

# 21

## **INTERIM CONSOLIDATED REPORT**

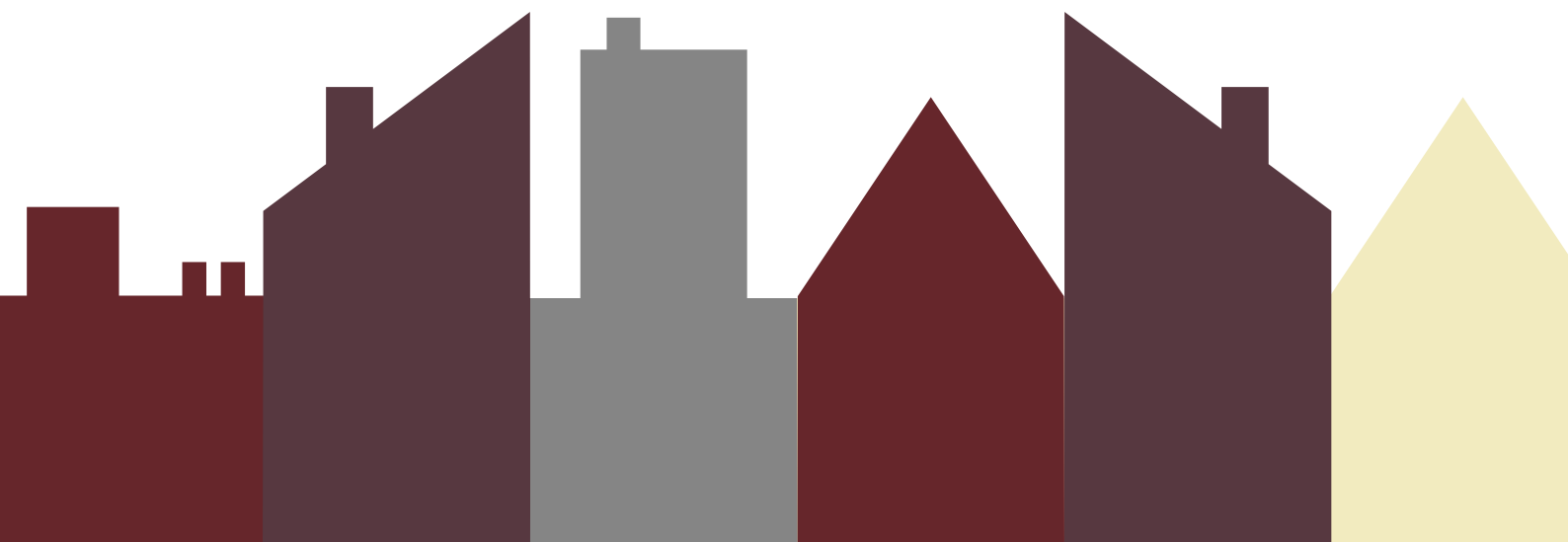
for the six months of 2021



# INTERIM CONSOLIDATED REPORT

**for the six months of 2021**

<b>Beginning of the reporting period</b>	1 January 2021
<b>End of the reporting period</b>	30 June 2021
<b>Business name</b>	City Service SE
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<b>Auditor</b>	Ernst & Young Baltic AS



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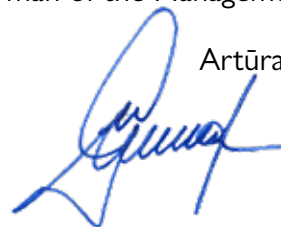
31 August 2021

# 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



# CORPORATE PROFILE

## I.I. City Service Group

**City Service SE is a holding company managing a group of facility maintenance and integrated utility companies in Europe.**

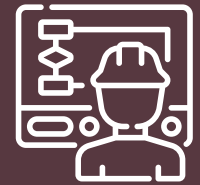
The companies of the group are engaged in administration of facility management, maintenance and repair of utility systems, management and renovation of energy resources, technical and energy auditing of buildings, territory management and cleaning of premises, along with the services of gas station maintenance and debt management

**The companies of the Group operate in strict accordance with environmental requirements.**

Main business areas of the Group:



Administration of apartment buildings



Commercial facility management



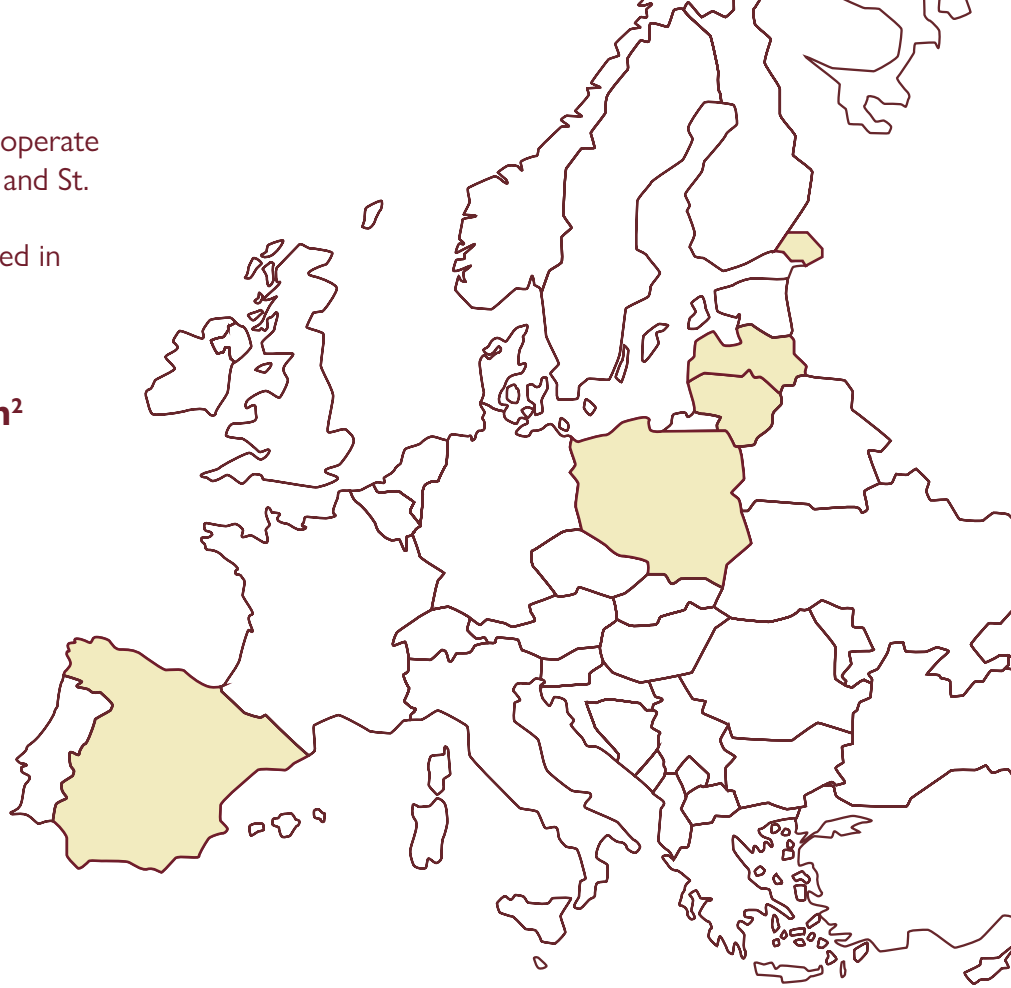
Territory cleaning and maintenance



Other activities

Currently, the Group companies operate in Lithuania, Poland, Spain, Latvia and St. Petersburg (Russia). The total area of buildings managed in these regions is

**23.9** millions m<sup>2</sup>



## I.2. Strategy and objectives

**By combining City Service global expertise with a deep understanding of local specifics, we provide our customers with modern and convenient services.**

Our long-term objective is very linked with our mission – growth of commercial, public and private property management, development of integrated utility services.

## I.3. Mission and vision



### OUR VISION

is to be a leader in creating value for residential property.



### OUR MISSION

is to represent the interests of our customers by increasing the value of their property and improving their living environment

## I.4. Structure of the Group

LATVIA	LITHUANIA				POLAND		ST. PETERSBURG	SPAIN	
100% SIA Connecto Pay	76% UAB Alytaus namų valda	100% UAB City Service Digital	100% UAB Mano Būstas Baltija	100% UAB Mano Būsto priežiūra	100% Atrium 21 sp. z o.o.	100% Parama Red sp. z o.o.	100% ОАО Сити Сервис / ОАО City service	100% Aresi administracion de fincas S. L.	100% Euronamas Gestion de Fincas Sur, S.L.
100% SIA City Service	100% UAB Apex intelligence	100% UAB CSG IT	100% UAB Mano Būstas Dainava	100% UAB Medžiagų tiekimo centras	100% City Service Polska sp. z o.o.	100% Parama White sp. z o.o.	100% ЗАО Сити Сервис / ZAO City service	100% Administracion Urbana y Rural Chorro, S.L.U.	100% Euronamas Gestion de fincas Centro, S.L.
100% SIA City Service Engineering	100% UAB Baltijos būsto priežiūra	100% UAB eBūstas	100% UAB Mano Būstas Neris	100% UAB Merlangas	100% Certus-Serwis Sp. z o. o.	100% PORTALPRO sp. z o.o.	100% ООО Специализированное ремонтно-наладочное управление	100% Afinem administracion de finques, S.L.U.	100% Euronamas gestion de fincas Madrid, S.L.
100% SIA Ēku pārvaldīšanas serviss	100% UAB Baltijos NT valdymas	100% UAB Energijos taupymo paslaugos	100% UAB Mano Būstas NPC	100% UAB Nacionalinis renovacijos fondas	100% Concierge - Zarządzanie Nieruchomościami sp. z o.o	100% Progresline sp. z o.o.	100% ООО МН Групп	100% Aresi Gestion residencial, S.L.	100% Grupo Aresi de Inversiones, S.L.
100% SIA Laba Energija	100% UAB Baltijos transporto valdymas	100% UAB Enter tech	100% UAB Mano Būstas Kaunas	100% UAB Pastatų priežiūros tarnyba	100% Dom Best sp. z o.o.	100% Santer Zarządzanie Nieruchomościami sp. z o.o.	80% ООО Жикомсервис № 3 Фрунзенского района	100% Concentra Servicios y Mantenimiento, S.A.*	100% Inmonamas, S.L.
100% SIA Latvijas Namsaimnieks	100% UAB Baltijos turto valdymas	100% UAB EPC projekti	100% UAB Mano Būstas Klaipėda	100% UAB Pastatų priežiūra	100% EnergiaOK sp. z o.o.	100% Skydas - Przeglądy Budowlane sp. z o.o.	100% ООО Чистый дом	100% Elche administracion de fincas, S.L.U.	100% PORTALPRO, S.L.
100% SIA Namu serviss APSE	57.71% UAB Biržų butų ūkis	100% UAB Neris būstas	100% UAB Mano Būstas Aukštaitija	100% UAB Pastatų valdymas	100% Famix sp. z o.o.	100% TED sp. z o.o.	100% ООО Подъемные механизмы	100% Eurobroker Advisors Sorreduria de Seguros, S.L.	100% URBAN HUB, S.L.
100% SIA Ventspils nami	100% UAB Butų ūkio valdos	100% UAB Mano aplinka	100% UAB Mano Būstas Radviliškis	100% UAB PortalPRO	100% Grupa Techniczna 24 sp. z o.o.	100% Tumiesz kami sp. z o. o.	100% ООО ПорталПРО	100% EUROHUB, S.L.	100% Vetell dos iberica, S.L.*
	100% UAB Būsto aplinka	100% UAB Mano aplinka plus	100% UAB Mano Būstas Sostinė	100% UAB Rinkų vystymas	50% Home Rent sp. z o.o.	100% Wolska Aparthotel sp. z o. o.**			
	100% UAB City Service	100% UAB Mano bendrabutis	100% UAB Mano Būstas Šiauliai	100% UAB Skolos LT	100% Parama Blue sp. z o.o.	100% Zespół Zarządców Nieruchomości sp. z o.o.			
	100% UAB City Service Cleaning	100% UAB Mano Būstas	99.84% UAB Mano Būstas Vakarai	100% UAB Šiaulių NT valdymas	100% Parama Group sp. z o.o.	100% ZZN Inwestycje sp. z o.o.			
	100% UAB City Service Engineering	100% UAB Mano Būstas Alytus	100% UAB Mano Būstas Vilnius	100% UAB Unitechna	100% Parama Yellow sp. z o.o.				

\* 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.



# INTERIM MANAGEMENT REPORT

## 2.1. Main areas of activity

### 2.1.1. ADMINISTRATION OF APARTMENT BUILDINGS

**The Group companies provide apartment building administration services – they carry out all necessary activities for the preservation of the shared objects and their use for the targeted purposes, and provide constant technical maintenance.**

The companies take care of the maintenance of mechanical durability of the basic house structures, elimination of minor defects, prevention, tuning of general engineering equipment, ensuring safe use, elimination of accidents, prevention and adjustment of heating and hot water supply systems, preparation for heating season.

The Group of companies provides apartment building administration and maintenance services in Lithuania, Poland, Latvia, Spain and St. Petersburg.







**In Lithuania, the Group companies increased the area of supervised multi-apartment buildings both by signing new contracts with the owners of multi-apartment buildings and by acquiring new companies. The company Butų ukio valdos, which provides administration services of multi-apartment buildings in Telšiai, was acquired, to oversee the area of 120 thousand square meters of multi-apartment buildings.**

As the lockdown in the country continued, the focus was further paid on remote customer service through digital channels. The web platform and eBŪSTAS mobile application were developed and used by the company served this purpose. During the pandemic, customers were offered every opportunity to deal with their home care issues safely and without leaving their homes.

When comparing the data of June 2020 and June 2021, the total number of unique users of self-service websites and mobile application increased by 12 percent, the number of visits by 14 percent, the traffic of mobile application visitors by 20 percent, the number of payments made using self-service website and mobile application grew by 18 percent.

The company's PortalPRO, a mass surveillance platform for real estate users based on the sharing economy and developed by the company, was further expanded. This platform is open to all Lithuanian freelance technicians, for whom the company ensures a steady flow of orders, a free work schedule and the opportunity to work and earn money transparently.

Currently, the total area of managed apartment buildings is 10.5 million square meters.



**In the first half of this year, the Group's company operating in Poland actively sought for new ways of business growth and measures to improve customer satisfaction. A special service platform was introduced for new customers. From now on, when signing cooperation agreements, customers can choose one of the three service packages to their preference: mStandart, Komfort or Premium.**

In addition, a PartnerPRO Ambassador program was introduced for existing customers, which allows them to recommend the company's services to potential customers and participate in a loyalty programme.

In the first half of the year, a strong focus was placed on innovative building maintenance solutions with the launch of Audyt PRO and Audyt PRO Plus services. They enable the proactive maintenance of multi-apartment buildings through intelligent technologies such as drones and thermal imaging, and increase the value of buildings maintained over time.

Currently, the total area of managed apartment buildings is 2.3 million square meters.



The traffic of mobile application visitors grew by

**20%**



**702**

specialists registered in the **PortalPRO** system.



Area of currently maintained buildings in Lithuania amounts to

**10.5**  
million m<sup>2</sup>



**The Group's holding in Spain has fully formed its management team and implemented the structure of its management departments during the first half of 2021.**

Changes in the Group structure following the merger have been fully implemented in order to make the management efficient and in line with the centralised customer service structure. As of 7 July, the Group consists of 10 companies instead of 15.

Currently, the total area of managed apartment buildings is 2.7 million square meters.

**The group company operating in Latvia provides services in the towns of Riga, Liepaja, Ventspils and Ogre.**

During the first half of the year, a new, modern customer self-service system was introduced. It is accessible both via a web browser and a mobile phone application. It allows customers to see up-to-date information about the house, financial statements, to register notifications, declare meter readings and vote.

In 2021, the group is planning to continue investing in IT systems, and the main goals are to increase operational efficiency and automation, to improve quality and provide customers with more convenience in using the company's digital services. The Group companies will continue to seek to increase the area of serviced houses organically and through new acquisitions, and to expand the geography of operations in other cities of the country.

Currently the area of maintained residential buildings amounts to 0.7 million square meters.

**At the Group's St. Petersburg-based company, the main IT project of the year is the implementation of in-house ERP system.**

With the help of this system, the company's specialists receive job applications, report on their performance and use of materials. The ERP system is already connected to the company's telephony and is configured to upload information relevant to residents. The system is already operational in all the company's departments and some of the contractors' companies. In the second half of this year, a mobile application for customers of the ERP system will be launched.

Currently, the total area of managed apartment buildings amounts to 3.6 millions square meters



All the calls of the polish customers and e-mail requests were redirected into unified call centre working

**24/7**



Area of currently maintained buildings in Poland amounts to

**2.3**  
million m<sup>2</sup>



Area of currently maintained buildings in Spain amounts to

**2.7**  
million m<sup>2</sup>



Area of currently maintained buildings in Latvia amounts to

**0.7**  
million m<sup>2</sup>



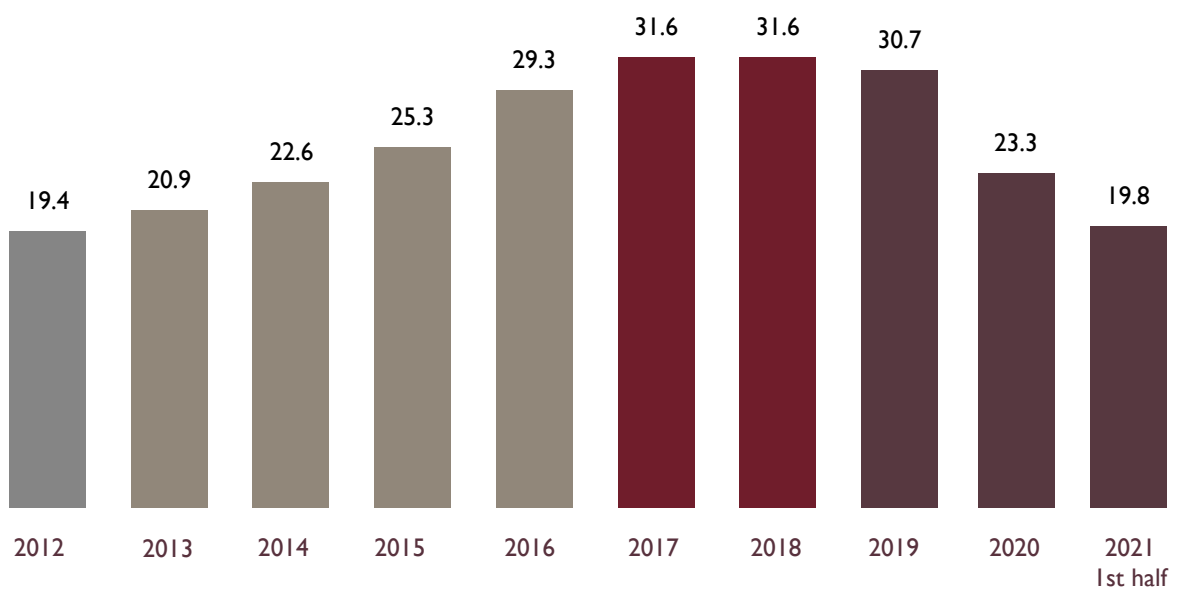
Area of currently maintained buildings in St. Petersburg amounts to

**3.6**  
million m<sup>2</sup>





Changes in the area of managed apartment buildings in the Group companies, **MILLION M<sup>2</sup>**



# INTERIM MANAGEMENT REPORT

## 2.1.2. COMMERCIAL FACILITY MANAGEMENT

The Group companies provide commercial building facility management services that ensure reliable operation of building systems and lower maintenance costs. The companies take care of the building maintenance ranging from utility equipment, energy resource management and conservation to premises cleaning.

The Group companies provide commercial building facility management services in Lithuania and Latvia.

**In Lithuania, the first half of the year saw the expansion of the client base with 19 contracts signed: 11 contracts with existing customers, 8 contracts with new customers.**

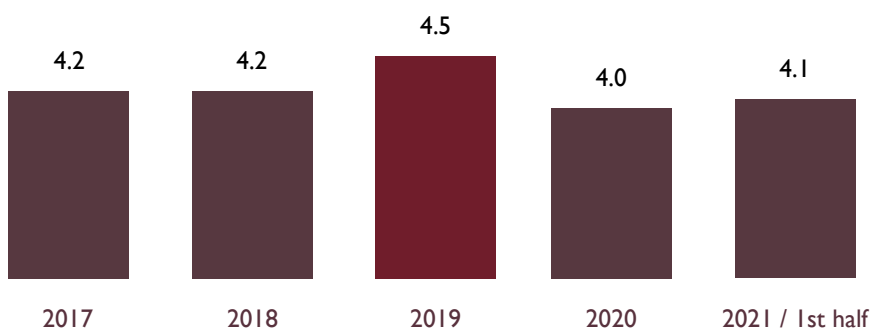
Complex building management services were launched for the newly reconstructed Neringa hotel in Vilnius, the new NOVA business centre managed by Technopolis Lietuva, a Finnish capital company, as well as for the LVOVAS business centre and for one of the largest office complex projects of the year, Business Garden Vilnius.

Contracts with existing clients have also been extended, adding new services and buildings to the existing scope.

The total area of currently supervised buildings amounts to 3.2 million square meters.

**In Latvia, new comprehensive building management maintenance contracts were signed or extended with the municipal facilities in Rezekne and Cesis, the Lemon GYM sports club, Maxima Logistics Centre, Riga Railways and other facilities.**

The total area of currently supervised buildings amounts to 0.9 million square meters.



Area of currently supervised buildings in Lithuania amounts to

**3.2**  
million m<sup>2</sup>



Area of currently supervised buildings in Latvia amounts to

**0.9**  
million m<sup>2</sup>

Changes in the areas of commercial, public and industrial buildings in the Group companies  
**MILLION M<sup>2</sup>**



# INTERIM MANAGEMENT REPORT

## 2.1.3. MAINTENANCE AND CLEANING OF TERRITORIES

The Group companies provide all territory maintenance and cleaning services: they carry out interior and exterior cleaning, maintain private areas and public urban spaces, take care of snow, sand, leaf removal, grass cutting, special cleaning and supplies of hygiene products. Cleaning and territory maintenance services are provided in Lithuania, Latvia and St. Petersburg.

In **Lithuania**, the Group of companies provides cleaning and territory maintenance services in Vilnius, Kaunas, Klaipėda, Šiauliai, Alytus, Šilutė, Radviliškis and Panevėžys. The company supervises the good order in both apartment buildings and commercial properties, as well as in urban public spaces. The company is constantly expanding its range of services and investing in the acquisition of new equipment.

In **Latvia**, the Group's companies provide cleaning and territory maintenance services to apartment buildings. The company is constantly investing in vehicle upgrades and specialised cleaning tools and products.

In **St. Petersburg**, the company provides territory maintenance and cleaning services for apartment buildings and district administrations.





# INTERIM MANAGEMENT REPORT

## 2.1.4. OTHER SERVICES

**The Group companies in Lithuania, Poland, Latvia and St. Petersburg provide other services in addition to their core activities.**

In **Lithuania**, the Group's companies have carried out building renovation projects in 162 houses, initiated modernisation project processes in 45 houses, and have recovered debts for the benefit of customers in court and pre-trial proceedings for EUR 1.2 million.

The **Latvian** branch of the company continued the renovation of apartment buildings according to a new programme. In total, 4 apartment buildings have been completely modernised during the first half-year, in 4 houses the renovation works are in progress and in 11 houses renovation organisation took place. The total amount of the projects boasts more than EUR 7 million.

In **Poland**, companies are engaged in the production and supply of thermal energy, installation of heat substations, and retail trade of electricity.

In **St. Petersburg**, the company provides a utility fee administration service for 400 apartment buildings. The company also carried out more than 10,000 repairs of various profiles in private apartments in the first half of the year.



In Lithuania, the Group's companies have carried out building renovation projects in

**162**  
houses



# INTERIM MANAGEMENT REPORT

## 2.2. Performance improvement

The Group companies continued to implement LEAN methodology for efficient business process management. Projects were actively carried out across all regions. LEAN culture has become one of the Group's key competitive advantages, and as a result, the companies will continue to implement proactive improvement processes throughout the Group in 2021 .



In **LITHUANIA**, the Group's companies focused on standardisation and robotisation of business processes, upgrade of process architecture, project management, staff training, maintenance of the daily performance management system, implementation and support of certificates and licenses.

In the first half of the year, the Group's companies carried out 39 inspections, developed and implemented 21 new processes, upgraded 178 processes, automated validation solutions that save 460 hours per month, conducted 26 training sessions, including 8 LEAN training sessions and 18 process training sessions, and provided 465 consultations.

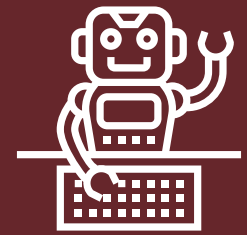
A standardised methodology for assessing the effectiveness of projects has also been developed. It allows to clearly assess the effectiveness of projects and set business priorities, to monitor the progress of projects, to allocate human resources efficiently and transparently in project activities, and to manage TOP projects in single hands.

**THE SPANISH-BASED GROUP** of companies started the implementation of new IT tools in 2021: administration services management application and client application eBūstas, PortalPro platform is in the testing phase. A digital service hiring tool Contract Pro has been introduced. As in previous years, this year's focus has been on improving the IT competences of all staff, with the necessary training to assimilate and implement new IT tools.

In **POLAND**, optimisation processes are ongoing in relation to LEAN, and all senior management and the vast majority of administrative staff are involved in the relevant continuous improvement activities.

Processes in **LATVIA** are constantly reviewed and streamlined. In the first half of this year, the company's structure and service model was changed, resulting in faster and better service delivery to clients.

**THE GROUP'S ST. PETERSBURG-BASED COMPANY** is completing the implementation of the optimisation of the technical service and will implement it in the second half of this year. The company continues to invest consistently in operational efficiency processes, and this year it plans to launch the work sharing platform PortalPRO.



In Lithuania, automated validation solutions saved

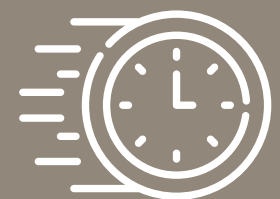
**460**

working hours per month



**LEAN**

process optimisation methodology was used in Lithuania, Spain, Poland and Latvia.



**95**

percent of the customers, who called the company, received the necessary answers within merely 90 seconds in Sankt Peterburg.



# INTERIM MANAGEMENT REPORT

## 2.3. The most significant Investments and Events

**On 5 January 2021** the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Valymo projektai Vilnius 4, which provided cleaning services. Value of the share sale-purchase agreement is EUR 24 thousand. Net assets of disposed subsidiary at the date of disposal 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 provided cleaning services. Value of the share sale-purchase agreements are EUR 12 thousand, EUR 50 thousand and EUR 37 thousand respectively. Net assets of disposed subsidiaries at the date of disposal amounted to EUR 68 thousand.

**On 2 February 2021** the Group, through its Spanish subsidiary, voluntary liquidated two dormant companies Euronamas Gestion de Fincas Meseta Central, S.L.U. and Euronamas Gestion de Fincas Levante, S.L.U.

**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. Value of the share sale-purchase agreement is EUR 30 thousand. Net assets of disposed subsidiaries at the date of disposal amounted to EUR 15 thousand.

**On 5 March 2021**, the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Konarskio turgelis, which carried out market administration services. Value of the share sale – purchase agreement is EUR 902 thousand. Net assets of disposed subsidiary at the date of disposal amounted to EUR 382 thousand.

**On 25 March 2021** the Group, through its Lithuanian subsidiary, acquired 100% stake in UAB Butų ūkio valdos (acquisition price EUR 200 thousand) which provides administration of dwelling-houses services.

**On 30 April 2021** the Group established a new company PORTALPRO sp. z o.o. (share capital of company is PLN 5 thousand (EUR 1.1 thousand)).

**On 06 May 2021** reorganization of the companies UAB City Service Engineering and UAB Citenga was completed. After the process of reorganization UAB Citenga was incorporated into UAB City Service Engineering with all the assets, rights and obligations. UAB Citenga ceased operations and was deregistered. After reorganization UAB City Service Engineering management and other contact details did not change.

**On 02 June 2021** the Group established a new company PORTALPRO, S.L. (share capital of company is EUR 3 thousand).

**On 09 June 2021** the Group, through its Lithuanian subsidiary, signed the share sale – purchase agreement for the sale of 34 percent of shares of UAB Marijampolės butų ūkis which provided administration of dwelling-houses services. Value of the share sale-purchase agreement is EUR 400 thousand. The sale procedure will be finished and the ownership will be transferred during the year 2021. Investment to associate, accounted in equity method, included in the consolidated financial statements as of 30 June 2021 amounted to EUR 216 thousand.

**On 17 June 2021** the Group, through its Lithuanian subsidiary, acquired 100% stake in UAB Pastatų priežiūros tarnyba (acquisition price EUR 40 thousand) which provides administration of dwelling-houses services. On 23 June 2021 UAB Nacionalinis renovacijos fondas title was changed into UAB Mano bendrabutis. Other contact details did not change.

# INTERIM MANAGEMENT REPORT

## 2.4. Key risk activity types and uncertainties

**In the first half of 2021 the market was stable, prices and purchasing power did not decline, in comparison with 2020. Due to heavy competition in facility management market the Group had to concentrate on further efficiency of activities. Building administration tariffs have not changed significantly in a course of the year. Improving customer climate and active sales led to rapid increase in additional services sales volume.**

The risks remain similar to last year's: inflation, customers' ability to pay, competition-influenced stricter demands from commercial and residential clients, supply of qualified personnel in the market.

The scope of residential apartment building administration and maintenance services, the essential requirements for service providers, and the tariff calculation procedure are set and regulated in detail by the national and local authorities. Local authorities are empowered to set maximum tariffs for such services, together with the relevant inspectorates control the proper implementation by service providers of the administration and maintenance requirements set out in legislation, and to impose sanctions for failure to comply with the set requirements.

Any claims concerning the services provided may be presented to the authorities or service providers by individual owners as well. Taking into account the aforementioned, additional risk factors in the field of apartment building administration and maintenance include any possible amendments to the enforced legislation, the frequency of adoption of such amendments, resolutions passed by central or local authorities which provide for additional obligations of service providers, and the results of controls carried out by various inspectorates and local authorities. Timely

and correct indexation of the set maximum tariffs is also a risk factor which has an impact on the Group's activities in the field of residential apartment building administration and maintenance.

There were no other material changes in the legal regulation of the area of administration and maintenance of apartment buildings in the first half of 2021, and neither were there any decisions providing for significant additional obligations for service providers; supervising institutions did not identify any major deficiencies in the provision of the services or inconsistencies with the legislative requirements.

### **CREDIT RISK**

The Group's procedures are in force to ensure on a permanent basis that sales are made to customers with an appropriate credit history and do not exceed an acceptable credit exposure limit. There are no individual customers exceeding 10% of segment sales.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. Therefore, the management considers that its maximum exposure is reflected by the amount of trade and other receivables, net of allowance for doubtful accounts recognised at the date of the statement of financial position.



### **INTEREST RATE RISK**

The major part of the Group's and the Company's borrowings (loans and financial lease obligations) are subject to variable rates, related to EUR LIBOR, EURIBOR, EONIA and WIBOR, which create an interest rate risk. There are no financial instruments designated in the financial statements to manage the exposure to the interest rate risk outstanding as of 30 June 2021 and 2020.

### **PANDEMIC THREAT OF COVID-19 VIRUS**

The second quarantine for COVID-19, introduced in November of the previous year, had already been lifted in all countries (where Group companies operate) by the middle of the year. However a major concern right now is Delta, a highly contagious SARS-CoV-2 virus strain, which was first identified in India in December and now is

spread around the world. As the number of illnesses starts to rise again, Group continues to observe requirements relating to the COVID-19 pandemic, a large number of employees continue to work remotely. In preparing the financial statements, the estimates and assumptions of the Group's management regarding the impact of COVID-19 for the period ended 30 June 2021 have not changed compared to the estimates presented in the previous financial statements for the period ended 31 March 2021. 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.

## **2.5. The main financial ratios concerning the reporting period**

**The main financial ratios concerning the reporting period are provided in the Consolidated interim financial statements for the six months period ended 30 June 2021, note 1.7 page 37.**

## **2.6. Significant related party transactions**

**Significant related party transactions are provided in the Consolidated interim financial statements for the six months period ended 30 June 2021, note 15 page 48.**

**CITYSERVICE**

In service of your property

# **CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

for the six months period ended

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30 June, 2021 (unaudited), thousand euros



### 3. CONSOLIDATED FINANCIAL STATEMENTS

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 30 June 2021	As of 31 December 2020
Assets			
<b>NON-CURRENT ASSETS</b>			
Goodwill	3	9,497	9,253
Other intangible assets	5	25,342	24,749
Property, plant and equipment	6	6,009	6,584
Right of use assets	7	7,561	8,681
Investments into associates		216	216
Non-current receivables	8	8,780	8,924
Deferred income tax asset		3,602	3,785
<b>Total non-current assets</b>		<b>61,007</b>	<b>62,192</b>
<b>CURRENT ASSETS</b>			
Inventories		1,364	1,200
Prepayments		2,037	1,482
Trade receivables	8	27,468	31,493
Receivables from related parties	15	681	423
Contract assets		1,799	1,728
Other receivables and current assets		5,011	6,252
Cash and cash equivalents		6,731	14,119
<b>Total current assets</b>		<b>45,091</b>	<b>56,697</b>
Assets held for sale		776	1,210
<b>Total assets</b>		<b>106,874</b>	<b>120,099</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)**

	Notes	As of 30 June 2021	As of 31 December 2020
Equity and liabilities			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		9,483	9,483
Other reserves		948	948
Share premium		21,067	21,067
Foreign currency translation reserve		(3,408)	(3,501)
Retained earnings (deficit)		7,333	19,836
		35,423	47,833
Non-controlling interests		413	413
<b>TOTAL EQUITY</b>		<b>35,836</b>	<b>48,246</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	9	16,058	17,305
Lease liabilities	7	5,860	7,096
Deferred income tax liabilities		2,652	2,882
Non-current payables		2,987	2,904
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>27,557</b>	<b>30,187</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	9	2,855	3,419
Current portion of lease liabilities	7	2,172	2,165
Current loans	9	443	113
Trade payables		10,115	10,831
Payables to related parties	15	5,355	202
Contract liabilities		10,263	8,994
Other current liabilities		12,278	15,904
<b>TOTAL CURRENT LIABILITIES</b>		<b>43,481</b>	<b>41,628</b>
Liabilities associated with assets held for sale		-	38
Total liabilities		71,038	71,853
<b>Total equity and liabilities</b>		<b>106,874</b>	<b>120,099</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(for the period 1 January – 30 June)

	Notes	2021 Q2	2020 Q2
Revenue from contracts with customers	1.7	69,064	81,903
Cost of sales	10	(51,869)	(59,306)
<b>Gross profit (loss)</b>		<b>17,195</b>	<b>22,597</b>
General and administrative expenses	11	(15,314)	(16,117)
Credit loss expenses on financial assets		(684)	(1,204)
Other operating activity, net	12	261	460
<b>Profit (loss) from operations</b>		<b>1,458</b>	<b>5,736</b>
Interest and other finance income	13	820	238
Interest and other finance expenses	13	(314)	(1,264)
<b>Profit (loss) before tax</b>		<b>1,964</b>	<b>4,710</b>
Income tax		(819)	(1,066)
<b>Net profit (loss)</b>		<b>1,145</b>	<b>3,644</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		101	(387)
<b>Total comprehensive income</b>		<b>1,246</b>	<b>3,257</b>
<b>Attributable to:</b>			
The shareholders of the Company		1,153	3,557
Non-controlling interests		(8)	87
		<b>1,145</b>	<b>3,644</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		1,254	3,170
Non-controlling interests		(8)	87
		<b>1,246</b>	<b>3,257</b>
<b>Basic and diluted earnings per share (EUR)</b>		<b>0.04</b>	<b>0.11</b>



## STATEMENTS OF COMPREHENSIVE INCOME

(for the period 1 April – 30 June)

	2021 Q2	2020 Q2
Sales	31,113	37,621
Cost of sales	(22,921)	(27,195)
<b>Gross profit (loss)</b>	<b>8,192</b>	<b>10,426</b>
General and administrative expenses	(7,909)	(7,370)
Credit loss expenses on financial assets	(217)	(617)
Other operating income, net	175	260
<b>Profit (loss) from operations</b>	<b>241</b>	<b>2,699</b>
Finance activity result, net	319	65
<b>Profit (loss) before tax</b>	<b>560</b>	<b>2,764</b>
Income tax	(556)	(502)
<b>Net profit</b>	<b>4</b>	<b>2,262</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Notes	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total
<b>Balance as of 1 January 2020</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,701)</b>	<b>948</b>	<b>21,721</b>	<b>50,518</b>	<b>448</b>	<b>50,966</b>
Net profit		-	-	-	-	3,557	3,557	87	3,644
Other comprehensive Income		-	-	(360)	-	-	(360)	(27)	(387)
Total comprehensive Income		-	-	(360)	-	3,557	3,197	60	3,257
Dividends declared		-	-	-	-	(2,971)	(2,971)	(4)	(2,975)
<b>Balance as of 30 June 2020</b>		<b>9,483</b>	<b>21,067</b>	<b>(3,061)</b>	<b>948</b>	<b>22,307</b>	<b>50,744</b>	<b>504</b>	<b>51,248</b>
<b>Balance as of 1 January 2021</b>		<b>9,483</b>	<b>21,067</b>	<b>(3,501)</b>	<b>948</b>	<b>19,836</b>	<b>47,833</b>	<b>413</b>	<b>48,246</b>
Net profit		-	-	-	-	1,153	1,153	(8)	1,145
Other comprehensive Income		-	-	93	-	-	93	8	101
Total comprehensive Income		-	-	93	-	1,153	1,246	-	1,246
Dividends declared		-	-	-	-	(13,656)	(13,656)	-	(13,656)
<b>Balance as of 30 June 2021</b>		<b>9,483</b>	<b>21,067</b>	<b>(3,408)</b>	<b>948</b>	<b>7,333</b>	<b>35,423</b>	<b>413</b>	<b>35,836</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021 Q2	2020 Q2
<b>Cash flows from (to) operating activities</b>			
Net profit from continued operations		1,145	3,644
<b>Adjustments for non-cash items:</b>			
Income tax expenses		819	1,066
Depreciation and amortisation	5,6,7	2,867	3,497
Impairment and discounting of accounts receivable		239	1,204
(Gain) on disposal of property, plant and equipment	12	(306)	(388)
(Gain) from sale of investments		(580)	(87)
Result on deconsolidation of subsidiaries		-	(204)
Other financial activity, net		73	1,113
		<b>4,257</b>	<b>9,845</b>
<b>Changes in working capital:</b>			
(Increase) decrease in inventories		(152)	259
Decrease in receivables, contract assets and other current assets		4,591	1,296
(Increase) in prepayments		(525)	(116)
Increase (decrease) in trade payables and payables to related parties		4,122	(2,750)
Income tax (paid)		(1,571)	(596)
(Decrease) increase in advances received, contract liabilities and other current liabilities		(1,405)	4,382
		<b>9,317</b>	<b>12,320</b>
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of non-current assets (except investments)	5,6	(1,872)	(719)
Proceeds from sale of non-current assets		633	1,535
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		(186)	-
Disposal of investments in subsidiaries		715	87
Deconsolidation of investments in subsidiaries		-	(319)
Interest received		107	166
Loans (granted)		-	(457)
Loans repaid		38	428
		<b>(565)</b>	<b>721</b>
<b>Cash flows from (to) financing activities</b>			
Dividends (paid)		(13,656)	(2,975)
(Repayment) of loans		(984)	(2,915)
(Repayment) of financial lease liabilities		(1,296)	(1,465)
Interest (paid)		(314)	(486)
		<b>(16,250)</b>	<b>(7,841)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(7,498)</b>	<b>5,200</b>
<b>Foreign exchange difference</b>		<b>75</b>	<b>(235)</b>
<b>Cash and cash equivalents at the beginning of the period*</b>		<b>14,154</b>	<b>3,792</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>6,731</b>	<b>8,757</b>

\*Group cash flows for 2020 comprise total consolidated Group, including discontinued operations.

## 4. NOTES TO THE FINANCIAL STATEMENTS

**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.****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 23.9 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 30 June 2021. 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 30 June 2021 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 30 June 2021 the total number of shareholders of the Company was 64.

\* 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 30 JUNE 2021 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%
<b>TOTAL</b>	<b>31,610,000</b>	<b>100 %</b>



1.4.

**CITY SERVICE GROUP**

**AS OF 30 JUNE 2021 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 30 June 2021	Share of the stock held by the Group as of 30 June 2020	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 Apex intelligence	Lithuania	100%	100%	IT energy saving solutions for buildings
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 Butų ūkio valdos	Lithuania	100%	-	Administration of dwelling-houses
UAB Būsto aplinka	Lithuania	100%	100%	Maintenance and cleaning of dwelling-houses territories and premises
UAB Citenga	Lithuania	-	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%	Dormant
UAB CSG IT	Lithuania	100%	100%	IT services
UAB eBūstas	Lithuania	100%	100%	Dormant
UAB Economus	Lithuania	-	100%	Administration of buildings
UAB Energijos taupymo paslaugos	Lithuania	100%	100%	Energy saving solution services
UAB Enter tech	Lithuania	100%	100%	Technical maintenance of gates and entrance automation
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%	Marketplace administration services
UAB Mano aplinka	Lithuania	100%	100%	Maintenance and cleaning of public territories and premises

UAB Mano aplinka plius	Lithuania	100%	100%	Maintenance and cleaning of territories and premises
UAB Mano bendrabutis	Lithuania	100%	100%	Administration of dwelling-houses renovation projects
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 Nacionalinis renovacijos fondas	Lithuania	100%	-	Dormant
UAB Naujosios Vilnios turgavietė	Lithuania	-	100%	Marketplace administration services
UAB Pastatų priežiūra	Lithuania	100%	100%	Building maintenance
UAB Pastatų priežiūros tarnyba	Lithuania	100%	-	Technical maintenance of heating systems
UAB Pastatų valdymas	Lithuania	100%	100%	Administration of dwelling-houses
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
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%	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%	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
EUROHUB, S.L.	Spain	100%	100%	Dormant
Grupo Aresi de Inversiones, S.L.	Spain	100%	100%	Holding company
Inmonamas, S.L.	Spain	100%	100%	Dormant
PORTALPRO, S.L.	Spain	100%	-	Dormant
URBAN HUB, 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
PORTALPRO sp. z o.o.	Poland	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 Специализированное 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 ПорталПРО	St. Petersburg	100%	100%	Dormant

The Group's investment in an associate as of 30 June 2021 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 30 JUNE 2021, 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 30 JUNE 2021 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
Tomas Kleiva	Member of the Management Board	June 26, 2021	June 26, 2025
Vytautas Turonis	Member of the Management Board	June 26, 2021	June 26, 2025
Dalius Šimaitis	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.

**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:**

2021 Q2	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	38,490	22,745	6,328	1,501	69,064
<b>Total revenue from contracts with customers</b>					<b>69,064</b>
Segment results	2,889	1,709	(1,674)	(1,317)	1,607
Unallocated expenses					(149)
<b>Profit from operations</b>					<b>1,458</b>
Net financial income					506
Profit before income tax					1,964
Income tax expenses					(819)
<b>Net profit for the year</b>					<b>1,145</b>

**OTHER SEGMENT INFORMATION**

Capital expenditure	1,822	52	2	74	<b>1,950</b>
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2020 Q2	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	44,044	24,626	10,784	2,449	81,903
<b>Total revenue from contracts with customers</b>					<b>81,903</b>
Segment results	4,830	1,240	655	(362)	6,363
Unallocated expenses					(627)
<b>Profit from operations</b>					<b>5,736</b>
Net financial income					(1,026)
Profit before income tax					4,710
Income tax expenses					(1,066)
<b>Net profit for the year</b>					<b>3,644</b>

**OTHER SEGMENT INFORMATION**

Capital expenditure	602	13	57	56	<b>728</b>
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**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					
2021 Q2	38,490	22,745	6,328	1,501	69,064
2020 Q2	44,044	24,626	10,784	2,449	81,903

	Baltic states	St. Petersburg	Poland	Spain	Total
Segment non-current assets					
As of 30 June 2021	43,552	3,243	11,167	3,045	61,007
As of 30 June 2020	48,805	3,693	13,748	8,375	74,621

**MAIN ACTIVITY INDICATORS FOR THE GROUP:**

	2021 Q2	2020 Q2	Change
Area of residential apartment buildings under administration (million square meters)	19.8	28.4	(30.3%)
Area of public, commercial building and atypical properties under administration (million square meters)	4.1	4.2	(2.4%)
Number of employees	2,727	3,804	(28.3%)
Sales for the period	69,064	81,903	(15.7%)
Sales (main activity)*	55,922	66,872	(16.4%)
Gross margin*	30.7%	33.8%	(3.1) p.p.
EBITDA margin*	7.7%	13.8%	(6.1) p.p.
EBIT margin*	2.6%	8.6%	(6.0) p.p.
Net margin*	2.0%	5.4%	(3.4) p.p.
Number of shares (thousand)	31,610	31,610	-
Return on equity	3.2%	7.1%	(3.9) p.p.
Return on assets	1.1%	2.9%	(1.8) p.p.
Financial Net Debt to equity**	35.2%	24.8%	10.4 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 31 August 2021 by responsible persons listed in the confirmation, which is attached to the Interim Financial Statements.

3.

**GOODWILL**

**COST:**

Balance as of 1 January 2020	11,624
Additions	47
Disposal of subsidiaries	(106)
Exchange differences	(174)
Discontinued operations and assets held for sale	(816)
Balance as of 31 December 2020	10,575
Additions	233
Exchange differences	20
Balance as of 30 June 2021	10,828

**IMPAIRMENT:**

Balance as of 1 January 2020	940
Exchange differences	(54)
Impairment recognized	436
Balance as of 31 December 2020	1,322
Exchange differences	9
Balance as of 30 June 2021	1,331

**Net book value as of 30 June 2021** **9,497**

**Net book value as of 31 December 2020** **9,253**

**3.**
**GOODWILL (cont'd)**

During reporting period the Company through its subsidiary acquired UAB Butų ūkio valdos and UAB Pastatų priežiūros tarnyba.

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	Butų ūkio valdos	Pastatų priežiūros tarnyba
	25 March	17 June
<b>At the date of acquisition</b>		
Property, plant and equipment	8	-
Trade receivables	33	117
Other current assets	17	107
<b>Total assets</b>	<b>58</b>	<b>224</b>
Trade payables	5	243
Other current liabilities	15	12
<b>Total liabilities</b>	<b>20</b>	<b>255</b>
<b>Total identifiable net assets at fair value</b>	<b>38</b>	<b>(31)</b>
Fair value of acquired assets, liabilities and contingent liabilities	38	(31)
Goodwill	162	71
<b>Total purchase consideration</b>	<b>200</b>	<b>40</b>
Cash acquired	16	38
<b>Total purchase consideration, net of cash acquired</b>	<b>184</b>	<b>2</b>



## 4.

**SIGNIFICANT EVENTS****Investments and other changes during the six months of the year 2021**

On 5 January 2021 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Valymo projektai Vilnius 4, which provided cleaning services. Value of the share sale-purchase agreement is EUR 24 thousand. Net assets of disposed subsidiary at the date of disposal 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 provided cleaning services. Value of the share sale-purchase agreements are EUR 12 thousand, EUR 50 thousand and EUR 37 thousand respectively. Net assets of disposed subsidiaries at the date of disposal amounted to EUR 68 thousand.

On 2 February 2021 the Group, through its Spanish subsidiary, voluntary liquidated two dormant companies Euronamas Gestion de Fincas Meseta Central, S.L.U. and Euronamas Gestion de Fincas Levante, S.L.U.

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. Value of the share sale-purchase agreement is EUR 30 thousand. Net assets of disposed subsidiaries at the date of disposal amounted to EUR 15 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.

On 5 March 2021, the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Konarskio turgelis, which carried out market administration services. Value of the share sale – purchase agreement is EUR 902 thousand. Net assets of disposed subsidiary at the date of disposal amounted to EUR 382 thousand.

On 25 March 2021 the Group, through its Lithuanian subsidiary, acquired 100% stake in UAB Butų ūkio valdos (acquisition price EUR 200 thousand) which provides administration of dwelling-houses services.

On 09 April 2021 UAB Pietų projektai company title was changed into UAB Enter Tech. Other contact details did not change.

On 12 April 2021 UAB Vilniaus turgus company title was changed into UAB eBūstas. Other contact details did not change.

On 30 April 2021 the Group established a new company PORTALPRO sp. z o.o. (share capital of company is PLN 5 thousand (EUR 1.1 thousand)).

On 06 May 2021 UAB Energinio efektyvumo paslaugos title was changed into UAB UAB Apex Intelligence. Other contact details did not change.

On 06 May 2021 reorganization of the companies UAB City Service Engineering and UAB Citenga was completed. After the process of reorganization UAB Citenga was incorporated into UAB City Service Engineering with all the assets, rights and obligations. UAB Citenga ceased operations and was deregistered. After reorganization UAB City Service Engineering management and other contact details did not change.

## 4.

**SIGNIFICANT EVENTS (cont'd)**

On 17 May 2021 Interlift Mantenimiento y Ascensores, S.L. title was changed into EUROHUB, S.L. Other contact details did not change.

On 01 June 2021 Portalpro Gestion Integral, S.L. title was changed into URBAN HUB, S.L.U. Other contact details did not change.

On 02 June 2021 the Group established a new company PORTALPRO, S.L. (share capital of company is EUR 3 thousand).

On 09 June 2021 the Group, through its Lithuanian subsidiary, signed the share sale – purchase agreement for the sale of 34 percent of shares of UAB Marijampolės butų ūkis which provided administration of dwelling-houses services. The sale procedure will be finished and the ownership will be transferred during the year 2021. Investment to associate, accounted in equity method, included in the consolidated financial statements as of 30 June 2021 amounted to EUR 216 thousand.

On 17 June 2021 the Group, through its Lithuanian subsidiary, acquired 100% stake in UAB Pastatų priežiūros tarnyba (acquisition price EUR 40 thousand) which provides technical maintenance of heating systems.

On 23 June 2021 UAB Nacionalinis renovacijos fondas title was changed into UAB Mano bendrabutis. Other contact details did not change.

On 30 June UAB Miesto butų ūkis title was changed into UAB Nacionalinis renovacijos fondas. Other contact details did not change.

The second quarantine for COVID-19, introduced in November of the previous year, had already been lifted in all countries (where Group companies operate) by the middle of the year. However a major concern right now is Delta, a highly contagious SARS-CoV-2 virus strain, which was first identified in India in December and now is spread around the world. As the number of illnesses starts to rise again, Group continues to observe requirements relating to the COVID-19 pandemic, a large number of employees continue to work remotely. In preparing the financial statements, the estimates and assumptions of the Group's management regarding the impact of COVID-19 for the period ended 30 June 2021 have not changed compared to the estimates presented in the previous financial statements for the period ended 31 March 2021. 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.

5.

**OTHER INTANGIBLE ASSETS**

Movement of other intangible assets in 2021 Q2 and 2020 is presented below:

	<b>Total</b>
<b>COST:</b>	
Balance as of 1 January 2020	42,041
Additions	1,192
Exchange differences	(1,044)
Disposals of subsidiaries	(24)
Disposals and retirements	(211)
Discontinued operations	(944)
Balance as of 31 December 2020	41,010
Additions	1,696
Disposals and retirements	(41)
Exchange differences	161
Balance as of 30 June 2021	42,826
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT:</b>	
Balance as of 1 January 2020	10,919
Charge for the year	2,394
Exchange differences	(296)
Disposals and retirements	(6)
Impairment recognised	3,743
Disposals of subsidiaries	(22)
Discontinued operations	(471)
Balance as of 31 December 2020	16,261
Charge for the period	1,209
Disposals and retirements	(36)
Exchange differences	50
Balance as of 30 June 2021	17,484
<b>Net book value as of 30 June 2021</b>	<b>25,342</b>
<b>Net book value as of 31 December 2020</b>	<b>24,749</b>

6.

**PROPERTY, PLANT AND EQUIPMENT**

Movement of fixed assets in 2021 Q2 and 2020 is presented below:

	Buildings	Vehicles	Other property, plant and equipment	Construction in progress*	Total
<b>COST:</b>					
Balance as of 1 January 2020	7,045	5,909	14,125	22	27,101
Additions	-	91	602	4	697
Disposals of subsidiaries	(62)	(5)	(116)	-	(183)
Disposals and retirements	(2,678)	(1,346)	(1,047)	-	(5,071)
Discontinued operations	(1,674)	(47)	(854)	-	(2,575)
Exchange differences	(125)	(262)	(757)	(1)	(1,145)
Reclassification to assets held for sale	(890)	-	-	-	(890)
Balance as of 31 December 2020	1,616	4,340	11,953	25	17,934
Additions arising from acquisitions of subsidiaries	-	8	-	-	8
Additions	-	13	196	45	254
Disposal of subsidiaries	-	(13)	(34)	-	(47)
Disposals and retirements	(45)	(535)	(744)	-	(1,324)
Exchange differences	11	49	82	(7)	135
Balance as of 30 June 2021	1,582	3,862	11,453	63	16,960
<b>ACCUMULATED DEPRECIATION:</b>					
Balance as of 1 January 2020	2,153	5,050	7,213	-	14,416
Charge for the year	232	301	1,453	-	1,986
Disposals and retirements	(353)	(1,192)	(870)	-	(2,415)
Disposals of subsidiaries	(3)	(23)	(79)	-	(105)
Discontinued operations	(1,066)	(40)	(706)	-	(1,812)
Exchange differences	(17)	(188)	(421)	-	(626)
Reclassification to assets held for sale	(94)	-	-	-	(94)
Balance as of 31 December 2020	852	3,908	6,590	-	11,350
Charge for the year	15	90	558	-	663
Disposals and retirements	(12)	(451)	(686)	-	(1,149)
Disposals of subsidiaries	-	-	(4)	-	(4)
Exchange differences	5	29	57	-	91
Balance as of 30 June 2021	860	3,576	6,515	-	10,951
<b>Net book value as of 30 June 2021</b>	<b>722</b>	<b>286</b>	<b>4,938</b>	<b>63</b>	<b>6,009</b>
<b>Net book value as of 31 December 2020</b>	<b>764</b>	<b>432</b>	<b>5,363</b>	<b>25</b>	<b>6,584</b>

\* Includes prepayments for tangible and intangible assets.

7.

**RIGHT OF USE ASSETS AND LEASE**

Effect to the consolidated statement of financial position as at 30 June 2021 and 31 December 2020:

	Buildings	Vehicles	Total
<b>ASSETS</b>			
<b>Cost</b>			
Balance as of 1 January 2020	<b>9,131</b>	<b>5,249</b>	<b>14,380</b>
Additions	1,772	-	1,772
Disposals and retirements	(1,721)	(600)	(2,321)
Exchange differences	(490)	-	(490)
Balance as of 31 December 2020	<b>8,692</b>	<b>4,649</b>	<b>13,341</b>
Disposals and retirements	(191)	(358)	(549)
Exchange differences	67	-	67
Balance as of 30 June 2021	<b>8,568</b>	<b>4,291</b>	<b>12,859</b>
<b>Accumulated depreciation</b>			
Balance as of 1 January 2020	<b>1,542</b>	<b>2,518</b>	<b>4,060</b>
Charge for the year	1,637	714	2,351
Disposals and retirements	(1,330)	(349)	(1,679)
Exchange differences	(72)	-	(72)
Balance as of 31 December 2020	<b>1,777</b>	<b>2,883</b>	<b>4,660</b>
Charge for the year	702	283	985
Disposals and retirements	(94)	(253)	(347)
Balance as of 30 June 2021	<b>2,385</b>	<b>2,913</b>	<b>5,298</b>
<b>Right of use assets as of 30 June 2021</b>	<b>6,183</b>	<b>1,378</b>	<b>7,561</b>
<b>Right of use assets as of 31 December 2020</b>	<b>6,915</b>	<b>1,766</b>	<b>8,681</b>

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

	2021 Q2	2020 Q2
Depreciation expense of right-of-use assets	985	1,199
Interest expense on lease liabilities	71	88
Expense relating to leases of low-value assets (included in administrative expenses)	408	184
<b>Profit from operations</b>	<b>1,464</b>	<b>1,471</b>

Group has no variable lease payments.

The Group had total cash outflows for leases of EUR 1,296 thousand as at 30 June 2021 (EUR 1,465 thousand as at 30 June 2020). The Group had none non-cash additions to right-of-use assets and lease liabilities as at 30 June 2021 (EUR 162 thousand as at 30 June 2020).

8.

**TRADE RECEIVABLES**

**TRADE RECEIVABLES OF THE GROUP AS OF 30 JUNE 2021 AND 31 DECEMBER 2020 WERE AS FOLLOWS:**

	Balance as of 30 June 2021	Balance as of 31 December 2020
Trade receivables, gross	41,593	44,447
Less: allowance for doubtful trade receivables	(14,125)	(12,954)
<b>Trade receivables, net</b>	<b>27,468</b>	<b>31,493</b>

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 30 JUNE 2021 AND 31 DECEMBER 2020 WERE AS FOLLOWS:**

Creditor	Currency	Balance as of 30 June 2021	Balance as of 31 December 2020
<u>SHORT-TERM LOANS</u>			
Bank loans	EUR	-	-
Bank loans	PLN	443	113
<b>SHORT-TERM LOANS BALANCE</b>		<b>443</b>	<b>113</b>
<u>LONG-TERM LOANS</u>			
Bank loans	EUR	18,913	20,724
Minus: long term loans of the current year		(2,855)	(3,419)
<b>LONG-TERM LOANS BALANCE</b>		<b>16,058</b>	<b>17,305</b>

For the loans and overdraft the Company and its subsidiaries have pledged to the bank 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**

	2021 Q2	2020 Q2
Services of subcontractors and materials used	34,164	37,317
Wages and salaries and social security	14,471	19,147
Cost of goods sold	1,160	571
Depreciation	285	479
Other	1,789	1,792
<b>Total cost of sales</b>	<b>51,869</b>	<b>59,306</b>

11.

**GENERAL AND ADMINISTRATIVE EXPENSES**

	2021 Q2	2020 Q2
Wages and salaries and social security	7,816	9,467
Depreciation and amortisation	2,582	3,018
Consulting and similar expenses	710	755
Computer software maintenance	552	459
Taxes other than income tax	441	397
Rent of premises and other assets	408	184
Commissions for collection of payments	303	343
Advertising	285	86
Transportation and fuel expenses	203	221
Communication expenses	202	160
Insurance	117	180
Bank payments	90	98
Business trips and training	84	74
Charity and support	81	53
Representational costs	79	95
Utilities	74	74
Net result of deconsolidated subsidiary due to loss of control	-	(204)
Other	1,287	657
<b>Total general and administrative expenses</b>	<b>15,314</b>	<b>16,117</b>

12.

**OTHER OPERATING INCOME (EXPENSES)**

	2021 Q2	2020 Q2
Gain on disposal of property, plant and equipment	306	388
Income from rent	19	21
Other (expenses) gain, net	(64)	51
<b>Total other operating activity</b>	<b>261</b>	<b>460</b>

13.

**INTEREST AND OTHER FINANCE INCOME AND (EXPENSES)**

	2021 Q2	2020 Q2
Gain on sale of investments	580	87
Interest income	107	149
Foreign currency exchange gain	133	2
<b>Total finance income</b>	<b>820</b>	<b>238</b>
Interest (expenses)	(314)	(482)
Foreign currency exchange (loss)	-	(782)
<b>Total finance (expenses)</b>	<b>(314)</b>	<b>(1,264)</b>
<b>Financial activity, net</b>	<b>506</b>	<b>(1,026)</b>

14.

**DIVIDENDS PER SHARE**

	2021 Q2	2020 Q2
Approved dividends	13,656	2,975
Number of shares (in thousand)	31,610	31,610
<b>Approved dividends per share</b>	<b>0.43</b>	<b>0.09</b>

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);
- 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.

2021 Q2	Purchases	Sales	Receivables and prepayments	Payables
UAB ICOR	210	50	72	64
AB Axis Industries	-	3	-	-
Other subsidiaries of Lag&d	98	213	609	5,291
<b>Total</b>	<b>308</b>	<b>266</b>	<b>681</b>	<b>5,355</b>

## 16.

**SUBSEQUENT EVENTS**

On 07 July 2021 reorganization of the companies Aresi Gestion Residencial, SL, Euronamas Gestion de fincas Madrid, SL, Euronamas Gestion de Fincas Sur, S.L., administración urbana y Rural Chorro, SL, Afinem Administracio de Fiques, SL, Elche administración de Fincas, SL and Euronamas Gestion de fincas Centro, SL was completed. After the process of reorganization Aresi Gestion Residencial, SL, Euronamas Gestion de fincas Madrid, SL, Euronamas Gestion de Fincas Sur, S.L., administración urbana y Rural Chorro, SL, Afinem Administracio de Fiques, SL, Elche administración de Fincas, SL were incorporated into Euronamas Gestion de fincas Centro, SL with all the assets, rights and obligations. Aresi Gestion Residencial, SL, Euronamas Gestion de fincas Madrid, SL, Euronamas Gestion de Fincas Sur, S.L., administración urbana y Rural Chorro, SL, Afinem Administracio de Fiques, SL, Elche administración de Fincas, SL ceased operations and were deregistered. After reorganization Euronamas Gestion de fincas Centro, SL management and other contact details did not change.

On 13 July 2020 the Supervisory Board of the Company adopted resolution to prolong the authorizations of all Management Board members. Artūras Gudelis (Chairman of the Management Board), Tomas Kleiva, Vytautas Turonis and Dalius Šimaitis will all act as Management Board members with a new 4 (four) year term as of 26 June 2021. Each member of the Management Board shall act and represent the Company individually within the same competence, accountability and responsibility prescribed to him, as it were before above-mentioned decision of the Supervisory Board.

On 15 July 2021 the Group, through its Lithuanian subsidiary, established a new company UAB Mano Būstas Ukmergė (share capital of company is EUR 2.5 thousand).

The full impact of the COVID-19 pandemic on economic activity is still unknown and the situation is still developing. The Company's management believes that COVID-19 will not have material impact on the business operations after the reporting date. However, this assumption is based on the information available at the time of signing these financial statements and the impact of future events on the Company's ability to continue as a going concern may differ from the management's assessment.



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