

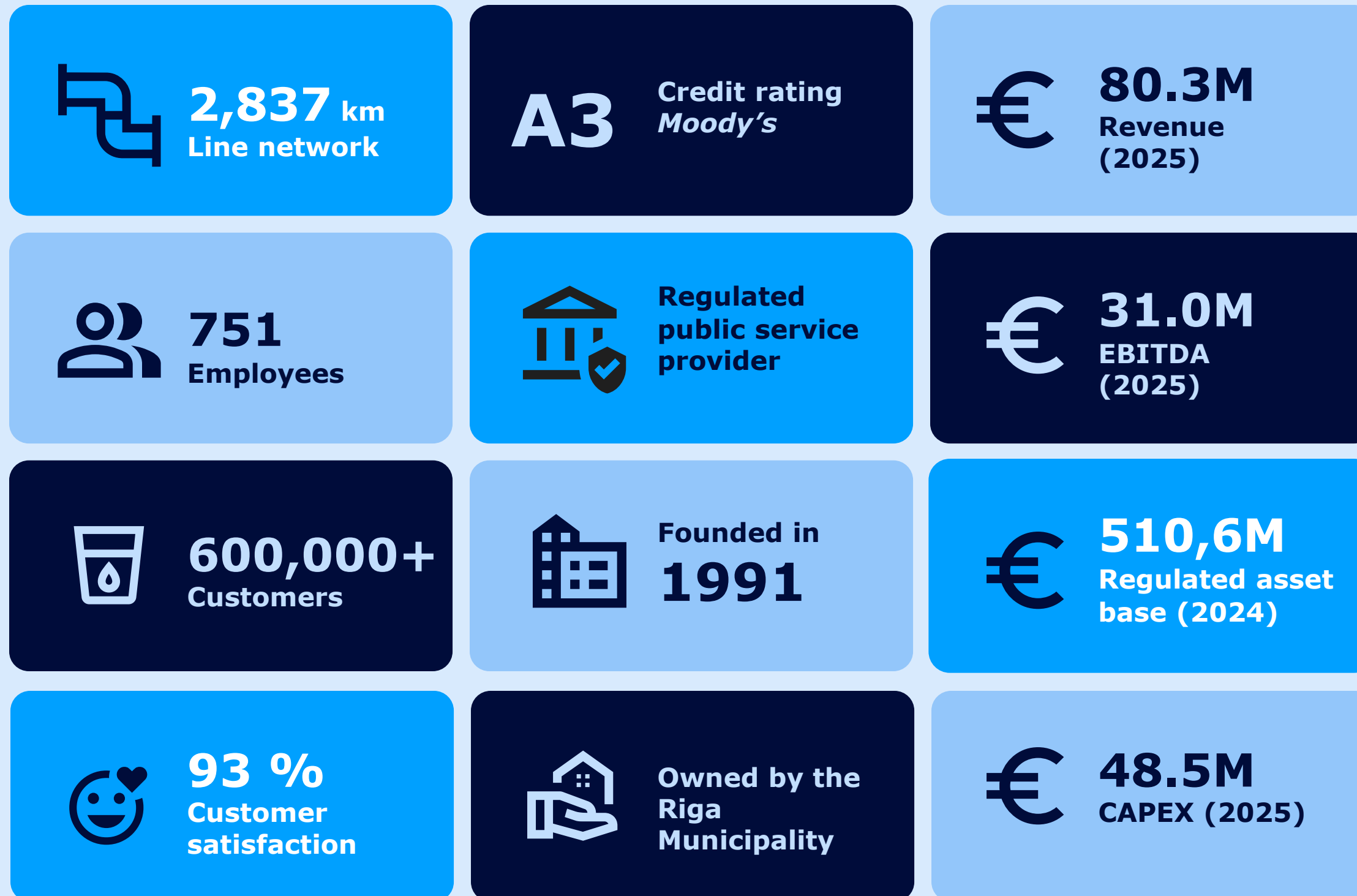
# Rīgas ūdens Annual Report

2025



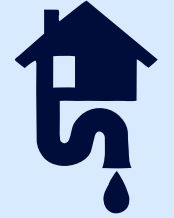
# About the company

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



  
**98.04 %**

Centralised **water supply**  
service users  
in Riga

  
**97.28 %**

Centralised **sewer system**  
users  
in Riga

# Key strategic priorities for 2025

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

# Objectives set by the shareholder

## Non-financial targets

- NM1. Improving energy efficiency, increasing the use of renewable energy sources and ensuring sustainable rehabilitation of sewerage networks
- 
- NM2. Ensure wastewater treatment requirements are met and the environment is not degraded
- 
- NM3. Ensure efficient use of water resources and sustainable renewal of water networks
- 
- NM4. Develop access to centralised water management services
- 
- NM5. Increase customer satisfaction
- 
- NM6. Raise public awareness of environmental protection, promoting research, digitisation and innovation
- 
- NM7. Ensure the wellbeing, motivation and professionalism of employees
- 
- NM8. Assessment of the level of corporate responsibility

## Financial targets

### Financial stability

DSCR **>1.2**

Equity ratio **>35 %**

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

### Investment policy

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

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

### Quality of receivables

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

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

## Allocation of reduced and retained dividends

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

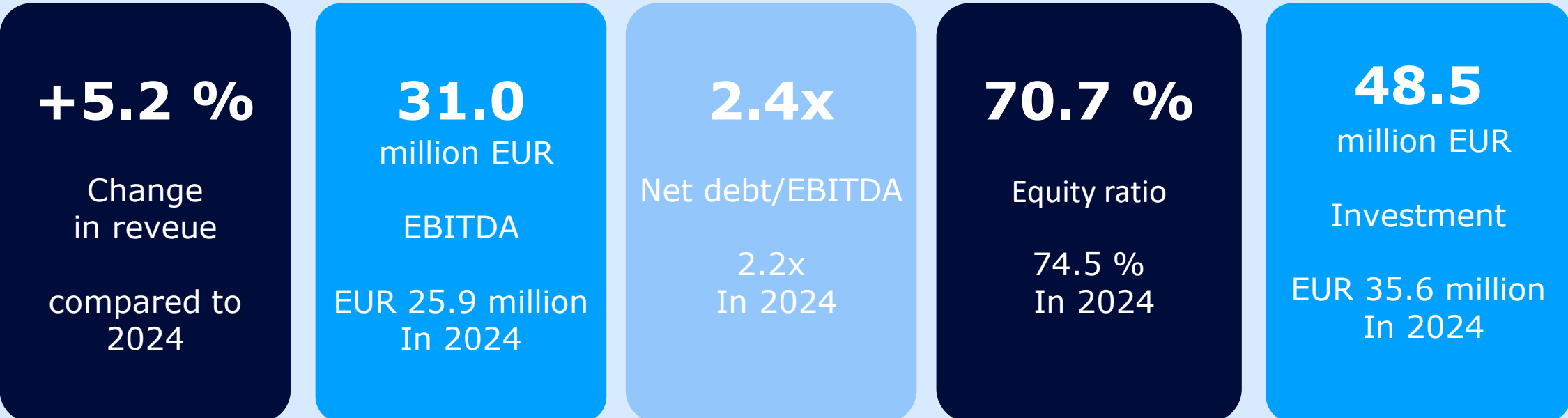
Retain **30 %** and allocate it for the development of centralised water supply and sewer systems in **Dārziņi** (*RCC decision in 2024*).

# Key performance indicators

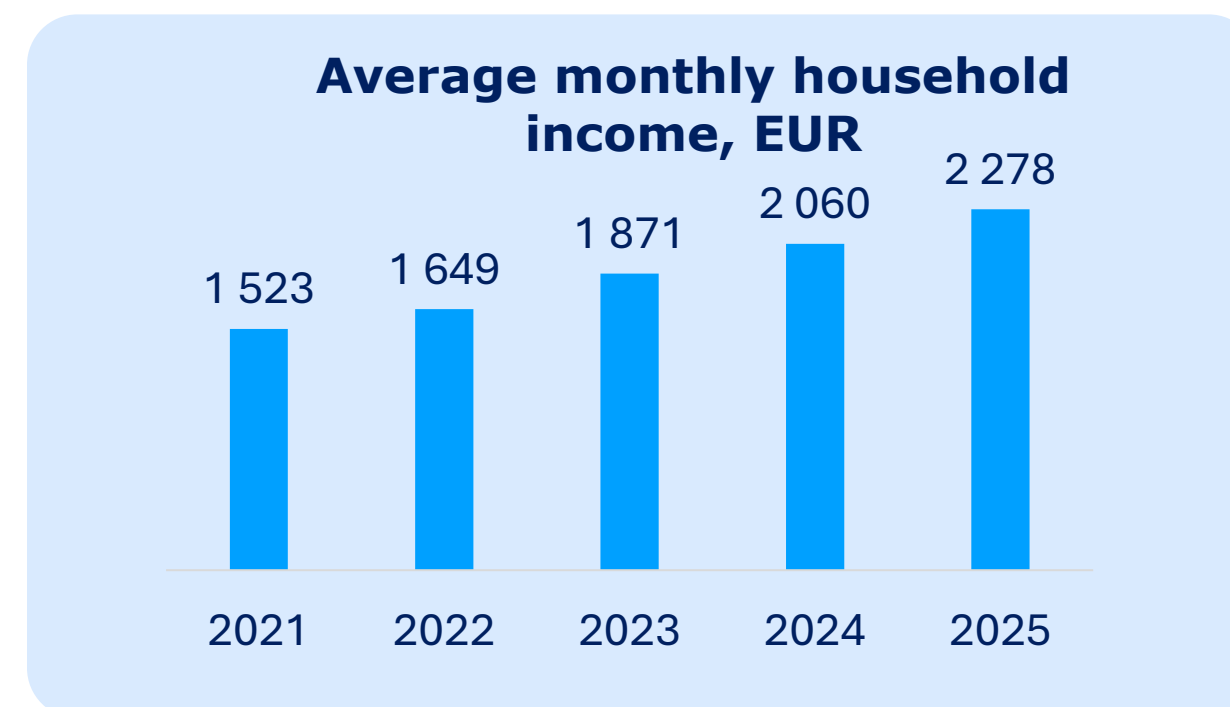
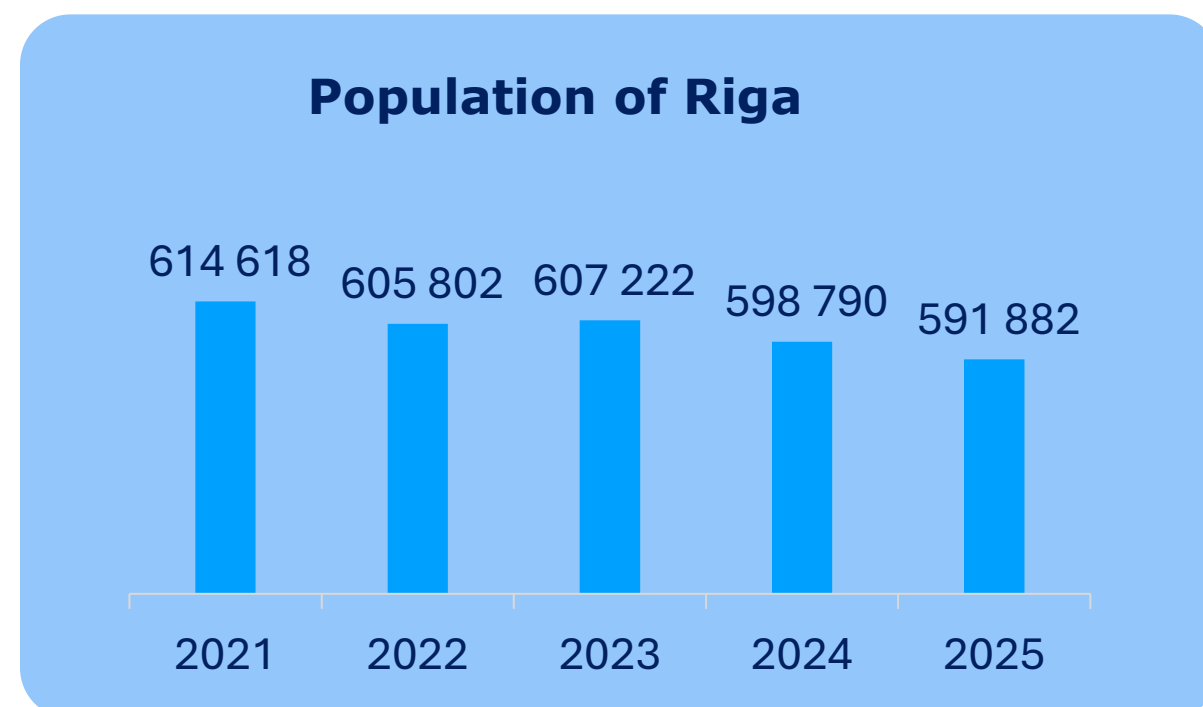
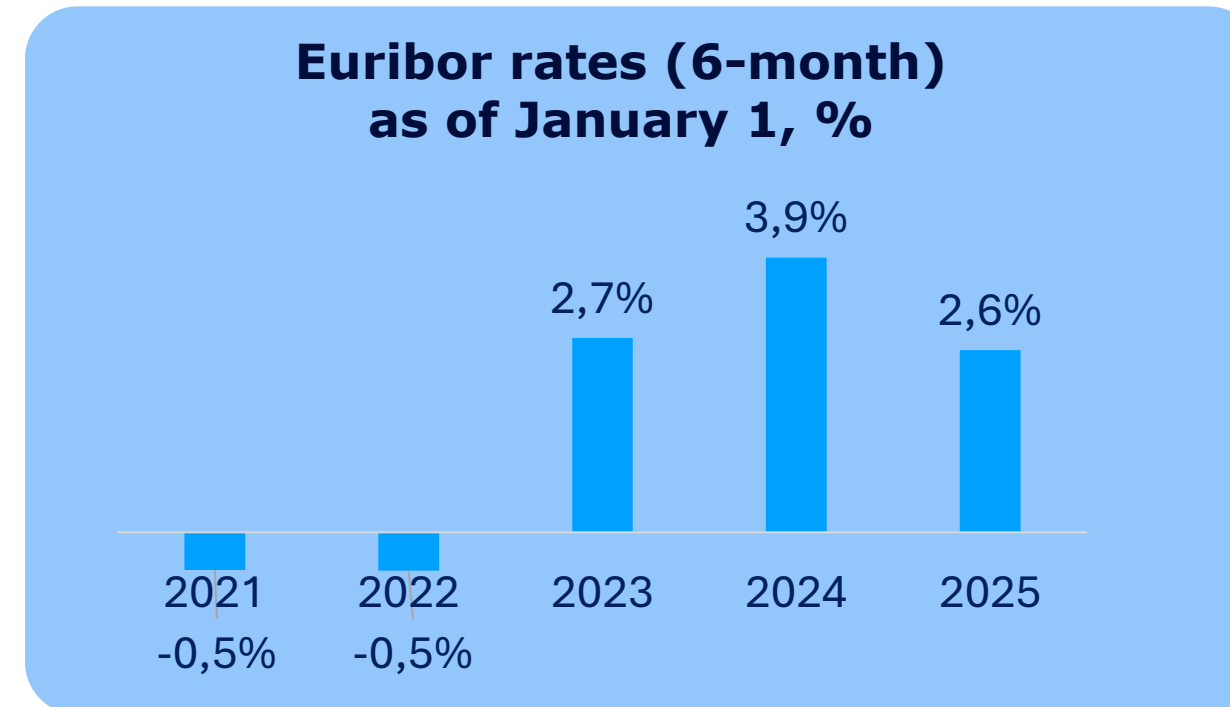
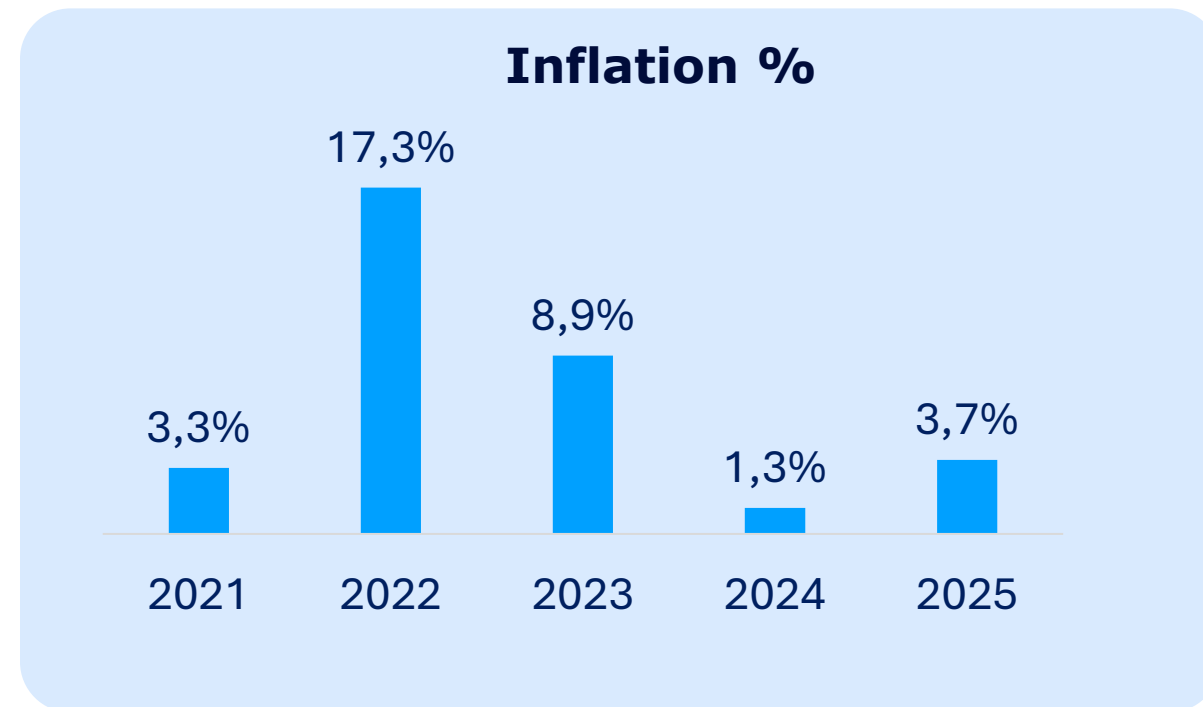
## Business results



## Financial results

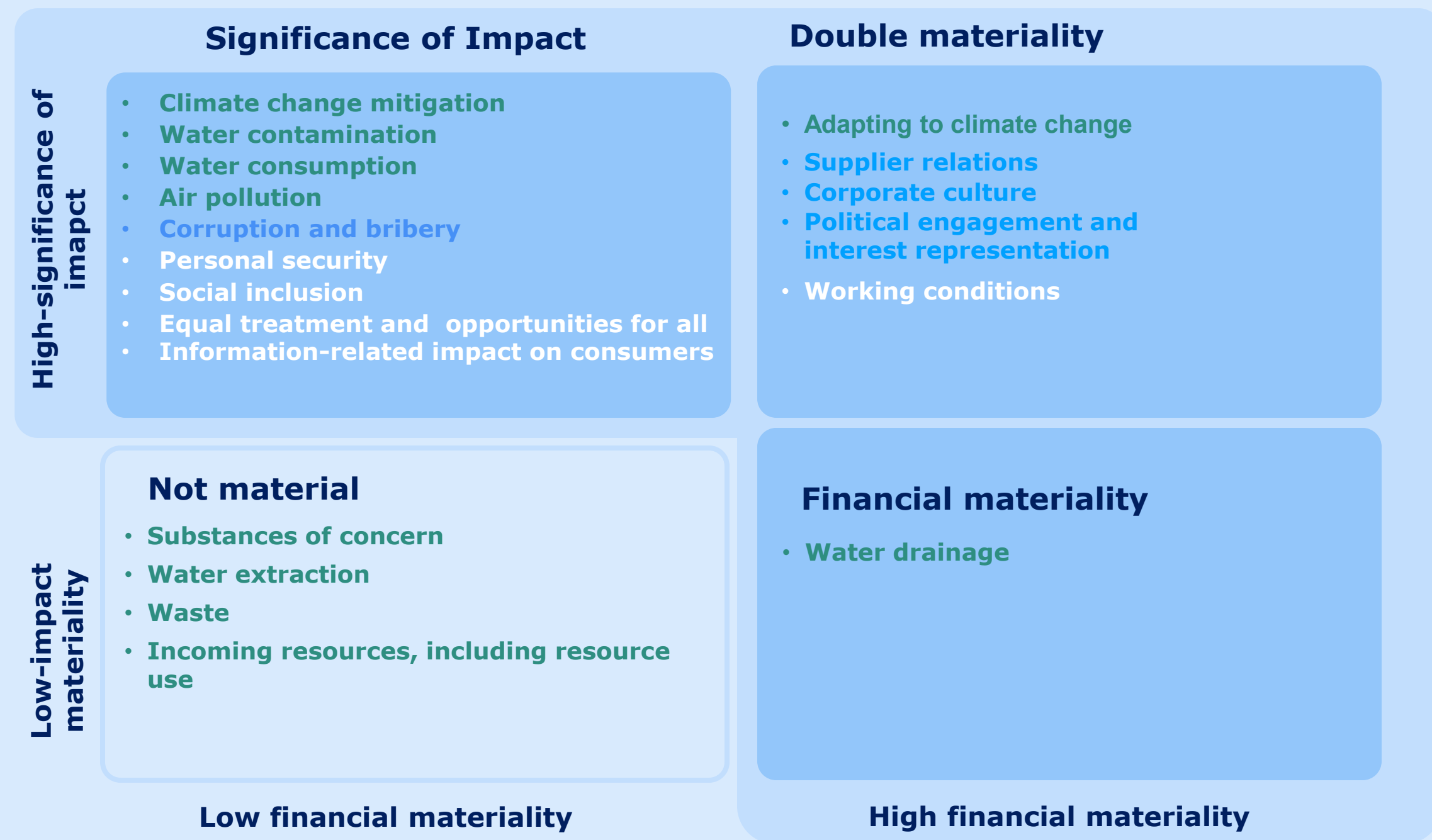


# Key macroeconomic and social impact factors



# Key sustainability events

# Double materiality matrix of *Rīgas ūdens*



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

# Environment

## E1 Climate change, E2 Pollution



### Climate risk analysis

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

**Goal: strengthen system resilience in emergencies**



### Reduction of GHG emissions

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

**Goal: reduction in CO<sub>2</sub> emissions as per roadmap**



### Reduction of untreated wastewater discharges

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

**Goal: <2 % overflow, >98 % treated wastewater**



### Minimisation of odour emissions and noise

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

**Goal: mitigation of environmental impact**

**-5.31 %**

Total Scope 1 and 2  
GHG

24,521 tCO<sub>2</sub>e

**24,851**

tCO<sub>2</sub>e

Estimated Scope 3  
GHG emissions  
Baseline value

**9.3 km**

Renovated  
sewer pipeline

7.1 km in 2024

**+408**

residents

Additional  
availability

+349 residents  
in 2024

# Environment

## E3 Water and marine resources



### Water loss reduction plan design

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

**Goal: early detection of water leaks and data quality improvements**



### Water Safety Plan

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

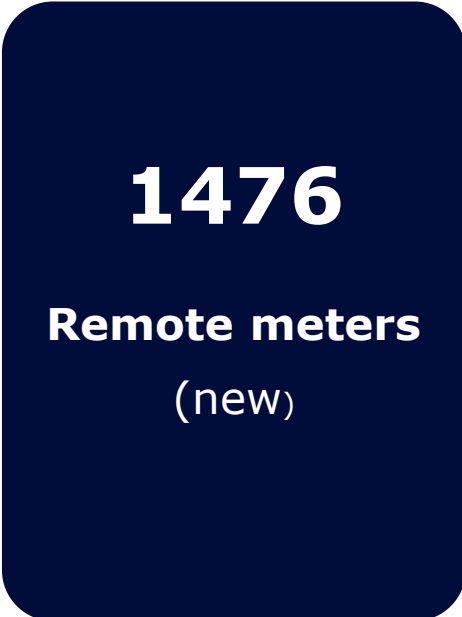
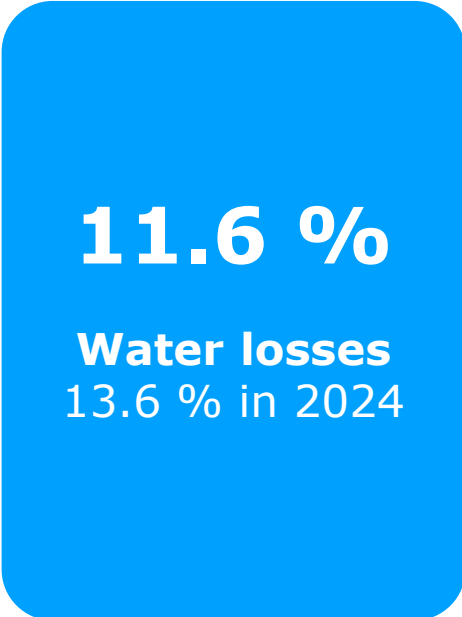
**Goal: ensure quality, reduce water supply disruptions and losses**



### Water resource protection

- Hydrogeological Groundwater Resource Assessment
- ISO 14001 yearly audit

**Goal: water resource protection and efficient use**



# Employees

## S1 Own staff



### On-boarding programme

- Quarterly New Employee Day event
- Mentoring programme

**Goal: retain and motivate young talents**



### Competence-based focus

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

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



### Fair and motivating remuneration system

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

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



### Improvements in the working environment

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

**Goal: ensure the well-being of employees**

**88 points**

**Engagement index**  
25 eNPS

(+8 points vs market)

**30 h**

**Average training hours**

11 h in 2024

**90 %**

**Clarity on wage calculation**

**92 %**

**Satisfied with working environment**

89 %  
In Y2024

# Customer service improvements

## S4 Consumers and end-users



### Remote water consumption metering (telemetry)

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

**Goal: improve data quality and operating efficiency**



### Modernised customer portal

- Activities based on customer experience audit

**Goal: simplify navigation and improve accessibility for people with special needs**



### Simplified requirements

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

**Goal: faster, more convenient communication and improved document flow**



### Automated communication

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

**Goal: improve receivables management and encourage active customer feedback**

93 %

Customer satisfaction level

New CSAT score  
LV average 88 %

11.4 %

Customer engagement

Target value >10 %  
5.9 % in 2024

10 days

Signing of contracts

Up to 20 days in  
2024

90 %

Customer portal users

87 % in 2024  
2030 target >95 %

# Improved governance documents



**Sustainability and responsibility**

Sustainability and responsible business policy

Supplier Code of Conduct

Procurement and Outsourcing Policy\*

**ENVIRONMENT**



**People and cooperation**

Remuneration and human resources policy

Code of ethics\*

Privacy notice

**SOCIAL AREA**



**Governance and integrity**

Conflict of interest, corruption risk prevention and whistleblowing policy\*

Corporate governance policy\*

Internal control, compliance and risk management policy

**GOVERNANCE**

**Multiple internal processes improved:**

- Upgraded internal control and risk management system
- Consolidation of data protection and IT security processes
- Investor relations and internal information disclosure guidelines developed

**Achievements:**

- 'Lēciens atklātībā' (Transparency Leap) corporate governance prize by the Bank of Latvia
- 100 Corporate Governance Index score
- A3 Moody's credit rating (reaffirmed)
- Independent *Sustainable Fitch* rating for the Green Bonds programme

\* Approved at the 24.02.2026 meeting of the Supervisory Board

# Financial performance

# Profit or loss statement

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

## COMMENTS

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

# Balance sheet

	31.12.2025	31.12.2024
	EUR	EUR
<b>Active</b>		
<b>Long-term investments</b>		
Intangible investments	838,003	754,354
Fixed assets	710,179,058	688,379,459
Right-of-use assets	1,246,503	775,716
<b>Total long-term investments:</b>	<b>712,263,564</b>	<b>689,909,529</b>
<b>Current assets</b>		
Stock	2,920,540	2,628,389
Receivables from contracts with clients	11,423,751	9,738,373
Other receivables	1,203,453	1,202,281
Deferred costs	714,475	517,488
Cash	23,620,519	12,725,465
<b>Total current assets before long-term assets held for sale:</b>	<b>39,882,738</b>	<b>26,811,996</b>
Long-term assets held for sale	-	531,245
<b>Total current assets</b>	<b>39,882,738</b>	<b>27,343,241</b>
<b>Total assets</b>	<b>752,146,302</b>	<b>717,252,770</b>

1.2

Liquidity

0.9 in 2024

73.9

Million EUR

Net debt  
EUR 55.7 million  
In 2024

48.5

Million EUR

Investments  
EUR 35.6 million  
In 2024

## Liabilities

### Equity:

Share capital (fixed capital)

Non-current investment revaluation reserve

Retained profit

### Total equity:

### Payables:

#### Long-term payables:

Bonds and loans from credit institutions

Lease liabilities

Advance payments received

Trade payables

Accruals

Deferred income

Other payables

#### Total long-term payables:

#### Short-term payables:

Bonds and loans

Lease liabilities

Advance payments from clients

Trade payables

Taxes, state social insurance contributions

Other payables

Deferred income

Accrued liabilities

Accruals

#### Total short-term payables:

#### Total payables:

#### Total liabilities

31.12.2025	31.12.2024
EUR	EUR
127,686,123	127,686,123
327,980,524	342,630,489
76,430,102	63,707,026
<b>532,096,749</b>	<b>534,023,638</b>
90,389,249	62,442,922
1,045,347	622,943
2,246,635	-
2,178,666	1,841,889
1,403,415	1,291,130
88,233,620	85,648,327
92,257	-
<b>185,589,189</b>	<b>151,847,211</b>
7,179,101	5,933,945
257,387	195,868
1,434,366	3,180,404
4,626,987	4,560,494
2,063,572	2,082,613
1,259,645	1,181,313
2,495,976	3,711,722
13,545,881	8,785,469
1,597,449	1,750,093
<b>34,460,364</b>	<b>31,381,921</b>
<b>220,049,553</b>	<b>183,229,132</b>
<b>752,146,302</b>	<b>717,252,770</b>

# Operating revenues +5.2 %

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



## Water supply services

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



## Sewer services

Riga's residential sector accounts for 61.6 % of the total consumption, showing a slight increase of 0.11 % due to new customer connections. Increase in decentralised wastewater amounts observed, although these take up a relatively small share. Meanwhile, Jūrmala's wastewater collection showed a drop. The total amount collected outside Riga account for some 10 % of the total (m<sup>3</sup>).

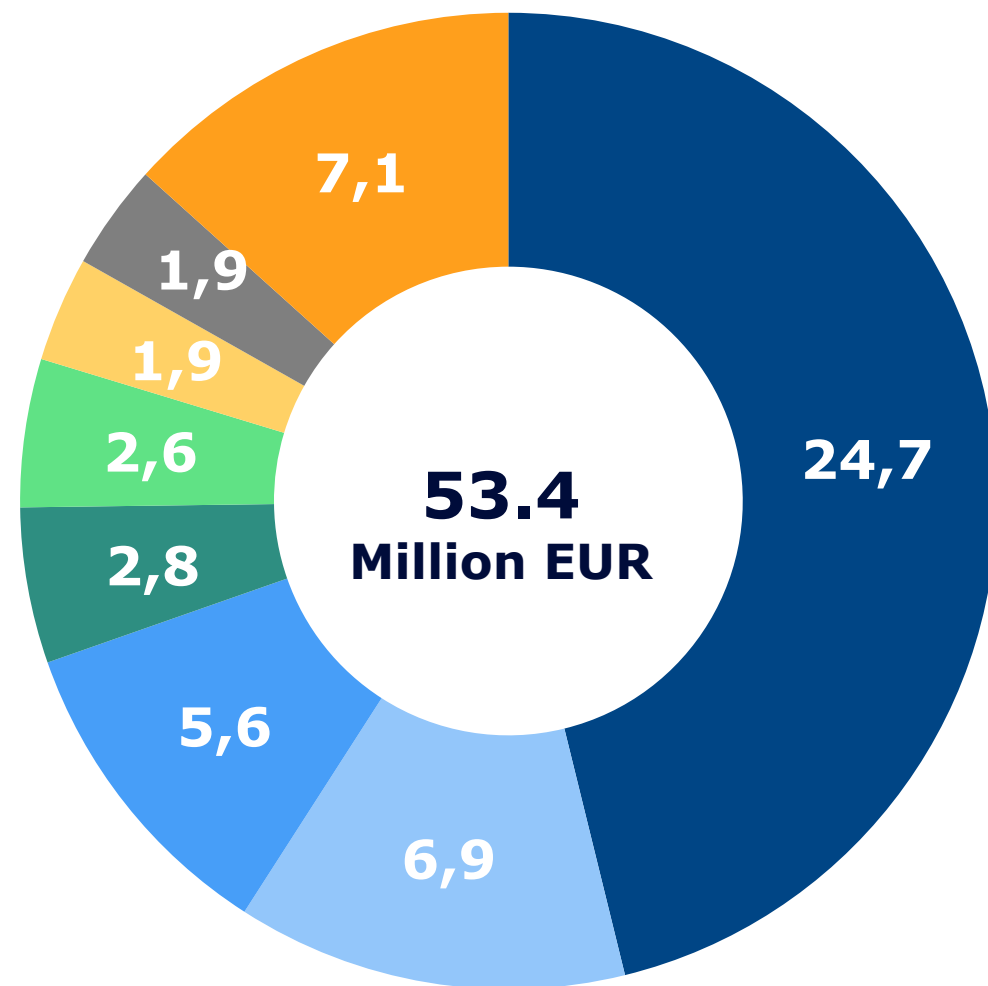


## Construction services income (non-core activity)

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

# Operating expenses (OPEX) - 6.2 %

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



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

YoY -2.1 % or EUR -0.5 million

YoY -35.7 % or EUR -3.8 million

YoY -7.9 % or EUR -0.5 million

YoY +7.0 % or EUR +0.2 million

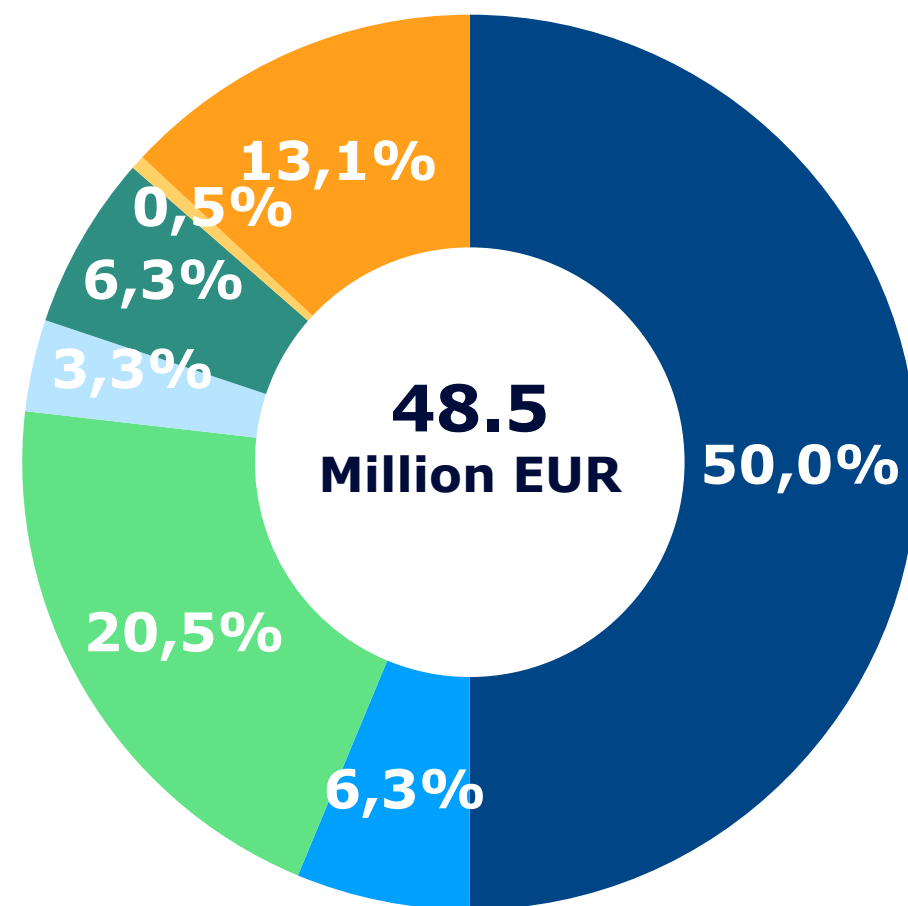
YoY +8.8 % or EUR +0.2 million

YoY -4.3 % or EUR -0.08 million

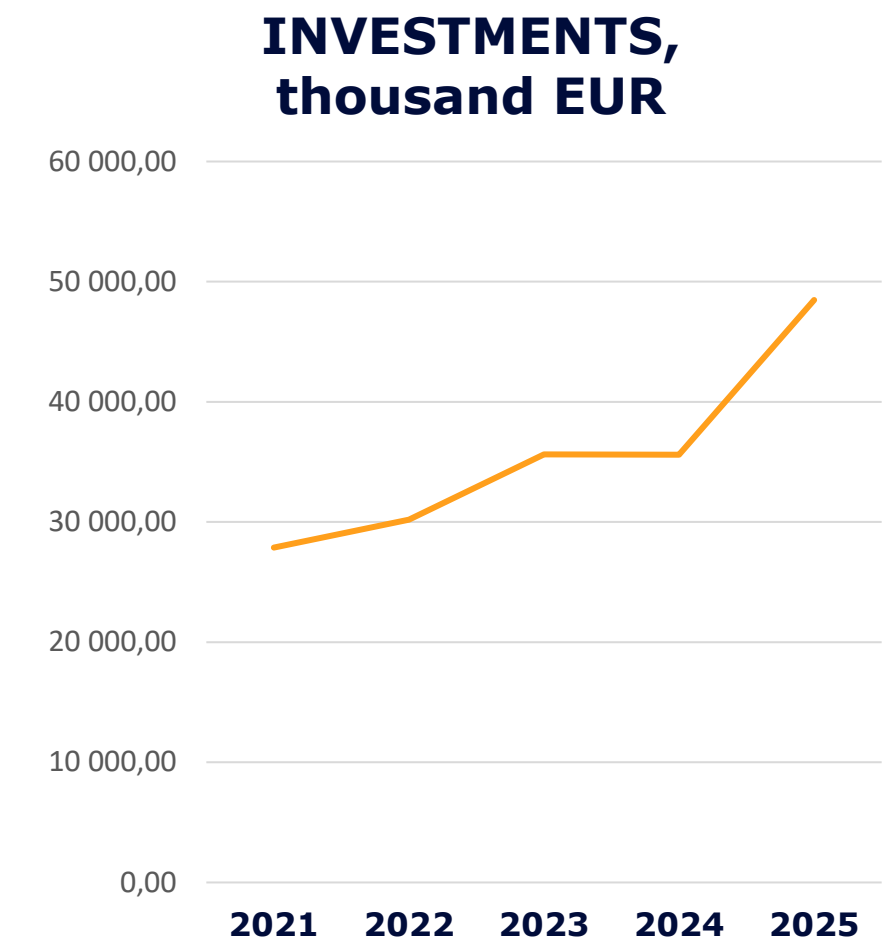
YoY -2.5 % or EUR -0.05 million

YoY +18.1 % or EUR +1.1 million

# Investment focus areas in 2025



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



# Utilisation of bonds

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

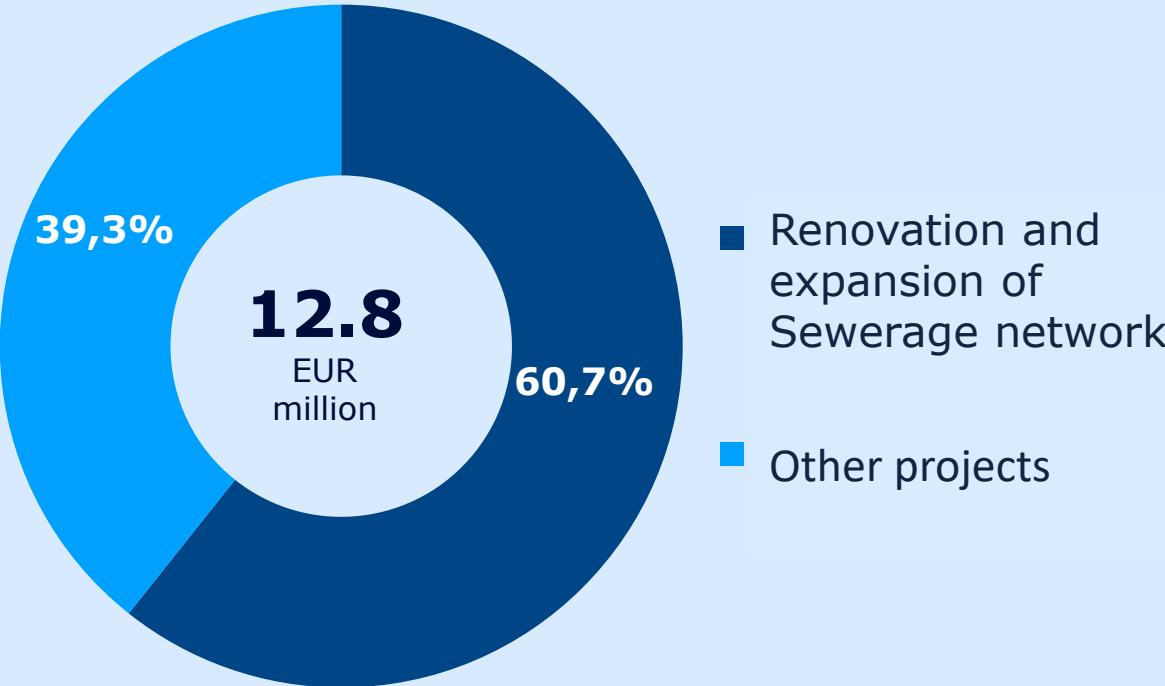
The funds raised using the first bond package issued are allocated to the renovation and expansion of sewer pipelines, as well as the modernisation of the Daugavgrīva biological wastewater treatment plant, the largest of its kind in the Baltics.

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

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

**Key projects:**

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



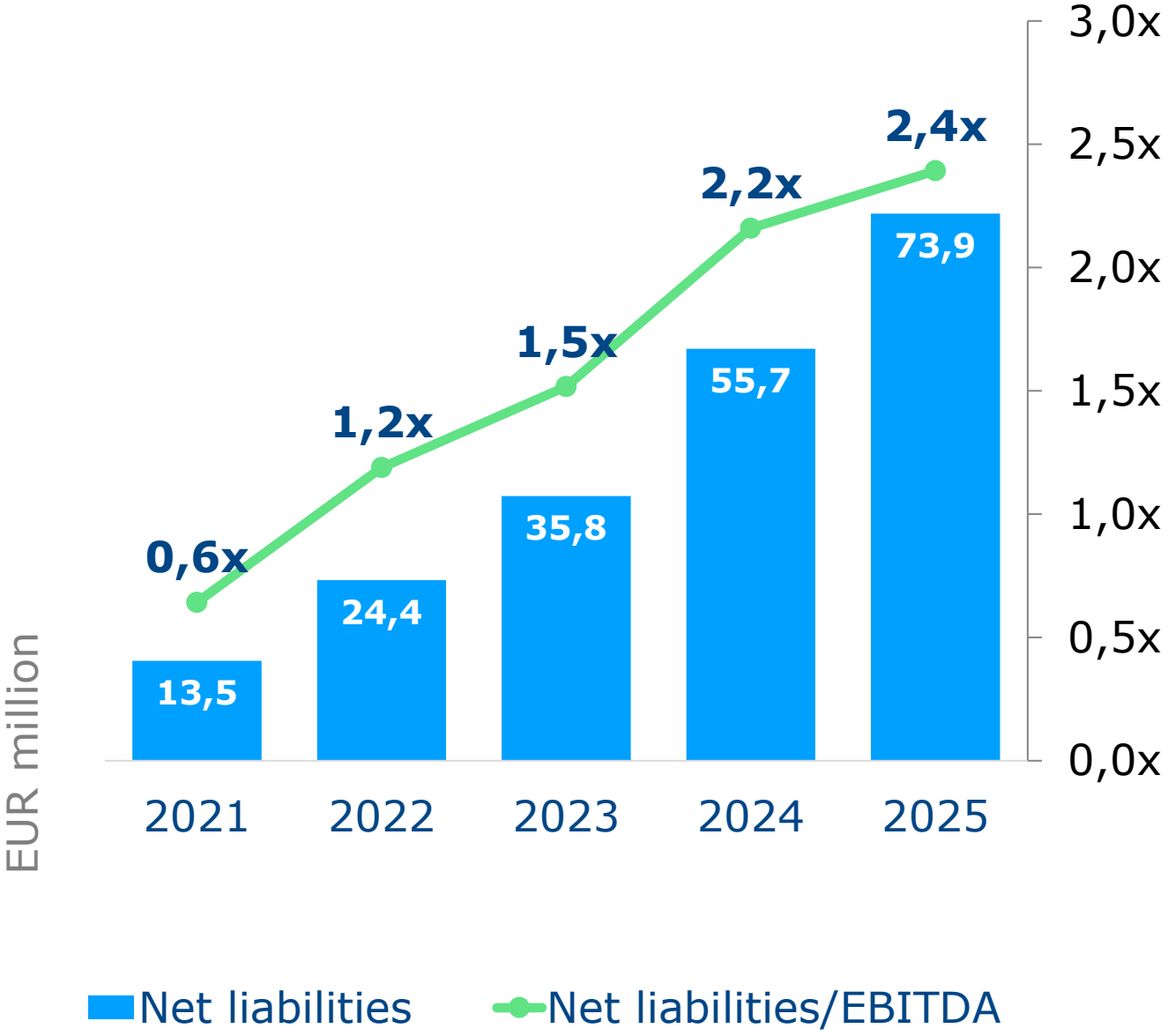
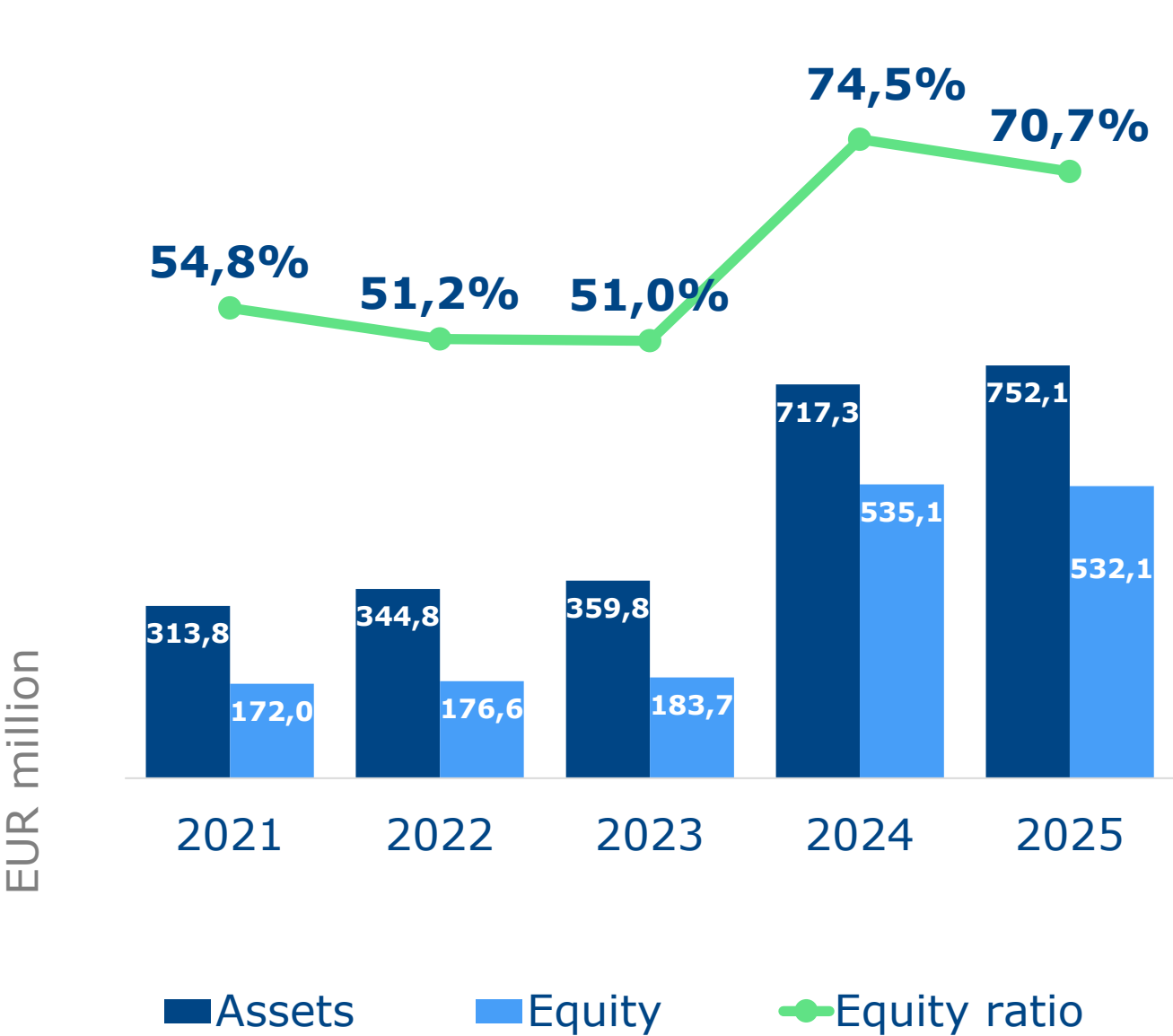
**20.0 mio EUR**



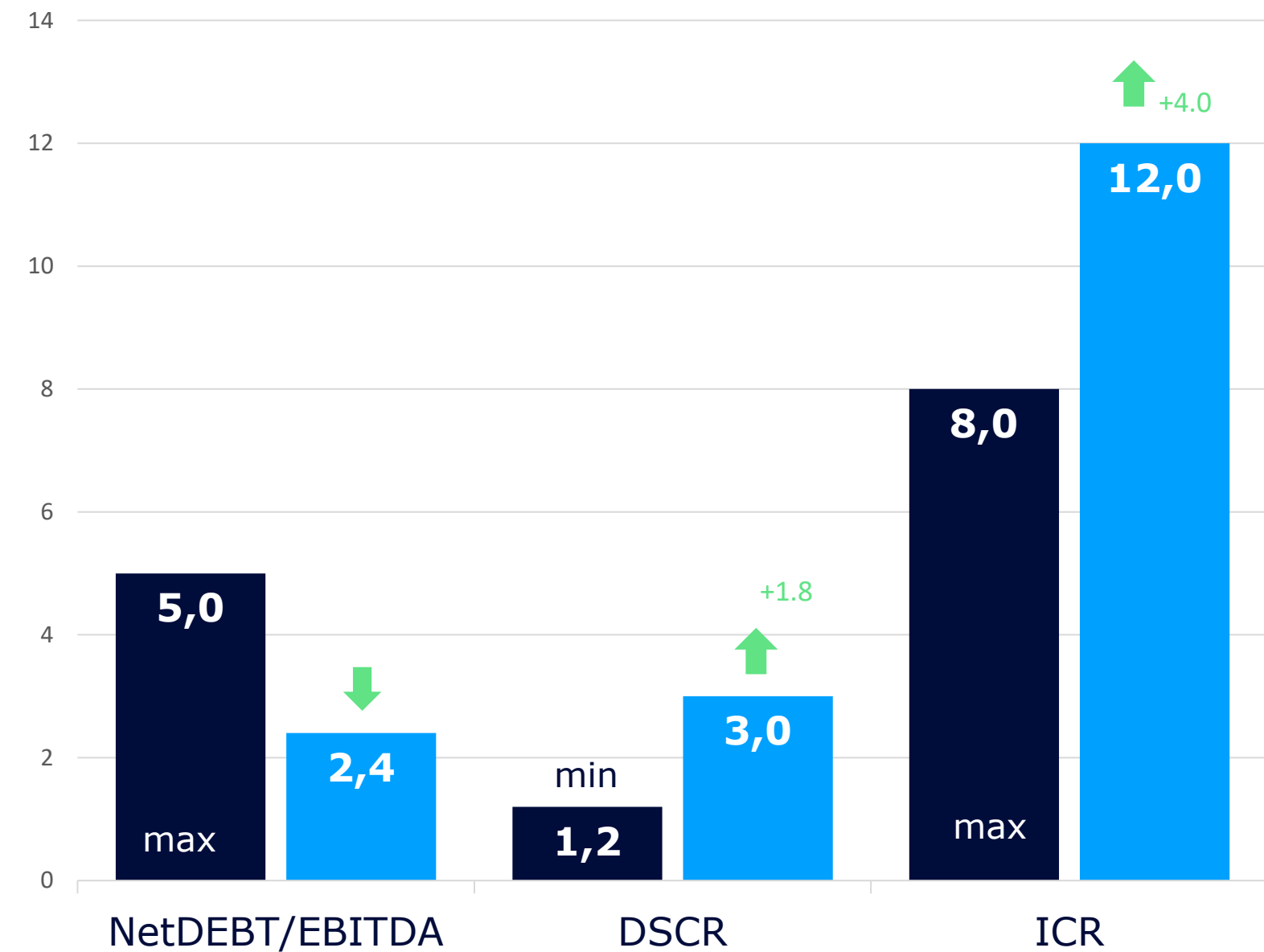
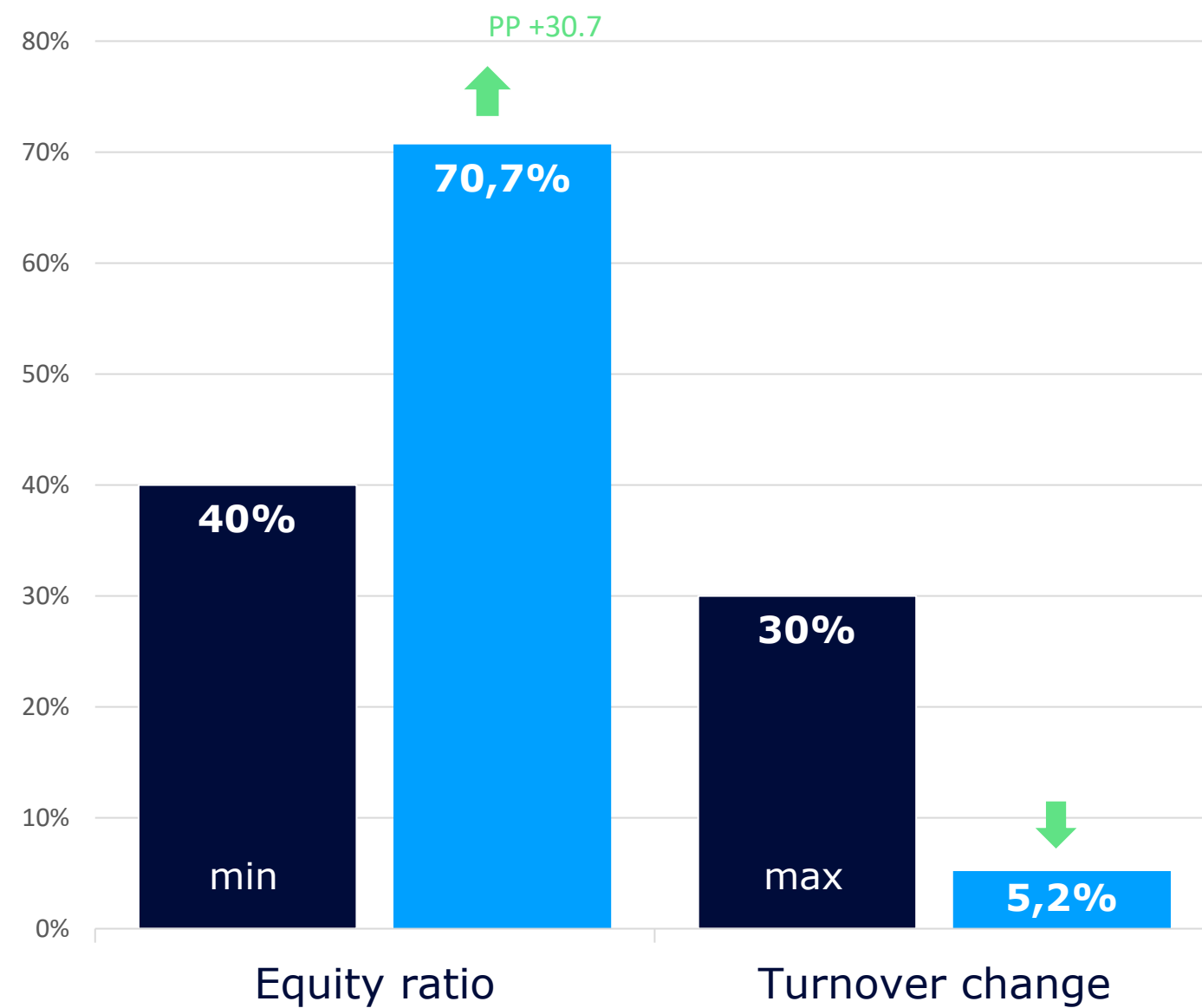
**Bonds, EUR million**



# Equity and leverage level



# Performance indicators for bank borrowings



■ Contractual covenants ■ Actual performance

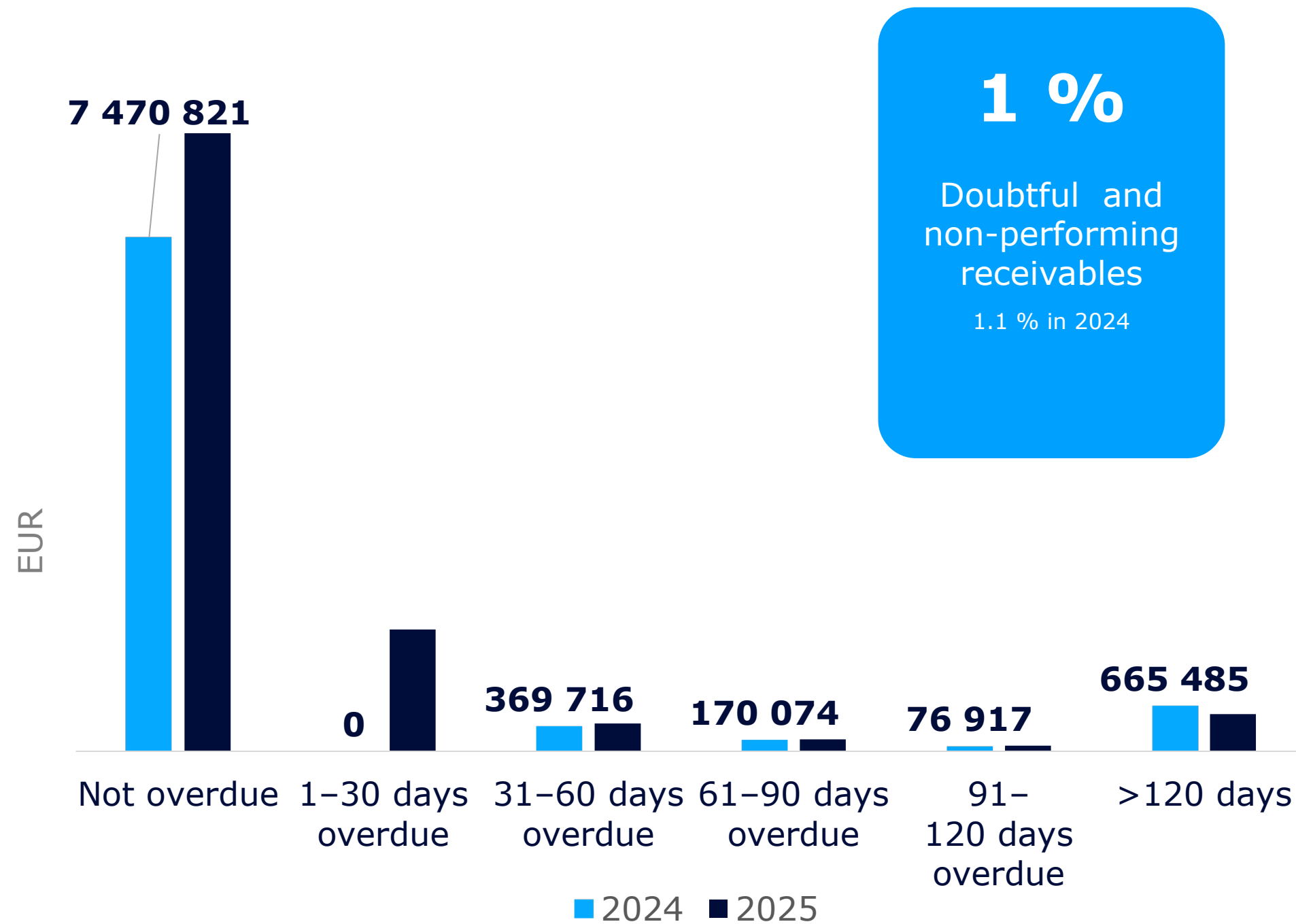
# Credit rating

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

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

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

# Receivables portfolio quality

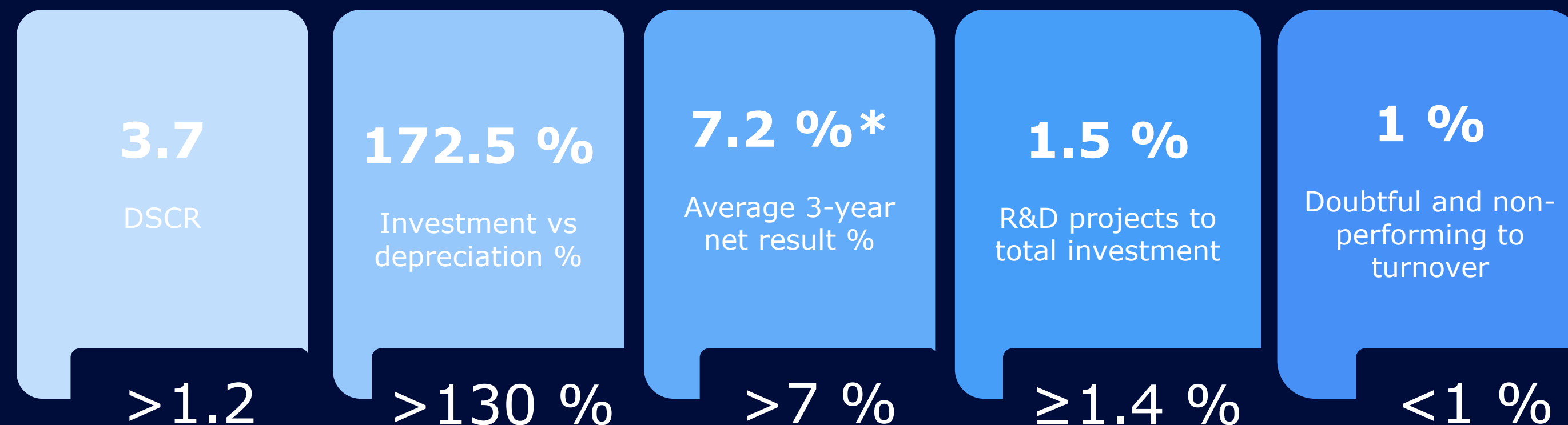


## Comment

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

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

# Financial target achievement



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

# Strategic focus areas in 2026

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

# Thank you!


**SIA Rīgas ūdens**

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