

Bendrovės atsakingų asmenų patvirtinimas

2024 m. rugsėjo 30 d.

Vilnius

AB „Civinity“, įmonės kodas 302247881, buveinės adresas Naugarduko g. 98, Vilnius, yra akcinė bendrovė (toliau – Bendrovė), kurios visos akcijos priklauso kontroliuojančiai įmonei NORD FIN ASSETS SIA. Bendrovės veikla – konsultacinė valdymo veikla. Civinity grupę sudaro Bendrovė ir jai priklausančios įmonės, kurių veikla apima daugiabučių namų, komercinių pastatų priežiūros paslaugas, inžinierinių sistemų projektavimo, įrengimo ir priežiūros sprendimus, aplinkos valymo paslaugas (toliau – Grupė).

Už Bendrovės atskirų ir Grupės konsoliduotų metinių finansinių ataskaitų teisingumą ir išsamumą atsako Bendrovės generalinė direktorė Virgeda Jackaitė. Aš patvirtinu, kad Bendrovės ir Grupės konsoliduotos finansinės ataskaitos už 2024.06.30 pasibaigusį šešių mėnesių laikotarpį yra sudarytos pagal tarptautinius finansinės atskaitomybės standartus, priimtus taikyti Europos sąjungoje ir teisingai parodo Bendrovės bei Grupės finansinius veiklos rezultatus, turtą, įsipareigojimus ir piniginius srautus. Taip pat patvirtiname, kad metiniame pranešime yra teisingai pateikta verslo plėtros ir veiklos apžvalga.

AB „Civinity“

Generalinė direktorė  Virgeda Jackaitė

AB "Civinity"

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
PREPARED ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN
UNION FOR SIX MONTH PERIOD ENDED 30 JUNE 2024

CONTENTS

INFORMATION ABOUT THE PARENT COMPANY	3
REPORT OF THE GROUP FOR SIX MONTH PERIOD ENDED 30 JUNE 2024	4
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	6
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	7
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	8
CONSOLIDATED STATEMENT OF CASH FLOWS	9
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	10

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

REPORT OF THE GROUP FOR THE PERIOD ENDED 30 JUNE 2024

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.

On 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.

On 27 May 2024 AB "Civinity" sold 100 percent stake of shares of "City Billing solutions" SIA to Lithuania based company YAB "Profi Invest". This transaction is further clarification of group business model and optimization of business processes.

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 revenue in the first 6 months of the year 2024 amounted to EUR 42.187 thousand and gross profit to EUR 8.234 thousand, both are similar to the same period of the year of 2023 when group amounted to EUR 42.668 thousand revenues and to EUR 8.797 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.

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 the first 6 months of 2024 the Group's consolidated revenues are similar to 2023 1 HY amounted to EUR 42.187 thousand (2023 1 HY: EUR 42.668 thousand). There were no significant changes comparing to previous period.

The gross profit for reporting period has slightly decreased comparing to 2023 1HY amounting EUR 8.234 thousand (2023 1HY: EUR 8.797 thousand). The main reason being gross profit margin decrease in commercial sector.

The administrative expenses for reporting period amounted to EUR 6.199 thousand and were very similar to same period in 2023 (2023 1 HY: EUR 6.023 thousand). However the Group's EBITDA for the first 6 months of 2024 has slightly increased and amounted to EUR 3.591 thousand (2023 1 HY: EUR 3.407 thousand). EBITDA margin was equal to 8.5% for 2024 1 HY and 8% for 2023 1 HY.

The Group's consolidated EBT or profit before tax for the first half of 2024 has increased and amounted to EUR 1.481 thousand (2023 1 HY: EUR 2.337 thousand). EBT or profit before tax margin was equal to 3.5% in 2024 1 HY (2023 1 HY EBT margin: 5.5%). The main factors for the Group consolidated EBT level in 2024 1 HY were as follow: lower gross profit margin in commercial sector, higher interest and amortization costs.

The Group's net profit for 2024 1 HY amounted to EUR 1.245 thousand (2023 1 HY: EUR 1.972 thousand). Net profit margin was equal to 3% in 2024 1 HY (2023 1 HY net profit margin was 4.6%). Group Equity to Assets ratio increased up to 24%, compared to ratio as at 31 December 2023, when ratio was 21%.

As at 30 June 2024, the Group had 1.519 employees (31 December 2023: 1.547 employees).

3. The Group's key management personnel

As at 30 June 2024, 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.

- Virgėda Jackaitė, Member of the Board and chief executive officer (since 29 May 2023).

Virgėda Jackaitė is the Chief Executive Officer of AB "Civinity". She holds a degree in accounting and finance from University of Birmingham. She is a CEO of the group companies Civinity LT UAB, SPV31 UAB and Civinity Engineering UK Ltd 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 Stanislavėnas, independent Member of the Board (since 8 February 2024).

Šarūnas Stanislavėnas 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).

- Martynas Gudonavičius, independent Member of the Board (since 7 May 2024).

Martynas Gudonavičius is the Member of the Board of AB "Civinity". He holds a degree in Business administration (Kaunas University of Technology).

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 the first six months of year 2024 the Company and the Group companies have neither acquired nor disposed any shares of the Company and on 30 June 2024 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 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 at the end of 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 launched in Latvia operations too. All IT solutions, systems and algorithms are developed and supported in group subsidiary Smart Technologies UAB.

In 2024, 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 considered 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
30 September 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	30 June 2024	30 June 2023
Revenue from contracts with customers	5	42 187	42 668
Cost of sales	6	(33 953)	(33 871)
Gross profit		8 234	8 797
Distribution expenses	7	(243)	(224)
Administrative expenses	7	(6 199)	(6 023)
Impairment of goodwill	9	-	-
Impairment of financial assets	16	282	-
Other income		78	13
Other gains (losses) – net		33	88
Results from operating activities		2 185	2 651
Interest income		64	116
Interest expenses		(768)	(430)
Profit before income tax		1 481	2 337
Income tax expense	8	(236)	(365)
Profit for the period		1 245	1 972
Other comprehensive income		-	-
Total comprehensive income for the period – net of tax		1 245	1 972
Profit for the period and total comprehensive income attributable to:			
Parent's shareholders		718	1 324
Non-controlling interest		527	647
		1 245	1 972

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

<u>Chief Executive Officer</u>	<u>Virgeda Jackaitė</u>	<u>30 September 2024</u>
<u>Chief Accountant</u>	<u>Vilma Marciukaitė</u>	<u>30 September 2024</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2024	At 31 December 2023
ASSETS			
Non-current assets			
Goodwill	9	12 188	12 188
Other intangible assets	9	7 352	7 991
Property, Plant, and Equipment	10	1 266	1 281
Right-of-use assets	11	1 996	1 812
Other investments		75	75
Deferred income tax assets	8	609	639
Loans granted	13	753	484
Other amounts receivable		46	51
Total non-current assets		24 284	24 522
Current assets			
Inventories	14	613	900
Contract assets	16	932	1 329
Trade receivables	16	16 719	19 415
Other amounts receivable	16	1 733	2 068
Other current assets	17	1 926	1 621
Cash and cash equivalents	18	7 220	6 215
Total current assets		29 143	31 548
TOTAL ASSETS		53 427	56 069
EQUITY AND LIABILITIES			
Equity			
Share capital	19	100	100
Retained earnings		5 095	4 377
Equity attributable to shareholders of the Parent		5 195	4 477
Non-controlling interest		7 528	7 001
Total equity		12 723	11 479
Liabilities			
Non-current liabilities			
Borrowings	20	11 058	11 475
Lease liabilities	11	1 359	1 147
Other payables		143	153
Deferred income tax liability	8	523	555
Provisions	21	311	266
Other non-current liabilities	22	56	56
Total non-current liabilities		13 395	13 652
Current liabilities			
Borrowings	20	1 138	1 170
Lease liabilities	11	745	684
Trade payables		10 329	13 743
Contract liabilities	21	8 353	8 385
Income tax liability		600	761
Provisions		30	30
Other current liabilities	22	6 114	6 165
Total current liabilities		27 309	30 939
Total liabilities		40 704	44 591
TOTAL EQUITY AND LIABILITIES		53 427	56 069

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

Chief Executive Officer

Virgeda Jackaitė

30 September 2024

Chief Accountant

Vilma Marciukaitė

30 September 2024

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 2023		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
Transfer to minority interest						
Acquisition of minority interest						
Total transactions between equity holders			-	-	-	-
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
Profit (loss) for the period			718	718	527	1 245
Total comprehensive income for the period			718	718	527	1 245
Dividends paid to non-controlling interests in subsidiaries			-	-		-
Equity as at 30 June 2024		100	5 095	5 195	7 527	12 723

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

Chief Executive Officer	Virgeda Jackaitė	30 September 2024
Chief Accountant	Vilma Marciukaitė	30 September 2024

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2024 1HY	2023 1HY
Cash flows from operating activities			
Profit before tax		1 481	2 337
Adjustments for non-cash expenses (income):			
Depreciation and amortisation	6, 7	1 406	1 111
Loss allowances (reversal)	7, 16	(282)	-
Interest expenses	11, 20	768	430
Interest income		(64)	(116)
Provisions		45	39
Deffered tax change		(269)	(219)
Other gain (loss) - net		(33)	(114)
Changes in working capital			
(Increase) decrease in inventories		287	(136)
(Increase) decrease in trade receivables		2 696	(1 032)
(Increase) decrease in prepayments		(305)	(108)
(Increase) decrease in contract assets		397	150
(Increase) decrease in other amounts receivable		495	(303)
Increase in trade payables		(3 414)	229
Increase (decrease) in contract liabilities		(32)	51
(Decrease) in other amounts payable		(50)	558
Income tax paid		(394)	(224)
Net cash flows generated from operating activities		2 731	2 652
Cash flows from investing activities			
Purchase of intangible assets	9	(3)	(168)
Purchase of Property, Plant and Equipment	10	(157)	(209)
Disposal of non-current assets	9, 10	-	-
Loans granted	13	(72)	(368)
Loan repayments received	13	-	-
Sale of subsidiary, net of cash disposed	13	(2)	(55)
Purchase of other investment		-	(50)
Interest received		-	-
Acquisition of subsidiaries, net of cash acquired	12	-	101
Net cash flows used in investing activities		(235)	(749)
Cash flows from financing activities			
Interest paid	20	(604)	(332)
Proceeds from borrowings	20	86	110
Repayments of borrowings	20	(532)	(563)
Lease payments	11	(441)	(389)
Dividends paid		-	(93)
Net cash flows generated from (used in) financing activities		(1 491)	(1 268)
Net increase (decrease) in cash flows		1 005	635
Cash and cash equivalents at the beginning of the period		6 215	6 212
Cash and cash equivalents at end of the period	18	7 220	6 848

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

30 September 2024

Chief Accountant

Vilma Marciukaitė

30 September 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);
- Virgėda Jackaitė, Chief Executive Officer (since 29 May 2023);
- Diana Dominienė, Board Member (since 14 December 2023);
- Vilijus Kucinas, Board Member (since 14 December 2023);
- Šarūnas Stanislovenas, Board Member (since 8 February 2024)
- Martynas Gudonavičius, Board Member (since 7 May 2024)

Virgėda 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 30 June 2024 and 31 December 2023, 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.

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 to the management's estimations 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 and Rūdolfs Toms Berzins remains with 10 percent 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.

In May 2024 CAB "Civinity" sold 100 percent stake of shares of City billing solutions SIA to Lithuania based company UAB "Profi Invest". This transaction is further clarification of group business model and business optimization.

As at 30 June 2024 and 31 December 2023, 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	
				30 June 2024	31 December 2023
UAB Civinity namai Kaunas	Chemijos 15, Kaunas, Lithuania	direct	Facility management services	100%	100%
UAB Civinity namai Vilnius	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	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Pastatų meistrai	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Construction and repair services	51%	51%
UAB Civinity meistrai	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	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Inservis	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Jurita	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
UAB Priemiestis	Naugarduko 98 Vilnius, Lithuania	indirect, UAB SPV31	Facility management services	51%	51%
SIA Inservis	Smilšu iela, Rīga, Latvia	indirect, UAB SPV31	Facility management services	51%	51%
UAB Valandinis [1]	Naugarduko 98 Vilnius, Lithuania	direct	Platform for freelancer construction professionals	51%	---
SIA Pilsetas Lifti [2]	Dēļu iela 5, Rīga, Latvia	direct	Construction and repair services	---	100%
SIA Civinity Engineering [3]	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 [4]	Dēļu iela 5, Rīga, Latvia	direct	Accounting services	0%	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 Jūrmala	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%
LTD Civinity Engineering UK	United Kingdom	indirect, UAB Civinity Engineering	Commercial sector facility management services	51%	51%
SIA Ionica serviss [8]	Jūrkalnes 15, Rīga, Latvia	direct	Commercial sector facility management	80%	---

[1] "Valandinis" UAB 51% bought in January 2023

[2] "Pilsetas lifti" SIA 100% shares sold in January 2023

[3] "Ionica Serviss" SIA 80% bought in December 2023

[4] "City billing solutions" SIA 100% shares sold in May 2024

As at 30 June 2024, the Group had 1.519 employees (31 December 2023: 1.547 employees).

The Group's management approved these consolidated financial statements on 30 September 2024

1.3. Changes at the Group as at 30 June 2024 and 31 December 2023

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 to the management's estimations, the 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.

Changes in 2024 1 half year

On 27 May 2024 AB "Civinity" sold 100 percent stake of shares of "City billing solutions" SIA to Lithuania based company UAB "Profi Invest". This transaction is further clarification of group business model and business optimization.

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 unaudited financial statements for the 6 months period ended 30 June 2024. 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 1.07 as at 30 June 2024 (31 December 2023: 1,02).

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 the management's 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 1.47 (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 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

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 (commercial 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 are comprised of 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 30 June 2024 and as at 31 December 2023), or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised (no extension options were accounted for the leases due to uncertainties as at 30 June 2024 and as at 31 December 2023).

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. No lease incentives, initial direct costs, restoration costs or other costs were recognised for the leased assets by the Group as at 30 June 2024 and as at 31 December 2023.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The straight-line basis was applied for depreciation of the right-of-use assets leased by the Group as at 30 June 2024 and as at 31 December 2023.

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

2.14. Revenue recognition

Revenue from contracts with customers is recognised when control of the services is 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.

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 30 June 2024 and 31 December 2023, 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:

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Loans granted (variable interest rate)	753	696
Bonds (fixed interest rate)	7 988	8 037
Borrowings (variable interest rate)	4 207	4 608
Lease liabilities (variable interest rate)	2 072	1 831
Total	<u>13 514</u>	<u>13 780</u>

As at 30 June 2024 and 31 December 2023, there were no interest-free borrowings.

On 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%. 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. In 2024 1HY the Group made semi-annual interests payment in amount of EUR 440 thousand. 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 30 June 2024 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.

2024 1st half year	Increase / decrease, pp	Impact on profit for 2024 1st half year before income tax
in EUR	1%	(55)
in EUR	-1%	55
2023 1st half year	Increase / decrease, pp	Impact on profit for 2023 1st half year before income tax
in EUR	1%	(26)
in EUR	-1%	26

Foreign exchange risk

The Group's financial assets and liabilities as at 30 June 2024 and 31 December 2023 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.

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 1.07 as at 30 June 2024 and slightly increased from the previous reporting period (31 December 2023: 1.02).

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 1.47 as at 30 June 2024 (31 December 2023 was 1.2).

The table below summarises the contractual maturity profile of financial liabilities as at 30 June 2024 and 31 December 2023.

At 30 June 2024

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	2 072	2 408	242	640	1 526	-
Loans from banks	3 017	3 371	350	727	2 293	-
Other borrowings	1 191	1 441	-	-	1 441	-
Bonds	7 988	9 324	-	882	8 441	-
Non-current trade payables subject to deferred payment schedule	121	53	3	8	43	310
Trade payables	10 329	10 329	9 296	826	207	-
Total	24 717	26 925	9 891	3 084	13 951	310

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

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 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.

Maximum exposure to credit risk is as follows:

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Contract assets	932	1 329
Trade receivables	16 719	19 415
Other amounts receivable	1 733	1 855
Loans granted	753	696
Cash and cash equivalents	7 220	6 215
Total	<u>27 357</u>	<u>29 510</u>

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	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Aa3	4 231	3 515
Baa1	501	488
Baa2	1 336	1 958
Not rated	203	122
Cash on hand	-	-
Cash in transit	949	133
Total	<u>7 220</u>	<u>6 215</u>

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 30 June 2024 amounted EUR 2.235 thousand (note 16), 31 December 2023 recognized impairment was EUR 2.529 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 30 June 2024 (no impairment was also recognized at 31 December 2023).

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 30 June 2024 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 (30 June 2024: ratio 0.97 and 31 December 2023: ratio 1.16) and Equity to Assets ratio shall not be lower 0.20. (30 June 2024: ratio 0.24 and 31 December 2023: ratio 0.21). 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 30 June 2024 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 30 June 2024.

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. For the period ending 30 June 2024 all covenants also were fully met: Debt to EQUITY ratio was 1.36 (met), DSCR ratio was 1.57 (met), Equity to Assets ratio was 0,37 (met) and adjusted current liquidity ratio was 1,16 (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.

5. REVENUES

	2024 1HY	2023 1HY
Revenue from contracts with customers		
Administration and maintenance services	14 558	18 262
Waste removal management	1 721	2 011
Renovation, construction and repair works	25 908	22 395
	42 187	42 668

	Commercial	Residential	Total
Revenue from contracts with customers by the type of buildings, 2024 1HY			
Administration and maintenance services	4 606	11 015	15 621
Waste removal management	104	1 617	1 721
Renovation, construction and repair works	16 796	8 049	24 845
	21 506	20 681	42 187

	Commercial	Residential	Total
Revenue from contracts with customers by the type of buildings, 2023 1HY			
Administration and maintenance services	7 359	10 802	18 162
Waste removal management	161	1 849	2 011
Renovation, construction and repair works	17 329	5 166	22 495
	24 850	17 818	42 668

	Lithuania	Latvia	UK	Total
Revenue from contracts with customers by the regional breakdown, 2024 1HY				
Administration and maintenance services	8 829	6 792	-	15 621
Waste removal management	1 651	70	-	1 721
Renovation, construction and repair works	22 343	1 823	679	24 845
	32 823	8 685	679	42 187

	Lithuania	Latvia	UK	Total
Revenue from contracts with customers by the regional breakdown, 2023 1HY				
Administration and maintenance services	10 218	8 043	-	18 262
Waste removal and utilities	1 914	97	-	2 011
Renovation, construction and repair works	18 123	1 521	2 751	22 395
	30 255	9 661	2 751	42 668

6. COST OF SALES

Costs of Sales	2024 1HY	2023 1HY
Wages, salaries and social security contributions	12 020	11 917
Subcontracting	12 026	10 980
Materials, inventories and consumables used	8 864	9 964
Other costs	1 044	1 009
	33 953	33 871

Costs of Sales by the type of buildings, 2024 1HY	Commercial	Residential	Total
Wages, salaries and social security contributions	6 092	5 928	12 020
Subcontracting	4 661	7 365	12 026
Materials, inventories and consumables used	7 164	1 699	8 864
Other costs	972	72	1 044
	18 889	15 065	33 953

Costs of Sales by the type of buildings, 2023 1HY	Commercial	Residential	Total
Wages, salaries and social security contributions	6 152	5 765	11 917
Subcontracting	6 027	4 953	10 980
Materials, inventories and consumables used	8 517	1 447	9 964
Other costs	918	91	1 009
	21 880	12 257	33 871

Costs of Sales by the regional breakdown, 2024 1 HY	Lithuania	Latvia	UK	Total
Wages, salaries and social security contributions	8 213	3 789	19	12 020
Subcontracting	9 508	2 183	335	12 026
Materials, inventories and consumables used	7 957	835	72	8 864
Other costs	576	433	35	1 044
	26 253	7 240	461	33 953

Costs of Sales by the regional breakdown, 2023 1 HY	Lithuania	Latvia	UK	Total
Wages, salaries and social security contributions	8 132	3 392	393	11 917
Subcontracting	7 528	2 267	1 185	10 980
Materials, inventories and consumables used	7 973	1 214	777	9 964
Other costs	419	415	175	1 009
	24 051	7 289	2 531	33 871

7. DISTRIBUTION AND ADMINISTRATIVE EXPENSES

Expenses	2024 1HY	2023 1HY
Distribution expenses		
Marketing and selling expenses	243	224
Administrative expenses		
Employee benefits	2 911	3 419
Depreciation and amortisation	1 251	910
Professional services	1 253	1 073
Write-offs	11	23
IT services	-	-
Transport expenses	-	-
Premises administration and maintenance	401	319
Other expenses	371	280
Total administrative expenses	6 199	6 023
	6 442	6 247

Distribution and administrative expenses by the regional breakdown, 2024 1HY	Lithuania	Latvia	UK	Lithuania (management)	Total
Distribution expenses					
Marketing and selling expenses	129	52	0	63	243
Administrative expenses					
Employee benefits	1 803	727	3	378	2 911
Depreciation and amortisation	325	479	-	447	1 251
Professional services	297	189	74	692	1 253
Write-offs	11	-	-	-	11
IT services	-	-	-	-	-
Transport expenses	-	-	-	-	-
Premises administration and maintenance	197	153	-	51	401
Other expenses	228	88	4	52	371
Total administrative expenses	2 861	1 636	82	1 620	6 199
	2 990	1 688	82	1 683	6 442

Distribution and administrative expenses by the regional breakdown, 2023 1HY	Lithuania	Latvia	UK	Lithuania (management)	Total
Distribution expenses					
Marketing and selling expenses	121	50	0	52	224
Administrative expenses					
Employee benefits	1 956	952	51	460	3 419
Depreciation and amortisation	296	452	-	161	910
Professional services	318	205	58	492	1 073
Write-offs	22	1	-	-	23
IT services	-	-	-	-	-
Transport expenses	-	-	-	-	-
Premises administration and maintenance	76	124	-	119	319
Other expenses	183	54	6	36	280
Total administrative expenses	2 852	1 788	116	1 268	6 023
	2 973	1 838	116	1 320	6 247

8. INCOME TAX

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

Components of income tax (expenses) income	2024 1HY	2023 1HY
Current year income tax expenses	(184)	(462)
Correction of prior year income tax	(22)	(121)
Deferred income tax (expenses) income	(30)	218
Income tax (expenses) income recognised in profit or loss	(236)	(365)

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 6 months ended 30 June 2024 is as follows:

	Balance at 31 December 2023	DTA acquired during business combination	Recognised in profit or loss during the year	Balance at 30 June 2024
Deferred income tax assets				
Accruals	345	-	12	357
Bad debts	241	-	(42)	199
Tax losses	-	-	-	-
Other various temporary differences	54	-	-	54
Recognised deferred income tax assets	639	-	(30)	609
Deferred income tax liabilities				
Client base	(522)	-	32	(490)
Non-current assets	(33)	-	-	(33)
Recognised deferred income tax liabilities	(555)	-	32	(523)

The movement in deferred income tax assets and liabilities of the Group during 2022 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
Other various temporary differences	54	-	-	54
Recognised deferred income tax assets	281	11	348	639
Deferred income tax liabilities				
Client base	(588)	-	66	(522)
Other various temporary differences	(36)	-	2	(33)
Recognised deferred income tax liabilities	(624)	-	68	(555)

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:

	2024 1HY	2023 1HY
Profit (loss) before income tax	1 481	2 337
Income tax expenses calculated using a tax rate of 15%	(222)	(351)
Expenses not deductible for tax purposes	10	(186)
Correction of prior year income tax	(22)	(121)
Not recognized DTA from taxable losses	(30)	218
Different tax rate in Latvia	28	74
Income tax expenses recognised in the statement of comprehensive income	(236)	(365)

9. INTANGIBLE ASSETS

	Goodwill	Other intangible assets			Total
		Trademark	Computer software, licences	Customer base	
At 1 January 2023					
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
Year 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)
Disposals	-	-	-	-	-
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
Period ended 30 June 2024					
Opening net book amount	12 188	252	1 057	6 682	20 180
Additions from the business combination (note 12)	(0)	-	-	-	(0)
Additions	-	-	3	-	3
Impairment	-	-	-	-	-
Amortisation charge	-	(18)	(201)	(423)	(642)
Closing net book amount	12 188	234	860	6 259	19 541
At 30 June 2024					
Cost	13 688	360	2 276	9 998	26 322
Accumulated amortisation and impairment	(1 500)	(126)	(1 417)	(3 739)	(6 782)
Net book amount	12 188	234	858	6 259	19 540

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	631	7
Civinity Mājas AS [1]	Residential sector	2016.07.28	3 617	1 986	9
Civinity Solutions SIA	Residential sector	2016.09.21	376	118	9
UAB Servico	Residential sector	2022.02.28	1 552	1 341	14
Inservis Group	Residential sector	2022.05.18	1 423	1 261	14
Inservis Group	Commercial clients	2022.05.18	944	584	3
UAB Valandinis	Commercial clients	2023.01.01	196	132	4
SIA Ionica Serviss	Commercial clients	2023.12.01	229	207	5
Total			6 259		

[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 30 June 2024 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.

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	30 June 2024	31 December 2023
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	-	-
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	12 188

As at 30 June 2024, the Company's management has not performed impairment test for the goodwill of the subsidiaries. It will be performed as at 31 December 2024.

As at 31 December 2023, the Company's management has 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.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Plant and machinery	Motor vehicles	Other equipment	Other assets	Total
At 1 January 2023							
Cost or fair value	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	878	48	1 261
Year 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
Period ended 30 June 2024							
Opening net book amount	8	127	35	417	694	(0)	1 281
Acquisitions of assets during business combination	-	-	-	-	-	-	-
Additions	-	-	2	61	94	0	157
Disposals	-	-	-	(55)	(10)	-	(65)
Depreciation charge	-	(4)	(4)	(9)	(91)	-	(108)
Reclassification of PPE	-	-	-	-	-	-	-
Reclassification to RoU assets	-	-	-	-	-	-	-
Closing net book amount	8	124	33	415	686	(0)	1 265
At 30 June 2024							
Cost	8	158	383	664	1 264	346	2 823
Accumulated depreciation	-	(34)	(350)	(250)	(577)	(346)	(1 557)
Net book amount	8	124	33	415	687	(0)	1 266

Depreciation is included in administrative and cost of sales expenses.

Group's property, plant and equipment with the acquisition cost of EUR 681 thousand as at 30 June 2024 (31 December 2023: EUR 638 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:

	30 June 2024	31 December 2023
Right-of-use assets		
Buildings	1 274	1 057
Vehicles	722	756
	1 996	1 812
Lease liabilities		
Current	713	684
Non-current	1 359	1 147
	2 072	1 831

Additions to the right-of-use assets till 30 June 2024 amounted to EUR 497 thousand (In year 2023- EUR 556 thousand).

The Group has EUR 90 thousands lease receivables from parent company. EUR 19 thousands are current receivables, EUR 71 thousands are non-current receivables.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2024 1HY	2023 1HY
Depreciation charge of right-of-use assets		
Buildings	278	196
Vehicles	160	142
	438	337
Interest expense (included in finance cost)		
	68	59
	68	59

The total cash outflow for leases on 30 June 2024 was EUR 441 thousand (on 31 December 2023 was EUR 705 thousand).

12. BUSINESS COMBINATIONS

Business combinations during 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	2023-01-01	2023-12-01	

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- 2024.12.31)	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 Serviss" 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)

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 30 June 2024 receivables for the sale of the subsidiary is not paid.

	<u>Pilsetas Lifti SIA</u>
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

13. LOANS GRANTED

The breakdown of loans granted:

Debtor	Repayment date	Interests rate	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
SIA Nord fin asset	2027.12.31	7%	601	627
UAB Pentaframe Capital	2025.12.31	5%	45	35
Deividas Jacka	2025.12.31	5%	72	
SIA Partly	2025.12.31	5%	20	20
Public hub LT, UAB	2025.12.31	5%	14	14
Total loans granted after one year			753	696
Expected credit loss			-	-
Total loans granted after one year			753	696
Non current			753	484
Current			-	212
Total loans granted			753	696

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 propoged inline with the borrowing costs faced by "Civinity" AB.

Loans granted movement till 30 June 2024 and 31 December 2023 is disclosed in the table below:

	<u>2024 1HY</u>	<u>2023</u>
Beginning of the year	696	1 625
Loan offset as non monetary operation	(33)	(16)
Interest charged	17	105
Loans repayment		(765)
Loans granted	72	483
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	753	696

14. INVENTORIES

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Inventories		
Raw materials	600	889
Consumables held for resale	12	11
Total inventories	<u><u>613</u></u>	<u><u>900</u></u>

15. FINANCIAL INSTRUMENTS BY CATEGORY

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Financial assets at amortised cost		
Loans granted and other amounts receivable after one year	799	534
Trade receivables, other receivables and contract assets	19 384	22 811
Cash and cash equivalents	7 220	6 215
Total	<u><u>27 403</u></u>	<u><u>29 561</u></u>
Financial liabilities at amortised cost		
	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Borrowings	12 195	12 645
Lease liabilities	2 104	1 831
Trade payables	10 329	13 896
Other current liabilities, except for taxes, prepayments and employee benefits	99	103
Total	<u><u>24 727</u></u>	<u><u>28 476</u></u>

16. TRADE RECEIVABLES, CONTRACT ASSETS AND OTHER AMOUNTS RECEIVABLE

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Trade receivables		
Trade receivables - commercial sector	9 273	11 208
Trade receivables - residential sector	9 781	10 736
Expected credit losses	(2 335)	(2 529)
Trade receivables, net	<u><u>16 719</u></u>	<u><u>19 415</u></u>
Contract assets	<u><u>932</u></u>	<u><u>1 329</u></u>
Receivables from administered transit utilities contracts - not invoiced	1 435	1 539
Loans granted	-	212
Other amounts receivable	298	316
Other amounts receivable, net	<u><u>1 733</u></u>	<u><u>2 068</u></u>
Total	<u><u>19 384</u></u>	<u><u>22 811</u></u>

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

	<u>2024 1 HY</u>	<u>2023</u>
In the beginning of the reporting period	<u><u>(2 529)</u></u>	<u><u>(2 004)</u></u>
Writeoffs	11	-
Reversal (increase) of provisions	282	(525)
At the end of the reporting period	<u><u>(2 235)</u></u>	<u><u>(2 529)</u></u>

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.

Trade receivables

30 June 2024

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	4 000	124	162	85	66	110	380	1 777	6 704
Loss allowance provision	(51)	(6)	(13)	(9)	(9)	(18)	(71)	(863)	(1 040)

30 June 2024

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%	48,57%	
Gross carrying amount	1 352	154	43	31	25	77	101	1 290	3 073
Loss allowance provision	(17)	(8)	(3)	(3)	(3)	(12)	(19)	(627)	(693)

30 June 2024

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	6 388	349	193	175	302	195	326	387	8 315
Loss allowance provision	(128)	(7)	(10)	(9)	(39)	(25)	(75)	(150)	(443)

30 June 2024

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	440	96	38	19	29	38	57	239	958
Loss allowance provision	(9)	(2)	(2)	(1)	(4)	(5)	(13)	(122)	(158)

31 December 2023

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	1,27%	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 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	1,27%	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 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	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 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	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)

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").

17. OTHER CURRENT ASSETS

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Prepayments		
Prepayments to subcontractors and suppliers	1 183	1 131
Prepayments for the taxes	298	132
Deferred expenses	342	371
Expected credit losses for prepayments	(13)	(13)
Total prepayments	<u>1 810</u>	<u>1 621</u>

18. CASH AND CASH EQUIVALENTS

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>	<u>At 30 June 2023</u>
Cash in transit	949	949	29
Cash at bank	6 272	5 267	6 819
Cash and cash equivalents	<u>7 220</u>	<u>6 215</u>	<u>6 848</u>

As at 31 December 2023 and at 30 June 2024 there was no pledge on the Group cash and cash equivalents.

19. SHARE CAPITAL AND LEGAL RESERVE

Share capital

As at 30 June 2024 and 31 December 2023, 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 30 June 2024 and 31 December 2023, 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

	<u>At 30 June 2024</u>	<u>At 31 December 2023</u>
Non-current		
Loans from banks	1 879	2 368
Bonds	7 988	7 936
Other borrowings	1 191	1 146
	<u>11 058</u>	<u>11 450</u>
Current		
Loans from banks	1 138	1 095
Bonds	-	101
Other borrowings	-	-
	<u>1 138</u>	<u>1 195</u>
Total	<u>12 195</u>	<u>12 645</u>

Borrowings movement as at 30 June 2024 and 31 December 2023 is disclosed in the table below:

	<u>2024 1 HY</u>	<u>2023</u>
Loans from banks at the beginning of the year	<u>3 463</u>	<u>4 328</u>
Loans from the bank as monetary transactions	86	125
Borrowings repaid	(532)	(1 065)
Interest charged	163	272
Interest repaid	(163)	(272)
Loans from the bank from business combination	-	75
Loans at the end of the period	<u>3 017</u>	<u>3 463</u>
Bonds at the beginning of the year	<u>8 037</u>	<u>7 958</u>
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	40	122
Repaid capitalization of the costs, related with the bonds issue	(113)	-
Reclass from other liabilities	4	15
Interest charged	461	501
Interest repaid	(441)	(400)
Bonds at the end of the period	<u>7 988</u>	<u>8 037</u>
Other borrowings at the beginning of the year	<u>1 146</u>	<u>939</u>
Interest charged	45	85
Other borrowings at the end of the period	<u>1 191</u>	<u>1 146</u>
Total borrowing at the end of the period	<u>12 195</u>	<u>12 645</u>

The contractual maturity of borrowings as at 30 June 2024 and 31 December 2023:

	At 30 June 2023		At 31 December 2023	
	Fixed interest rate	Variable interest rate	Fixed interest rate	Variable interest rate
Within one year	-	1 138	101	1 095
One to five years	7 988	3 070	7 936	3 514
	7 988	4 207	8 037	4 608

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 have 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 than 1.2 and current liquidity shall be above 1.1.

As at 30 June 2024 all covenant ratios were met.

UAB "Valandinis" (note 12) signed loan contract with AS „Citadele banka“ Lithuanian branch for EUR 200k 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 30 June 2024	At 31 December 2023
Advances received from service recipients (accumulated funds for construction and repair works)	5 536	5 395
Other advances received	2 507	2 726
Contract liabilities according to fixed price contracts	311	264
Total	8 353	8 385

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 30 June 2024 the amount of earned revenue that was included in the advances received from service recipients balance was EUR 3.829 thousand (as at 31 December 2023 - EUR 3.485 thousand).

Aggregate amount of the transaction price allocated to long-term fixed price contracts which performance obligations are partially unsatisfied as at the 30 June 2024 was EUR 15.095 thousand, at the end of 2023 year was EUR 17.611 thousand.

22. OTHER CURRENT AND NON-CURRENT LIABILITIES

	At 30 June 2024	At 31 December 2023
Non-current		
Employees related benefits and taxes		53
Other payables		3
Total other non current liabilities	-	56
Current		
Employees related benefits and taxes	5 408	5 770
Payable VAT	358	292
Accrued expenses	248	754
Other payables	101	(651)
Total other current liabilities	6 114	6 165
Total other liabilities	6 114	6 221

During the 2020 - 2022 years period Group received tax loans, repayment timetable was agreed with tax authorities, the latest payment amount is year 2025. At 30 June 2024 the Group has only current part of tax loan, which amounted EUR 101 thousand (of which social security tax is EUR 96 thousands, personal income tax is EUR 5.6 thousand).

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).

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 2024 1HY and 2023, 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:

	<u>2024 1HY</u>	<u>2023 1HY</u>
Wages and salaries, bonuses	31	132
Expenses of social security contributions	1	10
Professional services	48	
Car rent expenses	4	6
Total remuneration of key management personnel	<u>84</u>	<u>148</u>

Loan of EUR 72 thousands was granted to Chairman of the Civinity AB board, no guarantees or any other amounts were paid or calculated to the Company'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:

	<u>2024 1HY</u>	<u>2023 1HY</u>
Purchases of goods and services from related parties		
Other related parties	350	59
	<u>350</u>	<u>-</u>
Trade receivables and other amounts receivable from related parties	At 30 June 2024	31 December 2023
Other related parties	74	74
Parent entity	-	-
	<u>74</u>	<u>74</u>
Borrowing and interest payables to related parties	At 30 June 2024	31 December 2023
Other related parties	1 191	1 146
	<u>1 191</u>	<u>1 146</u>
Loans granted and interest receivable from related parties	At 30 June 2024	31 December 2023
Other related parties*	45	35
Parent entity	601	627
	<u>646</u>	<u>662</u>

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

24. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

Litigations

As at 30 June 2024 and 31 December 2023, 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

In July 17 2024 "Civinity" AB issued 1 year maturity EUR 5 700k discounted bonds emission. 100 percent of the bonds were acquired by INVL Bridge Finance. The bonds have 14% fixed interest rate. These funds were used to acquire 9.99% of SIA "Mobilly SPV". This investment is part of "Smart Green city" strategy.