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**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE THREE MONTHS
PERIOD ENDED 31 MARCH, 2024 (UNAUDITED)**

City Service SE

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH, 2024
(UNAUDITED)**

Beginning of the reporting period	1 January 2024
End of the reporting period	31 March 2024
Business name	City Service SE
Registration number	12827710
Legal address	Narva mnt. 5, 10117 Tallinn, the Republic of Estonia
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Website	http://www.cityservice.eu
Auditor	Ernst & Young Baltic AS

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Declaration of the management

According to Management Board Regulations of City Service SE, Chairman of the Management Board hereby declares and confirms that according to his best knowledge, the financial statements, prepared according to the accounting standards in force, present a correct and fair view of the assets, liabilities, financial situation and loss or profit of the issuer and the undertakings involved in the consolidation as a whole, and the management report gives a correct and fair view of the development and results of the business activities and financial status of the issuer and the undertakings involved in the consolidation as a whole and contains a description of the main risks and doubts.

Chairman of the Management Board



Artūras Gudelis

31 May 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 31 March 2024	As of 31 December 2023
Assets			
NON-CURRENT ASSETS			
Goodwill	3	9 644	8 799
Other intangible assets	5	19 676	18 956
Property, plant and equipment	6	821	813
Right of use assets	8	2 057	2 153
Non-current receivables	9	5 516	5 533
Deferred income tax asset		2 568	2 090
TOTAL NON-CURRENT ASSETS		40 282	38 344
CURRENT ASSETS			
Inventories		718	672
Prepayments		1 618	1 736
Trade receivables	9	23 587	25 506
Receivables from related parties	16	2 329	2 196
Accrued income and other current assets		1 116	1 154
Other receivables		3 759	4 039
Prepaid income tax		231	200
Cash and cash equivalents		7 166	9 176
TOTAL CURRENT ASSETS		40 524	44 679
Total assets		80 806	83 023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

	Notes	As of 31 March 2024	As of 31 December 2023
Equity and liabilities			
EQUITY			
Share capital		9 483	9 483
Share premium		8 490	8 490
Retained earnings (deficit)		6 828	5 874
		24 801	23 847
Non-controlling interests		185	176
TOTAL EQUITY		24 986	24 023
Liabilities			
NON-CURRENT LIABILITIES			
Non-current borrowings	10	10 140	10 279
Lease liabilities	8	1 561	1 542
Non-current provisions for employee benefits		117	119
Deferred income tax liabilities		1 997	1 729
Non-current payables		4 029	3 876
TOTAL NON-CURRENT LIABILITIES		17 844	17 545
CURRENT LIABILITIES			
Current portion of non-current borrowings	10	1 060	1 138
Current portion of lease liabilities	8	590	681
Current loans	10	7 794	9 000
Trade payables and payables to related parties	16	10 437	13 281
Current provisions for employee benefits		157	155
Advances received		7 497	6 893
Income tax payable		1 149	975
Other current liabilities		9 292	9 332
TOTAL CURRENT LIABILITIES		37 976	41 455
Total liabilities		55 820	59 000
Total equity and liabilities		80 806	83 023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(for the period 1 January – 31 March)

	Notes	2024 Q1	2023 Q1
Revenue from contracts with customers	1.7	24 824	22 897
Cost of sales	11	(18 259)	(16 553)
Gross profit (loss)		6 565	6 344
General and administrative expenses	12	(5 241)	(5 273)
Credit loss expenses on financial assets		(7)	(27)
Other operating income	13	212	54
Other operating expenses	13	(73)	-
Profit (loss) from operations		1 456	1 098
Interest income	14	26	34
Other finance income	14	-	(286)
Interest expenses	14	(297)	-
Profit (loss) before tax		1 185	846
Income tax		(221)	(412)
Profit (loss) from continued operations		964	434
Discontinued operations			
Net profit (loss) from discontinued operations	7	-	114
Net profit (loss)		964	548
Other comprehensive income			
Exchange differences on translation of foreign operations		-	2
Total comprehensive income		-	2
Attributable to:			
The shareholders of the Company		955	534
Non-controlling interests		9	14
		964	548
Total comprehensive income attributable to:			
The shareholders of the Company		955	536
Non-controlling interests		9	14
		964	550
Basic and diluted earnings per share (EUR)		0,03	0,02

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Assets held for sale	Total	Non-controlling interest	Total
Balance as of 1 January 2023	9 483	21 067	-	948	(13 525)	(92)	17 881	138	18 019
Net profit (loss)	-	-	-	-	534	-	534	14	548
Other comprehensive Income	-	-	2	-	-	-	2	-	2
Total comprehensive Income	-	-	2	-	534	-	536	14	550
Disposal of subsidiaries	-	-	(2)	-	-	2	-	-	-
Balance as of 31 March 2023	9 483	21 067	-	948	(12 991)	(90)	18 417	152	18 569
Balance as of 1 January 2024	9 483	8 490	-	-	5 874	-	23 847	176	24 023
Net profit (loss)	-	-	-	-	955	-	955	9	964
Other comprehensive Income	-	-	-	-	-	-	-	-	-
Total comprehensive Income	-	-	-	-	955	-	955	9	964
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-
Balance as of 31 March 2024	9 483	8 490	-	-	6 829	-	24 802	185	24 987

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 Q1*	2023 Q1*
Cash flows from (to) operating activities			
Net profit (loss) from continued operations		964	434
Net profit (loss) from discontinued operations		-	114
Adjustments for non-cash items:			
Income tax expenses		221	440
Depreciation and amortization	5,6,8	676	984
Impairment and write-off of accounts receivable		(15)	(4)
Gain (loss) on disposal of property, plant and equipment	13	(135)	(1)
Gain (loss) from sale of investments		-	(22)
Other adjustments for non-cash items		43	-
Interest income		(26)	-
Interest expenses		297	-
Other financial activity result, net		-	273
		2 025	2 218
Changes in working capital:			
(Increase) decrease in inventories		(44)	407
(Increase) decrease in receivables, contract assets and other current assets		2 864	225
(Increase) decrease in prepayments		133	(401)
Increase (decrease) in trade payables and payables to related parties		(3 126)	(1 800)
Income tax (paid)		(288)	(266)
Increase (decrease) in advances received, contract liabilities and other current liabilities		(598)	(131)
Net cash flows from (to) operating activities		966	252
Cash flows from (to) investing activities			
(Acquisition) of non-current assets (except investments)	5,6	(1 161)	(736)
Proceeds from sale of non-current assets		58	35
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		(95)	-
Disposal of investments in subsidiaries		-	(20)
Interest received		26	23
Loans (granted)		-	(34)
Net cash flows from (to) investing activities		(1 172)	(732)
Cash flows from (to) financing activities			
Proceeds from loans		11	1 653
(Repayment) of financial lease liabilities		(134)	(390)
Loans (repaid)		(1 384)	-
Interest (paid)		(297)	(286)
Net cash flows from (to) financing activities		(1 804)	977
Net increase (decrease) in cash and cash equivalents		(2 010)	497
Foreign exchange difference		-	3
Cash and cash equivalents at the beginning of the period*		9 176	3 666
Cash and cash equivalents at the end of the period		7 166	4 166

* Group cash flows for 2023 Q1 comprise total consolidated Group, including discontinued operations.

1.

GENERAL INFORMATION

City Service SE (hereinafter – “the Company”) is a public limited liability company registered in the Republic of Estonia on 2 April 2015, which in the course of reorganization has taken over a public limited liability company City Service AS rights and liabilities.

The Company controls corporate group, engaged in provision of facility management and integrated utility services in Eastern Europe. The City Service group is the market leader in facility management and integrated utility services in the Baltic States. It provides services in whole Lithuania and Latvia.

1.1.

ACTIVITY

City Service group provides facility management; maintenance and repair of engineering systems; management and renovation of energy resources; technical and energy audit of buildings; maintenance and cleaning of territories and premises; maintenance and construction of gas stations.

The most important buildings segments, administered by the City Service group are: residential apartment buildings; commercial buildings; public buildings; industrial buildings. The total area of buildings under the management of the Group is 16.1 million sq. m. at present.

1.2.

SHARE CAPITAL OF THE COMPANY

The share capital of the Company is EUR 9,483 thousand as of 31 March 2024. It is divided into 31,610 thousand ordinary shares with the nominal value of EUR 0.30 each. All shares of the Company are paid up.

The Company does not have any other classes of shares than ordinary shares mentioned above, there are no any restrictions of share rights or special control rights for the shareholders settled in the Articles of Association of the Company. No shares of the Company are held by itself or its subsidiaries. No convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital.

As of 31 March 2024 all 31,610 thousand ordinary shares of the Company are included into the Parallel Market of Warsaw Stock Exchange and Baltic First North Foreign Shares trading list of NASDAQ Baltic Market (ISIN Code of the shares is EE3100126368). Trading Code of the shares on Warsaw Stock Exchange is CTS, on NASDAQ Baltic Market - CTS1L.

1.3.

SHAREHOLDERS OF THE COMPANY

As of 31 March 2024 the total number of shareholders of the Company was 70.

COMPANY'S SHARES DISTRIBUTION AMONG SHAREHOLDERS WHO HAVE MORE THAN 5% SHARES OF THE COMPANY AS OF 31 MARCH 2024 WAS THE FOLLOWING:

	Number of shares held	Owned percentage of the share capital and votes, %
UAB Unit Invest, legal entity code 305873584, address: Ozo str. 12A-1, Vilnius, Lithuania	26,813,293	84.83%
Other private and institutional shareholders	4,796,707	15.17%
TOTAL	31,610,000	100 %

1.4.

CITY SERVICE GROUP

AS OF 31 MARCH 2024 THE CITY SERVICE GROUP CONSISTS OF CITY SERVICE SE AND THE FOLLOWING SUBSIDIARIES (HEREINAFTER REFERRED TO AS „THE GROUP“):

Company	Region	Share of the stock held by the Group as of 31 March 2024	Share of the stock held by the Group as of 31 December 2023	Main activities
UAB Alytaus namų valda	Lithuania	76%	76%	Dormant
UAB Baltijos NT valdymas	Lithuania	100%	100%	Real estate management
UAB Baltijos transporto valdymas	Lithuania	100%	100%	Asset management
UAB Biržų butų ūkis	Lithuania	57.71%	57.71%	Administration of dwelling-houses
UAB BonoDomo	Lithuania	100%	100%	IT services
UAB BonoDomo Pay	Lithuania	100%	100%	Intermediary activities of an electronic money institution
UAB Butų ūkio valdos	Lithuania	100%	100%	Administration of dwelling-houses
UAB Būsto aplinka	Lithuania	100%	100%	Maintenance and cleaning of dwelling-houses territories and premises
UAB Mano būstas	Lithuania	100%	100%	Holding company
UAB City Service Cleaning	Lithuania	100%	100%	Maintenance and cleaning of commercial real estate, territories and premises
UAB City Service Engineering	Lithuania	100%	100%	Commercial real estate management and building maintenance
UAB CSG IT	Lithuania	100%	100%	IT services
UAB Energijos taupymo paslaugos	Lithuania	100%	100%	Energy saving solution services
UAB Kapitalo Sprendimai	Lithuania	100%	100%	PPP project company
UAB EPC projektai	Lithuania	100%	100%	Dormant
UAB Exergio	Lithuania	100%	100%	IT energy saving solutions for buildings
UAB Mano aplinka	Lithuania	100%	100%	Maintenance and cleaning of public territories and premises
UAB Mano bendrabutis	Lithuania	100%	100%	Administration of buildings
UAB Mano Būsto klientų patirčių centras	Lithuania	100%	100%	Client service center services
UAB Mano Būstas Alytus	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Aukštaitija	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Baltija	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Dainava	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Neris	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas NPC	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Kaunas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Klaipėda	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Radviliškis	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Sostinė	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Šiauliai	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Ukmergė	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Vakarai	Lithuania	99.97%	99.97%	Administration of dwelling-houses
UAB Mano Būstas Vilnius	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būsto priežiūra	Lithuania	100%	100%	Building maintenance
UAB Merlangas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Nacionalinis renovacijos fondas	Lithuania	100%	100%	Administration of dwelling-houses renovation projects

UAB Pastatų priežiūra	Lithuania	100%	100%	Building maintenance
UAB Pastatų valdymas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Rinkų vystymas	Lithuania	100%	100%	Dormant
UAB Skolos LT	Lithuania	100%	100%	Debt collection services
UAB Šiaulių NT valdymas	Lithuania	100%	100%	Dormant
UAB Unitechna	Lithuania	100%	100%	Maintenance and construction of gas stations
Concentra Servicios y Mantenimiento, S.A.*	Spain	100%	100%	Commercial real estate management and building maintenance
Vetell dos iberica, S.L.*	Spain	100%	100%	Administration of dwelling-houses
SIA BILANCE	Latvia	100%	100%	Administration of dwelling-houses
SIA BonoDomo	Latvia	100%	100%	Dormant
SIA City Service	Latvia	100%	100%	Holding company
SIA City Service Engineering	Latvia	100%	100%	Commercial real estate management and building maintenance
SIA Ēku pārvaldīšanas serviss	Latvia	100%	100%	Building maintenance
SIA Latvijas Namsaimnieks	Latvia	100%	100%	Administration of dwelling-houses
SIA Livonijas Nami	Latvia	100%	100%	Administration of dwelling-houses
SIA Namu serviss APSE	Latvia	100%	100%	Administration of dwelling-houses
SIA Manas MĀJAS	Latvia	100%	100%	Administration of dwelling-houses
SIA Manas MĀJAS 2	Latvia	100%	100%	Administration of dwelling-houses
SIA Manas Mājas Salnas 21	Latvia	100%	100%	Administration of dwelling-houses
SIA Manas MĀJAS 3	Latvia	100%	100%	Administration of dwelling-houses
SIA Multihouse	Latvia	100%	100%	Administration of dwelling-houses
SIA Ventspils nami	Latvia	100%	100%	Administration of dwelling-houses
SIA Jauntukums	Latvia	100%	-	Administration of dwelling-houses
SIA Nebruk Jelgava	Latvia	100%	-	Administration of dwelling-houses
SIA Nia Nami	Latvia	100%	-	Administration of dwelling-houses

* The Group ceased to consolidate Concentra Servicios y Mantenimiento, S.A. (including sub-consolidated subsidiary Vetell dos iberica, S.L.) in its Financial statements after bankruptcy administrator was appointed on 10 May 2017, as from that date the Group has lost its control.

1.5.

COMPANY'S SUPERVISORY BOARD

AS OF 31 MARCH 2024, THE SUPERVISORY BOARD OF THE COMPANY COMPRISES OF THE FOLLOWING PERSONS:

Name and surname	Position	Start of term	End of term
Andrius Janukonis	Chairman of the Supervisory Board	June 21, 2023	June 21, 2027
Gintautas Jaugielavičius	Member of the Supervisory Board	June 21, 2023	June 21, 2027

The Supervisory Board members do not own any shares of the Company.

**Andrius Janukonis**

Andrius Janukonis (born in 1971) is the Chairman of the Supervisory Board of City Service SE (since 2009 until 2015 the Chairman of the Board). He holds a Master's degree in Law. He is a member of the board of UAB Unit Invest (since 2021).

**Gintautas Jaugielavičius**

Gintautas Jaugielavičius (born in 1971) is a Member of the Supervisory Board of City Service SE (since 2005 until 2015 a Member of the Board). He holds a Bachelor's degree in Economics. At present, he works as a consultant for UAB Unit Invest and is a member of the board of UAB Unit Invest (since 2021).

1.6.

COMPANY'S MANAGEMENT BOARD

AS OF 31 MARCH 2024 AND AS OF DATE OF SUBMISSION OF THIS REPORT, THE MANAGEMENT BOARD OF THE COMPANY COMPRISES OF THE FOLLOWING PERSONS:

Name and surname	Position within the Group	Start of term	End of term
Artūras Gudelis	Chairman of the Management Board	June 26, 2021	June 26, 2025
Vytautas Turonis	Member of the Management Board	June 26, 2021	June 26, 2025

They do not own any shares of the Company.

Artūras Gudelis



Artūras Gudelis (born in 1977) is a Chairman of the Management Board of City Service SE (since 2017). Artūras Gudelis was a Member of the Supervisory Board of City Service SE (2015 – 2017). He holds Bachelor's degree in Economics and Master's degree in Business Management.

Artūras Gudelis is responsible for carrying the formal functions of the chairman of the Management Board as well as for signing of the consolidated financial statements, representing the Company in the stock exchanges, securities depositories and in relations with the investors, as well as in all other general matters related to the Company.

Vytautas Turonis



Vytautas Turonis (born in 1972) is a Member of the Management Board of City Service SE (since 2017). Vytautas Turonis works as the General Manager for the Baltics at CS SE. He holds a Bachelor's degree in International Business. Previously he worked as the Marketing Manager of UAB Specialus Autotransportas (2003 – 2004). He started to work in the Company as the Market Development Department Manager (2004 – 2008).

Vytautas Turonis is responsible and accountable for the organization and supervision of Group activities (including the financial matters) in Lithuania, Latvia and Estonia.

1.7.

ACTIVITY AND SEGMENT INFORMATION

INFORMATION ON MAIN GROUP'S OPERATING SEGMENTS (CONTINUED OPERATIONS):

2024 Q1	Lithuania	Latvia	All other segments	Total
Revenue from contracts with customers:	22 596	2 228	-	24 824
Total revenue from contracts with customers				24 824
Segment results	1 836	91	-	1 927
Unallocated expenses				(470)
Profit (loss) from operations				1 457
Net financial income (expenses)				(272)
Profit (loss) before income tax				1 185
Income tax expenses				(221)
Net profit (loss) for the year				964

OTHER SEGMENT INFORMATION

Capital expenditure	1 113	48	-	1 161
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2023 Q1	Lithuania	Latvia	All other segments	Total
Revenue from contracts with customers:	21 051	1 791	55	22 897
Total revenue from contracts with customers				22 897
Segment results	1 711	22	(198)	1 535
Unallocated expenses				(437)
Profit (loss) from operations				1 098
Net financial income (expenses)				(252)
Profit (loss) before income tax				846
Income tax expenses				(412)
Net profit (loss) for the year				434

OTHER SEGMENT INFORMATION

Capital expenditure	726	10	-	736
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1.7.

ACTIVITY AND SEGMENT INFORMATION (cont'd)

INFORMATION ON MAIN GROUP'S OPERATING SEGMENTS:

	Lithuania	Latvia	All other segments	Total
Revenue from contracts from external customers				
2024 Q1	22 596	2 228	-	24 824
2023 Q1	21 051	1 791	55	22 897

	Lithuania	Latvia	All other segments	Total
Segment non-current assets				
As of 31 March 2024	34 544	5 738	-	40 282
As of 31 December 2023	33 017	5 327	-	38 344

MAIN ACTIVITY INDICATORS FOR THE GROUP*:

	2024 Q1	2023 Q1	Change
Area of residential apartment buildings under administration (million square meters)***	11,0	11,7	(6,0%)
Area of public, commercial building and atypical properties under administration (million square meters)	5,1	4,9	4,1%
Number of employees	1 585	1 668	(5,0%)
Sales for the period	24 824	28 637	(13,3%)
Gross margin	26,4%	27,3%	(0,9) p.p.
EBITDA margin	8,6%	7,8%	0,8 p.p.
EBIT margin	5,9%	4,3%	1,6 p.p.
Net margin	3,9%	1,9%	2,0 p.p.
Number of shares (thousand)	31 610	31 610	-
Return on equity	3,9%	3,0%	0,9 p.p.
Return on assets	1,2%	0,7%	0,5 p.p.
Financial Net Debt to equity**	47,3%	68,8%	(21,5) p.p.

* Main activity indicators are presented including subsidiaries that were disposed in 2023 (further disclosed in Note 7 discontinued operations)

** Interest bearing debt (net of cash balance) to Shareholders' equity.

*** The decrease in areas was mainly due to the sale of business in Poland.

2.

ACCOUNTING POLICIES

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

In the Interim Financial Statements same accounting policies and methods of computation are followed as compared with the most recent annual financial statements.

Interim Financial Statements are prepared in compliance with International Accounting Standard (IAS) 34 Interim financial reporting.

These Interim Financial Statements were authorized for issue on 31 May 2024 by responsible persons listed in the confirmation, which is attached to the Interim Financial Statements.

3.

GOODWILL

COST:

Balance as of 1 January 2023	10 475
Balance as of 31 December 2023	10 475
Acquisitions of subsidiaries	844
Balance as of 31 March 2024	11 319

IMPAIRMENT:

Balance as of 1 January 2023	1 676
Balance as of 31 December 2023	1 676
Balance as of 31 March 2024	1 676

Net book value as of 31 December 2023	8 799
Net book value as of 31 March 2024	9 643

3.

GOODWILL (cont'd)

During reporting period the Company through its subsidiary acquired SIA Jauntukums, SIA Nebruk Jelgava and SIA Nia Nami.

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	SIA Jauntukums	SIA Nebruk Jelgava	SIA Nia Nami
At the date of acquisition	10 March	10 March	10 March
Property, plant and equipment	7	28	18
Trade receivables	53	96	316
Other current assets	337	107	692
Total assets	397	231	1 026
Trade payables	132	27	301
Other current liabilities	334	158	597
Total liabilities	466	185	898
Total identifiable net assets at fair value	(69)	46	128
Goodwill	274	166	405
Total purchase consideration	205	212	533
Cash acquired	273	95	487
Total purchase consideration, net of cash acquired	(68)	117	46

4.

SIGNIFICANT EVENTS**Investments and other changes during the three months of the year 2024**

On 8 January 2024 a member of the Management Board Mr. Dalius Šimaitis has resigned from the management board. As from 8 January 2024, City Service SE Management Board shall consist of 2 (two) members: Artūras Gudelis and Vytautas Turonis.

On 12 February 2024 the title of UAB Energetinių projektų valdymas was changed into UAB Kapitalo sprendimai. Other contact details did not change.

On 10 March 2024 the Group, through its Latvian subsidiary from unrelated party acquired 100% of the shares of SIA Jauntukums (acquisition price EUR 205 thousand) which is based in Latvia. SIA Jauntukums is engaged in administration of dwelling-houses.

On 10 March 2024 the Group, through its Latvian subsidiary from unrelated party acquired 100% of the shares of SIA Nebruk Jelgava (acquisition price EUR 212 thousand) which is based in Latvia. SIA Nebruk Jelgava is engaged in administration of dwelling-houses.

On 10 March 2024 the Group, through its Latvian subsidiary from unrelated party acquired 100% of the shares of SIA Nia Nami (acquisition price EUR 533 thousand) which is based in Latvia. SIA Nia Nami is engaged in administration of dwelling-houses.

On 29 March 2024 due to the acquisition of three new companies in the Republic of Latvia, credit agreement between City Service SE and Swedbank, AB concluded on 30 November 2023, have been amended, increasing the credit taken under the credit agreement from EUR 9 000 000 (nine million euros) to EUR 9 440 000 (nine million four hundred forty thousand euros) with borrowing capacity increased (the purpose of which is an overdraft) from EUR 8 925 000 (eight million nine hundred twenty-five thousand euros) to EUR 9 585 000 (nine million five hundred eighty five thousand euros).

5.

OTHER INTANGIBLE ASSETS

Movement of other intangible assets in 2024 Q1 and 2023 is presented below:

	Customer related intangibles	Computer software	Other	Total
COST:				
Balance as of 1 January 2023	19 397	3 961	2 825	26 183
Additions	-	1 209	-	1 209
Disposals and retirements	-	(95)	(989)	(1 084)
Balance as of 31 December 2023	19 397	5 075	1 836	26 308
Additions arising from acquisitions of subsidiaries	-	9	-	9
Additions	-	1 092	-	1 092
Disposals and retirements	-	16	(27)	(11)
Reclassifications	-	2 607	(1 617)	990
Balance as of 31 March 2024	19 397	8 799	192	28 388
ACCUMULATED AMORTIZATION AND IMPAIRMENT:				
Balance as of 1 January 2023	5 424	1 564	248	7 205
Charge for the period	642	496	-	1 175
Disposals and retirements	-	-	(1 022)	(1 028)
Balance as of 31 December 2023	6 066	2 060	(774)	7 352
Charge for the period	159	213	-	372
Disposals and retirements	-	24	(27)	(3)
Reclassifications	-	-	989	989
Balance as of 31 March 2024	6 226	2 297	188	8 710
Net book value as of 31 December 2023	13 331	3 015	2 610	18 956
Net book value as of 31 March 2024	13 171	6 502	4	19 677

6.

PROPERTY, PLANT AND EQUIPMENT

Movement of fixed assets in 2024 Q1 and 2023 is presented below:

	Buildings	Vehicles	Other property, plant and equipment	Total
COST:				
Balance as of 1 January 2023	482	1 337	1 686	3 505
Additions arising from acquisitions of subsidiaries	-	-	4	4
Additions	-	-	541	541
Disposals and retirements	(387)	(383)	(75)	(845)
Disposals related to discontinued operations	-	-	(1)	(1)
Reclassifications	-	128	-	128
Balance as of 31 December 2023	95	1 082	2 155	3 332
Additions arising from acquisitions of subsidiaries	87	26	43	156
Additions	-	-	69	69
Disposals and retirements	(87)	(20)	-	(107)
Balance as of 31 March 2024	95	1 088	2 267	3 450
ACCUMULATED DEPRECIATION:				
Balance as of 1 January 2023	147	1 317	1 047	2 511
Charge for the year	6	3	369	378
Disposals and retirements	(58)	(374)	53	(379)
Additions arising from acquisitions of subsidiaries	-	-	3	3
Disposals related to discontinued operations	-	-	(1)	(1)
Reclassifications	-	-	7	7
Balance as of 31 December 2023	95	946	1 478	2 519
Additions arising from acquisitions of subsidiaries	60	8	34	102
Charge for the year	-	2	84	86
Disposals and retirements	(60)	(20)	2	(78)
Balance as of 31 March 2024	95	936	1 598	2 629
Net book value as of 31 December 2023	-	136	677	813
Net book value as of 31 March 2024	-	152	669	821

7.

DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Group management evaluated IFRS 5 criteria for assets held for sale and on 31 March 2024 as well as 31 December 2023 there were no entities which met the criteria to be classified as held for sale and represented in Consolidated Statement of financial position.

On May 2023 the Company signed the share purchase-sale agreement for the sale of UAB Baltijos būsto priežiūra and Deleterma Sp. z o.o. and all of these entities subsidiaries operating in Poland.

After evaluation of IFRS 5 Discontinued operations criteria in 2023 Q1 entities related to business segment in Poland (Deleterma Sp. z o.o., PROGRESLINE Sp.z o.o., ZZN Inwestycje Sp.z o.o., Tumieszkamy Sp.z o.o., Wolska Aparthotel Sp.z o.o., Parama Group Sp.z o.o., Atrium 21 Sp.z o.o., Skydas - Przeglądy Budowlane Sp.z o.o., Parama Red Sp.z o.o., Parama White Sp.z o.o., Concierge - Zarządzanie Nieruchomościami Sp.z o.o., Parama Blue Sp.z o.o., Parama Yellow Sp.z o.o., UAB Baltijos būsto priežiūra, EnergiaOK sp. z o.o., Grupa Techniczna 24 Sp. z o.o, UAB Neries būstas, Zespół Zarządców Nieruchomości sp. z o.o., Famix sp. z.o.o., TED Sp. z o.o., Dom - Best Sp. z o.o., SANTER Zarządzanie Nieruchomościami, Certus - Serwis Sp. z o.o) were classified as discontinued operations and presented as such in Consolidated Statement of Comprehensive Income. As of the date of 2024 Q1 there were no entities that met the criteria of IFRS 5 Discontinued operations.

The result of discontinued operations is as following:

	2024 Q1	2023 Q1
Revenue from contracts with customers	-	5 740
Cost of sales	-	(4 258)
Gross profit (loss)	-	1 482
General and administrative expenses	-	(466)
Credit loss expenses on financial assets	-	54
Other operating income	-	103
Other operating expenses	-	(1 035)
Gain (loss) from operations	-	138
Interest income	-	6
Interest expenses	-	(3)
Gain (loss) before tax	-	141
Income tax	-	(28)
Net profit (loss)	-	113

All income tax expenses presented in the disclosure are attributable to discontinued operations. Gain (loss) on sale of discontinued operation is non-taxable item.

The net cash flows incurred from discontinued operations are as follows:

	2024 Q1	2023 Q1
Net cash flows (to) from operating activities	-	(7 421)
Net cash flows (to) from investing activities	-	7 842
Net cash flows (to) from financing activities	-	(19)
Net increase (decrease) in cash flows	-	402

8.

RIGHT OF USE ASSETS AND LEASE

Effect to the consolidated statement of financial position as at 31 March 2024 and 2023:

	Buildings	Vehicles	Total
ASSETS			
Cost			
Balance as of 1 January 2023	4 900	2 481	7 381
Additions	385	171	556
Decrease related to lease modifications	(96)	-	(96)
Reclassifications	-	(127)	(127)
Decrease related to lease termination	(2 749)	(54)	(2 803)
Balance as of 31 December 2023	2 440	2 471	4 911
Additions	19	-	19
Decrease related to lease modifications	(174)	(59)	(233)
Balance as of 31 March 2024	2 285	2 412	4 697
Accumulated depreciation			
Balance as of 1 January 2023	1 540	1 939	3 479
Charge for the year	732	363	1 095
Decrease related to lease modifications	(28)	-	(28)
Decrease related to lease termination	(1 735)	(53)	(1 788)
Balance as of 31 December 2023	509	2 249	2 758
Charge for the year	157	64	221
Decrease related to lease modifications	(296)	(43)	(339)
Balance as of 31 March 2024	370	2 270	2 640
Right of use assets as of 31 December 2023	1 931	222	2 153
Right of use assets as of 31 March 2024	1 915	142	2 057

Set out below are IFRS 16 impact to profit (loss) statement:

	2024 Q1	2023 Q1
Depreciation expense of right-of-use assets	221	384
Interest expense on lease liabilities	17	22
Expense relating to leases of low-value assets (included in administrative expenses)	72	28
Profit (loss) from operations	310	434

Group has no variable lease payments.

The Group had total cash outflows for leases of EUR 151 thousand as at 31 March 2024 (412 thousand as at 31 March 2023). The Group had EUR 19 thousand non-cash additions to right-of-use assets and lease liabilities as at 31 March 2024 (EUR 351 thousand as at 31 March 2023).

9.

TRADE RECEIVABLES

TRADE RECEIVABLES OF THE GROUP AS OF 31 MARCH 2024 AND 31 DECEMBER 2023 WERE AS FOLLOWS:

	Balance as of 31 March 2024	Balance as of 31 December 2023
Trade receivables, gross	29 879	31 755
Less: allowance for doubtful trade receivables	(6 292)	(6 249)
Trade receivables, net	23 587	25 506

Trade receivables and other receivables generally have 30 - 90 days payment terms.

Non-current receivables mainly comprise of long-term part of receivables for residential buildings' repair works performed.

10.

BORROWINGS

BORROWINGS OF THE GROUP AND THE COMPANY AS OF 31 MARCH 2024 AND 31 DECEMBER 2023 WERE AS FOLLOWS:

	Currency	Balance as of 31 March 2024	Balance as of 31 December 2023
<u>CURRENT LOANS</u>			
Bank loans	EUR	7 794	9 000
CURRENT LOANS BALANCE		7 794	9 000
<u>NON-CURRENT LOANS</u>			
Bank loans	EUR	11 200	11 417
Less: current portion of non-current loans		(1 060)	(1 138)
NON-CURRENT LOANS BALANCE		10 140	10 279

For the loans and overdraft the Company has pledged to the bank the shares of UAB Mano būstas. Under credit agreement SIA City Service and UAB Mano būstas have provided surety for City Service SE.

11.

COST OF SALES

	2024 Q1	2023 Q1
Services of subcontractors and materials used	11 595	4 602
Wages and salaries and social security	6 656	6 027
Cost of goods sold	5	455
Depreciation	3	2
Other	(0)	5 467
Total cost of sales	18 259	16 553

12.

GENERAL AND ADMINISTRATIVE EXPENSES

	2024 Q1	2023 Q1
Wages and salaries and social security	2 548	2 563
Depreciation and amortization	673	751
Consulting and similar expenses	358	511
Utilities	196	17
Computer software maintenance	162	153
Transportation and fuel expenses	90	110
Commissions for collection of payments	84	83
Insurance	77	69
Advertising	77	148
Rent of premises and other assets	72	28
Representational costs	65	59
Business trips and training	60	38
Taxes other than income tax	40	68
Bank payments	26	27
Communication expenses	22	46
Charity and support	13	1
Other	678	601
Total general and administrative expenses	5 241	5 273

13.

OTHER OPERATING INCOME (EXPENSES)

	2024 Q1	2023 Q1
Gain on disposal of property, plant and equipment	162	-
Fines and penalties	40	-
Other income	10	54
Total other operating income	212	54

	2024 Q1	2023 Q1
Fines and penalties	38	-
Loss on disposal of property, plant and equipment	26	-
Other expenses	8	-
Total other operating expenses	72	-

14.

INTEREST AND OTHER FINANCE INCOME AND (EXPENSES)

	2024 Q1	2023 Q1
Interest income	26	10
Foreign currency exchange gain (loss)	-	2
Gain (loss) on sale of investments	-	22
Total finance income	26	34
Interest (expenses)	(297)	(283)
Foreign currency exchange gain (loss)	-	(3)
Total finance expenses	(297)	(286)
Financial activity, net	(271)	(252)

15.

DIVIDENDS PER SHARE

	2024 Q1	2023 Q1
Number of shares (in thousand)	31 610	31 610
Approved dividends	-	-
Approved dividends per share	-	-

16.

RELATED PARTY TRANSACTIONS

The parties are considered related when one party has the possibility to control the other one or have significant influence over the other party in making financial and operating decisions. The related parties of the Group and the Company are considered the following:

- UAB Unit Invest – the ultimate parent of the Company;
- Subsidiaries and associates of UAB Unit Invest (same ultimate controlling shareholder);
- Associates of City Service SE subsidiaries (for the list of the associates, see also Note 1.4);
- A. Gudelis, V. Turonis (Company's management board);

Transactions with related parties include sales and purchases of goods and services in the ordinary course of business and acquisitions and disposals of property, plant and equipment.

UAB Mano būstas and SIA City Service have provided surety for City Service SE to AB Swedbank under credit agreement. Companies are liable to the extent of all its assets to the Bank with respect to the same amount as the City Service SE. Shares of UAB Mano būstas are pledged to AB Swedbank well.

Payables and receivables between related parties are non-interest bearing. Receivables and payables payment terms between the related parties are up to 15-30 days, except for the dividends and loans, which are repaid in accordance to the legal and contractual requirements, respectively.

2024 Q1	Purchases	Sales	Receivables and prepayments	Loans granted	Payables and advances received
PortalPRO SL	-	-	6	193	-
UAB Verslo finansavimo sprendimai	-	-	524	-	2 957
ICOR	137	57	249	-	96
UAB PortalPRO	-	107	676	-	-
Associates and other related parties	275	282	244	437	206
Total	412	446	1 699	630	3 259

17.

SUBSEQUENT EVENTS

There were no significant subsequent events after the reporting date and as of the date of submission of this report.



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