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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of City Service SE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of City Service SE and its subsidiaries (the Group), contained in the file cityservices-2025-12-31-en.zip (SHA-256-checksum: c7e4099a555a6948d102e1086d76f052da8299b1318fc8a95b789bc132408c08), which comprise the consolidated statement of financial position as of 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



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Key audit matter

1. Impairment assessment of goodwill and other intangible assets

Goodwill and other intangible assets - customer relationships (accounted for under the line item of other intangible assets) amount to EUR 24.1 million in the statement of financial position of the Group as of 31 December 2025. The Group performed an impairment test of these assets based on the value in use estimation as disclosed in Notes 3, 5 and 6 of the consolidated financial statements. This annual impairment test was significant to our audit as it involves judgment in allocation of goodwill to cash generating units (CGU), as well as making significant assumptions related to cash flows forecasts used in the determination of recoverable amounts as disclosed in Notes 5 and 6. Furthermore, the goodwill and other intangible assets (customer relationships) represent 24% of the total assets of the Group as of 31 December 2025.

How the matter was addressed in the audit

Among other procedures, we have reviewed the impairment testing models, where relevant, including key management assumptions, as well as the assessment of the discount rates, used by the management in the impairment tests. We also assessed how management made the accounting estimate (determined the recoverable value of goodwill and other intangible assets) and the accuracy, completeness and relevance of the data, on which it is based. This included:

- consideration of whether the model used to develop the estimate is appropriate;
- consideration of the key assumptions used by the management in the estimation of cash flows forecasts (forecasted growth of EBITDA, revenues and costs) by comparing them to historical performance levels. We have also tested the sensitivity in the available headroom of the CGUs considering if a possible change in the key assumptions could cause the carrying amount to exceed its recoverable amount.

We also assessed the historical accuracy of management's estimates and considered whether events occurring up to the date of our auditor's report provide audit evidence regarding this accounting estimate.

Finally, we reviewed the adequacy of the Group's disclosures included in Notes 3, 5 and 6 about the assumptions used in the impairment test and the outcome of the test.



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2. Expected credit losses of trade accounts receivable and classification to current and non-current balances

As of 31 December 2025 the Group had current trade accounts receivable balance amounting to EUR 27.2 million reported in the statement of financial position, part of which was overdue as disclosed in Note 11 of the consolidated financial statements, and EUR 5,2 million non-current receivables, mainly comprising receivables for residential buildings' repair works performed, as disclosed in Note 10. The determination as to whether a trade receivable is collectable involves management judgment. Specific factors management considers include the age of the balance, location and type of customers (for instance, public and non-public clients), existence of disputes, recent historical payment patterns as well as data on subsequent collections. This matter is significant to our audit due to materiality of the amounts as all these receivables constitute over 32% of the total assets of the Group in the statement of financial position as of 31 December 2025 and high level of management judgment involved in expected credit losses calculation.

Among other procedures, we have obtained an understanding of the process (including assumptions and methods) of how management performs the impairment assessment of trade receivables. We reviewed management's assumptions used in the impairment assessment of trade receivables, including the historical default rate information. We also considered forward-looking information used in the impairment estimation by comparing the management's estimate with the publicly available reputable sources of information. Additionally, we tested the correctness of the ageing of the receivables data by obtaining sale documents for selected samples and comparing that information with the information included in the ageing report. In addition, we reviewed the clerical accuracy of the calculation of impairment recorded for the customer groups based on their ageing. We have also reviewed the management's assessment of individual material overdue receivables by testing subsequent payments received and examination of other data as available to support individual facts and circumstances underlying the management judgment on these receivables. In addition, we performed external confirmation procedures with selected customers, which included audit procedures to investigate differences in the confirmations received and alternative procedures for non-replies.

Furthermore, we have considered adequacy of the disclosures in the consolidated financial statements (Notes 3, 10 and 11) in this area.

3. Estimation of useful life of customer relationship intangible assets

The Group has customer relationship intangible assets recorded upon business acquisitions with the carrying value of EUR 14 million as of 31 December 2025. As disclosed in Notes 2.5, 3 and 6, these intangible assets are amortized over the estimated validity period of the existing contracts, which is 5 - 40 years. This useful life estimate of the intangible assets was important to our audit due to significance of the amounts of these assets and high degree of management estimation involved.

Among other procedures, our audit procedures included the assessment of the method used by the management to develop the estimate (determination of useful life of customer relationship intangible assets), discussions with the management of the basis underlying the management's estimate of the validity period of the existing contracts, including current development of the operations, i.e., already concluded contracts as well as current rate of terminated contracts. We also assessed the estimate made by the management in the previous period for potential management bias.

Finally, we considered adequacy of the consolidated financial statements disclosures (Notes 2.5, 3 and 6) in respect of this estimate.



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Other information

Other information consists of the Management Report, including Corporate Governance Report, Sustainability statement, Remuneration Report and Management Board's confirmation to the Management Report, but does not consist of the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report, excluding sustainability statement on which the separate limited assurance report is issued by us on April 30th 2026, is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

Based on the work performed during our audit, in our opinion:

- the Management Report is consistent, in all material respects, with the consolidated financial statements;
- the Management Report, excluding the sustainability statement, has been prepared in accordance with the applicable requirements of the Accounting Act of the Republic of Estonia.

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

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

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

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

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

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

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;



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- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Report on the compliance of format of the consolidated financial statements with the requirements for European Single Electronic Reporting Format („ESEF“)

Based on our agreement we have been engaged by the management of the Group to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the European Single Electronic Reporting Format of the consolidated financial statements of the Group for the year ended 31 December 2025 (the Single Electronic Reporting Format of the consolidated financial statements) contained in the file cityservicese-2025-12-31-en.zip (SHA-256-checksum: c7e4099a555a6948d102e1086d76f052da8299b1318fc8a95b789bc132408c08).

Description of a subject and applicable criteria

The Single Electronic Reporting Format of the consolidated financial statements has been applied by the management of the Group to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Single Electronic Reporting Format of the consolidated financial statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Single Electronic Reporting Format of the consolidated financial statements and, in our view, these requirements constitute appropriate criteria to form a reasonable assurance conclusion.



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Responsibilities of management and those charged with governance

The management of the Group is responsible for the application of the Single Electronic Reporting Format of the consolidated financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Single Electronic Reporting Format of the consolidated financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which includes also the preparation of consolidated financial statements in the single electronic reporting format required by applicable requirements.

Auditor's responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Single Electronic Reporting Format of the consolidated financial statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (Revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Single Electronic Reporting Format of the consolidated financial statements is prepared, in all material respects, in accordance with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance ISAE 3000 (Revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality control requirements

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (Revised) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Single Electronic Reporting Format of the consolidated financial statements was applied, in all material respects, in accordance with the applicable requirements and such application is free from material errors or omissions.

Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Single Electronic Reporting Format of the consolidated financial statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;
- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of Single Electronic Reporting Format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of iXBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified;
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.



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

Conclusion

In our opinion, the Single Electronic Reporting Format of the consolidated financial statements for the year ended 31 December 2025 complies, in all material respects, with the ESEF Regulation.

2. Other requirements of the auditor's report in accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

Appointment and approval of the auditor

We have been appointed to carry out the audit of the consolidated financial statements of Rubikon Apskaitos Sistemos UAB (later renamed several times to City Service SE currently) by the decision of the shareholders for the first time in 2003. Our appointment to carry out the audit of the consolidated financial statements has been periodically renewed by the shareholders and the total period of uninterrupted engagement contains 11 years as auditors of City Service SE and 14 years of the former parent of the Group incorporated in Lithuania.

Consistency with the additional report submitted to the audit committee

Our report on audit of the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Group, which we issued in accordance with Article 11 of the Regulation (EU) No. 537/2014 on the same date as the date of this report.

Non-audit services

We confirm that in light of our knowledge and belief, services provided to the Group are consistent with the requirements of the law and regulations and do not comprise prohibited non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Throughout our audit engagement period, we have provided to the Group non-audit services disclosed in the Group's consolidated financial statements (Note 20). There were no other undisclosed services provided to the Group.

The responsible certified auditor on the audit resulting in this independent auditors' report is Erki Usin.

Tallinn, 30 April 2026

/signed digitally/

Erki Usin
Authorised Auditor's number 496
Ernst & Young Baltic AS
Audit Company's Registration number 58