AB "Civinity"

SEPARATE AUDITED FINANCIAL STATEMENTS
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS
ADOPTED BY THE EUROPEAN UNION FOR PERIOD ENDED 31 DECEMBER 2023

CONTENTS

INFORMATION ABOUT THE COMPANY

Name of the Company	AB „Civinity“
Legal form	Public limited liability company
Company code	302247881
Registered office address	Naugarduko st. 98, 03160 Vilnius
Date of registration	13 November 2008
Registrar	State enterprise Centre of Registers
Profile of activities	Business and other management consultations
Company’s financial year	Calendar year
Chief Executive Officer	Virgeda Jackaitė

Independent auditor's report

To the shareholder of Civinity AB

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Civinity AB (the "Company") as at 31 December 2023, and the Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the Law of the Republic of Lithuania on the Audit of Financial Statements that are relevant to our audit of the financial statements in the Republic of Lithuania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Law of the Republic of Lithuania on the Audit of Financial Statements.

Reporting on other information including the annual report

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the annual report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the annual report, we considered whether the annual report includes the disclosures required by the Law of the Republic of Lithuania on Reporting by Undertakings.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the annual report for the financial year for which the financial statements are prepared, is consistent with the financial statements; and
- the annual report has been prepared in accordance with the Law of the Republic of Lithuania on Reporting by Undertakings.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the annual report which we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

On behalf of PricewaterhouseCoopers UAB

Rasa Radzevičienė
Partner
Auditor's Certificate No.000377

Vilnius, Republic of Lithuania
26 April 2024

The auditor's electronic signature is used herein to sign only the Independent Auditor's Report

REPORT OF THE GROUP FOR THE PERIOD ENDED 31 DECEMBER 2023

1. Objective overview of the Company's financial position, performance and development, description of its exposure to key risks and contingencies

AB "Civinity" (“the Company”) is a public limited liability company registered in the Republic of Lithuania on 13 November 2008. With effect from 13 March 2017, a private limited liability company Civinity was reorganised to a public limited liability company. The Company’s name after the reorganisation is AB "Civinity". The address of its registered office is as follows: Naugarduko 98, LT 03160 Lithuania.

AB "Civinity" controls corporate group which are engaged in provision of facility management and integrated utility services in Baltics region and provides professional management, risk controls, investment planning and financial services for the Group companies Currently the Group companies operates in Lithuania, Latvia and United Kingdom (subsidiary of Civinity Engineering, UAB).
AB "Civinity" gets revenues from management consulting services, what is core of company business and from investment activities in form of dividends from controlled subsidiaries and interests from loans. Services to the group companies are provided base on transfer pricing documentation and approved principles.
The company assesses general risks relating to economical, political and social factors and therefore it is careful in choosing investments. Such factors as consumer price inflation, rising remuneration base and economic growth are considered as the most important ones for the company daily operations and investment decisions.

At 16 November 2021 Civinity, AB signed the shareholders agreement with company Sail Invest UAB and agree to merge residential companies Civinity namai UAB, Civinity namai Vilnius UAB, Servico UAB and part of Pastatų meistrai UAB under ownership of SPV-31 UAB, which already controls company Civinity Solutions UAB. The merger of the mentioned companies finished at 1 March 2022 and now SPV-31 UAB controls 100% shares of above mentioned companies.
Also as a part of this reorganisation, the new group company Civinity Meistrai UAB was established and will cover technical, cleaning and other services outside the Vilnius district.
At 24 December 2021 SPV-31 UAB signed shares purchase agreement with company AB Invalda and UAB Inservis (Lithuania) to acquire 100 % of shares UAB Priemiestis, UAB Jurita, UAB Inservis" and SIA Inservis. The last company operates in Latvia. The transaction and take over was completed at 18 of May 2022. The major part of the transaction was financed by Luminor Bank granted EUR 4.900 thousands loan for a 5 years period.
At January 2023 The Company finalized the procedures of the acquisition of Valandinis UAB majority stake of shares (51 %) from UAB "Partly".
On 26 January 2023 Civinity, AB sold 100 percent stake of shares of Pilsetas Lifti SIA to Lithuania based company UAB "Profi Invest". This transaction is further clarification of group business model and business segments.
On 1 December 2023 The Company acquired 80 percent stake of shares of Ionica Serviss SIA from related company "Pentaframe Capital" UAB.

SPV-31 UAB received loan from Luminor bank for Inservis group companies acquisition is guaranteed by its shareholders AB "Civinity" and Sail Invest UAB. AB "Civinity" secured amount is EUR 2.499 thousand and UAB "Sail Invest"- 2.401 thousand respectively. Security is valid until all obligations by SPV-31 UAB will be fully completed. Financial covenants are: SPV-31 UAB controlled entities consolidated DEBT/EBITDA ratio shall not be above 3.5, Equity to Assets ratio shall not be lower 0.3, DSCR ratio not lower then 1.2 and current liquidity shall be above 1.1. As at 31 December 2023 applicable covenants are : Equity to Assets ratio (0.38) and adjusted current liquidity ratio (1.19).

2.Analysis of the financial and non-financial performance, informa tion on environmental and personnel-related issues

The Company's income for year 2023 have decreased by EUR 393 thousand compared to year 2022 and amounted to EUR 1 817 thousand (as of 31 December 2022: EUR 2 541 thousand). The key factors for the revenue decrease were lower dividends revenue amounted to EUR 281 thousand (in 2022 EUR 660 thousands) and lower management service revenue amounted EUR 1 291 thousand (in 2023 EUR 1 684 thousand).
During the period all administrative expenses were related with main company activities and amounted to EUR 1 393 thousand (as of 2022 EUR 1 923 thousand) and majority of expenses were directly related with consulting services and remuneration for company employees. The operating result of year 2023 was EUR 347 thousand and is less then 2022, when operating result was EUR 1 266 thousand, which was due to profit received from subsidiaries sold.

Civinity employees related expenses including remuneration and bonuses decreased by EUR 243 thousand comparing to year 2022. Other expenses were similar to previous year, except IT related expenses which were EUR 63 thousands (in 2022 it was EUR 277 thousand).

3. The Company’s key management personnel

As at 31 December 2023, the Group’s key management personnel included the following persons:
- Deividas Jacka, Chairman of the Board (since 22 January 2021) and chief business development officer (29 May 2023 - 29 December 2023),
Deividas Jacka is the Chairman of the Board of AB "Civinity" (since 2020). He holds a Master’s degree in business administration and executive MBA diploma.
- Virgeda Jackaitė, Member of the Board and chief executive officer (since 29 May 2023),
Virgeda Jackaitė is the Member of the Board of AB "Civinity". She holds a degree in accounting and finance from University of Birmingham. She is a CEO of the group companies Civinity LT UAB and Civinity Engineering UK and board member of the companies SPV 31 UAB, Civinity engineering UAB.
- Diana Dominienė, independent Member of the Board (since 14 December 2023),
Diana Dominienė is the Member of the Board of AB "Civinity". She holds a master’s degree in Finance and Credit (Vilnius University).
- Vilius Kucinas, independent Member of the Board (since 14 December 2023),
Vilius Kucinas is the Member of the Board of AB "Civinity". He holds a master's degree in Business Administration (MBA, Executive MBA from BMI Executive Institute).
- Šarūnas Stanislovėnas, independent Member of the Board (since 8 February 2024),
Šarūnas Stanislovėnas is the Member of the Board of AB "Civinity". He holds a Executive MBA in Business/Managerial Economics/Marketing/Management accounting (ISM University of Management and Economics).

4. Number and nominal value of the shares of the Company acquired and held by the Company or the Company companies and the percentage of authorised share capital they represent

The share capital of the Company is EUR 100 thousand as at 31 December 2023. It is divided into 100 ordinary shares with the nominal value of EUR 1 thousand. All shares of the Company are paid up. As of 31 December 2023 the Company neither acquired nor disposed any shares of the Company and on 31 December 2023 the Company held no shares of the Company.
The Company does not have any other classes of shares than ordinary shares mentioned below, there are no restrictions of share rights or special control rights for the shareholders settled in the Articles of Association of the Company. 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 2023 the sole shareholder of the Company was SIA Nord Finn Assets (Latvia).

5. Information on branches and representative offices of the entity

The Company has no branches neither representative offices.

6. Significant events subsequent to the end of the current reporting period

For the significant events after the reporting financial year please refer to a note 25.

7. The Company's operation plans and prospects

In 2024, the Company's management plan to operate consistently in view of improving its productivity, business process efficiency and optimizing business processes. A special focus will be on research and development property management solutions to improve customers service.

In 2022 the Company started developing its ESG [Environment - Social - Governance] strategy. As part of the strategy creation process the Company conducted a thorough materiality analysis and identified key sustainability topics that represent the Company's largest impacts and are the most important to all stakeholder groups. As a result, the Company identified 12 sustainability focus areas: Efficient energy use, Carbon footprint, Good working conditions & well-being, Training & development opportunities, Health & safety, Fair remuneration, Involving and empowering employees, Employee retention & recruitment, Service efficiency, Competitive advantage, Compliance & anti-corruption, Data protection. The Company will continue to identify goals, KPI's, and an action plan for management of each material topic, and will announce the ESG strategy with its related policies during the year 2024.

Civinity and the Group keep the main focus on the multiapartment modernization (renovation) projects including availability to install and service solar plants and provide green energy solutions to our customers. Company also researching and investigating solutions to invest into EV charging solutions applicable to multiapartment house usage.

8. Financial risks of the Company

In October 2023 Civinity AB has successfully raised the full amount of EUR 8 million bonds at 11% interest per annum. The funds raised were used to redeem the debt securities placed in 2021. The Company's borrowings mostly comprise borrowings and finance lease liabilities bearing a variable interest rate linked with EURIBOR that expose the Group to the interest rate risk, but it is considerred not significant one. As at 31 December 2023 and as at 31 December 2022, there were no financial instruments designated to control the risk of interest rate fluctuations.
The Group is meeting its short term debt obligations and has the ability to pay off its short-term liabilities and is in control of liquidity risk, refer to note 2.1.
The Company’s liquidity ratio (total current assets / total current liabilities) was approximately equal to 2.03 as at 31 December 2023 (31 December 2022: 0.21). The Company is the parent company controlling the Civinity group cash flows and approving the cash distribution within the group.

Virgeda Jackaitė
Chief Executive Officer
28 April 2024

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2023	31 December 2022
Management service revenue		1 291	1 684
Dividend income		281	660
Interest income		245	197
Impairment of subsidiaries	10	-	(1 755)
Impairment of financial assets	11	(196)	-
Employee related expenses	5	(541)	(784)
IT service expenses		(63)	(277)
Depreciation and amortisation	7, 8, 9, 16	(405)	(485)
Consulting expenses		(291)	(281)
Legal expenses		(78)	(79)
Transportation related expenses		(60)	(59)
Other operating expenses		(78)	42
Gain / (Loss) on disposal of Property, Plant and Equipment		15	35
Other gains		149	55
Profit on disposal of subsidiaries	10	76	3 040
Operating profit		**347**	**1 994**
Interest expenses		(989)	(728)
Profit before income tax		**(642)**	**1 266**
Income tax expenses	6	-	-
Profit for the period		**(642)**	**1 266**
Other comprehensive income		-	-
Total profit or loss and other comprehensive income for the period		**(642)**	**1 266**

The accompanying notes on pages from 10 to 23 form an integral part of these financial statements.

The financial statement were approved and signed by:

Chief Executive Officer	Virgeda Jackaitė	28 April 2024
Chief accountant	Vilma Marciukaitė	28 April 2024

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2023	At 31 December 2022
ASSETS			
Non-current assets			
Intangible assets	7	347	491
Property, plant, and equipment	8	366	515
Right - of - use assets	9	143	186
Investments in subsidiaries	10	9 583	8 801
Loans granted to related parties	11	2 037	2 892
Other receivables	13	262	428
Total non-current assets		12 738	13 313
Current assets			
Trade and other receivables	13	1 815	1 262
Loans granted to related parties		108	697
Cash and cash equivalents	14	8	66
Total current assets		1 932	2 025
TOTAL ASSETS		14 670	15 338
EQUITY			
Share capital	15	100	100
Retained earnings		(1 519)	(878)
Total equity		(1 419)	(778)
LIABILITIES			
Non-current liabilities			
Borrowings	16	14 825	5 961
Lease liabilities	9	311	509
Other payables	17	-	44
Total non-current liabilities		15 136	6 514
Current liabilities			
Borrowings	16	36	8 544
Lease liabilities	9	258	209
Trade and other payables	17	659	849
Total current liabilities		953	9 602
Total liabilities		16 089	16 116
TOTAL EQUITY AND LIABILITIES		14 670	15 338

The accompanying notes on pages from 10 to 23 form an integral part of these financial statements.

Chief Executive Officer	Virgeda Jackaitė	28 April 2024
Chief accountant	Vilma Marciukaitė	28 April 2024

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Retained earnings	Total equity
Equity as at 1 January 2022		**100**	**(2 144)**	**(2 044)**
Profit for the period			1 266	1 266
Total profit or loss and other comprehensive income for the period		-	**1 266**	**1 266**
Equity as at 31 December 2022		**100**	**(878)**	**(778)**
Profit for the period			(642)	(642)
Total profit or loss and other comprehensive income for the period		-	**(642)**	**(642)**
Equity as at 31 December 2023	15	**100**	**(1 520)**	**(1 420)**

The accompanying notes on pages from 10 to 23 form an integral part of these financial statements.

Chief Executive Officer	Virgeda Jackaitė	28 April 2024
Chief accountant	Vilma Marciukaitė	28 April 2024

(All amounts are in the thousand of euros unless otherwise stated)

STATEMENT OF CASH FLOWS

	Note	At 31 December 2023	At 31 December 2022
Cash flows from operating activities			
Profit (loss) before income tax		(642)	1 266
Adjustments for:			
Depreciation and amortisation	7, 8, 9, 16	405	485
Interest expenses		989	728
Interest income		(245)	(197)
Loss on disposal of property, plant and equipment		-	(35)
Profit on disposal of subsidiaries		(76)	(3 040)
Impairment of subsidiaries	10	-	1 755
Impairment of financial assets	11	196	-
Dividends		(281)	(660)
Changes in working capital			
(Increase) decrease in trade and other receivables	12	(559)	(871)
Increase (decrease) in trade and other payables	17	(249)	(97)
Cash generated from operations		(462)	(667)
Interest received		8	-
Interest paid		(400)	(496)
Net cash flows generated from operating activities		(854)	(1 163)
Cash flows from investing activities			
Purchase of intangible assets	7	-	(112)
Purchase of property, plant and equipment	8	(6)	(227)
Sale of property, plant and equipment	8	-	47
Loans granted	11	(357)	(1 020)
Loan repayments received	11	999	1 004
Dividends received		390	750
Net cash flow generated from (used in) investing activities		1 026	442
Cash flows from financing activities			
Issues of the bonds	16	8 000	-
Borrowings received		464	3 762
Repayments of borrowings	16	(8 660)	(2 978)
Lease payments		(33)	(34)
Net cash flows generated from (used in) financing activities		(229)	750
Net increase (decrease) in cash flows		(58)	28
Cash and cash equivalents at the beginning of the period		66	38
Cash and cash equivalents at end of the period		8	66

The accompanying notes on pages from 10 to 23 form an integral part of these financial statements.

Chief Executive Officer	Virgeda Jackaitė	28 April 2024
Chief accountant	Vilma Marciukaitė	28 April 2024

(All amounts are in the thousand of euros unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1.Information about the Company

Civinity, AB (referred to as the Company, registration code 302247881) is a public limited liability company registered in the Republic of Lithuania. It was established on 13 November 2008. The Company's registered office and head office address is Naugarduko g. 98, Vilnius, Lithuania. The principal activity of the Company is to provide management related services to its subsidiaries and holding activities. From 29 May 2023, the Company's chief executive officer is Virgeda Jackaitė.

From 30 March 2020 the sole shareholder and ultimate shareholder of the Company is Nord Fin Asset, SIA (registration number 44103136863, address: Dubultu prospekts 3, Jurmala, Latvia). Nord Fin Asset, SIA acquired 100% of shares of the Company from previous shareholder Civinity OU. The sole ultimate beneficiary holding a 100% ownership interest of Nord Fin Asset, SIA is Deividas Jacka.

The Company's board consists of:

- Deividas Jacka, Board Member (from 10 August 2018 until 10 April 2020 and since 23 December 2020), Chairman of Board (since 22 January 2021);
- Virgeda Jackaitė, Board Member and Chief Executive Officer (since 29 May 2023);
- Diana Dominienė, Board Member (since 14 December 2023);
- Vilius Kucinas, Board Member (since 14 December 2023)
- Šarūnas Stanislovėnas, Board Member (since 8 February 2024)

As at 31 December 2023 and as at 31 December 2022, the Company's authorised share capital consisted of 100 ordinary registered shares with par value of EUR 1 thousand each. All the shares of the Company have been fully paid up. The subsidiaries do not hold the Company's shares. The Company's shares are not publicly traded.

As at 31 December 2023, the Company had 7 employees (31 December 2022: 9 employees).

Along with these separate financial statements, the management of the Company have prepared the set of consolidated financial statements combining the balances and the financial results of the Company and its' controlling entities (the Group). The consolidated financial statements of the Group were issued and approved by the Management and are available at the Company's registered office address.

Company's direct and indirect investments into subsidiaries:

Name of subsidiary	Address	Date of acquisition or establishment	Ownership % 31 December 2023	Ownership % 31 December 2022	Activity
UAB Civinity namai Kaunas	Chemijos 15, Kaunas, Lithuania	2013.02.28	100%	100%	Facility management services
UAB Civinity namai Vakarai	Danės 5-41, Klaipėda, Lithuania	2014.07.11	81,72%	81,72%	Facility management services
UAB Civinity meistrai	Naugarduko 98 Vilnius, Lithuania	2022.02.25	100%	100%	Construction and repair services
UAB Civinity namai Vilnius [3]	Naugarduko 98 Vilnius, Lithuania	2016.02.11	51%	51%	Facility management services
UAB Pastatų meistrai [3]	Naugarduko 98 Vilnius, Lithuania	2016.04.26	51%	51%	Construction and repair services
UAB Civinity namai [3]	Naugarduko 98 Vilnius, Lithuania	2010.06.17	51%	51%	Facility management services
UAB Debreceno NT [5]	Taikos pr. 101D, Klaipėda, Lithuania	2021.04.21	95,44%	95,44%	Real estate administration
UAB Civinity renovacija	Naugarduko 98 Vilnius, Lithuania	2010.01.12	100%	100%	Construction and repair services
UAB Civinity namai Palanga	Virbališkės 3F-1, Palanga, Lithuania	2021.12.15	99,44%	99,44%	Facility management services
UAB Civinity namai Klaipėda	Danės 5-41, Klaipėda, Lithuania	2005.09.01	100%	100%	Facility management services
UAB Smart technologies	Naugarduko 98 Vilnius, Lithuania	2018.08.29	100%	100%	IT services
UAB Civinity MD	Naugarduko 98 Vilnius, Lithuania	2021.12.28	100%	100%	Projects management
UAB Civinity LT	Naugarduko 98 Vilnius, Lithuania	2017.12.06	100%	100%	Services center
UAB City Billing Solutions	Naugarduko 98 Vilnius, Lithuania	2021.08.13	100%	100%	Accounting services
SIA SPV-4	Dēļu iela 5, Rīga, Latvia	2017.01.11	100%	100%	Holding company
SIA Pilsetas Lifti	Dēļu iela 5, Rīga, Latvia	2019.01.09	---	100%	Construction and repair services
SIA Civinity engineering LV	Dēļu iela 5, Rīga, Latvia	2019.12.16	100%	100%	Construction and repair services
SIA Civinity solutions	Dēļu iela 5, Rīga, Latvia	2016.09.21	100%	100%	Commercial sector facility management services
SIA Civinity LV	Dēļu iela 5, Rīga, Latvia	2017.04.04	100%	100%	Services center
SIA City billing solutions	Dēļu iela 5, Rīga, Latvia	2021.12.01	100%	100%	Accounting services
AS Civinity majas [4]	Dēļu iela 5, Rīga, Latvia	2016.07.28	100%	100%	Facility management services
UAB SPV 32	A. Goštauto 40B, Vilnius, Lithuania	2018.01.29	51%	51%	Holding company
UAB SPV 31	Šv. Stepono 7, Vilnius, Lithuania	2018.01.29	51%	51%	Holding company
SIA Civinity Majas Jūrmala [1]	Dubultu prospekts 3, Jūrmala, Latvia	2014.12.29	100%	100%	Facility management services
SIA CS Renovacija [2]	Dubultu prospekts 3, Jūrmala, Latvia	2017.02.07	100%	100%	Construction and repair services
Civinity Group Latvija PS [9]	Dēļu iela 5, Rīga, Latvia	2021.07.27	100%	100%	Commercial sector facility management services
UAB Civinity Solution [3]	Naugarduko 98 Vilnius, Lithuania	2018.07.01	51%	51%	Commercial sector facility management services
UAB Civinity Engineering [4]	Naugarduko 98 Vilnius, Lithuania	2018.07.01	51%	51%	Commercial sector facility management services
LTD Civinity Engineering UK [4]	United Kingdom	2020.12.15	51%	51%	
UAB Servico [6]	Naugarduko 98 Vilnius, Lithuania	2022.03.01	51%	51%	Facility management services
UAB Inservis [7]	Naugarduko 98 Vilnius, Lithuania	2022.05.18	51%	51%	Facility management services
UAB Jurita [7]	Naugarduko 98 Vilnius, Lithuania	2022.05.18	51%	51%	Facility management services
UAB Priemiestis [7]	Naugarduko 98 Vilnius, Lithuania	2022.05.18	51%	51%	Facility management services
SIA Inservis [7]	Smilšu iela, Rīga, Latvia	2022.05.18	51%	51%	Facility management services
UAB Valandinis [8]	Naugarduko 98 Vilnius, Lithuania	2023.01.01	51%	---	Platform for freelancerconstruction professionals
SIA Ionica serviss [9]	Jūrkalnes 15, Rīga, Latvia	2023.12.01	80%	---	Commercial sector facility management services

In February 2022 the Company after de-merger from Pastatų meistrai UAB established new company Civinity Meistrai UAB;
In February 2022 the Company established new company Civinity Meistrai UAB;
In March 2022 the Company sold subsidiaries Civinity Namai Vilnius UAB, Civinity Namai UAB, Pastatų meistrai UAB to the subsidiary SPV-31 UAB;
In March 2022 the Company increased authorised capital of the subsidiary SPV-31 UAB;
In March 2022 Company's subsidiary SPV-31 UAB bought company Servico UAB;
In May 2022 Company's subsidiary SPV-31 UAB bought companies Inservis UAB, Priemiestis UAB, Jurita UAB and Inservis SIA (Latvia);
In August 2022 Companies Kretingos būstas UAB, Debreecno valda UAB ir Būsto administravimas UAB after the reorganization process completed were merged to the company Civinity Namai Klaipėda UAB and terminated activity. Civinity Namai Klaipėda UAB became a direct investment of the Company;
In August 2022 Companies Labo Namu Agentura SIA and VBS Serviss SIA after the reorganization process completed were merged to the company Civinity Majas AS and terminated activity;
In August 2022 Company Home Master SIA after the reorganization was merged to the company Civinity Majas Jurmala SIA and terminated activity;
In December 2022 Company CS Apkope SIA changed its title and became Civinity Engineering SIA.
In January 2023 Company bought 51% shares of UAB "Valandinis"
In January 2023 sold 100% shares of Pilsetas lifti SIA
in December 2023 the Company acquired 80% shares of Ionica serviss SIA

(All amounts are in the thousand of euros unless otherwise stated)

[1] - control via the subsidiary UAB Civinity namai Kaunas;
[2] - control via the indirect subsidiary SIA Civinity Majas Jūrmala;
[3] - control via subsidiary UAB SPV 31;
[4] - control via subsidiary UAB SPV 32, in 2020 Civinity Engineering UAB established company Civinity Engineering UK in United Kingdom;
[5] - control directly (72,54%) and via subsidiaries UAB Civinity namai (12,84%), UAB Kretingos būstas (10,04%), as at 31 December 2021; control directly (72,54%) and via subsidiaries UAB Civinity namai (12,84%), UAB Civinity namai Klaipėda (10,04%), as at 31 December 2023;
[6] - control via subsidiary UAB SPV-31 from March 2022;
[7] - control via subsidiary UAB SPV-31 from May 2022;
[8] - control directly 51%;
[9] - control directly 80%.

On 16 December 2021 AB "Civinity" and Sail Invest UAB signed the SPV 31 UAB shareholders agreement which states increase of share capital in SPV 31 UAB. The authorized capital of the SPV31 UAB was increased to EUR 6.533 thousand on 18 March 2022, AB "Civinity" contribution to the authorised capital increase of SPV-31 UAB was EUR 3.330 thousand EUR. The consideration for SPV 31 UAB shares were paid by transferring of Civinity Namai UAB, Civinity Namai Vilnius UAB and Pastatų meistrai UAB (building maintenance and services, construction activities in Vilnius region) shares to SPV31 UAB. Sail Invest UAB, respectively brought in Servico UAB shares into SPV-31 UAB equity. In February 2022 AB "Civinity" capitalised the loan of Civinity Namai Vilnius UAB amounted to EUR 204 thousand into the increased authorised capital of Civinity Namai Vilnius UAB. As of 1 March 2022, SPV31 UAB becomes the sole shareholder of the Civinity Namai UAB, Civinity Namai Vilnius UAB, Servico UAB and Pastatų meistrai UAB (building maintenance and construction activities Vilnius) companies.

At 01 August 2022 Civinity Group companies in Klaipėda region completed reorganization and companies Kretingos būstas UAB and Debreceno valda UAB were joined to the subsidiary Civinity Namai Klaipėda UAB.
Continuing the process of reorganisation, at 02 August 2022 Civinity Group companies in Latvia SIA Home Master started operating under the name SIA Civinity Mājas Jūrmala, and SIA Labo Namu Agentura and SIA VBS Serviss will henceforth under the name AS Civinity Mājas.

In January 2023 AB "Civinity" finalized the procedures of the acquisition of Valandinis UAB majority stake of shares (51%) from UAB "Partly". The transaction details were initially stated in Information Document for the offering of bonds of AB "Civinity" from 30 September 2021 and public announcement in Nasdaq system from 04 October 2022. Transaction value amounted to EUR 543 thousand.
On 26 January 2023 AB "Civinity" sold 100 percent stake of shares of Pilsetas Lifti SIA to Lithuania based company UAB "Profi Invest". This transaction is further clarification of group business model and business segments. Pilsetas Lifti SIA sales consideration amounts to EUR 137 thousand and profit from the sale of the subsidiary amounts to EUR 76 thousand.

On 1 December 2023 AB "Civinity" finalized the procedures of the acquisition of Ionica serviss SIA majority stake of shares (80%) from related party UAB "Pentaframe". Transaction value amounted to EUR 300 thousand.

2. BASIS OF PREPARATION AND SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements of Civinity Group are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

2.1.Basis of preparation

These financial statements include the Company's financial statements for the year 2023.

The presented financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by and effective in the European Union (the "EU"). Civinity Group consolidated financial statements for the year ended 31 December 2023 are prepared separately.
The financial statements have been prepared on a going concern basis and under the historical cost convention.

All amounts in the financial statements, including amounts disclosed in notes to the financial statements, are presented in the thousands euros (EUR) unless otherwise stated.
The Company's financial year starts as at 1st of January and ends as at 31st of December of the corresponding calendar year.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make assumptions in the process of applying the Company's accounting policies. The areas involving important assumptions, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 "Critical accounting estimates".

2.2. New and amended standards and their interpretations adopted by the Company

(a) Adoption of new and/or amended International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Company has specified or deleted the accounting policies related to financial investments, functional and presentation currency, transactions and balances, financial assets and liabilities, property plant and equipment, borrowing costs, contract assets and contract liabilities, employee benefits.

There are no other new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after 1 January 2023 that would have a material impact to the Group.

(b) Certain interpretations and amendments to accounting standards have been published that not yet effective for 31 December 2023 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.3.Investments in subsidiaries

Investments in subsidiaries are stated at costs less impairment, if any.

2.4.Intangible assets

Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over estimated benefit period as follows:

- Computer software, licences	3 years
- Trademark	10 years
- Other	3 years

2.5.Property, plant, and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and impairment losses.
Land is not depreciated. Depreciation of other assets is calculated using the straight-line method over useful lives established as follows (in years):

- Vehicles	5-10 years
- Equipment	5 years

Depreciation methods, useful lives and residual values are reviewed each reporting period and adjusted, if it is required due to the nature of use of non-current assets.

2.6.Financial assets and liabilities

Under IFRS 9, Financial Instruments, the Company classifies its financial assets into the following 3 categories: financial asset at amortised cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss. During the current and prior periods the Company did not hold any financial assets at fair value through profit or loss. All the Company's financial assets are measured at amortised cost at the end of the current period.
At initial recognition, the Company measures financial assets at fair value, except for trade receivables that do not have a significant financing component. Transaction costs comprise all charges and commission that the Company would not have paid if it had not entered into an agreement on the financial instrument.
If the fair value of the financial asset at initial recognition differs from the transaction price, the difference is recognised in profit or loss.
In view of the business model applied for managing the Company of financial assets, the accounting for financial assets is as follows:

Financial assets measured at amortised cost

Loans granted by the Company and amounts receivable are accounted for under the business model the purpose of which is to hold financial assets in order to collect contractual cash flows that can contain cash flows related to the payment of the principal amount and interest inflows.
Loans and amounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the date of the statement of financial position. These are classified as non-current assets.
Loans and receivables are initially recognised at cost (the fair value of consideration receivable) and subsequently carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when these assets are derecognised, impaired or amortised.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

a) significant financial difficulty of the borrower;
b) a breach of contract, such as a default or event that is past due for more than 90 days;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
e) the disappearance of an active market for that financial asset because of financial difficulties;
f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The combined effect of several events that may occur simultaneously or subsequently throughout the term of validity of the agreement on the financial assets may have caused financial assets to become credit-impaired.
The lifetime expected credit losses of loans receivable and trade receivables are recognised in profit or loss through the contra account of doubtful receivables.
The Company writes off the loans receivable and trade receivables when it loses the right to receive contractual cash flows from financial assets.

Other financial liabilities

Other financial liabilities, including borrowings, are recognised at fair value, less transaction costs.
In subsequent periods, other financial liabilities are measured at amortised cost using the effective interest rate method. Interest expenses are recognised using the effective interest rate method.
Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.
If a financing agreement concluded before the balance sheet date proves that the liability was non-current by its nature as of the date of the balance sheet, that financial liability is classified as non-current.

2.7.Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and short-term deposits with an original maturity of three months or less.

2.8.Impairment of non-financial assets

Non-financial assets are assessed for impairment when events and circumstances indicate that the value of assets may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the carrying amount of an asset exceeds its recoverable amount, impairment loss is accounted for in profit or loss. The previously recognised impairment loss is reversed when there are indications that recognised loss on impairment of an asset no longer exists or has reduced significantly. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal is accounted for in profit or loss under the same item as impairment loss.

2.9.Leases

The Company recognises a right-of-use asset and a corresponding lease liability at the lease commencement date, i.e. at the date at which the leased assets are available for use by the Company. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the outstanding lease payments at the commencement date, discounted using the interest rate of Group's incremental borrowing rate. To determine the incremental borrowing rate, the Group uses recent financing received under other contracts of financial liabilities.
Lease liabilities are subsequently measured using the effective interest rate method. The lease term is a non-cancellable period of lease; periods covered by options to extend and terminate the lease (if such options exist) are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

The Company is a sub-lessor of the right-of-use assets. A lease is classified as a finance lease if it transfers substantially all the risks and rewards from the right-of-use asset, otherwise, it is classified as an operating lease.
The Companie's subleases classified as operating leases. The lease income from operating leases is recognised on a straight-line basis over the lease term.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee (no residual value guarantees as at 31 December 2023), or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised (no extension options were accounted for the leases due to uncertainties as at 31 December 2023).

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. No lease incentives, initial direct costs, restoration costs or other costs were recognised for the leased assets by the Company as at 31 December 2022 and as at 31 December 2023.
Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. The leased term straight-line basis was applied for depreciation of the right-of-use assets leased by the Company as at 31 December 2022 and as at 31 December 2023.

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in the statements of comprehensive income.

2.10.Revenue recognition

Management services revenue

Revenue comprises the fair value of the consideration received or receivable for the services in the ordinary course of the Company’s activities. Revenue of the Company is shown net of value -added tax, returns, rebates and discounts, sales taxes. Revenue is measured based on the consideration specified in a contract with a customer. Revenue from contracts with customers is recognised when a performance obligation by transferring service to a customer is satisfied at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Revenue from contracts with customers is recognized when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company’s activities. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. More over the Company also are responsible for the quality of rendered services and are the owners of pricing.
Revenue from providing management services is recognised in the accounting period in which the services are rendered.

Interest income

Interest income is recognized on a time - proportion basis using the effective interest method to the gross carrying amount of a financial asset except for credit-impaired financial assets. Interest revenue for credit-impaired financial assets is calculated by applying the e effective interest rate to the amortised cost of the financial asset from initial recognition.

Dividend income

Dividend income from investments is recognized when the right to receive payment has been established.

2.11.Income tax and deferred income tax

Corporate income tax (CIT) for the reporting period is included in the financial statements based on management’s calculations prepared in accordance with local tax legislation. The CIT rate is 15% for Lithuania.
Deferred income tax is not recognised in financial statements.

2.12.Fair value estimation

The different levels of methods used to measure the fair value of the financial instruments (which are carried at fair value in the statement of financial position) have been defined as follow:
In determining the fair value of assets and liabilities the Company uses as much as possible inputs that are observable in the market. A fair value hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value:
- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The inputs used to measure the fair value of an asset or a liability might be categorised within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3. CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements requires the Company management to exercise its judgement and use estimates that affect reported amounts of income and expenses, assets and liabilities, disclosure of contingent liabilities at the date of the preparation of the financial statements. Uncertainties relating to these assumptions and estimates may cause important adjustments to the carrying amounts of the related assets and liabilities in the next financial year.
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Recoverable amount of Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Due to possible impairment indicators of investments in certain subsidiaries, the Company has performed impairment tests as at 31 December 2023. Each subsidiary is treated as a separate cash-generating unit for the purpose of impairment testing. The recoverable amount is determined based on value-in-use calculation. The investment's value in use is calculated by discounting future cash flows to their present value using a pre-tax discount rate reflecting actual market assumptions regarding the time value of money and the risks specific to the asset concerned (Note10).

(All amounts are in the thousand of euros unless otherwise stated)

4. FINANCIAL RISK MANAGEMENT

4.1.Financial risk factors

The Company's management is responsible for the development and monitoring of the Company's risk management system. The objective of the risk management policy at the Company is to incorporate risk management function in the Company's normal business operations and management. Risk management is the process involving the identification, assessment and control of business risks which can prevent or impede the achievement of the Company's business objectives.

The Company's risk management policy focuses on financial, operational and legal risks. Strategic risk management decisions are taken by the Board at the Company level. Operational risk management is conducted by executive officers of the company. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Company's main financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company holds various financial assets: trade receivables, loans granted and other amounts receivable. The Company has not used any derivative financial instruments, because, in view of management, there is no such need.
The main risks arising from financial instruments are market risk (including cash flow and fair value interest rate risk, price risk), liquidity risk and credit risk. The risks are identified and described below.

Market risk
Cash flow and fair value interest rate risk. The Company is exposed to risk of changes in market interest rates mainly from assets and liabilities which are subject to variable interest rates.

As at 31 December 2023 and 31 December 2022 financial assets and liabilities exposing the Company to interest rate risk were as follow:

	At 31 December 2023	At 31 December 2022
Loans granted	2 145	2 892
Borrowings (variable interest rate)	6 825	6 547
Bonds (fixed interests rate)	8 037	7 958
Lease liabilities	569	718
Total	**13 285**	**12 331**

As at 31 December 2023 and 31 December 2022, there were no interest-free borrowings.

At 15 October 2023 the Company issued public bonds emission for the value of EUR 8.000 thousand and repaid the remaining previous hold bonds. The issue of new bonds emission was subscribed by the independent Company Legisperitus UAB. The nominal value of each bond is EUR 1 thousand, the bonds to be redeemed upon two years with semi-annual interest payment schedule and fixed rate calculated as margin of 11%.

The table below presents the sensitivity analysis of the Company's profit before tax to reasonably possible changes in variable interest rates (EURIBOR) with all other variables held constant (by assessing impact on borrowings with a variable interest rate). There is no impact on the Company's equity, except for impact on the current year profit.

	Increase / decrease, pp	Impact on profit before income tax 2023	Impact on profit before income tax 2022
in EUR	1%	(52)	(123)
in EUR	-1%	52	123

Liquidity risk
The Company's policy is to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of committed credit facilities to meet its commitments at a given date in accordance with its strategic plans.
The Company's objective is to maintain balance between the continuity and flexibility of funding using bank borrowings. Liquidity risk management consists of non-current and current liquidity risk management. The liquidity ratio, when current liabilities exceeds current assets is constant at the end of financial year as company significant part of their investing activities expenses "cover" with dividends payable from subsidiaries in following financial year.
The Company's liquidity ratio (total current assets / total current liabilities) was approximately equal to 2,03 as at 31 December 2023 (31 December 2022: 0.21). The Company is the parent company controlling the Civinity group cash flows and approving the cash distribution within the group. Current liquidity ratio has improved comparing to previous year due to distributing the new bond emission in 15 October 2023.

The table below summarises the contractual maturity profile of financial liabilities:

At 31 December 2023

Non-derivative financial liabilities	Carrying amount	Total contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Lease liabilities	569	691	71	205	357	-
Bonds	8 037	9 760	-	880	8 880	-
Borrowings from related parties	6 825	8 573	168	374	8 030	-
Trade payables	659	659	549	110	-	-
Total	**16 089**	**19 683**	**789**	**1 569**	**17 267**	**-**

At 31 December 2022

Non-derivative financial liabilities	Carrying amount	Total contractual cash flows	3 months or less	3-12 months	1-5 years	More than 5 years
Lease liabilities	718	841	62	187	591	-
Bonds	7 958	8 509	33	8 476	-	-
Borrowings from related parties	6 548	7 156	589	2 257	4 310	-
Trade payables	565	565	458	106	-	-
Total	**15 788**	**17 070**	**1 143**	**11 026**	**4 901**	**-**

Cash flows included in the maturity analysis are not expected to arise significantly earlier or be equal to a significantly different amount.

(All amounts are in the thousand of euros unless otherwise stated)

Credit risk

Credit risk arises from cash and cash equivalents, outstanding trade and other receivable and outstanding loans granted to related parties.
The Company's aging and expected credit loss calculation procedures are disclosed in Note 13.
Maximum exposure to credit risk is as follows:

	At 31 December 2023	At 31 December 2022
Trade and other receivables	2 077	1 691
Loans granted to related parties	2 145	3 589
Cash and cash equivalents	8	66
Total	**4 231**	**5 346**

SPV-31, UAB received loan from Luminor bank for Inservis group companies acquisition is guaranteed by its shareholders AB "Civinity" and Sail Invest UAB. AB "Civinity" secured amount is EUR 2.499 thousand. Security is valid until all obligations by SPV-31 UAB will be fully completed. Financial covenants are: SPV-31 UAB controlled entities consolidated DEBT/EBITDA ratio shall not be above 3.5, Equity to Assets ratio shall not be lower 0.3, DSCR ratio not lower then 1.2 and current liquidity shall be above 1.1. According to the credit agreement, as at 31 December 2023 following covenants were effective: a) Equity to Assets ratio equal to 0.3 (met), b) adjusted current liquidity ratio equal to 1.34 (met).

The credit quality of cash and cash equivalents can be assessed by reference to the external credit ratings of banks.
The ratings of the rating agencies:

Moody's	At 31 December 2023	At 31 December 2022
Aa3	6	64
Baa2	2	2
Total	**8**	**66**

Although economic circumstances may impact the recoverability of trade and other receivables, in view of management, the Company is not exposed to significant risk of incurring losses that would exceed already recognised
Company's loans granted are to related parties (mostly to the subsidiaries and the shareholder) and the risk for the repayment failure is considered to be low. Therefore the expected credit loss is immaterial and is not recognized
Cash and cash equivalents include cash and cash balances in bank accounts, therefore credit risk arising from them is minimal.

4.2.Capital management

The primary objective of the Company’s capital management is to ensure that the Company complies with externally imposed capital requirements, keeps respective capital ratios in order to strengthen its business and maximise return to shareholders, avoids damaging trust of investors, creditors and the market, and maintains business expansion in future.
The Company defines its capital as the authorised share capital and retained earnings. The Company manages its capital structure and makes the adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.
The Company is obliged to keep its shareholders' equity ratio not less than 50% of its authorised share capital, as imposed by the Law on Companies of Republic of Lithuania. At the end of period of 31 December 2023 the ratio was
-1 419% and did not meet the requirements because of the impaired investment in Civinity Solutions SIA in 2022 and impairment of non-financial assets. In 2024 the Company's management is planning to meet the requirements, by receive dividens from the Company's subsidiaries: Civinity Meistrai UAB - 800k EUR,Civinity Namai Kaunas - EUR 700 thousand, Civinity Namai Klaipeda - EUR 500 thousand, Civinity Engineering UAB - EUR 500 thousand (50% of EUR 1000 thousand)

The company is obliged to keep financials and business related consolidated covenants in accordance the term of EUR 8.000 thousand bonds emission issued at 15 October 2023. The group consolidated DEBT/EBITDA ratio shall not be above 4 (31 December 2023: ratio 1.88 and 31 December 2022: ratio 2.19) and Equity to Assets ratio shall not be lower 0.1. (31 December 2023: ratio 0.20 and 31 December 2022: ratio 0.17). The requirement of the covenant was maintained at the date of reporting period.
According the bond conditions AB "Civinity" also limits newly provided loans, guarantees and sureties to other entities, which are not direct or indirect Group companies up to EUR 500 thousand. On 31 December 2023 Civinity Group consolidated newly provided loans, guarantees and sureties to other entities, which are not direct or indirect Group companies not exceeded EUR 500 thousand per any subsidiary - the requirement of the covenant was maintained.

The Company shall not, and shall ensure that Group Companies shall, carry out any merger or any other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Company or any other Group company with any other companies or entities, if such transaction is expected to lead to non-compliance with the Financial covenant mentioned above.

4.3.Fair value estimation

The following methods and assumptions are used to determine the fair value of each class of financial assets and liabilities:
- The carrying amount of current trade and other receivable, trade and other payables and borrowings approximates their fair value.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

5. EMPLOYEE RELATED EXPENSES

Employee related expenses	2023	2022
Salaries	532	770
Social insurance expenses	9	14
Total employee related expenses	**541**	**784**

6. INCOME TAX

Income tax expenses and income, and the components of assets and liabilities:

Components of income tax (expenses) income	2023	2022
Current year income tax expenses	-	-
Deferred income tax change	-	-
Income tax (expenses) income recognised in profit or loss	**-**	**-**

There are no income tax expenses (income) recognised in other comprehensive income or directly in equity. Deferred income tax assets are recognised to the extent that is probable that these assets will be realised in future periods. Deferred income tax assets were calculated using a tax rate of 15 per cent.
Company is not recognizing deferred income tax assets due to the future uncertainty.

(All amounts are in the thousand of euros unless otherwise stated)

The movement in deferred income tax assets and liabilities of the Company during 2023 is as follows:

	Balance at 31 December 2023	Balance at 31 December 2022
Deferred income tax assets		
Accruals	24	8
Taxable losses	618	278
Deferred income tax assets	**642**	**286**
Deferred income tax assets – net	**642**	**286**
Unrecognised deferred tax asset	**(642)**	**(286)**
Total deferred tax assets	**-**	**-**

The total amount of income tax expenses can be reconciled to the theoretical amount of income tax using the Company's income tax rates as follows:

	2023	2022
Profit (loss) before income tax	**(642)**	**1 266**
Income tax expenses calculated using a tax rate of 15%	(96)	190
Non taxable income	(42)	(293)
Non deductible expenses	7	17
Not recognized deferred tax assets	132	86
Income tax expenses recognised in the statement of profit or loss and other comprehensive income	**-**	**-**

7. INTANGIBLE ASSETS

	Trademark	Computer software, licences	Other	Total
At 1 January 2022				
Cost of fair value	360	973	36	1 370
Accumulated depreciation	(36)	(739)	(5)	(780)
Net book amount	**324**	**234**	**32**	**590**
Year ended 31 December 2022				
Opening net book amount	324	234	32	590
Additions	-	112	-	112
Depreciation charge	(36)	(163)	(12)	(211)
Closing net book amount	288	183	20	491
At 31 December 2022				
Cost of fair value	360	1 085	36	1 481
Accumulated depreciation	(72)	(902)	(17)	(991)
Net book amount	**288**	**183**	**20**	**491**
Year ended 31 December 2023				
Opening net book amount	288	183	20	491
Depreciation charge	(36)	(96)	(12)	(144)
Closing net book amount	252	87	8	347
At 31 December 2023				
Cost of fair value	360	1 085	36	1 481
Accumulated depreciation	(108)	(998)	(29)	(1 134)
Net book amount	**252**	**87**	**8**	**347**

8. PROPERTY, PLANT AND EQUIPMENT

	Equipment	Prepayments	Total
At 1 January 2022			
Cost or fair value	72	262	335
Accumulated depreciation	(32)	-	(32)
Net book amount	**41**	**262**	**303**
Year ended 31 December 2022			
Opening net book amount	41	262	303
Additions	500	-	500
Transfer	(6)	(217)	(223)
Depreciation charge	(69)	-	(69)
Depreciation transfer	4	-	4
Closing net book amount	470	45	515
At 31 December 2022			-
Cost or fair value	571	45	616
Accumulated depreciation	(101)	-	(101)
Net book amount	**470**	**45**	**515**
Year ended 31 December 2023			
Opening net book amount	470	45	515
Additions	6	-	6
Transfer	(1)	(45)	(46)
Depreciation charge	(109)	-	(109)
Closing net book amount	365	-	365
At 31 December 2023			-
Cost or fair value	576	-	576
Accumulated depreciation	(210)	-	(210)
Net book amount	**366**	**-**	**366**

Company's property, plant and equipment with the acquisition cost of EUR 12 thousand as at 31 December 2023 (31 December 2022: EUR 9 thousand) were fully depreciated but still in use.

(All amounts are in the thousand of euros unless otherwise stated)

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	At 31 December 2023	At 31 December 2022
Buildings	36	46
Vehicles	107	140
	143	186

Lease receivables	At 31 December 2023	At 31 December 2022
Current	183	172
Non-current	241	360
	423	532

Lease liabilities	At 31 December 2023	At 31 December 2022
Current	258	209
Non-current	311	509
	569	718

There was no additions of right use assets during year 2023 (in year 2022 it was 614 thousand).

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:	2023	2022
Depreciation charge of right-of-use assets		
Buildings	10	157
Vehicles	21	27
	31	184
Interest expense (included in finance cost)	15	40
	15	40

The total cash outflow for leases as of 31 December 2023 was EUR 33 thousands (in 2022 was EUR 34 thousands).

10. INVESTMENT IN SUBSIDIARIES

Movement of the investments into subsidiaries and associate during the respective year is provided below:

	At 31 December 2023	At 31 December 2022
At the beginning of the period	8 801	7 309
Purchase of investment in subsidiaries	843	-
Impairment of investments	-	(1 755)
Share capital increase of subsidiaries	-	3 535
Sale of subsidiaries shares	(61)	(291)
Subsidiaries established	-	3
	9 583	8 801

In December 2023 the Company finalized the procedure of the acquisition of Ionica serviss, SIA majority stake of shares (80%) from UAB "Pentaframe Capital". Transaction value amounts to EUR 300 thousand.
In January 2023 AB "Civinity" finalized the procedures of the acquisition of Valandinis UAB majority stake of shares (51%) from UAB "Partly". Transaction value amounts to EUR 543 thousand.
In February 2022 AB "Civinity" capitalised the loan of Civinity Namai Vilnius UAB amounted to EUR 204 thousand into the increased authorised capital of Civinity Namai Vilnius UAB.
On 16 December 2021 AB "Civinity" and Sail Invest UAB signed the SPV 31 UAB shareholders agreement which states increase of share capital in SPV 31 UAB. On 1 March 2022 the authorized capital of the SPV31 UAB was increased to EUR 6.533 thousand on 18 March 2022. AB "Civinity" acquired SPV-31 new emission shares for EUR 3.331 thousand. Also Civinity AB sold its investments into subsidiaries Civinity Namai UAB, Civinity Namai Vilnius UAB and Pastatų meistrai UAB (building maintenance and services, construction activities in Vilnius region) shares to SPV31 UAB for total amount EUR 3.331 thousand. Civinity AB payables for the new emission shares of SPV-31 and the receivables for the sold subsidiaries were offset as non-cash transaction. As of 1 March 2022, SPV31 UAB becomes the sole shareholder of the Civinity Namai UAB, Civinity Namai Vilnius UAB, Servico UAB and Pastatų meistrai UAB (building maintenance and construction activities Vilnius) companies.

As at 31 December 2023 the Company's management performed impairment test for the investment in subsidiaries. During the test, the value of investment in subsidiaries against the net assets value of those subsidiaries as at 31 December 2023. Where the net assets value was lower than the investment, the management concluded that there existed impairment indications for the investment in that subsidiary and estimated the recoverable amount of the specific subsidiary using the discounted cash flow method. The forecast annual cash flows were determined with reference to the budget for year 2024. The calculations were based on the following assumptions: forecast period of 5 years, annual growth rate 1-3%, discount rate 8,51%. Sensitivity to change in key assumptions used in the impairment test: increase or decrease in annual growth rate by 3% or increase or decrease in WACC by 1% would have no impact on goodwill impairment loss.
Based on the impairment test at 31 December 2023, no impairment loss for investment in subsidiary were recognised in 2023.

As at 31 December 2022 the Company's management performed impairment test for the investment in subsidiaries. During the test, the value of investment in subsidiaries against the net assets value of those subsidiaries as at 31 December 2022. Where the net assets value was lower than the investment, the management concluded that there existed impairment indications for the investment in that subsidiary and estimated the recoverable amount of the specific subsidiary using the discounted cash flow method. The forecast annual cash flows were determined with reference to the budget for year 2023. The calculations were based on the following assumptions: forecast period of 5 years, annual growth rate 1-3%, discount rate 7,04%. Sensitivity to change in key assumptions used in the impairment test: increase or decrease in annual growth rate by 3% or increase or decrease in WACC by 1% would have no impact on goodwill impairment loss.
Based on the impairment test at 31 December 2022, impairment loss for investment in subsidiary Civinity Solutions SIA for the full amount of EUR 1.755 thousand were recognised in 2022.

(All amounts are in the thousand of euros unless otherwise stated)

The list of the Company's direct holdings into subsidiaries and associates are provided below:

Name of subsidiary	At 31 December 2023	At 31 December 2022
UAB SPV 31	3 332	3 332
AS Civinity majas	2 540	2 540
SIA Civinity solutions	1 755	1 755
UAB Civinity namai Palanga	810	810
UAB Civinity namai	787	787
SIA Civinity Engineering (previously named SIA CS Apkope)	703	703
UAB Valandinis	543	-
SIA Ionica serviss	300	-
UAB Civinity namai	249	249
UAB Debreceno valda	-	-
UAB Debreceno NT	46	46
UAB Civinity renovacija	3	3
UAB Smart technologies	3	3
UAB Civinity MD	3	3
UAB Civinity LT	3	3
UAB City Billing	3	3
SIA Civinity LV	3	3
UAB Civinity meistrai	3	3
SIA City billing solutions	1	1
UAB SPV 32	1	1
UAB Civinity namai	1	1
SIA Pilsetas Lifti	-	61
Impairment in subsidiaries	(1 755)	(1 755)
Total	9 583	8 801

Profit on disposal of subsidiaries for the period ended 31 December 2023 and in year 2022:

At 26 January 2023 AB "Civinity" s sold its investments in Pilsetas Lifti SIA . Pilsetas Lifti SIA sales consideration amounts to EUR 137 thousand and profit from the sale of the subsidiary amounts to EUR 76 thousand.

At 1 March 2022 Civinity AB sold its investments in UAB Pastatų meistrai, UAB Civinity Namai Vilnius, UAB Civinity Namai to UAB SPV-31 for EUR 3.331 thousand and write off EUR 291 thousand investment value in these subsidiaries.

	At 31 December 2023	At 31 December 2022
Sale proceeds EUR from the subsidiaries	137	3 331
Investment costs EUR of the subsidiaries	(61)	(291)
Profit from sale of subsidiary	76	3 040

11. LOANS GRANTED TO RELATED PARTIES

Debtor	Repayment date	Weighted average interests * 31 December 2023	Weighted average interests * 31 December 2022	At 31 December 2023	At 31 December 2022
Parent	2024.12.31	8,5%	5%	585	1 078
Subsidiaries	2024.12.31/ 2027.12.31	8,5%	5%	1 687	2 458
Other related parties	2024.12.31	8,6%	5%	69	53
Total				**2 342**	**3 589**
Impairment of financial assets				(196)	-
Total loans granted				**2 145**	**3 589**
Non-current				2 037	2 892
Current				108	697
Total loans granted				**2 145**	**3 589**

Loans granted movement:

	At 31 December 2023	At 31 December 2022
Beginning of the year	**3 589**	**3 570**
Proceeds from loans granted		
Interest charged	245	197
Interests received as monetary transaction	(8)	
Loan offset by subsidiary share capital increase	-	(194)
Loans repayment as non-monetary transaction	(843)	-
Loans repayment as monetary transaction	(999)	(1 004)
Loans granted as monetary transaction	357	1 020
Impairment of financial assets	(196)	-
End of the year	**2 145**	**3 589**

(All amounts are in the thousand of euros unless otherwise stated)

12. FINANCIAL INSTRUMENTS BY CATEGORY

	At 31 December 2023	At 31 December 2022
Financial assets at amortised cost		
Loans granted to related parties	2 145	3 589
Trade and other receivables	1 932	1 525
Cash and cash equivalents	8	66
Total	4 086	5 180

Financial liabilities at amortised cost	At 31 December 2023	At 31 December 2022
Borrowings	14 861	14 505
Lease liabilities	569	718
Trade and other payables	320	565
Total	15 750	15 788

13. TRADE AND OTHER RECEIVABLES

	At 31 December 2023	At 31 December 2022
Trade receivables from related parties	907	530
Trade receivables, net	907	530
Lease receivables from related parties, gross	423	532
Prepayments	145	82
Dividends receivable	376	485
Receivables from subsidiary sale	137	-
Other receivables	89	62
Total	2 077	1 691
Non current	262	428
Current	1 815	1 262

Expected credit loss

The Company applies the simplified, individual approach for calculation of lifetime expected credit losses using the provision matrix for 3rd parties trade receivables. Company receivables from the 3rd parties are insignificant, Company estimates trade receivables from the related parties as minor risk receivables, because more then 90% of issued invoices for the services rendered are covered at the date these financial statements are signed.

Trade receivables from related parties

	Not past due and past due up to 30	31-60 days past due	61-90 days past due	91-120 days past due	121-180 days past due	180-360 days past due	More than 361 days	Total
31 December 2023	406	97	86	46	78	130	64	907
31 December 2022	237	83	64	1	2	59	84	530

Expected changes in macroeconomic situation is incorporated as part of the internal rating model. The Company's management reviews key macroeconomic indicators for the markets where Company's debtors are operating and determines if there are expected significant changes that would affect ECL.

14. CASH AND CASH EQUIVALENTS

	At 31 December 2023	At 31 December 2022
Cash at bank	8	66
Cash and cash equivalents	8	66

The Company cash and cash equivalents, are not pledged.

15. SHARE CAPITAL AND LEGAL RESERVE

Share capital

As at 31 December 2023 and 31 December 2022, the Company's authorised share capital consisted of 100 ordinary registered shares with par value of EUR 1.000 each. All shares are fully paid-up.

The Company's Articles of Association do not provide for any restrictions of shareholders' rights to shares or any derivative control rights. The Company has not issued any convertible securities, exchangeable securities or

Legal reserve

A legal reserve is a compulsory reserve under the Lithuanian legislation. Annual transfers of 5 percent of net profit are required until the reserve reaches 10 percent of the authorised share capital.

(All amounts are in the thousand of euros unless otherwise stated)

16. BORROWINGS

	At 31 December 2023	At 31 December 2022
Non-current		
Bonds	8 037	-
Borrowings from the related parties	6 788	5 961
	14 825	5 961
Current		
Bonds		7 958
Borrowings from the related parties	36	587
	36	8 544
Total	14 861	14 505

Borrowings movement:

	At 31 December 2023	At 31 December 2022
Bonds at the beginning of the year	7 958	7 827
Proceeds from bonds	8 000	-
Capitalization of the costs, related with the bonds issue	(160)	-
Bonds repaid	(8 000)	-
Depreciation of the capitalization of the costs, related with the bonds issue	122	131
Reclass from other liabilities	15	
Interest charged	501	400
Interest repaid	(400)	(400)
Bonds at the end of the period	8 037	7 958
Borrowings from the related parties at the beginning of the year	6 548	5 540
Proceeds from borrowings as non-monetary transaction	-	3 762
Borrowings repaid as monetary transaction	(660)	(2 978)
Borrowings repaid as non-monetary transaction	-	-
Interest charged	473	320
Interests repaid as monetary transaction	-	(96)
Borrowings from the related parties at the end of the year	6 825	6 548

The contractual maturity of borrowings:

	At 31 December 2023		At 31 December 2022	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Within one year	-	36	7 958	586
One to five years	8 037	6 788	-	5 961

17. TRADE AND OTHER PAYABLES

	At 31 December 2023	At 31 December 2022
Trade payables to related parties	-	9
Trade payables to 3rd parties	320	556
Prepayments received	203	-
Employees related benefits	49	101
Payable VAT	19	-
Accrued expenses	66	157
Other taxes related payables	2	68
Total	659	890
Non-current liabilities	-	42
Current other liabilities	659	849

(All amounts are in the thousand of euros unless otherwise stated)

18. RELATED-PARTIES TRANSACTIONS

The parties are deemed to be related when one party has a power to exercise control over the other party or make significant influence on its financial and operation decisions.
During the year 2023 and during 2022 year, the Company's related parties are as follows:
- Ultimate Parent and Parent entity - Nord Fin Assets, SIA (registration number 44103136863, Latvia);
- Company's subsidiaries

Other related parties:
- Management, Board members (note 1) and companies related to the Management;

Remuneration of the key Company's management

Payments made to the Company's Directors and Board members and executive personnel:

	2023	2022
Wages and salaries, bonuses	260	331
Expenses of social security contributions	5	8
Car rent expenses	5	-
Total remuneration of key management personnel	**270**	**339**

No loans, guarantees or any other amounts were paid or calculated to the Company's management and no assets were transferred. Company was leasing vehicle to the Chief Executives Officer for the total amount of EUR 2

Other transactions with related parties

Presented below are the transactions with related parties reported in the Company's statement of profit or loss and other comprehensive income and the statement of financial position:

	2023	2022
Sale of services		
Subsidiaries	1 291	1 684
	1 291	**1 684**

	2023	2022
Other income		
Dividends from Subsidiaries	281	660
Revenues from the subsidiaries sale	-	3 331
Interests income	245	118
	526	**4 108**

	2023	2022
Purchases of goods and services		
Subsidiaries	137	118
	137	**118**

Trade and other receivable	At 31 December 2023	At 31 December 2022
Board members	74	12
Parent company	42	42
Subsidiaries	907	940
	1 023	**994**

Trade and other payables

	At 31 December 2023	At 31 December 2022
Subsidiaries	0	9
	0	**9**

Loans granted and interest receivable from related parties

	At 31 December 2023	At 31 December 2022
Parent company	585	1 078
Subsidiaries	1 491	2 458
Other related parties	69	53
	2 145	**3 589**

Borrowings and interest payables to related parties

	At 31 December 2023	At 31 December 2022
Parent company	-	-
Subsidiaries	6 825	6 548

Guarantees given in relation with the related parties	At 31 December 2023	At 31 December 2022
Subsidiaries (SPV-31, UAB, loan from Luminor bank)	2 499	2 499
	2 499	**2 499**

19. EVENTS AFTER THE REPORTING PERIOD

Šarūnas Stanislovėnas appointed as a Member of the Board of AB "Civinity" on 8 February 2024.