BALFIN
BALKAN FINANCE INVESTMENT GROUP

Annual Report 2020

www.balfin.al

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GROWING TOGETHER

BALFIN Group (Balkan Finance Investment Group) is one of the most significant and successful investment groups in the Western Balkans, with an audited net un-consolidated turnover of more than 560 million EUR in 2020.

BALFIN Group was founded in 1993 in Vienna by Mr. Samir Mane and is currently located and operating in Austria, Albania, Kosovo, Bosnia and Herzegovina, North Macedonia, Montenegro and Netherlands. The Group has more than 5,700 employees, whose dedication and passion remain key to its success story.

The Group operates in various industries such as real estate, retail, mining and smelting, banking, tourism, energy, logistics, etc.

BALFIN Group is a trustworthy partner applying the highest business and ethical standards, with experience and expertise in several industries, high financial capitals, outstanding human resources, and a rigorous focus on innovation.

By applying the best global business principles and speaking the local language, all Group companies are unquestionable leaders in their respective fields, thus making BALFIN Group a commended and applauded partner for many important international companies and financial institutions.

BALFIN Group has made constant progress in overall growth by upgrading standards and shifting towards sustainability. Through economic development, employment opportunities, innovation, and social involvement, BALFIN Group challenges the status quo, fostering a positive impact on communities.

PRESIDENT'S LETTER

Dear friends,

I have the privilege to present to you a glimpse of BALFIN Group's life during 2020. It was a time that called for the deepest connection between people and the most well-organized efforts on a global scale.

BALFIN Group, like all companies around the globe, was affected by COVID-19 and its repercussions, from the restrictions back at home to the anomalies in international trade. But our people showed that their professionalism, enthusiasm, and the power of collaboration could match and overcome any kind of obstacle. A new relationship developed – businesses found the way to meet the needs of customers at their premises without jeopardizing their health and customers helped businesses through the most unprecedented period. Part of our Group offerings could well be considered vital during those days: electronic devices at a time when everyone switched to online versions of all communication and leisure, food clothes, and children's items to continue the daily activities, even appliances for families and institutions. All together, we managed to keep our companies intact, continue the relationship with all our partners, and even increase and enhance various aspects of our business.

Health was the most discussed topic of past year - the health of our employees, their families, all the people around us. BALFIN Group took every measure needed to protect its personnel. In addition, we made our resources available to the society so that as many people as possible could access what we previously took for granted.

As the world is now recovering, all this experience will surely continue to inspire us as people, employees, and investors. Our vision as BALFIN Group has emerged even more clear and powerful. We will work harder to drive economic progress, to distribute values and why not, to infuse hope to all those in contact with us.

Esteemed readers, we have moved into a different and new phase. I am convinced that novel opportunities lie ahead of us. BALFIN Group will seize every prospect that rewards investment while benefiting stakeholders and the society.

Thank you.

Samir Mane
President of BALFIN Group

CEO'S STATEMENT

Dear readers,

It is a pleasure for me to start this dialogue with you, as a yearly promise of BALFIN Group for transparency of its actions and projections. We are communicating our progress, our resilience in the most unusual of circumstances and our hard-earned achievements. The developments in this Annual Report have taken place during 2020 - a most unprecedented year in recent history. It is a period when human values were put to a test and now, we can surely confirm that they prevailed. The business world was shaken, with new trends emerging or consolidating, as well as with unexpected challenges to be met. BALFIN Group was also impacted by the pandemic restrictions, yet managed to successfully adapt to the new normal and continue its path. Its position as one of the most significant economic actors in the region was reinforced thanks to its contribution to the economy and society.

During 2020, our retail companies were the first to go online and continue offering their variety of products. Despite all difficulties, we managed to keep our supermarket chain open for our customers while implementing strict restrictions and policies to protect both customers and staff. It was a massive enterprise that taught us the new behavior patterns of our customers and consequently, how to better serve them. Our retail colleagues succeeded in being there, both in-store and online across categories.

The mining and smelting industry continued to upgrade the technology and improve its standards. New Co Ferronikeli finalized an investment up to EUR 10 million while AlbChrome invested EUR 3.8 million. With a total of 13.8 million of EURs invested in this industry, we will increase production capacity and efficiency at reduced costs, resulting in an optimized process and final product.

Real estate industry remained solid; our companies took the necessary steps to implement their plans and try to maintain growth. Most notably, the East Gate Mall project reached more than half of its EUR 108 million investment value, while Green Coast invested EUR 27.4 million, all within last year. In addition to Green Coast reaching an agreement with the international Accor, we identified several other projects that will breathe new life into the sector in the coming years.

Similarly, Tirana Bank ranked among top banks regarding growth of lending portfolio for individuals and businesses, supporting the development of local economy. It also initiated the transformation of its core banking system to offer even easier procedures and faster processing speed that benefit its clients.

The constant driving factor that made everything possible were our employees - more than 5.700 of them! They never lost sight of our objectives and embraced the changes. We are one of the largest employers in the region and the health of our workforce and their families was of primary importance since the first day of that unusual situation. Simultaneously, we switched to

digital platforms, be it for working or for developing personal and professional skills and peaked at over 45.000 training hours. This is a direction that we are willing to explore further. True there were some hardships along the way, but mutual trust guided us through a most demanding year and into a promising 2021.

I would like to point out the approach of BALFIN Group for the year this Report refers to. As a group with more than 50 companies in diverse industries and seven countries, we maintained the same level of financial contribution to the state, commitment to our employees and suppliers, values of a responsible organization and willingness for investments. The education system, protection of environment and improved living conditions for children were the pillars of our social engagement that amounted to EUR 1 million in year 2020. It is worth mentioning that our commitment for those families that lost their homes from the 2019 earthquake in Albania continued even during 2020.

Inviting you to delve into details in the coming pages, I would like to emphasize our continuous dedication to become the key player in the Western Balkans regarding economic progress, employment rate growth and social investments. The next year's Annual Report will demonstrate the extent at which we succeeded.

Have a nice reading,

Edlira Muka
CEO of BALFIN Group

BALFIN AT A GLANCE

€1.4 BILLION
TOTAL GROUP ASSETS

€562 MILLION
NON-CONSOLIDATED GROSS REVENUE

GROUP EBITDA
€87 MILLION

5,700+
EMPLOYEES
IN OUR GROUP COMPANIES

€1 MILLION
SOCIAL CONTRIBUTIONS

CAPEX EXPENDITURES IN 2020
€87 MILLION
(VAT INCLUDING)

Figures are rounded to the nearest decimal point or the nearest million.

€53 MILLION
TAXES PAID

+50
COMPANIES IN BALFIN GROUP

40,000 clients
SERVED DAILY BY RETAIL COMPANIES

SOLE SHAREHOLDER OF
TIRANA BANK
THE FIRST PRIVATE BANK IN ALBANIA

45,000+
HOURS OF TRAININGS IN A YEAR

7
COUNTRIES

NEPTUN, THE LEADING RETAIL CHAIN
OF CONSUMER ELECTRONICS OPERATING IN ALBANIA, NORTH MACEDONIA AND KOSOVO

THE LARGEST SHOPPING MALL IN THE REGION
EAST GATE MALL

11.6%
TOTAL TAX CONTRIBUTION WITH RESPECT TO TURNOVER

OUR PARTNERS
RAIFFEISEN BANK, INTESA SAN PAOLO, OTP ALBANIA, ALPHA BANK, KOMERCIJALNA BANKA, EBRD, NLB BANK, STOPANSKA BANKA, SPARKASSE BANK, SPAR, JUMBO, MANGO, INDITEX, ARÇELIK, SAMSUNG, LG, SONY, MILSPED, MAERSK, SUMITOMO, ACCOR, ERNST & YOUNG

OUR JOURNEY

1993
- NEPTUN
- ALBA-TRADE Handelsgesellschaft m.b.H.

2002
- MANETCI

2005
- EUROMAX
- QTU
- fga

2007
- ACREM

2008
- FOOD WAY RESTAURANTS & BARS
- ELEKTRO-SERVIS

2009
- plus

2011
- TEG Be happy!
- JUMBO
- final

2012
- Skopje City Mall
- TIRANA LOGISTIC PARK

2013
- MILSPED ALBANIA
- ALBCHROME
- faleminderit.al

2014
- VALA MAR RESIDENCES
- TBU TIRANA BUSINESS UNIVERSITY COLLEGE
- aes

2015
- GREEN COAST
- Carrefour
- Agracon

2016
- SPAR

2017
- smart point
- THIMI Immo GmbH
- STELLA MARE
- EAST GATE

2018
- BALFIN REAL ESTATE & HOSPITALITY
- New Co Ferronikeli
- aladini

2019
- TIRANA BANK

2020
- VLLAHEN MINING
- RETAIL PARK
- ON SOLUTIONS
- PD

CORPORATE CULTURE

BALFIN Group is an organization that aims to create comfortable ground for economies, businesses, and people to grow and perform better. We invest in innovation, outstanding service, and the highest ethical and business standards. Through our sustainable operations, we create value for our shareholders and communities.

OUR VALUES

BALFIN Group's values are an integral part of the organization so that all our employees, in all Group's companies, can work and succeed together. BALFIN Group takes corporate culture and our values to heart, and we believe that the way we achieve results is of the same importance as the results themselves.

We provide our intense support and contribution throughout cooperation and entrust correlations. Equipping with our capability, proficiency and investment, we afford compacted fundamentals to our partnerships and assure a success story. All BALFIN Group companies, employees and partners benefit from the synergy and mutual experiences' exchange, by reaching the greatest outcomes.

ACCOUNTABILITY Ethics drive us

We practice and influence the highest business standards in a transparent and ethical way. We treat our employees, our partners and our customers with regard, dignity, honesty and impartiality. We encourage novel perspectives, do our best to stay connected and engaged through the open exchange of ideas and recognize high performance. Believing in our people and our partners, recognizing their feedback and contribution facilities our way of growing further.

PARTNERSHIP Achieving together

We make our strongest contribution through collaboration and trustful relationships. Contributing with our expertise, professionalism and capitals, we provide solid foundations to our partnerships and guarantee success. All BALFIN Group companies, employees and partners benefit from the synergy and mutual exchange of experiences and achieve the best results.

INNOVATION We solve problems

We constantly strive to redefine the standard of excellence in everything we do. Therefore, we are open to ideas that challenge the conventional views and drive innovation. The only constant in life is change and we believe that in order to stay relevant we must constantly improve, upgrade and innovate. Through embracing human values and diversity, we drive innovation and creativity in all aspects of our business.

CONSIDERATION We are Responsible

We show maximum responsibility and respect for employees, partners, customers and communities where we operate. We participate in businesses that offer opportunities to people, develop economies and create values for society

CORPORATE GOVERNANCE

BALFIN Group complies with corporate governance procedures, laws, and regulations applicable in all countries where it operates, as well as with its Code of Ethics and Professional Conduct.

At BALFIN Group, good corporate governance is not simply about adherence to a set of recommendations and proposals. It ensures that our processes, procedures and policies are implemented according to the principles of transparency and accountability. We will continue to pay special attention to all corporate governance developments. Corporate Governance is about promoting corporate objectivity, transparency and accountability, in compliance with our values and vision.

CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance Framework summarizes the concrete principles and guidelines designed for result-oriented performance and ethical behavior towards business partners to ensure active and efficient management within the Group. Dedicated to create and boost shareholders' values and lower risk, BALFIN Group Governance Framework relies on:

- Comprehensive and Objective Business Ethics;
- Aligned Business Goals;
- Strategic Management;
- Efficient Administration;
- Disclosure, transparency and accountability;
- Innovation and continuous development;
- Compliance with laws and regulations in force and BALFIN Group's "Code of Ethics and Professional Conduct";
- Human Resources Management.

These standards are implemented in conjunction with existing programs support, in order to stand for accountable corporate management to long-term value creation in BALFIN Group.

GOVERNANCE BODIES

BALFIN Group has the following decision-making bodies:

- President of BALFIN Group;
- CEO of BALFIN Group
- Group Management Board;
- Vice Presidents;
- CEOs of Group Companies.

GROUP MANAGEMENT BOARD

PRESIDENT OF BALFIN GROUP

The highest governing body is the Shareholder, who is also the President of BALFIN Group. The President holds key decision-making authority in strategic activities of the Group and investment decisions above a required threshold. Additionally, BALFIN Group's Shareholder and President is responsible and in charge for appointment of Group CEO and Group Management Board's Chair, as well as Board Members.

GROUP MANAGEMENT BOARD (GMB)

The Board is in charge of approving and authorizing major investments in new projects or business acquisitions, proposing the sale, closure, or divestment from existing companies, subsidiaries, or joint ventures. Additionally, the Board stipulates, improves, and executes the Group Strategy and reports to the shareholder about the progress.

The Board is responsible for preparing the strategy implementation plan, approving Group Policies and Procedures, Group companies respective budgets and their long-term strategy.

The Board monitors the Group Financial Performance and non-performing companies, therefore carrying out the required measures to align with the Group Strategy.

BALFIN Group CEO, VP-s, and CFO are automatically eligible to be appointed as members of the Board. Other persons, internal or external to the Group might be elected to be part of the Group Management board, based on their background and upon their discretion, character, expertise, skills and experience will positively provide their input to the Board to carry its duties with efficiency and effectiveness.

COMPOSITION OF THE GROUP MANAGEMENT BOARD

As of 31 December 2020, the composition of Group Management Board was as follows:

Edlira MUKA
Chief Executive Officer
and Chairwoman of GMB

Arsim PAPRANIKU
Board Member

Ardiana SOKOLI
Vice President for Real Estate

Julian MANE
Vice President for Retail

Steven GRUNERUD
Vice President for Mergers
and Acquisitions

Blerina DAKA
Chief Financial Officer

Ervin KAJNO
Vice President for Corporate Projects

CORPORATE GOVERNANCE

INTERNAL ORGANIZATIONAL STRUCTURE

By and large the GMB's meetings are convened at least 9 (nine) times per year, in a regular order, by its Chairperson or, should the person be absent, by the Vice-Chairperson. In addition, any Board member may submit a request for a meeting to be convened.
In order to facilitate the oversight functions of the CEO and GMB, the Board has delegated several tasks and assignments linked to the support and operation of practical matters toward Committees such as Human Resources, Information Technology, Corporate Communications, Internal Audit and Corporate Project Management.
During 2020, the GMB held 12 meetings to execute its own competencies among others by taking important decisions in managing business activities after COVID-19 pandemic outbreak.

HUMAN RESOURCES COMMITTEE

The HRC is a key executive leadership Committee that aims to support BALFIN Group in setting aligned Group HR philosophies, strategies, policies, processes, practices and programs, which contribute to the achievement of the Group business objectives. The primary responsibility of the committee is to review, introduce and implement Human Resources strategies within BALFIN Group. The Committee also recommends to the Board changes on all other issues related to Human Resources Management and Development.
The committee consists of a minimum of 4 (four) members proposed by Group Director of HR and appointed by the BALFIN Group CEO.

MARKETING AND COMMUNICATIONS COMMITTEE

The Marketing and Communications Committee (MCC) introduces, coordinates and supports joint initiatives and activities among BALFIN Group and/or Group's Companies to foster reputation and brand values. It supports the Group CEO and GMB in setting aligned Group strategies, policies, procedures and concrete related to marketing and communication.
The Group Director of Communications chairs the MCC. The Group Communications Director appoints other committee's members. The committee gathers regularly on a quarterly basis, or whenever deemed as necessary by the chairperson of the committee.

IT COMMITTEE

The IT Committee (IC) is responsible for the review of the IT investments on GMB's behalf. The IC is composed of 3 members independent of the IT function of the Group, with a minimum of two members coming from the GMB. The Chief Information officer has a permanent seat in the committee, in function of the reporting role. All IT committee members are appointed from BALFIN Group CEO. The participation of the members of the GMB in the IC ensures that IT Governance is also addressed as part of the Corporate Governance. It also ensures the IT function of the Group is provided with the strategic direction of Group.
The IC gathers on quarterly basis, under the direction of the chairperson, who is responsible for setting and running pursuant to the meeting agenda.

AUDIT COMMITTEE

The purpose of the Audit Committee (AC) is the protection of shareholders interest. The Audit Committee supports the Management Board on reviewing the accuracy of performance reports, assessment of compliance with legal and regulatory requirements, compliance with internal procedures and Group standard, evaluation and specification of the measures to be taken in cases of incompatibility identified from Internal Audit of the Group.
The AC is also responsible to monitor the performance and independence of the BALFIN Group's Internal Audit department.
The committee gathers on quarterly basis, pursuant to the yearly-approved agenda, as well as on ad-hoc basis, depending on the issues or circumstances raised.
The AC chairperson is appointed by the President of the Group and performs its duties as per the AC Charter. AC chairperson is the Chief Executive Officer of BALFIN Group. Members of AC are two executive and non-executive members: Director of Business Operations and Advisor of the Group Management Board.

PROJECT MANAGEMENT COMMITTEE

The Project Management Committee (PMC) consists of representatives from any group company responsible for initiating and managing projects. This Committee is led by the Vice President and Director of Corporate Projects Department at BALFIN.
PMC is in charge of providing necessary recommendations for solutions to any project related issues, creating the register of project proposals, setting project management standards, identifying the needs for support and coordination between the departments responsible for the projects, increasing efficiency for project drafting and implementation, and identifying, analyzing and providing recommendations for various business research and development opportunities.

EXECUTIVE LEADERSHIP TEAM

Another important body is the Executive Leadership Team (ELT). ELT serves as a forum for sharing and discussing BALFIN Group's strategic objectives.
ELT's main goals is to provide the key management of the Group with a forum where they can share the strategic direction of the group, discuss and agree on the strategic objectives of the group and the group's companies, identify risks and discuss on mitigating measures, discuss new initiatives and synergies within the companies and the Group structures.

The Executive Leadership Team is composed from the following members:

- **CEO of BALFIN Group**
- **GMB Members**
- **CEOs of Group Companies**
- **Functional Directors of BALFIN Group Headquarters**

The ELT gathers on semi-annual basis, in meetings called and chaired by the CEO of BALFIN Group, pursuant to a pre-defined agenda.

SOCIAL CONTRIBUTION

Companies of BALFIN Group have long since been active with their projects benefiting the society. Considering their respective sectors and the geographical reach of their activity, they are focused on several directions and are becoming representatives of Group's Corporate Social Responsibility. The Sustainable Development Goals of the United Nations serve as a reference in this regard.

It was only natural that during 2020, society received even more attention from the commercial actors - after all, the very functioning of human relations needed to change. Communities in Albania and the region were unexpectedly facing new challenges, so BALFIN Group multiplied its commitment and tried to make as many of its resources as possible available to them.

There were programs established year after year, such as the internships and scholarships for high school and university students, programs that carried on from the time of the disastrous earthquake of 2019, as well as new initiatives shaped by the pressure of the Covid 19 restrictions.

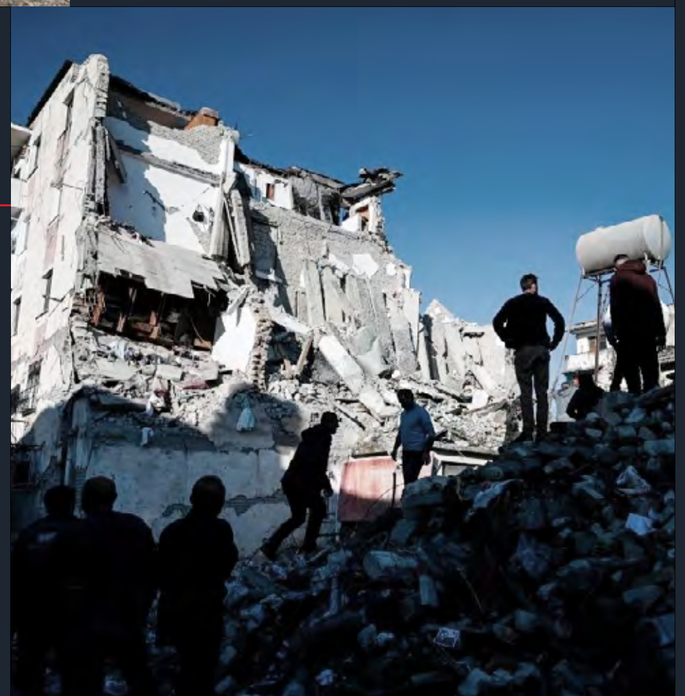
The education system, healthcare system, environment, families in need and various needs of children are the areas our companies have contributed to during last year. They derive from the set of values that BALFIN Group applies, as an organization that tries to meet its commercial objectives and at the same time do it responsibly!

SOLIDARITY DURING COVID-19 PANDEMIC

The public health emergency caused by the outburst of COVID-19 was immediately followed by economic restraints that sometimes threatened even the livelihood of families in need. BALFIN Group was quick to respond, and allocated a special fund for financial or in-kind contribution that could be disbursed quickly and easily to organizations at the front line. This fund served as the basis for many initiatives implemented by non-for-profit organizations and public institutions that dealt directly with those most severely affected by the economic difficulties arising from COVID-19 limitations.

CONTRIBUTION FOR FAMILIES AFFECTED BY 2019 EARTHQUAKE

The earthquake of November 2019 in Albania resulted in loss of human lives and enormous damages. BALFIN Group offered support for disaster relief and continued to do so even during 2020. A total of 720.000 Euros was disbursed in cash or in kind on behalf of Neptun Macedonia, Neptun Kosovo, QTU, TEG, BALFIN, Jumbo, SPAR Albania, Green Coast, AlbChrome, Mane TCI and Tirana Bank to the affected families and authorities that were involved in the relief efforts.



EDUCATION

A few programs have already turned into traditions:

- Internships by AlbChrome for students of the vocational schools in Elbasan and Bulqiza, with many of these interns being employed by the company upon program completion.
- Scholarships by Green Coast for Master students at the Tourism Management Department of Tirana University, to support Human Resources development in tourism.
- Internships across companies of BALFIN Group for interested students of various institutions, in their field of study.

In addition, Neptun equipped the excellent students of Tirana with electronic devices to attend online classes during the pandemic.

Two major projects contributed to ease the consequences of the 2019 devastating earthquake:

- Improvising a building in Kruja belonging to Tirana Bank into a school, as the school itself was still under construction.
- Sponsoring the Durres Marathon, whose proceedings were used to reconstruct a school in Sukth.

CHILDREN

Several BALFIN Group companies became part of the "Tungjatjeta" program of World Vision, aiming to raise awareness about children with disabilities in the country. More specifically:

- AlbChrome covered the specialized at-home treatment for eight children
- SPAR allocated 5 ALL for every bottle of SPAR water sold
- Jumbo and SPAR installed donation boxes within their premises

Tirana Bank joined forces with the Municipality of Tirana to construct a new playground of 520 m² and cooperated with the Red Cross Albania to provide pupils from families in economic difficulties with school bags and stationery needed for the academic year.

Along the academic year corresponded with two other major contributions:

- AlbChrome renovated the teaching equipment and furniture of Nursery no.2 in Bulqiza to better accommodate its 60 pupils.
- AlbChrome and Fashion Group Albania distributed gifts to children whose parents work in the Bulqiza mines.

The festive spirit of the end of year was also celebrated by those in need:

- AlbChrome implemented the "No One Is Alone" initiative and distributed gifts to 93 orphaned children in the area.
- Jumbo distributed holiday presents to more than 600 children in Librazhd and Tirana.

FAMILIES IN NEED

Tirana Bank made possible the reconstruction of the apartment belonging to the Lezo family in Saranda. Its members now live in a better home, complete with all necessary appliances and furniture. This intervention had the special attention of Samir Mane, President of BALFIN Group.

SPAR Albania, AlbChrome, New Co Ferronikeli and Tirana Bank distributed approximately 30 tons of food to over 600 families in Albania and Kosovo when the pandemic restrictions were the harshest.

SPAR Albania made sure that Streha Social Center in Tirana continued to offer free meals to disadvantaged people, as well as sent food provisions to four families in Tirana, Lushnje, Peqin and Delvina.

HEALTHCARE SYSTEM

Neptun Albania donated laptops to Jonathan Center, so that it may continue offering online therapy and counselling to children with Down syndrome

Tirana Bank provided radiography films to the regional hospital of Shkodra – needed especially during the pandemic to help determine the condition of patients. It also furnished the health center of Piskova in Permet with all the medical equipment needed for 2.800 inhabitants of the area.

SPAR Albania donated 5.000 face masks and 5.000 medical gloves to the Albanian State Police, to be used by the officers during the pandemic.

Neptun Kosova partnered with Beko and joined the global initiative "Supporting the Best Team in the World". They donated healthcare appliances to the intensive care unit in UCCK in Prishtina, making it easier for the doctors to treat COVID-19 patients.

ENVIRONMENT

Tirana Bank placed 70 bins along the main street of Pogradec, helping its citizens keep a clean environment.

SUSTAINABLE DEVELOPMENT GOALS

BALFIN Group plays its role to achieve many of the Sustainable Development Goals adopted by the United Nations. Based on the profile of each company and the characteristics of the communities where we operate, we have identified the below sustainability goals as more relevant to us:

GOAL 1
End up poverty in all its forms everywhere

GOAL 2
Zero Hunger

GOAL 3
Ensure healthy lives and promote well-being for all at all ages

GOAL 4
Quality education

GOAL 5
Achieve gender equality and empower all women and girls

GOAL 8
Promote inclusive and sustainable economic growth, employment and decent work for all

Many of the products our companies offer, solutions we present and measures we take, contribute to various groups of society, the education and healthcare system, environment and workplace standards, making BALFIN Group part of the implementation of these goalsGroup part of the implementation of these goals.

OUR PEOPLE

A CRISIS DOES NOT CREATE CHARACTER, IT SHOWS CHARACTER. A CRISIS REVEALS THE TRUE COLORS AND VALUES OF PEOPLE AND COMPANIES.

The COVID-19 pandemic presented for all of us a true challenge, revealing the true character of BALFIN Group companies and people: we are strong, flexible, passionate and successful when working together. In a very difficult time for the entire world we managed to take care of our employees, our partners and nearby communities, supporting each other and creating optimism for the future.

BALFIN Group companies number approximately 5,700 employees. Our people represent the key competitive advantage and success factor of our Group activities. With adherence to our Group values, they have proven to be high caliber professionals and leaders bearing a significant weight in the market.

BALFIN Group brings together experts in various fields by interlacing the experience, professionalism and energy to respond to any challenge. Challenge and accountability are key words in constantly guiding employees on the path to collective and personal success.

With the pandemics' outbreak last year, specific measures were taken in order to protect employees' health, keep people engaged and maintain employee productivity levels intact, considering the extraordinary circumstances.

In order to protect employees' health, public health authority's protocols were timely and rigorously implemented, providing employees with any authorized infection preventive materials and providing frequent trainings on the application of the health protocol instructions. In order to ease the psychological effects of the pandemics on employees, professional counseling and training on resilience were provided to employees.

Work from home became a widespread work practice for our employees, especially during the lockdown period. Flexible leave policy, special compensation policy for cases of COVID-19 infected employees (in addition to what the Law provides) and free COVID-19 tests were introduced as supporting means to our people during these challenging times.

Training and development activities continued, adjusting to the new pandemic reality. Our IT infrastructure enabled employees to quickly adapt to online learning through participation in online trainings, either virtually in real time or self-paced. To help employees maintain their work efficiency under these unprecedented circumstances, continuous instructions were provided to them on how to manage stress and time, especially while working from home.

HR KEY FIGURES

4 IN 10 employees are women

2 IN 10 employees are in managerial positions

4 IN 10 top leadership positions are women

3 IN 10 employees work in the international market

38 successful internships

2 IN 10 promotions are to managerial positions

286 promotions during 2020.

38 YEARS OLD is the average age of our employees

6 YEARS is the average tenure of our employees

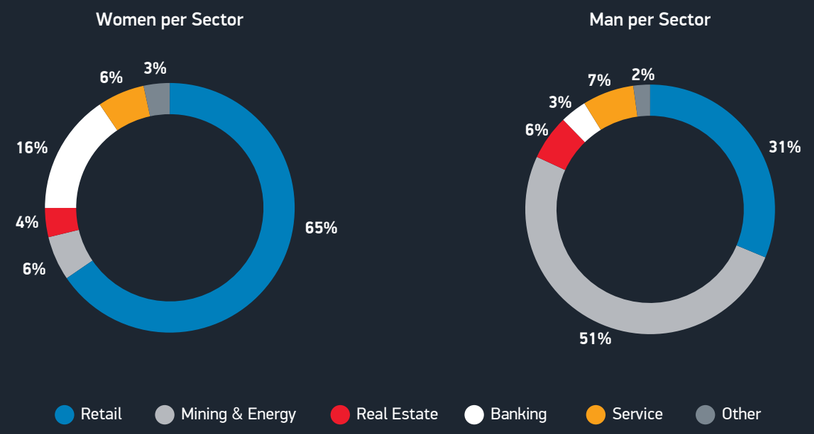
74% is the retention rate of our employees

1,940 employees trained during the year

Each trained employee received **23 TRAINING HOURS** on average

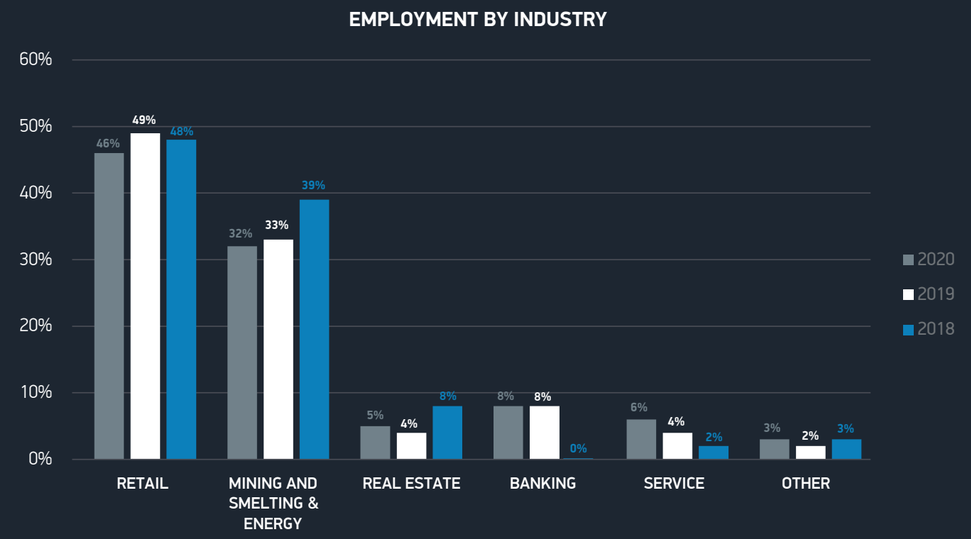
Total HR expenses are approximately **EUR 49 MILLION**

INDUSTRY SPREAD BY GENDER



EMPLOYMENT BY INDUSTRY

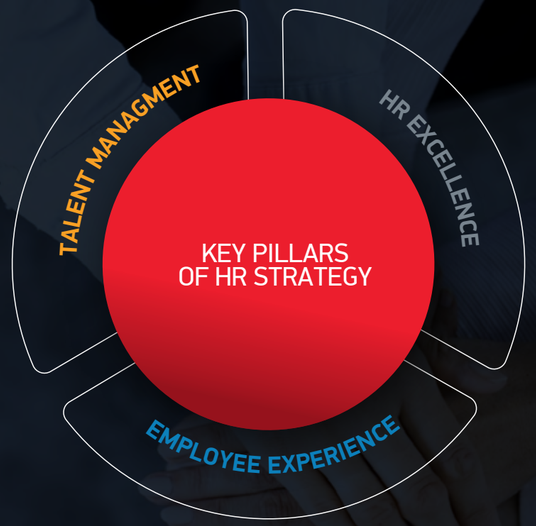
Total employees working at the Group (including minority companies) as of 31 December 2020, was 5,717 (2019: 5,803; 2018: 5,116) and the distribution per industry each year is as follows:



OUR HR PHILOSOPHY

Our goal is to champion better working conditions and improve living standards for our employees. We are dedicated to collaborating with BALFIN Group business units, to maximize the potential of our greatest asset, our employees. We embrace change and are open to benefit from any sort of opportunity created by continuous change. We are committed to acquiring and catapulting talent, maximizing HR technology and are perpetrated to employee dedication performance appraisal and acknowledgment.

KEY PILLARS OF BALFIN GROUP HR STRATEGY ARE:



TALENT MANAGEMENT – Ensures that BALFIN Group applies the highest standards of Talent Management practices that enhance the right culture for employee engagement and productivity maximization. This is achieved through improvement of Talents Acquisition and Development practices, optimization of succession planning and management, and further advancement of performance and career management practices.

EMPLOYEE EXPERIENCE – Aims to make BALFIN Group an outstanding workplace that offers exceptional work experience for its employees by creating an exceptional employee experience, which supports both organizational performance and individual satisfaction.

HUMAN RESOURCES EXCELLENCE - Enforces that BALFIN Group applies the highest standards of HR practice and deliverables that maximize impact on business by enhancing the HR strategic role and business impact, HR services, synergies and technology.

BALFIN TRAINING ACADEMY
Leading people and businesses to success.

AN ENTERPRISE IN TRAINING AND PROFESSIONAL DEVELOPMENT OF EMPLOYEES.

BALFIN Training Academy represents one of the key pillars of the Group`s strategy in further developing human capital. As a tailored procedure to reach our employees` needs, the training activities are designed in such a way, to support their professional growth in current and future positions. Each year, the academy training activities contain more than 6,000 training/coaching hours with more than 400 employees as participants.

BALFIN Training Academy brings together experts from our companies, professors and technicians in the academic field, as well as professional trainers from home and abroad.

This academy aims to create, maintain and develop valuable assets, competencies and professional employees, capable of growing and contributing professionally to their daily work responsibilities and environment, in order to be prepared and efficiently responding to any challenge.

During 2020, 95% of academy trainings were realized online. For the first time, BALFIN Training Academy introduced a catalog of self-paced online trainings, available to all Group employees free of charge.

TALENTPOOL

THE LEADERSHIP DEVELOPMENT PROGRAM OF TOMORROW`S GROUP LEADERS.

Balfin Talent Pool is yet another extremely important breakthrough program, which represents a leadership academy within BALFIN Group. The aim of this program is to prepare and train future leaders, in order to be able to lead Group companies and businesses within Albania and abroad. As a unique opportunity for career development, each year Talent Pool assists the top talents of the Group companies through technical knowledge in the format of classroom training; job shadowing; as well as following the program through mentoring technique, where BALFIN senior executives and managers were a fulcrum in their career advancement.

The Talent Pool Program consists of the identification, training and professional development of talents, and their preparation for taking on the highest professional and managerial positions at the Group level, up to that of the CEO (Executive Director) of each company that BALFIN Group is in possession of. Despite last year difficulties related to COVID-19 restrictions, the second Talent Pool edition was successfully finalized. In a virtual event, Talent Pool participants presented their projects stemming their successful graduation from this leadership program.

COVID-19 PANDEMIC MANAGEMENT

BALFIN Group intercepted the earliest warnings of the pandemic in sight in February when certain EU countries raised the concern about the presence of a virus. The Crisis and Emergency Response Plan asked for the ad-hoc building of a team, namely the Crisis Management Team. It was this team, with a direct line of report to the highest decision makers that structured the response of the Group to the COVID-19 situation in every country where it operates.

MANAGING THE CONTINUITY OF BUSINESS

The Crisis Management Team included representatives of various functions that can strategically steer the actions of companies. It updated the preparedness plans periodically, as the world authorities issued new health guidelines and the national authorities imposed new measures. To maintain a strong liquidity, all companies of the Group behaved conservatively in terms of cash outflows to create a cash buffer. As an additional measure, each company established an emergency fund.

The capital investments were rescheduled, except for those deemed very necessary or mandatory. An example of the investments that received a green light for 2020 was the long-term project in mining and smelting – new technologies that will increase production capacities and at the same time improve standards of health and safety, as well as environment protection. Given the lockdown, all of retail needed to go online. It was the only way to protect business and provide the goods and services to the customers. Retail companies of BALFIN Group upgraded their online stores and e-commerce practices were expanded successfully. Food, electronic products, clothes, children's toys, and other items were delivered every day, so citizens could meet their needs without leaving home.

KEEPING A LINE OF COMMUNICATION WITH HEALTHCARE INSTITUTIONS AND EMPLOYEES

Health of employees and their families was the main concern. The health protocols issued by the Ministries of Health in the respective countries were strictly followed by each company of the Group. Reduced presence to the necessary minimum in offices and shops, protective gloves and masks, alcohol and hand disinfectants, protective barriers and all other elements of the protocol helped to minimize risk for own employees as well as for clients and collaborators.

A dedicated team of doctors was available day and night to give support and advice to the staff. According to the continuous update of knowledge about the behavior of virus, weekly health tips were shared internally. Considering the new relation between home and office, employees were offered help on issues like organizing the working hours and adapting to lack of physical presence during various operations.

APPLYING INTERNAL PROCEDURES TO CONFINE SPREAD OF INFECTIONS

Once the health emergency was announced, all Group companies switched to remote working. The IT Department provided employees with necessary devices, technological solutions, and training on the new platforms. For the first time, a catalog of 15 training modules was offered online to all staff. The Innovation Summit, Talent Pool, and even the end-of-year celebrations happened online, reaching up to 1.000 participants per session.

BALFIN INNOVATION SUMMIT

The Innovation Summit is a key event of BALFIN Group turned into an annual tradition, where innovative and creative ideas from different Group Companies and Companies' employees are shared and interactively discussed. It is an "instrument" to promote and award the potential of our employees and bring the innovation culture of our Group to an upper level.

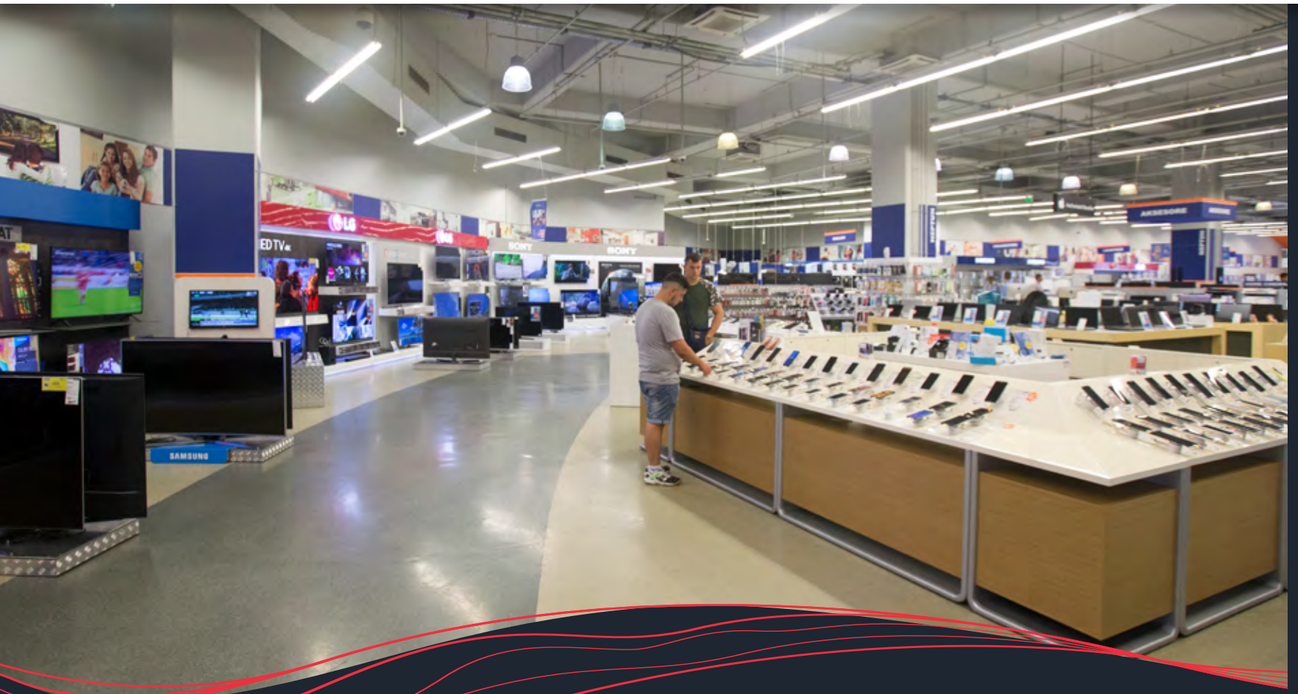
Innovation is interwoven in the fabric of our business, by undeniably determining the success in the coming years or decade. BALFIN Group is always looking for new brand ideas, to strike a balance between more dynamic business and operating models, more proactive design of customer experience, corporate strategies, and to improve processes, generate new business ideas and set market trends, in order to address the issues of sustainable development.

In the 2020 edition, Group's employees from 7 different countries had the opportunity to present their innovative ideas. The event, organized in Tirana, was a "hybrid" one with limited physical participation due to COVID-19, but it was ensured that all BALFIN Group employees attended it online.

The 2020 BALFIN Group Innovation Summit winner was BALFIN Real Estate and Hospitality Company, that introduced two innovative ideas for the local market: timeshare and vacation exchange. Timeshare is the smart and practical answer to a family's holiday needs, while vacation exchange enables villa owners to choose a different destination each year, within not only the same continent, but anywhere else. Both innovative concepts are already implemented by the company.

GROUP COMPANIES

BALFIN Group's business model is based on value creation through operational and financial synergies between its business units. Free working capital generated by the Group's overall activities, together with its access to different capital markets and funds provided by strategic and financial partnerships, enable the financing of its investment projects in these key industries: Retail, Real Estate, Mining and Smelting, Banking, Services, etc.



RETAIL

BALFIN Group is a pioneer in the creation of retail chains by proposing to clients quality brands and products at the best prices. The group's retail activities are concentrated in electronics, fashion, food retail, groceries, department stores, etc.

In all these years, BALFIN Group has shown its capacities in managing and growing in the retail sector in the Western Balkans. Today, BALFIN Group is one of the most influential groups in the retail industry operating in Albania, Kosovo, North Macedonia, Montenegro and Bosnia Herzegovina.

ELECTRONICS

NEPTUN INTERNATIONAL

Neptun International Network offers the best brands of household appliances and home entertainment devices in the Western Balkan countries. Currently, Neptun International has agreements with international best leading market brands, offering products of high-tech electronics. It is the exclusive reseller of LG and Beko in the region and has a long and stable cooperation with many other world-famous brands such as Samsung, Apple, Sony, Bosch, Philips, Tefal, Dyson, Rowenta, Huawei, Braun, etc.
Neptun International operates in Albania (est. in 1993), North Macedonia (est. in 1998) and Kosovo (est. in 2007) and is the market leader in these countries, with respective market share of 54%, 43% and 50%.

FASHION

FASHION GROUP ALBANIA

Fashion Group Albania, established in 2005, is the first organized fashion retail group in Albania, with the mission of remodeling the Albanian retail market, which also introduced the novelty of franchise deals. Fashion Group Albania established a new standard of customer service. Fashion Group introduced and manages 9 leading, international brands: Mango, Springfield, Geox, Parfois, Women Secret, Okaidi, Prenatal, Carpisa and Cortefiel. Fashion Group Albania is always introducing new brands that through favorable deals are specifically chosen to suit the market needs.

DEPARTMENT STORE

KIDZONE NETWORK

KidZone is the official franchise operator of Jumbo in Albania (2011), Kosovo (2014), Bosnia & Herzegovina (2017) and Montenegro (2019). Jumbo is a household brand for all demographics because of its wide range of over 30.000 products, making it the leading company in its sector with 19 superstores. Jumbo is not only a store offering infinite alternatives with reasonable prices and good quality, it is an experience. A vast variety of toys for all ages and preferences, stationery, imported baby care items, seasonal products, decoration etc., enable customers of all ages and backgrounds to experience every season, trend, desire or hobby in one place. Kid Zone is in continuous expansion in the Balkans area.

FOOD RETAIL

SPAR ALBANIA

SPAR Albania became part of BALFIN Group in June 2016. The SPAR supermarket chain provides a wide variety of products to the Albanian market, at approximately 45,000 units in the food and non-food categories. SPAR provides quality and innovation based on a wide range of products to its customers. SPAR is setting new market standards in Albania. It is the only grocery chain with 2 hypermarkets in Tirana and it is part of "SPAR International".

MINING AND SMELTING

BALFIN Group is well positioned in this industry, owning two of the most important companies in the region, AlbChrome in Albania and New Co Ferronikeli in Kosovo.

Through AlbChrome, the Group has been managing the chrome ore concession in Albania since 2013, including the mine in Bulqiza, the ferrochrome smelting plants in Burrel and Elbasan. AlbChrome is a regional leader in the mining and smelting industry and one of the biggest chrome rich resource management companies in Europe.

Since 2018, the Group extended to Kosovo with the acquisition of the Ferronickel Complex in Drenas, revitalizing the industry through new investments and technology enhancement. New Co Ferronikeli is the largest exporter of Kosovo and one of the largest producers of Ferro-Nickel in Europe.
Vllahen Mining, established in 2018, is the holder of the mining exploitation permit for the Vllahen chrome mining facility and is 100% owned by BALFIN Group.

ALBCHROME

Albchrome is a leader in the mining and smelting industry in the region and one of the biggest chrome rich resource management companies in Europe. With a vast experience in production of high-quality ferrochrome, ore chrome enrichment and processing capabilities, Albchrome is the only vertical integrated producer of High Carbon Ferrochrome in Europe.

The company has undergone a complete reinvigorating investment plan, aiming to increase production through accessing new chrome ore reserves, performing improvements to technological processes, and upgrading general conditions, including health and safety conditions and parameters in all company's assets in Bulqiza, Klos, Burrel and Elbasan.

Part of Albchrome assets are the Bulqiza Mine, the Ferrochrome Smelting Plant in Burrel and Elbasan, and Klos Traverbank.

The Metal Bulletin magazine has ranked Albchrome among the 5 highest quality producers of High Carbon Ferrochrome worldwide.Total extractable reserves in Bulqiza and Qafe Buall is foreseen at 1.8 million ton extending the mine life with approximately 15 years of mine life.

VLLAHEN MINING

Vllahen Mining Sh.p.k was established in 2018 and is the holder of the mining exploitation license for the Vllahen chrome mining facility. The mine is one of the largest entities in the country, after the mines of Bulqizë and Kalimash. The exploitation mode of chromium ore within the mine is realized through underground development.

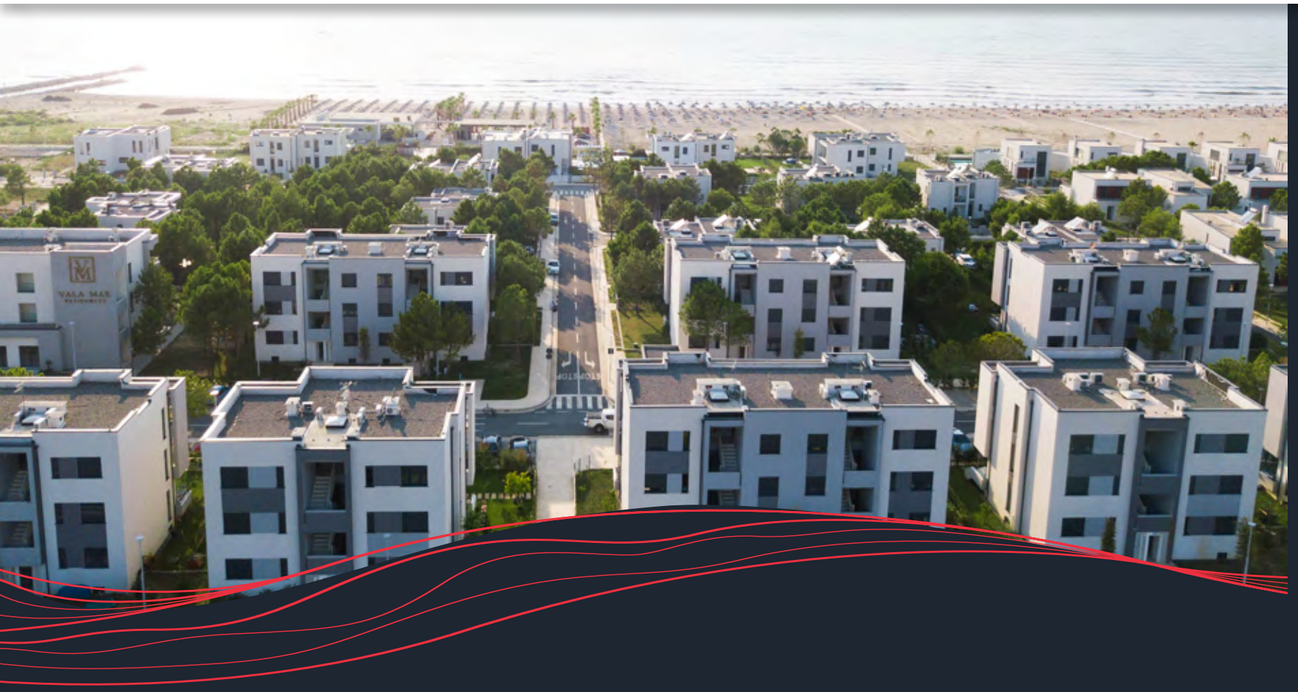
Total mineral production is foreseen to be 1.22 million tons chrome ore, while the yearly average mineral production is foreseen to be 100,000.

NEW CO FERRONIKELI

New Co Ferronikeli is a significant strategic asset to the Republic of Kosovo, with great importance and impact in the macro economy. The complex includes a two-line nickel production plant, as well as potentially rich mineral deposits beneath the surrounding landscape.

New Co Ferronikeli was built in 1984 using largely Soviet technology, but with certain elements, such as the electric furnaces, rotary kilns and casting machines, based on a Western design framework.

As a certified company, with ISO 9001:2015 standards regarding the quality control in processing nickel ore and ferronickel production and with ISO 14001:2015 standards regarding environment protection, New Co Ferronikeli succeeded to pass the auditing procedure without encountering any non-conformity criterion. BALFIN Group plans to make additional investments in New Co Ferronikeli, to be able to realize the full potential of the mining and smelting sectors, and increase the nickel production over 10,000 MT per annum.



REAL ESTATE

Real Estate activities of BALFIN Group date since the year 2000. Nowadays, BALFIN Group is among the most distinguished investors in the real estate development realm in the Western Balkan countries. BALFIN Group is focused on the construction and management of residential facilities, shopping malls, touristic residences, business and commercial buildings, and industrial spaces. BALFIN Group is assiduously involved with its real estate activities in Albania, Austria and North Macedonia.

MANE TCI

Mane TCI is one of the leading companies in the construction, investment and trade of developmental projects in Albania and the Balkan region. Founded in 2002, Mane TCI is specialized in commercial and industrial constructions, such as shopping malls, residential buildings, social and cultural centers, industrial and civil engineering projects. Main projects finalized by "Mane TCI" are the shopping malls QTU and TEG, the residential buildings Green Coast Resort and Residences, Vala Mar Residences, Rolling Hills Luxury Residences, Ambasador 1, Ambasador 2, Ambasador 3, and Park Gate.

ROLLING HILLS LUXURY RESIDENCES

Rolling Hills Luxury Residences is a luxurious gated community, the best in terms of construction standards and the first of its kind in Albania. "Rolling Hills Luxury Residences" is situated in the beautiful nature and hill landscape of Petrela, Tirana. This community has a total construction area of 88,479 m² and a total investment value of EUR 92 million, as well as a Recreational Park. Due to high demand, the complex undergo an extension, which added on a group of 11 villas in an area of 9,400 m² and EUR 7.7 million in investment value.

VALA MAR RESIDENCES

Vala Mar Residences, situated in the coast area of "Gjiri i Lalzit", is a residential and touristic resort and a recreational destination for individuals and families who wish to enjoy the nature, as well as demand security criteria, construction quality and infrastructure. The community has a total construction area of 33,000 m². The total investment value of this project was EUR 25 million. The project will reach completion by 2021.

GREEN COAST RESORT & RESIDENCES

Green Coast Resort & Residences is the elite vacation destination on the Albanian Riviera, located in Caesars Beach in Palasë, on the underside of the Akrokeraune Mountains. A white pebble beach surrounded by the amber waters of the Ionian Sea and the greenery of Llogara, Green Coast Resort & Residences is an ideal place not only for vacation but also for living. With a total estate of 217,700 m², the resort contains a variety of house typologies, varying from elite villas to apartments. This project that exceeds EUR 120 million is one of the largest tourism investments in Albania. Green Coast Resort and Residences is applying new hospitality services in the Albanian market such as Renting Program, Vacation Exchange, Timeshare (Co-ownership) and Property Financing, by bringing innovation in management, offers to all customers, increase of the property value and as well as a good return on investment deals. The resort has first quality infrastructure and takes pride in the almost one-kilometer Promenade completed on both sides by different service units.

BALFIN REAL ESTATE & HOSPITALITY

Balfin Real Estate & Hospitality is a marketing, sales, after-sales service company dedicated to all real estate projects developed by BALFIN Group. It also provides consulting services to all relevant real estate investor companies, at various stages of project's development. The activity of the company also includes market research, preliminary consultancy for new projects, property management, etc. For the first time Balfin Real Estate & Hospitality introduced to the Albanian market new concepts in real estate management, such as Time-Share, Renting Program, etc.
The portfolio of properties that Balfin Real Estate currently sells amounts to EUR 100 million.

ACREM

ACREM (Albanian Commercial & Real Estate Management), established in 2007, is the Albanian leading company in real estate management. ACREM introduced and implemented the highest standards and best international practices in managing industrial, commercial and residential properties. The company currently manages two shopping centers in Albania (TEG, QTU), residential buildings (apartments, villas), logistic parks and offices. With a large network of professionals, ACREM provides a broad range of services to enhance the management of property assets.

TH&B IMMO

TH&B Immo was founded in 2018 and operates in the development of real estate sector in Austria. It focuses on the development of residential areas for housing, villas and resorts. The company has started an investment of several million EUR, which consists of a residential project of 1,400 m², located in the Altmünster area in Austria. The project was successfully completed in 2020.

PJ 137 LIVING

PJ 137 Living Gmbh was founded in December 2019 in Austria and is a subsidiary of Balfin Holding. Its main focus is the development of residential areas in Peter Jordan Strasse 137 in Vienna. The project has a construction are of 2,100 m² and an investment of around EUR 7.66 million. The residential complex is expected to be completed in the end of 2022.

TEG - TIRANA EAST GATE

TEG is the largest shopping center in Albania, with its grand opening in 2011. With 150 stores and 2000 parking lots, TEG is an attractive destination for customers from Tirana, Elbasan, and Kosovo as well. Settled in building surface of more than 95,700 m², this shopping center represents a whole lifestyle journey. It is designed to be differentiated for the diversity of services and products, the introduction of exclusive brands, entertainment areas, restaurants, coffee shops and maximum comfort for customers.

TEG is the host of many well-known international brands such as Inditex Group with premium brands (Zara, Massimo Dutti, Bershka, Pull & Bear and Stradivarius), Cineplexx, SPAR, KFC, Adidas, 1A Classe, JYSK, Levis's, Original Marines, Swarovski, Samsonite, Tommy Hilfiger, Guess, etc. The total GLA area of TEG is 42.000m².

QTU - UNIVERS SHOPPING CENTER

QTU is the first shopping center in the history of Albania and its opening set off a major turning point in the retail system of the country, by revolutionizing the way Albanians used to shop. BALFIN Group completed the construction of Univers Shopping Centre in 2005. During 2018, the shopping center was renovated and expanded, with an additional investment of EUR 11 million, with a completely new modern interior design, new brands and new services, including Cineplexx cinema and the children`s playground area. Additionally, QTU provides new gastronomy concepts indoors and outdoors with a spectacular terrace. The total GLA Area is 28,000 m².

TIRANA LOGISTIC PARK

Tirana Logistic Park is a high-end quality logistic and industrial park in Albania. Companies have the possibility to get various logistic services inside it, such as storage, intra-logistics, inventory management, order management, local distribution, freight forwarding and value-added services (packing, pre-packing, processing, labelling, kitting).

Tirana Logistic Park is quickly becoming a hub, which connects businesses throughout Albania and those of the region, especially from Kosovo and Macedonia. By allocating their business activities into Tirana Logistic Park premises, businesses reduce their operational costs and improve their customer service levels.

The portfolio of properties that Balfin Real Estate currently sells, is around EUR 100 million.

SKOPJE EAST GATE

Skopje East Gate is the first mixed-use development project in North Macedonia that incorporates a shopping and entertainment center, a residential complex and an office park. It will raise the living and business standards, and bring new energy in the heart of Skopje by introducing a new lifestyle concept. The opening of East Gate Mall is expected in October 2021.

Skopje East Gate is an investment of about EUR 200 million. With a total land development area of 500.000 m², the project is composed by three main branches:
- East Gate Living (201.000 m² gross building residential area)
- East Gate Shopping (57.000 m² gross leasable retail area)
- East Gate Business (50.000 m² gross leasable office area)

RETAIL PARK

Retail Park represents the pioneer investment of its kind in the city of Korça, and in Albania as well and consists of the construction of a commercial building, along with common public spaces and green areas in Korça. Situated in an area of 7,124 m², 4 well-known brands will be accommodated in this shopping mall, selectively chosen to meet the basic consumer's daily life requirements, by providing quality products in key sectors, such as food industry, electronics, fashion, toys for children, interior design etc.

The investment is expected to be completed in early 2022 and will be the first cornerstone of its kind, as the Retail Park model will be later extended by BALFIN Group to other cities in Albania, such as in Vlora, Elbasan, Tirana and beyond.

BANKING

BALFIN Group made its debut in the banking industry in 2019, by acquiring Tirana Bank. The Group's approach to this industry stands on the "real banking" philosophy, which means providing real solutions to real needs and achieving tangible results. Starting from November 2020 BALFIN Group is the only shareholder of "Tirana Bank". Led by an international board, "Tirana Bank" will continue to expand its activity in Albania and the region.

TIRANA BANK

Tirana Bank is the first privately owned bank in Albania. It was founded in 1996 and since then there has been a great development, spreading its branches throughout Albania. Today, Tirana Bank is well positioned in the market, offering a wide range of products and services that respond well to the demands of its customers. Tirana Bank has 35 branches in most major cities, industrial zones and has a large ATM network throughout Albania.

Our business model is based on central support through local expertise, providing our local clients with a wide commercial offer. As a locally owned bank, we have our customers' long terms needs and views in focus, and are therefore a much more stable bank.

Tirana Bank continues to grow and expand while rigorously retaining its philosophy on providing quality products and services by being the frontrunner of innovative banking solutions in Albania. In 2021, Tirana Bank plans to open a representative office in Prishtina, Kosova.

SERVICES

BALFIN Group activities in include a wide range, varying from immovable properties management to the massive spaces for the development of entrepreneurial activities. The services provided by BALFIN Group include full professional systems that provide easy access for the individual consumers, as well as the companies.

MILSPED ALBANIA

Milsped Albania, present in Albania since 2014, caters to the clients who placed their trust in Milsped Group to deliver a full regional service. The company provides its services in warehousing, distribution, customs agency, customs warehouses, organization of international road transport, air, ship and rail transport. Milsped Albania is a joint venture company of BALFIN Group and Milsped Group, an international company with head-offices in Serbia, Croatia, Albania, Montenegro, Slovenia and Bosnia & Herzegovina.

STELLA MARE

Stella Mare is the representative of Maersk Line and Seago Line, two of the largest groups of shipping containers in the world, providing Albanian, Kosovar and North Macedonian clients with container transportation services from almost any place in Europe to the rest of the world. Stella Mare is a joint venture of Milsped and BALFIN Group. Stella Mare operates through weekly service in the Port of Durrës. Maersk provides the fastest service in Albania for refrigerated shipping containers from South America, as well as customized ports' services from all Asian and European ports to Albania. Stella Mare will continue the expansion of Maersk and Seago Line's presence in the region.

ELEKTRO-SERVICE INTERNATIONAL

Elektro-Servis, established in 2008, is the largest service provider of its kind in Albania, North Macedonia (2013) and Kosovo (2014). The company provides professional after-sale and repair services for electronic products. Elektro-Servis is entitled to exclusive rights on these services from some of the most renowned brands of the world, such as Samsung, LG, Philips, Huawei, etc.

ON SOLUTIONS

On Solutions, one of the newest companies of BALFIN Group launched in 2020, provides Customer Care, Loyalty Programs and market research services. On Solutions manages the biggest loyalty program in Albania, Happy, with almost 300,000 members being rewarded yearly. Happy Program is the only multi-brand scheme in Albania with a participation of four big retail companies SPAR, Neptun, Jumbo, and Fashion Group Albania, and others are on the way to join soon. The company has expertise on Customer Care services, offering high-level experience to customers on daily basis. On Solutions is also responsible to run researches, surveys and measure customer satisfaction.

ENERGY

BALFIN Group activities in the energy sector include trade and supply of energy to eligible customers, as well as supporting the requirements for electricity demands within Group companies.

ALBANIAN ENERGY SUPPLIER

Albania Energy Supplier (AES) is licensed from the Albanian Energy Regulatory Entity for trade and supply of energy to eligible customers starting from March 2015. The total investment of the new substation in Elbasan is EUR 2.8 million. The AES supplies electricity to the needs of Group companies and other customers. Potential future expansion in energy trading is foreseen for commercial centers, such as TEG and QTU, Tirana Logistic Park, etc.

EDUCATION

To BALFIN Group education is the most powerful investment for the future. Qualitative education can put people and communities on a path towards wellness, empowerment and employment.

TIRANA BUSINESS UNIVERSITY

Tirana Business University is a high education institution in Albania, focused on Business Administration and Business Law education. It started its activity in 2010 and since then, it has grown to be a highly reputed university in the country. Tirana Business University has been established according to values, advanced and successful models and practices of the best European universities.

This institution fulfills the demand that businesses and the economy have today for professionals graduating in Business Administration or Business Law, equipped with contemporary knowledge and proficient practical skills to respond to the new emerging conditions of the highly competitive global market.

BALFIN GROUP COMPANIES

No	Name	Registered in	Equity %
RETAIL			
1	Fashion Group Albania Shpk	Albania	100%
2	Kid Zone Shpk	Albania	90%
3	Kid Zone Kosova Shpk	Kosovo	55%
4	Kid Zone d.o.o	Bosnia & Hercegovina	90%
5	Kid Zone d.o.o	Montenegro	90%
6	Neptun shpk	Albania	90%
7	Neptun Kosova	Kosovo	60%
8	Neptun Makedonija DOO	North Macedonia	60% (indirect)
9	SPAR Albania Shpk	Albania	100%
MINING & SMELTING			
10	Albchrome Shpk	Albania	100% (indirect)
11	BFI Trade Shpk	Albania	100%
12	New Co Ferronikel	Kosovo	96.81% (indirect)
13	Vllahen Mining	Albania	100% (indirect)
ENERGY			
14	Albania Energy Supplier Shpk	Albania	100%
REAL ESTATE			
15	Balfin Real Estate & Hospitality	Albania	100%
16	East Gate Living	North Macedonia	60% (indirect)
17	East Gate Mall	North Macedonia	60% (indirect)
18	Green Coast Shpk	Albania	100%
19	Mane TCI Shpk	Albania	100%
20	PJ 137 Living GmbH	Austria	100% (indirect)

The list excludes companies created for special purposes, such as holding entities or special purpose entities yet to be developed. These entities do not contribute to the overall consolidated performance of BALFIN Group. The comprehensive list is presented in the published consolidated financial reports for the year 2020.

No	Name	Registered in	Equity %
21	Qendra Tregtare Univers Shpk	Albania	100%
22	Retail Park Shpk	Albania	100%
23	SACCTA D.O.O	North Macedonia	65% (indirect)
24	SERE	Albania	100%
25	Skopje East Gate SEG DOO	North Macedonia	60% (indirect)
26	TH&B Immo GmbH	Austria	67% (indirect)
27	Tirana East Gate Shpk	Albania	88%
28	Tirana Logistic Park Shpk	Albania	100%
BANKING			
29	Tirana Bank Shpk	Albania	100%
SERVICES			
30	ACREM Shpk	Albania	100%
31	Elektro Service Shpk	Albania	90%
32	Elektro Service Kosova	Kosovo	60% (indirect)
33	Milsped Albania Shpk	Albania	50%
34	Stella Mare Shpk	Albania	50%
35	Service Makedonija DOO	North Macedonia	60% (indirect)
EDUCATION			
36	Tirana Busines University Shpk	Albania	30%
OTHER			
37	Balfin Shpk	Albania	100%
38	Nep Loyalty	North Macedonia	60% (indirect)
39	On Solutions	Albania	100%
40	ITD Shpk	Albania	49%

The list excludes companies created for special purposes, such as holding entities or special purpose entities yet to be developed. These entities do not contribute to the overall consolidated performance of BALFIN Group. The comprehensive list is presented in the published consolidated financial reports for the year 2020.

KEY PERFORMANCE INDICATORS

€460 MILLION
DOWN 3.6% IMPACTED BY THE SLOWER MARKET GROWTH DUE TO COVID-19
CONSOLIDATED REVENUE

€41 MILLION
+262% OVER PRIOR YEAR ON AN ORGANIC BASIS[1]
CONSOLIDATED NET PROFIT

€87 MILLION
+59% YEAR ON YEAR ON AN ORGANIC BASIS.
CONSOLIDATED EBITDA

3.1%
UP 1.0% ON PRIOR YEAR
RETURN ON ASSETS

10.4%
UP 3.1% ON PRIOR YEAR
RETURN ON EQUITY

1.3x
NET DEBT / EBITDA
1.1X ON PRIOR YEAR

2.3x
DEBT TO EQUITY
1.1X ON PRIOR YEAR

32%
GROSS MARGIN
UP 7% ON PRIOR YEAR

[1] Organic growth means excluding profits attributable to mergers and acquisitions and impact of currency.

EUR '000	2020	2019[1]	2018	2017
CONSOLIDATED INCOME STATEMENT				
TOTAL REVENUE	459,845	480,221	397,737	315,815
OPERATING PROFIT	53,067	26,232	39,713	45,466
EBITDA	86,296	95,569	143,193	46,832
PROFIT OF THE YEAR	40,794	52,938	120,666	37,079
PROFIT ATTRIBUTABLE TO SHAREHOLDER	36,366	48,480	108,575	33,715

EUR '000	31.12.2020	31.12.2019	31.12.2018	31.12.2017
CONSOLIDATED BALANCE SHEET				
TOTAL ASSETS	1,355,226	1,276,412	654,856	373,654
TOTAL LIABILITIES	947,926	901,005	317,350	174,002
TOTAL EQUITY	407,300	375,407	337,506	199,653
EQUITY ATTRIBUTABLE TO PARENT	379,022	338,457	315,310	186,487

[1] Revised

KEY PERFORMANCE INDICATORS

GREAT PERFORMANCE IN TIMES OF ADVERSITY

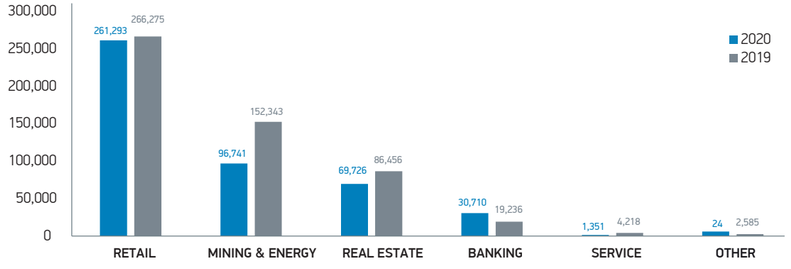
The year was highly volatile with a challenging first half followed by a strong recovery during the second half. This resulted in a significant financial performance improvement for the year, with an operating margin of 11.8% compared to 5.5% last year.

INCOME STATEMENT

Full year 2020 revenues of EUR 460 million were down 4.2% year on year, where currency fluctuations had a negative impact of approximately 0.6%. The decline in revenue is influenced entirely by Mining & Smelting performance. AlbChrome has operated the whole year of 2020 with two furnaces, while half of the year in 2019 had operated with full capacity. On the other hand, Ferronikel operated for only 9 months in 2020 and had to shut down for 3 months due to investments in capex expenditures compared to 12 months in prior year.

The largest contribution in revenue came from Retail with approximately 57% of total growth amount (2019: 50%), with consumer electronics in first place, followed by the Mining and Smelting Industry, which generates a 21% of the total revenues (2019: 29%) and Real Estate generating 15% of total revenue (2019: 16%).

Revenue by Industry



2020 Consolidated Revenue in '000EUR

With a consolidated net profit, reaching EUR 41 million in 2020, BALFIN Group intends to reinvest constant financial returns for the next few years, in order to increase further portfolio diversification and expansion in international markets. Net profit decreased by 22%, which was impacted by gain on bargain purchase of Tirana Bank in 2019. The acquisition of Tirana Bank resulted in a gain in a bargain purchase of more than EUR 41 million. On an organic growth, the net profit is 2.5x higher compared to 2019.

The increase in organic net profit in 2020 comprised by to main factors; cost of goods sold in mining industry due to usage of more chrome ore from internal production, less electricity cost and cost optimization because of capital expenditure and other important impact resulted from an increase in net interest income of Tirana Bank.

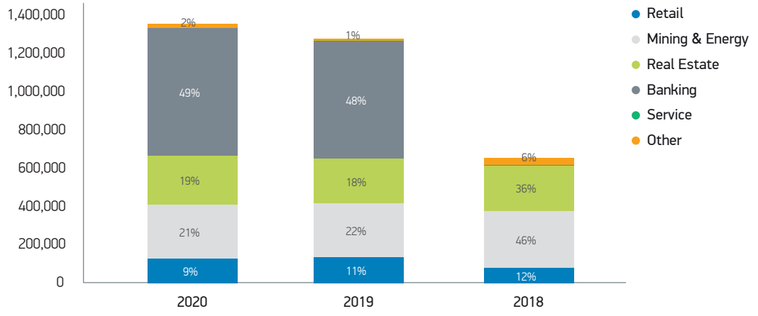
BALANCE SHEET

As of the end of 2020, BALFIN Group's total assets rose to EUR 1.4 billion with a 6% growth compared to prior year. Main inputs came from investments in capital expenditures in real estate and increase of loan portfolio by 19% at Tirana Bank.

Total capital expenditures incurred in 2020 are approx. EUR 87 million (VAT including), where the main investments are as follows:

- The investment for ongoing construction of EGM shopping center in Skopje. Additional investments in 2020 amounted to EUR 28 million.
- Additional investments of approx. EUR 27 million for the construction of Green Coast Resort and Green Coast Village in Palasa.
- EUR 12 million invested in various capex projects of Ferronikel such as Rotary Kiln improvement, Electric Furnace No 2 refurbishment, etc.

Total Assets by industry



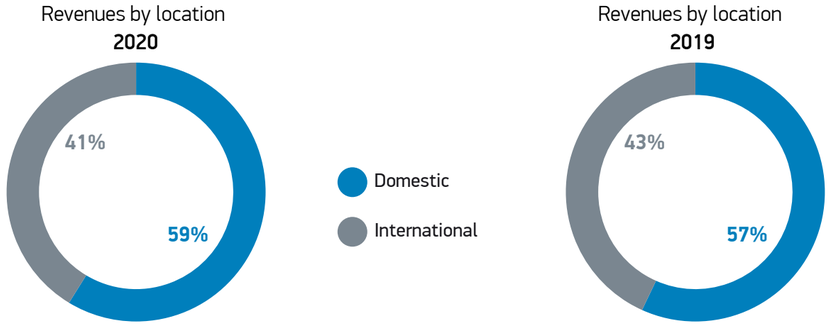
KEY PERFORMANCE INDICATORS

PERFORMANCE BY LOCATION

All figures presented below are consolidated, unless otherwise stated.

DOMESTIC

In 2020, revenue in Albania decreased by 1%, which considering the market decline in GDP by 3.7% means that this segment had a steady positive performance. Operating profit amounted to EUR 37 million, with 64% growth year on year. Such performance is mainly related to cost optimization and banking over-performance.



INTERNATIONAL

International countries revenue decreased by 8% in 2020. The year-on-year decline was driven by lower demand from clients in retail sector, especially during pandemic, and by the shutdown of New Co Ferronikel production for three months due to implementation of capex expenditures.
Operating profit reached EUR 16 million, exceeding 3.3 times 2019 results. New Co Ferronikel in Kosovo and Neptun in North Macedonia drove the improvement.

In 2020, international segment has increased its share in terms of operating profit, compared to 2019. Such increase (from 15% to 30%) is achieved mainly by New Co Ferronikel performance.

MERGERS & ACQUISITIONS 2020

Vlahen Mining was a joint venture company where BALFIN Group owned 50% of shares and in December 2020, it took full control of shares package.

Elite Urban Development was purchased in July 2020.

Retail Park is in itself an innovative concept in ways of doing business. Retail Park project represents the construction of a commercial building in Korca including joint facilities and green spaces. This center is the first one of its kind in Albania and will be later extended across the country. BALFIN Group purchased it in October 2020.

INCORPORATED IN 2020

PJ 137 Living was founded as a subsidiary of Balfin Holding with main focus to develop a residential complex of about 2,100 m^2 in Vienna.

New Co Ferronikel Shpk was incorporated in May 2020 and main focus was acquisition of a nickel ore mine in Kukës, Albania.

On Solutions was established in October 2020 for the development and quality operation of the Happy Program.

UrbAlb Construction established in December 2020

SALES IN 2020

Nettrade - By the end of 2019, the Group entered into an agreement for the sale of Nettrade Albania, a transaction which was finalized by February 2020.

INDUSTRY PERFORMANCE OVERVIEW

The performance overview of operating industries.

RETAIL

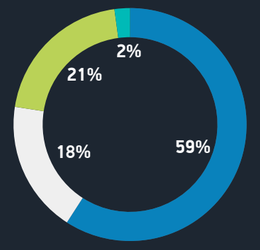
Total Commercial Area:	136,759 m²
No. of stores:	160
Employees:	2,628

BALFIN Group is present in five countries, Albania, Kosovo, North Macedonia, Bosnia and Herzegovina and Montenegro, with its 160 stores, 69% of which are located in Albania. Approximately 40,000 customers per day shopped in our stores. The total consolidated assets up to 31 December 2020 amount to EUR 127 million (2019: EUR 134 million). Consolidated revenues of the retail sector is almost the same to prior year, equal to EUR 261 million.

"Neptun International" stands as the main contributor, generating 59% of total retail sales, followed by Food Retail (SPAR) with 20%, "Kid Zone Network" with 18% and "Fashion Group" with 2%.

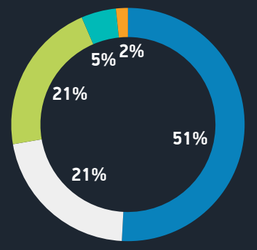
As by location, the retail sales are divided 50-50, domestic and international market.

Sales by sector 2020



Electronic | Toys & Household items | Food Retail | Fashion retail

Sales by location 2020



Albania | Kosovo | Montenegro | North Macedonia | Bosnia & Herzegovina

NEPTUN INTERNATIONAL

"Neptun" is present in three countries: Albania, Kosovo and North Macedonia; being a leader in consumer electronics in these markets. "Neptun" owns the largest number of stores, in each participating market with approx. 34,000 m² of retail chain stores, divided into 65 stores, depending on the complexity and number of citizens of the city in which it is present. The year was highly volatile due to COVID-19 pandemic outbreak, with a challenging first half followed by a strong recovery during the second half. Adapting the strategy to new sales methodology via ecommerce was the companies' priority during the year. This resulted in a significant financial performance improvement for the year, with a net profit of EUR 10 million compared to EUR 9 million of previous year. While "Neptun" sales remained at the same level as last year.

Consolidated Revenue	2020	2019	2018
Neptun AL	€ 56.5 million	€ 54.8 million	€ 53.9 million
Neptun KS	€ 42.5 million	€ 44.2 million	€ 38.5 million
Neptun MKD	€ 55.5 million	€ 56.2 million	€ 52.9 million
Total	**€154.5 million**	**€155.2 million**	**€145.3 million**

Key figures

- 1,065 Neptun colleagues
- 65 Stores
- More than 9,400 types of products
- 33,952 m² commercial area, out of which 465m² were added during 2020
- Served more than 1 million customers annually

KID ZONE NETWORK

Kid Zone Network is present in four countries: Albania, Kosovo, Bosnia and Herzegovina and Montenegro with 19 stores, out of which 7 stores are in Albania. Consolidated revenue for 2020 reached approx. EUR 48 million, with 2.5% decrease from prior year. Main impact is from COVID-19 pandemic and the temporary suspension of the operation of retail stores and shopping malls, with the aim of limiting the spread of the coronavirus. During the lockdown period, there was an increase in demand for products through the online stores. However with most of the stores remaining closed, the Easter season was permanently lost, which represents 6% of the annual sales. In May, there was a gradual restart of the stores and as a result the Group's sales were driven by growth. In terms of net profit, Kid Zone Network reached EUR 10 million with 2% increase from prior year at consistent currency value.

	Consolidated Revenue 2020	Consolidated Revenue 2019	Consolidated Revenue 2018
Kid Zone AL	€ 17.4 million	€ 18.7 million	€ 16.3 million
Kid Zone KS	€ 13.6 million	€ 16.1 million	€ 14.1 million
Kid Zone BiH	€ 12.6 million	€ 11.9 million	€ 8.3 million
Kid Zone MNE	€ 4.3 million	€ 2.5 million	-
Total	**€ 47.9 million**	**€ 49.2 million**	**€ 38.7 million**

Key figures

- 19 stores in 4 countries
- Opening of 2 new stores in Albania;
- 60,678 m² commercial area out of which 3,251 m² were added during 2020
- 30,000 products
- Launching the online store in April 2020
- 15,000 daily visitors

FOOD RETAIL

Despite the challenges of 2020, SPAR Albania had an accelerated growth in revenue to EUR 53 million, 6% growth over previous year at constant currency values. The growth was driven by being very much connected with customers' needs through the rapid adaption to innovation and technology. SPAR Albania showed great agility and adaptability by switching focus to omni-channel and utilising its hypermarket infrastructure to fulfil online orders. In addition, essential kit boxes were made available for those markets not used to online retailing.
BALFIN Group is continually expanding its presence in every city and every district of Tirana, both in urban and suburban areas. In just 4 years of its activity, SPAR has conquered a considerable market share, being the second largest supermarket network in the country. A total of 60 stores in 17 cities with retail area of 39,710 square meters served to more than 25,000 customers a day in 2020.

Facts & Figures

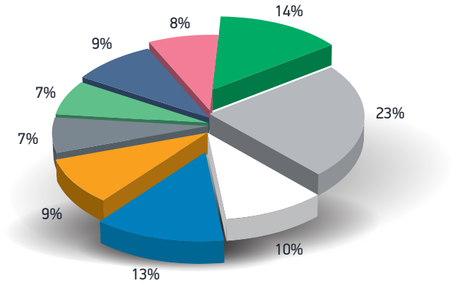
- 8 new markets, out of which 6 are franchises
- 39,710 m² of Retail Sale Area, out of which 3,120 m² was added during the year
- Average Store Size: 662 m²
- 717 colleagues
- EUR 1,355 average annual sales per m²
- More than 25,000 customers shop every day

FASHION RETAIL

"Fashion Group Albania" (FGA) incorporated 16 years ago, constitutes the fashion retail sector. Fashion Retail is one of the sectors most impacted by the COVID-19 pandemic, where consolidated sales reached EUR 5.6 million with an operating margin at 15.6% compared to 17.6% last year. Top brands for the year 2020 based on EBITDA were OKAIDI, MANGO and CARPISA.

EBITDA 2020 BY BRANDS

- Mango (2)
- Carpisa (3)
- Springfield (1)
- Okaidi (3)
- Parfois (2)
- Cortefiel (1)
- Prenatal (1)
- Geox (1)
- Woman Secret (1)



Facts & Figures

- 16 stores
- 2,420 m² commercial area
- 9 International Brands
- 73,000 products
- 132 employees

INDUSTRY PERFORMANCE OVERVIEW

The performance overview of operating industries.

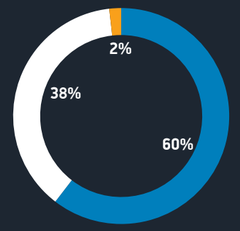
MINING & SMELTING AND ENERGY

PRODUCTION	100,817 Ton chrome ore
	37,590 Tons ferrochrome
	5,044 Tons ferronickel
EMPLOYEES	1,803 Employee

As of December 31, 2020, the total consolidated revenues of the mining and smelting sector amounted to EUR 97 million of 28% less compared to 2019 (2019: EUR 134 million). The annual decrease in revenues is entirely due to the decrease in sales of New Co Ferronikel during 2020, because of 3 months stop of production due to implementation of various projects under Capex Program and operation of Albchrome for the whole year with half of production capacity.

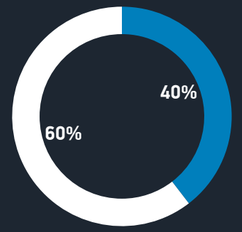
Two main contributors in terms of revenue are AlbChrome and New Co Ferronikeli, which represent 98% of the total revenue of this sector.

Sales by company



NewCo Ferronikel | Albchrome | AES

Sales by location 2020



Albania | Kosovo

NEW CO FERRONIKEL COMPLEX (NFC)

NFC is consistently the largest exporter to Kosovo, accounting for around 35-40% of total exports. The Company has two-nickel ore mines, namely, Gllavica and Qikatova. Gllavica has the ore reserve of 2.5 million tonnes and Qikatova has ore reserve of 6.5 million tonnes. Additionally, the Company has bought one mining concession in Albania, in Kukës region from Albanian Mining Authority of approx. 5 million tonnes of nickel ore. The total ore reserve gives the mining life with more than 15-20 years. Despite the global pandemic, the Company has spent approx. EUR 12 million in 2020 (VAT including) on various Capital Expenditure such as Rotary Kiln Improvement Projects and Electric Furnace #2 refurbishment. Such investments shall make the Company more competitive in market by having reduced cost of production and by increasing the life of the plant assets.

Key Data	2020	2019	2018
Production of Nickel (in ton)	5,044	5,940	3,522
Sale of Nickel (in ton)	5,126	5,874	3,496
Total Wet Ore consumed (in ton)	603,828	759,176	455,191

As of December 31, 2020 NFC's revenue decreased by 18% in comparison to 2019 due to lower volume sales. In 2020, NFC was shut down for three months due to implementation of various projects under Capex Program. Therefore considering the shutdown year 2020 is one of the best years in terms of Sales Price. Cost of Sales in 2020 was decreased by 25% in comparison to 2019 due to lower cost of electricity, capex benefit, and efficiency gain in energy products.

ALBCHROME

The year 2020 brought many difficulties in the mining industry. This is due to the overlap of the crisis that the industry itself had globally, as well as the impact caused by the pandemic outbreak. Yet, the production team of the Bulqiza Mine, despite all obstacles, managed to produce 100,817 tons of chrome ore. Expectations are to increase up to 146,000 tons per year by 2025. Bulqiza contains the largest reserves of the highest quality chromium ore in Albania (39 - 52%). The Albanian Geology Service confirms that the total extractable reserves amount to 1.12 million tons in the Bulqiza mine and 0.70 million tons in the Qafe Buall mine.

Key Data	2020	2019	2018
Production of Chrome Ore (in ton)	100,817	80,800	83,600
Sale of Ferrochrome (in ton)	34,130	55,600	60,700
Production of Ferrochrome (in ton)	37,590	49,100	69,000
Total chrome ore consumed (in ton)	104,524	135,700	195,399
% of own Bulqiza ore	95%	59%	42%
% of purchased ore	5%	41%	58%

As of December 31, 2020, total revenues decreased by 40% because of less production quantity available for sale due to operation with 2 furnaces for the whole year. Sales activity on Q1 has had a normal continuity as of budget forecasts, resulting in an increase of 10% more than forecasted. Meanwhile, due to the outbreak of COVID-19 pandemic and falling demand due to worldwide suspension of various activities, alongside with the countries where our biggest customers operate, there has been a decrease in sales during second and third quarter. Since the end of 2019, the price has had an upward trend, reaching its peak at the end of February 2020. The isolation caused by the COVID-19 outbreak, normally caused a momentary drop, but the price recovered by returning to previous levels. Due to this business, conditions AlbChrome operated with 50% of its production capacity by producing 37,590 tons ferrochrome or 23% less compared to prior year. (2019: 49,100 tons of ferrochrome). In 2020, AlbChrome shrink the capital investments to EUR 5 million (VAT incl.) due to crisis overlap and reduction in production capacity. The investment in Deepness Project "Shaft 9" remained in focus and continued normally by reaching chrome ore reserves in Levels 18 starting from May 2020, meanwhile in plants an important investments regarding improvements of technology and reducing costs was the Crushing Plant in UFK Elbasan.

INDUSTRY PERFORMANCE OVERVIEW

The performance overview of operating industries.

REAL ESTATE

INVESTMENTS 2020	EUR 63 MILLION (VAT INCL.)
BUILDING AREA	1.056 million m² completed and in process
EMPLOYEES	317

Real estate industry reported a net profit of EUR 17 million, with 60% increase to the 2019 financial year. Sales of residential projects continued to be highly satisfactory, notwithstanding the restrictions imposed.
The balance sheet total evolved from EUR 234 million at year-end 2019 to EUR 258 million at year-end 2020, mainly because of investments in East Gate Mall and Green Coast.

The consolidated revenue reached EUR 70 million, with an increase of 10% compared to 2019, which is mainly from sale of villas and apartments in Green Coast.
The real estate sector is heavily reliant on the engineering projects involved or on the sale cycle of real estate. Companies on the international market, such as EGM and EGL, are still under construction and the generation of revenues is foreseen within 2021 for the shopping centre and after 3-6 years for the residences and offices.

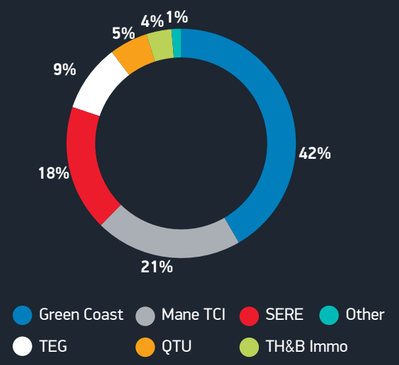
INDUSTRY PERFORMANCE OVERVIEW

The performance overview of operating industries.

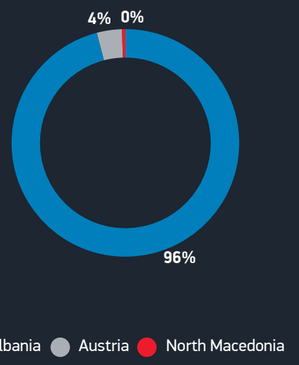
	Consolidated Revenue 2020	Consolidated Revenue 2019	Consolidated Revenue 2018
Green Coast	€ 29.0 million	€ 13.0 million	€ 0.1 million
Mane TCI	€ 14.5 million	€ 16.3 million	€ 30.7 million
SERE	€ 12.4 million	€ 15.4 million	-
TEG	€ 6.6 million	€ 7.4 million	€ 7.1 million
QTU	€ 3.7 million	€ 4.2 million	€ 1.8 million
TH&B Immo	€ 2.5 million	€ 5.1 million	-
Other companies	€ 0.9 million	€ 1.8 million	€ 12.8 million[5]
SubTotal	**€68.8 million**	**€63.2 million**	**€52.5 million**

Top contributors in terms of revenue for 2020 are Green Coast (with 42% of real estate consolidated revenue), Mane TCI (21%), SERE (18%) and TEG (10%).

Sales by Company



Revenue by Location



[5] Includes projects, which are finished and sold as of 31 December 2020. E.g. RFZ Building (Ambassador 3) and Alcred.

GREEN COAST

Green Coast is a mega tourism investment in the Mediterranean that aims to place the Palasa region on the world tourism map. Green Coast expects to have an impact on the country's economic growth, as it has been defined as one of the most essential investments in Albanian tourism with a total value of more than EUR 120 million EURs. As a notable contribution to the country's tourism industry, Green Coast was recognized as a "Strategic Investor with Special Procedure" in July 2016.

Furthermore, Green Coast is bringing to the market one of the most ambitious projects that will revolutionize Albanian tourism. "Exchange Service" also known as "Vacation Exchange platform" is the ultimate novelty of Green Coast. This project, as a collaboration with "Interval International", will enable all Green Coast residents to exchange their vacation residences within an extended network of more than 3,200 resorts located all over the world including the US, Bali, Tenerife, Dubai, Cornwell, Mexico, Brazil, Cayman Islands and many exotic locations.

Facts & Figures

- EUR 29 million consolidated sales in 2020
- Completed 67% of total constructed area with total investment EUR 64 million
- EUR 15 million investment in 2020
- 514 total units
- 98 units sold in 2020

INDUSTRY PERFORMANCE OVERVIEW

MANE TCI

Mane TCI is a leader in real estate industry in Albania. Since its foundation, Mane TCI has brought another concept in civil and industrial construction that improves a company's living standards. The main projects carried out / supervised by Mane TCI are Univers Shopping Center (QTU), Tirana East Gate (TEG), Rolling Hills Luxury Residences, Green Coast Resort and Residences, considered innovative projects in the construction sector as well as on the impact in the style of life.

Sales in 2020 decreased by 11% from the previous year. The reason for this trend is a decrase in construction works and sales of goods for finished projects. Despite this, consolidated net profit was 2% higher.
During the year 2020 Mane TCI was engaged in the projects of "Rolling Hills" as investor and developer and "Green Coast Resort and Residences" and "Collina Verde" as a developer.

Facts & Figures

- EUR 14.5 million consolidated sales in 2020
- EUR 20 million construction works in 2020
- Total completed projects (including its own investments) at EUR 251 million with more than 335,000 m² construction area

Projects under development at EUR 210 million with 158,000-m² construction area.

SERE

SERE was implemented for the construction and sale of the "Park Gate" building. "Park Gate" is a unique architectural style building, which has a combined structure of 7 and 13 floors and integrates ecological terraces. The building is designed according to the European code 8 standards and is distinguished by its high-quality sound insulation, advanced thermal insulation, emergency generator, attractive finishes and an outstanding 3-color facade.
Construction of the building was completed in 2019 and as of the end of year 2020 it sold 99% of its units.

Facts & Figures

- EUR 12 million consolidated sales in 2020
- More than EUR 11 million investment value
- 18,322 m² construction area
- 329 total units

INDUSTRY PERFORMANCE OVERVIEW

TEG AND QTU SHOPPING CENTERS

Tenants' sales were impacted by weak consumer sentiment arising from the COVID-19 situation, significantly in the first half of 2020. Shopping malls remained closed for a period of more than 60 days and applied a 20%-30% rent reduction during March-June, which caused an 11% decrease in revenue compared to 2019. However, even during the pandemic, both shopping centres managed to keep the occupancy rate at 100% and rent collection at 98%. In the financial year 2020 both shopping centres attracted both 8 million visitors reaching a non-consolidated net profit at EUR 4.4 million.

TEG Mall has been operating for approximately 9 years with a constant increase trend of request from international brands. A new extension project has been initiated and the new area is expected to be opened by August 2022.The construction area of the extension is approx. 16,000 m² aims to extend the mall brands, services and products and bring a new concept of playground for kids and new outdoor Food Court area with additional spaces.

Facts & Figures

- 70,000 m² Total GLA
- 100% Occupancy
- 8 million visitors per year
- More than 150 brands
- 193 Retail Stores
- New exclusive brands: Tommy Hilfiger, Replay, Levi's, Nike, Burger King

SKOPJE EAST GATE (SEG)

Skopje East Gate is an investment of about EUR 180 million, consisting of 10 blocks of residential complexes, 5 blocks for commercial purposes and a shopping centre with over 250 stores, with world-famous brands. The construction work will be divided into three phases and the whole project is expected to be completed within a period, ranging from 5 (five) to 7 (seven) years. The first phase provides the construction of the shopping centre and 4 residential buildings. The EGM shopping centre is constructed on 51,000 m² land and 160,000 m² of total construction area. The mall shall be opened in October 2021 and will be the largest mall in the region between Macedonia, Kosovo and southern Serbia. The residential buildings will have 1,600 apartments, as well as parks, amusement areas, two amphitheatres, and a greenery space. The construction of 4 residential building will be completed within Q3 2022 on 24,000 m². In the second phase, 6 other residential buildings will be completed. While in the third and last phase, the construction of 5 blocks of buildings for office space will be realized in a total construction area of 78,500 m². It will be the first "Class A" park of offices in Macedonia. Currently, the investment is in its first phase. Investments made during 2020 were EUR 28 million.

Facts & Figures

East Gate Mall

- 220 Brands
- 5 floors
- 57,000 m² GLA
- EUR 110 million
- Over 2,000 parking spaces

East Gate Living

- 672 residential units
- 20 unique floorplans
- 25,000 m² green area
- EUR 15 million
- 50m distance between buildings

East Gate Business

- 5 Class-A-Blocks
- 90,000 GBA
- 50,000 GLA
- EUR 55 million
- Over 670 parking lots

INDUSTRY PERFORMANCE OVERVIEW

The performance overview of operating industries.

BALFIN REAL ESTATE & HOSPITALITY

The main goal of BRE&H was to give a greater focus on the marketing and sale of various Group properties; therefore, most of its revenues are consolidated in the financial statements. Total unconsolidated revenues in 2020 amounts to EUR 2,158,000 (vs. 2019: EUR 857,000), while consolidated revenues to EUR 305,000 (2019: EUR 17,000). During the financial year 2020 BRE&H sold 156 units by achieving a sell-out turnover of EUR 39 million. As a result, commission income is increased by 152% compared to 2019.
"BRE&H" has been selected by "Green Cost" as the manager and administrator of the resort properties, waterfront, lease program and all other related services, in addition to the marketing and sales that "BRE & H" already manages.

Facts & Figures

- 351 units Portfolio
- Sold 156 units, out of which 62% were from Green Coast project
- 2.5x sales growth in 2020

BANKING

BRANCHES	35
EMPLOYEES	477
CUSTOMERS	93.000

Unlike local banks, Tirana Bank ended the financial year with a growth rate higher than the average of banking system and the previous year's results. Despite the challenging market conditions, consolidated profit reached an exceptional increase of 5.8x to EUR 8.3 million (2019: EUR 1.4 million). Referring to the main commercial and financial indicators, the upward trend continues from the previous year (which coincides with the change in the share structure of the Bank), with a growth rate higher than the average of the banking system. The bank reported a steady annual increase in total assets by 8% (versus + 5.5% of the overall market), increase in customer deposits by 12% (versus + 6% of the overall market), loan portfolio growth + 19% (versus + 4% of the overall market). The Bank continued to reduce the level of non-performing loans at level of 7.2% (2019: 10.4%). Liquidity and capital indicators remained at consolidated levels, which provide the opportunity for a further and sustainable expansion of the banking activity.

	2020	2019
Total Assets	€666 million	€614 million
Net Loans	€306 million	€250 million
Deposits	€562 million	€514 million
Net Interest Income	€24.6 million	€15 million
Net Profit	€8.3 million	€1.4 million

Facts & Figures

- 5.2% market share by Total Assets
- 5th bank in Albania by size of Branch Network
- 7.2% NPL Ratio
- 16.1% CAR Ratio
- 6.7% Return on Equity
- 56% Loans to Deposits

INDUSTRY PERFORMANCE OVERVIEW

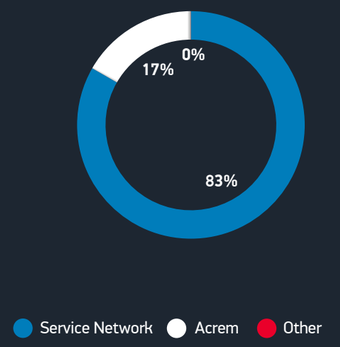
The performance overview of operating industries.

SERVICES

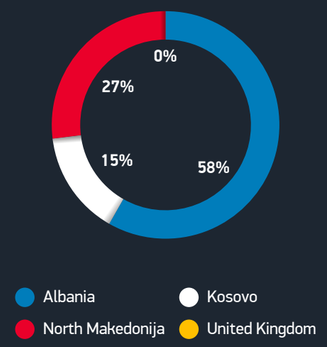
EMPLOYEES 318

Consolidated revenue from Service Sector is increased by 4% compared to the prior year, amounting to EUR 1.4 million (2019: EUR 1.3 million). The major contribution is from Electro-Service Network.

Service industry by company



Service industry by location



INDUSTRY PERFORMANCE OVERVIEW

The performance overview of operating industries.

OTHER

EMPLOYEES 174

Companies consolidated in "Other" industry are Balfin Shpk (the parent company), On Solutions, Nep Loyalty, Balfin BV and Mak Elite Offices. Main goal of these companies is operating as holding and/or offering their services to group companies, therefore most of revenues are consolidated in financial statements. Non-consolidated revenue for the year 2020 reach EUR 2.6 million (1% growth to last year), while consolidated revenue are EUR 24,000.

On Solution

The Happy Loyalty Program was launched in August 2019, marking an absolute innovation in the Albanian market, as the only multi-brand loyalty program, which offers multiple benefits to its loyal members. In October 2020, On Solution was established for the development and quality operation of the Happy Program. Such program has been evaluated with the international award "Gold Award" in Athens this year as the best multi-brand scheme for 2020. Today, with over 250,000 members registered in less than a year by offering points and coupons rewarding the loyalty customers.

Dedicated to the customer service staff, market participation of companies, personalized campaigns, special offers, high rewards, access to direct discounts, fast accumulation of points and multiple benefits, this makes "Happy" program one of the strongest competitive advantages in the market, with a high development potential, but never changing the fact that the customer is the conventional priority.

TAX OVERVIEW

Responsible tax behavior is an essential element of our sustainability strategy. The taxes that we pay are an important part of our contribution to local economies and support the development of the countries in which we operate. In times of crisis such as the COVID-19 pandemic, taxes are also central to government policies to support people's lives and livelihoods.

The taxes that BALFIN Group pays are one of the many links between its business and the countries and communities where the Group operates.

As one of the most substantial and profitable investment groups in the Western Balkans region, BALFIN Group is very rigorous in paying taxes appropriately. In the 2020 financial year, BALFIN paid EUR 53 million (2019: EUR 53 million) to state governments in income tax, social security and health contributions, withholding tax, value added tax, custom duties, royalties, etc. Out of this amount around EUR 11.9 million (2019: EUR 12.8 million) have been paid for payroll related taxes and contributions.
In overall, taxes paid in 2020 are decreased mostly in sectors: mining sector due to difficulties faced in trading activity from pandemic outbreak and in real estate because of high income tax prepayment and VAT on investment activity.

However, transparency goes beyond the numbers. It is also about demonstrating the Group commitment to complying with legislation and relevant statutory compliance obligations.

Industry	Taxes paid 2020 %	Taxes paid 2019 %
Mining	13%	17%
Retail	59%	46%
Real Estate	14%	19%
Services	3%	4%
Other	2%	6%
Banking	9%	8%

Residence	Taxes paid 2020 In' 000 EUR	Taxes paid 2019 In' 000 EUR
National	27,806	36,099
International	25,350	23,023
Total	**53,156**	**59,122**

BALFIN GROUP CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Balfin sh.p.k.

EY
Building a better working world

Ernst & Young Certified Auditors
Albania Branch
NIUS: K61911012I
Rr. Ibrahim Rugova,
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Balfin sh.p.k.

Opinion

We have audited the consolidated financial statements of Balfin sh.p.k. and its subsidiaries (the "Balfin Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and with Institute of Authorizes Chartered Auditors of Albania Code of Ethics ("IEKA Code"), together with the ethical requirements of the Law No. 10091, dated 5 March 2009 "On the statutory audit and the organization of the statutory auditors and chartered accountants professions", amended, 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 and the IESBA Code and IEKA Code.

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

Responsibilities of management for the consolidated financial statements

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

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

Management and those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Balfin sh.p.k.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with management and those charged with governance of Balfin sh.p.k. 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.

Ernst & Young Ekspert Kontabël të Autorizuar
Albania Branch
7 September 2021
Tirana, Albania

Mario Vangjel
Certified Auditor

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from contracts with customers	11	424,015	453,796
Rental income	12	8,968	10,002
Cost of sales	14	(310,185)	(357,054)
Gross Profit from Non-Financial Operations		**122,798**	**106,744**
Net interest income from Financial Operations	13	24,610	14,963
Gross profit		**147,408**	**121,707**
Other operating income	19	13,536	5,840
Selling and distribution expenses	15	(9,066)	(9,268)
Administrative and other operating expenses	16	(33,332)	(33,650)
Employee expenses	17	(30,830)	(29,287)
Depreciation and amortization expense	18	(32,305)	(30,481)
Expected credit losses from Financial Operations	16.2	(2,344)	1,371
Operating profit		**53,067**	**26,232**
Gain on bargain purchase		-	41,351
Finance costs	20	(8,496)	(10,646)
Finance income	21	2,196	791
Gain from sale of subsidiary	6	657	-
Share of profit of an associate and a JV	7, 27	386	610
Profit before tax		**47,810**	**58,338**
Income tax expense	22	(7,600)	(8,126)
Deferred tax income/(expense)	29	584	2,727
Profit for the year		**40,794**	**52,938**
Profit/(Loss) from discontinued operations		-	(476)
Profit for the year		**40,794**	**52,462**
Profit of the year attributable to:			
Owners of the parent		36,366	48,480
Non-controlling interest		4,428	4,458
		40,794	52,462
Non-controlling interest for profit of the year		4,428	4,458
Bargain Gain attributable to parent		-	41,351

For the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
Profit of the year		**40,794**	**52,462**
Other comprehensive income/ (expense)		-	-
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Foreign currency translation differences		(4,097)	(296)
Fair value on financial assets held at OCI		(3,048)	-
Deferred tax related to FV gain recorded directly in OCI		334	-
Total comprehensive income		**33,983**	**52,166**
Profit of the year attributable to:			
Owners of the parent		29,555	47,753
Non-controlling interest		4,428	4,413

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

As at December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

Balfin Group
Consolidated statement of financial position
as at December 31, 2020
(All amounts in '000 Eur, unless otherwise stated)

	Notes	As at December 31, 2020	As at December 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	24	265,950	271,938
Investment property	25	117,529	92,498
Right of use asset	26	37,751	40,508
Investments in associates and joint ventures	28	1,217	1,216
Intangible assets	27	16,410	16,953
Financial assets at fair value through OCI	32	134,430	102,783
Financial asset held at amortized cost	32	29,055	21,264
Interest-bearing loans given	31	296	318
Loans to customers from finance operation	33	192,413	138,869
Inventory	29	61,576	66,069
Deferred expenses	34	7,291	2,556
Contract Asset	12	914	-
Deferred tax assets	30	5,371	6,031
Total non current assets		**870,203**	**761,003**
Current assets			
Inventories	29	101,278	102,249
Trade receivables	35	34,350	26,273
Contract assets	12	2,176	6,359
Other receivables	36	10,845	16,836
Interest-bearing loans given	31	3,971	5,313
Financial assets at fair value through OCI	32	79,264	129,425
Financial asset held at amortized cost	32	481	-
Income tax receivable		2,704	3,014
Prepayments		7,867	6,186
Loans to customers from finance operation short term	33	113,211	111,395
Cash and due from banks	37	128,848	107,664
Total current assets		**484,995**	**514,714**
Assets Held for sale and discontinued operations		28	695
Total assets		**1,355,226**	**1,276,412**

The consolidated financial statements are approved on August 30, 2021 and signed by:

Edlira Muka
Chief Executive Officer and Administrator

Blerina Daka
Chief Financial Officer

BALFIN sh.p.k. Rruga "Papa Gjon Pali II", ABA Business Center, Kat 11, Tirana NIPT: K72223031K

The consolidated statement of financial position has to be read in conjunction with the notes which are part of these consolidated financial statements set on pages 8 to 108.

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Balfin Group
Consolidated statement of financial position
as at December 31, 2020
(All amounts in '000 Eur, unless otherwise stated)

	Notes	As at December 31, 2020	As at December 31, 2019
Capital and reserves			
Share capital	38	24,241	24,241
Other capital reserves	38	13,994	14,920
Retained earnings		304,213	244,020
Profit of the year		36,367	48,004
Currency translation reserve		2,693	7,045
Fair value reserves		(2,487)	228
Equity attributable to equity holders of the parent		**379,022**	**338,457**
Non-controlling interests	8	28,278	36,950
Total equity		**407,300**	**375,407**
Non-current liabilities			
Deferred tax liabilities	30	18,661	20,242
Other liabilities	43	1,115	800
Lease liabilities	26	31,671	33,598
Contract Liabilities	12	17,094	24,123
Due to customers and banks from finance operations	40	90,796	64,621
Interest-bearing borrowings	39	103,232	68,600
Provisions	41	6,544	5,105
Dividend payable		14,318	17,765
Total Non-current liabilities		**283,431**	**234,854**
Current liabilities			
Provisions	41	683	620
Contract Liabilities	12	18,311	26,973
Interest-bearing borrowings	39	49,620	60,576
Lease liabilities	26	6,936	7,302
Income tax payable		648	921
Trade payables	42	83,414	86,972
Other payables and liabilities	43	16,713	12,011
Dividends payable		2,400	4,848
Total Current liabilities		**178,725**	**200,223**
Due to customers and banks from finance operations	40	485,770	465,485
Liabilities associated with assets held for sale		-	443
Total liabilities		**947,926**	**901,005**
Total equity and liabilities		**1,355,226**	**1,276,412**

The consolidated financial statements are approved on August 30, 2021 and signed by:

Edlira Muka
Chief Executive Officer and Administrator

Blerina Daka
Chief Financial Officer

BALFIN sh.p.k. Rruga "Papa Gjon Pali II", ABA Business Center, Kat 11, Tirana NIPT: K72223031K

The consolidated statement of financial position has to be read in conjunction with the notes which are part of these consolidated financial statements set on pages 8 to 108.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

	Note	Share capital	Legal and regulatory reserve	Other capital reserves	Translation reserve	Fair value of reserves	Retained earnings	Total	Non-Controlling Interest	Total equity
Total equity as at 1 January 2019		**24,241**	**11,135**	**4,883**	**23,450**	**-**	**257,040**	**320,749**	**22,196**	**342,944**
Profit for the year		-	-	-	-	-	48,004	**48,004**	4,458	52,462
Other comprehensive income		-	-	-	(480)	228	-	(252)	(45)	(297)
Total comprehensive income		**-**	**-**	**-**	**(480)**	**228**	**48,004**	**47,752**	**4,413**	**52,165**
Acquisition of a subsidiary		-	-	-	-	-	-	**-**	7,543	**7,543**
Dividend distributed		-	-	-	-	-	(30,055)	**(30,055)**	(3,444)	**(33,498)**
Change in share capital		-	-	-	-	-	-	**-**	6,253	**6,253**
Acquisition of NCI		-	-	-	-	-	368	**368**	(368)	**-**
Correction of error NCI		-	-	-	-	-	(357)	**(357)**	357	**-**
Change in reserve	**37**	-	-	(1,099)	806	-	292	**-**	-	**-**
Balance at December 31, 2019		**24,241**	**11,135**	**3,785**	**23,776**	**228**	**275,293**	**338,457**	**36,950**	**375,407**
Profit for the year		-	-	-	-	-	36,367	36,367	4,428	40,795
Other comprehensive income		-	-	-	(4,077)	(2,714)	-	(6,791)	-	(6,791)
Total comprehensive income		**-**	**-**	**-**	**(4,077)**	**(2,714)**	**36,367**	**29,576**	**4,428**	**34,004**
Dividend distributed		-	-	-	-	-	-	**-**	(5,418)	(5,418)
Increase in share capital		-	-	-	-	-	-	**-**	2,803	2,803
Acquisition of NCI	5	-	-	-	-	-	11,126	**11,126**	(11,126)	-
Transfers to and from retained earnings	37	-	162	(1,087)	(275)	(1)	1,054	**(146)**	444	298
Adjustment to prior period		-	-	-	-	-	9	**9**	197	206
Balance at December 31, 2020		**24,241**	**11,297**	**2,698**	**19,425**	**(2,487)**	**323,849**	**379,022**	**28,278**	**407,300**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

	Note	For the year ending December 31, 2020	For the year ending December 31, 2019
Profit before tax from continuing operations		**47,811**	**58,338**
(Loss)/profit before tax from discontinued operations		-	(476)
Profit before tax		**47,811**	**57,862**
Adjustments to reconcile profit before tax to net cash flows:			
Gain on disposal of subsidiary		(657)	-
Depreciation and impairment of PPE and RoU	23,25	26,843	31,383
Depreciation and impairment of investment property	24	3,397	4,696
Amortization and impairment of intangible assets	26	2,519	3,268
Allowances, provisions and write-offs	19	6,240	5,580
(Gain) / Loss on disposal of asset	19	(92)	(383)
Finance income	13,21	(27,371)	(17,214)
Finance costs	14,20	9,245	12,044
Bargain gain		-	(41,351)
Share of profit of an associate and a JV	8,9	(386)	(610)
Working capital adjustments			
Change in trade and other receivables		(5,177)	8,827
Change in inventories		236	11,585
Change in trade and other payables		(8,982)	(31,122)
Change in compulsory reserve		(2,736)	11,461
Change in restricted cash		(514)	(17)
Change in loans to customers		(63,317)	(83,766)
Change in due to customers and banks		54,807	39,884
Income tax paid		(7,508)	(9,834)
Interest from non-financial operation			
Interest received		509	791
Interest paid		(5,639)	(9,192)
Interest from financial operation			
Interest received		26,781	15,615
Interest paid		(2,327)	(771)
Net cash flows from operating activities		53,710	9,458

For the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

	Note	For the year ending December 31, 2020	For the year ending December 31, 2019
Investing activities			
Proceeds from sale of property, plant and equipment		1,847	10,124
Purchase of property, plant and equipment	23	(21,677)	(22,609)
Acquisition of subsidiary, net of cash acquired		(769)	92,198
Purchase of intangible assets	26	(2,401)	(718)
Purchase of investment property	24	(24,789)	(15,528)
Decrease / (increase) of investment in associates		(469)	6
Purchase of financial assets at FVOCI	31	(163,822)	(177,010)
Proceeds from financial assets at FVOCI	31	176,481	99,969
Purchase of financial asset held at amortized cost		(8,289)	21,051
Proceeds from FA at FVAC		866	-
Increase of capital from NCI shareholders		2,803	2,084
Acquisition of NCI		(2,721)	-
Dividend received	9	806	904
Net cash flows from/(used in) investing activities		**(42,135)**	**10,471**
Financing activities			
Proceeds from borrowings, net		26,948	22,171
Payment of principal portion of lease liabilities		(7,971)	(8,095)
Dividend paid		(10,958)	(15,038)
Net cash flows (used in)/from financing activities		**8,019**	**(962)**
Net increase/(decrease) in cash and cash equivalents		19,594	18,967
Net foreign exchange difference		20	101
Cash and cash equivalents at January 1	**36**	**64,829**	**46,990**
Cash and cash equivalents at December 31	**36**	**84,443**	**65,856**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

1. CORPORATE INFORMATION

The consolidated financial statements of Balfin - Balkan Finance Investment Group SHPK and its subsidiaries (collectively, "Balfin Group") for the year ended December 31, 2020 were authorized for issue on June 30, 2021. Balfin - Balkan Finance Investment Group shpk ("the Group" or "the Parent") is a limited company incorporated on October 25, 2007 and it is registered in the National Business Centre and domiciled in Albania. The registered office is located at ABA Business Centre, 11th floor, Tirana, Albania.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These consolidated financial statements of the Group are prepared in accordance with recognition, measurement, and presentation criteria of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for: FVOCI instruments in Banks, items measured at NRV and items measured at FV less C to S.
Management prepared these consolidated financial statements on a going concern basis, which assumes that the Group will continue to operate in the foreseeable future.

2.2. Basis of consolidation

2.2.1. Determination of control
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

2.2.2. Consolidation procedure
The Group consolidates all the controled subsidiaries combining like items of assets, liabilities, equity, income and expenses of the parent with those of its subsidiaries.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

2.3. Summary of significant accounting policies

a) Business combinations and goodwill
The cost of a business acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

b) Investment in associates and joint ventures
The Group's investments in its associates and joint ventures are accounted for using the equity method. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

c) Current versus non-current classification
The Group presents assets and liabilities in the statement of financial position based on current / non-current classification.
An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting year

Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year

Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Group classifies all other assets and liabilities as non-current.

d) Revenue from contracts with customers
Balfin Group is a diversified group of companies operating in segments such as: retail, property development and management (Real Estate), mining and metal processing and energy, banking, services and other. The Group also generates significant rental income from the property management segments, however this income is not accounted under contract from customers but as rental income from assets which are accounted as investment properties.
The nature, timing, performance obligations and uncertainties of each main segments are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

Retail Operations
The most significant businesses include electronics and consumer goods\toys retail, both being the most geographically diversified segments in the Balkan region. The segment also includes significant food and consumer goods revenues as well as fashion retail revenues, primarily located in Albania.

All retail operations of the Group conduct their sales primarily in cash with payments executed at the point of sale. Some of the group companies, mainly in the electronics business also have wholesale sales to third party vendors, however wholesale revenue is typically not more than 9%-19% of total sales (2019:13%-23%) and in addition wholesale sales are also paid at the point of sale or in rare cases with limited credit terms.
Certain retail companies have a right of return policy, mainly in the fashion segment, which typically gives the customer the right to exchange the goods purchased with other goods of equivalent amount. As result the risk of any revenue reversal in the retail segment is negligible.
The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points).

Loyalty points programme
A number of companies within the group operate a loyalty program, either individually or in combination with other companies. The program provides material rights to customers which may be material to individual companies, however from the Group's perspective, the program is not significant.

Warranty
The Group provides extended warranties in its contracts with customers, mainly in electronics sector. These service-type warranties are sold typically separately of the related goods. Revenue is recognized over the period in which the service-type warranty is provided based on the time elapsed.

Real Estate and Construction Operations
The Groups Real Estate and Construction activities consist of the following operations:

a) Development of properties for sale, which are reported as inventories in the statement of financial position. Revenue from sale of development properties is recognized when the property is delivered to the customer and the Group is a principal in all sales.
b) Sale of development rights, acquired through IFRS 15 sale contracts. During the year 2020 there were no such revenues realized.
c) Development of properties to be operated by the Group mainly with the purpose of earning rental income, which are classified as investment properties from the Group's perspective in the consolidated statement of financial position. Rental income is reported separately from revenues from contracts with customers. The Group generates revenue from service charge to tenants which is recognized over time using time elapsed method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.
d) Construction works in generally typical construction contract for development of assets. Revenue is recognized over time using input method. A significant portion of these construction works are generally provided within the Group and revenues are largely eliminated upon consolidation. The Group has determined to act as a principal in all construction works revenue.

In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Mining and Energy Operations
The Group includes two material operation in mining and metal processing sector, one in mining of chromium ore and processing of ferrochromium located in Albania and the other in mining of nickel ore and processing of ferronickel located in Kosovo. Revenues mainly consist of sale of processed ferrochromium and ferronickel. Revenue is generally recognized at a point in time as per delivery terms (i.e. incoterms).
On the delivery terms which include transportation service as a separate performance obligation the Group separately recognizes the share of revenue related to the provision of transport service. The Group recognizes the transport services when the performance obligation is satisfied, generally at a point in time.
The Group has determined to act as a principal in the sale of ferrochromium and ferronickel and as an agent in the provision of transport service.
The Group generates revenue from energy trading, which from the Group's perspective is not significant. This revenue is recognized over time as because the customer simultaneously receives and consumes the benefits provided and uses input method to measure progress towards complete satisfaction of the performance obligation.

Banking Operations
The Group earns fee and commission income from a diverse range of services it provides to its customers. These fees or components of fees that are linked to a certain performance and are recognized as the related services are performed.

Services operations
The Group engages in maintenance and repairment services recognized at a point in time when the service is completed. Revenue from rendering of services is not a significant part of the group operations. A large portion of revenues generated by service entities is within the group and eliminated on consolidation.

Payment terms
Payment are generally received in advance, however credit terms between 5 to 30 days are applied in the business of providing retail products (electronics, apparel goods, supermarket goods and other unspecialized goods), minerals and ore, real estate, services (construction, maintenance, management and consulting).

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods, properties or services transferred to the customer. If the Group performs by transferring goods, properties or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods, properties or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, properties or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

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e) Interest income

Interest income non-finance operations
Interest income relates to time deposits and interest bearing loans given and is recognized as interest accrues using the effective interest rate method. Interest income is included in finance income in the statement of comprehensive income.

Interest income finance operations
Interest and similar income include coupons earned on fixed income investments, any discount and premium on zero coupon treasury bills recognized in profit or loss using the effective interest rate method and interest income on loans and advances.
Interest income on modified financial asset
The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

f) Dividends
Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

g) Taxes

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax
Deferred tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

h) Sales tax
Revenue, expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

i) Functional and presentation currencies

The Group's consolidated financial statements are presented in Albanian Lek, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.
The accompanying consolidated financial statements are presented in Euro ("Euro"), except as otherwise indicated, financial information presented in Euro has been rounded to the nearest thousand.

j) Assets held for sale and discontinued operations

Assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. They are measured at the lower of carrying amount or fair value less cost to sell. If fair value is below the carrying value of asset, the related impairment is accounted for expense in the consolidated statement of profit or loss.

k) Cash dividend

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws of Albania, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

l) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation is mostly calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Buildings 12.5 - 36 years
- Machinery and equipment 1-37,5 years
- Mining development costs up to 8.5 years
- Plant and equipment 8 to 15 years
- Vehicles 5 years
- IT Equipment 4 years
- Furniture & Fixtures 8 years

Property, plant and equipment are reviewed annually for indicators of impairment and if indicators are identified, and impairment test is performed.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

m) Mine development costs

There have been no exploration and evaluation activities in the reported periods and there are no such assets on the balance sheet.
As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development of the mine before production commences are capitalized as part of the cost of constructing the mine and subsequently amortized over the life of the mine on a units-of-production basis.

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n) Impairment of non-financial asset

The carrying amounts on non-financial asset is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets of groups of assets. Where the carrying amount of an asset exceeds it recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial amount of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

p) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 2 to 5 years
- Motor vehicles and other equipment 2 to 5 years
- Buildings 2 to 10 years

ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.
In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is calculated at a group level as all the treasury function is centralized.

iii) Short-term leases and leases of low-value assets
The Group applies the short-term and low-value lease recognition exemption. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss.

q) Investment properties

Investment properties of the group primarily consist of shopping malls and are mainly internally developed by the Group. Investment properties are measured initially at cost, which typically include the project design costs, construction costs, land, borrowing costs capitalized and other expense deemed that fulfill the capitalization requirements. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a reducing balance method using a useful life of 40 years.

r) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.
The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.
Remaining estimated useful lives of the assets as at reporting period end, are as follows:

- License 3 - 10 years
- Software 3 - 10 years
- Other tangible assets 5 years
- Concession and mining rights 8.5 - 20 years

s) Concession rights

The Group holds two concession licenses in the form of BOT ("Build Operate Transfer") for 2 chromium mines, a mineral enrichment factory, a mineral selection site, and a Ferro-chromium factory in Albania. These concession rights do not fulfill the criteria's specified in IFRIC 12 Service Concession Arrangements as the grantor of the concession cannot control or regulate to whom the services are provided and at what price.

t) Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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Financial asset subsequent measurement

i) Financial assets from non-finance operations

The Group's non finance operations are composed only from financial assets held at amortized cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit loss model. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
The Group's financial assets at amortized cost includes trade and other receivables, interest bearing loans given, T-bills and bonds and other current and non-current financial assets.

ii) Financial assets from finance operations

The Group's finance operations, classifies the financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost (AC)
- Fair value through other comprehensive income (FVOCI)

The Group's finance operations financial assets measured at fair value through OCI includes investments in quoted debt instruments. All other financial assets are measured at amortized cost.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Write – off

Financial assets are derecognised, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write - off represents a derecognition event.

Impairment of financial assets from non-finance operations

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.
For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs.

Impairment of financial assets from finance operations

The Group has been recording the allowance for expected credit losses for all loans and other financial assets not held at FVLP, together with loan commitments and financial guarantee contracts. This requires estimate over changes in economic factors affect ECLs, which are determined on a probability-weighted basis.
IFRS 9 requires a loss allowance to be recognized at an amount equal to either 12-month ECLs or lifetime ECLs depending on the assessment of the risk of default in comparison to the moment of initial recognition.

Financial liabilities Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of trade and other payables and borrowings, net of directly attributable transaction costs.
The Group's financial liabilities include trade and other payables, interest bearing borrowings, financial guarantee contracts.

Financial liabilities subsequent measurement

Financial liabilities, other than loan commitments and financial guarantees, are all measured at amortized cost. Financial liabilities can be measured at FVPL when they are held for trading or the fair value designation is applied, however the Group does not have any such liabilities.

Financial liabilities from non-finance operations

Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial guarantee contracts

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

Financial liabilities from finance operations

Deposits and other financial liabilities

Deposits and other financial liabilities are initially measured at fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method.

Financial liability derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

c) Determination of fair value

The Group has financial instruments measured at level 3, government bonds and T-bills. Level 3 financial instruments are those that include one or more unobservable input that is significant to the measurement as whole.
Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other relevant valuation models. Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

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d) Inventories
Inventories comprise trading goods and they are stated at the lower of cost and net realizable value. The cost of inventories comprises all direct costs of purchase, costs of conversion and other costs incurred upon bringing the inventories to their present location and condition.
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Retail
Inventories comprise of electronic goods, clothing, toys and food products carried at lower of cost and net realizable value. The cost of inventory comprises usually the cost of purchase, transport and any taxes associated with bringing the asset in the intended location of sale. The cost of goods sold is determined by using the weighted average method.

Mining
Inventories comprise of raw materials, spare parts, finished products, by-products and work-in-progress and are carried at the lower of cost and net realizable value. The cost of goods sold is determined by using FIFO method (Ferrochromium) and weighted average cost (Ferronickel).

Inventory properties
Property purchased or being constructed for sale in the ordinary course of business, other than investment property, is held as inventory and measured at the lower of historical cost and net realizable value.

Repossessed assets
Repossessed assets arising from foreclosure of loans and determined that will be resold subsequently are classified as inventory and are measured at the lowest of cost or net realizable value.

u) Cash and due from banks

Cash from non-finance operations
Cash and due from banks comprise cash balances and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Cash from finance operations
Cash and due from banks comprise cash balances and call deposits with an original maturity of three months or less.

v) Provisions

General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
If the effect of the time value of money is material, provisions are discounted using a current pre -tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions
The Group provides warranties for general repairs of defects that existed at the time of sale. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restoration and decommissioning costs provision
Management estimate, and provide for, obligations to incur restoration, rehabilitation and environmental costs when environmental disturbance is caused by the initial or ongoing development of primarily mining activities. Costs arising from establishing infrastructure at the start of a project are discounted to their net present value, and provided for when the obligation arises. These costs are charged against profits over the useful life of the related asset through the unwinding of the discount and depreciation charge. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Legal cases
The Group during the regular course of its activity has been involved in various legal cases. These cases are assessed periodically whether economic resource outflow is probable, if such is the case the Group recognizes a provision on the expected amount. The expense relating to a provision is presented in the statement of profit or loss.

w) Employee benefits
Compulsory social security and health insurance contribution
The Group, in the normal course of its business, makes payments on its own behalf and on behalf of its employees to contribute to the mandatory pension plans according to the local legislation. The costs incurred on behalf of the Group for such defined contribution plans are charged to profit or loss as incurred.

Defined benefit plan
The Group provides post-employment benefits to employees in the Mining sector. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.
The Group recognises the following changes in the net defined benefit obligation in the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and on-routine settlements
- Net interest expense or income

2.4. Changes in accounting policies and disclosures

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following amendements had no impact on the consolidated financial statements of the Group:

- Amendments to IFRS 3: *Definition of a Business*
- Amendments to IFRS 7, IFRS 9 and IAS 39 *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8 *Definition of Material*

Amendments to IFRS 16 Covid-19 Related Rent Concessions applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group has both applied the rent concession amendment in advance, for all lease contract amendments due to Covid 19 since March 1, 2020 and has registered such rent concessions as income without assessing the contract as a lease modification and on other cases prior to the issuance of this amendment has applied IFRS 16 lease modification for the contracts that a rent concession is obtained. This amendment had no material impact on the consolidated financial statements of the Group.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Revenue from contracts with customers
The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of performance obligations
The Group has generally concluded that contracts relating to the sale of goods are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges this is expected to take place when all the significant conditions are satisfied.
The Group concluded that revenue from marketing and franchise fees, service charge to tenants, maintenance and repairs and energy trading is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group.

Consideration of significant financing component in a contract
The Group sells real estate for which the delivery of the finished estate may be a few years after signing the contract and receiving the respective payments. The Group concluded that there is a significant financing component for those contracts, considering the length of time between the customer's payment and the transfer of real estate to the customer, as well as the prevailing interest rates in the market.
In determining the interest to be applied to the amount of consideration, the Group concluded that the incremental borrowing rate is appropriate because this is commensurate with the rate that would be reflected in a separate financing transaction at contract inception.

ECL measurement
Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. The Group analysed financial asset considering categories and instrument types.
The following components have a major impact on credit loss allowance: definition of default, significant increase in credit risk ("SICR,") and probability of default ("PD"), The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Impairment losses on loans and advances
- The Bank's internal credit grading model, which assigns PDs to the individual grades.
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)
The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization of the leased asset

Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease

Classification of investment property
The Group determines whether a property is classified as investment property or inventory property:
- Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.
- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before, or on completion of, construction.
- Inventory property comprises of property that is leased to another entity under a finance lease.

Consolidation and joint arrangements
The Group has determined that it controls and consolidates the subsidiaries in which it owns a majority of the shares. The Group is a part owner of two investments in which it has a 50% ownership interest. The Group has determined that it has joint control over the investee and the ownership is shared with the other 50% owner. These investments are joint arrangements. As a consequence, it accounts for its investments using the equity method.

Property lease classification - Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Taxes
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.
Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws

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Impairment of non-financial assets
Impairment exist when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposaland its value in use.
The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Loss allowance for expected credit losses of trade receivables and contract assets
The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed and incorporated when assessed to have a material impact.

Loss allowance for expected credit losses for loan to customers from financial operations
The Group ECL calculations arising from financial activities are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Groups financial activities internal credit grading model, which assigns PDs to the individual grades.
- The Groups financial activities criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Measurement of fair values
The fair value of short-term assets and short-term liabilities with third parties approximates the carrying values. The fair value of long-term loans does not materially differ from the carrying amount as they have a fixed interest rate.

Provision for decommissioning and restoration costs
Management estimate, and provide for, obligations to incur restoration, rehabilitation and environmental costs when environmental disturbance is caused by the initial or ongoing development of a mining property. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. A corresponding asset is recognized in property, plant and equipment. The cash flows are discounted at a current pre tax rate that reflects the risk specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of comprehensive income as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Disaggregation of Revenue information
Revenue information is disclosed for each reportable segment under IFRS 8 Operating Segments. For the purpose of presented revenue from contracts with customers the revenue generated from services and other sector have been aggregated as the revenue of these sectors is largely eliminated within the Group.
Management has disclosed revenue from contract with customers by nature, product and industry, using information produced from the individual financial statements of the Group companies.

Correction of error
During the year 2020 the Group has identified immaterial changes in the prior period opening balances however, has adjusted these balances in the comparative period of the current year financial statements, although not required by IAS 8. These adjustements relate to correction on the statutory financial statements or reclasses after Group reporting date of immaterial entities for consolidation purposes. The Group elected to correct them in the comparative period in order to simplify the management of differences between individual and consolidated financial statements.

Consolidated statement of financial position

	December 31, 2019	Adjustments	January 01, 2020
Total non-current assets	760,809	**193**	761,002
Total current assets	515,448	**(38)**	515,409
Total equity	375,023	**385**	375,408
Total non-current liabilities	234,851	**5**	234,856
Total current liabilities	666,383	**(236)**	666,147

Consolidated statement of profit and loss

	December 31, 2019	Adjustments	January 01, 2020
Operating profit	25,780	**452**	26,232
Profit before tax	58,288	**50**	58,338
Profit for the year	52,570	**369**	52,939
Other comprehensive income/ (expense)	223	**12**	235
Total comprehensive income	52,317	**381**	52,698

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4. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders.

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy as described below remains unchanged from 2019.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder's value. For the last decade, the Group's aim was to reinvest the retained earnings in other potential projects.
The Group is full compliance with all covenants and financial terms of the existing interest-bearing loans and borrowings.

For the year ended December 31, 2020 the EBITDA of the Group was Eur 86,296 thousand (December 31, 2019: Eur 95,569 thousand).
The Group managed its capital and liquidity separately from the banking operations, which is managed independently from the group.

The Group primarily monitors group-wide interest-bearing loans and borrowings net of cash and cash equivalents versus the equity of the group. Trade liabilities are typically managed at the subsidiary level. The leverage ratios monitored by the group are as follows:

Gearing ratio is calculated as debt over debt plus capital.

	December 31, 2020	December 31, 2019
Interest-bearing loans	152,852	129,176
Less: cash and cash equivalents	41,171	24,672
Net debt	**111,682**	**104,504**
Net debt/ EBITDA	**1.29**	**1.08**
Equity	24,241	24,241
Total capital attributable to parent	354,761	314,216
Capital	**379,002**	**338,457**
Capital and net debt	**531,854**	**467,633**
Gearing ratio	**21%**	**22%**

5. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisitions in 2020
The Group acquired control of Vllahen Mining as at 30 December 2020 by purchasing the remaining 50% of the ownership. Vllahen Mining held the license to one of the key mines in Albania for which the Group believes it will use the experience in the mining sector in this venture as well.

Assets acquired and liabilities assumed
The amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed are as follows.

	December 30, 2020
Non-current assets (excluding license)	860
License (tangible assets)	153
Current assets excluding cash	62
Cash and cash equivalents	5
Total liabilities	344
Total identifiable net assets at fair value	**736**
Less: Fair value of consideration	775
Less: fair value of investment already held	95
Goodwill	(133)

The net cash flow of Vllahen Mining as of the date of acquisition were:

Cash consideration paid	775
Less: Cash and cash equivalents acquired	(5)
Net cash flow on acquisition	**770**

As the target company is relatively new the carrying amount of assets and liabilities are assumed to be a fair representation of the fair value at acquisition date except for mining license for which the fair value was estimated through the present value of the excess earnings generated by the license in the course of the operation of the target company.

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5. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS (CONTINUED)

Gain realized in acquisition of NCI
On 18 October 2020 the Group acquired the remaining 10% of equity rights in Tirana Bank, increasing its ownership to 100%. Cash consideration of ALL 336,805 thousand, was paid to the non-controlling shareholders. Following is a schedule of additional interest acquired in Tirana Bank:

	In '000 EUR
Cash consideration paid to non-controlling shareholders	2,723
Carrying value of the additional interest in Tirana Bank	7,623
Difference recognised in retained earnings	**(4,900)**

The Group during the year 2020 has increased its share in NKL through capital contributions therefore diluting the non-controlling shareholder with 3.31% leading to a total ownership of 96.81%. This has led to a difference recognized in retained earnings of Eur 3,548 thousand.

Acquisitions in 2019
The Group during 2019 has concluded a key acquisition, 90.117% of Tirana Bank effective at 1 March 2019 for a consideration of Eur 27,451 thousand and realized a bargain gain of Eur 41,351 thousand.

6. DISCONTINUED OPERATIONS

In 2019 the Group entered into a sale agreement to dispose of Net Trade Albania. The disposal was affected as the business was not generating the expected returns. The disposal is completed in 2020, on which the control of Net Trade Albania is passed to the acquirer.
The Group has realized a gain of Eur 657 thousand on the disposal of the subsidiary. In 2020 the Group has not entered into any sale agreement to dispose of any subsidiary.

7. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:
Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2020	2019
Neptun Kosova	Kosovo	40%	40%
Kid Zone KS	Kosovo	45%	45%
TEG	Albania	11.91%	11.91%
Neptun MK	Macedonia	40%	40%
NKL	United Kingdom	3.19%	6.5%
NFN	Kosovo	3.19%	6.5%
SEG	Macedonia	40%	40%

	Accumulated balances of material non-controlling interest:		Profit or loss allocated to material non-controlling interest:	
	2020	2019	2020	2019
Neptun Kosova	1,385	1,180	1,346	1,148
Neptun MK	2,897	2,923	1,137	1,018
Kid Zone KS	1,261	1,684	1,233	1,312
TEG	4,233	3,910	384	453
NKL	3,883	7,174	(5)	10
NFN	279	757	(92)	(823)
SEG	13,684	11,250	(223)	323
Tirana Bank	-	7,744	-	124

NKL is not itself a material subsidiary of the Group, however being a direct holding entity of NFN (where the minority interest is located), the NKL accumulated balance of non controlling interest includes the NCI share of the bargain gain realized in 2018 during the acquisition of NFN for the total amount of ALL 374, 697 thousand as at 31 December 2020.

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8. INTEREST IN A JOINT VENTURE

The Group's interest in its joint ventures is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the material joint ventures of the Group, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	2020		2019		
Summarized statement of profit or loss:	**Stella Mare**	**Milsped**	**Stella Mare**	**Milsped**	**AS Construction**
Revenue from contracts with customers	1,265	4,732	1,693	3,844	-
Cost of sales	(474)	(7)	(838)	(9)	-
Administrative expenses	(340)	(4,426)	(325)	(3,671)	(2)
Finance (cost)/ income, net	(7)	(42)	(21)	(75)	-
Profit before tax	**444**	**256**	**62,445**	**11,021**	**(191)**
Tax charge	(70)	(54)	(80)	(26)	-
Total comprehensive income	**375**	**202**	**62,365**	**10,995**	**(191)**
Group's share of profit for the year	187	101	214	32	(1)

	2020		2019		
Summarized statement of financial position:	**Stella Mare**	**Milsped**	**Stella Mare**	**Milsped**	**AS Construction**
Current assets	97,250	688,091	2,959	76,476	-
Non-current assets	7,142	14,702	10,758	179,115	-
Current liabilities	83,476	218,132	-	117	-
Non-current liabilities	108,679	326,730	96,647	98,723	-
Total equity	**(87,763)**	**157,931**	**66,339**	**63,980**	**(191)**
Group's share in equity - Stella Mare 50% (2019: 50%) / Milsped 50% (2019: 50%)	*(26,329)*	*77,386*	*33,170*	*31,990*	*(96)*

The Group does not have goodwill or other adjustments related to joint ventures. The joint ventures cannot distribute its profits without the consent from the other venture partners.

9. INVESTMENT IN ASSOCIATE

The Group has the following interests in Tirana Business Park and ITD. The Group's interests are accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investments:

	2020		2019	
Summarised statement of financial position:	**TBU**	**ITD**	**TBU**	**ITD**
Current assets	786	5,563	799	6,179
Non-current assets	58	119	71	126
Current liabilities	675	1,763	689	2,319
Non-current liabilities	879	2,641	904	2,460
Equity	**(709)**	**1,277**	**(723)**	**1,525**
Group's share in equity - TBU 30% (2019: 30%) / ITD 49% (2019: 49%)	(213)	626	(217)	747

The Group does not have goodwill or other adjustments related to associates.

	2020		2019	
Summarized statement of profit or loss	**TBU**	**ITD**	**TBU**	**ITD**
Revenue	562	22,424	595	23,590
Cost of sales	-	(20,269)	-	(20,987)
Administrative expenses	(557)	(816)	(546)	(1,033)
Finance costs/income	(0)	(206)	(18)	(209)
Profit before tax	**5**	**1,134**	**3,838**	**167,449**
Income tax expense	(2)	(181)	(9)	(176)
Profit for the year	**2**	**953**	**2,774**	**145,757**
Other comprehensive income	-	-	-	-
Total comprehensive income	**2**	**953**	**2,774**	**145,757**
Group's share of profit for the year - in %	23%	50%	30%	49%
Group's share of profit for the year	**1**	**467**	**7**	**581**

The associate had no material contingent liabilities or capital commitments as at 31 December 2020 and 2019. The associate requires the Group's consent to distribute its profits. The Group does not foresee giving such consent at the reporting date.

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10. SEGMENT INFORMATION

Basis for segmentation
According to the requirements of IFRS 8 "Operating segments", the Group is required to provide segment information if debt or equity securities are publicly traded or the Group is in the process of filing its financial statements with securities regulator. The Group does not fulfill the mandatory requirements to comply with IFRS 8, however management has elected to voluntary apply certain explanatory disclosures into these consolidated financial statements relating to the various industry and geographical segments it operates.

The following summary describes the operations of each reportable segment for management reporting purposes:

Reportable segments	Operations
Mining & Energy	Exploration, extraction, production of minerals and trade and supply of energy
Real Estate	Construction of real estate properties, operation of shopping centers and luxury resorts
Retail	Sale of consumers and electronics goods, sale of toy and fashion retails
Service	Maintenance and repair of electronics, commercial and administration services of shopping malls and residential complexes
Banking	Retail banking
Other	Investment activities consulting services

The Vice Presidents of the respective industry, monitors the performance of the companies focusing on strategic planning, goal-setting and are fully accountable for ensuring the organization of the Group.
Management Board monitors and examines the performance of the Group from both operating industry and geographic perspective. Additionally, the Management Board monitors and examines the performance in national and international markets.

11. REVENUE FROM CONTRACTS WITH CUSTOMER

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Sale of consumer electronics retail	152,172	153,512
Sale of toy retails	47,852	49,376
Sale of consumer goods	52,204	50,108
Fashion & Online Retail	5,595	6,615
Retail segment subtotal	**257,823**	**259,611**
Sale of processed metals and byproducts	94,740	132,362
Energy trading	1,783	1,732
Mining and energy segment subtotal	**96,523**	**134,094**
Sale of real estate	56,988	48,633
Sale of construction works	2,346	-
Real estate segment subtotal	**59,334**	**48,633**
Other sales of goods	48	57
Total of sale of goods	**413,728**	**442,395**
Marketing income and franchise fees	1,806	2,415
Maintenance and repairmen services	2,633	5,773
Fee and commission income	3,849	3,213
Other sale of services	1,999	-
Total of services	**10,287**	**11,401**
Total revenue from contracts with customers	**424,015**	**453,796**
Geographical markets		
International	232,452	207,320
Domestic	191,563	246,476
Total revenue from contracts with customers	**424,015**	**453,796**

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11. REVENUE FROM CONTRACTS WITH CUSTOMER (CONTINUED)

Timing of revenue of recognition		
Transferred at a point in time	414,958	440,971
Transferred over time	9,057	12,825
Total revenue from contracts with customers	**424,015**	**453,796**

Contract Balances

	December 31, 2020	**December 31, 2019**
Trade receivables	34,350	26,273
Contract asset non-current	914	-
Contract asset current	2,176	6,359
Contract liability non-current	(17,094)	(24,123)
Contract liability current	(18,311)	(26,973)

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.
The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	2020	**2019**
Within one year	46,935	33,561
More than one year	21,038	110,393
	67,973	**143,954**

The remaining performance obligations expected to be recognized in more than one year relate to the sale of real estate properties which are largely contracted for sale early in the development phase.

11. REVENUE FROM CONTRACTS WITH CUSTOMER (CONTINUED)

Estimating stand-alone selling price –loyalty program
The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty program. The stand-alone selling price of the loyalty points issued is measured at the portion of the nominal value of the sale that awards points. As at 31 December 2020, the estimated liability for unredeemed points was:

	2020	**2019**
At 1 January	412	272
Deferred during the year	(720)	(628)
Recognized as revenue during the year	1,084	1,033
Expired during the year	(252)	(270)
Translation differences	(6)	5
At 31 December	**517**	**412**

12. RENTAL INCOME

The Group has entered into operating leases on its investment property portfolio consisting of stores and warehouse. The lessee is often required to provide a residual value guarantee on the properties. Rental income recognised by the Group for 2020 is 8,968 thousand Euro (2019: 10,002 thousand Euro).

13. NET INTEREST INCOME FROM BANK ACTIVITY

	For the year ended on December 31, 2020	**For the year ended on December 31, 2019**
Income from Loans to customers from financial operations	17,968	10,606
Income from financial assets at FVOCI	8,772	5,625
Income from balances with banks	122	192
Total interest income from bank activity	**26,862**	**16,423**
Interest expense on due to customers	(1,993)	(1,335)
Interest expense on du to banks	(259)	(125)
Total interest expense from bank activity	**(2,252)**	**(1,460)**
Net interest from bank activity	**24,610**	**14,963**

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14. COST OF SALES

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Cost of goods for resale	207,774	197,538
Cost of production of minerals	65,361	121,287
Cost of sale of real estate	34,557	37,500
Other cost of sale	2,493	729
Total	**310,185**	**357,054**

During 2020, cost of sale decreased mainly from mining sector which have had a decrease due to decreased production capacities in nickel factory in Kosovo following capex investments and downward FeCR price movement which has led to decreased production levels.
Other cost of sales are mainly derived from energy sector supplying the mining sector, in 2019 this was presented as other cost of sale and in 2020 has been included in cost of production of minerals.

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Ore extraction cost	10,844	102,646
Labor cost	14,070	9,931
Purchase of third party ore	8,531	4,606
Energy cost	17,025	1,407
Other	14,891	2,697
Total	**65,361**	**121,287**

15. SELLING AND DISTRIBUTION EXPENSES

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Marketing expenses	5,905	5,997
Transport expenses	3,036	3,127
Other selling and distribution expenses	125	144
Total	**9,066**	**9,268**

Marketing expenses relate to seasonal campaigns performed from subsidiaries in the retail industry such as Balfin Real Estate, Fashion Group, Kid Zone entities.

16. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Electricity expenses	3,713	3,528
Communication expenses	2,251	1,497
Franchise royalty expenses	2,021	2,108
Expense/ (release) of impairment of inventory property (repossessed collaterals)	1,827	1,395
Fees for deposits insurance (ASD)	1,725	1,373
Miscellaneous services from third parties	1,706	1,536
Mining royalties and taxes other than income tax	1,664	1,519
Security expenses	1,561	1,595
Maintenance and repairs	1,506	1,112
Provisions and impairments	1,305	1,863
Cleaning expenses	871	832
Audit/consultancy services	901	1,073
Representative expenses	897	854
Bank charges	869	988
Card related expenses	838	715
Miscellaneous expenses	726	789
Rent expense	631	412
Write off of trade and other receivables	461	1,710
Other operating and administrative expenses	7,859	8,751
Total	**33,332**	**33,650**

Other operating expenses are mainly comprised of repair and maintenance, concession fees and expenses, fuel and other items. Other services from third parties are mainly related to IT and managerial services provided from suppliers. Other administrative expenses relate to general training expenses, insurance for personnel, insurance for assets, fuel expenses, etc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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16.2. EXPECTED CREDIT LOSSES

The major components of expected credit losses for the years ended December 31, 2020 and 2019 are:

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
From loans and advances to customers	(4,131)	3,166
From advances to Banks, Securities and Off-balance sheet items	1,838	(1,604)
From trade receivables	(51)	(191)
Total	**(2,344)**	**1,371**

17. EMPLOYEE EXPENSES

The major components of employee expenses for the years ended December 31, 2020 and 2019 are:

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Employee salaries	25,476	24,569
Employee social and health contributions	4,368	4,052
Employee training	59	52
Other employee expenses	627	233
Personnel reimbursements expenses	14	25
Other employee contributions	286	356
Total	**30,830**	**29,287**
Expenses included in cost of sale	23,728	29,683
Expenses included in operating expenses	30,830	29,287
Total	**54,559**	**58,971**

18. DEPRECIATION AND AMORTIZATION

The major components of depreciation and amortization expenses for the years ended December 31, 2020 and 2019 are:

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Depreciation expense PPE	19,192	17,043
Depreciation of right of use asset	7,198	6,748
Depreciation investment property	3,397	3,422
Amortization expense	2,518	3,268
Total	**32,305**	**30,481**
Depreciation of PPE capitalized in cost of inventories	454	346
Total depreciation charge of the year	**32,759**	**30,827**

19. OTHER OPERATING INCOME

The major components of other operating income for the years ended December 31, 2020 and 2019 are:

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Other revenue	6,848	5,699
Derecognition of trade payable	6,531	-
Sale of assets	92	-
Reverse of provision	65	141
Total	**13,536**	**5,840**

As at December 31, 2020 and 2019, other revenues consist of income generated by the companies which do not fall in the scope of IFRS 15 Revenue from contracts with customers.
Trade liabilities derecognised consist of trade liabilities acquired in the business combination in the nickel mining sector for which the Group had obtained indemnification from the seller. The derecogntion criteria of these liabilities were satisfied during 2020.

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20. FINANCE COSTS

The major components of finance cost for the years ended December 31, 2020 and 2019 are:

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Foreign exchange loss, net	-	1,495
Interest expenses	5,697	6,119
Finance cost of lease liablilities under IFRS 16	1,297	1,153
Other financial expenses	1,502	1,879
Total	**8,496**	**10,646**

As at December 31, 2020 and 2019 other financial expenses are mainly comprised of commission expense for bank guarantees, letter of credits in the corporate lines of business, etc.

21. FINANCE INCOME

The major components of finance income for the years ended December 31, 2020 and 2019 are:

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Foreign exchange gain	1,687	-
Interest income from third parties	286	377
Other finance income	223	414
Total	**2,196**	**791**

22. INCOME TAX EXPENSE

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Current tax expense	7,600	8,126
Deferred tax income, net (Note 29)	(584)	(2,727)
Total tax expense for the year	**7,016**	**5,399**

22. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the accounting profit for the year and the Group's taxable profit, and the Group's effective tax rate is as follows:

	For the year ended on December 31, 2020	For the year ended on December 31, 2019
Consolidated profit before tax	**47,811**	**58,338**
Consolidation elemination	29,866	**9,136**
Non-consolidated profit before tax	**77,677**	**67,474**
Non-taxble companies	18,895	20,271
Taxble companies	**58,783**	**47,203**
Non-taxable income	(9,458)	(3,288)
Non-deductible expenses		
Non deductible expenses	6,372	5,978
Provisions	4,438	6,886
Depreciation for tax charges	900	291
Inventory impairment	989	3,320
Interest expense - IFRS 15	1,186	1,029
Fiscal impact for maximum selling price	879	1,018
Profit realized before acquisition	(2,994)	(226)
Income from revaluation of real estate properties	(3,443)	-
Total non-deductible expenses	8,326	18,295
Utilization of tax credits	-	(1,223)
Taxble income	57,651	60,988
Current income tax (based on taxable income)	**7,737**	**8,155**
Forex translation reserve	(30)	(1)
Income Taxes (Prior Period Adjustments)	(107)	(28)
Current income tax	**7,600**	**8,126**

The income tax rate applicable to the majority of the Group's 2020 income is 15% (2019: 15%).

Uncertain income tax positions
Current income tax liabilities do not include any amounts in respect of uncertainties relating to tax deductions taken for any expenses. Management estimates that will not be any material exposures to require settlement if challenged by the tax authorities. The income tax liabilities will be fully assessed when the tax audits with respect to the relevant tax returns are incurred.

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23. PROPERTY, PLANT AND EQUIPMENT

	Building	Land	Machinery and technical installations	Vehicles	Computers and Electronic Equipment	Furniture and fixtures	Leasehold Improvements	Other tangible assets	Mining development/ Stripping Cost	Asset in progress	Total
Cost											
As at January 1, 2019	**45,835**	**53,638**	**162,779**	**6,505**	**3,066**	**8,802**	**9,157**	**2,337**	**30,122**	**26,981**	**349,221**
Additions	826	58	5,283	504	1,715	1,597	1,578	1,798	4,160	4,666	22,184
Acquisition of a subsidiary (note 7)	5,543	286	-	802	13,546	-	7,697	-	-	-	27,874
Disposals	(2,444)	-	(3,495)	(680)	(125)	(2,302)	(1,799)	(336)	-	(2,925)	(14,107)
Assets Held for Sale	-	-	-	(16)	(41)	(40)	(2)	(7)	-	-	(106)
Transfers	4,886	(3,003)	1,120	536	357	201	(791)	603	3,285	(21,298)	(14,103)
Exchange difference	167	186	768	83	184	82	182	24	425	88	2,188
As at December 31, 2019	**54,814**	**51,164**	**166,455**	**7,733**	**18,700**	**8,340**	**16,022**	**4,420**	**37,993**	**7,511**	**373,151**
Additions	129	-	9,650	340	1,492	1,110	657	1,084	3,090	4,124	21,677
Acquisition of a subsidiary (note 7)	58	-	49	32	9	5	21	4	19	27	224
Disposals	-	(50)	(66)	(1,283)	(4,334)	(66)	(936)	(613)	-	(773)	(8,121)
Transfers	1,098	(871)	686	2	(68)	(49)	4	(119)	-	(6,017)	(5,333)
Exchange difference	(223)	(285)	(888)	(116)	(269)	(92)	(228)	(36)	(517)	(74)	(2,727)
As at December 31, 2020	**55,876**	**49,959**	**175,886**	**6,708**	**15,530**	**9,248**	**15,540**	**4,739**	**40,584**	**4,799**	**378,870**

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23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Building	Land	Machinery and technical installations	Vehicles	Computers and Electronic Equipment	Furniture and fixtures	Leasehold Improvements	Other tangible assets	Mining development/ Stripping Cost	Asset in progress	Total	Total
Accumulated depreciation												
As at January 1, 2019	**(1,391)**	**-**	**(33,048)**	**(3,179)**	**(1,535)**	**(5,083)**	**(4,897)**	**(391)**	**(6,759)**	**-**	**(56,284)**	**(56,284)**
Acquisition of a subsidiary charge of the year	(3,581)	-	-	(794)	(12,684)	-	(7,337)	-	-	-	(24,396)	(24,396)
Depreciation charge for the year	(2,023)	-	(10,544)	(864)	(725)	(1,420)	(564)	(613)	(436)	-	(17,389)	(17,389)
Impairment	(62)	-	(4)	-	-	-	-	-	-	-	(66)	(66)
Disposals	501	-	553	613	362	1,075	1,208	53	-	-	4,366	4,366
Assets held for sale	-	-	-	6	11	11	1	1	-	-	30	30
Transfers	(872)	-	(830)	(493)	(859)	995	398	(566)	(4,208)	-	(6,434)	(6,434)
Exchange difference	(70)	-	(509)	(37)	(150)	(47)	(130)	(5)	(92)	-	(1,040)	(1,040)
As at December 2019	**(7,498)**	**-**	**(44,382)**	**(4,749)**	**(15,578)**	**(4,469)**	**(11,521)**	**(1,523)**	**(11,494)**	**-**	**(101,213)**	**(101,213)**
Depreciation charge for the year	(2,440)	-	(10,791)	(853)	(1,150)	(1,035)	(1,142)	(388)	(1,848)	-	(19,646)	8
Impairment	-	-	-	-	0	8	-	-	-	-	8	6,360
Disposals	-	-	19	1,117	4,282	25	916	2	-	-	6,360	-
Transfers	(58)	-	866	-	70	38	(632)	53	-	-	336	336
Exchange difference	80	-	557	61	216	39	173	(10)	118	-	1,235	1,235
As at December 2020	**(9,916)**	**-**	**(53,731)**	**(4,422)**	**(12,160)**	**(5,395)**	**(12,207)**	**(1,866)**	**(13,224)**	**-**	**(112,920)**	**(112,920)**
Carrying amount												
As at December 31, 2019	**47,316**	**51,164**	**122,073**	**2,985**	**3,122**	**3,871**	**4,500**	**2,897**	**26,498**	**7,511**	**271,938**	**271,938**
As at December 31, 2020	**45,960**	**49,959**	**122,155**	**2,286**	**3,370**	**3,853**	**3,334**	**2,873**	**27,361**	**4,799**	**265,950**	**265,950**

Assets in progress have decrease mainly as a result of the work finished on Albchrome shpk infrastructure in Burrel and Elbasan at Eur 3,092 thousand, which are transferred as Building, Machinery and technical installations, and finalization of construction works in Neptun Kosovo building at Eur 2,850 thousand, which is transferred from Asset in Progress in Investment Property.

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24. INVESTMENT PROPERTY

The major components of investment property as of December 31, 2020 and 2019 are:

	Land	Building	Building in progress	Total
Cost				
As at January 1, 2019	**669**	**74,477**	**-**	**75,146**
Additions	-	9,670	27,023	36,693
Acquisition of a subsidiary (note 7)	606	-	-	606
Disposals	-	(60)	-	(60)
Transfers for change of use	(606)	2,476	-	1,870
Exchange difference	9.07	1,131	273	1,413
At December 31, 2019	**678**	**87,694**	**27,296**	**115,668**
Additions	106	315	24,513	24,934
Transfers for change of use	871	3,922	-	4,794
Exchange difference	(10)	(1,368)	(5)	(1,383)
At December 31, 2020	**1,645**	**90,564**	**51,804**	**144,013**
Accumulated depreciation				
As at January 1, 2019	**-**	**(19,361)**	**-**	**(19,361)**
Depreciation charge for the year	-	(2,913)	-	**(2,913)**
Impairment	-	(1,274)	-	**(1,274)**
Disposals	-	119	-	**119**

24. INVESTMENT PROPERTY (CONTINUED)

	Land	Building	Building in progress	Total
Transfers	-	557	-	**557**
Exchange difference	-	(298)	-	**(298)**
As at December 31, 2019	**-**	**(23,170)**	**-**	**(23,170)**
Depreciation charge for the year	-	(3,397)	-	**(3,397)**
Transfers	-	(277)	-	**(277)**
Exchange difference	-	359.53	-	**360**
As at December 31, 2020	**-**	**(26,484)**	**-**	**(26,484)**
Carrying amount				
At December 31, 2019	**678**	**64,524**	**27,296**	**92,498**
At December 31, 2020	**1,645**	**64,080**	**51,804**	**117,529**

The Group's investment properties consist of commercial properties, mainly QTU, TEG, TLP and the recently shopping mall center being constructed, EGM. Management determined that the investment properties consist of two classes of assets – land and building– based on the nature, characteristics and risks of each property.

During the year 2019 the Group has reclassified a land of 885 thousand Eur worth of land from property, plant and equipment to investment property and 3,987 thousand Eur worth of Neptun Kosovo building from Asset in Progress in Investment Property.

As at December 31, 2020 and 2019, the fair values of the properties is believed to be higher than the carrying amount since most of the investments are relatively new and renovated.

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25. LEASES

Right of Use	Buildings	Plant	Vehicles	Total
Cost				
At January 1, 2019	**23,113**	**-**	**1,460**	**24,572**
Additions	18,238	637	3,577	22,452
Disposal	-	-	-	-
Translation difference	436	7	55	498
At 31 December 2019	**41,786**	**644**	**5,092**	**47,522**
Additions	3,918	2,375	369	6,661
Acquisition of subsidary	51	-	-	51
Disposals	(2,701)	(187)	(132)	(3,021)
Exchange differences	(453)	(9)	(79)	(541)
At 31 December 2020	**42,601**	**2,822**	**5,249**	**50,673**
Accumulated depreciation				
At January 1, 2019	-	-	-	-
Charge for the year	(5,418)	(24)	(1,518)	(6,959)
Disposals	14	-	-	14
Exchange differences	(54)	-	(15)	(70)
At December 31, 2019	**(5,458)**	**(24)**	**(1,533)**	**(7,015)**
Charge of the year	(6,386)	(277)	(569)	(7,232)
Disposal	1,126	3	57	1,187
Exchange differences	100	15	24	**139**
At 31 December 2020	**(10,618)**	**(283)**	**(2,020)**	**(12,922)**
Carrying amount				
At December 31, 2019	**36,328**	**620**	**3,559**	**40,508**
At December 31, 2020	**31,983**	**2,539**	**3,229**	**37,751**

25. LEASES (CONTINUED)

	December 31, 2020	December 31, 2019
Lease liability	40,901	31,825
Addition in lease liabilities	7,220	22,443
Acquisition of subsidiary	67	-
Disposals	(2,233)	-
Translation difference (foreign operations)	82	-
Decrease in lease liability	**(7,430)**	**(13,367)**
Principal lease payments	(7,982)	(15,038)
Interest on lease liability	1,297	1,153
Translation difference (foreign operations) differences	(745)	518
Total lease liability	**38,606**	**40,901**
Current portion	*6,936*	*7,302*
Non-current portion	*31,671*	*33,598*
Maturity analysis		
Year 1	*6,936*	8,536
Year 2	*7,152*	10,859
Year 3	*4,059*	4,001
Year 4	*3,516*	7,653
Year 5	*5,824*	3,798
Onwards	*11,120*	6,055
Total	*38,606*	*40,901*

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26. INTANGIBLE ASSET

	License	Software	Other intangible assets	Concession and mining rights	Development expenses	Intangible asset in progress	Goodwill	Total
Cost								
As at January 1, 2019	**762**	**253**	**1,734**	**15,615**	**3**	**1**	**229**	**18,596**
Additions	95	359	41	631	12	9	843	**1,990**
Acquisition of a subsidiary (note 7)	960	1,972	-	-	-	-	-	**2,932**
Disposals	(4)	(11)	(1,119)	(10)	(3)	(1)	-	**(1,149)**
Transfers	-	3	(8)	-	688	-	(230)	**454**
Exchange difference	12	25	13	11	7	0	9	**77**
As at December 31, 2019	**1,825**	**2,601**	**660**	**16,247**	**707**	**10**	**851**	**22,901**
Additions	16	941	54	74	7	1,383	-	**2,476**
Acquisition of a subsidiary (note 7)	153	-	-	-	-	-	133	**286**
Disposals	-	(3)	-	-	-	-	-	**(3)**
Exchange difference	(17.27)	(25)	(10)	(53)	(11)	1	(13)	**(130)**
As at December 31, 2020	**1,977**	**3,513**	**704**	**16,269**	**703**	**1,394**	**971**	**25,530**
Amortization								
As at January 1, 2019	**(4)**	**(92)**	**(580)**	**(2,589)**	**0**	**-**	**-**	**(3,265)**
Amortization charge for the year	(23)	(842)	(2)	(1,565)	(922)	-	-	**(3,354)**
Disposals	3	14	395	33	922	-	-	**1,368**
Transfers	(644)	-	-	-	-	-	-	**(644)**
Exchange difference	2	(9)	(4)	(42)	-	-	-	**(53)**
As at 31 December 2019	**(666)**	**(929)**	**(191)**	**(4,163)**	**-**	**-**	**-**	**(5,948)**
Amortization charge for the year	(43)	(834)	(62)	(1,580)	-	-	-	**(2,519)**
Impairment	-	-	-	-	(697)	-	-	**(697)**
Disposals	-	3	-	-	-	-	-	**3**
Exchange difference	(4)	13	0	32	(0)	-	-	**41**
As at 31 December 2020	**(712)**	**(1,747)**	**(252)**	**(5,711)**	**(698)**	**-**	**-**	**(9,120)**
Carrying amount								
At December 31, 2019	**1,160**	**1,672**	**470**	**12,085**	**707**	**10**	**851**	**16,953**
At December 31, 2020	**1,265**	**1,767**	**452**	**10,558**	**5**	**1,394**	**971**	**16,410**

As result of the acquisition of Vllahen Mining on December 30, 2019 there is an increase of intangible assets in 2020 by 960 thousand Eur. Also, during 2020 Tirana Bank has acquired a total of 2,126 thousand Eur of Software.

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27. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	December 31, 2020	December 31, 2019
Investment in Joint Ventures cost	278	492
Investment in Associates cost	162	166
	440	**658**
Increase/(decrease) using equity method	777	558
Total	**1,217**	**1,216**

Reconciliation to Group's carrying amounts:

	2020	2019
Opening balance 1 January	1,197	1,519
Increase/(decrease) in share capital	531	(1)
Share of profits	599	611
Dividends received	(807)	(913)
Derecognition of JV/associate	9303)	0
Closing balance 31 December	**1,217**	**1,216**

28. INVENTORY

	December 31, 2020	December 31, 2019
Electronics and household devices	32,847	34,315
Other mining materials	18,038	20,674
Mining inventory	12,412	13,991
Fast moving consumer goods	7,019	8,934
Consumer goods	6,024	7,158
Real estate for sale	5,718	18,146
Fashion and online retail inventory	1,241	1,452
Other materials	1,436	866
Impairment of finished goods	(4,710)	(4,563)
Inventory from non-finance operations	**80,025**	**100,973**
Properties in development	44,756	52,720
Mining products in process	21,866	1,322
Total in process inventory	**66,622**	**54,042**
Inventory from financial activity	22,879	14,759
Impairment from financial activity	(6,664)	(1,395)
Inventory from finance operations	**16,215**	**13,364**
Translation difference	(8)	(61)
Total inventory	**162,854**	**168,318**
Current portion	101,278	102,249
Non-current portion	61,576	66,069

Inventory from financial activity represent real estate assets acquired by the Bank in settlement of overdue loans. The Bank expects to dispose the assets in the foreseeable future. The assets do not meet the definition of non-current assets held for sale, and are classified as inventories in accordance with IAS 2 "Inventories".

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28. INVENTORY (CONTINUED)

	December 31, 2020	December 31, 2019
Balance at 1 January	13,364	20,119
Acquisitions through legal process for settlement of loans to customers	7,952	3,822
Disposals	(606)	(10,134)
Transfer from Investment properties	-	736
Allowance for impairment from finance activities	(4,277)	(1,395)
Translation difference	(217)	216
Total	**16,215**	**13,364**

As at December 31, 2020 and 2019, inventory provision relates to finished goods, other materials and raw materials. The movements in provision for impairment are presented as below:

	2020	2019
At January 1	5,958	870
Charge of the year from finance operations	4,277	3,661
Charge of the year from non-finance operations	1,827	2,049
Transfer to investment property	-	(130)
Release of impairment from finance operations	(652)	(524)
Translation difference	(36)	32
At December 31	**11,374**	**5,958**

As at December 31, 2020 the pledged inventory is offered as collateral on working capital financing lines in order to cover 130% the financing exposure. The pledge on inventory is used as an additional collateral for the approved revolving credit line.

29. DEFERRED TAX ASSET / (LIABILITY)

	December 31, 2020	December 31, 2019
Deferred tax asset	5,371	6,031
Deferred tax liabilities	(18,661)	(20,242)
Deferred tax liabilities, net	**(13,291)**	**(14,212)**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. The balance of deferred tax asset and liability in the current year is mainly from NFN and Tirana Bank. Movements in deferred tax assets and liabilities are presented as follows:

Deferred tax assets	2020	2019
As at January 1	6,031	3,626
Total charge of the year	(527)	2,401
Charge of the year to profit and loss for:	(669)	2,344
- Property plant and equipment	105	1,242
- Investment Properties	(6)	277
- PPA deferred tax	(129)	370
- Others	(639)	455
Charge of the year to OCI	142	58
Effect of foreign exchange rate	(133)	4
At December 31	**5,371**	**6,031**

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29. DEFERRED TAX ASSET / (LIABILITY) (CONTINUED)

Deferred tax liabilities	2020	2019
As at January 1	**20,242**	**20,547**
Total release of deferred tax liability	**(1,587)**	**(577)**
Release of deferred tax liability through profit and loss for:	(1,253)	(383)
- Property plant and equipment	*(1,287)*	(767)
- Others	*34*	384
Release of deferred tax liability through OCI	*334*	(194)
Effect from acquisition of subsidiary	*23*	-
Effect of foreign exchange rate	(17)	273
December 31	**18,661**	**20,242**

	2020	2019
Deferred tax charge to profit and loss	(669)	2,344
Deferred tax asset income\(expense) of the year	1,253	383
Deferred tax liability income\(expense) of the year	584	2,727
December 31	**(13,291)**	**(14,212)**

30. INTEREST-BEARING LOANS GIVEN

	December 31, 2020	December 31, 2019
Interest-bearing loans	4,165	5,493
Other financial assets	101	138
Total	**4,266**	**5,631**
Current	3,971	5,313
Non-current	296	318
Total	**4,267**	**5,631**

The net decrease in interest bearing loans given during 2020 is a result of proceeds of loans given for the year. No significant loans are given during the year.

Interest-bearing loans given for the year ended on December 31, 2020 are detailed as follows:

December 31, 2020					
Type	**Min Interest Rate**	**Max Interest Rate**	**Min Maturity Date**	**Max Maturity Date**	**Outstanding**
Short term loans	0%	6%	01/03/2021	31/01/2022	3,971
Long term loans	0%	0%	31/12/2022	31/12/2026	194
					4,165

Non-current financial assets for the year ended on December 31, 2019 detailed as follows:

December 31, 2019					
Type	**Min Interest Rate**	**Max Interest Rate**	**Min Maturity Date**	**Max Maturity Date**	**Outstanding**
Short term loans	0%	7%	2/13/2019	2/28/2020	5,313
Long term loans	0%	0%	5/1/2019	3/8/2021	180
				Total	**5,493**

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31. FINANCIAL ASSETS

Financial assets held at fair value through OCI

Financial assets in the banking operations of the Group consist of the following:

	December 31, 2020	December 31, 2019
Treasury bills	79,264	129,426
Government bonds	134,430	102,782
Total	**213,694**	**232,208**
Financial assets current	134,430	102,783
Financial assets non-current	79,264	129,425
Total	**213,694**	**232,208**

	2020	2019
As at January 1,	232,208	192,465
Purchase	163,127	134,673
Matured	(176,481)	(99,969)
Gains from change in fair value	(2,245)	2,329
Translation differences	(2,915)	2,710
As at December 31,	**213,694**	**232,208**

Financial assets held at amortized cost:

	December 31, 2020	December 31, 2019
Treasury bills	481	-
Government bonds	29,055	21,264
Total	**29,356**	**21,264**
Current portion	481	-
Non-current portion	29,055	21,264

32. LOANS TO CUSTOMERS FROM FINANCIAL OPERATIONS

	December 31, 2020	December 31, 2019
SME lending	199,549	157,611
Mortgage	75,868	58,637
Consumer lending	23,513	20,492
Corporate lending	18,148	24,114
Overdrafts	2,897	2,112
Credit cards	2,132	1,650
Accrued interest	886	816
Loan commissions deferred using EIR	(764)	(621)
Gross loans and advances	**322,229**	**264,811**
Less: Allowance for impairment losses	(16,605)	(14,547)
Total	**305,624**	**250,264**

The movement in allowances/(impairment) for losses on loans and advances to customers is as follows:

	2020	2019
At 1 January	14,547	29,258
Write off	(2,687)	(14,444)
Charge for the year	4,130	(1,188)
Translation differences	(132)	80
Other movements (payment from WO)	747	841
Total	**16,605**	**14,547**

In accordance with IFRS 9 below are presented the changes in the loss allowance for loans and advances to customers and the reasons for those changes during year 2020 and 2019. In the summary table below is presented an explanation of how changes in the gross carrying amount of loans and advances to customers during the period contributed to changes in the loss allowance during the period ended December 31, 2020 and December 31, 2019.

	December 31, 2020	December 31, 2019
Deferred expenses contruction work	5,116	-
Prepayment lease agreement (lessor)	1,989	2,556
Total trade receivables from third parties, net	**7,291**	**2,556**

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33. DEFERRED EXPENSES

As of December 31, 2020 and 2019 deferred expenses are 7,291 thousand and 2,556 thousand respectively, relate to deferred expenses for construction works payments, EGM and for bonuses of long term up-front cash payments, TEG and QTU in the role of lessor toward related clients for the purpose of negotiation of a new lease agreement. The subsidiary has entered in the agreement for a year of 15 years and the aggregate cost of incentives is recognized as a reduction of rental income over the lease term, on a straight-line basis.

34. TRADE RECEIVABLES

	December 31, 2020	December 31, 2019
Trade receivables from third parties	35,564	27,556
Trade receivables from JVs and associates	194	191
Less: allowance for excpected credit losses	(1,407)	(1,459)
Translation differences	(1)	(15)
Total trade receivables from third parties, net	**34,350**	**26,273**

Set out below is the movement in the allowance for expected credit losses of trade receivables from third parties:

	2020	2019
As at January 1	**1,474**	**1,027**
Provision for expected credit losses	64	529
Reverse of provision for doubtful accounts	(53)	(87)
Write-offs	(54)	(13)
Translation differences	(23)	18
As at December 31	**1,408**	**1,474**

34. TRADE RECEIVABLES (CONTINUED)

The Group categorizes its trade receivables based on the ageing and recognizes lifetime expected credit losses for receivables by assessing future cash flows for each group of trade receivables applying to the receivables held at year end.

Ageing bucket	December 31, 2020	December 31, 2019
0 - 30 days	22,326	10,131
31 - 60 days	4,020	4,219
61 - 90 days	463	733
91 - 180 days	601	4,692
Over 180 days	6,940	6,498
Total	**34,350**	**26,273**

The balances aged over 90 days are derived mainly from the real estate sector where the ownership of the property is transferred only when all payments are collected therefore these balances are indirectly secured and with lower credit risk.
The Group engages into relationships that are usually cleared at the end of construction of the project despite categorizing receivable in an age bucket of greater than 90 days, the receivable is not yet due. Effect of delays in payment are not material to the group, whereas non-collection risk remains low.

35. OTHER RECEIVABLES

The major components of other receivables as of December 31, 2020 and 2019 are:

	December 31, 2020	December 31, 2019
Tax receivables	5,219	8,953
Accruals and other receivables	1,968	1,688
Other receivables from customers	1,553	1,383
Other assets	1,214	2,928
Advance payments	824	1,201
Other debtors, net	76	685
Dividend receivable	2	2
Allowance for ECL-other receivable	(11)	(4)
Total	**10,845**	**16,836**

Accruals and other receivables are mainly related to current prepayments and other accruals.
As at December 31, 2020 tax receivables, net are mainly comprised of VAT receivables in the amount of Eur 4,143 thousand (2019: Eur 7,781 thousand) and other taxes.

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36. CASH AND DUE FROM BANKS

	December 31, 2020	December 31, 2019
Non financial Sector		
Cash at banks	38,045	16,770
Short term deposits	1,600	400
Cash on hand	1,525	7,502
Cash in transit	374	341
Restricted cash	894	386
Total	**42,438**	**25,399**
Financial Sector		
Compulsory reserve with Central Bank	43,512	41,422
Balances with Central Bank	3,123	2,013
Cash in vault and due from banks	39,775	38,830
Total	**86,410**	**82,265**
Total cash and cash equivalents	**128,848**	**107,664**

As at December 31, 2020 and 2019, the Group classified as cash and cash equivalents the current deposits with an intended maturity of less than 3 months. Restricted cash relates to guarantees placed by a number of subsidiaries for operations in regulated industries like the energy and mining sectors.
For the purpose of Cash Flow Statement, cash and cash equivalent comprises as follows:

	December 31, 2020	December 31, 2019
Non-Financial Sector	41,544	25,013
Financial Sector (excluding compulsory reserve)	42,898	40,844
Total cash and cash equivalents	**84,443**	**65,856**

37. SHARE CAPITAL AND OTHER RESERVES

The total number of ordinary shares at December 31, 2020 was 100 shares (2019: 100 shares) with a par value of Eur 242,410 per share. All issued shares are fully paid.
Other reserves as at December 31, 2020 and 2019 are comprised mainly of legal and other reserves as disclosed below:

	Legal reserve	Other reserves	Total
Balance as at 1 January 2019	**11,135**	**4,883**	**16,018**
Release of reserve to retained earnings	-	(4,868)	(4,868)
Transfer from retained earnings to other reserves	-	3,770	3,770
Other movements	-	(1)	(1)
Balance as at 31 December 2019	**11,135**	**3,785**	**14,920**
Release of reserve to retained earnings	-	(2,153)	(2,153)
Transfer from retained earnings to other reserves	162	1,058	1,220
Other movements	-	8	8
Balance as at 31 December 2020	**11,297**	**2,698**	**13,994**

Other reserve are generally equity reserves created by individual subsidiaries, typically in line with respective local legislation, to allocate profit of the year to internal investment plans rather than held for dividend distribution. Other reserves are generally voluntary and unrestricted and can be directly distributed as dividends or transferred back to retained earnings.

Legal reserves relate to the regulatory requirments on the legal reserves for the bank operations of the Group. These reserves are restricted for distribution and are assessed in terms of regulatory capital requirements.

The balance of reserves as at December 31, 2020 mainly relates to Mane TCI and TEG and are destined to fulfill the investments planned for development of real estate properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

38. INTEREST-BEARING BORROWINGS

The major components of interest-bearing loans and borrowings as of December 31, 2020 and 2019 are:

	December 31, 2020	December 31, 2019
Loans from financial institutions	104,198	77,227
Loans from third parties	35,403	26,251
Overdrafts	12,960	23,859
Loans from joint ventures and associates	30	550
Other financial liabilities	6	1,088
Accrued interest	255	201
Total	**152,852**	**129,176**

Other financial liabilities are mainly comprised of amounts due to previous shareholder of certain subsidiaries for liquidity purposes. Loans from financial institutions for the year ended on December 31, 2020 are detailed as follows:

	December 31, 2020				
Type	**Min Interest Rate**	**Max Interest Rate**	**Min Maturity Date**	**Max Maturity Date**	**Outstanding**
Loans	1.00%	7.60%	31/12/2020	15/03/2032	104,198
Overdraft	3.80%	6.00%	31/01/2021	30/06/2022	12,960
				Current portion	**33,153**
				Non-current portion	**84,005**

Loans from financial institutions for the year ended on December 31, 2019 are detailed as follows:

	December 31, 2019				
Type	**Min Interest Rate**	**Max Interest Rate**	**Min Maturity Date**	**Max Maturity Date**	**Outstanding**
Loans	1.0%	7.20%	13/06/2019	03/10/2029	77,227
Overdrafts	4.00%	8.00%	08/08/2019	31/07/2021	23,859
				Current portion	**44,020**
				Non-current portion	**57,066**

39. DUE TO CUSTOMERS AND BANKS IN FINANCIAL OPERATIONS

	December 31, 2020	December 31, 2019
Corporate customers		
Current accounts	64,254	57,332
Term deposits	11,271	5,567
Other deposits	13,214	14,901
	88,739	**77,800**
Retail customers		
Current / Savings accounts	198,459	172,937
Term deposits	268,417	256,458
Other deposits	5,063	5,276
	471,939	**434,671**
Due to banks		
Current accounts due to banks	340	527
Borrowings	111	1,170
Treasury Bills sold under repurchase agreements	14,591	14,867
	15,042	**16,564**
Accrued interest	846	936
Cheques payables and remittances	-	135
Total	**576,566**	**530,106**

The below interest rates are applied on Customer Deposits for the year 2020:

	Saving accounts:		Term deposits	
Currency	Minimum	Maximum	Minimum	Maximum
LEK	0.00%	0.26%	0.10%	2.50%
USD/EUR	0.00%	00.64%	0.00%	0.90%

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(All amounts in '000 EUR, unless otherwise stated)

40. PROVISIONS

The major components of provisions as at December 31, 2020 and 2019 are:

	December 31, 2020	December 31, 2019
Provision for restoration and decommissioning	3,171	2,922
Expected credit losses from off balance sheet items	1,157	852
Other benefits	694	622
Provision for tax audits and other legal cases	551	560
Post- employment benefits	840	448
Operational risk provisions	815	322
Total	**7,227**	**5,725**
Current	683	620
Non Current	6,544	5,105
Total	**7,227**	**5,725**

40. PROVISIONS (CONTINUED)

As at December 31, 2020 and 2019, movements in other provisions are set out below:

	December 31, 2020	December 31, 2019
As at January 1	5,725	4,551
Provision for off balance sheet items	318	843
Provision for tax audits and other legal cases	0	483
Operational risk provisions	497	319
Other benefits Provision	82	52
Provision (release)/built for restoration and decommissioning	294	(562)
Provision (release)/built for Employee benefits	399	(32)
Translation differences	**(88)**	**73**
Total	**7,227**	**5,725**

Provision for Restoration and decommissioning
Under current legislation, entities operating mining and related activities in Kosovo are required to undertake remedial action in areas specified in the license agreement in compliance with local environmental requirements. When ceasing mining operations, an entity is obliged to restore the mining area to its previous condition. The calculation was reviewed and updated an independent professional firm. The expected current cash flow was projected over the useful life of the mining sites and discounted to the balance sheet date.

Employee benefits:
Employee benefits relate to post-employment benefits calculated by the companies that do apply these provisions. Other benefits related to Withholding tax and Royalty tax provision calculated respectively based on based on non-residents rendering services and ores extracted and transferred from the mines in the current year .

41. TRADE PAYABLES

The major components of trade payables as at December 31, 2020 and 2019 are:

	December 31, 2020	December 31, 2019
Trade payables third parties	82,843	85,973
Trade payables to joint ventures and associates	571	999
	83,414	**86,972**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ending December 31, 2020
(All amounts in '000 EUR, unless otherwise stated)

42. OTHER PAYABLES AND LIABILITIES

The major components of other financial liabilities as of December 31, 2020 and 2019 are:

	December 31, 2020	December 31, 2019
Non-current		
Prepayments received	931	634
Other liabilities	184	167
	1,115	**801**
Current		
Tax liabilities	4,676	3,656
Accrued expenses	3,698	2,512
Other liabilites related to suspense accounts and others	1,614	1,615
Payable to employees	1,579	1,268
Other payables to third parties	2,293	2,105
Other payables to related parties	96	351
Deferred revenue (other than contract liability)	2,515	256
Prepayments received	242	248
	16,713	**12,011**
Total	**17,828**	**12,812**

Other taxes payable are mainly comprised of taxes payable for employee contributions, VAT payable, custom taxes. Accrued expenses relate to accruals for purposes of the result of previous tax audits.

43. EVENTS AFTER THE REPORTING YEAR

No material events subsequent to the date of the statement of financial position have occurred which require disclosure in the financial statements.