

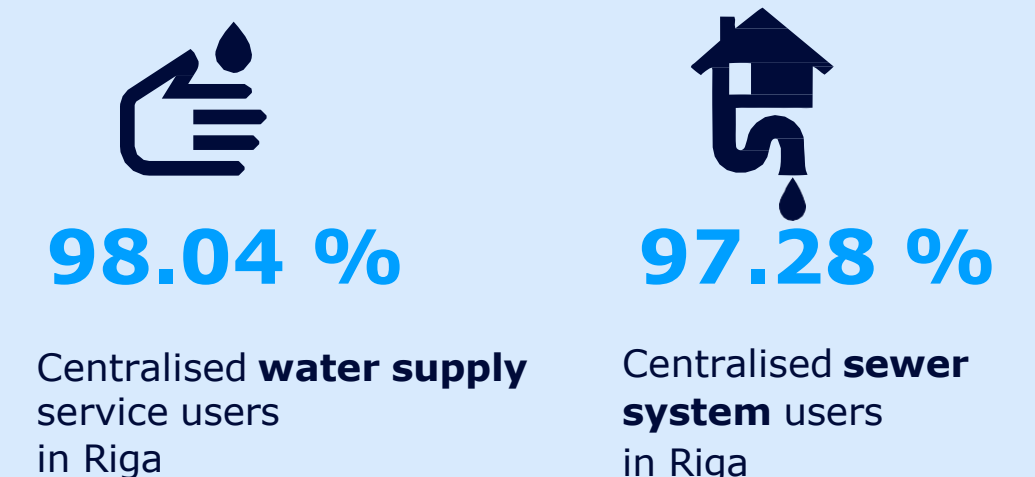
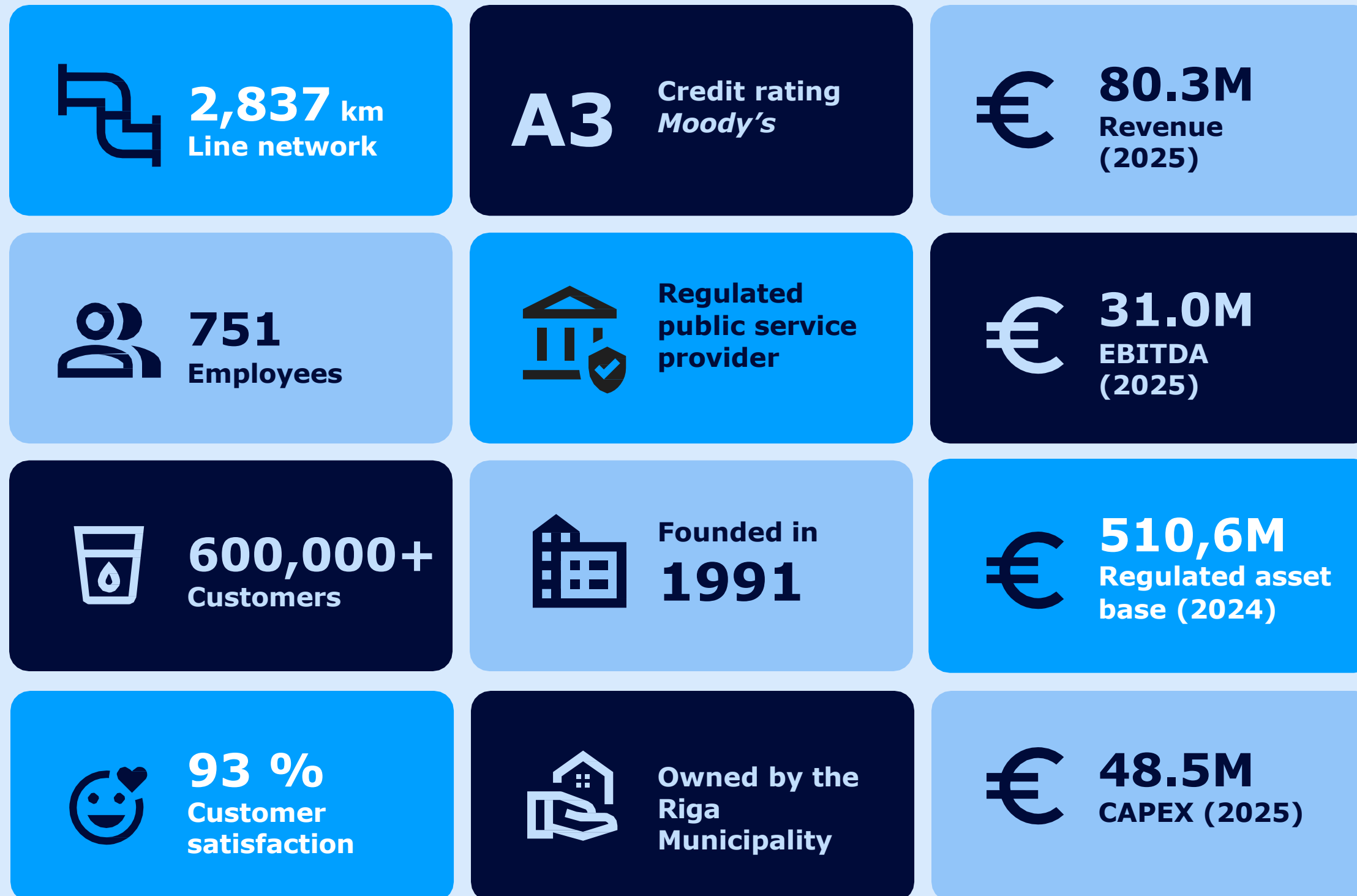
Rīgas ūdens Annual Report

2025



About the company

Rīgas ūdens provides essential water and wastewater services to around 50% of Latvia's market



Key strategic priorities for 2025

- ✓ Accelerate the investment programme
- ✓ Develop capital market financing as a long-term funding instrument
- ✓ Implement the European Sustainability Reporting Standards (ESRS)
- ✓ Drive digital transformation

Objectives set by the shareholder

Non-financial targets

- NM1. Improving energy efficiency, increasing the use of renewable energy sources and ensuring sustainable rehabilitation of sewerage networks

- NM2. Ensure wastewater treatment requirements are met and the environment is not degraded

- NM3. Ensure efficient use of water resources and sustainable renewal of water networks

- NM4. Develop access to centralised water management services

- NM5. Increase customer satisfaction

- NM6. Raise public awareness of environmental protection, promoting research, digitisation and innovation

- NM7. Ensure the wellbeing, motivation and professionalism of employees

- NM8. Assessment of the level of corporate responsibility

Financial targets

Financial stability

DSCR **>1.2**

Equity ratio **>35 %**

Average 3-year net profit margin **>7 %**

Investment policy

Investment-to-depreciation ratio **>130 %**

Allocate over 2% of total investment to innovation, digitisation, and development projects by mid-term (**>1.4% in 2025**)

Quality of receivables

Share of doubtful and non-performing receivables in revenue **<1 %**

** Based on the 2024 net result included in retained earnings, excluding the effect of initial asset revaluation. Calculation considers the portion of profit used for dividend distribution*

Allocation of reduced and retained dividends

Implementation of **Mangalsala** expansion (*Riga City Council decisions in 2021 and 2024*);

Retain **30 %** and allocate it for the development of centralised water supply and sewer systems in **Dārziņi** (*RCC decision in 2024*).

Key performance indicators

Business results

+0.07 %

Increase of
Water sold

30 275 m³
in Y2024

-0.57 %

Changes in
Sewer services

36 799 m³
in Y2024

5.6 km

New pipeline

19.3 km
in Y2024

24 km

Renovated
pipeline

14.7 km
in Y2024

+1221

New
service users

1971
in Y2024

Financial results

+5.2 %

Change
in reveue

compared to
2024

31.0

million EUR

EBITDA

EUR 25.9 million
In 2024

2.4x

Net debt/EBITDA

2.2x
In 2024

70.7 %

Equity ratio

74.5 %
In 2024

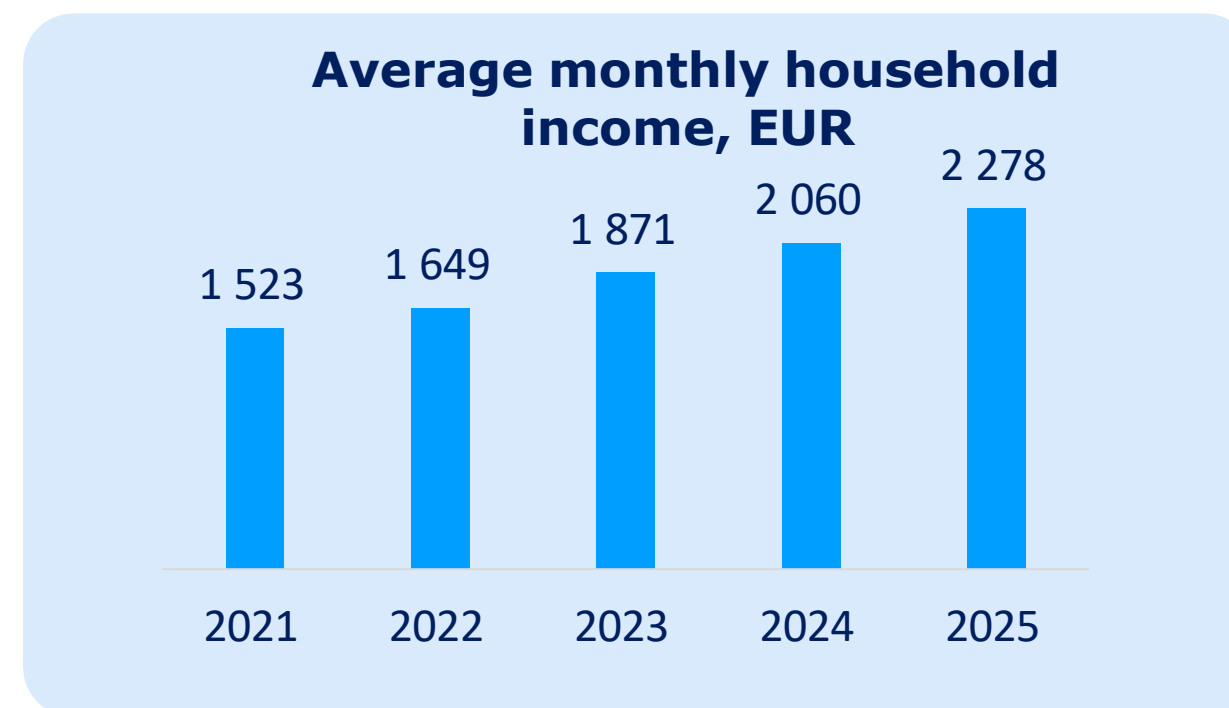
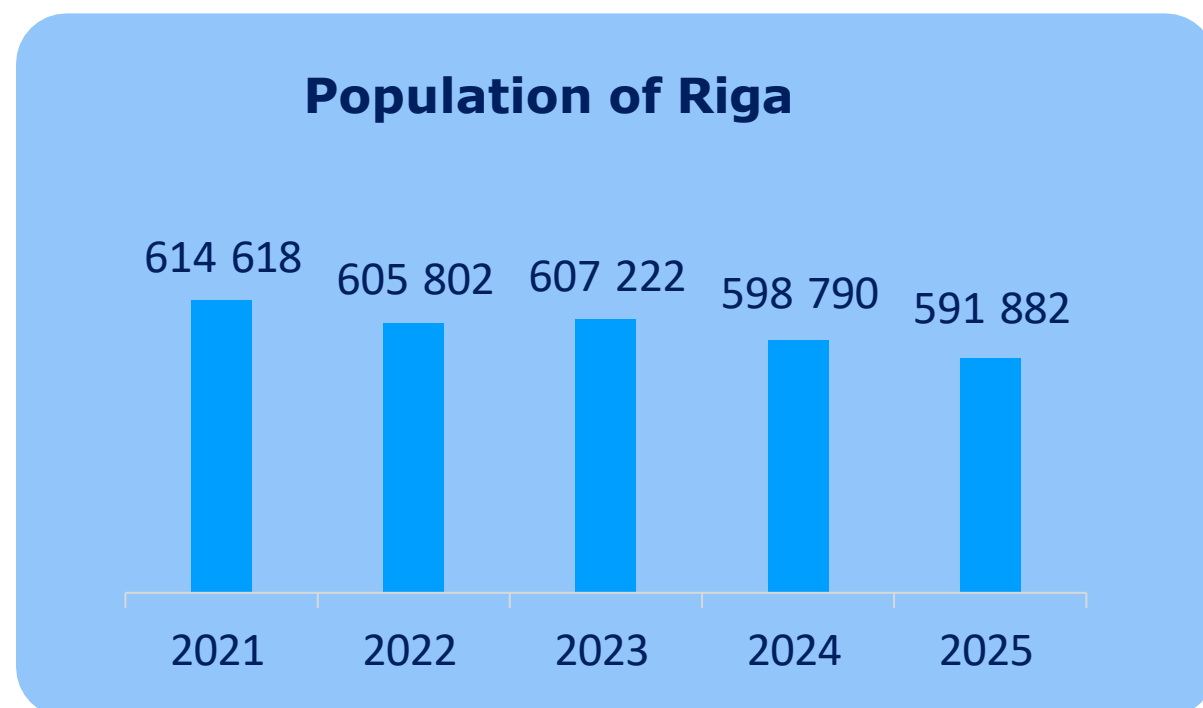
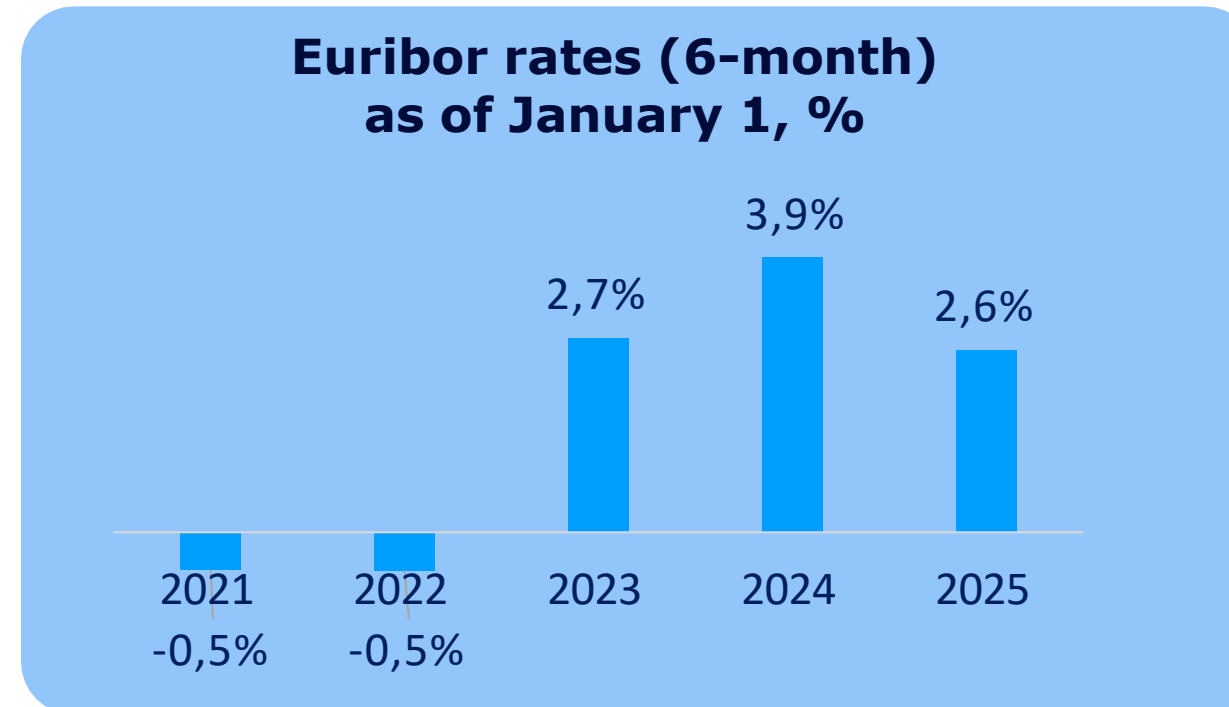
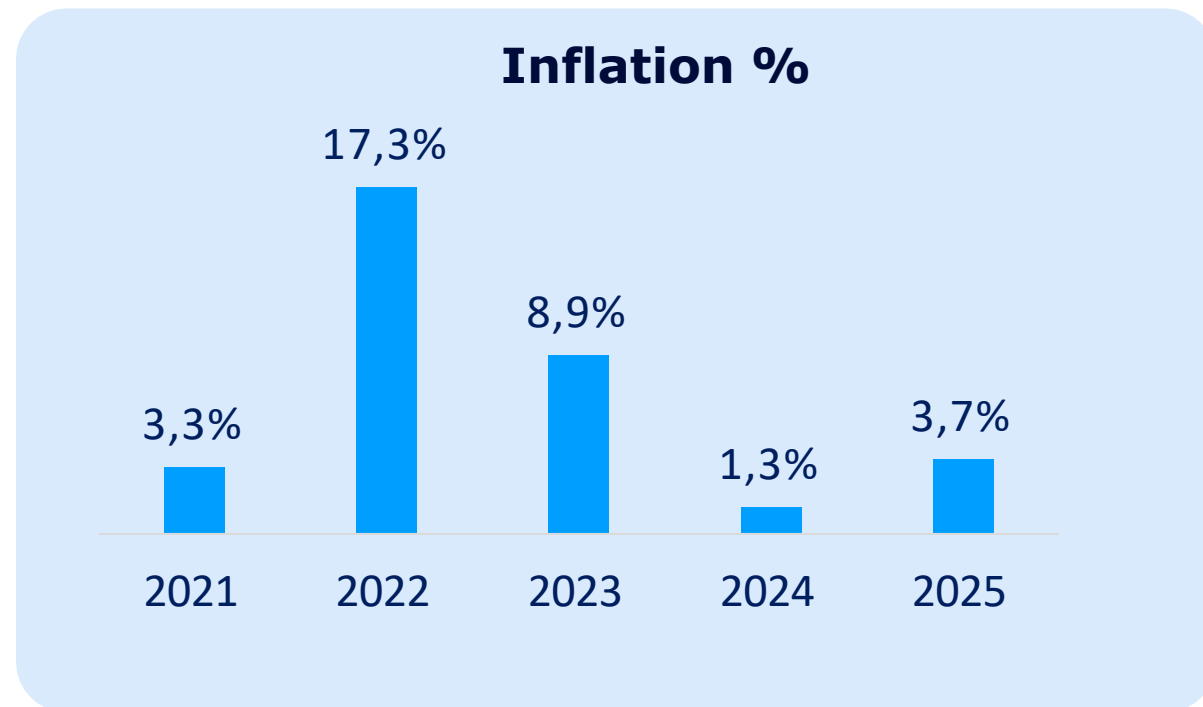
48.5

million EUR

Investment

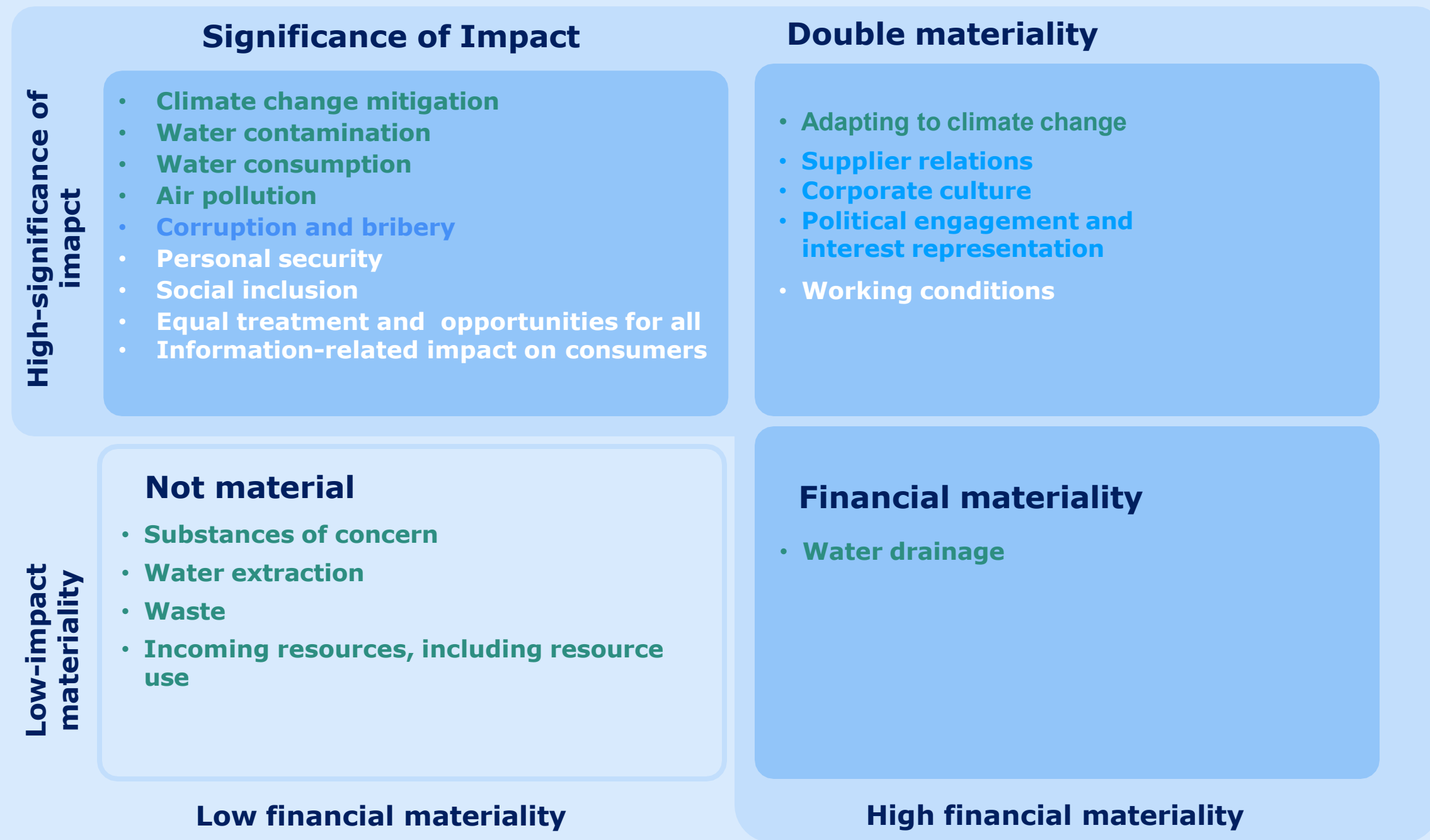
EUR 35.6 million
In 2024

Key macroeconomic and social impact factors



Key sustainability events

Double materiality matrix of *Rīgas ūdens*



- ESRS E — Environment
- ESRS S — Social area
- ESRS G — Governance

Environment

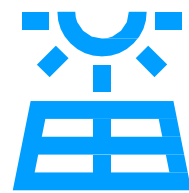
E1 Climate change, E2 Pollution



Climate risk analysis

- Heavy precipitation, floods, and storms as main climate risks
- Sewer line monitoring (precipitation and flow sensors)
- Automated pump station monitoring system

Focus: strengthen system resilience in emergencies



Reduction of GHG emissions

- Scope 3 GHG emissions calculated for the first time
- Construction of two solar parks
- ISO 50001 energy management audit
- Digester tank construction started

Focus: reduction in CO₂ emissions as per roadmap



Reduction of untreated wastewater discharges

- Pre-treating solutions for emergency discharge
- Further development of the sewer digital model
- Renovation of sewer pumping stations
- Daugavgrīva treatment plant modernisation plan
- Sewer network reonvation (CCTV inspection: 72.6 km)

Focus: <2 % overflow, >98 % treated wastewater



Minimisation of odour emissions and noise

- Membrane-Covered Sludge Storage in Vārnukrogs and odour monitoring
- Regular communication with nearby residents

Focus: mitigation of environmental impact

-5.31 %

Total Scope 1 and 2
GHG

24,521 tCO₂e

24,851

tCO₂e

Estimated Scope 3
GHG emissions
Baseline value

9.3 km

Renovated
sewer pipeline

7.1 km in 2024

+408

residents

Additional
availability

+349 residents
In 2024

Environment

E3 Water and marine resources



Water loss reduction plan design

- Detailed analysis of water loss factors
- Implementation of remote data reading
- Water supply network monitoring with 81 plug-in sensors

Focus: early detection of water leaks and data quality improvements



Water Safety Plan

- Water network flushing plan based on RTU study
- Water network renovation as per long-term plan
- First stage of the safety plan: detailed description of the water supply system
- Development of online water quality monitoring system

Focus: ensure quality, reduce water supply disruptions and losses



Water resource protection

- Hydrogeological Groundwater Resource Assessment
- ISO 14001 yearly audit

Focus: water resource protection and efficient use

11.6 %

Water losses
13.6 % in 2024

333.5 km

Water network
170 km in 2024

14.7 km

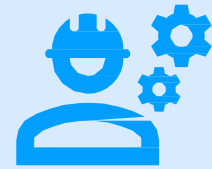
**Renovated water
pipelines**
7.6 km in 2024

1476

Remote meters
(new)

Employees

S1 Own staff



On-boarding programme

- Quarterly New Employee Day event
- Mentoring programme

Focus: retain and motivate young talents



Competence-based focus

- 10 Key Competences and Corresponding Training Courses Identified
- Key Roles Recognized and Succession Training Underwayinitiated

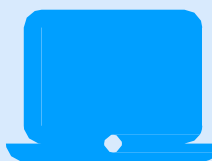
Focus: determine Key Knowledge, Skills, and Attitudes; develop a long-term training programme



Fair and motivating remuneration system

- Comparative assessment of positions by category
- Maintaining a position among the top 10 fair wage employers
- Communication regarding wage growth limits

Focus: principles of equality, compliance assessment in the context of the Pay Transparency Directive



Improvements in the working environment

- Continuous Workplace Upgrades Implemented Concurrently with Energy Efficiency Projects
- Access to shared workstations and vehicles

Focus: ensure the well-being of employees

88 points

Engagement index
25 eNPS

(+8 points vs market)

30 h

Average training hours

11 h in 2024

90 %

Clarity on wage calculation

92 %

Satisfied with working environment

89 %
In Y2024

Customer service improvements

S4 Consumers and end-users



Remote water consumption metering (telemetry)

- Implementation of 22,000 automatic meter readings over the next 2 years

Focus: improve data quality and operating efficiency



Modernised customer portal

- Activities based on customer experience audit

Focus: simplify navigation and improve accessibility for people with special needs



Simplified requirements

- Changes in the document management procedure: 10-day response time and immediate phone solutions

Focus: faster, more convenient communication and improved document flow



Automated communication

- Robot call implementation
- Pulse surveys
- Notifying of customers on emergency repairs outside business hours

Focus: improve receivables management and encourage active customer feedback

93 %

Customer satisfaction level

New CSAT score
LV average 88 %

11.4 %

Customer engagement

Target value >10 %
5.9 % in 2024

10 days

Signing of contracts

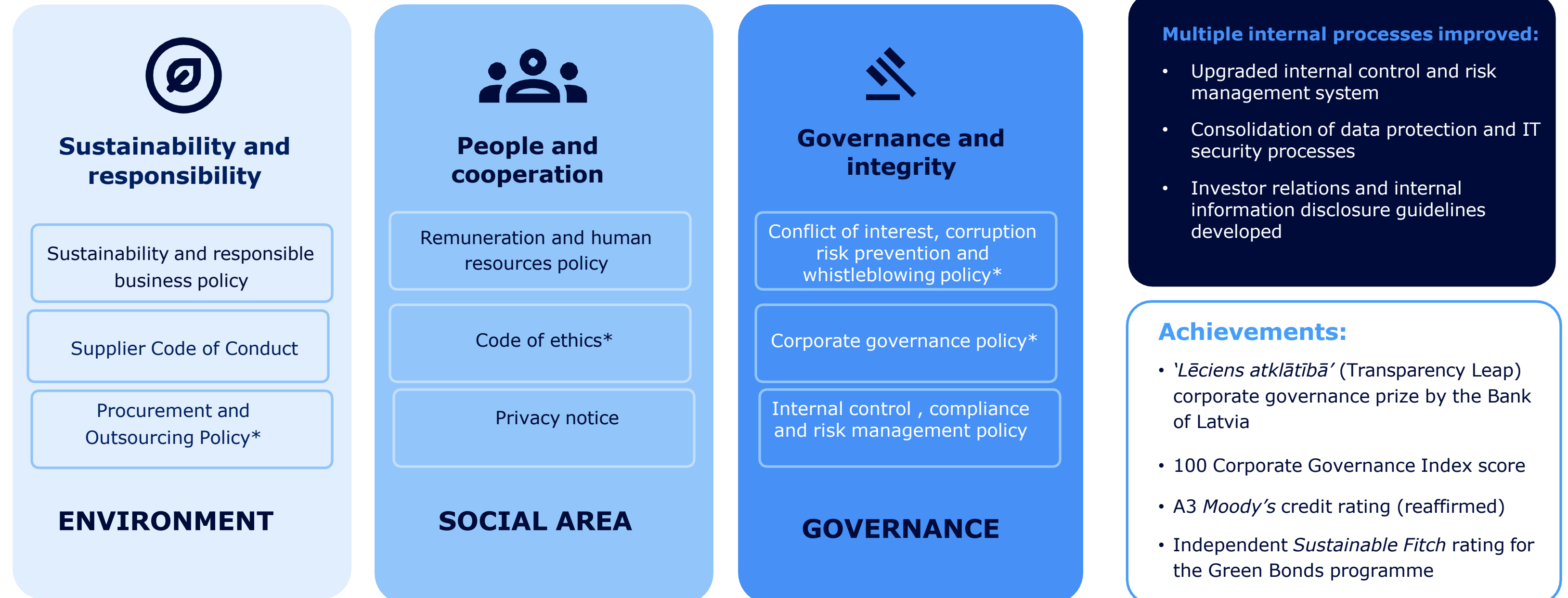
Up to 20 days in
2024

90 %

Customer portal users

87 % in 2024
2030 target >95 %

Improved governance documents



* Approved at the 24.02.2026 meeting of the Supervisory Board

Financial performance

Profit or loss statement

		2025	2024	Changes
		EUR	EUR	%
Profit or loss statement				
Revenue	1	80,320,805	76,336,396	+5.2 %
Other operating income	2	4,077,371	6,425,565	-36.5 %
Raw and other materials	3	(24,976,655)	(29,202,748)	-14.5 %
Staff costs	4	(24,654,302)	(25,194,580)	-2.1 %
Other operating costs	5	(3,773,927)	(2,514,567)	50.1 %
EBITDA*	6	30,993,292	25,850,066	19.9 %
Non-current investment wear and depreciation	7	(28,105,129)	(42,489,471)	-33.9 %
Operating profits after value reduction		2,888,164	(16,639,405)	
Financial income		267,884	239,364	11.9 %
Financial costs		(2,565,529)	(1,874,528)	36.9 %
Profit/(loss) before tax	8	590,519	(18,274,569)	
Corporate income tax		-	-	
Profit/(loss) for the reporting year		590,519	(18,274,569)	
Comprehensive income statement				
Net other comprehensive income not to be reclassified as profit or loss in later periods:				
Income from revaluation of non-current assets		-	369,296,418	
Total comprehensive income recognised for the reporting year		590,519	351,021,849	
included in the long-term asset revaluation reserve		-	342,630,489	
included in retained earnings		590,519	8,391,360	

COMMENTS

- Revenue:** the increase is mainly associated with changes in tariff (+1.7 % since 1 January, +14 % since 1 December)
- Other operating income:** the changes resulted in EUR 1.2 million lower Cohesion Fund depreciation, EUR0.29 million lower late payment interest and penalty income, while simultaneously causing a EUR 0.3 million increase due to higher pollution levels
- Cost of raw and other materials:** the reduction was affected by conducted activities that resulted in lower energy costs and higher cost capitalisation
- Staff costs:** no significant change, observing the 2.6 % cap on wage changes
- Other operating costs:** the increase was primarily driven by higher IT costs and the reclassification of fixed assets related to assets held for sale.
- EBITDA:** profitability improved from 33.9 % to 38.6 % in 2025, showing a positive trend
- Depreciation:** one-time impact in 2024 of initial Asset Revaluation on depreciation calculation
- Profit:** although the company reported EUR 18.3 million in accounting losses in 2024 due to asset revaluation, at the same time the net positive effect amounted to EUR 351 million, resulting in retained earnings of EUR 8.4 million. The year 2025 closed with a modest profit, and a more objective assessment of real profitability will be possible in 2026

Operating revenues +5.2 %

	2025 EUR	2024 EUR	Changes %
Income from water supply services	39,093,392	37,087,843	5.4 %
Income from sewer services	38,440,668	35,827,139	7.3 %
Income from construction services	648,444	1,642,516	-60.5 %
Other income from contracts with clients	2,138,301	1,778,898	20.2 %
	80,320,805	76,336,396	+5.2 %



Water supply services

Of the total consumption in Riga, residential accounts for 77 %, seeing a year-on-year reduction of 12 %. Non-residential sector has an positive effect on the overall amount. In the Riga Metropolitan Area, consumption amounts remained relatively insignificant, at 0.9 %.



Sewer services

Riga's residential sector accounts for 61.6 % of the total consumption, showing a slight increase of 0.11 % due to new customer connections. Increase in decentralised wastewater amounts observed, although these take up a relatively small share. Meanwhile, Jūrmala's wastewater collection showed a drop. The total amount collected outside Riga account for some 10 % of the total (m³).

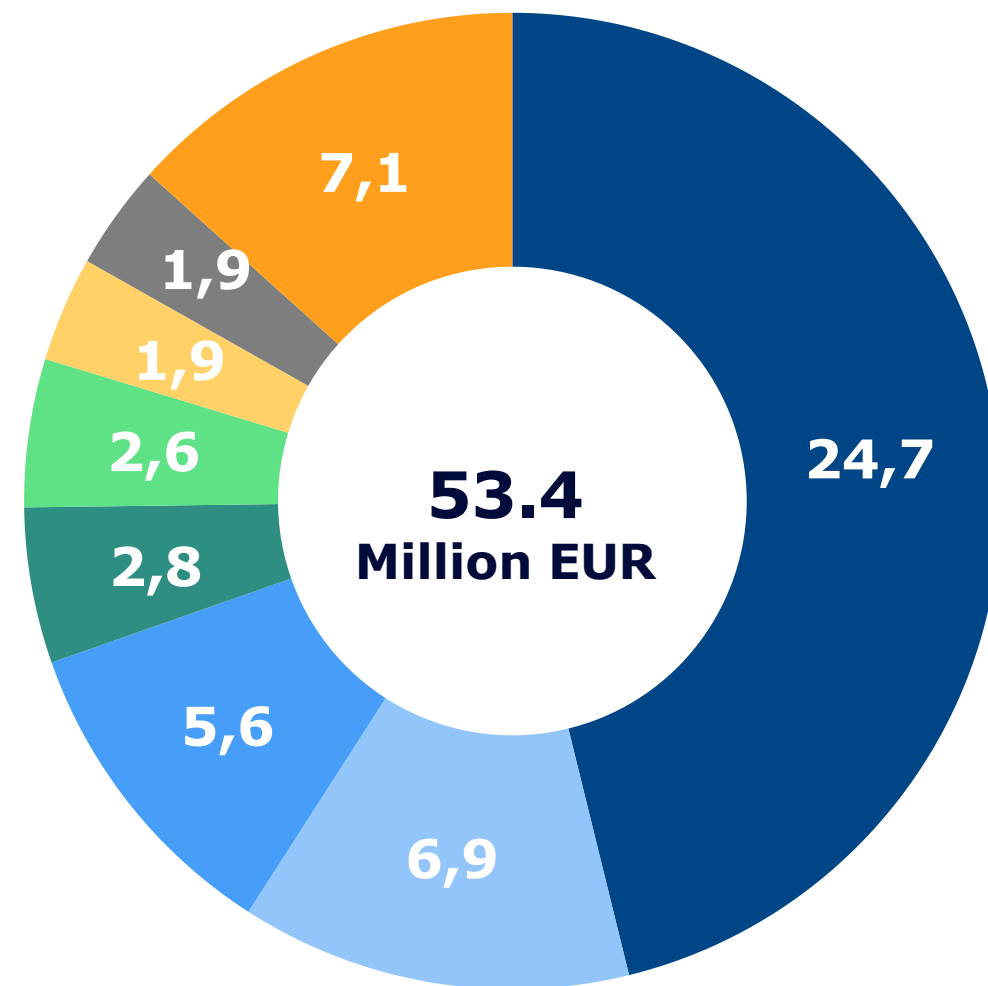


Construction services income (non-core activity)

Rīgas Ūdens provides connections to centralized networks in specific cases, such as within the framework of Cohesion Fund projects. The decrease is mainly related to auditors' recommendations on accounting procedures – revenues are recognized in the year they are earned. Some networks have not yet been commissioned.

Operating expenses (OPEX) - 6.2 %

The reduction in costs is due to lower electricity prices and capitalisation of costs related to pipeline repairs



- Staff costs
- Pipeline repairs
- Energy costs
- Equipment repairs
- Reagents
- Sludge disposal
- Real estate costs
- Other costs

YoY -2.1 % or EUR -0.5 million

YoY -35.7 % or EUR -3.8 million

YoY -7.9 % or EUR -0.5 million

YoY +7.0 % or EUR +0.2 million

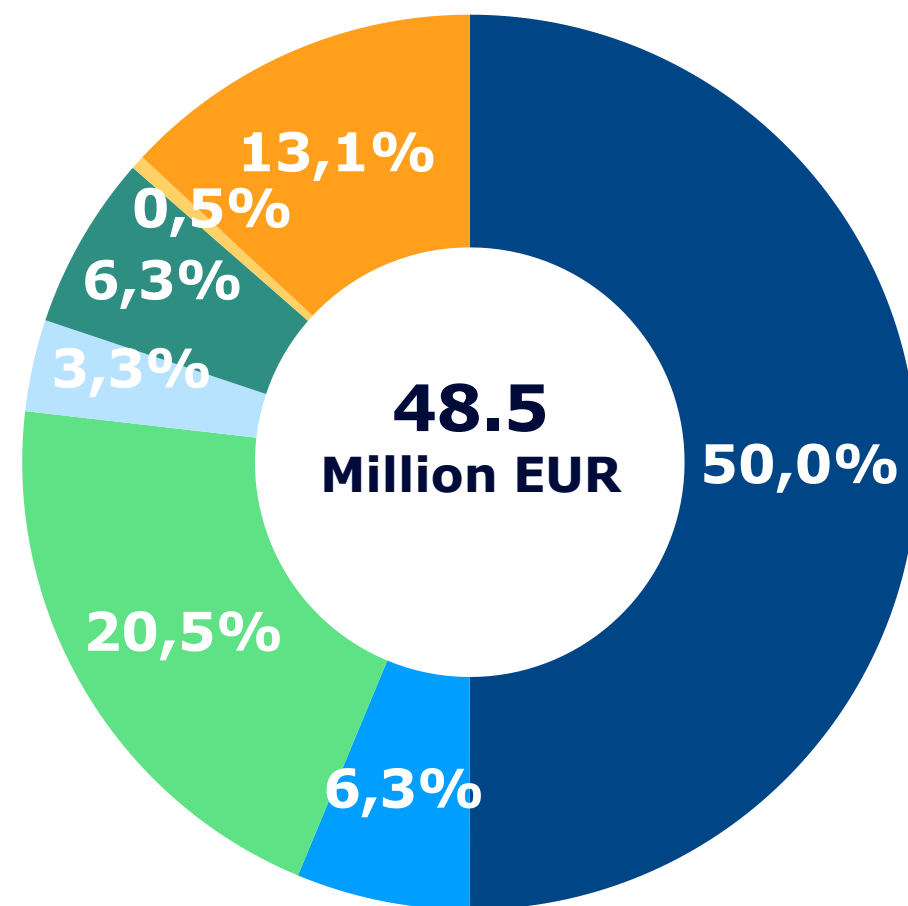
YoY +8.8 % or EUR +0.2 million

YoY -4.3 % or EUR -0.08 million

YoY -2.5 % or EUR -0.05 million

YoY +18.1 % or EUR +1.1 million

Investment focus areas in 2025



Renovation of centralized networks	EUR 24.2 million
Extension of access to centralized services	EUR 3.0 million
Development and quality of wastewater treatment	EUR 10.0 million
Energy efficiency and progress towards energy efficiency	EUR 1.6 million
Safety and quality of water supply	EUR 3.1 million
Management of data and digitisation	EUR 0.3 million
Other investments in infrastructure facilities	EUR 6.3 million



Utilisation of bonds

SIA *Rīgas ūdens* is **Latvia's first municipal company to raise financing on the capital market** and the first company in Northern Europe to issue bonds using the new European Green Bond (EuGB) Standard. The company successfully raised 20.0 million euros through its first public offering of European Green Bonds to investors in the Baltics.

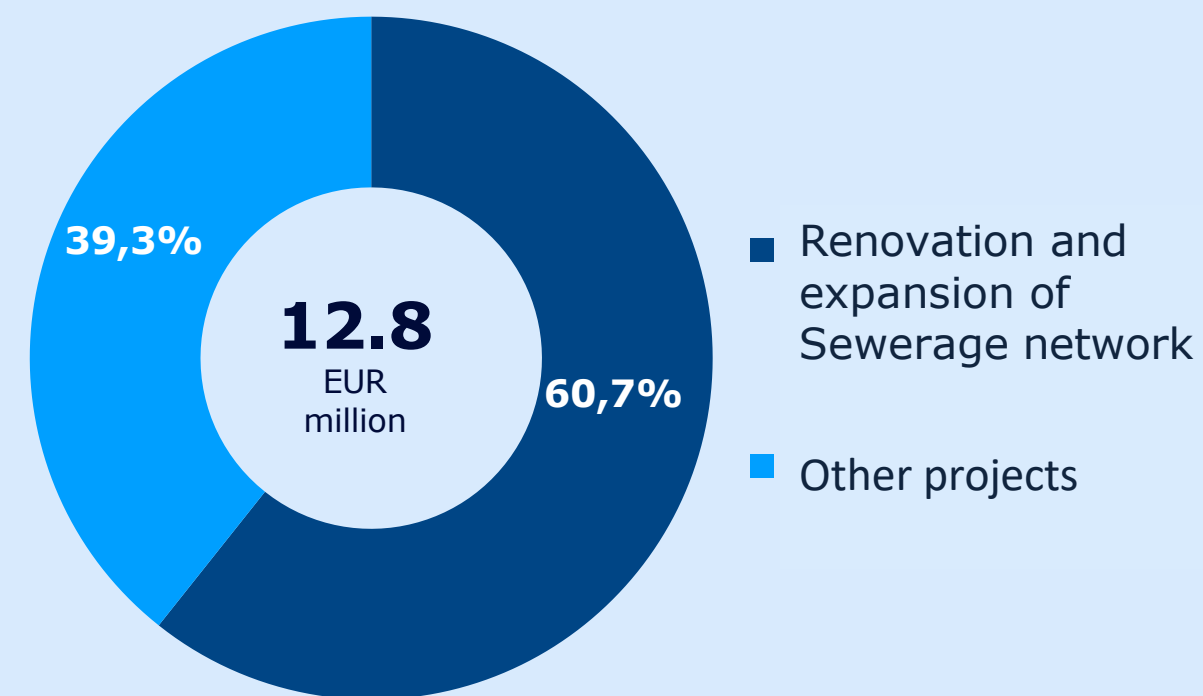
The funds raised using the first bond package issued are allocated to the renovation and expansion of sewer pipelines, as well as the modernisation of the Daugavgrīva biological wastewater treatment plant, the largest of its kind in the Baltics.

60.7 % of the total bond utilisation during the reporting period, or EUR 7.8 million, represents investments in water supply and sewer pipeline renovation and expansion projects.

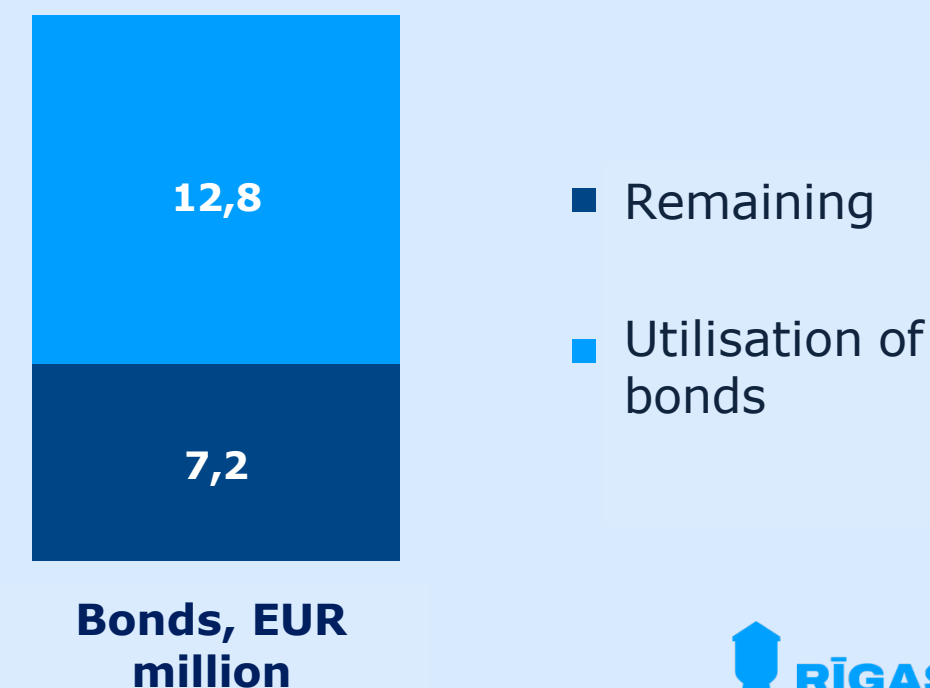
By the end of the reporting period, 64.0 % of the funds raised by issuing the bonds were utilised.

Key projects:

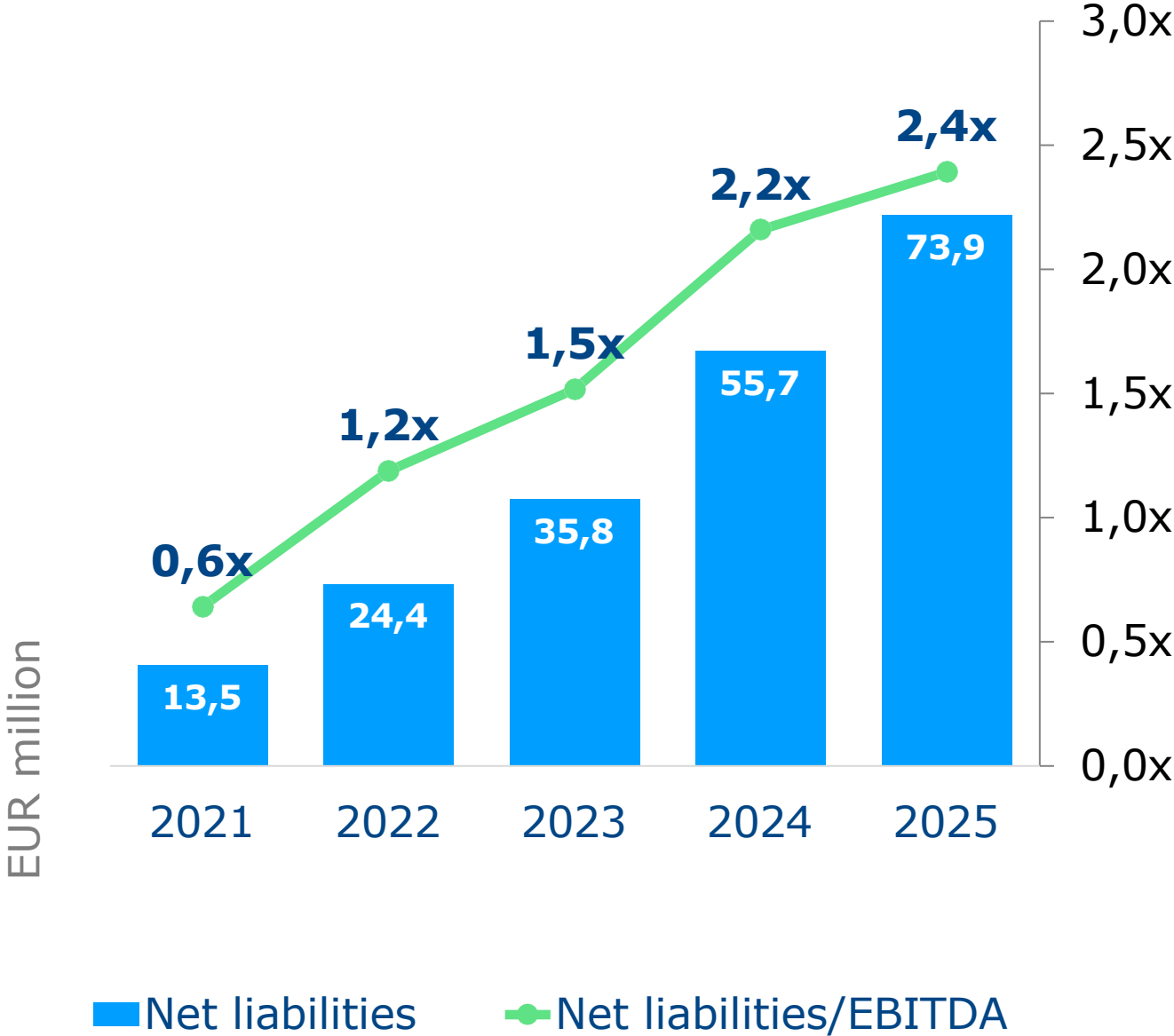
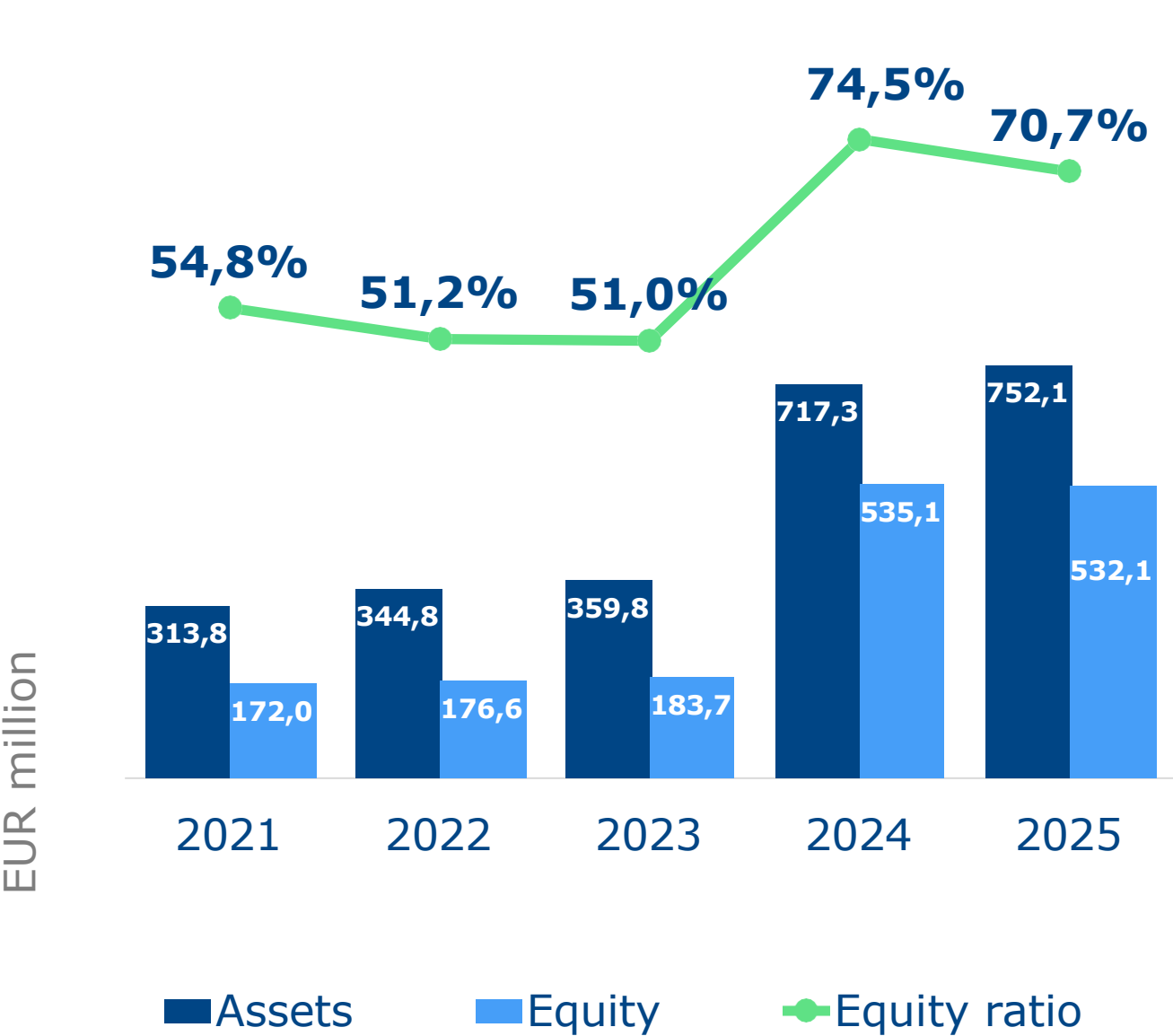
- Renovation of sewer network under the Riga-Ķekava cycling path, EUR ~3.5 million
- Digester tank design and construction, ~EUR 2.8 million
- Sewer network expansion in Jugla neighbourhood, ~ EUR 1.0 million
- Renovation of the sewage network in Uzvaras Park, ~EUR 1.0 million



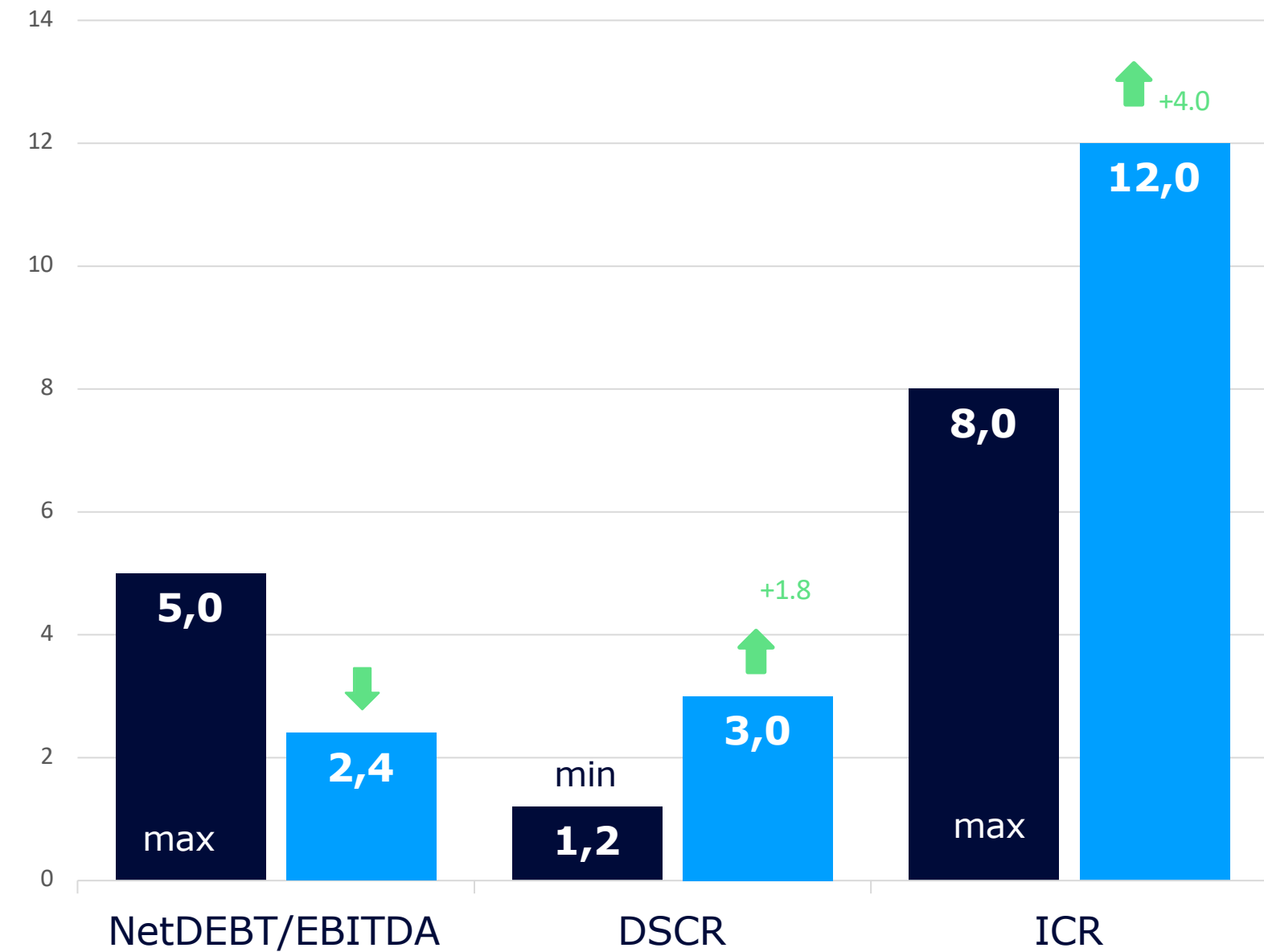
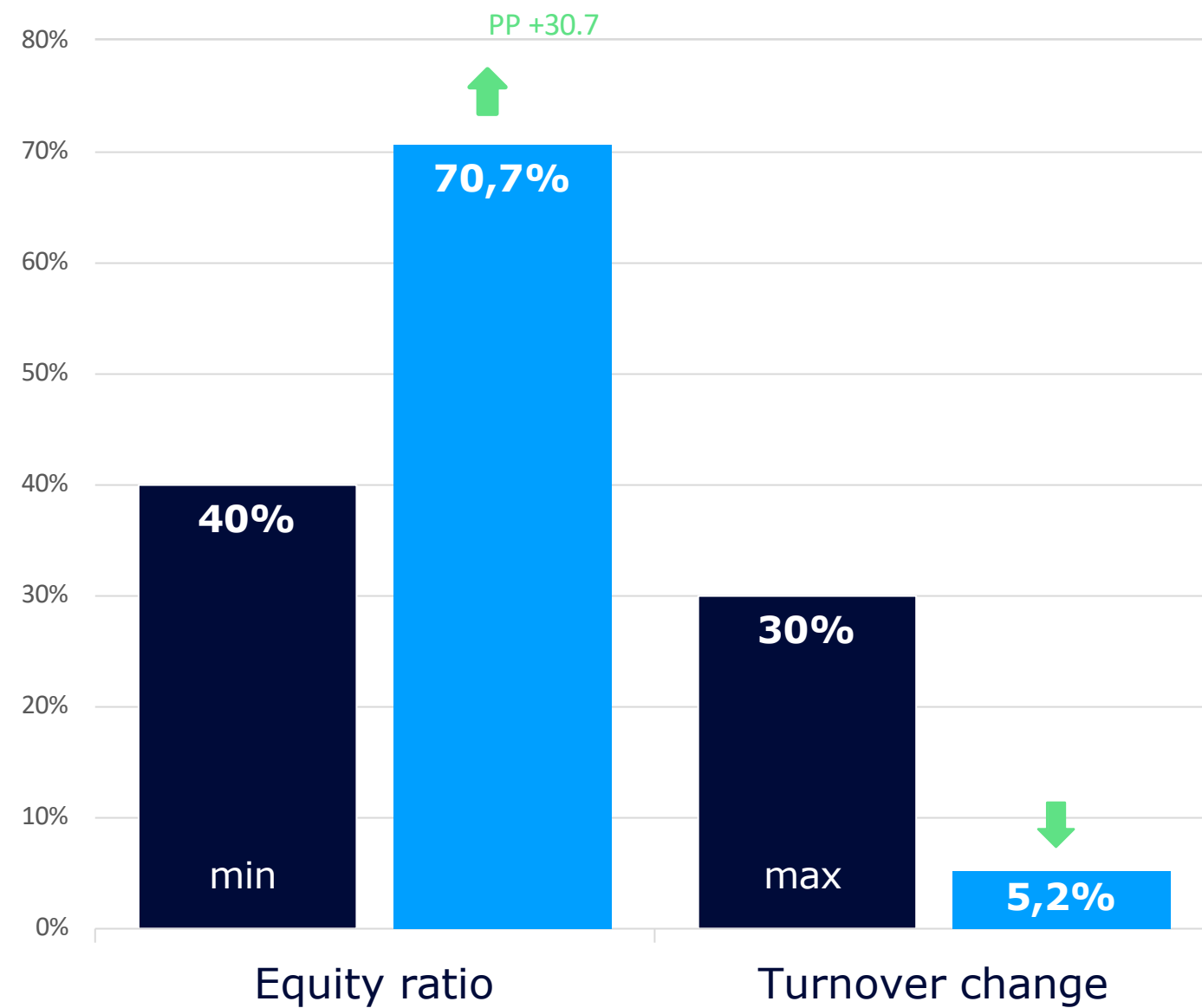
20.0 mio EUR



Equity and leverage level



Performance indicators for bank borrowings



■ Contractual covenants ■ Actual performance

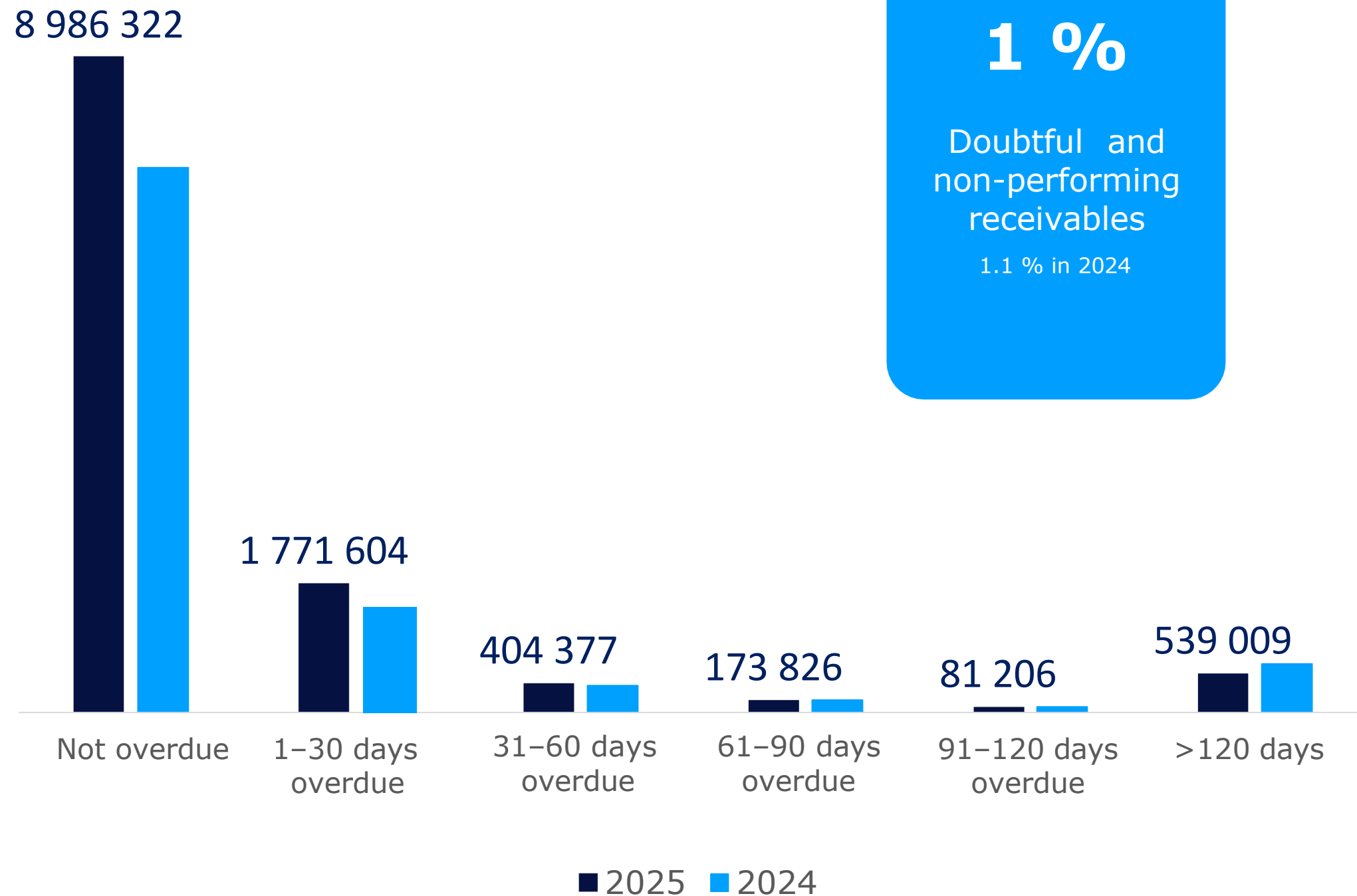
Credit rating

Rīgas Ūdens long-term credit rating: Moody's A3 with a stable outlook

The company earned this rating last year; its reaffirmation demonstrates the financial stability of *Rīgas Ūdens*, enabling it to raise financing on particularly favourable terms.

The A3 credit rating with a stable outlook assigned by Moody's reflects the strong creditworthiness and financial stability of *Rīgas Ūdens*

Receivables portfolio quality

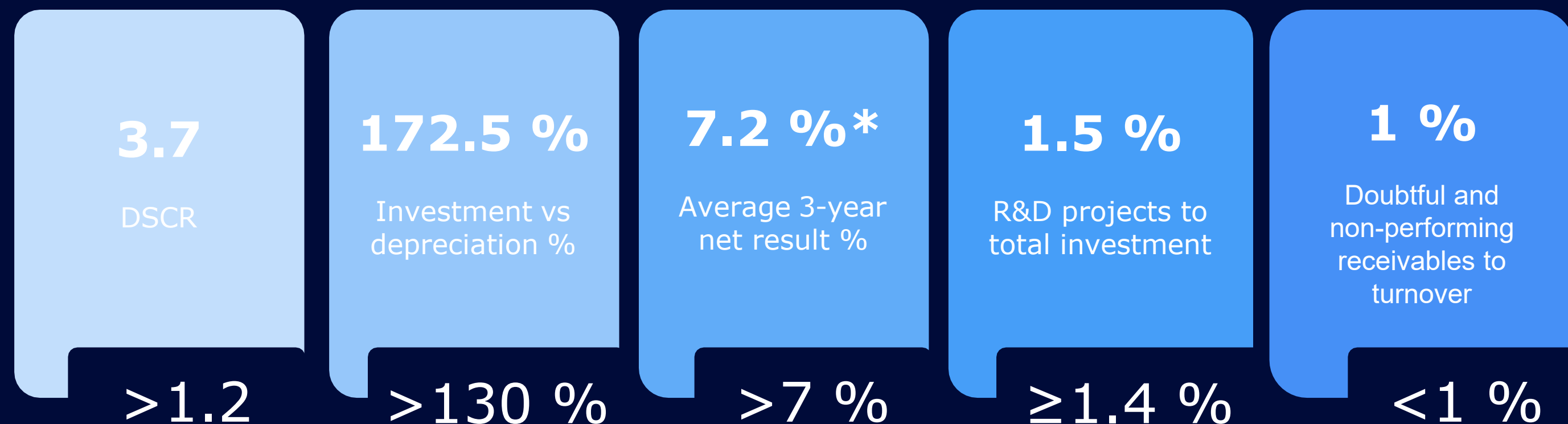


Comment

- As of December 2025, debts up to 60 days remained at historical levels, representing 74% of total receivables.
- The value of overdue debts in EUR is influenced by tariff changes. In December, total debt decreased by EUR 276 thousand.
- Regular monitoring and improvements are in place: an automated reminder call system has been implemented, and payment reminders have been sent to multi-apartment buildings.

Penalty fees for overdue payments are not applied from 1 January to 30 April

Financial target achievement



* Given the 2024 net result included in retained profit (excluding the effect of revaluating original assets).

Strategic focus areas in 2026

- Continued infrastructure modernisation and network renovation (*EUR 235 million investment programme for 2025–2028*)
- Expansion and modernisation of the Daugavgrīva wastewater treatment infrastructure
- Utility Network Digitization (telemetry, data platforms)
- Energy efficiency upgrades and renewable energy initiatives
- Ongoing Green Bond Programme with Next Issuance Planned

Thank you!


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