

# AS TALLINNA VESI

Consolidated Interim Report for the 3<sup>rd</sup> quarter of 2024

1 November 2024



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Field of activity	Production, treatment and distribution of water, stormwater and wastewater disposal and treatment

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## MANAGEMENT REPORT

In the third quarter of 2024, we continued to provide high-quality water supply and sewerage services and carried out investment projects to ensure the sustainability of our services. During the quarter, the company pumped 7.04 million m<sup>3</sup> of clean drinking water into the distribution network and treated nearly 11.11 million m<sup>3</sup> of wastewater.

In the third quarter, financial results were positively impacted by the implementation of the new price for water services on 1 July 2024. Tallinna Vesi's third-quarter sales were €16.22 million, 3.9% more than in the same period last year.

### Sales from water services

In the main service area of Tallinna Vesi, sales from water services sold to business customers in the third quarter of 2024 were €4.15 million, which is 3% less than the year before. Sales from water services provided to private customers in the third quarter amounted to €7.15 million, which is 19% higher than in the same quarter last year. At the end of May, the Competition Authority approved the application to change the price for water services submitted in September 2023, due to increased investment needs and the obligation under the Public Water Supply and Sewerage Act to move towards a harmonized price for water services for private and business customers (by 1 July 2026).

The company's operating profit for the third quarter was €5.13 million, remaining at the same level as the year before (€5.10 million). Operating profit was impacted by an increase in the cost of securing the service and maintaining the infrastructure, as well as costs related to construction services. Net profit was €3.93 million, which is €0.12 million less than in the same period of the previous year. The change in net profit was mainly driven by the increase in interest costs.

### High quality water and sewerage services

**During the third quarter of 2024, we continued to provide reliable water and sewerage services**, as demonstrated by the quality indicators that remain at a consistently high level. This year's early summer meant that water temperatures in Lake Ülemiste were high from May to September. This posed a challenge to maintaining high water quality. The quality of tap water during the quarter was excellent, meeting 98.9% of all quality requirements. During the third quarter, 706 water samples were taken.

Clean tap water has been ensured by the efficient water treatment process and regular monitoring of the water network, as well as ongoing preventive maintenance activities and timely investments.

In 2024, ice pigging technology is mainly being used to maintain water pipes. In the third quarter, we cleaned 32 km of water mains with this technique. Ice pigging which is currently unique in the Nordic countries is a pipe cleaning technology in which an ice slurry made of water and table salt is pumped through the pipeline.

In addition, water quality has been supported by investments in water pumping stations in recent years to provide secondary chlorination in various parts of the city. Additional disinfection helps to ensure that the requirements for tap water quality are met at various points across the city where the chlorine levels in the water are normally very low. This is especially important in the summer when the water temperatures in the pipeline get high.

One of our goals is to notify our customers about water interruptions well in advance. In the third quarter of 2024, we notified customers in all cases (100%) at least 1 hour before unplanned water interruption took place.

Thanks to the operational action of our staff, the water interruptions in the third quarter lasted 2 hours and 36 minutes on average. This is 16 minutes better than the year before. To reduce the inconvenience caused by water interruptions, we continue installing additional isolation valves on the water network.

**In the third quarter of 2024, the effluent treated at the Paljassaare Wastewater Treatment Plant met all the requirements in place.** The excellent quality of the treated effluent is demonstrated by pollutant levels well below the limits set by law. During the third quarter of 2024, we took out more than 170 tons of debris, 65 tons of grit, 452 tons of nitrogen, and 61 tons of phosphorus from the wastewater.

In recent years, the treatment plant has seen continuous investment to ensure a sustainable high quality of treatment performance. Planned investments in the treatment plant amount to €8 million in 2024.

## Investments

Tallinna Vesi aims to continue investing to increase the future-proofing of its infrastructure and to ensure the continuity of vital services at prices that consumers can afford. The total capital expenditure planned for 2024 was over €60 million, with some projects to be completed in early 2025. Based on the revised timetables, €50 million of fixed asset investments will be carried out this year, and by the end of the third quarter €33.4 million of investments had been completed.

At the water treatment plant, one of the most important projects is the renovation of the high-speed filters, which is now in the final stages. The preparation of design to upgrade the ozone production technology used in water treatment will continue until the end of 2024.

At the wastewater treatment plant, the main reconstruction of the digesters has been completed and the equipment is being tuned. The reconstruction of the aeration tanks and secondary clarifiers is nearing completion for this year, and we will resume these projects in the spring. The project to expand the fleet of methanol tanks, which will help to improve the continuity of biological treatment, is still being finalised. A new, more advanced and efficient air blower will be commissioned shortly. Preparations are underway to replace the screens at the wastewater treatment plant and to install additional screens at the headworks upstream of the plant.

## Water network rehabilitation

The water loss rate in the distribution network was a good 12.48% in the third quarter. However, this is higher than last year's exceptionally low level. A year ago, the quarterly water loss rate was 9.98%. In order to reduce the rate of water loss and ensure high drinking water quality, it is important to carry on the continuous online monitoring of the distribution network and the timely implementation of the network rehabilitation programme.

By the end of the third quarter, we had rehabilitated and constructed more than 36 kilometres of pipelines, of which more than 16 kilometres were built using environmentally friendly no-dig techniques. We are working closely with the City of Tallinn and other cooperation partners, such as AS Utilitas Tallinn, to carry out as many works as possible at the same time to ensure environmental sustainability and minimise disruption to city life and traffic.

In the third quarter, reconstruction works on important water mains were completed in Tondiloo and Tondimõisa parks, on Masina Street and Järvavana Road. Water pipelines were also completed for the chain houses in the districts of Mustamäe and Lasnamäe, and on Völvi and Liivamäe streets, Kreutzwaldi Street, Suur-Amerika Street, Mäekalda Street, Ao and Eha and Komeedi streets, Sinirebase and Piibri streets, on Putukaväil, Kaarli Boulevard and Koidula Street.

Work continues on Paavli Street, on Lastekodu Street, on Kopli, Metsavahi and Auna streets, on Kolde Boulevard, on Jaama and Raudtee streets, on Vana-Pärnu Road, on Toom-Kuninga, Lökke and Veetorni streets, on the viaduct on Kadaka Boulevard and on Pärnade, Tammede and Kaskede boulevards. By the end of the year, we plan to have constructed and rehabilitated a total of 45 kilometres of pipelines.

The stormwater scheme for the Põhja-Tallinn district is now complete and the commissioning of more detailed operational building designs can begin. A separate stormwater scheme for the City Centre district is being prepared. Implementing these projects will help to reduce the risk of flooding during heavy downpours.

## Customer service

By the end of the third quarter, we had installed over 12,800 smart meters, meaning that nearly 57 percent of our customers now have remote water meters. The main advantages of a smart meter include the speed and accuracy of data transmission, but also security and reliability. By 2024, we aim to have 60 per cent of our customers with a smart meter, and by the end of 2026 at the latest, all customers in our service area will have their water meters replaced with smart meters.

We strive to provide our customers and consumers with a reliable service, part of which is the availability of important information about the service and the speed at which the enquiries are answered. In the third quarter of 2024, we responded to written enquiries within 2 days in 99.8 percent of cases, which is two percentage points higher than the year-ago result.

We consider as complaints any enquiries received from customers that indicate dissatisfaction with the company's activities or the quality of the services provided. The aim of this is to gain a better understanding

of the causes of customer dissatisfaction and to prevent complaints more effectively. In the third quarter of 2024, we received a total of 148 customer complaints, which is significantly less compared to the same period a year ago (in 2023, 237 complaints were received). The number of complaints has decreased mainly due to the lower number of breakdowns. In the third quarter of 2024, we did not once fail to keep our promises to customers.

### Partnerships

Throughout the summer, nearly 60 public water taps in Tallinn provided clean drinking water for everyone. In addition, we supported a number of community and sports events, including the Investment Festival, Ironman Tallinn, Tallinn Urban Space Festival, Maritime Festival and Koplifest — just to name those with the largest number of visitors — by providing tanks with fresh water.

In August, we participated for the first time at the Opinion Festival, where, under our leadership, a discussion on sustainable consumption took place on the stage of “Energetic Economy”. In the same month, a sporting event with a long tradition took place by Lake Ülemiste — the 52nd run around Lake Ülemiste hosted by Tallinna Vesi.

As a supporter of the Estonian Paralympic Committee, we wholeheartedly cheered for the Estonian paralympic athletes at the Paralympic Games in Paris, which took place from 28 August to 8 September.

As a result of the co-operation project with the students from the Estonian Academy of Arts, pieces of eye-catching street art were designed and produced that now decorate the facades of the four pumping stations operated by the company.

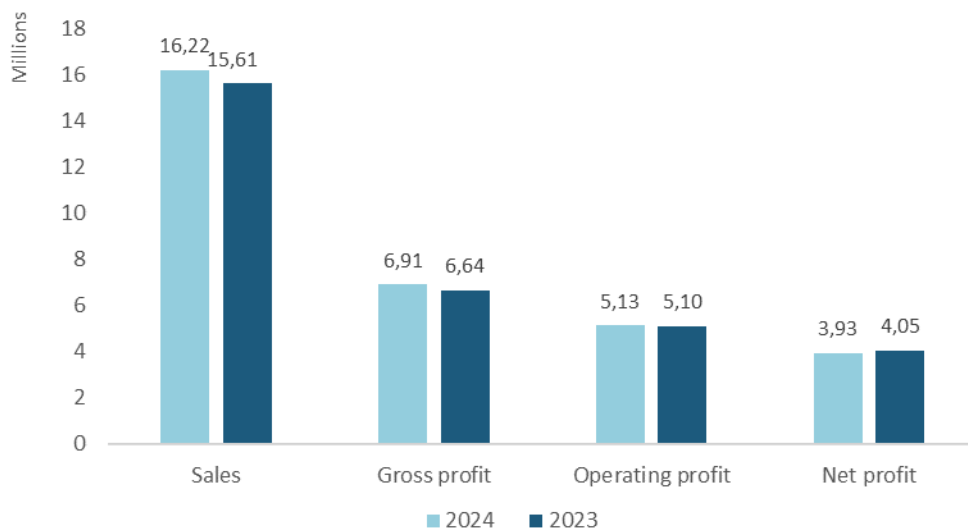
## OPERATIONAL PERFORMANCE FOR THE THIRD QUARTER OF 2024

Performance indicator	Unit	2024 9 months	2023 9 months	2024 III quarter	2023 III quarter
<b>Drinking water</b>					
Compliance of water quality at the customer’s tap	%	99.6%	99.9%	98.9%	99.8%
Water loss rate in the distribution network	%	14.01%	13.47%	12.47%	9.98%
Average duration of water interruption per property	h	2.50	2.56	2.36	2.52
<b>Wastewater</b>					
Number of sewer blockages	pc	331	426	80	97
Number of sewer collapses	pc	49	52	19	13
Compliance of treated effluent with environmental requirements	%	100%	100%	100%	100%
<b>Customer service</b>					
Number of customer enquiries	pc	22,397	25,759	6,947	9,008
Responding to written enquiries at least within 2 working days	%	99.6%	97.6%	99.8%	97.8%
Number of failures to keep Promises to Our Customers	pc	0	2	0	2

## FINANCIAL RESULTS OF THE 3<sup>rd</sup> QUARTER OF 2024

The latest forecast from **Eesti Pank** finds that the economy has started to grow again, but that it will do so slowly. The economy will shrink a little overall on average for the year but will grow by around 2% next year and 3% in 2026. Inflation will remain at 3.5–4% this year and in the next two years, as tax rises will raise inflation in the short term.

The inflation is also reflected in the company's results. The turnover has increased in the 3<sup>rd</sup> quarter by €0.60 million compared to the same period of the previous year. Due to the increase of loan expenses and income tax on dividends the profit has decreased by 3.1% or €0.12 million, being 3.93 million in the 3<sup>rd</sup> quarter of 2024.



## MAIN FINANCIAL INDICATORS

€ million except key ratios	3rd quarter			2024/ 2023	9 months			Variance 2024/ 2023
	2024	2023	2022		2024	2023	2022	
Sales	16.22	15.61	13.48	3.9%	46.71	45.62	38.53	2.4%
Gross profit	6.91	6.64	3.58	4.0%	19.30	18.16	12.38	6.3%
Gross profit margin %	42.60	42.54	26.53	0.1%	41.32	39.80	32.12	3.8%
Operating profit before depreciation and amortisation	7.28	7.12	4.15	2.2%	19.99	19.23	13.49	4.0%
Operating profit before depreciation and amortisation margin %	44.86	45.57	30.80	-1.6%	42.81	42.15	35.00	1.5%
Operating profit	5.13	5.10	2.44	0.7%	13.71	13.30	8.52	3.1%
Operating profit - main business	4.78	4.72	2.06	1.4%	13.12	12.44	7.81	5.4%
Operating profit margin %	31.63	32.64	18.07	-3.1%	29.36	29.15	22.12	0.7%
Profit before taxes	4.07	4.20	2.32	-3.2%	10.51	11.13	8.21	-5.6%
Profit before taxes margin %	25.07	26.90	17.24	-6.8%	22.51	24.40	21.30	-7.8%
Net profit	3.93	4.05	2.22	-3.1%	9.13	9.87	6.05	-7.4%
Net profit margin %	24.23	25.96	16.44	-6.7%	19.55	21.63	15.70	-9.6%
ROA %	1.33	1.54	0.89	-13.2%	3.12	3.79	2.40	-17.6%
Debt to total capital employed %	61.82	57.42	56.37	7.7%	61.82	57.42	56.37	7.7%
ROE %	3.45	3.62	2.06	-4.8%	7.84	8.77	5.41	-10.7%
Current ratio	0.83	1.09	1.59	-23.9%	0.83	1.09	1.59	-23.9%
Quick ratio	0.78	1.03	1.52	-24.3%	0.78	1.03	1.52	-24.3%
Investments into fixed assets	15.38	12.40	7.93	24.0%	33.42	22.84	15.66	46.3%
Payout ratio %	-	79.41	78.52		-	79.41	78.52	

*Gross profit margin – Gross profit / Net sales*

*Operating profit margin – Operating profit / Net sales*

*Operating profit before depreciation and amortisation – Operating profit + depreciation and amortisation*

*Operating profit before depreciation and amortisation margin – Operating profit before depreciation and amortisation / Net sales*

*Net profit margin – Net profit / Net sales*

*ROA – Net profit / Average Total assets for the period*

*Debt to Total capital employed – Total liabilities / Total capital employed*

*ROE – Net profit / Average Total equity for the period*

*Current ratio – Current assets / Current liabilities*

*Quick ratio – (Current assets – Stocks) / Current liabilities*

*Payout ratio – Total Dividends per annum/ Total Net Income per annum*

*Main business – Water services related activities, excl. connections profit and government grants, construction services, doubtful receivables*

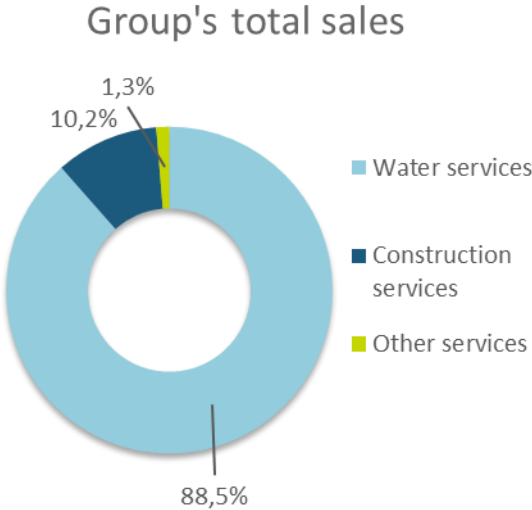
# STATEMENT OF COMPREHENSIVE INCOME

## SALES

The revenues from the main activities, i.e., sales of water and wastewater services in the 3<sup>rd</sup> quarter of 2024 were impacted by consumption and the price change effective from 01/07/2024. Given the stability of the company's business and the Estonia's macroeconomic forecast, we do not expect any increase in the sales of our water services in 2024. Consequently, the company does not foresee any significant changes in the consumption of water services in the long run.

The Competition Authority approved the new prices for water services in the Tallinn, Saue and Maardu areas, which became effective as of 01/07/2024. Tallinna Vesi submitted the application to change the components of the water price, which had remained unchanged for four years, in September 2023, in line with the investment needs to improve the continuity of the water infrastructure and the new legal obligation to equalize the water price for private and business customers.

The 2024 pricing decision was affected by all pricing components. Regulated depreciation and profitability have increased due to increased investment in recent years. RAB has increased from €173.2 million to €222.3 million. Due to the increased cost of capital, regulated WACC (%) has increased by 82 bps, up to 6.28%. Operating costs have increased by €2.2 million, or 7.9% when compared to the 2022 pricing decision. This reflects the overall changes in the prices of energy, products, and services. On an annual basis, the above has resulted in an increase in regulated revenues by €8.6 million (or +19.3%) compared to the 2022 decision. The change in the price for regulated water services was applied from 1 July, resulting impact on regulated revenues in the second half of 2024 amounts to ca +€1.6 million when compared to the first half of 2024.



In the 3<sup>rd</sup> quarter of 2024, the **group's total sales** were €16.22 million, up 3.9% or €0.60 million compared to the same period of the previous year, when sales were €15.61 million. Sales from water services both inside and outside the main service area accounted for 88.5% of the total sales, 10.2% of the sales came from construction services and 1.3% from other services.



€ thousand	Quarter 3			Variance 2024/2023	
	2024	2023	2022	€	%
Water supply service	3,303	2,420	1,952	883	36.5%
Wastewater disposal service	3,843	3,561	2,888	282	7.9%
<b>Total from private customers</b>	<b>7,147</b>	<b>5,981</b>	<b>4,839</b>	<b>1,166</b>	<b>19.5%</b>
Water supply service	1,935	2,080	2,184	-145	-7.0%
Wastewater disposal service	2,222	2,189	2,154	33	1.5%
<b>Total from business customers</b>	<b>4,156</b>	<b>4,269</b>	<b>4,338</b>	<b>-113</b>	<b>-2.6%</b>
Water supply service	483	411	394	72	17.5%
Wastewater disposal service	1,178	1,037	820	141	13.6%
Stormwater disposal service	30	31	30	-1	-3.2%
<b>Total from outside service area customers</b>	<b>1,691</b>	<b>1,479</b>	<b>1,242</b>	<b>212</b>	<b>14.3%</b>
Stormwater disposal and fire hydrants service	991	2,054	1,039	-1,063	-51.8%
Excess pollution charges and sewer discharge service	365	349	399	16	4.6%
<b>Total from water services</b>	<b>14,350</b>	<b>14,133</b>	<b>11,858</b>	<b>217</b>	<b>1.5%</b>
Construction services	1,657	1,289	1,389	368	28.5%
Other services	210	192	231	18	9.4%
<b>TOTAL REVENUE</b>	<b>16,217</b>	<b>15,614</b>	<b>13,479</b>	<b>603</b>	<b>3.9%</b>

**Sales from water services** were €14.35 million, showing a 1.5% or €0.22 million increase compared to the 3<sup>rd</sup> quarter of 2023, resulting from an increase in tariffs starting from 1 July 2024.

The sales to **private customers in the main service area** increased by 19.5% or € 1.16 million. In the third quarter, the sales to private customers amounted to €7.15 million.

Sales to **business customers in the main service area** decreased by 2.6% or €0.11 million compared to the same period last year. The decrease in sales to business customers was due to the decrease in water tariffs for business customers as of 1 July 2024, resulting from the obligation under the law to harmonize the water price for private and business customers.

The principles for calculating the sales from the **stormwater disposal and fire hydrants service in the main service area** have changed with the price change effective from 1 July. In the third quarter of 2024, the sales from the stormwater and fire hydrant service were €0.99 million, a decrease of 51.8% compared to the same period in 2023. The decrease in sales reflects the change in the regulated pricing principles, under which, as of 1 July, all revenues from the combined sewerage system are now included in the sales from the wastewater collection and treatment service, whereas in previous periods, the stormwater service also included part of the sales from the combined sewerage system. From 1 July onwards, the sales from the stormwater disposal service only include the sales from the separate stormwater system service.

**Sales from construction services** were €1.66 million, increasing by 28.5% or €0.37 million year-on-year. The increase in sales was due to an increase in the volume of pipeline construction work won through tenders and an increase in the volume of road construction contracts.

### **COST OF GOODS AND SERVICES SOLD AND GROSS PROFIT**

**The cost of goods and services sold** amounted to €9.31 million in the 3<sup>rd</sup> quarter of 2024, being higher by 3.8% or €0.34 million compared to the equivalent period in 2023.

€ thousand	Quarter 3		Variance 2024/2023		
	2024	2023	2022	€	%
Water abstraction charges	-318	-308	-323	-10	-3.2%
Chemicals	-711	-717	-571	6	0.8%
Electricity	-1,002	-1,583	-3,050	581	36.7%
Pollution tax	-184	-215	-183	31	14.4%
<b>Total direct production costs</b>	<b>-2,216</b>	<b>-2,823</b>	<b>-4,127</b>	<b>607</b>	<b>21.5%</b>
Staff costs	-2,522	-2,257	-1,908	-265	-11.7%
Depreciation and amortisation	-1,880	-1,765	-1,493	-115	-6.5%
Construction services	-1,341	-938	-1,074	-403	-43.0%
Other costs	-1,350	-1,189	-1,300	-161	-13.5%
<b>Other costs of goods/services sold total</b>	<b>-7,093</b>	<b>-6,149</b>	<b>-5,775</b>	<b>-944</b>	<b>-15.4%</b>
<b>Total cost of goods/services sold</b>	<b>-9,309</b>	<b>-8,972</b>	<b>-9,903</b>	<b>-337</b>	<b>-3.8%</b>

**Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €2.22 million, showing a 21.5% or €0.61 million decrease compared to the equivalent period in 2023. Direct production costs were affected by changes in prices and production volumes as follows:

- **Electricity expenses** decreased by 36.7% to €1.00 million, driven mainly by lower electricity price during the summer period and electricity produced for own consumption at the combined heat and power plant.

**Other costs of goods/services sold** (staff costs, depreciation and amortisation, costs related to construction services and other costs of goods/services sold) increased by 15.4% compared to the same period last year. The changes in costs are as follows:

- **Staff costs** have increased by 11.7% to €2.52 million due to an average 6.2% salary increase and more people employed.
- **Construction services** costs have increased by 43.0% or €0.40 million, to €1.34 million. The increase in construction services costs is directly related to the increase in the sales from construction services.

As a result of all above, the **group's gross profit** for the 3<sup>rd</sup> quarter of 2024 was €6.91 million, showing an increase of 4.0% or €0.27 million, compared to the gross profit of €6.64 million for the comparative period in 2023.

## ADMINISTRATIVE AND MARKETING EXPENSES, OTHER INCOME AND EXPENSES

**Administrative and marketing expenses** increased by 18.6% or €0.27 million compared to the 3<sup>rd</sup> quarter of 2023, amounting to €1.72 million. The change is mainly due to the increase in salary costs and outsourced professional services.

**Other income and expenses** resulted in net loss of €0.06 million compared to net loss of €0.09 million in the comparative period in 2023.

## OPERATING PROFIT

As a result of the factors listed above the **group's operating profit** for the 3<sup>rd</sup> quarter of 2024 amounted to €5.13 million, being 0.7% or €0.03 million higher than in the same period in 2023.

## FINANCIAL EXPENSES

The group's net financial income and expenses have resulted in a net expense of €1.06 million, compared to €0.17 million lower expense in the 3<sup>rd</sup> quarter of 2023. The change was caused by the increased interest costs of loans linked to Euribor and to higher loan balance.

In July and September, additional €5+5 million was withdrawn from NIB loan, that at the end of third quarter resulted in the loan balance of €110 million, with floating interest.

In the 3<sup>rd</sup> quarter of 2024, the average interest rate on loans was 4.65%, amounting to the interest costs of €1.06 million, compared to the effective interest rate of 4.7% and the interest costs of €0.92 million in the 3<sup>rd</sup> quarter of 2023.

## NET PROFIT

The group's net profit for the 3<sup>rd</sup> quarter of 2024 was €3.93 million, being €0.12 million lower than for the comparative period in 2023. The net profit was impacted by changes in operating profit and net financial expenses described above, as well as income tax on dividends in the amount of €1.20 million, which is €0.11 million higher compared to 2023 due to higher dividend payout.

## FINANCIAL RESULTS FOR THE NINE MONTHS OF 2024

### SALES

During the nine months of 2024 the group's total sales were €46.71 million, showing an increase of 2.4% or €1.08 million year-on-year. Sales from water services for nine months of 2024 were €43.06 million, increasing by 3.5% or €1.44 million year-on-year. Sales from water services both inside and outside of the main service area accounted for 92.2% of the group's total revenue, 6.6% of the sales accounted for construction services and 1.2% for other services.

€ thousand	9 months			Variance 2024/2023	
	2024	2023	2022	€	%
Water supply service	8,312	7,355	5,935	957	13.0%
Wastewater disposal service	11,221	10,819	8,803	402	3.7%
<b>Total from private customers</b>	<b>19,533</b>	<b>18,174</b>	<b>14,739</b>	<b>1,359</b>	<b>7.5%</b>
Water supply service	6,277	6,310	6,176	-33	-0.5%
Wastewater disposal service	6,656	6,648	6,244	8	0.1%
<b>Total from business customers</b>	<b>12,933</b>	<b>12,958</b>	<b>12,421</b>	<b>-25</b>	<b>-0.2%</b>
Water supply service	1,245	1,262	1,171	-17	-1.3%
Wastewater disposal service	3,308	3,144	2,588	164	5.2%
Stormwater disposal service	183	156	157	27	17.3%
<b>Total from outside service area customers</b>	<b>4,736</b>	<b>4,562</b>	<b>3,917</b>	<b>174</b>	<b>3.8%</b>
Stormwater disposal and fire hydrants service	4,764	4,865	3,358	-101	-2.1%
Excess pollution charges and sewer discharge service	1,099	1,067	1,001	32	3.0%
<b>Total from water services</b>	<b>43,066</b>	<b>41,627</b>	<b>35,436</b>	<b>1,439</b>	<b>3.5%</b>
Construction services	3,075	3,483	2,449	-408	-11.7%

Other services	566	509	649	57	11.2%
<b>TOTAL REVENUE</b>	<b>46,707</b>	<b>45,619</b>	<b>38,534</b>	<b>1,088</b>	<b>2.4%</b>

During the nine months of 2024, **sales to private customers in the main service area** increased by 7.5% to €19.53 million, driven by an increase in consumption and change in tariffs from 1 July 2024.

**Sales to business customers** decreased by 0.2% to €12.93 million, also as a result of changes in consumption and in tariffs.

Sales to **customers outside the main service area** decreased by 3.8% to €4.74 million, being mainly impacted by decrease in the water supply service revenues.

**Sales from the operation and maintenance of the stormwater and fire hydrants system in the main service area** in the nine months of 2024 amounted to €4.76 million, showing a decrease of 2.1% or €0.10 million compared to the same period in 2023.

**Sales from construction services** were €3.07 million, decreasing by 11.7% or €0.41 million year-on-year. The decrease in sales resulted from a lower number of pipe construction services ordered by water companies.

### *COST OF GOODS AND SERVICES SOLD AND GROSS AND OPERATING PROFITS*

	9 months			Variance 2024/2023	
€ thousand	2024	2023	2022	€	%
Water abstraction charges	-960	-954	-968	-6	-0.6%
Chemicals	-2,086	-2,070	-1,591	-16	-0.8%
Electricity	-3,499	-4,768	-6,562	1,269	26.6%
Pollution tax	-693	-684	-670	-9	-1.3%
<b>Total direct production costs</b>	<b>-7,240</b>	<b>-8,476</b>	<b>-9,791</b>	<b>1,236</b>	<b>14.6%</b>
Staff costs	-7,950	-7,129	-6,039	-821	-11.5%
Depreciation and amortisation	-5,505	-5,153	-4,314	-352	-6.8%
Construction services	-2,345	-2,584	-1,839	239	9.2%
Other costs	-4,372	-4,120	-4,173	-252	-6.1%
<b>Other costs of goods/services sold total</b>	<b>-20,172</b>	<b>-18,986</b>	<b>-16,365</b>	<b>-1,186</b>	<b>-6.2%</b>
<b>Total cost of goods/services sold</b>	<b>-27,410</b>	<b>-27,462</b>	<b>-26,157</b>	<b>52</b>	<b>0.2%</b>

During the nine months of 2024, **the cost of goods and services sold** amounted to €27.41 million, being on the same level compared to the equivalent period in 2023. **Total direct production costs** (water abstraction charges, chemicals, electricity, and pollution tax expenses) amounted to €7.24 million, being lower by 14.6% or €1.24 million. Direct production costs were mainly affected by:

- **Costs of electricity** that decreased by 26.6% or €1.27 million resulting in costs worth of €3.50 million, driven mainly by lower average electricity prices and electricity produced for own consumption at the combined heat and power plant.

**Other costs of goods/services sold** (staff costs, depreciation and amortisation, construction services and other costs) amounted to €20.17 million, having increased by 6.2%. The changes in other costs of goods/services sold were mainly driven by an 11.5% or €0.82 million increase in staff cost and a 9.2% or €0.24 million decrease in construction services costs, due to the lower number of pipe construction projects, as described in the third quarter results.

The **group's gross profit** for the nine months of 2024 was €19.30 million, showing an increase of 6.3% or €1.14 million compared to the comparative period in 2023. The **group's operating profit** for the nine months of

2024 recovered to €13.71 million, being 3.1% or €0.42 million higher than in the same period in 2023, mainly due to the optimisation of electricity costs following the launch of the CHP plant.

### FINANCIAL EXPENSES

The **group's net financial income and expenses** have resulted in a net expense of €3.20 million, compared to net expense of €2.16 million in the nine months of 2023. The increase was mainly impacted by higher loan balance and higher interest cost on loans.

### PROFIT BEFORE TAXES AND NET PROFIT

The **group's profit before taxes** for the nine months of 2024 was €10.51 million, being 5.6% or €0.62 million lower than for the same period in 2023. The **group's net profit** for the nine months of 2024 was €9.13 million, being 7.4% or €0.73 million lower than for the equivalent period in 2023, impacted by the €0.11 million higher income tax expense due to higher dividend payout.

## STATEMENT OF FINANCIAL POSITION

In the nine months of 2024, **the group invested into fixed assets** €33.42 million. As of 30/09/2024, non-current tangible assets amounted to €283.03 million, the majority of which in the amount of €212.43 million were pipelines (31/12/2023: €206.04 million). Total non-current assets amounted to €284.46 million (31/12/2024: €257.40 million).

Compared to the year-end of 2023, **the trade receivables, accrued income, and prepaid expenses** at the end of the 3rd quarter have increased to €11.78 million. The collectability rate remains high at 99.86%, similar to 99.78% at the end of December 2023.

**Current liabilities** have increased by €4.53 million to €23.31 million compared to the end of 2023, mainly due to liabilities related to investments.

**Deferred income from connection fees** has increased by €4.88 million compared to the end of 2023, reaching €49.54 million.

**Provision for possible third-party claims** is of the same size as at the end of December 2023, i.e. €6.02 million. More detailed information about the provision is presented in Note 6 to the interim accounts.

**The group's outstanding loans** amount to €110.00 million (31/12/2023: €96.82 million).

The NIB loan taken in 2019 is being repaid in 11 equal semi-annual payments. The average interest rate on outstanding loans as at 30/09/2024 is 4.6%.

The group has **total debt to assets** level of 61.82%, which falls in the range of 54–65%, reflecting the group's equity profile. At the same time in 2023, the total debt to assets ratio was 57.42%.

## EMPLOYEES

We believe it is important to treat our employees equally, involve them in the decision-making process and to inform them regularly. We consider the involvement of our staff in the decision-making process instrumental for them to understand and be able to support the company in its pursuits. Our staff can vary to a large degree in age, nationality, nature of work and in many other aspects. At AS Tallinna Vesi, people work in the offices, on the construction sites and at the treatment plants. We have signed the Diversity Charter to affirm that we respect the diversity of our employees and value the principle of equal treatment, both within our own organization and in society at large. We do this by raising awareness of diversity issues among our employees and ensuring that these principles are respected. This requires us to be resourceful and flexible in our communication with the staff to involve, engage and listen to them. This is done using several means and channels of communication, such as regular staff meetings with the management, regular safety inspections carried out by members of management, digital screens, intranet, monthly newsletters, team events and meetings.

Our everyday work is guided by our values: I am part of the team, I care, I am reliable, I am forward looking.

As a socially responsible company, we value and develop our employees, by offering them new challenges, whilst also implementing succession planning activities. Safety at work is our top priority. We continuously train and develop a safe working culture in our company. In 2024, AS Tallinna Vesi has continued with the scholarship program for students launched in autumn 2021. Through this program, we want to keep motivating students with good results. At the same time, this will give us a chance to promote the water sector and attract specialists with fresh expertise to join the company. In 2024, we have continued to work with three trade schools and three universities. In autumn 2023, we launched a scholarship program for employees of AS Tallinna Vesi to recognize and motivate the employees within the company who invest in their development by studying at a trade school or university, thereby creating added value both for the company and the society at large. Recognizing and appreciating the diversity of our staff, we ensure that everyone, be it an existing or potential employee, is treated fairly and equally and provided with equal opportunities, where reasonable and practicable in the given circumstances. Within the company, we ensure that no one is discriminated against due to their age, gender, religion, cultural or ethnic origin, disability, sexual orientation or marital status, or any other grounds.

It is important for us to protect the health of our staff, so we offer additional vaccination options against COVID-19 virus, as well as influenza, tick-borne encephalitis, tetanus, and hepatitis, in accordance with the risk assessment prepared within the company. In addition to the above, we offer opportunities to stay healthy by using health insurance and sports facilities.

We consider it important to develop our staff, which is why we have organized a wide range of training courses for skilled workers, specialists, and managers (for example, training on work involving an open flame, training on safe working in confined spaces, training for new managers, etc.).

At the end of the 3<sup>rd</sup> quarter of 2024, the total number of employees in the group was 370 compared to 359 at the end of the same period in 2023. The full time equivalent (FTE) in the second quarter of 2024 and 2023 was 359.2 and 344.75 respectively. The average number of employees during the nine months was 368.48 in the 3<sup>rd</sup> quarter of 2024 and 357.87 in 2023 respectively.

### Gender breakdown of staff:

	As of 30/09/2024			As of 30/09/2023		
	Women	Men	Women	Men	Women	Men
<b>Group</b>	103	267	370	104	255	359
Management Team	12	18	30	12	17	29
Executive Team	5	6	11	5	4	9
Management Board	0	3	3	0	3	3
Supervisory Council	2	7	9	1	8	9

The total salary costs were €3.54 million for the 3<sup>rd</sup> quarter of 2024, including €0.09 million paid to the Management Board and Supervisory Council members (excluding social taxes). The contingent liability in case the Supervisory Council should want to replace the current Management Board members is €0.18 million.

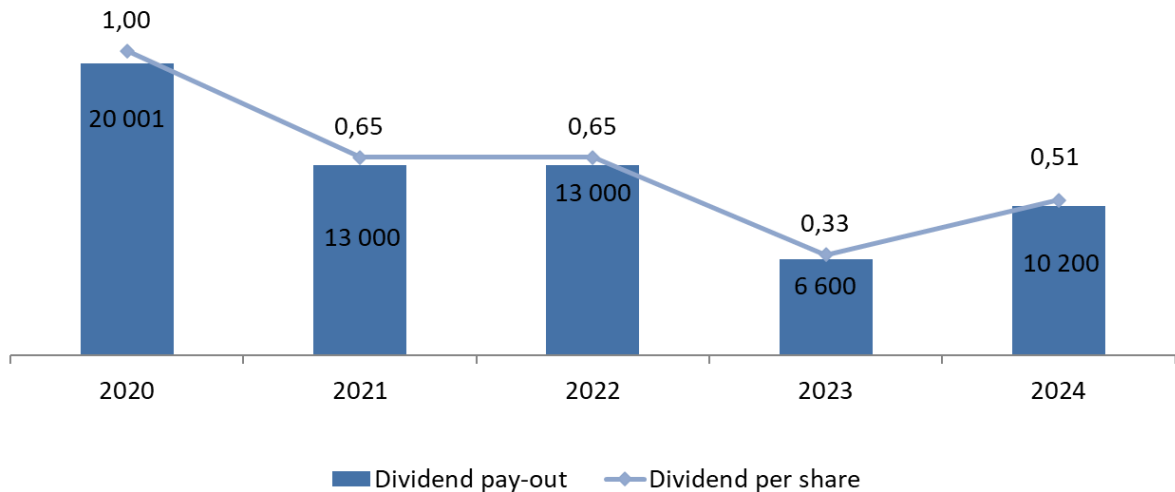
## DIVIDENDS

Dividend allocation to the shareholders is recorded as a liability in the financial statement of the company at the time when the profit allocation and dividend payment is confirmed by the Annual General Meeting of Shareholders.

Every year, the Supervisory Council evaluates, considering all the circumstances, the proposal for the dividend to be paid to shareholders and approves it to be presented for a vote by the Annual General Meeting of Shareholders.

In the Annual General Meeting held on 30/05/2024, the Supervisory Council proposed to pay out €0.51 per share from the 2023 profits. The pay-out is equal to 80% of earnings in 2023. The proposal was approved by the Annual General Meeting and the dividend pay-out was made on 27/06/2024.

In the last five years, dividends have been paid as follows:



AS Tallinna Vesi aims to distribute 50–80% of the annual profit as dividends. Dividend payments are assessed annually considering the company's earnings, investment needs, liquidity position and long-term financial targets.

## SHARE PERFORMANCE

AS Tallinna Vesi is listed on Nasdaq Baltic Main List with trading code TVEAT and ISIN EE3100026436.

As of 30/09/2024, AS Tallinna Vesi's shareholders, with a direct holding over 5%, were:

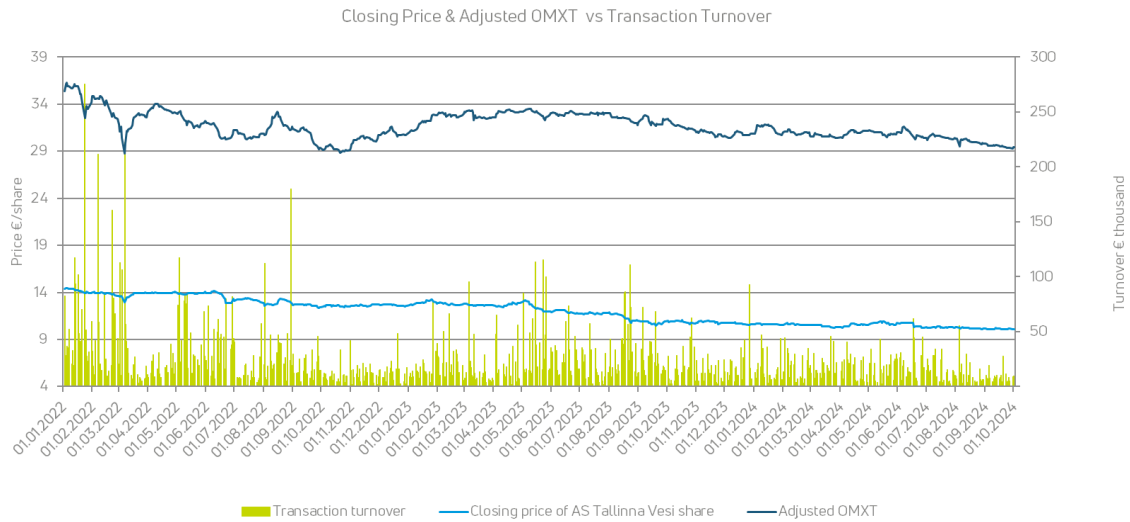
- City of Tallinn (55.06%)
- OÜ Utilitas (20.36%)

In nine months of 2024, the local retail investors have increased their shareholdings by 0.03%, local institutional investors have increased their shareholdings by 0.09%, and foreign institutional investors and foreign retail investors have decreased their shareholdings by -0.09% and -0.03% respectively.

As of 30/09/2024, the closing price of AS Tallinna Vesi's share was €10.05, which is -5.19% (2023 Q3: -12.68%) lower compared to the closing price of €10.60 at the beginning of the year. During the third quarter of 2024, the OMX Tallinn index decreased by -5.05% (2023 Q3: +5.01%).

In nine months of 2024, 12,246 transactions were made in the company's shares (2023 Q3: 16,050 transactions) during which 290 thousand shares or 1.4% of all shares changed hands (2023 Q3: 402 thousand shares or 2.0%).

The turnover of transactions amounted to €3.0 million, being €1.79 million lower than in the comparative period of 2023.



## CORPORATE STRUCTURE

As of 30/09/2024, the group consisted of 3 companies. The subsidiaries OÜ ASTV Green Energy and Watercom OÜ are wholly owned by AS Tallinna Vesi and fully consolidated in the company's accounts.

## CORPORATE GOVERNANCE

### *SUPERVISORY COUNCIL*

Supervisory Council organizes and arranges the management of the company and supervises the activities of the Management Board. According to the Articles of Association, the Supervisory Council members of AS Tallinna Vesi are elected or appointed for three years.

- As of 25/04/2024 the term of Andrei Korobeinik as a member of the Supervisory Council ended. The City of Tallinn appointed Karolina Ullman as a member of the Supervisory Council of AS Tallinna Vesi, whose term of office in the company's Supervisory Council is valid from 01/07/2024 to 30/09/2027.

The Supervisory Council has established two committees to advise Supervisory Council on audit and on nomination and remuneration matters.

Further information about the Supervisory Council and committees is available in Note 15 to the financial statements, as well as on the company's website:

[About us > Management and Responsibilities > Supervisory Council](#)

[About us > Management and Responsibilities > Committees](#)

[About us > Management and Responsibilities > Principles of Governance > Corporate Governance Report](#)



## MANAGEMENT BOARD

The Management Board is a governing body, which represents and manages AS Tallinna Vesi in its daily operations in accordance with the legal requirements as well as the Articles of Association. The Management Board is required to act economically in the most efficient way taking into consideration the interest of the company and its shareholders and to ensure the sustainable development of the company in accordance with the set objectives and strategy.

The Management Board and the Supervisory Council cooperate fully to safeguard the best interests of the company. The Management Board and the Supervisory Council hold regular meetings together at least once a quarter. At those meetings the Management Board informs the Supervisory Council about significant aspects of the company's business and discuss the delivery of the company's short- and long-term objectives and the risks that may affect them. The Management Board prepares a management report for every Supervisory Council meeting and submits it in advance with sufficient time for the Supervisory Council to study it.

According to the Articles of Association, the Management Board consists of two to three members who are elected for five years.

As of 30/09/2024, the Management Board of AS Tallinna Vesi has three members: Aleksandr Timofejev (with the term of office as a Chairman of the Management Board until 30/10/2026), Tarvi Thomberg (with the term of office as a Member of the Management Board until 08/11/2026) and Taavi Gröön (with the term of office as a Member of the Management Board until 23/05/2027).

Further information on the members of the Management Board is available on the company's website under [About us > Management and Responsibilities > Management Board](#).

### Additional information:

Aleksandr Timofejev  
Chairman of the Board  
+372 6262 200  
[aleksandr.timofejev@tvesi.ee](mailto:aleksandr.timofejev@tvesi.ee)

Tarvi Thomberg  
Member of the Management Board  
+372 6262 200  
[tarvi.thomberg@tvesi.ee](mailto:tarvi.thomberg@tvesi.ee)

Taavi Gröön  
Member of the Management Board  
+372 6262 200  
[taavi.groon@tvesi.ee](mailto:taavi.groon@tvesi.ee)

## MANAGEMENT CONFIRMATION

The Management Board has prepared the consolidated interim accounts of AS Tallinna Vesi (the Company) and its subsidiaries OÜ Watercom and OÜ ASTV Green Energy (together the Group) in the form of consolidated condensed financial statements for the 9-months period of the financial year 2024 ended on 30 September 2024. The interim accounts have not been reviewed by the auditors.

The condensed financial statements for the period ended on 30 September 2024 have been prepared following the accounting policies and the manner of presenting the information in line with the International Financial Reporting Standards as adopted by the EU and give a fair overview of the assets, liabilities, financial position, financial results, and cash flows of the Group.

The interim management report gives a fair overview of important events that have occurred during the 9 months and their impact on the condensed financial statements and includes a description of the main risks and uncertainties.

The significant transactions with related parties are disclosed in the interim accounts.

Any subsequent events that materially affect the valuation of assets and liabilities and have occurred until the completion of the consolidated financial statements on 1 November 2024 have been considered in preparing the financial statements.

The Management Board considers AS Tallinna Vesi and its subsidiaries as a going concern.

**Aleksandr Timofejev**

Member of the Management Board  
Chief Executive Officer

**Tarvi Thomberg**

Member of the Management Board  
Chief Asset Management Officer

**Taavi Gröön**

Member of the Management Board  
Chief Financial Officer

1 November 2024

Introduction and photos of the Management Board members are disclosed on the company's website under [About us > Management and Responsibilities > Management Board](#).

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€ thousand

ASSETS	Note	as of 30 September 2024	as of 31 December 2023
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	6,364	14,736
Trade receivables, accrued income and prepaid expenses		10,168	8,608
Inventories		1,204	1,137
<b>TOTAL CURRENT ASSETS</b>		<b>17,736</b>	<b>24,481</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	283,025	256,108
Intangible assets	5	1,434	1,293
<b>TOTAL NON-CURRENT ASSETS</b>		<b>284,459</b>	<b>257,401</b>
<b>TOTAL ASSETS</b>		<b>302,195</b>	<b>281,882</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Current portion of long-term lease liabilities		887	697
Current portion of long-term loans		3,467	3,594
Trade and other payables		14,439	10,886
Prepayments		2,905	3,604
<b>TOTAL CURRENT LIABILITIES</b>		<b>21,698</b>	<b>18,781</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred income from connection fees		49,535	44,653
Leases		2,368	1,892
Loans		106,092	92,835
Provision for possible third-party claims	6	6,018	6,018
Deferred tax liability		378	505
Other payables		102	128
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>164,493</b>	<b>146,031</b>
<b>TOTAL LIABILITIES</b>		<b>186,191</b>	<b>164,812</b>
<b>EQUITY</b>			
Share capital		12,000	12,000
Share premium		24,734	24,734
Statutory legal reserve		1,278	1,278
Retained earnings		77,992	79,058
<b>TOTAL EQUITY</b>		<b>116,004</b>	<b>117,070</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>302,195</b>	<b>281,882</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousand

	Note	Quarter 3		for the 9 months ended 30 September	
		2024	2023	2024	2023
Revenue	7	16,217	15,614	46,706	45,619
Cost of goods and services sold	9	-9,308	-8,972	-27,410	-27,462
<b>GROSS PROFIT</b>		<b>6,909</b>	<b>6,642</b>	<b>19,296</b>	<b>18,157</b>
Marketing expenses	9	-205	-182	-680	-603
General administration expenses	9	-1,514	-1,267	-4,539	-3,887
Other income (+)/ expenses (-)	10	-60	-96	-363	-371
<b>OPERATING PROFIT</b>		<b>5,130</b>	<b>5,096</b>	<b>13,714</b>	<b>13,296</b>
Financial income	11	19	36	168	72
Financial expenses	11	-1,083	-933	-3,368	-2,235
<b>PROFIT BEFORE TAXES</b>		<b>4,066</b>	<b>4,199</b>	<b>10,514</b>	<b>11,133</b>
Income tax		-136	-146	-1,380	-1,267
<b>NET PROFIT FOR THE PERIOD</b>		<b>3,930</b>	<b>4,053</b>	<b>9,134</b>	<b>9,866</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,930</b>	<b>4,053</b>	<b>9,134</b>	<b>9,866</b>
Attributable profit to:					
Equity holders of A-shares		3,930	4,053	9,134	9,866
Earnings per A-share (in euros)	13	0.20	0.20	0.46	0.49

## CONSOLIDATED STATEMENT OF CASH FLOWS

€ thousand		for the 9 months ended 30 September	
	Note	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit		13,714	13,296
Adjustment for depreciation/amortisation	9,10	6,279	5,935
Adjustment for revenues from connection fees	10	-516	-445
Other non-cash adjustments		-88	-131
Profit (-)/ loss (+) from sale of property, plant and equipment, and intangible assets		-63	-22
Change in current assets involved in operating activities		-1,627	143
Change in liabilities involved in operating activities		147	323
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>17,846</b>	<b>19,099</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment, and intangible assets		-25,955	-20,414
Compensations received for construction of pipelines, including connection fees		1,517	2,966
Proceeds from sale of property, plant and equipment, and intangible assets		111	24
Interest received		168	73
<b>TOTAL CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>-24,159</b>	<b>-17,351</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Interest and loan financing costs paid		-2,617	-1,289
Lease payments		-916	-902
Received loans		15,000	45,500
Repayment of loans		-1,818	-39,318
Dividends paid	12	-10,069	-6,515
Withheld income tax paid on dividends	12	-131	-85
Income tax paid on dividends	12	-1,508	-1,352
<b>TOTAL CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>-2,059</b>	<b>-3,961</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>-8,372</b>	<b>-2,213</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>3</b>	<b>14,736</b>	<b>12,650</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>3</b>	<b>6,364</b>	<b>10,437</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousand	Share capital	Share premium	Statutory legal reserve	Retained earnings	Total equity
<b>as of 31 December 2022</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>72,814</b>	<b>110,826</b>
Dividends	0	0	0	-6,600	<b>-6,600</b>
Comprehensive income for the period	0	0	0	9,866	<b>9,866</b>
<b>as of 30 September 2023</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>76,082</b>	<b>114,095</b>
<b>as of 31 December 2023</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>79,058</b>	<b>117,070</b>
Dividends	0	0	0	-10,200	<b>-10,200</b>
Comprehensive income for the period	0	0	0	9,134	<b>9,134</b>
<b>as of 30 September 2024</b>	<b>12,000</b>	<b>24,734</b>	<b>1,278</b>	<b>116,004</b>	<b>116,004</b>

## NOTES TO THE CONSOLIDATED UNAUDITED INTERIM FINANCIAL STATEMENTS

### NOTE 1. ACCOUNTING PRINCIPLES

The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as adopted by the European Union. The consolidated interim financial statements do not contain all the information presented in the annual financial statements and should be read in conjunction with the Group's latest published annual financial statements as at and for the year ended 31 December 2023. Selected notes are included in interim financial statements to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

### NOTE 2. CRITICAL ACCOUNTING ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of material misstatements to the carrying amounts of assets and liabilities were the same as described in the last annual financial statements as at and for the year ended 31 December 2023, except for estimates addressed below:

- Management has developed estimates on the expected credit losses of trade receivables based on the best available information about past events, current conditions, and forecasts of macroeconomic conditions. Trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 September 2024, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of Estonia in which it sells its goods and services to be the most relevant factors and has accordingly adjusted the historical loss rates based on expected changes in these factors. As of 30 September 2024, Management of the Group has assessed the expected credit loss related to macroeconomic conditions to be €214 thousand. Estimated credit loss is being revised according to further developments.

- Management has made an estimate with regards to possible third-party claims based on the maximum difference between revenues calculated with tariffs established based on the Services Agreement and based on the Company's estimation, with the reservation to the possible fluctuation. According to the law, the tariffs established based on the Services Agreement were in force until the Competition Authority approved the new tariffs and the Company implemented these tariffs in line with the law. The Company has acted in good faith and in reliance to the applicable legal acts. Thus, the Company does not consider itself liable to the customers for any claims related to the tariffs applied until the new tariffs approved by the Competition Authority were duly implemented.

As of 30 September 2024, claims totalling €13.6 million have been filed within four applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6.0 million (as of 31 December 2023: €6.0 million) and has suspended the reduction of the provision pursuant to the principle of conservatism. The Company has always acted legitimately by applying fair tariffs imposed in accordance with the law in force, and the Company believes there are no grounds for submitting the claims. Therefore, the Company does not admit any liability and fully rejects it.

### NOTE 3. CASH AND CASH EQUIVALENTS

€ thousand	as of 30 September 2024	as of 31 December 2023
Cash in hand and in bank	6,364	14,736
<b>Total cash and cash equivalents</b>	<b>6,364</b>	<b>14,736</b>

### NOTE 4. PROPERTY, PLANT AND EQUIPMENT

€ thousand	Land and buildings	Facili- ties	Machinery and equip- ment	Construc- tion in progress	Right- of- use asset s	Right-of- use assets in pro- gress	Total property, plant and equip- ment
<b>as of 31 December 2022</b>							
Acquisition cost	27,618	269,144	54,526	6,151	3,433	0	360,872
Accumulated depreciation	-8,262	-82,445	-38,660	0	-1,636	0	-131,003
<b>Net book value</b>	<b>19,356</b>	<b>186,699</b>	<b>15,866</b>	<b>6,151</b>	<b>1,797</b>	<b>0</b>	<b>229,869</b>
<b>Transactions in the period 1 January 2023 – 30 September 2023</b>							
Acquisition in book value	0	0	0	21,444	0	970	22,414
Write off and sale in residual value	0	-2	0	0	-2	0	-4
Reclassification	20	7,712	2,527	-11,020	1,721	-970	-10
Depreciation	-159	-2,066	-1,239	0	-271	0	-5,680
<b>as of 30 September 2023</b>							
Acquisition cost	27,638	276,436	55,922	16,575	4,883	0	381,454
Accumulated depreciation	-8,500	-85,250	-39,336	0	-1,778	0	-134,864
<b>Net book value</b>	<b>19,138</b>	<b>191,186</b>	<b>16,585</b>	<b>16,575</b>	<b>3,105</b>	<b>0</b>	<b>246,589</b>

**as of 31 December 2023**

Acquisition cost	28,121	292,134	57,446	9,025	4,743	0	391,469
Accumulated depreciation	-8,579	-86,091	-39,041	0	-1,650	0	-135,361
<b>Net book value</b>	<b>19,542</b>	<b>206,043</b>	<b>18,405</b>	<b>9,025</b>	<b>3,093</b>	<b>0</b>	<b>256,108</b>

**Transactions in the period 1 January 2024 - 30 September 2024**

Acquisition in book value	0	0	0	31,820	0	1,284	33,104
Write off and sale in residual value	0	0	-48	0	-6	0	-54
Reclassification	0	9,828	3,433	-13,134	1,129	-1,284	-28
Depreciation	-235	-3,446	-2,018	0	-406	0	-6,105

**as of 30 September 2024**

Acquisition cost	28,121	301,381	60,602	27,711	5,382	0	423,197
Accumulated depreciation	-8,814	-88,956	-40,830	0	-1,572	0	-140,172
<b>Net book value</b>	<b>19,307</b>	<b>212,425</b>	<b>19,772</b>	<b>27,711</b>	<b>3,810</b>	<b>0</b>	<b>283,025</b>

Property, plant and equipment and intangible assets are written off if the conditions of the asset do not enable its further usage for production purposes. By nature, the right-of-use assets comply with the asset class of machinery and equipment.

**NOTE 5. INTANGIBLE ASSETS**

€ thousand	Acquired licenses and other intangible assets	Unfinished intangible assets	Total intangible assets
<b>as of 31 December 2022</b>			
Acquisition cost	5,023	91	5,114
Accumulated depreciation	-4,426	0	-4,426
<b>Net book value</b>	<b>597</b>	<b>91</b>	<b>688</b>
<b>Transactions in the period 1 January 2023 - 30 September 2023</b>			
Acquisition in book value	0	423	423
Reclassification	19	-19	0
Depreciation	-253	0	-253
<b>as of 30 September 2023</b>			
Acquisition cost	5,030	494	5,524
Accumulated depreciation	-4,668	0	-4,668
<b>Net book value</b>	<b>362</b>	<b>494</b>	<b>856</b>
<b>as of 31 December 2023</b>			
Acquisition cost	5,400	514	5,914
Accumulated depreciation	-4,621	0	-4,621



<b>Net book value</b>	<b>779</b>	<b>514</b>	<b>1,293</b>
<b>Transactions in the period 1 January 2024 – 30 September 2024</b>			
Acquisition in book value	0	314	314
Reclassification	563	-563	0
Depreciation	-174	0	-174
<b>as of 30 September 2024</b>			
Acquisition cost	5,964	265	6,229
Accumulated depreciation	-4,795	0	-4,795
<b>Net book value</b>	<b>1,169</b>	<b>265</b>	<b>1,434</b>

#### **NOTE 6. PROVISION FOR POSSIBLE THIRD-PARTY CLAIMS**

On 12 December 2017, the Supreme Court made a decision on AS Tallinna Vesi's cassation in the tariff dispute with the Estonian Competition Authority. The court stated that the Competition Authority is not bound by the agreement on the water tariffs contained in the Services Agreement, which was executed upon privatization of the Company. From then on, the tariffs are regulated by the Competition Authority.

According to the law the tariffs established based on the Services Agreement were in force until the Competition Authority approved the new tariffs and the Company implemented these tariffs in line with the law. The Company has acted in good faith and in reliance to the applicable legal acts. Thus, the Company does not consider itself liable to the customers for any claims related to the tariffs applied until the new tariffs approved by the Competition Authority were duly implemented.

On 18 October 2019, the Competition Authority approved the tariffs that the Company had applied for in September of that year. The new tariffs for water services came into force on 1 December 2019. In the Company's main service area, the private customer tariffs decreased by 27% and business customer tariffs dropped by 15%, on average.

As of 30 September 2024, claims totalling €13.6 million have been filed within four applications. The Management Board of the Company has assessed the potential liability resulting from such claims, if successful, to be €6 million (as of 31 December 2023: €6 million) and has suspended the reduction of the provision pursuant to the principle of conservatism. The Company has always acted legitimately by applying fair tariffs imposed in accordance with the law in force, and the Company believes there are no grounds for submitting the claims. Therefore, the Company does not admit any liability and fully rejects it.

#### **NOTE 7. SEGMENT REPORTING**

The Group has defined the business segments based on the reports used regularly by the chief operating decision maker for the purposes of making strategic decisions. The chief operating decision maker monitors the Group's operations by activities. Three segments are distinguished: water services, construction services, and other services.

Water services: water supply, stormwater and wastewater disposal and treatment service, fire hydrants service, excess pollution charges and sewer discharge service.

Construction services: construction services provided by Watercom OÜ. Construction services are identified as a reportable segment because its revenues account for more than 10% of the combined revenues of all segments.

Other services: road maintenance, jet wash and transportation services, project management and owner's supervision and other activities. Other activities are of less importance to the Group's financial results and none of them constitutes a separate segment for reporting purposes.

The Group's chief operating decision maker assesses the performance of each operating segment on the basis of its revenue (external and inter-segment revenue) and gross profit. The inter-segment transactions are carried out on market terms.

€ thousand	Water services	Construction services	Other services	Inter-segment transactions	Total segments
<b>1 January 2024 - 30 September 2024</b>					
External revenue	43,066	3,075	565	0	46,706
Inter-segment revenue	3	2,267	4,731	-7,001	0
<b>Total segment revenue</b>	<b>43,069</b>	<b>5,342</b>	<b>5,296</b>	<b>-7,001</b>	<b>46,706</b>
<b>Segment's gross profit</b>	<b>18,101</b>	<b>310</b>	<b>1,625</b>	<b>-740</b>	<b>19,296</b>
<b>Unallocated expenses:</b>					
Marketing and administrative expenses					-5,219
Other income/expenses					-363
<b>Operating profit</b>					<b>13,714</b>
<b>1 January 2023 - 30 September 2023</b>					
External revenue	41,626	3,483	509	0	45,618
Inter-segment revenue	0	3,421	3,945	-7,367	0
<b>Total segment revenue</b>	<b>41,626</b>	<b>6,904</b>	<b>4,454</b>	<b>-7,367</b>	<b>45,618</b>
<b>Segment's gross profit</b>	<b>16,942</b>	<b>631</b>	<b>1,205</b>	<b>-621</b>	<b>18,157</b>
<b>Unallocated expenses:</b>					
Marketing and administrative expenses					-4,490
Other income/expenses					-371
<b>Operating profit</b>					<b>13,296</b>

## Revenue by activities

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2024	2023	2024	2023
<b>Water services</b>				
Water supply service	3,303	2,420	8,312	7,355
Wastewater disposal service	3,843	3,561	11,221	10,819
<b>Total from private customers</b>	<b>7,146</b>	<b>5,981</b>	<b>19,533</b>	<b>18,174</b>
Water supply service	1,935	2,080	6,277	6,310
Wastewater disposal service	2,222	2,189	6,656	6,648
<b>Total from corporate customers</b>	<b>4,157</b>	<b>4,269</b>	<b>12,933</b>	<b>12,958</b>
Water supply service	483	411	1,245	1,262
Wastewater disposal service	1,178	1,037	3,308	3,144
Stormwater disposal service	30	31	183	156
<b>Total from outside service area customers</b>	<b>1,691</b>	<b>1,479</b>	<b>4,736</b>	<b>4,562</b>
Stormwater collection and treatment service and fire hydrants service	991	2,054	4,764	4,865
Excess pollution charges and sewer discharge service	365	350	1,099	1,067
<b>Total from water services</b>	<b>14,350</b>	<b>14,133</b>	<b>43,065</b>	<b>41,626</b>
Construction services	1,657	1,289	3,075	3,483
Other services	210	192	566	510
<b>Total revenue</b>	<b>16,217</b>	<b>15,614</b>	<b>46,706</b>	<b>45,619</b>

100% of the Group's revenue was generated within the Republic of Estonia.

## NOTE 8. STAFF COSTS

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2024	2023	2024	2023
Salaries and wages	-2,653	-2,338	-8,459	-7,434
Social security and unemployment insurance tax	-883	-783	-2,767	-2,492
<b>Staff costs total</b>	<b>-3,536</b>	<b>-3,121</b>	<b>11,226</b>	<b>-9,926</b>
<b>Average number of employees during the reporting period</b>	<b>374</b>	<b>368</b>	<b>368</b>	<b>358</b>

## NOTE 9. COST OF GOODS AND SERVICES SOLD, MARKETING AND ADMINISTRATIVE EXPENSES

€ thousand	Quarter 3		for the 9 months ended 30 September	
<b>Cost of goods and services sold</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Water abstraction charges	-318	-308	-960	-954
Chemicals	-711	-717	-2,086	-2,070
Electricity	-1,002	-1,583	-3,499	-4,768
Pollution tax	-184	-215	-693	-684
Staff costs	-2,522	-2,257	-7,950	-7,129
Depreciation and amortization	-1,880	-1,765	-5,505	-5,153
Construction services	-1,341	-938	-2,345	-2,584
Other costs	-1,350	-1,189	-4,372	-4,120
<b>Total cost of goods and services sold</b>	<b>-9,308</b>	<b>-8,972</b>	<b>-27,410</b>	<b>-27,462</b>
<b>Marketing expenses</b>				
Staff costs	-185	-164	-616	-539
Depreciation and amortization	0	-1	-1	-3
Other marketing expenses	-20	-17	-63	-61
<b>Total marketing expenses</b>	<b>-205</b>	<b>-182</b>	<b>-680</b>	<b>-603</b>
<b>Administrative expenses</b>				
Staff costs	-829	-700	-2,660	-2,259
Depreciation and amortization	-101	-111	-288	-362
Other general administration expenses	-584	-456	-1,591	-1,266
<b>Total administrative expenses</b>	<b>-1,514</b>	<b>-1,267</b>	<b>-4,539</b>	<b>-3,887</b>

## NOTE 10. OTHER INCOME/EXPENSES

€ thousand	Quarter 3		for the 9 months ended 30 September	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Connection fees	176	153	516	445
Depreciation of single connections	-165	-143	-485	-416
Doubtful receivables expenses (-)/ expense reduction (+)	33	29	-131	-45
Other income (+)/ expenses (-)	-104	-135	-263	-355
<b>Total other income/expenses</b>	<b>-60</b>	<b>-96</b>	<b>-363</b>	<b>-371</b>

## NOTE 11. FINANCIAL INCOME AND EXPENSES

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2024	2023	2024	2023
Interest income	19	36	168	72
Interest expense, loan	-1,064	-920	-3,307	-2,186
Other financial income (+)/expenses (-)	-19	-13	-61	-49
<b>Total financial income/expenses</b>	<b>-1,064</b>	<b>-897</b>	<b>-3,200</b>	<b>-2,163</b>

## NOTE 12. DIVIDENDS

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2024	2023	2024	2023
Dividends declared during the period	0	0	10,200	6,600
Dividends paid during the period	0	0	10,069	6,515
Withheld income tax on dividends	0	0	131	85
Income tax on dividends paid	0	0	1,508	1,352
Dividends declared per shares:				
Dividends per A-share (in euros)	-	-	0.51	0.33

Dividend income tax rate in 2024 was 20/80 (2023: 20/80), but for dividend payments in the amount of up to the average taxed dividend payment during the three preceding years, the income tax rate 14/86 is applied. When calculating the average dividend payment of the three preceding years, 2021 is the first year to be taken into account. In addition, for dividends payable to natural persons, income tax at a rate of 7% is withheld on dividends taxed with a lower income tax rate.

## NOTE 13. EARNINGS PER SHARE

€ thousand	Quarter 3		for the 9 months ended 30 September	
	2024	2023	2024	2023
Net profit for the period	3,930	4,053	9,134	9,866
Weighted average number of ordinary shares (in thousands)	20,000	20,000	20,000	20,000
Earnings per A-share (in euros)	0.20	0.20	0.46	0.49

Diluted earnings per share for the periods ended 30 September 2024 and 30 September 2023 was equal to earnings per share figures stated above.

## NOTE 14. RELATED PARTIES

Transactions with related parties include transactions with members of the Supervisory Council and the Management Board, those closely connected with them, and companies in which they have control or significant influence, as well as transactions with shareholders who have significant influence. Dividend payments are indicated in the statement of changes in equity.

### Shareholders having the significant influence

Balances recorded € thousand	as of 30 September		as of 31 December	
	2024	2023	2024	2023
Accounts receivable			805	1,005
Trade and other payables			4	20

Transactions recorded € thousand	Quarter 3		for the 9 months ended 30 September	
	2024	2023	2024	2023
Revenue	1,233	2,350	5,741	5,818
Purchase of thermal energy	5	2	65	74
Purchase of legal services	0	0	0	28
Capex investments	0	0	250	0

Fees to the Group's Management Board and Supervisory Council members (excl. social tax) € thousand	Quarter 3		for the 9 months ended 30 September	
	2024	2023	2024	2023
Fees for Management Board	80	76	300	267
Fees for Supervisory Council	17	10	38	29

The Group's Management Board and Supervisory Council members are considered as key management personnel for whom only the contractual salary payments have been accounted for as disclosed above.

Members of the Group's Management Board are elected for a term of 5 (five) years and members of the Supervisory Council for a term of 3 (three) years. Changes in the Management Board and the Supervisory Council are announced in a stock exchange release.

The potential salary liability would be up to €176 thousand (excluding social tax) if the Supervisory Council were to replace all Management Board members.

### Shares in the Company held by the members of the Management Board and the Supervisory Council

As of 30 September 2024, the members of the Management Board Aleksandr Timofejev, Taavi Gröön and Tarvi Thomberg held 200, 400 and 700 shares respectively in AS Tallinna Vesi. During the nine months to 30 September 2024, Tarvi Thomberg purchased an additional 300 shares and Taavi Gröön 200 shares. All securities transactions have been conducted in accordance with applicable legislation and rules, including the rules on handling inside information established within AS Tallinna Vesi.

As of 30 September 2024 and 31 December 2023, the members of the Supervisory Council did not hold any shares in AS Tallinna Vesi.

## NOTE 15. LIST OF SUPERVISORY COUNCIL MEMBERS

Priit Koit	Chairman of the Supervisory Council
Priit Lello	Vice Chairman of the Supervisory Council
Robert Kitt	Member of the Supervisory Council
Gerli Kivisoo	Member of the Supervisory Council
Niall Patrick Mills	Member of the Supervisory Council
Mart Mägi	Member of the Supervisory Council
Priit Rohumaa	Member of the Supervisory Council
Silver Tamm	Member of the Supervisory Council
Karolina Ullman	Member of the Supervisory Council

Introduction of the Supervisory Council members is disclosed on the company's website under [About us > Management and Responsibilities > Supervisory Council](#).