

LLC “Rīgas ūdens”
**ANNUAL
REPORT 2025**

ANNUAL SUSTAINABILITY REPORT AND
FINANCIAL STATEMENTS 2025

GENERAL INFORMATION

This document combines the 2025 Sustainability Report and Annual Report of LLC "Rīgas ūdens" (hereinafter referred to as *Rīgas ūdens*, the Company), providing a single, consistent and integrated overview of the Company's activities for the reporting period from 1 January until 31 December 2025.

The sustainability information and financial statements have been prepared in accordance with applicable laws and regulations and relevant reporting standards, ensuring transparency, comparability and consistency between the two parts of the report.

Section 1 - **Management report** - provides a concise overview of 2025's key developments, financial performance, investment cycle and sustainability trajectory, outlining the Company's strategic development and positioning for the period ahead.

Section 2 - **Sustainability report** - presents the Company's environmental, social and governance impacts, as well as the material risks and opportunities identified under the principle of double materiality. Sustainability information is prepared in line with applicable European Sustainability Reporting Standards, ensuring a transparent and structured overview of the Company's sustainability progress.

Section 3 - **Financial Statements** - provides detailed information on the Company's financial results, financial position (balance sheet), cash flows and changes in equity for the year 2025, together with explanatory notes in the notes on accounting policies, estimates, risks and other significant factors. The financial statements have been prepared in accordance with applicable SFPS Accounting Standards.

The Company's 2025 financial statements have been audited in accordance with International Standards on Auditing and the requirements of the Audit Services Law. The Sustainability Report has been subject to limited assurance on its compliance with the requirements of the Sustainability Disclosure Law and ESRS standards. The reports of the independent auditors are attached at the end of the annual report.



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KONFERENCE 2025

360° PERSPEKTĪVA

RĪGAS ŪDENS

1 MANAGEMENT
BOARD REPORT



**LLC “Rīgas ūdens”
Chairwoman of the
Supervisory Board
Dace Ljusa**

The year 2025 marked a crucial stage in the history of LLC “Rīgas ūdens” - a year in which the Company confidently consolidated its position on the capital market.

We became the first municipal capital company in Riga and the first municipal company in Latvia to successfully raise finance on the capital market, and the first company in Northern Europe to issue bonds under the new European Green Bond (*EuGB*) standard.

This achievement is the result of a professional, cohesive team and demonstrates the maturity of the Company!

The reaffirmation of the A3 long-term credit rating with a stable outlook by the international credit rating agency *Moody's* in 2025 also provided an important basis for this development. This is a testament to *Rīgas ūdens'* financial strength, quality of management and strategic importance to the city's infrastructure. *Moody's* assessment highlights the Company's close ties to the city of Riga and the public function of providing safe water supply and wastewater treatment. This trust is both a reward and a responsibility.

The Company's professional capacity and experience in the capital market has also been recognised internationally. Last year, *Rīgas ūdens* was increasingly invited to participate as an

expert at industry conferences and financial professional events, sharing its experience on sustainable financing and the governance of public corporations.

Our approach has also been highly appreciated by the professional community - in 2025 the Company received the Latvian Corporate Governance Award in the nomination "Leap in Transparency" for its significant contribution to transparency, information disclosure and good governance standards in the industry.

At the same time, we continued to invest actively in the development and innovation of the Company. In cooperation with Riga Energy Agency and Riga Technical University, we tested innovative solutions for the identification and treatment of perfluoroalkyl chemical compounds (PFAS) in wastewater. This European environmental problem requires scientifically sound solutions, and *Rīgas ūdens* involvement in an international pilot project demonstrates the Company's readiness to be a responsible industry leader in the field of environmental protection.

Sustainable development is not possible without human capital. Last year, we signed Memoranda of Cooperation with Riga Construction College, Latgale Industrial Technical College, Ventspils Technical College and Jelgava Technical College, continuing our focused work on training young professionals for the water sector. The cooperation with RTU, which has already started in the past, shows that this approach is delivering real results and strengthening the future of the sector.

Customer loyalty is a particularly important testament to our work. The *Kantar Latvia* Customer Satisfaction Survey of 2025 shows that the satisfaction rate reached 93%, exceeding both the water sector average (88%) and the overall level of the utilities sector (87%). This data shows that the Company's development, investment and quality of management are reflected in the daily customer experience.

On behalf of the Supervisory Board, I would like to thank the *Rīgas ūdens* Management Board, staff, partners and customers for their trust, professionalism and joint work! Our goal is to continue to ensure a stable, transparent and sustainable development of the Company that serves the interests of the citizens of Riga and the future of the city.



**LLC “Rīgas ūdens”
Chairman of the Management Board
Krišjānis Krūmiņš**

The investment cycle that defines the next decade

The year 2025 marks the beginning of a new investment cycle in the development of *Rīgas ūdens*. This is not simply a continuation of growth, it is a structural shift that will shape the Company's development for decades to come.

Last year, the Company invested EUR 48.47 million - its highest level in recent years. This is the first step in the EUR 235 million *Investment Programme 2025-2028*, the largest modernisation programme in the Company's history.

The financing structure has also been significantly strengthened. Capital market financing, a loan from the European Investment Bank and co-financing from European Union funds create a diversified, balanced and sustainable financing model. This ensures the Company's ability to deliver long-term infrastructure projects while maintaining financial stability and management discipline.

Historic infrastructure projects

The average age of the Company's infrastructure networks is over 40 years. This means that our job is not just to keep the system running - our job is to transform it step by step. We therefore plan to rehabilitate at least 250 km of water mains and 150 km of sewer networks by 2040.

In 2025, the expansion of the Digester tanks park was started and the conversion of the existing settling tanks continued. At the same time, preparations were made for the expansion of the Daugavgrīva biological treatment plant - one of the largest wastewater treatment infrastructure projects in the Company's history and one of the largest water management development projects in Latvia since the restoration of independence.

It is a systematic approach focused on reducing accident risks, safety of services and sustainable infrastructure for decades to come.

Digitalisation, climate resilience and sustainability governance

Sustainability in 2025 has become a fully integrated element of the Company's strategy, with the construction of solar power plants, planned biogas production and a climatic assessment to ensure compliance with the European Union taxonomy.

At the same time, we are making significant progress in developing our digital solutions - a telemetry project has been launched, digital models of engineering networks have been developed and data management systems have been improved. This enables informed decisions, increased efficiency and enhanced system security.

The Company is consistently moving towards energy neutrality and modern, data-driven infrastructure management.

Trust as a long-term foundation

Rīgas ūdens development is undeniably based on a professional team that manages the critical infrastructure and ensures uninterrupted service delivery on a daily basis. Large-scale investment projects, capital market financing and infrastructure modernisation are not possible without high technical and managerial expertise.

The 2025 customer satisfaction scores also show that strategic decisions and investments are reflected in service quality. This strengthens the Company's reputation and long-term cooperation with customers, investors and partners.

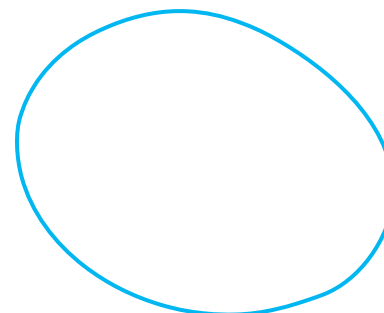
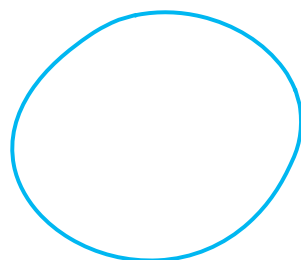
Strategic perspective

Rīgas ūdens role goes beyond infrastructure maintenance - it is a responsibility for environmental quality, sustainable use of resources and the provision of safe services to more than half of Latvia's population.

We recognise this responsibility - to society, to investors and to future generations. That's why our decisions are based on clearly defined objectives, a long-term vision and a consistent strategy to achieve them.

In 2025, the foundations have been laid for a new cycle of development in which capital market finance, the investment programme and sustainability management form a coherent framework.

In 2026, we will continue on this course, strengthening financial stability, modernising infrastructure and building a sustainable water management system in Riga and Latvia.



1.1 Operating Environment of “Rīgas ūdens”

LLC "Rīgas ūdens" (hereinafter - *Rīgas ūdens*, the Company) 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 rights and obligations of the municipal company *Rīgas ūdens*. The Company was registered in the Commercial Register on 12 January 2004.

Rīgas ūdens is a water management company wholly owned by the Riga City Municipality, which provides high-quality and safe water supply and sewerage services in Riga and selected municipalities of the Riga Region.

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

The Company is registered in the Register of The Public Utilities Commission (hereinafter - PUC), and the tariffs for water services are approved by PUC after ensuring their economic feasibility and compliance with the regulatory enactments.

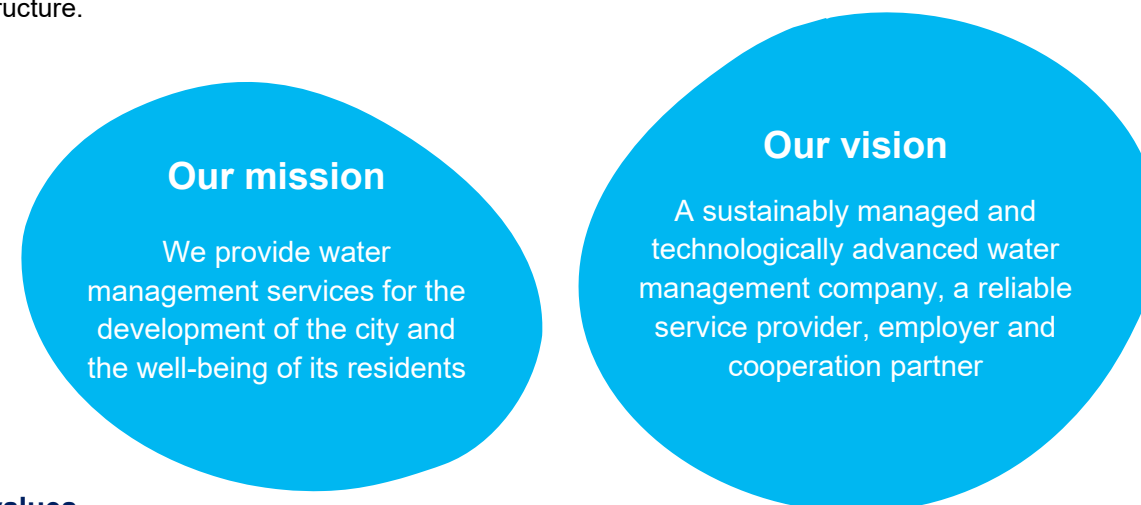
A contract for the provision of public water management services in the administrative territory of Riga City until 23 July 2029 has been concluded between Riga City Municipality and *Rīgas ūdens*.

Operating environment

Rīgas ūdens operates in the water supply and sewerage services sector. According to PUC data, there are 55 water management service providers in Latvia, and *Rīgas ūdens* is the largest in terms of water production and supply, as well as wastewater collection and treatment. Demand for services is stable, as it is driven by the fundamental needs of society, although it is influenced by the following factors:

- demographic changes in Riga and the Baltic Sea Region;
- business activity;
- changing water consumption habits;
- the national inflation rate;
- climate and environmental factors.

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



Our values

- **Sustainability** - balanced long-term development of economic, social and environmental aspects.
- **Responsibility** - a sense of duty and action to ensure the sustainability of society, the environment and infrastructure.
- **Reliability** - reliable and uninterrupted services, professional and stable operations.
- **Honesty** - transparent and ethical engagement with all stakeholders.

1.2 Future development of the Company

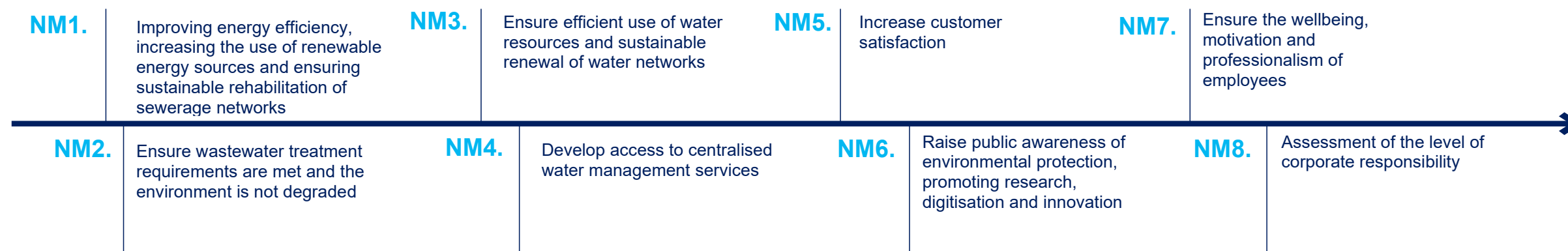
The strategic framework of *Rīgas ūdens* is based on the objectives set by the Riga City Municipality and the Company's long-term development vision.

By the Decision No. 720 of the Riga City Council of 7 July 2021, "Regarding Retention of Direct Shareholding of the Riga City Municipality in *Rīgas ūdens*, the overall strategic objective of the Company has been set:

To provide high quality and reliable water management services, ensure sustainable and safe use of water resources significant for Riga and governance of strategically important infrastructure, as well as to promote residents' participation in prevention of water pollution.

The Riga City Council Decision No. RD-24-4064-lē of 20 November 2024 approved seven non-financial targets covering the priority development directions set out in the Company's [Sustainable Development Strategy 2040](#). In addition, the Supervisory Board set an additional non-financial objective to improve customer satisfaction. The shareholder has also set the relevant medium-term financial targets.

Non-financial objectives of the Company



On this basis, the Company has developed the [Medium-Term Operational Strategy 2025-2030](#), which sets out its development priorities, objectives and performance indicators. The implementation of the Strategy is ensured through annual Activity Plans, which define specific actions, projects and measures to achieve the objectives. The implementation of the strategy is based on systematic management and internal communication, ensuring the commitment of management and staff to its implementation.

The Company's long-term development is also guided by a EUR 235 million Investment Programme 2025-2028, which includes targeted investments in infrastructure modernisation, network renewal, digitalisation and energy efficiency. The investment programme is being implemented through a diversified financing portfolio, combining capital market instruments and financing from international financial institutions.

At the same time, the Company is implementing a strategy to renew 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 sources.

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.

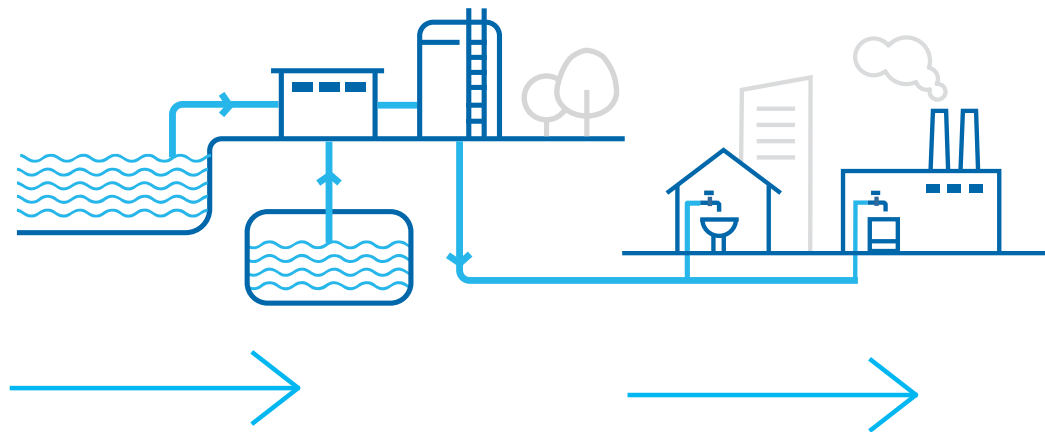
1.3 Business activity segments

Rīgas ūdens provides centralised water supply and sewerage services in Riga and selected municipalities in the Riga Region.

1.3.1 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 the regulatory requirements.

Water supply services



Water extraction

from underground water intakes or surface water sources

Water supply

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

Water supply services are based on a multi-tiered infrastructure system of water intakes, treatment plants, reservoirs, pumping stations and trunk mains. Maintaining and developing this infrastructure is essential for quality and safety of service.

Company's water supply infrastructure in 2025

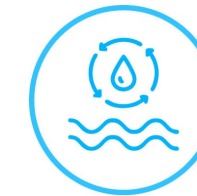
1544 km water supply networks



6
water intakes



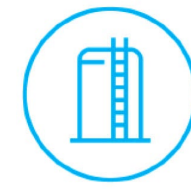
285
wells



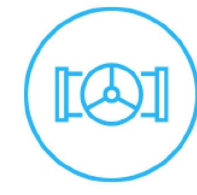
2
WTP *Daugava*
and *Baltezers*



15
water supply
pump stations



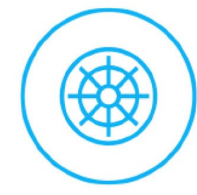
5
water reservoirs



12,018
gate valves
(DN=>100) s



7668
fire hydrants



4212
water supply
manholes

The amount of water required for *Rīgas ūdens* supply is obtained from six urban level water intakes, which can be divided into two groups:

- water intakes using surface water as a water source - the water station "Daugava";
- water intakes using underground water supplies - "Baltezers", "Baltezers-1", "Baltezers-2", "Zaķumuiža", "Remberģi".

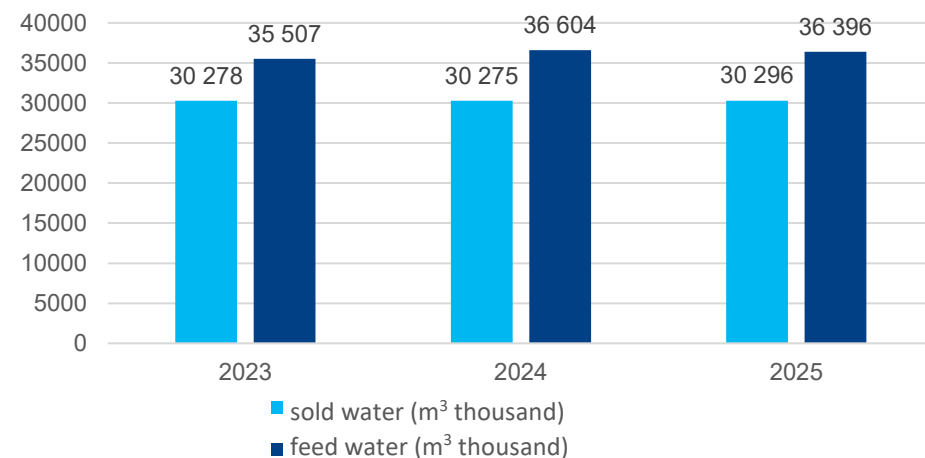
In 2025, water extraction from water sources was balanced, with 50.3% of the total coming from surface water sources and 49.7% from groundwater sources.

The Company's water supply services are provided in the territory of the national capital of Riga, as well as in parts of Kekava, Ropazi, Adazi and Mārupe municipalities.

In 2025, the volume of drinking water supplied to customers amounted to 36,396 thousand m³.



Water supply services and volume of drinking water supplied 2023-2025 (thous. m³)



The Company also manages the city's fire hydrants and open taps, ensuring the availability of drinking water in public open spaces. In 2025, 10 new public water taps were installed and a total of 47 free-access drinking water points are operating in Riga.

Drinking water stations have also been installed in nine educational institutions, bringing the total number of stations to 27 in 2025.

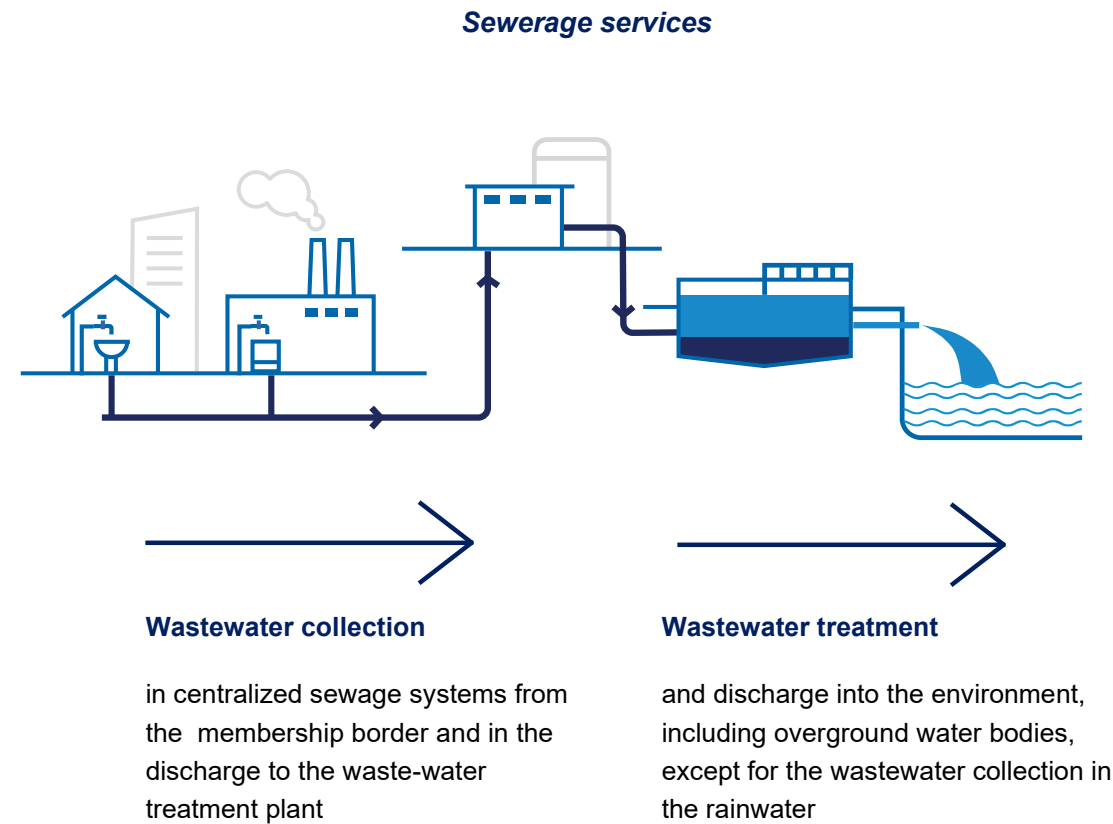
To ensure quality water services, the Company's accredited Joint Water Quality Control Laboratory monitors the quality of drinking water on a daily basis throughout the water extraction, treatment and delivery process. Monitoring includes regular sampling and analysis of physico-chemical and microbiological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

As part of the Health Inspectorate's monitoring programme, 355 drinking water samples have been tested in the city's water supply network in 2025.

Further information on the financial results of the water segment, including revenue and key performance indicators, is provided in the Operating segments section of the Financial Report.

1.3.2 Sewerage segment

The Company collects, transports, mechanically and biologically treats and discharges treated wastewater into the environment, in compliance with pollution limits and environmental quality standards set out in regulatory requirements.



Sewerage services are based on centralised wastewater collection and treatment infrastructure - sewer networks, pumping stations, collectors and the Daugavgrīva biological treatment plant, where mechanical and biological wastewater treatment is carried out.

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

Company's sewerage infrastructure in 2025



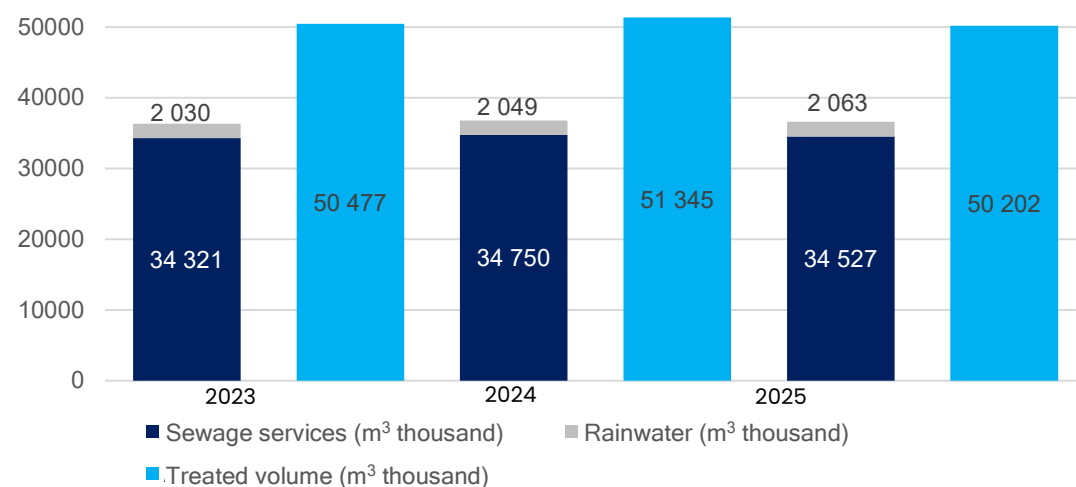
The Company provides wastewater collection, discharge and treatment in the territory of Riga, as well as in parts of Kekava, Ropazi, Adazi and Marupe municipalities, and accepts for treatment part of the wastewater from Jurmala.

A well-functioning sewerage system is essential for protecting public health and ensuring environmental quality.

Wastewater treatment is provided in accordance with the requirements of regulatory enactments. After a full mechanical and biological treatment cycle in the biological treatment plant Daugavgrīva, 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. The substance is treated in compliance with environmental quality standards and pollution limits set by applicable regulations.

Further information on the financial performance of the Sewerage segment, including revenue and key indicators, is provided in the Operating Segments section of the Financial Report.

Wastewater collected and treated in 2023-2025



The quality of wastewater is monitored regularly and systematically to ensure compliance with the regulatory enactments and environmental permit requirements. Control is carried out by the Company's accredited laboratory, and monitoring is also carried out by the competent national authorities.

In 2025, wastewater treatment efficiency exceeded the level required by the regulatory requirements, while nitrogen and phosphorus treatment quality remained high.

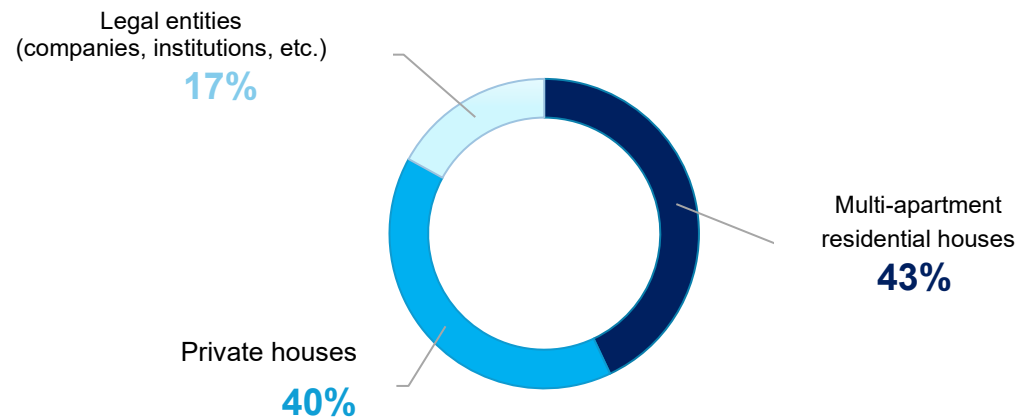
The biological treatment plant Daugavgrīva was overloaded by less than 2% last year, ensuring stable operation of the service and reducing the impact on the Gulf of Riga and the Baltic Sea.



1.4 Customers

Customers of the Company are users of water management services with whom a service contract has been concluded. In 2025, the Company had 24 856 contracts in force for the provision of urban water supply and sewerage services at 24 419 sites.

Segments of water management service users in 2025



In 2025, 435 persons were also supported by the Riga City Council through co-financing for the construction of connections to centralised water management services, facilitating even wider access to services and connecting people to centralised systems.

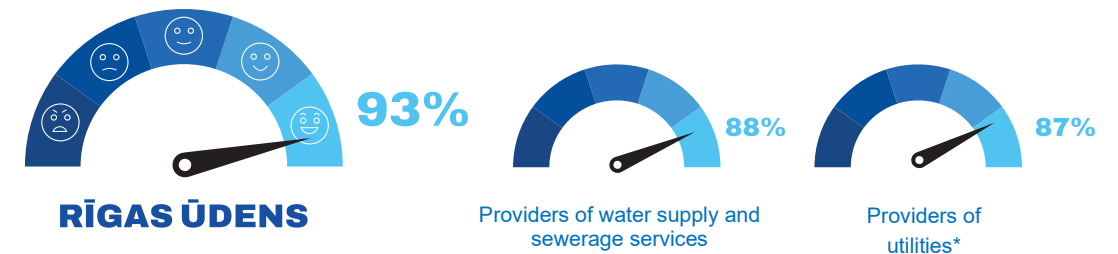
Last year, the Company continued to develop its customer service solutions, ensuring convenient and timely communication with customers. In 2025, the functionality of the Customer Portal was improved, increasing the availability of information and improving the management of services in the digital environment.

In 2025, 90% of customers have already joined the Customer Portal, demonstrating the growing use of digital solutions.

The Company has also continued to implement other technological solutions to improve the efficiency of data flow and service delivery.

An annual customer satisfaction survey was carried out in 2025 to systematically assess customer experience and identify areas for further improvement. The results show a stable and high customer rating, with the best result ever and significantly above the industry average.

Customer Satisfaction Indicator (CSAT) - Rīgas ūdens compared to external benchmarks



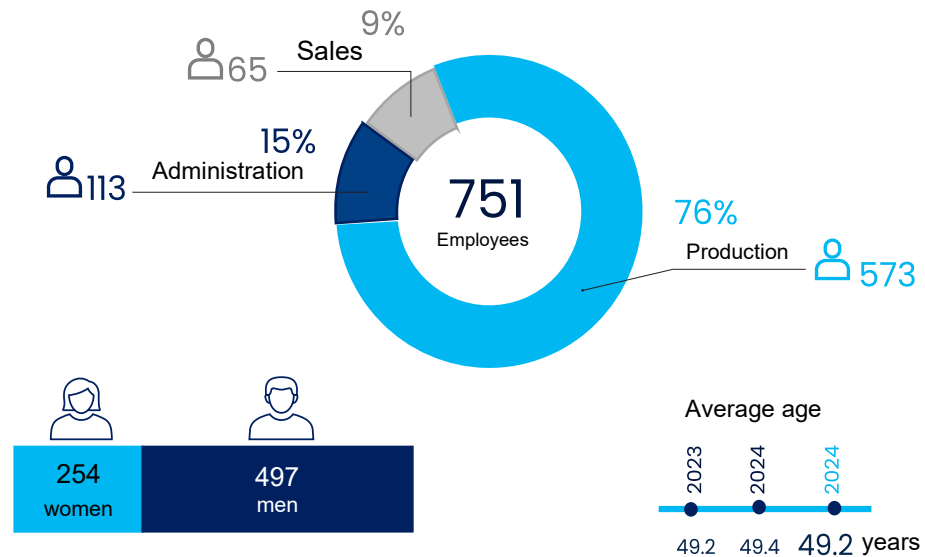
The Customer Satisfaction Survey of 2025 shows that Rīgas ūdens service ratings are significantly above the industry average in Latvia and Europe.

The results indicate a high level of customer trust and loyalty, while serving as a basis for further improvement of services and communication processes.

Information on the customer engagement framework, social impacts and indicators is provided in the Sustainability Report in section S4 Consumers and end-users.

1.5 Employees

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



In 2025, the Company had 751 employees, 33.8% of whom were women and 66.2% men.

The average length of service in the Company is 12.8 years, reflecting stable professional competence and accumulated industry experience.

The professionalism, experience and commitment of our employees are essential for the safe management of our infrastructure and the achievement of our strategic objectives.

In 2025, the Company continued to pursue a targeted employee development and engagement policy, providing professional development opportunities, competitive remuneration and benefits, as well as a transparent job evaluation and annual appraisal system.

Last year saw extensive training activities and the development of a competency-based approach to professional capacity development.

Targeted internal capacity building, a staff conference, improved internal communication and initiatives to foster a professional, forward-looking and change-ready team.

In 2025, 89 new employees were recruited.

Recruitment is carried out in accordance with the principles of openness and professional recruitment - by advertising vacancies on public resources, recruiting managers through open competitions and, in some cases, by internal recruitment, thus promoting career development opportunities within the Company.

Last year, the posts of Head of Communications and Head of Internal Security were filled by open competition, while the post of Head of the Transport Management Division was filled by internal recruitment. The recruitment process for the Head of Communications also involved an external recruitment service provider.

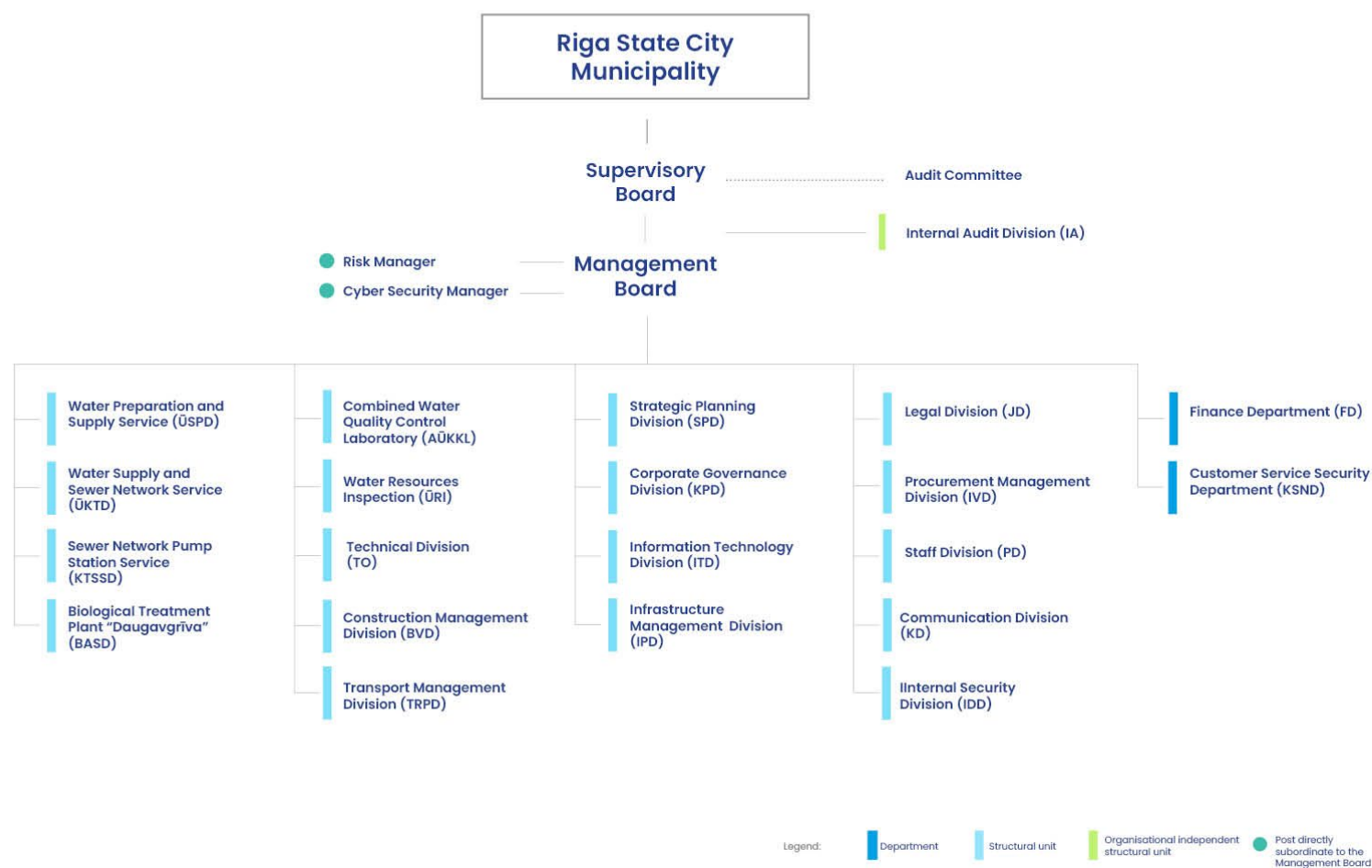
Significant recruitments have also been made for the posts of Lead Water Supply Engineer, Lead Sewerage Engineer, Chief Energy Officer and Cyber Security Manager.

At the same time, a structured *onboarding* process and succession planning for new staff were introduced last year.

Information on the employee engagement system, social impact and indicators is provided in the Sustainability Report, section S1 Own staff.

LLC “Rīgas ūdens” organizational structure

Valid from 01.02.2026



1.6 Financial performance

In 2025, the Company met its financial targets and achieved a solid operating result.

The Company's equity ratio reached 70.7% of total assets during the period under review, significantly exceeding the capital structure target of 50%.

The debt service ratio reached 3.7, exceeding the target of 3.0.

The three-year average profitability reached 7.2%, exceeding the 7% profitability target. The calculation of the indicator has been adjusted by take into account the first revaluation of assets in 2024: the three-year average net profit margin used to calculate on profit from which dividends are paid. This demonstrates effective asset management and a sustainable business model.

At the same time, major and strategically important investments have been made to renew and modernise infrastructure. The renewal to depreciation ratio of fixed assets reached 172.5%, well above the target of 130%. This means that the Company not only compensates for depreciation, but also purposefully enhances the quality, longevity and safety of the infrastructure.

Research and development costs reached 1.5% from total investment, exceeding the target of 1.4% and demonstrating a consistent drive towards innovation.

During the reporting period, the ratio of doubtful and non-performing receivables to revenue (net turnover) remained at the level of 2024 and amounted to 1.0%, providing conformity to the financial target indicator (1%).

Key financial indicators of the Company in 2021-2025

	2021	2022	2023	2024	2025
Revenue, m EUR	55.8	65.7	76.4	76.3	80.3
Operating costs, m EUR*	39.8	50.4	58.1	56.9	53.4
Net profit, m EUR**	5.5	5.2	7.5	-18.3	0.59
Share of profit from which dividends are paid, million EUR	5.5	5.2	7.5	8.4	0.59
Investments in fixed assets, million EUR****	27.9	30.2	35.6	35.59	48.5
Amortisation and depreciation, m EUR**	15.2	15.1	14.8	42.5	28.1
EBITDA, mln EUR	21.1	20.6	23.7	25.9	31.0
EBITDA/turnover	37.7%	31.3%	31.0%	33.9%	38.6%
Profitability of net profit**	9.9%	7.9%	9.9%	-23.9%	0.7%
Liquidity	0.7	1.3	1	0.9	1.2
Asset turnover	17.8%	19.1%	21.7%	13.2%	10.7%
Share of equity	54.8%	51.2%	51.0%	74.5%	70.7%
Net debt, m. EUR***	13.5	24.4	35.8	55.7	73.94
Net debt/EBITDA	0.6x	1.2x	1.5x	2.2x	2.4x
Interest coverage	80.1x	66.9x	18.5x	14.4x	13.4x
Investment in fixed assets/depreciation**	1.8	2.0	2.4	0.8	1.7
ROA**	1.8%	1.5%	2.1%	-2.5%	0.1%
ROE**	3.2%	2.9%	4.1%	-3.4%	0.1%
Doubtful receivables	1.5%	1.3%	1.1%	1.1%	1.0%

* Raw materials and materials, personnel costs, other operating costs

** The 2024 indicators were affected by the revaluation of fixed assets

*** 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)

Revenue (net turnover) for 2025 increased by 5.2% compared to 2024. Water supply services increase by 0.07% and sewerage services decrease by 0.57% in 2025.

The increase in total revenue in 2025 is mainly due to changes in water tariffs, which came into force on 1 January and 1 December 2025, in accordance with decisions of the PUC.

Revenue of the Company in 2023-2025

Mln. EUR	2021	2022	2023	2024	2025
Revenue from water supply	27.1	30.8	35.6	37.1	39.1
Revenue from sewerage services	27.0	32.8	37.5	35.8	38.4
including revenues from rainwater	1.5	1.9	2.1	2.1	2.2
Revenue from construction services	0.3	0.4	0.7	1.6	0.7
including construction of new connections	0.3	0.2	0.6	1.6	0.6
Other revenue from contracts with customers	1.4	1.8	2.6	1.8	2.1
including biogas revenues	0.5	0.5	0.5	0.4	0.5
Total:	55.8	65.7	76.5	76.3	80.3

1.6.1 Development of financial results and investments 2021-2025

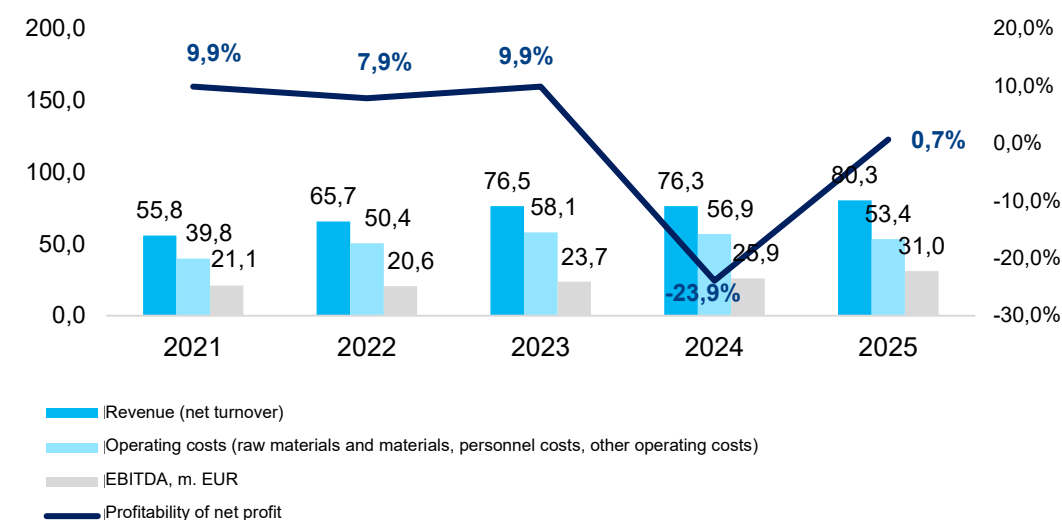
Revenue and profitability dynamics

The Company's revenue in 2025 increases to EUR 80.3 million, while *EBITDA* reached EUR 31.0 million. This represents an increase of EUR 1.7 million, up 19.9% year-on-year.

The increase in *EBITDA* was mainly due to a decrease in electricity costs, capitalisation of costs related to utility repairs and an increase in the water tariff from 1 January and 1 December 2025.

The return on net profit stabilised at 0.7% after the asset revaluation in 2024, but this does not fully reflect the Company's performance as the impact of the revaluation is only reflected in the tariff from 1 December 2025, so that the Company's true profitability can only be objectively assessed in 2026.

Dynamics of key performance indicators 2021-2025

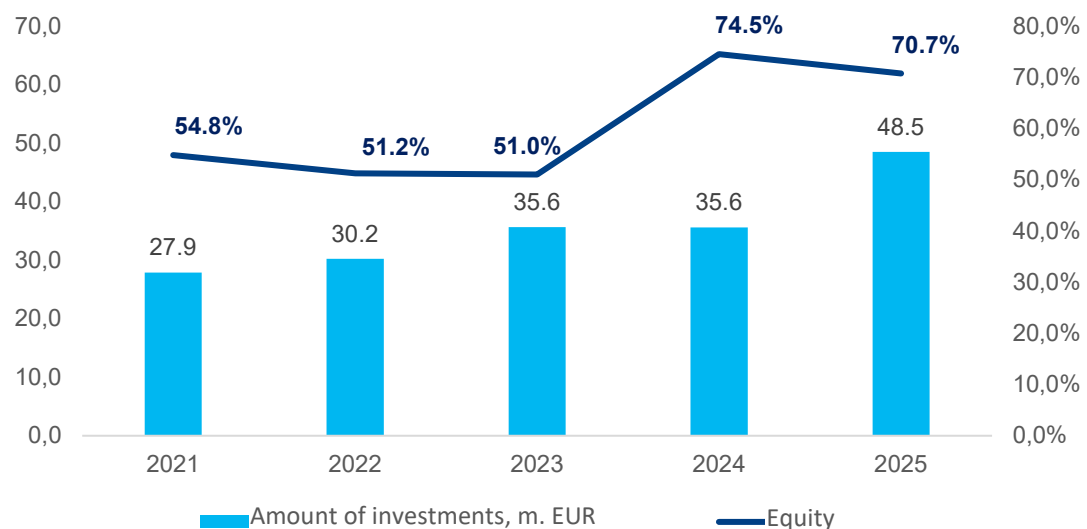


Investment volume and capital structure

Rīgas ūdens investment volume increased by 36.2% to reach EUR 48.5 million in 2025. This is the highest level in the last five years.

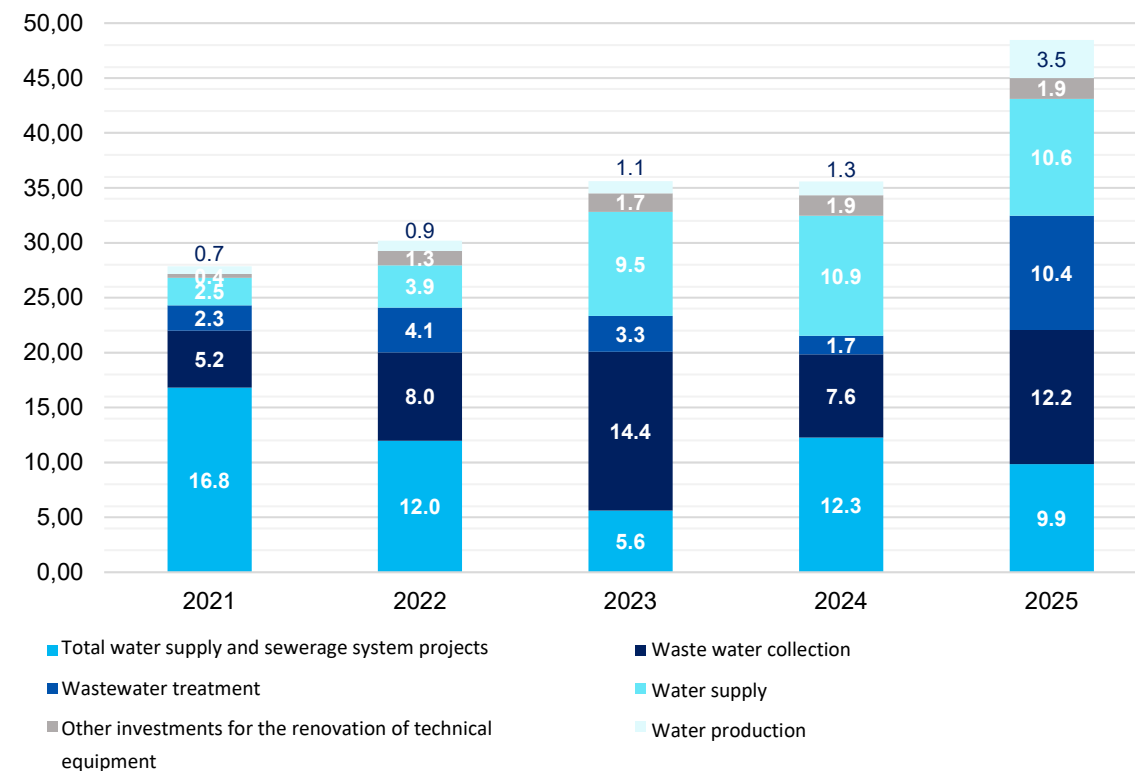
The equity ratio remained high at 70.7%, ensuring a balanced funding structure.

Investment volume and equity ratio 2021-2025



Most of the investment has been in developing and modernising water supply and sewerage systems, strengthening the sustainability and operational safety of infrastructure.

Investment breakdown by development direction 2021-2025 (million EUR)



The financial and investment results for 2025 demonstrate Rīgas ūdens ability to simultaneously deliver a solid operating result and implement a major infrastructure development programme, while maintaining a balanced funding structure and a sustainable capital base.

1.6.2 Overview of green bonds

ISIN code	LV0000104487
Emission year	2025
Emission volume	EUR 20 million
Emission organiser	Signet Bank AS
Expiry date	4 June 2030
Fixed interest rate (coupon)	4.0% per annum

More than 25 institutional investors participated in the bond offer with a total investment of EUR 38.5 million, while retail investors subscribed for EUR 7 million, 92% of which were Latvian investors. The total supply was made up of 85% institutional investors and 15% private investors. The first day of listing and trading of the bonds on *Nasdaq Riga* Baltic regulated market was 5 June 2025.

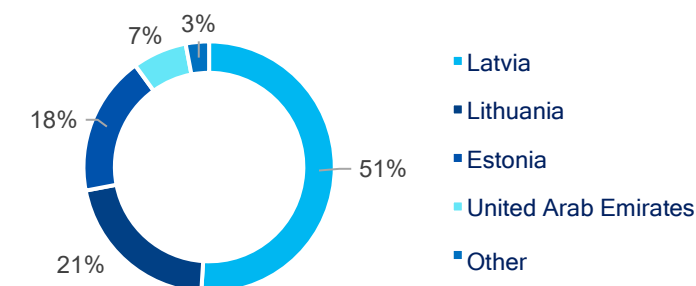
The funds raised are directed for the rehabilitation of networks and the modernisation of the Daugavgrīva treatment plant, and the programme is expected to raise up to EUR 60 million. Interest is payable annually on 4 March, 4 June, 4 September and 4 December. The bonds are redeemed at their nominal value in full on 4 June 2030.

By the end of the reporting period, EUR 12.79 million or 64% of the funds had been spent, of which EUR 7.8 million had been invested in projects to rehabilitate and extend sewerage networks.

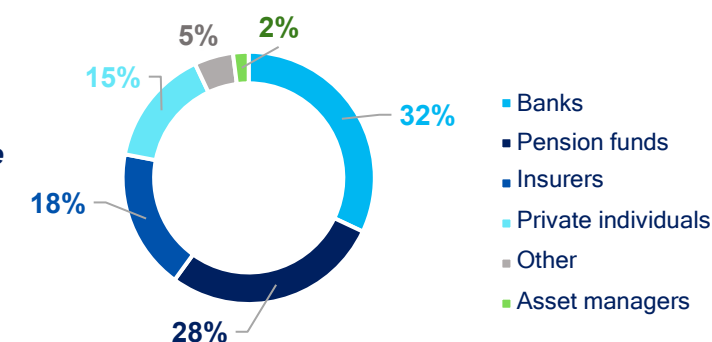
In view of the fact that the bond programme for a total amount of up to 60 million will expire in May this year and the interest of potential investors, the Company has now initiated a 12-month extension of the bond programme in order to use the full amount of the bond programme.

Detailed information on the bond issue is available on the Company's website under "Investors/Bonds".

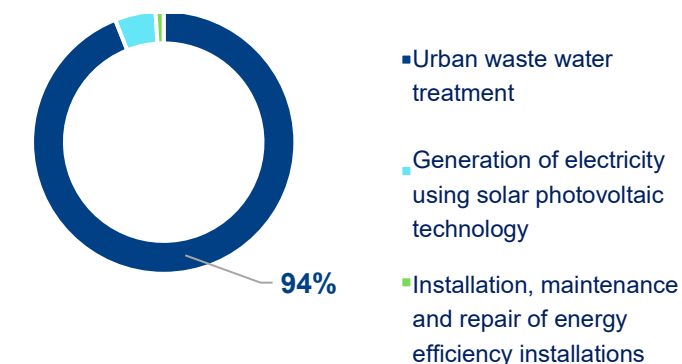
Geographical distribution of investors



Investor structure



Investments by project group



1.6.3 Financial risks and their management

Rīgas ūdens activities expose it to various financial risks, including credit, liquidity and interest rate risks. The Company's management develops risk management procedures to minimise the negative impact of potential financial risks on the financial position of *Rīgas ūdens*. For more information on financial risks and their management, see Annexes 10 and 36 to the financial statements. Derivative financial instruments are not used.

1.6.4 Information about the Company's share capital

Share capital of *Rīgas ūdens* as on 31 December 2025 is EUR 127,686,123 divided into 127,686,123 capital shares with a nominal value of EUR 1 per each.



1.7 Areas of investment focus in 2025

In 2025, the Company implemented a massive investment programme of 48.5 million euro focusing on the restoration and construction of water and sewerage networks, as well as infrastructure modernisation and capacity building.

Renewal of centralised networks

In 2025, the Company invested in the rehabilitation of water supply and sewerage networks, rehabilitating or constructing 14.7 km of water mains and 9.3 km of sewerage networks. Investments in network upgrades are closely aligned with the Company's long-term objectives and focus on strengthening the capacity, management and resilience of the system to climate and hydraulic load changes, especially during intense rainfall and flooding events. At the same time, they contribute to improving the quality and safety of services.

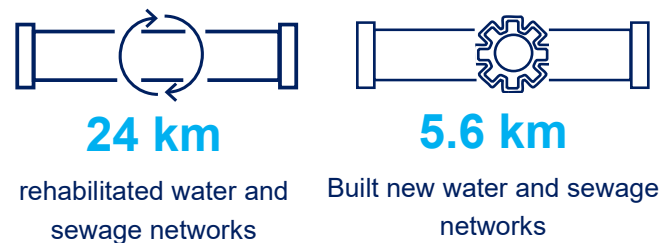
Total investment in 2025 amounted to EUR 24.2 million.

Extending access to centralised services

To increase access to centralised water management services, new sewerage networks of ~4.7 km and water mains of ~0.9 km were built last year, including in the EU Cohesion Fund co-financed project Ziepniekkalna Phase 2, as well as in the Jugla neighbourhood. In parallel, preparatory work for the extension of the water management system in Mangalsala continues and a feasibility study has been launched in the Dārziņi neighbourhood.

Total investment in 2025 amounted to EUR 3.0 million.

Renewed and newly built networks in 2025



Development and quality of wastewater treatment

In 2025, the implementation of the Digester Tanks Park at WWTP "Daugavgrīva" - one of the Company's largest strategic projects with a total investment of approximately EUR 55 million - was launched. The rehabilitation of the settling tanks also continued, with the introduction of new power supply and automation control systems, thus preparing the treatment system for future requirements.

In addition, a contract has been entered into with the Central Finance and Contracts Agency for 22.3 million EUR ERDF co-financing for the extension and renewal of the station. During the year, procurement documents were prepared for the design and construction works, which are scheduled to start in 2026.

Total investment in 2025 amounted to EUR 10.0 million.

Energy efficiency and moving towards energy neutrality

In 2025, major energy efficiency projects were launched, including the installation of solar panels at the wastewater treatment plant and the drinking water treatment plant, as well as infrastructure upgrades to reduce energy consumption and move towards energy neutrality.

Total investment in 2025 amounted to EUR 1.6 million.

Safety and quality of water supply

Measures to ensure the quality and safety of drinking water supply continued - new boreholes were installed at the Baltezers-Zakumuiza water intake, and technological equipment was modernised.

Total investment in 2025 amounted to EUR 3.1 million.

Digitisation and data management

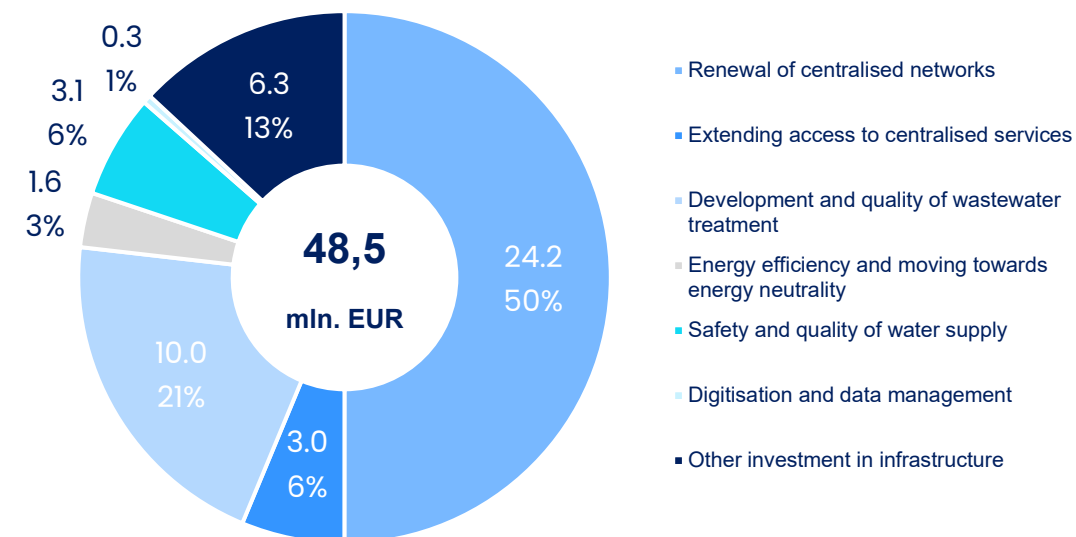
In 2025, the Company continued to strengthen its IT security and infrastructure by upgrading server and network equipment, modernising backup and virtual environments, and expanding cyber security solutions. At the same time, significant steps towards digitisation and IT transformation have been taken: the equipping of commercial metering meters with remote reading devices has started, with 1,476 input meters to be equipped by the end of 2025, the technical specification of the central platform has been developed, a research contract has been signed and the definition of future business processes has started, which will serve as the basis for the implementation of a single, integrated IT ecosystem by 2028.

At the same time, the GIS system was further developed and processes digitised, improving data quality and operational efficiency.

The total investment in 2025 amounted to EUR 0.3 million.

Investment structure of the Company in 2025

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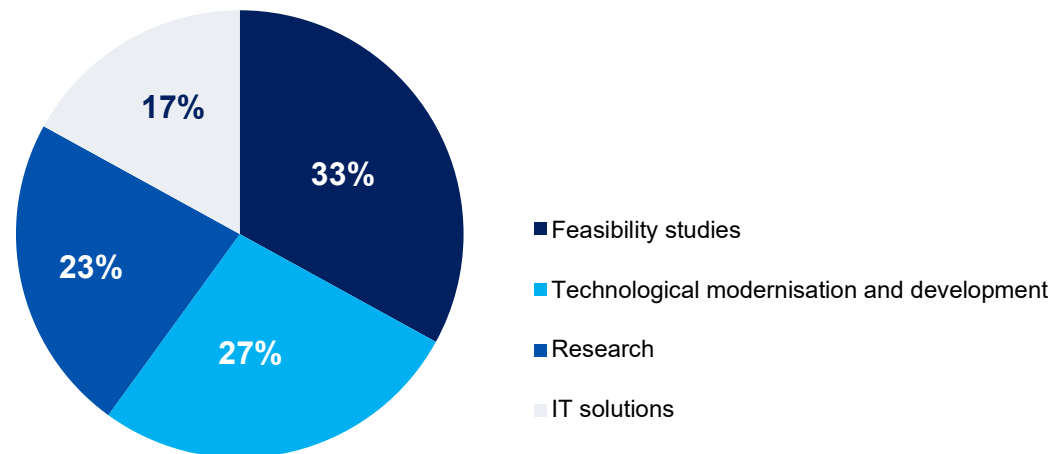
1.8 Research and development investments

Rīgas ūdens invested 0.72 million EUR in research and development (R&D) activities in 2025.

Investments in research and development are focused on practical improvements - researching, adapting and implementing new technologies and techniques that generate new data and knowledge, increase process efficiency and optimise costs, while supporting the Company's strategic objectives.

The most significant R&D investments have been directed towards the development of feasibility studies to support informed decision-making on major water infrastructure development and modernisation projects, as well as to improve the Company's technology and process efficiency.

Structure of the Company's research and development investments in 2025



Key R&D activities in 2025

- Completion of feasibility studies for the extension and renewal of the biological treatment plant Daugavgrīva
- Feasibility study for the construction of a drinking water reservoir at the pumping stations "Baltezers" and "Zaķumuiža" completed
- The feasibility study for the construction of sewage storage tanks is launched
- Studies on the potential of wind energy generation, the possibilities of using electricity storage at the biological treatment plant Daugavgrīva, and the reuse of soil excavated during renovation works
- Taxonomic issues analysed and climatic risk assessment carried out
- In 2025, studies on water losses, the implementation of a water safety plan and the development of an early warning matrix on the impact of pollutants on the biological treatment plant Daugavgrīva were launched
- Modernisation of the laboratory's technical equipment by purchasing new equipment to increase the efficiency of testing processes and ensure higher accuracy of results
- Further development of computer models and digital solutions for water supply and sanitation
- Preparations underway for the launch of the IT centralised platform and the digital water shadow in 2026

Participation in international projects

- Continued involvement in the *EMPEREST* project (2023-2025), contributing to the development of PFAS pollution solutions in the Baltic Sea catchment. *Rīgas ūdens* provided technical involvement and pilot plant testing for WWTP Daugavgrīva
- Continued participation in the international *SCORE* initiative, providing wastewater epidemiology data in collaboration with the Centre for Disease Prevention and Control
- Continued participation in the *LATESTadapt* project (2022-2027), developing climate resilience solutions in urban environments, including modelling of the sewerage system and development of stormwater solutions in Riga
- Long-term cooperation with Riga State Municipality Riga Energy Agency and AS Rīgas siltums in the *ENABLE DHC* project (2024-2027), evaluating the possibilities of heat recovery from wastewater in district heating systems
- On 22.04.2025 long-term cooperation agreement with the World Wildlife Fund in the project *BaltCOP* (2025-2027), supporting Baltic Sea catchment management and public awareness activities



1.9 Rīgas ūdens the most significant events in 2025

January

Changes to water management service tariffs come into force, ensuring stability in the financing of the investment programme. [Read more](#)

February

An international Strategic Development Advisory Board has been established, strengthening the Company's strategic management, investment planning and capital market dialogue for long-term development projects. [Read more](#)

April

EU Cohesion Fund project Water Management Development in Riga, 4th stage, extending the availability of centralised services in the neighbourhoods of Marupe, Katlakalns and Bolderaja, is successfully completed. [Read more](#)

April

A loan agreement of 70 million has been signed with the European Investment Bank for the modernisation and expansion of water and sewerage networks until 2028. [Read more](#)

May

Sustainalytics certifies that the *Rīgas ūdens* bond meets the European Green Bond (*EuGB*) standard. [Read more](#)

May

Moody's reaffirms A3's long-term credit rating with a stable outlook. [Read more](#)

June

In 2025, first bonds issued under the European Green Bond (*EuGB*) standard in the amount of EUR 20 m. Investor demand amounted to EUR 45.5 million or 228% of the emission volume. The bonds were listed on the *Nasdaq* Baltic regulated market, making the Company the first municipal Company in Latvia to raise financing on the capital market and the first Company in Northern Europe to issue *EuGB-compliant* bonds. [Read more](#)

July

A contract has been signed with the CFLA for the construction of a 0.962 MW solar power plant at the Daugava water station (EUR 1.09 million, including ERDF EUR 0.71 million), contributing to the Company's drive towards energy neutrality. [Read more](#)

August

A contract of EUR 54.7 million has been concluded for the expansion of Digester Tank Park, increasing biogas production capacity and moving towards energy efficiency of up to 85%. [Read more](#)

September

A contract has been signed with the CFLA for the construction of a 0.687 MW solar power plant on the territory of the *Daugavgrīva* biological treatment plant (EUR 0.79 million, including ERDF EUR 0.51 million), promoting the use of renewable energy sources and the Company's drive towards energy efficiency. [Read more](#)

October

Telemetry project launched - more than 22 000 commercial metering meters to be equipped with remote reading devices over five years. [Read more](#)

October

Rīgas ūdens Development Conference *360° Perspective*, strengthening the dialogue with capital market participants and public sector partners on investment and development priorities for the sector. [Read more](#)

November

ERDF co-financing contract concluded in the amount of EUR 22.3 million for the extension of the Daugavgrīva biological treatment plant. Total investment - EUR 64 million. [Read more](#)

December

The coating of the Vārnukrogs sludge storage facility with an impermeable membrane has been completed, significantly reducing the spread of odours in the surrounding area and improving environmental quality. This is a short-term solution among long-term investment projects in sewage sludge treatment. [Read more](#)

December

Received the Latvian Corporate Governance Award in the "Leap in Transparency" nomination for its contribution to raising transparency and sustainability standards. [Read more](#)

1.10 Circumstances and events after the end of the reporting year

On 12 February 2026, the Company signed an agreement with the Nordic Investment Bank for a loan facility of up to EUR 50 million. Under the terms of the agreement, the Company is not obliged to raise funds (*uncommitted* agreement). The existence of such an agreement ensures diversification and liquidity of borrowed funds.

At the same time, the Company started the process of extending its bond programme, continuing its efforts to ensure diversified access to finance for the successful implementation of the EUR 235 million investment programme for the development of wastewater treatment and drinking water infrastructure in Riga. In view of the fact that the bond programme for a total amount of up to 60 million will expire in May this year and the interest of potential investors, the Company has now initiated a 12-month extension of the bond programme in order to use the full amount of the bond programme.

In the period since the last day of the accounting year, there have been no other events that would have a significant impact on the financial position of the entity as on 31 December 2025 or that should be further explained in the Annexes to the financial statement.



1.11 Profit allocation recommended by the Management Board

The share of comprehensive income of the Company's accounting year, which is included in retained earnings, is EUR 590,519.

Clause 2 of the Riga City Council Decision No. 691 of 16 June 2021 on Dividends in Capital Companies in which Riga City Municipality has a Decisive Influence, in which the Riga City Council has a decisive influence, States that "the minimum expected profit share to be paid in dividends shall be 40% of the profit of the current year of the capital company, if a separate decision of the Riga City Council regarding different profit share to be paid in dividends has not been taken in accordance with Clause 7 of the decision. The capital company calculates, pays and reflects corporate income tax in its accounts in accordance with the procedure established by the laws and regulations regulating corporate income tax. Paragraph 7 of the aforementioned Decision of the Riga City Council stipulates that, if a capital company, when developing a draft strategy, includes a proposal for a share of profit to be disbursed as dividends that is lower than that stipulated in Paragraph 2 of the Decision, the matter shall be examined by the Riga City Council by adopting a separate Decision of the Riga City Council on a different share of profit to be disbursed as dividends.

On 29 January 2025, the Riga City Council adopted a decision "On different share of the profit of LLC "Rīgas ūdens" to be paid in dividends in the period from the reporting year 2024 until 2030", stipulating that the profit share of 2024 in the amount of 30% shall be paid in the Company's dividends, including 20% of the profit of the reporting year 2024 paid in dividends, the municipality of Riga state city directs the co-financing programme for the continuation of connection of immovable properties to the centralised water supply system or centralised sewerage system.

Clause 3 of the Decision instructs the representative of the holder of capital shares of the LLC "Rīgas ūdens" to ensure that the share of profit not disbursed as dividends in 2024 in the amount of 10% of the total annual profit is earmarked for the implementation of the water management system development project of the Mangaļsala wastewater agglomeration and that the share of profit not disbursed as dividends in 2025, 2026, 2027, 2028, 2029 and 2030 in the amount of 30% of the total annual profit in each year is designated for the development of centralised water supply and sewerage systems in Dārziņi.

According with Decision No. 691 of the Riga City Council of 16.06.2021 "On Dividends in Capital Companies in which Riga City Municipality has a Decisive Influence" and Decision No. RD-25-4256-lē of the Riga City Council of 29.01.2025 "On Different Share of Profit of LLC "Rīgas ūdens" to be disbursed as dividends in the period between reporting years 2024 to 2030", the Management Board of the Company proposes the following use of the result 2025 in the amount of EUR 590 519, excluded from the retained earnings:

- to distribute 10% or EUR 59,052 and disburse as dividends;
- to leave the profit share at 30% or EUR 177,156 undivided and redirecting it to the development of centralised water and sewerage systems in Dārziņi;
- to retain a profit share of 60% or EUR 354,311 and to direct it for the provision of public water management services and the development of commercial activities in accordance with the medium-term operational strategy of the *Rīgas ūdens*.

Decision on disbursement of dividends shall be made by the meeting of members of the Company.

1.12 Corporate governance statement

The Corporate Governance Statement will be published as a separate document on the Company's website [Corporate governance | Rīgas ūdens](#) at the same time as the Annual Sustainability report and Financial Statement.



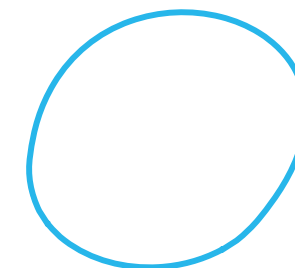
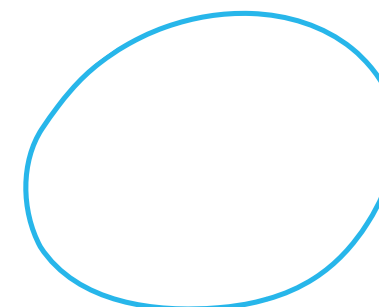
1.13 Statement of management responsibility

The Company's Management Board is responsible for the preparation of the Company's Annual Report, including the financial statements.

Based on the information available to the Company's Management Board, the Company's financial statements for the year ended on 31 December 2025 have been prepared in accordance with International Financial Reporting Accounting Standards (IFRS) as adopted by the European Union and present a true and fair view, in all material respects, of the financial position, profit or loss and cash flows of the Company.

Based on the information available to the Company's Management Board, the sustainability information contained in the Sustainability Report has been prepared in accordance with the Sustainability Disclosure Law and the Sustainability Reporting Standards.

The information provided in the management report is true.



This document has been signed electronically with a secure electronic signature and contains a time stamp

Krišjānis Krūmiņš
Chairman of the
Management Board

Normunds Zvaunis
Member of the
Management Board

Agnese Ozolkāja
Member of the
Management Board

A close-up photograph of a person's hands cupping water from a waterfall. The water is clear and cascading over mossy rocks. The background is a lush green forest with sunlight filtering through the trees. A bright blue oval is overlaid on the right side of the image, containing the text '2 SUSTAINABILITY REPORT' in white, bold, uppercase letters.

**2 SUSTAINABILITY
REPORT**

2.1 General Information

THE GENERAL BASIS FOR DRAWING UP A SUSTAINABILITY STATEMENT (BP-1)

LLC "Rīgas ūdens" (hereinafter - *Rīgas ūdens*, the Company) is a large capital company of a derived public person, which must ensure sufficient disclosure of information, including in relation to the governance of the sustainability issues of the Company. With the issuance of the EU Green Bonds in June 2025, the Company has simultaneously become an entity of public significance. Accordingly, the Company is bound by the statutory requirement laid down in the Law on Sustainability Disclosures to publish a sustainability report in accordance with the principles set out in the European Sustainability Reporting Standards (Commission Delegated Regulation (EU) 2023/2772; abbreviated – the *ESRS*).

This Sustainability Report is the first Sustainability Report of *Rīgas ūdens* prepared by completely meeting the requirements of the *ESRS* and which has undergone an independent limited assurance review.

The reporting period is 01.01.2025-31.12.2025



The scope of the Sustainability Report is consistent with that of the Company's financial statements, i.e. it covers the Company's activities to the same extent. In addition, the Sustainability Report discusses the Company's value chain, which includes both upstream and downstream value chains, or the broader context of activities in which *Rīgas ūdens* operates and with which external parties the Company is interacting. The value chain is discussed in more detail in the section [Strategy, Business Model and Value Chain \(SBM-1\)](#) and taken into account in identifying sustainability areas relevant to the Company and, where relevant, further reflected in the thematic sections of specific sustainability areas (e.g. [E1 Climate Change](#) and [S4 Consumers and end-users](#)).

Given its status as a bond issuer, the Company may, in accordance with the Investor Relations Management Guidelines developed by it and the binding requirements of *NASDAQ Riga*, exclude from the Sustainability Report information that is deemed to be sensitive and the disclosure of which may be prejudicial to the interests of investors.

Rīgas ūdens follows the changes in the application of the Law on Sustainability Disclosures in line with the decisions taken by the European Union institutions, including the application of the law to certain types of companies in general, the requirements of *ESRS* and their details, the inclusion and details of the EU Taxonomy Report, etc. Thus, changes may be made to the Company's Sustainability Report in future periods, but the Sustainability Report for 2025 is created based on the requirements in force in January 2026.

DISCLOSURES RELATED TO SPECIFIC CIRCUMSTANCES (BP-2)

Time periods

Unless otherwise specified in the content of the Sustainability Report, *Rīgas ūdens* uses the time periods specified in *the ESRS*:

- Short-term – the relevant reporting year;
- Medium term – up to five years;
- Long-term – a period of more than five years.

At the same time, it should be taken into account that, in accordance with applicable law, the Company has developed and approved [Medium-term operational strategy](#), the period of which is 2025 –2030, consequently, this strategy period will also be used for the medium-term reporting in future sustainability reporting periods.

The Company also has [Sustainable Development Strategy](#), which covers the period up to 2040, so the long term is largely based on this time period.

Value chain estimates

Where possible and appropriate, accurate information on the value chain (e.g. number of customers) is used in the content of the report. In some sections, estimates are used to determine the impact of the value chain in a specific area of sustainability.

This applies in particular to [E1 Climate change](#) where a cost-based approach is used to quantify indirect Scope 3 greenhouse gas (GHG) emissions, rather than emissions data provided by suppliers. Such a method shall be deemed to be consistent with the internationally agreed GHG Protocol methodology ([GHG Protocol](#)) approach, but it is relatively the most inaccurate of the available methods and most often shows higher emissions than are actually the case. At the same time, appropriate emission factors (coefficients) from internationally recognised databases are used to perform this calculation, thus ensuring a sufficient level of confidence in the calculations. In the coming years, the Company will consider the possibility to obtain accurate data from suppliers or other partners for certain Scope 3 GHG emission calculation categories in order to improve the accuracy of the data obtained and its further practical use.

Changes to the preparation or provision of sustainability information

Rīgas ūdens has been publishing an annual sustainability report since 2020 – initially in line with the Global Reporting Initiative guidelines, but in 2024 it gradually started the transition to the requirements of the *ESRS* for sustainability reporting. The year of 2025 is the first year in which the full scope of the requirements of the *ESRS* has been taken into account in the development of the report. This report is therefore not directly comparable with the report of the previous years, but includes updates to data previously published in 2024 in the following sections [E1-5](#) and [E2-4](#).

At the same time, it should be noted that in 2025 the Company consolidated and updated its previous sustainability materiality assessments in line with the requirements of the *ESRS* standards. Due to the differences in the methodologies used in the past, the results of the materiality assessment are also not directly comparable, but the changes are briefly described in the section Significant Impacts, Risks and Opportunities.

Disclosures arising from other legal acts or statements on the procedures for the generally accepted sustainability reporting practices

The Company is not bound by other requirements related to sustainability reporting, but it has introduced ISO 50001:2018 certified energy management system and ISO 14001:2015 certified environmental management system. In line with certification requirements, the systems are subject to regular external surveillance audits and recertification audits, as well as a management report on actions taken and planned shall be prepared each year. Information from the two certified systems, their performance and internal reports is also used in the relevant sections of the Sustainability Report (especially the environmental thematic section – [E1 Climate change](#), [E2 Pollution](#) and [E3 Water and marine resources](#)).

Incorporation by reference

The content of the Sustainability Report refers to other publicly available documents with an active link to where they can be consulted (e.g. Strategies of *Rīgas ūdens* or Key Policies), as well as internal regulatory enactments, briefly explaining their nature and relevance to the specific topic covered.

Use of phasing-in rules under Appendix 1 C of ESRS

In accordance with the requirements of the *ESRS* and the amendments adopted by the European Commission on 11 July 2025 to apply certain *ESRS* requirements also to large entities of public significance with more than 750 employees, *Rīgas ūdens* indicates that the materiality assessment has determined that the Company is bound by the social standards [S1 Own staff](#) and [S4 Consumers and end-users](#), and these topics are also reflected in the content of the sustainability report under the relevant sub-topics and data points.

For the environmental sections ([E1 Climate change](#), [E2 Pollution](#) and [E3 Water and marine resources](#)), the Company takes the option under these amendments not to disclose detailed financial impact information, mainly including data on planned investments related to the management of the specific area).



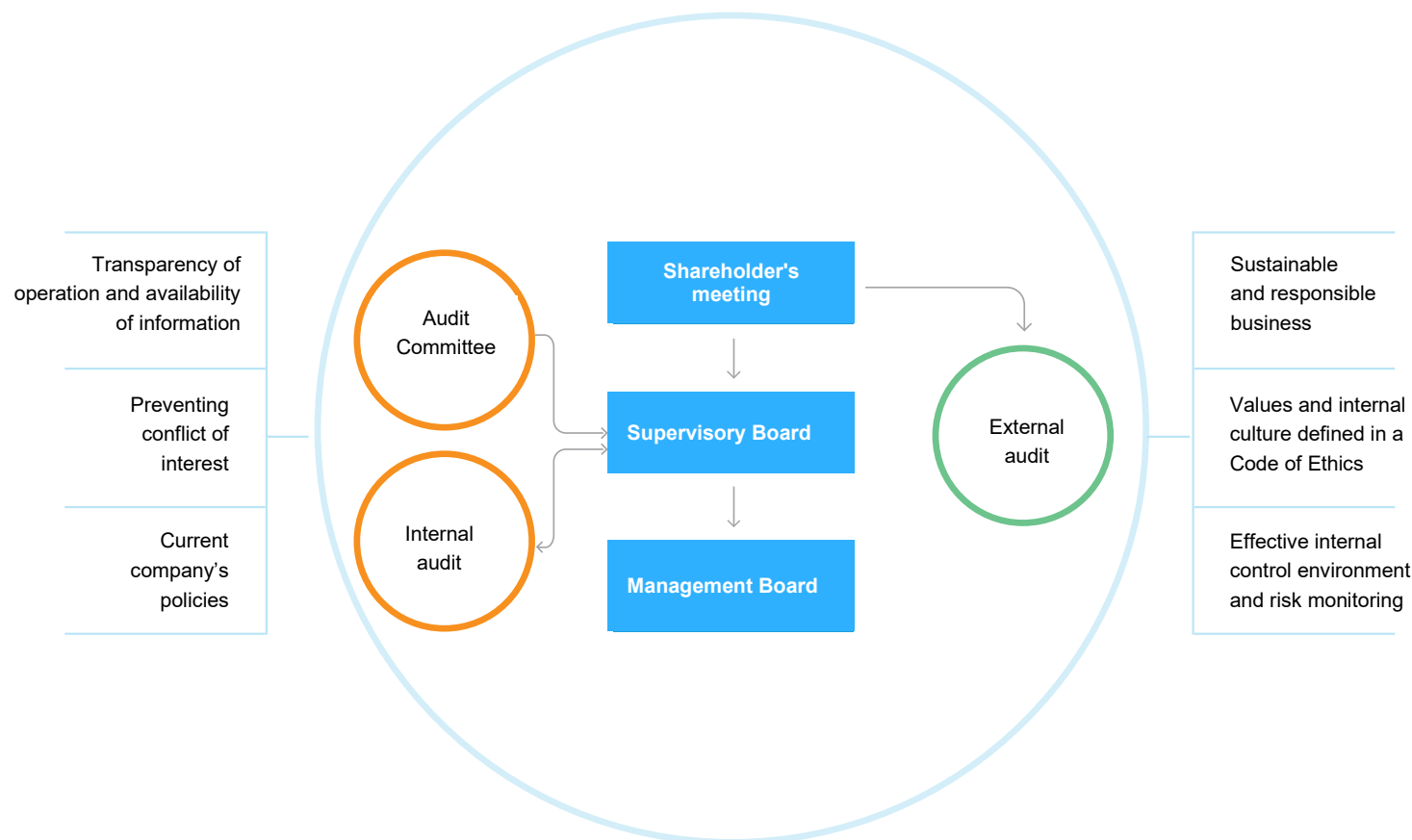
SUSTAINABILITY GOVERNANCE

FUNCTIONS AND COMPOSITION OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-1)

The governance structure of *Rīgas ūdens* consists of the meeting of Shareholder, the Supervisory Board, the Management Board and its subordinate bodies. Taking into account the bond issue on the stock exchange carried out in 2025, from 29.08.2025 an Audit Committee has been established in the Company, which not only performs the functions set out in the Financial Instruments Market Law, but also, together with the Internal Audit Department of the Company, ensures the supervision of the functioning of the internal control system.

Taking into account that *Rīgas ūdens* is a 100 % a capital company of Riga City Local Government, the functions of **the Meeting of Shareholders** are performed by the Executive Director of the City of Riga. The Meeting of Shareholders shall review and approve the Company's annual report, approve the external auditor, consider and approve Articles of Association of *Rīgas ūdens* and amendments thereto, approve the members of the Supervisory Board and Audit Committee and adopt other decisions within the competence of the Meeting of Shareholders in accordance with external legal acts.

Information about the Shareholders' meeting is published [on the website](#) of *Rīgas ūdens*. Information on the Meetings of Members held in 2025 and the decisions taken is published [here](#). 2.52 million in dividends have been paid to the members in 2025 (from the profit of 2024).



Supervisory Board

The **Supervisory Board** of *Rīgas ūdens* is acting in the composition of three members of the Supervisory Board. In 2025, the composition of the Supervisory Board changed due to the expiry of the mandate of some of the members of the Supervisory Board. At the end of 2025, the Supervisory Board of *Rīgas ūdens* was acting in the following composition:



Dace Ljusa
Chairwoman of the Supervisory Board

Independent member of the Supervisory Board

Areas of expertise: financial matters, audit, risk management, internal control systems

Experience:

- Member of the Vidzeme University Council
- Chairwoman of the Management Board of JSC SEB Open Pension Fund
- Chairwoman of the Supervisory Board of LLC Premium Medical.
- Member of the Management Board of JSC SEB Life Insurance/SEB Life and Pensions Baltic SE
- Experience of working for the Ministry of Welfare, the Ministry of Finance and the State Treasury

Education:

- Master's degree in Social Sciences (University of Latvia)
- Master of Engineering in Automated Control Systems Design (Riga Technical University)
- Training certificate of the Baltic Institute of Corporate Governance for members of Supervisory Board and Chairwoman of Supervisory Board
- Training Certificate of EcoDa for members of the European Council

Elected member of the Supervisory Board of *Rīgas ūdens* on 08.09.2020, elected Chairwoman of the Supervisory Board on 15.08.2023.

Expiry of mandate: 07.09.2030



Imants Paeglītis
Vice Chairman of the Supervisory Board

Independent member of the Supervisory Board

Areas of competence: strategy development and implementation, corporate governance, business, team and stakeholder management.

Experience:

- Chairman of the Supervisory Board of SJSC "Latvijas loto"
- Chairman of the Management Board, LLC Riga East Clinical University Hospital.
- Member of the Management Board of SJSC Road Traffic Safety Directorate
- Member of the Supervisory Board of SJSC "Pasažieru vilciens"

Education:

- Professional Master's degree in Business and Organisation Management (Riga Technical University, Riga Business School)
- Master's degree in Engineering and Technology, Engineer qualification (Riga Technical University)
- Training Certificate of the Baltic Institute of Corporate Governance for members of the Management Board

Elected as a member of the Supervisory Board of *Rīgas ūdens* on 10.08.2023, elected as the Deputy Chairman of the Supervisory Board on 08.09.2025.
Expiry of mandate: 10.08.2028



Māris Kleinbergs
Member of the Supervisory Board

Independent member of the Supervisory Board

Area of competence: core business (provision of water management and other engineering services)

Experience:

- Head of the Mineral Production and Sales Division of SJSC "Latvijas Autoceļu uzturētājs"
- Chairman of the Supervisory Board of LLC "Rīgas ūdens" (from 08.09.2020 to 25.02.2023)
- Chairman of the Management Board of SJSC "Latvijas dzelzceļš"
- Chairman/Executive Director of the LLC Management Board of Schenker
- Member of the Supervisory Board of the Employers' Confederation of Latvia (2019-2022)

Education:

- Professional Master's degree in Engineering – Mechanical Engineering (Riga Technical University)

Elected as a Member of the Supervisory Board of *Rīgas ūdens* on 17.10.2025.

Expiry of mandate: 17.10.2030

In 2025, until the end of their term of office, served on the board:



Tālis Juhna

Area of competence: provision of water management services

Experience:

- Rector of Riga Technical University
- Professor for the Institute of Water Systems and Biotechnology of the Faculty of Science and Technology of the Riga Technical University
- Full Member of the Latvian Academy of Sciences
- Chairman of the Advisory Board of the Latvian Science Council (LZP)
- LZP expert in environmental biotechnology and civil and transport engineering
- Chairman of the LZP Commission of Experts on Engineering and Technology
- Member of the commission of the Latvian Heating, Gas and Water Engineer Association (LHGWEA)

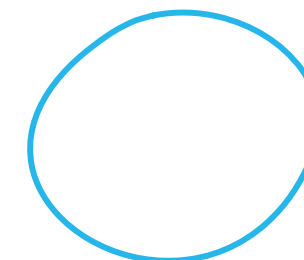
Education:

- Doctorate in Engineering (Water Technology) Lulea University of Technology
- International Master's Degree in Environmental Engineering, Royal Technical University of Stockholm

Elected as a Member of the Supervisory Board of the LLC "Rīgas ūdens" on 19.01.2021. The mandate ended on 31.08.2025.

In accordance with Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Cabinet Regulation No. 20 of 07.01.2020, Procedures for the Nomination of Members of the Management Board and Supervisory Board in Capital Companies in which Capital Shares are Owned by the State or a Derivative Public Person, issued on the basis thereof, all members of the Supervisory Board are approved in the office as an independent Members of the Supervisory Board. All members of the Supervisory Board have previous experience of activity on the Supervisory Board and/or Board of Directors of both public and private sector capital companies, including in the areas of access to finance, management of public infrastructure in various sectors and provision of public services. All members of the Supervisory Board therefore have experience appropriate for the profile and complexity of operations of *Rīgas ūdens*.

For each member of the Supervisory Board has also been determined individual areas of responsibility, including the management of sustainability issues under these areas, which are mostly the responsibility of I. Paeglītis, but given that the Company's strategy is based on sustainability principles and affects all areas of the business, all members of the Supervisory Board are involved in their supervising at certain aspects.



Audit Committee



Juris Lapše
Chairman of
the Audit Committee

Experience:

- A certified auditor and member of the Latvian Association of Certified Auditors, he is entitled to provide certification on the sustainability report
- Member of the Supervisory Board of the VSIA Pauls Stradins Clinical University Hospital
- Member of the Supervisory Board of the VSIA Children's Clinical University Hospital
- Member of the Audit Committee of JSC "Latvijas Gāze"
- Chairman of the Supervisory Board of LLC "Velosock".
- Partner at PricewaterhouseCoopers (PwC) (audit and advisory project management in Latvia and abroad)
- Member of the Riga Business School's Convention of Councillors of RTU

Education:

- Master's degree in Economics (Economic and Social Planning) (University of Latvia)
- Additional training at IMD Business School (Switzerland) and Baltic Institute of Corporate Governance

Expiry of mandate: 3 years
From 29.08.2025 to 28.08.2028



Gundars Ruža
Deputy Chairman
of the Audit Committee

Experience:

- Sworn auditor
- Member of the Management Board and Financial Director of Cooperative Society of Agriculture Services "LATRAPs"
- Chairman of the Management Board of LLC "LATMALT"
- Chairman of the Supervisory Board of LLC "Asns Ingredient"
- An independent member of the Supervisory Board of JSC "Latvenergo", as well as a member of the Audit Committee and the Human Resources Committee.
- Executive Director and Financial Director of Moller Auto Baltic AS (Norway) and its subsidiaries in the Baltic States
- LLC Ernst & Young Baltic and LLC Arthur Andersen (audit and advisory activities)

Education:

- Master's degree in International Law and Bachelor's degree in Law (University of Latvia)
- Economist's Diploma in Accounting (University of Latvia)
- Baltic Institute of Corporate Governance
- INSEAD Business School

Expiry of mandate: 3 years
From 29.08.2025 to 28.08.2028



Dace Ljusa
Member of
Audit Committee

For information on experience and education, see section *Supervisory Board*
Expiry of mandate: 3
From 29.08.2025 to 28.08.2028

The **Audit Committee** of the Company was established in 2025 and is composed of three members of the Committee, one of whom is a member of the Supervisory Board of *Rīgas ūdens* and two of whom are independent members of the Committee, thus providing additional external experience and perspective.

The members of the Audit Committee have the relevant experience to provide competent supervision of the Company's internal control processes, and also preparation processes of financial statements and sustainability report, as well as to carry out the supervision of the work of external auditors. All members of the Committee have experience in the management of capital companies of both public and private sector, including in the companies which are active in the

Management Board

The Management Board of Rīgas ūdens is composed of three members, and there are no changes in the composition of the members of the Management Board in 2025. While the Management Board collectively provides the management of the Company, each member of the Management Board has specific primary areas of the management.



Krišjānis Krūmiņš
Chairman of the Management Board

Areas of the management:

- strategic planning and sustainability management
- corporate governance and record-keeping
- quality and internal control system management
- cybersecurity monitoring
- construction project management
- public relations
- legal management and procurements
- personnel management
- energy management

Experience:

- Member of the Board of LLC "Rīgas ūdens" since 2014 (including Director of the Infrastructure Development Department from 2018 to 2022), Chairman of the Management Board since 2022
- Deputy Director of the Technical Department of LLC "Rīgas ūdens" (2013-2014)
- Construction Project Manager, NCH Regional Office, US Investment Fund Group
- Director of the Infrastructure Maintenance and Development Department of SJSC Riga International Airport
- Technical Director of Modern City, a real estate development holding

Education:

- Master's degree in Heat, Gas and Water Engineering (Riga Technical University)
- Qualification in Civil Engineering and Bachelor's degree in Building Science (Riga Technical University)
- Master's degree in Professional MBA programme (RTU Riga Business School)
- Training certificate of the Baltic Institute of Corporate Governance for members of the Supervisory Board and Management Board, certificate of continuing education programme
- Attended the Environmental Engineering Programme at the Riga Technical University

Expiry of mandate: 5
From 13.01.2022 to 13.01.2027



Normunds Zvaunis
Member of the Management Board

Areas of the management:

- operational management of water supply and wastewater
- technical management of transport and special equipment
- information and communication technology management
- civil protection and business continuity
- safety and occupational health
- Issuing of technical

Experience:

- Member of the Management Board of LLC "Rīgas ūdens" since 2010
- Adviser to the Minister for Finance
- Assistant Head of the Latvian Translation Unit and Publications Unit of the Secretariat-General for Translation and Publication of the European Parliament in Luxembourg
- Head of the Programme Implementation Unit of the Programme Department of the Ministry of Regional Development and Local Government
- Senior Expert of the Department of Budgetary Execution and Monitoring of the State Treasury
- Chief Specialist of the Economics Department of the Ventspils City Council

Education:

- Master's degree in Economics with a specialisation in International Relations (University of Latvia)
- Bachelor's degree in Business Administration (Ventspils University College)
- Training Certificate of the Baltic Institute of Corporate Governance for members of the Management Board



Agnese Ozolkāja
Member of the Management Board

Areas of the management:

- financial management
- customer relationship management
- monitoring water and wastewater quality
- property management and development

Experience:

- Member of the Management Board of LLC “Rīgas ūdens” since 2023
- Head of Riga Corporate Finance Department of JSC “SEB banka”
- Member of the Management Board of LLC “SEB līzings”

Education:

- Professional Master's Degree in study programme “International Finance” from the RISEBA University of Business, Arts and Technology
- Professional Bachelor's degree in Business Administration, qualification in Business and Institutional Management (University of Banking)
- Training Certificate of the Baltic Institute of Corporate Governance for members of the Management Board

Expiry of mandate: 5 years
From 25.09.2023 to 25.09.2028

Together, the members of the Management Board have experience in the management and main activity of capital companies of a public entity, development planning, financial management and public sector governance issues, including team development and leadership, crisis management and communication, which are inevitably linked to ensuring governance of a capital company of a public entity, ensuring security and development of critical infrastructure and strategic facilities.

All members of the Management Board are involved in supervision of specific areas of sustainability, according to their individually defined primary governance areas. Among them, K. Krūmiņš most closely supervises the Company's corporate governance and HR aspects, N. Zvaunis manages the broadest range of environmental issues, and A. Ozolkāja supervises client-related issues. However, these issues are not addressed in isolation, and the Supervisory Board as a whole engages in the broadest possible consideration of sustainability issues: thematic meetings have been introduced where the Management Board, together with the experts involved in the relevant areas, focuses on and considers current issues of sustainability, business continuity, investment performance, core production processes, customer service, communication and other subjects and decides on the way forward on.

Both the members of the Management Board and Supervisory Board regularly update their knowledge in the areas related to sustainability, including participation in local and international conferences on attraction of sustainable finance, use of renewable energy, governance of such issues as leadership and HR management.

Diversity of governance bodies

	Supervisory Board	Audit Committee	Management Board	Total*
Total	3	3	3	8
Gender diversity				
Women, number	1	1	1	2
Men, number	2	2	2	6
Percentage of women, %	33%	33%	33%	25%
Diversity of age groups				
Age 30–50, number	0	0	3	3
Over 50 years old, number	3	3	0	5

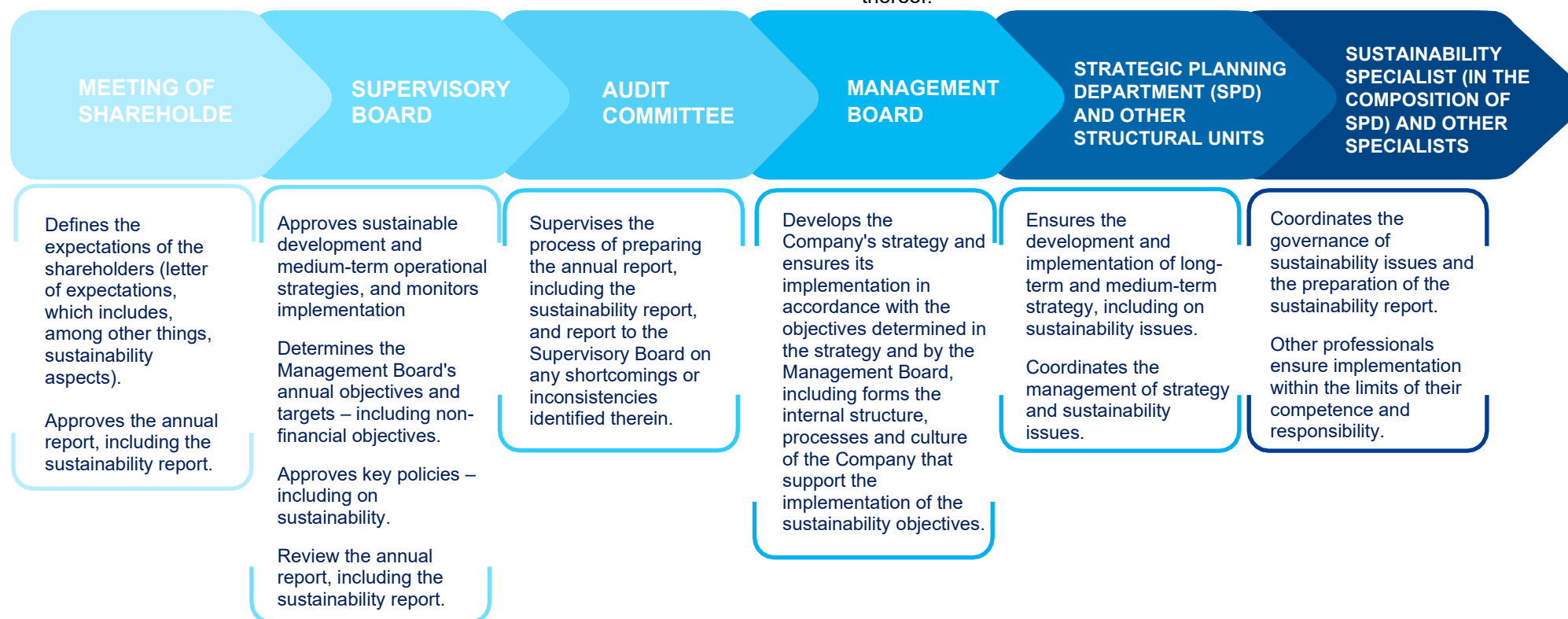
* D. Ljusa is represented on both the Supervisory Board and the Audit Committee. D. Ljusa is listed separately in each individual governance body, but only once in the total.

Governance of sustainability issues are implemented at all levels of the Company, according to the scope of each area represented, ensuring that issues related to these areas are further delegated to the responsible structural units and employees. Accordingly, specialists responsible for specific areas of sustainability ensure the direction and coordination of these issues, promoting a comprehensive approach to sustainability management, as well as strengthening the necessary knowledge, skills and competencies. These specialists support the Management Board and the Supervisory Board in governance of sustainability issues and processes, where necessary.

In 2025, a sustainability specialist began working in the Strategic Planning Department team, whose responsibilities include coordinating sustainability issues, collecting and processing the information necessary for preparing a sustainability report, and preparing the report.

In specific areas related to sustainability – such as environment, energy management, corporate governance, human resources management, etc. – policies and their subordinate internal regulations have been developed which define the responsible structural units, their roles, and reporting obligations. In the first instance, each structural unit shall report issues of concern or other matters for consideration to the member of the Board responsible for the relevant area, who shall, as appropriate, be involved in resolving the matter or taking it forward for consideration by the Management Board and/or the Supervisory Board.

In addition to the direct responsibilities of the functions, an internal control, conformity and risk management system based on a three-line-of-defence principle has been established in the Company to ensure timely identification, assessment and management of risks, lack of conformity and other deficiencies, including in the areas related to sustainable development and provision thereof.



The Company has not established a sustainability committee or similar format at the level of governance bodies, but given that a medium-term operational strategy of *Rīgas ūdens* and its objectives are largely based on sustainable development principles (for more details see section [Strategy, business model and value chain](#)), in 2025, a monitoring system for financial and non-financial targets was approved by the decision of the Management Board and a monitoring committee was established. It is a collegial platform for cooperation, within the framework of which the progress towards goals, possible deviations, risks, necessary improvements and additional measures in the management of key sustainability areas are monitored in a unified manner.

In addition to the usual management processes and bodies of capital companies, *Rīgas ūdens* has introduced an innovative approach in 2025 – it has established an **international Strategic Development Advisory Board**, which includes representatives of water supply companies and industry experts from Ireland, the Netherlands, Sweden, Finland and Estonia. This format allows for direct experience and exchange of ideas on problematic issues and best practices of water sector, suggesting improvements or alternative approaches to promote sustainability and compliance with long-term sustainability objectives, including improving organisational structure and internal processes, sector innovation and other issues where no experience relevant to the specifics of operations of *Rīgas ūdens* is available at the level of Latvia. The water management representatives involved in the Strategic Development Advisory Board have been selected to make the greatest contribution to the areas where *Rīgas ūdens* faces challenges. The members of the Management Board thus represent a wide range of possible directions and issues for water management development, from which *Rīgas ūdens* can draw knowledge and experience that can be effectively applied in Latvia.



INFORMATION PROVIDED TO THE MANAGEMENT AND SUSTAINABILITY ISSUES ADDRESSED (GOV-2)

Sustainability information provided to the governance bodies of the Company falls into three main categories:

- **Approval of and/or amendments to governance documents** of *Rīgas ūdens*- this includes the Company's strategic development documents, as well as policies and other binding laws and regulations. It is carried out as needed, but a medium-term operational strategy is developed and approved every five years.
- **Monitoring of the implementation of management documents** - is carried out with certain regularity (for example, the status of the implementation of the strategy is reviewed by the Supervisory Board at least quarterly based on the monitoring of the Activity Plan for the calendar year, other documents – such as the Management Report on the Energy Management System – are reviewed annually). The execution of individual documents can be reviewed as necessary.
- **Other documents and decisions related to sustainable development** - are reviewed as necessary.

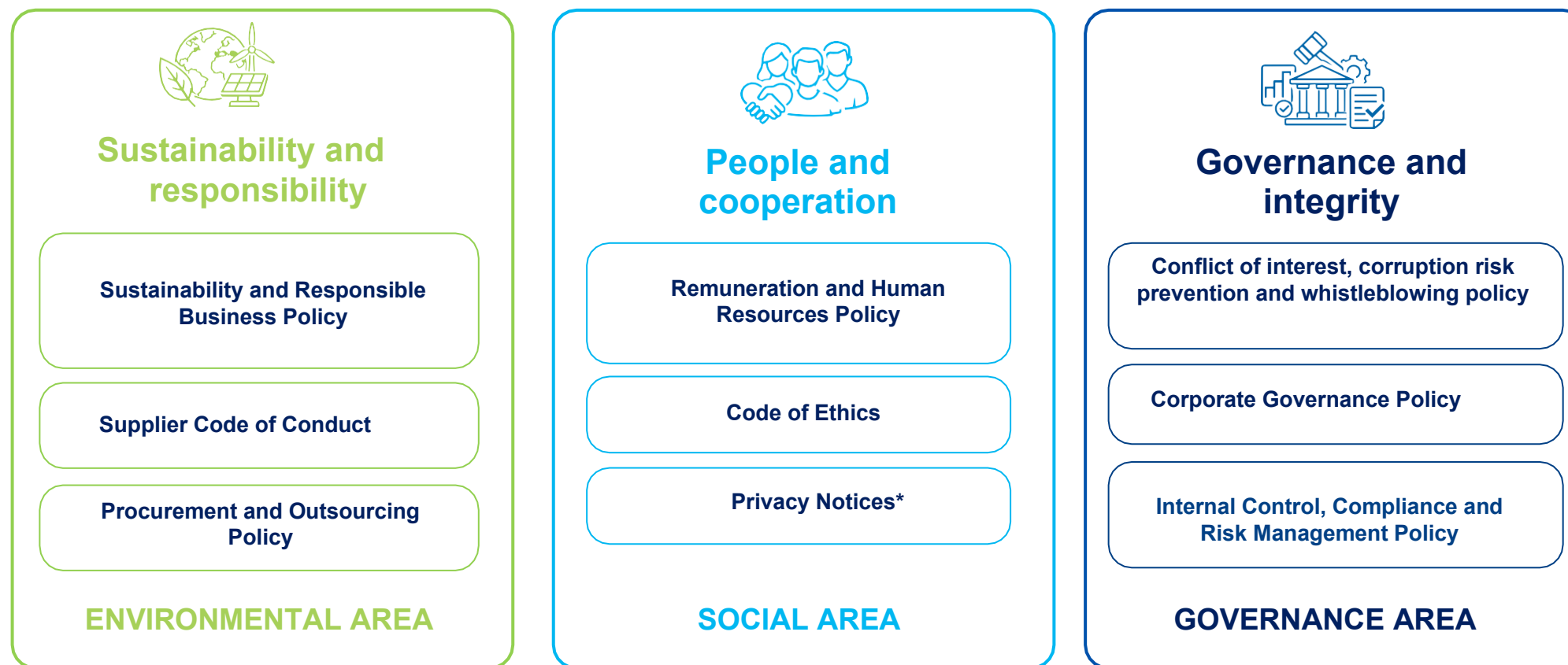
When preparing draft decisions for consideration by the Management Board, the responsible employee should prepare a report which includes a requirement to justify the need for the decision. Although it is not required to include an explicit assessment of the impact on the sustainability objectives, the responsible employee is required to consider the impact on the achievement of the objectives included in the strategy, which are closely linked to the sustainability areas.

In 2025, the Company started work on the revision of a number of key policies – including the restructuring of existing policies or documents equivalent thereto (for example, the Code of Conduct and the Supplier Code of Conduct) into policies covering environmental, social and governance (ESG) aspects accordingly. The main activity of the Company, and, consequently, its relationship with external cooperation partners is most relevant to environmental issues, personnel issues to the social section, and internal culture and control issues to management.

Some of the revised policies were approved in 2025, while others are expected to be approved in 2026.

Also in 2025, privacy notices were developed for customers, external cooperation partners and other stakeholders, as well as for employees, instead of the existing Privacy Policy.

To support the day-to-day activities of the Company, for example in accounting, information technology security and other areas, internal governance documents have been developed that are not equivalent to material policies approved by the Supervisory Board of the Company, however are binding on employees working on the relevant area or solutions.



* for the purposes of processing personal data of staff; customers, business partners, visitors and other related parties

Also in 2025, a new medium-term operating period was launched with the entry into force of the Company Strategy 2025-2030, which is based on the sustainable development objectives (see details in section [Strategy, business model and value chain](#)). Thus, the monitoring of the strategy by the governance bodies also includes the management of the full range of sustainability issues.

Key issues to be addressed by management bodies of *Rīgas ūdens* in 2025

Issues addressed by the Management Board

Environmental area



- Approval of the Taxonomy Compliance Assessment Guidelines and the Climate Risk Assessment;
- Approval of the results of an open tender for the development of an early warning monitoring system for the impact of pollutants at the biological treatment plant Daugavgrīva;
- Decision-taking on participation of *Rīgas ūdens* in the selection of projects 2.2.1.1. Development of a wastewater and sludge management system to reduce pollution, Phase 2;
- Approval of the methane leakage monitoring and approval of the emergency plan for the biological treatment plant Daugavgrīva;
- Decision on participation in the selection of the project "Increasing energy efficiency in the transport sector - support for the introduction of electric vehicles and their charging infrastructure" financed by the Modernisation Fund and in the selection of projects under the measure "Increasing energy efficiency of local government buildings";
- Approval of the Management Report on the Energy Management System and Energy Assessment for 2024; approval of the Energy Management Objectives and Energy Management Plan for 2025-2028;
- Results of the monitoring audit of the environmental management system, implementation plan for the introduction of recommendations

Social area



- Review of the results of the Customer Satisfaction Survey and approval of the Activity Plan for 2025;
- Review of the internal audit report "Evaluation of the quality of customer service processes in line with customer interests" and approval of the action plan to implement the recommendations included in the report;
- Approval of the updated version of the procedure "Customer Service Standard";
- Approval of the report on the assessment of the Company's work environment strategy and future office;

Governance area



- Decision to establish a working group to review positions involving specific working conditions and increased risk of illness due to climatic conditions;
 - Decision to approve the list of positions for critical staff, support staff for ensuring business continuity of critical infrastructure;
 - Approval of the results of open tenders for the visualisation of safety instructions and training material, the identification of workplace risk factors and ventilation measurements.
-
- Approval of the annual activity plan for the implementation of the strategy for 2025-2030, determination of the system for monitoring the objectives;
 - Acceptance of the Sustainability Report and Annual Report for 2024, information on the audit of the financial statements and mandates, including the use of the results of the pre-audit of the Sustainability Report for 2024 in the preparation of the Sustainability Report for 2025;
 - On the issue of transferable debt securities (bonds);
 - On the approval of the guidelines for management of investor relations;
 - On updating the Strategic Internal Audit Plan for 2025-2029, the draft Internal Audit Plan for 2026, internal audit activities, implementation of plans, monitoring the implementation of recommendations, evaluation of the effectiveness of the internal control system;
 - The risk management procedure and reports on risk management to the Supervisory Board;
 - Reports to the Supervisory Board on the approval of the Sustainability and Responsible Business and Internal Control, Compliance and Risk Management Policy;
 - On the approval of the process governance system and the process performance indicators;
 - Approval of the procedures for the conformity governance;
 - Other issues related to environmental, social and governance aspects.

Issues addressed by the Supervisory Council

Environmental area



Prior approval for the award of contracts to tenderers selected following open calls for tenders, whose contractual work is linked to the achievement of the environmental (non-financial) objectives laid down in the strategy, for example:

- The reconstruction of the methane tank farm at biological treatment plant Daugavgrīva, engineering supervision;
- The renewal of two primary settling tanks and one secondary settling tank at the biological treatment plant Daugavgrīva;
- The implementation of the project "Construction of a solar power plant at the water station "Daugava" at the site of *Rīgas ūdens*";
- The acceptance of waste at the municipal solid waste landfill "Getliņi";
- The management of sludge of the water station "Daugava", including transportation;
- Remote reading services for commercial metering;
- Various contracts on the renovation of water and sewage networks.

Social area



- The results of the internal audit "Assessment of the quality of customer service processes in conformity with the interests of customers";
- The Company's work environment strategy and future office assessment;
- The results of the customer satisfaction survey and the activity plan for 2025;
- The Latvian general wages survey.

Governance area



- Amendments to the Articles of Association of *Rīgas ūdens* and the Rules of Procedure of the Supervisory Board, approval of the Rules of Procedure of the Audit Committee and its members;
- The cooperation between the members of the Supervisory Board and the members of the Audit Committee;
- The Company's performance, progress on strategic projects;
- The issue of transferable debt securities (bonds);
- The actions taken and planned to ensure the continuity of the Company's operations;
- Risk and incident management, evaluation of the effectiveness of the internal control system;
- The approval of the Company's medium-term operational strategy for 2025-2030 and the activity plan to achieve the non-financial and financial objectives for 2026;
- The setting of the non-financial and individual objectives of the Management Board for 2025;
- Approval of the conclusion of the transaction (contract) for the evaluation of the conformity of the Sustainability Report 2025 of *Rīgas ūdens* with the requirements of the Law on Sustainability Disclosures;
- Approval of the Remuneration and Human Resources Policy, the Sustainability and Responsible Business Policy and the Internal Control, Compliance and Risk Management Policy;
- Activity of internal audit, follow-up of the implementation of audit recommendations, results of internal audits "Water transmission, including operational management of technical and technological processes" and "Maintenance of network technical data".

Regarding the monitoring mechanisms and their effectiveness – sustainability issues in activities of *Rīgas ūdens* are integrated into the Company's strategy, the implementation of which is regularly monitored, both by tracking the achievement of medium-term objectives and by setting out specific tasks for the achievement thereof in the annual activity plan.

INCLUSION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES (GOV-3)

The remuneration of the Supervisory Board and the Management Board of *Rīgas ūdens* shall be determined in accordance with Cabinet Regulation No. 392 of 25 June 2025, Procedure for Determining the Number and Remuneration of the Members of the Management Board and Supervisory Board in the Case of Management of Shares in the Capital of a Public Entity, and [Remuneration and human resources policy of Rīgas ūdens](#) (which, inter alia, also establishes the procedure for determining the remuneration of members of the Audit Committee).

In accordance with it, the remuneration of the members of the Supervisory Board and the Audit Committee is determined by the Meeting of Shareholders and consists of a fixed monthly remuneration only. It is therefore not possible to determine incentive mechanisms for the members of the Supervisory Board and the Audit Committee to achieve sustainability-related objectives.

The Management Board, in turn, has the possibility, in accordance with the above-mentioned external and internal legal acts, to grant bonuses depending on the Company's performance in the previous reporting year, the implementation of the strategy and its financial and non-financial objectives, as well as the implementation of the performance indicators (KPIs) determined for a particular member of the Management Board individually. The Supervisory Board shall determine annual KPIs for each member of the Management Board and decide annually on the award of bonuses, following approval of the Company's annual report and evaluation of the performance of the Management Board. According to that laid down in the Remuneration and Personnel Policy of *Rīgas ūdens*, the performance of individual KPIs of a member of the Management Board may account for 30-40% of the total bonus.

Individual objectives for the members of the Management Board to be achieved in 2025

The individual objectives of the Chairman and the members of the Management Board are directly relevant to the annual strategic objectives to be achieved by the Company, in conformity with the non-financial and financial objectives laid down in the respective areas of responsibility of the member of the Management Board (with specific performance indicators in the Activity Plan of the Company, they represent 60% of the overall performance relevance), individual development objectives (for example, for the whole Management Board – crisis management leadership skills, communication development - 10% proportion) and other individual objectives relevant to management areas (30% proportion). In 2025, the Supervisory Board approved the following individual objectives of governance area for the members of the Management Board (in addition to those laid down in the Strategy):

- for K. Krūmiņš – to ensure the implementation of the Business Continuity Plan, implementation of the Outsourcing Policy, development of the Water Safety Plan;
- for A. Ozolkāja – to secure the first tranche of bond issue of *Rīgas ūdens*;
- for N. Zvaunis – to ensure the development of the plans for strategic and technological solutions for soil recycling and reuse and plans for the reduction of water losses. The development of the documents continues in 2026.

The indicators to be achieved also include the achievement of target indicators related to GHG emissions within a specified period (this objective is binding for the Company as a whole and is also included in the individual KPIs of K. Krūmiņš, the Chairman of the Management Board, derived from the strategy).

The objectives of the annual Activity Plan are cascaded (a multi-tiered structure is created) at the level of the structural units, identifying specific heads of structural units or their employees who are responsible for the implementation of the objective of the activity and the achievement of the performance indicator value.

NOTICE ON DUE DILIGENCE (GOV-4)

The implementation of due diligence principles in the activities of the Company enables the early identification of existing or potential adverse impact on the environment or society, the involvement of affected parties in consultations on the significance of such impact and the options for mitigation or prevention, the implementation of measures to mitigate or prevent those impacts, and the monitoring of the effectiveness of the above-mentioned measures. In the context of sustainability, compliance with the principle of due diligence means a continuous process within which the above-mentioned activities are carried out, and not only the resolution of specific problem situations is ensured, but also that the Company learns from its experience and improves processes to reduce the likelihood of negative impacts in the future.

In the case of *Rīgas ūdens*, according to the evaluation of the sustainability materiality areas (for more details see the section Significant Impacts, Risks and Opportunities) the most significant negative impacts are mostly related to environmental impacts, including:

- Emissions or leakages of GHGs and other substances;
- Limited wastewater treatment options in case of heavy rainfall;
- Inadequate treatment of wastewater from micropollutants;
- Water losses in an ageing water supply network.

Less significant, but potential negative impact may be related to the working environment (including the specifics of work related to different working arrangements, outdoor working conditions, the need for employees to be involved in water supply or sewerage network emergencies, etc.), as well as customer awareness of the availability of water supply and sewerage services, tariffs, emergency situations and their resolution, etc. (particularly relevant in apartment buildings where *Rīgas ūdens* interacts with residents through the management).

At the same time, the Company is aware that, although these negative impacts are currently relatively major, both in the development planning of the Company and in its day-to-day work, it is necessary to ensure that potential factors of negative impact are identified and managed in a timely manner. Therefore, the Company continuously ensures:

- **Implementation of environmental management processes**, including the identification and management of significant environmental aspects (within the framework of the certified system ISO 14001). This allows significant environmental

issues to be identified and managed in a timely manner, allocating the necessary resources and planning appropriate measures;

- **Conduct of customer satisfaction surveys**, which are conducted as a single survey once a year, identifying factors in both positive and negative experiences of customers, and developing a plan for the improvement of the customer experience. The plan is approved by the Management Board and is also presented to the Supervisory Board of *Rīgas ūdens*. In addition, customer satisfaction measurements are conducted by customer complaints, carrying out Pulse measurements of the quality and relevance of the solution received for the specific problem situation;
- **Consultations with representatives of specific communities** that are or may be affected by potential negative impact, for example discussions with residents of the neighbourhood of Vārnukrogs on the spread of odours from the sludge field and measures to reduce odours, or meetings with residents of neighbourhoods where new water supply or sewerage infrastructure is being built to explain the possibilities of connecting to this infrastructure, provide information on support options and listen to potential concerns and uncertain issues that may arise;
- **Annual employee satisfaction surveys**, which, like customer surveys, identify the most important factors in positive and negative experiences of employees and further plans for the improvement of the working environment are based on them;
- **Provision of other formal and informal channels for employees to communicate**, so that they, regardless of their function or position, have the opportunity to express their concerns or ask questions about the activities of the Company, its development, and daily problem situations. For example, a new format has been introduced in 2025 for "Morning Coffee with the Management Board" – a quarterly meeting that any staff member can join, while the Chairman of the Management Board has a specific time each week when any staff member can approach him with questions;
- **A regular process of assessing and reassessing the Company's risks**, where, among other things, the potential negative impact on the environment, the provision of services to its users and/or transport and pedestrian flows in the city (especially in the case of infrastructure project development) is assessed;
- **Reviewing and discussing current problematic issues, including** at the level of the Management Board and the thematic groups it has established, seeking the most effective ways to address specific issues. In 2025, eight thematic groups have been established in the following areas: 1) production, 2) business continuity, 3) water loss reduction, 4) wastewater pollution management, 5) investment realisation, 6)

implementation of ESG requirements, including Taxonomy, 7) customer service and water quality, 8) human resources and corporate governance. Working in these groups ensures effective exchange of information and timely identification and resolution of issues, involving representatives from different functions.

The elements of due diligence in the thematic sections of this Report are described on the following pages:

Basic elements of due diligence	Page of the report
Integrating due diligence into governance, strategy and business model	41-45; 46-47; 51; 52-56
Involvement of affected stakeholders at all key stages of the due diligence process	51; 52-56; 81; 92; 108; 113; 122-125
Identifying and assessing negative impacts	80; 91-92; 106; 113; 114; 125-127; 139
Measures to address these negative impacts	80; 91-92; 106; 111; 112; 125-127; 139
Monitoring and reporting on the results of these efforts	66; 81; 87; 88-90; 96; 97-98; 116; 125; 130; 134; 140; 142, 145

RISK MANAGEMENT AND INTERNAL CONTROL IN RESPECT OF PROVISION OF SUSTAINABILITY DATA (GOV-5)

The preparation of the Sustainability Report of *Rīgas ūdens* follows the principles laid down in *the ESRS* and ensures appropriate controls in the extraction, processing and presentation of information. As required by the *ESRS*, the information included in the report is:

- **Relevant** – the content of the report is based on [double relevance assessment](#) resulting in the identification of areas of sustainability significant to the Company where the information available may be significant to stakeholders, including cooperation partners, investors, customers, employees and the wider community;

- **Accurately presented** – the Company shall comply with the information and data presentation requirements of *the ESRS*, but in cases where the required information is not available or does not currently exist, it shall be disclosed in the body of the report;
- **Comparable** – where possible, the Company shall ensure comparability of the information provided (especially quantitative data), but note that 2025 is the first year in which the Company fully implements the *ESRS* requirements for sustainability reporting. As a result, not all data included may be fully comparable with previous periods. Also in 2025, the GHG emissions methodology has been revised and Scope 3 GHG emissions have been calculated for the first time, as well as the assessment of the conformity of the Company's activities with the EU Taxonomy requirements has been carried out for the first time, so the information in these sections is not objectively comparable with previous periods. In the future, the Company intends to ensure a comparison of the quantitative data included in the report at least with the previous period (year), to the extent possible and in accordance with the specifics of a particular indicator, also ensuring a comparison over a longer period of time;
- **Verifiable** – the facts, data and assertions contained in the report are based on the documents or other sources of information available to the Company. The report has been independently audited externally ([limited assurance engagement](#)). Prior to the commencement of preparation of the Report for 2025, an external assessment of the Report for 2024 was carried out – essentially equivalent to an interim review of the Assurance Assignment – identifying the key improvements required, which, in accordance with the Company's assessment, have been implemented in this report;
- **Understandable** – the Company aims to present all sustainability-related information in a structured way that is as understandable as possible to the different audiences that use the report. Where possible, the *ESRS* terminology has been retained in the report, but where it would be difficult for the reader to perceive or understand, it has been replaced by alternative wording.

Accordingly, the most significant risks in the preparation of the report relate to possible non-compliance with the above principles. To ensure that the Report of *Rīgas ūdens* is produced in a timely manner and in compliance with all the above principles:

- The preparation of the Sustainability Report, including its methodological basis, will be coordinated from 2025 by a single staff member, the Sustainability Specialist. This will ensure uniform control over the preparation process, format, data quality and other aspects of the report;
- In accordance with the sustainability management structure discussed above, various structural units and specialists of the Company are involved in the preparation of the data and information required for the report, who are provided with a unified data and information acquisition form for completion in a timely manner;
- All data and information and supporting documents are shared to ensure transparency and control of the information acquired for the report;
- Where possible, data is extracted from the Company's information systems. In some cases (e.g. For the calculations of GHG emissions), the original data is further processed by identifying the person responsible for the process and keeping the original data sources and processing process thereof verifiable;
- When using external sources, the Company relies primarily on publicly available or validated external data (e.g. emission factor databases, climate scenario projections of official bodies, etc.), providing appropriate reference;
- To ensure that the information obtained is correctly reflected in the report, a "four-eyes principle" check is ensured after its processing;
- As part of the Annual Report, the Sustainability Report is reviewed by the Management Board, the Audit Committee and the Supervisory Board, thereby confirming its conformity with the vision of the governance structures and ensuring consistency of information across all sections of the Annual Report;
- An independent external review of the Sustainability Report is ensured. The year of 2025 is the first year that such review has been carried out for the Sustainability Report of *Rīgas ūdens*. Cooperation with the auditor is initiated in a timely manner and the audit opinion will be reviewed at management level to decide on the necessary improvements for future reporting periods.



STRATEGY, BUSINESS MODEL AND VALUE CHAIN (SBM-1)

Main activity of *Rīgas ūdens* is the production and supply of drinking water and the collection and treatment of wastewater, thus effectively providing environmental services and ensuring the full water cycle in Riga. Riga City Council has set the strategic target for the Company:

To provide high quality and reliable water management services, ensure sustainable and safe use of water resources significant for Riga and governance of strategically important infrastructure, as well as to promote residents' participation in prevention of water pollution.

Based on this objective, the Sustainable Development Strategy of *Rīgas ūdens* has been developed. Its planning process was carried out by assessing the existing situation, identifying binding requirements, the regulatory framework, the scope of higher-level water management sector planning documents, as well as carrying out a detailed analysis of the condition of the water supply and sewerage networks managed by the Company and the options for renewal in

the coming decades. The Company also carried out an initial assessment of the sustainability impacts, risks and opportunities (double materiality) of the material areas. Relevance was assessed across the entire value chain of the Company and also with the involvement of stakeholders. As a result, the relevant Company's sustainability aspects were identified and evaluated within the context of non-financial objectives set for the Company, identifying individual priority areas for development, objectives to be achieved and target values in 2040. As a result, the Company has developed a tailored [Sustainable Development Strategy until 2040](#), as well as [Medium-term Operational Strategy for 2025-2030](#) which is in fact an action and investment plan for the long-term strategy.

The Company's strategic planning and strategy implementation thus form a logical chain from the overall strategic objective setting and detailed analysis of the current situation until the long-term and medium-term strategy, which is further implemented on the basis of an activity plan.



Guiding laws and regulations, planning documents and initiatives



The target indicators and their achievement for the sustainability areas covered in this report are discussed in the relevant thematic sections

The strategic development of *Rīgas ūdens* is based on sustainability objectives, which are divided into three dimensions: environmental, social and governance. Thus, the Company does not supplement its existing strategy with sustainability aspects, but builds it on the foundations of sustainable development, sequentially determining needs, objectives, and an implementation approach. Each objective has specific target indicators to be achieved, the implementation of which is regularly monitored, assessing possible deviations and, in such cases, the necessary action. The target indicators are not externally verified. Where appropriate, they are based on requirements of external legal acts or policy planning documents (for example for wastewater treatment or water loss mitigation). No scientifically valid objectives have yet been set.

A wide range of the employees of *Rīgas ūdens* from all structural units working on environmental, social and governance issues were involved in the development of both the long-term and medium-term operational strategies. The Management Board of the Company appointed the members of the Strategic Planning Working Group to develop the strategies. The most important contribution of the employees was in identifying and describing key sustainability areas, risks and opportunities for future challenges, strategic objectives, activities, developing the Activity Plan, as well as in the in-depth study of individual action directions, which led to the development of the GHG Emissions Reduction Roadmap for 2040 for the Strategy, the WTI (Wastewater Treatment Installations) Energy Neutrality Roadmap for 2040, the Centralised Water Management Services Access Development Roadmap for 2040 and the Sustainable Long-term Water Network Renovation Plan for 2040, the Sustainable Long-term Sewerage Network Renovation Plan for 2040. However, the most important achievement is not only the tangible result of approved planning documents, but also the participation of employees in shaping the strategic development directions (participation of employees in workshops, online survey, focus groups and other formats). This not only ensured broad involvement in several stages of the development, but also strengthened the sense of ownership and shared understanding of the Company's future objectives.

The final workshop of the project was attended by 120 employees, who jointly gathered ideas and proposals that were integrated into the development planning documents of *Rīgas ūdens*.

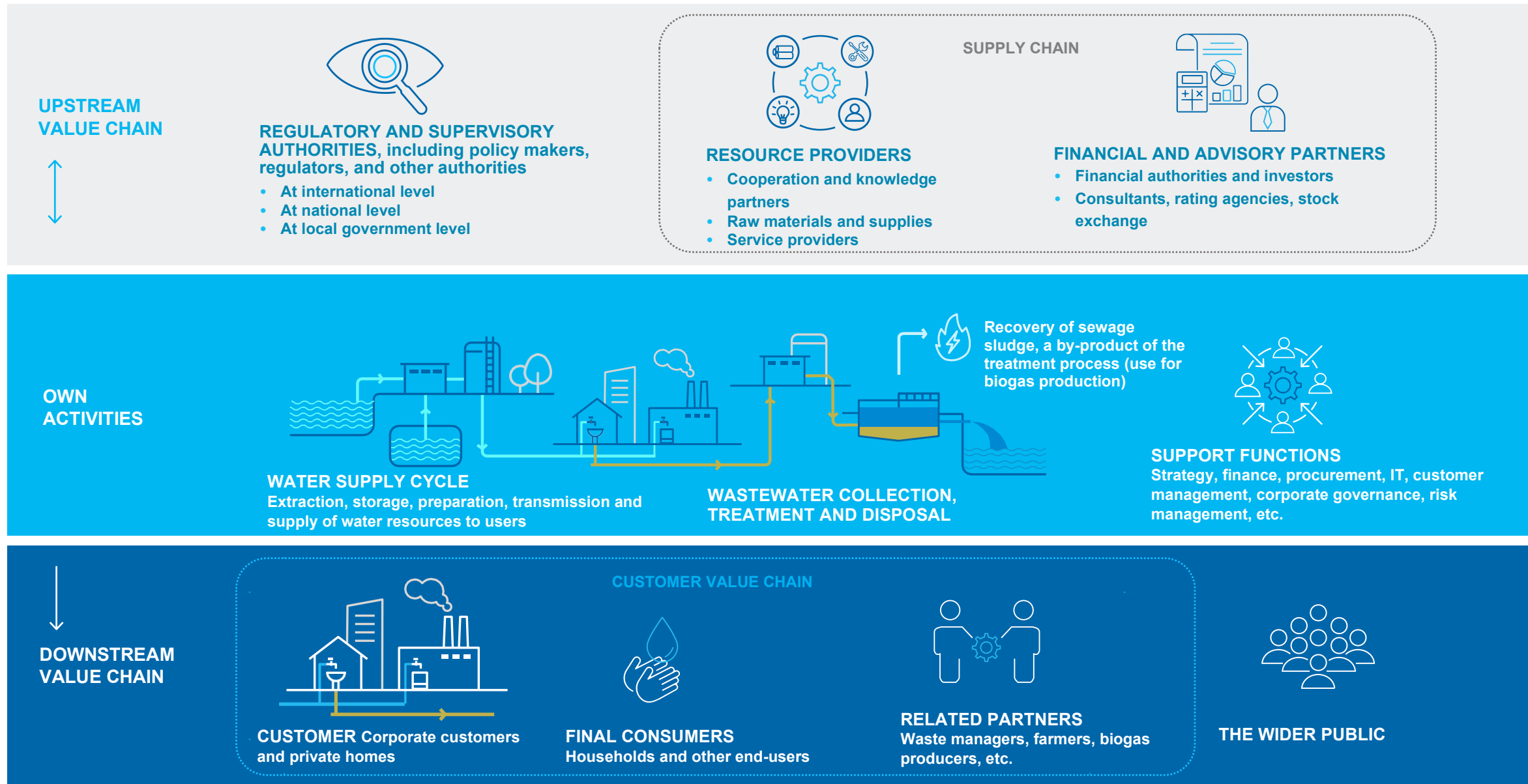
All employees working for the Company in 2025 were involved in the execution of the Strategy, in accordance with their area of activity (average number of employees in 2025 – 765). At the same time, it should be noted that the implementation of the Company's strategy is not only

dependent on the Company's own performance, but also on its value chain, which includes the wider range of partners and stakeholders on whom the operation of the Company depends or where these relationships may impact the Company. A complete value chain should include upstream and downstream stage, in other words, the activities, resources and relationships that take place before the processes themselves are provided and the activities, resources and relationships that take place after the Company has transferred its product or service to its direct or indirect users.

In the case of *Rīgas ūdens*, two specific nuances and challenges related thereto have been taken into account in the design of the value chain:

- the Company is a capital Company of the Riga City local government, which is subject to the requirements of the regulation of a capital Company of a public entity, and *Rīgas ūdens* also operates in a regulated sector, which is subject to the requirements of the related regulation of the provision of public services, tariff setting, etc. The Company's value chain thus includes regulatory and supervisory authorities, as the Company is not free to set its own operating principles and pricing policy for its services;
- also in the downstream chain, the Company's relationships are more complex than for many other companies. In the case of *Rīgas ūdens*, some of its customers are direct customers with whom the Company has cooperation agreements and direct settlements (e.g. residents of private houses, companies, building managers, multi-apartment housing associations, etc.), and some are indirect customers (e.g. residents of housing associations, tenants of various facilities, etc.). In addition, the Company's services are also used by the wider public, which is difficult to distinguish from direct and indirect customers (for example, users of public taps in the city are both users of the specific service and the wider Riga public or visitors). The Company's downstream value chain is thus also broken down further than the traditional value chain.

Rīgas ūdens Value Chain






In 2025, there have been no significant changes to the Company's range of services or the market in which it operates, but new solutions are being introduced to improve existing services and customer service, as described more detailed in section S4 Consumers and end-users, and also to improve the working environment – S1 Own personnel –and to improve operational processes (particularly applicable to environmental aspects related to the provision of the services of main activity). With regard to the management of resource providers, it is planned to develop and implement in the coming years the supplier and partner management approach outlined in section G1 Business.



The total turnover of the Company, which consists of the provision of water management services to the residents of Riga, in 2025 was EUR 80 320.81. There are no categories in the Company's revenue that are derived from fossil resource activities or other specific areas identified in *the ESRS*.



STAKEHOLDERS' INTERESTS AND VIEWS (SBM-2)


Stakeholders' views, interests, needs and concerns are taken into account as far as possible in the Company's strategic development planning and process improvement. A variety of communication channels are used to obtain this information. The most relevant of these, according to the stakeholder categories identified earlier in the value chain, are discussed in the table below. Active stakeholder engagement and timely communication, in the view of the Company's management, enable prevention of potential risks and negative impacts on the wider society or specific groups thereof and the most appropriate solution for all parties can be found.

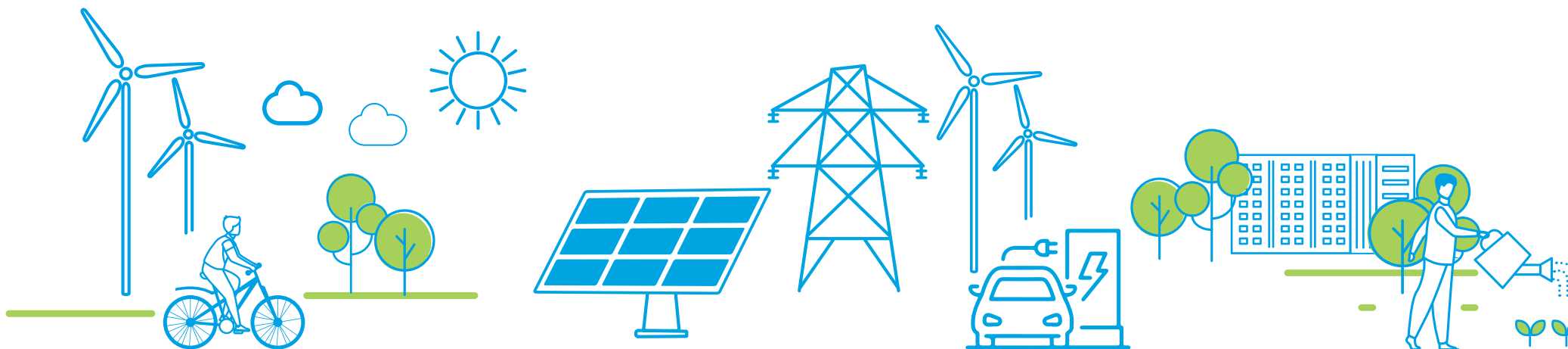
Category of stakeholders	Interests, needs, opinions, concerns	Type of involvement	Objective	Application of the views expressed	Impact on the Company's strategy and business model	Structural unit responsible for engagement
 <p>Regulatory and supervisory authorities, including sector policy makers</p>	Regulatory compliance, safe and sustainable service delivery, protecting the public interest; Transparency of information, reliability of data; Compliance with permit conditions; Justification of tariffs	Participation in working groups, drafting laws and regulations, reports, inspections, approvals; Regular reporting, fulfilment of information requests; Authorisation coordination, control measures; Drafting and coordination of tariffs	To ensure conformity with regulation and timely implementation of requirements; To ensure that monitoring functions are carried out; To ensure business continuity; To ensure an economically sound tariff policy	The requirements are integrated into internal processes, risk management, investment and development plans; The reports are used in control and supervision processes; Conditions are integrated into operational and investment processes; Tariff data are used for budgeting and strategic planning	Influences strategic objectives, investment priorities, service provision conditions; Impacts reputation and trust of regulators Impacts technological solutions and investments; Impacts financial stability and development opportunities	Management Board, Legal Division, Corporate Governance Division, Internal Audit Division, Water Resource Inspectorate, Joint Water Quality Control Laboratory, Strategic Planning Division, Financial Department

Category of stakeholders	Interests, needs, opinions, concerns	Type of involvement	Objective	Application of the views expressed	Impact on the Company's strategy and business model	Structural unit responsible for engagement
 Shareholder and its representative	<p>Sustainable development, financial stability, ensuring the public good; Coordination of strategic decisions</p>	<p>Letter of expectation from the shareholder; Defining the overall strategic objective and coordination of the strategy; Meetings of Shareholders consultations with local government policy makers in the sector; Data collection and provision of information upon request; Involvement in the development of best practices in the capital companies of the Riga City local government; Decision coordination, information</p>	<p>To get timely information on shareholder requirements and defined conditions; To get agreement on the most significant strategic decisions (for example, attracting outside investors) To ensure transparency of governance</p>	<p>Integrated into strategy, KPIs and investment plans; Used in the evaluation of strategic projects</p>	<p>Shareholder decisions and vision have a direct impact on the Company's strategy and its sequencing implementation capabilities – determine the direction, priorities and use of capital; Influences the pace and volume of investment</p>	<p>Supervisory Board Management Board Strategic Planning Division</p>
 Suppliers, service providers	<p>Clear terms, timely payments, long-term cooperation; Awareness of requirements</p>	<p>Procurements and contractual relations concluded as a result thereof; Consultations with interested suppliers; Public communication; Industry events (for example, development conferences of <i>Rīgas ūdens</i>)</p>	<p>To get information on the range of suppliers, opportunities, latest solutions in the sector; To present the Company's development plans to suppliers and encourage them to participate actively in procurements, ensuring full competition; To promote the selection of sustainable cooperation partners who have an understanding of the Company's development objectives and priorities; To promote open and transparent course of procurement processes; To ensure quality and continuity of services;</p>	<p>Complying with fair competition, to assess the feasibility of market participants and the use of the latest available technologies to successfully achieve the Company's strategic objectives; Aligning supplier capabilities with the sustainability requirements defined by the Company, ensuring their progressive and meaningful implementation; Inclusion of requirements in procurement documents and contracts; Improving procurement procedures</p>	<p>Transparent supplier engagement and open communication can contribute to achievement of the Company's sustainability objectives, but does not fundamentally change its strategic approach; Impacts costs, quality of services and risks; Impacts the effectiveness of cooperation</p>	<p>Procurement Management Division Financial Department Communication Division</p>

Category of stakeholders	Interests, needs, opinions, concerns	Type of involvement	Objective	Application of the views expressed	Impact on the Company's strategy and business model	Structural unit responsible for engagement
 Investors, financiers	Financial stability, transparency, risk control	Public annual and interim reports; Bond prospectus and fact sheet; Communication on stock exchange information channels; Meetings with financial institutions; Sharing good practice and experience; Industry events (for example, development conferences of <i>Rīgas ūdens</i>); Investor communication	Keep investors and financial institutions informed about the Company's development and strategic direction; Obtain information from financiers on their requirements for the Company's activities, including in the areas of sustainability; To ensure credibility and access to financing	Assess the requirements of financiers and possibilities for their implementation, including the extraction, processing and use of the necessary information and data for further decision-making Include in investment and risk planning	Vision of investors and financiers influence the Company's ability to implement the strategy defined by it and investment plans subordinated thereto, and also can contribute to introduction of changes in strategic development plans Influences capital structure and investment opportunities	Management Board Financial Department Communication Division
 Education and research institutions	Internships, cooperation, research	Cooperation agreements; Involvement in education programmes; Provision of traineeships; Commissioning scientific researches; Industry events (for example, development conferences of <i>Rīgas ūdens</i>)	To ensure the attraction of young professionals to the sector; To share knowledge and experience, helping to train young professionals; To acquire the latest scientific findings and research in the field of water management for practical implementation in the Company's activities; To ensure the development of competences	To involve young professionals in the working environment, providing them with the theoretical and practical knowledge they need; To get involved in the development of education programmes in the sector, ensuring they are more closely aligned with labour market needs; To use the latest research in the activity of the Company	The ability of educational institutions to attract and educate young professionals in the medium and long term has a material impact on the Company's workforce attraction and succession; Using the latest research in the activities of the Company may require changes in strategy or implementation approaches	Human Resources Division Strategic Planning Division

Category of stakeholders	Interests, needs, opinions, concerns	Type of involvement	Objective	Application of the views expressed	Impact on the Company's strategy and business model	Structural unit responsible for engagement
 <p>Associations of the sector</p>	<p>Sectoral development, regulatory improvement</p>	<p>Involvement in associations and their working groups; Expressing the Company's position on issues of importance to the sector; Joint projects; Sharing good practice and experience</p>	<p>To express the Company's position on issues of importance to the industry; To exchange experiences and discuss possible joint solutions, especially in the area of the capital city To promote the sectoral development</p>	<p>The views and experiences of other experts of the sector can provide useful information for the development of the Company; To use for strategic planning</p>	<p>Involvement in industry associations and other organisations allows for more effective targeting of issues related to the strategy, where wider involvement of the sector and/or public institutions is needed; Impacts long-term development directions</p>	<p>Management Board Strategic Planning Division</p>
 <p>Employees</p>	<p>Security, stability, development, clear responsibilities</p>	<p>Internal communication activities; Annual satisfaction surveys; Involvement activities (for example, in development of the strategy and other key issues, staff conference); Sending of weekly newsletter of the Management Board; "Morning Coffee with the Management Board" once a quarter; Availability of the Chairperson of the Board for one-to-one discussions; Annual staff appraisal interviews</p>	<p>To keep employees informed about the Company's development plans and current issues; To involve employees in planning and ensuring the Company's development; To get feedback on changes introduced or needed in the working environment; To provide opportunities to ask questions to the management, including the Company's senior management; To create an open and transparent internal communication environment and culture</p>	<p>Ideas, feedback and evaluations provided by the employees are used to decide on the development of the Company, the improvement of the working environment and the resolution of certain problematic issues; To ensure motivated and competent staff</p>	<p>An annual staff survey leads to a plan for the improvement of the working environment, which is approved by the Management Board and presented to the Supervisory Board. It includes improvements in the physical working environment (for example, rest rooms, shared workspaces, etc.), motivation systems, succession planning, and other strategically important staff-related areas</p>	<p>Management Board Human Resources Division Communication Division</p>

Category of stakeholders	Interests, needs, opinions, concerns	Type of involvement	Objective	Application of the views expressed	Impact on the Company's strategy and business model	Structural unit responsible for engagement
 <p>Direct customers (who are also end users)</p>	<p>Quality of service, accessibility, clear bills</p>	<p>Mailing of up-to-date information; Advice in the areas where new projects or major changes are planned; Customer service information channels – customer portal, helpline, email; Customer satisfaction surveys – once a year and as required (including following complaints); Customer service, complaints, surveys</p>	<p>To improve the quality of services; To inform customers about current developments, especially where they affect their activity; To ensure the opportunity to ask questions, submit complaints, make suggestions, etc; To find out the customer's assessment of the Company's performance and the main areas of concern</p>	<p>Information provided by customers, questions asked and complaints submitted are analysed and used to improve services/processes</p>	<p>An annual customer survey leads to a customer service improvement plan, which is approved by the Management Board and presented to the Supervisory Board. It includes improvements in customer communication, applying for services and processing processes and other aspects to ensure the most efficient possible customer service</p>	<p>Customer Service Provisioning Department</p>



MATERIALITY ASSESSMENT PROCESS (IRO-1)

Building on the double materiality assessment work carried out in previous years, a detailed assessment of the sustainability materiality of *Rīgas ūdens* was carried out in 2025, identifying and assessing the impacts, risks and opportunities (IRO factors for short) for each of the potentially relevant sustainability sub-topics identified in *the ESRS*. The materiality assessment provides the basis for the content of the sustainability report and indicates which themes and data should be presented in the subsequent environmental, social issues and governance sections.

The assessment was carried out in accordance with the double materiality principle of *the ESRS*, including:

- financial materiality, which reflects how sustainability issues affect the Company's own value, profits and performance; and
- impact materiality, which shows how the Company's activities affect the environment, society and the business environment.

The double materiality assessment includes the steps below and will continue to be carried out periodically to ensure that the sustainability themes included in the sustainability report are relevant to the current situation of the Company's operations:

On average every three years (or more often if there are significant changes in the Company's operations):

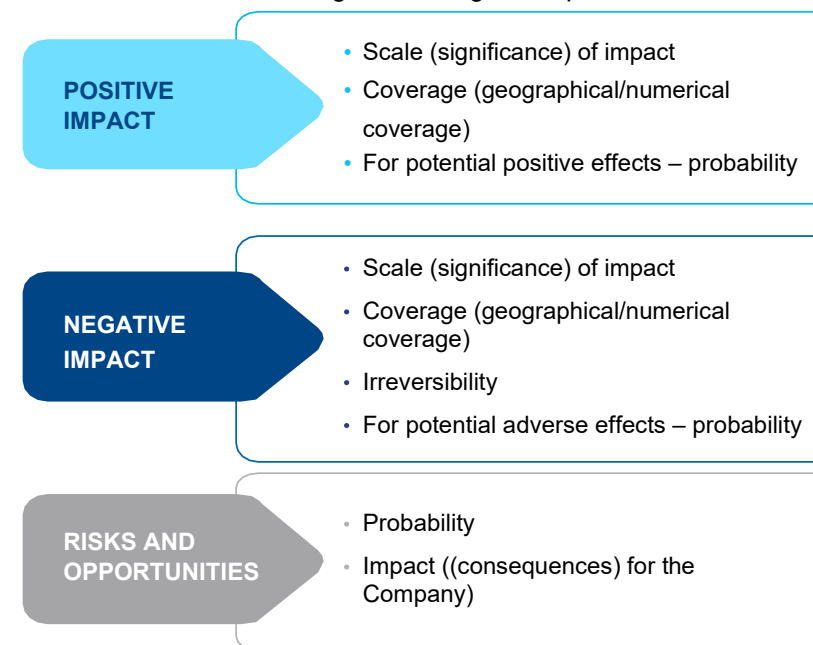


1. **IRO identification factors** was carried out by conducting research on directions of and processes of main activities of *Rīgas ūdens*, its strategic development objectives, customer and employee survey results, as well as research of other water management companies' activities and initially identifying 126 potential IRO factors (including 51 impact factors, 40 risks and 35 opportunities). According to the *ESRS* approach, the impact factors include both positive and negative aspects, as well as both present and potential factors probable in the future. Some IRO factors are

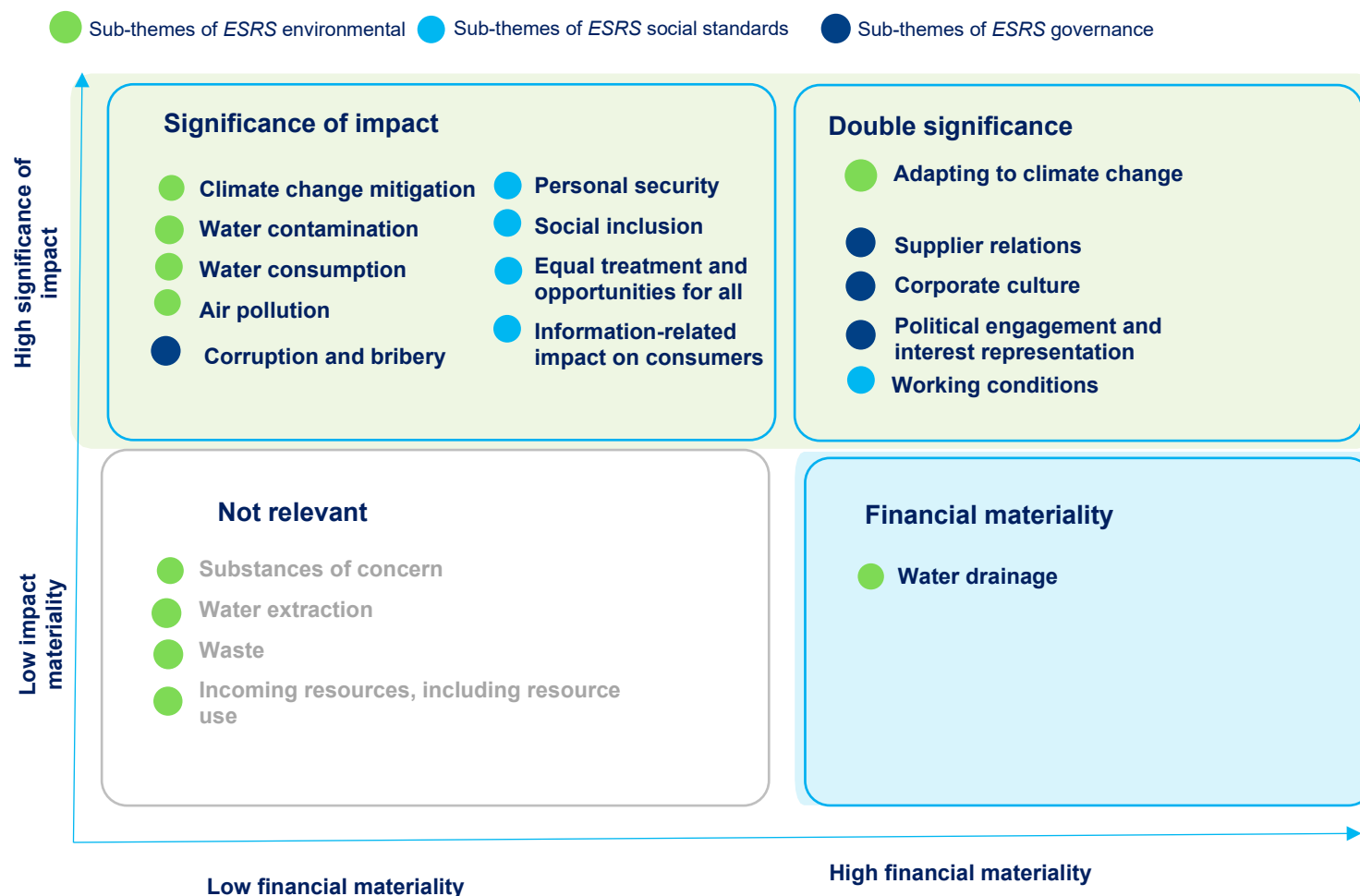
interlinked, for example a negative impact implies a potential risk to the Company's activity and/or an opportunity that could improve the Company's activity and contribute to mitigating the negative impact. Such factors have been identified for GHG emissions, customer service and other areas.

2. Thematic workshops on environment, governance, work environment and customers were organised to discuss, refine or complement the factors initially identified. These workshops involve the responsible staff of *Rīgas ūdens*, providing additional information and insights into the Company's current and planned processes.

3 The internal assessment was carried out by developing an assessment methodology compatible with the Risk Management Methodology of *Rīgas ūdens* on a scale of 1-5 and assessing the relevance of each IRO factor according to the parameters laid down in *the ESRS* and validating it with the responsible experts in each area. The Risk Manager of *Rīgas ūdens* was actively involved in the process, ensuring that risk factors in particular were linked to existing risk management processes within the Company.



Double materiality matrix of Rīgas ūdens



4. **Involvement of external stakeholders** – although the views and needs of external stakeholders were already taken into account in the initial identification and discussion of IRO factors, an additional involvement activity was carried out in late 2025 to validate and refine the internal assessments of the team of *Rīgas ūdens*, and also to obtain additional comments from stakeholders. External parties were asked to assess the impact factors as they have the most significant potential impact on society or specific members of society, as well as on the external environment, while the assessment of risks and opportunities retained the Company's internal perspective, as these factors primarily affect the own activity of the Company and development opportunities. Assessments of external stakeholder assessments were given a proportion of 40% in the overall assessment of IRO factors, specifying a proportion of 60% for the internal assessment.

5. **Creating a double materiality matrix** – internally and externally assessed IRO factors were grouped into *ESRS* themes and sub-themes, determining an overall assessment for each sub-theme accordingly. **The materiality threshold for both impact and financial materiality (risks and opportunities) was determined at 3.5** – i.e. if on a 5-point scale the total score of the impact factors or factors of risks and opportunities for a particular theme was at least 3.5, then that theme is considered to be material in the context of sustainability reporting for *Rīgas ūdens*. Based on this approach, a **double materiality matrix** was developed, which includes the themes discussed in the figure below, which are further discussed in the thematic sections of this sustainability report.

The results of the materiality assessment have been approved by the Management Board of *Rīgas ūdens* and presented to the Audit Committee and the Supervisory Board.

In turn, the Company includes in its sustainability report the information on sustainability themes that are material from the perspective of impact, finances or double significance. Themes placed under "not relevant" are not included as they did not exceed the threshold of 3.5 points in any of the assessments (39 out of the 126 IRO factors identified did not exceed the threshold of 3.5).

Following the completion of the materiality assessment, a mapping of the key sustainability areas to the priorities and objectives identified in the strategic planning documents of *Rīgas ūdens* has been carried out (for more details see section [Strategy, business model and value chain](#) and the target indicators of the strategy in the thematic sections of the key sustainability areas) and concluded that virtually all key areas in the strategy of *Rīgas ūdens* also have specific environmental, social or governance objectives. Targets related to supplier management and customer social inclusion are to be clarified, where the Company informally and regularly monitors that the tariff for water management services does not exceed 1 % of household expenditure, however such target is not formally laid down in the strategic planning documents of the Company.

The results of the double materiality assessment are not directly comparable to the materiality matrix in the Sustainability Report of *Rīgas ūdens* for 2024, as the current assessment is much more detailed and covers specific IRO factors rather than general sustainability themes. Also, the previous assessment did not clearly identify the materiality thresholds and the breakdown of areas according to *ESRS* standards – 1) areas relevant in terms of impact, 2) areas relevant in terms of finances and 3) double or areas relevant in both in terms of impact and finances. The matrices are therefore not comparable with previous years.

By analogy with the matrix used in 2024 and evaluation scales included therein it may be concluded that the overall range of relevant areas is similar, however the assessment in 2025 is higher for the themes related to employees, customers and ethical governance.



2.2 Environmental information

E1 CLIMATE CHANGE

SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (IRO-1; IRO-2 SBM-3)

Climate change aspects of *Rīgas ūdens* operations are significant from both an impact and a financial perspective. In recent years, the Company has undertaken targeted work to reduce GHG emissions from its operational processes, as well as to analyse the risks of climate change and assess their impact on *Rīgas ūdens* operations.



Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Climate change mitigation	High energy consumption and use of fossil fuels in the Company's processes (water supply, sewerage and related processes), resulting in significant greenhouse gas emissions	Impact (actual, negative)	P	1; 2-5; 5+
	Biogenic emissions from the wastewater treatment process and sludge management, which depending on further management may lead to additional greenhouse gas emissions such as methane (CH ₄) and nitrous oxide (N ₂ O), thereby increasing the Company's overall emissions footprint	Impact (actual, negative)	P	1; 2-5; 5+
	Implementing a GHG emissions inventory, control and reduction system	Impact (actual, positive)	P	1; 2-5
	Use of biogas and environmental energy from sludge treatment for the Company's own energy production	Impact (actual, positive)	P	1; 2-5; 5+
	Potential failure to meet climate targets due to insufficient or delayed action and/or funding or lack of internal capacity	Risk	P	2-5; 5+
	Disproportionate costs of emission reduction measures (e.g. in transport, renewable energy technologies, etc.)	Risk	A	1; 2-5
	Ageing infrastructure increases energy consumption in water transmission and associated emissions, making it more difficult to meet climate targets, especially where electricity is derived from fossil fuels	Risk	P	1; 2-5; 5+
	New environmental requirements for improved wastewater treatment and sludge treatment can increase energy consumption	Risk	P	5+
	Development of renewable energy (solar or geothermal projects) can reduce dependence on fossil resources and increase the efficiency of energy supply	Opportunity	P	1; 2-5; 5+
	Expanding biogas production and improving efficiency can reduce fossil fuel consumption and increase energy production itself	Opportunity	P	2-5; 5+
Adapting to climate change	Increasing the resilience of infrastructure during periods of heavy rainfall, including by reducing the risk of environmental pollution	Impact (potential, positive)	P	2-5; 5+
	More frequent extreme weather events (floods, storms) can affect the functioning of water supply and sanitation infrastructure	Risk	P, L	2-5; 5+
	Limited, fragmented responsibility for stormwater management in Riga city makes it difficult to effectively manage stormwater flows	Risk	A, P	1; 2-5
	Insufficient resources and need for additional investment to adapt infrastructure	Risk	P	1; 2-5; 5+
	Increasing the rate of rehabilitation of sewerage networks improves the resilience of the system to extreme weather events. Construction of intakes, pre-treatment solutions, etc., implemented under the projects reduce environmental pollution from the system	Opportunity	P	1; 2-5
	Developing a climate risk management framework through the development of safety plans and resilience measures to mitigate the impacts of climate change	Opportunity	P, L	1; 2-5

* The designations used "expression in the value chain": A – upstream value chain, P – Rīgas ūdens own operations, L – downstream value chain.

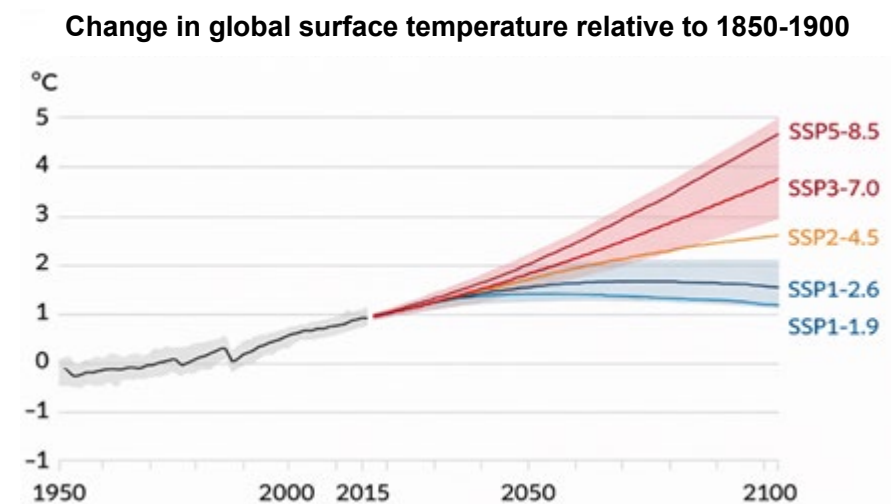
** The terms used are in line with the ESRS time frames: short term – 1 year, medium term – 2–5 years, long term – 5+ years.

According to [double materiality assessment](#) analysis, the most significant negative impacts of the Company are related to the use of fossil resources for its core business and biogenic emissions from its sewage sludge management processes, while the positive impacts are related to the implementation of an improved GHG emissions accounting, control and reduction system, allowing for more targeted identification and mitigation of major emission sources, and the increased use of renewable resources (biogas and environmental energy) for self-consumption.

The biggest risks are related to the failure to meet climate targets due to their requirements, costs and other factors, as well as the fact that ageing infrastructure on the one hand, and increasing external environmental requirements (e.g. for wastewater treatment) on the other, actually mean higher energy consumption and thus make it more difficult to implement emission reduction measures. In this area, a Company's development in one area of environmental aspects can create challenges in another, requiring the alignment of objectives and measures to achieve them. Accordingly, the development of renewable energy projects, including the expansion of biogas production from sewage sludge and improvements in the efficiency of use, which allow energy consumption to be balanced with the use of more environmentally and climate-friendly technologies, are identified as key opportunities. The objectives and measures to achieve them are described in more detail in the following subsections.

In the context of climate risks, the most relevant aspects in the double materiality assessment relate to improving sewerage networks and wastewater treatment processes in the context of extreme weather events (especially intense rainfall, floods, storms). The climate risk analysis of *Rīgas ūdens* operations conducted in 2025 showed this as the most significant (critical) risk, which has already been manifested relatively regularly in recent years. In the event of hydraulic overloading due to heavy rainfall or snowmelt, emergency outlets are used to prevent hydraulic overloading of wastewater treatment plants and the discharge of wastewater into the ground or into the basements of buildings. This not only overloads the wastewater system, but also creates a risk of increased pollution, which is why the Company is committed to increasing the rate of rehabilitation of the sewerage network and introducing additional solutions (storage reservoirs, pre-treatment plants, etc.) to mitigate the impact of this risk. These measures are included in both the Company's long-term and medium-term operational strategies, and the Company's Green Bonds have been issued in 2025 on the basis of wastewater system improvements. The funds are largely used to improve the functioning of the wastewater system and reduce the associated climate risks.

The Company's climate risk analysis conducted in 2025 also showed other potential risks, which should be assessed as at least medium or high. The analysis covers both physical risks (related to weather and its impacts) and transition risks (related to the transition to a low-carbon economy, including the impact of political, legal, market and technological factors). The analysis is based on the scenarios or *Shared Socioeconomic Pathways (SSP)* proposed by the Intergovernmental Panel on Climate Change (*IPCC*), which arise from the concentration of greenhouse gases in the atmosphere and describe their impact on the average air temperature in the world and, consequently, on aspects of society's everyday life, the activities of various sectors, the resilience of infrastructure, etc.



Source: Intergovernmental Panel on Climate Change (*IPCC*)

These trajectories are the basis for regional (e.g. EU-wide) and national climate change projections. *Rīgas ūdens* climate risk assessment mainly used the forecasts available on the Climate Portal developed by the Latvian Environmental, Geological and Meteorological Centre (LEGMC), which were updated in 2024 and cover extensive climate change information regarding precipitation, air temperature changes, wind strength and storm frequency, snow cover thickness, as well as flood risk areas. Such forecasts are available by city and region – including Riga.

Rīgas ūdens takes a conservative approach to assessing climate risks and opportunities, mainly using the *SSP3-7.0* scenario to assess physical risks, which reflects a more realistic future

scenario with a faster acceleration of climate change over the coming decades and allows for the assessment of potential risks to production facilities and property. Transition risks are assessed mainly against SSP1-2.6, which is one of the preferred climate change scenarios with less climate change, but requires faster adaptation of industries and businesses to lower emission solutions. It also means higher costs and investment in new types of solutions, which is a risk.

According to climate change projections, the *Rīgas ūdens* catchment area is at relatively high risk of flooding. Especially explicit flood risks are forecast in the vicinity of Daugavgrīva and Vārnukrogs, and increased flood risk is in the vicinity of the water extraction station “Daugava”. Flood – including river flood in the River Daugava basin, wind-induced surge from the sea, as well as flood caused by heavy rainfall – may cause complications for access to the facilities of *Rīgas ūdens* (disruptions of transport infrastructure), flood pumping stations, inject river water into the collectors, as well as overload sewerage system.

According to the arrangement of the facilities of *Rīgas ūdens*, flood risks in 10 years can affect individual facilities in the vicinities of Daugavgrīva, Bolderāja, Vecdaugava, Vecāķi, Voleri, Spilve, Dzirciems and Ķīpsala (including creating difficulties in the operation of sewage pumping systems and access to the relevant infrastructure). In the long term, the operation of the biological treatment plant Daugavgrīva, as well as sewage pumping stations in Vecmīlgrāvis, Andrejosta, Jaunciems, AB Dam and Jugla may also be disrupted or threatened by the 100-year flood risk.

Other climate change factors in Riga are projected to be similar to those in other parts of Latvia (rising air temperatures, more rapid changes in short-term weather patterns, severe storms, heavier precipitation, etc.), but more pronounced changes in air temperatures are projected, including the number and duration of summer heat waves.

Risks based on climate change scenarios were identified in three areas of *Rīgas ūdens* operations – water supply, sewerage services and various support activities. To identify the risks, the Company analysed climate change forecasts and their potential impact on water management, studied the considerations published by other companies in the sector in Europe, organised several thematic working groups, involving specialists from the relevant fields of *Rīgas ūdens* and gathering the Company's experience in dealing with weather-related damage or disruption to the Company's operations, as well as jointly analysing the potential impact of the forecasts made by the LEGMC on the Company in the future. Experts from the Strategic

Planning Unit and the Enterprise Risk Manager were involved in all working groups, thus ensuring a common overview of climate risk assessment and a logical link between the views expressed by the different experts.

Following the working groups, a list of identified risks was compiled and assessed with the involvement of the Company's experts. To ensure that climate risks are assessed, a customised climate risk assessment matrix has been developed, which takes a similar approach to the Company's overall risk management approach, scoring each risk on a 1–5 scale according to specific scoring criteria. In addition to the likelihood of each identified climate risk, the Company's vulnerability (or the impact of the risk on service availability, processes, people and/or finances) was assessed, as well as the scope of the risk impact that could potentially affect the future value of the risk. The risks were assessed over three different time horizons: short term (1-3 years), medium term (3-6 years) and long term (more than 6 years). The time periods used were based on the Company's planning periods, with a 6-year period used for the long-term perspective, which is consistent with the period of *Rīgas ūdens* strategic planning documents and the strategic risk assessment time frame. Climate risks, although some of them have operational implications, are therefore essentially treated at the level of strategic risks. The time periods are slightly different from the periods set by the *ESRS*, but do not contradict them.

The risk assessment identifies the following climate risks as the most significant:

Risk source	Risk	Type of risk*
Critical level physical risks		
Temporary heavy or lasting rainfall	The hydraulic capacity of the sewer network and pumping stations, along with the wastewater treatment plant, is insufficient to handle increased amount of rainwater.	F(A), also P (due to the need for significant investment in system improvements)
High-level physical risks		
Constant heat, heat waves	Entry of warm water into the network and/or warming of the network deteriorates the water quality	F(A), F(H)
Rapid temperature changes (including frost and rapid thaw)	Ground freezing/thawing, affecting the condition of networks and creating emergency risks	F(A), can also be F(H)
Heavy wind / storm / whirlwind (possibly, combined with hail)	Damages to power lines and/or disruptions in power supply, causing disruptions in the operation of water extraction stations and/or sewage pumping stations, and their restoration poses challenges to the system (hydraulic impact)	F(A)
Medium physical risks		
Constant heat, heat waves, prolonged high temperatures	Deteriorated water quality at its sources	F(A), F(H)
	Under the impact of heat and wind, spread of odours in the vicinity of Vārnukrogs intensifies leading to higher number of complaints from the residents	F(A), F(H)
	Heat-caused labour protection risks in construction and other areas of operation, where employees work outdoors	F(A), F(H)
Change in temperature, decreased temperature	Operation of biological treatment plants slows down (insufficient activity, volume of microorganisms / biologically active sludge)	F(A), F(H)
Changing air temperature during the winter period causing the icing	Risk of traumas to the workers	F(A)
River flood, flooding caused by heavy rainfall	Damage to water pipes (for example, at places where they were built in potentially flooded territories or, specifically in the case of water pipe to Bolderāja - in flood protecting dike)	F(A)
	Risk of sewerage infrastructure damage (manholes, wells, etc.)	F(A)
Wind-induced surge from the sea	Wind blowing from the sea drives a huge amount of water in Vecāķi, Vecdaugava, and Daugavgrīva, where facilities of Rīgas ūdens are located - individual pumping stations may end up under the water, and their operation may be disrupted and/or it may not be possible to sufficiently pump them out	F(A)

Risk source	Risk	Type of risk*
Medium physical risks (continued)		
Temporary heavy or lasting rainfall	In groundwater level affecting condition of networks and causing accident risks	F(A)
	Groundwater fluctuations, water inflow causes complications in performance of construction works, including emergency response works (water pumping, interruption of works while the excess water sucks up, etc.) is required	F(A)
	Upon increase of the water level in the River Daugava, river water may enter individual collectors in a large volume	F(A)
Heavy wind / storm / whirlwind (possibly, combined with hail), also flood or wind-induced surge	Physical damage to the solar panels installed by <i>Rīgas ūdens</i> (both on roofs and, for example, in Daugavgrīva, where they are built on the ground), also to the energy system insulators	F(A)
	Possible disruption or interruption of power supply to the facilities of <i>Rīgas ūdens</i>	F(A), can also be P (due to the need for significant investment in system improvements)
	Possible disruption or interruption of communication, affecting the management and communication of the <i>Rīgas ūdens</i> infrastructure management system (SCADA), which may cause disruptions of services	F(A)
Changing weather conditions, cases of extreme weather conditions	Threat to employees during the performance of their professional duties (risk of traumas, necessity for changes in work regime etc.)	F(A)

* F(A) – physical acute risk (i.e. a weather-related risk that occurs at a specific point in time); F(H) – physical chronic risk (i.e. a weather-related risk that occurs gradually and is persistent); P – transition risk associated with the transition to a low-carbon economy.

The risk pool excludes risks that are assessed as low-level risks. The Company is aware of the existence of such risks, but the management of such risks is not of strategic importance.

In the area of transition risks, the most significant risks relate to those identified under the double materiality framework - mainly the risk of not meeting climate targets, which may be linked to the limited availability of funding and the costliness of the solutions to be implemented, as well as the lack of clear responsibilities for mitigating specific risks.

In the future, climate risk analysis will be carried out periodically, reassessing risks already identified or adding new ones, assessing their quantitative impact and revising the Company's strategy or making changes to its structure or core processes as necessary.

The estimated financial impact of the significant physical and relocation risks and potential climate change opportunities (E1-9) has not yet been calculated in detail and will be assessed in the coming years.

INCLUSION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES (GOV-3)

Information disclosed in this report [in the general section](#).

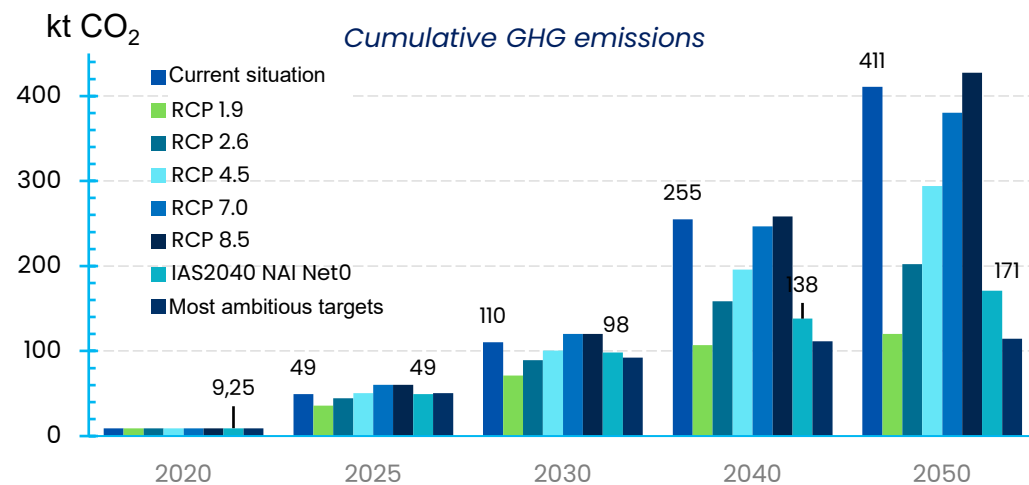
REALIGNMENT PLAN AND RELATED TARGETS (E1-1, E1-4).

Rīgas ūdens Retrofit Plan is a result of Riga's commitment to becoming a climate-neutral city, as evidenced by Riga's participation in the European mission "100 Climate Neutral and Smart Cities by 2030", as well as the Company's strategic objectives. The transformation plan is closely integrated into *Rīgas ūdens* long-term and medium-term operational strategy in the priority development direction "Energy efficiency and development of renewable energy production". It sets specific targets and target values for 2040 and 2030. Climate change is also addressed through the priority development axis "Reducing wastewater pollution and improving the environment", which tackles the issue of untreated wastewater entering the environment as a result of overflow from heavy rainfall. For each priority axis, specific objectives are set and target indicators or target values are defined for the strategy period, as well as specific indicators for the calendar year within the framework of the annual Activity Plan for the implementation of the strategy.

Priority direction	Objective	Target value for the year 2040	Target value for the year 2030	Target value for the year 2025	Implementation in 2025
Energy efficiency and the development of renewable energy production (link to climate change mitigation)	Reduce GHG emissions (compared to the Scope 1 and Scope 2 average GHG emissions in 2020–2023 of 9249 t CO ₂ e)	Scope 1 and 2 GHG emissions reduced by ≥ 50% or 5050 t CO ₂ e (total)	Scope 1 and 2 GHG emissions reduced by ≥ 30% or 3433 t CO ₂ e (total)	148.25 t CO ₂ e reduction per year	226.67* t CO ₂ e reduction per year
	Achieve energy neutrality of wastewater treatment plants	100% RE of WWTP gross energy consumption	≥ 85% RE of gross energy consumption	≥ 26.6%	≥ 26.7%
Reducing wastewater pollution and improving the environmental condition (link to climate change adaptation)	Reduce discharges of untreated wastewater by improving urban wastewater management in the Riga wastewater agglomeration	Pollution load from wastewater overflows during rain reduced to ≤ 2% of the annual pollution load calculated in dry weather.	Treated wastewater to total wastewater collected: ≥ 98%	≥ 98%	98.01%

* The Strategy 2030 implementation monitoring period has started in 2025, where a different reporting form has been set for the GHG emission indicator. The 2025 GHG emission reduction of 226.67 t CO₂ e/year is an indicator for the transition period of the strategies and includes the actual indicator of the reconstruction of Daugavgrīva 101 CHP plant during the transition period of the Strategy 2040 of 194.67 t CO₂ e/year and the actual indicator of 32 t CO₂ e/year achieved in the real estate optimization and building energy efficiency plan of the biological treatment plant "Daugavgrīva" for 2025.

The goal incorporated in the strategy to reduce the Company's scope 1 and 2 GHG emissions by 50% by 2040 (compared to the baseline – 2020 emissions) has been assessed against IPCC climate change scenarios. If the current activity levels were to be maintained and no mitigation measures (grey bar in the graph below) were to be implemented, *Rīgas ūdens* activities would approach the SSP (or RCP in the graph below) 7.0 or 8.5 scenarios, which are the most undesirable scenarios for the globe. The ambition of the Strategy to achieve energy neutral wastewater treatment by 2040¹ (labelled IAS2040 NAI Net0 in the figure) would bring us closer to the SSP (RCP) target of 2.6, one of the optimal targets under the Paris Agreement ambition to keep the global average temperature increase at 1.5 °C. However, in order to significantly reduce Scope 1 and 2 GHG emissions (at least 95%) by 2050, additional targets will likely need to be set in the future (see Figure – Most Ambitious Targets).



To achieve the GHG emission targets set out in the current strategic development documents, *Rīgas ūdens* has developed a roadmap for 2025–2030 (to be considered as a transformation plan), identifying the following key actions or decarbonisation levers and their impact on achieving the overall target:

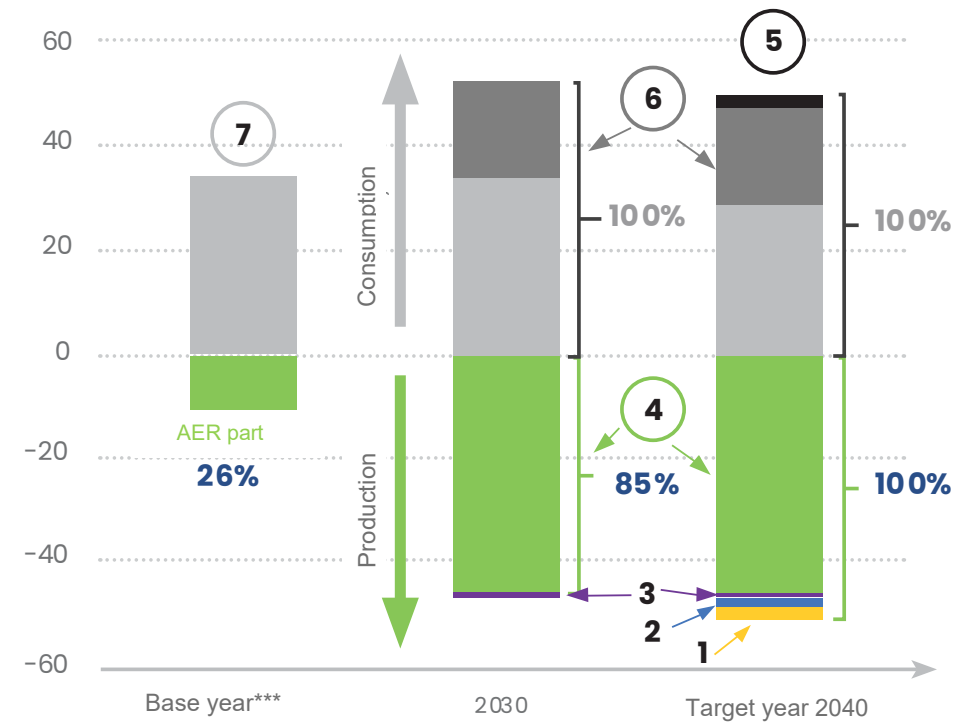
- **Implementation of industrial energy efficiency measures** (biogas cogeneration, light fittings, external heating networks, re-priming of pumping stations, etc.). The total emission reductions from this activity are estimated at 2,561.49 t CO₂ e for the period to 2030;
- **Plan for the renovation and energy efficiency improvement of buildings.** The total emission reductions from this activity are estimated at 590.91 t CO₂ e for the period to 2030;
- **Installation of solar power plants in *Rīgas ūdens* areas** (including electricity storage systems). The total emission reductions from this activity are estimated at 299.63 t CO₂ e for the period to 2030;
- **Replacing internal combustion engine vehicles with electric cars**, and changing the fleet's usage patterns to reduce fuel consumption and thus emissions. The total emission reductions from this activity are estimated at 17 t CO₂ e for the period to 2030;
- **Digitisation of the management system for energy and other natural resource consumption**, allowing more efficient measurement and control of the Company's energy consumption sources. Activities do not directly reduce emissions, but contribute to their reduction;
- **Adaptation of energy functions to decarbonisation and climate change** (activities mainly related to climate risk management);
- **Measures to ensure the energy neutrality of wastewater treatment plants (WWTPs)**, which include the development of a map of energy resource consumption measurement points of the biological treatment plant Daugavgrīva (BTPD) in the period from 2025 to 2030, which will improve access to objective and substantiated data and allow for timely identification of risks related to the implementation of the energy neutrality goal, as well as the expansion of biogas production and energy cogeneration for self-consumption. To date, about 40% or an average of 13.7 thousand tons of the total amount of wastewater sludge produced per year is not processed into biogas due to capacity limitations of the anaerobic digestion system (methane tanks). This process is intended to be improved, ensuring a significant increase in the amount of biogas produced and the possibility of using it in own energy supply.

¹ Energy neutrality means that a wastewater treatment plant produces as much renewable energy per year as it consumes in total (including electricity and heat losses).

The implementation of WTP energy neutrality measures and their effect are reflected in the figure below.

WWTP Energy Neutrality Roadmap 2040

WWTP energy consumption in relation to the amount of RE produced, GWh/year

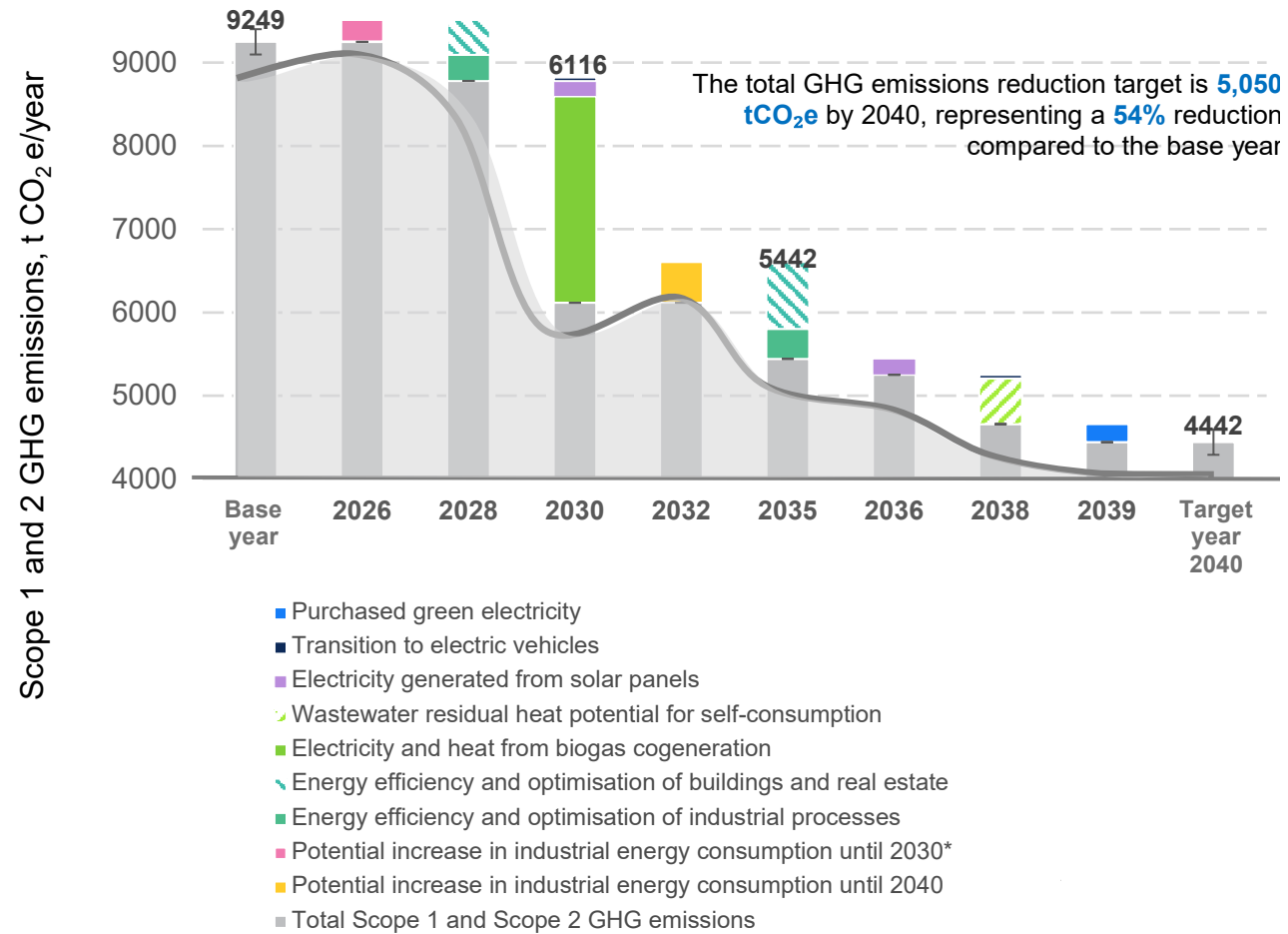


- 1 Waste water heat potential for own consumption
- 2 Purchased Green electricity
- 3 Solar photovoltaic electricity
- 4 Biogas cogeneration electricity and heat
- 5 Improvement of third treatment
- 6 Expansion of biogas production
- 7 Total consumption of fossil energy resources WWTP



The Roadmap does not currently envisage sourcing green energy from external suppliers, focusing on the contribution of self-generated energy and reducing energy demand.

Approach to implementing the Roadmap and indicators to be achieved



* Increase in industrial energy consumption until 2030 is mainly due to the expansion of biogas production, Centralized sewage treatment system and Centralized water supply system.

** Increase in energy consumption until 2040 is mainly due to higher wastewater treatment requirements, as well as the expansion of Centralized sewage treatment system and Centralized water supply system.

*** Basic indicator in 2020–2023.

It should be noted that the implementation of some of the measures included in the Roadmap may be subject to funding and technological constraints of suppliers (e.g. in the area of transport), as well as constraints that may be imposed on the Company in the context of national security considerations and the operation of critical infrastructure. (Accordingly, total dependence on electric vehicles and equipment in certain situations may pose other risks.)

The Company plans to develop sustainable finance instruments with support from the European Climate Change Fund and private equity. In 2025, *Rīgas ūdens* issued green bonds (*EuGB*) in accordance with the requirements of the Taxonomy Regulation for a total amount of EUR 20 million, which are, among other things, directed to investments related to climate change mitigation (for example, the implementation of renewable energy projects).

The Company's strategy and investment plan for 2026–2028 include measures aimed at increasing the use of renewable energy resources, energy efficiency and climate resilience of the sewage system. The total financial impact of these investments in the period until 2028 is EUR 114 million. Future investments will be planned as part of the update of investment plans for future periods. The Company considers the planned level of investment to be sufficient to progress towards the objectives set out in its medium-term strategy.

Rīgas ūdens climate targets and the actions to achieve them are currently not validated under the Science Based Targets Initiative (*SBTi*). Scope 3 emissions are also not included in the emission targets, as they are estimated for the first time in 2025 and further courses of action are still to be developed. Indicatively, existing planning documents foresee that the Company will encourage at least 75% of its suppliers to have GHG emission reduction targets, but in recognition of the complexity of this target and the Company's limited influence on its achievement, this is likely to be refined later in this MTDS period.

In the area of climate change adaptation, the Company has identified the following priority actions in relation to the stress on the wastewater system during heavy precipitation events:

- Involvement in the development and implementation of an integrated urban wastewater management plan in cooperation with external stakeholders;
- Upgrading of sewer and pumping stations, including the installation of automatic control systems;

- Introduction of wastewater pre-treatment for emergency outfalls to ensure that in situations where there is no option but to use emergency outfalls due to high stormwater inflows ("excess" wastewater discharged into the environment at specific locations), mechanical treatment is carried out to minimise the release of pollutants into the environment.

POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION (E1-2)

The management of climate change issues is addressed in *Rīgas ūdens* Sustainability and Responsible Business Policy, revised in 2025, which brings together several existing policies, including the Environment and Energy Management Policy, which is closely linked to the achievement of climate targets. The Sustainability and Responsibility Business Policy has been approved by the *Rīgas ūdens* Supervisory Board.

The detailed management requirements in this area are set out in the Energy Management Manual, approved in 2022 in accordance with ISO 50001:2018. The system is subject to an annual surveillance audit and periodic recertification in accordance with ISO requirements.

In accordance with the manual, the Company has established an Energy Management Working Group to ensure that the system meets the requirements of the ISO standard and to plan and monitor energy management measures. The Manual sets out the responsibility to regularly analyse energy consumption and performance, to set and manage specific targets, to continuously promote the energy competency of the Company's employees and other tasks.

The energy management system is implemented in compliance with the requirements of the Energy Efficiency Law and the resulting Cabinet of Ministers Regulations.

ACTIONS AND RESOURCES RELATED TO CLIMATE CHANGE POLICIES (E1-3)

In line with the priorities and objectives set out in the strategic planning documents and the roadmap developed, specific actions and responsibilities are set out in the action plan for the implementation of the strategy, which is approved annually by the Management Board and the Supervisory Board and monitored on a quarterly basis, reviewing the actual results and the necessary steps for further implementation of the plan.

The Activity Plan includes a target for the next calendar year and indicative targets for the following two years – for example, the 2025 Activity Plan also included targets for 2026 and 2027. Accordingly, the following activities were implemented in 2025:

- The construction of solar power plants at the wastewater treatment plant at Dzintara Street 60 has been completed. In the first quarter of 2026, partial provision of energy consumption of facilities with solar energy is already planned;
- The construction of solar power plants at the drinking water preparation plant at Bauskas Street 209 has been completed. Performance tests are planned for the spring of 2026;
- In order to expand biogas and electricity cogeneration for self-consumption, reconstruction works of the methane tank park have been initiated, methane leakage monitoring and emergency plan development have been carried out;
- A study of the potential of WWTP electricity storage and wind energy has been carried out;
- In order to ensure the development of a map of WWTP energy resource consumption measurement points, work has continued on the creation of clear and transparent consumption data structures, and the market for software solutions for energy management systems is being studied;
- Construction work on the exterior lighting project has continued, with completion planned for the first quarter of 2026. A contract for the reconstruction of heating networks has been concluded, work will begin in 2026;
- In order to optimize BWWTP real estate and implement the building energy efficiency plan, an unserviceable utility building has been demolished, a regulation for the reconstruction of the administration building has been prepared, another unserviceable building has been disconnected from communications and prepared for demolition in 2026;
- A strategy for the implementation of Electronic Communications Systems and Automated Control Systems (ECS-ACS) and real estate management has been prepared, which is planned to be gradually implemented along with the construction of new buildings and/or their renovation;
- A technical specification has been developed for the identification, mapping and assessment of climate transition and sustainability risks in the energy sector. The service is planned to be ordered in 2026;

- The performance indicator of the 2025 plan for the optimization of WWTP buildings real estate and energy efficiency of buildings for the reporting year has been achieved. Energy audits of buildings of various infrastructure facilities have been carried out;
- Three new light electric vehicles have been put into operation, as well as contracts have been concluded for the supply of one electric light vehicle, one light cargo van and two cargo vans. An exchange of experience on vehicle repair, maintenance and logistics issues with other utility service providers has been organized.

Thus, in 2025, by implementing the above measures, a reduction in GHG emissions of 226.67 t CO₂ e per year has been achieved (including the actual indicator of the reconstruction of Daugavgrīva 101 KSS during the Strategy 2040 transition period of 194.67 t CO₂ e/year and the actual indicator of 2025 achieved in the WWTP real estate optimization and building energy efficiency plan – 32 t CO₂ e/year). The share of renewable energy resources in BTPD's gross energy consumption in 2025 is 26.7% after the fact.

In addition to emission and energy neutrality measures, in order to improve the analysis of infrastructure vulnerability to extreme natural conditions, in 2025 *Rīgas ūdens* continued to develop a computer model of the sewerage system and calculations of adaptation solutions, including the feasibility study for the construction of sewerage storage reservoirs. In 2026, the Company plans to introduce a digital shadow of the water supply system, which will improve the management of water supply and sewage systems and mitigate risks related to climate change or its management.

ENERGY CONSUMPTION AND ENERGY RESOURCE STRUCTURE (E1-5)

More significant changes in energy consumption in 2025 are observed in relation to the consumption of purchased or obtained electricity, heat, steam and cooling from renewable sources (point 9) and fuel consumption from natural gas (point 3). In 2024, renewable energy consumption was lower than usual, which is related to the repair work of the biogas cogeneration heat exchanger. In turn, fuel consumption from natural gas decreased in 2025, which can be justified by warmer meteorological conditions in the heating season.

When reviewing the data for 2024 in accordance with the calculation tables for 2025, shortcomings in the previous calculation were identified (mainly in points 2 and 12). The table includes a recalculation of the data for 2024.

Energy consumption and different energy sources		2025	2024 correction	2024
1	Consumption of fuel generated from coal and coal products (MWh)	0	0	0
2	Consumption of fuel generated from crude oil and petroleum products (MWh)	4268	4404	4155
3	Consumption of fuel generated from natural gas (MWh)	8656	10,017	10,018
4	Consumption of fuel generated from other fossil sources (MWh)	0	0	0
5	Consumption of electricity, heat, steam and cooling from fossil sources (MWh)	44,331	44,053	44,053
6	Total fossil energy consumption (MWh) (sum of points 1 to 5)	57,225	58,474	58,225
	Share of fossil energy in total energy consumption (%)	86.5%	91.2%	91.6%
7	Consumption from nuclear sources (MWh)	0	0	0
	Share of nuclear consumption in total energy consumption (%)	0	0	0
8	Consumption of fuel generated from renewable sources, including biomass (also includes industrial and municipal bio-waste, biogas, renewable hydrogen, etc.) (MWh)	0	0	0
9	Consumption of electricity, heat, steam and cooling purchased or generated from renewable sources (MWh)	8961	5669	5669
10	Consumption of self-generated energy from renewable sources (without using fuel) (MWh)	0	0	0
11	Total renewable energy consumption (MWh) (sum of points 8 to 10)	8961	5669	5669
	Share of renewable energy in total energy consumption (%)	13.5%	8.8%	8.4%
12	Total energy consumption (MWh) (sum of points 6 and 11)	66,217	64,143	63,569

* Based on the evaluation of the information from the monthly acts of RIGENS Ltd., a fossil energy mix of up to 1.5% is possible for the given renewable energy value (uncertainty).

The total energy costs of *Rīgas ūdens* in 2025 were 6147.27 thousand EUR.

Rīgas ūdens activities are related to NACE 2.1 revision codes E36 – water extraction, treatment and supply and E37 – sewerage, which are considered sectors with a high impact on the climate (in accordance with Regulation (EU) 2019/2088). Thus, all of the Company's energy consumption is related to sectors with a high climate impact. Renewable energy production refers to the self-production of energy from biogas, which is partly supplied to the local grid (electricity) or directly used for the Company's needs (heat).

The energy intensity of the Company in 2025 has slightly decreased compared to 2024 (adjusted figures):

Energy intensity per net revenue	% change 2025/2024	2025	2024 correction
Total energy consumption in relation to net revenue (MWh/thousand EUR*)	-1.93%	0.82	0.84

* The Company's net revenue (turnover) in 2025 was 80,320.81 thousand EUR, but in 2024 – 76,336.4 thousand EUR.

GHG EMISSIONS (E1-6)

Scope 1 and Scope 2 GHG emissions for *Rīgas ūdens* have been calculated since 2020 using the internationally recognised GHG Protocol Corporate Accounting and Reporting Standard (*GHG Protocol*). Accordingly, 2020 is used as the base year, but emission reduction targets are set relative to the average indicators for 2020–2023.

Scope 3 or indirect value chain emissions are calculated for the first time for 2025.

In accordance with *Rīgas ūdens* internally developed guidelines based on the GHG Protocol methodology, the Company **includes the following emission sources in its Scope 1 calculations:**

- production of heat energy from natural gas used in the production processes of wastewater treatment plants and for heating industrial, commercial and administrative buildings;
- use of fuel (petrol, diesel) for repairs to water and sewer mains, survey work, generators and other automotive workshop needs;

- use of refrigerants in motor vehicles and building refrigeration systems
- biogenic process emissions from sewer collection systems and wastewater treatment plants (CO₂, CH₄, N₂O), as well as fugitive emissions such as those from overloaded effluents and emissions from excess organic matter and nitrogen compounds in treated wastewater. This type of emissions is specific to the water sector.

For the calculation of emissions, the Company shall use the emission factors for the combustion of natural gas and other fuels specified in Annex 1 to Cabinet of Ministers Regulation No 42 of 23.01.2018 "Methodology for Calculation of Greenhouse Gas Emissions". Refrigerant emission factors are obtained from the database maintained by the UK government's *Department for Environment, Food & Rural Affairs* (hereinafter – DEFRA). In turn, a complex approach based on the LEGMC national GHG emission inventory reports and IPCC methodologies is used to calculate biogenic and process emissions. Other types of biogenic emissions (disposal of treated sewage sludge by management type) are included in *Rīgas ūdens* Treatment Waste emissions in Scope 3 and calculated using the IPCC methodology guidelines.

Scope 2 or indirect greenhouse gas emissions are generated by the electricity and heat purchased and consumed by the Company. These emissions occur when the Company purchases electricity or heating services from external suppliers, who in turn generate GHG emissions when producing these services. Scope 2 emissions are very important for a capital Company as a large electricity consumer in accordance with Section 12, Part 13 of the Energy Efficiency Law (consumers whose annual electricity consumption exceeds 500 MWh).

For the calculation of electricity and heat emissions, the emission factors specified in Annex 6 of Cabinet Regulation No. 222 "Energy Efficiency Calculation Methods and Building Energy Certification Regulations" of 08.04.2021 (*location-based* emissions) are used. In addition, since *Rīgas ūdens* does not purchase certified green electricity, the AIB (*Association of Issuing Bodies*) emission factor for electricity is used to calculate its *market-based* emissions, which characterizes the composition of the origin of uncertified electricity in the market.

For heat, location data is applied in accordance with Cabinet Regulation No. 222 indicators included, but market data is applied based on the data published by JSC "Rīgas Siltums" on the actual emission factors of the previous reporting year.

Data on externally purchased heat energy from biogas cogeneration facilities is collected separately. *Rīgas ūdens* has entered into an agreement with an external cooperation partner,

accordingly selling the biogas generated as a result of the degradation of its sewage sludge for further electricity cogeneration. *Rīgas ūdens* uses part of the produced waste heat for its own needs and accounts for it as biogenic emissions in addition to other scope 2 GHG emissions.

The initial data for the calculation of both Scope 1 and 2 emissions (data on the Company's energy consumption) are obtained from invoices received from service providers registered in the Company's accounting systems.

Scope 3 emissions, in turn, include those indirect emission categories that are attributable to *Rīgas ūdens* operations and the volume of which the Company can influence in the future. Scope 3 emissions are measured in accordance with the *GHG Protocol Corporate Value Chain (Scope 3) Standard*, which is a supplement to the GHG Protocol.

The GHG Protocol identifies 15 categories that constitute Scope 3 emissions, covering the entire value chain of a Company, including suppliers and customers. Having assessed the relevance of these categories to *Rīgas ūdens* operations and their materiality, the following categories are included in the Company's Scope 3 emissions calculation:

- Category 1 – Purchased goods and services;
- Category 2 – Capital goods (fixed assets);
- Category 3 – Activities related to fuel and energy use (which are not included in Scope 1 and 2 GHG emissions);
- Category 5 – Waste generated as a result of operations;
- Category 6 – Business trips;
- Category 7 – Employee travel to/from work.

Data for calculating emissions in Categories 1, 2, 3, 5 and 6 are obtained from the Company's financial records, waste records, energy consumption data and personnel management system. For the calculation of category 7 in 2025, data on the movement of people in the city of Riga (statistical data from the Official Latvian Statistics and Riga Planning Region Portal) are used, equating them to the number of *Rīgas ūdens* employees. From 2026, emissions in this category are planned to be calculated based on employee survey data.

To ensure correct emission calculations based on actual and estimated data, emission factors obtained from reliable sources are used in the calculations, including <https://www.climatiq.io/data> emission factor databases, such as *CEDA by Watershed*, *DEFRA*.

Having assessed the materiality of the categories, the potential emission volume and the compliance with the areas of activity of the capital Company, the following scope 3 categories are not included in the calculation of GHG emissions:

- Categories 4 and 9 – Upstream and downstream logistics. The delivery costs of purchased goods are included in categories 1 and 2, delivery costs are mainly included in the purchase prices. There is a small amount of sludge transportation costs, the emission volume of which will be assessed in the future and a decision will be made on the inclusion of the relevant emission category. Since the supply of drinking water to customers does not require transport, downstream logistics is not applicable;
- Category 8 – Leased assets. Insignificant amount, leased assets are under the direct control of *Rīgas ūdens*. Emissions are already accounted for and included in the calculation of GHG emissions of scopes 1 and 2, respectively;
- Category 10 – downstream value chain emissions related to the processing of sold products are not attributable to the operations of *Rīgas ūdens* and are therefore not included in the calculation;
- Category 12 – Utilization of sold products. Taking into account the specifics of the Company's core business, GHG emissions from the utilization of manufactured products or wastewater collection and treatment are accounted for in Scopes 1 and 2;
- Category 13 – Leased assets. Insignificant amount, leased assets are under the direct operational control of the Company. Emissions are already accounted for and included in the calculation of GHG emissions of scopes 1 and 2, respectively;
- Category 14 (Franchises), Category 15 (Investments) – no applicable categories, as *Rīgas ūdens* does not perform such activities.

Category 11 (Use of products sold) can be a potentially significant source of emissions, as some of the water obtained and supplied by the Company is further heated and used for heating and other daily needs of consumers. However, the assessment of this emission volume is associated with a very high data uncertainty, which depends on consumer habits, energy resources used, energy efficiency of household appliances and other equipment used, etc. factors. Thus, when evaluating the GHG Protocol on direct and indirect product use emissions and the practice adopted in the industry, this category is not included in the calculation of *Rīgas ūdens*. According to the standard, water heating emissions are classified as indirect use-phase emissions. *Rīgas ūdens* does not have operational control over customers' heating equipment and water consumption habits, and these emissions are already reported in the emission reports of heat and electricity suppliers in Scopes 1 and 2.

Outside of the total Scope 3 emissions, biogenic emissions are separately counted in the waste category, which arise from the processes of material circulation of organic origin – biogas production, composting and incorporation in agriculture, as well as from the decomposition of the organic fraction of sand and mechanical screen rakes. They are mainly composed of methane (CH₄) and carbon dioxide (CO₂), which are released in biological processes.

In the treatment of sewage sludge, biogas is used in cogeneration for the production of heat and electricity, thus reducing uncontrolled methane emissions and replacing fossil energy resources. After biogas production, the sludge is composted, aged in sludge fields in *Vārnukrogs* or transferred to agriculture.

The calculation of biogenic emissions is based on activity data (mass, moisture, organic matter content) and appropriate emission factors. In accordance with the requirements of the *CSRD* and *ESRS* (E1 Climate Change), biogenic emissions are reported separately from fossil emissions, ensuring a transparent reflection of the climate impact.

An approach based on *IPCC* methodologies is used to calculate biogenic emissions.

The tables summarize data on *Rīgas ūdens* Scope 1 and 2 GHG emissions for the period from 2020 to 2025, as well as data on the full calculation of GHG emissions in Scopes 1–3 in 2025.

GHG emissions	% change 2025/2024	2025	2024 correction	2024	2023	2022	2021	2020
Scope 1 emissions								
Scope 1 gross GHG (t CO ₂ e)	-9.1%	2923.24	3215.91	3208.96	2793.65	2679.53	3170.63	2962.95
Percentage of Scope 1 GHG emissions from regulated emissions trading systems (%)		0	0	0	0	0	0	0
Scope 2 emissions								
Scope 2 gross GHG emissions based on location data (t CO ₂)	+2.17%	5481.98	5365.52	5365.52	5616.2	5789.7	6051.52	5828.45
Scope 2 gross GHG emissions based on market instruments data (t CO ₂)	-4.77%	21,598.68	22,681.62	22,681.62	20,682.87	20,930.43	14,166.05	18,015.96
Total Scope 1 and 2 GHG emissions								
Total location-based GHG emissions (t CO ₂ e)	-2.05%	8405.22	8581.43	8574.48	8409.85	8469.23	9222.15	8791.41
Total GHG emissions based on market instruments (t CO ₂ e)	-5.31%	24,521.92	25,897.53	25,890.58	23,476.52	23,609.96	17,336.68	20,978.91

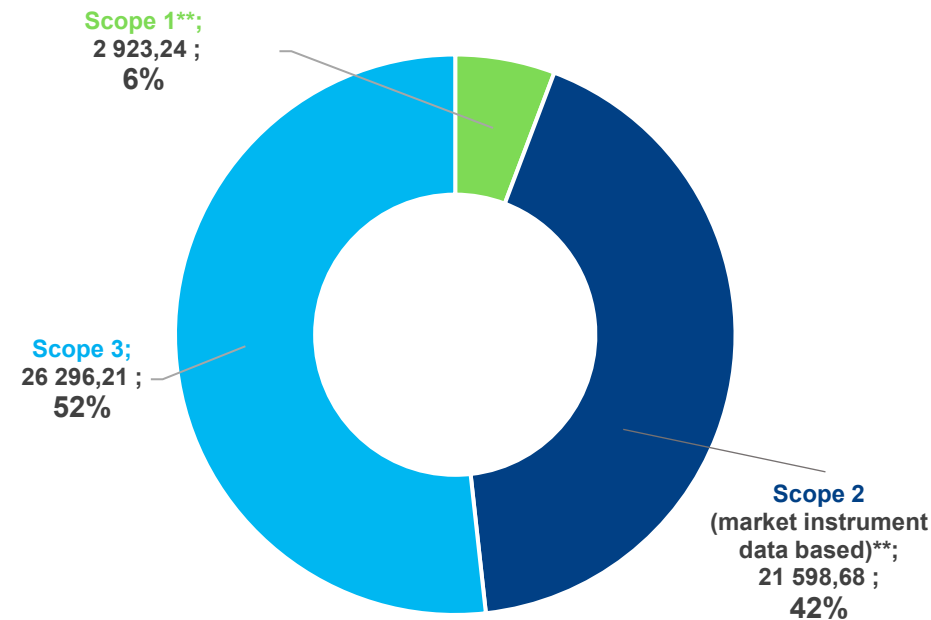
Explanation of the changes in the data included in the table: In 2025, more natural gas was consumed for heating at the *Rīgas ūdens* wastewater treatment plants, as the heat exchanger of the biogas cogeneration plant was not working and heat had to be provided with natural gas. At the same time, GHG emissions from the use of gasoline in the Company's vehicle fleet decreased slightly. This is due to the gradual transition to electric vehicles in the passenger vehicle fleet. GHG emissions from refrigerants increased slightly, which is related to the renovation work of the Company's administrative building at Zīgfrīda Annas Meirovicas boulevard 1 (building 5). Location-based GHG emissions from purchased electricity and heat increased slightly compared to 2024, as the wastewater treatment plants resumed purchasing heat from the cogeneration plant operator. Including a slight increase in the demand for electricity and heat for some facilities.

Category	2025 emissions	Unit of measurement	%
Scope 1			
Natural gas	1748.59	t CO ₂ e	3.44%
Fuel consumption for vehicles, mechanisms and aggregates – gasoline	75.13	t CO ₂ e	0.15%
Fuel consumption for vehicles, mechanisms and aggregates – diesel	1057.92	t CO ₂ e	2.08%
Refrigerants	41.60	t CO ₂ e	0.08%
Scope 2			
Total GHG emissions from externally purchased electricity (<i>location-based</i>)	4532.63	t CO ₂ e	
Total GHG emissions from externally purchased electricity (<i>market-based</i>)	20,967.35	t CO ₂ e	41.26%
GHG emissions from externally purchased heat (anthropogenic <i>location-based</i>)	949.35	t CO ₂ e	
GHG emissions from externally purchased heat (anthropogenic <i>market-based</i>)	631.33	t CO ₂ e	1.24%
Scope 3			
Scope 3 Category 1 – Purchased goods and services, GHG emissions	7810.75	t CO ₂ e	15.37%
Scope 3 Category 2 – Capital goods (Fixed assets), GHG emissions	13,705.79	t CO ₂ e	26.97%
Scope 3 Category 3 – Fuel and Energy related activities, GHG emissions	2892.47	t CO ₂ e	5.69%
Scope 3 Category 4 – Upstream logistics, GHG emissions*	-	-	-
Scope 3 Category 5 – Waste, GHG emissions	1624.80	t CO ₂ e	3.20%
Scope 3 Category 6 – Employee business trips, GHG emissions	15.00	t CO ₂ e	0.03%
Scope 3 Category 7 – Employee travel to/from work, GHG emissions	247.4	t CO ₂ e	0.49%
Scope 3 Category 8 – Leased assets, GHG emissions*	-	-	-
Scope 3 Category 9 – Downstream logistics, GHG emissions*	-	-	-
Scope 3 Category 10 – Processing of products sold, GHG emissions*	-	-	-
Scope 3 Category 11 – Use of products sold, GHG emissions*	-	-	-
Scope 3 Category 12 – Product disposal, GHG emissions*	-	-	-
Scope 3 Category 13 – Leased assets, GHG emissions*	-	-	-
Scope 3 Category 14 – Franchises, GHG emissions*	-	-	-
Scope 3 Category 15 – Investments, GHG emissions*	-	-	-
Total (based on market instruments)	50,818.13	t CO₂ e	100%
Total (based on location data)	34,701.43	t CO₂ e	

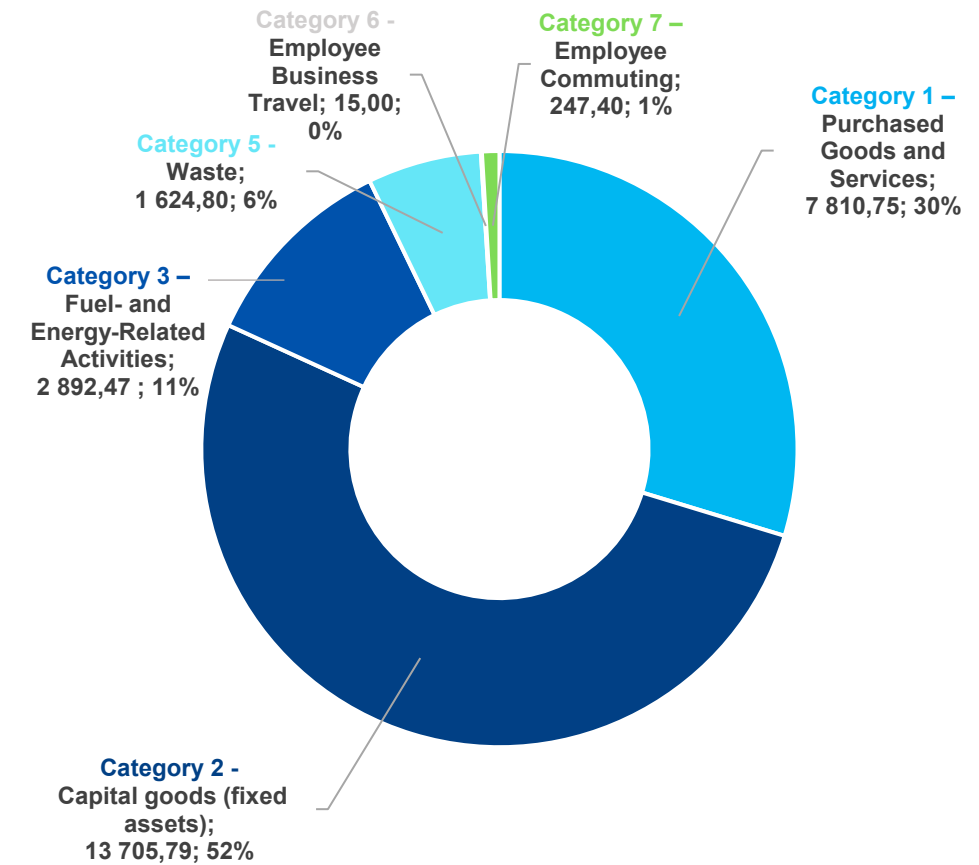
* When assessing the materiality of the categories, potential emissions and compliance with the Company's areas of activity, the relevant Scope 3 categories are not included in the calculation of GHG emissions

Summary			
Scope	2025	Unit of measurement	%
Scope 1**	2923.24	t CO ₂ e	5.75%
Scope 2 (market-based instruments)**	21,598.68	t CO ₂ e	42.50%
Scope 3	26,296.21	t CO ₂ e	51.76%
Total	50,650.41	t CO₂ e	100%

Rīgas ūdens GHG emissions in 2025, t CO₂ e, %



Rīgas ūdens Scope 3 GHG emissions in 2025, tCO₂eq, %



** Scope 1 and 2 data are based on Rīgas ūdens internal GHG emissions calculations

The most significant emissions in Scope 3 are:

- In Category 1 – around 78% of emissions are made up of repair work, purchase of various materials for repair work and other basic needs, as well as purchase of production reagents, which are necessary, for example, for water purification;
- In Category 2 – 93% of emissions are made up of construction work and the resulting structures and underground networks;
- In Category 3 – 58% of emissions are generated by electricity distribution and transmission, with other energy types accounting for a significantly smaller share of indirect emissions.

The volume of biogenic emissions is calculated separately, which, as mentioned above, is mainly related to the operation of the sewage system and wastewater treatment plants (in addition to Scope 1 emissions), the consumption of heat energy produced from biogas (in addition to Scope 2 emissions) and the treatment/utilization of sewage sludge (in addition to Scope 3 emissions).

Summary (biogenic emissions, outside direct scopes)

Scope	2025	Unit of measurement	%
Scope 1**	36,321.85	t CO ₂ e	82.82%
Scope 2**	1783.40	t CO ₂ e	4.07%
Scope 3	5750.33	t CO ₂ e	13.11%
Total	43,855.58	t CO₂ e	100%

** Scope 1 and 2 data are based on *Rīgas ūdens* internal GHG emissions calculations

The Company's emission intensity in 2025 is calculated for the first time, as a full emission calculation in all three scopes is available for the first time. In the following reporting years, by comparing emission intensity indicators, the Company will be able to assess the effectiveness of its emission reduction even if the Company's operations change from year to year.

Emission intensity to net revenue	2025
Total GHG emissions in scopes 1-3 relative to net revenue (t CO ₂ e /thousand EUR*)	0.63

* The Company's net revenue (turnover) in 2025 was EUR 80.32 million.

CARBON CREDIT-FINANCED GHG SEQUESTRATION AND MITIGATION PROJECTS (E1-7) AND INTERNAL CARBON PRICING (E1-8)

Rīgas ūdens does not implement or participate in carbon sequestration projects and has not purchased carbon credits from third parties to offset the Company's GHG emissions.

E2 POLLUTION

IDENTIFICATION AND ASSESSMENT OF SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

Pollution-related aspects in *Rīgas ūdens* operations were assessed within the framework of a [double materiality assessment](#), but most of them have been monitored, analyzed and managed for a long time both in daily operational activities and included in the Company's strategic development priorities. As the Company has implemented an environmental management system certified in accordance with the conditions of ISO 14001:2015, an assessment of environmental aspects is carried out annually and significant environmental aspects, including those related to pollution, are identified.

Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Air pollution	Implementation of a project to reduce odor emissions in the process of wastewater transmission, treatment and sludge storage	Impact (potential, positive)	P, L	1; 2-5
Water contamination	Return of treated water to the environment, ensuring water circulation and supporting the restoration of ecosystems in water bodies	Impact (actual, positive)	P, L	1; 2-5; 5+
	Due to the limited capacity of wastewater treatment plants, wastewater collection and treatment systems may be overloaded during intense rainfall, increasing the risk of incomplete treatment or emergency discharge, causing direct pollution of water bodies	Impact (actual, negative)	P	1;2-5; 5+
	Incomplete treatment of micropollutants (including microplastics and PFAS (per- and polyfluoroalkyl substances)) in the wastewater treatment process creates a risk that these pollutants enter water bodies, affecting ecosystems and water quality	Impact (actual, negative)	P	1; 2-5; 5+
	Financial constraints to ensure adequate wastewater treatment	Risk	A, P	2-5
	Low activity of connections to the centralised system increases the overall pollution in the environment, as individual systems are not sufficiently efficient	Risk	S.	1; 2-5
	Technical constraints on the location of municipal wastewater storage reservoirs, which may hinder the implementation of planned projects	Risk	A, P	2-5
	Implementation of fourth-stage treatment solutions in accordance with Directive (EU) 2024/3019 to reduce micropollutants, including pharmaceuticals, PFAS and microplastics	Opportunity	P	5+
	Improvement of the pollution monitoring system (automated water quality monitoring) will allow for timely detection of pollution and prevention of environmental risks	Opportunity	P	2-5

* The designations used "expression in the value chain": A – upstream value chain, P – *Rīgas ūdens* own operations, L – downstream value chain.

** The terms used are in line with the ESRS time frames: short term – 1 year, medium term – 2–5 years, long term – 5+ years.

The Company's core business is related to the extraction and supply of clean and safe drinking water and, accordingly, the treatment of collected wastewater to a high-quality state, further discharging it into the environment and thus contributing to the continuity of the water cycle. However, the outdated and historically insufficiently renovated infrastructure, the insufficiently responsible attitude and understanding of the surrounding society about what can and cannot be discharged into wastewater, as well as changes in climatic conditions contribute to the fact that pollution occurs in the process of wastewater collection and treatment.

The most significant influencing factors are considered to be insufficient wastewater collection and treatment capacity – especially in the case of heavy rainfall, which has been experienced every year in recent years and as a result of which a large amount of rainwater enters the sewage system, which floods the system. As a result, it may be necessary to carry out so-called emergency releases, during which poorly treated wastewater enters the Daugava. The Company is aware of the significance of this impact and has included a number of actions in its strategic development documents and investment plans to reduce the likelihood of such situations.

Similarly, the Company currently does not yet have access to such modern technologies that would allow for the effective purification of micropollutants, but in this area, cooperation with other industry participants in Latvia and Europe is also taking place, and preparations for further improvements are being made. It is essential that successful cooperation with external stakeholders – including legislators and policy makers, companies whose industrial activities cause pollution, and residents, whom *Rīgas ūdens* focuses on educating in this and other areas related to responsible water consumption and circulation, will play a major role in reducing this pollution.

The involvement of stakeholders is also essential in reducing air pollution or odors, which has long been on the agenda of both *Rīgas ūdens* and especially the residents of the Vārnukrogs area. In 2025, measures were taken to prevent this negative impact and to exclude odors from aspects related to environmental pollution caused by the Company in the future. In order to ensure that residents are informed about the measures to be taken to reduce odor emissions, at least once a quarter, the Mārupe municipality, in the immediate vicinity of which Vārnukrogs is located, is provided with information about the current situation and the measures to be taken

to reduce odors. At the discretion of the municipality, this information is also published in a local publication or on the municipality's social media accounts.

The expected financial impact of pollution (ESRS E2-6) has been assessed when developing the Company's strategies, and the measures included in the investment plan for 2026-2028 aimed at reducing pollution amount to EUR 135 million.

In addition, EUR 18.5 million is planned for investments in the expansion of the water management network, which simultaneously includes both water supply and **wastewater collection infrastructure** and thus also supports the achievement of pollution reduction goals. These planned investments overlap with the next section of this report – water resources, but during the investment planning period, these expected investments cannot be reliably separated between the two areas. Future investments will be planned as part of the update of investment plans for future periods. The Company considers the planned level of investment to be sufficient to progress towards the objectives set out in its medium-term strategy.

The Company has not been subject to any fines or other sanctions for environmental violations in 2025. Other aspects of financial impact are not currently being assessed in detail.

POLICIES (E2-1)

The Company's environmental management issues, including aspects related to pollution reduction, are primarily addressed in the Sustainability and Responsible Business Policy approved by the *Rīgas ūdens* Council in 2025. Detailed management requirements for this area are set out in the Environmental Management Manual, approved in 2024 in accordance with ISO 14001:2015 requirements. The environmental management system is subject to an annual surveillance audit and periodically re-certification in accordance with ISO requirements.

In accordance with the manual, the Company has established an environmental management system working group, which includes representatives from the biological treatment plant Daugavgrīva, the Water Preparation and Supply Service, the Sewer Network Pumping Station Service, the Water Supply and Sewerage Network Service, the Water Resources Inspectorate, the Transport Management Department, the Joint Water Quality Control Laboratory, the Strategic Planning Department and the Corporate Governance Department, as well as a Risk

manager. The working group ensures the continuous operation of the system, sets and periodically reviews environmental management objectives, implements measures to achieve them, reports to the Company's management on the performance and improvements of the environmental management system and performs other duties. An environmental management system management report is prepared once a year. The environmental management system working group participates in the development of internal documents, assessing the role of environmental aspects and the possibilities for their mitigation.

As part of the risk management system, the Company maintains an incident register, recording the identified incidents, types of impact and actions taken or to be taken. In 2025, the register recorded 26 cases (in 2024 – 17 cases) when heavy rainfall caused hydraulic overload of the sewage system and emergency discharge was used.

In addition to internal policies, the management of *Rīgas ūdens* polluting activities is strictly regulated by Category B polluting activity permits No. R119IB0008 (WWTP “Daugavgrīva” sludge fields and Vārnukrogs storage facility) and R112IB0013 (WWTP “Daugavgrīva” and its boiler house) issued to the Company. The permits specify the type of intended polluting activity, conditions for the Company's operations, resource use, air protection requirements, wastewater discharge requirements, waste management, monitoring requirements and other requirements. The monitoring requirements set out are integrated into the Company's operations, and the monitoring results are reported in accordance with the procedures set out in the regulations.

The Company's Water Resources Inspectorate ensures the identification of environmental protection and water resource use requirements set out in the regulatory enactments regulating the Company's operations, the preparation of action plans for their compliance and the control of their implementation. *Rīgas ūdens* Joint Water Quality Control Laboratory, which is accredited in accordance with the requirements of the LVS EN ISO/IEC 17025 standard, performs sampling of drinking water, surface water, groundwater, wastewater and biologically active sludge, as well as their independent laboratory testing, if necessary, by involving appropriately qualified external service providers. The measurements performed are related to both pollution and water resource quality, thus overlapping with the next thematic section of this report. Regular communication takes place with the State Environmental Service, which has issued the permits

for the aforementioned polluting activities, regarding the conditions of the permits, and the Company consults on other issues related to environmental protection.

Similarly, in managing pollution-related issues, the Company complies with the requirements of other external legal acts, including the Law on Pollution and others.

ACTIVITIES AND RESOURCES RELATED TO POLLUTION (E2-2)

In order to reduce environmental pollution caused by untreated wastewater, the long-term and medium-term operational strategies of *Rīgas ūdens* have set out a number of tasks to be carried out, which can be divided into three parts according to their essence:

1. Renovation of the sewerage network, reducing the likelihood of pollution occurring due to accidents in outdated infrastructure.
2. Improvement of treatment capacity and quality, ensuring more efficient collection and treatment of wastewater in all conditions.
3. Improvement of the accessibility of the centralised sewage system, in order to encourage residents to use the centralised wastewater disposal network, rather than individual solutions, which may have a higher risk of pollution.

To implement these operational directions, the following activities have been set out in the *Rīgas ūdens* Medium-Term Operational Strategy for 2025–2030.

Renovation of sewer networks according to long-term analysis and critical areas. The Company has carried out a detailed analysis of the sewer network and identified network renovation priorities in the Sustainable Long-term Sewer Network Renovation Plan according to their age, condition, pipeline material, CCTV inspection results, etc., and constantly maintains a list of critical sewer networks. Renovation of priority network elements will contribute to reducing the number of accidents and infiltration, as well as increasing the energy efficiency of sewage pumping stations and improving the quality of water management services, thus achieving an effect not only in pollution reduction, but also in climate change mitigation, customer service improvement and other areas. In 2025, a 9.3 km long renovation of sewer networks was carried out in 12 Riga neighborhoods (Āgenskalns, Bolderāja, Imanta, Jugla, Latgale suburbs, Purvciems, Pleskodāle, Sarkandaugava, Šķīrotava, Teika, Ziepniekkalns, Zolitūde), mostly applying trenchless methods to the work. Of these, the largest projects

implemented in 2025 were the renovation of sewer networks under the Riga-Ķekava bicycle path, the reconstruction of the sewer collector in Uzvaras Park and the renovation of pipelines using the trenchless method on Dammes Street.

The use of CCTV for assessing the technical condition of sewer networks and recording them in GIS. The CCTV inspection method is one of the main means of assessing the technical condition of sewer pipelines, as well as an integral and significant part of network infrastructure resource management. The results of CCTV inspection provide an opportunity to determine and analyze the technical condition of domestic sewer networks in order to ensure the planning of measures necessary for the maintenance of the sewer network infrastructure. All information obtained during CCTV is integrated into GIS (Geographic Information System) to create a transparent visualization with a record of detected defects, which in turn allows for timely planning of preventive and repair work. In 2025, CCTV inspection was carried out on 72.6 km of sewer networks.

Expansion and technological modernization of the WWTP “Daugavgrīva”. A feasibility study and a concept for the expansion and technological upgrading of WWTP have been developed, with work to be carried out in phases up to 2040. This is one of the largest Rīgas ūdens Investment Projects, and its implementation will help improve the quality of wastewater treatment to the level specified in current regulatory enactments for phosphorus compounds (≤ 0.5 mg/l P_{total}) and nitrogen compounds (≤ 8 mg/l N_{total}), as well as increase the hydraulic capacity for receiving wastewater from the entire Riga and part of the Pierīga agglomeration, in compliance with the legal acts of the EU and the Republic of Latvia. The implementation of the subsequent stages of the expansion and modernization of the WWTP will also ensure the introduction of fourth treatment or micropollution treatment, which, in accordance with the requirements of external regulatory enactments, must be implemented by 2045 – simultaneously with the producer responsibility system to be introduced in Latvia.



The contract with the Central Finance and Contracts Agency for the implementation of the European Union Fund project with co-financing from the European Regional Development Fund in the amount of 22.3 million euros for the expansion and renovation of WWTP “Daugavgrīva” was concluded on 05.11.2025. The total planned investment in the project is 64 million euros. In 2025, procurement documents for design and construction works, as well as for engineering supervision, were prepared. The procurement is planned for 2026.

The project plans to expand the wastewater treatment plant complex, which includes the construction of an additional biological process tank and the improvement of the modified activated sludge process, the replacement of the aeration system and mixers of the existing biological process reservoirs, the introduction of the modified activated sludge process, the replacement of the air blowers of the biological treatment process, the construction of a

methanol microdosing system, the reconstruction of the outlet pump station, as well as the introduction of a deammonification process for the purification of sludge water from nitrogen.

Renovation of primary and secondary clarifiers. 6 primary clarifiers and 10 secondary clarifiers have been built to perform the wastewater treatment functions of the WWTP, which are being renovated gradually – in the period until 2032. The renovation works are being carried out in such a way as to ensure the greatest possible longevity, and at the same time it is planned to renew the worn-out pipelines, introduce new power supply and automation control and ensure the integration of clarifier control into the *SCADA (Supervisory Control and Data Acquisition)* control system, providing for their complete automation. This will achieve both a more efficient and long-term predictable wastewater treatment process that reduces the possibility of pollution, and address issues of process automation and energy efficiency. In 2025, one secondary clarifier was renovated and the renovation of two primary clarifiers has begun.

Reconstruction and modernization of sewage pumping stations. The transfer of collected wastewater to the BTPD is provided by 110 sewage pumping stations managed by *Rīgas ūdens*. Some of them have not been renovated for more than 20 years, and in this period of the sustainable development strategy, it is planned to gradually implement their renovation. Priority is given to physically and technologically outdated pumping stations, which are essential for the continuity of operations and full-fledged provision of services at a high level, while improving the compliance of their equipment with modern energy efficiency requirements. Currently, all sewage pumping stations operate in a unified automatic control system, which ensures the efficiency of work. In 2025, the sewage pumping station at Slimnīcas Street 8A (Daugavgrīva) was rebuilt, the total investment in the project is 382 thousand euros.

Participation in the development and implementation of an integrated municipal wastewater management plan. One of the reasons why the wastewater system is overloaded in the event of heavy rainfall is that Riga has historically had a so-called common sewage system, into which rainwater can easily flow in the event of rainfall. Of the approximately 50 million m³ of wastewater treated by the WWTP annually, about 36–37 million m³ is wastewater,

and the rest is rainwater and infiltration. As the city develops and at the same time climate challenges increase, it is becoming an increasingly big problem, which both complicates the everyday life of the city's residents and creates pollution risks in the environment, as the system overflows and discharges untreated wastewater mixed with rainwater into the Daugava. The above-mentioned issue is relevant not only for Riga, but also for many other – especially older – European cities. Therefore, EU Directive 2024/3019 on urban waste water treatment includes a requirement that by 31 December 2033, Member States in agglomerations with large waste water treatment plants (100,000 population equivalent units² or more) must develop an integrated urban waste water management plan. The aim of the plan is to reduce pollution caused by overflows (emergency releases). It is indicated that overflows should not constitute more than 2% of the annual municipal wastewater pollution load, which is also included in the strategic planning documents of *Rīgas ūdens*. In accordance with the directive, the plan to be developed should include preventive measures to prevent unpolluted rainwater from entering the centralised sewage system, as well as measures that promote natural water retention or rainwater storage, and measures to increase green and blue zones in urban areas to reduce precipitation water overflows. Measures that provide for better management and optimization of existing infrastructure, including sewage systems, wastewater retention capacity, and the use of wastewater treatment plants, should also be included, in order to ensure minimal entry of untreated municipal wastewater or polluted rainwater into water bodies. In order to address all of the above-mentioned issues and implement the indicated solutions, extensive involvement of various stakeholders and development of an integrated plan are required, as neither *Rīgas ūdens* nor any other Riga City Municipality institution is individually responsible for all of the aforementioned areas of activity and infrastructure elements. *Rīgas ūdens* will carry out the intended tasks within the framework of its strategy (including the tasks described in this chapter), which already help to mitigate the aforementioned risk, but the development of a sustainable solution requires extensive dialogue and the development of a joint Riga City Municipality plan.

² Human equivalent (HE) is the amount of organic pollution in wastewater, which is equivalent to the average organic pollution created by one person.

Implementation of wastewater pre-treatment for emergency discharges. The implementation of this task is closely related to solving the problems described above in the event of heavy rainfall. Although, in accordance with the Cabinet of Ministers' Regulation No. 327 of 30.06.2015 "Regulations on Latvian Construction Code LBN 223-15 Sewerage Structures", wastewater treatment structures must be equipped with emergency overflows, which may be used in certain cases, at the same time the Company must ensure that the limiting concentrations of pollutants in municipal wastewater discharged at emergency discharge points are in accordance with the requirements of the Cabinet of Ministers' Regulation No. 34 of 22.01.2002 "Regulations on the Emission of Pollutants to Water". In other words, there are situations in which there is no other option than to discharge untreated wastewater into the environment, but the Company must provide technical solutions to reduce the pollution caused by them in such a situation as much as possible. This can be achieved by equipping emergency outlets with pre-treatment (mechanical treatment). During this medium-term strategy period, a technical and economic justification for equipping emergency outlets with pre-treatment facilities will be developed and the first pre-treatment facilities will be built in Daugavgrīva in accordance with the optimal solution and best available technologies. Subsequently, pre-treatment facilities are planned to be built in the switching chambers "Voleri" for the emergency outlet, as well as at the sewage pumping stations in Vecmīlgrāvis and at the Dienvidu bridge.

It should be noted that in order to address this issue, *Rīgas ūdens* has already closed several emergency discharge points in previous years, limiting where they can be used at all. For more effective monitoring of the situation, the Company has placed 10 rainfall meters in various locations in Riga in recent years. Work processes are also better coordinated with each other in order to keep wastewater in the system for as long as possible, with emergency discharges only carried out in cases of extreme necessity. However, such actions can create additional risks - if wastewater is kept in the system for too long, it can overflow to other places and enter the external environment through sewer manholes, as happened in 2025 in Uzvaras Park (Vicotry Park). Therefore, additional meters are currently installed in the sewer network so that dispatchers can decide at what point the level has reached the critical mark and the emergency discharge should be used.

Installation of automatic wastewater sampling equipment for accurate determination of the amount of pollution. In all cases where emergency outlets are used, as described above, *Rīgas ūdens* informs the State Environmental Service, which is notified of the discharged volumes and the amount of pollutants in the wastewater. To determine the amount of pollutants, wastewater samples are taken at the sewage pumping station closest to the emergency outlet, but it is not always possible to take samples exactly when the water discharge from the emergency outlet is started, and it is not always possible to take samples of the wastewater that is discharged from the emergency outlet. In order to more accurately determine pollution, automatic wastewater sample analyzers will be installed in Daugavgrīva, at the Dienvidu bridge, Vējažaku island and Vecmīlgrāvi, which will take wastewater samples at the moment when the emergency outlet or overflow begins to discharge wastewater, and will continue to take samples at certain intervals until the end of the emergency discharge. Thus, samples will be taken from the wastewater that is discharged into the environment at a specific time, thus providing accurate data on the amount of pollution, as well as allowing judgments to be made about the concentration of wastewater and precipitation water in municipal wastewater. The installation of two such sampling devices was completed at the end of 2025, and their commissioning is planned after adjustment works in the first half of 2026.

Implementation of the program for expanding the availability of water management services. In addition to reducing pollution in wastewater treatment, *Rīgas ūdens* also indirectly contributes to reducing pollution in the City of Riga by expanding the availability of centralised sewage in neighborhoods where it has been limited so far and therefore residents have used other, decentralised solutions. In 2025, the Riga City Municipality expanded the agglomeration boundary, additionally including the densely populated part of the Mangaļsala territory, the Dārziņi neighborhood, the Kundziņsala neighborhood and the Trīsciems neighborhood, where a centralised sewage system had not been built. Despite the expanded sewage networks in Ziepniekkalns and Jugla in 2025, which created additional sewage service availability for 408 residents, the indicators of centralised sewage service availability decreased mainly due to changes in the agglomeration boundaries. In 2025, centralised wastewater services were available to 97.28% of the population, and connection – to 96.08% of the declared population in the Riga Wastewater Agglomeration. By 2040, according to current plans, it is planned to increase the availability of the centralised sewage system to 7,200 declared residents. By 2030,

it is planned to improve the availability of centralised sewage system services to ≥ 3.3 thousand declared residents in Jugla, Bergi, Bukulti, Čiekurkaln, Ķengarag, Imanta and Šķīrotava. In 2025, ~4.7 km of sewage networks were expanded in Ziepniekkalns and Jugla, but in 2026 it is planned to start construction work in Mangaļsala, Bukulti and Čiekurkalns. In 2025, a preliminary design study for the installation of water management infrastructure in Dārziņi was launched.

In addition, the Company provides support to residents in preparing documentation for obtaining co-financing offered by the Riga City Council for installing connections to the centralised water management system.

In order to reduce the risk of pollution, in addition to the above-mentioned activities, *Rīgas ūdens* controls service users who discharge industrial wastewater into the centralised sewage system. In accordance with Riga City Council Regulation No. 17 of 15.12.2017 “Binding Regulations on the Operation, Use and Protection of the Riga City Centralised Water Supply and Sewerage System” and in accordance with Cabinet Regulation No. 34 of 22.01.2002 “Regulations on the Emission of Pollutants into Water”, wastewater that meets the requirements of these regulations may be discharged into the centralised sewage system. Wastewater discharged by customers is monitored to ensure that such wastewater enters *Rīgas ūdens* facilities that can be treated in accordance with the specified requirements, and that the treated wastewater that is further discharged into the Baltic Sea meets the specified requirements. In cases of violations, sanctions are applied to *Rīgas ūdens* service users in accordance with the “polluter pays” principle. It should be emphasized that from the perspective of *Rīgas ūdens*, the goal is not to punish service users for violations, but rather to encourage large customers – especially manufacturers and other industrial companies – to carry out their own pre-treatment.

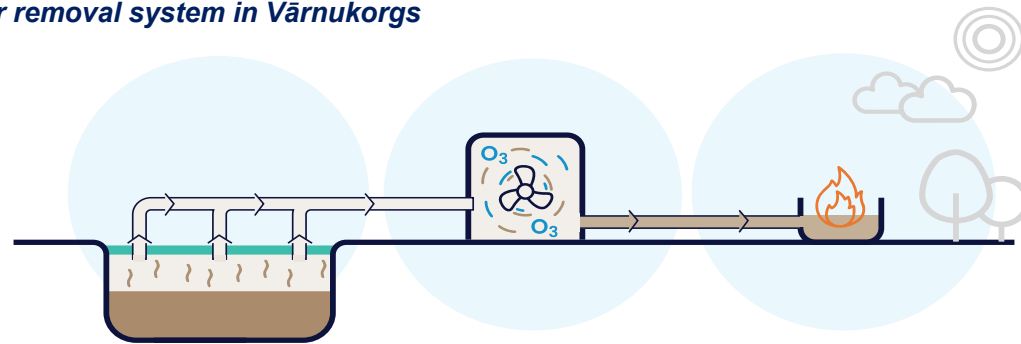
Rīgas ūdens has conducted an assessment of production companies based on the information provided by the companies on priority and aquatic environment hazardous substances that are used in their technological process or arise as by-products and can potentially end up in the centralised sewage system. In 2025, no new service contracts were concluded with customers for the discharge of production wastewater into the centralised sewage system, the discharged wastewater of which could contain priority or aquatic environment hazardous substances.

To facilitate this, a decision was submitted to the Riga City Council for approval on the requirement to install GPS (global positioning system) equipment on decentralised wastewater collectors so that the origin of excess pollution could be identified even more accurately in the future. At the end of 2025, amendments were made to the binding regulations of the Riga City Council of 18.10.2017 No. 4 “On the terms of the public water management service contract, the procedure for concluding, amending and terminating it” to include these requirements. In addition, the Company’s accredited laboratory continuously monitors wastewater and continuously supplements the measurements taken by identifying new pollutants.

Odour prevention

In relation to limiting another type of pollution – odour spread – the Medium-Term Action Strategy for 2025–2030 does not provide for detailed actions or objectives, however, in 2024, the odour emission limit project was updated by carrying out odour measurements in sewage sludge fields and storage facilities in Vārnukrogs. In 2025, the State Environmental Service carried out two odour inspections, as well as a request from the Mārupe City Council to take the necessary actions to reduce odours. At the end of 2025, *Rīgas ūdens* completed the implementation of the project, within the framework of which the Vārnukrogs sludge storage facility with an area of approximately 15,000 m² was covered with a water and gas-impermeable membrane, which limits the spread of odours, as well as reduces their increased formation in warm, sunny weather. The gases accumulated in the reservoir under the membrane are led through a built pipeline system to a closed gas collector, which houses industrial ozonators. They neutralize the odor-causing chemical compounds released by the sludge, and a fan removes purified air from the gas collector. The effectiveness of this solution has also been positively assessed by the Mārupe municipality.

Odor removal system in Vārnukorgs



Storage coating

The sludge storage is covered with a membrane that prevents the spread of odors due to wind and the effect of sunlight on the reservoir, thus reducing the intensity of new odors, as well as ensuring controlled collection of polluted air and gas removal.

Air purification with ozone

Gas purification is provided in a separate container, eliminating odors using ozonation. The ozone flow is mixed with the incoming polluted air in a special chamber, the air flow being provided using a fan.

Additional treatment to improve the effect

It is possible to connect additional purification equipment and filters, providing the possibility of adding a gas burner after basic treatment, which can be used to eliminate particularly persistent odors.

In 2025, a digester complex expansion project was launched, which envisages the construction of two new methane tanks with a total volume of 12,000 m³, which will ensure full-fledged treatment of all wastewater sludge under anaerobic conditions on site, while significantly increasing biogas production. Consequently, after the project is implemented, untreated sludge will not be formed, which was the main cause of odor spread. This is one of the largest and most ambitious *Rīgas ūdens* investment projects of the medium-term operational strategy period with a total investment volume of 54.7 million EUR.

Prevention of historical pollution

In the period until 2002, the rinsing water of the filters of drinking water prepared at the water preparation station “Daugava” for the needs of the centralised water supply of the city of Riga, which contained a coagulant, was discharged into the lower reaches of the Olekte River. When the rinsing water containing the coagulant mixed with the surface waters rich in biogens, reaction products in the form of sediments were formed in the river. Since 2002, technological solutions have been introduced at the water preparation station “Daugava”, ensuring secondary settling of the water that occurs after sludge dewatering, and such pollution is no longer created. However, it has historically developed, therefore, in 2012–2013, *Rīgas ūdens* implemented the first two stages of the project to eliminate the blockage of the Olekte stream bed and its mouth.

In turn, in 2025, the development of the construction project for the 3rd and 4th stages of the elimination of the blockage of the the Olekte stream bed was completed, a building permit was received and a procurement for the construction work was announced. The Ķekava municipality has confirmed its commitment to participate in the implementation of the rehabilitation of the Olekte River project, based on the previously concluded cooperation agreement with *Rīgas ūdens*.

Digitisation

To reduce both pollution risks and improve the overall efficiency of the entire Riga sewerage system, sewage pumping stations have been equipped with an automatic control system, 10 precipitation meters, 19 flow/level meters have been installed in the sewerage network, and a computer model of the sewerage network has been developed to approve solutions for increasing the climate resilience of the centralised sewerage system. A wastewater quality monitoring system has been implemented at three sewage pumping stations for timely warning of WWTP about over-pollution, and research has been launched in 2025 on the development of an early warning system for WWTP pollutants.

In 2025, significant improvements in GIS data circulation and process digitization continued, including digitized stormwater data management, ensuring historical data input, automatic calculation tables and schema generation, digitized process of registering industrial wastewater inspection and decentralised sewage barrel inspection samples, significantly accelerating the process and improving data quality.

From the perspective of the pollution abatement hierarchy, most of the activities to be implemented are related to reducing the amount of pollution, promoting its purification and reducing the amount of potential pollution entering the environment. Odour abatement activities are related to preventing pollution at its source, while the rehabilitation of the Olekte River aims to restore the environment to its former condition.



TARGETS (E2-3)

Targets related to pollution reduction have been set in the priority development directions of *Rīgas ūdens* long-term and medium-term operational strategies: “Energy efficiency and development of renewable energy resources”, “Wastewater pollution reduction and improvement of the environmental situation” and “Affordable centralised water management services”. Specific goals and target values for the strategy period have been set for each priority direction, as well as specific indicators for the calendar year, within the framework of the annual strategy implementation activity plan.

Priority direction	Objective	Target value for the year 2040	Target value for the year 2030	Target value for the year 2025	Implementation in 2025
Energy efficiency and the development of renewable energy production Reducing wastewater pollution and improving the environmental condition	Ensure sustainable renovation of sewage networks	≥ 150 km of sewerage networks renovated (on average 9.6 km/year)	≥ 55 km sewage networks rehabilitated	≥ 8 km sewage networks rehabilitated	9.3 km
	Ensure higher wastewater treatment requirements and increase hydraulic treatment capacity	Improved wastewater treatment degree: ≤ 0.5 mg/l P _{total} and ≤ 8 mg/l N _{total}	P _{total} ≤ 1.0 mg/l N _{total} ≤ 10 mg/l	P _{total} ≤ 1.0 mg/l N _{total} ≤ 10 mg/l	P _{total} – 0.68 mg/l N _{total} – 7.59 mg/l
	Reduce discharges of untreated wastewater by improving urban wastewater management in the Riga wastewater agglomeration	Pollution load from wastewater overflows during rain reduced to ≤ 2% of the annual pollution load calculated in dry weather.	Treated wastewater to total wastewater collected: ≥ 98%	Treated wastewater to total wastewater collected: ≥ 98%	98.01%
Available centralised water management services	Increase availability of centralised water management services	Availability of centralised sewerage services in the Riga wastewater agglomeration ensures collection and treatment of ≥ 98% of the wastewater pollution load	The number of declared residents who are provided with access to centralised sewage service in the centralised sewage system agglomeration: additional access ≥ 3.3 thousand inhabitants.	Additional availability ≥ 400 population	408 inhabitants (97.28%)*

* According to the information of the Citizenship and Migration Affairs Office on the declared population, centralised sewage services were available to 97.28% of the residents of the Riga City Wastewater Agglomeration Territory on 31.12.2025.

The Company's strategy does not set specific targets for reducing odors in the environment, but significant improvements have been made in this area in recent years (see more details in the E2-2 section “Prevention of odors”).

AIR AND WATER POLLUTION(E2-4)

In accordance with the conditions of the permits issued by the State Environmental Service (SES), *Rīgas ūdens* annually submits to the LEGMC the official environmental protection statistics forms “No. 2-Water” and “No. 2-Air”, which include information on *Rīgas ūdens* emissions into the environment and are available in a public database.

Wastewater quality requirements are set out in the Cabinet of Ministers Regulation No. 34 of 22.01.2022 “Regulations on the Emission of Pollutants into Water”. In accordance with the conditions of the Category B polluting activity permit No. RI12IB0013 issued by the State Water Resources Administration on 23.01.2012, *Rīgas ūdens* regularly ensures laboratory control of wastewater, determining the concentrations of pollutants in the WWTP inlet, outlet, as well as in biological treatment processes. In 2025, WWTP met all the treatment parameters set by the laws and regulations. The main results of the quality control and data on the residual pollution discharged to the environment are summarised in the tables below.

***Pollutant concentration discharges into the Gulf of Riga
quality test results in 2023–2025***

Parameter	Maximum permissible Concentration, mg/l	Average testing results		
		2023	2024	2025
Suspended substances	35.0	8.5	8.4	8.0
BOD ₅	25.0	6.9	6.5	5.9
COD	125.0	41.7	40.4	42.9
Total nitrogen	10.0	6.9	7.7	7.59
Total phosphorus	1.0	0.71	0.66	0.68
Petroleum hydrocarbons	1.0	0.02	0.04	0.02
Phenols	0.05	0.004	0.014	0.008
Formaldehyde	0.2	0.040	0.046	0.053
Zinc	0.2	0.034	0.035	0.057
Copper	0.2	0.007	0.007	0.019
Nickel	0.05	0.005	0.004	0.003
Chrome	0.05	0.003	0.003	0.002
Lead	0.05	0.0009	0.001	0.0009
Cadmium	0.02	0.0002	0.0004	0.0006
Arsenic	0.02	0.001	0.0014	0.0005
Mercury	0.02	0.00005	0.0001	0.0001

Residual pollution discharged into the aquatic environment in 2025, tons/year

Parameter	Maximum permissible load*	Discharge point	
		Exhaust into the sea gulf	Emergency outfalls**
Suspended substances	<2555	399.1	266.1
BSP ₅	1825	295.2***	198.2
COD	9125	2147.5	586.3
Total nitrogen	730	381.9	65.0
Total phosphorus	73	33.9	7.2
Petroleum hydrocarbons	73	0.97	0.96
Phenols	3.65	0.39	0.05
Formaldehyde	14.6	2.7	0.24
Zinc	14.6	2.9	0.42
Copper	14.6	0.95	0.10
Nickel	3.65	0.17	0.01
Chrome	0.05	0.11	0.01
Lead	0.05	0.05	0.02
Cadmium	**	0.03	0.001
Arsenic	**	0.03	0.004
Mercury	**	0.0005	0.0002

* The maximum permissible load at the outlet is proportional to the volume of wastewater discharged in the relevant time period – in accordance with the permit conditions.

Rīgas ūdens territory is part of the Daugava river basin district, in cases of emergency discharges, the Daugava is the main receiving water body. According to 26.01.2023. The ecological potential of the water bodies in the approved Daugava River Basin Management Plan (2022–2027) is considered poor, and the assessment of the state of the marine environment prepared by the Latvian Institute of Hydroecology indicates that the overall state of eutrophication in Latvian marine waters is assessed as poor. However, thanks to the modernization work carried out by *Rīgas ūdens*, by the decision of the Baltic Sea Environmental Protection Commission (HELCOM) delegation heads meeting in early 2021, the status of the Riga City Wastewater Treatment Plant (WWTP) as a polluter, which it had previously had for almost 30 years, was revoked. Thus, Riga has been excluded from the HELCOM “hotspot” list and, although the Company has to use emergency releases and discharge a certain amount of untreated wastewater into the Daugava every year, this is not considered so significant as to worsen the overall state of the waters.

Currently, environmental permits do not set restrictions on microplastics and pharmaceutical residues, as measuring and reducing their levels is still at the research stage and is not regulated by external regulatory enactments. *Rīgas ūdens* does not produce or use microplastics or pharmaceutical substances, but as part of the provision of services, the Company is involved in their release into the environment. *Rīgas ūdens* is actively involved in research projects in specialist working groups. *Rīgas ūdens* is an associate partner in the International project *Emperest*, which addresses the issues of removing PFAS and other organic micropollutants from wastewater. The PFAS group, also known as “eternal chemicals”, is currently one of the most pressing environmental problems in the Baltic Sea region. In 2025, project partners visited Riga with a pilot technology placed in a mobile container, which is currently being tested in various European cities. The micropollutant treatment plant has four-stage treatment phases. It has already been tested in Finland, Estonia and Lithuania and at the end of 2025 also at the *Rīgas ūdens* Wastewater Treatment Plant “Daugavgrīva”. Sample testing and data collection are still being carried out.

The Company also submits reports to the Latvian Environmental Protection Agency annually on air emissions, which are calculated in accordance with the methodology set out in the Stationary Source ***Air pollution from stationary pollution sources, combustion plants, tons/year***

Parameter	WWTP “Daugavgrīva”			UWPS “Baltezers”		
	2023	2024	2025	2023	2024	2025
Nitric oxide	1.05	1.19	0.74	0.24	0.23	0.24
Carbon oxide	0.88	0.75	0.03	0.1	0.09	0.1
Carbon dioxide	1254.2	1644.3	1408.6	136.1	129.5	137.8

Air pollution from stationary pollution sources wastewater treatment plants, tons/year

Parameter	2024	2025
Volatile organic compounds (VOCs)	4.14	4.05

In accordance with the conditions of the Category B polluting activity permit No. RI19IB0008, continuous odor monitoring and odor control measures are provided in the sludge fields and sludge storage facilities in Vārnukrogs. The Company has deployed monitoring equipment with metal oxide semiconductor gas sensors that respond to odors, smells and dust in the air. Employees of the State Environmental Service are also provided with online access to odor monitoring station data. However, the obtained data have a high level of uncertainty and do not provide sufficient information for decision-making.

The draft odor emission limits updated in October 2024 are currently in force. Taking into account changes in the polluting activity and permit conditions, it is planned to develop a new draft odor emission limits in the first half of 2026, which includes future operating scenarios.

In order to substantially reduce the impact of odors on the surrounding population, *Rīgas ūdens* covered the Vārnukrogs sludge storage facility with a water and gas-impermeable membrane in 2025 ([E2-2](#) in the Odor Prevention section). To test the effectiveness of the implemented odor emission limitation solution and develop an odor emission limit project, it is planned to perform odor concentration and emission flow measurements at the covered sludge storage facility and at the gas collector air outlet pipe.

E3 WATER AND MARINE RESOURCES

IDENTIFICATION AND ASSESSMENT OF SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

The extraction of water resources, preparation of drinking water, delivery to customers and, subsequently, the collection, treatment and discharge of wastewater into the environment constitute the core business of *Rīgas ūdens*. In fact, *Rīgas ūdens* ensures the circulation of water resources, observing high standards of water quality and safety. At the same time, the Company manages a historically developed infrastructure, which does not always meet the highest modern standards, therefore, in addition to aspects related to water consumption and wastewater discharge, the Company must pay significant attention to the renovation and modernization of the infrastructure.

This section mainly discusses information related to water supply, most of the environmental issues related to water discharge have already been discussed in the section on pollution (see above).

Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Water extraction	Surface water basin safety risk – drinking water quality in the watershed is deteriorating, but the country has not updated its risk assessment of river catchment basins, which could reveal new pollution	Risk	P	2-5
	Water losses in an outdated water supply network increase water extraction volumes and energy consumption	Impact (actual, negative)	P	2-5
Water consumption	Unpredictable increase in demand for sewerage services in newly developed areas may overload the existing sewerage infrastructure and pose risks to its safe and continuous operation	Risk	P, L	2-5
	Failure to achieve water loss reduction targets set in the EU Taxonomy due to insufficient data and lack of installation of the necessary sensors	Risk	P	2-5
Water drainage	Impact of customer habits on sewerage usage – improper use of the sewerage system (e.g. discharge of chemicals, medications or unexpected materials) can lead to a decrease in treatment efficiency, disruption of equipment operation and potential release of pollution into the environment	Risk	S.	1; 2-5

* The designations used "expression in the value chain": A – upstream value chain, P – *Rīgas ūdens* own operations, L – downstream value chain.

** The terms used are in line with the ESRS time frames: short term – 1 year, medium term – 2–5 years, long term – 5+ years.

In order to identify priority areas where water supply infrastructure needs to be renovated, the Company has developed a Sustainable Long-Term Water Supply Network Renovation Plan (a similar plan has also been developed for the renovation of sewerage networks, which is discussed in detail in the previous section) and constantly maintains a list of critical water supply networks. As part of the work, the entire water supply network managed by *Rīgas ūdens* and the risks of their damage were assessed, constantly analysing the condition of the sections, age and other parameters, which allows identifying risk groups and annually determining the priority of water supply renovation.

As part of the [double materiality assessment](#), it was concluded that, along with the overload of the wastewater collection and treatment system during precipitation (the reasons for which and the actions to be taken are discussed in more detail in the previous section on pollution), one of the most significant factors affecting *Rīgas ūdens* in the field of water consumption is water losses. Their occurrence is associated with two factors – real water losses (leaks) in outdated water supply infrastructure, as well as inaccuracies in consumption accounting and data uncertainty. Leaks contribute to the Company having to extract more water from underground or surface water sources and consuming more resources than would be optimally necessary to meet customer needs. Several projects are planned for the coming years, which should result in a reduction in the volume of losses, however, there are concerns whether the water loss threshold set in the technical screening criteria of the EU Taxonomy Regulation will be achieved in a relatively short time. It should be noted that the European Union is still planning to set the water leakage limit by January 12, 2028.

Regarding water sources, *Rīgas ūdens* obtains water from both the Baltezers-Ramberģi-Zaķumuiža underground water sources (mainly supplying consumers on the right bank of the Daugava) and the surface water sources of the Daugava River (mainly supplying consumers on the left bank). In the hydrogeological study of underground water sources conducted in 2025, after assessing the predicted changes in temperature and precipitation, it was recognized that the impact of climate change on the total groundwater balance by 2050 is assessed as insignificant and water reserves will be sufficient. Thus, in the foreseeable future, there are no circumstances that would limit the availability of water supply services, and *Rīgas ūdens* does not operate in areas at risk of water extraction (lack of water).

In order to ensure the preservation and restoration of water resources, as well as to reduce the negative impact of pollution on the quality of the extracted water, protective zones have been established around the underground water intake points. In turn, the preparation of drinking water from the surface water intake of the Daugava River is associated with the need to carry out more significant water purification processes to ensure its suitability for human consumption. Thus, the Company plans to assess the feasibility of also supplying drinking water obtained from underground water intakes to customers on the left bank of the Daugava, assessing it in the context of safety, service continuity, pollution and other risks. To ensure a reserve of drinking

water for emergencies and firefighting, in accordance with the requirements of regulatory enactments, water reservoirs with a total usable volume of ~48 thousand m³ are used for drinking water storage.

The risks of water consumption and discharge are also related to customer habits and understanding. Therefore, *Rīgas ūdens* constantly organizes information campaigns and daily educational communication to promote the habits of customers – both legal entities and residents – to consume water efficiently and thoughtfully, as well as not to discharge substances and objects into the sewer that should not be there and that can contribute to environmental pollution.

In addition to water extraction, consumption and other related issues, a very important aspect is the safe and clean supply of drinking water, which the Company constantly controls. The quality requirements for drinking water are determined by external legal acts. In order to regulate the fulfilment of water extraction and drinking water quality requirements, the State Environmental Service has issued the Company a Water Resources Use Permit No. RI19DU0006, which is regularly reviewed and updated and water quality control is carried out in accordance with it.

The expected financial impact related to water resources (ESRS E3-5) has been assessed when developing the Company's strategies, and the investment plan for 2026–2028 provides for funds in the amount of 56.4 million EUR.

In addition, 18.5 million EUR is planned for investments in the expansion of the water management network, which simultaneously includes both **water supply** and wastewater collection infrastructure. These planned investments overlap with the previous section of this report – pollution reduction, but during the investment planning period, these expected investments cannot be reliably separated between the two areas. Future investments will be planned as part of the update of investment plans for future periods. The Company considers the planned level of investment to be sufficient to progress towards the objectives set out in its medium-term strategy.

In addition, in accordance with the total operating costs of drinking water preparation, supply and accident prevention, water losses in 2025 caused approximately EUR ~2.5 million in losses.

In 2025, the Company was not subject to any fines or other sanctions for environmental violations related to the use of water resources, pollution or other aspects. Other aspects of financial impact are not currently being assessed in detail.

POLICIES (E3-1)

Issues related to water resource management are primarily addressed in the Sustainability and Responsible Business Policy approved by the Management Board of *Rīgas ūdens* in 2025. Detailed aspects of the management of this area are assessed within the framework of the ISO 14001:2015 certified environmental management system.

In addition to internal regulatory enactments, the management of water resources and related issues in the Company's operations are strictly regulated by external laws, including the Water Management Law, the Law on Water Management Services, the River Daugava Basin District Management Plan and other. The Company's operations and permissible conduct in the extraction and use of water resources are therefore strictly regulated and subject to constant external monitoring.

ACTIVITIES AND RESOURCES (E3-2)

In order to reduce water losses and ensure high quality and safety of drinking water, as well as its availability to a wide range of the city residents, a number of tasks to be carried out are set out in the *Rīgas ūdens* long-term and medium-term operational strategies. The Medium-Term Operational Strategy 2025-2030 sets out the following tasks:

- **Rehabilitation of water supply networks** in line with the stages identified in the Sustainable Long-term Water Supply Network Rehabilitation Plan. Critical network rehabilitation stages were identified based on a set of 8 different criteria (including

emergencies, age of pipelines, material, etc.). This will reduce the number of accidents and associated water supply interruptions, reduce water losses and improve the quality of drinking water and the quality of the water supply service. In 2025, ~14.7 km of water supply networks were rehabilitated in 13 neighbourhoods of Riga: Āgenskalns, Centre, Dzirciems, Imanta, Jugla, Latgale suburb, Pētersala-Andrejsala, Pļavnieki, Sarkandaugava, Šķīrotava, Old Riga, Zaķusala and Ziepniekkalns;

- **Development and implementation of a water loss reduction plan**, which will include addressing both of the above problems - 1) inventory and improvement of water consumption metering using digital solutions, zoning of water supply networks managed by *Rīgas ūdens*, sensor solutions, etc., and 2) rehabilitation of water supply networks, rebuilding of temporary water supply networks, elimination of transit pipes, pressure optimisation, replacement of gate valves and hydrants, development of proactive leakage detection solutions, etc. Although the main issues and types of solutions are known to the Company, there has been a high degree of data uncertainty so far preventing from both more precise detection of the locations where solutions should be implemented (especially for leakage reduction) and more accurate account for the components of water consumption. In 2025, a detailed analysis of loss factors has been carried out, and an appropriate follow-up plan is being developed. Whereas, in order to reduce the uncertainty in metering water consumption, extensive work has been initiated to implement telemetry solutions in 2025, including by studying the experience of other infrastructure companies, such as the JSC "Sadales tīkls", in using these solutions. Within two years, it is planned to equip all the *Rīgas ūdens* commercial meters with automated online remote data reading solutions, thus both reducing *Rīgas ūdens*' lost revenue due to inaccurately metered water volumes and making customers' everyday life easier by modernising service delivery;
- **Expanding accessibility of water services and promoting connections** - although this line of action is primarily related to providing accessibility of centralised sewerage, in certain areas, accessibility of additional water supply networks will be provided in parallel with the construction of sewerage networks during this period. Improvement of accessibility of services is provided for also in the neighbourhoods of Jugla, Berģi, Bukulti, Čiekurkalns, Ķengarags, Imanta and Šķīrotava, as well as in the territory of Mangašsala and Dārziņi. In 2025, centralised water services are accessible to 98.04% of

the residents, and 97.47% of the declared residents has a connection. In 2025, the sewerage networks were extended by ~4.7 km, and the water supply networks - by ~0.9 km in Ziepniekkalns and Jugla, while commencement of construction works is planned in Mangaļsala, Bukulti and Čiekurkalns in 2026. In 2025, a feasibility study for the arrangement of water management infrastructure in Dārziņi was launched. Along with that, the Company provides support to residents in arranging connections to the³ centralised water management system through co-financing offered by the Riga City Council. Whereas, in order to reduce inconvenience for the city residents and other infrastructure managers, *Rīgas ūdens* coordinates planned works with the Riga City Council institutions and other capital companies as far as possible, performing them simultaneously or sequentially with, for example, urban street rehabilitation works;

- **Implementation and update of the water supply network flushing plan** - Based on a study carried out in cooperation with the Riga Technical University, a water supply network flushing plan has been developed, prioritising the sequence of water pipes to be flushed and providing for flushing of the main and distribution section of the water supply network at least every five years. Flushing is carried out using air-water flushing technology, starting from underground and surface water sources and consecutively progressing to the distribution water supply networks in the neighbourhoods of Riga. *Rīgas ūdens* has three water-air flushing plants to carry out these works. In 2025, water supply networks in the total length of 333.5 km in the neighbourhoods of Bierīni, Ilģuciems, Bolderāja, Latgale suburb, Dārziems, Pļavnieki, Purvciems, Mežciems, Dreiliņi, Jugla, Teika, Berģi and Brekši and in the Garkalne Municipality were flushed;
- **Development of the Water Safety Plan** - Based on the experience of other European water companies, *Rīgas ūdens* has commenced to develop a Water Safety Plan, which will include the development of a risk assessment based action plan and the implementation of risk mitigation measures, such as the introduction of an online water quality monitoring system, technological improvements in the water treatment process and other measures. In 2025, a detailed description of the water supply system was drawn up within the framework of the above. Attraction of the water supply system hazards and associated risks to the system's operational positions, as well as

development of an action plan for the mitigation of drinking water supply risks, which will also include actions for the system improvement and risk control mechanisms, is planned for 2026. In 2025, a procurement process was launched for the design and full implementation of an online water quality monitoring system by 2027.

Similarly as in the field of maintenance and rehabilitation of sewerage networks, digitisation of processes is playing an increasingly important role. In the coming years, by improving water consumption metering and creating a digital shadow of *Rīgas ūdens* water supply system, both data acquisition will be improved and solutions for preventive maintenance of the water management system and early identification of problem areas will be introduced. *Rīgas ūdens* already monitors water leakages using data delivered from 81 plug-probes in the water supply network, which provide online monitoring of changes in hydraulic parameters and noise in areas of the water supply network. Such a system allows for operative detection of significant water leaks and automatically reports emergencies. Leaks are searched for also in pro-active manner by deploying acoustic sensors in specific territories, which revealed 6 hidden water supply network leaks in 2025. Overall, the Network Leakage Search Team carried out 273 leakage detection missions: 174 - to specify points of leaks, 99 - to search for hidden leaks.

In 2025, *Rīgas ūdens* accredited Joint Water Quality Control Laboratory monitored water treatment processes and took drinking water samples in the city's water supply network in accordance with the Health Inspectorate's instructions. The total number of samples tested by the Health Inspectorate for compliance with the requirements in 2025 was 355, 28 of which were found to be non-compliant, with iron constituting the highest proportion of non-compliance. This, in turn, shows how *Rīgas ūdens* should continue the previously commenced actions in relation to water supply networks, thus reducing these non-compliances in the future. In addition, within the framework of the monitoring programme, the Company has commenced testing new parameters - pesticides, Benzo(a)pyrene, Bisphenol A, and PFAS, which shows that the Company is increasingly concerned about the quality of the water supplied to the city. It has been concluded that the concentrations of the above substances are below the limit values set in the laws and regulations.

³ [Co-financing from local government, including for Cohesion Fund projects](#)

Within the framework of the Investment Plan 2025, *Rīgas ūdens* implemented various projects to ensure the supply and quality of drinking water: replacement of technological equipment (e.g. compressors, pumps, gate valves, calcium chloride dissolution and feed equipment, replacement of the drinking water disinfection equipment at the Zaķumuiža water intake, and other equipment at the drinking water treatment plant and pumping station equipment), renewal of reservoir surfaces, arrangement of 7 new boreholes at the Zaķumuiža and Baltezers water intake.

In 2025, 10 new free-access drinking water filling points or public taps were installed⁴: in Sarkandaugava Hill Park (Sarkandaugava), at 14 Gailēņu Street (Jaunciems), in Pļavnieki Park, at 35 A. Saharova Street (Pļavnieki), in the Zaslauks Manufacture Park at F. Candera Street (Šampēteris), at 8b Slimnīcas Street (Daugavgrīva), at 7, Čiekurkalna 4. šķērslīnija (Čiekurkalns), at Vienības gatve near Olīvu Street (Torņakalns), at Višķu Street square, at 15 Višķu Street (Kengarags), in the Uzvara Park (Āgenskalns), at 5 Šmerļa Street (Mežciems). This brings the total number of public taps in Riga to 47. The installation of free-access drinking water points is carried out in cooperation with the Riga State City Municipality Housing and Environment Department and neighbourhood associations, based on proposals made by residents. In addition, in 2025, drinking water stations were installed in nine schools, while the total number of educational institutions of the capital operating such stations already reaches 27.⁵ Installation of drinking water stations in schools is carried out in cooperation with the Riga City Council Property Department and the Riga City Council Education, Culture and Sports Department.

In 2025, *Rīgas ūdens* carried out hydrogeological investigation works at the Baltezers, Baltezers 1, Baltezers 2, Remberģi and Zaķumuiža underground water intakes and prepared a report on the hydrogeological conditions of the territory, condition of the water supply sources, the underground water reserves available for long-term exploitation and the possibilities of their use. The prepared report has been submitted to the LEGMC for assessment and acceptance of the calculated long-term available exploitable underground water reserves. On this basis, the

⁴ [Map of public taps](#)

⁵ [Drinking water stations installed in nine more schools in Riga | Rīgas ūdens](#)

Company plans to rehabilitate the water intake protection zones and water reservoir passports in 2026. In 2025, a hydrogeological study was also launched for the arrangement of a new underground water intake in the Ķekava Municipality, which, if positively assessed, could in the long term make it possible to refuse from water extraction from the River Daugava. Finally, the Company also regularly educates its customers on responsible water consumption. Information on responsible water consumption is constantly available on the Company's website in the form of info graphics.⁶



⁶ [How to save 25-30% of your usual water consumption?](#)

TARGET INDICATORS (E3-3)

Water resource-related target indicators are set out in the priority axis "Efficient Use of Water Resources", "Accessible Centralised Water Management Services" and "Water Supply Security and High Drinking Water Quality" of *Rīgas ūdens* long-term and medium-term operational strategies. For each priority axis, specific objectives are set and target indicators or target values are defined for the strategy period, as well as specific indicators for the calendar year within the framework of the annual Activity Plan for the implementation of the strategy.

Priority axis	Objective	Target value for the year 2040	Target value for the year 2030	Target value for the year 2025	Implementation in 2025
Efficient use of water resources	Ensure sustainable renovation of water supply networks	≥ 250 km of water supply networks rehabilitated (average 15.6 km/year)	≥ 90 water supply networks renovated	≥ 13 km	14.7 km
		Reduced water losses: by ≥ 30% (compared to 2023)	Reduced water losses: by ≥ 12.4%	by ≥ 0.7 %	by 15.8%*
Available centralised water management services	Increase availability of centralised water management services	<i>Indicator defined for 2030 only</i>	Number of declared residents with access to centralised water supply service: additional access ≥ 1.3 thous. residents	≥ 50 residents	54 residents (98.04%)**
Water supply security and high drinking water quality	To ensure safe and high-quality drinking water	Flushing of water supply networks at least once every 5 years	Flushed water supply networks: ≥ 2000 km	≥ 240 km	333.5 km

* Taking into account the fluctuations in water losses between 2022 and early 2025, the contract "Water Loss Audit and Development of Proposals for Water Loss Reduction" was concluded with the aim to better control the activities aimed at reducing water losses. The loss audit is carried out by assessing the 2023 and 2024 data, the study led to conclusion that there was uncertainty in the water consumption components and it was necessary to revise the baseline values in 2026. The medium-term target remains unchanged - to reduce water losses by 30%.

** According to the information of the Office of Citizenship and Migration Affairs on the number of declared residents in Riga, on 31.12.2025, centralised water supply services were accessible to 98.04% of the residents of the administrative territory of Riga state city.

WATER CONSUMPTION (E3-4)

Rīgas ūdens supplies drinking water to the city of Riga and to approximately 0.9% of the total water consumption of certain municipalities in the Riga region.

The historical downward trend in drinking water consumption among the customers of Rīgas ūdens has stopped in 2024, and a relatively insignificant increase in consumption noted in 2025. At the same time, in order to ensure the drinking water quality, we have flushed water supply networks at a significantly higher volume. Although water losses in 2025 have decreased and we have implemented a number of measures that contribute to reducing water losses (referred to in E3-2), including a 0.6% reduction in unaccounted customer consumption (according to norms), confirmation of the reduction trends needs to be done through multi-year data monitoring as this can be affected by consumption calculation methods and uncertainty in the water consumption components.

The accuracy of water metering data is very high, with 96.4% of customers' total water consumption being metered using commercial metering devices.

Water consumption (thous. m ³)	2023	2024	2025
Volume of drinking water fed into the centralised water supply system	35,506.6	36,604.4	36,396.2
Total drinking water consumption of customers:	30,278.3	30,275.2	30,295.7
▪ Water consumption of customers in Riga	29,956.9	29,997.9	30,027.8
▪ Water consumption of customers in the Greater Riga	321.4	277.3	267.8
Total water consumption of Rīgas ūdens:	1134.8	2092.7	2541.5
▪ Self-consumption of the facilities of Rīgas ūdens	433.3	95.8	78.7
▪ Water consumption for flushing water supply networks, etc.	170.5	1,254.8	1,810.7
▪ Process water consumption for the preparation of drinking water	531.0	742.1	652.1
Total water consumption intensity (volume of drinking water fed into the system in million m ³ / Company turnover, million EUR*)	0.46	0.48	0.45

⁷ Specified in two units - % of the volume of water fed into the centralised water supply system; to the total length of the centralised water supply networks

Parameter	2023	2024	2025
Water losses in the centralised water supply network ⁷	13.0%	13.6%	11.6%
	3026 m ³ /km	3240 m ³ /km	2728 m ³ /km

Water extraction (thous. m ³)	2023	2024	2025	Permitted volume of water, per year
Total water extraction	42,902.9	41,984.7	43,903.4	145,355
▪ Daugava River (Riga HPP)	16,149.5	19,537.7	18,552.6	43,800
▪ Underground water intakes "Baltezers", "Baltezers I", "Baltezers II"	10,490.0	10,098.8	10,165.5	40,515
▪ Underground water reservoir "Zaķumuiža Q"	3409.0	3072.6	3194.1	8395
▪ Underground water deposit "Zaķumuiža D"	5333.6	3958.9	4365.7	11,315
▪ Underground water deposit "Remberģi"	655.4	678.3	770.2	6205
▪ Lake Small Baltezers	6853.4	4573.8	6791.9	24,000
▪ Buļļupe	6.9	58.7	59.8	2000
▪ Borehole at the sludge storage facility "Vārnukrogs"	5.1	5.9	3.6	9125

*The Company's turnover was 76.5 million EUR in 2023, 76.3 million EUR in 2024, and 80.3 million EUR in 2025.

Rīgas ūdens provides wastewater collection and treatment services to the city of Riga and to approximately 10% of the total wastewater volume from selected municipalities in the Riga region (Ropaži, Mārupes, Ķekava, Salaspils, and Jūrmala municipalities).

Wastewater discharged (thous. m ³)	2023	2024	2025
Total volume of wastewater treated and discharged into the environment	50,477.3	51,344.8	50,201.6
Total volume of wastewaters generated by customers:	36,351.4	36,799.0	36,589.7
▪ Wastewaters generated by customers in Riga	30,797.0	30,826.3	30,812.3
▪ Rain wastewaters generated by customers in Riga	2029.7	2048.8	2062.6
▪ Wastewaters of generated by customers in the Greater Riga	3497.6	3894.3	3658.2
▪ Wastewaters collected on a decentralised basis	27.2	29.6	56.6
Volume of overload (emergency overflow) wastewaters	1192.6	821.4	1018.1

The Company does not recycle water resources for reuse, but focuses on providing a complete water life cycle for the city.



2.3 EU Taxonomy Report

CONTEXT

The Taxonomy Regulation (EU) 2020/852 is in force in the European Union to facilitate the redirection of financial flows towards more sustainable businesses and economic activities, as required by both the Paris Agreement and provisions of the European Green Deal. It aims to provide companies, financial institutions, investors and other stakeholders with a clear classification of what activities are to be considered environmentally sustainable.

The Taxonomy Regulation covers six environmental objectives and has identified specific actions in different sectors, including water management, that ensure or contribute to the achievement of these objectives.

Climate change mitigation

Adaptation to climate changes

Circular economy

Pollution reduction and control

Water resources

Biodiversity



In order to determine whether a particular activity - such as wastewater collection and treatment or any other activity of an undertaking - meets the requirements of the Taxonomy Regulation, an undertaking has to assess four key aspects:

1. Whether the activity in question **belongs to the Taxonomy** (i.e. whether the Taxonomy Regulation and its subordinate delegated regulations cover the activity in general).
2. Whether the activity, if it belongs, **meets the set technical test criteria**. This indicates whether, in implementing this activity, the Company is making a significant contribution to achievement of a specific environmental objective.
3. Whether the activity, despite the contribution to achievement of one environmental objective, **does not cause significant harm to all the other environmental objectives included in the Taxonomy** according to specific criteria in the Taxonomy.
4. Whether the activity, if it meets the criteria set out both in Paragraphs 2 and 3, **is carried out in compliance with the so-called minimum social safeguards** or, in other words, does not cause harm to society (including both the Company's employees as part of society and a broader community).

Only if a particular type of business activity or a particular planned capital investment belongs to the Taxonomy and meets the requirements set out in Paragraphs 2 to 4, it may be asserted to be compatible with the Taxonomy. This means that the Company carries out the activity in the best, most environmentally friendly way possible. At the same time, it is important that activities that are not compliant with the Taxonomy are not prohibited or restricted (to the extent that they are not restricted by specific laws) and that the Company can plan its operations in such a way that even currently non-compliant activities would become Taxonomy-compliant in the future.

ASSESSING THE OPERATIONS OF RĪGAS ŪDENS AGAINST THE TAXONOMY CRITERIA

Rīgas ūdens carries out an assessment of its performance against the criteria and requirements of the Taxonomy Regulation for three reasons:

- In 2025, the Company has issued EU Green Bonds, the precondition of which in accordance with the requirements of the Regulation (EU) 2023/2631 is that the

⁸ [Sustainable Fitch. Pre-Issuance Review – European Green Bond Assessment](#)

Company may only use the proceeds to finance Taxonomy-compliant activities. Accordingly, the Company has carried out an assessment of the planned capital investments in accordance with the Taxonomy requirements prior to the issue of the Bonds and obtained a positive independent opinion from *Sustainable Fitch*⁸ on the compliance of this assessment with the EU Green Bond Regulation. Based on the assessment and categorisation of Taxonomy-compliant capital investments, *Rīgas ūdens* successfully issued EU Green Bonds worth EUR 20 million in June 2025⁹. In the upcoming years, the Company plans to continue issuing bonds to diversify its investment portfolio and raise funds for sustainable capital investments;

- Given the status of a bond issuer (status of a socially important body), *Rīgas ūdens* prepares an annual sustainability report in accordance with the requirements of the Corporate Sustainability Reporting Directive (EU) 2022/2464. Accordingly, the Company must also include in its sustainability report information on the compliance of its turnover, operating expenses and capital investments with the requirements of the Taxonomy Regulation;
- Finally, the assessment performed enables the Company to identify the fields of activity where it can improve its environmental performance and the methods to do that to meet the highest standards.

To achieve all of the above, the Company has developed Guidelines for Assessing Taxonomy Compliance in the operations of *Rīgas ūdens*. The guidelines include both the procedures to be followed and information on the scope and limitations of financial performance accounting, as well as a detailed list of the Taxonomy Criteria most relevant to the operations of *Rīgas ūdens* and guidance on the information required to assess compliance.

ACTIVITIES OF RĪGAS ŪDENS BELONGING TO THE TAXONOMY AND THEIR COMPLIANCE

Core business of *Rīgas ūdens* consists of the following main activities: water extraction, supply of drinking water to consumers, wastewater collection and treatment to discharge treated water back into the environment. These types of activities are addressed in two Taxonomy Delegated Regulations - (EU) 2021/2139, which focuses mainly on climate change aspects, including in the field of water management, and Annex I to (EU) 2023/2486, which focuses on broader water

⁹ <https://www.rigasudens.lv/en/bonds>

management operation, including promoting reduction in water loss, quality wastewater treatment and pollution reduction in the environment, etc. The Company shall not carry out activities that are covered by the other types of activities of Delegated Regulation (EU) 2023/2486 that are applicable to water management (including those listed in Annexes II and III).

The Company has therefore determined that the two environmental objectives and related activities in the Taxonomy are the most characteristic of its activities:

1. **Sustainable use and protection of water and sea resources (Taxonomy abbreviation code WTR).** Actions within the framework of this objective are mainly aimed at reduction in consumption, especially - inexpedient use - of water resources (including spills), at proper wastewater treatment, preservation and improvement of quality of water and environmental resources. The following actions are applicable, inter alia:
 - a. WTR 2.1 Water supply;
 - b. WTR 2.2 Urban wastewater treatment;
 - c. WTR 4.1 Provision of data-driven IT/OT solutions to reduce leakages.
2. **Climate Change Mitigation (Taxonomy abbreviation code CCM).** Actions within the framework of this objective are mainly aimed at reduction of energy consumption and GHG emissions. The activity most relevant to the Company's core business is CCM 5.6 Anaerobic digestion of sewage sludge. In addition, individual activities of *Rīgas ūdens* may be subject to the following climate change mitigation actions:
 - a. CCM 5.1-5.4 or construction, extension, operation or rehabilitation of water collection, treatment and supply systems, as well as wastewater collection and treatment systems. These criteria can be used alternatively to WTR 2.1 or 2.2 above - where investments in the system are primarily related to reducing its energy consumption. In other cases, the Company uses WTR Criteria 2.1 or 2.2, which cover the operation of water management systems more broadly;
 - b. CCM 4.1 Electricity generation using solar photovoltaic technology
 - c. CCM 4.20 Cogeneration of heat/cold and electricity using bioenergy;
 - d. CCM 4.22 Heat/cold production using geothermal energy;
 - e. CCM 5.6 Anaerobic digestion of sewage sludge;

- f. CCM 6.5 Transport by motorcycles, passenger cars and light commercial vehicles;
- g. CCM 7.1 Construction of new buildings;
- h. CCM 7.2 Renovation of existing buildings;
- i. CCM 7.3 Installation, maintenance and repair of energy efficiency equipment;
- j. CCM 7.4 Installation, maintenance of electric vehicle charging stations and repair in buildings and parking areas attached to the buildings;
- k. CCM 7.6 Installation, maintenance and repair of renewable energy technologies;
- l. Other specific criteria related to the objective of mitigation of climate changes, as necessary - if relevant capital investments are made (e.g. the 2025 report also includes criterion CCM 6.6. Road haulage services related to purchase of freight transport).

In addition, operation of *Rīgas ūdens* can also be subject to activities of climate change adaptation (Taxonomy code - CCA) in the wastewater collection segment, but they form part of a broader scope of the Company's activities, which more precisely correspond to the WTR activities (which also include the implementation of climate change adaptation measures).

The Company has assessed conformity of the planned capital investments against the detailed requirements of the above criteria (including both the technical verification criteria and the 'no significant harm' criteria) and has also assessed conformity of the day-to-day activities of the water supply and wastewater collection against these criteria.

According to the assessment carried out, it was concluded that **collection and treatment of wastewater**, as well as **the treatment of sewage sludge** were **Taxonomy-compliant**. It has been confirmed that *Rīgas ūdens* has implemented all the possible measures to mitigate the negative impacts and that the wastewater treatment system does not impair good status and good ecological potential of the water bodies, that appropriate information on the water bodies and activities is included in the river basin management plan and that the wastewater treatment system and sludge treatment approach related thereto meet the requirements of the Taxonomy. In addition, a climate risk assessment has been carried out, a methane leakage monitoring and emergency plan has been drawn up, and pollution control measures, including measures to limit sewage overflows, etc., are in place.

Thus, both the day-to-day operations of wastewater collection, treatment and sewage sludge treatment (revenue generated and operating expenditure diverted) and the planned capital investments to further improve the system are considered to be Taxonomy-compliant. Most of the capital investments included in the EU Green Bond framework are directly related to wastewater system improvements.

Whereas, **the water supply system is currently not considered to be compliant with Taxonomy**. The water supply criteria focus mainly on reducing water losses in the system, which *Rīgas ūdens* also contributes to by investing in certain parts of the system. However, it is not possible to achieve the Infrastructure Leakage Index (ILI) indicators set out in the Taxonomy in the short term for the entire water supply system of *Rīgas ūdens*, but, at the level of individual city zones it is currently not possible to record these indicators objectively, as the system to measure individual zone leakages has not been implemented yet. Such a system is planned to be implemented in the coming years, so, in the future, the Company could view the performance of the water supply system in detail in the Taxonomy Report, distinguishing between zones and related financial indicators where the Taxonomy-compliant level has been achieved or is planned to be achieved as a result of relevant capital investments, and zones where it has not been achieved yet. In the Taxonomy Report 2025, all the revenue and expenses related to water supply are listed as not Taxonomy-compliant.

Rīgas ūdens implements individual capital investment projects, where rehabilitation, modernisation or construction of both water supply and sewerage systems are performed within the framework of the same project. The Taxonomy accounting of such projects clearly separates the expenditure positions related to water supply and sewerage. In case such projects are financed from the green bond framework, all the invoices received are assessed, with sewerage-related expenses being allocated to a separate bond account, and water-related expenses being allocated to other operational accounts of *Rīgas ūdens*, thus ensuring that only eligible activities are financed within the bond framework.

Individual capital investments have been assessed against specific Taxonomy criteria - e.g. installation of solar panels meets the criteria of the Taxonomy, but the purchase of vehicles does not, because even in cases where electric vehicles are purchased, full compliance with the "no significant harm" criteria is not ensured.

As it was referred to above, with regard to all the activities, it is necessary to verify that the minimum social protective measures are complied with or policies and processes are

implemented through which compliance with the ethics and human rights is ensured (including, for example, with regard to ethical behaviour, prohibition of discrimination, prevention of corruption and conflict of interest, ensuring occupational protection and other security measures, transparent selection and management of suppliers, and other areas). It is to be considered that majority of social risks in the operation of *Rīgas ūdens* in general, including with regard to specific actions or capital investments are managed by the following documents and processes related to the implementation thereof:

- Code of Ethics;
- Supplier Code of Conduct;
- Conflict of Interest, Corruption Risk Prevention and Whistleblowing Policy;
- Remuneration and Human Resources Policy
- Privacy Notices;
- Internal Control, Compliance and Risk Management Policy;
- Occupational Protection Management System and related procedures.
-

ACCOUNTING APPROACH

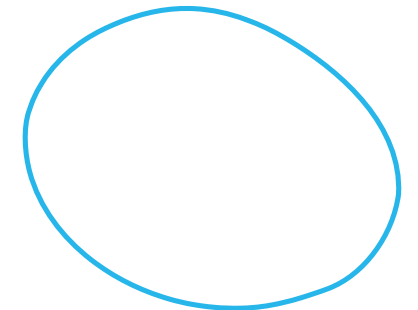
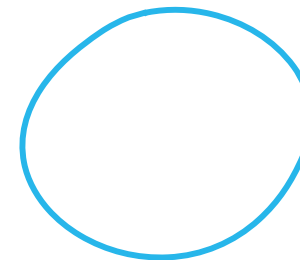
The following approach is used to reflect the indicators related to the Company's operation in the following Taxonomy reporting forms (tables):

- The **accounting of capital investments CapEx** shall take into account and include in the reporting forms, according to the Taxonomy Compliance Assessment, all the actual capital investments made during the reporting year. Assessment of the potential eligibility of capital investments is carried out prior to launching the capital investment project, but an additional control is provided at the end of the year to ensure that the required Taxonomy criteria (if any were required) have been included in the technical specification of the specific project procurement. Additional criteria are most often referable to the application of climate change mitigation (CCM) criteria. In the field of wastewater collection and treatment, no additional criteria need to be included in the technical specifications as compliance has been assessed and recognised at the level of the existing system; Activities not belonging to the Taxonomy include capital investments related to the development of administrative IT systems or licence fees or other investments not directly related to water management;

- The **accounting of operating expenses (OpEx)** shall take into account and include in the reporting forms, according to the Taxonomy Compliance Assessment, all the direct costs for the reporting year, expenses belonging to the Taxonomy, which include non-core outsourced services (such as equipment and transport rental), staff recruitment and benefit costs, third-party liability insurance expenses, legal and audit services, membership fees, advertising and public relations expenses, as well as other economic-organisational expenses. The costs included in the taxonomy report are attributed according to the tariff methodology approved by the PUC by directing them to the water supply or sewerage (wastewater collection and treatment) segment according to the proportionate allocation of the activities of specific structural units;
- The **turnover accounting** shall take into account and include in the reporting forms, according to the Taxonomy Compliance Assessment, all the revenue from external customers, except for revenue belonging to the Taxonomy, which include technical and economic activities unrelated to the provision of basic water supply and wastewater services, such as service interruption and restoration, meter replacement and verification, penalties and contractual fines, testing of water and wastewater samples from external customers, rental of premises and land, as well as other non-operational revenue. In the items where revenue is generated proportionally from the two activities specified in the Taxonomy - water supply and sewerage (wastewater collection and treatment), revenue is attributed according to the tariff methodology approved by the PUC.

Forms of the accounting of operating expenses (OpEx) and of turnover shall exclude depreciation and amortisation, tax payments, financial costs and revenue (e.g. interest payments) related to the correction of value of fixed assets, provisioning (including provisions for inventories and doubtful debtors) and other indirect costs that do not cause a direct impact on the provision of services.

Due to the entry of Commission Delegated Regulation (EU) 2026/73 amending the Taxonomy reporting forms by simplifying them into effect in January 2026, *Rīgas ūdens* has used the new format for the preparation of the report.



Capital investments (CapEx)

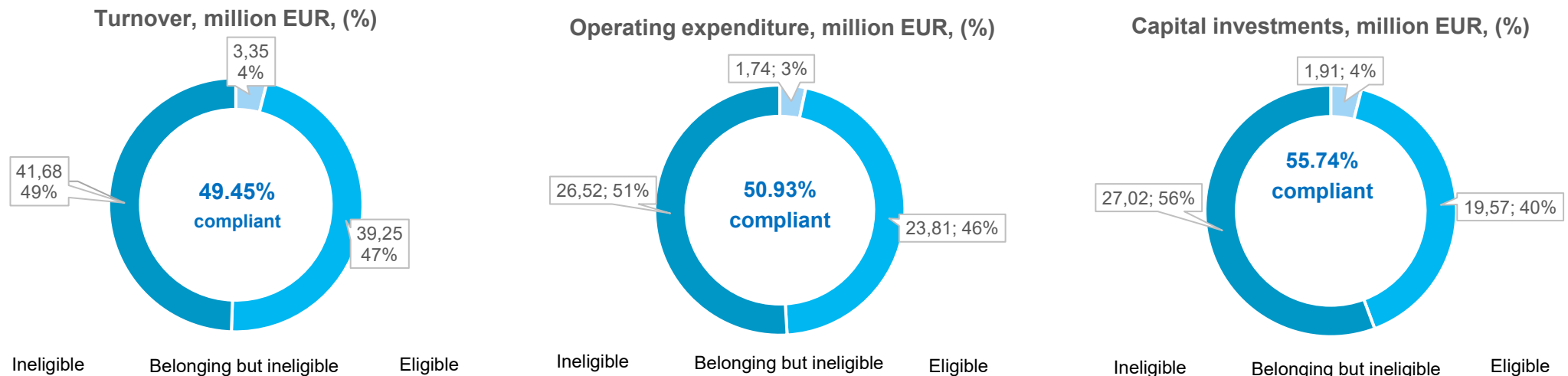
Economic activities (1)	Taxonomy code(s) (2)	Proportion of capital investments belonging to the Taxonomy (3)	Amount of Taxonomy-compliant capital investments (4)	Proportion of Taxonomy-compliant capital investments (5)	Environmental objective for Taxonomy-compliant activities								Proportion of the Taxonomy-compliant share of the Taxonomy's share (14)
					Climate change mitigation (6)	Adaptation to climate change (7)	Water resources (8)	Circular economy (9)	Pollution (10)	Biodiversity (11)	Incentive activities (12)	Transitional activities (13)	
					%	%	%	%	%	%	(if applicable, specify V)	(if applicable, specify P)	
Water supply	WTR 2.1	39.64%											
Urban wastewater treatment	WTR 2.2	44.26%	21.45	44.26%	0%	0%	100%	0%	0%	0%			100.00%
Electricity generation using solar photovoltaic technology	CCM 4.1	3.26%	1.58	3.26%	100%	0%	0%	0%	0%	0%			100.00%
Anaerobic digestion of sewage sludge	CCM 5.6	8.16%	3.96	8.16%	100%	0%	0%	0%	0%	0%			100.00%
Construction of new buildings	CCM 7.1	0.00%	0.0015	0.00%	100%	0%	0%	0%	0%	0%			100.00%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.08%	0.03	0.06%	100%	0%	0%	0%	0%	0%			67.48%
Other related but not eligible activities	CCM 6.5, 6.6, 7.2, PPC 2.4	0.64%											
Sum of eligible proportions divided by objectives					20.61%	0.00%	79.39%	0.00%	0.00%	0.00%			
Total capital investments		96.05%	27.02	55.74%	20.61%	0.00%	79.39%	0.00%	0.00%	0.00%	0.06%	0.00%	58.03%

SUMMARY OF THE TAXONOMY COMPLIANCE

KPI (1)	Total (2)	Proportion of the Taxonomy activities (3)	Taxonomy-compatible activities (4)	Proportion of taxonomy-compatible activities (5)	Breakdown of the Taxonomy-compliant activities by environmental objectives										Taxonomy-compliant activities in the previous financial year (N-1) (15)*	Proportion of Taxonomy-compliant activities in the previous financial year (N-1) (16)*
					Climate change mitigation (6)	Adaptation to climate change (7)	Water resources (8)	Circular economy (9)	Pollution (10)	Biodiversity (11)	Proportion of incentive activities (12)	Proportion of transitional activities (13)	Activities not assessed, considered non-essential (14)			
					%	%	%	%	%	%	(if applicable, specify V)	(if applicable, specify P)	%			
	mIn EUR	%	mIn EUR	%	%	%	%	%	%	%			mIn EUR	%		
Turnover	84.28	96.02%	41.68	49.45%	1.23%	0.00%	98.77%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	
OpEx	52.07	96.65%	26.52	50.93%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-	
CapEx	48.47	96.05%	27.02	55.74%	20.61%	0.00%	79.39%	0.00%	0.00%	0.00%	0.06%	0.00%	0.00%			

* 2025 is the first year, in which *Rīgas ūdens* summarises the Taxonomy-related data, so comparison with the previous year will be made from 2026 onwards.

Taxonomy compliance proportion, million EUR (%)



2.4 Social information

S1 OWN STAFF

SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (SBM-2, SBM-3)

More than 750 employees are the most important resource of *Rīgas ūdens* for ensuring the continuity of the Company's core business, maintaining its historical infrastructure and implementing new, modern solutions. With the development of the long-term and the new medium-term operational strategy, employees are expected to take an increasingly systemic approach to their daily work and focus on development - both of the Company's and their own professional development as well. At the same time, employees themselves have been actively involved in the development of the Company's strategic planning documents, so that employees' views, needs and suggestions have been taken into account - not only with regard to the working environment, but for the overall growth of the Company.

To ensure employees' participation in the development of *Rīgas ūdens*, it is essential to provide an appropriate working environment and tools for employee involvement. Employees have the opportunity to express their opinions on the working environment and conditions, as well as on other issues related to the Company's operations, through the annual employee satisfaction survey, at regular joint or individual meetings with the Management Board, internal working groups and the annual Employee Conference, etc.

By summarising information from these channels, as well as based on the experience of the Company's management and Human Resources, the double materiality assessment identified HR-related factors of impact, risks and opportunities mainly applying to the day-to-day working environment and HR management, as well as to professional development opportunities for the employees.

Among other things, important factors identified in the area of positive impact include job stability and social security, including determination of fair pay (including in division by gender), concern for occupational safety aspects, internal information flow, predictable social guarantees and fringe benefits provided by the Collective Labour Agreement, as well as the provision of growth opportunities for employees and significantly improved induction of new employees into the Company's life.



Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Working conditions	The Company provides stable jobs and full social protection, which promotes employee loyalty and reduces turnover	Impact (actual, positive)	P	1; 2-5; 5+
	Additional social guarantees and benefits - the Company promotes work-life balance, for example by providing additional leave days in accordance with the collective agreement and offering flexible working arrangements where possible	Impact (actual, positive)	P	1; 2-5; 5+
	Fair and market-appropriate pay system - the Company participates in pay studies and surveys to regularly assess and ensure market-appropriate pay. At the same time, the principle of equal pay for work of equal value is respected, which promotes employees' motivation, trust and retention in the Company	Impact (actual, positive)	P	1; 2-5; 5+
	Social dialogue and the role of collective agreement in defending employees' interests, strengthening a sense of security and stability	Impact (actual, positive)	P	1; 2-5; 5+
	Safe working environment and health protection - the Company regularly carries out risk assessments, trains employees, provides personal protective equipment and health insurance. Preventive measures and training help reduce accidents and health risks	Impact (actual, positive)	P	1; 2-5; 5+
	Equal access to corporate communication and information reduces the information gap, strengthens sense of belonging and improves participation in the Company processes	Impact (actual, positive)	P	1; 2-5; 5+
	Workforce ageing and ensuring succession to avoid skills and labour force availability shortages	Risk	A, P	2-5
	Lack of young professionals in engineering professions makes it difficult to attract qualified staff and may affect the Company's business continuity in the long run	Risk	A, P	2-5
	Restrictions on the competitiveness of pay due to external conditions (national ceilings on personnel costs for public entities' corporations) reduce the Company's competitiveness on the labour market, especially in technical professions	Risk	A, P	1; 2-5
	Limited employee representation within the union, which can limit the representation of interests in general and weaken social dialogue	Risk	P	1; 2-5
Strengthening the employer's image and an internal movement of "ambassadors" who share experiences and help attract young professionals	Opportunity	P	2-5	

Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Working conditions	Improvement of succession and replacement programmes, ensuring continuity of competences and reducing dependence on individual expertise	Opportunity	P	2-5
	Strengthening employee retention mechanisms through a combination of competitive pay, career development opportunities, training and a supportive working environment	Opportunity	P	1; 2-5
	Strengthening social dialogue, thus supporting greater employee involvement and trust	Opportunity	P	2-5
Equal treatment and opportunities for all	Equal pay principle and gender pay balance	Impact (actual, positive)	P	1; 2-5; 5+
	Staff training and skills development, using capacity of the newly established Competence Centre and the results of staff evaluation	Impact (actual, positive)	P	2-5; 5+
	Strengthening induction of new employees into the working environment and building their sense of belonging	Impact (actual, positive)	P	1; 2-5
	Lack of digital skills, which can create adaptation difficulties for various groups of employees	Risk	P	2-5
	Introduction and implementation of a targeted intergenerational mentoring and knowledge transfer programme	Opportunity	P	2-5; 5+
	Cooperation programmes with vocational schools and universities, purposefully attracting young professionals and strengthening the image of the sector	Opportunity	A, P	2-5
	Developing staff's multifunctional competences for service continuity	Opportunity	P	2-5; 5+

* The designations used "expression in the value chain": A - upstream value chain, P - *Rīgas ūdens* own operations, L - downstream value chain.

** The designations used are in line with the ESRS time frames: short term - 1 year, medium term - 2-5 years, long term - 5+ years.

The Company strives to provide as transparent and fair working conditions as possible, and there are some areas with conditionally negative factors. Although *Rīgas ūdens* has been making gradually larger investments in the improvement of the working environment in recent years (improvement of common use areas, improvement of the everyday working environment, etc.), there are occupations where, due to the specific nature of the work, provision of equivalent conditions is impossible - this applies particularly to the employees working outdoors, for example, those who repair water pipes. Due to the specific nature of their work, it is often not possible to provide them with easily accessible facilities, the possibility to heat up their lunch and other daily amenities, which can lead to differences in satisfaction with the working environment among different categories of employees.

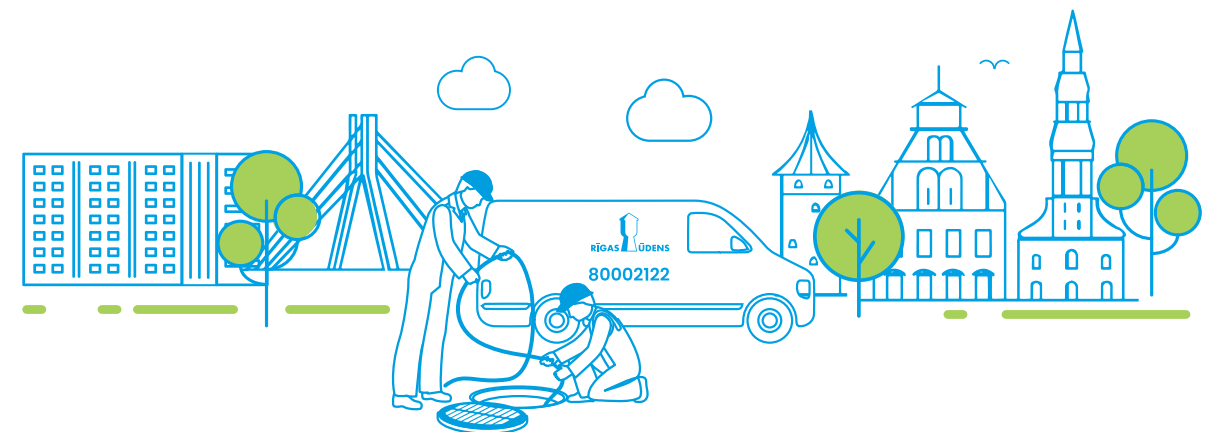
The most significant category of risks within the context of personnel include those related to recruitment and succession, including the shortage of young professionals in engineering professions, which, combined with the gradual increase in the average age of employees, may create succession risks. In addition, the Cabinet of Ministers' decision on limits to pay increases in the public administration, including in capital companies, adopted at the end of 2024, should be regarded as a constraint to retaining staff and attracting new, qualified professionals. As a result, ability of *Rīgas ūdens* to attract highly qualified professionals at competitive pay is limited. This has not led to significant challenges so far, but could do so in the future if such limits persist - especially given the scarcity of young professionals of the field of water management on the labour market.

The low level of employee representation in the trade union with which *Rīgas ūdens* concludes the Collective Labour Agreement, which applies to all employees regardless of their trade union membership, is also to be considered a certain risk. Although no difficulties have been observed so far, as the number of trade union members declines, the Company may have to find other ways to ensure a full-fledged social dialogue in the future that would allow to take into account the needs and interests of the majority of employees. At the moment, along with the dialogue with the trade union, this is being done by introducing new channels of direct communication with the employees, thus gathering their views, concerns and suggestions without the intermediary of the trade union. (For more details, see [Employee Involvement](#) section).

The knowledge and communication gap, which prevents certain groups of employees from better integrating and using the information offered by the Company, is regarded as a relatively significant risk within the context of growth. In order to reduce the digital skills gap, in recent years, *Rīgas ūdens* has been providing training for the employees, as well as shared workstations (computers) for those employees who do not have a permanent work computer due to the specific nature of their work.

Opportunities are mainly related to mitigating the above risks - strengthening the employer's image, improving succession and replacement programmes, strengthening employee retention mechanisms and social dialogue, as well as developing mentoring and knowledge transfer programmes, closer cooperation with educational institutions and developing internal competences, including by promoting the acquisition of multifunctional skills that allow the continuity of the Company's operations in a wide range of circumstances.

Further section of this sustainability report addresses information on the approach of *Rīgas ūdens* to managing the above aspects and other staff-related issues. This includes data on staff composition, with information on all the employees included in the report. Along with the Company's employees, eight freelancers were employed in 2025 - information on them is also included in the quantitative data sections. *Rīgas ūdens* does not implement specific measures to promote the employment of socially vulnerable groups, but periodically participates in events and activities that are generally aimed at involving such employees in the labour market - for example, the Work Opportunities Festival *For All*.



POLICY (S1-1)

Issues related to staff management are primarily addressed in the [REMUNERATION AND HUMAN RESOURCES POLICY](#) approved by the Supervisory Board of *Rīgas ūdens* in 2025. This document, combining several existing policies, reflects the basic principles for determining the remuneration of the Company's senior management - the Supervisory Board, the Management Board and the Audit Committee - as well as for the recruitment of the employees of *Rīgas ūdens*, determination of pay and work organisation. The policy stipulates, inter alia, that the Company develops an inclusive and respectful working environment, facilitates professional development of the employees, provides mentoring support and purposeful succession planning, and the principles of equal treatment and fairness in the remuneration determination process are being followed.

Along with the policy, which is publicly available on the *Rīgas ūdens* website, the Company has a **recruitment procedure** in place, which sets out the key steps and practical steps for recruitment, but the year of 2025 saw the development of a number of **internal guidelines** - Mentoring Guidelines, Internship Guidelines and Succession Planning Guidelines. These documents detail the processes that need to be implemented, for example, to ensure knowledge transfer for the new employees or support future professionals on their learning journey. In 2025, instructions were also developed on the determination of home duty on public holidays and extra payment in such cases - this is related to the specific nature of the Company's operations, as the accessibility of water management services and prompt handling of emergency situations must be ensured by the Company also outside working hours, including on public holidays and weekends.

In the field of occupational protection, the Company has developed a **procedure for organising occupational protection**, which provides for activities for monitoring the working environment, assessing the working environment risks, providing occupational protection measures - including training, mandatory health checks, personal protective equipment, monitoring of dangerous equipment, use of chemicals, organisation of high-risk works in general and the Company-specific occupational protection areas. The occupational protection system is not certified according to the requirements of the ISO standards, but takes into account the best practices of standardisation systems and the requirements of external laws on occupational protection.

The basic principles and culture of mutual relations between management and employees, as well as among the employees shall be determined by the [Code of Ethics](#), which includes the principles of equal treatment, a safe and comfortable working environment, as well as protection of privacy and prohibition of corruption, fraud and conflict of interest. The Code of Ethics also sets out the basic principles for dealing with customers and business partners - with the aim of building and maintaining the credibility of the Company's operations. An Ethics Commission has been established to monitor compliance with the values and principles set out in the Code of Ethics and, where necessary, to assess possible breaches of the Code, resolve conflicts and promote the development of a Code-compliant culture within the Company. In 2025, the Commission received two applications, but, following the examinations of the matters indicated, no ethical breaches were found.

In addition to the regulation of labour law and the Company's internal regulatory enactments, a number of principles of labour relations are also laid down in the **Collective Labour Agreement of *Rīgas ūdens*** with the Trade Union's LAKRS *Rīgas ūdens* Trade Organisation, the current version of which was approved in 2023, incorporating a number of changes for the benefit of the employees. It sets out principles for planning working and rest time, determining pay, including bonuses, job guarantees (including internal competitions for new positions, non-discrimination, coordination of side-works, conditions for dismissal, etc.), provision of occupational safety and health. The Collective Agreement also provides for additional social guarantees and benefits for employees, such as additional holidays depending on the number of years of service, allowances for childbirth, starting first grade, etc., study leave, paid days off for weddings, graduations, funerals of close relatives, as well as other additional benefits. The Collective Agreement applies to all employees of the Company, irrespective of their trade union membership.

The principle of non-discrimination is included in several of these documents - the Remuneration and Personnel Policy, the Code of Ethics and the Collective Labour Agreement. Employees can report alleged misconduct in this and other areas to the Ethics Commission, as well as submit reports under the Company's [Conflict of Interest, Corruption Risk Prevention and Whistleblowing Policy](#) or through one of the Company's communication channels with senior management (see below under the employee engagement).

Policies are not directly aligned with the principles set out by the UN, ILO or OECD, but they do take them into account and arise therefrom. This includes taking into account the requirements

to respect human rights in the working environment, OECD requirements for the functioning of supreme governing institutions, etc. General principles of governance are set out in [Sustainability and Responsible Business Policy](#), whose development has taken into account the principles set out by international organisations.

The policies applicable to the employees themselves do not deal in detail with issues related to matter of forced labour or child labour, as these are clearly and understandably regulated in Latvia by external laws, which the Company complies with. However, being aware that risks of forced and child labour may exist in the value chain, *Rīgas ūdens* [Supplier Code of Conduct](#) includes requirements for suppliers to ensure the human rights of workers, including the prohibition of forced labour and the employment of minors (beyond the case provided for in laws and regulations and only according to the conditions set out therein).

EMPLOYEE ENGAGEMENT (S1-2)

Employees of *Rīgas ūdens* have access to a wide range of communication options with management and, especially in recent years, they are actively involved in the Company's development planning and the achievement of its set objectives. Internal communication and strengthening thereof is a key focus of the Company's management.

The following channels are regularly used to provide up-to-date information:

1. **Face-to-face communication** - meetings between management and employees in person or remotely, including both daily working meetings with line managers and opportunities of direct communication with the Company's Management Board. In 2025, a new format has been created for this purpose - "Morning Coffee with the Management Board" - a meeting that employees can join remotely to find out the latest information on the Company's development and to ask questions. Also, once a week, any employee of the Company may come to the Chairman of the Management Board at a certain time for a one-to-one conversation to discuss issues of concern to the employee. Once a year, the Company holds an Employee Conference, where employees have the opportunity to engage in discussions and participate in, for example, the development of the Company's strategy or other processes relevant to its development. In recent

years, the sharing of experiences after colleagues' return from business trips, international events and conferences has been promoted;

2. **Visual communication** - information boards and TV screens are set up to ensure that up-to-date information is available at the Company's sites and at employees' workplaces;
3. **Digital communication channels** - employees have access to an internal website (those without permanent work computers can use shared workstations for access), a document sharing site for more efficient work, a Management Information System, and various apps for the rapid flow of information within the Company or its individual teams.

The availability and content of internal communication tools is the responsibility of the Human Resources Department (including its newly created Competence Centre) and the Communications Department.

Employees' views on a range of work-related issues - including work environment, organisational culture, management practices - are also obtained through the annual **Employee Satisfaction and Engagement Survey**. It is open to all employees, regardless of their level of position or other factors. The information gathered from the survey allows for timely identification of improvement needs and facilitates staff participation in decision-making. Once the survey is completed, the results are presented to the structural units to agree on activities to be implemented in the coming year to improve staff satisfaction, and the resulting summary of activities (action plan) is reviewed by the Management Board and also presented to the Supervisory Board.

The results of the survey also allow for an assessment of the overall effectiveness of the above-mentioned employee engagement processes, while employees are asked to rate individual activities immediately after they have taken place by completing a short online questionnaire. Results of the 2025 Employee Satisfaction and Engagement Survey show that 83% rate their level of engagement as high (4 or 5 on a 5-point scale), while 88% are satisfied with internal communication, the microclimate and the Company's culture. Most employees say that they feel informed about the activities organised by *Rīgas ūdens* and have access to information about the Company's most important events.

PROCESSES FOR REMEDYING NEGATIVE IMPACTS AND CHANNELS FOR RAISING CONCERNS (S1-3)

Employees have a number of ways to voice their concerns and share their suggestions and observations on **labour rights and working environment issues**, as well as to **report possible violations**:

- by contacting their respective line manager/head of structural unit;
- with regard of matters related to legal employment relationship - by sending an e-mail to personals@rigasudens.lv (as defined in the Rules of Procedure) or by contacting the employees of the Human Resources Department directly;
- by filling in a suggestion and proposal form (anonymous is also permissible) on various issues related to the Company's operation on the Company's intranet site;
- by sending information about practical issues, such as damage to equipment, cleanliness or other mundane aspects, to a dedicated e-mail address, which is thus automatically forwarded to the outsourced cleaning Company and/or *Rīgas ūdens* Infrastructure Management Department, which organises and controls performance of the necessary works;
- by providing answers to the questions included in the employee satisfaction and engagement survey;
- by filing an application with the Company's Ethics Commission;
- by meeting directly with the Chairman of the Management Board, subject to a prior appointment, at a time announced for that purpose;
- by submitting a whistleblower's report in one of the following ways – in person to the Head of Corporate Governance Division by sending it to the e-mail: trauksme@rigasudens.lv, by placing it into a designated mailbox or by using the form available at the *Rīgas ūdens* website;
- by placing a written complaint/proposal (anonymous form is also permissible) into a designated mailbox;
- by contacting the trade union organisation.

The procedure "Internal whistleblowing system" specifies the channels and ways in which an employee can report alleged breaches, including in the management's activities, also to an external competent state or municipal body. The Conflict of Interest, Corruption Risk Prevention

and Whistleblowing Policy provides for the protection of identity of the whistleblower and prohibits any adverse consequences (punishment, dismissal, demotion, etc.) in relation to filing a report, and this protection also applies to reporting to external bodies.

The Company ensures availability of all the above channels, inter alia, by regularly informing employees about whistleblowing options and internal communication procedures, as well as by publishing up-to-date information on the Company's website and intranet. The whistleblowing system and employee engagement channels are integrated into the Company's internal governance - supervised by the Management Board and the Supervisory Board, assessing the received reports and proposals on regular basis and updating the relevant policies and procedures where necessary.

There are also several channels available to the employees to report **occupational protection issues**: e-mail, MS Teams communication channel, *Rīgas ūdens* intranet, as well as telephone or verbal communication with the Human Resources Department's Occupational Protection Sector team. Any accident must be reported to the structural unit and/or line manager or to the Occupational Protection Sector.

Access to examination of staff questions/complaints is applied depending on their content. The Ethics Commission examines applications of employees about possible breaches of ethical norms, corrupt practices, conflicts of interest and whistleblower reports. Whistleblower reports are examined according to an internal procedure. Matters beyond the competence of the Ethics Commission, such as the resolution of internal conflicts that do not involve ethical misconduct, are dealt with by the Human Resources Department according to the task assigned by the Member of the Management Board in the area of governance concerned. The Company's culture and internal and external communication procedures also facilitate the early identification of problem situations, mutual dialogue and feedback between employees and management, thus reducing the risk of conflict escalation in the working environment.

Regular anti-corruption and conflict of interest training is organised to ensure that staff understand their duties, rights and responsibilities and are informed on whistleblowing channels. The training records are available on the Company's intranet. On the first day of employment, the new staff member is familiarised with the Code of Ethics. It describes

procedures for filing complaints, as well as provides channels and information on whistleblowing options. The Management Information System provides employees with access to all the Company's policies and procedures, including the Code of Ethics, Collective Labour Agreement, Conflict of Interest, Corruption Risk Prevention and Whistleblowing Policy, information on the internal whistleblowing system, remuneration system, etc.

Effectiveness of the application and reporting channels is assessed through analysis of the whistleblower reports received, as well as through an annual employee satisfaction and engagement survey. In the 2025 survey, 95% of the employees of *Rīgas ūdens* indicated that they were informed and knew what to do if it would necessary to file a whistleblowing report regarding possible breaches in the Company's operations, while 94% indicated that they were not afraid to express their opinion on work-related issues.

ACTIVITIES AND PROCESSES (S1-4)

In order to improve the working environment and facilitate management of the risks addressed above, *Rīgas ūdens* long-term and medium-term operational strategies set out a series of tasks to be carried out. The Medium-Term Operational Strategy 2025-2030 sets out the following tasks related to staff management and development:

- **Introduce and develop a work induction programme.** Given both the gradual ageing of the existing labour force and general demographic trends, it is clear that, in order to attract and retain young professionals in both the short and long term, the Company needs to create a working environment that interests and motivates employees. The first days and weeks of a new job play a major role in this process, therefore *Rīgas ūdens* has set as one of its priorities the improvement of the induction process so that the new employees feel welcome from the very first days, are informed about what is relevant for their job and development of the Company, understand the specifics of *Rīgas ūdens* and receive support during the induction period. This block of activities includes the development of an induction plan for both production and administration staff, the introduction of a planned, structured training process (mentoring programme, New Employee Day), the provision of regular feedback, the deployment of easy-to-use information materials in the e-environment (New Employee Handbook), induction

training on various topics, surveys, tours of the Company's key sites, etc., all of which contribute to employee engagement;

- **Develop and implement a competence centre strategy.** Today's work environment is fast-paced and requires new skills - including general skills (e.g. digital literacy, use of artificial intelligence, financial literacy, etc.), as well as the ability to reorient quickly and, where necessary, to perform functions that have not been performed before. In order to effectively meet the development, up-skilling or retraining needs of employees, a Competence Centre was established in the *Rīgas ūdens* HR Department in 2024. Alongside the growth of employees, it is also responsible for succession planning and facilitation, preservation of critical competences and ensuring of the inheritance, identification of high growth potential employees and ensuring of support for their development. The Competence Centre is tasked with developing a comprehensive strategy for these functions, including by providing for the development of an in-house coaching and mentoring movement and targeted long-term cooperation with educational institutions.

In 2025, a draft Competence Centre Strategy 2025-2030 was developed. The targets contained therein are expected to be approved in early 2026. A staff training procedure, a competence model programme has been developed, and 10 competences have been described, and the main learning streams and content of the Water School have been established - Plumbers' School, Managers' School, Mentors' School, E-skills School. Six groups have already completed the Plumbing School programme, and plans are underway to develop a sewerage programme (the first pilot group was trained in December 2025). The Managers' School has implemented training of four managers' groups in four modules, with further manager training included in the 2026 curriculum.

Mentoring guidelines and a programme for a mentoring conference in early January 2026 have been developed. A targeted and systematic training of mentors is planned for 2026, taking into account the forms of training set out in the guidelines. By the end of 2025, internal trainers were identified and training will be organised in 2026.

Acquisition of e-skills - training on artificial intelligence tools and the Company's information systems, as well as systematic onboarding training for new employees - is also underway;

- **Develop a fair, performance-enhancing, incentive-based remuneration system.** Within the context of staff attraction, development and the working environment, the Company is committed to developing a remuneration system that meets both the needs of today and the future challenges. Development of this system takes into account data from the annual Latvian Overall Reward Survey, in which *Rīgas ūdens* regularly participates and obtains valuable comparative information. Development of the remuneration system will also take into account the principles of equality, nevertheless, pay at *Rīgas ūdens* is already relatively equal for both women and men (data even shows that women's pay is slightly higher). In the autumn of 2025, evaluation of all the positions at *Rīgas ūdens* was implemented applying a new evaluation method. Preparatory work has been carried out to assess the compliance of the remuneration system within the context of the *Pay Transparency Directive*. Proposals for the improvement of the remuneration system will be gradually increased within 3-5 years;
- **Improving the working environment.** In order to ensure staff satisfaction with their daily working environment, working on the development of a suitable, ergonomic working environment, improvements in environmental accessibility, open and flexible space design solutions, the introduction of green spaces and the promotion of an inclusive working environment, including broader learning of diversity management principles is provided for in the medium-term operational strategy period. In order to put these principles into practice, a Working Environment Strategy was developed in 2024, which is being progressively implemented at various sites of the Company and will be fully taken into account in the rebuilding of the administration building on Bauskas Street in the upcoming years. Improvements to the working environment are implemented alongside other priorities, such as improving energy efficiency and installing renewable energy on Company sites, which help to achieve both staff well-being and environmental objectives. In 2025, renovation works of the administrative building at 1 Zīgrīda Annas Meierovica Boulevard in Riga was completed, along with landscaping works and the rebuilding of the building's entrance hubs to ensure environmental accessibility. Car parks with reinforced grass surfacing were arranged.

The medium-term operational strategy does not set specific targets for occupational protection, but the 2026 targets set for the Management Board are related to the review of the occupational

protection system and its management takes place within the framework of the daily work process. In accordance with the procedure for organising occupational protection, the Company carries out internal monitoring of the working environment (including assessment of the working environment risks), plans and implements occupational protection measures, provides employee training and instruction, mandatory health checks, personal protective equipment, safe organisation of high-risk works and dangerous equipment, as well as accident investigation and implementation of preventive measures.

In order to promote employee responsibility and awareness of the importance of occupational protection, a new initiative was launched in 2025 - Occupational Protection Month was organised offering the employees lectures on well-being and stress management issues, organising quizzes and games on occupational safety. Gymnastics classes are organised within the framework of the year under the leadership of a physiotherapist, as well as days of vaccination and blood donation days at the workplace are organised at least twice a year.

In the recent years, the Company has attracted to key positions related to strategic development and management of specific areas high profile professionals, including from the private sector. Working in such a large-scale infrastructure Company like *Rīgas ūdens* and applying different approaches, mindsets and experiences, they are gradually introducing new approaches, problem-solving and prioritisation methods to the Company. Managers' competences are also developed purposefully through training at the Managers' School and through the facilitation of acquirement of organisational, team management, financial management, negotiation conducting and other skills. At the same time, development of such management approach and skills also creates a new pulse for the employees of the respective fields who are provided with conditions to ensure that the work performed is meaningful and creates value for the end customer.

In 2025, the Company launches a competency-based approach programme. It aims to identify the set of knowledge, skills and attitudes that helps every employee to succeed and develop. Depending on the position, some competences will need to be acquired in depth, other - in general terms. The 10 competences that are essential for the Company are grouped into four categories:

- Core competences: responsibility, flexibility, communication, willingness to develop;
- Technical competences: digital literacy, understanding of core business;

- Social competences: presenting, planning and organising information;
- Management competences: financial literacy, management and leadership.

This year has also seen the identification of positions (posts) within the Company whose activity, competence retention and transfer to the colleagues, as well as timely succession planning the success of the Company depends on. Such job mapping and succession planning is provided in conjunction with a mentoring programme. Since 2022, in accordance with the requirements of the external laws, the Company's list of critical personnel has been identified and updated to ensure that the Company is able to provide water services to its customers under any circumstances.

There are no specific measures to retrain employees to facilitate transition to a more climate-neutral economy, but, as described above, employees are involved in the development of the Company's strategy, which is also linked to a large extent to the facilitation of climate neutrality in the operations of *Rīgas ūdens* and the implementation of the measures included therein.

Developing cooperation with educational institutions, a memorandum was signed with four vocational educational institutions at the *Rīgas ūdens* Employees' Conference in 2025. Students of these institutions have access to internships at the Company, as well as the opportunity to get a permanent job after their traineeship. The Company also encourages its existing employees to engage in training to update or refresh their knowledge, for example in the construction sector, and this practice is intended to continue.

The total resources allocated for the personnel matters in 2025 amount to EUR 26,459.75 including remuneration for work, mandatory state social security contributions, staff health insurance and mandatory health checks, staff allowances and other personnel costs.

Results of the employee survey show that the employees of *Rīgas ūdens* appreciate the activities organised by the Company in the field of personnel management and working environment. Overall, 92% of employees are satisfied with their working environment, 88% say that the Company provides training appropriate to the skills required for the job, 82% state that there are many opportunities for learning and professional development, whereas, 94% are satisfied with the additional social benefits provided by the collective agreement but 90% understand how their pays are calculated.



TARGET INDICATORS (S1-5)

Staff-related target indicators are set out in the *Rīgas ūdens* long-term and medium-term operational strategy priority development direction "Qualified and Motivated Employees in a Safe Working Environment". It sets specific objectives and defines target indicators or target values for the strategy period, as well as specific indicators for the calendar year within the framework of the annual activity

Priority direction	Objective	Target value for the year 2040	Target value for the year 2030	Target value for the year 2025	Implementation in 2025
Skilled and motivated employees in a safe working environment	Increase workers' well-being and safe employment	Employee satisfaction and engagement index exceeds the national average (national average 77 in 2023, <i>Rīgas ūdens</i> - 86 points of 100)	Employee satisfaction index: at least + 5 points above the industry average	At least + 3 points above the industry average	+ 8 points above the industry average
	Create an inclusive working environment, promote tolerance and respect for all employees	Incidents of discrimination – 0	Not specifically determined	Not applicable	Not applicable

The NPS score (recommendation index) among the employees of *Rīgas ūdens* is +25 points, which is currently significantly higher than the average NPS score of state and municipal companies and institutions where the service provider RAIT has conducted similar studies in Latvia in 2024-2025 (*Rīgas ūdens*' score is 8 points higher). According to the study, 42% of employees are Promoters who would definitely recommend the Company as a place to work to other people, and this indicator has been gradually increasing since 2022, with an increase in the number of Promoters and a decrease in the number of Deniers.

Engagement index of the employees of *Rīgas ūdens* (*RAIT Engage Masters* Index) on a scale from 0 to 100 is 88 points, which is higher than the average employee engagement index in state and municipal enterprises and institutions in the employee surveys conducted by RAIT in Latvia in 2024-2025 (80 points). Involvement of the employees of *Rīgas ūdens* has not changed significantly since 2022.

COMPANY'S EMPLOYEE* CHARACTERISTICS (S1-6)

	Women	Men	Total
Average number of employees in 2025	268	497	765
Number of employees as at 31.12.2025	254	497	751
Employment contract for an indefinite period	263	492	755
Fixed-term employment contract	5	5	10
Full-time staff	266	491	757
Part-time staff	2	6	8
Number of employees without guaranteed working hours			0
Number of employees who left during the reporting year	n/a		102
Staff turnover indicator			13.4% ***
Seasonal or project-based employees			100**

* All the indicators given in this and the following tables refer to the accounting of employees as natural persons (not to full-time equivalents). The data given in the tables is reconciled to the financial statements.

** This indicator includes students who have had a paid internship, as well as students employed under the State Employment Agency programme (summer work).

*** The relatively high rate can be explained with the process streamlining, automation and reorganisation of functions, such as the abolition of surveyors' positions, as well as the decision to fully outsource the cleaning of premises and the territory.

CHARACTERISATION OF THE FREELANCE EMPLOYEES OF THE COMPANY'S OWN STAFF (S1-7)

The Company cooperates with freelancers under a Company contract. In 2025, *Rīgas ūdens* had 11 freelance employees under a Company contract who provided support, such as expert advice and ancillary works in the areas of document digitisation or project management.

The Company does not attract employees for hire or other categories of employees.

SCOPE OF THE CONTENT OF COLLECTIVE AGREEMENT AND SOCIAL DIALOGUE (S1-8)

Indicators	2024	2025
Scope of the collective agreement (covered proportion of employees)	100%	100%
Number of trade union members	33%	240 (31%)

As it was mentioned above, the Company's challenge is the relatively low number of trade union members, which may in the future require other solutions to ensure a full social dialogue with the employees. At the same time, the involvement and communication tools already in place do not raise concerns about the ability to involve a broad range of employees in discussions on issues related to their working environment and conditions.

DIVERSITY INDICATORS (S1-9)

Information on the gender division of senior management - Supervisory Board, Audit Committee and Management Board - is included in the general section "Diversity indicators for governance bodies" of this report. Information on the gender division of the employees is included in the table of indicators S1-6.

Breakdown of staff by age groups as at 31.12.2025

Indicators	2024	2025
Number of employees aged under 30	39	43
Proportion of employees aged under 30	5%	5.7%
Number of employees aged 30-50	379	358
Proportion of employees aged 30-50	50%	47.7%
Number of employees over 50	345	350
Proportion of employees over 50	45%	46.6%

ADEQUATE WAGES (S1-10)

For all the employees of the Company, monthly basic salary/hourly rate for full-time work is determined in the amount of at least the minimum salary/hourly rate in accordance with the regulation effective in the Republic of Latvia. The average salary at *Rīgas ūdens* (monthly salary set in the employment contract or hourly rate multiplied by the average number of working hours per month for the calendar year) on 31 December 2025 was EUR 1,832, while the average hourly earnings for 2025 multiplied by the average number of working hours per month for the calendar year was EUR 2,244, which is significantly higher than the average gross salary in Latvia for Q3 2025 (EUR 1,835) according to the Central Statistical Bureau data. For the second year in a row, the Company has been ranked among the TOP 10 payers of the fairest salaries among the large Latvian companies according to a survey conducted by the *LLC (SIA) Figure Baltic Advisory*, demonstrating its commitment to provide a competitive, transparent and fair pay policy.

SOCIAL PROTECTION (S1-11)

In accordance with the labour laws effective in the Republic of Latvia, all the employees of *Rīgas ūdens* are protected against loss of income in the event of illness, loss of employment, changes in family circumstances, retirement, disability and other relevant circumstances. However, *Rīgas ūdens* also provides additional measures that are included in the Collective Labour Agreement, including:

- health insurance, which also includes additional cover for oncological and life-threatening diseases, to the extent not covered by the policy;
- for employees diagnosed with oncological or other life-threatening diseases, the Company covers the costs of medical treatment in accordance with financial capabilities in cases where they are not covered by the employee's health insurance policy;
- payment for mandatory health checks (including for new employees), including the purchase of vision correctors if not covered by insurance;
- payment for vaccinations if not covered by health insurance policy;
- payment for rehabilitation costs of disabled children of employees for the employees caring for disabled children;

- a one-off childbirth allowance and allowance for children's first grade (plus a day off on 1 September for the employees whose children start 1st-4th grade);
- annual allowance for large families;
- payment for children's summer camps;
- partial compensation of pre-school expenses (meals);
- if the employee's employment contract is terminated on the basis of Sections 101(1)(6), 101(1)(7), 101(1)(8) or 101(1)(10) of the Labour Law (due to lack of professional ability, health condition, return of the previous employee or dissolution of the employer itself), the Company, at the employee's written request, grant 5 paid working days within a month to look for other job, retaining the employee's pay for this time;
- if an employee-pensioner terminates employment relationship and has worked continuously with the Company for at least 20 years, a one-off allowance is also granted to that employee.

Through these instruments, the Company provides additional support and social security for its employees.

In 2022, *Rīgas ūdens* was awarded the status of a *Family Friendly Workplace* by the Society Integration Foundation.



TRAINING AND SKILLS IMPROVEMENT INDICATORS (S1-13)

Indicators	2024	2025
Proportion of the employees who have participated in regular performance improvement and career development evaluation measures	722 (95 %)	728 (95 %)
Men	476 (63 %)	470 (65 %)
Women	246 (32 %)	258 (35 %)
Specialists/engineers	*	326 (45 %)
Workers	*	302 (41 %)
Management/administration	*	100 (14 %)
Average number of training hours per employee	11.13	30
Men	9.9	21
Women	13.5	38
Specialists/engineers	*	31
Workers	*	14
Management/administration	*	62
Management Board	*	30

* In 2025, the Company's employee grading has changed, so the data are not directly comparable with 2024 in the relevant categories.

In 2025, the number of training offered to the employees increased. With the launch of the Competence Centre in 2024, a training plan for 2025 was developed, including the possibility to participate in remote lectures on various topics - well-being (burnout, time management), financial literacy, etc. Group training was implemented, including the Managers' School, Experience Breakfast, New Employee Day (quarterly), English language training. The most extensive training includes also the mandatory cyber hygiene training and data protection training for all staff.

OCCUPATIONAL PROTECTION INDICATORS (S1-14)

Indicators	2024	2025
Proportion of employees covered by the Company's occupational protection management system	100%	100%
Number of deaths	0	2 (accounting according to criteria laid down in external laws - workplace accident) *
Number of work-related accidents requiring registration**	2**	5**
Frequency of work-related accidents requiring registration (per 1 million hours worked)	1.57***	3.92***
Number of occupational diseases registered in the reporting year	4 (registered occupational diseases)	1 (registered occupational disease)
Number of days lost due to work-related injuries and deaths caused by accidents and work-related illness and death caused by such illness****	42	217

* In accordance with the requirements of the external laws, the Company records the workplace accidents regardless of whether they are caused by factors in the working environment or by injury or sudden deterioration in health condition. Both of the fatal accidents in 2025 were not related to workplace factors, but to a sudden deterioration in the worker's health condition leading to death.

** Including the above cases of death.

*** Calculated by dividing the total number of accidents by the total number of hours worked by the employees during the period and multiplying by 1,000,000.

**** Total number of days of incapacity for work caused by accidents during the period.

The Company does not record accidents or occupational diseases among freelancers.

WORK-LIFE BALANCE INDICATORS (S1-15)

Under the external employment laws and regulations, all the employees with new-born children, employees who have minor children, disabled children and who have large families, etc. are entitled to family leave.

Indicators	2024	2025
Number of employees on family leave*	35	30
Proportion of employees on family leave*	5%	4%
Men	34%	43%
Women	66%	57%

* Employees on parental, maternity or paternity leave are included. Employees who have used other additional leave options in various family-related cases in accordance with the procedures of the collective agreement are not included.

PAY INDICATORS (S1-16)

Indicators	2024	2025
Gender pay gap*	3.1%	-1.6%**
Total pay gap***	3.3	3.36

* Calculation is based on the formula: $(\text{Average men's hourly earnings} - \text{Average women's hourly earnings}) / \text{Average men's hourly earnings} \times 100$. The calculation excludes data on the remuneration of the members of the Management Board, Supervisory Board and Audit Committee.

Calculation of the average earnings include pay for hours worked (including overtime and reimbursement for contracted hours not worked), pay for annual leave, sick leave (A), paid rest days, study leave, etc., as well as allowances and bonuses.

** Women's average hourly earnings in the Company are 1.6% higher than men's.

*** Calculated using the formula: Total annual remuneration of the highest paid employee / Median of annual remuneration of all the employees (excluding the highest paid employee). The calculation excludes data on the remuneration of the members of the Management Board, Supervisory Board and Audit Committee.

Rīgas ūdens remuneration system is based on a points-based evaluation of positions, with all posts divided into 18 groups. The evaluation is based on the summation of the criteria for intellectual work (education, experience, complexity, responsibility) or physical work (methods, effort, conditions). A salary range has been set for each group.

Factors influencing the pay gap:

- 1 Individual skills, education, qualifications and experience;
- 2 High labour market demand for professionals in certain occupations, which allows for exceptions beyond the defined intervals;
- 3 Variable pay, influenced by the Company's financial/non-financial targets, performance indicators of structural unit and individually;
- 4 Extra pay for specific nature of work (night work, public holidays, overtime) and for increased intensity or extra work.

INCIDENTS, COMPLAINTS AND SERIOUS HUMAN RIGHTS IMPACTS(S1-17)

In 2025, there were no such incidents, complaints or identified serious human rights impact.

S4 CONSUMERS AND END-USERS

SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL (SBM-2, SBM-3)

Main task of *Rīgas ūdens* is to provide a quality water supply service - this primarily means continuously providing clean drinking water to the residents of Riga. This is the purpose of maintaining and developing the Company's infrastructure and ensuring that water is extracted and treated for supply to the network.

Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Information-related impact on consumers	Transparent communication and public awareness of service quality, tariffs and infrastructure works through multiple communication channels	Impact (actual, positive)	P, L	1; 2-5; 5+
	Differences in access to information among the customer groups / information gaps created by indirect communication (e.g. with the residents of apartment buildings, elderly customers who do not possess digital skills of such a high level)	Impact (actual, negative)	P, L	1; 2-5
	Active cooperation with representatives of apartment buildings to improve information flow on works to be carried out, service interruptions or emergencies	Impact (actual and potential, positive)	P, L	1; 2-5
	Positive impact of customer portal functionality and service automation on service quality, user experience and accuracy in service delivery	Impact (actual and potential, positive)	P, L	1; 2-5
	Expansion of educational campaigns and public awareness programmes (including on water quality, water efficiency and wastewater management)	Impact (potential, positive)	P, L	1; 2-5; 5+
	Making information available to customers 24/7, enabling them to receive timely notifications of interruptions, emergencies or repairs to the water supply system at any time of the day or night	Impact (actual, positive)	P, L	1; 2-5; 5+
	Possibility to use water quality measurements for public health monitoring	Opportunity	S.	2-5; 5+
Personal security	Ensuring systemic drinking water quality control	Impact (actual, positive)	P, L	1; 2-5; 5+
	Ensuring an uninterrupted water supply to residents in the event of repair or interruptions	Impact (actual, positive)	P, L	1; 2-5; 5+
	Accessibility and safety of public public taps	Impact (actual, positive)	P, L	1; 2-5; 5+
	Data protection procedures in place, promoting security of customer information and trust	Impact (actual, positive)	P, L	1; 2-5; 5+
	Impact of potential cyber security incidents on customer data and services	Risk	P, L	1; 2-5; 5+
	Service interruptions, as well as dispersions after the restoration of service due to infrastructure failure, which can affect customer satisfaction and the Company's reputation	Risk	P, L	1; 2-5; 5+
	Extension of water safety plans and online monitoring, integrating real-time data systems to detect anomalies early and prevent quality problems, as well as ensure continuity of service	Opportunity	P	2-5

Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Social inclusion	Equal access to services and tariff policy	Impact (actual, positive)	A, P, L	1; 2-5; 5+
	Water tariff is kept at an affordable level to avoid burdening low-income households (the ratio of water tariffs to average income of residents is assessed on regular basis to ensure that it does not exceed the permissible threshold and maintains access to the service for all groups of society)	Impact (actual, positive)	A, P, L	1; 2-5; 5+
	Support for the use of co-financing programmes for socially vulnerable groups to provide opportunity to connect to centralised water supply and sewerage system	Impact (actual, positive)	P, L	1; 2-5
	Monitoring customer satisfaction and participation incentive through annual measurements and Pulse surveys, using the data to improve customer service and integrate suggestions of residents into the Company's service development processes, thereby strengthening participation and trust of residents	Impact (actual, positive)	P, L	1; 2-5; 5+

* The designations used "expression in the value chain": A - upstream value chain, P - *Rīgas ūdens* own operations, L - downstream value chain.

** The designations used are in line with the ESRs time frames: short term - 1 year, medium term - 2-5 years, long term - 5+ years.

Customers of *Rīgas ūdens* are diverse, and the Company may have both direct and indirect contact with them. The Company's direct customers are residents of private houses, businesses and managers or owners of apartment buildings, while its indirect customers or end-users are residents of apartment buildings, with whom the Company often has no direct contact or contractual relationship. At the same time, regardless of the form of the customer relationship, any user of a water supply service wants to be assured of the continuity and security of the service, as well as to receive timely information on the costs of the service, emergencies, course of resolution thereof and other aspects.

Based on the results of annual customer satisfaction surveys, as well as daily cooperation with various customer groups (including potential customers who do not use yet centralised water supply and/or sewage services), *Rīgas ūdens* [as part of the double materiality assessment](#) has identified three key areas where there is an impact of the Company on direct or indirect customers, as well as risks and opportunities for the Company itself. The above areas are related to the safety and equal accessibility of services to different groups of society, as well as to ensuring access to information.

In the area of service safety, the most significant positive impact is related to the systemic monitoring of drinking water quality, which makes it possible to verify that customers have access to the best quality drinking water. More detailed information on verification of water quality control and frequency thereof is contained in the [Water and Marine Resources](#) section. In addition, in the event of repairs or emergencies (service interruptions, e.g. accidents), the Company promptly provides customers with alternatives to water supply services - for example, by delivering drinking water from the *Rīgas ūdens* system to the relevant location filled in mobile tanks. In recent years, [public taps](#) have also been arranged at several locations in Riga, where quality drinking water is available at a convenient place and in a convenient way for every city resident, visitor or holidaymaker. Most of these public taps are equipped with special drinking bases, making water easily accessible for four-legged pets. Whereas, as *Rīgas ūdens* holds a large amount of customers' personal data, in order to ensure its protection, data protection procedures have been developed and implemented, which are continuously monitored and improved as necessary (inspection and improvement were carried out also in 2025).

In the area of equal access to services or social inclusion, the Company's main impact is related to ensuring the most favourable possible tariff policy, maintaining the principle that the cost of the water supply service should not represent more than 1% of the average household expenditure in the draft tariffs to be submitted to the regulator. Although this principle is not included in the new medium-term operational strategy document (it was included as a strategic objective in the previous period), it is maintained, and compliance therewith is monitored. (In the previous period, such a target was set and compliance therewith was provided.)

In order to ensure the improvement of service accessibility, the Company, with the co-financing of the EU funds, additionally invests in the construction of new sections of the centralised water supply and sewerage network, but, at the same time, in order to facilitate the connection of residents to these networks, socially vulnerable groups of potential customers are supported in attracting co-financing from the Riga City Council for the construction of the connections. Thus, arrangement of connections for broader range of residents is facilitated. In recent years, the Company has also paid increased attention to monitoring customer satisfaction not only through annual surveys, but also on a daily basis by regularly conducting Pulse surveys, which allow customers to evaluate the service they receive and provide feedback. At the same time, the Company encourages public participation in the discussion of new infrastructure development projects (e.g. through face-to-face meetings with residents of the neighbourhoods concerned).

In the area of access to information, *Rīgas ūdens* pays increased attention to open communication and education of residents on water management issues (the Company has established [Water School](#), as well as actively communicates and displays explanatory materials on social networks and elsewhere, organises educational campaigns and events). In 2025, the Company has improved its emergency communication process, keeping customers informed about emergency works also outside the working hours. Notifications of service interruptions are now sent promptly throughout the day, while respecting the principles of night-time calm. Up-to-date information on the availability of services is available 24/7 on the interactive [Current works map](#) and via the free information line 80002122. This approach promotes customer confidence ensuring timely information flow.

Currently, the communication gap is the complexity of information transfer to the residents of apartment buildings, because the effectiveness of communication depends directly on the communication of the building manager with the residents - *Rīgas ūdens* primarily passes information to the relevant Company and counts on it to be passed on responsibly. As *Rīgas ūdens* does not have access to end-users' direct contacts (unless end-users have chosen to provide them to the Company), the Company cannot ensure full direct communication. At the same time, in recent years, more active work has been commenced directly with the representatives of apartment buildings (both management companies and house elders or other delegated persons) to improve this communication.

The Company does not cause any significant negative impact on direct or indirect customers. The only current negative impact related to the accessibility of residents of apartment buildings, as mentioned above, is already being successfully addressed by improving communication and strengthening customer relations in this segment as well.

In terms of risks, the most significant ones are related to service interruptions due to infrastructure failures, which always result in greater or lesser direct and indirect customer reactions, as well as the impact of potential cyber security incidents on customer data and/or service provision. In order to mitigate such risks, the Company strengthens its IT security solutions and has commenced work on the development of a business continuity plan for 2025, covering operation of both the infrastructure itself and related systems.

Whereas, within the context of opportunities, *Rīgas ūdens* sees an opportunity to develop a Water Safety Plan, which has been developed in several European water management companies and the implementation of which strengthens both the Company's own resilience and customer confidence, as well as to expand the possibilities of online monitoring of the water supply system and to use water quality measurements for public health monitoring in cooperation with other partners. (Use of such a solution was introduced on a limited scale during the Covid-19 pandemic, and water quality data often helps to identify the spread of viruses, bacteria and other harmful foreign bodies in a city at an early stage and thus plan the necessary precautions more effectively.)

The Company also takes these factors of impact, risk and opportunities into account when developing and implementing its strategy. Both the Sustainable Development Strategy 2040 and the Medium-Term Operational Strategy 2025-2030 include priority areas affecting improvement of accessibility of the centralised water services, ensuring water supply safety and high drinking water quality, facilitating public environmental education on water supply issues, as well as ensuring high customer satisfaction. The action plan for the implementation of the Strategy includes both infrastructure improvements and customer service process improvements to address these priorities, such as reducing average response times, reducing repeated complaints, reducing contract lead times and other aspects that make customer relations faster, in more efficient and mutually more pleasant manner.

Thus, it should be concluded that customer interests and needs have a direct impact on the development and implementation of the Company's strategy, as well as on the adaptation of day-to-day processes.

POLICY (S4-1)

The Company does not have a Customer Relations Policy in place, but customer-related matters are addressed in two relevant policies (both approved in their current form in 2025) - the Sustainability and Responsible Business Policy and the Internal Control, Compliance and Risk Management Policy.

The Sustainability and Responsible Business Policy with regard to the Customers stipulates that *Rīgas ūdens* provides transparent information about the Company's sustainability goals and actions, as well as promotes reliable and safe service delivery. The policy provides for a socially responsible approach that improves the quality, safety and accessibility of services, while involving customers in sustainability initiatives. The policy strengthens cooperation with stakeholders, ensuring open communication and sustainable development.

The Internal Control, Compliance and Risk Management Policy impacts customers by ensuring continuity, safety and quality of services, as well as timely identification and prevention of risks. It strengthens the Company's ability to comply with the regulatory requirements and ethical standards, which promotes trust and transparent cooperation with customers. The policy

provides for effective protection of information and responsible action to mitigate potential service interruptions.

In addition, the Company has introduced a Customer Service Standard, which sets out common principles for customer service and communication, ensuring quality and customer-oriented service throughout the Company.

The policies and standards are not based on internationally recognised UN, International Labour Organisation, Organisation for Economic Cooperation and Development or other human rights guidelines, but are based on the principles of equal treatment and the provision of a quality service to any customer.

In 2025, changes were also made to the external regulatory framework directly applying to the customers of *Rīgas ūdens*, namely, amendments were adopted to the legislative acts issued by Riga City Council. Amendments to the Riga City Council Binding Regulation No. 4 "On the Terms and Conditions of Public Water Management Services Contract, Procedures for its Conclusion, Amendment and Termination" aim to ensure a clearer and more comprehensible contractual framework, simplifying the contract conclusion and management procedure and improving the accessibility of services to customers. Changes ensure individual service consumption metering for by-users, with the possibility to conclude a separate contract with *Rīgas ūdens*, which promotes fair billing and transparency. Additionally, users' obligations and rights are clarified, flow of information is streamlined, protection of personal data and monitoring of service provision are strengthened.

New Riga City Council Binding Regulation "On Riga State City Municipality's Co-financing for Design and Construction of Connection of Immovable Properties within the framework of the Projects "Water Management Development in Riga, Stages 5 and 6", Co-financed by the European Union Cohesion Fund" was adopted, and the Binding Regulation "On Riga State City Municipality's Co-financing for Compensation of Construction Expenses of Connection of Residential Houses to the Centralised Sewage System" were adopted. For residents who have centralised water supply networks constructed within the framework of the projects "Water Management Development in Riga, Stages 5 and 6", deadlines for receiving co-financing have been extended until 31 December 2026 for the construction of connections and until 1 April 2027 for the submission of applications. Whereas, regulations on reimbursement of construction expenses ensure that co-financing is available within the whole territory of Riga without a time limit for applications, covering the residents whose properties are located outside the project

areas of the EU funds. Both regulations aim to encourage people to connect more actively to centralised sewage systems by reducing the burden of expenses during the design and construction phase and by providing special support for socially disadvantaged groups. These laws and regulations have a direct impact on the operations of *Rīgas ūdens* and enable the Company to effectively support residents in the arrangement of new connections.

Finally, customer service issues are also addressed in the Company's Code of Ethics, which stipulates that every employee has a duty to provide quality assistance to customers within the framework of his or her competence, but, if the matter in question is not within the employee's competence, to redirect the matter to a colleague who can help. This strengthens the importance of the matter of customer relations throughout the organisation, not just leaving it to the Customer Service Department.

The Company's key policies are available to everyone, including customers, on the *Rīgas ūdens* website.

INVOLVEMENT MECHANISMS (S4-2)

Various communication channels are used to engage both direct and indirect customers, including:

- **Annual customer satisfaction survey** conducted by an external service provider, in which *Rīgas ūdens* achieved a satisfaction index of 68 points in 2025, representing 13 points above the indicator of 2021¹⁰ and exceeding the utility industry average in Latvia (48) and Europe (64). Customer satisfaction level has reached 93%, significantly above the national average (88%). The 2025 survey also attracted the largest number of respondents so far - 2,426 customers or 11.4% of all the Company's customers (twice as many as in the previous year's survey). The processes of billing and payment, as well as uninterrupted supply of water, the quality of drinking water and the options of electronic communication received the highest rating among the customers. The annual study is always followed by an activity plan for the following year, which is approved by the Company's Management Board and presented to the Supervisory Board;

¹⁰ The Customer Satisfaction Survey, using the same methodology as in 2025, was last carried out in 2021, making the data directly comparable. In the meantime (2022-2024), customer satisfaction surveys were also carried out annually, but by a different service provider using a slightly different methodology.

- **Pulse surveys** - a short evaluation of the service received, sent by *Rīgas ūdens* to the customer to get feedback on the experience. The Company invites to evaluate the service received at different points of contact, such as e-mail correspondence, telephone communication or the contracting process, etc.;
- **Communication on social media** as necessary, both by providing information and answering to residents' questions;
- **Face-to-face meetings with residents**, especially potential customers, on the accessibility of services, infrastructure development intentions and support options for the arrangement of connections. For example, in 2025, a meeting was organised with the residents of the Čiekurkalns neighbourhood, who are being provided with new opportunities to connect to centralised water supply and sewerage;
- **Customer days**, in which house managers, with whom *Rīgas ūdens* are invited to participate, discuss key issues, development plans, customer service and communication aspects, etc., which require joint solutions and a common approach. In 2025, five such events have taken place;
- **Development Conference**, in which managers and owners of apartment buildings and non-residential premises were also invited to participate, providing customers and partners with a clear vision of the Company's development, strengthening trust and understanding of the long-term benefits for the city's environment.

PROCESSES FOR REMEDYING NEGATIVE IMPACTS AND CHANNELS FOR RAISING CONCERNS (S4-3)

Customers have various channels to express their complaints, concerns, questions and suggestions: in person, by phone, by e-mail, on the *Rīgas ūdens* website, customer portal, social networks and elsewhere. All the complaints, regardless of the form of submission, are registered in the Company's information systems, assigning a classification (type of complaint,

first or repeated, well-founded or unfounded, etc.), thus ensuring their full registration and traceability.

Complaints are received, registered and administered by the Customer Service Department, which passes them on to the competent structural units. While examining the complaints, root cause of the problem is analysed and information to reply to the customer is prepared. Throughout the process, information systems monitor status of the complaint, enabling to track the duration and outcome of the examination.

Receipt of written complaints are confirmed within one working day, with an initial response to the customer indicating a provisional deadline for examination. The standard time limit for the examination of complaints is up to five working days. If the time limit is extended for objective reasons, the customer is informed, indicating the reason for the extension and the new time limit. Verbal complaints are resolved promptly, as far as possible, by recording the resolution provided. Reply to the customer is provided on the same or on the customer's specified communication channel.

Monthly statistics on complaints received are produced every month, reflecting data for that month. A quarterly summary report is produced on quarterly basis, which analyses the complaints statistics for the quarter in question, as well as compares them with previous periods to identify dynamics in changes and trends. Where appropriate, it highlights the main factors that have affected the number of complaints and makes proposals to improve processes and customer service quality. Monthly and quarterly reports are submitted to the Company's Management Board and the Supervisory Board.

Upon receipt of a negative response in a Pulse survey, the responsible structural unit responds promptly and contacts with the customer within one working day to deal with the situation. Results of the Pulse surveys are summarised, and customer comments are analysed on a quarterly basis to identify key trends and aspects to be improved. The summarised results of the Pulse surveys are used to improve customer service quality and processes. Once every quarter, results of the Pulse surveys are presented to the Company's Management Board and Supervisory Board.

Although the number of complaints has increased in recent years, on average 65-69% of them have proved to be unfounded. The most frequent topics of complaints - water quality and pressure - are directly related to the extensive flushing of main water pipes over the last two years, which is essential for the hygiene of the network and for improving water quality in the long term. Temporary inconveniences (water turbidity or pressure fluctuations) may occur during the works, which may lead to increase in the number of complaints, but guarantees a more reliable water supply in the long term. There have also been complaints about leaks, invalid meters or delayed information on repair works.

STATISTICS ON COMPLAINTS RECEIVED	2023	2024	2025
Regarding water quality	97	196	203
Well-founded	65	118	131
Unfounded	32	78	72
Regarding provided water pressure	148	136	152
Well-founded	31	25	25
Unfounded	117	111	127
Other complaints	112	178	255
Well-founded	16	16	56
Unfounded	96	162	199
Total	357	510	610
Well-founded	112	159	212
Unfounded	245	351	398
Share of unfounded complaints	68%	69%	65%

Confidentiality and data protection when handling complaints is ensured through secure electronic systems, such as *EDUS* and *Bitrix*. These systems record, process and store documents with access restricted to authorised staff only, and all the activities are recorded to ensure transparency and data security. Customer identification takes place in accordance with the Customer Service Standard, but, where identification is not possible, only general information is provided.

Protection of personal data is implemented in accordance with the requirements of the General Data Protection Regulation and the Company's Privacy Notice. Data is processed for the necessary purposes only, such as the provision of services, quality assurance and compliance with regulatory requirements, subject to minimum necessary volume and secure processing procedures. The total number of incidents identified which have had a negative impact on consumers and arise from both the complaints received and self-detected cases is 485. None of the situations caused lasting or significant consumer detriment and all were resolved appropriately. In some cases, resolution of the situation may be related not only to the actions taken by *Rīgas ūdens*, but also by its suppliers - in such cases, the Company requests immediate involvement of the supplier in rectifying the situation, while keeping customers informed of the progress. In practice, this manifests itself, for example, by requiring the outsourcer to promptly rectify defects after construction works, if adequate resurfacing is not provided or green space is not organised, as well as dealing with damage to the customer's property caused during construction works.

During the reporting period, 482 cases were recorded in which service correction was performed or compensation was paid. The other three cases involved failure to provide timely information on planned repair works.

Number of registered cases by type, when recalculation of the provided service is performed:

Reason	Number	Action
Invalid commercial meter	204	A recalculation has been carried out so that the customer would not have to pay for the differences caused by an invalid meter and the invalid meter has been replaced.
Poor quality service	69	Flushing of the water supply network and quality restoration have been carried out, and customers were not charged for the respective service period.
On-site leakage	152	When an accident in the customer's internal networks (behind the commercial meter) is fixed, the sewage service has been recalculated, reducing the bill for the amount of water that has leaked into the customer's territory and was not discharged into the sewerage system.
Changes in the number of service users	34	Contract details are updated and invoices are adjusted accordingly, based on information provided by the customer on the number of people actually living at the address (e.g. on studying or working abroad, staying in medical and social care institutions, etc.).
Other	23	The service has not been provided to the extent invoiced. Each case was assessed individually on the basis of the principles of fairness and responsibility; if the Company's action or omission has resulted in losses to the customer, compensation was provided according to the amount of the losses.

Along with the complaints submitted directly through *Rīgas ūdens'* communication channels, customers also have access to other communication channels, including the possibility to file a complaint with the Public Utilities Commission (PUC), the Consumer Rights Protection Centre (CRPC), the Health Inspectorate (HI) or the Data State Inspectorate (DSI), depending on the nature of the issue. In 2025, six complaints filed by customers with the Health Inspectorate, CRPC and PUC were received. The assessment of the applications received found complaints

regarding water quality (HI and PUC), accuracy of meter readings (PUC) and noise caused by the pressure boosting pump station (HI) to be well-founded. Whereas, complaints regarding the consumption metering methodology and inaccuracy of the meters (CRPC) were found to be unfounded. Following the examination of the complaints, the Company promptly made the necessary technical improvements and process adjustments to address the identified deficiencies and prevent recurrence of similar situations, thus fully resolving all the well-founded objections.

No serious breaches of customer or user relationships were identified in 2025 that contravened the UN, ILO or OECD guidelines on consumer protection. All the problem situations were of local nature and promptly rectified.

ACTIVITIES AND RESOURCES (S4-4)

At least three categories of structural units are involved in providing quality customer service within the Company, with other employees involving where necessary:

- The main responsible structural unit is the **Customer Service Department**, which organises and improves customer service processes across all communication channels, develops and supervises customer service standards, analyses customer satisfaction indicators, and coordinates the handling of complaints and feedback, using the received feedback to improve service;
- **Technical structural units** providing the technical execution of the service and operation of the infrastructure are successively involved in improving customer service, ensuring safety, quality and continuity of services, as well as providing support and information in dealing with the customer questions and complaints;
- **The Communications Department** provides a unified, clear and timely flow of information to the public and the media, promoting the reputation and credible image of *Rīgas ūdens*, as well as explaining the objectives and results of corporate social responsibility, sustainability and development projects. The Communications

Department also responds to questions raised by residents (i.e. customers) on social networks, in coordination with the Customer Service Department where necessary.

At the highest level, responsibility for customer service resources and customer service development is assigned to the Member of the Management Board, who is also responsible for quality control, finance and other matters. At the Management Board level, simplicity (especially in relation to new, as well as the current customers) has been identified as a key focus for customer service. This includes both faster processing of customer needs and process automation where possible, as well as regular quality control of customer service (an artificial intelligence solution has been implemented for this purpose enabling to analyse calls and pace of communication, enabling the identification of necessary improvements in the service provided).

In 2025, the Company continued to improve its customer service, including by introducing the following improvements:



Remote metering of water consumption (telemetry). A contract has been signed with the JSC (AS) “Sadales tīkls” to introduce remote water metering throughout Riga, equipping more than 22,000 meters for automatic reading in five years. This ensures more accurate metering and possibility for customers to track their water consumption in real time on the *Rīgas ūdens* customer portal in the future. As a result of this improvement, customers will no longer have to manually transfer readings, which will reduce the likelihood of errors, save time and improve the efficiency of the Company's operations.



Modernised customer portal. The portal has obtained modern design, become more transparent, with simplified navigation and shorter action steps (transferring readings, paying bills). The portal has integrated accessibility features that promote social inclusion and improve the user experience for all users, including people with disabilities.



Simplified requirements for the arrangement of meters and faster circulation of documents. For private houses, technical requirements for the construction of metering hubs have been facilitated, thus reducing the need for complex construction works and, consequently, costs. At the same time, the circulation of

documents has been sped up, with significantly shorter timescales for examining applications and concluding contracts (10 working days for documents, 5 days for complaints). These improvements reduce waiting times and make receipt of the service more convenient for customers.



Robocall and debtor notification. While the Company continues to communicate in person, a robocall has been introduced **for informative notifications** to remind people about transferring meter readings, payment due dates and other important activities that do not require direct human involvement. In the area of debtor management, both cooperation with building managers has been improved and reminder robocalls have been made. In the summer of 2025, debtors were invited to pay their debts by 30 September without late payment penalty - this opportunity was seized by a wide range of customers, thus contributing to reduction in the overall debt amount.



Unified customer support and operational information. From 2025, *Rīgas ūdens* has been providing **notification of customers regarding the planned and emergency water pipe repairs also after the normal working hours** - every day from 7 a.m. to 10 p.m. To simplify the processes, a unified communication channel has been established to address any issues. While previously customers had to contact different specialists on matters concerning accidents and bills, now a unified call centre provides all the replies. This ensures information availability even during the night hours, if the customer needs to clarify a situation quickly. Such improvements guarantee timely circulation of information and simplicity. Whereas, in order to improve communication with the residents of apartment houses, a database of direct contacts is being updated ensuring direct communication in situations where it is needed.



Individual metering of service consumption for by-users. The option to contract directly with by-users has been introduced (persons or companies whose properties are not directly connected to the centralised water supply network but receive the service through other customer's networks). This ensures fairer and more transparent billing, allowing everyone to pay for their actual consumption.

In addition, based on customer complaints or suggestions, the Company also plans public communication - creating educational and explanatory materials on water quality, safety, availability, emergency response, tariff principles and other issues relevant to the end-users. Information on planned repair works is published on the [Company's website](#).

Certain issues are also identified based on data from the *Rīgas ūdens* laboratory, and then both technical solutions are introduced and the necessary communication measures are put in place.



TARGET INDICATORS (S4-5)

Customer-related target indicators are set out in the priority development directions "Accessible centralised water management services", "Water supply safety and high drinking water quality" and "Developed environmental education and improved environmental competence" of *Rīgas ūdens* long-term and medium-term operational strategies. These include specific objectives and targets for the strategy period, as well as specific indicators for the calendar year within the annual action plan for the implementation of the strategy.

Priority direction	Objective	Target value for the year 2040.	Target value for the year 2030.	Target value for the year 2025.	Execution in 2025
Available centralised water management services	Increase availability of centralised water management services	Availability of centralised sewerage services in the Riga wastewater agglomeration ensures collection and treatment of ≥98 % of the wastewater pollution load	Number of declared inhabitants with access to centralised sewerage service in the agglomeration: additional access ≥ 3,3 thous. population	≥ 400 residents	408 (97.28%)*
			Number of declared inhabitants with access to centralised water supply : additional access ≥ 1.3 thous. population	≥ 50 residents	54 (98.04 %)*
Water supply security and high drinking water quality	To ensure safe and high quality drinking water	Flushing of water supply networks at least once every 5 years	Flushed water supply networks: ≥ 2000 km	≥ 240 km	333,5 km
Access to centralised water services, water security and high drinking water quality	Increase customer satisfaction	<i>No indicator for the year 2040</i>	Customer Satisfaction Indicator (CSAT): ≥ 5% above the 2025 target	Number of respondents to the survey 10% of the number of customers	11.4%
Developed environmental education and improved competence on environmental matters	Educational and awareness-raising activities for different target audiences	Executed ≥1 educational programme per year	Educational activities for the public: ≥ 10/year	≥ 10/year	11
		Number of participants involved in educational activities ≥ 1,000 per year	Number of participants involved in educational activities: ≥ 1000/year	≥ 1000/year	1330
Environmental education and competences developed and, indirectly, professional knowledge and research in water management developed	Raise public awareness of environmental protection, promoting research, digitisation and innovation	<i>No customer-related indicator for the year 2040</i>	Number of customers registered on the customer service portal compared to the total number of customers: ≥ 95 %	≥ 87 %	90%

* According to the information of the Office of Citizenship and Migration Affairs on the declared population, on 31.12.2025 centralised sewerage services were available to 97.28 % of the population of the wastewater agglomeration area of Riga, while centralised water supply services were available to 98.04 % of the population of the administrative area of Riga.

2.5 Governance information

The Corporate Governance Statement will be published as a separate document on the Company's website <https://www.rigasudens.lv/en/corporate-governance> at the same time as the Sustainability and Annual Report.

G1 CONDUCTING BUSINESS

DESCRIPTION OF THE PROCESSES FOR IDENTIFYING AND ASSESSING SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IRO-1)

The issues of business conduct or open and ethical governance are of particular importance to the operations of *Rīgas ūdens* due to its status as a public corporation and public service provider. As a derivative public entity, a capital Company or a municipally owned Company, *Rīgas ūdens* manages the infrastructure necessary for the provision of municipal functions and uses public funding to provide certain functions (e.g. the operation of public taps in the city is subsidised by the municipality). In addition, the Company has raised investor funds for infrastructure modernisation and renewal projects through the issuance of EU Green Bonds in 2025.



Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Supplier relations	Strengthening ethical and governance principles for business partners - The Company has developed a Sustainability and Responsible Business Policy and is implementing the principles set out in its Procurement and Outsourcing Policy to further clarify how it engages with service providers	Impact (actual, positive)	A, P	1; 2-5
	Integrating sustainability (including EU Taxonomy) and energy efficiency requirements into public procurement, promoting sustainable behaviour of market players and reducing indirect emissions	Impact (actual, positive)	A, P	1; 2-5; 5+
	Electronic Asset Management System for Supplier Collaboration - The Company already uses an Electronic Asset Management System to digitally manage collaboration with suppliers, for example at the Daugavgrīva biological treatment plant. This approach improves transparency, ensures data traceability and contributes to more efficient decision-making in the supply process	Impact (actual, positive)	A, P	1; 2-5
	Working with suppliers who do not respect sustainability or quality principles can create reputational, service continuity and financial risks. Regular evaluation of suppliers and monitoring of cooperation principles	Risk	A, P	2-5
	Concentration of supplier markets and risk of price fluctuations in certain categories (e.g. chemical reagents, construction and process equipment), which may affect the Company's business continuity	Risk	A, P	1; 2-5
	Improving supply chain management to promote greater transparency, improve the quality of cooperation and support sustainable procurement practices	Opportunity	A, P	2-5; 5+
	As a mentor of the sustainability message to its partners, the Company provides them with practical guidance, prepared forms and methodological support. This approach helps suppliers become more sustainable and align their activities with the Company's values and sustainability goals	Opportunity	A, P	2-5; 5+

* The designations used "expression in the value chain": A - upstream value chain, P - *Rīgas ūdens* own operations, L - downstream value chain.

** The designations used are in line with the ESRS time frames: short term - 1 year, medium term - 2-5 years, long term - 5+ years.

Subtopic	Factor	Type	Expression in the value chain*	Time frame**
Corporate culture	Building an open and ethical corporate culture based on transparency, professional cooperation and responsible communication with the public and employees, including active management communication with a wide range of employees	Impact (actual, positive)	P	1; 2-5
	The Company has a whistleblowing mechanism in place to identify potential violations early and employees are regularly informed	Impact (actual, positive)	A, P, L	1; 2-5; 5+
	Employee engagement and communication on the Company's objectives is ensured through annual employee conferences and brainstorming sessions, which help build a shared understanding of the Company's objectives and improve inter-departmental collaboration	Impact (actual, positive)	P	1; 2-5; 5+
	Introducing a plain language approach to management by redesigning procedures and documents to make them easy for staff to understand. In parallel, external communication is strengthened to ensure that information is clearly understood by customers	Impact (actual, positive)	P	1; 2-5
	Implementing a sustainable governance model in the context of the Company's growth and finances, linking key performance indicators (KPIs) to investment performance, including the issuance of green bonds and the management of their use	Impact (actual, positive)	P	1; 2-5; 5+
	Balanced financial management, taking a socially responsible tariff approach and using diversified sources of finance	Opportunity	A, P	1; 2-5; 5+
Political involvement and lobbying activities	Open and transparent participation in industry development processes through involvement in professional organisations and working groups, cooperation with public authorities and transparent dialogue	Impact (actual, positive)	A, P	1; 2-5; 5+
	As the leading water utility in the country, <i>Rīgas ūdens</i> can use its professional capacity to influence the development of water policy and investment programmes at national level, strengthening sector governance and long-term planning	Opportunity	A, P	1; 2-5; 5+
Corruption and bribery	Maintaining the anti-corruption system and internal control mechanisms through regular training, in particular for staff whose duties involve public procurement or cooperation with external partners	Impact (actual, positive)	P	1; 2-5; 5+

* The designations used "expression in the value chain": A - upstream value chain, P - *Rīgas ūdens* own operations, L - downstream value chain.

** The designations used are in line with the ESRS time frames: short term - 1 year, medium term - 2-5 years, long term - 5+ years.

Target indicators related to governance processes are set out in the priority development directions "Responsible Corporate Governance", "Developed Value Chain Management" and "Stakeholder Engagement and Impact" of *Rīgas ūdens*'s long-term and medium-term operational strategies. For each priority axis, specific objectives are set and target indicators or target values are defined for the strategy period, as well as specific indicators for the calendar year within the framework of the annual Activity Plan for the implementation of the strategy.

Priority direction	Objective	Target value for the year 2040.	Target value for the year 2030.	Target value for the year 2025.	Implementation in 2025
Responsible corporate governance	The Company's governance processes are fully compliant with good corporate governance regulation and best practice	International Corporate Governance Indicators rating above the Baltic average	Assessment of the level of corporate responsibility: "Gold" category**	Self-assessment of corporate governance maturity according to ISO 37004**	Self-assessment of Corporate Governance Maturity in line with ISO 37004
Developed value chain management	Create a value chain by selecting suppliers who conduct responsible business, take active care of the environmental and social matters	100% of <i>Rīgas ūdens</i> suppliers have joined the requirements for responsible business practices set out in the supplier code of ethics			
		At least 75 % of the business partners of <i>Rīgas ūdens</i> have set ESG objectives*			
		75 % of suppliers have set SEG targets, perform measurements and provide ESG data sharing*			
Stakeholder engagement and impact	Maintain and improve continuous and effective communication with all stakeholders, involving them in decision-making	≥ 3 activity for cooperation with the stakeholders every year			

* The target could potentially be revised to clarify its scope and specificity to ensure meaningful delivery and alignment with *Rīgas ūdens* sustainability objectives.

** The performance indicator "Corporate Governance Performance Rating - Silver Level in the Sustainability Index" originally set for 2025 was changed to self-assessment according to ISO 37004 by the *Rīgas ūdens* Council decision of 19.12.2025. The Institute for Corporate Sustainability and Responsibility (InCSR) voluntary initiative "Sustainability Index" is not being organised in 2025 and therefore the target originally set is not feasible for reasons beyond the control of the Company and has been replaced by a comparable target under the Company's control.

Procurement is organised for the Company's operations in accordance with the procedure laid down in the Public Service Providers Procurement Law. In the provision of public services, an undertaking must respect the principle of non-discrimination in relation to its direct and indirect customers. Finally, given the scale of the Company (it is the largest water utility in Latvia in terms of infrastructure and customers served), the Company has a significant influence on the development of sector policy.

Taken together, the Company's management recognises that good, transparent and orderly governance is one of the cornerstones of securing the confidence of shareholders, investors, employees, business partners, customers and the wider community.

Specific aspects of governance and their relevance have been assessed [double materiality assessment](#) in the framework of the materiality assessment. In recent years, Corporate Governance has been purposefully reformed through the development of new policies and internal regulations, a rethought organisational structure, new internal communication and engagement solutions, and greater engagement with various external stakeholders. These improvements are also reflected in the materiality assessment, where the most significant positive impact factors are the development of an open and ethical corporate culture, active employee involvement, simplification of management processes (e.g. introduction of plain language), availability of whistleblowing mechanisms and maintenance of an anti-corruption system, open and transparent participation in industry development processes and strengthening of supplier management processes.

Although the Corporate Governance processes need to be actively maintained and the principles set out in them followed on a day-to-day basis, *Rīgas ūdens* has not identified any critical gaps or negative impacts in this area.

The Company sees the greatest opportunities in implementing and ensuring balanced financial management, following a socially responsible tariff approach and using diversified sources of finance, having a greater impact on the development of the sector at national policy level and improving supply chain management, including by using its positive experience and acting as a mentor to its partners. At the same time, risks directly related to suppliers are also considered to be the most significant risks, including the possibility of working with suppliers that do not

comply with the Company's sustainability and/or quality principles, as well as economic considerations related to supplier management (market concentration and price volatility risk).

In addition to the double materiality assessment, the Company regularly carries out corruption and fraud risk assessments (assessment of positions and functions exposed to these risks), which identify specific risks associated with certain activities and, in turn, measures to address them.

BUSINESS POLICY AND CORPORATE CULTURE (G1-1)

The Supervisory Board of the Company approves the key policies of *Rīgas ūdens* in accordance with the Law on Management of Public Entity Capital Shares and Capital Companies. In 2025 the following policies are in force at the Company and are publicly available on the Company's website:

- **Sustainability and responsible business policy**, which sets out the guiding principles for ensuring the sustainability of the Company's core business;
- **Corporate governance policy**, which sets out the Company's key governance principles and the roles and responsibilities of its governance bodies;
- **Internal control, compliance and risk management policies**, which sets out the internal control mechanisms, their operating principles and the main processes for monitoring the Company's activities;
- **Conflict of interest, corruption risk prevention and whistleblowing policy**, which sets out the basic principles for the prevention of these risks in the day-to-day conduct of both officers and any employee of the Company, and provides mechanisms for reporting possible irregularities in the Company's activities or in the conduct of its officers or employees. The policy provides for whistleblowers to be protected after a report has been made;
- **Remuneration and human resources policy**, which sets out both the principles for determining the remuneration of the Supervisory Board, the Executive Board and the

Audit Committee, and the overall approach to setting staff remuneration and ensuring HR processes;

- **Procurement and outsourcing policy**, which sets out a common approach to procurement and outsourcing planning, promoting cost efficiency, sound decisions, quality, safety and environmentally friendly solutions, the principles for the organisation of the procurement process, including an approach to ensuring openness, as well as the conduct of procurement whose estimated contract prices fall below the thresholds set out in the Public Service Providers Procurement Law and the Cabinet Regulations issued on its basis;
- **Supplier code of conduct**, which contains the most important requirements that *Rīgas ūdens* expects from its suppliers. Reference to this Code is included in contracts with suppliers;
- **Code of Ethics**, which sets out the behavioural expectations of every *Rīgas ūdens* employee, both in their day-to-day work and in their dealings with colleagues and external business partners.

All of these policies, as well as each of them in its own field of activity, set the basic principles for the operation of *Rīgas ūdens*. Procedures have been developed and put in place for the practical implementation of the policies, approved by the Governing Board, setting out the detailed approach, methodologies, processes and responsibilities for managing the area.

Policy references are included in the thematic sections on environmental and social issues in this report, as appropriate to the area.

In order to promote an open and positive corporate culture, in recent years the Company's management has actively communicated with employees at all levels, informing them about the Company's current events, key developments and priorities. Quarterly "Morning Coffee with the Board" is organised online, and each week information is sent to staff on the Board's priorities and actions for the week. Every employee has the opportunity to book a call with the Chairman of the Board at a specific time if needed, while middle managers receive targeted training at the Leadership School to effectively communicate the Company's values and priorities to their employees.

In order to improve the management of the Company's processes, process maps have been developed for 2025, Key Performance *Indicators (KPIs)* have been set for each process and the corresponding risks have been assessed. Risk management also includes Key Risk *Indicators (KRIs)* and an incident register, the practical use of which is to be improved in 2026 by facilitating the incident reporting procedure and potentially using AI solutions to support this process.

The assessment of governance processes in 2025 not only reviewed the existing governance policies, reducing their number and introducing a short visual summary of each policy for easier and quicker reference, but also identified the need for a crisis management team and a detailed business continuity plan, which are essential both in the current geopolitical reality and in the light of the impact of various other potential disruptions on the provision of a basic public service - access to clean water.

In 2025 *Rīgas ūdens* received the Latvian Corporate Governance Award in the nomination "Leap in Transparency", which was awarded in the context of the Company's issuance of EU



Green Bonds and successful implementation of disclosure requirements related to its stock exchange listing.

Rīgas ūdens shared its experience on this and other governance issues with policy makers, industry, partners, educational institutions, suppliers and other stakeholders at the annual [Rīgas ūdens Development Conference](#) as part of the RR&D Conference.

FUNCTIONS OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES (GOV-1)

The overall tasks and operating principles of the *Rīgas ūdens* Management Bodies are described in the general section of this report. In the context of the business aspects mentioned above, the Company's Corporate Governance Policy states that:

- The Company's Code of Ethics serves as a standard of conduct for the Company's management and employees. The Council approves the Internal Control Framework Policy and the Risk Management Policy (merged in 2025 and expanded in a new version to include compliance aspects);
- The Council has approved a Conflict of Interest, Corruption Risk Prevention and Whistleblowing Policy, which sets out clear requirements for ethical conduct, prevention of conflict of interest, corruption and fraud. The Board ensures the maintenance of an internal control system for the prevention of corruption and conflict of interest.
- The Company has a secure and accessible whistleblowing system in place that allows employees, business partners and others to report possible wrongdoing, including corrupt practices.
- Internal audit is an essential element of the internal control system, with the strategic plan and the annual internal audit plan approved by the Management Board with the prior approval of the Supervisory Board;
- The Board assesses the effectiveness of the internal control system at least once a year (based on information provided by internal audit) and reviews risk management and compliance reports;
- The Company ensures that it is transparent in the information it provides to the public about its activities.

In addition to the Corporate Governance Policy, the management of business-related aspects is also set out in the *Rīgas ūdens* [rules of Procedure of the Supervisory Board](#) (including responsibility for approving key policies, monitoring the internal control system, ensuring the independence of the internal audit function, monitoring the functioning of the whistleblowing system, etc.), [the Rules of Procedure of the Board](#) (including the need to obtain the prior approval of the Supervisory Board to enter into transactions of a certain type or size), as well as in [audit the regulations of the Committee](#) established in 2025 (including to monitor the effectiveness of the Internal Audit function and review its reports, monitor the preparation of the annual report and related processes and report to the Supervisory Board on deficiencies identified, if any).

Collectively, the governance structures of the Company thus ensure effective internal control over the Company's operations - including the material aspects of its business mentioned above.

In order to ensure transparency of information on the Company's governance, starting from 2021, *Rīgas ūdens* will publish annually [Corporate Governance Report](#), which is based on the principles defined in the Latvian Corporate Governance Code developed under the auspices of the Ministry of Justice and on the practice of compliance with them.

SUPPLIER RELATIONSHIP MANAGEMENT (G1-2)

The Company selects suppliers in accordance with the Public Service Providers Procurement Law, and in cases where the estimated contract amount is below the thresholds set out in the Law and the Cabinet of Ministers Regulations - in accordance with the internal procurement procedure.

The application of the procedure ensures timely and rational procurement, openness and free competition among suppliers, as well as equal and fair treatment, while promoting the efficient use of the Company's financial resources and minimising potential risks. In accordance with the

"Procurement Procedures", the Company applies the following types of procurement according to their thresholds:

Type	Amount in EUR without VAT
Simplified procurement	Up to 4000
Market research	4000–42 000
Procurement procedures	Above 42 000
Statutory procedure	From a fixed contract price threshold

The procurement procedure ensures that procurement is planned, organised and monitored in a coherent and transparent manner, respecting the principles of competition and the efficient use of financial resources. The procurement process in the Company starts with procurement planning, gathering the needs submitted by departments. The Company maintains annual and monthly procurement plans and market research lists, and publicly discloses information on ongoing procurements and concluded contracts.

Market study invitations and tender specifications are published on the Company's website, on www.iepirkumi.lv, and in certain cases also published in the Official Journal of the European Union. Where goods and services can be procured using the Electronic Procurement System (EPS) maintained by the State Regional Development Agency, the goods or services concerned shall be procured using the EPS, with a note to that effect in the Monthly Procurement Plan for the procurement concerned. After the evaluation of the bids, the results of the procurement are approved by the Board and, at the end of the procurement, all the necessary documentation is prepared and the contract with the selected supplier is concluded.

In addition to the procedure for procurement, the Council's Rules of Procedure require that transactions be agreed. The prior approval of the Governing Board is required in the case of a transaction or a number of related transactions resulting from a procurement and the amount of the transaction exceeds EUR 500 000 excluding VAT. This requirement also applies where water supply and sewerage works contracts are split into separate lots - if the contract value of

each lot exceeds EUR 500 000 excluding VAT, the approval of the Supervisory Board is required for each individual transaction.

At the same time, the Company has a simplified procurement procedure for small purchases of goods and services up to EUR 4 000 (excluding VAT). In such cases, procurement is initiated after identification of the need by the responsible unit and is implemented in a streamlined process, ensuring rapid mobilisation of resources for day-to-day needs. The organisation and documentation of simplified procurement is in practice carried out by dedicated market research and simplified procurement officers in liaison with Heads of Unit, and in this way procurement is not conducted in a procurement committee format, while maintaining the control and accounting requirements of the procedure.

In 2025 the Company organised 56 procurement procedures in accordance with the law and 168 internal procurement procedures in accordance with the law. Around 10% of total purchases include energy efficiency requirements in the product or service supplied.

The Company has developed and implemented a number of policies that promote responsible business conduct, including a Sustainability and Responsible Business Policy and a Supplier Code of Conduct. All potential cooperation partners shall be informed of the contractual arrangements, including a clause on the application of the Company's Supplier Code of Conduct, confirming joint initiatives to mitigate negative impacts and ensure compliance.

In certain cases, where a supplier has an equivalent code of conduct or principles, contracts shall include a reference to both documents or the contracting parties shall agree on the applicable code in the specific case. *Rīgas ūdens* does not currently have a mechanism in place to monitor suppliers' compliance with all the principles of the Supplier Code of Conduct, but it does have the possibility to request suppliers to provide information on compliance with or breaches of the principles of the Supplier Code of Conduct, if necessary.

In order to improve the transparency of procurement, including sub-threshold procurement, the Company is evaluating the possibility of automating the procurement process, including automating the assessment of suppliers' compliance with qualification requirements through artificial intelligence solutions. Similarly, where it makes sense and adds value, the most

economically advantageous tender selection, based on a scoring system and with price as one of several evaluation components, is used instead of the lowest price principle for supplier selection.

The Company does not currently have a detailed supply chain management strategy. The need to develop such a framework will be assessed in future periods.

PREVENTING AND DETECTING CORRUPTION AND BRIBERY (G1-3)

The Company's processes for preventing and detecting corruption and bribery are governed by the Conflict of Interest and Corruption Risk Policy and its subordinate documents, including the procedure "Management of Conflict of Interest and Anti-Corruption Measures". The procedure sets out the responsibilities and duties of the Company's Board of Directors, Corporate Governance, Legal, Human Resources and the heads and employees of each department. It also sets out the procedures for identifying and assessing corruption risks and positions exposed to such risks, the obligation to draw up an anti-corruption action plan, training requirements and conditions for staff, and the requirements for ensuring a reporting system.

Since 2020, *Rīgas ūdens* has been developing an anti-corruption action plan for three years, with regular updates. The implementation of the plan is reported twice a year to the Board.

The assessment of corruption and bribery risks is based on an internally developed methodology, which in turn is based on guidelines developed by the Corruption Prevention and Combating Bureau (KNAB). In 2025, the Company has expanded its list of positions at risk to include a wider range of positions with day-to-day responsibilities related to customer service, procurement, decision-making, financial planning and control, etc.

Training is provided according to the risk assessment and followed by a knowledge test:

- Anti-corruption training is mandatory for all staff at least every two years. The last training was organised in December 2024 in cooperation with the Society for Openness - Delna, with the next cycle planned for December 2026;
- Staff members whose position and functions are assessed as potentially exposed to corruption risk (medium and high corruption risk) should receive training at least once a year. The last training was organised in November 2025 and was led by a KNAB

lecturer. As the Company's Board and Heads of Unit positions are assessed as being at high or medium risk of corruption, this training and the subsequent test are mandatory for all Board members and Heads of Unit.

A total of 133 staff members with medium or high-risk positions have been trained in anti-corruption in 2025.

Employees who are required to attend this training but are unable to do so at the time will be provided with a recording and, as with face-to-face participants, will be given a knowledge test after watching the recording;

- New recruits, regardless of the position they start in, are required to undergo anti-corruption training within three months of starting their employment. During this time, employees must listen to a recording of the training and take a knowledge test. In 2025, training material has been sent to 84 new employees - 61 of them have completed the training and passed the knowledge test, the process is ongoing for 10 employees, and 13 employees have had their employment terminated during the probationary period, so they are no longer relevant for this training *in Rīgas ūdens*;
- Regular training is additionally provided to procurement staff (e.g. Heads of Unit, Procurement Officers, members of the Procurement Committee) to develop their capacity to identify illegal activities in the organisation and conduct of procurement in a preventive manner. In 2025, the above-mentioned specialists attended both externally organised public courses and training provided by the Company and organised by KNAB lecturers, which covered the following topics: the regulatory framework for preventing conflicts of interest, the concept of conflict of interest, restrictions and prohibitions on preventing conflicts of interest, types of conflict of interest, restrictions on combining offices and business activities, restrictions on accepting gifts, and dealing with conflict of interest and bribery situations.

The Company also makes information available to both employees and external stakeholders on the established reporting channels - the whistleblowing mechanism and how to use it. The information is available on the website and physically posted at the entrance to the Company's premises.

Since 2023, *Rīgas ūdens* continues to participate in the initiative "Zero Tolerance to Corruption" established by the society "Society for Openness - Delna" and the society "Latvian Corporate Social Responsibility Platform" (CSR Latvia), thus committing to comply with and ensure the

implementation of all necessary measures to prevent the possibility of corruption in the Company's activities.

CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY (G1-4)

No incidents of corruption or bribery have been identified and confirmed in 2025. There are also no ongoing (including historical) legal proceedings, fines or other legal proceedings.

POLITICAL INFLUENCE AND LOBBYING ACTIVITIES (G1-5)

To share experience with other companies in the sector, to work together on policy initiatives and to represent the interests of the sector in policy planning and regulatory development processes, *Rīgas ūdens* has joined and is active in [Latvian Water Supply and Sewerage Companies Association \(LŪKA\)](#). The above mentioned organisation is the largest non-governmental association in the sector, bringing together water management companies with shared interests and goals to represent the interests of the Latvian water management sector and jointly promote the development of water supply and sewerage companies. This gives the Company the opportunity to both contribute to key national policy-making processes in the sector and to be involved in the development of European issues in the sector, given that LŪKA is a member of *EurEau*, the European federation of national water supply associations, and is represented on its Executive Committee. *EurEau* is registered in the Transparency Register of the European Union (Reg. Nr. 39299129772-62).

At the request of LŪKA, *Rīgas ūdens*'s experts have given their opinion on the following legislation in 2025:

- Regulations Project "Regulations on the Operation of Regional Sewage Sludge Management Centres" (24-TA-2801);
- Draft amendments to Regulation No 174 "Regulations on the Provision and Use of Public Water Management Services" for inter-institutional approval;

- Application of Regulation No 524 (Calculation and accounting of the share to be paid by each owner of a dwelling house for the services necessary for the maintenance of the dwelling house after the abolition of the verification of the apartment meters);
- "Interinstitutional coordination of the draft regulations 'Implementation rules for measure 2.2.2.3 "Processing of sewage sludge" under the specific support objective 2.2.2 "Promoting the transition to a circular economy" of the European Union Cohesion Policy Programme for 2021–2027";
- Amendment of the Energy Efficiency Act on energy audits and energy efficiency requirements (in line with the Waste Water Directive);
- Amendments to the general rules on the submission of information.

Company participation in NGOs is one way of keeping up to date, implementing best practice, sharing your experience and actually building your stakeholder base. The Company's participation in non-governmental organizations is regulated by the Guidelines for the Evaluation of Participation in Non-Governmental Organizations of *Rīgas ūdens* in order to conduct a periodic review of existing participations and the evaluation of new participation proposals. Proposal for the Company's membership of non-governmental organisations is accepted by the Company's Management Board upon harmonisation with the Supervisory Board, and a representative for regular representation of interests is delegated. *Rīgas ūdens* pays membership fees, but does not fund political contributions to NGOs of its membership, nor does it make any other payments related to lobbying of interests. The total cost of the Company's membership of industry and other societies and associations in 2025 was EUR 25.86 thousand.

Society "Latvian Platform for Corporate Social Responsibility" (CSR Latvia)

CSR Latvia brings together companies, governmental and non-governmental organisations and institutions, as well as experts to implement corporate social responsibility practices and achieve sustainability development goals. The association implements a Responsible Business Ambassador Programme, the main theme of which is to provide sustainability competences to the employees of the programme participants, including the companies represented by the members. In 2025, a Corporate Sustainability Officer graduated from the programme. The association regularly shares its knowledge on sustainability and corporate responsibility issues

and represents the interests of CSR Latvia members in negotiations on the transposition of sustainability issues into national laws and regulations.

Society “Baltijas Korporatīvās pārvaldības institūts” (Baltic Institute of Corporate Governance) (BICG)

BICG brings together companies and business leaders to promote better corporate governance practices in public and private sector companies in Lithuania, Latvia and Estonia. BICG membership strengthens corporate governance culture and practices, which have a positive impact on corporate value, access to capital, operational efficiency and reputation. The Company's management regularly participates in BICG's topical events and specialised training programmes for Company managers.

Business Networking Organisation BNI Latvia (BNI)

BNI is the world's leading business networking organization, operating in Latvia since 2015. In the BNI system, entrepreneurs meet once a week, and it should be valued as mentoring support for their business. During the reporting period, BNI members or the companies they represent have provided the Company with opinion or recommendations on various issues.

Society “Latvijas Darba devēju konfederācija” (Employers' Confederation of Latvia) (ECL)

Rīgas ūdens is a member of the Confederation of Employers of Latvia, which gives it the opportunity to be involved not only in the water sector, but also in discussing and giving its opinion on issues important for the management of companies. The most significant proposals in 2025 were submitted on the planned amendments to the Law on the State Administration System and the Law on the Management of Public Entity Capital Shares and Capital Companies.

Society “Biznesa efektivitātes asociācija” (Business Efficiency Association) (BEA)

Participation in the BEA provides an opportunity for the Company's employees to develop their knowledge and practical skills in improving efficiency, to gain ideas for process improvement and more efficient use of resources. For *Rīgas ūdens* employees, it allows them to learn about the latest process maturity methods, learn from the experience of other organisations and apply proven solutions in their daily work.

Society “Latvijas Personāla vadīšanas asociācija” (Latvian Association for People Management) (LAPM)

As one of the opinion leaders in HRM in Latvia, LAPM is shaping HRM best practice in Latvia. Membership of the organisation provides opportunities to gain knowledge and practical experience in improving staff efficiency and to participate in experience exchange events. The benefits of membership of the LAPM are integrated into the Company's employee welfare and development planning.

Social initiative “Misija nulle” (“Mission zero”)

Mission zero is a voluntary, public initiative aimed at making health and safety a corporate priority, both in every stage of core activity and in interactions with society, by eliminating the number of fatalities at work and those caused by related external conditions, significantly reducing the number of accidents at work, aiming for “0” and implementing preventive measures to protect and preserve employees' health. *Rīgas ūdens* joined the initiative in 2023.

“Zero Tolerance Against Corruption” social initiative

By joining this initiative, *Rīgas ūdens* demonstrated its progress towards the status of a sustainable Company. The Company has developed and implemented a number of policies to promote responsible business conduct, which are in line with the Zero Tolerance to Corruption initiative.

In addition to representation in industry or business organisations, *Rīgas ūdens* also provides opinions and statements at the request of ministries or other institutions, including in response to requests from the municipality. Including in 2025, opinions and statements requested by several ministries.

Ministry of Smart Administration and Regional Development:

Clarification on the draft Regional Policy Guidelines 2028-2034 on municipal infrastructure and related projects, which can be used to plan investment support measures for municipalities for the next seven-year planning period. *Rīgas ūdens* informed that the current projects in the water sector are related to improving access to public services, adaptation of the centralised sewerage system to climate change and climate change mitigation measures in water infrastructure, promoting energy efficiency and climate-neutral solutions, which are planned in the Company's Sustainable Development Strategy until 2040 and Medium-term Operational Strategy until 2030.

Ministry of the Economy:

- On Draft Legislation No 23-TA-2311 "Amendments to the Cabinet of Ministers Regulation of 19 August 2014 No 500 "General Building Regulations"";
- On the draft law "Amendments to the Construction Law" (24-TA-2288);
- On proposals for amendments to the regulatory enactments governing construction;
- On possible areas of cooperation to improve the framework for obtaining technical regulations for the construction design process and for the approval of the construction project.

Ministry of Climate and Energy:

- On the determination of the water loss coefficient.

Ministry of Agriculture:

- On investment projects for the improvement, reconstruction and urban stormwater drainage systems of municipal drainage systems.

Rīgas ūdens does not contribute financially or in any other way to political parties, movements or initiatives.



COMPANY STANDARD PAYMENT TERMS AND COMPLIANCE (G1-6, G1-7)

Rīgas ūdens follows and develops responsible business practices and expects its business partners to follow the same responsible approach. The Sustainability and Responsible Business Policy also includes the Company's commitment to comply with all tax requirements.

The Company usually sets a standard payment deadline for its partners of 20 days after signing the acceptance certificate and receiving the corresponding invoice. Such a time limit shall be included in the draft contract for procurement organised by the Company. At the same time, a different deadline may be contractually agreed with suppliers. Accordingly, the Company shall pay for goods received and work performed within the time limits specified in the contracts and invoices.

Exceptions are cases where there are disagreements about the receipt of goods or services, the quality of the work carried out or other essential terms of the contract, as well as situations where payment documents are submitted later than contractually agreed and take longer to process than the expected payment period.

	Payments made in due time in 2025	Average time to pay invoices (days) in 2025
Construction	93%	11
Services	97%	15
Receipt of goods	97%	22*

*Payment terms in supply contracts tend to be longer than the 20 days usually used by *Rīgas ūdens*.

The Company is not involved in any legal proceedings related to late payments.

In addition to fulfilling its obligations to its business partners, every Company has a duty to the state. *Rīgas ūdens* does this by providing a high quality, safe and predictable basic service to its citizens, as well as by making regular payments to the state budget.

Taxes paid in the year 2025	EUR
Value-added tax	11,967,824
Property tax	178,349
Natural resource tax	1,004,312
Social security contributions	7,226,096
State duty of the business risk	3349
Corporate income tax	11,871
Personal income tax	3,677,267
TOTAL	24,069,069

Thus, by implementing the actions discussed in the *Governance Information* section of this report, *Rīgas ūdens* ensures predictable, ethical, cooperative and responsible operations towards the business environment and the state.

3 FINANCIAL STATEMENTS

Financial statements are prepared in accordance with International Financial Reporting Accounting Standards as adopted by the European Union standards (IFRS)

INFORMATION ON THE COMPANY

Company name	LLC "Rīgas ūdens"
Company's legal form	Limited Liability Company
Registration number, place and date	40103023035 Riga, 24 September 1991
	Date of re-registration in the Commercial Register 12 January 2004 under the unique registration number 40103023035
Type of activity according to NACE 2.1 classification	36.00 Water collection, treatment and supply 37.00 Sewerage services
Address	1 Zigfrīda Annas Meierovica Blvd Riga, LV-1495 Latvia
Sole shareholder	Riga City Municipality (100%) 1 Rātslaukums, Riga, LV-1050, Latvia
Names, surnames and titles of members of the Supervisory Board	Dace Ljusa – Chairwoman of the Supervisory Board Imants Paeglītis – Deputy Chairman of the Supervisory Board Tālis Juhna – Member of the Supervisory Board (until 31.08.2025) Māris Kleinbergs – Member of the Supervisory Board (from 17.10.2025) Term of office of members of the Supervisory Board – 5 years

Names, surnames and titles of members of the Management Board	Krišjānis Krūmiņš - Chairman of the Management Board Normunds Zvaunis - Member of the Management Board Agnese Ozolkāja - Member of the Management Board
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Responsible Accounting Officer	Sandijs Māliņš – Director of the Finance Department
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Reporting period	1 January - 31 December 2025
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Name and surname of the auditor and of the responsible certified auditor	"POTAPOVIČA UN ANDERSONE" LLC Commercial Company Licence No 99 12-45 Ūdens Street Riga, LV-1007 Latvia
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Responsible auditor:
Anna Temerova-Allena
Certified Auditor's Certificate No. 154

FINANCIAL STATEMENTS

3.1 STATEMENT OF PROFIT OR LOSS

	Annex	2025 EUR	2024 EUR
Revenue	11	80,320,805	76,336,396
Other operating income	12	4,077,372	6,425,565
Raw materials and supplies	13	(24,976,655)	(29,202,748)
Personnel costs	14	(24,654,302)	(25,194,580)
Other operating expenses	15	(3,773,927)	(2,514,567)
EBITDA*		30,993,293	25,850,066
Depreciation and amortisation of long-term assets	18 (f)	(28,105,129)	(42,489,471)
Operating profit after impairment		2,888,164	(16,639,405)
Financial revenue	16	267,884	239,364
Financial costs	17	(2,565,529)	(1,874,528)
Profit/(loss) before tax		590,519	(18,274,569)
Corporate income tax		-	-
Profit/(loss) for the reporting year		590,519	(18,274,569)

* For the definition of an alternative performance indicator, see Section Alternative performance indicators in Annex 2.

Annexes on pages 154 to 201 form an integral part of these financial statements.

3.2 STATEMENT OF COMPREHENSIVE INCOME

	Annex	2025 EUR	2024 EUR
Profit/(loss) for the reporting year		590,519	(18,274,569)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Income from revaluation of non-current assets		-	369,296,418
Total comprehensive income recognised in the reporting year		590,519	351,021,849
Including comprehensive income for the reporting year:			
- included in the long-term asset revaluation reserve***	25	-	342,630,489
- included in retained earnings**		590,519	8,391,360

** Result that is included in retained earnings and on which dividends can be calculated.

*** Long-term asset revaluation reserve is not available for distribution into dividends.

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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

3.3 STATEMENT OF FINANCIAL POSITION

<u>Asset</u>	Annex	31.12.2025 EUR	31.12.2024 EUR
Long-term assets			
Intangible assets	18 (a)	838,003	754,354
Fixed assets	18 (b)	710,179,058	688,379,459
Right of use assets	18 (c)	1,246,503	775,716
Total long-term assets:		712,263,564	689,909,529
Current assets			
Stocks	19	2,920,540	2,628,389
Receivables from contracts with customers	20	11,423,751	9,738,373
Other receivables	21	1,203,453	1,202,281
Next period costs		714,475	517,488
Cash	22	23,620,519	12,725,465
Total current assets before non-current assets held for sale:		39,882,738	26,811,996
Non-current assets held for sale	23	-	531,245
Total current assets		39,882,738	27,343,241
Total assets		752,146,302	717,252,770

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Director of the Finance Department

Liabilities

Equity:

	Annex	31.12.2025 EUR	31.12.2024 EUR
Share capital (fixed capital)	24	127,686,123	127,686,123
Long-term asset revaluation reserve	25	327,980,524	342,630,489
Retained earnings		76,430,102	63,707,026

Total equity:

532,096,749 **534,023,638**

Creditors:

Long-term creditors:

	Annex	31.12.2025 EUR	31.12.2024 EUR
Bonds and borrowings	26	90,389,249	62,442,922
Lease liabilities	29	1,045,347	622,943
Advance payments received	31	2,246,635	-
Trade payables		2,178,666	1,841,889
Provisions	34	1,403,415	1,291,130
Next period incomes	30	88,233,620	85,648,327
Other creditors	32	92,257	-

Total long-term creditors:

185,589,189 **151,847,211**

Short-term creditors:

	Annex	31.12.2025 EUR	31.12.2024 EUR
Bonds and borrowings	26	7,179,101	5,933,945
Lease liabilities	29	257,387	195,868
Advance payments received from customers	31	1,434,366	3,180,404
Trade payables		4,626,987	4,560,494
Taxes, state social insurance contributions	35	2,063,572	2,082,613
Other creditors	32	1,259,645	1,181,313
Next period incomes	30	2,495,976	3,711,722
Accrued liabilities	33	13,545,881	8,785,469
Provisions	34	1,597,449	1,750,093

Total short-term creditors:

34,460,364 **31,381,921**

Total creditors:

220,049,553 **183,229,132**

Total liabilities

752,146,302 **717,252,770**

3.4 STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserves	Retained earnings	Equity
	EUR	EUR	EUR	EUR
31.12.2023	127,588,333	-	56,068,997	183,657,330
Contribution	97,790	-	-	97,790
Dividends	-	-	(753,331)	(753,331)
Total transactions with a shareholder and other changes recognised in equity	97,790	-	(753,331)	(655,541)
Loss for the reporting year	-	-	(18,274,569)	(18,274,569)
Revaluation of non-current assets	-	451,296,418	-	451,296,418
Impairment of revalued assets	-	(82,000,000)	-	(82,000,000)
Changes in revaluation reserve	-	(26,665,929)	26,665,929	-
Total comprehensive income	-	342,630,489	8,391,360	351,021,849
31.12.2024	127,686,123	342,630,489	63,707,026	534,023,638
Dividends	-	-	(2,517,408)	(2,517,408)
Total transactions with a shareholder and other changes recognised in equity	-	-	(2,517,408)	(2,517,408)
Profit for the reporting year	-	-	590,519	590,519
Changes in revaluation reserve	-	(14,649,965)	14,649,965	-
Total comprehensive income	-	(14,649,965)	15,240,484	590,519
31.12.2025	127,686,123	327,980,524	76,430,102	532,096,749

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Director of the Finance Department

3.5 STATEMENT OF CASH FLOW

	Annex	2025 EUR	2024 EUR		Annex	2025 EUR	2024 EUR
Operating cash flow							
1. Profit / (loss) before corporate income tax		590,519	(18,274,569)				
Corrections:							
a) amortization, depreciation, impairment and profit or loss on disposal of fixed assets and intangible assets	18 (a, b)	28,777,219	42,102,446				
b) depreciation the right of use assets	18 (c)	207,961	316,312				
c) amortisation of co-financing of fixed assets	30	(2,684,094)	(3,693,483)				
d) changes in provisions		(40,359)	(595,995)				
e) other interest and similar income	16	(267,884)	(239,364)				
f) interest payments and similar costs	17	2,565,529	1,874,528				
2. Profit before adjustments for the effects of changes in the balances of current assets and liabilities		29,148,891	21,489,875				
Corrections:							
a) (increase) or decrease in accounts receivable balances		(1,883,537)	(1,127,682)				
b) (increase) or decrease in balance of inventories		(292,151)	469,585				
c) increase or (decrease) in balances due to suppliers, contractors and other creditors		3,544,746	(4,763,182)				
3. Gross operating cash flow		30,517,949	16,068,596				
Corporate income tax payments		21,520	-				
Interest paid	27	(2,583,358)	(2,151,963)				
Bank fees paid		(45,690)	(44,690)				
Net operating cash flow		27,910,421	13,871,943				
				II. Cash flow from investing activities			
				Acquisition of fixed assets and intangible assets			
				Proceeds from the sale of fixed assets			
				Interest received			
				Net cash flow from investing activities			
				III. Cash flow from financing activities			
				Borrowing received / bond issued			
				Borrowing repayment expenditure			
				Financing acquisition costs			
				Received co-financing from ERAF / Cohesion Fund			
				Lease payments			
				Disbursed dividends			
				Net cash flow from financing activities			
				V. Net cash flow for the reporting year			
				VI. Balance of cash and cash equivalents at the beginning of the reporting year			
				VII. Balance of cash and cash equivalents at the end of the reporting year			

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Director of the Finance Department

3.6 ANNEXES TO THE FINANCIAL STATEMENTS

1. THE REPORTING COMPANY

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

The holder of all capital shares of the Company is the Riga City Municipality. On matters not regulated by the Articles of Association, provisions of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Commercial Law shall apply.

The information about the Company required by law for annual reports and consolidated annual reports is presented in a separate section “Information about the Company”.

2. FINANCIAL REPORTING GUIDELINES AND REPORTING PERIOD

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS) as adopted by the European Union. The financial statements have been prepared in accordance with the initial cost accounting principle, modified for the recognition of certain property, plant and equipment in revalued amounts and non-current assets held for sale, as disclosed in the accounting policies described below.

The reporting period is 12 months from January 1, 2025 to December 31, 2025.

The cash flow statement has been prepared according to the indirect method.

Alternative performance indicators

Starting from 2024, the Company uses an alternative performance measure that is not specified in IFRS or the Accounting Law of the Republic of Latvia:

EBITDA - operating profits before impairment of long-term assets (amortisation, depreciation and impairment of the value of intangible assets, fixed assets and right-to-use assets), before

financial items and corporate income tax (*Earnings Before Interest, Tax, Depreciation and Amortisation*).

The Company's management believes that *EBITDA* provides valuable additional information to stakeholders and management and can help investors and analysts compare the profitability of companies without taking into account differences in their funding structure and asset base.

This financial indicator should not be considered a substitute for those determined in accordance with IFRS and is not comparable with indicators used by other companies.

Reporting to the Common European Electronic Reporting Format

The Company is required to submit its financial statements in the European Single *Electronic Format (ESEF)* using the XHTML format.

3. FUNCTIONAL AND PRESENTATION CURRENCY

The Company's functional and presentation currency is EUR.

4. ESTIMATES AND JUDGEMENTS

In order to prepare the financial statements, the Company's management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and related assumptions are regularly verified. Changes in accounting estimates are recognised in the period in which the estimates are revised and in subsequent periods.

Management's assumptions are based on information available at the time of approving the financial statements. The impact of future events on the Company's future performance may differ from the current assessment.

Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the financial statements within the next financial year are described below:

(i) Estimates for fixed assets

Information on judgements and estimates made in applying accounting policies to property, plant and equipment is included in Annex 7, paragraph 7.3 Intangible investments and property, plant and equipment (including revaluation of property, plant and equipment). Estimates for fixed assets are reflected in section 7.12 (i) Impairment of non-financial assets and Note 18.

- useful lives of property, plant and equipment

An entity makes estimates of the useful lives and residual values of property, plant and equipment. These estimates are based on past experience as well as industry practice and are assessed at the end of each reporting year. Past experience has shown that the actual useful lives of fixed assets have been longer than estimated. The values of fully depreciated fixed assets are disclosed in 18. (b) Annex. The estimated impact of changes in useful lives cannot be estimated with precision and therefore the impact of the sensitivity analysis of changes in depreciation rates on future periods is not disclosed.

- recoverable amount of fixed assets

An entity tests property, plant and equipment for impairment whenever events and circumstances indicate that the carrying amount of an asset may not be recoverable. Separate cash-generating units are identified for property, plant and equipment. According to the assessment of the tests, the assets are written down to their recoverable amount, if necessary. In assessing impairment, management uses various estimates of cash flows arising from the use, sale, maintenance and repair of assets, as well as estimates of inflation and interest rate increases. The estimates are based on forecasts of the general economic environment, consumption and electricity sales prices. If future realities were to change, an additional impairment loss could be recognised or the impairment loss recognised could be reversed in whole or in part. Impairment of recoverable amount is affected by factors such as high repair and reconstruction costs, significant changes in expected discount rates, low utilisation of certain ancillary equipment, relatively high maintenance costs, limited ability to sell fixed assets on the market and other relevant factors. Impairment charges are recognised in the reporting year and are described in paragraph 18. (e) Annex.

- revaluation

The results of the last revaluation are disclosed in more detail in Annex 18. (d) in the Annex

(ii) Estimates and judgements relating to provisions and accrued liabilities

Information on the judgements and estimates made in applying the accounting policies on provisions and accrued liabilities is included in Annex 7, paragraph 7.8 Accrued liabilities and provisions and in Annexes 33 and 34.

(iii) Estimates of segment identification and attribution of revenue, expenses, assets to segments

The information is contained in Annex 9

(iv) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in an underlying market at the measurement date or, if no market exists, in the most advantageous market to which the Company has access on that date. The fair value of liabilities reflects the risk of default.

In accordance with the Company's accounting policies and disclosure requirements, fair value is to be determined for financial and certain non-financial assets and liabilities.

In measuring the fair value of an asset or liability, the Company uses observable market data to the extent possible. Fair value is classified into different levels within the fair value hierarchy based on the inputs used in the measurement techniques:

- Level 1: quoted market prices (unadjusted) of identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: input data on asset or liabilities other than based on observable market data (unobservable data).

If the input data used in the fair value measurement of an asset or liabilities may be categorised into different levels of the fair value hierarchy, the fair value measurement is generally categorised into the level of the fair value hierarchy that includes the lowest level of input data that is significant to the entire measurement.

A reclassification between levels of the fair value hierarchy is recognised by the Company at the end of the reporting period in which it occurs.

For measurement and disclosure purposes, fair values were determined using the methods set out below. Where appropriate, more information about the assumptions made in determining fair value is disclosed in the notes to the financial statements for that asset or liabilities.

Level 1 includes cash and cash equivalents. Cash and cash equivalents are financial assets with maturities of 3 months or less. The Company considers the fair value of these financial assets to be consistent with their initial nominal value and carrying amount on any subsequent date.

The Company has no financial assets and liabilities that would be included in level two.

Level 3 includes:

- loans from credit institutions, bonds and lease obligations;
- accounts payable and receivable.

Loans from credit institutions, bonds and lease liabilities

Non-derivative financial liabilities are measured at fair value at the moment of initial recognition and, for disclosure purposes, at each reporting period end date. The fair value of financial liabilities determined for disclosure purposes with maturity period exceeding 6 months is calculated based on the present value of future principal amount and interest cash flows discounted by the market interest rate on the measurement date. The Company's borrowings comprise fixed and variable rate components and it assesses changes in the fixed portion of the bank borrowing rate each year in line with market conditions. The borrowing rate is assumed to be close to the market rate on all the balance sheet dates presented.

The fair value of bonds is determined by discounting future cash flows.

For lease liabilities, the market interest rate is determined by using the interest rate on comparable borrowings. For financial liabilities with a shorter term, their value at initial recognition and subsequent carrying amount are assumed as the approximate fair value because the effect of discounting is considered immaterial.

Accounts payable and receivable

The maturity of trade and customer receivables, related party receivables, other receivables, other financial assets, trade and other creditors, related party receivables and other financial liabilities is mostly up to six months, therefore the Company believes that the fair value of these

financial assets and liabilities corresponds to their initial nominal value and carrying amount at any future date.

5. FAILURE TO PREPARE CONSOLIDATED FINANCIAL STATEMENTS

This is the Company's separate financial statement. The Company does not prepare a consolidated annual report because it has only had one subsidiary, which has been excluded from the Commercial Register as of December 2, 2021.

6. BASIS OF EVALUATION AND KEY ACCOUNTING PRINCIPLES

The financial statement items are valued in accordance with the following accounting principles:

- (i) it is assumed that the Company will continue to operate;
- (ii) the same valuation methods have been used as in the previous year;
- (iii) evaluation has been carried out with due care:
 - the statement includes only profits up to the balance sheet date;
 - all the foreseeable risk amounts and losses that have arisen during the current or prior years are taken into account, even if they became known between the balance sheet date and the date of preparation of the financial statements;
 - all the impairment and depreciation amounts are calculated and taken into account, regardless of whether the reporting year ends with profit or loss.
- (iv) revenue and costs related to the reporting year are taken into account, irrespective of the date of payment and the date of receipt or invoicing. Costs are aligned with revenue during the reporting period;
- (v) components of assets and liabilities are evaluated separately;
- (vi) the opening balance of the reporting year matches the closing balance of the previous year;
- (vii) all the items that have a significant effect on the evaluation of users of the financial statements or decision-making are disclosed; immaterial items are merged and detailed in the annex;

(viii) economic transactions are presented in the financial statements on the basis of their economic contents and substance rather than their legal form.

7. KEY ACCOUNTING POLICIES

7.1 Monetary unit and revaluation of foreign currencies *in euro*

The Company's transactions are recorded in *euro*. All the transactions in foreign currencies are revalued into *euro* at the foreign exchange rate used for accounting purposes at the beginning of the business day. Monetary assets and liabilities denominated in foreign currencies are converted into *euro* at the *euro* reference rate published by the European Central Bank. Foreign currency profit or loss arising from the conversion of settlements of transactions in foreign currencies and value of monetary assets and liabilities denominated in foreign currencies are included in the profit or loss statement for the period.

7.2 Financial instruments

The Company does not hold or use derivative financial instruments.

Recognition and classification

Financial assets and liabilities are recognised in the statement of financial position on the date when the contractual terms of the instrument become binding on the Company. Acquisitions of financial assets within regular transactions are recorded on the settlement date.

Financial assets are initially recognised at fair value plus transaction costs. Receivables from contracts with customers are initially evaluated at the transaction price.

Financial liabilities, including borrowings, are initially recognised at the amount of cash received, minus of borrowing costs.

Classification and subsequent measurement of financial assets and liabilities depend on the business model for managing the financial assets and liabilities and the contractual terms of the cash flows. The Company does not change the classification of financial assets after their initial recognition, except in cases where the Company's business model for managing financial assets changes.

The Company's financial assets that are held for the collection of contractual cash flows and whose contractual terms generate cash flows are classified as financial assets to be evaluated at amortised costs. These financial assets include trade and other receivables and cash and cash equivalents.

Cash and cash equivalents are cash balances and demand deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in fair value and are used by the Company to settle short-term liabilities.

Financial liabilities, which include borrowings, trade payables and other financial liabilities arising from the Company's operations, are classified as other liabilities evaluated at amortised prime cost.

Evaluation

After the initial evaluation, receivables are evaluated at amortised prime cost using the effective interest rate method less impairment losses (see Sub-paragraph 7.12).

After the initial recognition, financial liabilities are measured at amortised costs using the effective interest method. Interest expenses, profit and losses are recognised in profit or loss.

The effective interest rate is the rate that exactly discounts the future cash flows of a financial instrument through its expected life, or possibly a shorter period, to the net carrying amount of the financial asset or liability. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related financial instrument and amortised based on the effective interest rate of the financial instrument.

The Company has no financial assets and liabilities that are evaluated at fair value through profit or loss after initial recognition. See note 7.12 to the financial statements on impairment of financial instruments.

Derecognition

A financial asset is derecognised when the contractual rights to the cash flows from the relevant financial instrument have expired or when enterprise has transferred all the risks and rewards of the financial asset. Any rights or obligations created or retained as a result of the transfer are recognised separately as assets or liabilities. Financial liabilities are derecognised upon redemption.

The Company also derecognizes specific assets when it writes off balances relating to assets that are considered unrecoverable. Each asset is evaluated individually before balances are written off.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position only if there is a legal right to do so and there is an intention to settle on a net basis or to sell the asset and settle the liabilities simultaneously.

7.3 Intangible assets and fixed assets

Intangible assets

Intangible assets include licenses and computer software, which are accounted for at purchase value less accumulated amortisation and accumulated impairment losses. Depreciation is calculated over the useful lives of these investments using the linear method. The Company has determined the following useful lives and corresponding amortisation rates for intangible assets:

	Years	Annual %
Licenses and computer software	5	20%
Specialised information systems	10	10%

If any events or changes in circumstances indicate that the book value of intangible assets may be impaired, value of the asset in question is reviewed. An impairment loss is recognised when the book value of intangible assets exceeds its recoverable amount.

Fixed assets

The initial value of fixed assets comprises the purchase price, including import duties, fees and non-deductible acquisition taxes, and any directly attributable costs of preparation of the assets for its working condition and delivery to their location for the intended use. After the acquisition of fixed assets, except for engineering structures (underground networks), they are recorded at their original cost, less accumulated depreciation and impairment losses. Depreciation is calculated from the month following that in which the fixed assets are put to its intended use. Starting in 2024, engineering structures (underground networks) are recorded at revalued values (see the section Revaluation of fixed assets).

Land is not subject to depreciation. For other assets, depreciation is calculated according to linear method throughout the period of useful lives of the relevant fixed assets to write down the fixed asset purchase or revaluation value to its estimated residual value at the end of its useful life.

Where the useful lives of individual components of the fixed asset differ, they are accounted for as separate components of fixed assets (significant components).

Depreciation is calculated in accordance with the following useful lives determined by management:

Group of fixed assets	Average useful life of fixed assets (years)
Buildings	15-150
Building structures	10-25
<i>Water supply system:</i>	
Water-pipes	50-100
Water-pipe equipment	5-15
<i>Wastewater system:</i>	
Sewerage lines	50-100
Sewerage line equipment	5-15
Wells	20-25
Reservoirs	20-40
Technological equipment and devices	5-40
Pumps and electrical equipment	5-10
Laboratory equipment	5
Lifting devices	5
Office equipment	3-5
Furniture	10
<i>Vehicles:</i>	
Light	7
Trucks	8

The initial carrying amount of fixed assets acquired for no consideration, from donations, or as part of an EU Cohesion project is written off gradually over their useful lives using the linear method. Recognising such fixed assets at the same time, amount of next period income is accounted for, which is gradually written off (amortised) over the useful life of the asset and included in other income in the profit or loss statement.

Construction in progress represents the costs of establishment of fixed assets and construction in progress and is accounted for at the initial value. Initial value includes construction costs and other direct costs. No depreciation is calculated for construction in progress.

Interest on borrowings incurred in connection with the establishment of construction in progress, subject to the application of Article 23. The amounts recognised in IFRS "Borrowing costs" are capitalised in proportion to the amount of the related construction-in-progress costs of the property, plant and equipment at the time of construction of the property, plant and equipment, see paragraph 18. (b) an annex on capitalised interest.

For construction and/or reconstruction projects, the costs and liabilities for the creation of fixed assets and construction in progress are recognised when the completed works are accepted and approved, drawing up appropriate documentation supporting performance of the works. When the facility is put to its intended use, costs of the above project are included in the related fixed assets. Where construction in progress is completed during the reporting period but the settlement documents are accepted after the end of the reporting year, total amount of the relevant works is shown as accrued liabilities for construction in progress at the end of the reporting year.

If an investment project is carried out in accordance with *FIDIC* (International Federation of Engineering Consultants) Rules, the costs and liabilities for construction work in progress are recognised at the time of receipt of the Engineer's approval of the Interim Payment, accompanied by documents supporting performance of the works. Costs of the above project are included in the relevant fixed assets after all the risks related to rights provided for ownership and rights to possible benefits from takeover of the relevant thing or a totality of things.

If any events or changes in circumstances indicate that the book value of fixed assets may be irrecoverable, value of the relevant fixed assets is reviewed for impairment. Where the book value of a fixed asset exceeds its recoverable amount, value of the fixed asset in question is written off immediately to its recoverable amount. The recoverable amount is the higher of the respective fixed asset's fair value less sale costs or its values of use. See also Note 7, paragraph 7.12 (i) Impairment of non-financial assets.

Subsequent costs are capitalised to the book value of the asset or recognised as a separate component of the asset only if it is very likely that future economic benefits associated with the item will flow to the Company and the costs of the item can be determined reliably. Such costs

are written off over the remaining useful life of the fixed asset. Costs of the installed spare part are added to the value of the asset if they meet the criteria for recognition of fixed asset. When the asset is increased by the amount of costs of the installed spare part, it is simultaneously reduced by the remaining book value of the removed part. If such data is not available, accounted amortised replacement costs of the part or component are used, calculated by deducting the total estimated depreciation from the carrying amount of the new part or component for the period over which the part or component was used.

Costs of current repair and maintenance of fixed assets are included in the profit or loss statement covering the period in which they have incurred. The costs of capital repairs of leased fixed assets are written off according to the linear method within the shortest of the useful lives of the capital improvements and the lease term.

Profit or losses on exclusion of fixed assets are calculated as the difference between the book value of the fixed asset and the proceeds from sale and are included in the profit or loss statement of the period in which they have incurred.

On retirement of revalued property, plant and equipment, the revaluation reserve in equity is transferred to retained earnings.

The following basic conditions are applied to account of the Company's network infrastructure assets (e.g., pipelines, gate valves, hydrants):

- (i) when repairing water-pipe and sewerage pipelines (hereinafter referred to as - pipelines), the costs related to the repair are capitalised if the works completed increase capacity or the service area is extended. Costs of pipeline repairs are also capitalised when the repairs are carried out as a preventive measure to avoid a potential emergency, and when a sewerage line is repaired using the trenchless method. If the works are carried out by the Company, the relevant part of the wages and the costs of depreciation of machinery, fuel and overhead for resurfacing shall be capitalised;
- (ii) laterals are integrated components of the water-pipe and sewerage line system, and their repair costs are recognised as an asset or included in the profit or loss statement depending on how the repair costs of the pipeline repair are classified;
- (iii) the value of installed gate valves with a diameter of less than 100 mm (excluding) is included in profit and loss, while gate valves with a diameter of 100 mm and more are recognised as separate components of the asset;
- (iv) hydrants are recognised as separate components of the asset;

- (v) all the costs incurred in relation to with breakdowns (both in the case of water-pipes and sewerage lines) are included in the profit or loss statement as incurred, unless the works performed correspond to rehabilitation works, the costs of which are capitalised as an asset.

The calculation of the capitalisation cost of repairs carried out by the Company is based on Geospatial Information System (GIS) data on the volume of repairs carried out.

Repair costs are capitalised when a new or replacement of an existing key element of the network infrastructure (pipeline section, weir, hydrant, manhole) is constructed. The cost of the work performed by the Company, excluding material, is capitalised at the 2024 revaluation values per unit, indexed in 2025 for changes in the construction cost index for underground trunk pipelines. Material costs are capitalised at the actual cost of the materials used during the repair. In 2025 the wages were capitalised taking into account the total wages of all maintenance crews in 2025.

Outsourced work is capitalized according to the actual costs of the outsourcer.

In addition, the cost of resurfacing is capitalised at 2024 asset revaluation values per unit, indexed in 2025 to changes in the construction cost index for underground trunk pipelines.

Revaluation of fixed assets

Starting in 2024, the Company has changed its accounting policy for accounting for certain categories of fixed assets after their initial recognition to the revaluation method. The impact of the revaluation method is reflected starting from January 1, 2024.

The revaluation of fixed assets is carried out to ensure that the carrying amount of fixed assets subject to revaluation is not materially different from the amount that would be determined when measuring them at fair value at the end of the reporting period.

The Company's assets (fixed assets) – underground engineering structures – are revalued regularly, but not less than once every 5 years:

- (v) water supply pipelines;
- (vi) sewerage pipelines;
- (vii) sewage wells;
- (viii) gate valves;
- (ix) hydrants.

Revaluation of individual fixed assets are carried out by independent, external, certified appraiser using the amortised replacement cost method or the income method. The valuation is carried out in accordance with international property appraisal standards, based on the current use of the fixed assets, which is considered to be the best and most efficient use, including the most appropriate appraisal method for each revalued group of fixed assets.

The increase in value resulting from the revaluation is recognised in the comprehensive income statement as a change in 'Long-term asset revaluation reserve' in equity. If the revaluation results in an impairment loss, it is first written off against the value increase of the previous years' comprehensive income; if the impairment exceeds the revaluation reserve, the excess is recognised in the reporting year's profit or loss statement.

On the date of revaluation, the initial carrying amount and accumulated depreciation are increased or decreased in proportion to changes in the carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount.

The revalued property, plant and equipment have been determined a non-depreciable (scrap) value of 1% of their revalued amount.

The long-term asset revaluation reserve is reduced in full and transferred to retained earnings when the asset is derecognised (the revalued asset is written off or disposed of).

A part of the long-term asset revaluation reserve is reduced and transferred to retained earnings if the asset is used by the Company enterprise. In such a case, the amount of the decrease in the revaluation reserve for non-current assets would be the difference between the depreciation based on the revalued carrying amount of the asset and the depreciation based on the initial costs of the asset.

The revaluation reserve may not be distributed as dividends, invested in fixed capital, used to cover losses, included in other reserves or used for any other purpose.

7.4 Stocks (Inventories)

Inventories are accounted for at the lower value between the prime cost or net sales value. Reagents and fuel are accounted for according to purchase costs applying the FIFO method. Raw materials and supplementary materials consist of materials for maintenance and upkeep. They are accounted for on the basis of actual invoiced costs applying the FIFO method.

Inventories also include accounted for components of infrastructure assets, such as hydrants, gate valves, until they are installed on site and ready for their intended use.

At the end of each reporting year, inventories are reviewed during the stock-taking to identify signs of their obsolescence - no turnover in the last 12 months. When obsolete or damaged inventories are found, their value are written off to the recoverable amount. In accordance with the adopted procedure, provisions for inventories that have not been in circulation for the last 12 months are built in the amount of 50 % of the carrying amount.

7.5 Non-current assets held for sale

Non-current assets held for sale are those assets whose carrying amount will be recovered through a sale transaction rather than through future use of the asset and which meet both of the following classification criteria:

- the items are available for immediate sale in their present condition and are subject only to the normal conditions of the sale of such items;
- their sale is probable (based on management's decision to sell, the sale process has been initiated and completion is certain within one year from the date of initiation of the process).

Non-current assets held for sale are initially recognised at purchase costs and subsequently measured at the lower of cost and net realisable value. If facts or events indicate that the value of non-current assets held for sale may be impaired, these assets are tested for impairment and any losses arising from the impairment of these investments are determined and recognised in the profit or loss account.

7.6 Advance payments received

Advance payments received by enterprise. are recognised when cash is received and reflected as a liability within creditors in the balance sheet. Where advance payments are received from contracts with customers, they are accounted for as "Contractual liabilities". Where advance payments are received for the execution of projects in connection with funding received, they are carried forward to deferred revenue when the facilities are put into operation.

7.7 Grants, donations, long-term assets received for no consideration

Grants received for specific types of capital investment (after reclassification from long-term advance payments at the time of commencement of the use of the asset for its intended purpose), donations and the value of long-term assets received for no consideration are accounted for as next period income, which is gradually included in / (amortised to) revenue over the useful lives of the fixed assets received or acquired with the grant.

7.8 Accrued liabilities and provisions

Accrued liabilities and provisions are recognised to allow recognition of costs in the period in which they have incurred.

Provisions

A provision is recognised when, as a result of a past event, the entity has a present legal or constructive obligation (a liability) and it is probable (expected) that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Company assesses the reasonableness and adequacy of the amounts of provisions established. If the accumulation is no longer justified, it is deleted. Provisions are made by including the estimated amounts into the profit or loss statement as costs in one reporting year or gradually over a number of reporting years (depending on the

nature of the provision in question). Reversal of provisions is stated in the profit or loss statement as revenue.

The Company makes the following provisions (see Note 34 to the financial statements):

- Provisions for the estimated costs and expenses of repairs and clean-up of in relation to elimination of consequences of accidents of water supply and sewage networks are made in full as at the end of the reporting period if the accident has occurred and has been identified during the reporting period. Costs necessary to eliminate consequences of the above accidents and carry out the repairs of networks are calculated by preparing estimates of the work to be carried out and their costs, based on experience and knowledge;
- provisions for the removal of production waste are created in accordance with the inventory result of the remaining amount of wastewater treatment sludge and other waste resulting from the treatment process at the end of the reporting year, estimating the costs required for their disposal;
- provisions for litigation are made in accordance with the management's estimates by measuring the foreseeable amount of outflow of the economic benefits;
- specific provisions are made for foreseeable liabilities for damage to third parties caused by accidents, based on a measuring of the consequences and damage caused by a particular accident. If necessary, provision for foreseeable liabilities related to damage caused to third parties arising from accidents may be adjusted upon receipt of additional information on the extent of the consequences and damage caused by a particular accident.

Accrued liabilities

The balance sheet item "Accrued liabilities" states (see Note 33 to the financial statements):

- the amounts clearly known to be due to suppliers of goods and services for goods or services received during the reporting year for which, because of delivery, purchase or contractual conditions or for other reasons, the appropriate supporting document (invoice) has not been received yet for payment on the balance sheet date. These commitment amounts are calculated on the basis of the price agreed in the relevant

contract and supporting documents for the actual receipt of goods or services, and include expenditure in various areas;

- the accrued liabilities for projected employee costs consist of the accrued liabilities for unexpended leaves and the liabilities for bonuses under remuneration policies. The amount of costs of accrued unexpended leaves is determined by multiplying the average daily remuneration of employees during the last six months of the reporting period by the number of days of unexpended leaves accrued at the end of the reporting period. The accrued costs of unexpended leaves are recognised in the Accrued Liabilities.

7.9 Lease transactions

The Company is primarily a lessee in leasing transactions. The Company has no other lease transactions in which it is the lessor, except for certain insignificant leases of immovable property and insignificant sublease transactions of certain premises.

The Company as lessee

When entering into a contract, the Company assesses whether the contract is or contains a lease. A contract is, or contains, a lease if the contract confers the right to control the use of an identified asset for a specified period of time in exchange for consideration.

To assess whether a contract conveys the right to temporarily control the use of an identified asset, an entity assesses whether it has both of the following rights throughout the period of use: (a) the right to obtain substantially all the economic benefits from the use of the identified asset during the period of use; and (b) the right to determine the use of the identified asset.

At the moment of commencement or modification of a lease, enterprise. allocates the consideration included in the contract to each component of the lease based on the proportion of the lease component.

At the commencement of the lease, the Company recognises a right-of-use asset and a lease liability.

Right of use assets

Right-of-use assets are initially recognized at cost, which includes the initial measurement of the lease liability, as well as initial direct costs incurred by the Company, as well as an estimate of the costs that the lessee will incur from the demolition and liquidation of the leased asset, if any, lease payments made on or before the commencement date, less lease incentive payments received.

Right-of-use assets are further measured applying the cost model, i.e., minus accumulated depreciation and accumulated impairment losses. The Company amortises a right-of-use asset over the period until the earlier of the end of the right-of-use asset's useful life or the lease term, whichever occurs earlier.

Lease liabilities

Lease liabilities on the lease commencement date is measured as the present value of the lease payments remaining at that date. Lease payments are discounted using the interest rate included in the lease, if this can be readily determined. If this rate cannot be readily determined, the Company uses a comparable borrowing rate. The comparable borrowing rate has been predominantly used in calculating lease liabilities on the Company's balance sheet.

The lease liabilities initially include the following payments:

- a) fixed lease payments (including substantially fixed lease payments) less lease incentive payments;
- b) variable lease payments that depend on an index or rate and were originally calculated using the index or rate on the start date;
- c) any residual value guarantee provided to the lessor by the Company, a person related to the Company, or a third party unrelated to the lessor that is financially capable of performing its obligations under the guarantee;
- d) the exercise price of a call option, if there is reasonable grounds to believe that the Company will exercise the option;
- e) penalties for early termination of the lease, unless there are reasonable grounds to believe that enterprise. will not exercise this option to terminate the lease;

f) lease payments for contract extension periods if there are reasonable grounds to believe that enterprise will exercise the option to extend the contract.

The Company's management assesses whether there is sufficient reason to believe that the Company will exercise the option to extend the lease agreements, the purchase option or the option to terminate the lease agreement.

Lease liabilities are further measured at amortised costs applying the effective interest rate. Lease liabilities are remeasured if there is a change in the lease payments that depend on an index or rate, the expected payment in connection with the residual value guarantee, or a change in the Company's estimate of whether there is sufficient reason to believe that the Company will exercise the option to extend the lease agreements, the purchase option or the option to terminate the lease agreement.

The Company does not recognise right-of-use assets and lease liabilities for lease contracts with a lease term of 12 months or less on the commencement date and for leases with low-value underlying assets (new asset value of less than EUR 5,000). The Company recognises payments related to such contracts as an expense on linear basis over the lease term.

Lease liabilities are recognised as any other liability, split into non-current and current liabilities.

The key estimates relate to the determination of lease terms and management considers all facts and circumstances that provide an economic incentive to exercise an option to extend a lease or not to exercise an option to terminate a lease. Options to extend the lease (or periods after the lease expires) are included in the lease term if there is a reasonable certainty that the lease will be extended (or not terminated). The measurement is reviewed upon the occurrence of a significant event or significant changes in circumstances affecting the measurement that is within the lessee's control.

The Company as lessor

At the inception of a lease, the Company assesses whether the lease transaction is a finance or operating lease, assessing accordingly whether the Company transfers all risks and rewards incidental to ownership of the leased asset.

Lease of assets in which substantially all the risks and rewards of ownership are not transferred to the lessee are classified as operating lease.

The Company, as the main lessor, has only operating lease transactions. Lease income arising from property operating lease contracts is recognised over the lease term using the linear method.

Sub-lease contracts

The Company has classified as finance leases sublease agreements, under which it subleases part of the assets it leases from the head lessor and whose term is the same as the term of the agreements under which the Company leases the relevant real estate from the head lessor.

7.10 Corporate income tax

Tax payable

In the Republic of Latvia, the Corporate Income Tax Law, which entered into force on January 1, 2018, provides that the tax rate is 20% of the taxable base, which is determined by dividing the value of the object subject to corporate income tax by a coefficient of 0.8 and includes:

- distributed profits (calculated dividends, costs equal to dividends, conditional dividends); and
- conditionally distributed profit (e.g. non-operating expenses and other specific cases provided for by law).

When distributing undistributed profits that were accumulated until December 31, 2017 and were subject to corporate income tax under the previous legislation, the new tax payment regime does not need to be applied. As of December 31, 2025, the balance of retained earnings accumulated until December 31, 2017 is EUR 12,525,320.

7.11 Cash and cash equivalents

Cash and cash equivalents consist of current bank balances, demand deposits with banks and other short-term deposits with original maturities of 3 months or less.

The cash flow statement is prepared under the indirect method, with adjustments made to reconcile operating profit with cash flows from operating activities, investing activities and financing activities.

7.12 Impairment

Impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment loss is recognised in a separate comprehensive income statement.

Financial assets

At each reporting period end date, the Company assesses evidence of impairment of amounts due from contracts with customers and other receivables at both an individual and collective level.

Impairment losses for assets shown at amortised prime cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the asset's original effective interest rate.

The Company measures impairment by assessing the expected credit losses (ECL) for financial assets measured at amortised value in accordance with paragraph IFRS 9.

The Company applies a simplified model for determining the impairment of the receivable's portfolio, grouping them by similar credit loss risk characteristics into debtors from the Company's core business areas - water supply and wastewater services and other debtors, using days of delinquency as the main risk characteristic.

The simplified model assumes that the financial asset's allocations for such losses are equal to the credit losses expected over the entire period of operation applying the provision matrix, the Company recognises ECL for receivables based on historical information about the amounts lost to default and taking into account factors that affect the future ECL.

The Company applies the simplified approach to measure ECL for individually significant receivables and accounts for ECL based on the percentage (rate) of default to debt recovery.

Losses are recognised in the profit or loss statement of the comprehensive income statement and presented as provisions for assets that reduce receivables. Interest on a depreciated asset

continues to be recognised by removing the discount. If, as a result of an event occurring after the recognition of the losses, the impairment losses decrease, the decrease is reversed through profit or loss statement.

Based on the credit ratings of the relevant credit institutions, the Company considers the risk of credit losses on cash and cash equivalent balances to be low.

Non-financial assets

At the end date of each reporting period, enterprise. measures whether there is any indication that non-financial assets other than inventories may have been impaired. If it is determined that such indicators exist, the recoverable amount of the asset is estimated. Impairment losses are recognised when the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are independent of other assets and groups of assets. Impairment losses are recognized in the statement of comprehensive income in the statement of profit or loss. Impairment losses recognised in respect of cash-generating units are initially allocated to reduce the carrying amount of the corporate assets attributable to them and, subsequently, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its use or value of use, or actual value, less sale costs. In measuring value of use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks associated with the relevant asset or cash-generating unit.

Impairment losses recognised in the previous reporting period are reviewed at each reporting period end date to determine whether there is any evidence that the loss has decreased or no longer exists. Impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only to the extent that the carrying amount of the asset in question does not exceed the carrying amount, less depreciation, that would have been determined if the impairment losses had not been recognised.

7.13 Related parties

In accordance with 24. The definition included in IAS, Related Party Disclosures, refers to related parties, both legal entities and individuals, that are related to the Entity in the following ways:

- a) A person or a close member of that person's family is related to the reporting enterprise if:
 - i) that person has control or joint control over the reporting enterprise;
 - ii) that person has a significant influence over the reporting enterprise; or
 - iii) that person is a member of the senior management of the reporting enterprise or its parent company.
- b) An enterprise is related to a reporting enterprise if it meets the following conditions:
 - i) the enterprise and the reporting enterprise belong to the same group of enterprises (which means that the parent company, subsidiary, and sister companies are related parties to each other);
 - ii) one enterprise is an associate or joint venture of the other enterprise (or an associate or joint venture of the group enterprise that owns the other enterprise);
 - iii) both enterprises are joint ventures of the same third party;
 - iv) one enterprise is a joint venture of a third party and the other enterprise is an associate of the same third party;
 - v) the enterprise has a post-employment benefit plan for employees of the reporting enterprise or employees of an enterprise affiliated with the reporting enterprise. If the reporting enterprise itself is a plan of this type, the sponsoring employers are also related parties;
 - vi) the enterprise is controlled or jointly controlled by a person identified in (a);
 - vii) the person identified in (a) (i) has significant influence over the enterprise or is a member of the enterprise's (or its parent company's) senior management;

- viii) the enterprise, or any member of the group which the enterprise is a part of, provides management personnel services to the Company or to the Company's parent company.

The Company's Related Parties are the Riga City Municipality, which has significant control over the Company, as well as housing fund managers owned by the sole owner of the Company - the Riga City Municipality, members of the board, directors of the Company's departments, their close family members and companies in which the aforementioned persons have control or significant influence.

All transactions entered into with companies owned by the Riga City Municipality have been carried out in the ordinary course of the Company's business.

7.14 Revenue recognition and income from late payment interest and penalties

Revenue (net turnover) is the total value of services provided during the reporting period, less discounts granted and value added tax.

Revenue from contracts with customers according to the criteria included in IFRS 15 are goods sold and services rendered in the ordinary course of business (core activity). The Company applies the following criteria to identify contracts with customers:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary commercial practice) and have undertaken to perform their respective obligations;
- may determine each party's rights in respect of the goods or services to be transferred;
- may set payment terms for the goods or services to be transferred;
- the contract is commercial in nature (i.e., the risk, timing or amount of the enterprise's future cash flows is expected to change as a result of the contract);
- there is a likelihood that the enterprise will collect the consideration due in exchange for the goods or services to be transferred to the customer.

The main types of revenue and their characteristics are presented below.

Revenue from water supply and sewerage services

Revenue is recognised in accordance with tariffs approved by the Public Utilities Commission at the end of each month or quarter. In accordance with the Riga City Council Binding Regulation No.18.10.2017 of 4 "On the Terms and Conditions of the Public Water Management Services Contract, its Conclusion, Amendment and Termination Procedures", water consumption is determined according to the commercial meter readings of customers (landlords and building managers) who have contractual relations with the Company. In the absence of a commercial metering device (until it is installed), according to the level of amenities in the apartment and the respective consumption norms for water supply and/or sewerage services. See below for information on tariffs.

Revenue from ancillary sewerage services

Revenues are provided in accordance with paragraph 6 of Cabinet Regulation No. 174 of March 22, 2016 "Regulations on the Provision and Use of Public Water Management Services", and they are recognized at the end of each month, the amount being determined based on meter readings reported by the customer. See below for information on tariffs.

Water management service tariffs

The following water service tariffs were in effect in 2025:

	01.01.2025- 30.11.2025	01.12.2025- 31.12.2025
Water supply service tariff	1.28 EUR/m³	1.41 EUR/m³
Sewerage service tariff	1.06 EUR/m³	1.26 EUR/m³
Wastewater treatment service tariff	0.40 EUR/m³	0.40 EUR/m³

Having regard to the precautionary measure, liquidated damages for overdue payment of invoices for the provided water supply and sewerage services are recognised in revenue only when received under the "Other operating income" item.

Revenue from branch design and construction services

Duration of these services is short and the revenue per project is low. Most often, these projects are completed within a week, but in rare cases the service provision period, as well as the acceptance of transaction justification documents, can be several months. Revenue is not recognised over time, but is recognised at the moment when the client has accepted the work actually performed.

Revenue from water management infrastructure relocation charges

Revenues are generated in accordance with Section 49 of the Riga City Council Binding Regulations of December 15, 2017 "Binding Regulations on the Operation, Use and Protection of the Riga City Centralised Water Supply and Sewerage System", and are recognized as revenue at the time the service is provided to the customer.

Other non-recurring commercial services from contracts with customers

Revenue is recognised when the service is provided.

7.15 Contractual assets and contractual liabilities

Contract assets include rights to remuneration for services rendered for which the Company has fulfilled its obligations but for which invoices have not yet been issued at the reporting date. Contractual assets are reclassified to trade receivables when the right to receive consideration becomes an unconditional right, which is usually when the customer is invoiced. These rights are recognised in trade receivables balances.

Considering the specifics of the Company's contracts with customers, the Company does not have significant contract assets.

Contractual liabilities consist mainly of advance payments received from customers for services rendered by the Company and prepayments for which revenue will be recognised over time.

See information in Note 31 regarding amounts recognized in revenue during the reporting period from contract liabilities that were presented at the beginning of the year.

7.16 Events after the balance sheet date

The financial statements reflect events after the end of the reporting year that provide additional information about the entity's financial position as at the balance sheet date (adjusting events). If events after the end of statements) year are not adjusting, they are disclosed in the annexes to the financial statements only if they are material.

7.17 Contingent liabilities and assets

Contingent liabilities and possible assets are not recognised in the balance sheet. If any exist on the balance sheet date, explanatory information in this regard has been disclosed in the annex.

7.18 Other operating income

Revenue for water management services for previous periods

In cases where it is adjusted that the provision of water management services has taken place in previous reporting periods, including in the cases specified in Paragraph 53 of the Cabinet of Ministers Regulation of March 22, 2016 "Regulations Regarding the Provision and Use of Public Water Management Services", revenue is recognised in the reporting period at the time when the fact of use of water management services was established as other revenue.

Revenue from compensation for exceeding the maximum allowable concentration of pollutants in wastewater and penalties

In accordance with the precautionary principle, compensations for exceeding the concentration limit of pollutants in wastewater discharged into the centralised sewerage system, as well as liquidated damages for non-compliance with contractual conditions and payment deadlines are recognised as revenue when their receipt is reasonably foreseeable, i.e., on a cash-flow basis - upon receipt of payment into the Company's bank account.

7.19 Employee benefits

Short-term employee benefits, including salaries, bonuses and leave allowances, are measured without discounting and included in net operating expenses on an accrual's basis. The Company contributes to the State Social Insurance Fund for each employee in the specified amount throughout the period of employment in accordance with the requirements of laws and regulations, and enterprise. has no liabilities in relation to making further contributions in respect of services rendered by retired employees. The Company does not participate in certain long-term pension plans and does not provide long-term employee benefits.

8. INTRODUCTION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

8.1 Standards and amendments that first became effective in the reporting year (effective for reporting periods beginning on or after 1 January 2025)

- **Amendments 21. IFRS: Lack of currency convertibility.**

The implementation of the amendments has had no impact on the Company's financial statements.

8.2 Standards and amendments that first became effective in the reporting year (effective for reporting periods beginning on or after 1 January 2025)

A number of new standards or amendments to standards are effective for annual periods beginning after 1 January 2025 (some of which have not yet been endorsed by the EU) and early application is permitted. The Company has not elected early application of these amendments.

18. IFRS Presentation and Disclosures in Financial Statements (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU). The Company expects that the adoption of the standard will impact the presentation of information included in the financial statements in the 2027 financial statements and the comparative information included therein.

The Company expects that the following amendments will not have a material impact on the Company's financial statements:

- Annual Improvements to IFRS Accounting Standards (effective for annual periods beginning on or after 1 January 2026);
- Amendments to Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026);
- Nature-dependant electricity contracts, amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026);
- 19. IFRS Non-Public Interest Subsidiaries: Disclosures (effective for annual periods beginning on or after 1 January 2027, not yet endorsed by the EU);
- Appendices IFRS 10 and 28. SGS on the sale or investment of assets between an investor and its associate or joint venture (effective date to be determined, amendments not yet endorsed by the EU).

9. 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 board of directors (the chief operating decision-maker) reviews the financial results of all operating segments.

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

Rīgas ūdens is the largest water management company in Latvia, with a total of more than 2,830 km of centralised water management networks, including 1,542 km for water supply and 1,288 km for sewerage systems.

The financial indicator monitored by the Chief Operating Decision Maker is mainly *EBITDA*, but it also monitors operating profit, as well as capital investment and financing for each segment.

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

During the reporting period, the Company's core operating income (net turnover) amounted to EUR 80.32 million, which is 5.2% more than in 2024. Net profit amounted to EUR 0.59 million.

When assessing the segment's financial performance and operating results, it should be noted that, in accordance with the Water Management Services Law and the rules of the Public Utilities Regulatory Commission (hereinafter referred to as the "PUC"), the 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.

In 2025, the sewerage segment's loss for the reporting period amounted to EUR 2.53 million this is due to a tariff change only in December 2025. The losses of the sewerage segment were offset by the profits of the water segment. The tariff change from 1 December 2025 will have an impact on the profit for the reporting period 2026 and the Company also forecasts a profit for the sewerage segment.

Water supply segment

Segment operating income amounted to EUR 39.28 million in the reporting period, of which 99.5% or EUR 39.09 million is revenue from water supply sales. The increase in revenue from water supply services amounts to EUR 2.01 million or 5.4% compared to 2024, which is explained by changes in the water supply tariff in 2025:

- according to the PUC Supervisory Board of 21 November 2024 decision No 86 from 01.01.2025 the tariff for water supply services was set at 1,28 EUR/m³, which represented an increase of EUR 0,01 compared to the tariff in force in 2024;
- according to the Council Decision No 86 of 30 October 2025, the tariff for water supply services is set at EUR 1.41/m³ as of 01.12.2025.

Segment *EBITDA* in the reporting period amounted to EUR 15,02 million, representing 48% of the Company's total *EBITDA*.

The segment's revenue is mainly derived from the production, storage and preparation of drinking water for safe use by customers in accordance with regulatory requirements. Additional revenue is generated from the construction and administration of water supply connections.

The revenue generated from water services is further channelled into the rehabilitation of the city's pipelines. By 2030, the Company plans to rehabilitate at least 90 km of water supply

pipelines. This will significantly reduce the risks of water loss and accidents, thereby also reducing costs for citizens.

Sewerage segment

Revenue from the sewerage services segment amounted to EUR 41.04 million in the reporting period, with revenue from wastewater collection and treatment services accounting for EUR 38.44 million, or 93.7% of total segment revenue and overpass the result of 2024. The increase in revenue from wastewater collection and treatment is EUR 2.61 million, or 7.3% compared to 2024, and is explained by the rise in the wastewater service tariff in 2025:

- according to the decision of the PUC Council No 86 of 21 November 2024, the tariff for sewerage services from 01.01.2025 was set at 1.06 EUR/m³, which represented an increase of EUR 0.03 compared to the tariff in force in 2024;
- according to the Council Decision No 86 of 30 October 2025, the tariff for sewerage services from 01.12.2025 is set at 1.26 EUR/m³.

Segment *EBITDA* was EUR 15,97 million, representing 52% of the Company's total *EBITDA*.

In 2025, the segment's loss for the period under review amounted to EUR 2,53 million, this is due to a tariff change only in December 2025. The tariff change will have an impact on the profit for the reporting period 2026 and the Company forecasts a segment profit.

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 Baltic Sea region - in part of Ādaži, Ropažai, Ķekava and Marupe municipalities, ensuring wastewater and stormwater treatment, including in the eastern part of Jūrmala, and their discharge into the environment in accordance with the requirements of regulatory enactments. In addition to basic services, *Rīgas ūdens* generates revenue from the construction and administration of sewerage connections.

In line with the Company's strategic objectives, by 2030 *Rīgas ūdens* plans to make significant investments to rehabilitate at least 55 km of sewerage pipelines and 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 operating income, financial performance and segment assets and liabilities of the Company's segments.

Year 2025	Water supply, EUR	Sewerage, EUR	TOTAL, EUR
Revenue	39,280,767	41,040,038	80,320,805
Other operating income	1,299,560	2,777,811	4,077,371
Raw materials and materials used	(11,578,706)	(13,397,949)	(24,976,655)
Personnel costs	(12,120,093)	(12,534,209)	(24,654,302)
Other operating expenses	(1,863,135)	(1,910,792)	(3,773,927)
EBITDA	15,018,393	15,974,899	30,993,292
Impairment of long-term assets	(10,814,496)	(17,290,633)	(28,105,129)
Segment profit before tax	3,118,568	(2 528 050)	590,519
Segment assets at the end of the reporting period	301,712,460	450,433,842	752,146,302
Segment liabilities at the end of the reporting period	74,951,376	145,098,177	220,049,553
Capital investments	22,086,982	28,802,942	50,889,924

Year 2024	Water supply, EUR	Sewerage, EUR	TOTAL, EUR
Revenue	37,521,879	38,814,517	76,336,396
Other operating income	2,203,837	4,221,728	6,425,565
Raw materials and materials used	(15,155,505)	(14,047,243)	(29,202,748)
Personnel costs	(12,402,794)	(12,791,786)	(25,194,580)
Other operating expenses	(1,228,059)	(1,286,508)	(2,514,567)
EBITDA	10,939,358	14,910,708	25,850,066
Impairment of long-term assets	(15,985,853)	(26,503,618)	(42,489,471)
Segment profit before tax	(5 856 319)	(12,418,250)	(18,274,569)
Segment assets at the end of the reporting period	287,045,257	430,207,513	717,252,770
Segment liabilities at the end of the reporting period	68,704,959	114,524,173	183,229,132
Capital investments	16,107,718	21,005,572	37,113,290

10. FINANCIAL RISK MANAGEMENT

The Company's operations are exposed to various financial risks: market risks, credit risk, and liquidity and cash flow risk. The Company's management is focused on reducing the potentially negative impact of these risks on financial results. As part of financial risk management, the Company uses financial risk control and takes risk mitigation measures, reducing positions exposed to risk.

This note presents information about 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 financial risk and capital management principles. Quantitative information on financial risks is included later in this note and in note 36.

Risk management structure

The Company's management is responsible for establishing and overseeing the Company's risk management structure. To implement the Company's risk management objectives, risk management is included in the Company's core business and management. Risk management is a process that identifies, assesses and manages the risks inherent to the Company, the occurrence of which could hinder or threaten the 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 more successfully ensure reliable service provision in the changing business environment. The goal of enterprise risk management is to identify and manage the Company's most significant risks in a timely manner to ensure the achievement of strategic goals and reduce potential losses and other damage.

The Company's most significant financial instruments are financial assets - trade receivables and other receivables, cash and cash equivalents, financial liabilities - loans, bonds, lease liabilities, debts to suppliers and contractors and other creditors. The Company's operations are subject to various financial risks, including credit risk, liquidity risk and interest rate risks.

Price risk

The risk of price changes may negatively affect the Company's financial results, as a result of which the need for tariff changes is regularly assessed based on increases in the cost of raw materials/services. Indexation clauses are included in contracts for the purchase of services and goods. A significant impact is on electricity costs, which are fixed once a year.

Currency risk

The Company is not exposed to significant currency risk as its business activities and settlements with counterparties are predominantly denominated in *euro*. Consequently, the impact of foreign currency fluctuations on the Company's financial performance and cash flows is immaterial.

Credit risk

Financial assets that potentially expose the Company to a certain degree of credit risk concentration are primarily cash and trade receivables. A significant share of net turnover applies to one particular customer, accounting for up to 27% of sales. The Company's management has mitigated the negative impact of potential financial risks on the Company's financial position by implementing a set of control and analysis measures. The Company has developed an internal procedure for monitoring receivables, determining individualized receivables monitoring measures by customer group, including taking into account credit risk concentration risks.

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

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

As of October 1, 2015, regulations provide for the possibility for owners of apartment buildings to make payments for water management services provided to the building without the intermediary of the manager, making the payment directly to the service provider. The Company must ensure direct payments for services. In 2024, direct payments were used by customers in 28 apartments (one site).

Liquidity and cash flow risk

To prevent liquidity risk, the Company's management analyses the term structure of assets and liabilities. The Company's management monitors liquidity risk, ensuring timely availability of funding. The Company's goal is to maintain cash flow or ensure available and unused credit funds in accordance with the investment plan. In order to meet expected obligations and compensate for cash flow fluctuations, project implementation deadlines, current expenses, credit limits, and cash balances in accounts are regularly assessed.

During the period under review, the Company raised broadly diversified long-term financing:

- successfully raised EUR 20 million in its first public offering of European Green Bonds at a fixed interest rate of 4% p.a. and a maturity of 5 years;
- The last instalment of the loan of EUR 8 million was received during the reporting period from the European Investment Bank. The agreement with the European Investment Bank was signed on June 16, 2022, and the total contract amount is 60 million EUR;
- On 2025, April 7, a new loan agreement was signed with the European Investment Bank for 70 million for the improvement and expansion of the water supply network with the aim of reducing drinking water losses in the networks and promoting environmental protection by reducing damage to the sewerage networks;
- The last instalment of the loan of EUR 7 million was received during the reporting period from JSC "Swedbank AS". The contract with JSC "Swedbank" was signed on 27 September 2024 and the total contract amount is EUR 15 million;
- During the reporting period, two loan agreements were concluded with JSC "Development Finance Institution Altum", the terms of which include a capital rebate with 100% principal reduction: i) Agreement of 18 August 2025, loan amount EUR 126,397, project purpose - installation of a solar power plant for self-consumption with a capacity of not less than 499 kW. The contract provides for a 100% reduction of the principal amount (up to EUR 126,397) if the defined indicators are met, such as ensuring that at least 80% of the energy produced is used for self-consumption. During the reporting period, a loan instalment of EUR 67,750 was received; (ii) Agreement of 30 September 2025, loan amount EUR 266,196, project purpose - installation of light

emitting diode (LED) equipment at the Daugavgrīva bio-development plant. The contract provides for a 100% reduction of the principal amount (up to EUR 266,196) if the specified indicators are met, such as primary energy savings of at least 30%. No funding was committed under the contract during the reporting period.

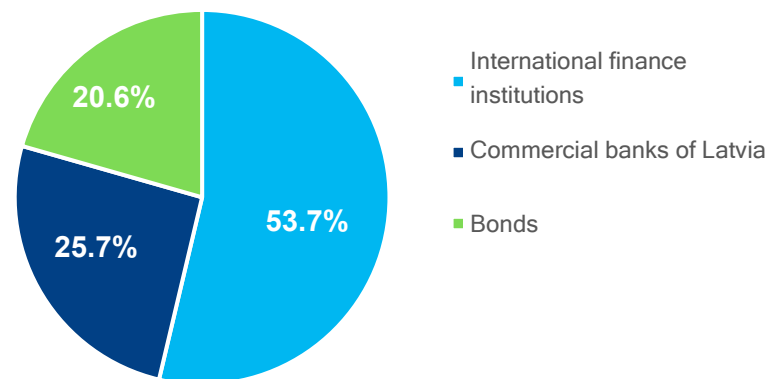
The outstanding principal balance of loans from credit institutions as of December 31, 2025 was 97.18 million EUR.

All financial indicator restrictions set in the Company's existing loan agreements during the reporting year and at the end of the reporting year have been met.

49.9% of the outstanding borrowings as of December 31, 2025 were floating rate borrowings, while 50.1% were fixed rate borrowings. The interest rate fixing period for interest rates is 5 years.

The weighted average interest rate on the Company's long-term borrowings at the end of the reporting period was 3.1% (31 December 2024: 3.6%).

Borrowings from credit institutions at the end of the reporting period



Annex 26 to the Report provides information on the structure of borrowings by repayment period.

Cash balances as of December 31, 2025 (cash and short-term deposits up to one month) were 23.62 million EUR. 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 in different commercial banks.

The Company has ensured sufficient cash and cash equivalents, as well as the availability of long-term and short-term borrowings, using sufficient credit to meet existing and expected liabilities and compensate for cash flow fluctuations due to various financial risks. The Company's management believes that it will not have liquidity problems, that payments to creditors will be made within the specified deadlines, and that there will be sufficient cash resources so that liquidity is not threatened.

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 variable interest rate borrowings, thereby reducing the risks associated with significant future interest rate fluctuations.

49.9% of the outstanding borrowings as of December 31, 2025 were fixed-rate borrowings, while 50.1% were floating-rate borrowings. The interest rate fixing period for interest rates is 5 years.

Capital management

The Company is owned by the Riga City Municipality (100%). The goal of capital risk management is to ensure the Company's sustainable operations and development, the financing necessary for the implementation of its medium-term and long-term strategy, as well as the fulfilment of the restrictive conditions set out in loan agreements.

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

11. REVENUE

	2025 EUR	2024 EUR
Income from water supply services	39,093,392	37,087,843
Income from sewer services	38,440,668	35,827,139
Revenue from construction services	648,444	1,642,516
Other revenue from contracts with customers	2,138,301	1,778,898
	80,320,805	76,336,396

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

Revenue from construction services consists of revenue from the construction services provided for Water supply and Sewer Network services Division in the territories of Riga, where water management infrastructure has been built, also attracting co-financing from the Cohesion Fund.

Assets and liabilities arising from contracts with customers

The table summarizes contract balances, including receivables and contract liabilities.

	31.12.2025 EUR	31.12.2024 EUR
Receivables (gross) presented under the item "Debts from contracts with customers (Annex 20)	11,956,344	10,376,750
Contractual liabilities (Annex 31)	(1,434,366)	(3,180,404)
	10,521,978	7,196,346

12. OTHER OPERATING INCOME

	2025 EUR	2024 EUR
Amortisation of Cohesion project funding (Annex 30)	2,065,637	3,224,138
Sewage pollution surcharge	706,999	404,026
Late payment and liquidated damages received	346,636	636,964
Revenue from investment projects	301,575	244,692
Revenue from donations received (Annex 30)	152,223	211,065
Revenue from the construction and management of public taps	146,148	130,653
Changes in allowances for doubtful accounts	121,439	-
Lease income	87,650	89,817
Decrease in provisions for cleaning up network repair sites	52,811	329,195
Changes in provisions for construction in progress	46,861	-
Changes to right-of-use asset contracts	7,756	14,426
Reduction of provisions for advance payment recovery costs	-	356,543
Revenue from the performance security payments	-	258,523
Reduction in the provisions for production waste removal costs	-	94,920
Net profit from disposal of fixed assets and non-current assets held for sale	-	89,882
Revenue for water management services from previous periods	-	47,867
Other revenue	41,637	292,854
	4,077,372	6,425,565

13. RAW MATERIALS AND SUPPLIES

	2025 EUR	2024 EUR
Water supply and sewage network repair works	6,906,252	10,742,749
Electricity expenses	4,730,326	5,140,225
Equipment repair and maintenance	2,754,170	2,574,237
Costs of reagents	2,620,447	2,408,425
Immovable property maintenance costs	1,864,420	1,913,118
Sludge disposal expenses	1,858,457	1,941,214
Natural resource tax	1,002,405	1,004,099
Materials and low-value accessories	781,024	822,159
Natural gas costs	466,218	600,708
Fuel	437,921	544,271
Thermal energy costs	435,192	370,647
Vehicle maintenance	677,511	695,161
Replacement and verification of commercial meters	177,142	179,492
Other costs of raw materials and supplies	245,171	266,243
	24,956,656	29,202,748

14. STAFF COSTS AND HEADCOUNT

	2025 EUR	2024 EUR
Remuneration for work	19,474,464	19,974,612
Mandatory state social insurance contributions	4,542,425	4,657,839
Staff health insurance and medical check-ups	526,269	477,087
Staff allowances	107,798	81,722
State duty of the business risk	3,346	3,320
	24,654,302	25,194,580

	2025 EUR	2024 EUR
Remuneration paid to board members:		
- remuneration for work	314,675	290,550
- mandatory state social insurance contributions	74,232	68,547
	388,907	359,097
Remuneration paid to Supervisory Board members:		
- remuneration for work	87,461	100,800
- mandatory state social insurance contributions	20,632	23,779
	108,093	124,579
Remuneration paid to audit committee members:		
- remuneration for work	11,061	-
- mandatory state social insurance contributions	2,609	-
	13,670	-

Average number of employees during the reporting period	2025 765	2024 758
Number at the end of the reporting year:		
- Independent members of the Audit Committee	2	-
- Supervisory board	3	3
- Management board	3	3
- employees	751	763

Personnel costs of EUR 1,805,446 have been capitalised in the year under review, increasing the carrying amount of the fixed asset item "Engineering structures (underground networks)" in connection with the reconstruction and technical upgrading of the networks (2024: EUR 624,554).

	2025 EUR	2024 EUR
Remuneration for work	19,474,464	19,974,612
Mandatory state social insurance contributions	4,542,425	4,657,839
Capitalised personnel costs	1,805,446	624,554
Staff health insurance and medical check-ups	526,269	477,087
Staff allowances	107,798	81,722
State duty of the business risk	3,346	3,320
	26,459,748	25,819,134

15. OTHER OPERATING EXPENSES

	2025 EUR	2024 EUR
Information technology expenses	966,143	762,049
Net losses on disposal of fixed assets and long-term investments held for sale	756,424	-
Consultancy expenses	184,718	81,671
Training expenses	164,135	105,732
Property tax	176,539	177,573
State fee to the PUC	117,437	127,001
Communication and postal services	178,076	162,480
Economic organisational measures	126,433	110,916
Bad debt write-off costs	92,304	86,129
Costs of improving the working environment and processes	91,697	72,620
Provisions for impairment of immovable property	88,746	89,912
Research works	88,657	16,750
Public relations expenses	79,348	38,461
Audit and financial consulting expenses	64,725	26,250
Provisions for inventories	64,619	62,772
Provisions for doubtful customers' debts	-	56,900
Business trips	61,704	59,050
Geodesic surveying services	46,784	73,176
Cost of promoting cooperation	54,957	38,240
Recruitment expenses	52,312	24,188
Labour protection expenses	42,507	20,653
Legal services	25,670	13,350
Membership fees in Public organisations	25,863	26,086
Third-party liability insurance	19,261	25,414
Expenditure on audit services	17,985	33,335
Laboratory accreditation expenses	10,289	9,015
Other costs	176,594	214,844
	3,773,927	2,514,567

16. FINANCIAL REVENUE

	2025 EUR	2024 EUR
Interest income on deposits	71,146	112,296
Interest income on account balance	196,738	127,068
	267,884	239,364

17. FINANCIAL COSTS

	2025 EUR	2024 EUR
Interest costs paid to credit institutions	1,967,367	1,791,480
Interest costs on bonds	353,221	-
Bank charges	45,768	44,690
Interest costs on lease liabilities	49,076	31,519
Financing acquisition costs	150,097	6,839
	2,565,529	1,874,528

18. INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND ASSETS OF RIGHT TO USE (LTA)

(a) Intangible assets

Intangible assets statement for 2025, EUR:

	Concessions, patents, licences, trademarks and similar rights
Initial value	
31.12.2024	4,574,219
Acquired	298,516
Reclassified from establishment of fixed assets	3,996
31.12.2025	4,876,731
Amortisation	
31.12.2024	3,819,865
Calculated amortisation	218,863
31.12.2025	4,038,728
Balance sheet value as of 31.12.2024.	754,354
Balance sheet value as of 31.12.2025.	838,003

As of December 31, 2025, the Company uses fully depreciated intangible assets in financial accounting with an initial acquisition value of EUR 1,794,669 (31.12.2024: EUR 1,655,097). Intangible assets are derecognized only when they are no longer in use.

Intangible assets statement for 2024, EUR:

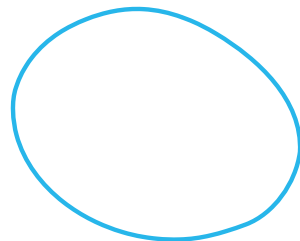
	Concessions, patents, licences, trademarks and similar rights
Initial value	
31.12.2023	4,560,985
Acquired	192,243
Excluded	(179 009)
31.12.2024	4,574,219
Amortisation	
31.12.2023	3,774,521
Calculated amortisation	224,353
Excluded	(179 009)
31.12.2024	3,819,865
Balance sheet value as of 31.12.2023.	786,464
Balance sheet value as of 31.12.2024.	754,354

(b) Fixed assets

Statement of movement in fixed assets for 2025, EUR:

	Land	Buildings and structures	Engineering structures (underground networks)	Investments in leased fixed assets	Technological equipment and devices	Others assets	Creation of fixed assets	Advance payments	TOTAL
Initial value:									
31.12.2024	17,641,451	144,775,120	693,517,582	1,114,082	51,100,007	17,225,214	18,181,794	1,340,589	944,895,839
Acquired	-	893,202	6,630,798	3,150	2,194,741	706,957	37,475,588	1,725,731	49,630,167
% of borrowings capitalised	-	-	-	-	-	-	256,402	-	256,402
Excluded	-	(1,805,424)	(750,452)	-	(2,290,662)	(741,021)	(37,146)	-	(5,624,705)
Reclassified from establishment of fixed assets	-	3,364,520	10,336,952	-	279,037	-	(13,984,505)	-	(3,996)
Reclassified from advance payments	-	118,284	-	-	48,305	-	1,896,179	(2 062 768)	-
Capitalised depreciation	-	-	524,209	-	-	-	-	-	524,209
Reclassified from/to Assets held for sale	530,731	205,570	-	-	-	-	-	-	736,301
Reclassified	-	775,576	(775 576)	-	-	-	-	-	-
31.12.2025	18,172,182	148,326,848	709,483,513	1,117,232	51,331,428	17,191,150	43,788,312	1,003,552	990,414,217
Depreciation and impairment:									
Accumulated depreciation	-	95,508,137	31,353,685	970,431	35,367,349	10,676,027	-	-	173,875,629
Accumulated impairment	396,908	71,619	82,000,000	-	-	122,163	50,061	-	82,640,751
Total on 31.12.2024	396,908	95,579,756	113,353,685	970,431	35,367,349	10,798,190	50,061	-	256,516,380
Calculated depreciation	-	2,748,379	21,087,278	24,325	2,893,604	933,415	-	-	27,687,001
Depreciation of excluded fixed assets	-	(1,679,013)	(114,658)	-	(2,243,393)	(612,396)	-	-	(4,649,460)
Capitalised depreciation	-	-	-	-	-	524,209	-	-	524,209
Reclassified	-	23,427	(23 427)	-	-	-	-	-	-
Reclassified from/to Assets held for sale	-	69,888	-	-	-	-	-	-	69,888
Transfer of provisions	131,338	92,576	-	-	-	(89 912)	(46 861)	-	87,141
31.12.2025	528,246	96,835,013	134,302,878	994,756	36,017,560	11,553,506	3,200	-	280,235,159
Including:									
Accumulated depreciation	-	96,670,819	52,302,878	994,756	36,017,560	11,521,256	-	-	197,507,269
Decrease in value	528,246	164,194	82,000,000	-	-	32,251	3,200	-	82,727,891
Residual balance value:									
31.12.2024	17,244,543	49,195,364	580,163,897	143,651	15,732,658	6,427,024	18,131,733	1,340,589	688,379,459
31.12.2025	17,643,936	51,491,835	575,180,635	122,476	15,313,868	5,637,644	43,785,112	1,003,552	710,179,058

As of December 31, 2025, the Company uses fully depreciated fixed assets in financial accounting with an initial acquisition value of EUR 81,131,174 (31.12.2024: EUR 109,765,140). Fixed assets are excluded from accounting only when they are no longer used and are liquidated or sold. In the event that no future economic benefits are expected from the continued use of an asset, provisions are created for the entire residual value of the asset.



Statement of movements of fixed assets for 2024, EUR:

	Land	Buildings and structures	Engineering structures (underground networks)	Investments in leased fixed assets	Technological equipment and devices	Others assets	Creation of fixed assets	Advance payments	TOTAL
Initial value:									
31.12.2023	17,454,203	141,368,905	363,701,297	1,114,082	49,025,591	14,861,853	16,098,227	2,454,332	606,078,490
Acquired	187,248	830,234	2,706,274	-	1,525,035	2,435,069	26,853,131	1,733,533	36,270,524
% of borrowings capitalised	-	-	-	-	-	-	463,156	-	463,156
Excluded	-	(296,577)	(39,035)	-	(612,463)	(78,369)	-	(259,482)	(1,285,926)
Reclassified from establishment of fixed assets	-	2,936,351	23,588,955	-	1,112,156	-	(27,637,462)	-	-
Reclassified from advance payments	-	13,009	-	-	170,043	-	2,404,742	(2 587 794)	-
Capitalised depreciation	-	-	187,367	-	-	-	-	-	187,367
Increase in the value of assets due to revaluation	-	-	303,182,968	-	-	-	-	-	303,182,968
Reclassified	-	(76 802)	189,756	-	(120 355)	7,401	-	-	-
Reclassified to/from inventories	-	-	-	-	-	(740)	-	-	(740)
31.12.2024	17,641,451	144,775,120	693,517,582	1,114,082	51,100,007	17,225,214	18,181,794	1,340,589	944,895,839
Depreciation and impairment:									
Accumulated depreciation	-	89,563,480	147,801,208	799,666	33,294,868	9,246,293	-	-	280,705 515
Accumulated impairment	396,908	79,559	192,299	-	-	32,251	50,061	-	751,078
Total on 31.12.2023	396,908	89,643,039	147,993,507	799,666	33,294,868	9,278 544	50,061	-	281,456,593
Calculated depreciation	-	6,251,577	31,567,987	170,765	2,774,895	1,313 078	-	-	42,078,302
Depreciation of excluded fixed assets	-	(297,300)	(24,305)	-	(582,470)	(77,289)	-	-	(981,364)
Capitalised depreciation	-	-	-	-	-	187,367	-	-	187,367
Reclassified	-	(9,620)	122,246	-	(119 944)	7,318	-	-	-
Reclassified from/to inventories	-	-	-	-	-	(740)	-	-	(740)
Transfer of provisions	-	(7,940)	(192,299)	-	-	89,912	-	-	(110,327)
Decrease in accumulated depreciation due to revaluation	-	-	(148,113,451)	-	-	-	-	-	(148,113,451)
Impairment of revalued assets (18(e))	-	-	82,000,000	-	-	-	-	-	82,000,000
31.12.2024	396,908	95,579,756	113,353,685	970,431	35,367,349	10,798,190	50,061	-	256,516,380
Including:									
Accumulated depreciation	-	95,508,137	31,353,685	970,431	35,367,349	10,676,027	-	-	173,875,629
Decrease in value	396,908	71,619	82,000,000	-	-	122,163	50,061	-	82,640,751
Residual balance value:									
31.12.2023	17,057,295	51,725,866	215,707,790	314,416	15,730,723	5,583,309	16,048,166	2,454,332	324,621,897
31.12.2024	17,244,543	49,195,364	580,163,897	143,651	15,732,658	6,427,024	18,131,733	1,340,589	688,379,459

(c) Right-of-use assets

Movement of right-of-use assets in 2025, EUR:

	Right to use:	Land	Buildings	Other assets	TOTAL
	Initial value:				
	31.12.2024	648,240	173,761	288,732	1,110,733
Acquired		475,954	23,324	180,630	679,908
Excluded		(10,436)	(1,161)	(288,731)	(300,328)
	31.12.2025	1,113,758	195,924	180,631	1,490,313
	Accumulated depreciation:				
	31.12.2024	60,495	68,064	206,458	335,017
Calculated depreciation		86,281	17,906	95,077	199,264
Excluded		(1,740)	-	(288,731)	(290,471)
	31.12.2025	145,036	85,970	12,804	243,810
	Residual balance value:				
	31.12.2024	587,745	105,697	82,274	775,716
	31.12.2025	968,722	109,954	167,827	1,246,503

Movement of right-of-use assets in 2024, EUR:

	Right to use:	Land	Buildings	Other assets	TOTAL
	Initial value:				
	31.12.2023	517,805	307,348	288,732	1,113,885
Acquired		434,515	116,141	-	550,656
Excluded		(304,080)	(249,728)	-	(553,808)
	31.12.2024	648,240	173,761	288,732	1,110,733
	Accumulated depreciation:				
	31.12.2023	226,645	230,993	114,875	572,513
Calculated depreciation		56,468	38,765	91,583	186,816
Excluded		(222,618)	(201,694)	-	(424,312)
	31.12.2024	60,495	68,064	206,458	335,017
	Residual balance value:				
	31.12.2023	291,160	76,355	173,857	541,372
	31.12.2024	587,745	105,697	82,274	775,716

(d) Revaluation of fixed assets

A revaluation of the Company's civil engineering structures was carried out in 2024. Revaluation effects 451 million EUR included in the Long-term investment revaluation reserve (Annex 25). As a result of the revaluation, an increase in asset value of EUR 148 million was attributed to accumulated depreciation and EUR 303 million to the historical acquisition cost of the assets

The revalued values of civil engineering structures are determined as of January 1, 2024. The revaluation was carried out by an independent, licensed expert. The replacement cost method was used in the valuation. The appraiser determined the costs of creating a new facility and then, applying depreciation (50 years), determined the replacement value of the existing facilities by setting the scrap value in the amount of the last year's depreciation.

Fixed assets were revalued in 5 groups: hydrants, gate valves, sewage wells, water supply and sewage networks. For each group, the appraiser identified the main characteristics affecting value: length, diameter, hierarchy, operational status, type, material and other. Information about the objects was taken from the GIS system maintained by the Company. The GIS system records for each object the material, location, length in metres and year of creation.

The valuation model is based on the replacement cost of each asset. The evaluator selected the Company's actual accounting data for the period 2020–2023 as the main source of actual cost data.

The calculation methodology provides for the following:

- To determine the average replacement costs for each fixed asset group;
- To differentiate certain costs according to the above influencing factors in each group;
- To determine depreciation, taking into account physical and functional deterioration as well as the effects of external factors.

The valuation assumes that there are no special conditions or defects that would depreciate the assets being valued.

Carrying amounts of the revalued classes of fixed assets compared to account at cost of acquisition, EUR, are as follows:

	2025 EUR	2024 EUR
Revalued value		
Revalued amount (after reduction of recoverable amount)	709,483,513	693,517,582
Accumulated depreciation and impairment	(134,302,878)	(113,353,685)
Residual carrying value	575,180,635	580,163,897
Acquisition value		
Initial value	344,732,078	390,342,751
Accumulated depreciation and impairment	(97,531,967)	(152,809,343)
Residual carrying value	247,200,111	237,533,408
Residual carrying value, long-term asset revaluation reserve	327,980,524	342,630,489

(e) Impairment of long-term investments

In addition to revaluing certain categories of property, plant and equipment, the Company performed a recoverable amount test in 2024. As a result of the test, the Company identified the need for a partial write-down of the revalued assets.

	31.12.2024, million EUR
Residual value of fixed assets	770.38
Less next period income	(89,36)
Value subject to the recoverable amount test	681.02
Discounted future cash flows	599.44
Accumulated value (impaired)	(81,58)

Based on the conducted assessments, the result obtained from the calculations was rounded, and in the 2024 financial data, a revaluation decrease in the value of long-term assets of EUR 82 million was recognized.

On December 31, 2025, The company repeated impairment test of its fixed assets in accordance with IAS 36 – Impairment of Assets. In line with the standard's requirements, the recoverable amount of an asset is the higher of the two values:

- Value in Use (*VIU*), which represents the present value of future cash flows specific to the Company;
- Fair Value Less Costs of Disposal (*FVLCD*), determined in accordance with 13. IFRS "Fair Value Measurement".

Given the specialised nature of underground water infrastructure assets and the limited information on comparable transactions in the market (which limits the use of the Market Approach), the Company has used the Income Approach to determine the recoverable amount.

The income approach estimates the value of assets based on the expected future benefit - future cash flows - plus a "time" cost (discounting of cash flows). This approach reflects the fact that assets are acquired with a view to their future benefit. These benefits can be quantified using various valuation methods that are part of the income approach.

The chosen methodology is based on a Value in Use (*VIU*) calculation as the Company has stable and predictable cash flows arising from the specific use of the assets. The value is estimated using the discounted cash flow method and Free *Cash Flow to Firm (FCFF)*.

The forecast cash flows are discounted to the asset valuation date. In line with valuation practice, the discount rate was based on the Weighted Average Cost of Capital ("*WACC*"), which reflects investors' expected return on assets and the risks associated with the industry.

Key assumptions used in the calculation:

- cash flow projections are based on a medium-term operating plan approved by management, taking into account the remaining useful life of the assets, with additional capital investments foreseen;
- the calculation applies a weighted average cost of capital (*WACC*) that reflects the current market assessment of the time value of money and the risks associated with the specific sector. 2025. the *WACC* rate applied in the annual calculation is 5.82%;

- the regulated *WACC* rate of 5.82% has been used in the revenue forecasts, in accordance with the Regulatory Council Decision No 51 of 3 July 2025 "On the rate of return on capital for calculating the draft tariffs for water management services";
- the calculation is for a 100-year period and assumes a terminal value based on a conservative growth rate that does not exceed the industry average.

Based on this calculation, the recoverable amount of the Company's assets as at 31.12.2025 was determined at **EUR 656.25 million**.

The recoverable amount of fixed assets subject to the recoverable amount test is determined as the carrying amount of the fixed assets at the end of the reporting period less the unamortised portion of the EU funding previously received and recorded as deferred income.

	31.12.2025, million EUR
Residual value of fixed assets	710.18
Less next period income	(90,73)
Value subject to the recoverable amount test	619.45
Discounted future cash flows	656.25
Excess of recoverable amount	36.80

The recoverable amount was determined as the value in use discounted at the estimated future cash flows and exceeds the value of the fixed assets subject to the test by 36,80 million EUR. At the same time, the calculation is based on long-term financial projections and key assumptions, changes in which could have a significant impact on the calculated result. Given the sensitivity of the calculation to changes in discount rates, capital expenditure and other significant assumptions, no adjustments were made to the previously recognised impairment during the reporting period.

The recoverability test defines the cash-generating unit as the whole of the Company's operations. In 2025, the Company's accounting policy defined two segments - water supply and sewerage services, however, given that:

- 1) the cash flows of water and sewerage services are not independent of each other;
- 2) water supply and sewerage services are closely integrated, as the sewerage service is mainly based on water supply consumption - the volume of wastewater is calculated from water consumption meters. The practice is basically that customers buy the two

services as a package with separate but linked tariffs and there is no real market opportunity to separate them;

- 3) services are in practice sold as a "bundle", and a common tariff/price logic governs both;
- 4) there is limited scope in practice to provide a sewerage service without a water supply, or vice versa, as the infrastructure (networks, pumping stations, treatment plants) is integrated and the services are managed as a single water segment;
- 5) It is not practicable for management to make decisions to discontinue, reduce the size of or materially affect one segment because they are closely related;
- 6) a common water services tariff methodology for both segments and changes in one segment will affect the costs of the other. A decrease in the recoverable amount of one segment will be compensated by the value of the other segment to ensure sufficient profitability and asset recoverability,

in both 2024 and 2025, no two separate cash flows were distinguished for the purposes of the recoverable amount of assets, but all fixed assets were treated as a single cash-generating unit.

The estimated recoverable amount is a significant estimate, and any adverse change in the assumptions used in the calculation will result in an additional reduction in the recoverable amount.

Additional reduction in recoverable amount due to negative change in assumptions:	31.12.2025, million EUR
Revenue from water services falls by 2%	(56)
WACC rate increase by 0.5%	(85)
5 % reduction in capital investment	(9)

Depreciation and amortisation of long-term assets

	2025 EUR	2024 EUR
Amortisation of intangible assets	218,863	224,353
Depreciation of fixed assets	27,687,001	42,078,302
Depreciation the right of use asset	199,265	186,816
	28,105,129	42,489,471

The decrease in depreciation expense on fixed assets in 2025 is mainly due to the revaluation of assets in the 2024 reporting period. The following factors explain the main differences:

- in accordance with the revaluation of fixed assets (with an effective date of 01.01.2024), depreciation and impairment was recognised in the 2024 reporting year for depreciated networks and assets with useful lives at or close to expiry. These fixed assets were depreciated to their estimated scrap value, resulting in a one-off increase in depreciation expense of EUR 7.9 million in 2024;
- following the recoverable amount test, the carrying amount of fixed assets was reduced, which correspondingly reduced the estimated depreciation base for future periods, provisionally reducing depreciation by EUR 3,5 million annually;
- Additional changes of around EUR 2.4 million relates to the alignment of the useful lives of the co-financed fixed assets with the other fixed assets whose useful lives were already changed in 2024.

Year 2024 depreciation charge included one-off items related to the realignment of the asset base, while the 2025 figures reflect the ongoing depreciation charge on updated asset values, given that some assets have already reached their scrap value and are no longer subject to depreciation.

19. STOCKS

	31.12.2025	31.12.2024
	EUR	EUR
Raw materials, basic materials and consumables:		
Raw materials and supplementary materials	2,679,467	2,500,248
Reagents	643,128	464,449
Fuel	30,838	31,967
Provisions for inventory value write-downs	(432,893)	(368 275)
	2,920,540	2,628,389

The decrease in the value of inventories of provisions is mainly made up of provisions created by assessing the intensity of inventory turnover for specific infrastructure elements and spare parts included in the line "Raw materials and auxiliary materials".

20. RECEIVABLES FROM CONTRACTS WITH CUSTOMERS

	31.12.2025	31.12.2024
	EUR	EUR
Carrying amount of trade receivables	11,956,344	10,376,750
Portfolio provisions for doubtful trade receivables (ECL)	(532,593)	(638,377)
	11,423,751	9,738,373

Movement in provisions:

	2025	2024
	EUR	EUR
Provisions at the beginning of the year	638,377	578,907
Additional provisions made	872,965	489,502
Cancelled because recovered	(936,173)	(419,447)
Written off as irrecoverable	(42,576)	(10,585)
Provisions at the end of the year	532,593	638,377

Impairment losses are presented in the statement of profit or loss under "Other operating expenses".

Impairment analysis as of December 31, 2025 for core business (including receivables from related companies):

Trade and account receivables	Receivables as of 31.12.2025	ECL rate	General provisions	Net debts
Not overdue	8,986,322	0.23%	20,662	8,965,660
Overdue 1-30 days	1,771,604	0.98%	17,336	1,754,268
Overdue 31-60 days	404,377	4.67%	18,899	385,479
Overdue 61-90 days	173,826	11.29%	19,630	154,195
Overdue 91-120 days	81,206	20.37%	16,540	64,665
Overdue 121-150 days	52,461	29.46%	15,454	37,007
Overdue 151-180 days	35,347	37.67%	13,315	22,032
Overdue 181-210 days	27,648	45.68%	12,629	15,018
Overdue 211-240 days	25,611	54.86%	14,050	11,561
Overdue 241-270 days	22,626	64.56%	14,608	8,018
Overdue 271-300 days	14,780	74.85%	11,063	3,718
Overdue 301-330 days	15,485	86.25%	13,356	2,130
Overdue > 331 days	345,051	100%	345,051	-
TOTAL	11,956,344		532,593	11,423,751

Impairment analysis as of December 31, 2024 for core business (including receivables from related companies):

Trade and account receivables	Receivables as of 31.12.2024	ECL rate	General provisions	Net debts
Not overdue	7,470,821	0.17%	12,515	7,458,306
Overdue 1-30 days	1,623,737	0.68%	10,969	1,612,768
Overdue 31-60 days	369,716	3.75%	13,880	355,836
Overdue 61-90 days	170,074	11.31%	19,235	150,839
Overdue 91-120 days	76,917	24.11%	18,547	58,370
Overdue 121-150 days	65,287	35.62%	23,256	42,031
Overdue 151-180 days	53,977	47.27%	25,517	28,460
Overdue 181-210 days	30,710	56.30%	17,291	13,419
Overdue 211-240 days	24,544	64.53%	15,838	8,706
Overdue 241-270 days	27,898	74.99%	20,921	6,977
Overdue 271-300 days	11,976	85.25%	10,209	1,767
Overdue 301-330 days	12,381	92.78%	11,487	894
Overdue > 331 days	438,712	100%	438,712	-
TOTAL	10,376,750		638,377	9,738,373

21. OTHER RECEIVABLES

	31.12.2025 EUR	31.12.2024 EUR
Other receivables	1,096,958	880,270
Accrued revenue	378,935	619,146
Debtors from sublease agreements	9,462	422
Provisions for other doubtful debts (ECL)	(281,902)	(297,557)
	1,203,453	1,202,281

Movement in provisions:

	2025 EUR	2024 EUR
Provisions at the beginning of the year	297,557	300,127
Additional provisions made	-	-
Reduced	(4,475)	(2,158)
Cancelled because recovered	(5,122)	(390)
Written off as irrecoverable	(6,058)	(22)
Provisions at the end of the year	281,902	297,557

Impairment analysis at 31 December 2025 other activities:

Other receivables	Debtors as at 31.12.2025	ECL rate	General provisions	Net debts
Not overdue	793,480	0.00%	-	793,480
Overdue 1-30 days	4,863	0.24%	12	4,851
Overdue 31-60 days	271	3.97%	11	260
Overdue 61-90 days	751	4.14%	31	720
Overdue 91-360 days	5	5.00%	0	5
Overdue > 361 days	281,848	100.00%	281,848	-
TOTAL	1,081,218		281,902	799,316

Impairment analysis at 31 December 2024 other activities:

Other receivables	Receivables as of 31.12.2024	ECL rate	General provisions	Net debts
Not overdue	560,556	0.18%	986	559,570
Overdue 1-30 days	8,526	4.75%	405	8,121
Overdue 31-60 days	555	12.18%	68	487
Overdue 61-90 days	151	23.40%	35	116
Overdue 91-150 days	2,350	24.17%	568	1,782
Overdue 151-300 days	264	35.95%	95	169
Overdue 301-360 days	199	49.11%	98	101
Overdue > 361 days	295,302	100.00%	295,302	-
TOTAL	867,903		297,557	570,346

22. CASH AND CASH EQUIVALENTS

	31.12.2025 EUR	31.12.2024 EUR
Overnight deposits *	8,213,810	8,787,275
Cash at banks, EUR	15,406,709	3,938,190
	23,620,519	12,725,465

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

The Company's cash balances in banks according to the bank credit ratings assigned by the *Moody's* agency:

CREDIT RATING	31.12.2025 EUR	31.12.2024 EUR
A2	3,785,289	1,021,045
Aa2	8,213,810	-
Aa3	11,076,542	10,826,884
Baa1	544,878	877,536
	23,620,519	12,725,465

23. NON-CURRENT ASSETS HELD FOR SALE

	31.12.2025 EUR	31.12.2024 EUR
Long-term assets held for sale	-	666,413
Impairment provision	-	(135,168)
	-	531,245

During the period, the Company reclassified two properties (land and a building) from assets held for sale to property, plant and equipment. The decision was taken in view of the lengthy (over 12 months) sale process. The reclassification recalculated the value of the assets on the basis of the average possible market value as determined by an independent valuer. Based on the opinion received, the Company made value adjustments to the provisions, ensuring that both assets were carried at fair value at the time of reclassification. The total net impact of these adjustments on the income statement for the year is EUR 88,746.

24. FIXED CAPITAL

The Company's registered and fully paid-up share capital as of December 31, 2025 is EUR 127,686,123, divided into 127,686,123 capital shares with a nominal value of EUR 1 per share.

	Number of capital shares	Value of capital shares, EUR
31 December 2023	127,588,333	127,588,333
Share capital increase in 2024	97,790	97,790
31 December 2024	127,686,123	127,686,123
31 December 2025	127,686,123	127,686,123

25. LONG-TERM ASSET REVALUATION RESERVE

	2025 EUR	2024 EUR
Long-term investment revaluation reserve at the beginning of the year	342,630,489	-
Revaluation of long-term investments (Annex 18(d))	-	451,296,418
Impairment of revalued assets (Annex 18(e))	-	(82,000,000)
Exclusion of revaluation reserve	(406,903)	(5,054)
Decrease in revaluation reserve	(14,243,062)	(26,660,875)
Long-term investment revaluation reserve at the end of the year	327,980,524	342,630,489

Revaluation reserve is a non-cash reserve built to reflect the revalued amount of an asset which would be approximated to the fair value of the asset. The revaluation reserve for non-current assets is the difference between the revalued value and the carrying value of the asset. The revaluation reserve may not be distributed as dividends, invested in fixed capital, used to cover losses, included in other reserves or used for any other purpose. Information on the revaluation of long-term investments is provided in the Annex 7.3 and Annex 18(d).

26. BONDS AND BORROWINGS

	31.12.2025. EUR	31.12.2024. EUR
Loan from EIB with a repayment term of 2–5 years *	16,055,084	13,769,370
Loan from EIB with a repayment period of 5 years *	32,117,064	30,702,266
Loan from JSC "Swedbank" with a repayment term of 2–5 years **	22,217,101	17,971,286
Bonds with a maturity of 2–5 years ***	20,000,000	-
Long-term part	90,389,249	62,442,922
Borrowing from EIB - short-term part *	4,013,770	3,442,342
Borrowing from JSC "Swedbank" - short-term part **	2,712,017	2,205,993
Accrued interest to credit institutions	324,194	285,610
Accrued interest on bonds ***	61,370	-
Other loans ****	67,750	-
Short-term part	7,179,101	5,933,945
	97,568 350	68,376,867

* On June 16, 2022, the Company entered into a long-term loan agreement with the European Investment Bank (EIB) for a loan of EUR 60 million. The loan can be taken out in installments, and the repayment term and interest rates for each installment are determined individually. At the end of the reporting period, the principal balance of the loan amounted to EUR 52.18 million. 61.5% of which matures after 5 years.

On April 7, 2025, a new loan agreement was signed with the European Investment Bank for 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 sewerage networks. No borrowing was raised during the reporting period.

** On April 6, 2022, the Company entered into a loan agreement with JSC "Swedbank" with a repayment term until April 6, 2027 for EUR 15 million. The loan is repayable according to a schedule, starting from the thirteenth month after the conclusion of the loan agreement, and the schedule is drawn up based on the 10-year amortization method. According to the schedule, the outstanding balance is due in April 2027. The loan balance at the end of the reporting period was EUR 10.56 million. On September 27, 2024, a new agreement was concluded with JSC "Swedbank" for the attraction of a long-term loan in the amount of EUR 15 million, of which the remaining loan portion of EUR 7 million was attracted during the reporting period. The loan schedule is based on a 15-year amortization method and the outstanding balance is due in September 2029. The loan balance at the end of the reporting period was EUR 14.37 million. 89.1% of JSC "Swedbank's" long-term loans mature in 2–5 years.

*** In 2025, the Company issued a European Green Bond of EUR 20 million. A total of 200 000 bonds were issued with a nominal value of EUR 100 each. The bond bears an annual interest rate of 4% with quarterly coupon payments. The bonds have a maturity of 5 years - the bonds are repaid in full at their nominal value on 4 June 2030. Detailed information on the bond issue is available on the website of *Rīgas ūdens* in the section "Investors/Bonds".

**** Two loan agreements have been concluded with JSC "Development Finance Institution Altum" in 2025, the terms of which include a 100% principal reduction. The total amount of the contracts is EUR 392,593; a loan instalment of EUR 67,750 was received during the reporting period. The agreements include a condition that the Company shall provide irrevocable guarantees to JSC "Development Finance Institution Altum", on first demand, for 100% of the amount of the agreements, valid for the duration of the loan agreements.

The Company's existing loan agreements do not require collateral, however, the agreements set certain restrictions and require compliance with certain financial indicators. The agreements also set certain restrictions on transactions that require prior written consent from the bank (including certain profit distribution limits, reduction of share capital, pledging of assets, and others). All the financial indicators and restrictions have been complied with in the reporting year and at end thereof.



27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

In 2025	Borrowings and bonds EUR	Lease liabilities EUR	Total liabilities arising from financing activities EUR
Liabilities from financing activities 01.01.2025	68,376,867	818,811	69,195,678
Cash flow	(5,976,219)	(195,985)	(6,172,204)
Impact of new contracts	35,067,750	679,908	35,747,658
Estimated interest expense (including capitalized)	2,683,311	49,076	2,732,387
Interest paid	(2,583,358)	(49,076)	(2,632,434)
Liabilities from financing activities 31.12.2025	97,568,351	1,302,734	98,871,085
Including:			
Up to one year	7,179,101	257,387	7,436,488
2 to 5 years	58,272,185	142,973	38,415,158,
Over 5 years	32,117,065	902,374	53,019,439

In 2024	Borrowings EUR	Lease liabilities EUR	Total liabilities arising from financing activities EUR
Liabilities from financing activities 01.01.2024	54,737,146	592,966	55,330,112
Cash flow	(4,464,299)	(324,811)	(4,789,110)
Impact of new contracts	18,000,000	550,656	18,550,656
Estimated interest expense (including capitalized)	2,255,983	31,519	2,287,502
Interest paid	(2,151,963)	(31,519)	(2,183,482)
Liabilities from financing activities 31.12.2024	68,376,867	818,811	69,195,678
Including:			
Up to one year	5,933,946	195,868	6,129,814
2 to 5 years	31,740,655	52,232	31,792,887
Over 5 years	30,702,266	570,711	31,272,977

28. LEASE AGREEMENTS

	2025 EUR	2024 EUR
Lease-related costs recognised in the comprehensive income statement:		
Interest costs	49,076	31,519
Short-term lease costs, exempt from asset and liability recognition	15,280	14,258
Total cash flow from lease transactions		
Principal amount of the lease	(195,066)	(340,345)
Changes to lease agreements	(919)	15,534
Lease payments in the cash flow statement	(195,985)	(324,811)
Interest	(49,076)	(31,519)
Total cash flow from lease transactions	(245,061)	(356,330)

Analysis of the maturity of undiscounted lease liability payments:

	31.12.2025	31.12.2024
in 1	209,104	173,358
in 2	204,313	88,682
in 3	173,053	84,699
in 4	123,894	70,701
in 5	123,566	69,674
Longer than in 5 years	780,319	515,420
	1,614,249	1,002,534

29. LEASE LIABILITIES

	31.12.2025 EUR	31.12.2024 EUR
Lease liabilities, incl.		
space and land lease	937,458	622,943
car lease	107,889	-
Long-term part	1,045,347	622,943
space and land lease	194,998	112,826
car lease	62,389	83,042
Short-term part	257,387	195,868
	1,302,734	818,811

30. NEXT PERIOD INCOMES

	Balance 31.12.2025	Received in in 2025	Included in revenue in in 2025 (Annex 12)	Balance 31.12.2024
Cohesion Fund co-financing*	69,516,744	-	(2,065,637)	71,582,381
Value of fixed assets received from Latvian persons without consideration**	7,360,563	1,449,821	(152,223)	6,062,965
ERDF co-financing***	100,405	100,405	-	-
Other deferred income****	13,751,884	2,503,415	(466,234)	11,714,703
	90,729,596	4,053,641	(2,684,094)	89,360,049
Including:				
- short-term part	2,495,976			3,711,722
- long-term part	88,233,620			85,648,327

Comparative information for the previous year

	Balance 31.12.2024	Received in in 2024	Included in revenue in in 2024 (Annex 12)	Balance 31.12.2023
Cohesion Fund co-financing*	71,582,381	1,010,392	(3,224,138)	73,796,127
Value of fixed assets received from Latvian persons without consideration**	6,062,965	-	(211,065)	6,274,030
Other next period income***	11,714,703	2,041,235	(258,280)	9,931,748
	89,360,049	3,051,627	(3,693,483)	90,001,905
Including:				
- short-term part	3,711,722			3,728,018
- long-term part	85,648,327			86,273,887

* Information on funding received from Cohesion Fund:

Purpose of the funding	Period of receipt	Amount received	Year of fulfilment of conditions	Amount in the balance sheet 31.12.2025
Cohesion Fund co-financing:				
1) Phase 2 (ISPA)	2004-2006	20,702,530	2012	9,567,436
2) Phase 3	2007-2010	58,838,450	2015	33,696,752
3) Phase 4	2011-2016	20,620,150	2024/2025	15,802,579
4) Phase 5	2020-2023	9,929,051	2028	9,128,051
5) Phase 6	2022-2024	1,377,373	2028	1,321,926
				69,516,744



Cohesion Funds co-financing round 4:

The Company has concluded the implementation of the European Union Cohesion Fund co-financed project "Development of Water Management in Riga, 4th stage" No 3DP/3.5.1.1.0/10/IPIA/VIDM/027 (CCI2012LV161PR001).

On 9 April 2025, the Ministry of Smart Administration and Regional Development, as the responsible authority for the European Union Structural Funds and Cohesion Fund, sent a letter to *Rīgas ūdens* stating that the deviation in the achievement of the project indicators is less than 25% and is not considered significant, and decided not to apply a financial correction for the civil contract "Development of water management in Riga, Phase 4" also confirmed that the obligations laid down in the civil law contract concluded on 15 December 2010 between the Ministry of Smart Administration and Regional Development, *Rīgas ūdens* and the Riga City Municipality for the implementation of the project are terminated.

Cohesion Fund co-financing rounds 5 and 6:

Pursuant to Contracts No. 5.3.1.0/18/I/002 and No. 5.3.1.0/20/I/001 and amendments thereto concluded on 1 August 2018 and 18 March 2021 with the Central Finance and Contracting Agency, the Company is required to achieve at least 85% output indicators for Phase 5 and Phase 6 of the Cohesion Projects by 31 December 2028. In 2025 connections to centralised networks continued to be established. In view of the outputs already achieved and the progress made in 2025, the Company assesses that there is no risk of non-performance of contracts in relation to the funding received.

** Water and/or sewage connections constructed by Latvian individuals (households) without compensation have been accepted.

*** ERDF co-financing - interim payments received for the project "Construction of a solar power plant at the site of water station "Daugava", Bauskas iela 209, Riga" of *Rīgas ūdens* in accordance with the contract of 28 July 2025 with the Central Finance and Contracting Agency.

**** Other deferred income is payments reclassified from advance payments for connection to the Company's water and/or sewerage networks. This connection service fee is recognized as deferred revenue and is gradually allocated as revenue in the period in which the service is provided, i.e. over the useful life of the Company's fixed assets constructed for the provision of the service.

31. ADVANCE PAYMENTS RECEIVED FROM CUSTOMERS

	31.12.2025	31.12.2024
	EUR	EUR
Advance payments received*	2,246,635	-
Long-term part of advance payments received	2,246,635	-
Advance payments received from buyers**	1,434,366	3,180,404
Current part of advance payments received	1,434,366	3,180,404

* ERDF co-financing advances No 1 for project No 2.2.1.1/2/25/I/001 "Extension and renovation of BTP "Daugavgrīva" and project No 2.1.1.6/2/25/A/004 "Construction of a solar power plant at US "Daugava".

** Advance payments received from buyers are contractual obligations with customers and mainly consist of advance payments for the provision of water and sewerage connection services. The Company expects to provide services within one year and classifies the received advances as short-term advances. Advance payments received for connection construction services are carried forward to future periods and gradually allocated to revenue in proportion to the useful life of the Company's constructed fixed assets necessary for the provision of the service.

Consequently, the contractual liabilities that were presented in the balance sheet at the beginning of the year, on 1 January 2025, were reclassified to deferred revenue in the amount of EUR 2,430,387 (in 2024: EUR 1,863,651) and were recognised in revenue amounting to EUR 300,140 (2024: EUR 249,566).

32. OTHER CREDITORS

	31.12.2025 EUR	31.12.2024 EUR
Other creditors	92,257	-
Long-term part	92,257	-
Salaries	1,148,822	1,119,893
Other creditors	110,823	61,420
Short-term part	1,259,645	1,181,313
	1,351,902	1,181,313

33. ACCRUED LIABILITIES

	31.12.2025 EUR	31.12.2024 EUR
For services received for the establishment of long-term assets	6,450,614	1,883,130
For network repairs, invoiced after the end of the year	2,631,925	1,903,549
For planned disbursements to the employees and management	1,867,872	2,179,064
Accrued unexpended leave costs	841,078	941,282
Accrued liability for immovable property maintenance payments	149,429	355,217
Accrued social security contributions for planned costs related to the employees and management	644,525	738,731
Accrued liabilities for other production costs	812,665	689,541
Other accrued liabilities	147,773	94,955
	13,545,881	8,785,469
Including:		
Financial liabilities	10,191,082	4,922,598
Non-financial liabilities	3,354,799	3,862,871

34. PROVISIONS

	31.12.2025 EUR	31.12.2024 EUR
Provisions for the costs of production waste removal	1,403,415	1,291,130
Long-term part	1,403,415	1,291,130
Provisions for cleaning up network repair sites	1,374,971	1,357,279
Provisions for the costs of production waste removal	155,736	323,459
Provisions for litigation and damage causes as a result of accidents	66,742	69,355
Short-term part	1,597,449	1,750,093
	3,000,864	3,041,223

Information on movements in savings is as follows:

	Provisions for cleaning up network repair sites	Provisions for the costs of production waste removal	Provisions for litigation and damage causes as a result of accidents	TOTAL
	EUR	EUR	EUR	EUR
31.12.2024	1,357,279	1,614,589	69,355	3,041,223
Used	(1,304,468)	(1,012,715)	(252)	(2,317,435)
Cancelled	(52,811)	-	(2,577)	(55,388)
Created from scratch	1,374,971	957,277	216	2,332,464
31.12.2025	1,374,971	1,559,151	66,742	3,000,864

The exact estimated time to cover the liabilities is not known, but it is expected that most of them will be covered within one year, except for the part for provision costs intended for removal of production waste (sludge).

In relation to **Provisions for costs for the removal of production waste (sludge)**, an increase in provisions has been observed in previous years and in fact the liabilities have not been covered within one year, as originally planned. This is due to optimising the costs of the volume of disposable sludge. Therefore, the Company recognizes part of the provisions in the non-current liabilities section.

Provisions for cleaning up (asphalting) network repair sites

The amount of the provisions for resurfacing after network repairs is based on the number of facilities to be rehabilitated, to which the average cost per facility is applied. But at the time of preparing the estimates, there are several unknown factors, including the actual area of pavement renewal and the impact of the Riga City Council's Traffic Department's street resurfacing plans, which may significantly affect the actual costs of street renewal.

35. TAXES AND MANDATORY STATE SOCIAL INSURANCE CONTRIBUTIONS

	Debt as at 31.12.2025	Calculated for 2025	Paid in in 2025	Debt as at 31.12.2024
	EUR	EUR	EUR	EUR
Corporate income tax	9,949	21,820	(11,871)	-
Value-added tax	935,384	11,933,645	(11,967,824)	969,563
Property tax	-	178,349	(178,349)	-
Natural resource tax	256,004	1,022,405	(1,004,312)	237,911
Social security contributions	575,888	7,234,828	(7,226,097)	567,157
State duty of the business risk	273	3,347	(3,350)	276
Personal income tax	286,074	3,655,635	(3,677,267)	307,706
	2,063,572	24,050,029	(24,069,070)	2,082,613

Comparative information for the previous year

	Debt as at 31.12.2024	Calculated for 2024	Paid in in 2024	Debt as at 31.12.2023
	EUR	EUR	EUR	EUR
Value-added tax	969,563	11,478,347	(11,285,854)	777,070
Property tax	-	188,711	(192,632)	3,921
Natural resource tax	237,911	1,004,099	(1,024,314)	258,126
Social security contributions	567,157	6,694,390	(6,663,042)	535,809
State duty of the business risk	276	3,320	(3,319)	275
Personal income tax	307,706	3,656,549	(3,640,874)	292,031
	2,082,613	23,025,416	(22,810,035)	1,867,232

36. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

(a) Fair value

As stated in the Annex 4(iv) "Fair value measurement" in the notes to the financial statements, the Company's management believes that the fair value of cash and cash equivalents included in Level 1 of the fair value hierarchy, as well as short-term financial assets and financial liabilities included in Level 3, corresponds to their initial nominal value and carrying amount at any future date, as the terms of receipt of these assets and payment of liabilities are shorter than 6 months. An exception is liabilities to suppliers for construction services received, which provide for a warranty period and for which payment must be made after the end of the warranty period. The Company's management believes that, given the nature of the transactions, a risk-free rate close to zero should be used to determine fair value.

The Company does not have any financial assets and liabilities that are included in Level 2.

The Company's borrowings have variable interest rates. The Company's management regularly negotiates with credit institutions regarding changes to fixed interest rate components. In the management's opinion, recalculation of the fair value of borrowings as at the end of the year is not materially different from amortised prime cost.

The bonds are classified as fair value level 3, although they are listed on *Nasdaq*, they do not exhibit active trading with sufficient volume and frequency and therefore inputs not directly observable in the public market are used to value them. Similar to borrowings from credit institutions, the fair value of green bonds issued is determined by discounting future cash flows and, as their fixed interest rate is consistent with current market conditions and the Company's credit risk, their carrying amount approximates fair value.

With regard to lease liabilities, the Company's management believes that, given the nature of the parties to the transaction, the applicable discount rate is very low. The rates applied to discount the lease liability shall not exceed 5%. The effect of changes in potential market rates on the fair value of the lease liabilities is immaterial. As a result, the fair value of these balance sheet items at December 31, 2025 is equal to their carrying amount.

The table below presents the valuation techniques used to measure Level 3 fair value, as well as the most significant unobservable inputs.

Type	Measuring method	Important unobservable data
Trade and other receivables	Discounted cash flows	Discount rates
Loans, bonds and lease obligations	Discounted cash flows	Discount rates
Other financial liabilities	Discounted cash flows	Discount rates

There have been no changes in the fair value hierarchy levels in 2025.

Based on the above considerations, management believes that the fair values of all financial assets and liabilities are not different from their carrying amounts at 31 December 2025 and 2024.

b) Non-derivative financial liabilities

31. december, 2025	Carrying amount	Contractual cash flows	3 months or less	3-12 months	Up to 5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	77,506,981	89,515,622	2,041,650	6,901,514	45,137,728	35,434,730
Bonds	20,061,370	23,601,094	197,260	664,109	22,739,725	-
Lease liabilities	1,302,734	1,591,762	76,416	229,247	309,608	976,491
Accounts payable to suppliers and contractors	6,805,653	6,805,653	3,954,550	672,437	2,178,666	-
Other financial liabilities	10,209,941	10,209,941	10,209,941	-	-	-
	115,886,679	131,724,072	16,479,817	8,467,307	70,365,727	36,411,221

The remaining contractual maturities of financial liabilities, including estimated interest payments and excluding netting, at the end of the reporting period are as follows:

The cash flows included in the maturity analysis are not expected to occur significantly earlier or in a significantly different amount.

31. december 2024	Carrying amount	Contractual cash flows	3 months or less	3-12 months	Up to 5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	68,376,867	81,420,180	1,343,529	6,489,215	38,010,513	35,576,923
Lease liabilities	818,811	1,002,534	56,057	168,170	152,215	626,092
Accounts payable to suppliers and contractors	6,402,381	6,402,381	3,971,771	577,888	1,852,722	-
Other financial liabilities	4,978,101	4,978,101	4,978,101	-	-	-
	80,576,160	93,803,196	10,349,458	7,235,273	40,015,450	36,203,015

c) Interest rate risk

The Company is exposed to interest rates mainly due to long-term investments, with 49.9% of the Company's interest rates included in the main component.

A change in interest rates of 1.0 percentage point would have a combined impact on the Company's profit or loss and comprehensive income for 2025 of approximately 0.83 million EUR (EUR 0,70 million in 2024).

37. REMUNERATION TO A COMMERCIAL COMPANY OF CERTIFIED AUDITORS

	2025	2024
	EUR	EUR
Statutory audit of financial statements	29,100	26,250
Limited assurance mission	15,000	-
Other permitted consultations	20,645	-
	64,725	26,250

The firm of chartered accountants providing the statutory audit of the Company's financial statements also carried out a limited assurance engagement on the Sustainability Report prepared by the Company and, in a separate engagement, an interim assurance engagement on the Sustainability Report, compiling a list of potential weaknesses and deficiencies for improvement in the 2025 Report.

All provided additional services have been evaluated and do not impair the independence and objectivity of the auditor and comply with the limitations set out in the Audit Services Act.

38. CONTINGENT LIABILITIES

In certain cases, if due to objective circumstances, when constructing water and sewerage networks, it is not possible to comply with the minimum distances between engineering communication networks specified in regulatory enactments, the Company provides a certificate to the holders of engineering communications for compensation in cases where other engineering communications are damaged. According to management's assessment, the maximum expected amount for such contingent liabilities is not material.

39. AMOUNT OF THE CONTRACTUAL COMMITMENT FOR THE IMPLEMENTATION OF PROJECTS

By the end of the reporting year, contracts have been concluded for further acquisition and creation of fixed assets which are not shown as liabilities in the balance sheet. Under these agreements, the Company has committed to further acquire and develop property, plant and equipment of EUR 30.22 million (31.12.2024: EUR 13,71 million).

On 5 November 2025, an agreement was signed with the Central Finance and Contracting Agency on the implementation of a European Union project co-financed by the European Regional Development Fund in the amount of EUR 22.3 million for the extension and renovation of WWTP Daugavgrīva. The total planned investment in the project is EUR 64 million. In 2025, procurement documents for design and construction works, as well as for engineering supervision, were prepared. The procurement is planned for 2026.

On 28 July 2025 nota contract was signed with the Central Finance and Contracting Agency for the implementation of the project "Construction of a solar power plant at the water station "Daugava", Bauskas iela 209, Riga". The construction of the solar power plant is scheduled to be completed by 30 April 2026. The total eligible cost of the project is EUR 1,087,355.09, including European Regional Development Fund (ERDF) funding of EUR 706,780.81.

40. RELATED PARTY TRANSACTIONS

Riga State City Municipality capital companies and institutions - related parties

In 2025, the Company issued invoices for services provided to other capital companies of the Riga City Municipality:

- to the residential building manager – for the amount of 21.36 million (2024: EUR 20,71 million):
- to other capital companies and institutions for the amount of 3.84 million (2024: EUR 3,67 million).

On 31 December 2025, the receivables from the municipal capital companies and institutions to the Company amounted to EUR 4.40 million, including debts of the housing manager EUR 3,99 million (31.12.2024: EUR 4,02 million, including debts of the housing manager EUR 3,69 million).

In 2025, the Company paid invoices for services received to Riga City Municipality enterprises and capital companies for a total amount of EUR 1.56 million. (incl. VAT) (2024: EUR 2,28 million with VAT).

On 31 December 2025 the Company's debts to municipal companies and institutions amount to EUR 0,14 million (31.12.2024: EUR 0,11 million).

41. DISTRIBUTION OF PROFITS PROPOSED BY THE MANAGEMENT BOARD

Information on the distribution of profits is provided in the Management Report in chapter 1.11 Distribution of profits recommended by the Board of Directors.

42. RESEARCH AND DEVELOPMENT COSTS

Rīgas ūdens invested EUR 0.72 million in research and development (R&D) activities in 2025 (2024: EUR 0,95 million). Information on R&D costs is provided in chapter 1.8 R&D investments of the management report.

43. EVENTS AFTER THE END OF THE REPORTING YEAR

On 12 February 2026, the Company signed an agreement with the Nordic Investment Bank to draw on a loan limit of up to EUR 50 million. Under the terms of the agreement, the Company is not obliged to raise funds - *uncommitted* agreement. At the same time, the existence of such an agreement ensures diversification and liquidity of borrowed funds.

At the same time, the Company started the process of extending its bond programme, continuing its efforts to ensure diversified access to finance for the successful implementation of the EUR 235 million investment programme for the development of wastewater treatment and drinking water infrastructure in Riga. In view of the fact that the bond programme for a total amount of up to 60 million will expire in May this year and the interest of potential investors, the Company has now initiated a 12-month extension of the bond programme in order to use the full amount of the bond programme. The extension of the maturity of a bond programme has no impact on the coupon payment and repayment terms of bonds already issued.

There have been no other events since the last day of the reporting year that would have a material impact on the Company's financial position as of December 31, 2025 or that would require additional disclosure in the notes to the financial statements.

Abbreviations used

Abbreviation	Explanation
RES	Renewable energy sources
UN	United Nations
BTP	Biologic treatment plant
BTPD	Biologic wastewater treatment plant "Daugavgrīva"
BSP ₅	Biological oxygen demand
CCTV	<i>Closed Circuit Television</i>
CSS	Centralised sewerage system
CO ₂	Carbon dioxide
CHP	Central heating point
CWSS	Centralised water supply system
DSCR	Ratio of operating cash flow to debt service (interest + principal) cash flow (<i>Debt service coverage ratio</i>)
EBITDA	Earnings before interest, tax, depreciation and amortisation.
European green deal	A set of policy initiatives aimed at putting the EU on the path to a green transformation towards the ultimate goal of achieving climate neutrality by 2050
EC	European Commission
EU	European Union
OECD	Organisation for Economic Co-operation and Development
ESG	Environmental, social and governance area
ESRS	EU Regulation 2023/2772 on sustainability reporting standards
EurEau	<i>European Federation of National Associations of Water Services</i>
FO	Financial Objectives
Green City Accord	European Green Cities Agreement
GOS	Volatile organic compounds
GPS	Global Positioning System
GIS	Geographic information system
IPCC	<i>Intergovernmental Panel on Climate Change</i>
ISO	International Organisation for Standardisation
IWA	International Water Association
IT	Information technology
PMB	Procurement Monitoring Bureau
MCE	Ministry of Climate and Energy
CF	Cohesion Fund
Climate City Agreement	Riga City Council's climate neutrality commitment by 2030 within the framework of the EU mission "100 smart and climate neutral cities by 2030"
SPS	Sewage pumping station
COD	Chemical oxygen demand

Abbreviation	Explanation
LVS	LLC "Latvijas standarts"
LEGMC	"Latvian Environment, Geology and Meteorology Centre"
LSKS 2050	Latvia's strategy for achieving climate neutrality by 2050
CoM	Cabinet of Ministers of the Republic of Latvia
WWTP	Wastewater treatment plants
NAIP 2027	Wastewater Management Investment Plan 2021–2027
NECP 2030	Latvian National Energy and Climate Plan 2021–2030
<i>Net Zero Cities</i>	EU mission "100 smart and climate-neutral cities by 2030"
N _{total}	Total nitrogen
NO	Non-financial objectives
PFAS	Per- and polyfluoroalkyl substances
P _{total}	Total phosphorus
R&D	Research and development
REPowerEU	The EU's strategic commitment to energy autonomy
<i>RCP</i>	<i>Representative Concentration Pathway</i>
RĪGA 2030	Riga Sustainable Development Strategy until 2030
PI	Performance indicator
RTU	Riga Technical University
<i>SBTi</i>	<i>Science Based Targets Initiative</i>
SCADA	Automation and monitoring supervisory <i>Control And Data Acquisition(SCADA)</i>
SDO (<i>ILO</i>)	International Labour Organization
SECAP 2030	Riga State City Sustainable Energy and Climate Action Plan 2022–2030
GHG	Greenhouse gases
PUC	Public Utilities Commission
We, the Company or <i>Rīgas ūdens</i>	LLC "Rīgas ūdens"
Strategy 2030	<i>Rīgas ūdens</i> Medium-term operational strategy for 2025–2030
Strategy 2040	<i>Rīgas ūdens</i> Sustainable Development Strategy for 2024–2040
Taxonomy	EU Regulation 2020/852 to promote sustainable investment and EU Regulations 2021/2139, 2023/2486
TOC	Total organic carbon
ŪIP 2027	Water Supply Investment Plan 2021–2027
VPP 2027	Environmental Policy Guidelines for 2021–2027
SES	State Environmental Service

Sources of photographs used in the annual report: *LETA*, *SIA F64 Photo Agency*, *Rīgas dome*, Māris Lazdāns, stock.adobe.com and images generated by artificial intelligence.

Independent auditor's limited assurance report on Rīgas ūdens Sustainability Report

Translation from Latvian into English

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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT OF LLC 'RĪGAS ŪDENS'

for the shareholder of LLC 'Rīgas ūdens'

Limited assurance engagement conclusions

We have completed a limited assurance engagement as defined in the International Standard on Assurance Engagements (hereinafter referred to as – 'Assurance Engagement') on behalf of LLC 'Rīgas ūdens' (hereinafter referred to as – 'Company') and hereby provide a limited assurance report on the LLC 'Rīgas ūdens' Sustainability Report for 2025 (hereinafter referred to as – 'Assurance Engagement Scope') which is included in the Company's Annual Report for 2025 as a separate section (pages 31 to 147) and was prepared in accordance with Section 4 of the Law of Sustainability Disclosures of the Republic of Latvia implementing the requirements of Article 29(a) of EU Directive 2013/34/EU.

Based on the procedures carried out and the evidence obtained, no circumstances or facts have come to our attention that would lead us to believe that the Sustainability Report, in all its material aspects, has not been prepared in accordance with Section 4 of the Law of Sustainability Disclosures of the Republic of Latvia implementing Article 19 of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), which encompasses the procedure followed by the Company for identifying information for inclusion in the Sustainability Report (hereinafter referred to as – 'Process') as described in the Double Materiality Assessment section (ESRS 2 IRO-1), and
- the compliance of the information disclosed in the EU Taxonomy section of the Sustainability Report with the requirements of Article 8 of EU Regulation 2020/852 (hereinafter referred to as – 'Taxonomy Regulation').

Basis for conclusions

We have carried out the limited assurance engagement using the revised International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (hereinafter referred to as – 'ISAE 3000 (Revised)').

The nature, time, and scope of the procedures carried out as part of limited assurance engagements are different from those performed for reasonable assurance engagements. As a result, the level of assurance achieved in a limited assurance engagement is significantly lower than what it would have been in a reasonable assurance engagement.

We believe that the evidence obtained is sufficient and appropriate for making a reasoned conclusion.

Our responsibilities under this standard are reviewed in more detail in the Auditor Responsibility section of our report.

Independence and quality control

We are independent from LLC 'Rīgas ūdens' in accordance with the requirements of the International Code of Ethics for Professional Accountants developed by the International Ethics Standards Board for Accountants ('IESBA Code'). We have also observed all other professional ethics principles and objectivity requirements. We, furthermore, certify that we have all the necessary knowledge and experience to carry out this assurance engagement.

We use International Standard on Quality Management 1 that prescribes the manner in which to establish, implement, and maintain a quality management system that encompasses policies and procedures related to compliance with ethics principles, professional standards, and effective legal and regulatory requirements.

Company management responsibility

The management of the Company is responsible for the development and implementation of a process for identifying the information included in the Sustainability Report in accordance with ESRS requirements and for disclosing information about this Process in the Double Materiality Assessment section of the Sustainability Report (ESRS 2 IRO-1).

The responsibility of the management encompasses:

- understanding the context of the Group's operations and business relationships and building an understanding of the affected stakeholders;

- identifying the actual and potential impacts (both negative and positive) related to sustainability, as well as those risks and opportunities that affect, or could affect, the Company's short, medium, or long-term financial standing, financial results, cash flow, access to financing, or cost of capital;
- an assessment of the materiality of the identified impacts, risks, and opportunities related to sustainability, selecting and using appropriate thresholds, and
- the application of assumptions reasonable in the circumstances.

The Company's management is also responsible for preparing the Sustainability Report in accordance with Section 4 of the Law of Sustainability Disclosures, which implements the requirements of Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with ESRS;
- compliance of the information disclosed in the EU Taxonomy section of the Sustainability Report with the requirements of Article 8 of EU Regulation 2020/852 ('Taxonomy Regulation');
- creation, implementation, and maintenance of such internal control that the management believes to be necessary for the preparation of the Sustainability Report aiming to prevent it from containing deficiencies caused by error or fraud, and
- selection and use of appropriate methods for the preparation of the Sustainability Report and the use of assumptions and estimates that are justified in the circumstances.

Persons entrusted with the governance of the Company are responsible for the sustainability reporting process at the Company.

Limitations inherent in the preparation of the Sustainability Report

When reporting on future information in accordance with ESRS, the management of the Company must prepare such information based on disclosed assumptions about possible future events and possible future actions of the Company. Real results are likely to be different, because expected events often do not happen as foreseen.

Responsibility of the auditor

Our responsibility is to plan and carry out the assurance engagement to obtain limited assurance that the Sustainability Report does not contain any substantial deficiencies caused by fraud or error, and to provide a limited assurance report that includes our conclusions. Deficiencies may be caused by error or fraud, and are considered significant, if it can be reasonably believed that they, individually or collectively, could affect decisions based on the Sustainability Report as a whole made by its users.

In carrying out the limited assurance engagement using ISAE 3000 (Revised), we made professional judgements and maintained professional scepticism throughout the limited assurance engagement.

Our duties pertaining to the Process of the preparation of the Sustainability Report were as follows:

- gain an understanding of the Process, but not for the purpose of drawing conclusions about the effectiveness of the Process or its results;
 - assess if the information identified meets the applicable ESRS disclosure requirements, and
 - develop and implement procedures to assess if the Process meets the description provided in the Double Materiality Assessment (ESRS 2 IRO-1) section of the Sustainability Report.
- Our other responsibilities pertaining to the Sustainability Report:
- gain an understanding of the control environment, processes, and information systems relevant to the preparation of the Sustainability Report at the Company, but not for the purpose of assessing the structure of such controls, obtaining evidence of their implementation, or testing the effectiveness of their operation;
 - determine where significant deficiencies caused by fraud or error could occur, and
 - develop and implement procedures for preventing significant deficiencies arising in the Sustainability Report.

The risk of a significant deficiency not being detected if caused by fraud is greater than the risk of a deficiency not being detected otherwise, because fraud can involve collusion, forgery, deliberate failure to report, false statements, or circumvention of internal controls.

Work summary

The nature, time, and scope of the procedures carried out as part of limited assurance engagements are different from those performed for reasonable assurance engagements. As a result, the level of assurance achieved in a limited assurance engagement is significantly lower than what it would have been in a reasonable assurance engagement. Our procedures are designed to provide the limited assurance necessary for stating our opinion and do not produce all the evidence that would be necessary to achieve reasonable assurance.

Although in determining the nature and extent of our procedures, we assessed the effectiveness of the management's internal controls, it was not the purpose of our assurance engagement to provide assurance on the effectiveness of internal controls. We did not examine any internal controls and did not carry out procedures that would examine the collection of data or calculations in IT systems.

The nature, time, and extent of the procedures chosen depend on professional judgement, including the identification of areas where the Sustainability Report could have material deficiencies caused by fraud or error.

The limited assurance engagement for the Sustainability Report included interviews, primarily with the Company's representatives in charge of preparing the information included in the Sustainability Report and conducting respective analytical and other procedures.

Our engagement included the following procedures:

- we gained an understanding of the Process:
 - by conducting interviews to understand the sources of information used by the Company's management (e.g. information provided by stakeholders, business plans, and strategic documents), and
 - by reviewing the Company's internal documentation related to the Process.

- we assessed if the information obtained through our procedures about the Process pursued by the Company is consistent with the description of the Process in the Double Materiality Assessment (ESRS 2 IRO-1) section of the Sustainability Report.

In performing our limited assurance engagement on the Sustainability Report, we:

- gained an understanding of the Company's processes pertaining to the preparation of its Sustainability Report:
 - by examining the Company's control environment, processes, and information system relevant to the preparation of the Sustainability Report, but not for the purpose of drawing conclusions about the effectiveness of internal control at the Company, and
 - by clarifying the tasks and duties in the preparation of the Sustainability Report, including an examination of communication processes within the Company and between the management and those in charge of the governance of the Company.

- we assessed if the information identified in the Process was included in the Sustainability Report;
- we assessed if the structure and presentation of the Sustainability Report was in line with the ESRS;
- we carried out interviews with relevant staff and conducted analytical procedures on select information included in the Sustainability Report;
- we carried out detailed assurance engagement procedures for select information included in the Sustainability Report;
- whenever applicable, we compared the information provided in the Sustainability Report with the corresponding information in the Financial Statement and the Management Report;
- we obtained evidence about the methods used to prepare and apply key estimates and future-related information;
- we gained an understanding of the Company's Process for identifying business activities in compliance and in line with the taxonomy, and examined the corresponding information disclosed in the Sustainability Report.

Other matters

We did not check the comparative information for 2024 included in the Company's Sustainability Report. No reservations regarding the matter are included in our conclusion.

SIA Potapoviča un Andersone
Ūdens Street 12-45, Rīga, LV-1007
on behalf of the certified auditors firm, licence No 99:

Anna Temberova-Allena
Certified auditor in charge, certificate No 154
Member of the Management Board

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

THE ELECTRONIC SIGNATURE OF THE AUDITOR APPLIES TO THE AUDITORS ASSURANCE REPORT ENCLOSED TO THE ANNUAL REPORT DOCUMENT ON PAGES 31 TO 147.

Independent auditor's report on the financial statements of Rīgas ūdens

Translation from Latvian into English

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Independent auditors' report for the LLC 'Rīgas ūdens' shareholder

Financial Statement audit report

Our opinion on the Financial Statements

We have carried out an audit of the Financial Statements of LLC 'Rīgas ūdens' ('Company') included on pages 148–202 of the Annual Report of the Company, which is presented on pages 1-202. The enclosed Financial Statement includes:

- profit or loss and other comprehensive income statement for 2025,
- financial standing statement as of 31 December 2025,
- equity change statement for 2025,
- cash flow statement for 2025,
- and the annex to the Financial Statement that shows the key accounting principles and other explanatory information.

We are of the opinion that the Financial Statement enclosed provides a true and clear understanding of the financial standing of LLC 'Rīgas ūdens' as of 31 December 2025, the financial results of its business activities, and the cash flow in 2025, in accordance with the EU-approved International Financial Reporting Standards ('IFRS').

Basis for the opinion

Subject to the Law on Audit Services of the Republic of Latvia, we carried out the audit in accordance with the International Standards on Auditing ('ISA') recognised in the Republic of Latvia. Our duties specified in these standards are described below, in the 'Responsibility of the auditor for the audit of the Financial Statement' section of this report.

We are independent from the Company in accordance with the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants that pertain to the auditing of financial statements of public-interest entities, as well as the ethics requirements that must be observed in auditing financial statements of public-interest entities in the Republic of Latvia. We observed all the other professional ethics principles and objectivity requirements stipulated in the IESBA Code and the Law on Audit Services.

We believe that the evidence found during the audit provides a sufficient and appropriate justification for our expert opinion.

Key matters of the audit

The key matters of the audit are those that, in our professional judgement, were most significant for the audit of the reporting year's Financial Statement. The matters were examined as a whole in the context of our audit of the Financial Statement and in preparing our opinion on the Financial Statement; as a result, we do not express a separate opinion on these matters.

We have identified the matter described below as the key audit matter for which information must be provided as part of our report.

Key matter of the audit	Audit procedures conducted for the key matter of the audit
<p>Examination of fixed asset recoverable value</p> <p>As shown in Annex 18 to the Financial Statement, the accounting value of the Company's fixed assets as of 31 December 2025 was EUR 710,179,058. Fixed assets accounted for 94.4% of the Company's total assets. A significant part of the fixed assets is presented at a revalued value, as shown in the summary of the accounting policies used in the annexes to the Financial Statement (the revaluation reserve for non-current investments was EUR 327,980,524 as of 31.12.2025).</p>	<p>Among other things, we carried out the following audit procedures for the key matter of the audit:</p> <ul style="list-style-type: none"> - we gained an understanding of the depreciation verification process implemented by the Company's management; - we obtained a calculation of the value in use of fixed assets prepared by the Company's management and assessed the methodology used, verifying the mathematical accuracy of the calculation; - we assessed and discussed with the management the justification for choosing to determine the value in use of fixed assets at the level of a cash generating unit (CGU);

Key matter of the audit (continued)	Audit procedures conducted for the key matter of the audit (continued)
<p>A significant part of the fixed assets is presented at a revalued value, as shown in the summary of the accounting policies used in the annexes to the Financial Statement (the revaluation reserve for non-current investments was EUR 327,980,524 as of 31 December 2025).</p> <p>The Company conducted a review of the depreciation of asset value, based on estimates of the value in use of the assets.</p> <p>In performing this review, the Company's management assumed that the entire business activities of the Company were to be analysed as a single cash-generating unit ('CGU').</p> <p>The key assumptions used in the depreciation review conducted by the management include the choice of discount rate, the price forecasts for key income streams subject to confirmation by the regulator, and assumptions related to capital investment plans and the calculation of terminal value.</p> <p>The depreciation review was an important aspect of our audit because it included substantial estimates and key judgements made by the management.</p>	<ul style="list-style-type: none"> - in order to assess the management's ability to accurately predict future results and cash flows, we compared the management's forecast for the previous year (the first year when a value-in-use estimate was made) with actual results achieved; - with the management, we discussed the key assumptions, management assessments, and data used in the fixed asset depreciation review; - we assessed the future cash flows of the CGU, the process for determining the cash flows, and the assumptions made to determine future cash flows, including short and long-term budgets and forecasts; - we assessed the data and assumptions in terms of the amounts and period of capital investments used in the calculation; - we assessed the discount rate used in the depreciation model, also examining the methodology and data used by the management; - we also compared other significant data used in the depreciation review with data sources; - we assessed and took into account a sensitivity analysis of the key assumptions made by the management in the CGU assessment. <p>We, furthermore, assessed if the information about depreciation reviews and their results presented in Annex 18(e) to the Financial Statement are sufficient and comply with IFRS.</p>

Reporting Other Information

The Management Board of the Company is responsible for providing other information. Other Information includes:

- the information about the Company on page 149 of the enclosed Annual Report and the General Information on page 2,
- the Management Report presented on pages 4 to 30 of the enclosed Annual Report,
- the statement of the responsibility of the Company management made on page 30 of the enclosed Annual Report,
- the Non-Financial Statement (Sustainability Report) presented on pages 31 to 147 of the enclosed Annual Report,
- the Corporate Governance Report that the Company's management prepared as a separate document that is publicly available on the website of the Company: https://www.rigasudens.lv/iv/korporativa-parvaldiba#dokumenti_un_zinojumi, but does not include the Financial Statements or our auditors' report on them.

Our report about the Financial Statement does not cover any of the Other Information included in the Annual Report or shown above, and we do not acknowledge it in any way, except for what is specified in the Other reporting requirements set by the laws of the Republic of Latvia section of this report. However, we note that we have provided a limited assurance statement on the Company's Sustainability Report included in Other Information and presented on pages 31 to 147 of the Annual Report enclosed.

In relation to the audit of the Financial Statement, our duty is to review the above Other Information and assess if there are any significant discrepancies between the above Other Information and the information provided in the Financial Statement or our knowledge that we obtained during the audit, or if there are any other significant deficiencies.

If based on the work completed and the information and understanding of the Company and its business environment gained during the audit, we conclude that there are significant deficiencies in the above Other Information, our duty is to report them. No such reportable deficiencies have come to our attention.

Other reporting requirements pertaining to Other Information set by the laws of the Republic of Latvia

In addition to the ISA requirements, the Law on Audit Services requires us to assess whether the Management Report (not including the Sustainability Report, for which a separate limited assurance statement is provided and included in this Annual Report) was prepared in accordance with the requirements of the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.

Based exclusively on the procedures completed during our audit, we are of the opinion that:

- the information about the financial year specified in the Management Report for which the Financial Statement was issued matches that of the Financial Statement,
- the Management Report (not including the Sustainability Report) was prepared in accordance with the Law on Annual Statements and Consolidated Annual Statements of the Republic of Latvia.

Furthermore, the Law on Audit Services also requires us to provide an opinion on whether the corporate governance statement provides information in line with the requirements set in Section 56²(3) of the Financial Instrument Market Law. We believe that the corporate governance statement prepared by the Company provides information that is in line with the requirements of Section 56²(3) of the Financial Instrument Market Law.

Furthermore, the Law on Audit Services requires us to provide in the auditors' report information about whether the Company has prepared a Sustainability Report and whether the Sustainability Report is made as a part of the Management Report or prepared as a separate part of the Annual Report. We hereby state that the Company prepared a Sustainability Report and that it is included in the Annual Report as a separate part of the Report.

Responsibility of the management and those in charge of governance for Financial Statements

The management is responsible for the preparation of Financial Statements that give a true and fair understanding in accordance with the IFRS approved in the EU and for such maintaining such an internal control system that the management deems necessary to enable the preparation of Financial Statements that does not contain any deficiencies due to error or fraud.

In the preparation of Financial Statements, the management has the duty to assess the capability of the Company to continue its business, and if necessary, to provide information about the circumstances pertaining to the capability of the Company to continue its business and the applicability of the going concern principle, unless the management plans to wind the Company down, or to terminate its business activities, or there are no alternatives to the Company being wound down, or its business being terminated.

The persons in charge of the governance of the Company are responsible for supervising the preparation of Financial Statements.

Responsibility of the auditor for the audit of Financial Statements

Our goal is to ensure with sufficient confidence that as a whole, Financial Statements do not contain significant deficiencies caused by error or fraud, and to issue an auditors' report with our expert opinion in it. Sufficient confidence is a high level of confidence, which, however, does not guarantee that an audit (carried out in accordance with the ISA) can always detect significant deficiencies, if there are any. Deficiencies may be caused by error or fraud, and are considered significant, if it can be reasonably believed that they, individually or as a whole, could affect business decisions made based on such Financial Statements.

Carrying out the audit in accordance with the ISA, and throughout the entire audit procedure, we issued professional opinions and maintained professional scepticism. We, furthermore:

- identified and assessed the risks of Financial Statements potentially containing significant deficiencies caused by fraud or error; we prepared and carried out audit procedures to minimise such risk, and obtained auditing evidence that provided a sufficient and appropriate basis for our report. The risk of not detecting significant deficiencies due to fraud is higher than corresponding risk of such deficiencies due to error because fraud can include secret negotiations, deliberate failure to report, false representation of information, or breaches of internal control;
- gained an understanding of the internal control essential for conducting the audit, in order to prepare specific auditing procedures appropriate for the circumstances in question, but not to express an opinion about the efficiency of the internal control of the Company;
- assessed the adequacy of the accounting policies used, as well as the justification for the accounting estimates and the corresponding information produced by the management;
- made conclusions about the applicability of the going concern principle used by the management, and based on the audit evidence obtained, we made conclusions concerning the presence of significant uncertainty as to the events or circumstances that could raise significant doubts in terms of the ability of the Company to continue its business. If we conclude that such significant uncertainty exists, the auditors' report highlights information about such circumstances provided in the Financial Statements, or if no such information is provided, we issue a modified report. Our conclusions are based on the audit evidence gained as of the date of issue of the auditors' report. However, the Company may suspend its business due to future events or circumstances;
- assessed the overall presentation, structure, and contents of the Financial Statements, including any information and explanations found in the annex to them; furthermore, we assessed if the Financial Statements correctly represented the transactions and events the Financial Statements are based on.

We notified the persons in charge of the governance of the Company, and, among other things, provided information about the expected scope and time of the audit, as well as any important audit observations, including any significant deficiencies in internal control that we identified during the audit.

We notified the persons in charge of governance that we met the binding ethics requirements for independence and impartiality and complied with the duty to provide information about all relationships and other circumstances that could reasonably be regarded as likely to influence our independence and, if necessary, about measures for limiting such influence.

Of the matters that we provided those in charge of governance with information in, we identified those that we considered to be the most significant to our audit of the Financial Statements for the reporting year and that were, therefore, to be considered to be the key matters of the audit. We present these matters in the auditors' report, unless the law prohibits us from disclosing such information, also excepting certain very rare instances in which we believe that the matter in question if not be presented in our report because there are reasonable grounds to expect that the public interest benefits of disclosing the information would not outweigh the negative consequences of disclosing it.

Other disclosures and confirmations to be included in the auditors' report in accordance with the requirements of the laws of the Republic of Latvia and the European Union applicable if the audit services are provided to public-interest entities

We make the following other disclosures and confirmations:

- In May 2025, the Company's bonds were publicly offered, and on 5 June 2025 they were listed on the Nasdaq Baltic market (Nasdaq Baltic Bond List). Thus, 2025 is the first reporting year in which the Company became an EU public-interest entities, and it is the first year we audit the Financial Statements of the Company having that status. Prior to the Company obtaining this status, we audited the Company's Financial Statements for 2023 and 2024. We were appointed as auditors of the Company's Annual Reports for 2023–2025 by a decision of the Company's sole shareholder at an extraordinary meeting held on 18 July 2023.
- We hereby confirm that our auditor opinion is consistent with our supplementary report submitted to the audit committee of the Company on 13 March 2026 (signed on 30 March 2026).
- Based on our knowledge and certainty, we declare that the services not associated with the audit that we have provided to the Company comply with the applicable laws and regulations of the Republic of Latvia, and that we have not provided any services not associated with the audit that are prohibited under Section 37⁶ of the Law on Audit Services of the Republic of Latvia. The services not related to the audit and provided to the Company in 2025 are shown in Annex 37 to the enclosed Financial Statements. Performing the audit, we maintained our independence from the audited Company.

Report on the compliance of reporting in the Financial Statement with the European Single Reporting Format (ESEF) requirements

The Company's management used the financial statement reporting method to comply with the requirements of Paragraph 3 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ('ESEF Regulation'). The ESEF Regulation sets the applicable financial statement reporting requirements. According to these requirements, Financial Statements must be presented in XHTML format. We hereby certify that the electronic reporting format of the Company's Financial Statements for 2025 complies with the ESEF Regulation in this respect.

The certified auditor in charge of the audit project as a result of which this independent auditor report provided is Anna Temerova-Allena.

SIA Potapoviča un Andersons
Ūdens Street 12-45, Riga, LV-1007
on behalf of the certified auditors firm, licence No 99:

Anna Temerova-Allena
Certified auditor in charge, certificate No 154
Member of the Management Board

THIS DOCUMENT HAS BEEN SIGNED WITH A SECURE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

THE ELECTRONIC SIGNATURE OF THE AUDITOR APPLIES TO THE AUDITOR REPORT ENCLOSED WITH THE ANNUAL REPORT DOCUMENT ON PAGES 148 – 202.