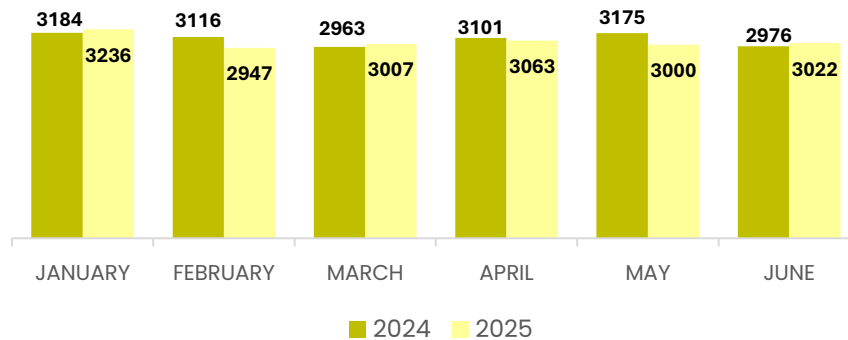
- 0,06%

In comparison to 6M 2024

Water supplied during the six-month period

15 279.2 thousand m³

Sewerage services, thousand m³



Sewerage services remained largely consistent compared to the corresponding period in 2024.



- 1,3%

In comparison to 6M 2024

Sewerage services volume during the six-month period

18 274.5 thousand m³

Management report

Accessibility



8,0 km

Renovated Water and
Sewerage Pipelines



0,8 km

New Water Supply and
Sewerage Pipelines
Constructed

Renovation works were carried out in the following locations:

- Slēpotāju, Krosa, Tramlīna, Silciema, and Biatlona Streets in Jugla
- Dzelzavas Street
- Katoļu Street

New networks constructed to improve service availability:

- 0.8 km of water and sewerage pipelines built in the Ziepniekkalns district

Design work initiated for future infrastructure development at:

- Mazā Ozolu 1
- Natana Barkāna Street
- Raunas Street 58
- Skrudalienas Street 6
- Krustpils Street

New clients in the first half of 2025:

- 495 residents were connected to the centralized sewerage system.
- 84 residents were connected to the centralized water supply system.
- 291 property owners received support in obtaining funding from the Riga City Council.
- 1,023 new users registered on the customer portal, representing 88% of all clients.

Customer Service Activities:

- A total of 118.9 km of water pipelines were flushed during the reporting period to maintain water quality standards.
- The customer satisfaction rate improved from 87% to 88%, following the implementation of post-interaction feedback collection after each customer service engagement.

Accessibility in Mangaļsala:

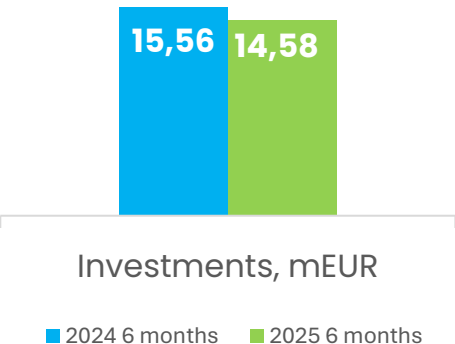
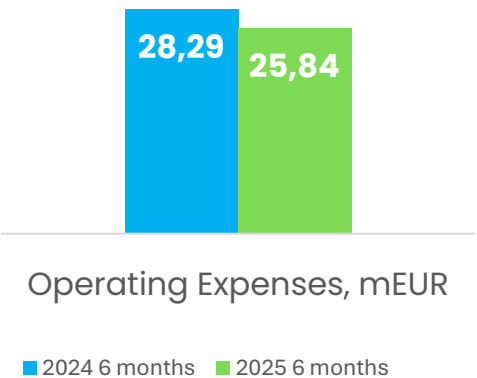
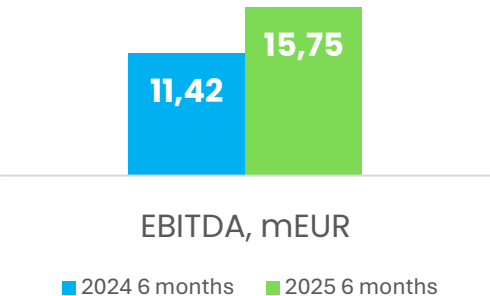
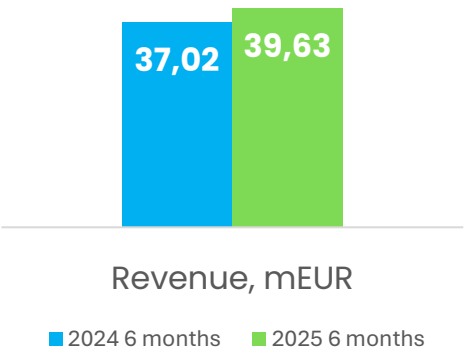
In 2022, the Riga City Council adopted a decision to reduce the share of dividends payable to the municipality in order to support the implementation of the Mangaļsala water supply project. This initiative aims to provide centralized service access to more than 4,200 residents.

Project Status: Design work is currently being refined, including a solution for placing the sewerage pumping station underground. This approach will enhance infrastructure compatibility with other utility networks and contribute to more efficient urban planning.

Construction Timeline: The project is scheduled to be completed within three years.

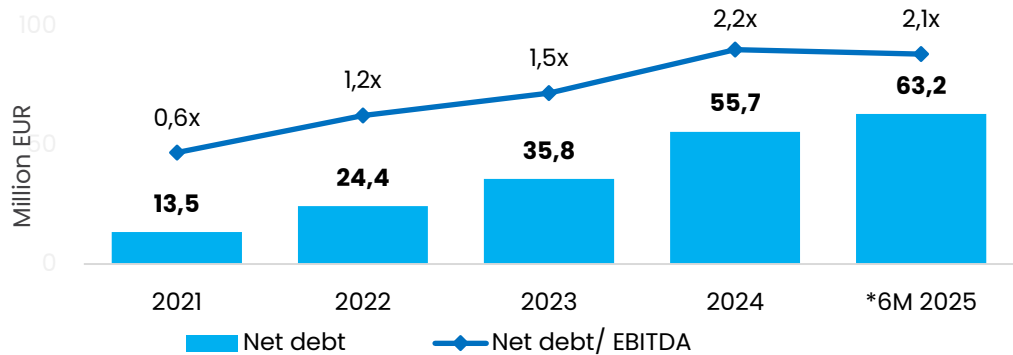
Management report

Financial performance summary

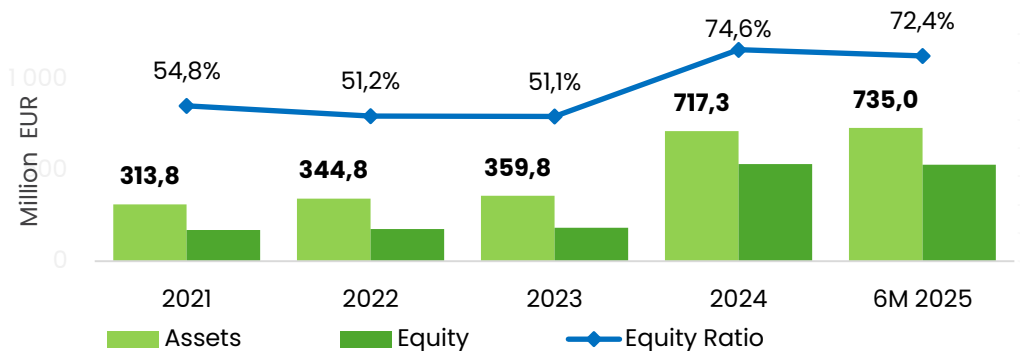


Key financial indicators

Net Debt and Net Debt Ratio



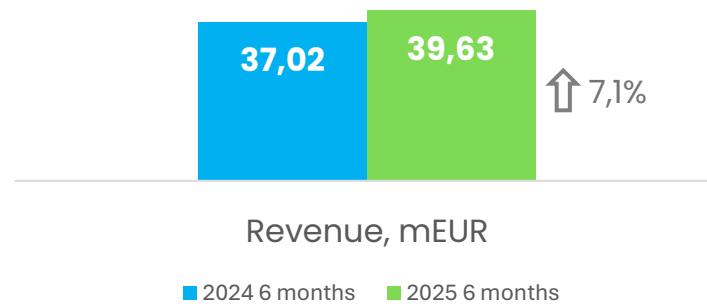
Sufficiency of Capital Resources



**For the 6-month performance indicators, the EBITDA formula is based on last 12-month rolling basis and includes the following components: Profit before tax, interest expenses and similar costs, Depreciation of right-of-use assets, Depreciation and amortization of fixed assets*

Management report

Revenue

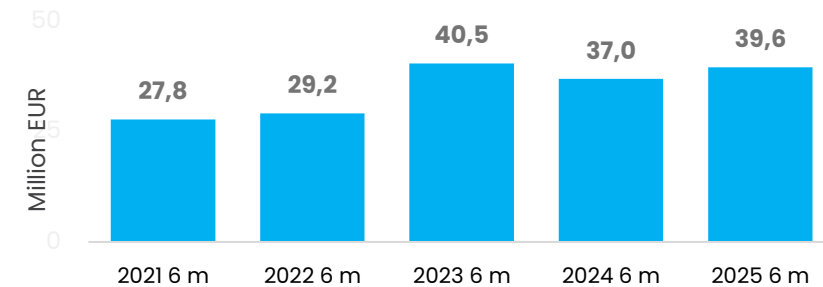


In the first half of 2025, revenue increased primarily due to the adjustment of water utility service tariffs effective from January 1, 2025.

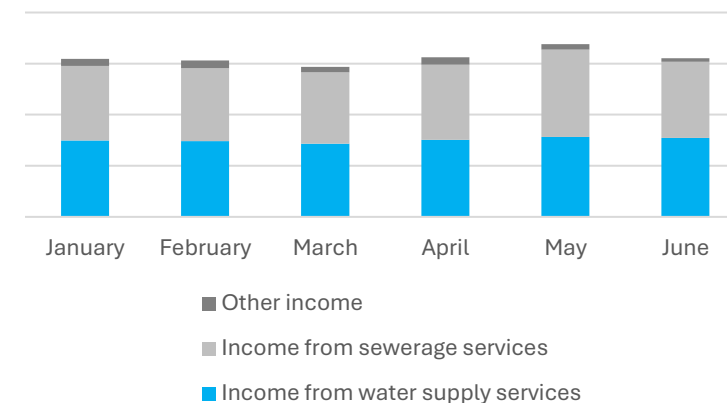
Revenue from services in the Greater Riga area amounted to EUR 1.4 million during the six-month period, of which 88% was generated from sewerage services.

Other income was derived from the maintenance of public water taps funded by the Riga City Municipality and from the construction of new service connections.

Revenue Evolution Across Reporting Periods

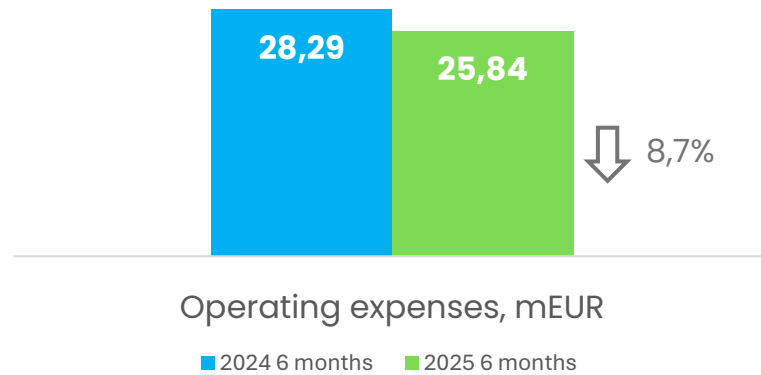


Revenue Development in the First 6 Month of 2025



Management report

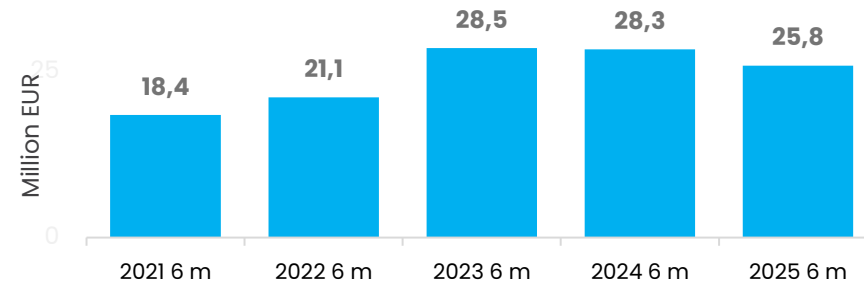
Operating expenses



The cost reduction is primarily attributed to changes in the accounting treatment of water and sewerage pipeline repair expenses, with a higher proportion of costs being capitalized, as well as a decrease in electricity expenses.

Main expense categories include: raw materials and supplies, including network repair works, maintenance of real estate, repairs and equipment servicing, energy costs, procurement of reagents, sludge disposal, personnel expenses and other operational business costs.

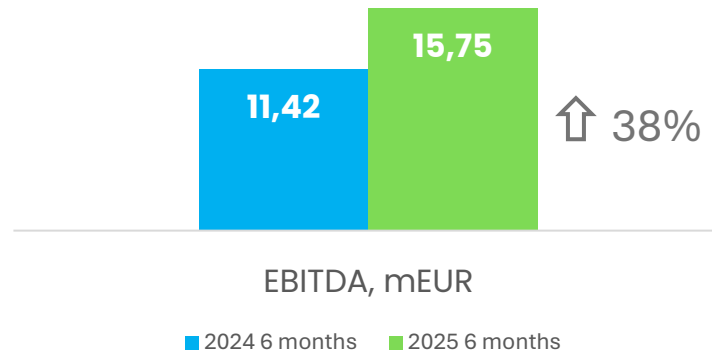
Evolution of Costs Across Reporting Periods



Management report

Core operating performance

Earnings before Interest, Taxes, Depreciation, and Amortization

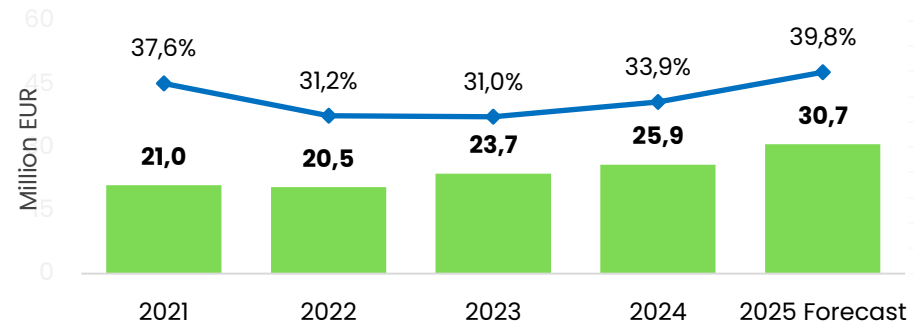


The increase in EBITDA is primarily attributed to higher revenue from water utility services and a reduction in production costs.

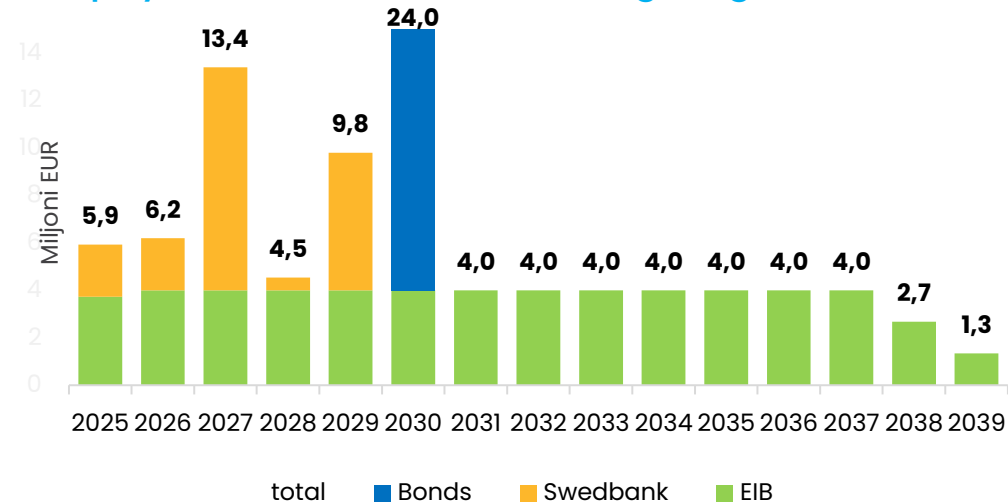
The company's EBITDA margin for the first six months of 2025 reached 39.8%, which is sufficient—with a buffer—for servicing financial obligations and implementing planned investment projects.

Investment projects by "Rīgas ūdens" are financed through a combination of own funds and long-term borrowed capital. Timely planning of external financing is essential to ensure optimal management of refinancing risks and to meet loan principal repayments within the required deadlines.

EBITDA and EBITDA margin development trends over time

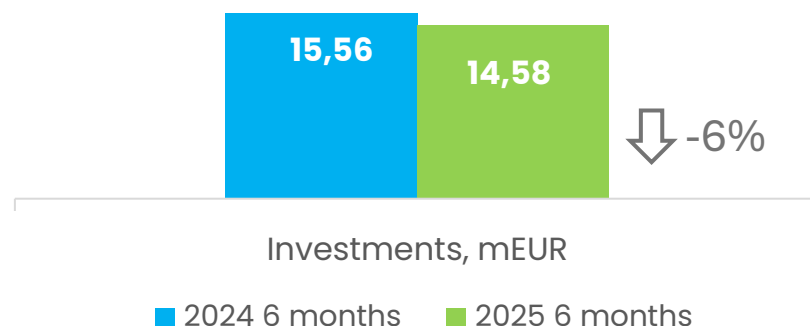


Repayment schedule for existing long-term loans



Management report

Investments



The decrease compared to the corresponding period in 2024 is primarily due to the significant investments made in 2024 within the framework of the EU Cohesion Fund co-financed project "Water Management Development in Riga, Phase 6."

Financing Liquidity

Rīgas ūdens finances its investment projects through a combination of internal resources and long-term debt.

Available and unused Credit Limits:

- EIB long-term financing: EUR 70 000 000
- Swedbank AS long-term financing: EUR 7 000 000
- OP Corporate Bank plc Latvia credit line: EUR 5 000 000
- Bond amount: EUR 17 962 261

Key Investment Areas – H1 2025:

- 4.3 km of water pipelines and 3.7 km of sewerage pipelines were renovated
- Water supply and sewerage networks were expanded on Slēpotāju, Krosa, Trampilna, Silciema, and Biatlona Streets
- Reconstruction of equipment at the Imanta Wastewater Pumping Station (ŪSS Imanta)
- Renovation of primary and secondary sedimentation tanks at the Daugavgrīva Wastewater Treatment Plant (BAS "Daugavgrīva")

Bond Utilization – H1 2025:

- Reconstruction of a 2500x1800 mm sewer collector in Uzvaras Park – EUR 880.1 thousand
- Repair of the sewer collector near Dambja Street pumping station (KSS) – EUR 269.8 thousand
- Reconstruction of an underground sewer pumping station and pressure pipeline at Mūkusalas Street 72C – EUR 153.9 thousand

Management report

Post-Reporting Period Circumstances and Events

SIA “Rīgas ūdens” has the opportunity to receive EUR 22.3 million in ERDF funding to improve the efficiency of its wastewater treatment infrastructure

On July 1, 2025, the Cabinet of Ministers approved a draft regulation by the Ministry of Smart Administration and Regional Development concerning European Union fund investments aimed at improving the efficiency of water utility services. The initiative seeks to enhance the operational effectiveness of wastewater treatment infrastructure and reduce anthropogenic pollution within the Riga agglomeration. The investments are targeted at Latvia's largest water utility agglomeration—Riga—and will support: Efficiency and quality improvements in wastewater treatment facilities, upgrades to sludge processing equipment, construction, reconstruction, and modernization of engineering networks related to public water services.

The Central Finance and Contracting Agency will oversee project selection and implementation. All projects must be completed by the end of 2029.

SIA “Rīgas ūdens” plans to implement a major expansion and renovation project for the Daugavgrīva Biological Treatment Plant. Preparations for procurement technical specifications are underway, and the company intends to submit a project application for EUR 22.3 million in European Regional Development Fund (ERDF) financing.

SIA “Rīgas ūdens” Launches One of the Largest Water Utility Projects in Latvia

We have signed a contract for the expansion of the anaerobic digestion park at the Daugavgrīva Biological Treatment Plant. The project will include not only the construction of two new digesters, but also a range of engineering solutions related to the existing wastewater treatment system. This is one of the largest and most technically complex water utility projects in Latvia, which will significantly enhance the capacity for wastewater sludge treatment in Riga and support Rīgas ūdens' strategic transition toward energy neutrality.

The total contract value of the project is EUR 54.7 million (excluding VAT), and its implementation will be carried out by SIA “Industry Service Partner”, in cooperation with the international partner “WTE Wassertechnik GmbH.” Construction work is expected to start this year and finalized within a four up to five-year timeframe.

The goal of the digestion park expansion project is to eliminate the current capacity shortfall that prevents full treatment of the sludge generated during the wastewater purification process. The project includes the construction of two new digestors with a total volume of 12,000 m³, enabling complete anaerobic treatment of all wastewater sludge. This will also lead to a significant increase in biogas production. Moreover, the implementation of the project is a critical step toward achieving up to 85% energy neutrality at the Daugavgrīva Biological Treatment Plant, ensuring compliance with EU regulations and mitigate financial and environmental sustainability risks.

The project will be financed from bond programme proceeds, loans from financial institutions – including the European Investment Bank – as well as the company's own equity.

Management report

events and circumstances after the reporting period

Changes in the Supervisory Board

Riga City Municipality has announced a public call for candidates to apply for the position of Supervisory Board Member at SIA "Rīgas ūdens", specifically in the field of core operations (provision of water utility and other engineering system services). Applications were open until July 14, 2025. To oversee the selection and evaluation process, a nomination committee was established, chaired by Jānis Lange, Executive Director of Riga City and representative of the capital shareholding authority.

Starting from August 31, 2025, Tālis Juhna, Deputy Chair of the Supervisory Board and Rector of Riga Technical University, will step down from his board duties. This decision follows the amendments to the Law on Prevention of Conflict of Interest in Activities of Public Officials, which came into force on January 11, 2025, introducing additional restrictions on combining leadership roles in public institutions—such as the position of rector—with board memberships in capital companies.

Changes to the Supervisory Board composition and the Audit Committee membership will be reviewed at the Riga City Council shareholders' meeting, scheduled for August 29, 2025.

Selection of the Audit Committee Members

On June 5, 2025, SIA "Rīgas ūdens" bonds were officially listed on the NASDAQ Baltic regulated market. In accordance with the Financial Instrument Market Law, the company, as a stock exchange participant, is now required to establish an Audit Committee.

To fulfill this obligation, the company has launched an open competition for two independent Audit Committee member positions, with applications accepted until July 14, 2025. A nomination committee has been formed to oversee candidate evaluation, chaired by Dace Ljusa, Chair of the Supervisory Board. The committee includes independent experts: Kaspars Gorkšs, Director General of the Employers' Confederation of Latvia (LDDK), Agata Anča, Managing Partner at Talentor Latvia.

Statement of Management Responsibility

Based on the information available to the Management Board of SIA "Rīgas ūdens," the unaudited condensed financial statements for the six-month period ending June 30, 2025, including the management report, have been prepared in accordance with the International Financial Reporting Standards (IFRS). In all material respects, the financial statements provide a true and fair view of the Company's assets, liabilities, and profit or loss.



Comprehensive Income statement

	30.06.2025	30.06.2024
Operating revenue	39 633 606	37 015 781
Other operating income	1 960 315	2 694 172
Raw materials and supplies	(11 785 539)	(14 455 557)
Personnel expenses	(12 793 722)	(12 766 872)
Other operating expenses	(1 259 768)	(1 070 082)
EBITDA	15 754 892	11 417 442
Depreciation and amortization of non-current assets	(14 092 887)	(8 285 699)
Operating profit	1 662 005	3 131 743
Financial income	80 437	138 296
Financial expenses	(1 217 398)	(854 505)
Profit before tax	525 044	2 415 534
Corporate income tax	(6 330)	
Profit (loss) for the reporting year	518 714	2 415 534
Income from revaluation of non-current assets		
Decrease in value of revalued assets	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-
Total comprehensive income for the reporting year	518 714	
Included		
In the reserve	(7 122 006)	
In the retained earnings	7 640 720	2 415 534



Balance sheet

Assets	30.06.2025	31.12.2024
Long-term investments		
Intangible assets	791 246	754 354
Fixed assets	686 602 530	688 379 459
Right-of-use assets	725 381	775 716
Other loans and long-term receivables	-	-
Ttal Long-term investments	688 119 157	689 909 529
Current assets		
Stocks	3 247 868	2 628 389
Receivables from contracts with clients	10 651 716	9 738 373
Other receivables	951 869	1 202 281
Next period costs	1 144 750	517 488
Deposit	8 832 003	8 787 275
Cash	21 563 369	3 938 190
Total current assets before non-current assets held for sale:	46 391 575	26 811 996
Non-current assets held for sale		
	531 245	531 245
Total current assets	46 922 820	27 343 241
Total assets	735 041 977	717 252 770

1 the revaluation of fixed assets carried out in 2024 and the increase in value on the balance sheet are recognised at 31.12.2024.
2 changes in debt volume from contracts with customers are due to changes in tariffs for water management services that came into effect on 01.01.2025.

Liabilities	30.06.2025	31.12.2024
Equity:		
Share capital (fixed capital)	127 686 123	127 686 123
Long-term asset revaluation reserve	335 508 483	342 630 489
Retained earnings	68 830 338	63 707 026
Total equity:	532 024 944	534 023 638
Creditors:		
Long - term creditors:		
Borrowings from credit institutions	67 379 270	62 442 922
Bonds	20 000 000	-
Lease liabilities	640 402	622 943
Trade payables	1 889 327	1 841 889
Provisions	1 396 478	1 291 130
Next period income	87 623 977	85 648 327
Total long-term creditors:	178 929 454	151 847 211
Short-term creditors:		
Borrowings from credit institutions	5 887 819	5 648 335
Accrued interest on borrowings from credit institutions	334 145	285 610
Lease liabilities	127 860	195 868
Advance payments received from customers	1 829 358	3 180 404
Trade payables	2 373 063	4 560 494
Taxes, state social insurance contributions	2 212 672	2 082 613
Other creditors	1 234 438	1 181 313
Next period income	2 491 674	3 711 722
Accrued liabilities	5 958 067	8 785 469
Provisions	1 638 483	1 750 093
Total short-term creditors:	24 087 579	31 381 921
Total creditors:	203 017 033	183 229 132
Total liabilities	735 041 977	717 252 770

3 the increase in the long-term part of loans from credit institutions is related to the attraction of the part of the loan 8 million lats. EUR from the European Investment Bank in February 2025.
4 the increase in the long-term share of revenue of subsequent periods and the decrease in the short-term share are related to the extension of the useful life of individual groups of fixed assets.

Seperate statement of changes in equity

	Share capital	Reserves	Retained arnings	Equity
	EUR	EUR	EUR	EUR
31.12.2023.	127 588 333	-	56 068 997	183 657 330
Contribution	97 790	-	-	97 790
Dividends	-	-	(753 331)	(753 331)
Total transactions with a shareholder and other changes recognised in equity	97 790	-	(753 331)	(655 541)
Loss for the reporting year	-		(18 274 569)	(18 274 569)
Revaluation of non-current assets	-	451 296 418	-	451 296 418
Impairment of revalued assets	-	(82 000 000)	-	(82 000 000)
Exclusion of revaluation reserve	-	(5 054)	5 054	-
Depreciation of the long-term asset revaluation reserve	-	(26 660 875)	26 660 875	-
Total comprehensive income	-	342 630 489	8 391 360	351 021 849
31.12.2024.	127 686 123	342 630 489	63 707 026	534 023 638
Dividends	-	-	(2 517 408)	(2 517 408)
Total transactions with owners and other changes recognized in equity	-	-	(2 517 408)	(2 517 408)
Profit for the reporting year	-	-	518 714	518 714
Revaluation of non-current assets	-	-	-	-
Impairment of revalued assets	-	-	-	-
Exclusion of revaluation reserve	-	-	-	-
Depreciation of the long-term asset revaluation reserve	-	(7 122 006)	7 122 006	-
Total comprehensive income	-	(7 122 006)	7 640 720	518 714
30.06.2025	127 686 123	335 508 483	68 830 338	532 024 944



Separate cash flow statement

I Operating cash flow

1. Profit / (loss) before corporate income tax

Corrections:

- a) Amortisation, depreciation, impairment of fixed assets and intangible assets, and profit or loss from exclusion
- b) Depreciation of right-of-use assets
- c) Amortization of co-financed fixed assets
- d) changes in provisions

- e) other interest and similar income
- f) interest payments and similar costs

2. Profit before adjustments for the effects of changes in the balances of current assets and liabilities

Corrections:

- a) (increase) or decrease in accounts receivable balances
- b) (increase) or decrease in balance of inventories
- c) increase or (decrease) in balances due to suppliers, contractors and other creditors

3. Gross operating cash flow

Expenses for corporate income tax payments

Expenditure on interest payments

Net operating cash flow

II Cash flow from investing activities

Acquisition of property, plant and equipment and intangible assets

Income from disposal of fixed and intangible assets

Interest received

Net cash flow from investing activities

III. Cash flow from financing activities

Funding received from the Cohesion Fund

Borrowing received

Bonds

Borrowing repayment expenditure

Lease payments

Disbursed dividends

Net cash flow from financing activities

IV Net cash flow for the reporting year

V Balance of cash and cash equivalents at the beginning of the reporting year

VI Balance of cash and cash equivalents at the end of the reporting year

30.06.2025.

30.06.2024

	518 714	2 458 352
	13 995 628	8 210 327
	77 042	-
	(1 435 565)	-
	(6 262)	(541 233)
	(80 437)	(138 296)
	1 114 841	827 057
	14 183 961	10 816 207
	(1 290 193)	101 666
	(619 479)	698 544
	(6 195 635)	(8 089 896)
	6 078 654	3 526 520
	(6 330)	-
	(1 100 146)	(1 109 555)
	4 972 178	2 416 965
	(9 989 924)	(14 055 234)
	26 048	-
	80 437	138 296
	(9 883 439)	(13 916 939)
	-	1 200 000
	8 000 000	-
	20 000 000	-
	(2 824 168)	(1 822 581)
	(77 256)	-
	(2 517 408)	(753 330)
	22 581 168	(1 375 911)
	17 669 907	(12 875 885)
	12 725 465	18 924 188
	30 395 372	6 048 303



