Translation from Latvian into English

Rīgas ūdens SIA

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

for the 6-month period ending on 30 June 2026

RIGA, 2026

GENERAL INFORMATION

The Statement (or the "Document") is not intended to form part of an offer or solicitation of an offer to buy, subscribe for or sell any securities of *Rīgas ūdens* SIA (hereinafter referred to as – the Company) and nothing in the Document shall in any way be deemed to constitute or form part of any legal agreement and shall not be relied upon in connection with any contract, commitment or investment decision.

Each recipient of the information contained in this Document is responsible for making its own independent assessment of the Company's business, financial position, prospects, status and affairs. No person shall have any right of action against the Company or any other person in respect of the accuracy or completeness of the information contained in the Statement.

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union.

These unaudited condensed financial statements do not include all the information and annexes that should be included in the full financial statements; therefore, these unaudited condensed financial statements should be read within the context of the Company's Financial Statements 2025.

The information contained in this Statement is for information purposes only and is based on unaudited financial data that reflects the information available to management at the time of preparation thereof.

The Alternative Performance Measures (APMs) used in this Statement are measures calculated by management to provide additional insight into the Company's performance and financial position. APMs are not a substitute for statutory financial measures and should be read in conjunction with the financial statements.

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Comment of the Chairman of the Management Board of *Rīgas ūdens*,
Mr Krišjānis Krūmiņš,
on the results of Q2 2026

Investment cycle continues

In the first half of 2026, Rīgas ūdens continued to implement its extensive investment programme while ensuring stable financial performance and continued operation of critical infrastructure in challenging operating conditions.

During the reporting period, investments reached EUR 24.1 million, the highest level on a half-yearly basis in recent years. At the same time, the Company's EBITDA increased to EUR 19.7 million and operating revenues reached EUR 45.4 million.

These results demonstrate the Company's ability to implement infrastructure projects of strategic importance, maintain financial stability and provide high-quality services simultaneously.

Access to capital market financing

In the second quarter, approval was received from the Bank of Latvia for the new base prospectus of the Company’s bond offer programme, thereby providing the possibility to continue the bond issue programme launched in 2025 and to issue European green bonds worth up to 40 million euros in the next tranche of the 60 million euro programme. It is planned to allocate most of the funding raised to the development of the *Daugavgrīva* Biological Wastewater Treatment Plant and to the continuation of the sewerage network renovation programme. The next bond issue is planned for the final quarter of 2026, subject to an assessment of market conditions and financing requirements.

The Company’s financial stability and its ability to implement an extensive investment programme have also been confirmed by the decision of the international credit rating agency *Moody’s Ratings* to retain *Rīgas ūdens*’ long-term issuer's credit rating A3 with a stable outlook for the third year in a row.

At the same time, an independent post-issuance assessment by *Sustainable Fitch* has confirmed that 100 % of the European Green Bond proceeds allocated to projects by the end of 2025 have been channelled into projects compliant with the EU Taxonomy, and that their use complies with the requirements of the European Green Bond regulation.

Strengthening strategic management

In the second quarter, the Company's Shareholders' Meeting approved the shareholder's Letter of Expectations regarding the implementation of Strategy 2030, setting out the Company's priority areas of activity, as well as six financial and eight non-financial objectives to be achieved by 2030.

Progress of strategic projects

Implementation of several infrastructure projects of strategic importance continued in the second quarter.

The construction project for the sludge digestion tanks at the Daugavgrīva Biological Wastewater Treatment Plant (*Daugavgrīva* BWTP) was 36 % complete by the end of the second quarter, with EUR 11.26 million (excluding VAT) spent. Concreting of the lower conical sections of the sludge digestion tanks has been completed, and construction of the main structural elements is in progress.

Procurement procedure for the expansion and renovation of the *Daugavgrīva* BWTP – one of the Company's largest infrastructure development projects – also continued.

During the reporting period, solar power stations at the *Daugavgrīva* BWTP and the *Daugava* Water Treatment Plant were commissioned, thereby increasing the use of renewable energy resources in the Company's operations and contributing to the achievement of its energy neutrality targets.

Procurement for the reconstruction of the critically outdated water supply and sewerage infrastructure on Mangaļsala has ended. The project will ensure that the neighbourhood is connected to the centralised *Rīgas ūdens* water supply system and, in the long term, reduce the risks of environmental pollution. As part of the project, it is planned to construct 6.75 km of water main, 4.6 km of gravity sewer network and 2.95 km of sewer pressure main, as well as three sewage pumping stations. Construction works are scheduled to begin in the third quarter of 2026. Total costs of the project amount to EUR 5.56 million, excluding VAT.

Submission of offers in the open tender for the construction of new water supply and sewerage networks at Bukulti has also ended. The project involves construction of approximately 7.2 km of water mains and 5.9 km of sewerage network, as well as four sewage pumping stations, thereby expanding access to centralised water services in the neighbourhood. Six offers were received within the tender, and results of the procurement are due to be announced in the third quarter of 2026.

In the first half of 2026, the Company also continued its targeted existing water infrastructure renovation with a view to reducing water losses, risks of accidents and costs of unplanned repair works. In the first six months, 5.29 km of sewerage networks and 2.72 km of water supply networks were renovated.

It is expected that the costs of implementing the Company's Investment Programme may be affected in the future by external economic conditions, including inflation, changes in energy resource prices and production costs. According to the Bank of Latvia's June 2026 forecasts, inflation in Latvia could reach 3.6 % in 2026, therefore the investment volume required for full implementation of the programme may exceed that originally envisaged.

Critical infrastructure resilience

In the second quarter, the Company continued to purposefully strengthen the physical, technical and fire safety of critical infrastructure objects, as well as improve its preparedness for action in emergency situations.

Three-day crisis management and operational continuity training *Ūdenssargs 2026* was organised for the Company's Crisis Management Team at the *Rīgas ūdens* facility at *Zaķumuiža*, in collaboration with industry experts. This training combined tabletop simulations and practical tasks to test the practical application of the Company's

Operational Continuity and Crisis Management Plan, as well as the readiness to act promptly and in a coordinated manner in complex and emergency situations, ensuring an uninterrupted water supply. The State Police drone unit and the Ropaži Municipal Police took part in the observation of the training.

Safety training sessions for staff were also organised at other Company's critical infrastructure objects, including practical evacuation drills and training in the use of fire-fighting equipment.

At the same time, work has continued enhancing the protection of critical infrastructure objects by improving physical and technical security measures, including object perimeter security, CCTV surveillance and access control.

Digitalisation and process efficiency

In the second quarter, the Company continued developing its digital solutions to improve the efficiency of internal processes and the speed of information flow with customers.

Implementation of the major telemetry project continued. More than 12 % of the total number of *Rīgas ūdens* inlet meters are fitted with remote reading devices, and the readings from nearly 2,000 meters are accepted automatically following the inspection and verification. Meanwhile a new registration form for contact persons of apartment houses has been created on the Customer Portal, expanding the possibilities for reaching residents who are not direct *Rīgas ūdens* customers in good time, for example, in the event of water supply disruptions.

Several internal processes have also been improved, reducing the amount of manual work to be performed and speeding up the flow of information. A robot-call has been introduced for internal incident reporting; data exchange between the Company's information systems has been improved; and *Microsoft Copilot* training sessions have been organised to improve staff skills in using artificial intelligence solutions.

Industry development and public involvement

During the reporting period, *Rīgas ūdens* continued to be actively involved in the sector development processes in Latvia and globally.

The Company's Management Board met with representatives of the Public Utilities Commission to discuss the current challenges facing the sector and the need to develop benchmark performance indicators. In addition, *Daugavgrīva* BWTP hosted a delegation of heads of municipal administrations of the Czech Republic, introducing the guests to the Company's operations, critical infrastructure security and its experience in PFAS research.

The Company's representation at international level has also continued. At the issuers' experience session of the *Environmental Finance Sustainable Debt EMEA 2026* conference held in London, *Rīgas ūdens* shared its experience of implementing the European Green Bond Standard and preparing a bond issue. In preparation for the next phase of the bond issue, the Company's Management Board attended the *Sweden–Latvia Investment & Capital Markets Dialogue*, organised by *Nasdaq Stockholm*, in Stockholm, where they presented areas of development of *Rīgas ūdens*, results of the European Green Bond issues to date and future investment plans to international investors and capital market experts.

To strengthen the professional competences and prepare the industry specialists, a practical training ground has been opened at the *Daugava* Water Treatment Plant, which is designed to strengthen the skills of the Company's plumbers and could also be used to train future water sector specialists. Cooperation with vocational education institutions also continued – in the second quarter, 35 trainees completed traineeships at *Rīgas ūdens*, whereas, in June, 14 school students began work as a part of the summer employment programme.

1.1. *Rīgas ūdens* Highlights in the Reporting Period

Business Results

+0.9 %
Changes in the amount of water sold
compared to first half of 2025

+0.6 %
Changes in sewerage services
compared to first half of 2025

115
New objects connected to centralized system

8.0 km
Pipelines renovated
8 km in the first half of 2025

+229
New service users
+495 in the first half of 2025

Financial performance

+14.7 %
Change in revenue
compared to first half of 2025

19.7
million EUR
EBITDA
EUR 15.7 mln in the first half of 2025

2.6x
Net debt/EBITDA
2.1X in the first half of 2025

71.0 %
Equity ratio
72.4% in the first half of 2025

24.1
million EUR
Amount of investments
EUR 14.6 mln in the first half of 2025

1.2. *Rīgas ūdens* Operating Environment

Rīgas ūdens SIA was established on 24 September 1991. By the Decision of the Riga City Council of 16 December 2003, the Company was reorganised into a limited liability company, establishing that it is the successor of the municipal company *Rīgas ūdens*. The Company was registered with the Commercial Register on 12 January 2004.

Rīgas ūdens is a water management company 100 % owned by the Riga State City Municipality, which provides high-quality and safe water supply and sewerage services in Riga and separate municipalities of the Riga Metropolitan Area.

On 25 March 2026, the Riga City Council adopted the Decision to maintain the direct shareholding of the Riga State City Municipality in *Rīgas ūdens* SIA. The Decision was adopted following an assessment of the municipality’s shareholding, considering the strategic importance of water services for the city's infrastructure and development.

The Company is registered with the Register of Water Service Providers of the Public Utilities Commission (hereinafter referred to as – PUC), and the tariffs for water services are approved by the PUC after verifying their economic feasibility and compliance with the laws and regulations.

A contract for the provision of public water management services in the administrative territory of Riga City until 23 July 2029 has been concluded between the Riga State City Municipality and *Rīgas ūdens*.

The Company operates in the water supply and sewerage services sector, a strategically important sector, and is a critical infrastructure company, managing water supply and sewerage infrastructure facilities essential for public safety.

According to the PUC, there are 55 water service providers in Latvia, and *Rīgas ūdens* is the largest in terms of the volume of water extraction and supply, as well as wastewater collection and treatment.

Demand for services is stable because it is based on the basic needs of society, but influenced by:

- demographic changes in Riga and the Riga Metropolitan Area;
- business activity;
- changes in water consumption habits;
- national inflation rate;
- climate and environmental factors.

The sector is characterised by high capital intensity and the need for maintenance of long-term infrastructure.

1.3. Future Development of the Company

The strategic framework of the operations of *Rīgas ūdens* is based on the objectives set by the Riga State City Municipality and the Company's long-term development vision.

Decision No. 720 of the Riga State City Council of 7 July 2021 *On the Retention of the Direct Shareholding of the Riga State City Municipality in Rīgas ūdens* sets out the overall strategic objective of the Company:

To provide and deliver high quality and reliable water services, to ensure sustainable and safe use of the water resources important for Riga and governance of the infrastructure of strategic importance, as well as to promote involvement of residents in the prevention of water pollution.

The Decision No RD-24-4064-lē of the Riga City Council of 20 November 2024 approved seven non-financial objectives covering the priority areas of development set out in the Company's Sustainable Development Strategy 2040. In addition, the Company’s Supervisory Board has set an additional non-financial objective to improve customer satisfaction.

Non-financial objectives

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

On 4 June 2026, the Letter of Expectations from the shareholder of Rīgas ūdens SIA was approved, which sets out the expectations of the Riga State City Council as the shareholder regarding the Company's priority areas of operation, as well as its medium-term financial and non-financial objectives up to 2030. As a part of the Letter of Expectations, the Company's financial objectives were also updated, with the financial performance indicators and their target values clarified in line with the expectations set by the shareholder. The Letter of Expectations serves as the basis for implementing the Company's strategy, annual planning and monitoring of performance.

In the Letter of Expectations, the defined key areas of the Company's development are: renovation of critical infrastructure, strengthening climate resilience of the water system, ensuring financial sustainability whilst maintaining a socially responsible tariff policy, development of digitalisation and innovation, as well as strengthening the capacity to attract external funding for the implementation of investment projects. At the same time, the framework for financial objectives was specified by updating the financial performance indicators in line with the expectations set by the shareholder.

Implementation of the Strategy is ensured through annual Activity Plans which define specific actions, projects and measures to achieve the objectives. Progress towards these objectives is monitored on a regular basis, ensuring alignment between the Company's strategic priorities, its investment programme and its day-to-day operations.

The Company's long-term development area is also guided by the EUR 235 million Investment Programme 2025-2028 providing for purposeful investments in infrastructure modernisation, network renovation, digitalisation and improvement of energy efficiency. The Investment Programme is being implemented through a diversified financing portfolio, combining capital market instruments and financing from international financial institutions. EUR 72.57 million or 30.88 % of the planned amount have been used as a part of the Investment Programme.

At the same time, the Company is also implementing a strategy to renovate its water supply and sewerage networks, with the aim of significantly reducing infrastructure deterioration and improving the safety and quality of services by 2040. The Company is also working towards energy neutrality by improving energy efficiency and increasing the use of renewable energy resources.

The strategy and long-term development objectives are integrated into the Company's sustainability management system and serve as the basis for operational activities and investment decisions.

Financial objectives

FM1	Financial stability: Ensure a stable capital structure and reliable fulfilment of financial obligations
FM2	Profitability: Ensure efficient core operations and the ability to fund long-term development
FM3	Amount of investments exceeds depreciation: Ensure the renovation of infrastructure to the extent that exceeds its depreciation rate
FM4	Efficiency of the recovery of accounts receivable: Promote efficient management of accounts receivable and cash flow discipline
FM5	Investment in research and development projects: Promote innovation, digitalisation and the development of sustainable technologies
FM6	Socially responsible tariff: Ensure a balance between infrastructure development needs and the availability of services to users

1.4. Segments of the Company's Operation

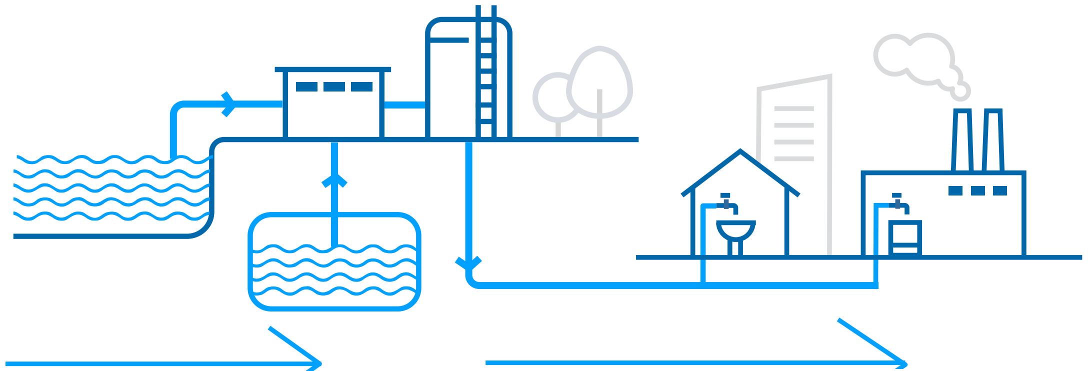
Rīgas ūdens provides centralised water supply and sewerage services in Riga and separate municipalities in the Riga Metropolitan Area.

The most significant changes to the Company's assets are related to the construction and commissioning of new solar power stations (two solar parks). The electricity generated at the solar parks is used to meet the company's own consumption needs, reducing the amount of electricity purchased from external suppliers, whilst promoting the use of renewable energy resources.

1.4.1 Water supply segment

The Company ensures the extraction of drinking water from underground and surface water sources, its treatment, storage and supply to consumers in the centralised water supply system, in compliance with the quality and safety requirements laid down in laws and regulations.

Water supply services



Water extraction

from underground water intakes or surface water sources

Water supply

treatment, storage and supply of the extracted water in the centralised water supply network to the user

Water supply services are based on a multi-tiered infrastructure system – water intakes, treatment plants, reservoirs, pumping stations and water supply networks. Maintaining and developing this infrastructure is essential to ensuring service quality and safety.

Company's water supply infrastructure

1,544 km of water supply networks

6
water intakes

285
boreholes

2
WTP *Daugava* and *Baltezers*

15
water supply pumping stations

5
water reservoirs

7,668
fire hydrants

12,018
gate valves (DN=>100)

4,212
water supply manholes

0.962
MWh

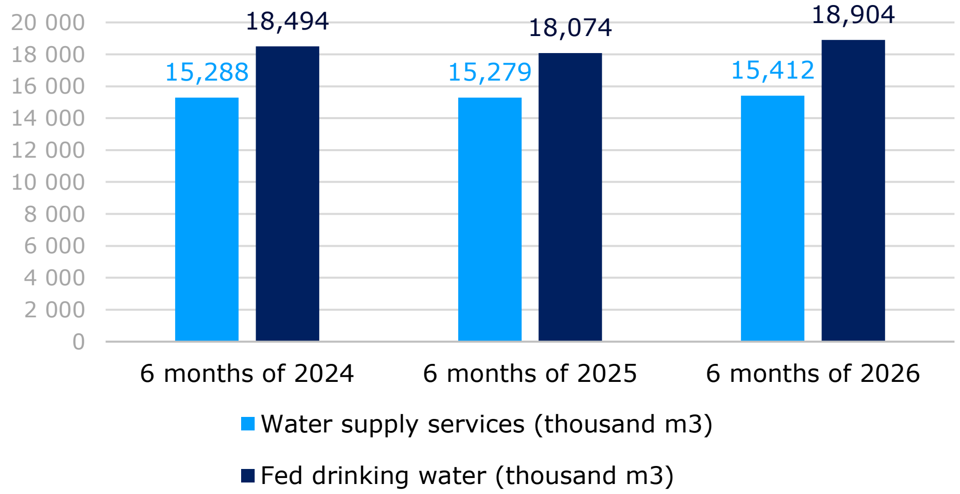
The water supplied by Rīgas ūdens is extracted from six water intakes of city-wide significance, which are divided into two groups:

- a water intake using surface water as a water source – the Daugava Water Treatment Plant;
- water intakes using underground water supplies – *Baltezers, Baltezers-1, Baltezers-2, Zaķumuiža, Remberģi.*

In the first half of 2026, the water extraction structure was optimised by increasing the proportion of groundwater extraction, with the aim of reducing water production costs. As the production costs of water obtained from underground water intakes are lower than those of water obtained from surface water sources, the share of underground water in total water extraction was increased to 51.4 %, whereas the share of surface water sources amounted to 48.6 %.

The Company's water supply services are provided in the territory of the Riga State City, as well as in parts of Ķekava, Ropaži, Ādaži and Mārupe municipalities.

Volume of water supply services and fed drinking water in the first half of 2024-2026 (thousand m³)



The Company also manages the city's fire hydrants and free taps, providing drinking water in public outdoor spaces, and a total of 47 free-access drinking water filling points are available in Riga, as well as 27 drinking water stations in educational institutions.

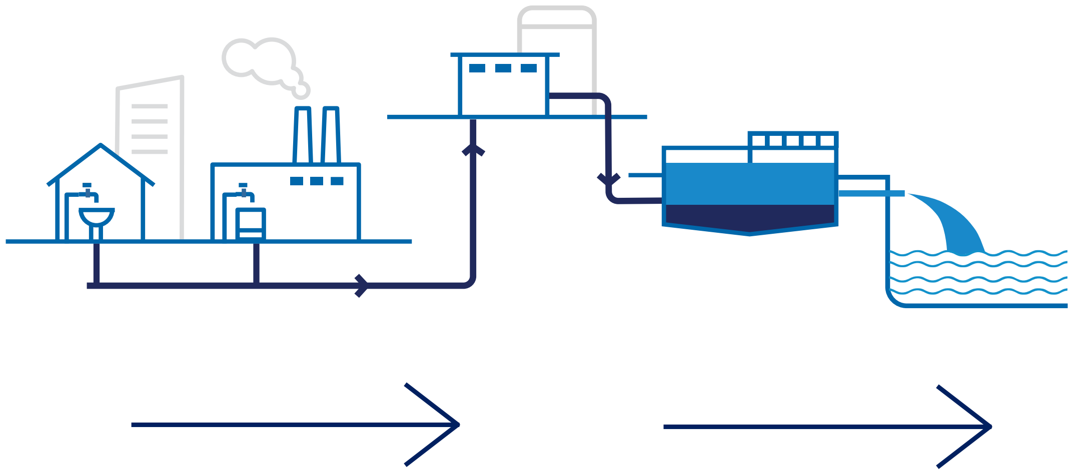
To ensure high-quality water management services, the Company's accredited Joint Water Quality Control Laboratory monitors the quality of drinking water daily throughout the water extraction, treatment and delivery process. The control process includes regular sampling and analysis of physico-chemical and microbiological parameters.

Additional information on the financial performance of the water supply segment, including revenues and key indicators, is provided in the Financial Statements, Operating Segments section.

1.4.2 Sewerage segment

The Company provides collection, transportation, mechanical and biological treatment, as well as discharge of the treated wastewater into the environment, in compliance with pollution thresholds and environmental quality standards set out in regulatory requirements.

Sewerage services



Wastewater collection

in centralised sewerage systems, from the property boundary to the wastewater treatment plants

Wastewater treatment

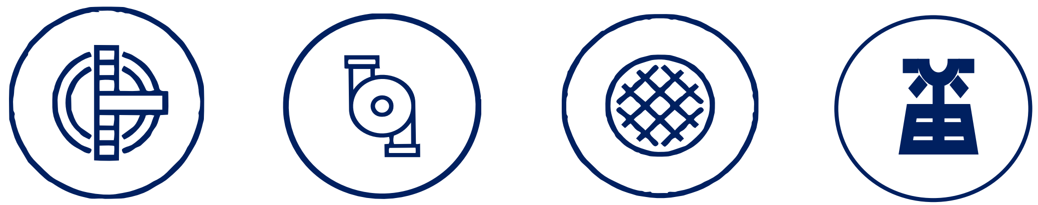
and discharge into the environment, including in surface water bodies, except for the wastewater collection in rainwater sewerage systems

Provision of sewerage services is based on centralised wastewater collection and treatment infrastructure – sewerage networks, pumping stations, collectors and the Daugavgrīva Biological Wastewater Treatment Plant, where mechanical and biological wastewater treatment is carried out.

Continued maintenance, modernisation of this system and capacity development is essential to protect the environment, public health and ensure the quality of treatment.

Company sewerage infrastructure

1,293 km of sewerage networks



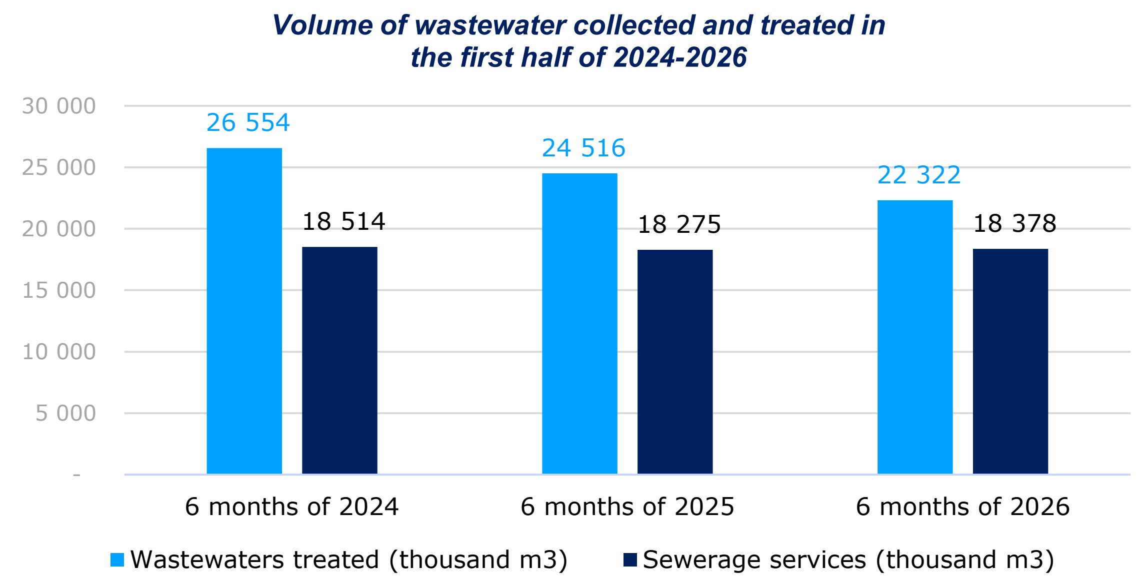
1
Daugavgrīva Biological wastewater treatment plant

111
sewage pumping

37,354
sewerage manholes

0.499
MWh

Collected wastewater treatment is provided according to the requirements of laws and regulations. After a full mechanical and biological treatment cycle at the Daugavgrīva Biological Wastewater Treatment Plant, the treated wastewater is discharged into the Gulf of Riga approximately 2.4 km from the shoreline and at a depth of approximately 15 metres, in compliance with the environmental quality standards and pollution threshold values set out in the laws and regulations.



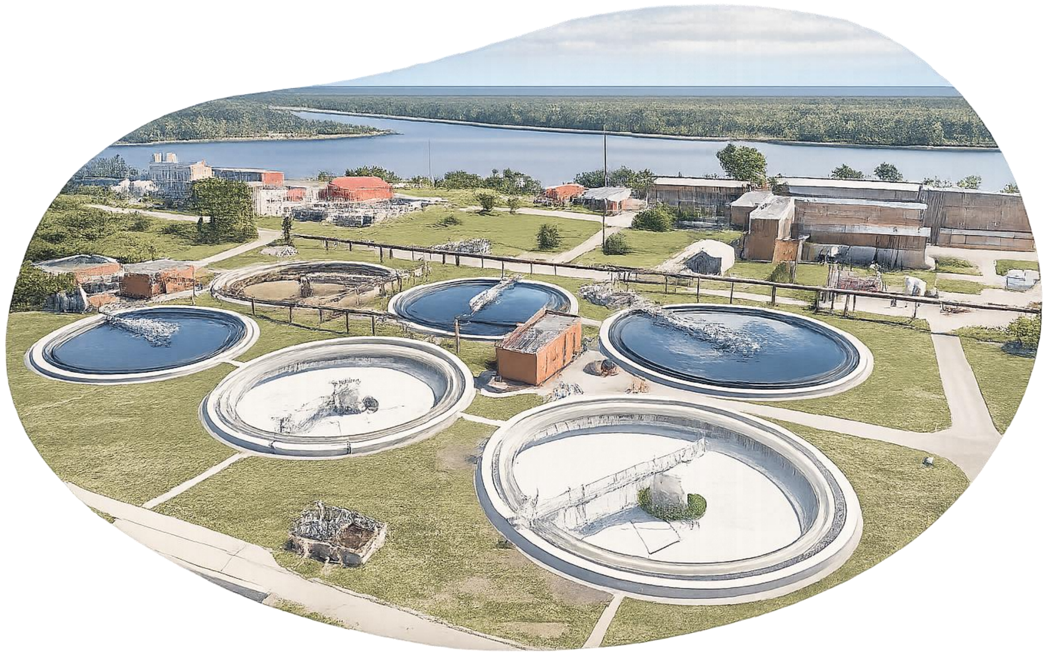
Quality of wastewater is controlled regularly and systematically to ensure compliance with the laws and regulations and meeting the environmental permit requirements. Control is implemented by the company's accredited laboratory, whereas monitoring is carried out also by the responsible national authorities according to their competence.

During the reporting period, the volume of treated wastewater was 8.9 % below the indicator of the corresponding period of 2025. The reduction was mainly caused by lower rainfall which resulted in a smaller volume of rainwater entering the collective sewerage system and a reduction in infiltration.

In the second quarter of 2026, wastewater treatment efficiency remained high, with nitrogen and phosphorus concentrations being provided at the levels specified in the regulatory requirements.

Overload volume of the *Daugavgrīva* BWTP reached 0.34 % and did not exceed the limited 2 % per annum during the reporting period, ensuring a stable operation of the service and reducing the impact on the Gulf of Riga and the Baltic Sea.

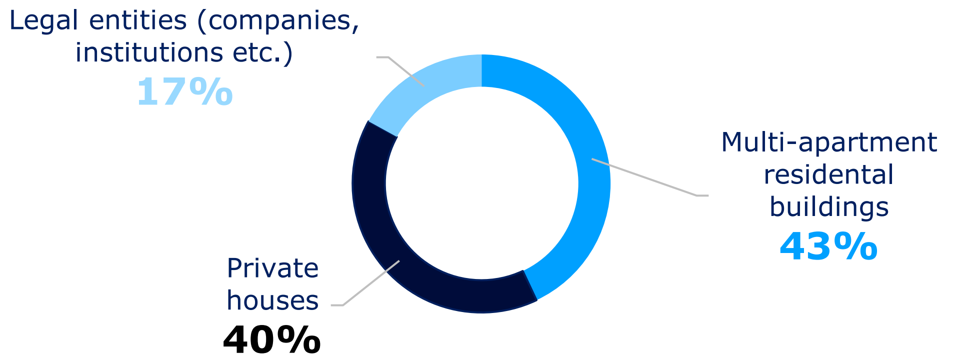
Additional information on the financial performance of the sewerage segment, including revenues and key indicators, is provided in the Financial Statements, Operating Segments section.



1.5. Customers

The Company's customers are water service users with whom service contracts have been concluded. In the first half of 2026, the Company had 25,579 active contracts for the provision of city water supply and sewerage services at 24,558 objects.

Segments of water management service users in 2026



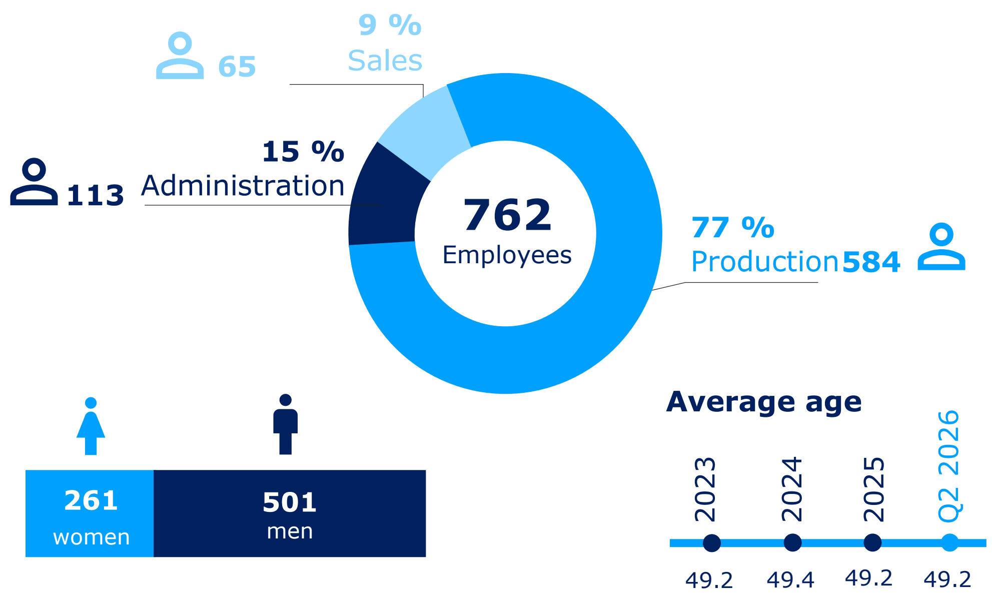
In the first half of the year, 115 new objects representing 229 residents were connected to the centralised sewerage system. Municipal co-financing was disbursed to 176 owners of 133 objects in the total amount of EUR 199,195.

The Company continued to improve its customer service processes and digital solutions. New functionality was developed to automate the transfer of contract data between document workflow and resource management systems, thus reducing the volume of manual work and improving data quality. At the same time, availability of information to customers was improved by introducing a more detailed overview of fault reports on the website, with regular updates on the status of work performance.

Digitalisation of customer service processes also continued, improving the functionality of the Customer Portal and developing the telemetry data integration to improve the customer experience and promote the accessibility of services in the digital environment.

1.6. Employees

The Company's operations are supported by a professional and experienced team that monitors critical infrastructure facilities and ensures the uninterrupted provision of water supply and sewerage services.



Compared with the end of 2025, the total number of employees increased by 11 in the first half of 2026 as previously vacant positions were filled.

During the reporting period, the Company continued to develop its employees' competences and improve the human resources management processes. A new learning management platform was introduced, certain HR processes were digitised, and staff engagement and the management development activities were implemented.

1.7. Financial Performance

The Company's financial performance for the first half of 2026 demonstrates successful continuity of operations and consistent progress towards achieving its financial objectives.

The Company's equity ratio reached 71.0 % of the total asset value during the reporting period, thus significantly exceeding the capital structure target of 50 %.

At the end of the reporting period, the Debt Service Coverage Ratio (DSCR) calculated over the last 12 months reached 3.9, exceeding the target of 2.0 for 2026. This indicates sufficient cash flow to service the loan obligations.

The EBITDA margin is forecast to be around 40.0 %, thereby meeting the set target and demonstrating the company's operational efficiency.

The Company is implementing major and strategically important investments in infrastructure renovation and modernisation. The renovation to depreciation ratio of fixed assets is expected to significantly exceed the target of 130 %. This shows that the Company is not only fully compensating for the depreciation of its fixed assets, but is also purposefully improving the quality, durability and safety of its infrastructure

In the field of research and development, the major investments in the first half of the year were made in the development of drinking water extraction infrastructure, including hydrogeological research of the *Daugava* underground water intake and development of remote reading (telemetry) of commercial metering devices.

The projected ratio of bad and doubtful debts to operating revenues (net turnover) remained at the year-2025 level of 0.9 % during the reporting period, thus meeting the financial target (<1 %).

The Company also pursues a socially responsible tariff policy and ensures that investment projects are planned and implemented in accordance with the requirements of the EU Taxonomy, thereby promoting sustainable development and achievement of environmental objectives.

The Company's key financial indicators in the first half of 2022-2026

Financial indicators	2022 6 months	2023 6 months	2024 6 months	2025 6 months	2026 6 months
Operating revenue, mln EUR	29.2	40.5	37.0	39.6	45.4
Operating costs, mln EUR*	21.1	28.5	28.3	25.8	27.5
Net profit, mln EUR	2.8	6.5	2.4	0.5	4.3
Amortisation and depreciation, mln EUR	7.5	7.3	8.3	14.1	14.3
EBITDA, mln EUR	10.5	14.3	11.4	15.7	19.7
Investments in fixed assets, mln EUR****	11.3	11.5	15.6	14.6	24.1
Net debt, mln EUR***	18.1	27.5	46.5	63.2	89.9
Financial ratios					
Equity ratio	57.2 %	53.1 %	52.6 %	72.4 %	71.0 %
Liquidity	0.8	0.9	0.7	1.9	0.9
Net debt/EBITDA**	0.9	1.1	2.2	2.1	2.6
Interest coverage ratio**	86	32.4	13.4	15.1	14.2
EBITDA/turnover**	35 %	31.7 %	28.2 %	38.2 %	40.2 %
ROA**	1.4 %	2.7 %	1.0 %	-2.8 %	0.6 %
ROE**	2.6 %	4.9 %	1.9 %	-3.8 %	0.8 %

** Raw materials and supplies, personnel costs, other operating costs*
*** The last 12-month period is used to calculate the ratio.*
**** Net debt = borrowings from credit institutions and bonds (excluding lease liabilities) - cash*
***** Investments in fixed assets = investments made in fixed and intangible assets (excluding advances paid)*
See page 35 for explanations of abbreviations and calculation of indicators.

In the first half of 2026, operating revenue (net turnover) increased by 14.7 % compared to the same period in 2025. Water supply services increased by 0.9 % and sewerage services by 0.6 %.

Increase in total revenue during the reporting period was mainly driven by changes in water management tariffs, which entered into effect on 1 December 2025 in accordance with the decisions of PUC.

During the reporting period, the Company implemented a record-high investment programme amounting to EUR 24.1 million, financed through the attraction of additional borrowed capital. As a result, compared to the previous year, the equity ratio, liquidity ratio and interest coverage ratio decreased, while the net debt/EBITDA ratio increased. At the same time, all the above indicators remained at levels that can be considered optimal and reflective of the Company's financial stability. Despite the liquidity ratio being below 1.0, the Company's liquidity position is significantly strengthened by available, but undrawn, financing from international financial institutions.

Company's operating revenue in the first half of 2022-2026

mln EUR	2022 6 months	2023 6 months	2024 6 months	2025 6 months	2026 6 months
Water supply services	13.9	18.3	18.1	19.6	21.7
Sewerage services	14.2	20.7	17.5	19.0	22.7
incl. rainwater	*0.8*	*1.2*	*1.0*	*1.1*	*1.3*
Construction services	0.2	0.3	0.5	0.1	0.0
incl. new connections	*0.1*	*0.2*	*0.5*	*0.0*	*0.0*
Other revenues	0.9	1.2	0.9	1.0	1.0
including biogas	*0.2*	*0.3*	*0.2*	*0.3*	*0.3*
Total:	**29.2**	**40.5**	**37.0**	**39.6**	**45.4**

Decline in revenue from construction services was due to the completion of Cohesion Fund projects carried out in previous periods, which led to reduction in the volume of construction works related to the expansion of water infrastructure. This was further affected by rising construction costs; besides, the customers also have the option of engaging other contractors to carry out the construction works.

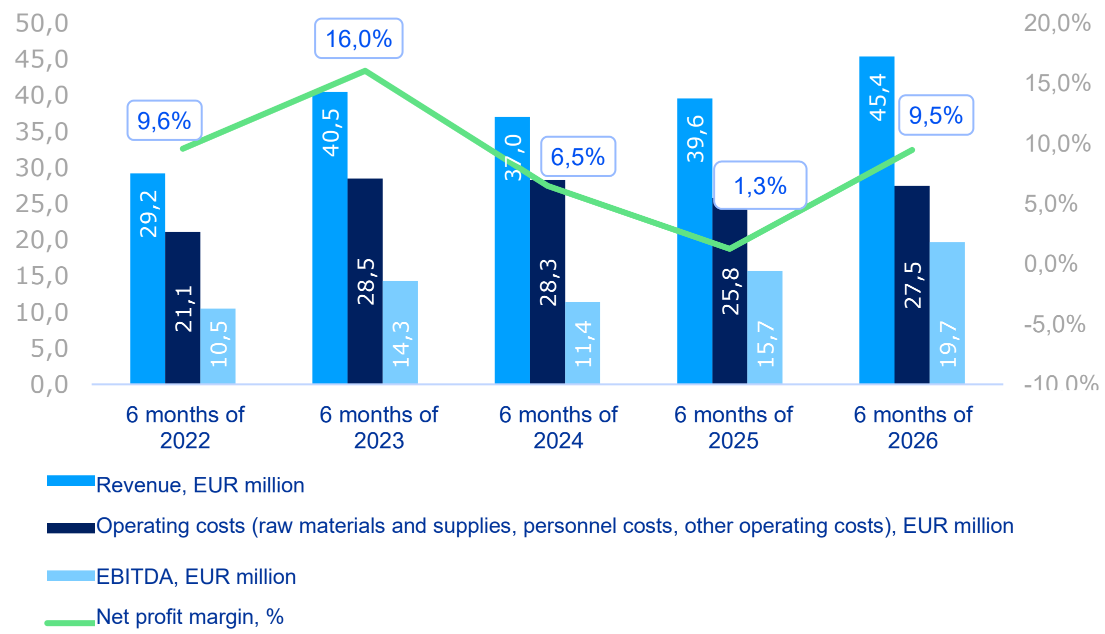
1.7.1 Development of financial performance and investments 2022–2026

Revenue and profitability dynamics

In the first half of 2026, the Company's operating revenue rose by EUR 5.8 million or 14.6 %, but *EBITDA* increased by 25.2 % compared to the relevant period of the previous year.

Increase in operating revenue was driven by a rise in water services tariff during the period from 1 December 2025 and increase in *EBITDA* was further boosted by the capitalisation of costs related to pipeline repair works.

Dynamics in operating performance in the first half of 2022-2026

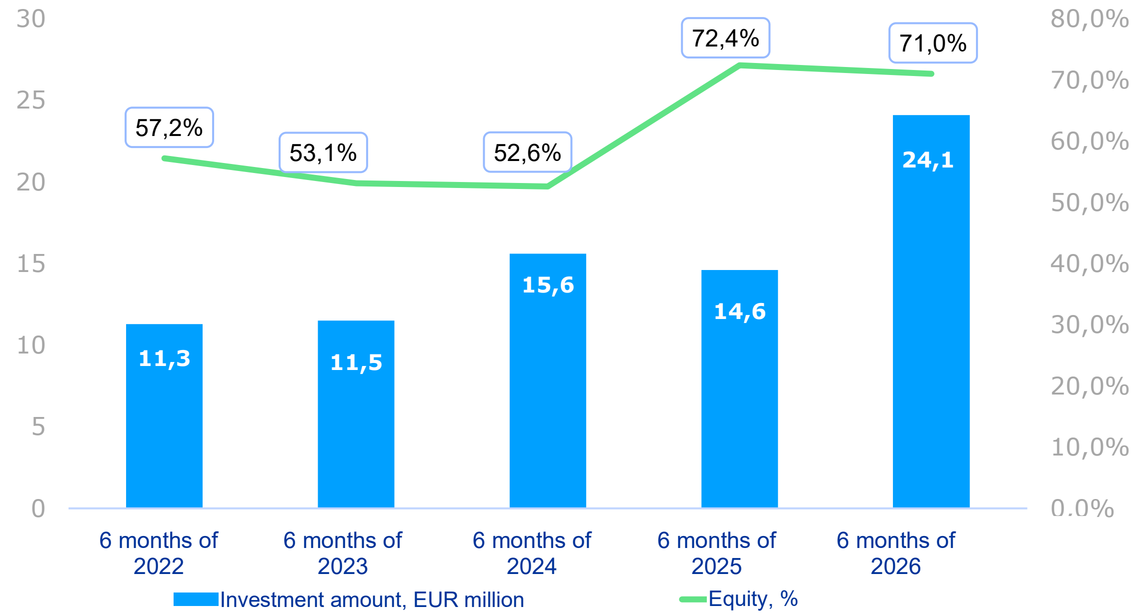


In the first half of 2025, net profit margin was negatively affected by the time lag between the revaluation of fixed assets carried out in 2024 and the reflection of its impact in tariffs. Water services tariffs, which took account of the impact of the revaluation, entered into force on 1 December 2025, because of which the profitability on the Company's net profit returned to an optimum level in the first half of 2026.

1.7.2 Investment volume and capital structure

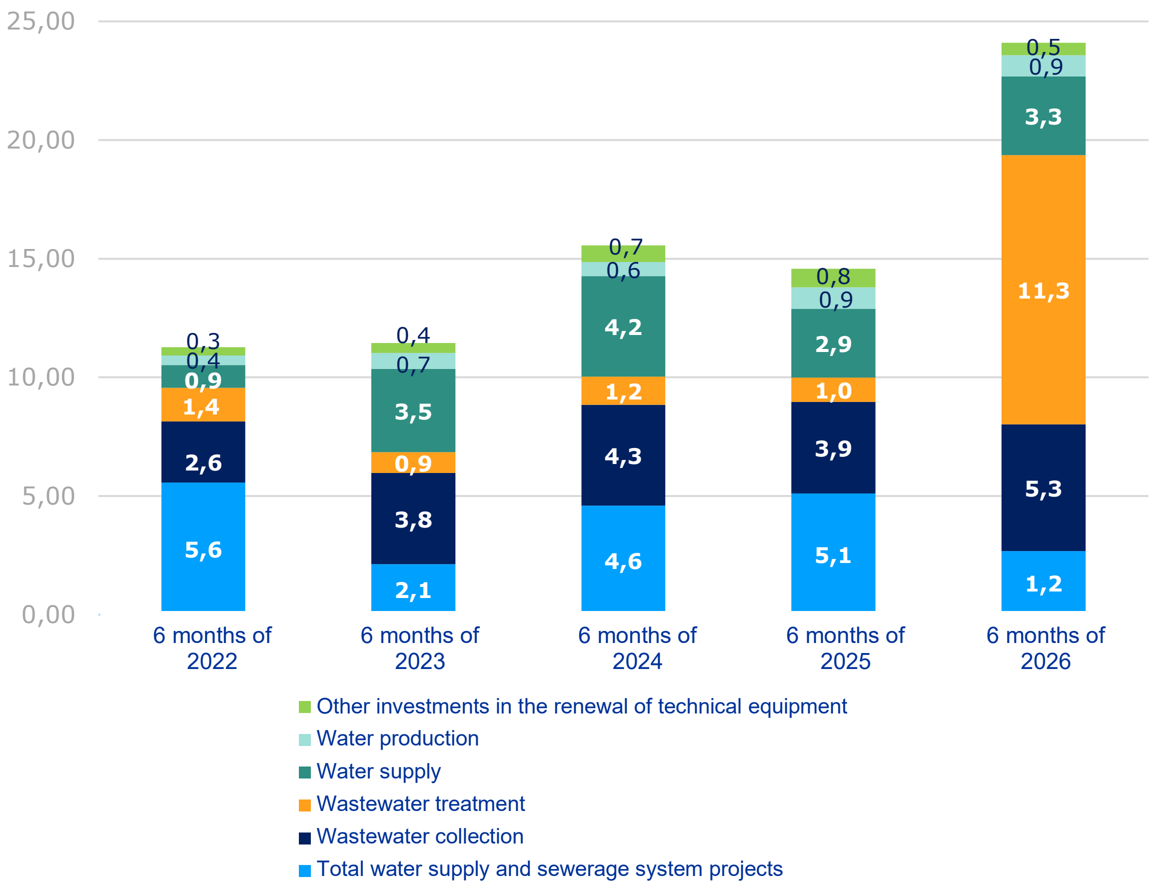
Investments made by Rīgas ūdens in the first half of 2026 amounted to EUR 24.1 million, the highest level recorded in the past five years.

Investment volume and equity ratio in the first half of 2022-2026



Most of the investments have been made in developing and modernising water supply and sewerage systems, strengthening the sustainability and operational safety of infrastructure.

Breakdown of investments by development areas in the first half of 2022-2026 (million EUR)



The financial and investment results for the first half of 2026 demonstrate the ability of *Rīgas ūdens* to simultaneously deliver a stable operating performance and implement a major infrastructure development programme, while maintaining a balanced funding structure and a sustainable capital base.

1.7.3 Information on tariff

During the reporting period, the Company has ensured the provision of water management services as specified in the Public Service Agreements and taken several measures to improve the Company's infrastructure, technological development, customer service and improvement of the development and efficiency of service provision.

A tariff review is planned in the following period to ensure further renovation of pipelines and reduce unplanned increases in repair costs in the future.

The Company's revenue-generating tariffs are closely monitored by the Public Utilities Commission (hereinafter referred to as – the PUC).

During the reporting period, water management tariffs of EUR 2.67/m³ (excluding VAT) approved by the Public Utilities Commission (PUC) as of 1 December 2025 were in force.

Water management service tariffs from 1 December 2025 (excl. VAT):

1.41 EUR/m^3
Tariff for water supply services

1.26 EUR/m^3
Tariff for sewerage services

0.40 EUR/m^3
Tariff for wastewater treatment services

1.7.4 Information on the Company's share capital

On 31 December 2025, *Rīgas ūdens* had a share capital of EUR 127,686,123, divided into 127,686,123 shares with a nominal value of EUR 1 each.

Share capital
EUR 127,686,123

Number of shares
127,686,123

Nominal value per share
EUR 1

1.8. Circumstances and Events after the End of the Reporting Period

Information on circumstances and events after the end of the reporting period is provided in Annex 2.7 to the Financial Statements.

There have been no events that occurred during the period since the last day of the reporting year that could have material effect on the Company's financial position as at 30 June 2026 or that should be further explained in the annexes to the Financial Statements.

1.9. Statement of Management Responsibility

The Company’s Management Board is responsible for the preparation of the Company’s statements. Based on the information available to the Company's Management Board, the unaudited condensed statements for the 6-month period ending on 30 June 2026 present a true and fair view in all material respects of the assets, liabilities, financial position and profit or loss of the Company and cash flows therein.

The information provided in the management report is correct.

2. FINANCIAL STATEMENTS

2.1 Information about the Company

Company name	*Rīgas ūdens* SIA
Legal status of the Company	Limited Liability Company
Registration number, place and date	40103023035 Riga, 24 September 1991 Re-registration in the Commercial Register 12 January 2004, under the unified registration number 40103023035
Type of activity according to NACE 2.1 classification	36.00 Extraction, purification and supply of water 37.00 Sewerage
Address	1 Zigfrīda Annas Meierovica Blvd Riga, LV-1050, Latvia
Sole shareholder	Riga City Municipality (100 %) 1 Rātslaukums, Riga, LV-1050, Latvia
Names, surnames and titles of members of the Supervisory Board	Ms Dace Ljusa — Chairperson of the Supervisory Board Mr Imants Paeglītis — Vice-Chairman of the Supervisory Board Mr Māris Kleinbergs — Member of the Supervisory Board

Names, surnames and titles of Members of the Management Board	Mr Krišjānis Krūmiņš — Chairman of the Management Board Mr Normunds Zvaunis — Member of the Management Board Ms Agnese Ozolkāja — Member of the Management Board
Accounting Officer	Sandijs Māliņš — Director of the Finance Department
Reporting period	1 January-30 June 2026

2.2 Financial statements

2.2.1 Profit and loss statement

	Annex	2026 01.01.-30.06. EUR	2025 01.01.-30.06. EUR	2026 01.01.-31.03. EUR	2026 01.04.-30.06. EUR	2025 01.01.-31.03. EUR	2025 01.04.-30.06. EUR
Operating revenue	5	45,448,350	39,633,606	22,809,841	22,638,509	19,925,405	19,708,201
Other operating income		1,822,116	2,034,884	840,459	981,657	959,547	1,075,531
Raw materials and supplies	6	(12,653,194)	(11,791,992)	(6,328,290)	(6,324,904)	(5,560,478)	(6,231,514)
Personnel costs	7	(13,101,617)	(12,793,722)	(6,320,806)	(6,780,811)	(6,086,152)	(6,707,570)
Other operating expenses		(1,791,049)	(1,334,336)	(761,709)	(1,029,340)	(632,401)	(702,130)
EBITDA		**19,724,605**	**15,748,439**	**10,239,495**	**9,485,110**	**8,605,921**	**7,142,518**
Depreciation and amortisation of long-term assets	8(d)	(14,301,055)	(14,092,887)	(7,121,115)	(7,179,940)	(7,041,017)	(7,051,870)
Operating profit after impairment		**5,423,550**	**1,655,552**	**3,118,380**	**2,305,170**	**1,564,904**	**90,648**
Financial income		97,990	80,437	51,043	46,947	34,650	45,787
Financial costs		(1,239,261)	(1,217,398)	(588,091)	(651,170)	(541,947)	(675,451)
Profit before tax		**4,282,279**	**518,591**	**2,581,332**	**1,700,947**	**1,057,606**	**(539,015)**
Corporate income tax		-	-	-	-	-	-
Profit for the reporting year		**4,282,279**	**518,591**	**2,581,332**	**1,700,947**	**1,057,606**	**(539,015)**

The annexes on pages 29 to 41 form an integral part of the Financial Statements.

Krišjānis Krūmiņš
Chairman of the Management Board

Normunds Zvaunis
Member of the Management Board

Agnese Ozolkāja
Member of the Management Board

Sandijs Māliņš
Director of the Finance Department

2.2.2 Comprehensive income statement

	Annex	2026 01.01.-30.06. EUR	2025 01.01.-30.06. EUR	2026 01.01.-31.03. EUR	2026 01.04.-30.06. EUR	2025 01.01.-31.03. EUR	2025 01.04.-30.06. EUR
Profit/(loss) for the reporting year		**4,282,279**	**518,591**	**2,581,332**	**1,700,947**	**1,057,606**	**(539,015)**
Total comprehensive income recognised for the reporting year		**4,282,279**	**518,591**	**2,581,332**	**1,700,947**	**1,057,606**	**(539,015)**

The annexes on pages 29 to 41 form an integral part of the Financial Statements.

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Member of the Management Board

Agnese Ozolkāja
Member of the Management Board

Sandijs Māliņš
Director of the Finance Department

2.3 Statement of Financial Position

	Annex	30.06.2026	31.12.2025
Assets		EUR	EUR
Long-term assets			
Intangible investments	8(a)	879,946	838,003
Fixed assets	8(b)	720,831,896	710,179,058
Right-of-use assets	8(c)	1,187,173	1,246,503
Other non-current investments		354,058	99,829
Total long-term assets:		**723,253,073**	**712,363,393**
Current assets			
Stocks	9	2,973,275	2,920,540
Receivables from contracts with customers	10	12,172,380	11,423,751
Other receivables		1,047,931	1,203,453
Deferred costs		1,323,230	614,646
Cash	11	14,565,008	23,620,519
Total current assets		**32,081,824**	**39,882,738**
Total assets		**755,334,897**	**752,146,302**

The annexes on pages 29 to 41 form an integral part of the Financial Statements.

	Annex	30.06.2026 EUR	31.12.2025 EUR
Liabilities			
Equity:			
Share capital (fixed capital)		127,686,123	127,686,123
Long-term asset revaluation reserve	12	320,666,657	327,980,524
Retained earnings		87,967,196	76,430,102
Total equity:		**536,319,976**	**532,096,749**
Creditors:			
Long-term creditors:			
Bonds and borrowings	13	88,570,799	90,389,249
Lease liabilities		926,053	1,045,347
Advance payments received		2,246,635	2,246,635
Trade payables		2,734,558	2,178,666
Accruals		1,403,415	1,403,415
Deferred revenues		88,559,947	88,233,620
Other payables		116,593	92,257
Total long-term creditors:		**184,558,000**	**185,589,189**
Short-term creditors:			
Bonds and borrowings	13	15,928,668	7,179,101
Lease liabilities		318,972	257,387
Advance payments from customers		1,159,654	1,434,366
Trade payables		3,789,651	4,626,987
Taxes, state social insurance contributions		2,385,536	2,063,572
Other payables		1,291,051	1,259,645
Deferred revenues		2,499,144	2,495,976
Accrued liabilities	15	5,389,233	13,545,881
Accruals		1,695,012	1,597,449
Total short-term creditors:		**34,456,921**	**34,460,364**
Total creditors:		**219,014,921**	**220,049,553**
Total liabilities		**755,334,897**	**752,146,302**

Krišjānis Krūmiņš
Chairman of the Management Board

Normunds Zvaunis
Member of the Management Board

Agnese Ozolkāja
Member of the Management Board

Sandijs Māliņš
Director of the Finance Department

2.4 Statement of Changes in Equity

	Share capital EUR	Reserves EUR	Retained earnings EUR	Equity EUR
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 the shareholder and other changes recognised in equity	-	-	(2,517,408)	(2,517,408)
Profit for the reporting year	-	-	518,591	518,591
Changes in revaluation reserve	-	(7,122,006)	7,122,006	–
Total comprehensive income	***-***	***(7,122,006)***	***7,640,597***	***518,591***
30.06.2025	**127,686,123**	**335,508,483**	**68,830,215**	**532,024,821**
Profit for the reporting year	-	-	71,928	71,928
Changes in revaluation reserve	-	(7,527,959)	(7,527,959)	–
31.12.2025	**127,686,123**	**327,980,524**	**76,430,102**	**532,096,749**
Dividends	-	-	(59,052)	(59,052)
Total transactions with the shareholder and other changes recognised in equity	-	-	(59,052)	(59,052)
Profit for the reporting year	-	-	4,282,279	4,282,279
Changes in revaluation reserve	-	(7,313,867)	7,313,867	-
Total comprehensive income	***-***	***(7,313,867)***	***11,596,146***	***4,282,279***
30.06.2026	**127,686,123**	**320,666,657**	**87,967,196**	**536,319,976**

The annexes on pages 29 to 41 form an integral part of the Financial Statements.

Krišjānis Krūmiņš
Chairman of the Management Board

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Member of the Management Board

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Sandijs Māliņš
Director of the Finance Department

2.5 Cash Flow Statement

	Annex	2026 01.01.- 30.06. EUR	2025 01.01.- 30.06. EUR
Operating cash flow			
1. Profit/(loss) before corporate income tax		**4,282,279**	**518,591**
Adjustments:			
a) amortisation, depreciation, impairment of property, plant and equipment and intangible assets and profit or loss on disposal		14,553,070	13,995,628
b) depreciation of the right-of-use assets		82,585	77,042
c) amortisation of co-financing of fixed assets		(1,334,134)	(1,435,565)
d) changes in provisions		97,563	6,262
e) other interest and similar revenues		(97,990)	(80,437)
f) interest payments and similar costs		1,239,261	1,217,398
2. Profit before adjustments for the effects of changes in the balances of current assets and liabilities		**18,822,634**	**14,286,396**
Adjustments:			
a) (increase) or decrease in accounts receivable balances		(1,555,920)	(1,290,193)
b) remaining stock (increase) or decrease		(52,735)	(619,479)
c) increase or (decrease) in remaining debts to suppliers, contractors and other creditors		(8,342,861)	(6,141,477)
3. Gross operating cash flow		**8,871,118**	**6,235,247**
Corporate income tax payments		10,608	6,330
Interest and bank fees paid		(1,527,499)	(1,123,304)
Net operating cash flow		**7,354,227**	**5,118,273**

	Annex	2026 01.01.- 30.06. EUR	2025 01.01.- 30.06. EUR
II Cash flow from investing activities			
Acquisition of fixed assets and intangible investments		(23,291,845)	(9,989,924)
Proceeds from the sale of fixed assets		38,474	26,048
Interest received		97,990	80,437
Net cash flow from investing activities		***(23,155,381)***	***(9,883,439)***
III Cash flow from financing activities			
Loan received / bonds issued		10,268,827	28,000,000
Expenses for loan repayment		(3,362,894)	(2,824,168)
Finance raising costs		(20,274)	(146,094)
Rental payments		(80,964)	(77,256)
Dividends disbursed	17	(59,052)	(2,517,408)
Net cash flow from financing activities		***6,745,643***	***22,435,074***
V Net cash flow for the reporting period		**(9,055,511)**	**17,669,907**
VI Cash and cash equivalents at the beginning of the reporting year		**23,620,519**	**12,725,465**
VII Balance of cash and cash equivalents at the end of the reporting year	11	**14,565,008**	**30,395,372**

The annexes on pages 29 to 41 form an integral part of the Financial Statements.

Krišjānis Krūmiņš	***Normunds Zvaunis***	***Agnese Ozolkāja***	***Sandijs Māliņš***
Chairman of the Management Board	*Member of the Management Board*	*Member of the Management Board*	*Director of the Finance Department*

2.6 Notes to the Financial Statements

2.6.1 Reporting company

The Company is a capital company owned by the Riga State City Municipality, which operates in a strategically important sector, performing the municipal function of water supply and sewerage services (according to NACE Revision 2.1 codes: Code 36 - water extraction, treatment and supply, Code 37 - sewerage).

The entire Company's share capital is held by the Riga State City Municipality. On matters not regulated by the Articles of Association, the provisions of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof shall apply.

Information on the Company laid down in the Law on the Annual Financial Statements and Consolidated Financial Statements is presented in a separate section *Information on the Company*.

2.6.2 Basis of valuation and key accounting principles

These unaudited condensed interim financial statements of the Company (hereinafter also referred to as the "Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted by the European Union. These condensed interim financial statements do not include all the information disclosed in the annual financial statements and should be read in conjunction with the Company's Annual Report for 2025.The condensed interim financial statements include explanations of events and transactions that are significant for understanding the changes in the Company's financial position and performance since the end of the last annual reporting period. The disclosures relating to such events and transactions update the relevant information presented in the most recent annual financial statements.

Information relating to other notes to the financial statements, unless specifically disclosed in these interim financial statements, is consistent with the explanations provided in the Company's Annual Report for 2025.

2.6.3 Operating segments

The Company's operating segments are determined on the basis of an internal governance structure that underpins the reporting framework, performance measurement and resource allocation, taking into account the views of the Company's management. The Company's Management Board (the chief operating decision-maker) reviews the financial performance of all the operating segments.

For the segment reporting purposes, the Company's operations are divided into two segments – water supply segment and sewerage segment.

The financial indicator monitored by the chief operating decision maker is mainly *EBITDA*, but it also monitors the operating profit, as well as the capital investment and financing of each segment.

Management (administrative) functions are attributed to segments based on cost centres.

When assessing the segment's financial performance and operating results, it should be taken into account that, in accordance with the Law on Water Management Services and the Regulation on the Public Utilities Commission (hereinafter referred to as – the PUC), provision of water supply and sewerage services is a regulated industry. PUC approves tariffs for centralised water supply and sewerage services and sets the applicable rate of return on capital.

Water supply segment

The segment's operating revenue increased during the reporting period, with the rise in water supply sales amounting to EUR 2.17 million or 11.1 % compared to the relevant period in 2025, which can be explained by the changes in the water supply tariff in 2025. According to the Decision No 86 of the PUC Council of 30 October 2025, tariff for water supply services was set at EUR 1.41/m^3 as of 1 December 2025.

In the reporting period, segment *EBITDA* amounted to EUR 8.95 million representing 45.4 % of the Company's total *EBITDA*.

The segment's revenues are mainly derived from the extraction, storage and treatment of drinking water for safe use by customers according to laws and regulations. Additional revenues are generated from the construction and administration of water supply connections.

The revenues generated from water supply services are further channelled for the renovation of the city's pipelines. The Company plans to renovate at least 90 km of water supply pipelines by 2030. This will significantly reduce the risks of water loss and accidents, thereby also reducing costs for residents.

Sewerage segment

In the reporting period, revenue from the sewerage segment amounted to EUR 23.70 million with revenues from wastewater collection and treatment services accounting for EUR 22.70 million or 95.8 % of total segment revenues and exceeding the Q2 2025 result. Increase in revenue for wastewater collection and treatment is EUR 3.74 million or 19.7 % compared to the same period in 2025, and this can be explained by increase in the sewerage tariff in 2025. According to the Council Decision No 86 of 30 October 2025, the sewerage service tariff is set at EUR 1.26/m^3 as of 01.12.2025.

The segment's *EBITDA* was EUR 10.78 million accounting for 54.6 % of the Company's total *EBITDA*.

The segment's revenues are mainly generated from wastewater collection in centralised sewerage systems in the administrative territory of Riga, as well as in the Riga Metropolitan Area – in part of Ādaži, Ropaži, Ķekava and Mārupe municipalities, ensuring wastewater and rainwater treatment, including in the eastern part of Jūrmala, and their discharge into the environment according to the requirements of laws and regulations. In addition to core services, *Rīgas ūdens* generates revenues from construction and administration of sewerage connections.

In line with the Company's strategic objectives, *Rīgas ūdens* plans to make significant investments to renovate at least 55 km of sewerage pipelines by 2030 to provide customers with even better quality services, as 35 % of sewerage pipelines in Riga are currently beyond their planned lifetime.

The following tables disclose the revenues, financial performance, as well as segment assets and liabilities.

01.01.-30.06.2026	**Water supply, EUR**	**Sewerage, EUR**	**TOTAL, EUR**
Operating revenue	**21,748,075**	**23,700,275**	**45,448,350**
Other revenue	619,104	1,203,012	1,822,116
Raw materials and supplies	(6,050,915)	(6,602,279)	(12,653,194)
Personnel costs	(6,425,198)	(6,676,419)	(13,101,617)
Other operating costs	(943,253)	(847,797)	(1,791,049)
EBITDA	**8,947,813**	**10,776,792**	**19,724,605**
Impairment of non-current investments	(5,508,758)	(8,792,297)	(14,301,055)
Segment profit before tax	**2,900,069**	**1,382,210**	**4,282,279**
Capital investments during the period of 01.01.-30.06.2026	5,649,722	18,444,045	24,093,767
Segment assets 30.06.2026	299,432,893	455,902,004	755,334,897
Segment liabilities as at 30.06.2026	73,795,745	145,219,176	219,014,921

01.01.-30.06.2025	Water supply, EUR	Sewerage, EUR	TOTAL, EUR
Operating revenue	**19,579,709**	**20,053,898**	**39,633,606**
Other operating revenue	636,502	1,329,809	1,966,310
Raw materials and supplies	(5,228,949)	(6,563,043)	(11,791,992)
Personnel costs	(6,315,349)	(6,478,373)	(12,793,722)
Other operating costs	(583,653)	(682,110)	(1,265,763)
EBITDA	**8,088,259**	**7,660,180**	**15,748,439**
Impairment of non-current investments	(5,392,691)	(8,700,196)	(14,092,887)
Segment profit before tax	**2,158,500**	**(1,639,909)**	**518,591**
Capital investments during the period of 01.01.-30.06.2025	6,697,672	7,885,125	14,582,797
Segment assets as at 31.12.2025	301,712,460	450,433,842	752,146,302
Segment liabilities as at 31.12.2025	74,951,376	145,098,177	220,049,553

2.6.4 Financial risk management

The Company's activities are exposed to various financial risks: market risks, credit risk and liquidity and cash flow risk. The Company's management is focused on minimising the potential negative effect of these risks on financial performance. As part of its financial risk management, the Company uses financial risk control and hedging measures, thus reducing positions open to risk.

This note presents information on the Company's exposure to each of the above risks, the Company's objectives, policies and processes for assessing and managing risks, as well as the Company's principles for managing financial risks and capital.

Risk management framework

The Company's management is responsible for establishing and supervising the Company's risk management framework. To meet the Company's risk management objectives, risk management is integrated into the Company's operation and governance. Risk management is the process of identifying, assessing and managing the risks typical for the Company the occurrence of which could prevent or jeopardise achievement of its objectives.

The Company is improving its risk management processes, including its Risk Management Policy, other internal regulations and their application in practice, in order to better ensure safe service delivery in a changing business environment. The Company risk management aims to identify and manage the Company's most significant risks in a timely manner to ensure the achievement of strategic objectives and minimise potential losses and other damage.

The Company's most significant financial instruments are financial assets – trade and other receivables, cash and cash equivalents, financial liabilities – borrowings, bonds, lease liabilities, trade payables and other creditors. The Company's operation is exposed to various financial risks, including credit risk, liquidity risk and interest rate risks.

Price risk

The risk of price changes can have an adverse effect on the Company's financial performance, and, as a result, the need for tariff changes are regularly assessed based on raw material/service cost increases. Indexation clauses are included in contracts for the purchase of services and goods. Electricity costs, fixed once a year, has a significant impact.

Due to the geopolitical situation, a significant rise in fuel prices can be observed, which has led to an increase in construction costs, while the risk of further cost increases in the future remains.

Currency risk

The Company is not exposed to significant currency risk because its business activities and payments with counterparties are predominantly denominated in *euro*. Hence, the effect of foreign currency fluctuations on the financial performance and cash flows of Company is immaterial.

Credit risk

Financial assets that potentially expose the Company to a certain degree of the credit risk concentration, mainly consist of cash and trade receivables. A significant share of net turnover applies to a single customer, accounting for up to 27 % of sales. The Company's management has reduced the adverse effect of the potential financial risks on the Company's financial situation by implementing a set of control and analysis measures. The Company has developed an internal procedure for the supervision of accounts receivables by determining individualised measures for the supervision of accounts receivables for each group of customers, including depending on the risks of credit risk concentration.

The Company's debtors are supervised accordingly. Trade receivables are stated at recoverable amount, and the Company regularly monitors the payment behaviour of debtors. The basic services provided by the Company are largely essential services for customers.

The Company's counterparties in cash transactions are financial institutions with an appropriate credit history.

Liquidity and cash flow risk

In order to prevent liquidity risk, the Company's management analyses the maturity structure of assets and liabilities. The Company's management supervises liquidity risk by ensuring timely availability of funding. Objective of the Company is to maintain cash resources or to provide available and unused credit funds in accordance with the investment plan. Project timelines, current expenditure, credit limits and cash balances in accounts are regularly assessed to meet expected commitments and offset cash flow fluctuations.

The Company has attracted broadly diversified long-term financing.

In addition, on 12 February 2026, an agreement was signed with the Nordic Investment Bank for the possibility to use a loan limit of up to EUR 50 million. Under the conditions of the agreement, the Company is not obliged to attract funds (uncommitted agreement). Existence of such an agreement ensures diversification and liquidity of borrowed funds.

During the reporting period, the Company extended the term of its bond programme by 12 months continuing its work on diversified access to funding for a successful implementation of the EUR 235 million investment programme for the development of wastewater treatment and drinking water infrastructure in Riga.

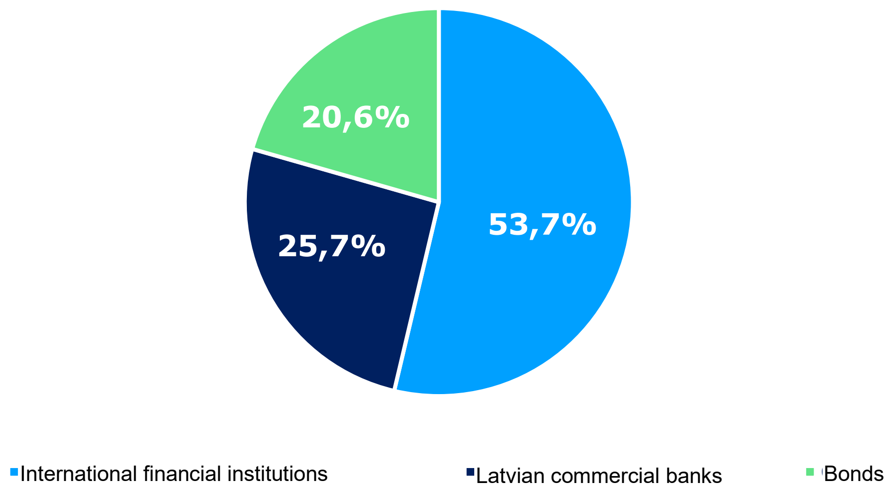
The outstanding principal amount of borrowings from credit institutions as of 30 June 2026 was EUR 104.5 million.

All the limits of financial indicators laid down in the Company's existing loan agreements have been met during the reporting year and as at the end thereof.

54.1 % of the outstanding borrowings as of 30 June 2026 were floating rate borrowings, whereas, 45.9 % were fixed rate borrowings. The interest rate fixing period for interest rates is 5 years.

The weighted average interest rate on long-term borrowings at the end of the reporting period was 3.16 %

Structure of borrowings from credit institutions at end of the reporting period



Annex 13 to the statements (2.6.13) provides information on the structure of borrowings, broken down by repayment periods.

Cash balances as at the end of the reporting period (cash and short-term deposits of up to one month) amounted to EUR 14.57. In relation to cash balances, financial assets are balanced by placing them in short-term deposits or receiving interest income on account balances, diversifying account balances across commercial banks.

The Company has provided enough cash and cash equivalents and availability of long-term and short-term borrowings through sufficient credit facilities to meet existing and expected commitments and to offset fluctuations in cash flows due to various financial risks. The Company's management is of the opinion that it will not have liquidity problems, that it will make settlements with the creditors within the agreed time limits and that it will have sufficient cash resources to avoid compromising liquidity.

Interest rate risk

Interest rate risk arises mainly from borrowings at floating interest rates, with the risk of a significant increase in financing costs due to rising interest rates. To hedge risk, the Company maintains a balanced portfolio of fixed and floating rate borrowings, thereby reducing the risks associated with significant future interest rate fluctuations.

45.9 % of the outstanding borrowings at the end of the reporting period were fixed-rate, while 54.1 % were floating-rate. The interest rate fixing period for interest rates is 5 years.

Capital management

The Company is owned by the Riga State City Municipality (100 %). The capital risk management aims to ensure sustainable operation and development of the Company, the funding required to implement its medium- and long-term strategy, and fulfilment of the restrictive conditions set out in the loan agreements.

During the reporting period, the restrictive conditions set out in the loan contracts were not breached. Regular analysis of financial indicators is carried out to ensure that the restrictive conditions set out in the loan contracts are met.

2.6.5 Revenue

	2026 01.01.-30.06. EUR	2025 01.01.-30.06. EUR
Income from water supply services	21,724,696	19,557,450
Income from sewerage services	22,699,320	18,955,631
Revenue from construction services	25,504	47,116
Other revenue from contracts with customers	998,830	1,073,409
	45,448,350	**39,633,606**

All of the Company's revenue from contracts with customers are generated in Latvia.

Revenue from construction services consists of revenues from the provided construction services of water mains and sewerage branches in areas of Riga where water management infrastructure has been built through the attraction of Cohesion Fund co-financing.

2.6.6 Raw materials and supplies

	2026 01.01.-30.06. EUR	2025 01.01.-30.06. EUR
Water and sewerage network repairs	3,283,306	2,890,151
Electricity expenses	2,419,457	2,313,330
Equipment repairs and maintenance	1,295,524	1,201,192
Cost of reagents	1,248,442	1,294,185
Real estate maintenance costs	967,160	1,007,197
Sludge disposal costs	1,110,389	965,788
Natural resources tax	504,386	498,508
Materials and low-value equipment	351,250	394,204
Natural gas costs	302,836	302,115
Fuel	253,545	244,342
Heating energy costs	263,545	234,286
Vehicle maintenance	384,904	278,626
Replacement and verification of commercial meters	120,082	81,261
Other costs of raw materials and supplies	148,366	86,806
	12,653,194	**11,791,992**

2.6.7 Personnel costs

	2026 01.01.-30.06. EUR	2025 01.01.-30.06. EUR
Remuneration for work	10,383,183	10,122,811
Mandatory state social insurance contributions	2,418,281	2,361,054
Other personnel costs	300,153	309,858
	13,101,617	**12,793,722**

Personnel costs of the reporting period amounting to EUR 573,297 have been capitalised, increasing the carrying amount of property, plant and equipment *Engineered structures (underground networks)* in connection with the performed reconstruction and technical upgrading of the networks (in 2025: EUR 1,805,446).

2.6.8 Intangible investments, property, plant and equipment and right-of-use assets

(a) Intangible investments

	30.06.2026 EUR	31.12.2025 EUR
Initial or revalued amount	*4,876,731*	*4,574,219*
Accumulated depreciation and impairment	*(4,038,728)*	*(3,819,865)*
Carrying value at the beginning of the reporting period	**838,003**	**754,354**
Acquisitions (+)	158,313	302,512
Disposal/liquidation (-)	-	-
Depreciation (-)	(116,370)	(218,863)
Initial or revalued amount	*4,876,731*	*4,876,731*
Accumulated depreciation and impairment	*(4,038,727)*	*(4,038,728)*
Carrying value at the end of the reporting period	**879,946**	**838,003**

(b) Fixed assets

	30.06.2026 EUR	31.12.2025 EUR
Initial or revalued amount	*990,414,217*	*944,895,839*
Accumulated depreciation and impairment	*280,235,159*	*(256,516,380)*
Carrying value at the beginning of the reporting period	**710,179,058**	**688,379,459**
Acquisitions (+)	25,089,577	49,886,569
Disposal/liquidation (-)	(334,639)	(979,241)
Reclassified	-	579,272
Depreciation (-)	(14,102,100)	(27,687,001)
Initial or revalued amount	*1,017,348,195*	*990,414,217*
Accumulated depreciation and impairment	*(296,516,299)*	*280,235,159*
Carrying value at the end of the reporting period	**720,831,896**	**710,179,058**

(c) Right-of-use assets

	30.06.2026 EUR	31.12.2025 EUR
Initial or revalued amount	*1,490,313*	*1,110,733*
Accumulated depreciation and impairment	*(243,810)*	*(335,017)*
Carrying value at the beginning of the reporting period	**1,246,503**	**775,716**
Acquisitions (+)	23,255	679,908
Disposal/liquidation (-)	-	(9,857)
Depreciation (-)	(82,585)	(199,264)
Initial or revalued amount	*1,513,568*	*1,490,313*
Accumulated depreciation and impairment	*(326,395)*	*(243,81)*
Carrying value at the end of the reporting period	**1,187,173**	**1,246,503**

(d) Non-current investment depreciation and amortisation

	2026 01.01.-30.06. EUR	2025 01.01.-30.06. EUR
Amortisation of intangible investments	116,370	111,103
Depreciation of fixed assets	14,102,100	13,904,836
Depreciation of right-of-use assets	82,585	76,948
	14,301,055	**14,092,887**

(e) Revaluation of property, plant and equipment

Revaluation of the Company's civil engineering structures was carried out in 2024. Impact of revaluation amounting to EUR 451 million is included in the non-current investment revaluation reserve (Annex 12, 2.6.12). Increase in the value of assets recognised as a result of the revaluation amounting to EUR 148 million was attributed to the accumulated depreciation and, in the amount of EUR 303 million to the historical acquisition cost of the assets.

2.6.9 Stocks

	30.06.2026 EUR	31.12.2025 EUR
Raw materials, basic materials and consumables:		
Raw materials and additional materials	2,684,200	2,679,467
Reagents	697,838	643,128
Fuel	46,302	30,838
Provisions for inventory write-downs	(455,065)	(432,893)
	2,973,275	**2,920,540**

Impairment of inventory provisions mainly consists of provisions made by assessing the inventory turnover intensity for specific infrastructure elements and spare parts included in the row "Raw materials and additional materials".

2.6.10 Receivables from contracts with customers

	30.06.2026	31.12.2025
	EUR	EUR
Carrying amount of trade receivables	12,709,316	11,956,344
Portfolio provisions for doubtful trade receivables (PKZ)	(536,936)	(532,593)
	12,172,380	**11,423,751**

Movement in provisions:	2026 01.01.-30.06.	2025
	EUR	EUR
Provisions at the beginning of the period	532,593	638,377
Additional provisions made	30,820	872,965
Cancelled because of recovery	(24,554)	(936,173)
Written off as irrecoverable	(1,923)	(42,576)
Provisions at end of period	**536,936**	**532,593**

2.6.11 Cash and cash equivalents

	30.06.2026	31.12.2025
	EUR	EUR
Overnight deposits *	5,341,045	8,213,810
Cash at banks, EUR	9,223,963	15,406,709
	14,565,008	**23,620,519**

* Deposits consist of cash balances held in short-term overnight deposits.

Company cash balances with banks according to the bank credit ratings issued by *Moody's*:

CREDIT RATING	30.06.2026	31.12.2025
	EUR	EUR
A2	3,818,796	3,785,289
A3	1,213,753	-
Aa2	5,341,045	8,213,810
Aa3	4,191,414	11,076,542
Baa1	-	544,878
	14,565,008	**23,620,519**

2.6.12 Long-term asset revaluation reserve

	30.06.2026 EUR	31.12.2025 EUR
Non-current investment revaluation reserve at the beginning of the period	**327,980,524**	**342,630,489**
Exclusion of revaluation reserve	(199,844)	(406,903)
Decrease in revaluation reserve	(7,114,023)	(14,243,062)
Non-current investment revaluation reserve at the end of the period	**320,666,657**	**327,980,524**

The revaluation reserve is a non-cash reserve established to reflect the revalued value of an asset to approximate its fair value. The non-current investment revaluation reserve is the difference between the revalued amount of an asset and its carrying amount. The revaluation reserve may not be distributed as dividends, invested in equity, used to cover losses, transferred to other reserves or used for any other purposes

2.6.13 Bonds and borrowings

	30.06.2026 EUR	31.12.2025 EUR
EIB loan with maturity term of 2-5 years	17,655,085	16,055,084
EIB loan with maturity term of 5 years	38,110,177	32,117,064
Loan from the AS Swedbank with maturity term of 2-5 years	12,805,537	22,217,101
Bonds with maturity term of 2-5 years	20,000,000	20,000,000
Long-term part	**88,570,799**	**90,389,249**
Borrowing from EIB - short-term part	4,413,771	4,013,770
Borrowing from the AS Swedbank - short-term part	10,767,572	2,712,017
Accrued interest for credit institutions	351,570	324,194
Accrued interest on bonds	59,178	61,370
Other borrowings	336,577	67,750
Short-term part	**15,928,668**	**7,179,101**
	104,499,467	**97,568,350**

Loans received during the reporting period: On 7 April 2025, an additional loan contract was signed with the European Investment Bank amounting to EUR 70 million to improve and extend the water supply network, with the aim of reducing drinking water losses in the networks and contributing to environmental protection by reducing damage to the sewerage networks. The first tranche of the loan, amounting to EUR 10 million, was attracted in May 2026, with a repayment term of 15 years.

On 7 May 2026, Sustainable Fitch published a Post-Issuance Review confirming that 100 % of the funds allocated under the bond programme have been channelled into projects compliant with the EU Taxonomy, which meet the requirements of the European Green Bond Regulation and the EU Taxonomy.

2.6.14 Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities may be reflected as follows:

01.01.-30.06.2026	Loans	Lease liabilities	Total liabilities arising from financing activities
	EUR	EUR	EUR
Liabilities arising from financing activities as at 01.01.2026	**97,568,351**	**1,302,734**	**98,871,085**
Cash flow	(3,362,894)	(80,964)	(3,443,858)
Impact of new contracts	10,268,827	23,255	10,292,082
Calculated interest expenses (including capitalised)	1,527,838	24,138	1,551,976
Interest paid	(1,502,655)	(24,138)	(1,526,793)
Liabilities arising from financing activities as at 30.06.2026	**104,499,467**	**1,245,025**	**105,744,492**
Including:			
Up to one year	15,928,668	318,972	16,247,640
From 2 to 5 years	50,460,622	226,041	50,686,663
Over 5 years	38,110,177	700,012	38,810,189

In the first half of 2026, liabilities arising from financing activities increased by 6.9%. The increase was primarily attributable to financing of EUR 10 million received from the European Investment Bank during the reporting period to support the investment programme.

2.6.15 Accrued liabilities

	30.06.2026	31.12.2025
	EUR	EUR
For the services received for the establishment of non-current investments	640,140	6,450,614
For network repairs invoiced after the end of the year	1,009,351	2,631,925
For the planned personnel and management costs	1,070,290	1,867,872
Accrued unexpended leave costs	1,199,483	841,078
Accrued liabilities for immovable property maintenance payments	120,048	149,429
Accrued MSSIC for projected personnel and management costs	541,688	644,525
Accrued liabilities for other production costs	704,605	812,665
Other accrued liabilities	103,628	147,773
	5,389,233	**13,545,881**
Including**:**		
Financial liabilities	2,552,025	10,191,082
Non-financial liabilities	2,837,208	3,354,799

2.6.16 Transactions with related parties

Riga State City Municipality capital companies and institutions - related parties

In the first half of 2026, the Company invoiced other Riga State City Municipality capital companies for the services rendered:

- the housing manager – in an amount of EUR 11.0 million (in the first half of 2025: EUR 10.9 million);
- other capital companies and institutions in the amount of EUR 2.1 million (in the first half of 2025: EUR 1.9 million).

As at 30 June 2026, the Company's receivables of the municipality's capital companies and institutions amounted to EUR 4.3 million, including debts of the housing manager amounting to EUR 3.9 million (30.06.2025: EUR 4.4 million, including debts of the housing manager amounting to EUR 4.0 million).

In the first half of 2026, the Company paid invoices for services received to Riga State City Municipality companies and capital companies in the total amount of EUR 1.24 million (incl. VAT) (in the first half of 2025: EUR 0.92 million, including VAT).

In the first half of 2026, the Company's debts to municipal companies and institutions amounted to EUR 0.10 million (30.06.2025: EUR 0.01 million).

2.6.17 Dividends

A decision on the distribution of profit was taken at the Shareholders' Meeting. It was decided to allocate 10 % (EUR 59,052) of the Company's 2025 profit (EUR 590,519) to dividend payments, 30 % (EUR 177,156) – to the development of centralised water supply and sewerage systems at *Dārziņi*, and 60 % (EUR 354,311) – to retain for the development of the Company's operations and services.

2.7 Events after the end of the reporting period

On 6 August 2026, the Public Utilities Commission approved new rates of return on capital, which the merchants will be required to apply when developing draft tariffs scheduled to enter into force in 2027. The rate of return on capital previously applied in the water sector in the amount of 5.82 % will be increased to 6.28 % from 2027 that represents 0.46 percentage points over the previous indicator and will consequently affect water service tariffs in future periods.

On 6 August 2026, the Development Finance Institution ALTUM adopted the decision to apply discount in the amount of EUR 126,397 within the framework of the project "Construction of a 0.499 MWh solar power station at the Rīgas ūdens SIA object – Biological Wastewater Treatment Plant *Daugavgrīva* at 60 Dzintara Street, Riga", thus reducing the amount of the loan received in the next period.

There have been no events that occurred during the period since the last day of the reporting year that could have material effect on the Company's financial position as at 30 June 2026 or that should be further explained in the annexes to the financial statements.

Abbreviations Used

EBITDA – operating profit before depreciation, amortisation, impairment, financial items and corporate income tax

Daugavgrīva BWTP - Daugavgrīva Biological Wastewater Treatment Plant

ROA – return on assets

ROE – return on equity

DSCR – debt service coverage ratio

PUC – the Public Utilities Commission

Formulas

Financial ratios that include profit or revenue indicators are determined using the most recent 12-month (rolling) period. The balance sheet indicators have been calculated on the basis of the position as at the end of the reporting period – 30 June. The average balance sheet values over the reporting period are used to calculate the return indicators. All the financial ratios have been calculated following a common and consistent methodology for all comparative periods.

Equity ratio = equity / total assets

Liquidity = current assets / current liabilities

Net debt = Long-term borrowings + Short-term borrowings - Cash and cash equivalents

Net debt/EBITDA = Net debt / EBITDA for the last 12 months

EBITDA/turnover = EBITDA for the last 12 months /Revenues for the last 12 months

Interest coverage ratio = EBITDA in the last 12 months / interest payments on borrowings in the last 12 months

ROA = Net profit in the last 12 months / average assets

ROE = Net profit in the last 12 months / average equity

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