

**Individual Financial Statements
for the year ended 31 December 2022
Alumil Albania Sh.p.k.
(with Independent Auditors' Report)**

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INDEPENDENT AUDITOR'S REPORT

To: The Management and Shareholders of "ALUMIL-ALBANIA" SH.P.K.

Report on audit of financial statements

Qualified Opinion

We have audited the financial statements of "ALUMIL-ALBANIA" SH.P.K. ("the Company"), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, excluding the potential effects of the matter described in the "Basis for Qualified Opinion" section of our report, financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2022, its financial statement of profit or loss and other comprehensive income and its cash flows for the year ended at December 31, 2022, compiled in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Albania, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Basis for Qualified Opinion

1. As stated in note 2.1 of the financial statements, the company has implemented the International Financial Reporting Standards (IFRS) for the first time in the financial statements that close on December 31, 2022. The company has chosen for the effects arising from the first-time application of IFRS to be reported in the financial statements of the year ending on December 31, 2022 without making modifications in the statements of the year ending on December 31, 2021 and 2020, a practice which is not in accordance with the requirements of IFRS. As a result of this matter, we are unable to determine the necessary adjustments that would have been made to the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ending on 31 December 2022 and the statement of financial position as of 31 December 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NSA, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Other data

The management is responsible for other data. The other data consist of data included in the annual report, prepared by the management, in accordance with Article 17 and 19 of Law no. 25/2018 "Accounting and Financial Statements", changed, but does not include Financial Statements and our Audit Report. The annual report is expected to be available to us, following the date of this Independent Auditor's Report. Our opinion on Financial Statements does not cover other data and we do not express any form of opinion on them.

Regarding our audit of financial statements, our responsibility is to read the other data identified above, when this data is available and, in doing so, we consider whether other information is not material contrary to financial statements or our knowledge obtained during the audit, or otherwise it is material. During review of the annual report, if we identify a material mistake, we are required to communicate the matter to the management and parties in charge of governance for financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

knowing you.

+355 44 50 42 81

Rruga "Muhamet Gjollështa",
Godina Qendra Tregtare Ring,
Shkalla 2, Kati 6, Ap. 6, Tirana, Albania

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conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Kreston Albania Sh.p.k.

Address: Street "Muhamet Gjollësja", shk. B, K. 6, Ap. B-6

Near to Ring Center, Tirana, Albania, 1001

NUIS L420070121

Rezar LLUKAÇEJ

Legal Auditor

Engagement Partner

Tirana, March 10, 2023



knowing you.

+355 44 50 42 81

Rruga "Muhamet Gjollësja",
Godina Qendra Tregtare Ring,
Shkalla 2, Kati 6, Ap. 6, Tirana, Albania

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Alumil Albania sh.p.k.
Individual Statement of Financial Position as at 31 December 2022
(All amounts in LEK€ unless otherwise stated)

| | Notes | As at December 31, 2022 | As at December 31, 2021 |
|--|-------|----------------------------|----------------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 16 | 831,498,813 | 901,468,221 |
| Other Intangible assets | 17 | 1,057,862 | 889,855 |
| Right-of-use assets | 18 | 34,006,316 | - |
| Investment in Subsidiaries | 19 | 44,057,600 | 44,057,600 |
| Deferred Income Tax Asset | 20 | 13,391,135 | 18,315,267 |
| Long term receivables | 21 | 3,034,652 | 2,620,468 |
| Total Non-Current Assets | | 927,046,379 | 967,351,411 |
| Current Assets | | | |
| Inventories | 22 | 876,728,108 | 723,240,141 |
| Trade receivables | 23 | 99,472,461 | 177,825,658 |
| Other receivables & Prepayments | 24 | 85,591,556 | 22,110,274 |
| Cash and cash equivalents | 25 | 103,519,375 | 108,326,328 |
| Total Current Assets | | 1,165,311,500 | 1,031,502,401 |
| Total Assets | | 2,092,357,879 | 1,998,853,812 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share Capital | 26 | 1,481,601,000 | 1,481,601,000 |
| Accumulated profits | | 371,314,312 | 300,532,712 |
| Other reserves | 27 | 16,309,452 | 16,309,452 |
| Total Equity | | 1,869,224,764 | 1,798,443,164 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Lease liabilities Long Terms | 32 | 22,301,985 | - |
| Total Non-Current Liabilities | | 22,301,985 | - |
| Current Liabilities | | | |
| Trade Payables | 28 | 38,349,121 | 96,325,579 |
| Other payables and short-term provisions | 29 | 40,279,125 | 32,522,424 |
| Short term borrowings | 30 | 109,873,730 | 60,380,000 |
| Current Income tax payable | 31 | - | 11,182,644 |
| Lease liabilities Short Terms | 32 | 12,329,154 | - |
| Total Current Liabilities | | 200,831,130 | 200,410,648 |
| Total Liabilities | | 223,133,115 | 200,410,648 |
| Total Equity and Liabilities | | 2,092,357,879 | 1,998,853,812 |

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of these financial statements set out on pages 8-39.

These financial statements have been approved and signed on 01.03.2023 their behalf by:

Chief Executive

Georgios Batsakis

Finance director

Dorian Memo



(All amounts in LEK unless otherwise stated)

| | Notes | For the year ended at December 31, 2022 | For the year ended at December 31, 2021 |
|---|-------|--|--|
| Sales of Products | 5 | 2,670,277,026 | 2,140,358,020 |
| Sales of merchandise | 5 | 388,272,812 | 332,429,908 |
| Sales of raw materials and other inventories | 5 | 129,361,144 | 81,997,597 |
| Rendering of Services | 5 | 13,878,628 | 6,372,771 |
| Total Income from Contracts | | 3,201,789,609 | 2,561,158,295 |
| Other Operating Income | 6 | 31,136,042 | 11,320,469 |
| Total Revenues | | 3,232,925,651 | 2,572,478,764 |
| Cost of goods sold | 7 | 36,937,453 | 215,806,238 |
| Cost of Sales | 7 | (2,393,266,329) | (1,945,909,919) |
| Shpenzime për materiale | 8 | (71,904,970) | (50,148,500) |
| Services Expenses | 9 | (162,046,123) | (173,410,851) |
| Employee Benefits Expenses | 10 | (346,604,415) | (316,559,624) |
| Other Expenses | 11 | (21,867,745) | (15,087,543) |
| Depreciation & amortization | | (143,157,580) | (109,027,707) |
| Net Foreign Exchange Gain/(Loss) | 12 | (14,050,135) | (6,894,717) |
| Total operating costs | | (3,115,959,846) | (2,401,232,624) |
| Interest revenue/Expenses | 13 | (18,084,444) | (1,911,202) |
| Profit before Taxation | | 98,881,361 | 169,334,939 |
| Income Tax Expense | 14 | (23,175,629) | (31,034,656) |
| Deferred Tax Income/expenses | 15 | (4,924,132) | (4,380,099) |
| Profit after Taxation | | 70,781,600 | 133,920,184 |
| Total comprehensive income for the year / period | | 70,781,600 | 133,920,184 |

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8-39

Alumil Albania Sh.p.k.
Individual Statement of Changes in Equity as at 31 December 2022

(All amounts in LEK unless otherwise stated)

| | Share capital | Statutory reserve | Retained earnings | Total Equity |
|--|---------------|-------------------|-------------------|---------------|
| Balance as at 01 January 2021 | 1,481,601,000 | 16,309,452 | 166,612,528 | 1,664,522,980 |
| Dividends | - | - | - | - |
| Share Capital Decrease | - | - | - | - |
| Total comprehensive income for the year / period | - | - | 133,920,184 | 133,920,184 |
| Balance as at 31 December 2021 | 1,481,601,000 | 16,309,452 | 300,532,712 | 1,798,443,164 |
| Dividends | - | - | - | - |
| Share Capital Decrease | - | - | - | - |
| Total comprehensive income for the year / period | - | - | 70,781,600 | 70,781,600 |
| Balance as at 31 December 2022 | 1,481,601,000 | 16,309,452 | 371,314,312 | 1,869,224,764 |

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8-39.

Chief Executive
 Georgios Batsakis

Finance director
 Dorian Memo



| Notes | For the year ended at 31 December 2022 | For the year ended at 31 December 2021 |
|--|---|---|
| Cash flows from operating activities | | |
| Loss from operations before tax | 93,957,229 | 164,954,839 |
| Adjustments for: | | |
| Depreciation, impairment and amortisation | 124,534,528 | 109,027,707 |
| Depreciation of Right-of-use assets | 18,623,052 | - |
| Inventory Provision | (1,837,974) | (5,893,176) |
| (Gain / Loss on disposal of intangible assets | 3,316,056 | (564,079) |
| Consumed Materials for Internal Usage | (9,454,648) | (2,993,188) |
| Interest expense | (14,774,651) | (1,911,202) |
| Interest expenses from Right-of-use assets | 3,309,864 | - |
| Cash (used in) / provided by operations | | |
| Decrease / (Increase) in other non-current assets | 4,509,947 | 1,759,631 |
| (Increase) in trade and other receivables | 14,871,915 | (39,199,248) |
| (Increase) in inventories | (142,195,345) | (251,623,222) |
| Increase in trade and other payables | (26,771,263) | 120,114,051 |
| Interest paid | 14,774,651 | 1,911,202 |
| Income Tax Paid | (23,175,629) | (31,034,656) |
| Net cash flows from operations | 59,687,733 | 64,548,661 |
| Net cash (used in) / provided by investing activities | | |
| (Acquisition) of intangible assets | (168,007) | 33,817 |
| (Acquisition) of property, plant and equipment | (73,830,303) | (44,706,444) |
| Proceeds from sale of property, plant and equipment | (3,316,056) | 564,079 |
| Net cash flows used in investing activities | (77,314,366) | (44,108,548) |
| Net cash (used in) / provided by financing activities | | |
| Net movement of S/T loans | 49,493,730 | (1,470,000) |
| Payment of principal for Right-of-use assets | (33,364,186) | - |
| Payment of Interest expenses from Right-of-use assets | (3,309,864) | - |
| Net cash (used in) / provided by financing activities | 12,819,680 | (1,470,000) |
| Net increase in cash and cash equivalents | (4,806,953) | 18,970,113 |
| Cash and cash equivalents at the beginning of the year | 108,326,328 | 89,356,215 |
| Cash and cash equivalents at the end of the year | 103,519,375 | 108,326,328 |

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8-39.

1. GENERAL INFORMATION

The company Alumil Albania sh.p.k. ("Society" or "Alumil Albania") was established on 17 August 1998 by Decision of the District Court of Tirana No. 19911, dated 17.08.1998.

The founding shareholders of the company are:

| COMPOSITION OF SHARE CAPITAL | | Capital Value | % Kapitali |
|------------------------------|--|----------------------|----------------|
| 1 | ALUMIL GROUP LTD | 1,470,222,000 | 99.23% |
| 2 | Georgios Salpingidis | 4,564,500 | 0.31% |
| 3 | Joanis Bulios | 2,148,000 | 0.15% |
| 4 | Sotirios Bulios | 2,236,500 | 0.15% |
| 5 | Georgios Mylonas | 810,000 | 0.05% |
| 6 | Evangjelia Mylonas | 810,000 | 0.05% |
| 7 | Majlinda Kalludhi with her two children Enea dhe Dhimitra Kalludhi | 810,000 | 0.05% |
| Total | | 1,481,601,000 | 100.00% |

The activity of the company is regulated by Law no. 9901 dated 14.04.2016 "On traders and companies" and the statute, as well as Albanian legislation. The object of the company's activity is: Production and Import-Export of aluminum profiles, accessories and other equipment for the production of profiles.

On December 31, 2021, the Company operates from its headquarters in Tirana, with addresses Autostrada Tirane-Durres, km.7, and in six warehouses in the districts.

The Administrator of the Company is Mr. Georgios Batsakis, with an appointment deadline of January 21, 2023.

The average number of employees of the Company on December 31, 2022 is 219 persons (2021: 220 persons).

According to the Decision of the Council of Ministers no. 17 dated 16.01.2019, in support of law no. 10091 dated 05.03.2009, a subject can be classified as important for the public interest (PIE) due to the nature of the business, the size or the number of their employees. Based on point IV of this decision, Alumil Albania is classified as PIE as a result of fulfilling the criteria.

2. SUMMARY OF ACCOUNTING BASIC POLICIES

2.1 Basis of compliance

The Company's Individual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The company has chosen January 1, 2022 as the date for the first implementation of IFRS. All regulatory actions related to the first implementation of IFRS have been reflected in the financial statements for the year ending December 31, 2022. Effect of regulatory actions related to the implementation of IFRS for the first time is related to the implementation of the requirements of IFRS 16, IFRS 39, IFRS 15, IAS 12 and IFRS 1.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.3 Functional and reporting currencies

These financial statements are presented in Albanian Lek ("Lek"), which is at the same time the functional currency of the Company. Unless it is specifically expressed, the financial information expressed in lek is rounded to the nearest thousand.

2.4 Foreign currency transactions

During the preparation of the consolidated financial statements, transactions in currencies other than functional currencies (foreign currencies) are recorded at the exchange rates ruling at the dates of the transactions. At the end of each reporting period, foreign currency cash is revalued at the reporting date. Non-monetary assets that are carried at fair value that are denominated in a foreign currency are retranslated at the exchange rate ruling at the date that the fair value was determined. Non-monetary assets that are measured at historical cost in a foreign currency are not revalued.

Differences resulting from the conversion of monetary items into foreign currency at rates other than those translated at initial recognition during the period or in previous financial statements are recognized in profit or loss and other comprehensive income in the period in which they are created. The following courses are applied during the year:

| | Average exchange rate | | Exchange rate at the reporting date | |
|-----------|-----------------------|--------|-------------------------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| USD / LEK | 113.14 | 103.54 | 107.05 | 106.54 |
| EUR / LEK | 118.92 | 122.44 | 114.23 | 120.76 |

2.5 Revenues from contracts with clients

The company is engaged in the production of aluminum profiles and their accessories and wholesale and retail sales to Traders or processors of these profiles. The Company also offers the services of painting profiles to third parties, but also the sale and processing of Scrap created by its technological processing.

Revenue from the sale of finished products

The company is engaged in the sale of manufactured aluminum profiles or the resale of purchased profiles to its customers. At the same time the company is engaged in the sale of industrial scrap created by the production process to its parent company Alumil S.A. These products are billed on the basis of a set price list.

The main income from the sale of finished products are as follows:

- Income from the sale of manufactured profiles and accessories;
- Income from the sale of profiles and accessories purchased for resale;
- Income from the sale of other materials for processing and Scrap;

The product sold can be distinguished individually and has a distinctive price which is easily identifiable. The sale price can be easily identified in the sales contracts based on the prices published in the warehouses by the Company but also on the contracts concluded between the Company and third parties. Consequently Alumil Albania has allocated the transaction price for each product on an individual basis. Generally the Company for the part of the above mentioned sales operates with immediate payments and expected payments at the moment of delivery of the product to the customer.

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.5 Revenues from contracts with clients(continued)

The above revenue is calculated based on the number of items sold, the default price list and is recognized in the income statement when incurred. The company recognizes sales at the time of transfer of products to the customer, ie when all benefits and risks of the product and control over the product pass to the customer at the time of invoicing.

The company does not have contracts and sales that have variable factors to be considered, such as penalties for delays in delivery of products, benefits for repayment within a predetermined period, changes in sales prices that are not credited by the supplier, etc.

Other income from contracts with the clients

The company as part of its activity, benefits income from the following sales which can be identified as special performance obligations categorized as follows:

- Revenues from profile painting services;
- Revenues from transport;

Revenue profile painting services

The company simultaneously benefits from its clients and from providing the service of painting its non-profiles. The product sold can be distinguished individually and has a distinct price which is easily identifiable. The sale price can be easily identified in the sales contracts based on the prices published in the warehouses by the Company but also on the contracts concluded between the Company and third parties. Consequently Alumil Albania has allocated the transaction price for each product on an individual basis.

Revenues from transport

Transport revenues are revenues that are obtained by providing the transport service that the company performs for some of its customers, referring to the sales contracts that it has.

The company has reached the conclusion that it is in the leading role in the above sales contracts because it controls these products, services or construction units before transfer to the customer, has the ability to determine the price and bears all risks and rewards in case of failure, damage or non-compliance with the terms of the contract.

Asset contract

An asset of the contract with customers is the right to pay in exchange for products or services transferred to customers.

If the Company fulfills by transferring products or services to a customer before he pays or before the payment is mandatory, a contract asset is recognized for payments that will be received but are conditional on the Company's performance.

Receivables

A receivable represents the Company's right to a substantial unconditional amount (i.e. only the passage of time is required before payments of the amount are due).

Contract obligation

A contractual obligation is an obligation to transfer goods or services to a customer for which the Company has received an amount from the customer. If a customer pays this amount before the Company transfers goods or services to the customer, a contractual obligation is recognized when payment is made or required to be made (whichever is earlier). Contractual obligations are recognized as income when the Company fulfills or realizes the obligation of the contract.

(All amounts in LEK€ unless otherwise stated)

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.6 Income tax

Income tax

Income tax for the current period is measured at the amount expected to be recovered or paid by the tax authorities. The tax legislation used to calculate the amount of income tax is those in force or deemed to be at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to units that is recognized directly in equity is recognized in equity and not in the statement of profit or loss and other comprehensive income. Management periodically evaluates the positions taken in tax returns in relation to situations in which applicable tax regulations are subject to interpretation and creates provisions where appropriate.

Deferred tax

Deferred tax is recognized as the temporary difference between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax base used in calculating taxable profit.

Deferred tax liabilities generally account for all temporary taxable differences. Deferred tax assets are generally recognized for all temporary deductible differences to the extent that a taxable profit is probable that those temporary deductible differences can be utilized. These deferred tax assets and liabilities will not be recognized if these differences result from the initial recognition of the assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

The carrying amount of deferred tax assets and liabilities is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be retained to allow part or all of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rate expected to be used in the period in which the liability occurred or the asset was realized, based on tax rates and fiscal legislation in force or in force at the end of the year, reporting period.

2.7 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured at cost less accumulated amortization and accumulated impairment losses. Management deems that the use of the cost model provides a fair representation of the values of long-term assets. The company determines the life of the assets based on market factors by adapting as much as possible to the current operating conditions.

Costs include costs that are directly attributable to the acquisition of the asset. The purchase of software which is an integral part of the operation of the relevant equipment is capitalized as part of that equipment. At the moment that one of the tangible assets consists of parts with different useful lives, they are recorded as separate parts from each other. Gains or losses on disposal of property, plant and equipment are determined by comparing receipts from the sale with the net book value of the property, plant and equipment and are recognized net in other income or loss.

Subsequent costs

Subsequent costs are included in the carrying amount or are recognized as a separate asset, as appropriate, only when we have the assurance that the asset-related economic benefits will flow to the company and the cost of the potential activity. Minor repairs and daily maintenance costs are recognized as an expense when incurred. The cost of replacing further parts or components of tangible assets is capitalized and the replaced part is derecognised.

*(All amounts in LEK€ unless otherwise stated)***2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)****2.7 Property, plant and equipment (continued)*****Depreciation***

Depreciation is charged to the profit or loss based on the linear method over the estimated useful lives of each part of an item of PPE from when it is available for use. The annual depreciation rates for the main classes of property, plant and equipment are as follows:

| Description | Annual depreciation rate |
|----------------------------|---------------------------------|
| Property | 3% |
| Machinery and Equipment | 3-50% |
| Vehicles | 13-20% |
| Furniture and Furnishings | 20-33% |
| Computers and IT equipment | 20-33% |

These rates have been approved by the Management of the Company, according to decision number CCM-003, dated 01/01/2022. The management confirms that for the item "building" the depreciation rate of 3.33% was used and the rate according to the decision of 3% will be effective in subsequent periods.

An item of property, plant and equipment is derecognised when it is sold, or when no future economic benefits are expected from its use or sale. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the impairment income and the carrying amount of the asset) is recognized in profit or loss when the asset is derecognised.

The residual value of the asset, the useful life and the amortization methods are reviewed at each financial period, making necessary adjustments as appropriate at the end of each financial year.

2.8 Intangible assets***Recognition and measurement***

Intangible assets acquired separately are initially recognized at cost. After initial recognition, intangible assets are recognized at cost less accumulated depreciation, and accumulated depreciation, if any.

Depreciation

Intangible assets with a defined useful life are amortized over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method of intangible assets with a defined useful life are reviewed at least at each reporting date.

The lifetime of intangible assets is estimated to be finite. Depreciation is calculated on a straight-line basis over the estimated useful life of intangible assets. The annual depreciation rate of intangible assets is 10% -25%.

Annual depreciation is subject to amortization and impairment in the statement of comprehensive income and other comprehensive income (see note 16)

2.9. Leases

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases almost result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model.

(All amounts in LEK unless otherwise stated)

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.9 Leases (Continued)

The Company has recognised:

- (a) assets and liabilities for all leases with a term of more than 12 months, because the latter had no cases when the underlying asset is of low value; and
- (b) depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss and other comprehensive income.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, but has had no impact for the Company.

Initial Measurement

Initial measurement of the right-of-use asset

At the commencement date, The Company as a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- a) the amount of the initial measurement of the lease liability, as described below;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the lessee; and
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset

Initial measurement of the lease liability

At the commencement date, the Company as a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Measurement - Subsequent measurement

Subsequent measurement of the right-of-use asset

The Company as a lessee shall measure the right-of-use asset using cost model.

Subsequent measurement of the lease liability

After the commencement date, The Branch shall measure the lease liability by:

- a.increasing the carrying amount to reflect interest on the lease liability;
- b.reducing the carrying amount to reflect the lease payments made; and
- c.remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised substance fixed lease payments.

2.10 Inventories

a) Consumer goods inventory

Inventory goods for resale and manufactured products consists of painted and unpainted profiles as well as Thermal, but at the same time from various accessories.

Inventory is presented at the lower of cost and net realizable value. The inventory includes all expenses related to purchase, transport, customs tariffs and cargo insurance.

Net realizable value represents the final sale price for inventories less all estimated completion costs and expenses required to make the sale.

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.10 Inventories (continued)

The Company's inventories at the end of the financial year are estimated and presented in the statement of financial position using the weighted average cost method of their acquisition and production costs.

Net realizable value refers to the net value that the reporting entity expects to benefit from selling inventory in the ordinary course of business.

Inventories are subject to impairment test at the closing date of the financial statements. The amount of impairment is recognized in profit or loss and other comprehensive income when there are objective factors that indicate that inventories are impaired.

2.11 Depreciation of non-financial assets

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, or when an annual impairment test is required for an asset, the Company estimates the recoverable amount of the asset. The recoverable amount of an asset is the higher of the fair value of the cash-generating unit less the cost of selling and the value in use of the asset, and is determined on an individual asset unless the asset does not generate cash inflows that are largely independent of the cash inflows of other assets or groups of assets of the Company. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and its value is reduced to its recoverable amount.

In determining the amount in use, the expected cash flows are discounted to their present value using a pre-tax discount rate that reflects the current assessment of the time value of money and the risks specific to this asset. The most recent market transactions, if available, are taken into account in determining fair value less transaction costs. If such transactions cannot be identified, an appropriate valuation model is used.

The Company bases the calculation of depreciation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units in which the individual assets are allocated. These budgets and forecasts usually cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to the discounted future cash flows after the fifth year.

Impairment losses on continuing operations, including impairment of inventories, are recognized in profit or loss and other comprehensive income in those expense categories in accordance with the impaired asset function, except for previously revalued assets where the revaluation was received in other comprehensive income.

In this case, impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets without goodwill exception, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such an indicator exists, the Company estimates the recoverable amount of the asset or cash-generating units. Previous impairment losses may be reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last recognition of the impairment loss.

This return is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor does it exceed the carrying amount that would have been determined as net depreciation if no impairment loss had been recognized for asset in previous years. This return is recognized in profit or loss and other comprehensive income unless the asset is carried at the revalued amount of the asset, in which case the return is treated as an increase from revaluation.

The following assets have specific characteristics for impairment tests:

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.11 Depreciation of non-financial assets (continued)

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment individually or at the cash-generating unit level in each reporting period.

2.12 Financial instruments

A financial instrument is any contract that creates a financial asset of one Company and a financial liability or equity instruments for another Company.

i) Instrumentet financiare

Initial recognition and measurement

Financial instruments at fair value through profit or loss (FVTPL) are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. After initial recognition, a loss deductible for expected credit losses (ECL) is recognized for financial assets measured at amortized cost (AC) and investments in debt instruments measured at fair value through other comprehensive income (FOCI), resulting in an immediate accounting loss.

ii) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, at amortized cost, at fair value through profit or loss and other comprehensive income, and at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial asset and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortized cost or fair value through profit or loss and other comprehensive income, it is necessary to bring cash flows which are "principal payment only and interest" on the remaining principal. This assessment is called the "VPPI" test and is applied at the financial instrument level.

The Company's business model for managing financial assets refers to how the Company manages its financial assets in order to generate cash flows. The business model determines whether cash flows are secured as a result of the collection of contractual cash flows, the sale of financial assets or as a result of both together.

Further measurement

For the purposes of further measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through profit or loss and other comprehensive income with cumulative profit and loss (debt instruments);
- Financial assets determined at fair value through profit or loss and other comprehensive income without accumulating profit or loss cumulative at the time of removal from the books (equity instruments);
- Financial assets at fair value through profit or loss.

Alumil Albania has financial assets only of the first category, which is described in more detail below.

Financial assets at amortized cost (debt instruments)

This category is the only one applicable to the Company. Alumil Albania measures financial assets at amortized cost if both of the following conditions are met:

(All amounts in LEK unless otherwise stated)

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.12 Financial instruments (continued)

- the financial asset is held within a business model for the purpose of holding financial assets for the collection of contractual cash flows, and
- the contractual terms of the financial asset give rise to specified cash flows that are only principal and interest payments on the outstanding principal amount..

Financial assets with amortized cost are measured using the effective interest method (if any) and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets measured at amortized cost consist primarily of receivables and cash and cash equivalents.

Write-off

The Company derecognises a financial asset (or, where possible, part of a financial asset or part of a group of similar financial assets) is initially derecognised (removed from the Company's statement of financial position) when:

- the contractual rights over the cash flows from the financial asset have expired
- transfers the rights to receive contractual flows in a transaction by which most of the risks and rewards of ownership of the financial asset have been transferred, or by which the Company does not transfer or bear all risks, and ownership benefits and it does not retain control of the financial asset.

The Company may become part of the transactions by which it transfers the recognized assets to the statement of financial position but retains most or all of the risks and rewards of the transferred assets. In such cases, the transferred assets are not derecognised.

Depreciation of financial assets

The Company recognizes an expected loss fund for all debt instruments that are not carried at fair value through profit or loss and other comprehensive income. Expected losses are calculated as the difference between the contractual cash flows expected under the contract with the cash flows that the Company expects to receive, discounted at approximately the initial effective interest rate. Expected cash flows will include cash flows from the sale of held collateral or other credit improvements that are an integral part of the contractual terms.

For receivables, and contract assets, the Company uses the simplified method in calculating expected losses. As a result, the Company does not maintain changes in credit risk, but calculates a provision for doubtful accounts based on expected perpetual losses at each reporting date.

The company has created a provision matrix which is based on its historical loss experience tailored to future factors that are specific to customers and the economic environment in which they operate. The Company in its analysis also takes into account the relationship of customers who are also suppliers, for whom no payment is made for supplies to the extent of the obligation they have towards Alumil Albania as a client.

The company considers a financial asset in difficulty to be collected when the contractual payments are 90 days late. However, in certain cases, the Company may also consider a financial asset with late payment when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts before considering any improvement in the risk of credit. A financial asset is derecognised when there is no reasonable expectation of recovery of contractual cash flows.

(All amounts in LEK€ unless otherwise stated)

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.12 Financial instruments (continued)

iii) Financial liabilities

Initial recognition and measurement

Financial liabilities, at initial recognition, are classified as: financial liabilities through profit or loss, loans and debts, accounts payable, or as derivatives intended as hedging instruments in an effective hedge, respectively. All financial liabilities are initially recognized at fair value and, in the case of loans and debts and accounts payable, are recognized net of direct transaction costs.

Alumil Albania financial liabilities include accounts payable, bank loans and other loans.

Further measurement

The measurement of financial liabilities depends on their classification, as described below:

- financial liabilities at fair value through profit or loss
- bank loans and other loans

The Company has no financial liabilities measured at fair value through profit or loss statement, and the following is a summary of loans and debts:

Loans and debts

Upon initial recognition, loans and debts are further measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are removed from the books and through the amortization process at effective interest.

Amortized cost is calculated taking into account any reductions received in the acquisition as well as fees or costs that are an integral part of the effective interest rate. Depreciation at the effective interest rate is recognized as a financial cost in the income statement.

Write-off

The Company derecognises a financial liability when the contractual obligations are discharged, canceled or extinguished. The Company also derecognises a financial liability when its contractual terms change and consequently the cash flows of the modified liability change substantially. In this case a new financial liability is recognized, at fair value, based on the modified terms.

In derecognition of a financial liability, the difference between the carrying amount and the amount paid (including any transferred non-monetary assets or contingent liabilities) is recognized in profit or loss statement.

2.13 Employee benefits

Compulsory social security contributions and pensions

The company, in the normal course of its activity, makes payments on its behalf and on behalf of its employees to contribute to pensions in accordance with domestic legislation. Costs paid by the Company are recorded in the statement of profit or loss and other comprehensive income (profit or loss) when incurred.

2.14 Provisions

General

Provisions are recognized when, as a result of past events, the Company has current legal or constructive liabilities that can be measured reliably, and it is probable that future cash flows will be incurred to settle that liability. Provisions are determined by updating expected flows at a pre-tax rate that reflects current money market estimates and the specific risk of liabilities.

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.14 Provisions (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

Provisions for court cases

The company is in litigation with some of its clients, and for this reason has raised the relevant provisions in its financial statements.

2.15 Financial income and expenses

Financial expenses consist of loan interest expense, exchange rate expense, changes in the fair value of financial assets at profit and loss on impairment of financial assets.

Exchange rate losses or revenues are presented in net value. All other costs are recognized as income or expense in the period in which they are incurred.

2.16 Determination of fair value

A number of company accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. The Company's management estimated that the fair value of cash and cash equivalents, trade receivables, trade receivables, assets and other current liabilities approximates their carrying amount mainly due to the short-term maturities of these instruments.

2.17 New Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet mandatory for annual periods beginning on or after January 1, 2021 and have not been applied in the preparation of these financial statements. The Company plans to implement these changes when they become effective.

- Sale or Contribution of Assets between an Investor and its Company or Joint Venture - Amendments to IFRS 10 and IAS 28 (published on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 17 "Insurance Contracts" (published on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current - Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Contract with performance conditions - Costs of performance of a contract, Reference to the Conceptual Framework - Amendments to IAS 16, IAS 37 and IFRS (published on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (published on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 1 and Statement of Practice 2 IFRS: Disclosure of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023);
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023)

(All amounts in LEK unless otherwise stated)

2. SUMMARY OF ACCOUNTING BASIC POLICIES (CONTINUED)

2.17 New Standards issued but not yet effective(continued)

- Deferred tax in respect of assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (published on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, EVALUATIONS AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires Management to make judgments and assumptions, which affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are constantly reviewed. Accounting revisions are recognized prospectively.

Information on assumptions and valuation uncertainties that have a significant risk of resulting in a material adjustment to the net carrying amount of assets and liabilities within the year ending December 31, 2022 is provided below:

(i) Deferred tax asset recognition

Recognized deferred tax assets represent income tax that can be recovered through future deductions from taxable profits, primarily related to the differences between the accounting and fiscal depreciation of property, plant and equipment, resulting in the tax basis of these assets being higher than their respective accounting values. Deferred tax assets are recognized to the extent that it is probable that there will be future taxable profits against which they can be utilised..

(ii) Depreciation of tangible long-term assets

Management believes that the Company will continue to be profitable in the future based on product lines that are sufficient to generate earnings and positive operating cash flows. Valuation of long-term assets is a matter of judgment based on experience, current conditions and future expectations with similar assets.

Useful life of long-term tangible assets

Estimating the useful life of items of property, plant and equipment is a matter of judgment based on experience with similar assets. Future economic benefits embodied in assets are consumed primarily through use. However, other factors, such as technical and commercial obsolescence and wear and tear, often result in reduced economic benefits of assets. Management estimates the remaining useful lives in accordance with the current technical conditions of the assets and the estimated period during which the assets are expected to generate benefits for the Company.

*(All amounts in LEK unless otherwise stated)***4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company is exposed to various risks related to its financial instruments. The main potential risks are market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value of future cash flows from financial instruments will change due to changes in market prices. Market prices include three types of risks: interest rate risk, exchange rate risk and other price risk, such as the risk of fluctuations in the prices of securities traded on the stock exchange. Financial instruments affected by market risk include loans and accounts payable.

The sensitivity analyzes in the following sections relate to position 31 December 2021. The sensitivity analyzes were prepared on the assumption that the amount of debt and the share of financial instruments in foreign currency are constant. The analysis excludes the impact of changes in provisions market variables.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from financial instruments will change due to changes in the market interest rate. The Company's exposure to the risk of changes in market interest rates relates to the Company's short-term and long-term liabilities with variable interest rates. As these loans are mostly short-term, the Company does not consider the risk significant and has not yet adopted any policy to reduce it. The following table shows the sensitivity to possible and reasonable interest rate changes, with all other variables held constant, in the Company's pre-tax profit (through the impact of variable credit rates).

| | <u>December 31, 2022</u> | <u>December 31, 2021</u> |
|-----------------------------|--------------------------|--------------------------|
| Increase of 100 Base Points | 1,099 | 604 |
| In% of profit before tax | 1.11% | 0.36% |

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Exchange rate risk

Exchange rate risk is the risk that the fair value of future cash flows from financial instruments will change due to changes in exchange rates. The Company enters into foreign currency transactions in connection with its financial and operating activity. The Company does not use any specific financial instrument to hedge against risk. Most of the Company's transactions are in Euros and Lek and since the Lek / Euro exchange rate is stable, the exchange rate risk is considered to be low.

| December 31, 2022 | EUR | USD | LEK | Totali |
|------------------------------|--------------------|------------|-------------------|--------------------|
| Financial assets | | | | |
| Cash and cash equivalent | 90,446,075 | - | 13,073,300 | 103,519,375 |
| Short term loan | - | - | - | - |
| Trade receivables | 110,336,055 | - | 1,658,860 | 111,994,915 |
| | 200,782,130 | - | 14,732,160 | 215,514,290 |
| Financial liabilities | | | | |
| Trade payables | 23,111,085 | - | 15,238,036 | 38,349,122 |
| Loans | 109,873,730 | - | - | 109,873,730 |
| | 132,984,815 | - | 15,238,036 | 148,222,852 |
| NET December 31, 2022 | 67,797,315 | - | (505,876) | 67,291,439 |
| December 31, 2021 | EUR | USD | LEK | Totali |
| Financial assets | | | | |
| Cash and cash equivalent | 89,877,186 | - | 18,449,142 | 108,326,328 |
| Short term loan | - | - | - | - |
| Trade receivables | 184,713,152 | - | 21,870,159 | 206,583,311 |
| | 274,590,338 | - | 40,319,301 | 314,909,639 |
| Financial liabilities | | | | |
| Trade payables | 85,546,408 | - | 10,779,171 | 96,325,579 |
| Loans | 60,380,000 | - | - | 60,380,000 |
| | 145,926,408 | - | 10,779,171 | 156,705,579 |
| NET December 31, 2021 | 128,663,930 | - | 29,540,130 | 158,204,059 |
| December 31, 2020 | EUR | USD | LEK | Totali |
| Financial assets | | | | |
| Cash and cash equivalent | 49,679,226 | - | 39,676,989 | 89,356,215 |
| Short term loan | 103,105,363 | - | 27,676,257 | 130,781,620 |
| | 152,784,590 | - | 67,353,245 | 220,137,835 |
| Financial liabilities | | | | |
| Trade payables | 55,665 | - | 56,869 | 112,534 |
| Loans | 61,850,000 | - | - | 61,850,000 |
| | 61,905,665 | - | 56,869 | 61,962,534 |
| NET December 31, 2020 | 90,878,925 | - | 67,296,376 | 158,175,301 |

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk:

Credit risk arises when it fails to meet its obligations in the case of a financial instrument. The company is exposed to a significant credit risk as it has a relatively high level of accounts receivable from customers. Due to the characteristics of its business, the Company sells goods to a large number of clients where the sale price is paid in cash or at later payment terms. Monetary transactions are carried out through institutions that have a good credit rating.

Credit risk exposure:

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum credit risk exposure 31 December 2022 is presented:

| | For the year ended at 31 December 2022 | For the year ended at 31 December 2021 |
|--------------------------------------|---|---|
| Cash & equivalent w/o Petty Cash | 102,651,568 | 107,280,598 |
| Trade and Other Receivables in total | 197,586,471 | 228,693,585 |
| Loan given | - | - |
| Total | 300,238,039 | 335,974,183 |

Liquidity risk

Effective liquidity management of the Company is related to securing working capital financing through the use of interest-bearing loans by related parties and banks. The Company's management continuously monitors the timeliness and execution of payments on time by keeping up-to-date information on required cash flows and future payments. The available money is invested in short-term deposits with better interest rates in domestic banks.

As at 31 December, the maturity structure of the Company's financial liabilities to unconditional contractual payments is set out as follows:

| | < 3 months | 3 - 12 months | 1 - 5 years | Total |
|--------------------------|-------------------|-------------------|-------------|--------------------|
| December 31, 2022 | | | | |
| Loan | - | 109,873,730 | - | 109,873,730 |
| Trade payables and other | 30,901,756 | 7,447,365 | - | 38,349,122 |
| Total | 30,901,756 | 63,491,728 | - | 148,222,852 |

| | < 3 months | 3 - 12 months | 1 - 5 years | Total |
|--------------------------|-------------------|-------------------|-------------|--------------------|
| December 31, 2021 | | | | |
| Loan | - | 60,380,000 | - | 60,380,000 |
| Trade payables and other | 93,213,851 | 3,111,728 | - | 96,325,579 |
| Total | 93,213,851 | 63,491,728 | - | 156,705,579 |

5. SALES OF PRODUCTS

Revenues from contracts with clients for the year ended as at December 31, 2022 and December 31, 2021 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|--|--|--|
| Sales of Products | 2,670,277,026 | 2,140,358,020 |
| Sales of merchandise | 370,918,295 | 325,807,816 |
| Sales of Scrap | 129,361,144 | 81,997,597 |
| Sales of raw materials and other inventories | 17,354,517 | 6,622,091 |
| Total | 3,187,910,981 | 2,554,785,524 |

- (a) Sales of finished products contain manufactured profiles and accessories.
- (b) Sale of goods contains materials purchased by the Company for the purpose of reselling them
- (c) The sale of raw materials contains materials which are mainly used for the internal use of the company
- (d) The sale of by-products includes the sale of Scrap created as part of the technological production process

Revenues from Services for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|----------------------------|--|--|
| Income from Painting | 7,650,693 | 6,260,365 |
| Income from Transportation | 6,227,936 | 70,635 |
| Other income from services | - | 41,771 |
| Total | 13,878,628 | 6,372,771 |

6. OTHER OPERATING INCOME

Other operating income for the year ended as at December 31, 2022 and December 31, 2021 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|---|--|--|
| Income from reduction of leases principal (SNFR 16) | 23,389,364 | - |
| Decrease of Inventory Provision | 4,875,767 | 5,893,176 |
| Income from Sales of Fixed Assets | 3,316,056 | - |
| Income from Insurance | 2,853,546 | 5,331,294 |
| Income from CN | (3,298,691) | - |
| Income from Rent | - | 96,000 |
| Total | 31,136,042 | 11,320,469 |

- (a) Credit Note Income contains income earned by suppliers as a result of various deductions made by them
- (b) Recoveries from Provisions include the recovery of provisions raised by high-risk debtors and obsolete inventory
- (c) Income from the Sale of Fixed Assets - contains income from assets sold by the company during the year, such as means of transport, equipment, etc.
- (d) Income from the reduction of lease payments (SNFR 16) – contains the income received by the company as a result of the application of IFRS 16 for lease contracts for cars, buildings and machinery.

(All amounts in LEK€ unless otherwise stated)

7. CHANGE IN INVENTORY

Cost of sales for the year ended December 31, 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|---------------------|--|--|
| Cost of Sales | 2,393,266,329 | 1,945,909,919 |
| Change in Inventory | (36,937,453) | (215,806,238) |
| Total | 2,356,328,877 | 1,730,103,681 |

8. PURCHASES OF MATERIALS

Operating expenses for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|------------------------|--|--|
| Electricity | 54,221,501 | 36,979,006 |
| Gas and Fuel | 12,383,072 | 7,880,456 |
| Advertising Materials | 3,962,512 | 1,365,049 |
| Other Purchases | 1,120,386 | 2,709,382 |
| Purchases of Materials | 217,499 | 1,214,608 |
| Total | 71,904,970 | 50,148,500 |

The company has had an increase in expenses for the purchase of electricity and fuels such as oil and gasoline. The best possible positioning in the market has caused the company to increase the expenses for the materials of the products exposed to customers. Regarding other expenses, compared to the previous year, we have reduced expenses.

9. SERVICES EXPENSES

Operating expenses for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|--------------------------------|--|--|
| Consultation Certification Fee | 63,235,416 | 65,318,189 |
| Services from Third Parties | 25,272,424 | 22,601,514 |
| Advertising | 23,021,615 | 30,272,466 |
| Maintenance Expenses | 21,802,034 | 14,352,568 |
| Transportation | 17,815,918 | 14,496,699 |
| Insurance Expenses | 2,893,074 | 3,983,633 |
| Telephone & courier | 2,144,061 | 2,615,537 |
| Bank Charges | 1,621,592 | 3,066,540 |
| Expenses for rent | 1,615,118 | 13,904,437 |
| Environmental permit Fee | 1,312,475 | 1,382,468 |
| Water Expenses | 1,312,398 | 1,416,801 |
| Total | 162,046,123 | 173,410,851 |

The company has had a relatively high increase in expenses for purchases from third parties, expenses for maintenance and repairs as well as expenses for transportation. It is worth noting the reduction of some items of expenses such as marketing expenses, expenses for consultations and certifications as well as expenses for operational rent. The latter have decreased due to the reclassification of leases according to IFRS 16 Standard for Leases.

Compared to the year 2021, the company has a significant increase in expenses related to the period of the COVID 19 Pandemic, which resulted in a reduction in income but at the same time in its expenses, in order to have continuous supervision of its performance in the market.

10. EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|--------------------------|--|--|
| Gross Salaries | 308,116,245 | 280,238,056 |
| Employer's contributions | 35,998,342 | 33,346,430 |
| Cohesion | 2,489,828 | 2,975,138 |
| Total | 346,604,415 | 316,559,624 |

11. OTHER EXPENSES

Other expenses for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|--|--|--|
| Hosting Expenses | 7,697,363 | 3,458,498 |
| Taxes | 4,998,457 | 3,804,325 |
| Gifts | 3,078,449 | 988,176 |
| Travel Expenses | 2,781,861 | 1,607,456 |
| Penalties | 1,103,963 | 187,487 |
| Other Expenses | 856,974 | - |
| Sponsorship | 679,409 | 123,010 |
| Family misfortune expenses | 671,268 | - |
| Gain / Loss on disposal of intangible assets | - | 564,079 |
| Provision for bad debts | - | 4,354,512 |
| Total | 21,867,745 | 15,087,543 |

12. NET FOREIGN EXCHANGE GAIN/(LOSS)

Net foreign exchange gain/(loss), for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|-----------------|--|--|
| Exchange Gain | 97,191,769 | 24,498,821 |
| Exchange losses | (83,141,634) | (17,604,104) |
| Total | 14,050,135 | 6,894,717 |

13. INTEREST REVENUE/EXPENSES

Interest revenue/expenses for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|-------------------------------------|--|--|
| Interest on short-term borrowings | 14,774,651 | 1,911,202 |
| Interest expenses for Lease SNRF 16 | 3,309,864 | - |
| Income from Interest | (71) | - |
| Total | 18,084,444 | 1,911,202 |

Currently, the Company has a list of financing as follows provided by three banking institutions in the country:

Overdraft - The company had an overdraft line with Raiffeisen Bank in the amount of 500,000 Euro for which it paid 3.2% annual interest on the amount used. This agreement was renewed on December 5, 2022 until June 1, 2024.

Overdraft - The company has received an Overdraft from Raiffeisen Bank in the amount of 2,000,000 Euros on June 10, 2022 with a deadline until June 10, 2023.

Overdraft - The company has an Overdraft Pro Credit bank Overdraft line in the amount of 500,000 Eur with a deadline until February 28, 2023.

Overdraft - The company has an Overdraft line with Pro Credit bank in the amount of 500,000 Eur with No. 05003358 which was taken on August 22, 2022 and is effective until February 28, 2023.

14. INCOME TAX CALCULATION

Reconciliation of income tax expenses calculated with the statutory tax rate on profit from the operating activity of the Company for the year ended 31 December 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|--|--|--|
| Profit before Taxation | 98,881,361 | 169,334,939 |
| Reversal of provision for impairment | (28,265,130) | (5,893,176) |
| Taxable Profit | 70,616,231 | 163,441,763 |
| Additional: | - | - |
| Provisions | - | 4,354,512 |
| Non Deductable expenses | 51,060,420 | 9,900,765 |
| Difference of Depreciation for Tax Purposes | 32,827,545 | 29,200,661 |
| Total Non Deductable Expenses | 83,887,965 | 43,455,938 |
| Profit included Non Deductable Expenses | 154,504,196 | 206,897,701 |
| Income TAX 15% | 23,175,629 | 31,034,655 |

Non-deductible expenses for tax effect mainly include the rent of the house that the company pays to the Administrator, the accrued commission for bad clients, the expenses for waiting and escorting as well as the various expenses incurred for its staff, the effects of the implementation of the IFRS 16 Standard for the Rent as well as the various expenses incurred for the staff. Also included is the amortization effect of assets with the right of use, etc.

The applicable tax rate for calculating profit tax is 15%

14. INCOME TAX CALCULATION (continued)

The reconciliation between the effective tax rate and the rate used to calculate profit for fiscal purposes is set out below:

| | Rate 2022 | For the year ended December 31, 2022 | Rate 2021 | For the year ended December 31, 2021 |
|--------------------------------|----------------------|---|----------------------|---|
| Profit before Taxation | | 98,881,361 | | 169,334,939 |
| Income TAX 15% (2020: 15%) | 15.00% | 14,832,204 | 15.00% | 25,400,241 |
| Non Deductable Expenses Effect | 8.44% | 8,343,425 | 3.33% | 5,634,414 |
| Income Tax Expenses | 23.44% | 23,175,629 | 18.33% | 31,034,655 |

Uncertain tax treatments

Current income tax liabilities do not include amounts related to uncertainties related to tax deductions received for each expense. Management estimates that there will be no potential exposure to claim settlement if contested by the tax authorities. Income tax liabilities will be assessed in full when tax audits are carried out in relation to the relevant tax returns.

15. DEFERRED TAX

Deferred taxes due to depreciation according to IAS and compared to fiscal rates for the year ended December 31, 2022 are presented as follows:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|-------------------------------------|--|--|
| Amortisation per IFRS as per client | 93,910,210 | 105,758,740 |
| Amortisation per Tax as per client | 61,082,665 | 76,558,079 |
| Difference | 32,827,545 | 29,200,661 |
| % rate for Income TAX | 15% | 15% |
| Deferred TAX | 4,924,132 | 4,380,099 |

Deferred tax for the year ended 31 December 2021, is presented as followed:

| | For the year ended 31 December 2022 | For the year ended 31 December 2021 |
|----------------------------------|--|--|
| Balance at 01 January | 18,315,267 | 22,695,367 |
| Additional provision in the year | (4,924,132) | (4,380,099) |
| Balance at 31 December | 13,391,136 | 18,315,267 |

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Notes to the Individual Financial Statements for the year ended at 31 December 2022

(All amounts in LEK unless otherwise stated)

16. PPE (PLANT, PROPERTY, EQUIPMENT)

Property, plant and equipment in the statement of financial position for the year ended 31 December 2021 are presented as follows:

| Cost | Land | Building and installments | Machinery | Vehicle | Furniture & Equipment | Projects under development | Total |
|--------------------------|--------------------|------------------------------|----------------------|-------------------|--------------------------|-------------------------------|----------------------|
| December 31, 2020 | 135,612,023 | 881,951,859 | 1,203,308,163 | 35,542,132 | 101,535,662 | 25,519,906 | 2,383,469,745 |
| Additions | - | 34,464,043 | 21,805,215 | 3,196,433 | 9,389,297 | 5,279,472 | 74,134,460 |
| Disposals | - | - | - | (3,159,105) | (865,000) | (28,943,274) | (32,967,379) |
| December 31, 2021 | 135,612,023 | 916,415,903 | 1,225,113,378 | 35,579,460 | 110,059,959 | 1,856,103 | 2,424,636,826 |
| Additions | - | 2,151,119 | 25,023,265 | - | 15,633,256 | 8,076,129 | 50,883,769 |
| Disposals | - | - | - | (14,683,406) | (49,702) | (9,693,994) | (24,427,102) |
| December 31, 2022 | 135,612,023 | 918,567,022 | 1,250,136,643 | 20,896,055 | 125,643,514 | 238,237 | 2,451,093,494 |
| Depreciation | | | | | | | |
| December 31, 2020 | - | 427,359,053 | 886,601,419 | 28,341,482 | 75,378,308 | - | 1,417,680,262 |
| Additions | - | 29,519,823 | 63,790,205 | 3,822,566 | 11,624,716 | - | 108,757,311 |
| Disposals | - | - | - | (2,464,967) | (804,000) | - | (3,268,967) |
| December 31, 2021 | - | 456,878,877 | 950,391,624 | 29,699,081 | 86,199,024 | - | 1,523,168,605 |
| Additions | - | 30,552,055 | 66,049,576 | 1,374,626 | 11,446,443 | - | 109,422,701 |
| Disposals | - | - | - | (12,947,342) | (49,284) | - | (12,996,626) |
| December 31, 2022 | - | 487,430,932 | 1,016,441,200 | 18,126,365 | 97,596,183 | - | 1,619,594,680 |
| Net Book Value | | | | | | | |
| December 31, 2020 | 135,612,023 | 454,592,806 | 316,706,745 | 7,200,651 | 26,157,354 | 25,519,906 | 965,789,484 |
| December 31, 2021 | 135,612,023 | 459,537,026 | 274,721,754 | 5,880,380 | 23,860,935 | 1,856,103 | 901,468,221 |
| December 31, 2022 | 135,612,023 | 431,136,090 | 233,695,443 | 2,769,689 | 28,047,331 | 238,237 | 831,498,813 |

17. INTANGIBLE ASSETS

Intangible assets in the statement of financial position for the year ended 31 December 2022 are presented as follows

| Cost | Software | Licenses | Total |
|-------------------|------------------|------------------|------------------|
| December 31, 2020 | <u>3,379,175</u> | <u>0</u> | <u>3,379,175</u> |
| Additions | - | 236,579 | 236,579 |
| Disposals | - | - | - |
| December 31, 2021 | <u>3,379,175</u> | <u>236,579</u> | <u>3,615,754</u> |
| Additions | 15,698 | 1,031,317 | 1,047,016 |
| Disposals | (3,394,873) | - | (3,394,873) |
| December 31, 2022 | <u>-</u> | <u>1,267,897</u> | <u>1,267,897</u> |
| Depreciation | | | |
| December 31, 2020 | <u>2,455,503</u> | <u>-</u> | <u>2,455,503</u> |
| Additions | 240,581 | 29,815 | 270,396 |
| Disposals | - | - | - |
| December 31, 2021 | <u>2,696,084</u> | <u>29,815</u> | <u>2,725,899</u> |
| Additions | 190,474 | 180,220 | 370,694 |
| Disposals | (2,886,558) | - | (2,886,558) |
| December 31, 2021 | <u>-</u> | <u>210,035</u> | <u>210,035</u> |
| Net Book Value | | | |
| December 31, 2020 | <u>923,672</u> | <u>-</u> | <u>923,672</u> |
| December 31, 2021 | <u>683,091</u> | <u>206,764</u> | <u>889,855</u> |
| Net Book Value | | | |
| December 31, 2021 | <u>683,091</u> | <u>206,764</u> | <u>889,855</u> |
| December 31, 2022 | <u>-</u> | <u>1,057,862</u> | <u>1,057,862</u> |

18. RIGHT-OF-USE ASSETS

| Cost | Buildings | Machinery | Vehicle | Total |
|-------------------|-------------------|----------------|-------------------|-------------------|
| December 31, 2021 | <u>23,738,255</u> | <u>550,886</u> | <u>26,717,785</u> | <u>51,006,927</u> |
| Additions | 16,544,184 | - | 11,092,788 | 27,636,972 |
| Disposals | (24,539,999) | (29,789) | (1,444,742) | (26,014,531) |
| December 31, 2022 | <u>15,742,440</u> | <u>521,098</u> | <u>36,365,831</u> | <u>52,629,368</u> |
| Depreciation | | | | |
| December 31, 2021 | <u>13,096,701</u> | <u>330,532</u> | <u>7,962,654</u> | <u>21,389,887</u> |
| Additions | 4,315,626 | 108,541 | 7,550,132 | 11,974,299 |
| Disposals | (13,987,731) | (22,195) | (731,207) | (14,741,134) |
| December 31, 2022 | <u>3,424,595</u> | <u>416,878</u> | <u>14,781,579</u> | <u>18,623,052</u> |
| Net Book Value | | | | |
| December 31, 2021 | <u>10,641,554</u> | <u>220,355</u> | <u>18,755,131</u> | <u>29,617,040</u> |
| December 31, 2022 | <u>12,317,845</u> | <u>104,220</u> | <u>21,584,252</u> | <u>34,006,316</u> |

19. INVESTMENT IN SUBSIDIARIES

Investments in Controlled Companies for the year ended December 31, 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|---------------|--------------------------|--------------------------|
| | <u>44,057,600</u> | <u>44,057,600</u> |
| ALUMIL KOSOVA | | |
| Total | <u>44,057,600</u> | <u>44,057,600</u> |

21. LONG TERM RECEIVABLES

Long term receivables for the year ended 31 December 2021 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|----------------------|-------------------------|-------------------------|
| Rental for buildings | <u>2,720,136</u> | <u>2,394,526</u> |
| Rental for vehicles | <u>314,516</u> | <u>225,942</u> |
| Total | <u>3,034,652</u> | <u>2,620,468</u> |

22. INVENTORIES

Inventories for the year ended 31 December 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|----------------------------|---------------------------|---------------------------|
| Finished Goods | <u>476,233,458</u> | <u>439,802,654</u> |
| Raw materials, consumables | <u>312,599,723</u> | <u>182,177,335</u> |
| Merchandise | <u>92,609,857</u> | <u>99,346,494</u> |
| By-products and scrap | <u>4,314,051</u> | <u>13,634,466</u> |
| Production In Process | <u>2,163,796</u> | <u>1,657,148</u> |
| Provision | <u>(11,192,777)</u> | <u>(13,377,956)</u> |
| Total | <u>876,728,108</u> | <u>723,240,141</u> |

During the year, the unit recognized a provision for obsolete inventory, which it calculated at the average price according to the London Metal Exchange (LME). The company has used this award only in the evaluation of outdated profiles.

22.1 MOVEMENT IN PROVISION FOR IMPAIRMENT OF INVENTORIES

The following table shows the movements in the Provisjon balance:

| | December 31, 2022 | December 31, Year 2021 |
|--------------------------------------|--------------------------|--------------------------|
| Balance 01 January | <u>13,377,956</u> | <u>19,271,131</u> |
| Reversal of provision for impairment | <u>(2,185,179)</u> | <u>(5,893,176)</u> |
| Provision for the period | <u>-</u> | <u>-</u> |
| Total | <u>11,192,777</u> | <u>13,377,956</u> |

On December 31, 2022, the Company has decided to recover the value of the provision of ALL 2,185,179 after analyzing the old stock. As a result, this has brought about an improvement in its financial results during 2022.

23. TRADE RECEIVABLES

Accounts receivable and other in the statement of financial position for the year ended 31 December 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|--|-------------------|--------------------|
| Trade Receivables (3rd parties) | 85,963,513 | 130,003,984 |
| Trade receivables from related companies | 26,031,402 | 76,579,327 |
| Allowance for doubtful balances | (12,522,454) | (28,757,653) |
| Total | 99,472,461 | 177,825,658 |

23.1 MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL BALANCES

The following table shows the movements in the item Depreciation of Rights for Non-Group Customers. The company analyzed its debtors, of which the majority paid between 30 days and 60 days:

| | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Balance 01 January | 28,757,653 | 28,345,228 |
| Additional provision in the year | 3,105,364 | 4,374,053 |
| Provision utilized for write off of bad | (19,340,563) | (3,961,629) |
| Total | 12,522,454 | 28,757,653 |

The Company applies IFRS 9 to measure expected credit losses which uses an amount of expected credit loss over the life of the asset, for all trade receivables.

The expected loss rate is based on sales payment profiles for a period of three years prior to January 1, 2022 and the corresponding historical credit losses incurred within that period. Historical loss rates are adjusted to reflect current and future information on macroeconomic factors affecting customers' ability to settle accounts receivable

The credit loss value for trade and other receivables is determined according to the matrix provided under IFRS 9. The provisioning matrix is based on the number of days an asset is past due and the loss rates are calculated as described below ::

| | Actual | 1-30 days | 31-60 days | 61-90 days | More than 90 days |
|------|--------|-----------|------------|------------|-------------------|
| Rate | 0.30% | 1.60% | 3.60% | 6.60% | 10.60% |

24. OTHER RECEIVABLES & PREPAYMENTS

Other accounts receivable for the year ended December 31, 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|--------------------------|-------------------|-------------------|
| Advances to suppliers | 52,293,844 | 2,607,022 |
| Prepayments for expenses | 13,692,110 | 5,342,622 |
| VAT Receivable | 12,024,968 | 12,579,938 |
| Taxes prepaid | 4,986,448 | - |
| Prepayments for Custom | 2,438,140 | 1,524,193 |
| Advances to personnel | 156,047 | 56,500 |
| Total | 85,591,556 | 22,110,274 |

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the year ended December 31, 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|------------------|--------------------|--------------------|
| Cash in Bank EUR | 89,889,396 | 89,515,468 |
| Cash in Bank LEK | 12,762,172 | 17,765,130 |
| Petty LEK | 311,128 | 684,012 |
| Petty EUR | 556,679 | 361,718 |
| Total | 103,519,375 | 108,326,328 |

26. SHARE CAPITAL

On December 31, 2022, the company owns a capital of 1,481,601,000 ALL in cash, which is presented as follows:

| COMPOSITION OF SHARE CAPITAL | CAPITAL VALUE | % OF VALUE |
|--|----------------------|----------------|
| 1 ALUMIL GROUP LTD | 1,470,222,000 | 99.23% |
| 2 Georgios Salpingidis | 4,564,500 | 0.31% |
| 3 Joanis Bulios | 2,148,000 | 0.15% |
| 4 Sotirios Bulios | 2,236,500 | 0.15% |
| 5 Georgios Mylonas | 810,000 | 0.05% |
| 6 Evangjelia Mylonas | 810,000 | 0.05% |
| 7 Majlinda Kalludhi me dy femijet e saj Enea dhe Dhimitra Kalludhi | 810,000 | 0.05% |
| Total | 1,481,601,000 | 100.00% |

During the year 2022, the Company has not carried out financial actions with its Capital for its decrease or increase.

27. OTHER RESERVES

Rezervat Statutore të shoqërisë për vitin e mbyllur më 31 dhjetor 2022 paraqiten si më poshtë:

| | December 31, 2022 | December 31, 2021 |
|-------------------|-------------------|-------------------|
| STATUTORY RESERVE | 16,309,452 | 16,309,452 |
| Total | 16,309,452 | 16,309,452 |

28. TRADE PAYABLES

Accounts payable for the year ended 31 December 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Trade payables to related undertakings | 29,791,752 | 21,278,902 |
| Trade Creditors (3rd parties) | 8,557,369 | 75,046,678 |
| Total | 38,349,121 | 96,325,579 |

Accounts payable do not bear interest and are generally payable within 60-180 days. Accounts payable to suppliers of goods are settled on an invoicing basis.

29. OTHER PAYABLES AND SHORT-TERM PROVISIONS

Other accounts payable for the year ended December 31, 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Customer Advances | 15,749,838 | 20,000,331 |
| Accruals | 10,180,891 | 2,195,974 |
| Social security payable | 9,503,829 | 8,730,811 |
| Salaries and wages payable | 4,295,708 | 1,158,443 |
| Taxes payable (VAT, payroll, withholding etc) | 495,535 | 409,835 |
| Other creditors | 53,323 | 27,029 |
| Total | 40,279,125 | 32,522,424 |

30. SHORT TERM BORROWINGS

Borrowings for the year ended December 31, 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|---------------------------|--------------------|-------------------|
| Principal Loan | 57,309,814 | - |
| Overdrafts | 52,563,916 | 60,380,000 |
| Total | 109,873,730 | 60,380,000 |
| Long Term/Short Term Loan | - | - |
| Short Term Loan | 109,873,730 | 60,380,000 |
| Long Term Loan | - | - |
| Total | 109,873,730 | 60,380,000 |

Currently, the Company has a list of financing as follows provided by three banking institutions in the country:

Overdraft - The company had an overdraft line with Raiffeisen Bank in the amount of 500,000 Euro for which it paid 3.2% annual interest on the amount used. This agreement was renewed on December 5, 2022 until June 1, 2024.

Overdraft – The company has a bank financing line in the amount of 500,000 Euros with a validity of one year.

Overdraft - The company has received an Overdraft from Raiffeisen Bank in the amount of 2,000,000 Euros on June 10, 2022 with a deadline until June 10, 2023.

Overdraft - The company has an Overdraft Pro Credit bank Overdraft line in the amount of 500,000 Eur with a deadline until February 28, 2023.

Overdraft - The company has an Overdraft line with Pro Credit bank in the amount of 500,000 Eur with No. 05003358 which was taken on August 22, 2022 and is effective until February 28, 2023.

31. CURRENT INCOME TAX PAYABLE

Detyrimi per Tatimin mbi Fitimin për vitin e mbyllur më 31 dhjetor 2022 paraqitet si më poshtë:

| | December 31, 2022 | December 31, 2021 |
|----------------------------|-------------------|-------------------|
| Current Income Tax Payable | - | 11,182,644 |
| Total | - | 11,182,644 |

The company has no current income tax liabilities for the year ended December 31, 2022.

32. Lease Liabilities

Lease liabilities for the year ended 31 December 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|----------------------------|-------------------|-------------------|
| Balance 01 January | 30,370,438 | - |
| Additions | 4,260,702 | 30,370,438 |
| Disposals | - | - |
| Balance 31 December | 34,631,139 | 30,370,438 |

The effect of the IFRS 16 standard for the year ended December 31, 2022 is presented in the table below:

| | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Depreciation from Right of use Assets | 33,364,186 | - |
| Interest expenses from Right of use Assets | 3,309,864 | - |
| Total | 36,674,050 | - |

The contractual obligations in the statement of financial position for the year ended 31 December 2022 are presented as follows:

| | December 31, 2022 | December 31, 2021 |
|-----------------|-------------------|-------------------|
| Longterm Lease | 22,301,985 | 20,275,246 |
| Shortterm Lease | 12,329,154 | 10,095,191 |

(All amounts in LEK€ unless otherwise stated)

| | | |
|--------------|-------------------|-------------------|
| Total | 34,631,139 | 30,370,438 |
|--------------|-------------------|-------------------|

The company has used IFRS 16 Standard for calculating the obligation for the item "Right to use assets". In the calculation of the rent obligation, the rates of the group were used, namely the rates according to EURIBOR + 3% fixed rate. Alumil S.A group policy confirms that Alumil S.A group companies must use group rates when actual rates cannot be accurately determined by subsidiary companies.

33. CONDITIONAL COMMITMENTS AND OBLIGATIONS

Legal issues

The company during the regular course of its activity has been involved in various legal issues under trial as a plaintiff and a defendant by third parties. The company has a positive expectation for all court cases.

Potential tax liabilities

The Albanian tax and customs legislation which entered into force or is considered to have entered into force at the end of 2017, is subject to different interpretations in terms of its application to the Company's transactions and activities. Consequently, the tax position taken by management and the official documentation supporting the tax positions can be successfully challenged by the relevant authorities. Fiscal periods remain open for review by the authorities for five calendar years prior to the year of review. Under certain circumstances reviews may cover longer periods.

Capital commitments

The company has not had capital expenditures contracted but still unpaid at the reporting date

34. Related Parties

The following tables show the total amount of transactions that have been performed with related parties in the given financial year. The Company has affiliates with affiliates of the Alumil Group. A number of transactions are conducted with related parties in the normal course of business for the year ended 31 December 2022. These transactions are conducted in commercial terms and at market rates.

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(All amounts in LEK unless otherwise stated)

a) Trade Payables and Receivables from Related Parties

Accounts receivable and payable by and to related parties are set out below:

| | December 31, 2022 | |
|-------------------------------------|----------------------|--------------------------------|
| | Related Party Claims | Liabilities to related parties |
| Loans to and from related companies | | |
| Other from Mother Company | 71,059,789 | - |
| Other from Related Parties | - | - |
| Total | 71,059,789 | - |

| | December 31, 2021 | |
|--------------|----------------------|--------------------------------|
| | Related Party Claims | Liabilities to related parties |
| | 70,792,972 | 75,046,678 |
| | 5,786,355 | - |
| Total | 76,579,327 | 75,046,678 |

b) Purchases and Sales with Related Parties

The purchase and sale of goods, assets and services by and to related parties are set out below:

| | December 31, 2022 | |
|---|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties |
| Purchases and Sales with Related Parties | | |
| Mother Company | 505,609,439 | 2,348,665,127 |
| Other Related Parties | 546,445,896 | 21,111,446 |
| Total | 1,052,055,335 | 2,369,776,573 |

| | December 31, 2021 | |
|--------------|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties |
| | 260,329,957 | 1,879,559,287 |
| | 488,337,987 | 11,566,712 |
| Total | 748,667,944 | 1,891,125,999 |

Purchases and Sales of PPE and Inventory

| | December 31, 2022 | |
|-----------------------|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties |
| Mother Company | 505,135,613 | 2,289,887,666 |
| Other Related Parties | 546,326,520 | 21,111,446 |
| Total | 1,051,462,133 | 2,310,999,112 |

| | December 31, 2021 | |
|--------------|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties |
| | 260,329,957 | 1,820,739,446 |
| | 488,337,987 | 11,566,712 |
| Total | 748,667,944 | 1,832,306,158 |

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Notes to the Individual Financial Statements for the year ended at 31 December 2022
(All amounts in LEK unless otherwise stated)

b) Purchases and Sales with Related Parties (continued)

| | December 3, 2022 | | December 31, 2021 | |
|---|--------------------------|--------------------------------|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties | Sales to Related Parties | Purchases from Related Parties |
| <i>Purchases and Sales with Related Parties</i> | | | | |
| Mother Company | 473,826 | 58,777,461 | - | 58,819,841 |
| Other Related Parties | 119,376 | - | - | - |
| Total | 593,202 | 58,777,461 | - | 58,819,841 |

| | December 31, 2022 | | December 31, 2021 | |
|-------------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|
| | Related Party Claims | Liabilities to related parties | Related Party Claims | Liabilities to related parties |
| Loans from Mother Company | - | - | - | - |
| Loans to and from related companies | - | - | - | - |
| Other from Mother Company | 71,059,789 | - | 70,792,972 | 75,046,678 |
| Other from Related Parties | - | - | 5,786,355 | - |
| Total | 71,059,789 | - | 76,579,327 | 75,046,678 |

Total purchase and sale by and for related parties:

| | December 31, 2022 | | December 31, 2021 | |
|-----------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties | Sales to Related Parties | Purchases from Related Parties |
| Mother Company | 505,609,439 | 2,348,665,127 | 260,329,957 | 1,879,559,287 |
| Other Related Parties | 546,445,896 | 21,111,446 | 488,337,987 | 11,566,712 |
| Total | 1,052,055,335 | 2,369,776,573 | 748,667,944 | 1,891,125,999 |

Alumil Albania sh.p.k.
Notes to the Individual Financial Statements for the year ended at 31 December 2022
(All amounts in LEK€ unless otherwise stated)

b) Purchases and Sales with Related Parties (continued)

| Purchase of Assets and Inventory | December 31, 2022 | | December 31, 2021 | |
|----------------------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties | Sales to Related Parties | Purchases from Related Parties |
| Mother Company | 505,135,613 | 2,289,887,666 | 260,329,957 | 1,820,739,446 |
| Other Related Parties | 546,326,520 | 21,111,446 | 488,337,987 | 11,566,712 |
| Total | 1,051,462,133 | 2,310,999,112 | 748,667,944 | 1,832,306,158 |

Purchases and Sales with Related Parties

| | December 31, 2022 | | December 31, 2021 | |
|-----------------------|--------------------------|--------------------------------|--------------------------|--------------------------------|
| | Sales to Related Parties | Purchases from Related Parties | Sales to Related Parties | Purchases from Related Parties |
| Mother Company | 473,826 | 58,777,461 | - | 58,819,841 |
| Other Related Parties | 119,376 | - | - | - |
| Total | 593,202 | 58,777,461 | - | 58,819,841 |

35. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date that would require adjustments or additional disclosures in these consolidated financial statements.