AB "Civinity"

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

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INFORMATION ABOUT THE PARENT COMPANY

Name of the Group	AB „Civinity“
Legal form	Public limited liability company
Company code	302247881
Registered office address	Naugarduko st. 98, LT-03160 Vilnius
Date of registration	13 November 2008
Registrar	State enterprise Centre of Registers
Profile of activities	Business and other management consultations
Group’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 consolidated financial statements give a true and fair view of the consolidated financial position of Civinity AB and its subsidiaries (together - the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated 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 Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated 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 consolidated 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 Group 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 consolidated 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 consolidated annual report

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

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

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

In addition, in light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated 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 consolidated financial statements

Management is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 Group'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. The address of its registered office is as follows: Naugarduko g. 98, LT-03160, Vilnius, Lithuania. 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 Group companies controlled by AB "Civinity" (further name as “the Group”) provide facility management, administration, engineering system maintenance and repair services, participate in renovation projects, carry out indoor, outdoor area maintenance and cleaning, provide household administrative services. Currently the Group companies operate in Lithuania, Latvia and United Kingdom. In 2021 group co-owned company Civinity Engineering UAB started heating, ventilation and automatic project in United Kingdom through direct subsidiary Civinity Engineering UK. The Group’s areas of activity are relatively stable and include: commercial and residential property administration, cleaning services and engineering systems installation, maintenance and repair services.
At 16 of December 2021, AB "Civinity" 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 28 February 2022 and now company SPV-31 UAB controls 100% shares of above mentioned companies which mainly operates in Vilnius district.
As a part of this merger and reorganisation, the new group company Civinity Meistrai UAB was established and will cover technical, cleaning and other services outside the Vilnius district.
At 28 of December 2021 SPV-31 UAB signed shares purchase agreement with company AB "Invalda INVL" and UAB įmonių grupė "Inservis" (Lithuania) to acquire 100 % of shares of Priemiestis UAB, Jurita UAB , Inservis UAB and Inservis SIA. The last company operates in Latvia. The transaction and take over was completed at 18 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 AB "Civinity" finalized the procedures of the acquisition of Valandinis UAB majority stake of shares (51 %) from UAB "Partly".
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.
On 1 December 2023 AB "Civinity"acquired 80 percent stake of shares of Ionica Serviss SIA from related company "Pentaframe Capital" UAB.

The most important buildings segments, administrated by the Civinity group are: residential apartment buildings, commercial buildings and public services buildings (health care and administration).

The Group revenues during year 2023 amounted EUR 87.705 thousand and gross profit EUR 17.972 thousand, 23% and 25% more respectivelly than during the year of 2022 when group amounted EUR 71.233 thousand revenues and EUR 14.387 thousand gross profit. During the reported period Civinity group continued working on growth strategy in residential facilities management business and commercial sector and was further looking for efficiency in operations and receivables management.

The Group assesses general risks relating to economical, political and social factors such as Russia war with Ukraine, raising inflation, energy markets up and downs and forecasted economical recession and therefore it is careful in choosing markets for investments and expansion. Such factors as consumer price index growth, rising remunerations, improving consumer sentiments, demographical changes and economic growth are considered as the most important ones for the Group's operations both in Lithuanian and Latvian markets.

Parent company AB “Civinity” manages the Group companies and provides management, investments' planning and financial services to the Group companies.

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

In twelve months of the year 2023 the Group’s consolidated revenues increased by EUR 16.471 thousand and amounted to EUR 87.705 thousand (2022: EUR 71.233 thousand). The key factors for the revenue sharp increase in 2023 was revenues from the acquisition of Servico UAB and Inservis Group by co-owned SPV-31 group and operations Valandinis UAB, company, merged to the Group since 1 January 2023.

The gross profit for reporting period amounted EUR 17.972 thousand (2022: EUR 14.387 thousand) 25% or EUR 3.585 thousand more then during year of 2022. The gross profit margin counted 21% (2022: 20%) and slight increase in margin was reasoned by higher control in the workforce costs part of the employees transfer to Valandinis UAB platform.

The administrative expenses for reporting period amounted EUR 11.578 thousand or EUR 660 thousand less then during 2022 (2022: EUR 12.238 thousand). However the Group’s EBITDA in year 2023 increased 73% and amounted to EUR 7.115 thousand (2022: EUR 4.121 thousand). EBITDA margin was equal to 8.1% for 2023 and 5.8% for 2022.

The Group’s consolidated EBT or profit before tax in 2023 has increased and amounted to EUR 3.540 thousand (2022: EUR 1.073 thousand). EBT or profit before tax margin was equal to 4.0% in 2023 (2022 EBT margin: 1.5%). The main factors for the Group consolidated EBT level in 2023 were as follow: increase in revenues for EUR 16.471 thousand, decrease in administration expenses margin because of the synergy of the new acquisitions (administration expenses margin decreased by 4 bps., from, 17% in 2022 to 13% in 2023).

The Group’s net profit for 2023 amounted to EUR 2.595 thousand (2022: EUR 779 thousand). Net profit margin was equal to 3.0% in 2023 (2022 HY net profit margin was 1.1%). Group Equity to Assets ratio increased up to 21% or by 3 bps., compared to ratio as at 31 December 2022, when ratio was 17%.

As at 31 December 2023, the Group had 1.547 employees (31 December 2022: 1.457 employees).

3. The Group’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 Civinity AB (from 29 May 2023) and 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 Group companies and the percentage of authorised share capital they represent

During year 2023 the Company and the Group companies neither acquired nor disposed any shares of the Company and on 31 December 2023 the Company and the Group companies held no shares of the Company. The Company does not have any other classes of shares than ordinary shares mentioned below, 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 convertible securities, exchangeable securities or securities with warrants are outstanding; likewise, there are no outstanding acquisition rights or undertakings to increase share capital.

5. Information on branches and representative offices of the entity

The Company has neither branches nor representative offices.

6. Significant events subsequent to the end of the current financial year

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

7. The Group's operation plans and prospects

In 2024, the Group plans further development of its business activities in main business segments mixing organic growth and acquisitions strategy. The main focus will stay on the growth in facilities management services in residential, commercial property management and engineering operations.

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.

In year 2023 Civinity Group management has selected a financial advisor to consider bringing in a private equity investor in exchange for a minority stake in the company’s newly issued shares. It is considered that such a transaction would be possible with an investment of at least EUR 20 million. Baltic Partners has been appointed as the company’s financial advisor for private equity fundraising. Decisions on the admission of an additional shareholder are expected to be taken by summer 2024.

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.

8. Information about the Group's research and development activities

The group plans significant investments and development actions into various processes automatization, including the client support services, where Sales Force intelligence system implemented as part of solutions, group owned facilities management system (FMS) are developed for group companies and will be launcehed in Latvia operations too. All IT solutions, systems and algorithms are developed and supported in group subsidiary Smart Technologies UAB.

In 2023, the Group continued the upgrade of the "in house" invoicing system developed by the company BlueBrige Solutions UAB for the Group residential facilities management companies in Lithuania. For Latvia subsidiaries operations accounting, invoicing and debt management Group installing new Horizon ERP (developer Visma) system, which replaced various accounting, HR management and invoicing, debt management systems and will lead to cost and reports efficiency.

9. Financial risks of the Group

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 rest of Group 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 Group focuses strongly on improving internal credit management processes in order to minimize trade receivable impairments and debt write off's.

Virgeda Jackaitė
Chief Executive Officer
26 April 2024

(All amounts are in thousands of euros unless otherwise stated)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2023	31 December 2022
Revenue from contracts with customers	5	87,705	71,233
Cost of sales	6	(69,733)	(56,846)
Gross profit		**17,972**	**14,387**
Distribution expenses	7	(497)	(443)
Administrative expenses	7	(11,578)	(12,238)
Impairment of goodwill	9	(1,158)	-
Impairment of financial assets	16	(525)	(94)
Other income		175	208
Other gains (losses) – net		107	55
Results from operating activities		**4,496**	**1,876**
Interest income		114	110
Interest expenses		(1,071)	(913)
Profit before income tax		**3,540**	**1,073**
Income tax expense	8	(967)	(294)
Profit for the period		**2,573**	**779**
Other comprehensive income		-	-
Total comprehensive income for the period – net of tax		**2,573**	**779**
Profit for the period and total comprehensive income attributable to:			
Parent's shareholders		1,273	(119)
Non-controlling interest		1,300	897
		2,573	**779**

The accompanying notes on pages from 10 to 38 form an integral part of these financial statements.

Chief Executive Officer	Virgeda Jackaitė	26 April 2024
Chief Accountant	Vilma Marciukaitė	26 April 2024

(All amounts are in thousands of euros unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2023	At 31 December 2022
ASSETS			
Non-current assets			
Goodwill	9	12,188	13,346
Other intangible assets	9	7,991	8,412
Property, Plant, and Equipment	10	1,281	1,261
Right-of-use assets	11	1,812	1,953
Other investments		75	47
Deferred income tax assets	8	639	281
Loans granted	13	484	1,625
Other amounts receivable		51	565
Total non-current assets		24,522	27,491
Current assets			
Inventories	14	900	588
Contract assets	16	1,329	623
Trade receivables	16	19,415	16,207
Other amounts receivable	16	2,068	1,484
Other current assets	17	1,621	1,420
Cash and cash equivalents	18	6,215	6,212
Total current assets		31,548	26,535
TOTAL ASSETS		56,069	54,026
EQUITY AND LIABILITIES			
Equity			
Share capital	19	100	100
Retained earnings		4,377	3,105
Equity attributable to shareholders of the Parent		4,477	3,205
Non-controlling interest		7,001	5,970
Total equity		11,479	9,176
Liabilities			
Non-current liabilities			
Borrowings	20	11,475	4,287
Lease liabilities	11	1,147	1,320
Other payables		153	122
Deferred income tax liability	8	555	624
Provisions	21	266	196
Other non-current liabilities	22	56	156
Total non-current liabilities		13,652	6,705
Current liabilities			
Borrowings	20	1,170	8,939
Lease liabilities	11	684	625
Trade payables		13,743	12,977
Contract liabilities	21	8,385	8,552
Income tax liability		761	385
Provisions		30	-
Other current liabilities	22	6,165	6,668
Total current liabilities		30,939	38,146
Total liabilities		44,591	44,851
TOTAL EQUITY AND LIABILITIES		56,069	54,027

The accompanying notes on pages from 10 to 38 form an integral part of these financial statements.

Chief Executive Officer	Virgeda Jackaitė	26 April 2024
Chief Accountant	Vilma Marciukaitė	26 April 2024

(All amounts are in thousands of euros unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Retained earnings	Equity attributable to shareholders of the Parent	Non-controlling Interest	Total Equity
Equity as at 1 January 2022		**100**	**3,572**	**3,672**	**1,023**	**4,696**
Profit (loss) for the period			(119)	(119)	897	779
Total comprehensive income for the period			**(119)**	**(119)**	**897**	**779**
Transfer to minority interest			(348)	(348)	348	0
Acquisition of minority interest			-	-	3,701	3,701
Total transactions between equity holders			**(348)**	**(348)**	**4,050**	**3,701**
Equity as at 31 December 2022		**100**	**3,105**	**3,205**	**5,970**	**9,175**
Profit (loss) for the period			1,273	1,273	1,300	2,573
Total comprehensive income for the period			**1,273**	**1,273**	**1,300**	**2,573**
Dividends paid to non-controlling interests in subsidiaries			-	-	(270)	(270)
Equity as at 31 December 2023		**100**	**4,377**	**4,477**	**7,000**	**11,479**

The accompanying notes on pages from 10 to 38 form an integral part of these financial statements.

Chief Executive Officer	Virgeda Jackaitė	26 April 2024
Chief Accountant	Vilma Marciukaitė	26 April 2024

(All amounts are in thousands of euros unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2023	2022
Cash flows from operating activities			
Profit before tax		3,540	1,073
Adjustments for non-cash expenses (income):			
Depreciation and amortisation	6, 7	2,496	2,245
Loss allowances (reversal)	7, 16	525	95
Interest expenses	11, 20	1,065	913
Interest income		(105)	(110)
Impairment of the Goodwill		1,158	-
(Gain) loss on disposal of Property, Plant and Equipment		-	(55)
Provisions		99	(73)
Other gain (loss) - net		(82)	-
Changes in working capital			
(Increase) decrease in inventories		(310)	334
(Increase) decrease in trade receivables		(3,050)	(2,232)
(Increase) decrease in prepayments		(95)	(693)
(Increase) decrease in contract assets		(705)	(487)
(Increase) decrease in other amounts receivable		173	(136)
Increase in trade payables		521	2,538
Increase (decrease) in contract liabilities		(167)	1,266
(Decrease) in other amounts payable		(1,061)	(468)
Income tax paid		(911)	(179)
Net cash flows generated from operating activities		**3,092**	**5,286**
Cash flows from investing activities			
Purchase of intangible assets	9	(484)	(564)
Purchase of Property, Plant and Equipment	10	(474)	(480)
Disposal of non-current assets	9, 10	-	135
Loans granted	13	(483)	(513)
Loan repayments received	13	765	117
Sale of subsidiary, net of cash disposed	13	(55)	-
Purchase of other investment		(50)	-
Interest received		-	-
Acquisition of subsidiaries, net of cash acquired	12	102	(4,245)
Net cash flows used in investing activities		**(678)**	**(5,552)**
Cash flows from financing activities			
Interest paid	20	(672)	(792)
Proceeds from borrowings	20	8,125	5,083
Repayments of borrowings	20	(9,065)	(1,017)
Lease payments	11	(705)	(927)
Dividends paid		(93)	-
Net cash flows generated from (used in) financing activities		**(2,411)**	**2,348**
Net increase (decrease) in cash flows		**3**	**2,082**
Cash and cash equivalents at the beginning of the period		**6,212**	**4,131**
Cash and cash equivalents at end of the period	18	**6,215**	**6,212**

Non-cash transactions, related to business combinations, are disclosed in note 12.
The accompanying notes on pages from 10 to 38 form an integral part of these financial statements.

Chief Executive Officer	Virgeda Jackaitė	26 April 2024
Chief Accountant	Vilma Marciukaitė	26 April 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.GENERAL INFORMATION

1.1.Information about the Company

AB "Civinity" ("the Company", company 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, LT-03160, Vilnius, Lithuania. The Company's core line of business is management of subsidiaries and consulting services.

From 30 March 2020 the sole shareholder and ultimate shareholder of the Company is SIA "NORD FIN ASSET" (registration number 44103136863, address: Dubultu prospekts 3, Jūrmala, Latvia). The sole ultimate beneficiary holding a 100% ownership interest of SIA "NORD FIN ASSET" is Deividas Jacka.
The group management board consist 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)

Virgeda Jackaitė was elected as Chief Executive Officer starting from 29 May 2023 and took over this position from Deividas Jacka, who was Chief executive officer starting from 23 of December 2020.

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 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.

1.2.Information about the Group

The Civinity Group is a rapidly expanding international Group of companies providing a wide range of high quality services in the areas of property estate management, maintenance and operations. The main services related to commercial and residential estate objects provided by the Group companies are as follow:

- Administration and technical maintenance of commercial property and residential, multi apartments buildings;
- Cleaning of indoor premises and outdoor areas;
- Design, installation and maintenance of heat, water, air conditioning engineering systems;
- Heating, automatic, low voltage and ventilation systems maintenance;
- General construction and repair works, management of modernization (renovation) projects in buildings;
- Liquidation of accidents;
- Other.

In August 2022 the Group completed reorganization of the companies both in Lithuania and Latvia: Debreceno Valda UAB, Kretingos būstas UAB and Būsto administravimas UAB terminated activity after the reorganization and merge to the company Civinity Namai Klaipėda UAB. Companies in Latvia Labo Namu Agentura SIA and VBS Serviss SIA after the reorganization process completed were merged to the company Civinity Majas AS and terminated activity, Home Master SIA after the reorganization was merged to the company Civinity Majas Jurmala SIA and terminated activity.
[9] in December 2022 SIA CS Apkope changed its titl into SIA Civinity Engineering.
At February 2023 group companies UAB Civinity Solutions started negotiations with customers for three parties agreements (Inservis UAB, Civinity Solutions UAB and customer) for transferring contract liabilities and services rendered from Civinity Solutions UAB to Inservis UAB. The aim is to concentrate services for public areas and indoor premises cleaning in to UAB Civinity Solutions and transfer premises technical maintenance, supervision agreements to UAB Inservis. According management estimation and plans the split and transfer of agreements, including obligations should be finished during the 1HY 2024.
At January 2023 AB "Civinity" finalized the procedures of the acquisition of Valandinis UAB majority stake of shares 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.
Valandinis merge into Civinity group will give synergy for both sides: Valandinis platform will be open for Civinity employees and Valandinis all the time will assured with substantial quantity of qualified constructors, plumbers, electricians and other specialists."
At 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.

In December 2023 Civinity completed Ionica Serviss SIA 80 percent shares purchase process. Previous shareholders Aleksandrs Golubov amd Rūdolfs Toms Berzins remains with 10 ercent stake each in Ionica Serviss SIA. Company is working on Latvian market more than 10 years, providing heating, ventilation and air conditioning services. It carries out installation and engineering designs, and is one and only company in Baltic region, which created artificial ice production technology and successfully uses it since then. The main field of working of the company is Building Management Systems. The main goal is to integrate new building automation solutions in to the most of the industrial buildings and also to create new industrial standard together with SIEMENS company.

(All amounts are in thousands of euros unless otherwise stated)

As at 31 December 2023 and 31 December 2022, the Group consisted of the Company and the following subsidiaries and associates:

Title of the subsidiary or associate	Country	Type of Ownership, direct owner	Profile of activities	Ownership interest held at	
				31 December 2023	31 December 2022
UAB Civinity namai Kaunas	Chemijos 15, Kaunas, Lithuania	direct	Facility management services	100%	100%
UAB Civinity namai Vilnius [1]	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Civinity namai Vakarai	Danės 5-41, Klaipėda, Lithuania	direct	Facility management services	81.72%	81.72%
UAB Civinity namai [1]	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Pastatų meistrai [1]	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Construction and repair services	51%	51%
UAB Civinity meistrai [2]	Naugarduko 98 Vilnius, Lithuania	direct	Construction and repair services	100%	100%
UAB Debreceno NT	Taikos pr. 101D, Klaipėda, Lithuania	direct	Real estate administration	95.44%	95.44%
UAB Civinity renovacija	Naugarduko 98 Vilnius, Lithuania	direct	Construction and repair services	100%	100%
UAB Civinity namai Palanga	Virbališkės 3F-1, Palanga, Lithuania	direct	Facility management services	99.44%	99.44%
UAB Smart technologies	Naugarduko 98 Vilnius, Lithuania	direct	IT services	100%	100%
UAB Civinity LT	Naugarduko 98 Vilnius, Lithuania	direct	Services center	100%	100%
UAB City Billing Solutions	Naugarduko 98 Vilnius, Lithuania	direct	Accounting services	100%	100%
UAB Servico [3]	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Inservis [4]	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Jurita [4]	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Priemiestis [4]	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
SIA Inservis [4]	Smilšu iela, Rīga, Latvia	indirect, UAB SPV31	Facility management services	51%	51%
UAB Valandinis [6]	Naugarduko 98 Vilnius, Lithuania	direct	Platform for freelancer construction professionals	51%	---
SIA Pilsetas Lifti [7]	Dēļu iela 5, Rīga, Latvia	direct	Construction and repair services	---	100%
SIA Civinity Engineering [5]	Dēļu iela 5, Rīga, Latvia	direct	Construction and repair services	100%	100%
SIA Civinity solutions	Dēļu iela 5, Rīga, Latvia	direct	Facility management services	100%	100%
SIA Civinity LV	Dēļu iela 5, Rīga, Latvia	direct	Services center	100%	100%
SIA City billing solutions	Dēļu iela 5, Rīga, Latvia	direct	Accounting services	100%	100%
AS Civinity majas	Dēļu iela 5, Rīga, Latvia	direct	Facility management services	100%	100%
Civinity Group Latvija PS	Dēļu iela 5, Rīga, Latvia	indirect, SIA Civinity Solutions, SIA Civinity Engineering	Commercial sector facility management services	100%	100%
UAB SPV 32	A. Goštauto 40B, Vilnius, Lithuania	direct	Holding company	51%	51%
UAB SPV 31	Šv. Stepono 7, Vilnius, Lithuania	direct	Holding company	51%	51%
UAB Civinity namai Klaipėda	Danės 5-41, Klaipėda, Lithuania	direct since 1 August 2022, until then indirect, UAB Būsto administravimas	Facility management services	100%	100%
SIA Civinity majas Jurmala	Dubultu prospekts 3, Jūrmala, Latvia	indirect, UAB Civinity namai Kaunas	Facility management services	100%	100%
SIA CS Renovacija	Dubultu prospekts 3, Jūrmala, Latvia	indirect, SIA Civinity Majas Jūrmala	Construction and repair services	100%	100%
UAB Civinity Solutions	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Commercial sector facility management services	51%	51%
UAB Civinity Engineering	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV32	Commercial sector facility management services	51% 51%	51% 51%
LTD Civinity Engineering UK	United Kingdom	indirect, UAB Civinity Engineering	Commercial sector facility management services	51% 51%	51% 51%
SIA Ionica serviss [8]	Jūrkalnes 15, Rīga, Latvia	direct	Commercial sector facility management	80%	---

[1] Civinity Namai UAB, Civinity Namai Vilnius UAB, Pastatų meistrai UAB in Februrary 2022 sold to SPV-31 UAB as statutory capital contribution.
[2] Civinity Meistrai UAB in February 2022 separated company from Pastatų meistrai UAB.
[3] Servico UAB in March 2022 bought company by SPV-31 UAB.
[4] Inservis UAB, Priemiestis UAB, Jurita UAB, Inservis SIA (all together named as Inservis Group) in May 2022 bought companies by SPV-31 UAB
[5] Valandinis UAB 51% bought in January 2023
[6] Pilsetas lifti SIA 100% shares sold in January 2023
[7] Ionica Serviss SIA 80% bought in December 2023

As at 31 December 2023, the Group had 1.547 employees (31 December 2022: 1.457 employees).

The Group's management approved these consolidated financial statements on 26 April 2024

1.3. Changes at the Group as at 31 December 2023 and 31 December 2022

Changes in 2022

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.
At 16 December 2021 AB "Civinity" signed the shareholders agreement with company Sail Invest UAB and agreed on the merge of residential companies Civinity namai UAB, Civinity namai Vilnius UAB, Servico UAB and Pastatų meistrai UAB Vilnius department. These companies acquisition was implemented by Civinity subsidiary SPV-31 UAB. The merger of the mentioned companies was carried out at 01 March 2022 and now SPV-31 UAB controls 100% shares of Civinity Namai, Civinity Namai Vilnius, Pastatų meistrai and Servico. Since 31 July 2018 SPV-31 UAB controls 100% shares of the company Civinity Solutions UAB.
Also as a part of this reorganisation, the new group company Civinity Meistrai, UAB was established in Februrary 2022 which 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 May 2022.

Changes in 2023

In February 2023 group companies UAB Civinity Solutions started negotiations with customers for three parties agreements (Inservis UAB, Civinity Solutions UAB and customer) for transferring contract liabilities and services rendered from Civinity Solutions UAB to Inservis UAB. The aim is to concentrate services for public areas and indoor premises cleaning in to UAB Civinity Solutions and transfer premises technical maintenance, supervision agreements to UAB Inservis. As at 31 December 2023 this transfer is still in the process, according management estimation transfer of agreements, including obligations should be finished by the end of 2023.
In January 2023 AB "Civinity" finalized the procedures of the acquisition of Valandinis UAB majority stake of shares 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. Valandinis merge into Civinity group will give synergy for both sides: Valandinis platform will be open for Civinity employees and Valandinis all the time will assured with substantial quantity of qualified constructors, plumbers, electricians and other specialists.
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.
On 1 December 2023 Civinity merged to the Group 80% shares of Ionica Serviss SIA company, engaged in the instalation and maintenance engineering systems to commercial clients. After the acquisition engineering sector revenues in Latvian market are forecasted to double.
From the 29 May 2023 Virgeda Jackaitė took CEO position at Civinity group. Deividas Jacka, former CEO, continues to serve on the Group’s Board. The main task for the new leader is to assure active and sustainable further growth. V.Jackaitė has been CEO in Civinity group company in London.

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 Group's consolidated audited financial statements for year ended 31 December 2023. The financial statements have been prepared on a going concern basis.

The Group's liquidity ratio (total current assets / total current liabilities) was approximately equal to 1.02 as at 31 December 2023 (31 December 2022: 0,70).
In accordance with IFRS requirements, the Group classifies all prepayments received from households as short term liabilities, as the Group does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the reporting period. Based on the historical experience and practice, the Group observes that accumulated funds from households for future construction, repair and current maintenance works can reduce year-over-year during 12-month period by only up to 10-30% (which in the view of Management represents best estimate of current liabilities based on the plans approved by the owners of the buildings to carry out specific works in the current year less new funds to be accumulated during the same period). The remaining 70-90% of the company's liability for accumulated funds paid by residents are expected to be carried forward and settled by delivering services after more than one year. Based on managment estimations all contract liabilities are current considering the operating cycle of the Group, however for cash flow management purposes because of the liabilities being used after 12 months period the liquidity ratio is 1.31 (note 4.1).

The financial statements have been prepared under the historical cost convention.

The consolidated financial statements of the Group have been prepared in accordance with the 31 December 2023 version of International Financial Reporting Standards (IFRS) as adopted by the European Union.

All amounts in the financial statements, including amounts disclosed in notes to the financial statements, are presented in the thousands of euros (EUR) unless otherwise stated.

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 Group'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 Group

(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 Group has specified or deleted the accounting policies related to consolidation, business combinations, 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. Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.6).
Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.
Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

2.4.Changes in ownership interest in a subsidiary that do not result in changes in control

Transactions with non-controlling interests that do not result in a loss of control are presented within equity, i.e. as transactions with equity owners. The difference between the fair value of the consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded within equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.5.Non-controlling interest

Non-controlling interest is the portion of the subsidiary's net results of operations and net assets, including fair value adjustments, not attributable, directly or indirectly, to the Group. Non-controlling interest represents a separate item of the Group's equity.

2.6.Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred. The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

2.7.Intangible assets

Goodwill

Goodwill is measured as described in note 9.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being separate companies. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Other intangible assets

Intangible assets, if they are acquired separately from the business (including computer software) are stated at cost, less subsequent accumulated amortisation and impairment losses. Cost includes the purchase price of intangible assets from a third party as well as costs for the development of intangible assets, if such assets are being developed.

Customer base acquired in a business combination value is calculated based on the future cash flow value calculation. Amortisation is calculated using the straight-line method to allocate the cost of assets over their useful life's established as follows (in years):

- Patents, licenses and computer software	3 years
- Trademark	10 years
- Customer base	5 (commecial clients); 16 (residential sector clients) years

Subsequent expenditure is recognised in profit or loss when incurred.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful life, residual values and amortisation method are reviewed annually to ensure that they are consistent with the expected pattern of economic benefits from intangible assets.

2.8.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 life established as follows (in years):

- Buildings and structures	25 years
- Plant and machinery	5 years
- Motor vehicles	5 years
- Other equipment	5 years
- Other assets	5 years

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

2.9.Financial assets and liabilities

Under IFRS 9, Financial Instruments, the Group 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 Group did not hold any financial assets at fair value through profit or loss. In the previous period the Group held financial assets at fair value through other comprehensive income, however, these assets were disposed during the current period. All the Group's financial assets are measured at amortised cost at the end of the current period.

At initial recognition, the Group 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 Group 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 group of financial assets, the accounting for financial assets is as follows:

Financial assets measured at amortised cost

Loans granted by the Group 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.

Expected credit losses

Credit losses incurred by the Group are calculated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Group estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument, including cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses show the weighted average of credit losses with the respective risks (probability) of a default occurring as the weights.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the period from the date of initial recognition of a financial asset to the subsequent date of settlement of the financial asset or ultimate write-off of the financial asset.

The Group seeks for lifetime expected credit losses to be recognised before a financial instrument becomes past due. Typically, credit risk increases significantly before a financial instrument becomes past due or other lagging borrower-specific factors (for example, a modification or restructuring) are observed. Consequently when reasonable and supportable information that is more forward-looking than past due information is available without undue cost or effort, it must be used to assess changes in credit risk.

Expected credit losses are recognised by taking into consideration individually or collectively assessed credit risk of loans granted and trade receivables. Credit risk is assessed based on all reasonable and verifiable information including future oriented information.

The lifetime expected credit losses of trade receivables are assessed based on both the collective and individual assessment basis. The Group's management decides on the performance of the assessment on an individual basis reflecting the possibility of obtaining information on the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information that would allow to timely determine whether there has been a significant increase in the credit risk of that particular borrower, thus enabling making judgment on the recognition of lifetime expected credit losses in respect of that particular borrower. In the absence of reliable sources of information on the credit history of a particular borrower, its financial position as at the date of assessment, including forward-looking information, the Group assesses the debt on a collective basis.

The lifetime expected credit losses of trade receivables are recognised at the recognition of amounts receivable.

When granting the loan the Group assesses and recognises 12-month expected credit losses. In subsequent reporting periods, in case there is no significant increase in credit risk related to the lender, the Group adjusts the balance of 12-month expected credit losses in view of the outstanding balance of the loan at the assessment date. Having determined that the financial position of the lender has deteriorated significantly compared to the financial position that existed upon the issue of the loan, the Group records all lifetime expected credit losses of the loan. The latest point at which the Group recognises all lifetime expected credit losses of the loan granted is identified when the borrower is late to pay a periodic amount or the total debt for more than 30 days. In case of other evidence available, the Group accounts for all lifetime expected credit losses of the loan granted regardless of the more than 30 days past due assumption.

Loans for which lifetime expected credit losses were calculated are considered credit-impaired financial assets.

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 Group 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 Group 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.

2.12.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.

2.10.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.

2.11.Inventories

Inventories are initially recorded at acquisition cost. Costs of purchased inventory are determined after deducting rebates and discounts. Subsequently inventories are recognised at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion, marketing and distribution. The cost of inventories is determined using the first-in, first-out (FIFO) method. Inventories that are no longer expected to be realised are written off.

2.12.Provisions

Provisions are recognised when the Group has a legal obligation or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. At each date of the preparation of the statement of financial position the Group assesses the existing provisions and adjusts them in order to best reflect current estimates. If the effect of the time value of money is material, the amount of provision is discounted using the effective pre-tax discount rate set based on the interest rates for the period and taking into account specific risks associated with the provision as appropriate. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

2.13.Leases

The Group 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 Group. 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 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 and as at 31 December 2022), 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 and as at 31 December 2022).
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 Group as at 31 December 2023 and as at 31 December 2022.
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 straight-line basis was applied for depreciation of the right-of-use assets leased by the Group as at 31 December 2023 and as at 31 December 2022.
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.

2.14.Revenue recognition

Revenue from contracts with customers is recognised when control of the services are transferred to the clients. It is the principal in its revenue arrangements (also including subcontracting services), because it typically controls the goods or services before transferring them to the customer. Moreover the Group facilities management companies also are responsible for the quality of rendered services and are the owners of pricing. In Latvia the Group nets inflows and outflows of administered utilities turnovers (gas, electricity, water, heating), associated with residential houses administration activity as the Group’s companies act as agent in respect of utilities provision for its clients.

Reserve funds, accumulated from residential clients for future repairs works are not reported as the Group’s revenue but as the contract liabilities.

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 Group’s activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from administration, maintenance, cleaning, waste removal, utility and other services

Revenue from administration, maintenance, cleaning, waste removal, utility and other services, including commission fee is recognised in the reporting period during which the services were rendered. Sales revenue for these services are invoiced and accounted on a monthly basis and it relates to one agreed performance obligation. Revenue from contracts with customers is recognised when these services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

The Group companies, rendering services both for residential and commercial sector customers, transfer control of administration of apartment buildings and commercial facility management services, maintenance, cleaning, waste removal, utility and other services over-time, because the customer simultaneously receives and consumes the benefits provided by the Group’s performance. Sales revenue for these services are invoiced and accounted on a monthly basis and it relates to both parties agreement.

Construction, repair works and renovation

Revenue from construction, repair works is recognised applying the percentage-of-completion method, i.e. in the period when services are rendered. The Group enters into fixed price contracts. The stage of completion is measured by reference to the construction contract costs actually incurred to the reporting date as a percentage of the total estimated costs for each construction or repair contract. The total estimated costs are remeasured in case of changes in circumstances, and any increase or decrease in recognised revenue is accounted for in the period, when the Group becomes aware of the changes in circumstances. When it is probable that the total estimated contract costs will exceed the total contract revenue, the expected loss is recognised as an expense immediately. Construction contract costs are recognised as expenses in the period, when they are incurred.
The Group concluded that it transfers control over these services over-time, because the customer simultaneously receives and consumes the benefits provided by the Group’s performance. Also, the Group’s performance does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. When the Group can reasonably measure its progress towards complete satisfaction of the performance obligation, the Group recognizes revenue and expenses in relation to each repair or construction contract over time, based on the progress of performance. The progress of performance is assessed based on the proportion of the costs incurred in fulfilling the contract up to date over to the total estimated costs of the contract. In such cases, Group has one agreed performance obligation.

Interest income
Interest income is recognised using the effective interest rate method.

2.15.Income tax and deferred income tax

Corporate income tax (CIT) for the reporting period is included in the consolidated financial statements based on management’s calculations prepared in accordance with local countries tax legislation.

All undistributed corporate profits are tax exempt in Latvia. The taxation of corporate profits is postponed until the profits are distributed as dividends or deemed to be distributed, such as in the case of transfer pricing adjustments, expenses and payments that do not have a business purpose, fringe benefits, gifts, donations, representation expenses, etc.
The CIT rate of 20% is applicable to the taxable base in Latvia. However, before applying the statutory rate, the taxable base should be divided by a coefficient of 0.8. As the taxable base is increased by the coefficient, the effective CIT rate is 25% in Latvia.
The CIT rate is 15% for Lithuania.

2.16.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 Group 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.

Impairment of goodwill

The carrying amount of the Group's goodwill is tested for impairment at the end of reporting year in accordance with accounting policies presented in Note 9. When testing the value of goodwill for impairment assets are grouped into the smallest group of assets that generates cash inflows through the asset's continuous use and is independent from cash flows generated by other assets or the groups of assets ("the cash generating unit" or "CGU").
The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. The asset'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. Where the carrying amount of an asset or cash-generating unit relating to such asset exceeds its recoverable amount, impairment loss is recognised.

The carrying amount of goodwill and assumptions for impairment tests are disclosed in Note 9.

Provision for impairment of accounts receivable

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised cost: trade receivable, loans, other receivable, and accrued revenue.
Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL, all other financial assets with no significant increase in credit risk are measured as 12-month ECL, with significant increase in credit risk – lifetime ECL:
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument,
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.
For further detail assessment principals refer to Note 16.

Income recognised under the percentage-of-completion method

The Group uses the percentage-of-completion method for the recognition of revenue on construction and repair contracts. The use of the percentage-of-completion method requires the Group to estimate the construction services performed by the date of the financial statement as a proportion of the total construction services to be performed. A different estimation of the percentage-of-completion with respect to main construction and repair contracts could have an effect on the financial statements.

Change in management judgment in applying accounting method

After extensive analysis of existing old and signed new contracts for property administration services with residential customers in 2023, in relation to collected amounts for utilities the Group changed the method of accounting for these amounts by treating itself as an agent. Moreover, the Group is not exposed to any inventory risk, as well as the Group has no legal power to establish the pricing of utilities. The change in the accounting treatment allows for better comparison of the Group's performance with that of similar entities. This change in the accounting treatment was applied retrospectively from 1 January 2022 by reclassifying corresponding figures. As a result, revenue from contracts with customers and cost of sales were netted off and both reduced by EUR 2.925 thousand for the year ended 31 December 2022.

(All amounts are in thousands of euros unless otherwise stated)

4.FINANCIAL RISK MANAGEMENT

4.1.Financial risk factors

The Group's management is responsible for the development and monitoring of the Group's risk management system. The objective of the risk management policy at the Group is to incorporate risk management function in the Group'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 Group's business objectives.

The Group's risk management policy focuses on financial, operational and legal risks. Strategic risk management decisions are taken by the Board at the Group level. Operational risk management is conducted by directors of each 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 Group's main financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group holds various financial assets: trade receivables, loans granted and other amounts receivable. The Group 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 foreign exchange risk, 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 Group is exposed to risk of changes in market interest rates mainly from liabilities which are subject to variable interest rates.

As at 31 December 2023 and 31 December 2022, financial liabilities and loans granted subject to deferred payment schedule exposing the Group to interest rate risk were as follow:

Financial instruments subject to interest rate:

	At 31 December 2023	At 31 December 2022
Loans granted (variable interest rate)	696	1,625
Bonds (fixed interest rate)	8,037	7,958
Borrowings (variable interest rate)	4,608	5,268
Lease liabilities (variable interest rate)	1,831	1,945
Total	**13,780**	**13,545**

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

At 15 October 2021 the Company issued public bonds emission for the value of EUR 8.000 thousand and repaid the remaining previous hold bonds. 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 5%. In year 2023 the Group made two semi-annual interests payment in amount of EUR 200 thousand each. On the 16th October 2023 Civinity AB redeemed EUR 8.000 thousand bonds emission. It was refinanced by new EUR 8.000 thousand bonds emissions. 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%.

In May 2022 Civinity Group owned Group of companies SPV-31 UAB signed loan agreement with Luminor bank for EUR 4.900 thousand loan to finance Inservis Group acquisition. The full loan repayment is scheduled until 10 May 2027. The loan is issued with variable rate calculated as 3-month EURIBOR plus a margin of 3.65%. The loan is secured with the pledge of SPV-31 UAB and its subsidiaries shares, assets (excluding assets of acquired Inservis group companies) and warranties issued by AB "Civinity" and Sail Invest UAB. Warranties from shareholders are valid until all obligations by SPV-31 UAB will be fully completed. Financial covenants are the following: SPV-31 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 all covenant ratios were met.

The table below presents the sensitivity analysis of the Group'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 Group's equity, except for impact on the current year profit.

2023	Increase / decrease, pp	Impact on profit for 2023 before income tax
in EUR	1%	(57)
in EUR	-1%	57

2022	Increase / decrease, pp	Impact on profit for 2022 before income tax
in EUR	1%	(56)
in EUR	-1%	56

Foreign exchange risk

The Group's financial assets and liabilities as at 31 December 2023 and 31 December 2022 are denominated in the euros, therefore the Group is not exposed to foreign exchange risk. Group subsidiary Civinity Engineering UK accounts its transactions in GBP, however the amount is not significant.

Liquidity risk

The Group'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.
Liquidity risk of the Group's operations in Lithuania and Latvia is controlled at the Group level. The Group'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 objective of the current liquidity risk management is to meet a daily need for funds. The Group's and the Company's current liquidity is controlled by conducting monthly assessments of the liquidity condition and the need for funds.

(All amounts are in thousands of euros unless otherwise stated)

The liquidity risk is controlled by analysing forecasts of future cash flows taking into consideration possible funding sources. Possibilities to attract necessary funds are assessed before the approval of the Group's new investment project.

The Group's liquidity ratio (total current assets / total current liabilities) was approximately equal to 1.02 as at 31 December 2023 and slightly increased from the previous reporting period (31 December 2022: 0.70).

Also, in accordance with IFRS requirements, the Group classifies all prepayments received from households as short term liabilities, as the Group does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the reporting period. Based on the historical experience and practice, the Group observes that accumulated funds from households for future construction, repair and current maintenance works can reduce year-over-year during 12-month period by only up to 10-30 % (which in the view of Management represents best estimate of current liabilities based on the plans approved by the owners of the buildings to carry out specific works in the current year less new funds to be accumulated during the same period). The remaining 70-90% of the company's liability for accumulated funds paid by residents are expected to be carried forward and settled by delivering services after more than one year.

Considering this estimate base on business specific and management experience, the adjusted Group's liquidity ratio would be equal to 1.35 as at 31 December 2023 (31 December 2022 was 0.80).

The table below summarises the contractual maturity profile of financial liabilities as at 31 December 2023 and 31 December 2022.

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	1,831	2,059	207	593	1,259	-
Loans from banks	3,463	3,851	310	1,003	2,537	-
Other borrowings	1,146	1,434	20	59	1,355	-
Bonds	8,037	9,760	-	880	8,880	-
Non-current trade payables subject to deferred payment schedule	121	369	3	8	43	316
Trade payables	13,743	13,743	12,366	1,102	276	-
Total	**28,341**	**31,216**	**12,906**	**3,646**	**14,350**	**316**

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	1,945	2,048	175	517	1,356	-
Loans from banks	4,328	4,835	300	882	3,653	-
Other borrowings	1,006	1,219	2	4	1,213	-
Bonds	7,891	8,400	-	8,400	-	-
Non-current trade payables subject to deferred payment schedule	122	379	3	8	53	316
Trade payables	12,977	12,977	11,419	1,363	195	-
Total	**28,270**	**29,858**	**11,899**	**11,173**	**6,470**	**316**

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

Credit risk

Credit risk arises from cash and cash equivalents, outstanding trade receivables, contract assets, other amounts receivable and outstanding loans granted.

Before deciding on investing their own funds for the fulfilment of additional works, the building administration companies owned by the Group assess the creditworthiness and currently outstanding debts to the administrator of the owners of premises in the building for which the services or additional works will be provided and decides on the fulfilment of works at the expense of the Group and subsequent recovery of funds from clients during the established term. In the event of insufficient creditworthiness of the building, the Group companies may decide to postpone the fulfilment of works until receipt of advance payments for the services or scheduled works. This is not applicable to ordinary services provided by the administrator – administration and technical maintenance – because the provision of these services does not depend on creditworthiness of the owner of a certain house or multi-apartment building. The services are provided for common property, i.e. a building, and therefore, they cannot be suspended due to creditworthiness of clients. In rendering administration services, credit risk is managed by restricting the provision of additional works for multi-apartment buildings with low creditworthiness and demanding advance payments for future works, as well as ensuring approval of such future works from the majority of owners of the building.

The Group's aging and expected credit loss calculation procedures are disclosed in Note 16.

The outstanding debts of clients are grouped by the number of overdue days (ageing). Depending on the number of overdue days, the debtors were administered in the following order:

- reminders and requests to cover the outstanding debts are sent to the clients who are overdue up to 30 days. Such reminders to clients are sent together with an invoice for the services rendered during the current month,
- clients who are overdue up to 60 days are suggested to agree on individual schedules for the repayment of debts,
- the cases of clients who are overdue 90 days and more are referred to the court for recognition of the debt. As soon as the court's decision is obtained, recovery of the debt is assigned to a bailiff in view of tl territory of residence of the client.

Pursuant to the Lithuanian legal acts, the Group administration company is not entitled to terminate the provision of services to the owners of the entire multi-apartment building even though it has obtained a formal confirmation of the outstanding debt in respect of one owner of that building. Lithuanian and Latvian administration companies follow similar credit management principles. In order to minimize the legal costs for recognition of debt through court proceedings the debt collection companies are approached both in Lithuania and Latvia before the debt is considered for a court procedure. In individual cases, when the administration company resells water supply and heating services, such company is entitled to initiate a temporary suspension of provision of services in response to occurrence of debts of individual owners of the building with a prior written notice to the rest of the owners of that building.

(All amounts are in thousands of euros unless otherwise stated)

Maximum exposure to credit risk is as follows:

	At 31 December 2023	At 31 December 2022
Contract assets	1,329	623
Trade receivables	19,415	16,207
Other amounts receivable	1,855	1,484
Loans granted	696	1,625
Cash and cash equivalents	6,215	6,212
Total	**29,510**	**26,152**

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	At 31 December 2023	At 31 December 2022
Aa3	3,515	2,892
Baa1	488	-
Baa2	1,958	2,822
Not rated	122	498
Cash on hand	-	-
Cash in transit	133	-
Total	**6,215**	**6,212**

Although economic circumstances may impact the recoverability of contract assets, in view of management, the Group is not exposed to significant risk of incurring losses that would exceed already recognised amount of impairment.

Trade receivables impairment recognised 31 December 2023 amounted EUR 2.529 thousand (note 16), 31 December 2022 recognized impairment was EUR 2.004 thousand.

Testing of the loans granted for impairment and estimation of the carrying amount may not be recoverable approved that no additional impairment should be recognized at 31 December 2023 (no impairment was also recognized at 31 December 2022).

Group granted loans mostly are to related parties and the risk for the repayment failure is considered to be low. 90% of loans are issued to parent company SIA NORD FIN ASSETS and will be settled with dividends in the future. Therefore the expected credit loss is immaterial and is not recognized (note 13).

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 Group's capital management is to ensure that the Group 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 Group defines its capital as the authorised share capital and retained earnings.

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 31 December 2023 the ratio was breached at the stand alone level by the several companies: Smart Technologies UAB, City billing solutions SIA, Civinity namai UAB, Civinity renovacija UAB, Civinity namai Vilnius UAB, Civinity Engineering SIA, Civinity Solutions SIA, Civinity renovacija SIA.

The management of the Group and the companies, which temporarily are not meeting the requirements, prepared and are implementing the plan for recovery of equity. The Group 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. To maintain or adjust the capital structure, the Group may adjust the policy of dividend payment to shareholders, return capital to the shareholders or issue new shares.

The Group is obliged to keep financials and business related 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 1.16 and 31 December 2022: ratio 2.19) and Equity to Assets ratio shall not be lower 0.20. (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" as Issuer 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. The covenant of max EUR 500 thousand loans to not direct Group companies was not breached on 31 December 2023 (31 December 2022 the covenant of max EUR 500 thousand loans to not directly Group companies was breached, (EUR 552 thousand loan to UAB Pentaframe Capital, but there is no significant impact as at 1 January 2023 loan to Pentaframe Capital was offset with Civinity Group payables for the newly acquired shares in the company Valandinis UAB (note 25).

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.

The Group subsidiary SPV-31 UAB received loan from Luminor bank for Inservis group companies acquisition is guaranteed by it 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 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. Financial covenants for the Group SPV-31 fully firstly was applicable for the period ending 30 september 2023 (all covenants were met). For the period ending 31 December 2023 all covenants also were fully met: Debt to EQUITY ratio was 1.98 (met), DSCR ratio was 1.24 (met), Equity to Assets ratio was 0,37 (met) and adjusted current liquidity ratio was 1,15 (met).

The Group is monitoring consolidated Net Debt to EBITDA and Equity to Assets ratio continuously on semi annual basis and yearly basis.

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 (including bonds) approximates their fair value.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(All amounts are in thousands of euros unless otherwise stated)

5. REVENUES

Revenue from contracts with customers	2023	2022
Administration and maintenance services	42,792	30,357
Waste removal management	320	288
Renovation, construction and repair works	44,593	40,426
	87,705	71,233

Revenue from contracts with customers by the type of buildings, 2023	Commercial	Residential	Total
Administration and maintenance services	15,609	27,183	42,792
Waste removal management	0	320	320
Renovation, construction and repair works	33,247	11,346	44,593
	48,856	38,848	87,705

Revenue from contracts with customers by the type of buildings, 2022	Commercial	Residential	Total
Administration and maintenance services	10,250	20,107	30,357
Waste removal management	-	288	288
Renovation, construction and repair works	29,134	11,292	40,426
	39,460	31,774	71,233

Revenue from contracts with customers by the regional breakdown, 2023	Lithuania	Latvia	UK	Total
Administration and maintenance services	25,919	16,873	-	42,792
Waste removal management	112	208	-	320
Renovation, construction and repair works	37,479	3,636	3,478	44,593
	63,509	20,717	3,478	87,705

Revenue from contracts with customers by the regional breakdown, 2022	Lithuania	Latvia	UK	Total
Administration and maintenance services	16,826	13,531	-	30,357
Waste removal and utilities	0	287	-	288
Renovation, construction and repair works	24,526	4,891	11,009	40,426
	41,352	18,873	11,009	71,233

(All amounts are in thousands of euros unless otherwise stated)

6. COST OF SALES

Costs of Sales	2023	2022
Wages, salaries and social security contributions	23,556	21,085
Subcontracting	25,745	18,673
Materials, inventories and consumables used	18,096	15,591
Other costs	2,463	1,496
	69,859	56,846

Costs of Sales by the type of buildings, 2023	Commercial	Residential	Total
Wages, salaries and social security contributions	12,142	11,414	23,556
Subcontracting	12,827	12,790	25,618
Materials, inventories and consumables used	15,189	2,907	18,096
Other costs	2,173	291	2,463
	42,331	27,402	69,733

Costs of Sales by the type of buildings, 2022	Commercial	Residential	Total
Wages, salaries and social security contributions	11,500	9,585	21,085
Subcontracting	8,535	10,139	18,673
Materials, inventories and consumables used	13,685	1,906	15,591
Other costs	1,316	181	1,496
	35,036	21,810	56,846

Costs of Sales by the regional breakdown, 2023	Lithuania	Latvia	UK	Total
Wages, salaries and social security contributions	15,997	7,024	535	23,556
Subcontracting	17,989	5,970	1,786	25,745
Materials, inventories and consumables used	14,581	2,874	640	18,096
Other costs	1,840	248	375	2,463
	50,408	16,116	3,336	69,859

Costs of Sales by the regional breakdown, 2022	Lithuania	Latvia	UK	Total
Wages, salaries and social security contributions	12,436	7,794	855	21,085
Subcontracting	11,458	4,926	2,290	18,673
Materials, inventories and consumables used	9,314	1,548	4,730	15,591
Other costs	741	465	291	1,496
	33,948	14,733	8,165	56,846

(All amounts are in thousands of euros unless otherwise stated)

7. DISTRIBUTION AND ADMINISTRATIVE EXPENSES

Expenses	2023	2022
Distribution expenses		
Marketing and selling expenses	497	443
Administrative expenses		
Employee benefits	5,835	6,709
Depreciation and amortisation	2,224	1,956
Professional services	984	838
IT services	1,015	949
Transport expenses	286	370
Premises administration and maintenance	388	296
Other expenses	846	1,119
Total administrative expenses	11,578	12,238
	12,075	12,682

Distribution and administrative expenses by the regional breakdown, 2023	Lithuania	Latvia	UK	Lithuania (management)	Total
Distribution expenses					
Marketing and selling expenses	280	104	-	113	497
Administrative expenses					
Employee benefits	3,315	1,684	64	771	5,835
Depreciation and amortisation	869	890	-	465	2,224
Professional services	300	117	127	440	984
IT services	221	239	-	555	1,015
Transport expenses	178	69	-	39	286
Premises administration and maintenance	8	126	-	254	388
Other expenses	510	172	27	138	847
Total administrative expenses	5,400	3,298	218	2,662	11,578
	5,680	3,403	218	2,775	12,075

Distribution and administrative expenses by the regional breakdown, 2022	Lithuania	Latvia	UK	Lithuania (management)	Total
Distribution expenses					
Marketing and selling expenses	227	111	0	106	443
Administrative expenses					
Employee benefits	3,367	2,102	117	1,124	6,709
Depreciation and amortisation	378	950	-	628	1,956
Professional services	336	135	23	345	839
IT services	185	257	-	506	948
Transport expenses	145	105	-	121	370
Premises administration and maintenance	59	135	-	102	296
Other expenses	504	302	162	151	1,119
Total administrative expenses	4,974	3,986	302	2,976	12,238
	5,200	4,097	302	3,082	12,682

(All amounts are in thousands of euros unless otherwise stated)

8. 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	(1,154)	(292)
Correction of prior year income tax	(240)	-
Deferred income tax (expenses) income	427	(3)
Income tax (expenses) income recognised in profit or loss	**(967)**	**(294)**

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.

The movement in deferred income tax assets and liabilities of the Group during 12 months ended 31 December 2023 is as follows:

	Balance at 31 December 2022	DTA acquired during business combination	Recognised in profit or loss during the year	Balance at 31 December 2023
Deferred income tax assets				
Accruals	201	2	141	345
Bad debts	26	9	206	241
Tax losses	-	-	-	-
Other various temporary differences	54	-	-	54
Recognised deferred income tax assets	**281**	**11**	**348**	**639**
Deferred income tax liabilities				
Client base	(588)		66	(522)
Non-current assets	(36)	-	2	(33)
Recognised deferred income tax liabilities	**(624)**	**-**	**68**	**(555)**

The movement in deferred income tax assets and liabilities of the Group during 2022 is as follows:

	Balance at 31 December 2021	DTA acquired during business combination	Recognised in profit or loss during the year	Balance at 31 December 2022
Deferred income tax assets				
Accruals	163	41	(3)	201
Bad debts	26	-	-	26
Other various temporary differences	54	-	-	54
Recognised deferred income tax assets	**243**	**41**	**(3)**	**281**
Deferred income tax liabilities				
Client base		(588)		(588)
Other various temporary differences	(36)	-	-	(36)
Recognised deferred income tax liabilities	**(36)**	**(588)**	**-**	**(624)**

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

	2023	2022
Profit (loss) before income tax	**3,540**	**1,073**
Income tax expenses calculated using a tax rate of 15%	(531)	(161)
Expenses not deductible for tax purposes	47	(18)
Correction of prior year income tax	(240)	-
Not recognized DTA from taxable losses	(391)	(184)
Different tax rate in Latvia	148	68
Income tax expenses recognised in the statement of comprehensive income	**(967)**	**(294)**

(All amounts are in thousands of euros unless otherwise stated)

9. INTANGIBLE ASSETS

	Goodwill	Other intangible assets			Total
		Trademark	Computer software, licences	Customer base	
At 1 January 2022					
Cost	8,377	360	1,094	5,653	15,485
Accumulated amortisation and impairment	(341)	(36)	(792)	(1,612)	(2,782)
Net book amount	**8,036**	**324**	**302**	**4,041**	**12,703**
Year ended 31 December 2022					
Opening net book amount	8,036	324	302	4,041	12,703
Additions from the business combination (note 12)	5,310	-	-	3,919	9,229
Additions	-	-	564	-	564
Disposals	-	-	(1)	-	(1)
Amortisation charge	-	(36)	(196)	(504)	(736)
Closing net book amount	13,346	288	669	7,455	21,758
At 31 December 2022					-
Cost	13,688	360	1,658	9,572	25,278
Accumulated amortisation and impairment	(341)	(72)	(990)	(2,116)	(3,520)
Net book amount	**13,346**	**288**	**669**	**7,456**	**21,759**
Period ended 31 December 2023					
Opening net book amount	13,346	288	669	7,456	21,759
Additions from the business combination (note 12)	(0)	-	132	426	558
Additions	-	-	484	-	484
Impairment	(1,158)				(1,158)
Amortisation charge	-	(36)	(226)	(1,200)	(1,462)
Closing net book amount	12,188	252	1,059	6,682	20,181
At 31 December 2023					
Cost	13,688	360	2,273	9,998	26,319
Accumulated amortisation and impairment	(1,500)	(108)	(1,216)	(3,316)	(6,141)
Net book amount	**12,188**	**252**	**1,057**	**6,682**	**20,179**

Customer base intangible assets comprise the following assets (with the remaining net book value):

	Client base	Acquisition date	Acquisition value, EUR	Net book amount, EUR	Remaining useful lives, years
Civinity Mājas Jūrmala SIA	Residential sector	2014.12.19	1,151	680	7
Civinity Mājas AS [1]	Residential sector	2016.07.28	3,617	2,098	9
Civinity Solutions SIA	Residential sector	2016.09.21	376	125	9
UAB Servico	Residential sector	2022.02.28	1,552	1,390	14
Inservis Group	Residential sector	2022.05.18	1,423	1,307	14
Inservis Group	Commercial clients	2022.05.18	944	701	4
UAB Valandinis	Commercial clients	2023.01.01	196	153	4
SIA Ionica Serviss	Commercial clients	2023.12.01	229	229	5
Total				**6,682**	

[1] since 1 August 2022 after reorganization completed Labo Namu Agentūra SIA (acquisition value EUR 844k of the residential sector client base, EUR 243k commercial sector client base) and VBS Serviss SIA (EUR 309k residential and EUR 22k commercial sector client base) merged to Civinity Majas AS.
As at 31 December 2023 acquisition value of client base for the amount EUR 509 thousand are fully amortised.

Amortisation charge of the Group's intangible assets is included in administrative expenses (note 7).
In 2023 and in 2022 the Group's management tested residential Clients attrition rates and approved average Clients base life period 16 years, therefor for the year 2023 and 2022 it is used 6.25% clients attrition rate.

(All amounts are in thousands of euros unless otherwise stated)

Goodwill recognised at the Group arose from the acquisition of the companies indicated in the table below. Goodwill is attributable to the potential synergies and increased market share.

Goodwill as at	31 December 2023	31 December 2022
Civinity Namai Klaipėda UAB	349	349
Civinity Namai Palanga UAB	464	464
Civinity Namai UAB	666	666
Civinity Namai Kaunas UAB	422	422
Civinity Namai Vakarai UAB	451	451
Civinity Mājas Jūrmala SIA	321	321
Civinity Namai Vilnius UAB	69	69
Civinity Mājas AS	2,769	2,769
Civinity Solutions SIA	-	1,158
Civinity Solutions UAB	720	720
Civinity Engineering UAB	647	647
Servico UAB	1,197	1,197
Inservis group	4,113	4,113
Total goodwill	**12,188**	**13,346**

As at 31 December 2023, the Company's management performed impairment test for the goodwill of the subsidiaries. The forecast annual cash flows were determined based on the past performance and management's expectations for the future.

The group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions.

The calculations were based on the following assumptions: forecast period of 5 years. Based on the impairment test, impairment loss for goodwill in subsidiary Civinity Solutions SIA for the full amount of EUR 1.158 thousand were recognised in 2023.

Goodwill is attributed to cash-generating units of the Civinity Group. Each entity in the table above is a separate cash generating unit to which the goodwill is allocated.

Impairment test 2023

The assets' value in use based on the financial forecasts for 2024–2028 prepared by the management is presented below in the table:

	Revenue in 2024	Revenue in 2028	Gross profit margin in 2024, (%)	Gross profit margin in 2028, (%)
Civinity Namai Klaipėda UAB	5,323	5,818	17.99%	17.99%
Civinity Namai Palanga UAB	782	862	18.84%	20.48%
Civinity Namai UAB	5,200	5,683	21.55%	21.55%
Civinity Namai Kaunas UAB	6,452	7,052	18.71%	18.71%
Civinity Namai Vakarai UAB	1,971	2,078	11.96%	12.22%
Civinity Mājas Jūrmala SIA	5,517	6,030	35.03%	35.03%
Civinity Namai Vilnius UAB	1,670	1,826	14.45%	14.45%
Civinity Mājas AS	7,752	8,473	22.80%	22.80%
Civinity Solutions SIA	3,475	3,799	18.45%	18.45%
Civinity Solutions UAB	2,620	2,864	18.52%	18.52%
Civinity Engineering UAB	24,213	25,197	9.33%	9.33%
Servico UAB	5,683	6,307	13.76%	15.06%
Inservis group	15,859	17,334	21.93%	21.93%
Valandinis UAB	4,328	4,730	11.87%	11.87%
Ionica Serviss SIA	2,592	2,833	16.42%	16.42%
	93,437	**100,884**	**18.11%**	**18.32%**

Discount rate (WACC) 8.51% was applied. The final value beyond 2028 was calculated using the terminal value growth rate of 0.5-2%.

Sensitivity to change in key assumptions used in the impairment test: decrease in annual growth rate by 3% or increase in WACC by 1%, or decrease EBITDA amount by 10% would have no impact on goodwill impairment loss.

Impairment test 2022

The assets' value in use was determined using cash flow projections based on the financial forecasts for 2023–2027 prepared by the management. The assets' value in use was determined by discounting future cash flows and using the following main assumptions:

	Revenue in 2023	Revenue in 2027	Gross profit margin in 2023, (%)	Gross profit margin in 2027, (%)
Civinity Namai Klaipėda UAB	3,741	3,893	16.59%	16.59%
Civinity Namai Palanga UAB	668	704	16.38%	16.38%
Civinity Namai UAB	4,013	4,217	15.43%	15.43%
Civinity Namai Kaunas UAB	6,058	6,304	20.03%	20.03%
Civinity Namai Vakarai UAB	2,047	2,130	13.62%	13.62%
Civinity Mājas Jūrmala SIA	5,521	6,035	37.58%	37.58%
Civinity Namai Vilnius UAB	1,148	1,195	13.61%	13.61%
Civinity Mājas AS	8,062	8,812	22.36%	22.36%
Civinity Solutions SIA	4,051	4,428	16.43%	16.43%
Civinity Solutions UAB	4,001	4,863	18.12%	18.12%
Civinity Engineering UAB	24,213	25,197	9.33%	9.33%
Servico UAB	5,396	5,615	11.56%	11.56%
Inservis group	13,047	13,576	19.75%	19.75%
	81,967	**86,970**	**17.45%**	**17.66%**

Discount rate (WACC) 7.04% was applied. The final value beyond 2028 was calculated using the terminal value growth rate of 0.5-2%.

Sensitivity to change in key assumptions used in the impairment test: decrease in annual growth rate by 3% or increase in WACC by 1%, or decrease EBITDA amount by 10% would have no impact on goodwill impairment loss.

(All amounts are in thousands of euros unless otherwise stated)

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Plant and machinery	Motor vehicles	Other equipment	Other assets	Total
At 1 January 2022							
Cost or fair value	8	316	354	151	560	338	1,726
Accumulated depreciation	-	(22)	(335)	(147)	(187)	(274)	(965)
Net book amount	**8**	**294**	**19**	**4**	**373**	**64**	**761**
Year ended 31 December 2022							
Opening net book amount	8	294	19	4	372	64	761
Acquisitions of assets during business combination	-	-	8	141	53	-	202
Additions	-	114	38	13	267	50	480
Disposals	-	-	(20)	-	(8)	(37)	(65)
Depreciation charge	-	(1)	(10)	(8)	(69)	(29)	(117)
Reclassification of PPE	-	(262)	-	-	262	-	-
Closing net book amount	8	144	34	149	877	48	1,261
At 31 December 2022							
Cost	8	167	379	304	1,134	351	2,343
Accumulated depreciation	-	(23)	(346)	(155)	(256)	(302)	(1,082)
Net book amount	**8**	**144**	**34**	**149**	**877**	**48**	**1,261**
Period ended 31 December 2023							
Opening net book amount	8	144	34	149	877	48	1,261
Acquisitions of assets during business combination	-	-	-	73	14	-	88
Additions	-	-	2	280	172	19	474
Disposals	-	(9)	-	-	(96)	(24)	(129)
Depreciation charge	-	(8)	(0)	(85)	(230)	(44)	(368)
Reclassification of PPE	-	-	-	-	-	-	-
Reclassification to RoU assets	-	-	-	-	(45)	-	(45)
Closing net book amount	8	127	35	417	694	(0)	1,281
At 31 December 2023							-
Cost	8	158	381	658	1,180	346	2,731
Accumulated depreciation	-	(31)	(346)	(241)	(486)	(346)	(1,450)
Net book amount	**8**	**127**	**35**	**417**	**694**	**(0)**	**1,281**

Depreciation is included in administrative and cost of sales expenses.

Group's property, plant and equipment with the acquisition cost of EUR 638 thousand as at 31 December 2023 (31 December 2022: EUR 476 thousand) were fully depreciated but still in use.

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (LEASES)

The balance sheet shows the following amounts relating to leases:

	31 December 2023	31 December 2022
Right-of-use assets		
Buildings	1,057	1,154
Vehicles	756	799
	1,812	1,953
Lease liabilities		
Current	684	625
Non-current	1,147	1,320
	1,831	1,945

Additions to the right-of-use assets till 31 December 2023 amounted to EUR 566 thousand (In year 2022- EUR 1.410 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	386	343
Vehicles	281	242
	667	585
Interest expense (included in finance cost)	137	112
	137	112

The total cash outflow for leases on 31 December 2023 was EUR 705 thousand (on 31 December 2022 was EUR 927 thousand).

(All amounts are in thousands of euros unless otherwise stated)

12. BUSINESS COMBINATIONS

Business combinations during in 2023

At January 2023 AB "Civinity" finalized the procedures of the acquisition of Valandinis UAB majority stake of shares 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.

At December 2023 AB "Civinity" finalized the procedures of the acquisition of Ionica Serviss SIA majority stake of shares from related party UAB "Pentaframe capital".

	Valandinis UAB	Ionica Serviss SIA	TOTAL
Transaction value, in thousand of EUR	543	300	843
Ownership interest acquired, %	51%	80%	
Acquisition date	1/1/2023	12/1/2023	

Valandinis created platform is an intermediary between construction contractors and freelance builders. Most construction companies are suffering from irregular orders and have difficulty maintaining staff. On contrast, Valandinis platform brings together the best builders in the market, and contractors hire them as needed. This is at least 30% more efficient than the traditional model, which means that Valandinis platform specialists earn more.

Valandinis merge into Civinity group will give synergy for both sides: Valandinis platform will be open for Civinity employees and Valandinis all the time will assured with substantial quantity of qualified constructors, plumbers, electricians and other specialists.

Ionica Serviss SIA provides intelligent building management system (BMS) installation services as well as design, installation and maintenance of ventilation and air conditioning systems in Latvia. The company is the only one in the Baltic region to have developed artificial ice production technology and has been successfully applying it ever since. During its 27 years of operation, the company has contributed its engineering solutions to the installation of Swedbank, IKEA, Radisson, Rimi, Maxima and other buildings in Latvia. The addition of Ionica Serviss will not only double the revenue from engineering services in Latvia, but will also significantly increase the Group's expertise in the field of Building Management Systems (BMS).

The assets and liabilities of the newly acquired companies Valandinis UAB and Ionica Serviss SIA recognised from the 1 January 2023 and 1 December 2023 respectively, are as follow:

	Valandinis UAB	Ionica Serviss SIA	TOTAL
Intangible assets	132	0	132
Intangible assets (client base)	196	229	426
Property, plant and equipment	8	80	88
Right of used assets	-	20	20
Deffered tax assets	12	-	12
Raw materials and prepayments	7	55	62
Amounts receivable*	361	421	782
Other current assets	0	106	107
Cash and cash equivalents	101	1	102
Current borrowings	75	-	75
Lease liabilities	0	16	16
Trade payables	152	216	368
Advance amounts received	1	52	52
Deferred income tax	9	-	9
Other amounts payable	38	330	368
Net identifiable assets acquired	**543**	**300**	**843**
Purchase consideration	543	300	843

*Amounts receivable. The fair value of acquired trade receivables is EUR 782 thousand. The gross contractual amount for trade receivables due is EUR 372 thousand, with a loss allowance of EUR 60 thousand recognised on acquisition.

The total value of intangible assets includes the fair value of client base acquired for amount of 426 thousand EUR. For the non-controlling interests in Valandinis and Ionica Serviss SIA business combinations, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

The acquired business contributed the following revenue and net profit to the Group for the period from respective acquisition dates to 31 December 2023:

	Valandinis UAB (2023.01.01-2023.12.31)	Ionica Serviss SIA (2023.12.01-2023.12.31)	TOTAL
Revenues	3,366	295	3,662
Net profit	145	107	252

If the acquisition of all businesses had occurred on 1 January 2023, consolidated revenue and profit for the period ended 31 December 2023 would have been EUR 5.515 thousands and EUR 185 thousand respectively. These amounts have been calculated using the subsidiary's results.

As at the date of subsidiaries UAB "Valandinis" and SIA "Ionica Servicess" acquisition, the Group had loans granted to the related party UAB "Pentaframe capital" which was set-off with the liabilities for the acquisition of the Subsidiaries.

	Valandinis UAB	Ionica Serviss SIA	TOTAL
AB "Civinity" issued loan to UAB "Pentaframe Capital" offset	543	300	843
Total consideration	**543**	**300**	**843**
Set-off with the loans granted	543	300	843
Cash acquired	(101)	(1)	(102)
Acquisition of subsidiaries, net of cash acquired	(101)	(1)	(102)

(All amounts are in thousands of euros unless otherwise stated)

Sale of the Subsidiary 2023

At 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 bussines model and bussines segments. As at 31 December 2023 receivables for the sale of the subsidiary is not paid.

	Pilsetas Lifti SIA
Raw materials and prepayments	61
Amounts receivable	99
Cash and cash equivalents	55
Current borrowings	53
Trade payables	123
Other amounts payable	16
Net identifiable assets sold	**23**
Sale consideration	137
Profit from the sale of the subsidiary	**82**

Business combinations in 2022

At 16 December 2021 AB "Civinity" signed the shareholders agreement with company Sail Invest UAB and agree to combine residential companies Civinity namai, Civinity namai Vilnius, Servico and part of Pastatų meistrai under the ownership of SPV-31 UAB. The merger of the companies finished at 2022.03.01 (date of obtaining control). Separated part from Pastatų meistrai, the group company Civinity Meistrai UAB was established and will cover technical, cleaning and other services outside the Vilnius district.
The primary reasons for the business combination is the Group's expansion in Lithuania facilities management market.
Servico UAB transaction value EUR 3.200 thousands was reported on 20 December 2021.
Transaction is structured and consideration is coverred as Civinity Group transferred 49% net assets value of the Group companies Civinity namai UAB, Civinity namai Vilnius UAB and reorganized Pastatų meistrai UAB (Vilnius region) in excahnge to obtaining 51% of the Company Servico UAB shares.
The goodwill is attributable to the market share and the potential in profitability of the acquired businesses. It will not be deductible for tax purposes.

On 28 December 2021 SPV-31 UAB signed shares purchase agreement with company AB Invalda and UAB įmonių grupė Inservis (Lithuania) to acquire 100 % of shares of 4 (four) facilities management group companies: UAB Inservis, UAB Priemestis, UAB Jurita and SIA Inservis (Latvia). The Competition Council permit for this transaction received at 28 February 2022. The total sale price for the shares is EUR 7 million. The transaction partly was financed by bank Luminor EUR 4.900 thousand credit issued to SPV-31 UAB and take over of the companies is arranged at May of 2022. In December 2021 group made advanced payment for amount of EUR 701 thousand. The transaction was completed at 18 May 2022.

	Servico UAB	Inservis Group	TOTAL
Transaction value, in thousand of EUR	3,200	7,004	10,204
Ownership interest acquired, %	51%	51%	51%
Acquisition date	3/1/2022	5/18/2022	

Inservis Group - 100% of the shares in Inservis UAB, Priemiestis UAB, Jurita UAB (Lithuania) and Inservis SIA (Latvia).

The primary reasons for the business combination was the Group's expansion in Lithuanian market. The goodwill is attributable to the market share and the potential in profitability of the acquired businesses. It will not be deductible for tax purposes.
The assets and liabilities of the newly acquired company recognised from the 1 March 2022 (Servico UAB) and 1 June 2022 (Inservis Group) are as follow:

	Servico UAB	Inservis Group	TOTAL
Intangible assets	-	1	1
Intangible assets (client base)	1,552	2,367	3,919
Property, plant and equipment	15	187	202
Right of used assets	78	78	157
Loans granted	535	-	535
Deffered tax assets	-	41	41
Raw materials and prepayments	5	361	366
Amounts receivable*	838	1,470	2,308
Other current assets	0	669	669
Accrued revenues and future expenses	0	-	-
Cash and cash equivalents	737	1,319	2,056
Non-current borrowings	-	201	201
Current borrowings	-	-	0
Lease liabilities	67	70	137
Trade payables	637	581	1,218
Advance amounts received	576	1,367	1,943
Measurement period adjustment - deferred tax liability**	233	355	588
Other amounts payable	244	1,026	1,271
Net identifiable assets acquired	**2,002**	**2,891**	**4,893**
Purchase consideration	3,200	7,004	10,204
Goodwill	**1,198**	**4,113**	**5,311**

* Amounts receivable. The fair value of acquired trade receivables is EUR 2.308 thousand. The gross contractual amount for trade receivables due is EUR 1.009 thousand, with a loss allowance of EUR 262 thousand recognised on acquisition.
The total value of intangible assets includes the fair value of client base acquired for amount of 3.919 thousand EUR. For the non-controlling interests in Servico and Inservis business combinations, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Measurement period adjustment - deferred tax liability** - As of 31 December 2022, the initial accounting for business combinations (acquisition of Servico UAB, CIV Namai Group, Inservis Group) that occurred in 2022 was incomplete, and so the amounts recognised for any assets, liabilities, non-controlling interests or items of consideration were provisional in prior year financial statements. The Group finalised the accounting for those business combinations in 2023. Comparative prior period information included in the current financial statements was revised to include the effect of the measurement period adjustment as if the accounting for the business combination had been completed on the acquisition date. The final business combination numbers are presented along with provisional amounts as reported in the prior year.

(All amounts are in thousands of euros unless otherwise stated)

The acquired business contributed the following revenue and net profit to the Group for the period from respective acquisition dates to 31 December 2022:

	Servico UAB (2022.03.01-2022.12.31)	Inservis group (2022.06.01-2022.12.31)	TOTAL
Revenues	3,892	7,054	10,946
Net profit	199	479	678

If the acquisition of all businesses had occurred on 1 January 2022, consolidated revenue and profit for the period ended 31 December 2022 would have been EUR 14.721 thousands and EUR 543 thousand respectively. These amounts have been calculated using the subsidiary's results.

Acquisitions in 2022 were financed by subsidiaries shares sales as share capital contribution into SPV-31 UAB share capital, noncontrolling party (Sail Investment UAB loan and Servico UAB shares transfer as share capital of SPV-31 UAB), by cash, and proceeds from Luminor Bank EUR 4.900 thousand EUR loan. Details are presented in the table below.

	Servico UAB	Inservis Group	TOTAL
AB "Civinity" subsidiaries sale (non cash contribution)*	3,200	-	3,200
Bank borrowing	-	4,900	4,900
SPV-31 UAB subsidiaries loans**	-	964	964
Sail Investment UAB loan	-	558	558
AB "Civinity" loan	-	583	583
Direct owner of shares	SPV 31 UAB	SPV 31 UAB	SPV 31 UAB
Total consideration	**3,200**	**7,004**	**10,204**
Non-cash consideration	3,200		3,200
Cash consideration		7,004	7,004
Cash acquired	(737)	(1,319)	(2,056)
Prepayments in 2021		(701)	(701)
Acquisition of subsidiaries, net of cash acquired	(737)	4,984	4,247

* Transaction is structured and consideration is coverred as Civinity Group transferred 49% net assets value of the Group companies Civinity namai UAB, Civinity namai Vilnius UAB and reorganized Pastatų meistrai UAB (Vilnius region) in excahnge to obtaining 51% of the Company Servico UAB shares.

** Servico UAB EUR 321.3 thousand, Civinity Namai UAB EUR 242.7 thousand, Civinity Solutions UAB EUR 100 thousand, Pastatų meistrai UAB EUR 300 thousands.

EUR 701 thousand advance payment for the transaction was fulfilled in December 2021.

13. LOANS GRANTED

The breakdown of loans granted to third parties after one year:

Debtor	Repayment date	Interests rate	At 31 December 2023	At 31 December 2022
SIA Nord fin asset	2025.12.31	5%	627	1,023
UAB Pentaframe Capital	2025.12.31	5%	35	552
SIA Partly	2025.12.31	5%	20	20
OU Civinity	2025.12.31	7%	-	16
Public hub LT, UAB	2025.12.31	5%	14	14
Total loans granted after one year			**696**	**1,625**
Expected credit loss			-	-
Total loans granted after one year			**696**	**1,625**
Non current			484	1,625
Current			212	-
Total loans granted			**696**	**1,625**

The interest rates of loans are reviewed at the end of each financial year and are adjusted in line with actual interest rate applicable for the company from financial institutions. Thus majority of the loans are with 5% interest rate and met rates for 2021 October AB "Civinity" bonds emission. In year 2023 SIA Nord fin assets repayed EUR 765k loan. Remaining part of loans are granted to parent company SIA NORD FIN ASSETS and will be settled with dividends in the future.

Loans granted are issued with a fixed margin + 6 month EURIBOR. With the maturity of the issued loans, they will be proponged inline with the borrowing costs faced by Civinity AB.

Loans granted movement till 31 December 2023 and 31 December 2022 is disclosed in the table below:

	2023	2022
Beginning of the year	**1,625**	**1,229**
Proceeds from loans granted		
Loan offset as non monetary operation	(16)	
Interest charged	105	
Interest received		
Loans repayment	(765)	(117)
Loans granted	483	513
Non monetary loan repayment (offset of payables for UAB Valandinis 51% shares and 80% SIA Ionica Serviss shares)	(843)	
Reclass from trade receivables	108	
End of the period	**696**	**1,625**

(All amounts are in thousands of euros unless otherwise stated)

14. INVENTORIES

	At 31 December 2023	At 31 December 2022
Inventories		
Raw materials	889	546
Consumables held for resale	11	42
Total inventories	**900**	**588**

15. FINANCIAL INSTRUMENTS BY CATEGORY

	At 31 December 2023	At 31 December 2022
Financial assets at amortised cost		
Loans granted and other amounts receivable after one year	534	2,190
Trade receivables, other receivables and contract assets	22,811	18,315
Cash and cash equivalents	6,215	6,212
Total	**29,561**	**26,717**

Financial liabilities at amortised cost	At 31 December 2023	At 31 December 2022
Borrowings	12,645	13,226
Lease liabilities	1,831	1,945
Trade payables	13,896	13,584
Other current liabilities, except for taxes, prepayments and employee benefits	103	1,263
Total	**28,476**	**30,018**

16. TRADE RECEIVABLES, CONTRACT ASSETS AND OTHER AMOUNTS RECEIVABLE

	At 31 December 2023	At 31 December 2022
Trade receivables		
Trade receivables - commercial sector	11,208	8,211
Trade receivables - residential sector	10,736	9,999
Expected credit losses	(2,529)	(2,004)
Trade receivables, net	**19,415**	**16,206**
Contract assets	**1,329**	**623**
Receivables from administered transit utilities contracts - not invoiced	1,539	1,172
Loans granted	212	-
Other amounts receivable	316	313
Other amounts receivable, net	**2,068**	**1,485**
Total	**22,811**	**18,314**

Movement in impairment during the financial year for amounts receivable under contracts with clients:

	2023	2022
In the beginning of the reporting period	**(2,004)**	**(2,178)**
Writeoffs	-	268
Reversal (increase) of provisions	(525)	(94)
At the end of the reporting period	**(2,529)**	**(2,004)**

Expected credit loss

Measurement of ECL - trade receivables from residential and commercial clients, contract assets and receivables from administered utilities contracts - not invoiced.

The Group applies the simplified approach for calculation of lifetime expected credit losses using the provision matrix for all trade receivables and receivables from administered utilities contracts - not invoiced except for receivables from commercial, based on Group's management decision. To measure the expected credit losses using provision matrix, trade receivables are split into separate pools, based on shared credit risk characteristics. Receivables in each pool are grouped according to payment delay days and loss rates are applied to each delay group. The loss rates are calculated using statistical recovery information from the last 5 years and adjusted if considered necessary taking into account forward looking information. The table below shows expected credit loss information calculated for the Group according to each delay group. As trade receivables usually do not include any collateral or other credit enhancements, expected loss rate equals probability of default.

(All amounts are in thousands of euros unless otherwise stated)

Trade receivables

31 December 2023

Residential Lithuania	Not due	1 - 30 days due	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
Expected loss rate	1.27%	4.95%	8.08%	10.93%	13.57%	16.02%	18.79%	48.57%	
Gross carrying amount	3,585	348	320	202	168	264	469	1,990	7,346
Loss allowance provision	(46)	(17)	(26)	(22)	(23)	(42)	(88)	(967)	(1,230)

31 December 2023

Residential Latvia	Not due	1 - 30 days due	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
Expected loss rate	1.27%	4.95%	8.08%	10.93%	13.57%	16.02%	18.79%	47.16%	
Gross carrying amount	1,644	190	63	49	29	51	99	1,261	3,386
Loss allowance provision	(21)	(9)	(5)	(5)	(4)	(8)	(19)	(595)	(666)

31 December 2023

Commercial Lithuania	Not due	1 - 30 days due	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
Expected loss rate	2.00%	2.00%	5.00%	5.00%	13.00%	13.00%	23.00%	38.89%	
Gross carrying amount	6,165	2,116	324	180	55	92	80	536	9,548
Loss allowance provision	(123)	(42)	(16)	(9)	(7)	(12)	(18)	(208)	(437)

31 December 2023

Commercial Latvia	Not due	1 - 30 days due	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
Expected loss rate	2.00%	2.00%	5.00%	5.00%	13.00%	13.00%	23.00%	50.85%	
Gross carrying amount	771	203	61	39	54	29	348	156	1,659
Loss allowance provision	(15)	(4)	(3)	(2)	(7)	(4)	(80)	(79)	(195)

31 December 2022

Residential Lithuania	Not past due	Past due up to 30 days	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
Expected loss rate	1.17%	4.46%	8.35%	11.09%	13.44%	15.43%	19.18%	31.41%	
Gross carrying amount	2,918	292	184	136	80	185	391	2,042	6,227
Loss allowance provision	(34)	(13)	(15)	(15)	(11)	(29)	(75)	(641)	(833)
	-	-	-	-	-	-	-	-	

31 December 2022

Residential Latvia	Not past due	Past due up to 30 days	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
Expected loss rate	0.79%	5.45%	8.35%	8.28%	13.44%	15.43%	19.14%	31.48%	
Gross carrying amount	713	79	511	829	386	82	94	1,077	3,772
Loss allowance provision	(6)	(4)	(43)	(69)	(52)	(13)	(18)	(339)	(543)

31 December 2022

Commercial Lithuania	Not past due	Past due up to 30 days	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
Expected loss rate	0.02%	0.12%	0.17%	0.26%	0.68%	0.99%	37.96%	56.85%	
Gross carrying amount	4,891	804	461	221	69	69	186	771	7,472
Loss allowance provision	(1)	(1)	(1)	(1)	(0)	(1)	(70)	(439)	(513)

31 December 2022

Commercial Latvia	Not past due	Past due up to 30 days	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
Expected loss rate	3.50%	4.49%	3.50%	8.10%	13.00%	23.00%	37.96%	56.85%	
Gross carrying amount	134	117	155	12	175	14	13	119	738
Loss allowance provision	(5)	(5)	(5)	(1)	(23)	(3)	(5)	(67)	(115)

The Group uses provision matrix and individual assessment model for determining ECL for trade receivables from commercial. By applying the provision matrix, the loss rates are calculated using statistical recovery information from the last 3 years (when available) and adjusted if considered necessary taking into account forward looking information.
Trade receivables from commercial using individual assessment is based on combination of indicators: the debt aging, information from courts, bailiffs, bankruptcy administrators and other urgent information. If information from courts, bailiffs, bankruptcy administrators, communication with the client and other urgent information is received, the individual assessment model is started to be applied.

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

Receivables from administered transit utilities contracts - not invoiced and contract assets

The receivables from administered transit utilities contracts - not invoiced relate to reinvoiced receivables for utilities and contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the receivables from administered utilities contracts - not invoiced and contract assets. However the Group did not recognise a loss allowance for receivables from administered utilities contracts - not invoiced and contract assets because an amount of expected credit loss was immaterial (classified as "Not past due).

(All amounts are in thousands of euros unless otherwise stated)

17. OTHER CURRENT ASSETS

Prepayments	At 31 December 2023	At 31 December 2022
Prepayments to subcontractors and suppliers	1,131	1,020
Prepayments for the taxes	132	-
Deferred expenses	371	412
Expected credit losses for prepayments	(13)	(13)
Total prepayments	**1,621**	**1,420**

18. CASH AND CASH EQUIVALENTS

	At 31 December 2023	At 31 December 2022
Cash in transit	133	154
Cash at bank	6,082	6,059
Cash and cash equivalents	**6,215**	**6,212**

As at 31 December 2023 and at 31 December 2023 there was no pledge on the Group cash and cash equivalents.

19. SHARE CAPITAL AND LEGAL RESERVE

Share capital

As at 31 December 2023 and 31 December 2022, the Group'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 guarantee securities. As at 31 December 2023 and 31 December 2022, there were no unfulfilled acquisition rights or commitments to increase authorised share capital.
Pursuant to the Lithuanian and Latvian Law on Companies the shareholders' equity should not be lower than 50 per cent of the company's share capital registered in the Articles of Association.

Legal reserve

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

20. BORROWINGS

	At 31 December 2023	At 31 December 2022
Non-current		
Loans from banks	2,368	3,348
Bonds	7,936	-
Other borrowings	1,146	938
	11,450	**4,287**
Current		
Loans from banks	1,095	980
Bonds	101	7,958
Other borrowings	-	1
	1,195	**8,939**
Total	**12,645**	**13,226**

Borrowings movement as at 31 December 2023 and 31 December 2022 is disclosed in the table below:

	2023	2022
Loans from banks at the beginning of the year	**4,328**	**-**
Loans from the bank as monetary transactions	125	4,900
Borrowings repaid	(1,065)	(572)
Interest charged	272	122
Interest repaid	(272)	(122)
Loans from the bank from business combination	75	
Loans at the end of the period	**3,463**	**4,328**
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	132
Reclass from other liabilities	15	
Interest charged	501	400
Interest repaid	(400)	(400)
Bonds at the end of the period	**8,037**	**7,958**
Other borrowings at the beginning of the year	**939**	**1,259**
Borrowings from the NCI party (reclass from other payables)	122	183
Borrowings repaid	-	(445)
Borrowings offset	-	(69)
Interest charged	85	281
Interest repaid	-	(270)
Other borrowings at the end of the period	**1,146**	**939**
Total borrowing at the end of the period	**12,645**	**13,226**

(All amounts are in thousands of euros unless otherwise stated)

The contractual maturity of borrowings as at 31 December 2023 and 31 December 2022:

	At 31 December 2023		At 31 December 2022	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Within one year	101	1,095	7,958	980
One to five years	7,936	3,514	-	4,287
	8,037	4,608	7,958	5,267

Bonds

In 15 October 2021 the Group issued EUR 8.000 thousands bonds with the nominal value EUR 1 thousand of each bond. The bonds were refinanced in 2023 October with semi-annual interest payment schedule and 5% margin fixed annual interest rate.

In October 2023 Civinity issued 2 years maturity EUR 8 000k bonds emission to refinance emission issued in October 2021. The bonds fave semi-annual interest payment schedule and 11% margin fixed annual interest rate.

The bonds are listed at Nasdaq First North market with the ISIN code ISIN LT0000408197.

Due to capitalized bonds issue costs the effective interest rate is 12%

Bank Loans

In May 2022 Group subsidiary SPV-31 UAB signed 5 years loan agreement with Luminor bank for EUR 4.900 thousand loan to finance Inservis Group acquisition. The full loan repayment is scheduled until 10 May 2027. The loan is issued with variable rate calculated as 3-month EURIBOR plus a margin of 3.65%. The loan is secured with the pledge of SPV-31 UAB and its subsidiaries shares, assets (excluding assets of acquired Inservis group companies) and warranties issued by AB Civinity and UAB SAIL INVEST. Warranties from shareholders are valid until all obligations by SPV-31 UAB will be fully completed. Financial covenants are the following: SPV-31 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.

UAB Valandinis (note 12) signed loan contract with AS „Citadele banka“ Lithuanian branch for EUR 185k loan with 3,8% + 6 months EURIBOR with 1 April 2025 repayment term. The loan is secured with the pledge of Valandinis current and future receivables. On business combination date Valandinis outstanding loan amounted to EUR 75 thousand. The payback of the credit line is scheduled in April 2025.

Other borrowings

Total loan EUR 1.038 thousand from the NCI party Sail invest UAB issued to SPV-31 UAB for the acquisition of the Inservis Group companies will be redeemed till 18 May 2027, with 5% interest rate.

21. CONTRACT LIABILITIES

	At 31 December 2023	At 31 December 2022
Advances received from service recipients (accumulated funds for construction and repair works)	5,395	6,499
Other advances received	2,726	1,405
Contract liabilities according to fixed price contracts	264	844
Total	**8,385**	**8,748**

In accordance with IFRS requirements, the Group classifies all prepayments received from households as current liabilities, as the Group does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the reporting period. Based on the historical experience and practice, the Group observes that accumulated funds from households for future construction, repair and current maintenance works can reduce year-over-year during 12-month period by only up to 10% (which in the view of Management represents best estimate of current liabilities based on the plans approved by the owners of the buildings to carry out specific works in the current year less new funds to be accumulated during the same period). The remaining 90% of the company's liability for accumulated funds paid by residents are expected to be carried forward and settled by delivering services after more than one year.

Till 31 December 2023 the amount of earned revenue that was included in the advances received from service recipients balance was EUR 3.485 thousand (as at 31 December 2022 - EUR 2.523 thousand).

Aggregate amount of the transaction price allocated to long-term fixed price contracts which performance obligations are partially unsatisfied as at the 31 December 2023 was EUR 17.611 thousand, at the end of 2022 year was EUR 16.846 thousand.

22. OTHER CURRENT AND NON-CURRENT LIABILITIES

Non-current	At 31 December 2023	At 31 December 2022
Employees related benefits and taxes	53	149
Other payables	3	203
Total other non current liabilities	**56**	**352**
Current		
Employees related benefits and taxes	5,770	4,333
Payable VAT	292	509
Accrued expenses	754	499
Other payables	(651)	1,327
Total other current liabilities	**6,165**	**6,668**
Total other liabilities	**6,221**	**7,020**

During the 2020 - 2022 years period Group received tax loans, repayment timetable was agreed with tax authorities, the latest payment amount is year 2025. Total remaining amount as at 31 December 2023 this amount is EUR 53 thousand in non-current part of tax loan (the whole amount is social security tax)) and current part of tax loan is EUR 198 thousand (of which social security tax is EUR 96 thousands, personal income tax is EUR 5.6 thousand, VAT EUR 96 thousand). Totally in year 2023 it was paid EUR 70k interest for the tax loans in Latvia. In Lithuania tax loans are with 0% interest rate.

Total remaining amount as at 31 December 2022 this amount is EUR 156 thousand in non-current part of tax loan (of which social security tax is EUR 149 thousand and income tax is EUR 6 thousand) and current part of tax loan is EUR 1.255 thousand (of which social security tax is EUR 576 thousands, personal income tax is EUR 249 thousand, VAT EUR 353 thousand and income tax 77 thousand).

(All amounts are in thousands of euros unless otherwise stated)

23. 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 2023 and 2022, the Group's related parties are as follows:

- Ultimate Parent and Parent entity - Nord Fin Assets, SIA (registration number 44103136863, Latvia);

Other related parties:

- Pentaframe Capital, UAB
- Sail Invest UAB

Transactions with Group's management

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

	2023	2022
Wages and salaries, bonuses	311	417
Expenses of social security contributions	6	10
Professional services	15	
Car rent expenses	5	7
Total remuneration of key management personnel	**337**	**434**

No loans, guarantees or any other amounts were paid or calculated to the Group's management and no assets were transferred.

Other transactions with related parties

Presented below are the transactions with related parties reported in the Group's statement of comprehensive income and the statement of financial position:

Purchases of goods and services from related parties	2023	2022
Other related parties	350	-
	350	-

Trade receivables and other amounts receivable from related parties	31 December 2023	31 December 2022
Other related parties	74	10
Parent entity	-	98
	74	108

Borrowing and interest payables to related parties	31 December 2023	31 December 2022
Other related parties	1,146	938
	1,146	938

Loans granted and interest receivable from related parties	31 December 2023	31 December 2022
Other related parties*	35	552
Parent entity	627	1,023
	662	1,575

*The Group acquired subsidiaries from the related parties in 2023 (Note 12).

24. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Litigations

As at 31 December 2023 and 31 December 2022, the Group had no material liabilities or assets that could arise from the involvement in legal proceedings initiated by a third party against the Group and by the Group against a third party.

25. EVENTS AFTER THE REPORTING PERIOD

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