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**CONSOLIDATED INTERIM FINANCIAL  
STATEMENTS FOR THE TWELVE MONTHS  
PERIOD ENDED 31 DECEMBER, 2019  
(UNAUDITED)**

**City Service SE**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER, 2019  
(UNAUDITED)**

Beginning of the reporting period	1 January 2019
End of the reporting period	31 December 2019
Business name	City Service SE
Registration number	12827710
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Auditor	Ernst & Young Baltic AS

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## **Declaration of the management**

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

Chairman of the Management Board



Artūras Gudelis

28 February 2020

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	As of 31 December 2019	As of 31 December 2018
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	3	10,911	10,966
Other intangible assets	5	32,180	32,635
Property, plant and equipment	6	15,416	19,002
Right of use assets	9	9,369	-
Investment property		-	69
Investments into associates		182	170
Non-current receivables	7	8,828	7,035
Deferred income tax asset		4,338	3,251
<b>Total non-current assets</b>		<b>81,224</b>	<b>73,128</b>
<b>CURRENT ASSETS</b>			
Inventories		1,885	2,074
Prepayments		1,831	2,879
Trade receivables	7	36,217	32,774
Receivables from related parties	15	362	234
Contract assets		4,446	2,563
Other receivables and current assets		3,257	3,394
Cash and cash equivalents		3,749	5,302
<b>Total current assets</b>		<b>51,747</b>	<b>49,220</b>
<b>Total assets</b>		<b>132,971</b>	<b>122,348</b>

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

	Notes	As of 31 December 2019	As of 31 December 2018
<b>Equity and liabilities</b>			
<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		(2,703)	(2,936)
Retained earnings (deficit)		23,224	20,287
		52,019	48,849
Non-controlling interests		431	404
<b>TOTAL EQUITY</b>		<b>52,450</b>	<b>49,253</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	8	18,523	17,398
Financial lease obligations	9	9,250	3,047
Deferred income tax liabilities		3,254	3,608
Non-current payables		2,287	2,104
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>33,314</b>	<b>26,157</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	8	2,717	2,712
Current portion of financial lease obligations	9	3,741	1,178
Current loans	8	3,628	10,433
Trade payables		15,927	15,986
Payables to related parties	15	471	173
Contract liabilities		7,080	6,001
Other current liabilities		13,643	10,455
<b>TOTAL CURRENT LIABILITIES</b>		<b>47,207</b>	<b>46,938</b>
Total liabilities		80,521	73,095
<b>Total equity and liabilities</b>		<b>132,971</b>	<b>122,348</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(for the period 1 January – 31 December)

	Notes	2019 Q4	2018 Q4
Revenue from contracts with customers	1.7	177,771	162,316
Cost of sales	10	(132,425)	(120,997)
<b>Gross profit (loss)</b>		<b>45,346</b>	<b>41,319</b>
General and administrative expenses	11	(38,819)	(35,122)
Credit loss expenses on financial assets		(1,871)	(483)
Other operating activity, net	12	195	(277)
<b>Profit (loss) from operations</b>		<b>4,851</b>	<b>5,437</b>
Interest and other finance income	13	267	266
Interest and other finance expenses	13	(1,279)	(1,133)
Share of profit of associates		12	8
<b>Profit (loss) before tax</b>		<b>3,851</b>	<b>4,578</b>
Income tax		(910)	(737)
<b>Net profit (loss)</b>		<b>2,941</b>	<b>3,841</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		259	(440)
<b>Total comprehensive income</b>		<b>3,200</b>	<b>3,401</b>
<b>Attributable to:</b>			
The shareholders of the Company		2,937	3,791
Non-controlling interests		4	50
		<b>2,941</b>	<b>3,841</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		3,196	3,351
Non-controlling interests		4	50
		<b>3,200</b>	<b>3,401</b>
<b>Basic and diluted earnings per share (EUR)</b>		<b>0.09</b>	<b>0.12</b>

**STATEMENTS OF COMPREHENSIVE INCOME**

(for the period 1 September – 31 December)

	2019 Q4	2018 Q4
Revenue from contracts with customers	51,002	45,556
Cost of sales	(37,917)	(36,001)
<b>Gross profit (loss)</b>	<b>13,085</b>	<b>9,555</b>
General and administrative expenses	(11,345)	(10,376)
Credit loss expenses on financial assets	(777)	189
Other operating income, net	255	(19)
<b>Profit (loss) from operations</b>	<b>1,218</b>	<b>(651)</b>
Finance activity result, net	(591)	(298)
Share of profit of associates	12	8
<b>Profit (loss) before tax</b>	<b>639</b>	<b>(941)</b>
Income tax	(100)	354
<b>Net profit</b>	<b>539</b>	<b>(587)</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 2018</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,499)</b>	<b>2,689</b>	<b>24,554</b>	<b>55,294</b>	<b>354</b>	<b>55,648</b>
Net profit		-	-	-	-	3,791	3,791	50	3,841
Other comprehensive Income		-	-	(440)	-	-	(440)	-	(440)
Total comprehensive Income		-	-	(440)	-	3,791	3,351	50	3,401
Dividends declared	14	-	-	-	-	(9,799)	(9,799)	-	(9,799)
Transfer of other reserves		-	-	-	(1,741)	1,741	-	-	-
Disposal of subsidiaries		-	-	3	-	-	3	-	3
<b>Balance as of 31 December 2018</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,936)</b>	<b>948</b>	<b>20,287</b>	<b>48,849</b>	<b>404</b>	<b>49,253</b>
<b>Balance as of 1 January 2019</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,936)</b>	<b>948</b>	<b>20,287</b>	<b>48,849</b>	<b>404</b>	<b>49,253</b>
Net profit		-	-	-	-	2,937	2,937	4	2,941
Other comprehensive Income		-	-	233	-	-	233	26	259
Total comprehensive Income		-	-	233	-	2,937	3,170	30	3,200
Dividends declared	14	-	-	-	-	-	-	(3)	(3)
<b>Balance as of 31 December 2019</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,703)</b>	<b>948</b>	<b>23,224</b>	<b>52,019</b>	<b>431</b>	<b>52,450</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	2019 Q4	2018 Q4
<b>Cash flows from (to) operating activities</b>			
Net profit		2,941	3,841
<b>Adjustments for non-cash items:</b>			
Income tax expenses		910	737
Depreciation and amortisation	5,6	8,606	4,991
Impairment and discounting of accounts receivable		1,871	462
(Gain) on disposal of property, plant and equipment	12	(627)	(20)
Loss from sale of investments		381	80
Other financial activity, net		553	787
Share of net profit of associate		(12)	(8)
Impairment of goodwill		-	623
		14,623	11,493
<b>Changes in working capital:</b>			
Decrease (increase) in inventories		254	(393)
(Increase) in receivables, contract assets and other current assets		(7,570)	(4,487)
Decrease (increase) in prepayments		1,006	(1,434)
(Decrease) increase in trade payables and payables to related parties		(606)	1,908
Income tax (paid)		(2,431)	(2,391)
Increase in advances received, contract liabilities and other current liabilities		4,048	939
<b>Net cash flows from operating activities</b>		<b>9,324</b>	<b>5,635</b>
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of non-current assets (except investments)	5,6	(3,140)	(5,524)
Proceeds from sale of non-current assets		1,968	418
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		(106)	(3,498)
Disposal of investments in subsidiaries		122	(3)
Interest received		131	142
Loans repaid		263	-
<b>Net cash flows (to) investing activities</b>		<b>(762)</b>	<b>(8,465)</b>
<b>Cash flows from (to) financing activities</b>			
Dividends (paid)		(3)	(9,799)
(Repayment) proceeds of loans		(5,757)	12,112
(Repayment) of financial lease liabilities		(3,588)	(1,289)
Interest (paid)		(820)	(437)
<b>Net cash flows (to) financial activities</b>		<b>(10,168)</b>	<b>587</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(1,606)</b>	<b>(2,243)</b>
<b>Foreign exchange difference</b>		<b>53</b>	<b>(252)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>5,302</b>	<b>7,797</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,749</b>	<b>5,302</b>

**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; security services; catering services; 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 35.2 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 2019. 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 2019 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 2019 the total number of shareholders of the Company was 249.

**COMPANY'S SHARES DISTRIBUTION AMONG SHAREHOLDERS WHO HAVE MORE THAN 5% SHARES OF THE COMPANY AS OF 31 DECEMBER 2019 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 31 DECEMBER 2019 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 2019	Share of the stock held by the Group as of 31 December 2018	Main activities
UAB Acta iuventus	Lithuania	100%	100%	Security services
UAB Alytaus namų valda	Lithuania	76%	76%	Dormant
UAB Algos saugos tarnyba	Lithuania	100%	100%	Security services
UAB Antakalnio būstas	Lithuania	-	100%	Administration of dwelling-houses
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%	100%	Dormant
UAB Citenga	Lithuania	100%	100%	Holding company
UAB City Service	Lithuania	100%	100%	Holding company
UAB City Service Cleaning	Lithuania	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 Danės būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Economus	Lithuania	100%	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%	-	Dormant
UAB Neries būstas	Lithuania	100%	100%	Dormant
UAB Justiniškių būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Karoliniškių turgus	Lithuania	100%	100%	Marketplace administration services
UAB Kauno centro būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Konarskio turgelis	Lithuania	100%	100%	Marketplace administration services
UAB Lazdynų butų ūkis	Lithuania	-	100%	Administration of dwelling-houses
UAB Mano aplinka	Lithuania	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 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%	-	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%	100%	Security services
UAB Mano Būsto priežiūra	Lithuania	100%	100%	Building maintenance
UAB Mano sauga LT	Lithuania	100%	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%	100%	Dormant
UAB Naujosios Vilnios turgavietė	Lithuania	100%	100%	Marketplace administration services
UAB Nemuno būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Pastatų priežiūra	Lithuania	100%	100%	Building maintenance
UAB Pastatų priežiūros paslaugos	Lithuania	-	100%	Dormant
UAB Pastatų valdymas	Lithuania	100%	100%	Administration of dwelling-houses
UAB Pašilaičių būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Pietinis būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Pietų projektai	Lithuania	100%	100%	Dormant
UAB PortalPRO	Lithuania	100%	-	Supply chain management
UAB Rinkų vystymas	Lithuania	100%	100%	Dormant
UAB Saugos projektų valdymas*	Lithuania	100%	100%	Security services
UAB Skolos LT	Lithuania	100%	100%	Debt collection services
UAB Šilalės būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Šiaulių NT valdymas	Lithuania	100%	100%	Dormant
UAB Tauragės būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Toirenta	Lithuania	-	100%	Rental of bio toilets and sewage disposal services
UAB Unitechna	Lithuania	100%	100%	Maintenance and construction of gas stations
UAB Vaizdo stebėjimo sprendimai	Lithuania	100%	100%	Dormant
UAB Vėtrungės būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Vilkpėdės būstas	Lithuania	-	100%	Administration of dwelling-houses

UAB Vilniaus turgus	Lithuania	100%	100%	Dormant
UAB Viršuliškių būstas	Lithuania	-	100%	Administration of dwelling-houses
UAB Voverès	Lithuania	-	100%	Catering services
Administracion Urbana y Rural Chorro, S.L.U.	Spain	100%	100%	Administration of dwelling-houses
Afinem administraci3n 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 Euroinmo, S.L.	Spain	100%	100%	Dormant
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
Grupo Aresi de Inversiones, S.L.	Spain	100%	100%	Holding company
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%	-	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 2019 included an investment in Marijampolės butų ūkis UAB (34% of the share capital).

\* The Group ceased to consolidate UAB Saugos projektų valdymas in its Financial statements after bankruptcy administrator was appointed on 24 July 2017, as from that date the Group has lost its control.

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



1.5.

**COMPANY'S SUPERVISORY BOARD**

**AS OF 31 DECEMBER 2019, 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 control 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 2019 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
Algė Jablonskienė	Member of the Management Board	June 26, 2017	February 12, 2020
Dalius Šimaitis	Member of the Management Board	February 1, 2019	February 1, 2023
Aivaras Šimkus	Member of the Management Board	August 1, 2019	August 1, 2023

They do not control 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 City Service. He holds a Bachelor's degree in International Business. Previously he worked as the General Manager at UAB Mano būstas and 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 but except for HR 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.

**Aivaras Šimkus**

Aivaras Šimkus (born in 1983) is a member of the Management Board of City Service SE (since 2019). Previously he worked as the Head of corporate activities department in UAB Mano Būstas (2017 – 2019), Deputy Director for Administration and Law in City Service SE (2013 – 2017), Head of corporate and commercial law group in City Service SE (2010 – 2013). He started to work in the Company as the Lawyer in City Service SE (2009 – 2010).

Aivaras Šimkus is responsible for the Group's responsible for legal questions, processes and its effectiveness, real estate and transport management within the Group in all jurisdictions.

1.7.

**ACTIVITY AND SEGMENT INFORMATION**

**INFORMATION ON MAIN GROUP'S GEOGRAPHICAL SEGMENTS:**

2019 Q4	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	101,323	46,210	24,568	5,670	177,771
<b>Total revenue from contracts with customers</b>					<b>177,771</b>
Segment results	5,792	1,703	150	(1,533)	6,112
Unallocated expenses					(1,261)
<b>Profit from operations</b>					<b>4,851</b>
Net financial income					(1,000)
Profit before income tax					3,851
Income tax expenses					(910)
<b>Net profit for the year</b>					<b>2,941</b>

**OTHER SEGMENT INFORMATION**

Capital expenditure	1,302	71	226	2,200	<b>3,799</b>
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2018 Q4	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	91,156	42,208	25,061	3,891	162,316
<b>Total revenue from contracts with customers</b>					<b>162,316</b>
Segment results	4,979	2,184	(598)	(237)	6,328
Unallocated expenses					(891)
<b>Profit from operations</b>					<b>5,437</b>
Net financial income					(859)
Profit before income tax					4,578
Income tax expenses					(737)
<b>Net profit for the year</b>					<b>3,841</b>

**OTHER SEGMENT INFORMATION**

Capital expenditure	4,022	472	535	2,154	<b>7,183</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
<b>Revenue from contracts from external customers</b>					
2019 Q4	101,323	46,210	24,568	5,670	177,771
2018 Q4	91,156	42,208	25,061	3,891	162,316

	Baltic states	St. Petersburg	Poland	Spain	Total
<b>Segment non-current assets</b>					
As of 31 December 2019	49,410	4,342	17,740	9,732	81,224
As of 31 December 2018	47,881	2,435	15,455	7,357	73,128

**MAIN ACTIVITY INDICATORS FOR THE GROUP:**

	2019 Q4	2018 Q4	Change
Area of residential apartment buildings under administration (million square meters)	30.7	31.6	(2.8%)
Area of public, commercial building and atypical properties under administration (million square meters)	4.5	4.2	7.1%
Number of employees	4,080	4,305	(5.2%)
Sales for the period	177,771	162,131	9.6%
Sales (main activity)*	151,160	137,477	10.0%
Gross margin*	30.0%	30.1%	(0.1) p.p.
EBITDA margin*	8.9%	7.6%	1.3 p.p.
EBIT margin*	3.2%	4.0%	(0.8) p.p.
Net margin*	1.9%	2.8%	(0.9) p.p.
Number of shares (thousand)	31,610	31,610	-
Return on equity	5.6%	7.8%	(2.2) p.p.
Return on assets	2.2%	3.1%	(0.9) p.p.
Financial Net Debt to equity**	40.3%	51.2%	(10.9) 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 28 February 2020 by responsible persons listed in the confirmation, which is attached to the Interim Financial Statements.

3.

**GOODWILL**

**COST:**

Balance as of 1 January 2018	11,681
Additions	138
Disposals	(35)
Exchange differences	(111)
Balance as of 31 December 2018	11,673
Disposals	(135)
Exchange differences	86
Balance as of 31 December 2019	11,624

**IMPAIRMENT**

Balance as of 1 January 2018	84
Impairment recognized	623
Balance as of 31 December 2018	707
Exchange differences	6
Balance as of 31 December 2019	713

<b>Net book value as of 31 December 2019</b>	<b>10,911</b>
<b>Net book value as of 31 December 2018</b>	<b>10,966</b>

3.

**GOODWILL (cont'd)**

During reporting period the Company through its subsidiary acquired SIA Ventspils nami.

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	Ventspils nami
At the date of acquisition	21 January
Intangible assets	123
Other non-current assets	65
Trade receivables	32
Other current assets	14
<b>Total assets</b>	<b>234</b>
Long-term liabilities	95
Current portion of long-term liabilities	15
Trade payables	1
Other current liabilities	3
<b>Total liabilities</b>	<b>114</b>
<b>Total identifiable net assets at fair value</b>	<b>120</b>
Fair value of acquired assets, liabilities and contingent liabilities	120
Goodwill	-
<b>Total purchase consideration</b>	<b>120</b>
Cash acquired	14
<b>Total purchase consideration, net of cash acquired</b>	<b>106</b>

At the date of acquisition, the fair value and gross amount of the trade receivables was EUR 32 thousand.

## 4.

**SIGNIFICANT EVENTS****Investments and other changes during the twelve months of the year 2019**

On 21 January 2019 the Group, through its Latvian subsidiary, acquired 100% stake in SIA Ventspils nami (acquisition price EUR 120 thousand) which manages residential facilities in Ventspils.

On 1 February 2019 the Supervisory Board of the Company elected Dalius Šimaitis as a new Management Board member.

On 5 February 2019 the Group, through its Spanish subsidiary, established a new company Euronamas Gestion de Fincas Meseta Central, S.L.U. (share capital EUR 3 thousand).

On 5 February 2019 the the Group, through its Spanish subsidiary, established a new company Euronamas Gestion de Fincas Levante, S.L.U. (share capital EUR 3 thousand).

On 8 March 2019 Euronamas Gestion de Fincas MRC, S.L. company title was changed into Euronamas Gestion de Fincas Centro, S.L. Other contact details did not change.

On 12 April 2019 UAB Mano Būstas title was changed into UAB Mano Būsto priežiūra. Other contact details did not change.

On 12 April 2019 UAB Mano Būsto valdymas title was changed into UAB Mano Būstas. Other contact details did not change.

On 6 May 2019 the Group, through its Lithuanian subsidiary, established a new company UAB PortalPRO (share capital EUR 2.5 thousand).

On 29 May 2019 reorganization of UAB Namų priežiūros centras was finished. Method of reorganization was separation. After separation of property, rights and responsibilities was established a new company UAB Šilainių būstas. After reorganization UAB Namų priežiūros centras management and other contact details did not change.

On 17 June 2019 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Toirenta which provided rental of bio toilets and sewage disposal services. Value of share sale – purchase agreement is EUR 139 thousand. Net assets of disposed subsidiary at the date of disposal amounted to EUR (25) thousand.

On 19 June 2019 the Annual General Meeting of Shareholder of the Company has been held. The shareholders approved the set of consolidated annual financial statements of the Company for 2018 and renewed the term of office of the Supervisory board.

On 26 June 2019 UAB Alytaus būstas title was changed into UAB Mano Būstas Alytus. Other contact details did not change.

On 27 June 2019 UAB Aukštaitijos būstas title was changed into UAB Mano Būstas Panevėžys. Other contact details did not change.

On 27 June 2019 UAB Klaipėdos būstas LT title was changed into UAB Mano Būstas Klaipėda. Other contact details did not change.

On 27 June 2019 UAB Radviliškio būstas title was changed into UAB Mano Būstas Radviliškis. Other contact details did not change.



## 4.

**SIGNIFICANT EVENTS (cont'd)**

On 27 June 2019 reorganization of the companies UAB Pietinis būstas and UAB Šiaulių būstas was completed. After the process of reorganization UAB Pietinis būstas was incorporated into UAB Šiaulių būstas with all the assets, rights and obligations. UAB Pietinis būstas ceased operations and was deregistered. After reorganization UAB Šiaulių būstas title was changed into UAB Mano Būstas Šiauliai, management and other contact details did not change.

On 27 June 2019 reorganization of the companies UAB Vilkpėdės būstas and UAB Naujamiesčio būstas was completed. After the process of reorganization UAB Vilkpėdės būstas was incorporated into UAB Naujamiesčio būstas with all the assets, rights and obligations. UAB Vilkpėdės būstas ceased operations and was deregistered. After reorganization UAB Naujamiesčio būstas title was changed into UAB Mano Būstas Vilnius, management and other contact details did not change.

On 28 June 2019 UAB Namų priežiūros centras title was changed into UAB Mano Būstas NPC. Other contact details did not change.

On 28 June 2019 reorganization of the companies UAB Lazdynų butų ūkis, UAB Justiniškių būstas, UAB Viršuliškių būstas, UAB Pašilaičių būstas and UAB Karoliniškių būstas was completed. After the process of reorganization UAB Lazdynų butų ūkis, UAB Justiniškių būstas, UAB Viršuliškių būstas and UAB Pašilaičių būstas were incorporated into UAB Karoliniškių būstas with all the assets, rights and obligations. UAB Lazdynų butų ūkis, UAB Justiniškių būstas, UAB Viršuliškių būstas and UAB Pašilaičių būstas ceased operations and were deregistered. After reorganization UAB Karoliniškių būstas title was changed into UAB Mano Būstas Sostinė, management and other contact details did not change.

On 28 June 2019 reorganization of the companies UAB Danės būstas, UAB Vėtrungės būstas and UAB Jūros būstas was completed. After the process of reorganization UAB Danės būstas and UAB Vėtrungės būstas were incorporated into UAB Jūros būstas with all the assets, rights and obligations. UAB Danės būstas and UAB Vėtrungės būstas ceased operations and were deregistered. After reorganization UAB Jūros būstas title was changed into UAB Mano Būstas Baltija, management and other contact details did not change.

On 28 June 2019 reorganization of the companies UAB Nemuno būstas and UAB Dainavos būstas was completed. After the process of reorganization UAB Nemuno būstas was incorporated into UAB Dainavos būstas with all the assets, rights and obligations. UAB Nemuno būstas ceased operations and was deregistered. After reorganization UAB Dainavos būstas title was changed into UAB Mano Būstas Dainava, management and other contact details did not change.

On 28 June 2019 reorganization of the companies UAB Antakalnio būstas and UAB Žirmūnų būstas was completed. After the process of reorganization UAB Antakalnio būstas was incorporated into UAB Žirmūnų būstas with all the assets, rights and obligations. UAB Antakalnio būstas ceased operations and was deregistered. After reorganization UAB Žirmūnų būstas title was changed into UAB Mano Būstas Neris, management and other contact details did not change.

On 30 June 2019 Ignas Krasauskas resigned from the Management Board.

On 12 July 2019 UAB Mano Būstas Panevėžys title was changed into UAB Mano Būstas Aukštaitija. Other contact details did not change.

## 4.

**SIGNIFICANT EVENTS (cont'd)**

On 16 July 2019, the Competition Council of the Republic of Lithuania imposed a fine on Company City Service SE and Group subsidiaries UAB Mano Būsto priežiūra, UAB City Service Engineering and UAB Būsto aplinka for the alleged violation of the competition law. The amount of the fine is EUR 381 thousand. The Company and its subsidiaries do not agree with the imposed fine and had appealed the decision of the Competition Council in accordance with the law. However, the Group has made a provision for a unfavorable court decision of EUR 381 thousand.

On 18 July 2019 reorganization of UAB Mano Būsto priežiūra was finished. Method of reorganization was separation. After separation of property, rights and responsibilities was established a new company UAB EPC projektai. After reorganization UAB Mano Būsto priežiūra management and other contact details did not change.

On 19 July 2019 reorganization of the companies UAB Kauno centro būstas and UAB Šilainių būstas was completed. After the process of reorganization UAB Kauno centro būstas was incorporated into UAB Šilainių būstas with all the assets, rights and obligations. UAB Kauno centro būstas ceased operations and was deregistered. After reorganization UAB Šilainių būstas title was changed into UAB Mano Būstas Kaunas, management and other contact details did not change.

On 25 July 2019 Vilnius County Court adopted decision in a case where Vilnius City municipality administration and General Prosecutor's office claimed the Company regarding recovery of EUR 20.6 million losses. The lawsuit was based on allegations that Vilnius City municipality might have suffered losses arising from public procurement agreements concluded in years 2002 and 2010 between Vilnius City municipality and the Company. Vilnius County Court adopted decision partially to uphold plaintiffs demands and adjudge EUR 10.3 million sum from the Company to Vilnius City municipality. City Service SE disagrees with the decision of the first instance court and is convinced that the decision is unfounded and illegal. In Company's opinion, none of civil liability conditions have been proved. The decision has not come into force and was appealed to the Court of Appeal of Lithuania. The Company reminds, that in 2013 Supreme Court of Lithuania ruled in favor of ESCO model in above-mentioned agreements between City Service SE and Vilnius city municipality. Both public procurement agreements and ESCO model itself were declared as compliant with the laws. Based on the above mentioned, no provision was recognized in respect of this legal case in these financial statements as the management considers that most likely outcome would be favourable to the Company.

On 1 August 2019 the Supervisory Board of the Company elected Aivaras Šimkus as a new Management Board member.

On 5 August 2019 UAB Lazdynų būstas title was changed into UAB Medžiagų tiekimo centras. Other contact details did not change.

On 6 August 2019 UAB City Service Cleaning title was changed into UAB Pastatų priežiūros paslaugos. Other contact details did not change.

On 14 August 2019 reorganization of UAB Mano aplinka was finished. Method of reorganization was separation. After separation of property, rights and responsibilities a new companies were established UAB City Service Cleaning and UAB Mano aplinka. After reorganization UAB Mano aplinka title was changed into UAB Būsto aplinka, management and other contact details did not change.

On 16 September 2019 UAB Connecto Pay title was changed into UAB City Service Digital. Other contact details did not change.

On 16 September 2019 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Pastatų priežiūros paslaugos which was dormant. Value of share sale – purchase agreement is EUR 2.5 thousand. Net assets of disposed subsidiary as of 30 September 2019 amounted to EUR (1) thousand.

## 4.

**SIGNIFICANT EVENTS (cont'd)**

On 26 September 2019, the Competition Council of the Republic of Lithuania imposed a fine on Group subsidiaries UAB Mano Būsto priežiūra and UAB Būsto aplinka for the alleged violation of the competition law. The amount of the fine is EUR 1,074 thousand. The Company and its subsidiaries do not agree with the imposed fine and had appealed the decision of the Competition Council in accordance with the law. 14 February 2020 Vilnius Regional Administrative Court found that the Competition Council had unjustifiably imposed a maximum fine for the infringements committed and, therefore, the issue of the imposition of fine was referred back to the Competition Council. However, the Group has made a provision for a unfavorable court decision of EUR 347 thousand.

On 31 October 2019 reorganization of the companies UAB Šilutės būstas, UAB Tauragės būstas and UAB Šilalės būstas was completed. After the process of reorganization UAB Tauragės būstas and UAB Šilalės būstas was incorporated into UAB Šilutės būstas with all the assets, rights and obligations. UAB Tauragės būstas and UAB Šilalės būstas ceased operations and was deregistered. After reorganization UAB Šilutės būstas title was changed into UAB Mano Būstas Vakarai, management and other contact details did not change.

On 8 November 2019 the Group, through its Lithuanian subsidiary, sold 100% stake in UAB Voverės which provided catering services. Value of share sale – purchase agreement is EUR 1. Net assets of disposed subsidiary at the date of disposal amounted to EUR 277 thousand.

On 18 November 2019 UAB Birštono būstas title was changed into UAB Pietų projektai. Other contact details did not change.

On 13 December 2019 the Supervisory Board of the Company adopted resolution to remove Edvinas Paulauskas from the Management Board of the Company. As of 16 December 2019, Management board member Dalius Šimaitis became responsible for Group activities in Poland and Spain, also for technical operations and supply chain management, standardization policy within the Group in all jurisdictions.

5.

**OTHER INTANGIBLE ASSETS**

Movement of other intangible assets in 2019 and 2018 is presented below:

	<b>Total</b>
<b>COST:</b>	
Balance as of 1 January 2018	33,770
Additions arising from acquisitions of subsidiaries	3,810
Additions	2,476
Exchange differences	(451)
Disposals and retirements	(248)
Reclassifications	289
Balance as of 31 December 2018	<u>39,646</u>
Additions arising from acquisitions of subsidiaries	123
Additions	2,648
Disposals of subsidiaries	(701)
Disposals and retirements	(32)
Exchange differences	303
Reclassifications	54
Balance as of 31 December 2019	<u>42,041</u>
<b>ACCUMULATED AMORTISATION:</b>	
Balance as of 1 January 2018	5,900
Charge for the year	1,409
Exchange differences	(63)
Disposals and retirements	(235)
Balance as of 31 December 2018	<u>7,011</u>
Charge for the period	2,924
Disposals and retirements	(32)
Disposals of subsidiaries	(117)
Exchange differences	75
Reclassifications	-
Balance as of 31 December 2019	<u>9,861</u>
<b>Net book value as of 31 December 2019</b>	<b>32,180</b>
<b>Net book value as of 31 December 2018</b>	<b>32,635</b>

6.

**PROPERTY, PLANT AND EQUIPMENT**

**MOVEMENT OF FIXED ASSETS IN 2019 AND 2018 IS PRESENTED BELOW:**

	Buildings	Vehicles	Other property, plant and equipment	Construction in progress*	Total
<b>COST:</b>					
Balance as of 1 January 2018	9,053	9,642	12,854	276	31,825
Additions arising from acquisitions of subsidiaries	-	78	286	-	364
Additions	14	1,973	2,332	388	4,707
Disposals and retirements	(350)	(194)	(601)	-	(1,145)
Exchange differences	(62)	(105)	(331)	(7)	(505)
Reclassifications	342	-	4	(635)	(289)
Balance as of 31 December 2018	8,997	11,394	14,544	22	34,957
Additions	-	442	663	46	1,151
Disposals of subsidiaries	-	(9)	(337)	-	(346)
Disposals and retirements	(2,153)	(755)	(915)	-	(3,823)
Exchange differences	21	92	189	-	302
Reclassifications	180	16	(29)	(46)	121
Balance as of 31 December 2019	7,045	11,180	14,115	22	32,362
<b>ACCUMULATED DEPRECIATION:</b>					
Balance as of 1 January 2018	2,630	5,539	5,193	-	13,362
Charge for the year	358	1,336	1,878	-	3,572
Disposals and retirements	(80)	(107)	(572)	-	(759)
Exchange differences	(3)	(68)	(149)	-	(220)
Balance as of 31 December 2018	2,905	6,700	6,350	-	15,955
Charge for the period	319	1,310	1,848	-	3,477
Disposals of subsidiaries	-	(2)	(161)	-	(163)
Disposals and retirements	(1,177)	(490)	(915)	-	(2,582)
Exchange differences	-	61	92	-	153
Reclassifications	106	11	(11)	-	106
Balance as of 31 December 2019	2,153	7,590	7,203	-	16,946
<b>Net book value as of 31 December 2019</b>	<b>4,892</b>	<b>3,590</b>	<b>6,912</b>	<b>22</b>	<b>15,416</b>
<b>Net book value as of 31 December 2018</b>	<b>6,092</b>	<b>4,694</b>	<b>8,194</b>	<b>22</b>	<b>19,002</b>

\* Includes prepayments for tangible and intangible assets.

7.

**TRADE RECEIVABLES**

**TRADE RECEIVABLES OF THE GROUP AS OF 31 DECEMBER 2019 AND 31 DECEMBER 2018 WERE AS FOLLOWS:**

	Balance as of 31 December 2019	Balance as of 31 December 2018
Trade receivables, gross	48,490	42,179
Less: allowance for doubtful trade receivables	(12,273)	(9,405)
<b>Trade receivables, net</b>	<b>36,217</b>	<b>32,774</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.

8.

**BORROWINGS**

**BORROWINGS OF THE GROUP AND THE COMPANY AS OF 31 DECEMBER 2019 AND 31 DECEMBER 2018 WERE AS FOLLOWS:**

Creditor	Currency	Balance as of 31 December 2019	Balance as of 31 December 2018
<u>SHORT-TERM LOANS</u>			
Bank loans	EUR	3,432	9,937
Bank loans	PLN	196	496
<b>SHORT-TERM LOANS BALANCE</b>		<b>3,628</b>	<b>10,433</b>
<u>LONG-TERM LOANS</u>			
Bank loans	EUR	21,240	20,110
Minus: long term loans of the current year		(2,717)	(2,712)
<b>LONG-TERM LOANS BALANCE</b>		<b>18,523</b>	<b>17,398</b>

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.

9.

**FINANCIAL LEASE OBLIGATIONS**

Since 1 January 2019 the Group recognises leases according to the standard IFRS 16 Leases. IFRS 16 replaces the previous standard IAS 17 Leases and is mandatory from the beginning of 2019. IFRS 16 introduces a new single lessee accounting model and therefore, leases are no longer classified either operating or finance leases as it was required according to IAS 17. As a result of the change in the accounting policies, lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Furthermore, a lessee is required to recognise depreciation of lease assets separately from interest on lease liabilities in the income statement.

On 1 January 2019 the Group applied a modified retrospective approach and did not restate comparative amounts for the year prior to the first adoption. Lease commitments existing at the date of implementation, which had so far been recognised as operating leases, were measured on transition at the discounted value of their remaining lease payments, using the effective interest rate as of 1 January 2019. Right of use assets were measured at the amount of the lease liability on adoption.

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

	EUR, thousand
<b>ASSETS</b>	
<b>Cost</b>	
Initial IFRS 16 application	10,373
Additions	2,090
Decreases	(1,412)
Exchange differences	94
<b>Balance as of 31 December 2019</b>	<b>11,145</b>
<b>Accumulated depreciation</b>	
Charge for the year	(2,205)
Decreases	444
Exchange differences	(15)
<b>Balance as of 31 December 2019</b>	<b>(1,776)</b>
<b>Right of use assets as of 31 December 2019</b>	<b>9,369</b>
<b>LIABILITIES</b>	
Financial lease obligations	12,991
Minus: Financial lease obligations not related to right of use assets	(3,562)
Financial lease obligations related to right of use assets	6,770
Current portion of financial lease obligations related to right of use assets	2,659
<b>Financial lease obligations related to right of use assets as of 31 December 2019</b>	<b>9,429</b>
<b>Net impact on equity</b>	<b>(60)</b>

9.

**FINANCIAL LEASE OBLIGATIONS (cont'd)**

Effect to the consolidated statement of comprehensive income as at 31 December 2019:

	EUR, thousand
Depreciation expenses	(2,205)
Rent expenses	2,310
<b>Profit from operations</b>	<b>105</b>
Interest and other finance income (expenses)	(165)
<b>Profit (loss) before tax</b>	<b>(60)</b>

10.

**COST OF SALES**

	2019 Q4	2018 Q4
Services of subcontractors and materials used	85,677	77,764
Wages and salaries and social security	41,787	38,630
Depreciation	1,111	1,086
Cost of goods sold	317	207
Other	3,533	3,310
<b>Total cost of sales</b>	<b>132,425</b>	<b>120,997</b>



11

**GENERAL AND ADMINISTRATIVE EXPENSES**

	2019 Q4	2018 Q4
Wages and salaries and social security	20,360	17,549
Depreciation and amortisation	7,495	3,895
Consulting and similar expenses	2,097	1,821
Taxes other than income tax	978	681
Computer software maintenance	906	670
Transportation and fuel expenses	667	621
Rent of premises and other assets	664	1,996
Commissions for collection of payments	582	677
Representational costs	499	683
Advertising	463	757
Business trips and training	458	473
Insurance	392	515
Communication expenses	348	367
Utilities	214	394
Bank payments	207	195
Charity and support	56	132
Goodwill impairment	-	623
Other	2,433	3,073
<b>Total general and administrative expenses</b>	<b>38,819</b>	<b>35,122</b>

12.

**OTHER OPERATING INCOME (EXPENSES)**

	2019 Q4	2018 Q4
Income from rent	10	106
Gain on disposal of property, plant and equipment	627	20
Depreciation of rented assets	-	(10)
Other (expenses), net	(442)	(393)
<b>Total other operating activity</b>	<b>195</b>	<b>(277)</b>

13.

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

	2019 Q4	2018 Q4
Interest income	132	194
Foreign currency exchange gain	135	72
<b>Total finance income</b>	<b>267</b>	<b>266</b>
Interest (expenses)	(820)	(565)
(Loss) on sale of investments	(381)	(80)
Foreign currency exchange (loss)	-	(488)
Other financial (expense)	(78)	-
<b>Total finance (expenses)</b>	<b>(1,279)</b>	<b>(1,133)</b>
<b>Financial activity, net</b>	<b>(1,012)</b>	<b>(867)</b>

14.

**DIVIDENDS PER SHARE**

	2019 Q4	2018 Q4
Approved dividends*	3	9,799
Number of shares (in thousand)	31,610	31,610
<b>Approved dividends per share</b>	<b>0.00</b>	<b>0.31</b>

\* Includes dividends paid to minority shareholders by the Company's subsidiaries.

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 OU – 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, A. Šimkus (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.

2019 Q4	Purchases	Sales	Receivables and prepayments	Payables
UAB ICOR	419	96	31	248
AB Axis Industries	-	47	5	-
Other subsidiaries of UAB ICOR	414	1,080	326	223
Other subsidiaries of Lag&d	-	-	-	-
<b>Total</b>	<b>833</b>	<b>1,223</b>	<b>362</b>	<b>471</b>

16.

**SUBSEQUENT EVENTS**

On 12 February 2019 the Supervisory Board of the Company adopted resolution to recall Algė Jabloskienė from the Management Board of the Company. As from 12 February 2020 Management Board consists of 5 (five) members (Artūras Gudelis, Vytautas Turonis, Tomas Kleiva, Dalius Šimaitis and Aivaras Šimkus). Each member acts and represents the Company individually within the competence prescribed to him under the regulations of the Management Board.



**City Service SE**

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