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**CONSOLIDATED INTERIM FINANCIAL
STATEMENTS FOR THE TWELVE MONTHS
PERIOD ENDED 31 DECEMBER, 2021
(UNAUDITED)**

City Service SE

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER, 2021
(UNAUDITED)**

Beginning of the reporting period	1 January 2021
End of the reporting period	31 December 2021
Business name	City Service SE
Registration number	12827710
Legal address	Narva mnt. 5, 10117 Tallinn, the Republic of Estonia
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E-mail	info@cityservice.eu
Website	http://www.cityservice.eu
Auditor	Ernst & Young Baltic AS

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Declaration of the management

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

Chairman of the Management Board



Artūras Gudelis

28 February 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As of 31 December 2021	As of 31 December 2020
Assets			
NON-CURRENT ASSETS			
Goodwill	3	10,446	9,253
Other intangible assets	5	21,213	24,749
Property, plant and equipment	6	4,528	6,584
Right of use assets	8	5,814	8,681
Investments into associates		-	216
Non-current receivables	9	5,762	8,924
Deferred income tax asset		2,402	3,785
Total non-current assets		50,165	62,192
CURRENT ASSETS			
Inventories		1,434	1,200
Prepayments		1,946	1,482
Trade receivables	9	29,869	31,493
Receivables from related parties	16	545	423
Contract assets		2,128	1,728
Other receivables and current assets		5,391	6,252
Cash and cash equivalents		6,172	14,119
Total current assets		47,485	56,697
Assets held for sale		-	1,210
Total assets		97,650	120,099

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

	Notes	As of 31 December 2021	As of 31 December 2020
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital		9,483	9,483
Other reserves		948	948
Share premium		21,067	21,067
Foreign currency translation reserve		(3,258)	(3,501)
Retained earnings (deficit)		(8,597)	19,836
		<hr/>	<hr/>
		19,643	47,833
Non-controlling interests		450	413
TOTAL EQUITY		20,093	48,246
Liabilities			
Non-current liabilities			
Non-current borrowings	10	2,715	17,305
Lease liabilities	8	4,242	7,096
Deferred income tax liabilities		1,738	2,882
Non-current payables		2,128	2,904
TOTAL NON-CURRENT LIABILITIES		10,823	30,187
Current liabilities			
Current portion of non-current borrowings	10	16,329	3,419
Current portion of lease liabilities	8	1,963	2,165
Current loans	10	5,901	113
Trade payables		11,916	10,831
Payables to related parties	16	979	202
Contract liabilities		10,932	8,994
Other current liabilities		18,714	15,904
TOTAL CURRENT LIABILITIES		66,734	41,628
Liabilities associated with assets held for sale		-	38
Total liabilities		77,557	71,853
Total equity and liabilities		97,650	120,099

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(for the period 1 January – 31 December)

	Notes	2021 Q4	2020 Q4 (Restated)
Revenue from contracts with customers	1.7	133,381	147,765
Cost of sales	11	(103,739)	(108,012)
Gross profit (loss)		29,642	39,753
General and administrative expenses	12	(37,484)	(26,833)
Credit loss expenses on financial assets		(531)	(1,985)
Other operating activity, net	13	96	517
Profit (loss) from operations		(8,277)	11,452
Interest and other finance income	14	960	2,848
Interest and other finance expenses	14	(861)	(1,940)
Share of profit of associates		37	35
Profit (loss) before tax		(8,141)	12,395
Income tax		(1,430)	(2,024)
Net profit (loss)		(9,571)	10,371
Discontinued operations			
Net profit (loss) from discontinued operations	7	(5,180)	(5,257)
Net profit (loss)		(14,751)	5,114
Other comprehensive income			
Exchange differences on translation of foreign operations		254	(846)
Total comprehensive income		(14,497)	4,268
Attributable to:			
The shareholders of the Company		(14,777)	5,099
Non-controlling interests		26	15
		(14,751)	5,114
Total comprehensive income attributable to:			
The shareholders of the Company		(14,523)	4,299
Non-controlling interests		26	(31)
		(14,497)	4,268
Basic and diluted earnings per share (EUR)		(0.47)	0.16

STATEMENTS OF COMPREHENSIVE INCOME
(for the period 1 October – 31 December)

	2021 Q4	2020 Q4 (Restated)
Sales	38,038	37,283
Cost of sales	(31,168)	(25,378)
Gross profit (loss)	6,870	11,905
General and administrative expenses	(18,646)	(7,981)
Credit loss expenses on financial assets	349	(968)
Other operating income, net	(91)	(488)
Profit (loss) from operations	(11,518)	2,468
Finance activity result, net	(355)	1,862
Share of profit of associates	37	35
Profit (loss) before tax	(11,836)	4,365
Income tax	(65)	(294)
Net profit from continued operations	(11,901)	4,071
Discontinued operations		
Net profit (loss) from discontinued operations	(2,519)	(4,302)
Net profit (loss)	(14,420)	(231)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interest	Total
Balance as of 1 January 2020		9,483	21,067	(2,701)	948	21,721	50,518	448	50,966
Net profit		-	-	-	-	5,099	5,099	15	5,114
Other comprehensive Income		-	-	(800)	-	-	(800)	(46)	(846)
Total comprehensive Income		-	-	(800)	-	5,099	4,299	(31)	4,268
Dividends declared	15	-	-	-	-	(6,984)	(6,984)	(4)	(6,988)
Balance as of 31 December 2020		9,483	21,067	(3,501)	948	19,836	47,833	413	48,246
Balance as of 1 January 2021		9,483	21,067	(3,501)	948	19,836	47,833	413	48,246
Net profit		-	-	-	-	(14,777)	(14,777)	26	(14,751)
Other comprehensive Income		-	-	243	-	-	243	11	254
Total comprehensive Income		-	-	243	-	(14,777)	(14,534)	37	(14,497)
Dividends declared	15	-	-	-	-	(13,656)	(13,656)	-	(13,656)
Balance as of 31 December 2021		9,483	21,067	(3,258)	948	(8,597)	19,643	450	20,093

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2021 Q4*	2020 Q4*
Cash flows from (to) operating activities			
Net (loss) profit from continued operations		(9,571)	10,371
Net (loss) from discontinued operations		(5,180)	(5,257)
Adjustments for non-cash items:			
Income tax expenses		1,713	2,276
Depreciation and amortisation	5,6,7,8	6,106	6,730
Impairment and discounting of accounts receivable		319	2,269
(Gain) on disposal of property, plant and equipment	13	(1,847)	(776)
Impairment of goodwill and other intangible assets		5,292	4,193
(Gain) from sale of investments		(735)	(2,510)
Result on deconsolidation of subsidiaries		-	(204)
Changes in provisions		4,698	(321)
Other financial activity, net		638	1,608
Share of net (profit) of associate		(37)	(35)
		1,396	18,344
Changes in working capital:			
(Increase) decrease in inventories		(237)	206
Decrease (increase) in receivables, contract assets and other current assets		4,956	(2,218)
(Increase) decrease in prepayments		(401)	149
Increase (decrease) in trade payables and payables to related parties		1,295	(1,019)
Income tax (paid)		(2,310)	(1,536)
(Decrease) increase in advances received, contract liabilities and other current liabilities		(563)	5,491
		4,136	19,417
Cash flows from (to) investing activities			
(Acquisition) of non-current assets (except investments)	5,6	(4,173)	(1,940)
Proceeds from sale of non-current assets		6,078	3,807
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		(2,579)	(43)
Disposal of investments in subsidiaries		1,115	3,061
Deconsolidation of investments in subsidiaries		-	(319)
Interest received		220	282
Loans repaid		38	895
		699	5,743
Cash flows from (to) financing activities			
Dividends (paid)		(13,656)	(6,988)
Proceeds of loans		6,632	2,662
(Repayment) of financial lease liabilities		(3,119)	(2,831)
Loans (repaid)		(2,022)	(6,232)
Interest (paid)		(700)	(816)
		(12,865)	(14,205)
Net (decrease) increase in cash and cash equivalents		(8,030)	10,955
Foreign exchange difference		48	(593)
Cash and cash equivalents at the beginning of the period*		14,154	3,792
Cash and cash equivalents at the end of the period		6,172	14,154

*Group cash flows for 2021 and 2020 comprise total consolidated Group, including discontinued operations.

1.

GENERAL INFORMATION

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

The Company controls corporate group, engaged in provision of facility management and integrated utility services in Western, Central and Eastern Europe. The City Service group is the market leader in facility management and integrated utility services in the Baltic States. It provides services in whole Lithuania, Poland, Spain, Latvia, in the city of St. Petersburg in Russian Federation and Czech Republic.

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 20.5 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 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 31 December 2021 all 31,610 thousand ordinary shares of the Company are included into the Parallel Market of Warsaw Stock Exchange and Baltic First North Foreign Shares trading list of NASDAQ Baltic Market (ISIN Code of the shares is EE3100126368). Trading Code of the shares on Warsaw Stock Exchange is CTS, on NASDAQ Baltic Market - CTS1L.

1.3.

SHAREHOLDERS OF THE COMPANY

As of 31 December 2021 the total number of shareholders of the Company was 60.

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

COMPANY'S SHARES DISTRIBUTION AMONG SHAREHOLDERS WHO HAVE MORE THAN 5% SHARES OF THE COMPANY AS OF 31 DECEMBER 2021 WAS THE FOLLOWING:

	Number of shares held	Owned percentage of the share capital and votes, %
UAB Lag&d, legal entity code 302433366, address: Ozo str. 12A, Vilnius, Lithuania*	26,813,293	84.83%
Other private and institutional shareholders	4,796,707	15.17%
TOTAL	31,610,000	100 %

* On 09 February 2022 reorganization of the UAB Lag&d was completed. Due to reorganization of UAB Lag&d changed the total number of votes at the Company's General Meeting from UAB Lag&d to UAB Unit Invest of 26,813,293 shares in the Company, giving the right to exercise 26,813,293 of votes constituting 84,83% of the total number of votes at the City Service SE's General Meeting.

1.4.

CITY SERVICE GROUP

AS OF 31 DECEMBER 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 31 December 2021	Share of the stock held by the Group as of 31 December 2020	Main activities
UAB Alytaus namų valda	Lithuania	76%	76%	Dormant
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 BonoDomo	Lithuania	100%	100%	Dormant
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%	IT services
UAB CSG IT	Lithuania	100%	100%	IT services
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 InHouse Digital	Lithuania	100%	100%	Holding company
UAB Neries būstas	Lithuania	100%	100%	Dormant
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 buildings
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 Ukmergė	Lithuania	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 priežiūra	Lithuania	100%	100%	Building maintenance
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%	Administration of dwelling-houses renovation projects
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 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 Valymo projektai 1	Lithuania	-	100%	Dormant
UAB Valymo projektai 2	Lithuania	-	100%	Dormant
UAB Valymo projektai 3	Lithuania	-	100%	Dormant
UAB Valymo projektai 4	Lithuania	-	100%	Dormant
UAB Valymo projektai Kaunas	Lithuania	-	100%	Dormant
STARLIT s.r.o.	Czech	100%	-	IT services
Administración Urbana y Rural Chorro, S.L.U.	Spain	-	100%	Administration of dwelling-houses
Afinem administración de finques, S.L.U.	Spain	-	100%	Administration of dwelling-houses

Aresi administracion de fincas S. L.	Spain	-	100%	Administration of dwelling-houses
Aresi Gestion residencial, S.L.	Spain	-	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%	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%	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%	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 BILANCE	Latvia	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 PortalPRO	Latvia	100%	100%	Dormant
SIA Latvijas Namsaimnieks	Latvia	100%	100%	Administration of dwelling-houses
SIA Livonijas Nami	Latvia	100%	-	Administration of dwelling-houses
SIA Namu serviss APSE	Latvia	100%	100%	Administration of dwelling-houses
SIA NIRA Fonds apsaimniekošana	Latvia	100%	-	Administration of dwelling-houses
SIA NIRA Fonds apsaimniekošana 2	Latvia	100%	-	Administration of dwelling-houses
SIA NIRA Fonds apsaimniekosana-Salnas 21	Latvia	100%	-	Administration of dwelling-houses
SIA NIRA Fonds apsaimniekošana 3	Latvia	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 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 ПорталПРО	St. Petersburg	100%	100%	Dormant

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

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

1.5.

COMPANY'S SUPERVISORY BOARD

AS OF 31 DECEMBER 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 Unit Invest (since 2021).



Gintautas Jaugielavičius

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

1.6.

COMPANY'S MANAGEMENT BOARD

AS OF 31 DECEMBER 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 Q4	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	79,485	42,999	10,719	178	133,381
Total revenue from contracts with customers					133,381
Segment results	61*	2,841	(10,712)	45	(7,765)
Unallocated expenses					(512)
Profit from operations					(8,277)
Net financial income					136
Profit before income tax					(8,141)
Income tax expenses					(1,430)
Net profit for the year					(9,571)

OTHER SEGMENT INFORMATION

Capital expenditure	4,064	132	16	36	4,248
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* The amount includes 4.6 million expenses that is adjudged from the Company to Vilnius City municipality (Note 17).

2020 Q4	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	86,861	42,504	18,225	175	147,765
Total revenue from contracts with customers					147,765
Segment results	11,175	3,079	(1,460)	88	12,882
Unallocated expenses					(1,430)
Profit from operations					11,452
Net financial income					943
Profit before income tax					12,395
Income tax expenses					(2,024)
Net profit for the year					10,371

OTHER SEGMENT INFORMATION

Capital expenditure	1,426	111	249	103	1,889
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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 Q4	79,485	42,999	10,719	178	133,381
2020 Q4	86,861	42,504	18,225	175	147,765

	Baltic states	St. Petersburg	Poland	Spain	All other segments	Total
Segment non-current assets						
As of 31 December 2021	40,653	3,193	4,152	69	2,098	50,165
As of 31 December 2020	43,519	3,196	12,130	3,347	-	62,192

MAIN ACTIVITY INDICATORS FOR THE GROUP:

	2021 Q4	2020 Q4	Change
Area of residential apartment buildings under administration (million square meters)	16.3	23.3	(30.0%)
Area of public, commercial building and atypical properties under administration (million square meters)	4.2	4.0	5.0%
Number of employees	2,519	3,374	(25.3%)
Sales for the period	133,381	154,507	(13.7%)
Sales (main activity)*	111,484	130,417	(14.5%)
Gross margin*	26.6%	34.4%	(7.8) p.p.
EBITDA margin*	-2.4%	10.1%	(12.5) p.p.
EBIT margin*	-7.4%	5.0%	(12.4) p.p.
Net margin*	-8.6%	3.9%	(12.5) p.p.
Number of shares (thousand)	31,610	31,610	-
Return on equity	-73.4%	10.6%	(84.0) p.p.
Return on assets	-15.1%	4.3%	(19.4) p.p.
Financial Net Debt to equity**	93.4%	13.9%	79.5 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 2022 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	1,409
Exchange differences	26
Balance as of 31 December 2021	12,010

IMPAIRMENT:

Balance as of 1 January 2020	940
Exchange differences	(54)
Impairment recognized	436
Balance as of 31 December 2020	1,322
Exchange differences	(8)
Impairment recognized	250
Balance as of 31 December 2021	1,564

Net book value as of 31 December 2021	10,446
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, UAB Pastatų priežiūros tarnyba, SIA NIRA Fonds apsaimniekošana, SIA NIRA Fonds apsaimniekošana 2, SIA NIRA Fonds apsaimniekosana-Salnas 21 and SIA NIRA Fonds apsaimniekošana 3, SIA Livonijas Nami, Starlit s.r.o. and SIA Bilance.

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	Butų ūkio valdos	Pastatų priežiūros tarnyba	SIA NIRA Fonds apsaimniekošana	SIA NIRA Fonds apsaimniekošana 2	SIA NIRA Fonds apsaimniekosana-Salnas 21
At the date of acquisition	25 March	17 June	03 September	03 September	03 September
Intangible assets	190	84	108	41	18
Property, plant and equipment	8	-	-	-	-
Trade receivables	33	117	35	7	6
Other current assets	17	107	201	2	36
Total assets	248	308	344	50	60
Deferred tax liability	29	13	-	-	-
Trade payables	5	243	24	2	27
Other current liabilities	14	12	224	4	12
Total liabilities	48	268	248	6	39
Total identifiable net assets at fair value	200	40	96	44	21
Fair value of acquired assets, liabilities and contingent liabilities	200	40	96	44	21
Goodwill	-	-	-	-	-
Total purchase consideration	200	40	96	44	21
Cash acquired	16	38	174	2	16
Total purchase consideration, net of cash acquired	184	2	(78)	42	5

3.

GOODWILL (cont'd)

Fair value of assets, liabilities and contingent liabilities of acquired subsidiaries	SIA NIRA			
	Fonds apsaimniekošana 3	SIA Livonijas Nami	Starlit s.r.o.	SIA Balance
At the date of acquisition	03 September	14 December	23 December	25 December
Intangible assets	136	167	826	124
Property, plant and equipment	-	38	108	-
Trade receivables	-	26	20	-
Other current assets	34	183	367	4
Total assets	170	414	1,321	128
Deferred tax liability	-	-	124	-
Trade payables	7	107	-	-
Other current liabilities	27	113	165	3
Total liabilities	34	220	289	3
Total identifiable net assets at fair value	136	194	1,032	125
Fair value of acquired assets, liabilities and contingent liabilities	136	194	1,032	125
Goodwill	-	276	1,133	-
Total purchase consideration	136	470	2,165	125
Cash acquired	9	97	362	4
Total purchase consideration, net of cash acquired	127	373	1,803	121

4.

SIGNIFICANT EVENTS**Investments and other changes during the twelve 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 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 29 June 2021 SIA Laba energija title was changed into SIA PortalPRO. 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.

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 Finques, 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 Finques, 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 Finques, 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 2021 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).

On August 31, 2021 the Company signed an amendment of financing agreement with AB SEB bankas, which allows the Company to borrow up to EUR 35.2 million. The loan shall be used to finance expansion of City Service group through acquisitions and other investments, to finance working capital and to refinance existing loans.

On 03 September 2021 the Group, through its Latvian subsidiary, acquired 100% stake in SIA NIRA Fonds apsaimniekošana-Salnas 21, SIA NIRA Fonds apsaimniekošana 3, SIA NIRA Fonds apsaimniekošana 2 ir SIA NIRA Fonds apsaimniekošana (acquisition price EUR 297 thousand) which provides management and administration services of residential facilities.

On 14 September 2021 UAB eBūstas title was changed into BonoDomo, UAB. Other contact details did not change.

4.

SIGNIFICANT EVENTS (cont'd)

On 4 October 2021 the Group, through its Lithuanian subsidiary, sold 34% stake in UAB Marijampolės butų ūkis, which carried out administration of dwelling-houses services. Value of the share sale – purchase agreement is EUR 400 thousand. Net assets of disposed associate, accounted in equity method, at the date of disposal amounted to EUR 216 thousand.

On 14 October 2021 the Extraordinary General Meeting of Shareholders of the Company has been held. The shareholders extended the agreement for the audit services with Ernst & Young Baltic AS, for a new period of 5 (five) years to perform audit of the Company and the Companies set of consolidated financial statements for the years 2021-2025 and shall evaluate Company's consolidated annual reports for the years 2021-2025. Shareholders also have set a remuneration for the audit.

On 21 October 2021 the Supreme Court of Lithuania issued a ruling in a case based on cassation appeals of the Vilnius City Municipality Administration and the General Prosecutor's Office. The Supreme Court of Lithuania annulled the decision of the Court of Appeal of Lithuania that was issued on 8 October 2020 and referred the case back to the Court of Appeal of Lithuania.

On November 30, 2021, the Company through its Spanish subsidiaries has signed business transfer agreement on sale of apartment building administration business and partial sale of insurance brokerage business in Spain. The buyer of sold businesses was a Spanish company, acting in apartment building administration and insurance brokerage sectors. The Company management is looking forward to develop business in other forms, namely, PortalPRO, a transparent platform where customers can order various services. The operation of the platform is based on the sharing economy. On the platform, service providers will be able to offer their services related to housing and its maintenance and repair. As a result of developing PortalPRO business and by reason of apartment building administration business is not complying the profitability criterias requested by the Company management, Company determined to withdraw from the apartment building administration business in Spain.

On 16 December 2021 the Group, through its Latvian subsidiary, acquired 100% stake in SIA Livonijas Nami (acquisition price EUR 470 thousand) which provides management and administration services of residential facilities.

On 23 December 2021 the Group, through its Lithuanian subsidiary, acquired 100% stake in STARLIT s.r.o. (acquisition price CZK 54.625 thousand (EUR 2.165 thousand)) which produces and develops of IT products for apartment building managers.

On 25 December 2021 the Group, through its Latvian subsidiary, acquired 100% stake in SIA BILANCE (acquisition price EUR 125 thousand) which provides management and administration services of residential facilities.

On 27 December 2021 the Company received notifications, prepared pursuant to the Article 69 of the Act of July 29th, 2005 on public offering and the conditions for introducing financial instruments to the organized trading system and on public companies _Journal of Laws 2005 No. 184 item 1539, regarding changes in the total number of votes at the Company's General Meeting due to acquisition by UAB Lag&d from UAB ICOR of 26,813,293 shares in the Company, giving the right to exercise 26,813,293 of votes constituting 84,83% of the total number of votes at the City Service SE's General Meeting.

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 31 December 2021 have not changed compared to the estimates presented in the previous financial statements. 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 and 2020 is presented below:

	Total
COST:	
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 arising from acquisitions of subsidiaries	1,694
Additions	3,872
Disposals and retirements	(4,330)
Exchange differences	74
Balance as of 31 December 2021	42,320
ACCUMULATED AMORTISATION AND IMPAIRMENT:.	
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	2,381
Disposals and retirements	(2,423)
Impairment	4,892
Exchange differences	(4)
Balance as of 31 December 2021	21,107
Net book value as of 31 December 2021	21,213
Net book value as of 31 December 2020	24,749

6.

PROPERTY, PLANT AND EQUIPMENT

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

	Buildings	Vehicles	Other property, plant and equipment	Construction in progress*	Total
COST:					
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	107	8	39	-	154
Additions	-	32	344	-	376
Disposal of subsidiaries	-	(22)	(34)	-	(56)
Disposals and retirements	(645)	(1,362)	(2,097)	-	(4,104)
Exchange differences	8	45	(35)	(4)	14
Impairment	(10)	(27)	(113)	-	(150)
Balance as of 31 December 2021	1,076	3,014	10,057	21	14,168
ACCUMULATED DEPRECIATION:					
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	230	151	1,418	-	1,799
Disposals and retirements	(641)	(1,252)	(1,633)	-	(3,526)
Disposals of subsidiaries	-	-	(4)	-	(4)
Exchange differences	-	19	2	-	21
Balance as of 31 December 2021	441	2,826	6,373	-	9,640
Net book value as of 31 December 2021	635	188	3,684	21	4,528
Net book value as of 31 December 2020	764	432	5,363	25	6,584

* Includes prepayments for tangible and intangible assets.

7.
DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

On November 30, 2021 Company through its Spanish subsidiaries has signed business transfer agreement on sale of apartment building administration business and partial sale of insurance brokerage business in Spain. After evaluation of IFRS 5 Discontinued operations criteria, Inmonamas, S.L., ARESI ADMINISTRACION DE FINCAS S.L., EURO HUB, S.L., EURONAMAS GESTION DE FINCAS CENTRO, S.L., Urban HUB, S.L. and GRUPO ARESI DE INVERSIONES S.L. were concluded to represent discontinued operations and presented as such in Consolidated Statement of Comprehensive Income.

The result of discontinued operations is as following:

	2021	2020
Revenue from contracts with customers	2,354	4,269
Cost of sales	(92)	(9)
Gross profit (loss)	2,262	4,260
General and administrative expenses	(6,987)*	(9,155)
Credit loss expenses on financial assets	(517)	(206)
Other operating activity, net	343	-
Profit (loss) from operations	(4,899)	(5,101)
Interest and other finance income	4	-
Interest and other finance expenses	(2)	(13)
Profit (loss) before tax	(4,897)	(5,114)
Income tax	(283)	(264)
Net profit (loss)	(5,180)	(5,378)

* Includes impairment of goodwill (EUR 1,673 thousand).

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

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

	2021	2020
Net cash flows (to) operating activities	(2,548)	(172)
Net cash flows from (to) investing activities	3,145	(3,820)
Net cash flows (to) from financing activities	(708)	4,185
Net increase in cash flows	(111)	193

On 23 December, 2020 the Group disposed UAB Mano būsto sauga and UAB Mano sauga LT (with its subsidiaries UAB Algos saugos tarnyba, UAB Acta iuventus ir UAB Vaizdo stebėjimo sprendimai). These companies represented the entirety of the Group's security services and after evaluation of IFRS 5 Discontinued operations criteria, these companies were concluded to represent discontinued operations and presented as such in Consolidated Statement of Comprehensive Income.

On 22 December, 2020 the Group disposed UAB Naujosios Vilnios turgavietė and UAB Karoliniškių turgus and on 5 March 2021 the Group disposed UAB Konarskio turgelis. At 31 December 2020, UAB Konarskio turgelis was classified as a disposal group held for sale and all of the mentioned companies classified as a discontinued operation. These companies represented the entirety of the Group's market administration services until 5 March 2021.

7.

DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (cont'd)

The major classes of assets and equity attributable to discontinued operations in 2020 are the following:

	As of 2020 December 31
ASSETS	
Non-current assets	
Goodwill	201
Property, plant and equipment	159
Deferred income tax asset	7
Total non-current assets	367
Current assets	
Trade receivables	10
Other receivables	2
Cash and cash equivalents*	35
Total current assets	47
Total assets	414
EQUITY AND LIABILITIES	
Equity*	376

* The amount of Cash and cash equivalents and Retained earnings were reduced since on 26 February 2021 the share capital of UAB Konarskio turgelis was reduced and dividends were paid to it's direct shareholder (Group company) EUR 2,482 thousand.

The major classes of liabilities attributable to discontinued operations in 2020 are the following:

	As of 2020 December 31
Advances received	2
Income tax payable	31
Other current liabilities	5
Total current liabilities	38
Total equity and liabilities	414

7.

DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (cont'd)

The result of discontinued operations in 2020 is as following:

	2020
Sales	2,473
Cost of sales	(1,629)
Gross profit	844
General and administrative expenses	(680)
Credit loss expenses on financial assets	(66)
Other operating income	22
Profit from operations	120
Finance expenses	(11)
Profit before taxes	109
Income tax	12
Net profit (loss)	121

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

The net cash flows incurred from (to) discontinued operations in 2020 are as follows:

	2020
Net cash flows from operating activities	2,033
Net cash flows from investing activities	1,264
Net cash flows (to) financing activities	(179)
Net increase in cash flows	3,118

In 2020, the Group publicly announced the decision to sell part of its real estate buildings. The estimated future disposals of these assets are meeting the IFRS 5 criteria of assets held for sale, therefore at 31 December 2020, real estate buildings with a carrying value of EUR 796 thousand were classified as assets held for sale.

8.

RIGHT OF USE ASSETS AND LEASE

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

	Buildings	Vehicles	Total
ASSETS			
Cost			
Balance as of 1 January 2020	9,131	5,249	14,380
Additions	1,772	-	1,772
Disposals and retirements	(1,721)	(600)	(2,321)
Exchange differences	(490)	-	(490)
Balance as of 31 December 2020	8,692	4,649	13,341
Disposals and retirements	(1,383)	(585)	(1,968)
Exchange differences	63	-	63
Balance as of 31 December 2021	7,372	4,064	11,436
Accumulated depreciation			
Balance as of 1 January 2020	1,542	2,518	4,060
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	1,777	2,883	4,660
Charge for the year	1,379	537	1,916
Disposals and retirements	(536)	(418)	(954)
Balance as of 31 December 2021	2,620	3,002	5,622
Right of use assets as of 31 December 2021	4,752	1,062	5,814
Right of use assets as of 31 December 2020	6,915	1,766	8,681

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

	2021 Q4	2020 Q4
Depreciation expense of right-of-use assets	1,916	1,636
Interest expense on lease liabilities	116	86
Expense relating to leases of low-value assets (included in administrative expenses)	562	1,001
Profit from operations	2,594	2,723

Group has no variable lease payments.

The Group had total cash outflows for leases of EUR 3,119 thousand as at 31 December 2021 (EUR 2,831 thousand as at 31 December 2020). The Group had none non-cash additions to right-of-use assets and lease liabilities as at 31 December 2021 (EUR 1,772 thousand as at 31 December 2020).

9.

TRADE RECEIVABLES

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

	Balance as of 31 December 2021	Balance as of 31 December 2020
Trade receivables, gross	44,679	44,447
Less: allowance for doubtful trade receivables	(14,810)	(12,954)
Trade receivables, net	29,869	31,493

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

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

10.

BORROWINGS

BORROWINGS OF THE GROUP AND THE COMPANY AS OF 31 DECEMBER 2021 AND 31 DECEMBER 2020 WERE AS FOLLOWS:

Creditor	Currency	Balance as of 31 December 2021	Balance as of 31 December 2020
<u>SHORT-TERM LOANS</u>			
Bank loans	EUR	5,901	-
Bank loans	PLN	-	113
SHORT-TERM LOANS BALANCE		5,901	113
<u>LONG-TERM LOANS</u>			
Bank loans	EUR	19,044	20,724
Minus: long term loans of the current year		(16,329)	(3,419)
LONG-TERM LOANS BALANCE		2,715	17,305

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. Shares of UAB City Service are pledged to AB SEB bankas as well.

UAB City Service, UAB Mano Būstas Baltija, UAB Mano Būstas Neris, UAB Mano Būstas NPC, UAB Mano Būstas Sostinė, UAB Mano Būstas Vilnius, UAB Mano Būstas Aukštaitija, UAB Mano Būstas Dainava, UAB Mano Būstas Radviliškis, UAB Mano Būstas Šiauliai, UAB Mano Būstas Vakarai, UAB Mano Būstas Kaunas have pledged claim rights to receivables under concluded agreements, except for receivables under factoring agreement.

EUR 15,952 thousand was reclassified from the long-term to the short-term part of the loan due to the company's non-compliance with bank covenants.

11.

COST OF SALES

	2021 Q4	2020 Q4
Services of subcontractors and materials used	67,896	67,205
Wages and salaries and social security	29,518	35,473
Cost of goods sold	2,035	1,405
Depreciation	1,122	754
Other	3,168	3,175
Total cost of sales	103,739	108,012

12.

GENERAL AND ADMINISTRATIVE EXPENSES

	2021 Q4	2020 Q4
Wages and salaries and social security	12,760	13,463
Goodwill impairment	4,945	706
Depreciation and amortisation	4,503	4,611
Taxes other than income tax	1,970	809
Consulting and similar expenses	1,352	1,475
Computer software maintenance	1,000	822
Commissions for collection of payments	589	593
Rent of premises and other assets	562	895
Advertising	558	251
Transportation and fuel expenses	439	374
Communication expenses	358	253
Representational costs	238	210
Insurance	233	335
Business trips and training	189	145
Bank payments	163	166
Charity and support	148	103
Utilities	117	102
Net result of deconsolidated subsidiary due to loss of control	-	(204)
Other	7,360	1,724
Total general and administrative expenses	37,484	26,833

13.

OTHER OPERATING INCOME (EXPENSES)

	2021 Q4	2020 Q4
Gain on disposal of property, plant and equipment	1,488	775
Income from rent	41	48
Other (expenses), net	(1,433)	(306)
Total other operating activity	96	517

14.

INTEREST AND OTHER FINANCE INCOME AND (EXPENSES)

	2021 Q4	2020 Q4
Gain on sale of investments	735	2,560
Interest income	220	282
Foreign currency exchange gain	4	5
Other financial income	1	1
Total finance income	960	2,848
Interest (expenses)	(701)	(796)
Foreign currency exchange (loss)	(157)	(1,077)
Loss on sale of investments	(3)	(50)
Other financial (expense)	-	(17)
Total finance (expenses)	(861)	(1,940)
Financial activity, net	99	908

15.

DIVIDENDS PER SHARE

	2021 Q4	2020 Q4
Approved dividends	13,656	6,988
Number of shares (in thousand)	31,610	31,610
Approved dividends per share	0.43	0.22

16.

RELATED PARTY TRANSACTIONS

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

- UAB Unit Invest – the ultimate parent of the Company;
- UAB Lag&d – the shareholder of the Company (until 09 February 2022);
- Subsidiaries and associates of UAB Lag&d (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 City Service, SIA City Service and City Service Polska sp. z o.o. 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 City Service are pledged to AB SEB bankas as well. Also UAB City Service, UAB Mano Būstas Baltija, UAB Mano Būstas Neris, UAB Mano Būstas NPC, UAB Mano Būstas Sostinė, UAB Mano Būstas Vilnius, UAB Mano Būstas Radviliškis, UAB Mano Būstas Aukštaitija, UAB Mano Būstas Dainava, UAB Mano Būstas Kaunas, UAB UAB Mano Būstas Šiauliai, UAB Mano Būstas Vakarai have pledged to AB SEB bankas current and future claim rights to receivables arising from all agreements concluded by the companies with other natural and legal persons (with all existing and future amendments and additions thereto), except for receivables under concluded factoring agreements.

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 Q4	Purchases	Sales	Receivables and prepayments	Payables
UAB ICOR	404	96	13	40
AB Axis Industries	-	6	1	-
Other subsidiaries of UAB ICOR	252	528	531	939
UAB Lag&d and its other subsidiaries	-	-	-	-
Total	656	630	545	979

17.

SUBSEQUENT EVENTS

On 24 January 2022 UAB City Service Digital title was changed into UAB InHouse Digital. Other contact details did not change.

On 17 February 2022 Court of Appeal of Lithuania announced its decision in a case where Vilnius City municipality administration and General Prosecutor's office initially claimed the Company regarding recovery of EUR 20,6 million losses. The Court of Appeal of Lithuania adjudged EUR 4,6 million from the Company to Vilnius City municipality. The Court also stated that Vilnius City municipality is also liable for the part of the losses. The Company will get acquainted in detail with the decision of the appellate court and its reasoning and will decide on the possibility to file a cassation appeal after evaluating them.

On 24 February 2022 the Company received notifications, prepared pursuant to the Article 69 of the Act of July 29th, 2005 on public offering and the conditions for introducing financial instruments to the organized trading system and on public companies Journal of Laws 2005 No. 184 item 1539, regarding changes in the total number of votes at the Company's General Meeting due to reorganization of UAB Lag&d from UAB Lag&d to UAB Unit Invest of 26,813,293 shares in the Company, giving the right to exercise 26,813,293 of votes constituting 84,83% of the total number of votes at the City Service SE's General Meeting since 09 February 2022 when the reorganization of the UAB Lag&d was completed.

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.

The Company's management draws attention to the war between Russia and Ukraine. At the date of these financial statements it is not possible to determine the potential impact of this armed conflict to the Group.



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