

# CITYSERVICE

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

**City Service SE**

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

Beginning of the reporting period	1 January 2020
End of the reporting period	31 March 2020
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	<a href="mailto:info@cityservice.eu">info@cityservice.eu</a>
Website	<a href="http://www.cityservice.eu">http://www.cityservice.eu</a>
Auditor	Ernst & Young Baltic AS

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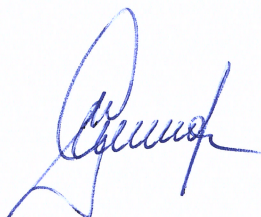
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## Declaration of the management

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

29 May 2019

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	As of 31 March 2020	As of 31 December 2019
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	3	10,575	10,684
Other intangible assets	5	30,085	31,122
Property, plant and equipment	6	11,038	12,685
Right of use assets	7	9,415	10,320
Investments into associates		182	182
Non-current receivables	8	8,468	8,667
Deferred income tax asset		4,289	4,250
<b>Total non-current assets</b>		<b>74,052</b>	<b>77,910</b>
<b>CURRENT ASSETS</b>			
Inventories		1,598	1,811
Prepayments		2,063	1,794
Trade receivables	8	36,750	36,471
Receivables from related parties	15	578	362
Contract assets		4,521	4,398
Other receivables and current assets		3,289	3,674
Cash and cash equivalents		5,563	3,792
<b>Total current assets</b>		<b>54,362</b>	<b>52,302</b>
<b>Total assets</b>		<b>128,414</b>	<b>130,212</b>

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

	Notes	As of 31 March 2020	As of 31 December 2019
<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		(3,245)	(2,701)
Retained earnings (deficit)		23,053	21,721
		51,306	50,518
Non-controlling interests		455	448
<b>TOTAL EQUITY</b>		<b>51,761</b>	<b>50,966</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	9	18,254	18,523
Lease liabilities	7	7,917	7,857
Deferred income tax liabilities		3,128	3,259
Non-current payables		1,880	2,103
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>31,179</b>	<b>31,742</b>
<b>Current liabilities</b>			
Current portion of non-current borrowings	9	2,735	2,717
Current portion of lease liabilities	7	2,467	3,522
Current loans	9	3,623	3,628
Trade payables		14,225	15,736
Payables to related parties	15	367	471
Contract liabilities		7,603	7,426
Other current liabilities		14,454	14,004
<b>TOTAL CURRENT LIABILITIES</b>		<b>45,474</b>	<b>47,504</b>
Total liabilities		76,653	79,246
<b>Total equity and liabilities</b>		<b>128,414</b>	<b>130,212</b>



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(for the period 1 January – 31 March)

	Notes	2020 Q1	2019 Q1
Revenue from contracts with customers	1.7	44,282	45,501
Cost of sales	10	(32,111)	(34,451)
<b>Gross profit (loss)</b>		<b>12,171</b>	<b>11,050</b>
General and administrative expenses	11	(8,747)	(9,180)
Credit loss expenses on financial assets		(587)	(431)
Other operating activity, net	12	200	89
<b>Profit (loss) from operations</b>		<b>3,037</b>	<b>1,528</b>
Interest and other finance income	13	227	125
Interest and other finance expenses	13	(1,318)	(312)
<b>Profit (loss) before tax</b>		<b>1,946</b>	<b>1,341</b>
Income tax		(564)	(318)
<b>Net profit (loss)</b>		<b>1,382</b>	<b>1,023</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		(587)	160
<b>Total comprehensive income</b>		<b>795</b>	<b>1,183</b>
<b>Attributable to:</b>			
The shareholders of the Company		1,332	999
Non-controlling interests		50	24
		<b>1,382</b>	<b>1,023</b>
<b>Total comprehensive income attributable to:</b>			
The shareholders of the Company		745	1,159
Non-controlling interests		50	24
		<b>795</b>	<b>1,183</b>
<b>Basic and diluted earnings per share (EUR)</b>		<b>0.04</b>	<b>0.03</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 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		-	-	-	-	999	999	24	1,023
Other comprehensive Income		-	-	160	-	-	160	-	160
Total comprehensive Income		-	-	160	-	999	1,159	24	1,183
<b>Balance as of 31 March 2019</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,776)</b>	<b>948</b>	<b>21,286</b>	<b>50,008</b>	<b>428</b>	<b>50,436</b>
<b>Balance as of 1 January 2020</b>		<b>9,483</b>	<b>21,067</b>	<b>(2,701)</b>	<b>948</b>	<b>21,721</b>	<b>50,518</b>	<b>448</b>	<b>50,966</b>
Net profit		-	-	-	-	1,332	1,332	50	1,382
Other comprehensive Income		-	-	(544)	-	-	(544)	(43)	(587)
Total comprehensive Income		-	-	(544)	-	1,332	788	7	795
<b>Balance as of 31 March 2020</b>		<b>9,483</b>	<b>21,067</b>	<b>(3,245)</b>	<b>948</b>	<b>23,053</b>	<b>51,306</b>	<b>455</b>	<b>51,761</b>



**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	2020 Q1	2019 Q1
<b>Cash flows from (to) operating activities</b>			
Net profit		1,382	1,023
<b>Adjustments for non-cash items:</b>			
Income tax expenses		564	318
Depreciation and amortisation	5,6,7	1,754	1,933
Impairment and discounting of accounts receivable		587	333
(Gain) on disposal of property, plant and equipment	12	(142)	(33)
(Gain) from sale of investments		(87)	-
Other financial activity, net		1,176	187
		<b>5,234</b>	<b>3,761</b>
<b>Changes in working capital:</b>			
Decrease (increase) in inventories		112	(13)
(Increase) in receivables, contract assets and other current assets		(2,848)	(2,335)
(Increase) decrease in prepayments		(375)	15
Increase (decrease) in trade payables and payables to related parties		55	(33)
Income tax (paid)		(255)	(600)
Increase in advances received, contract liabilities and other current liabilities		686	2,041
<b>Net cash flows from operating activities</b>		<b>2,609</b>	<b>2,836</b>
<b>Cash flows from (to) investing activities</b>			
(Acquisition) of non-current assets (except investments)	5,6	(228)	(1,532)
Proceeds from sale of non-current assets		842	236
(Acquisition) of investments in subsidiaries (net of cash acquired in the Group)		-	(106)
Disposal of investments in subsidiaries		87	-
Interest received		82	44
Loans repaid		19	-
<b>Net cash flows (to) investing activities</b>		<b>802</b>	<b>(1,358)</b>
<b>Cash flows from (to) financing activities</b>			
(Repayment) of loans		(244)	(124)
(Repayment) of financial lease liabilities		(769)	(904)
Interest (paid)		(233)	(202)
<b>Net cash flows (to) financial activities</b>		<b>(1,246)</b>	<b>(1,230)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,165</b>	<b>248</b>
<b>Foreign exchange difference</b>		<b>(394)</b>	<b>(6)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3,792</b>	<b>5,302</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>5,563</b>	<b>5,544</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 34.0 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 March 2020. It is divided into 31,610 thousand ordinary shares with the nominal value of EUR 0.30 each. All shares of the Company are paid up.

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

As of 31 March 2020 all 31,610 thousand ordinary shares of the Company are included into the Parallel Market of Warsaw Stock Exchange (ISIN Code of the shares is EE3100126368). Trading Code of the shares on Warsaw Stock Exchange is CTS.

## 1.3.

**SHAREHOLDERS OF THE COMPANY**

As of 31 March 2020 the total number of shareholders of the Company was 248.

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

	Number of shares held	Owned percentage of the share capital and votes, %
UAB ICOR, legal entity code 300021944, address: Ozo str. 12A, Vilnius, Lithuania	26,813,293	84.83%
Other private and institutional shareholders	4,796,707	15.17%
<b>TOTAL</b>	<b>31,610,000</b>	<b>100 %</b>

## 1.4.

**CITY SERVICE GROUP**

**AS OF 31 MARCH 2020 THE CITY SERVICE GROUP CONSISTS OF CITY SERVICE SE AND THE FOLLOWING SUBSIDIARIES (HEREINAFTER REFERRED TO AS „THE GROUP“):**

Company	Region	Share of the stock held by the Group as of 31 March 2020	Share of the stock held by the Group as of 31 March 2019	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%	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%	100%	Dormant
Euronamas Gestion de Fincas Sur, S.L.	Spain	100%	100%	Administration of dwelling-houses
Euronamas Gestion de Fincas Meseta Central, S.L.U.	Spain	100%	100%	Dormant
Euronamas Gestion de Fincas Centro, S.L.	Spain	100%	100%	Administration of dwelling-houses
Euronamas gestion de fincas Madrid, S.L.	Spain	100%	100%	Administration of dwelling-houses
Grupo Aresi de Inversiones, S.L.	Spain	100%	100%	Holding company
Interlift Mantenimiento y Ascensores, S.L.	Spain	100%	100%	Dormant
Portalpro Gestion Integral S.L.	Spain	100%	100%	Supply chain management
Vetell dos iberica, S.L.**	Spain	100%	100%	Administration of dwelling-houses
SIA Connecto Pay	Latvia	100%	100%	Dormant
SIA City Service	Latvia	100%	100%	Holding company
SIA City Service Engineering	Latvia	100%	100%	Commercial real estate management and building maintenance
SIA Ēku pārvaldīšanas serviss	Latvia	100%	100%	Building maintenance
SIA Laba Energija	Latvia	100%	100%	Dormant
SIA Latvijas Namsaimnieks	Latvia	100%	100%	Administration of dwelling-houses
SIA Namu serviss APSE	Latvia	100%	100%	Administration of dwelling-houses
SIA Ventspils nami	Latvia	100%	100%	Administration of dwelling-houses
Atrium 21 sp. z o.o.	Poland	100%	100%	Administration of dwelling-houses
City Service Polska sp. z o.o.	Poland	100%	100%	Country holding company
Certus-Serwis Sp. z o. o.	Poland	100%	100%	Administration of dwelling-houses
Concierge - Zarzadzanie 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 March 2020 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 insolvency 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 MARCH 2020, THE SUPERVISORY BOARD OF THE COMPANY COMPRISES OF THE FOLLOWING PERSONS:**

Name and surname	Position	Start of term	End of term
Andrius Janukonis	Chairman of the Supervisory Board	June 19, 2019	June 19, 2023
Gintautas Jaugielavičius	Member of the Supervisory Board	June 19, 2019	June 19, 2023

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

**Andrius Janukonis**

Andrius Janukonis (born in 1971) is the Chairman of the Supervisory Board of City Service SE (since 2009 until 2015 the Chairman of the Board). He holds a Master's degree in Law. He is a member of the board of UAB ICOR (since 2004).

**Gintautas Jaugielavičius**

Gintautas Jaugielavičius (born in 1971) is a Member of the Supervisory Board of City Service SE (since 2005 until 2015 a Member of the Board). He holds a Bachelor's degree in Economics. At present, he works as a consultant for UAB ICOR and is a member of the board of UAB ICOR (since 2004).



1.6.

**COMPANY'S MANAGEMENT BOARD**

**AS OF 31 MARCH 2020 AND AS OF DATE OF SUBMISSION OF THIS REPORT, THE MANAGEMENT BOARD OF THE COMPANY COMPRISES OF THE FOLLOWING PERSONS:**

Name and surname	Position within the Group	Start of term	End of term
Artūras Gudelis	Chairman of the Management Board	June 26, 2017	June 26, 2021
Tomas Kleiva	Member of the Management Board	June 26, 2017	June 26, 2021
Vytautas Turonis	Member of the Management Board	June 26, 2017	June 26, 2021
Dalius Šimaitis	Member of the Management Board	February 1, 2019	February 1, 2023

They do not own any shares of the Company.



**Artūras Gudelis**

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

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



**Tomas Kleiva**

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

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

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

## 1.6.

**COMPANY'S MANAGEMENT BOARD (cont'd)****Vytautas Turonis**

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

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

**Dalius Šimaitis**

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

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

## 1.7.

**ACTIVITY AND SEGMENT INFORMATION**
**INFORMATION ON MAIN GROUP'S GEOGRAPHICAL SEGMENTS:**

2020 Q1	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	22,362	14,231	6,391	1,298	44,282
<b>Total revenue from contracts with customers</b>					<b>44,282</b>
Segment results	2,411	671	543	(188)	3,437
Unallocated expenses					(400)
<b>Profit from operations</b>					<b>3,037</b>
Net financial income					(1,091)
Profit before income tax					1,946
Income tax expenses					(564)
<b>Net profit for the year</b>					<b>1,382</b>

**OTHER SEGMENT INFORMATION**

Capital expenditure	244	2	34	42	<b>322</b>
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2019 Q1	Baltic states	St. Petersburg	Poland	Spain	Total
Revenue from contracts with customers:	23,042	14,156	6,796	1,507	45,501
<b>Total revenue from contracts with customers</b>					<b>45,501</b>
Segment results	1,165	321	366	42	1,894
Unallocated expenses					(366)
<b>Profit from operations</b>					<b>1,528</b>
Net financial income					(187)
Profit before income tax					1,341
Income tax expenses					(318)
<b>Net profit for the year</b>					<b>1,023</b>

**OTHER SEGMENT INFORMATION**

Capital expenditure	608	19	35	1,329	<b>1,991</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>					
2020 Q1	22,362	14,231	6,391	1,298	44,282
2019 Q1	23,042	14,156	6,796	1,507	45,501

	Baltic states	St. Petersburg	Poland	Spain	Total
<b>Segment non-current assets</b>					
As of 31 March 2020	48,102	3,409	14,034	8,507	74,052
As of 31 March 2019	52,204	4,233	18,616	9,037	84,090

**MAIN ACTIVITY INDICATORS FOR THE GROUP:**

	2020 Q1	2019 Q1	Change
Area of residential apartment buildings under administration (million square meters)	29.7	31.9	(6.9%)
Area of public, commercial building and atypical properties under administration (million square meters)	4.3	4.3	-
Number of employees	4,025	4,370	(7.9%)
Sales for the period	44,282	45,501	(2.7%)
Sales (main activity)*	35,089	36,046	(2.7%)
Gross margin*	34.7%	30.7%	4.0 p.p.
EBITDA margin*	13.7%	9.6%	4.1 p.p.
EBIT margin*	8.7%	4.2%	4.5 p.p.
Net margin*	3.9%	2.8%	1.1 p.p.
Number of shares (thousand)	31,610	31,610	-
Return on equity	2.7%	2.0%	0.7 p.p.
Return on assets	1.1%	0.7%	0.4 p.p.
Financial Net Debt to equity**	36.8%	49.4%	(12.6) 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 29 May 2020 by responsible persons listed in the confirmation, which is attached to the Interim Financial Statements.

3.

**GOODWILL**

**COST:**

Balance as of 1 January 2019	11,673
Disposals	(135)
Exchange differences	86
Balance as of 31 December 2019	11,624
Exchange differences	(150)
Balance as of 31 March 2020	11,474

**IMPAIRMENT**

Balance as of 1 January 2019	707
Exchange differences	6
Impairment recognized	227
Balance as of 31 December 2019	940
Exchange differences	(41)
Balance as of 31 March 2020	899

<b>Net book value as of 31 March 2020</b>	<b>10,575</b>
<b>Net book value as of 31 December 2019</b>	<b>10,684</b>

## 4.

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

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

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

On March 2020 the quarantine has been announced in countries where the Group's companies operate. Part of Group employees started to work remotely and remaining staff which are working in client's premises are taking special precautions. At the moment of issuance of these financial statements, Group companies remained less affected by the current economic situation, except the event described below.

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

On 30 March 2020 the Group, through its Polish subsidiary has submitted a petition for bankruptcy of Wolska Aparthotel sp. z o. o. to official institutions in Poland. The bankruptcy was determined by the state of pandemic threat of SARS-CoV-2 virus which resulted the significant loss of revenues in subsidiary, after the Company was forced to stop running the Aparthotel. The carrying value of the assets and liabilities of this subsidiary included in the consolidated financial statements as of 31 March 2020 amounted to EUR 493 thousand and EUR 1,042 thousand respectively.

5.

**OTHER INTANGIBLE ASSETS**

Movement of other intangible assets in 2020 Q1 and 2019 is presented below:

	<b>Total</b>
<b>COST:</b>	
Balance as of 1 January 2019	39,646
Additions arising from acquisitions of subsidiaries	123
Additions	2,648
Exchange differences	303
Disposals of subsidiaries	(701)
Disposals and retirements	(32)
Reclassifications from property, plant and equipment	54
Balance as of 31 December 2019	<u>42,041</u>
Additions	205
Disposals of subsidiaries	(8)
Exchange differences	(934)
Balance as of 31 March 2020	<u>41,304</u>
<b>ACCUMULATED AMORTISATION:</b>	
Balance as of 1 January 2019	7,011
Charge for the year	2,901
Exchange differences	75
Disposals and retirements	(32)
Impairment recognised	1,081
Disposals of subsidiaries	(117)
Balance as of 31 December 2019	<u>10,919</u>
Charge for the period	561
Disposals of subsidiaries	(8)
Exchange differences	(253)
Balance as of 31 March 2020	<u>11,219</u>
<b>Net book value as of 31 March 2020</b>	<b>30,085</b>
<b>Net book value as of 31 December 2019</b>	<b>31,122</b>

**6.**
**PROPERTY, PLANT AND EQUIPMENT**
**MOVEMENT OF FIXED ASSETS IN 2020 Q1 AND 2019 IS PRESENTED BELOW:**

	Buildings	Vehicles	Other property, plant and equipment	Construction in progress*	Total
<b>COST:</b>					
Balance as of 1 January 2019	8,997	11,394	14,544	22	34,957
Reclassification to right of use assets (IFRS 16 application)	-	(5,200)	-	-	(5,200)
Additions	-	54	663	46	763
Disposals of subsidiaries	-	(9)	(337)	-	(346)
Disposals and retirements	(2,153)	(438)	(904)	-	(3,495)
Exchange differences	21	92	188	-	301
Reclassifications	180	16	(29)	(46)	121
Balance as of 31 December 2019	7,045	5,909	14,125	22	27,101
Additions	1	-	116	-	117
Disposals	(886)	(247)	(64)	-	(1,197)
Exchange differences	(108)	(203)	(683)	(1)	(995)
Balance as of 31 March 2020	6,052	5,459	13,494	21	25,026
<b>ACCUMULATED DEPRECIATION:</b>					
Balance as of 1 January 2019	2,905	6,700	6,350	-	15,955
Reclassification to right of use assets (IFRS 16 application)	-	(1,888)	-	-	(1,888)
Charge for the year	319	596	1,848	-	2,763
Disposals and retirements	(1,177)	(428)	(905)	-	(2,510)
Disposals of subsidiaries	-	(2)	(161)	-	(163)
Exchange differences	-	61	92	-	153
Reclassifications	106	11	(11)	-	106
Balance as of 31 December 2019	2,153	5,050	7,213	-	14,416
Charge for the year	72	91	409	-	572
Disposals	(200)	(228)	(44)	-	(472)
Exchange differences	(1)	(156)	(371)	-	(528)
Balance as of 31 March 2020	2,024	4,757	7,207	-	13,988
<b>Net book value as of 31 March 2020</b>	<b>4,028</b>	<b>702</b>	<b>6,287</b>	<b>21</b>	<b>11,038</b>
<b>Net book value as of 31 December 2019</b>	<b>4,892</b>	<b>859</b>	<b>6,912</b>	<b>22</b>	<b>12,685</b>

\* Includes prepayments for tangible and intangible assets.

**7.**
**RIGHT OF USE ASSETS AND LEASE**

Effect to the consolidated statement of financial position as at 31 March 2020:

	Rent contracts	Vehicles	Total
<b>ASSETS</b>			
<b>Cost</b>			
Initial IFRS 16 application	12,673	-	12,673
IFRS 16 application (reclassification from property, plant and equipment)	-	5,200	5,200
Additions	1,353	388	1,741
Disposals	(5,110)	(339)	(5,449)
Exchange differences	215	-	215
Balance as of 31 December 2019	<b>9,131</b>	<b>5,249</b>	<b>14,380</b>
Additions	162	-	162
Disposals	(113)	(109)	(222)
Exchange differences	(419)	-	(419)
Balance as of 31 March 2020	<b>8,761</b>	<b>5,140</b>	<b>13,901</b>
<b>Accumulated depreciation</b>			
IFRS 16 application (reclassification from property, plant and equipment)	-	1,888	1,888
Charge for the year	2,624	714	3,338
Disposals	(1,248)	(84)	(1,332)
Impairment	155	-	155
Exchange differences	11	-	11
Balance as of 31 December 2019	<b>1,542</b>	<b>2,518</b>	<b>4,060</b>
Charge for the year	427	197	624
Disposals	(59)	(52)	(111)
Exchange differences	(87)	-	(87)
Balance as of 31 March 2020	<b>1,823</b>	<b>2,663</b>	<b>4,486</b>
<b>Right of use assets as of 31 March 2020</b>	<b>6,938</b>	<b>2,477</b>	<b>9,415</b>
<b>Right of use assets as of 31 December 2019</b>	<b>7,589</b>	<b>2,731</b>	<b>10,320</b>

As of 31 March 2020 EUR 3,220 thousand lease obligations were treated as lease obligations according to IAS 17 and IFRIC 4 until the 31 December 2018 and EUR 7,164 thousand is related to IFRS 16 standard application after the 1 January 2019.

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

	EUR, thousand
Depreciation (expenses)	(423)
Rent expenses (which would have been recognized if IFRS 16 would not be applied)	442
<b>Profit from operations</b>	<b>19</b>
Interest and other finance (expenses)	(15)
<b>Profit (loss) before tax</b>	<b>4</b>

8.

**TRADE RECEIVABLES**

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

	Balance as of 31 March 2020	Balance as of 31 December 2019
Trade receivables, gross	48,391	48,658
Less: allowance for doubtful trade receivables	(11,641)	(12,187)
<b>Trade receivables, net</b>	<b>36,750</b>	<b>36,471</b>

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

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

9.

**BORROWINGS**

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

Creditor	Currency	Balance as of 31 March 2020	Balance as of 31 December 2019
<u>SHORT-TERM LOANS</u>			
Bank loans	EUR	3,465	3,432
Bank loans	PLN	158	196
<b>SHORT-TERM LOANS BALANCE</b>		<b>3,623</b>	<b>3,628</b>
<u>LONG-TERM LOANS</u>			
Bank loans	EUR	20,989	21,240
Minus: long term loans of the current year		(2,735)	(2,717)
<b>LONG-TERM LOANS BALANCE</b>		<b>18,254</b>	<b>18,523</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.



10.

**COST OF SALES**

	2020 Q1	2019 Q1
Services of subcontractors and materials used	20,495	22,270
Wages and salaries and social security	9,891	10,393
Cost of goods sold	238	58
Depreciation	214	262
Other	1,273	1,468
<b>Total cost of sales</b>	<b>32,111</b>	<b>34,451</b>

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**GENERAL AND ADMINISTRATIVE EXPENSES**

	2020 Q1	2019 Q1
Wages and salaries and social security	5,030	4,748
Depreciation and amortisation	1,540	1,671
Consulting and similar expenses	382	581
Computer software maintenance	244	188
Commissions for collection of payments	177	139
Taxes other than income tax	143	178
Transportation and fuel expenses	140	135
Communication expenses	78	86
Rent of premises and other assets	77	116
Business trips and training	77	94
Insurance	74	96
Bank payments	51	44
Advertising	44	195
Representational costs	43	72
Utilities	28	141
Charity and support	11	16
Other	608	680
<b>Total general and administrative expenses</b>	<b>8,747</b>	<b>9,180</b>

12.

**OTHER OPERATING INCOME (EXPENSES)**

	2020 Q1	2019 Q1
Gain on disposal of property, plant and equipment	142	33
Income from rent	11	35
Other income, net	47	21
<b>Total other operating activity</b>	<b>200</b>	<b>89</b>

13.

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

	2020 Q1	2019 Q1
Investments sales profit	87	-
Interest income	82	54
Foreign currency exchange gain	58	71
<b>Total finance income</b>	<b>227</b>	<b>125</b>
Foreign currency exchange (loss)	(1,084)	(98)
Interest (expenses)	(234)	(214)
<b>Total finance (expenses)</b>	<b>(1,318)</b>	<b>(312)</b>
<b>Financial activity, net</b>	<b>(1,091)</b>	<b>(187)</b>

14.

**DIVIDENDS PER SHARE**

	2020 Q1	2019 Q1
Approved dividends	-	-
Number of shares (in thousand)	31,610	31,610
<b>Approved dividends per share</b>	<b>-</b>	<b>-</b>

## 15.

**RELATED PARTY TRANSACTIONS**

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

- Global energy consulting 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 (Company's management board);

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

UAB Mano Būsto priežiūra, Zespół Zarządców Nieruchomości sp. z o.o., SIA Latvijas Namsaimnieks and UAB City Service have provided surety for City Service SE to AB SEB bankas under credit agreement. Companies are liable to the extent of all its assets to the Bank with respect to the same amount as the City Service SE. Shares of UAB Mano Būsto priežiūra and UAB City Service are pledged to AB SEB bankas as well.

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

2020 Q1	Purchases	Sales	Receivables and prepayments	Payables
UAB ICOR	102	24	93	308
AB Axis Industries	3	4	1	-
Other subsidiaries of Lag&d	60	293	484	59
<b>Total</b>	<b>165</b>	<b>321</b>	<b>578</b>	<b>367</b>

16.

**SUBSEQUENT EVENTS**

No material subsequent events occurred.



**City Service SE**

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