

CITYSERVICE

In service of your property

**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE TWELVE MONTHS
PERIOD ENDED 31 DECEMBER, 2020
(UNAUDITED)**

City Service SE

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER, 2020
(UNAUDITED)**

Beginning of the reporting period	1 January 2020
End of the reporting period	31 December 2020
Business name	City Service SE
Registration number	12827710
Legal address	Narva mnt. 5, 10117 Tallinn, the Republic of Estonia
Telephone	+370 5 239 49 00
Fax	+370 5 239 48 48
E-mail	info@cityservice.eu
Website	http://www.cityservice.eu
Auditor	Ernst & Young Baltic AS

CONTENTS

DECLARATION OF THE MANAGEMENT	4
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	5
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS.....	11
GENERAL INFORMATION.....	11
1.1. ACTIVITIES	11
1.2. SHARE CAPITAL OF THE COMPANY	12
1.3. SHAREHOLDERS OF THE COMPANY	12
1.4. CITY SERVICE GROUP.....	13
1.5. COMPANY'S SUPERVISORY BOARD.....	17
1.6. COMPANY'S MANAGEMENT BOARD	18
1.7. ACTIVITY AND SEGMENT INFORMATION.....	20
ACCOUNTING POLICIES	22
GOODWILL.....	22
SIGNIFICANT EVENTS.....	24
OTHER INTANGIBLE ASSETS	27
PROPERTY, PLANT AND EQUIPMENT	28
RIGHT OF USE ASSETS AND LEASE.....	29
TRADE RECEIVABLES.....	30
BORROWINGS	30
COST OF SALES	31
GENERAL AND ADMINISTRATIVE EXPENSES.....	31
OTHER OPERATING INCOME (EXPENSES).....	31
INTEREST AND OTHER FINANCE INCOME AND (EXPENSES).....	32
DIVIDENDS PER SHARE	32
RELATED PARTY TRANSACTIONS	33
SUBSEQUENT EVENTS	34

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

26 February 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 31 December 2020	As of 31 December 2019
Assets			
NON-CURRENT ASSETS			
Goodwill	3	9,253	10,684
Other intangible assets	5	25,204	31,122
Property, plant and equipment	6	6,586	12,685
Right of use assets	7	8,898	10,320
Investments into associates		216	182
Non-current receivables	8	9,013	8,667
Deferred income tax asset		3,814	4,250
Total non-current assets		62,984	77,910
CURRENT ASSETS			
Inventories		1,191	1,811
Prepayments		1,514	1,794
Trade receivables	8	31,278	36,471
Receivables from related parties	15	423	362
Contract assets		1,665	4,398
Other receivables and current assets		5,341	3,674
Cash and cash equivalents		14,129	3,792
Total current assets		55,541	52,302
Assets held for sale		1,210	-
Total assets		119,735	130,212

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

	Notes	As of 31 December 2020	As of 31 December 2019
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		9,483	9,483
Other reserves		948	948
Share premium		21,067	21,067
Foreign currency translation reserve		(3,506)	(2,701)
Retained earnings (deficit)		20,233	21,721
Reserve of a disposal group classified as held for sale		376	-
		48,601	50,518
Non-controlling interests		413	448
TOTAL EQUITY		49,014	50,966
Liabilities			
Non-current liabilities			
Non-current borrowings	9	17,362	18,523
Lease liabilities	7	7,110	7,857
Deferred income tax liabilities		2,887	3,259
Non-current payables		2,854	2,103
TOTAL NON-CURRENT LIABILITIES		30,213	31,742
Current liabilities			
Current portion of non-current borrowings	9	2,862	2,717
Current portion of lease liabilities	7	2,372	3,522
Current loans	9	113	3,628
Trade payables		10,421	15,736
Payables to related parties	15	202	471
Contract liabilities		8,552	7,426
Other current liabilities		15,948	14,004
TOTAL CURRENT LIABILITIES		40,470	47,504
Liabilities associated with assets held for sale		38	-
Total liabilities		70,721	79,246
Total equity and liabilities		119,735	130,212

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 January – 31 December)

	Notes	2020 Q4	2019 Q4 (Restated)
Revenue from contracts with customers	1.7	152,800	175,423
Cost of sales	10	(108,802)	(131,306)
Gross profit (loss)		43,998	44,117
General and administrative expenses	11	(35,049)	(39,258)
Credit loss expenses on financial assets		(2,191)	(1,723)
Other operating activity, net	12	329	337
Profit (loss) from operations		7,087	3,473
Interest and other finance income	13	2,212	346
Interest and other finance expenses	13	(1,930)	(1,409)
Share of profit of associates		35	12
Profit (loss) before tax		7,404	2,422
Income tax		(2,208)	(1,003)
Net profit from continued operations		5,196	1,419
Discontinued operations			
Net profit (loss) from discontinued operations		691	36
Net profit (loss)		5,887	1,455
Other comprehensive income			
Exchange differences on translation of foreign operations		(851)	261
Total comprehensive income		5,036	1,716
Attributable to:			
The shareholders of the Company		5,872	1,434
Non-controlling interests		15	21
		5,887	1,455
Total comprehensive income attributable to:			
The shareholders of the Company		5,021	1,695
Non-controlling interests		15	21
		5,036	1,716
Basic and diluted earnings per share (EUR)		0.19	0.05

STATEMENTS OF COMPREHENSIVE INCOME

(for the period 1 October – 31 December)

	2020 Q4	2019 Q4
Revenue from contracts with customers	38,897	50,612
Cost of sales	(26,093)	(38,200)
Gross profit (loss)	12,804	12,412
General and administrative expenses	(12,044)	(12,265)
Credit loss expenses on financial assets	(1,106)	(671)
Other operating income, net	(676)	401
Profit (loss) from operations	(1,022)	(123)
Finance activity result, net	1,638	(675)
Share of profit of associates	35	12
Profit (loss) before tax	651	(786)
Income tax	(800)	(193)
Net profit from continued operations	(149)	(979)
Discontinued operations		
Net profit (loss) from discontinued operations	691	36
Net profit (loss)	542	(943)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Discontinued operations	Total	Non-controlling interest	Total
Balance as of 1 January 2019		9,483	21,067	(2,936)	948	20,287	-	48,849	404	49,253
Net profit		-	-	-	-	1,434	-	1,434	21	1,455
Other comprehensive Income		-	-	235	-	-	-	235	26	261
Total comprehensive Income		-	-	235	-	1,434	-	1,669	47	1,716
Dividends declared	14	-	-	-	-	-	-	-	(3)	(3)
Balance as of 31 December 2019		9,483	21,067	(2,701)	948	21,721	-	50,518	448	50,966
Balance as of 1 January 2020		9,483	21,067	(2,701)	948	21,721	-	50,518	448	50,966
Net profit		-	-	-	-	5,872	-	5,872	15	5,887
Other comprehensive Income		-	-	(805)	-	-	-	(805)	(46)	(851)
Total comprehensive Income		-	-	(805)	-	5,872	-	5,067	(31)	5,036
Dividends declared	14	-	-	-	-	(6,984)	-	(6,984)	(4)	(6,988)
Reserves of a disposal group classified as held for sale		-	-	-	-	(376)	376	-	-	-
Balance as of 31 December 2020		9,483	21,067	(3,506)	948	20,233	376	48,601	413	49,014

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2020 Q4*	2019 Q4*
Cash flows from (to) operating activities			
Net profit from continued operations		5,196	1,419
Net profit from discontinued operations		691	36
Adjustments for non-cash items:			
Income tax expenses		2,196	1,012
Depreciation and amortisation	5,6,7	6,731	9,002
Impairment and discounting of accounts receivable		1,552	1,747
(Gain) on disposal of property, plant and equipment	12	(776)	(593)
(Gain) loss from sale of investments		(2,461)	457
Impairment of goodwill and intangible assets		3,731	1,462
Other provisions		-	(159)
Other financial activity, net		1,416	594
Share of net profit of associate		(35)	(12)
		18,241	14,965
Changes in working capital:			
Decrease in inventories		215	365
(Increase) in receivables, contract assets and other current assets		(166)	(8,032)
Decrease in prepayments		117	1,043
(Decrease) in trade payables and payables to related parties		(1,430)	(790)
Income tax (paid)		(1,536)	(2,453)
Increase in advances received, contract liabilities and other current liabilities		4,710	4,862
		20,151	9,960
Cash flows from (to) investing activities			
(Acquisition) of non-current assets (except investments)	5,6	(1,978)	(2,784)
Proceeds from sale of non-current assets		3,974	1,578
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		(43)	(106)
Disposal of investments in subsidiaries		2,841	122
Deconsolidation of investments in subsidiaries		(319)	-
Interest received		282	145
Loans (granted)		(454)	(114)
Loans repaid		895	263
		5,198	(896)
Cash flows from (to) financing activities			
Dividends (paid)		(6,988)	(3)
(Repayment) of loans		(3,617)	(5,757)
(Repayment) of financial lease liabilities		(2,959)	(3,994)
Interest (paid)		(820)	(863)
		(14,384)	(10,617)
Net increase (decrease) in cash and cash equivalents		10,965	(1,553)
Foreign exchange difference		(593)	43
Cash and cash equivalents at the beginning of the period		3,792	5,302
Cash and cash equivalents at the end of the period		14,164	3,792

*Group cash flows for 2020 and 2019 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 Western, Central and 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, Poland, Spain, Latvia, in the city of St. Petersburg in Russian Federation.

1.1.**ACTIVITIES**

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; marketplaces administration; 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 27.3 million sq. m. at present.

During this year City Service group carried on implementing confirmed strategy and was further looking for growth opportunities in Central and Western Europe. Extensive negotiations with potential foreign companies regarding their acquisition, reorganization and implementation according to the Group’s business model and standards were carried out.

The Group’s areas of activity are relatively stable (core activities include: commercial and residential property administration and cleaning services) and tend not to fluctuate materially throughout the year unless significant acquisitions or divestments of certain subsidiaries occur during the reporting period.

1.2.

SHARE CAPITAL OF THE COMPANY

The share capital of the Company is EUR 9,483 thousand as of 31 December 2020. 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 December 2020 all 31,610 thousand ordinary shares of the Company are included into the Parallel Market of Warsaw Stock Exchange (ISIN Code of the shares is EE3100126368). Trading Code of the shares on Warsaw Stock Exchange is CTS.

1.3.

SHAREHOLDERS OF THE COMPANY

As of 31 December 2020 the total number of shareholders of the Company was 71*.

* Number of the shareholders reflects only shareholders who hold more than 0.5 per cent of the votes through a nominee accounts (according to amendments that entered into force in 10 September 2020 in the Securities Register Maintenance Act (§ 6 Nominee account (subsection 9.2)) and hold their shares directly (not through nominee accounts).

COMPANY'S SHARES DISTRIBUTION AMONG SHAREHOLDERS WHO HAVE MORE THAN 5% SHARES OF THE COMPANY AS OF 31 DECEMBER 2020 WAS THE FOLLOWING:

	Number of shares held	Owned percentage of the share capital and votes, %
UAB ICOR, legal entity code 300021944, address: Ozo str. 12A, 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 DECEMBER 2020 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 December 2020	Share of the stock held by the Group as of 31 December 2019	Main activities
UAB Acta iuventus	Lithuania	-	100%	Security services
UAB Alytaus namų valda	Lithuania	76%	76%	Dormant
UAB Algos saugos tarnyba	Lithuania	-	100%	Security services
UAB Baltijos būsto priežiūra	Lithuania	100%	100%	Dormant
UAB Baltijos NT valdymas	Lithuania	100%	100%	Real estate management
UAB Baltijos transporto valdymas	Lithuania	100%	100%	Asset management
UAB Baltijos turto valdymas	Lithuania	100%	100%	Holding company
UAB Biržų butų ūkis	Lithuania	57.71%	57.71%	Administration of dwelling-houses
UAB Būsto aplinka	Lithuania	100%	100%	Maintenance and cleaning of dwelling-houses territories and premises
UAB Būsto mokėjimai	Lithuania	-	100%	Dormant
UAB Citenga	Lithuania	100%	100%	Holding company
UAB City Service	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 City Service Digital	Lithuania	100%	100%	IT services
UAB CSG IT	Lithuania	100%	100%	IT services
UAB Economus	Lithuania	-	100%	Administration of buildings
UAB Energijos taupymo paslaugos	Lithuania	100%	100%	Energy saving solution services
UAB Energinio efektyvumo paslaugos	Lithuania	100%	100%	Dormant
UAB EPC projektai	Lithuania	100%	100%	Dormant
UAB Neries būstas	Lithuania	100%	100%	Dormant
UAB Karoliniškių turgus	Lithuania	-	100%	Marketplace administration services
UAB Konarskio turgelis	Lithuania	100%	100%	Marketplace administration services
UAB Mano aplinka	Lithuania	100%	100%	Maintenance and cleaning of public territories and premises
UAB Mano aplinka plus	Lithuania	100%	100%	Maintenance and cleaning of territories and premises
UAB Mano Būstas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būstas Alytus	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 Aukštaitija	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 Vakarai	Lithuania	99.84%	99.84%	Administration of dwelling-houses
UAB Mano Būstas Vilnius	Lithuania	100%	100%	Administration of dwelling-houses
UAB Mano Būsto Sauga	Lithuania	-	100%	Security services
UAB Mano Būsto priežiūra	Lithuania	100%	100%	Building maintenance
UAB Mano sauga LT	Lithuania	-	100%	Security services
UAB Medžiagų tiekimo centras	Lithuania	100%	100%	Supply of materials
UAB Merlangas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Miesto butų ūkis	Lithuania	100%	-	Dormant
UAB Nacionalinis renovacijos fondas	Lithuania	100%	100%	Administration of dwelling-houses renovation projects
UAB Naujosios Vilnios turgavietė	Lithuania	-	100%	Marketplace administration services
UAB Pastatų priežiūra	Lithuania	100%	100%	Building maintenance
UAB Pastatų valdymas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Pietų projektai	Lithuania	100%	100%	Dormant
UAB PortalPRO	Lithuania	100%	100%	Supply chain management
UAB Rinkų vystymas	Lithuania	100%	100%	Dormant
UAB Saugos projektų valdymas	Lithuania	-	100%	Security services
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
UAB Vaizdo stebėjimo sprendimai	Lithuania	-	100%	Dormant
UAB Valymo projektai Vilnius 1	Lithuania	100%	-	Maintenance and cleaning of dwelling-houses territories and premises
UAB Valymo projektai Vilnius 2	Lithuania	100%	-	Maintenance and cleaning of dwelling-houses territories and premises
UAB Valymo projektai Vilnius 3	Lithuania	100%	-	Maintenance and cleaning of dwelling-houses territories and premises
UAB Valymo projektai Vilnius 4	Lithuania	100%	-	Maintenance and cleaning of dwelling-houses territories and premises
UAB Valymo projektai Kaunas	Lithuania	100%	-	Maintenance and cleaning of dwelling-houses territories and premises
UAB Vilniaus turgus	Lithuania	100%	100%	Dormant
Administracion Urbana y Rural Chorro, S.L.U.	Spain	100%	100%	Administration of dwelling-houses
Afinem administración de finques, S.L.U.	Spain	100%	100%	Administration of dwelling-houses

Aresi administracion de fincas S. L.	Spain	100%	100%	Administration of dwelling-houses
Aresi Gestion residencial, S.L.	Spain	100%	100%	Administration of dwelling-houses
Concentra Servicios y Mantenimiento, S.A.*	Spain	100%	100%	Commercial real estate management and building maintenance
Elche administracion de fincas, S.L.U.	Spain	100%	100%	Administration of dwelling-houses
Eurobroker Advisors Sorreduria de Seguros, S.L.	Spain	100%	100%	Insurance services
Euronamas Gestion de Fincas Levante, S.L.U.	Spain	100%	100%	Dormant
Euronamas Gestion de Fincas Sur, S.L.	Spain	100%	100%	Administration of dwelling-houses
Euronamas Gestion de Fincas Meseta Central, S.L.U.	Spain	100%	100%	Dormant
Euronamas Gestion de Fincas Centro, S.L.	Spain	100%	100%	Administration of dwelling-houses
Euronamas gestion de fincas Madrid, S.L.	Spain	100%	100%	Administration of dwelling-houses
Grupo Aresi de Inversiones, S.L.	Spain	100%	100%	Holding company
Inmonamas, S.L.	Spain	100%	100%	Dormant
Interlift Mantenimiento y Ascensores, S.L.	Spain	100%	100%	Dormant
Portalpro Gestion Integral S.L.	Spain	100%	100%	Supply chain management
Vetell dos iberica, S.L.*	Spain	100%	100%	Administration of dwelling-houses
SIA Connecto Pay	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 Laba Energija	Latvia	100%	100%	Dormant
SIA Latvijas Namsaimnieks	Latvia	100%	100%	Administration of dwelling-houses
SIA Namu serviss APSE	Latvia	100%	100%	Administration of dwelling-houses
SIA Ventspils nami	Latvia	100%	100%	Administration of dwelling-houses
Atrium 21 sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
City Service Polska sp. z o.o.	Poland	100%	100%	Country holding company
Certus-Serwis Sp. z o. o.	Poland	100%	100%	Administration of dwelling-houses
Concierge - Zarządzanie Nieruchomościami sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Dom Best sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
EnergiaOK sp. z o.o.	Poland	100%	100%	Sale of electricity
Famix sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Grupa Techniczna 24 sp. z o.o.	Poland	100%	100%	Building maintenance
Home Rent sp. z o.o.	Poland	50%	50%	Administration of dwelling-houses
Parama Blue sp. z o.o.	Poland	100%	100%	Dormant

Parama Group sp. z o.o.	Poland	100%	100%	Holding company
Parama Yellow sp. z o.o.	Poland	100%	100%	Dormant
Parama Red sp. z o.o.	Poland	100%	100%	Dormant
Parama White sp. z o.o.	Poland	100%	100%	Dormant
Progresline sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Santer Zarządzanie Nieruchomościami sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
Skydas - Przeglądy Budowlane sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
TED sp. z o.o.	Poland	100%	100%	Real estate management
Tumieszkamy sp. z o. o.	Poland	100%	100%	Dormant
Wolska Aparthotel sp. z o. o.**	Poland	100%	100%	Accommodation services
Zespół Zarządców Nieruchomości sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
ZZN Inwestycje sp. z o.o.	Poland	100%	100%	Dormant
ОАО Сити Сервис / ОАО City service	St. Petersburg	100%	100%	Administration of dwelling-houses
ЗАО Сити Сервис / ЗАО City service	St. Petersburg	100%	100%	Administration of dwelling-houses
ООО Специализи-рованное ремонтно-наладочное управление	St. Petersburg	100%	100%	Construction and engineering
ООО МН Групп	St. Petersburg	100%	100%	Country holding company
ООО Жилкомсервис № 3 Фрунзенского района	St. Petersburg	80%	80%	Administration of dwelling-houses
ООО Чистый дом	St. Petersburg	100%	100%	Maintenance and cleaning of territories
ООО Подъемные механизмы	St. Petersburg	100%	100%	Elevator installing & tech. support
ООО Территория комфорта	St. Petersburg	100%	100%	Dormant

The Group's investment in an associate as of 31 December 2020 included an investment in Marijampolės butų ūkis UAB (34% of the share capital).

* 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.

** The Group ceased to consolidate Wolska Aparthotel sp. z o. o. in its Financial statements after bankruptcy administrator was appointed on 3 June 2020, as from that date the Group has lost its control.

1.5.

COMPANY'S SUPERVISORY BOARD

AS OF 31 DECEMBER 2020, 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 19, 2019	June 19, 2023
Gintautas Jaugielavičius	Member of the Supervisory Board	June 19, 2019	June 19, 2023

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 ICOR (since 2004).

**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 ICOR and is a member of the board of UAB ICOR (since 2004).

1.6.

COMPANY'S MANAGEMENT BOARD

AS OF 31 DECEMBER 2020 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, 2017	June 26, 2021
Tomas Kleiva	Member of the Management Board	June 26, 2017	June 26, 2021
Vytautas Turonis	Member of the Management Board	June 26, 2017	June 26, 2021
Dalius Šimaitis	Member of the Management Board	February 1, 2019	February 1, 2023

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.



Tomas Kleiva

Tomas Kleiva (born in 1979) is a Member of the Management Board of City Service SE (since 2017). Tomas Kleiva was acting CEO until new management structure of City Service SE was approved (23 February 2017 – 26 June 2017).

Prior to that, Tomas Kleiva was the Financial Manager of City Service SE (2016 - 2017) and Financial Manager and Executive Manager of the Group's subsidiaries operating in St. Petersburg (2009 – 2016). He started to work in the Group as a Project Manager (2006 – 2009). Tomas Kleiva has a Master's degree in Environmental Engineering.

Tomas Kleiva is responsible and accountable for any and all financial matters and operations within the Group in all the jurisdictions and carries functions of Group's CFO, except for Lithuania, Latvia and Estonia. Tomas Kleiva is also responsible for the organization and supervision of Group activities in Russia.

1.6.

COMPANY'S MANAGEMENT BOARD (cont'd)**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 at UAB Mano Būstas. 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.

**Dalius Šimaitis**

Dalius Šimaitis (born in 1977) is a Member of the Management Board of City Service SE (since 2019). Previously he worked as the maintenance department director at UAB Mano būstas (2016 - 2019). Mr. Šimaitis works in the Group since 2016. He holds a Bachelor's degree in Thermal Engineering and a Master's degree in Energy Engineering.

Dalius Šimaitis is responsible and accountable for Group activities in Poland and Spain, also for technical operations and supply chain management, standardization policy within the Group in all jurisdictions.

1.7.

ACTIVITY AND SEGMENT INFORMATION

INFORMATION ON MAIN GROUP'S GEOGRAPHICAL SEGMENTS:

2020 Q4	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	86,797	43,334	18,225	4,444	152,800
Total revenue from contracts with customers					152,800
Segment results	11,449	3,079	(1,267)	(4,744)	8,517
Unallocated expenses					(1,430)
Profit from operations					7,087
Net financial income					317
Profit before income tax					7,404
Income tax expenses					(2,208)
Net profit for the year					5,196

OTHER SEGMENT INFORMATION

Capital expenditure	1,427	111	249	103	1,890
---------------------	-------	-----	-----	-----	--------------

2019 Q4	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	98,973	46,210	24,570	5,670	175,423
Total revenue from contracts with customers					175,423
Segment results	5,636	1,933	(102)	(2,733)	4,734
Unallocated expenses					(1,261)
Profit from operations					3,473
Net financial income					(1,051)
Profit before income tax					2,422
Income tax expenses					(1,003)
Net profit for the year					1,419

OTHER SEGMENT INFORMATION

Capital expenditure	914	71	226	2,200	3,411
---------------------	-----	----	-----	-------	--------------

1.7.
ACTIVITY AND SEGMENT INFORMATION (cont'd)
INFORMATION ON MAIN GROUP'S GEOGRAPHICAL SEGMENTS:

	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts from external customers					
2020 Q4	86,797	43,334	18,225	4,444	152,800
2019 Q4	98,973	46,210	24,570	5,670	175,423

	Baltic states	St. Petersburg	Poland	Spain	Total
Segment non-current assets					
As of 31 December 2020	43,690	3,198	12,474	3,622	62,984
As of 31 December 2019	49,445	4,258	15,675	8,532	77,910

MAIN ACTIVITY INDICATORS FOR THE GROUP:

	2020 Q4	2019 Q4	Change
Area of residential apartment buildings under administration (million square meters)	23.3	30.7	(24.1%)
Area of public, commercial building and atypical properties under administration (million square meters)	4.0	4.5	(11.1%)
Number of employees	3,374	4,080	(17.3%)
Sales for the period	155,273	178,020	(12.8%)
Sales (main activity)*	131,183	151,409	(13.4%)
Gross margin*	34.2%	29.7%	4.5 p.p.
EBITDA margin*	10.6%	8.3%	2.3 p.p.
EBIT margin*	5.5%	2.4%	3.1 p.p.
Net margin*	4.5%	1.0%	3.5 p.p.
Number of shares (thousand)	31,610	31,610	-
Return on equity	12.0%	2.9%	9.1 p.p.
Return on assets	4.9%	1.1%	3.8 p.p.
Financial Net Debt to equity**	12.7%	41.4%	(28.7) p.p.

* Calculated by reducing sales for the resale of utility services.

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

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 authorised for issue on 26 February 2021 by responsible persons listed in the confirmation, which is attached to the Interim Financial Statements.

3.

GOODWILL

COST:

Balance as of 1 January 2019	11,673
Disposal of subsidiaries	(135)
Exchange differences	86
Balance as of 31 December 2019	11,624
Additions	47
Disposal of subsidiaries	(106)
Exchange differences	(174)
Discontinued operations	(816)
Balance as of 31 December 2020	10,575

IMPAIRMENT

Balance as of 1 January 2019	707
Exchange differences	6
Impairment recognized	227
Balance as of 31 December 2019	940
Exchange differences	(54)
Impairment recognized	436
Balance as of 31 December 2020	1,322

Net book value as of 31 December 2020	9,253
Net book value as of 31 December 2019	10,684

3.

GOODWILL (cont'd)

During reporting period the Company through its subsidiary acquired UAB Miesto butų ūkis.

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	Miesto butų ūkis
At the date of acquisition	1 December
Other current assets	4
Total assets	4
Trade payables	4
Total liabilities	4
Total identifiable net assets at fair value	-
Fair value of acquired assets, liabilities and contingent liabilities	-
Goodwill	47
Total purchase consideration	47
Cash acquired	4
Total purchase consideration, net of cash acquired	43

4.

SIGNIFICANT EVENTS**Investments and other changes during the twelve months of the year 2020**

On 12 February 2020 the Supervisory Board of the Company adopted resolution to recall Algė Jablonskienė from the Management Board of the Company.

On 10 March 2020 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Būsto mokėjimai, which intended to carry out transfer payment activity. Value of share sale – purchase agreement is EUR 231 thousand. Net assets of disposed subsidiary at the date of disposal amounted to EUR 145 thousand.

On March 2020, quarantine has been announced in the countries where the Group companies operate. During the quarantine, work changes took place: part of Group employees started to work remotely and remaining staff which are working in client's premises took special precautions. The so called "first wave" of COVID-19 did not have a significant impact on the Group companies operations and results. At the moment of issuance of these financial statements the "second wave" of coronavirus is still ongoing. Since late autumn, Group companies have returned to work in quarantine conditions: Group continues to observe requirements relating to the COVID-19 pandemic, a large number of employees continue to work remotely. In preparing the interim financial statements, the estimates and assumptions of the Group's management regarding the impact of COVID-19 for the period ended 31 December 2020 have not changed compared to the estimates presented in the financial statements of the previous period. The Group's management, assessed the potential impact of key COVID-19 factors on the Group's strategic goals, cash flows, financial results and assessed that this matter will not affect the Group's ability to continue as going concern as the Group companies remained less affected by the current economic situation, except the event described below.

On 24 March 2020 the Supervisory Board of the Company adopted resolution to recall Aivaras Šimkus from the Management Board of the Company.

On 30 March 2020 the Group, through its Polish subsidiary has submitted a petition for bankruptcy of Wolska Aparthotel sp. z o. o. to official institutions in Poland. The bankruptcy was determined by the state of pandemic threat of COVID-19 which resulted the significant loss of revenues in subsidiary, after the Company was forced to stop running the Aparthotel.

On 3 June 2020 bankruptcy administrator was appointed to Wolska Aparthotel sp. z o. o. From this date the Group ceased to consolidate this subsidiary in its Financial statements as from that date the Group has lost its effective control to it. Wolska Aparthotel sp. z o. o. is still presented in the Group's structure (Note 1.4) as City Service SE remains indirect shareholder of the subsidiary until the end of bankruptcy process.

On 26 June 2020 the Annual General Meeting of Shareholders of the Company has been held. The shareholders approved the set of consolidated annual financial statements of the Company for 2019 and distributed the Company's profit for the year 2019.

On 27 July 2020, a reduction of the share capital of UAB Mano Būsto priežiūra was registered. As of 27 July 2020, the share capital of UAB Mano Būsto priežiūra reduced to EUR 381,808.64. Share capital of the company is divided into 13,184 ordinary shares, the nominal value of which remained at EUR 28.96.

On 8 September 2020 the Group, through its Lithuanian subsidiary, established a new company UAB Valymo projektai Vilnius 1 (share capital EUR 2.5 thousand).

On 9 September 2020 the Group, through its Lithuanian subsidiary, established a new companies UAB Valymo projektai Vilnius 2, UAB Valymo projektai Vilnius 3, UAB Valymo projektai Vilnius 4, UAB Valymo projektai Kaunas, UAB Valymo projektai Klaipėda, UAB Valymo projektai Šiauliai (share capital of each company is EUR 2.5 thousand).

4.

SIGNIFICANT EVENTS (cont'd)

On 8 October 2020 Court of Appeal of Lithuania announced its decision in appeal case in which Vilnius City Municipality Administration and Prosecutor General's Office claimed EUR 20,6 million in losses from the Company. The Court of Appeal of Lithuania decided to annul the decision of Vilnius County Court dated 25 July 2019 and adopted a new decision – to dismiss Vilnius City Municipality Administration's and Prosecutor General's Office's claim in full. The above mentioned decision of Court of Lithuania takes effect from the date of its adoption. As disclosed in Note 16, on 18 January 2021 the Supreme Court of Lithuania accepted the cassation appeals of the Vilnius City Municipality Administration and Prosecutor General's Office and the Company has already submitted responses to the appeals of the cassators, stating the reasons for disagreement regarding the arguments submitted by the cassators in their cassation appeals.

On 20 October 2020 bankruptcy procedure of UAB Saugos projektų valdymas was finished and it was deregistrated from the Registry of legal entities.

On 28 October 2020 the Extraordinary General Meeting of Shareholders of the Company has been held. The shareholders amended the profit distribution decision approved by the annual general meeting held on 26 June 2020 and adopted a new decision on the Company's profit for the year 2019.

On 30 October 2020 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Valymo projektai Šiauliai, which intended to provide cleaning services. Value of share sale – purchase agreement is EUR 5 thousand. The carrying value of the net asset of the subsidiary disposed included in the consolidated financial statements as of 30 October 2020 amounted to EUR 19 thousand.

On 26 November 2020 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Valymo projektai Klaipėda, which intended to provide cleaning services. Value of share sale – purchase agreement is EUR 6 thousand. The carrying value of the net asset of the subsidiary disposed included in the consolidated financial statements as of 26 November 2020 amounted to EUR 39 thousand.

On 1 December 2020 the Group, through its Lithuanian subsidiary, acquired 100% stake in UAB Miesto butų ūkis (acquisition price EUR 47 thousand).

On 1 December 2020 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Economus, which provided of administration services. Value of share sale – purchase agreement is EUR 390 thousand. The carrying value of the net asset of the subsidiary disposed included in the consolidated financial statements as of 1 December 2020 amounted to EUR 249 thousand.

On 16 December 2020 Aresi Euroinmo, S.L. company title was changed into Inmonamas, S.L. Other contact details did not change.

On 22 December 2020 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Karoliniškių turgus and UAB Naujosios Vilnios turgavietė, which provided Marketplace administration services. Value of share sale – purchase agreements are EUR 1,370 thousand of UAB Karoliniškių turgus and EUR 860 thousand of UAB Naujosios Vilnios turgavietė. The carrying value of the net asset of the subsidiaries disposed included in the consolidated financial statements as of 31 December 2020 amounted are EUR 811 thousand of UAB Karoliniškių turgus and EUR 270 thousand of UAB Naujosios Vilnios turgavietė. The subsidiaries activity are disclosed as discontinued operation in this financial statements.

On 22 December 2020 the Group, through its Lithuanian subsidiary signed the share sale – purchase agreement for the sale of UAB Konarskio turgelis which provided Marketplace administration services. The sale procedure will be finished and the ownership will be transferred during the year 2021. The subsidiaries activity is disclosed as discontinued operation in this financial statements.

4.

SIGNIFICANT EVENTS (cont'd)

On 28 December 2020 the Group through its Lithuanian subsidiary sold 100% stake in UAB Mano sauga LT (including its subsidiaries UAB Vaizdo stebėjimo sprendimai, UAB Acta iuventus, UAB Algos saugos tarnyba) and UAB Mano Būsto sauga which provided security services. Value of share sale – purchase agreements are EUR 1,735 thousand. The carrying value of the net asset of the subsidiaries disposed included in the consolidated financial statements at the disposal date amounted to EUR (501) thousand of UAB Mano sauga LT, EUR (37) thousand of UAB Vaizdo stebėjimo sprendimai, EUR 151 thousand of UAB Acta iuventus, EUR 376 thousand of UAB Algos saugos tarnyba, EUR (576) thousand of Mano Būsto sauga. The subsidiaries activity are disclosed as discontinued operation in this financial statements.

On 31 December 2020, an increase of the share capital of UAB City service was registered. As of 31 December 2020, the share capital of UAB City Service increased to EUR 57,002,500. Share capital of the company is divided into 57,002,500 ordinary shares, the nominal value of which remained at EUR 1.

Group management evaluated the recoverable amount of each cash generating unit as of 31 December 2020 based on the value in use calculation using cash flow projections based on the five-year financial forecasts prepared by the management. In Spain and Poland cash generating units would result in impairment as of 31 December 2020 respectively EUR 3,200 thousand and EUR 500 thousand.

5.

OTHER INTANGIBLE ASSETS

Movement of other intangible assets in 2020 and 2019 is presented below:

	Total
COST:	
Balance as of 1 January 2019	39,646
Additions arising from acquisitions of subsidiaries	123
Additions	2,648
Exchange differences	303
Disposals of subsidiaries	(701)
Disposals and retirements	(32)
Reclassifications from property, plant and equipment	54
Balance as of 31 December 2019	<u>42,041</u>
Additions	1,192
Disposals of subsidiaries	(24)
Disposals	(211)
Discontinued operations	(944)
Exchange differences	(1,049)
Balance as of 31 December 2020	<u>41,005</u>
ACCUMULATED AMORTISATION AND IMPAIRMENT:	
Balance as of 1 January 2019	7,011
Charge for the year	2,901
Exchange differences	75
Disposals and retirements	(32)
Impairment recognised	1,081
Disposals of subsidiaries	(117)
Balance as of 31 December 2019	<u>10,919</u>
Charge for the period	2,394
Disposals	(6)
Impairment	3,281
Disposals of subsidiaries	(20)
Discontinued operations	(471)
Exchange differences	(296)
Balance as of 31 December 2020	<u>15,801</u>
Net book value as of 31 December 2020	25,204
Net book value as of 31 December 2019	31,122

6.
PROPERTY, PLANT AND EQUIPMENT
MOVEMENT OF FIXED ASSETS IN 2020 AND 2019 IS PRESENTED BELOW:

	Buildings	Vehicles	Other property, plant and equipment	Construction in progress*	Total
COST:					
Balance as of 1 January 2019	8,997	11,394	14,544	22	34,957
Transition to right of use assets	-	(5,200)	-	-	(5,200)
Additions	-	54	663	46	763
Disposals of subsidiaries	-	(9)	(337)	-	(346)
Disposals and retirements	(2,153)	(438)	(904)	-	(3,495)
Exchange differences	21	92	188	-	301
Reclassifications	180	16	(29)	(46)	121
Balance as of 31 December 2019	7,045	5,909	14,125	22	27,101
Additions	1	91	602	4	698
Disposal of subsidiaries	(62)	(5)	(116)	-	(183)
Disposals	(3,287)	(1,343)	(1,047)	-	(5,677)
Discontinued operations	(1,674)	(47)	(854)	-	(2,575)
Exchange differences	(86)	(262)	(758)	(1)	(1,107)
Reclassifications	(913)	-	-	-	(913)
Balance as of 31 December 2020	1,024	4,343	11,952	25	17,344
ACCUMULATED DEPRECIATION:					
Balance as of 1 January 2019	2,905	6,700	6,350	-	15,955
Reclassification to right of use assets (IFRS 16 application)	-	(1,888)	-	-	(1,888)
Charge for the year	319	596	1,848	-	2,763
Disposals and retirements	(1,177)	(428)	(905)	-	(2,510)
Disposals of subsidiaries	-	(2)	(161)	-	(163)
Exchange differences	-	61	92	-	153
Reclassifications	106	11	(11)	-	106
Balance as of 31 December 2019	2,153	5,050	7,213	-	14,416
Charge for the year	232	302	1,449	-	1,983
Disposals	(961)	(1,192)	(870)	-	(3,023)
Disposals of subsidiaries	(3)	(23)	(79)	-	(105)
Discontinued operations	(1,066)	(40)	(706)	-	(1,812)
Exchange differences	-	(188)	(417)	-	(605)
Reclassifications	(96)	-	-	-	(96)
Balance as of 31 December 2020	259	3,909	6,590	-	10,758
Net book value as of 31 December 2020	765	434	5,362	25	6,586
Net book value as of 31 December 2019	4,892	859	6,912	22	12,685

* Includes prepayments for tangible and intangible assets.

7.

RIGHT OF USE ASSETS AND LEASE

Effect to the consolidated statement of financial position as at 31 December 2020 and 31 December 2019:

	Rent contracts	Vehicles	Total
ASSETS			
Cost			
Initial IFRS 16 application	12,673	-	12,673
IFRS 16 application (reclassification from property, plant and equipment)	-	5,200	5,200
Additions	1,353	388	1,741
Disposals	(5,110)	(339)	(5,449)
Exchange differences	215	-	215
Balance as of 31 December 2019	9,131	5,249	14,380
Additions	1,772	-	1,772
Disposals	(830)	(600)	(1,430)
Exchange differences	(508)	-	(508)
Balance as of 31 December 2020	9,565	4,649	14,214
Accumulated depreciation			
IFRS 16 application (reclassification from property, plant and equipment)	-	1,888	1,888
Charge for the year	2,624	714	3,338
Disposals	(1,248)	(84)	(1,332)
Impairment	155	-	155
Exchange differences	11	-	11
Balance as of 31 December 2019	1,542	2,518	4,060
Charge for the year	1,637	714	2,351
Disposals	(660)	(349)	(1,009)
Exchange differences	(86)	-	(86)
Balance as of 31 December 2020	2,433	2,883	5,316
Right of use assets as of 31 December 2020	7,132	1,766	8,898
Right of use assets as of 31 December 2019	7,589	2,731	10,320

As of 31 December 2020 EUR 2,287 thousand lease obligations were treated as lease obligations according to IAS 17 and IFRIC 4 until the 31 December 2018 and EUR 7,195 thousand is related to IFRS 16 standard application after the 1 January 2019.

Effect to the consolidated statement of comprehensive income as at 31 December 2020:

	EUR, thousand
Depreciation (expenses)	(1,640)
Rent expenses (which would have been recognized if IFRS 16 would not be applied)	1,715
Result on deconsolidation of subsidiary	178
Profit from operations	253
Interest and other finance (expenses)	(87)
Profit (loss) before tax	166

8.

TRADE RECEIVABLES

TRADE RECEIVABLES OF THE GROUP AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019 WERE AS FOLLOWS:

	Balance as of 31 December 2020	Balance as of 31 December 2019
Trade receivables, gross	44,232	48,657
Less: allowance for doubtful trade receivables	(12,954)	(12,186)
Trade receivables, net	31,278	36,471

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.

9.

BORROWINGS

BORROWINGS OF THE GROUP AND THE COMPANY AS OF 31 DECEMBER 2020 AND 31 DECEMBER 2019 WERE AS FOLLOWS:

Creditor	Currency	Balance as of 31 December 2020	Balance as of 31 December 2019
<u>SHORT-TERM LOANS</u>			
Bank loans	EUR	-	3,432
Bank loans	PLN	113	196
SHORT-TERM LOANS BALANCE		113	3,628
<u>LONG-TERM LOANS</u>			
Bank loans	EUR	20,224	21,240
Minus: long term loans of the current year		(2,862)	(2,717)
LONG-TERM LOANS BALANCE		17,362	18,523

For the loans and overdraft the Company and its subsidiaries have pledged to the bank real estate and bank accounts of the Company and its subsidiaries in Lithuania. Zespół Zarządców Nieruchomości sp. z o.o. also has pledged part of its fixed assets for overdraft agreement. Shares of UAB Mano Būsto priežiūra and UAB City Service are pledged to AB SEB bankas as well.

10.

COST OF SALES

	2020 Q4	2019 Q4
Services of subcontractors and materials used	70,938	85,500
Wages and salaries and social security	35,455	40,952
Cost of goods sold	1,414	316
Depreciation	755	945
Other	240	3,593
Total cost of sales	108,802	131,306

11

GENERAL AND ADMINISTRATIVE EXPENSES

	2020 Q4	2019 Q4
Wages and salaries and social security	16,999	19,492
Depreciation and amortisation	5,568	7,613
Impairment of Goodwill and intangible assets	3,713	1,307
Consulting and similar expenses	1,650	2,087
Rent of premises and other assets	944	535
Computer software maintenance	896	926
Taxes other than income tax	825	963
Commissions for collection of payments	593	583
Transportation and fuel expenses	411	655
Insurance	353	380
Communication expenses	290	337
Advertising	278	462
Representational costs	210	498
Bank payments	193	204
Business trips and training	182	458
Utilities	134	208
Charity and support	103	56
Net result of deconsolidated subsidiary due to loss of control	(204)	-
Other	1,911	2,494
Total general and administrative expenses	35,049	39,258

12.

OTHER OPERATING INCOME (EXPENSES)

	2020 Q4	2019 Q4
Gain on disposal of property, plant and equipment	775	585
Income from rent	44	53
Other (expenses), net	(490)	(301)
Total other operating activity	329	337

13.

INTEREST AND OTHER FINANCE INCOME AND (EXPENSES)

	2020 Q4	2019 Q4
Interest income	266	200
Foreign currency exchange gain	5	146
Investments sales profit	1,941	-
Total finance income	2,212	346
Foreign currency exchange (loss)	(1,077)	-
Interest (expenses)	(803)	(952)
Loss on sale of investments	(50)	(457)
Total finance (expenses)	(1,930)	(1,409)
Financial activity, net	282	(1,063)

14.

DIVIDENDS PER SHARE

	2020 Q4	2019 Q4
Approved dividends	6,988	3
Number of shares (in thousand)	31,610	31,610
Approved dividends per share	0.22	0.00

15.

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:

- Global energy consulting OÜ – the ultimate parent of the company;
- UAB Lag&d – controlled by the same ultimate parent;
- UAB ICOR – the shareholder of the Company;
- Subsidiaries and associates of UAB ICOR (same ultimate controlling shareholder);
- Associates of City Service SE subsidiaries (for the list of the associates, see also Note 1.4);
- A. Gudelis, T. Kleiva, V. Turonis, D. Šimaitis (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 Būsto priežiūra, Zespół Zarządców Nieruchomości sp. z o.o., SIA Latvijas Namsaimnieks and UAB City Service have provided surety for City Service SE to AB SEB bankas 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 Būsto priežiūra and UAB City Service are pledged to AB SEB bankas as 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.

2020 Q4	Purchases	Sales	Receivables and prepayments	Payables
UAB ICOR	398	100	10	123
AB Axis Industries	2	9	1	-
Other subsidiaries of Lag&d	306	832	412	79
Total	706	941	423	202

On 5 January 2021 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Valymo projektai Vilnius 4, which intended to provide cleaning services. The carrying value of the net asset of the subsidiary disposed included in the consolidated financial statements as of 31 December 2020 amounted to EUR 14 thousand.

On 18 January 2021 the Supreme Court of Lithuania accepted the cassation appeals of the Vilnius City Municipality Administration and Prosecutor General's Office. The appeals were filed against the decision of the Court of Appeal of Lithuania that was adopted on October 8, 2020. The Company has already submitted responses to the appeals of the cassators within the set deadlines, stating the reasons for disagreement regarding the arguments submitted by the cassators in their cassation appeals.

On 29 January 2021 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Valymo projektai Kaunas, UAB Valymo projektai Vilnius 2, UAB Valymo projektai Vilnius 3, which intended to provide cleaning services. The carrying value of the net asset of the subsidiaries disposed included in the consolidated financial statements as of 31 December 2020 amounted to EUR 40 thousand.

On 11 February 2021 ООО Территория комфорта company title was changed into ООО ПорталПРО. Other contact details did not change.

On 26 February 2021 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Valymo projektai Vilnius 1, which intended to provide cleaning services. The carrying value of the net asset of the subsidiary disposed included in the consolidated financial statements as of 31 December 2020 amounted to EUR 7 thousand.

On 26 February 2021, a reduction of the share capital of UAB Konarskio turgelis was registered. As of 26 February 2021, the share capital of UAB Konarskio turgelis reduced to EUR 2,500.09. Share capital of the company is divided into 8,621 ordinary shares, the nominal value of which remained at EUR 0.29.



City Service SE

Narva mnt. 5, 10117,
Tallinn, the Republic of Estonia;
address in Lithuania:
Ozo str. 12A, LT – 08200 Vilnius,
Phone (+370 5) 2394900,
fax (+370 5) 2394848,
E-mail. info@cityservice.eu
www.cityservice.eu