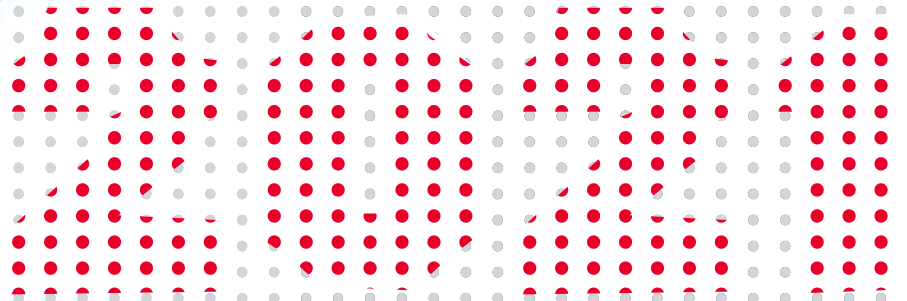


# ANNUAL REPORT 2021



# OVERVIEW




BALFIN Group (Balkan Finance Investment Group) is one of the most significant and successful investment groups in the Western Balkans, with a gross un-consolidated turnover of more than 755 million EUR in 2021\*.

BALFIN Group was founded in 1993 in Vienna by Samir Mane and is currently located and operating in Austria, Albania, Kosovo, Bosnia and Herzegovina, North Macedonia, Montenegro, and the Netherlands. The Group has more than 6,300 employees\*, whose dedication and passion remain key to its success story.

The Group operates in various industries such as real estate, wholesale and retail, banking, hospitality, smelting, energy, and logistics.

*\* Including discontinued operations that have been part of the Group until the year-end 2021.*



BALFIN Group applies the highest business and ethical standards, with experience and expertise in several industries, great financial capital, 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.

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# PRESIDENT'S LETTER





## Dear Readers,

When representing a family of companies with the impact of BALFIN Group – in economic terms, geographical footprint, and human reach – it is challenging to summarize in a few words what has happened during a year. If one tried to find a concept that best identifies with the work people do here, it would be continuous change. We keep challenging the current status quo to build a better future. We invest to add value for business and society simultaneously, as well as to elevate standards.

BALFIN Group is turning marginal suburbs of cities into new communities. Urban areas gain new breadth and life standards rise.

BALFIN Group is bringing novel shopping experiences while making the facilities themselves nodes of development for the host city.

BALFIN Group has partnered with world leaders in tourism and hospitality to build up a local touristic offer that will match European competition. Work has started.

The social aspect of our companies is becoming ever firm and representing the best of our own values.

When mentioning all the above, adding the strength of all professionals of the Group and the eagerness to venture into new territory, I am confident that we will do what we do best – grow and progress!

Sincerely,

**Samir Mane**

*BALFIN Group President*

A handwritten signature in black ink, appearing to read 'Samir Mane', written in a cursive style.

# CEO'S STATEMENT





## Dear Readers,

2021 was a year of determination, adaptation, and important results for BALFIN Group. This annual report refers to a year that saw the world still adjusting to the effects of a global pandemic, which made us accelerate the ongoing processes and view the updated landscape from a new perspective at BALFIN Group. Although the pandemic continued to significantly disrupt our business activity and lives, filling our thoughts with insecurity, we at BALFIN Group pulled together remarkably. All our companies and all our people delivered an excellent performance. Our expectations remain positively solid considering the new projects we have initiated in real estate and tourism.

BALFIN Group is applying a new philosophy in residences – developing sustainable projects today to guarantee a better tomorrow for our clients and the communities we give rise to. Our projects are easily recognizable and desirable, as well as an equally safe investment – be it in Albania, North Macedonia, Austria or even soon in Switzerland. The newly inaugurated East Gate Mall in Skopje, and the retail park, which is being introduced in Korça, continue to define commerce in their areas as our shopping malls always do.

Tourism in Albania still has some way to go to increase the standard of the offer and this is where we have jumped in. BALFIN Group partnered with the international leader Accor to offer M Gallery. It will be a five-star hotel of a unique experience in the Albanian riviera. We are overcoming all kinds of challenges to rival the touristic offerings of the region and the continent.

During last year, our retail sector increased the network of points of sale in the Western Balkans and new brands were introduced. Their dedicated professionals offered an excellent service in every step of the customers' journey and these companies remain hard-earned leaders in their markets.

Tirana Bank strengthened its position with the biggest annual increase of total assets in its history, a very positive performance of key commercial indicators and an increase rate that is bigger than the local average. Customers confirmed their trust in the development strategy of the bank as demonstrated by its increased liquidity base and number of transactions and, for the first time, the issuance of long-term corporate bonds.

The past months marked the end of our involvement in the mining and smelting industry in Albania, as carefully planned in the annual projections, and properly implemented. We made sure that any related development remained in the best interests of employees and all stakeholders.

Our investment portfolio amounted to 88 million Euro in the year 2021 and coupling this with our history and expertise, we are right to be optimistic about the further success of BALFIN Group in all its industries and countries of operation!

Of equal importance was the social engagement of BALFIN Group, targeting certain categories within society that would best benefit from the expertise of our companies in each industry. Communities where we operate and those in contact with our corporate responsibility initiatives have experienced firsthand our dedication to bringing about change.

I wish you a pleasant reading of the 2021 Annual Report!

**Edlira Muka**  
BALFIN Group CEO

# BALFIN AT A GLANCE<sup>1</sup>

**€1.5** Billion

Total Group Assets

**€680** Million

Non-Consolidated  
Net Revenue

**15,000** beneficiaries

From social engagement

**€77** Million

Consolidated Group  
EBITDA

**6,300+**<sup>2</sup>

Employees in our  
Group Companies

**€101** Million<sup>3</sup>

Capex expenditures  
in 2021

**€59** Million

Taxes paid

**30,000+**

Training Hours

**58** companies

part of BALFIN Group

**45,300** clients

Served daily by Retail  
companies

**11.6** Million

visitors in shopping  
centers

**7.8%**

Total Tax Contribution  
with respect to turnover

**7**

Countries

<sup>1</sup> Figures are rounded to the nearest decimal point or the nearest million.

<sup>2</sup> Including discontinued operations during 2021.

<sup>3</sup> VAT included



# OUR PARTNERS



# Our Journey

**NEPTUN**  
ALBANIA

**ALBA-TRADE**

1993

**NEPTUN**  
MACEDONIA

1998

**MNETCI**  
TRADE • CONSTRUCTION • INVESTMENT

2002

**QTU**  
E GJYTHJA SHKURTUE  
**fga**  
FASHION GROUP ALBANIA

2005

**EUROMAX**

**NEPTUN**  
KOSOVO

**ACREM**  
ALBANIA CENTRAL REAL ESTATE MANAGEMENT

2007

**ELEKTRO-SERVIS**

2008

**FOOD WAY**  
RESTAURANTS & BARS

**plus**

2009

**TEG**  
Be happy!

**JUMBO**  
-ALBANIA-

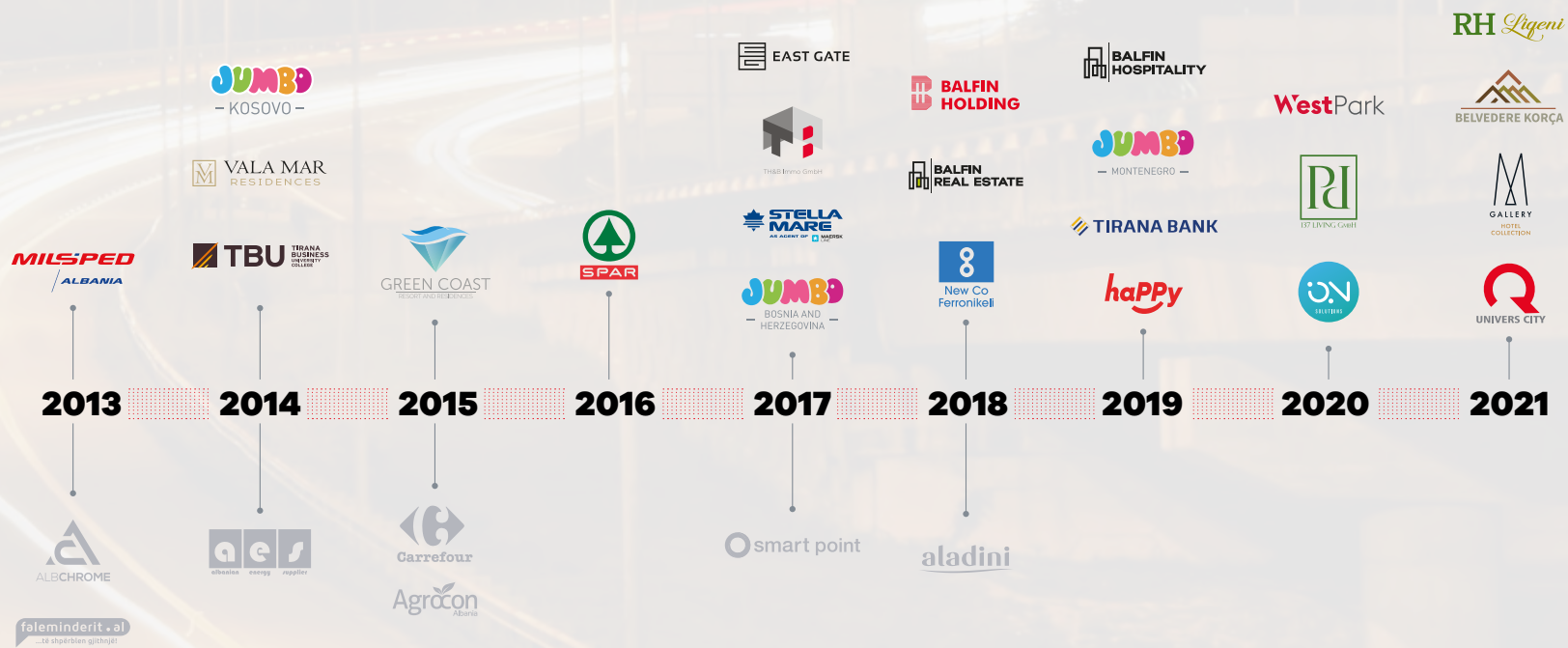
2011

**final**  
Finance House

**TIRANA LOGISTIC PARK**

2012

**Skopje City Mall**



# 01

## 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.

### VISION

Invest in new ideas and explore new opportunities, building a better future for the communities in which we are present.

### MISSION

Our mission is to build strong companies and have a positive footprint on society, while endowing innovation and creating equal opportunities for our people to grow.

# 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.



## **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 facilitates 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 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.

# 02

## CORPORATE GOVERNANCE

The 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.

# 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, promoting objectivity, transparency, and accountability, in compliance with our values and vision.

## CORPORATE GOVERNANCE FRAMEWORK

The 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 creating and boosting shareholders' values and lower risk, BALFIN Group 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";

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Human resources management.

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

## GOVERNANCE BODIES

BALFIN Group has the following decision-making bodies:

**PRESIDENT OF BALFIN GROUP**

**GEO OF BALFIN GROUP AND CHAIRPERSON OF GROUP MANAGEMENT BOARD**

**GROUP MANAGEMENT BOARD**

**VICE PRESIDENTS**

**GEOs OF GROUP COMPANIES**

**BALFIN GROUP DIRECTORS**

## 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 of the appointment of the Group's 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, and 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's Financial Performance, therefore, carrying out the required measures to align with the Group Strategy.

BALFIN Group's 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, expertise, skills, and experience.

### **As of 31 December 2021, the composition of the Group Management Board is as follows:**

- **Edlira Muka** - Chief Executive Officer of BALFIN Group and Chairwoman of GMB
- **Steven Grunerud** - Vice President of Mergers and Acquisitions
- **Julian Mane** - Vice President of Retail
- **Ardiana Sokoli** - Vice President of Real Estate
- **Ervin Kajno** - Vice President of Corporate Projects
- **Arsim Papraniku** - Board Member of North Macedonia and Kosovo
- **Blerina Daka** - Chief Financial Officer of BALFIN Group



# COMPOSITION OF GROUP MANAGEMENT BOARD



**Edlira MUKA**

Chief Executive Officer  
of BALFIN Group and  
Chairwoman of GMB



**Steven GRUNERUD**

Vice President of Mergers  
and Acquisitions



**Julian MANE**

Vice President  
of Retail



**Ervin KAJNO**

Vice President of  
Corporate Projects



**Ardiana SOKOLI**

Vice President  
of Real Estate



**Arsim PAPANIKU**

Board Member of North  
Macedonia and Kosovo



**Blerina DAKA**

Chief Financial Officer  
of BALFIN Group

## **INTERNAL ORGANIZATIONAL STRUCTURE**

By and large the GMB's meetings are convened at least 9 (nine) times per year, in regular order, by its Chairperson or, should the Chairperson 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 to Committees such as Human Resources, Information Technology, Corporate Communications, Internal Audit, and Corporate Project Management.

In 2021, the GMB held 9 meetings to execute its own competencies among others to take important decisions in managing business activities after COVID-19 pandemic's outbreak.

## **BALFIN GROUP DIRECTORS**

BALFIN Group Directors head the major functions at the Group level. Each function establishes key policies and guidelines at the Group level in their fields of operations and is responsible for providing overall guidance to all group companies and supervising their performance.

BALFIN Group has the following main function units: Human Resources, Corporate Communications, Corporate Finance, Legal, Information Systems, Internal Audit, Project Management, and Business Operations.

## **EXECUTIVE LEADERSHIP TEAM (ELT)**

Another important forum is the Executive Leadership Team (ELT).

ELT's main goal 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. ELT does not have executive functions and serves as a forum for sharing and discussing BALFIN Group's strategic objectives. ELT is composed of all GMB members, CEOs of all the Group's Companies and BALFIN Group Directors.

## BALFIN GROUP COMMITTEES

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 to Committees. Composed of high-level representatives and professionals, the committees gather periodically or whenever deemed necessary, to evaluate, propose and redirect Group functions and policies.

### Human Resources Committee (HRC)

The HRC is a key 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.

### Communications and Marketing Committee (CMC)

CMC 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, and procedures related to marketing and communication.

### IT Committee (ITC)

The ITC is responsible for the review of the IT investments on GMB's behalf. The ITC ensures that IT Governance is also addressed as part of the Corporate Governance and the Group IT function is provided with the strategic direction of group. The committee approves the IT strategy and related policy documents.

### Audit Committee (AC)

The purpose of the Audit Committee (AC) is the protection of shareholders interest. The Audit Committee supports the Group 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.

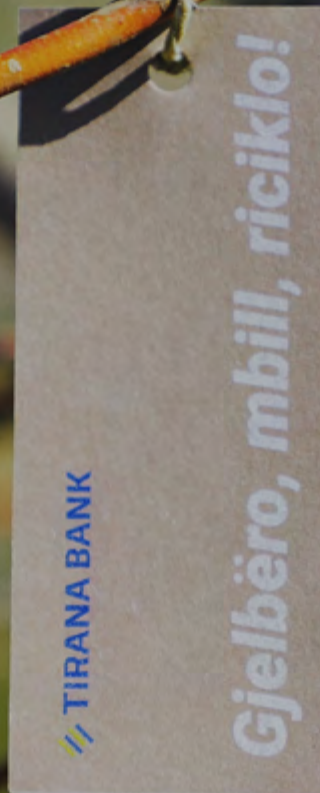
### Project Management Committee (PMC)

The 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 the Corporate Projects Department at BALFIN headquarters.

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, identifying, analyzing and providing recommendations for various business research and development opportunities

# 03

## SOCIAL CONTRIBUTION



During 2021, as the everyday operations started to adapt to the new normal, so did the social engagement of BALFIN Group. Its companies embraced internal values and applied them to their corporate responsibility pillars. All projects were built around Education, Health and Well-being, Environment and Poverty Alleviation.

Approximately 15,000 people were the beneficiaries of 51 social projects initiated or supported by the companies of BALFIN Group, implemented with more than 55 partner organizations.

# EDUCATION

Our own educational and didactic products for various age groups were coupled with infrastructure renovation, IT items, and scholarships for university students to boost the education system.



**GREEN COAST** is connected to the local community as a partner in its daily activities, meeting the needs of the kindergartens in Himara area, with didactic and entertaining products for about 160 attending children. Pupils at the Gjik Bixhili School in Dhërmi can learn about information technology topics in a new computer lab. Regarding the more mature age groups, the company cooperates with the Faculty of Economics, University of Tirana, to identify top master level students and cover their living expenses.



**JUMBO** in Albania and Kosovo supported schools with electronic devices, books, and stationery items that are necessary for the teaching process.

**TIRANA BANK** provided heating appliances to all classrooms of the school in Ksamil, making it comfortable for 540 pupils to attend lessons during cold weather. It also offered a positive working environment and mentoring to 26 students from universities in the country, making them part of Tirana Bank Students' Hub.



### Social Corner for the Social Sciences Faculty

The academic staff of the Social Sciences Faculty in Tirana identified the need for a social corner, so that students would have a dedicated space to socialize and network with each other beyond classroom hours, as well as to carry out academic work in collaboration. B4Students, powered by BALFIN Group, provided all that was necessary and now the students have a fully functional space for recreation and interaction.

# ENVIRONMENT

Tirana Bank has increased the green spaces in the capital with its innovative idea of turning bus stations into little green islands. Yet the biggest contribution to the environment originates from within companies – Tirana Bank, TEG, and QTU lead the practice of responsible waste management, recycling all their paper waste - a significant quantity of 343 tons, using solar technology, and trying to reduce the overall consumption of natural resources.



**TIRANA BANK** planted small flowers on the roof of bus stations in Tirana, making these structures environment friendly and more comfortable for people. It is a symbolic contribution, that implies Tirana Bank's dedication to the environment and the values that govern its activity.

## HEALTH AND WELL-BEING

Companies of BALFIN Group have reached thousands of people with their initiatives in the pillar of health and well-being. Jumbo had its tenth anniversary in Albania and on that occasion, it “adopted” ten children of the SOS Village Albania for one year. All their needs are being met during the period – education and entertainment products, clothes, and other items. Neptun in Macedonia is already a long-term partner of the SOS Village in Skopje and employees in both companies enjoy the time they spend with the young inhabitants of these villages. Jumbo colleagues in Kosovo, Montenegro, and Bosnia and Hercegovina, as well as those of Neptun Kosovo, have equipped several organizations with necessary items to provide care for children and young people.



**SPAR** celebrated its fifth year of presence in Albania and its social engagement continues to grow stronger as well. Its long-term cooperation with food banks and donations from the proceedings of certain SPAR brand products have become a tradition.



Standing for inclusivity, **BALFIN Group** joined the “I fit in” project and employed persons of the Down syndrome community, within the framework of this initiative launched by Jonathan Center (which treats about 140 children and young people with Down syndrome, from all over the country), and supported by the United States Embassy in Tirana. The President of BALFIN Group, Samir Mane, stressed the importance of such examples for the business world.



**JUMBO Albania** equipped the Jonathan Center in Tirana with school supplies, toys, and specific items that are needed during therapies offered by the specialists to children and young people with this condition.



**JUMBO Bosnia and Herzegovina** cooperated with the Down Syndrome Center (DSC) in Banja Luka through a mentorship program and in-kind donation, while ten members of the Down Syndrome Center joined Jumbo employees in the Banja Luka store for one day. The company showed its support to Los Rosales Center in Mostar with a generous contribution of toys and educational supplies that will facilitate the rehabilitation and socialization sessions of the children.

Employees of **JUMBO Bosnia and Herzegovina** visited three institutions that take care of children:

- Vladimir Nazor Center in Sarajevo and came to their support with supplies that will assist educators in their daily work with children and students.
- Heart for Children with Cancer Association and provided selected items to parents of children who are hospitalized and receive treatment.
- GFC Sarajevo Club trains the children of SOS Villages for free and provided sports and training equipment for the young players.



**QTU** became a supporter of the Down Syndrome Albania Foundation, providing therapeutic services over 12 months for nine children treated at the service center.





**FASHION GROUP ALBANIA** has long been known as a company committed to raising awareness about Down Syndrome, through implementing an employment program for people belonging to this community.



**SPAR ALBANIA** followed suit and welcomed its first employee from the Down Syndrome community, in the framework of the 'I fit in' project organized by Jonathan Center in partnership with the Embassy of the United States of America in Tirana.



**NEPTUN KOSOVO** donated laptops to two of the Pema Day Care Centers in Gjilan and Peja, so that their specialists can provide qualitative services to children with disabilities even remotely.



**NEPTUN MACEDONIA** established long-term cooperation with the SOS Children's Village in Skopje. Last year, it launched the "Together, we donate more" campaign. Customers could join simply by making purchases in Neptun stores and 1% of the net worth of products sold during the campaign was donated to SOS Children's Village. The public awareness raised the fund of 100,000 dinars. The company itself donated a number of products that matched the value of 100,000 dinars. All proceedings were used to accommodate the needs of children and teenagers cared for by this organization.

## POVERTY ALLEVIATION

Considering the very nature of a couple of sectors where the companies of BALFIN Group are active, various groups of people in need have benefitted from in-kind donations. Tirana Bank has made possible a new house for two elder sisters in Shkodra. Jumbo in all countries has supported numerous organizations to meet their basic needs for everyday products. Fashion Group Albania has provided clothes to families all over the country, while QTU has helped one hundred kids start the academic year properly with school bags and products. SPAR makes sure year after year that food banks in Tirana have enough food and donates to charities part of the proceedings from SPAR branded water bottles.



**TIRANA BANK** handed over the house keys to a family that had the house destroyed by the earthquake of November 2019. The Rama family from Spiten of Lezha returned to a safe shelter, just like ten other families that had previously received apartments from BALFIN Group. Another family in need settled in a renovated apartment donated by TIRANA BANK. The Çokaj sisters now have a house located near the city hospital, so that they can easily get the medical service that their condition requires.



**FASHION GROUP ALBANIA** handed over 5,000 clothing items to the community centers of Tirana Municipality, and the company's employees helped to distribute them.



**SPAR ALBANIA** joined World Vision Albania and Food Bank Albania in the initiative "Light up hope", to help families in economic hardship in the suburban areas of the country. It invited customers to donate food products as desired when making purchases in SPAR stores in TEG and QTU shopping centers. The two organizations involved in the project distributed the collected food to the families in need in Dibër, Shkodër, Kurbin, Lezhë, Librazhd, Korçë, Tirana, and Durrës.



**SPAR ALBANIA** responded to the needs of the Babies' Home in Durrës and Vlora, coming to their aid with a year-long supply of diapers, for all children aged 0-5 years. It supported the Streha Center in Tirana throughout the year, with food provisions for all its residents and all people that are part of its community.

## B4STUDENTS

Launched in 2021, B4Students is the umbrella engagement of BALFIN Group regarding education. It is built based on four main components that address each a need that has been perceived by the students themselves in Albania.



The **Entrepreneurship** component's Business Idea Competition promotes and supports entrepreneurship ideas and initiatives among students. The winning applications receive a grant to start a business, preferential lending opportunities from Tirana Bank, opportunities for partnership with BALFIN Group and its companies, as well as training and advisory from experts in the field.

The **Business Challenge** also belongs to the Entrepreneurship component and invites students to analyze a real business problem of B4Students partner companies and suggest problem-solving strategies. Students who have provided the best analysis and strategy will benefit from monetary rewards, free subscription opportunities to an online course on international platforms, as well as professional internships at the companies in question.





The second component is that of **Social Clubs**. Through Social Clubs, B4Students supports project proposals for social activities of students that enrich their socio-cultural life and at the same time have a positive impact on the community. The best proposals receive financial, technical, and/or logistical support to implement the proposed project.



The third component, **Professional Internships**, is crucial to B4Students, creating the opportunity for students to be involved in well-structured 3-month professional internships at various BALFIN Group companies. Students can apply to their preferred company and targeted department according to their professional interests. Throughout the professional internship, the selected students have the support of their designated mentors and work side by side with some of the best managers in Albania. At the end of the internship, students are evaluated for performance-based employment.



The last component focuses on Strengthening the Capacities of Higher Education Institutions in Albania. Through B4Students, public universities in the country benefit from infrastructure investments to improve the conditions offered to students.

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# 04

OUR  
PEOPLE



# OUR PEOPLE

BALFIN Group is among the largest employers in the private sector in Albania. As of December 2021, approximately 6,300 people work in all our Group companies, and around four thousand are employed indirectly. Our Group development strategy is focused on the development of our employees, who are the driving power behind the achievements of BALFIN Group. BALFIN Group employees have the possibility to grow in their careers, evolve professionally, and make a valuable contribution toward the Group's further progress. With adherence to our Group values, they have proven to be high-caliber professionals and leaders in the market.

## HR KEY FIGURES



**4 IN 10**

employees  
are women



**5 IN 10**

top leadership  
positions are  
women



**11 TRAINING  
HOURS**

is what each employee  
receives on average per year



Approximately

**450**

promotions  
happen per year



**35**

years old is  
the average age  
of our employees



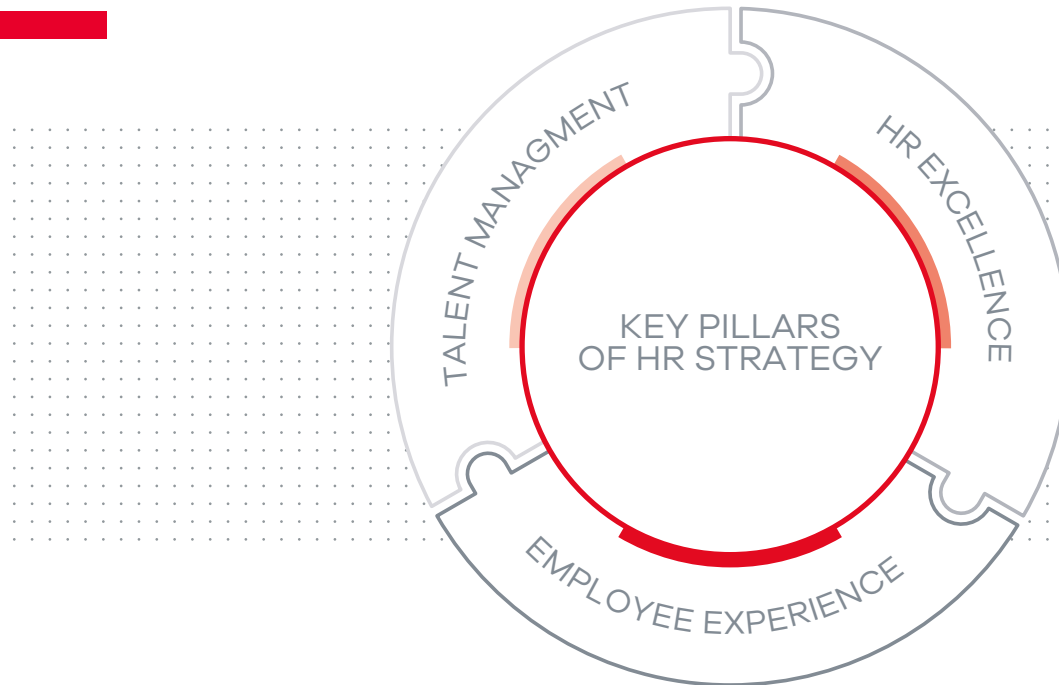
**4 YEARS**

is the average tenure  
of our employees

## OUR HR STRATEGIC GOAL

Our goal is to champion better working conditions and improve living standards for our employees. We are dedicated to collaborating with BALFIN Group's 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 applying the best talent management practices and maximizing employee experience and HR excellence.

# THE KEY PILLARS OF BALFIN GROUP'S 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**

Ensures 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, and technology. and technology.



## INDUSTRY GENDER RATIO

### Gender diversity

#### BANKING

25% Man  75% Woman 

#### REAL ESTATE

70% Man  30% Woman 

#### RETAIL

39% Man  61% Woman 

#### MINING & ENERGY

79% Man  21% Woman 

#### OTHER

50% Man  50% Woman 

#### SERVICES

67% Man  33% Woman 

## EMPLOYMENT BY INDUSTRY

Total employees working at the Group as of 31 December 2021, was 6,309 (2020: 5,717; 2019: 5,803) and the distribution per industry each year is as follows:

#### Banking

501 	2021
477 	2020
450 	2019

#### Real Estate

516 	2021
317 	2020
212 	2019



#### Retail

2,849 	2021
2,628 	2020
2,748 	2019

#### Mining & Energy

1,862 	2021
1,803 	2020
1,883 	2019

#### Service & Other

581 	2021
492 	2020
510 	2019

## WORKPLACE CULTURE AND REWARD

BALFIN Group offers employees a secure, sustainable, and inspiring work environment with positively differentiated working conditions and a highly competitive compensations and benefits package. Above all, BALFIN Group offers a great opportunity for career development and professional progress. Employees are encouraged to engage, interact, and inspire positive change in the workplace and beyond.

Our corporate culture is driven by our own values (Partnership, Innovation, Consideration, and Accountability). 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 benefiting from opportunities arising. We are committed to acquiring and developing talent, as well as optimizing our HR process efficiency through digital transformation.

## PROFESSIONAL DEVELOPMENT

BALFIN Group invests in the professional training and development of employees through its focused development programs. Professional agencies are hand-picked to conduct technical, leadership, and managerial training on a regular basis. We provide professional development opportunities to devoted, high-performing employees who demonstrate potential for progress, allowing them to advance to new career levels. This process takes place in a variety of settings, including the classroom, online, and on-the-job training, where employees are motivated to interact, improve their skills, exchange experiences and ideas, facilitate solutions, etc.

### BALFIN TRAINING ACADEMY



The Balfin Training Academy represents one of the key pillars of the Group's strategy for further developing human capital. As a tailored procedure to reach our employee's needs, the training activities are designed in such a way to support their professional growth in current and future positions. Each year the academy's activities contain more than 4,000 training/ coaching hours with more than 300 employees as participants. Balfin Training Academy brings together experts from our companies, professors 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 respond to any challenge.



## TALENT POOL



Talent Pool is a program that sets the new generation of BALFIN Group leaders. It consists of the identification, training and professional development of talents and their preparation for taking on the highest professional and managerial positions. The program identifies the progressive steps of this talented assembly and enables the creation of a well-prepared group of employees who are offered the opportunity to advance their career in leading and challenges that BALFIN Group creates.

**TALENT**POOL

## 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.

In 2021's Balfin Innovation Summit, the project presented by the company Mane TCI, which operates in the field of construction, was announced as "The Most Innovative Project". The Mane TCI team introduced a new concept for organizing work between different departments through the use of technological solutions.

The evaluation of the presented ideas in the 2021 edition was made by a selected jury, composed of Enio Jaço, President of the American Chamber of Commerce in Albania, Artan Hoxha, Administrator of Tirana Business University, and Matilda Shehu, Director of Business Operations at BALFIN Group.

Innovation is interwoven into the fabric of our business, by undeniably determining the success of our operations in the coming years or decades. BALFIN Group is always looking for brand new ideas to strike a balance between more dynamic business and operating models, more proactive design of customer experience, and avant-garde corporate strategies. Furthermore, our efforts at catalyzing innovation among employees aim to improve processes, generate new business ideas, and set market trends, in order to address the issues of sustainable development.

**BIS**  
BALFIN INNOVATION SUMMIT

## BALFIN RETAIL FORUM



Throughout these years, BALFIN Group has been a determinant actor in the retail sector in the Western Balkans. As an industry forerunner, BALFIN Group established Balfin Retail Forum in 2021 to highlight top performers, address the industry's challenges, and catalyze innovation, a key indicator of success as well as a core value of the Group.

The annual event gathers all key managers from the retail sector year to discuss strategies, share experiences, propose new ideas, and benefit from possible synergies among all BALFIN Group companies.

**BALFIN**  
RETAIL  
FORUM

# DIGITAL TRANSFORMATION



Digital disruption is happening at an unprecedented speed and scale, changing business models across all industries, and forcing companies to adapt to this new reality. BALFIN Group quickly stepped into the best practices of digital transformation process, taking over the group's entire landscape, changing not only the way we operate, but also the way we interact with our employees, customers, and the communities we serve.

The Group Digital Transformation Strategy in the process will allow BALFIN Group to tackle digital as a native phenomenon including a continuously updated digital transformation roadmap that will transform each Group's company in each country where it operates.

## A NEW DIGITAL PERSPECTIVE

Due to the recent global landscape, in 2020 the Group started piloting Group's Digital Transformation Strategy in the Retail sector. This strategy was built on transformation-focused outcomes to improve systems, internal processes, data usage, culture, and customer experience.

The Digital Transformation Strategy builds upon Strategic Objectives and puts forth a vision whereby digital is an empowering force for sustainable growth and excellence. Until now, it has been proven that digital transformation plays a positive role in the development and accelerating progress towards BALFIN's goals while mitigating emergent digital challenges and risks. BALFIN will continue to be bold and ambitious by leading the regional market in its digital transformation mission, and during 2022 will expand such mission and strategy toward other sectors and other markets as well.

To ensure proper functioning and implementation of the strategy, proper corporate governance bodies are introduced, and the focus will be on their further empowerment.

## DIGITAL PROJECTS

The BALFIN Digital Team under the digital strategy's scope supported the group's companies, to deploy critical digital technologies to maintain business continuity during the pandemic.

Over 70 digital initiatives were identified and started to be implemented; the focus was on 4 strategic areas such as Process Automation, Customer Experience, Data Insights, and People, ranging from developing e-Commerce and remote working up to ERP, POS, or other systems upgrades to provide emergency assistance.

The past year has seen a remarkable expansion in the use of digital in BALFIN's stakeholders. We have explored new digital delivery models, digital partnerships, and advocacy for addressing digital issues. In terms of internal operations, BALFIN has adopted new initiatives for information technology and data, launching several new corporate-wide technology platforms.

## DIGITAL CULTURE

BALFIN Group prizes digital culture as a mindset, which translates into a new way of working that enables people and companies to innovate with technology. For the first time, a catalog of 15 training modules was offered online to all staff, and many more will be introduced continuously, to power the innovation through a specific upskilling personalized training program for each team member.

The result so far was measured through a recent opinion gathered from among BALFIN employees which illustrates the importance of digital development and the changes that BALFIN has provided programmatically and operationally during 2020-2021:

**80%**

believe that digital technologies are very important to BALFIN's role in supporting its companies to achieve the goals

**60%**

have seen a moderate increase in demand for support from group's companies on digital transformation over the last year

**80%**

believe that BALFIN has become better at collaborating online within the group

**55%**

believe that BALFIN has moderately improved the efficiency of its work over the last year

The complexity of the digital transformation's roadmap on its first year was one of the biggest challenges we had to face. Undoubtedly, it has not been easy to meet the results and deadlines, and at the same time lead several cross-functional teams. Companies started to coordinate in setting clear common goals, objectives, and realistic timelines. Everything had to be done with responsibility and tolerance to understand the challenges that accompanied each of the companies in each implemented digital initiative.

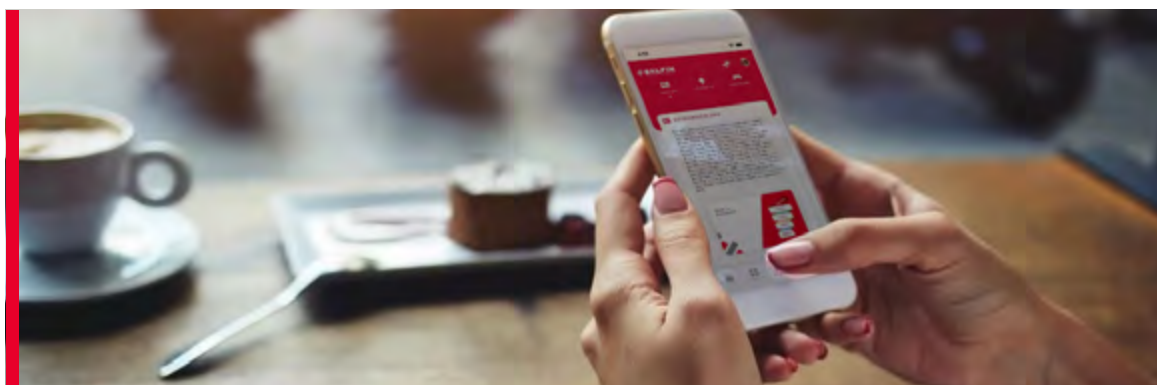
However, the professionalism and interactive communication throughout the process, coupled with the maximum commitment of the team of each company, were the excellent basis for the enhancement and continuous strengthening of the digital culture in the Group.

## RESHAPING TO STAY CONNECTED AND THRIVE IN THE DIGITAL AGE

What we relearned throughout 2020 and the barriers arising from the pandemic was the importance of internal communication and employee engagement. We redirected our focus to internal communication by using technology to reach as many employees as possible, keep them coherently informed on what happens within the Group and assist them in trying times. Moreover, we digitalized our network and brainstorming to streamline these two vital processes of a dynamic group of companies.

### INTRODUCING OUR NEW INTRANET

The redesigned Intranet used to share company information and resources securely and practically among employees proved efficient in increasing both productivity and engagement, as early as its launch in January 2021. Packed with a simplified user interface, tons of useful data, and features, it was conceived with the purpose of leveraging a number of innovative and useful ways to achieve business results. To mention a few: engaging our staff in 8 different countries while increasing trust and transparency, facilitating change management, and contributing to organization-wide information and knowledge sharing. We envisioned the Intranet as a combination of digitalization with a strong corporate culture.



### BALFIN APP, A VICTORY AND A CHALLENGE

BALFIN App was introduced in May 2021, after nearly a year of hybrid working, extensive research work, employee surveys, human capital engagement studies, and development involving relevant staff and external consultants. This internal application dedicated to employees is not only an innovation, but also a standard in employee engagement. The product is a dynamic multi-functional application. Through the BALFIN App, all Group employees working on site, in the office, or remotely, can browse and be notified in real-time on the news about recent developments and social responsibility activities, the company offers, vacancies, advice, trainings, etc.

## NETWORK VIRTUALIZATION

The IT unit, the largest department of BALFIN Group is constantly implementing innovative projects and solutions that improve the work process. By December 2021, the Group-wide process of the virtualization of the telephony network and Wi-Fi Controller was concluded, leading to increased efficiency in everyday tasks. With virtualization, several operating systems can be run in parallel on a single central processing unit (CPU). This parallelism tends to reduce overhead costs and differs from multitasking, which involves running several programs on the same OS.

Using virtualization, we can better manage updates and rapid changes to the operating system and applications without disrupting the user. Ultimately, virtualization dramatically improves the efficiency and availability of resources and applications. Instead of relying on the old model of "one server, one application" that leads to underutilized resources.



## EMPOWERING IDEAS THROUGH DIGITAL TOOLS

At BALFIN, we constantly generate new ideas, which in turn develop into tangible projects that require cross-company and cross-departmental interaction and depend on these synergies, so that their functions can be enriched before being effectively implemented.

In order to facilitate this process, the need arose for an idea management tool that enables brainstorming, collection, sorting and grouping, evaluation, and finally the approval into project development and implementation. Broad research fused with contemporary agile management methods lead to the creation of Flipper, leveraging idea generation and actualization concepts, as well as workflows, from the Kanban, Scrum and Agile Project Management Methods, distilled and optimized based on the Harvard Innovation Ambition Matrix, Thinking Routine Matrix, and Methods of Idea Management from the MIT Sloan University.

The final product was a platform customized and optimized specifically to enhance idea generation and synergies intra-company within BALFIN; which Flipper achieves by providing a broad range of capacities including user stories that represent individual ideas as well as related sub-tasks that define the workflow realization of each stage of the Idea Pipeline.





The above-mentioned initiatives resulted in a more connected and purposeful workplace, where the attention toward employees became more evident, which led to increased productivity and efficiency.

Digitalization is creating new opportunities for streamlining processes, building new business models, and ultimately determining where organizations stand. Each digitalization and transformation project are not just a catalyzer of trends, but also an epitome of BALFIN Group's values of Innovation and Partnership.

Our approach to digitalization is 100% people-oriented. Therefore, our efforts in digital transformation amount to something of great importance: digital culture. A digital culture empowers our people to deliver results faster, attracts and retains better talent, and is 5 times more likely to achieve breakthrough performance. Considering digital culture, a difference maker in the international market, we will continue to focus on digitalization across all operations and departments to stay connected, drive excellence, and foster positive change.

# 05

## 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: Wholesale and Retail, Real Estate, Mining and Smelting, Banking, and Services.



## 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, department stores, etc.

For almost 3 decades, 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.





## NEPTUN INTERNATIONAL

### ELECTRONICS

Neptun International is the leading retailer of consumer electronics and home appliances in the Western Balkans. With almost 30 years of experience in the field, Neptun is continuously building strong and long-term partnerships with leading manufacturers worldwide, bringing the latest tech products to its markets and offering integrated and reliable solutions to customers.

Neptun International operates in Albania (since 1993), North Macedonia (since 1998), and Kosovo (since 2007), operating via 67 physical locations and a strong e-commerce presence, and supplying products to +400 business partners. Its market share is respectively 47% in Albania, 42% in North Macedonia, and 43% in Kosovo, making Neptun the leading electronic retailer in these markets.



## KIDZONE NETWORK

### DEPARTMENT STORE

KidZone is the official franchise operator of Jumbo in Albania (since 2011), Kosovo (since 2014), Bosnia and Herzegovina (since 2017), and Montenegro (since 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 22 stores. Jumbo is not only a store offering infinite alternatives of reasonable prices and good quality, but also an experience. A vast variety of toys for all ages and preferences, home items, stationery, seasonal products, decoration, etc., enable customers of all ages and backgrounds to experience every season, trend, desire, or hobby in one place.

KidZone is in continuous expansion in the Western Balkans countries and further.



## SPAR ALBANIA

### FOOD RETAIL

In 2016, BALFIN Group became the official SPAR International representative in Albania, setting new standards and introducing the hypermarket concept.

The SPAR supermarket chain provides a wide variety of products to the Albanian market, with approximately 40,000 products in the food and non-food categories. SPAR International owns several product lines, manufactured in the best European factories offering the same high quality in every country. Thanks to the variety of items, lower prices, and ultimate storage conditions of products, SPAR Albania enables customers to live better and spend less.



## FASHION GROUP ALBANIA

### FASHION

Fashion Group Albania, established in 2005, is the first organized fashion retail group in Albania. With the aim of remodeling the industry in the Albanian market, FGA introduced for the first time the innovation of franchisee contract management in the country, also creating a new standard in terms of customer service in stores and online.

Fashion Group Albania is the official representative of 9 well-known international brands Mango, Springfield, Geox, Parfois, Women Secret, Okaidi, Prenatal, Carpisa, and Cortefiel.

Fashion Group Albania is always looking to introduce new brands in its portfolio that are specifically chosen to suit the customer needs and to further develop the fashion retail industry in the market.

## MINING AND SMELTING

BALFIN Group has made significant investments in the mining sector. From 2013 to 2021, BALFIN Group owned AlbChrome, the largest chrome ore and ferrochrome producer in Albania and one of the biggest mineral companies in Southeast Europe. For more than 20 years now, the company institutes one of the largest European chrome rich resource management companies. By the end of 2021, BALFIN Group entered into an agreement to sell 100% of shares of AlbChrome Holding and its subsidiaries (AlbChrome sh.p.k and Vllahen Mining sh.p.k) to international conglomerate Yildirim Group. All measures were taken for a smooth transition in early 2022.



## NEWCO FERRONIKELI COMPLEX

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

NewCo 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 quality control and with ISO 14001:2015 standards regarding environment protection, NewCo Ferronikeli succeeded in passing the auditing procedure without encountering any non-conformity criterion.

BALFIN Group has completed additional investments in NewCo Ferronikeli, that increased its production, improved working conditions, and environmental standards.

## 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 the 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 Qafë Buall is foreseen at 1.8 million ton.

By the end of 2021 BALFIN Group has agreed to transfer 100% of its AlbChrome Holding sh.p.k ownership to the international conglomerate Yildirim Group. All measures were taken for a smooth transition in early 2022.

## VLLAHEN MINING

Vllahen Mining 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 accomplished through underground development.

Total mineral production is foreseen to be 1.22 million tons of chrome ore, while the yearly average mineral production is foreseen to be 100,000. The same as per AlbChrome, Vllahen Mining's ownership was transferred to Yildirim Group in late 2021.



# REAL ESTATE

It has been more than two decades now that BALFIN Group is heavily involved in real estate activities and its footprint has expanded beyond Albania to Austria, Switzerland, Kosovo, and North Macedonia.

BALFIN Group holds a solid position as the most distinguished investor in the sector in the Western Balkans, investing in constructing and managing residential facilities, shopping malls, touristic residences, commercial buildings, as well as industrial spaces.

The companies that we are presenting in this publication are the driving force behind the success of our real estate sector; they are perfectly equipped in technology and have qualified for relevant certifications from international organizations. These qualities are complemented by a multitude of business partners that further increase our belief in the progress of this sector.





## CONSTRUCTION

### 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.

The 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, Ambassador 1, Ambassador 2, Ambassador 3, and Park Gate.

Ongoing projects which are being developed by Mane TCI are Green Coast Resort & Residences 2, TEG expansion, Belvedere Korça, Univers City, Collina Verde, Tuga, Rolling Hills 2, Rolling Hills Liqeni, and Green Coast MGallery Hotel.



## PROJECT DEVELOPMENT

### GREEN COAST

Green Coast was founded in 2014 and it is one of the leading investment companies in Albania focused on luxury residences that project a unique way of living.

Green Coast's investments represent the largest ones of BALFIN Group in the tourism sector, amounting to EUR 121 million only for the flagship project: Green Coast Resort and Residences, strategically located on the most beautiful beach of the Albanian Riviera, Palasa.

Green Coast Village, M Gallery - Green Coast Hotel, Elite Villas, and Green Coast 3 are other key investments in this area that will follow the success of Green Coast Resort and Residences. These projects will bring an additional investment of approximately EUR 110 million to this area, transforming Palasa into the south coastline's center.



### GREEN COAST RESORT & RESIDENCES



**Green Coast Resort & Residences** is the elite vacation destination of the Albanian Riviera, located in Caesars Beach in Palasa, 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 the ideal place not only for vacation, but also for living.

With a total estate of 234,454 m<sup>2</sup>, 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, 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.

### GREEN COAST - MGALLERY



**Green Coast - MGallery** is one of the latest projects of BALFIN Group in the tourism industry in partnership with Accor. The hotel will offer a variety of spaces for visitors, such as a restaurant, lobby with exclusive views of the surrounding nature, executive club lounge, VIP club, banquet and conference hall, swimming pool, as well as a dedicated space in the beach area. The 112-room hotel located in Palasa, Albania will welcome the first visitors in April 2024, and it will mark an important moment for the Albanian tourism industry. The total construction area is 17,566 m<sup>2</sup>, accounting for a EUR 21 million investment.

5 different projects are part of Green Coast, led by Green Coast Resort and Residences, MGallery Hotel, Elite Villas, Green Coast Village and Green Coast III. All these projects have a construction area of 450,000 m<sup>2</sup> and an investment value of EUR 221 million.

## ROLLING HILLS LIQENI

Rolling Hills Liqeni is one of the latest projects conceived for a modern lifestyle and high living standards. The project is located by the Lake of Farkë in Tirana, and it is envisioned as a park by the lake, with a magnificent “piazza” for community gatherings. The villas and apartments are of premium design and will offer the highest construction quality to date. Living at Rolling Hills Liqeni means coming back from the city dynamics to a home of rejuvenation, security, and relaxation amidst nature.

The estate of 300,000 m<sup>2</sup> is projected to have an investment cost of EUR 140 million and is expected to be completed within 2026.



## UNIVERS CITY

Univers City is an ambitious project that creates no less than an entirely new city from scratch. Located near QTU, Univers City retrieves its name as a miniature city linked to the very successful mall. Given the high demand for more affordable apartments in the outskirts of Tirana, BALFIN Group is building a community-based corpus of residential apartments that are designed for practical living, with a philosophy of arm's length services. Living in Univers City means greener and larger spaces than anywhere else in Tirana; sports facilities of all sorts for residential use; security and accessibility; public school inside the city and many more features.



## BELVEDERE KORÇA

Belvedere Korça is a complex of the latest construction technology, inspired by the civic villas of Korça in the '20 – '40. The complex will include 80 villas based on 9 different typologies, ranging from 150 to 500 m<sup>2</sup>, satisfying a wide segment of customers tailoring to their needs and desires.

This project is projected at EUR 19 million with a total construction area of 23,200 m<sup>2</sup>.



### PJ 137 LIVING

PJ 137 Living Gmbh was founded in December 2019 in Austria, and it 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 area of 2,100 m<sup>2</sup>, an investment of around EUR 7.6 million. The residential complex is expected to be completed in May 2023.



### EAST GATE LIVING AND BUSINESS

East Gate Living is the residential complex that offers you all you need to lead a modern and urban lifestyle. The 50 m distance between the buildings opens up a perfect opportunity for lush green areas where residents can have a short walk and parents can enjoy watching their children play. East Gate Living offers a wide range of unique apartments, ranging from 42 m<sup>2</sup> all the way to 210 m<sup>2</sup>. Currently, the complex is in the first phase which includes the construction of 4 out of 10 blocks. Total investment, including the second phase, is forecasted at EUR 76 million with a construction area of 138,000 m<sup>2</sup>.

East Gate Business is a unique office park concept for your business to thrive by providing the ideal work environment. Located just 5 minutes from the city center, East Gate Business has great connectivity to all other parts of Skopje. The project includes the construction of five Class-A blocks on a gross build area of 90,000 m<sup>2</sup> and total leasable area of 50,000 m<sup>2</sup>. Total investment is projected at EUR 81 million.

East Gate Living and Business is part of Skopje East Gate together with East Gate Mall, representing the very first mixed-use development project in North Macedonia.



## PROPERTY MANAGEMENT

### 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 commercial, industrial, 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.



### BALFIN REAL ESTATE AND HOSPITALITY

Founded in 2018, Balfin Real Estate & Hospitality is considered a service hub providing a complete set of solutions in the real estate market as a 360 degrees innovative company. The company stands on three main pillars on which it has set up its philosophy and model of doing business

- Real estate
- Asset and property management
- Hotel management and services

With a current portfolio of EUR 850 million, yearly property sales of EUR 70 million, and a considerable customer database, the company manages 20 residential and tourism developments by offering the highest standards of professionalism regarding the buying process, sale, after-sale, brokerage, or renting management of real estate properties and projects available in the market; real estate marketing and market services research; and asset management.



## SHOPPING CENTERS

### 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. The premises underwent some radical renovation and expansion in 2018, with an additional investment of EUR 11 million, 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 is 27,150 m<sup>2</sup>.



### TEG - TIRANA EAST GATE

TEG is the largest shopping center in Albania, whose grand opening dates in 2011. With 150 stores and 2,000 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 m<sup>2</sup>, this shopping center represents a whole lifestyle journey. It is designed to be easily 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, Zara Home and Stradivarius), Cineplexx, InterSPAR, KFC, Burger King, Nike, Jysk, Levis', Reply, Tommy Hilfiger, Original Marines, Okaidi, Swarovski, Neptun, Mango, Carpisa, etc. More than 9.6 million visitors visit the TEG annually. Very soon, the actual GLA of 42,000 m<sup>2</sup> will be further expanded to approximately 55,000 m<sup>2</sup>, creating more room for retail units, food and beverage shops, as well as entertainment areas.



## EAST GATE MALL

East Gate Mall is the new urban center of Skopje and the third shopping mall of BALFIN Group. It was inaugurated in October 2021, and it has already become a reference point for the citizens. A 103 million euros investment that welcomes 12 million visitors annually, East Gate Mall offers the largest commercial spaces, and it is the only fifth generation shopping center in the region.

East Gate Mall stands out for its great dimensions, with 5 floors, a total area of about 160,000 m<sup>2</sup>, a Gross Leasable Area of over 57,000 m<sup>2</sup> and 2,000 parking spaces. Its 220 stores present a choice of over 600 brands, 40 of which are introduced for the first time in the country.

East Gate Mall houses the largest Zara store in the Balkans (Zara and Zara Home), as well as regional and world-renowned brands such as Massimo Dutti, Oysho, Reserved, Mohito, Sinsay, Cropp, House, Armani Exchange, Calvin Klein, Kiko Milano, Pandora, Mango Man-Woman-Kids, Patrizia Pepe, Twinset, XYZ, Valentino, Armani Exchange, Hugo, Tommy Hilfiger, Gant, Timberland, De Facto, Babor Cosmetics, Kiko Milano, L'Occitane, Prenatal, The Athlete's Foot, Intersport, Super Tinex Market, Neptun Electronics, and many more.

East Gate Mall is part of the Skopje East Gate project, a EUR 265 million investment by BALFIN Group in North Macedonia.



## WEST PARK

West Park represents a pioneer investment of its kind in the city of Korça and in Albania as well, and it consists of the construction of a commercial building, along with common public spaces and green areas. A few selected brands will be accommodated in this retail park, carefully handpicked to meet the basic consumer's daily life requirements by providing products in key sectors, such as the food industry, toys for children, electronic devices, fashion items, and home interior. Well-known local brands will sit side by side with four international brands in a building that occupies an area of 7,124 m<sup>2</sup>, composed of a combination of light-weight construction materials that take into consideration the traditions of the city. The investment is expected to be completed within July 2022 and it 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.



## TIRANA LOGISTIC PARK

Tirana Logistic Park (TLP) is the biggest logistics park in Albania and one of the most modern in the Western Balkans. With a total area of 35,984 m<sup>2</sup> and 15,542 m<sup>2</sup> of buildings, it is strategically located between the Rinas Airport and Durrës Port, easily accessible even from the neighboring countries.

The facilities enable services such as storage, intralogistics, inventory management, order management, local distribution, freight forwarding, and value-added services such as packaging, pre-packaging, processing, labeling, and knitting. It is quickly connecting businesses all over Albania and those of the region, especially from Kosovo and North Macedonia.



# 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. 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-term needs and views in focus, and are therefore a much more stable bank.







### TIRANA BANK

Tirana Bank is the first privately-owned bank in Albania. Since its establishment (1996), the bank rapidly expanded its business activity and footprint. The Bank remains well positioned in the local market, by leveraging on a loyal and increasing customer base, as well as maintains a network of ATMs and branches in all major cities and industrial zones.

Since becoming part of BALFIN Group (2019), and basing on the newly defined development strategy, Tirana Bank has achieved a steady organic growth and sharply improved its financial performance, by rigorously retaining its philosophy on providing quality products and services.

## SERVICES

BALFIN Group's activities in services include a range of establishments, varying from logistics to after sales support. The services provided by BALFIN Group include full professional systems and expertise from highly qualified employees that provide easy access for individual consumers, as well as companies.



## MILSPED ALBANIA

Milšped Albania, present in Albania since 2014, caters to the clients who placed their trust in Milšped 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.

Milšped Albania is a joint venture company of BALFIN Group and Milšped 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 Milšped 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-SERVIS NETWORK

Established in 2008, Elektro-Servis is the largest service provider of its kind in Albania, Kosovo (since 2014), and North Macedonia (since 2013). It provides professional after-sale and repair services for the electronic products offered by Neptun International in the respective countries it is present. The company is entitled to exclusive rights on these services from some of the most renowned brands of the world, such as Samsung, LG, Sony, Philips, Huawei, Alcatel, Beko, Bosch, and many others.

As the sole partner authorized to maintain the multitude of products offered by Neptun, the staff of Elektro-Servis has gained the experience and confidence to meet any challenges posed by the launch of new models in the market.



## ENERGY

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



### ALBANIAN ENERGY SUPPLIER

Albania Energy Supplier (AES) is licensed from the Albanian Energy Regulatory Entity for the 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. AES supplies electricity to the needs of Group companies and other customers.

By the end of 2021, BALFIN Group agreed to sell AES's substation in Elbasan to the international conglomerate Yildirim Group.

## 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. Besides supporting the education system in all the countries it is present, BALFIN Group is a minority shareholder of Tirana Business University in Albania.**



### TIRANA BUSINESS UNIVERSITY COLLEGE

Established in 2010, Tirana Business University College is a highly reputed university in the country, mostly known for the exceptional efforts in creating and expanding students' opportunities for employability and entrepreneurship prior to their graduation. Specialized in Business Administration and Law, Tirana Business University College empowers young talents and offers them proper support to grow and develop through professional career counselling, business ideas support, and building a strong community. Equipping students with contemporary knowledge and proficient practical skills to respond to highly competitive markets, TBU provides an innovative learning experience, flexible degree structure with small-groups, and strong partnerships with stakeholders in the business ecosystem.

## OTHER

### ONSOLUTIONS

Established in 2020, OnSolutions focuses on customer retention and experience. The company offers high-level expertise to its partners and their respective customers through loyalty programs, various analysis, online and offline customer service.

OnSolutions conducts professional market surveys and research, measuring NPS, TNPS, and CSI, supporting businesses in the planning and execution of strategic marketing campaigns. Additional services include social media management, online order management, and tele-sales.

OnSolutions manages Happy, the biggest loyalty program and the only multi-brand scheme in Albania, with over 364,000 members.



# BALFIN GROUP COMPANIES ARE ENLISTED BELOW:

No	Name	Registered in	Equity %	Website
<b>RETAIL</b>				
1	Fashion Group Albania sh.p.k	Albania	100%	www.fga.al
2	Kid Zone sh.p.k	Albania	90%	www.jumbo.al
3	Kid Zone Kosova Sh.p.k	Kosovo	55%	www.jumbo-ks.com
4	Kid Zone d.o.o	Bosnia & Hercegovina	90%	www.jumbo.ba
5	Kid Zone d.o.o	Montenegro	90%	www.jumbo-mne.com
6	Neptun sh.p.k	Albania	90%	www.neptun.al
7	Neptun Kosova	Kosovo	60%	www.neptun-ks.com
8	Neptun Makedonija DOO	North Macedonia	60% (indirect)	www.neptun.mk
9	SPAR Albania sh.p.k	Albania	100%	www.spar.al
10	Alba Distribution sh.p.k	Albania	100%	N/A
<b>MINING &amp; SMELTING</b>				
11	AlbChrome sh.p.k	Albania	100% (indirect)	www.albchrome.al
12	BFI Trade sh.p.k	Albania	100%	N/A
13	New Co Ferronikel	Kosovo	96.81% (indirect)	www.ferronikeli.com
14	Vllahen Mining	Albania	100% (indirect)	N/A
<b>ENERGY</b>				
14	Albania Energy Supplier Shpk	Albania	100%	N/A
<b>REAL ESTATE</b>				
16	Alcred sh.p.k	Albania	100%	N/A
17	Balfin Real Estate & Hospitality	Albania	100%	www.balfinrealestate.al
18	Balfin Hospitality	Albania	100% (indirect)	www.balfinrealestate.al
19	Bellevedere Korca	Albania	100%	N/A
20	East Gate Living	North Macedonia	60% (indirect)	www.eastgate.mk
21	East Gate Mall	North Macedonia	60% (indirect)	www.eastgate.mk
22	Elite Urban Development	Albania	100% (indirect)	www.universcity.al

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 2021.

No	Name	Registered in	Equity %	Website
23	Green Coast sh.p.k	Albania	100%	www.greencoast.al
24	Mane TCI sh.p.k	Albania	100%	www.manetci.al
34	PJ 137 Living GmbH	Austria	100% (indirect)	N/A
35	Qendra Tregtare Univers sh.p.k	Albania	100%	www.qtu.al
36	Retail Park sh.p.k	Albania	100%	N/A
37	Rolling Hills Liqeni	Albania	100%	N/A
38	Skopje East Gate SEG DOO	North Macedonia	60% (indirect)	www.eastgate.mk
39	TH&B Immo GmbH	Austria	67% (indirect)	N/A
31	Tirana East Gate sh.p.k	Albania	88%	www.teg.al
32	Tirana Logistic Park sh.p.k	Albania	100%	N/A
<b>BANKING</b>				
33	Tirana Bank sh.a.	Albania	100%	www.tiranabank.al
<b>SERVICES</b>				
34	ACREM sh.p.k	Albania	100%	www.acrem.al
35	Elektro Service sh.p.k	Albania	90%	www.elektroservis.al
36	Elektro Service Kosova	Kosovo	60% (indirect)	www.neptun-ks.com/ elektroservis-kosova.nspk
37	Milšped Albania sh.p.k	Albania	50%	www.milsped.com
38	Stella Mare sh.p.k	Albania	50%	www.stella-mare.com
39	Service Makedonija DOO	North Macedonia	60% (indirect)	www.servismakedonija.mk
<b>EDUCATION</b>				
34	Tirana Busines University sh.p.k	Albania	30%	www.tbu.edu.al
<b>OTHER</b>				
41	Balfin sh.p.k	Albania	100%	www.balfin.al
42	Nep Loyalty	North Macedonia	60% (indirect)	www.happycard.mk
43	On Solutions	Albania	100%	www.happy.al
44	ITD sh.p.k	Albania	49%	www.itd-al.com

# 06

## KEY PERFORMANCE INDICATORS

Consolidated Revenue

**€482M**

Change: +14%

Consolidated Net Profit

**€24M**

Change: -20%

Consolidated EBITDA

**€77M**

Change: -11%

Return on Assets

**0.8%**

Change: (2.3%)

Return on Equity

**2.6%**

Change: (7.8%)

Debt to Equity

**2.5**

Gross Margin

**31%**

Change: (1.1%)

NET DEBT/  
EBITDA

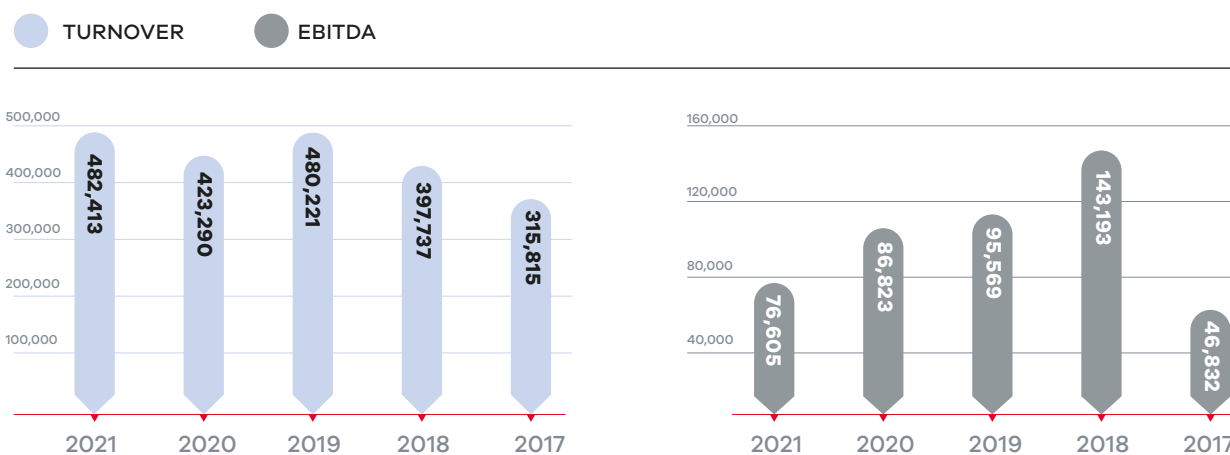
Change: +33%

**1.7X**



EUR '000	2021	2020	2019	2018	2017
<b>CONSOLIDATED INCOME STATEMENT</b>		<i>Reclassified</i>			
Total revenue	482,413	423,290	480,221	397,737	315,815
Operating profit	25,786	42,642	26,232	39,713	45,466
EBITDA	76,605	86,823	95,569	143,193	46,832
Profit of the year	24,267	30,405	52,938	120,666	37,079
Profit attributable to shareholder	15,845	35,409	48,480	108,575	33,715

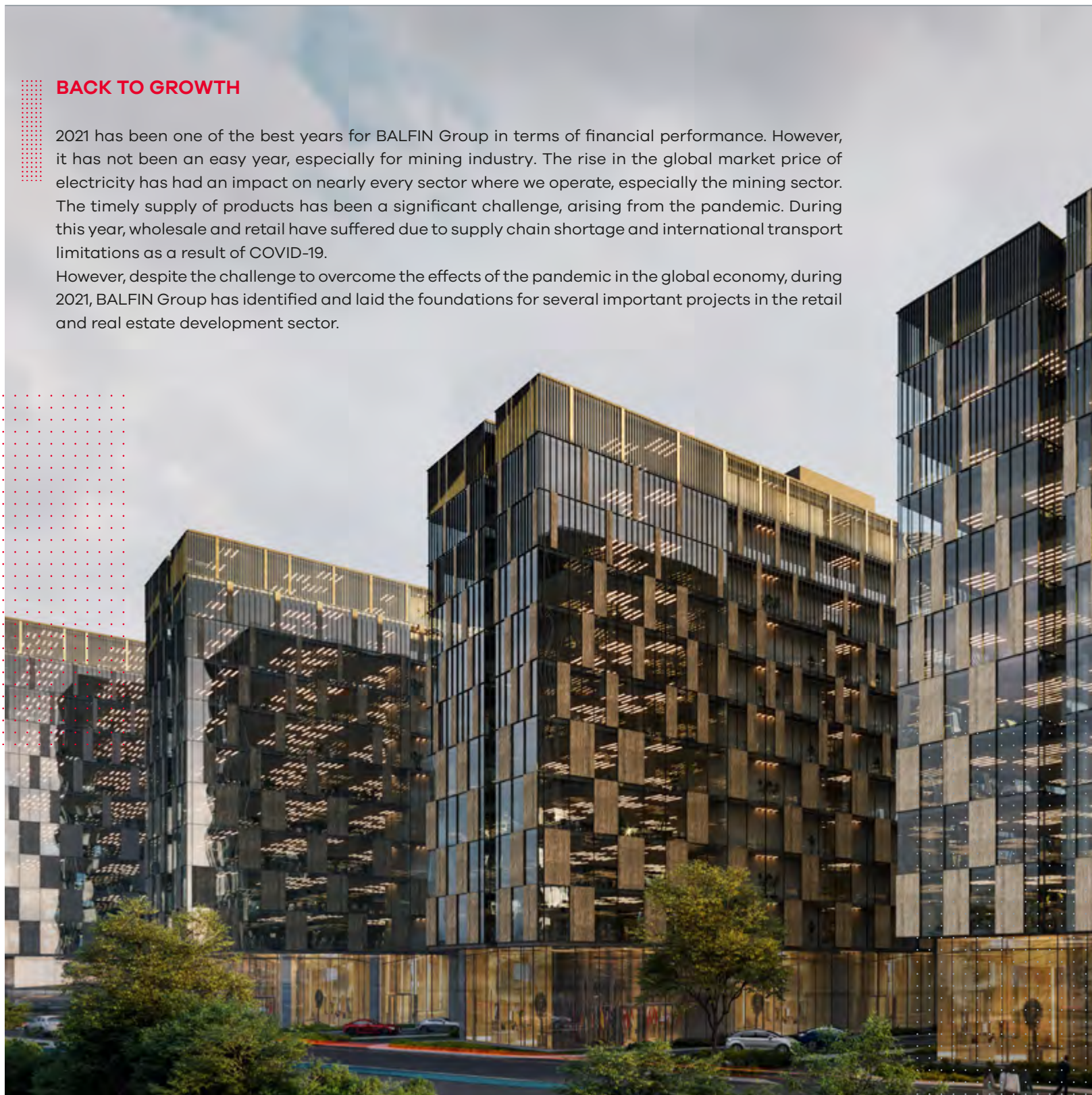
EUR '000	2021	2020	2019	2018	2017
<b>CONSOLIDATED BALANCE SHEET</b>					
Total assets	1,513,823	1,355,226	1,276,412	654,856	373,654
Total liabilities	1,079,200	947,926	901,005	317,350	174,002
Total equity	434,624	407,300	375,407	337,506	199,653
Equity attributable to parent	403,575	379,022	338,457	315,310	186,487



## BACK TO GROWTH

2021 has been one of the best years for BALFIN Group in terms of financial performance. However, it has not been an easy year, especially for mining industry. The rise in the global market price of electricity has had an impact on nearly every sector where we operate, especially the mining sector. The timely supply of products has been a significant challenge, arising from the pandemic. During this year, wholesale and retail have suffered due to supply chain shortage and international transport limitations as a result of COVID-19.

However, despite the challenge to overcome the effects of the pandemic in the global economy, during 2021, BALFIN Group has identified and laid the foundations for several important projects in the retail and real estate development sector.



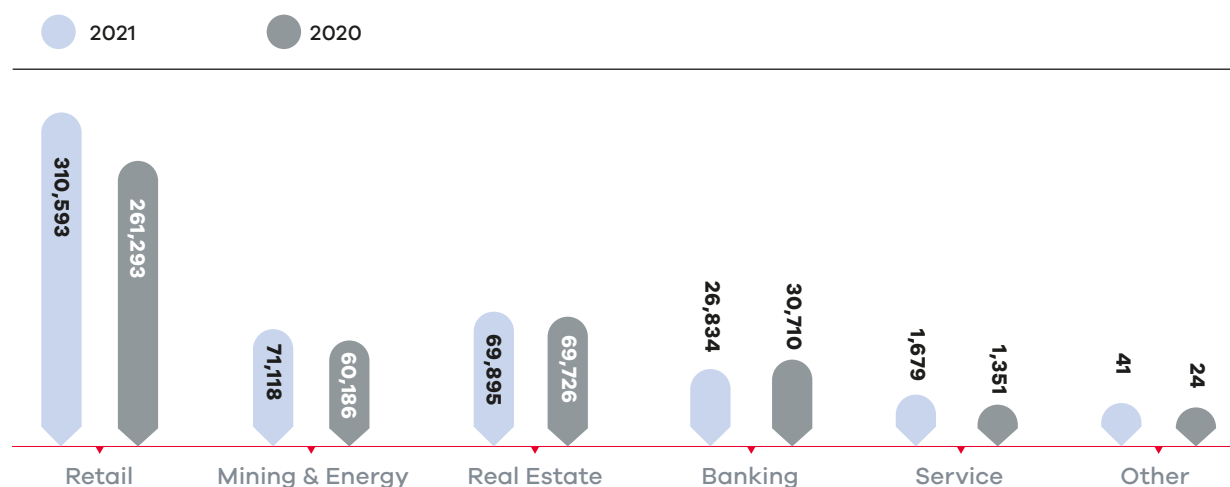
## INCOME STATEMENT

In 2021, BALFIN Group's turnover amounted to EUR 480 million, representing an increase of 13% or EUR 57 million compared to the previous year.

Group generates 65% of its revenues from retail sector (2020: 62%), followed by real estate with 15% (2020: 14%), whilst mining and energy contribution in total revenues is 15% (2020: 16%). Banking and other sectors generates almost 6% (2020: 7%).

The increase in revenue vs. 2020 is generated mostly from retail activity, lead by electronics subsegment, followed by grocery retail. The mining and smelting industry also contributed to the increase in revenue impacted by an increase in ferronickel price.

## REVENUE BY INDUSTRY



Consolidated net profit, reaching EUR 24 million in 2021, BALFIN Group intends to reinvest constant financial returns for the next few years, in order to further increase portfolio diversification and expansion in international markets.

Net profit decreased by 20% compared to 2020, such performance was impacted by the impairment of NewCo Ferronikel's assets by approx. 20 million Eur in light to macroeconomic conditions and energy price crisis started on August 2021 and continued till the year end. Excluding the impairment effect, consolidated profit would have been 31% higher from last year.

The profit from discontinued activities amounted 13 million Eur is related to AlbChrome's performance in 2021, when it used 100% of production capacity accompanied by a positive market trend during H1. A 100% of AlbChrome Holding shares were sold to Yildirim Group, including its subsidiaries AlbChrome sh.p.k and Vllahen Mining. The full transition was planned in early 2022.

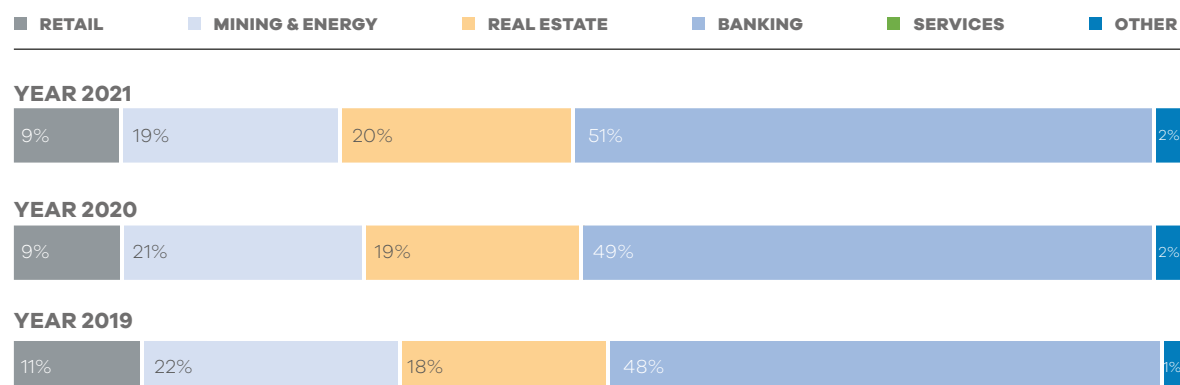
## FINANCIAL POSITION

As of the end of 2021, BALFIN Group's total assets rose to EUR 1.5 billion with a 12% growth compared to the previous year. Main inputs came from the increase of loan portfolio by 20% at Tirana Bank and the increase of financial assets by 25%, where both were supported by an increase in current and term deposits by more than 15%.

Another main contributor to total assets is capital expenditures in real estate. During the year 2021, these expenditures reached approx. EUR 101 million (VAT included), where the main investments are as follows:

- The investment in the ongoing construction of EGM shopping center in Skopje. Additional investments in 2021 amount to EUR 38 million.
- Additional investments of approx. EUR 18 million for the construction of Green Coast Resort in Palasa.
- Start of construction on 4 residential blocks in Skopje. Investments incurred by East Gate Living in 2021 were EUR 8.5 million.
- EUR 7 million invested in TEG's expansion and renovation project.

## ASSETS BY INDUSTRY



## PERFORMANCE BY LOCATION

All figures presented below are consolidated, unless otherwise stated.

### DOMESTIC

In 2021, BALFIN Group's revenue in Albania increased by 8%, following the same trend of GDP growth by 8.5%. y-o-y operating profit amounted to EUR 36 million, with 36% growth year on year. Such performance is mainly related to retail over-performance.

### REVENUES BY LOCATION 2021

48% International

52% Domestic

### REVENUES BY LOCATION 2020

45% International

55% Domestic

### INTERNATIONAL

International countries' revenue increased by 21% in 2021. The increase was driven by an increase in demand from clients in the retail sector and an increase in sale price of ferronickel, which in 2021 rose by 39% compared to the average sale price in 2020. Operating loss reached EUR 10 million, which is 163% lower than 2020's result. Higher energy prices and fixed assets' impairment in NewCo Ferronikel in Kosovo drove such deterioration.

In 2021, the national segment increased its share in terms of operating profit, compared to 2020. Such an increase (from 62% to 139%) is achieved mainly by NewCo Ferronikel's financial performance.

### MERGERS & ACQUISITIONS 2021

**Belevedere sh.p.k** was purchased on 28 December 2021 and the Group currently holds 50% of the shares.

### INCORPORATED IN 2021

**Alba Distribution** was incorporated in June 2021 as a supporter of wholesale company in Austria ("AlbaTrade") regarding the distribution of Samsung and Xiaomi products as an official reseller of these brands.

**Balfin Hospitality** was founded as a subsidiary of Balfin Real Estate for managing the rental program for villas and apartments.

**Rolling Hills Liqeni** was founded in April 2020 with the main focus of developing a residential complex of 63,286 m<sup>2</sup> in Farka, Tirana.

### SALES IN 2021

**Albchrome Holding** – In the end of 2021, the Group entered into an agreement for the sale of Albchrome Holding sh.p.k, including its subsidiaries, Albchrome sh.p.k and Vllahen Mining sh.p.k. The final transition was finalized in January 2022.

# 07

## INDUSTRY PERFORMANCE OVERVIEW



## RETAIL

# 164,580

m<sup>2</sup>

Total retail area

# 179

No. of stores

# 2,838

Employees

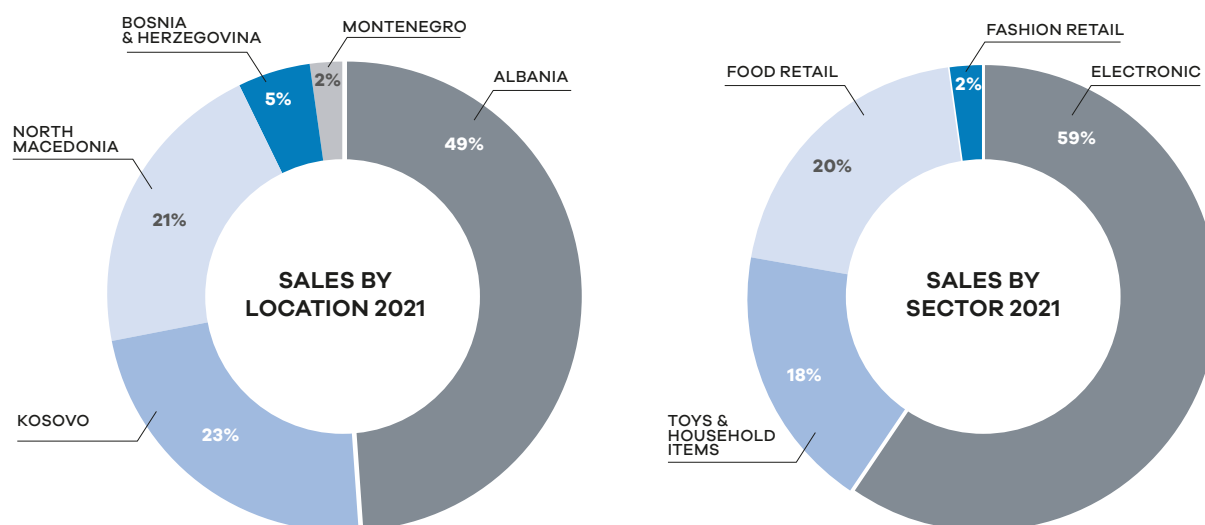
BALFIN Group is present in five countries through its retail activities, Albania, Kosovo, North Macedonia, Bosnia and Herzegovina, and Montenegro, with its 179 stores, 70% of which are located in Albania. Approximately 45,300 customers per day shop in our stores during 2021.

The total consolidated assets as of 31 December 2021 amount to EUR 137 million (2020: EUR 127 million).

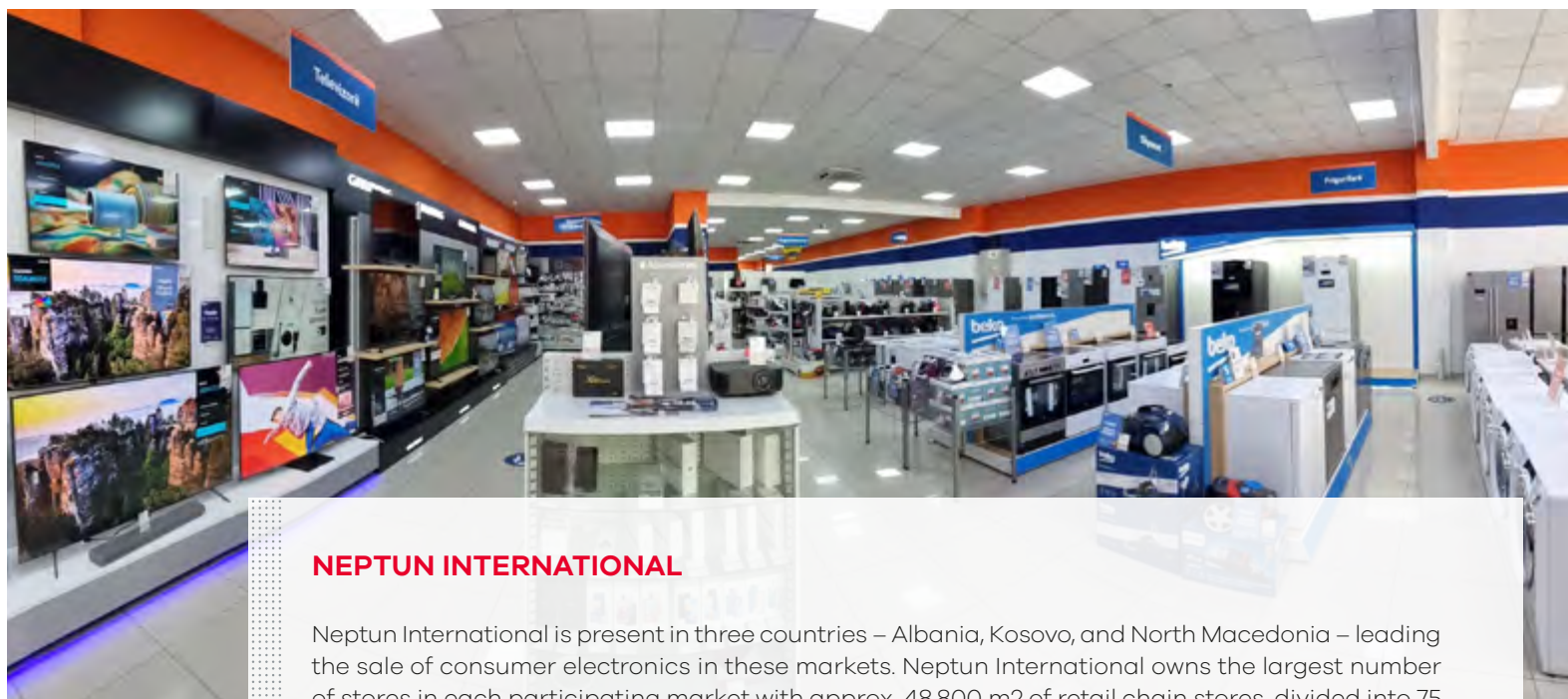
Consolidated revenues of the retail sector are 19% higher compared to the previous year, equal to EUR 311 million.

The biggest challenge that the retail industry faced in 2021 has been the post-pandemic effects and especially the on-time delivery of products. High global demand, the rise in the price of raw materials, and the increase in the price of international transport constitutes a major problem for retail. This challenge has been successfully tackled by our retail companies, acting promptly and in alternative ways to best meet the needs of customers. In this regard, companies developed new relationships with customers, meeting their needs in new settings, and often through digital channels. The recovery has been quite positive.

2021 has shown a rise in online sales due to restrictions imposed by the pandemic. Although the online sales sector is in its infancy in Albania, it has great potential for the future, and BALFIN Group has planned significant investments in this area.



Neptun International stands as the main contributor, generating 59% of total retail sales, followed by food retail (SPAR) with 21%, KidZone Network with 18%, and Fashion Group Albania with 2%.



## NEPTUN INTERNATIONAL

Neptun International is present in three countries – Albania, Kosovo, and North Macedonia – leading the sale of consumer electronics in these markets. Neptun International owns the largest number of stores in each participating market with approx. 48,800 m<sup>2</sup> of retail chain stores, divided into 75 stores, depending on the complexity and local population.

During the fiscal year 2021, Neptun International delivered both outstanding financial results and extremely high value beyond the financials in the most unprecedented and uncertain period that the market has ever experienced. During this year, revenues reached EUR 183.5 million representing 19% growth, a significant milestone for the sector. While net profit increased by 23%, reaching EUR 13 million.

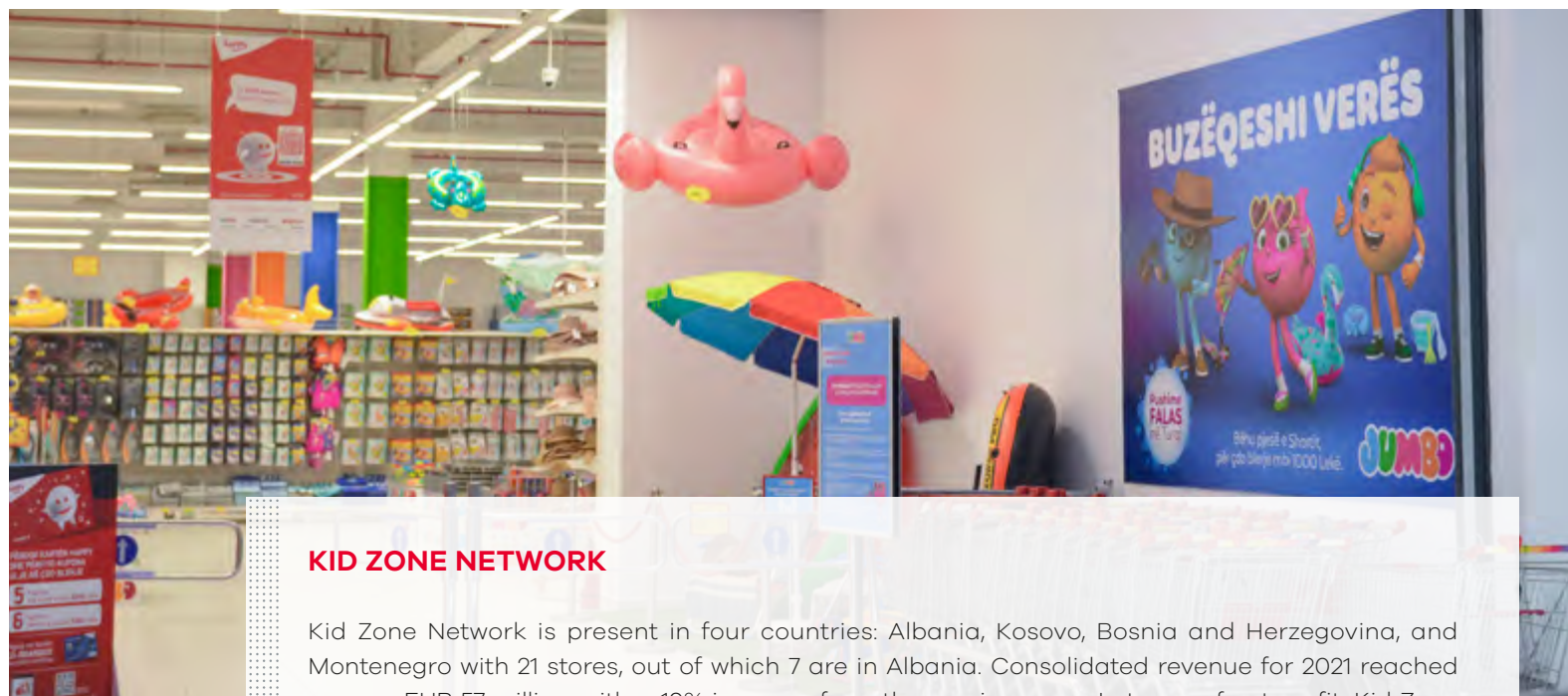
Additionally, Neptun Albania has introduced the concept of Nova stores, an innovative franchise concept with very good prices that aims to be even closer to customers. Neptun Macedonia has received 5 national awards for e-commerce and the best retail store, and Neptun Kosovo has been awarded as the “Employer of the Year”.

### Facts & Figures

- Present in 61 cities in 3 countries
- 1,085 Neptun employees
- 75 stores
- More than 11,000 types of products
- 48,757 m<sup>2</sup> retail area, out of which 2,735 m<sup>2</sup> were added during 2021
- Serves more than 1 million customers annually
- More than 5.5 million website visits

Eur million	2021	2020	2019
<b>Consolidated Revenue</b>			
Neptul AL	63.0	56.5	54.8
Neptun KS	56.4	42.5	44.2
Neptun MKD	63.6	55.5	56.2
<b>Total</b>	<b>183.0</b>	<b>154.5</b>	<b>155.2</b>





## KID ZONE NETWORK

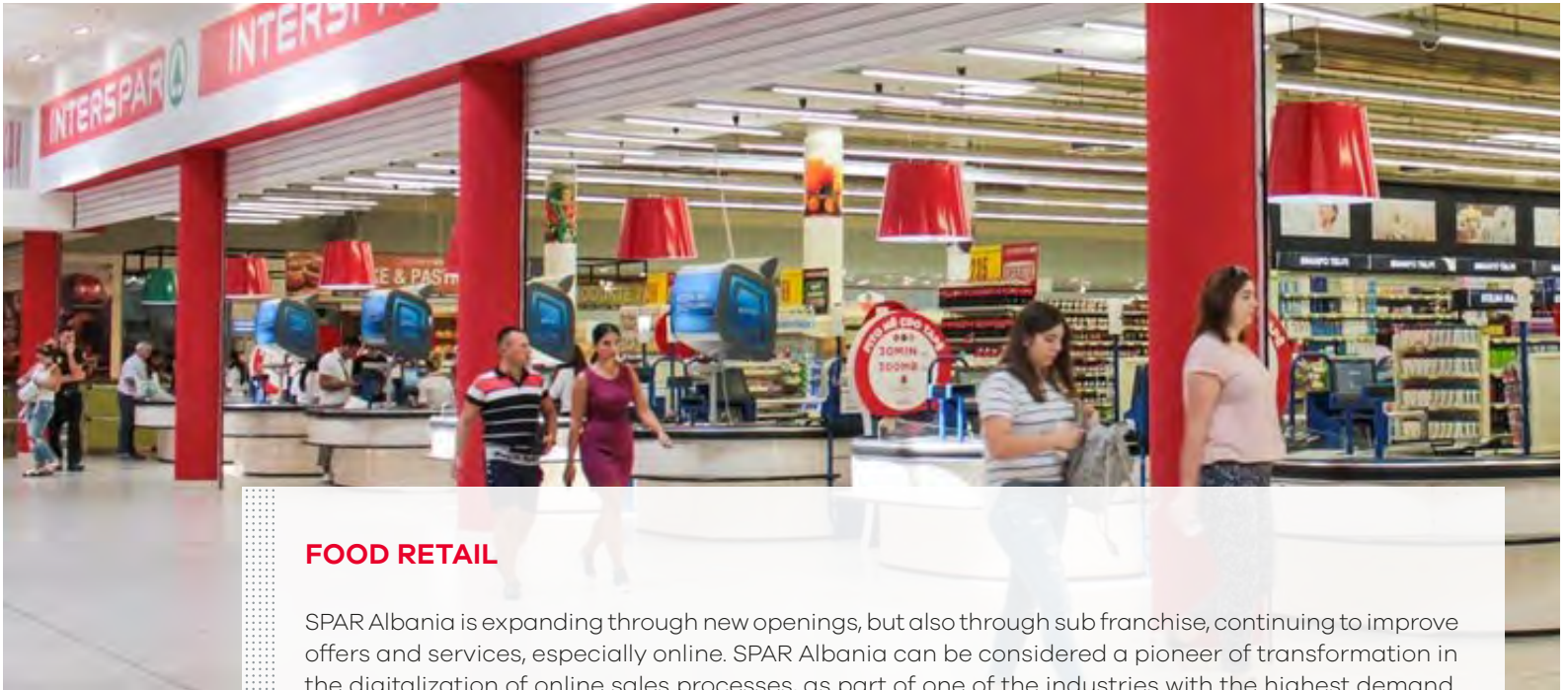
Kid Zone Network is present in four countries: Albania, Kosovo, Bosnia and Herzegovina, and Montenegro with 21 stores, out of which 7 are in Albania. Consolidated revenue for 2021 reached approx. EUR 57 million, with a 19% increase from the previous year. In terms of net profit, Kid Zone Network reached EUR 13 million, accounting for a 27% increase from 2020 at a consistent currency value.

During H1, the COVID-19 restrictions impacted mostly stores located in shopping malls in the countries where entrance was conditioned by a vaccine certificate. Meanwhile, during H2, supply shortage and challenges faced in transport services drove the strategy towards diversifying the supply channel.

### Facts & Figures

- 21 stores in 4 countries
- 2 new stores in Bosnia Herzegovina and Montenegro
- 66,436 m<sup>2</sup> commercial area out of which 5,412 m<sup>2</sup> were added during 2021
- 30,000 products
- More than 800,000 online visitors a year
- 15,500 daily visitors

Eur million	2021	2020	2019
<b>Consolidated Revenue</b>			
Kid Zone AL	20.3	17.4	18.7
Kid Zone KS	15.2	13.6	16.1
Kid Zone BiH	15.3	12.6	11.9
Kid Zone MNE	6.0	4.3	2.5
<b>Total</b>	<b>56.8</b>	<b>47.9</b>	<b>49.2</b>



## FOOD RETAIL

SPAR Albania is expanding through new openings, but also through sub franchise, continuing to improve offers and services, especially online. SPAR Albania can be considered a pioneer of transformation in the digitalization of online sales processes, as part of one of the industries with the highest demand. SPAR Albania was the first company to adapt to the immediate needs of the market during and following the pandemic, and totally transformed the business model, bringing an e-commerce website and then a mobile app.

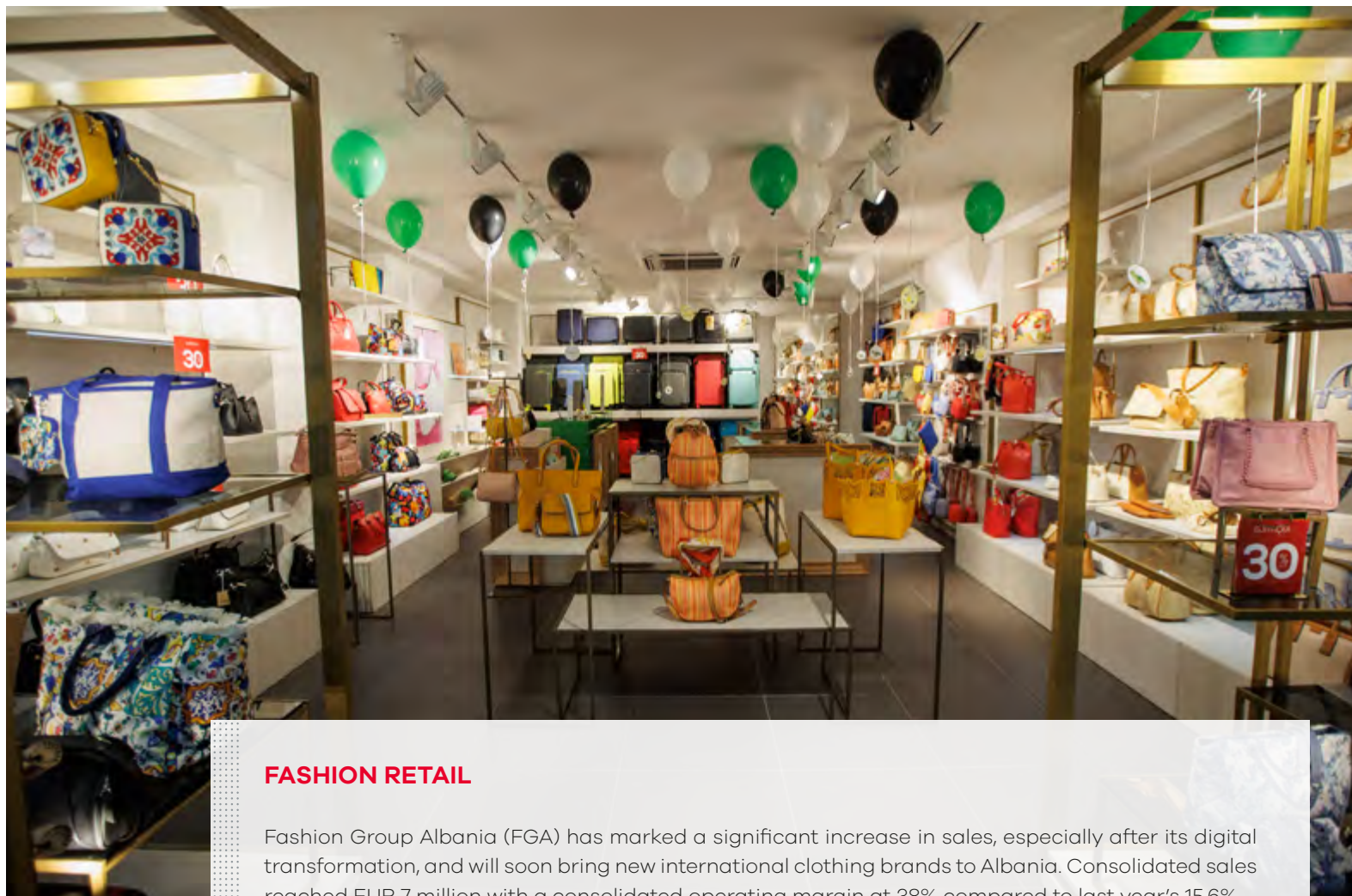
Even with the unexpected setbacks experienced in recent times, SPAR Albania remained focused on its vision of being the first-choice brand in the communities it serves and continues to adapt and evolve to assist retailers in addressing the ever-changing needs of consumers.

In its 6 years of activity, SPAR Albania has conquered a considerable market share, reaching a total number of 66 stores in 24 cities with a retail area of 46,027 m<sup>2</sup> serving more than 26,000 customers every day in 2021.

During 2021, SPAR Albania has delivered robust results with turnover increasing by 19% to EUR 64 million and a net profit of EUR 4 million, a 105% increase from the previous year.

### Facts & Figures

- 6 new supermarkets
- 46,027 m<sup>2</sup> of retail area, out of which 4,830 m<sup>2</sup> was added during 2021
- 697 m<sup>2</sup> average store size
- 740 employees
- EUR 2,921 average annual retail sales per m<sup>2</sup>
- More than 26,000 daily customers



## FASHION RETAIL

Fashion Group Albania (FGA) has marked a significant increase in sales, especially after its digital transformation, and will soon bring new international clothing brands to Albania. Consolidated sales reached EUR 7 million with a consolidated operating margin at 38% compared to last year's 15.6%. The top 3 brands of the year based on EBITDA were Okaidi, Springfield, and Mango.

### Facts & Figures

- 17 stores
- 3,360 m<sup>2</sup> retail area
- 9 international brands
- 110,000 products
- 131 employees

## MINING & SMELTING AND ENERGY

**108,706 TONS**

Chrome ore

**70,520 TONS**

Ferrochrome

**5,066 TONS**

Nickel

**1,862**

employees



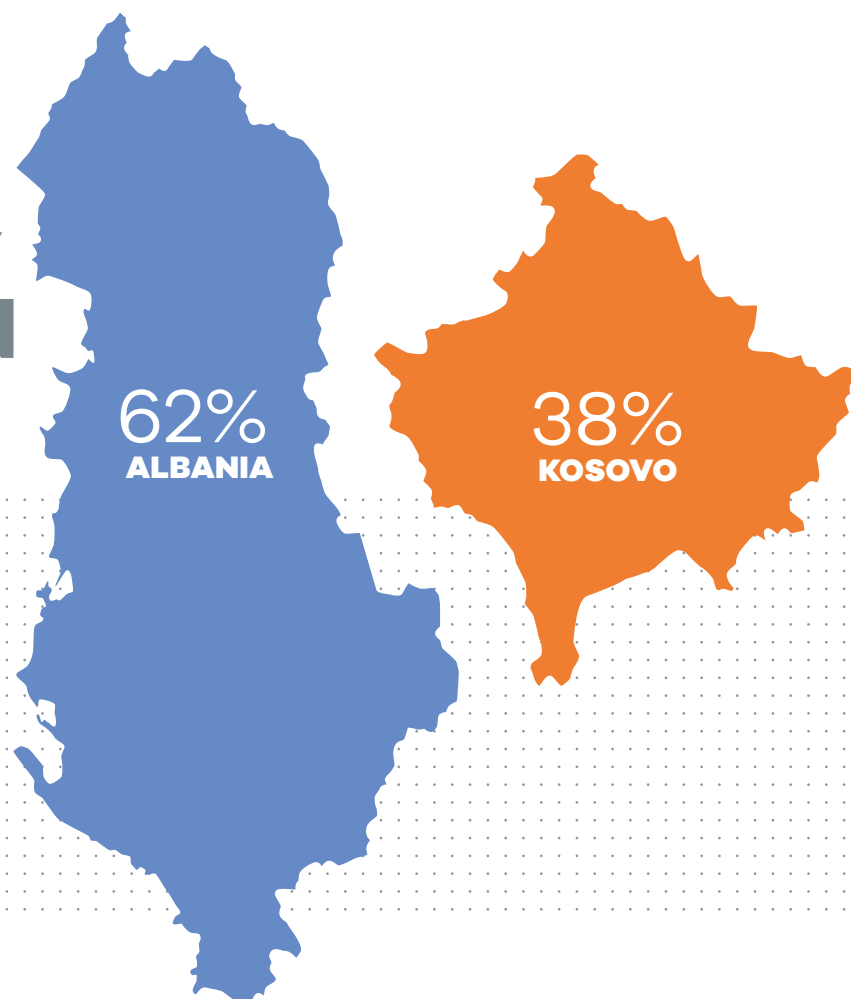
The mining sector, where BALFIN Group is present with NewCo Ferronikeli and AlbChrome, is suffering the consequences of rising electricity prices across Europe.

COVID-19 has affected the mining sector and the global economy, making transportation more difficult and expensive. The increase in European energy prices has impacted all mining and smelting / heavy industrial sectors in Europe, including NewCo Ferronikeli.

Regardless, each commodity in the industry reacted differently in this period, causing uncertainties throughout the sector.

As of December 31, 2021, the total consolidated revenues of the mining and smelting sector amounted to EUR 71 million, 16% more compared to 2020 (2020: EUR 61 million). The increase is entirely impacted by the increase in the sale price of ferronickel. Sales volume, however, was almost the same as the previous year.

## SALES BY COUNTRY OF ORIGIN 2021





### NEW CO FERRONIKEL COMPLEX (NFN)

NFN is the longstanding largest exporter in Kosovo, accounting for around 35–40% of total exports. The company has two-nickel ore mines, namely Gllavica and Qikatova. Gllavica has an ore reserve of 2.5 million tons and Qikatova is home to an ore reserve of 6.5 million tons. In 2020, the Company bought one mining concession in in the Kukës region, Albania, from Albanian Mining Authority of approx. 5 million tons of nickel ore. The total ore reserve extends the mine's lifespan with more than 15 years.

Key Data	2021	2020	2019
Production of Nickel (in ton)	5,066	5,044	5,940
Sale of Nickel (in ton)	5,119	5,126	5,874
Total Wet Ore consumed (in ton)	644,639	603,828	759,176

Revenue increased by 19% in 2021 compared to 2020, due to higher sale price. Average sale price in 2021 was approx. 16,424 \$/t which is 39% higher than in 2020 ~ approx. 12,018 \$/t.

The net loss in 2021 resulted due to higher cost of sales directly related with energy price increase. Energy price crisis was a global challenge for heavy industries and New co Ferronikeli as higher energy consumer couldn't avoid such impact in its operations in last quarter of 2021.



## ALBCHROME

The year 2021 was very prosperous for AlbChrome. In 2020, due to the COVID-19 pandemic outbreak, the company was operating with two furnaces and in the first months of 2021, it normally continued production with four furnaces. This brought an increase in total revenues by 208%. Despite the increase in sales volume, the increase in revenue was also impacted by the increase in sales prices. Average sales price in 2021 was \$1,835/mt, almost 50% higher than in 2020.

In contrast, the production team of the Bulqiza Mine managed to produce 108,706 tons of chrome ore. 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 Qafë Buall mine.

Key Data	2021	2020	2019
Production of Chrome Ore	108,706	100,817	80,800
Sale of Ferrochrome	70,752	34,130	55,600
Production of Ferrochrome	70,520	37,590	49,100
Total chrome ore consumed	189,879	104,524	135,700

In the end of 2021, BALFIN Group agreed to transfer its AlbChrome Holding ownership to the international conglomerate Yildirim Group. The agreement was signed by representatives of both parties and the handover process was completed on the 14th of January 2022.

Hence, the financial results of AlbChrome were classified as profit from discontinued operations.

## REAL ESTATE

**EUR 80 MILLION**

2021 INVESTMENTS (VAT incl.)

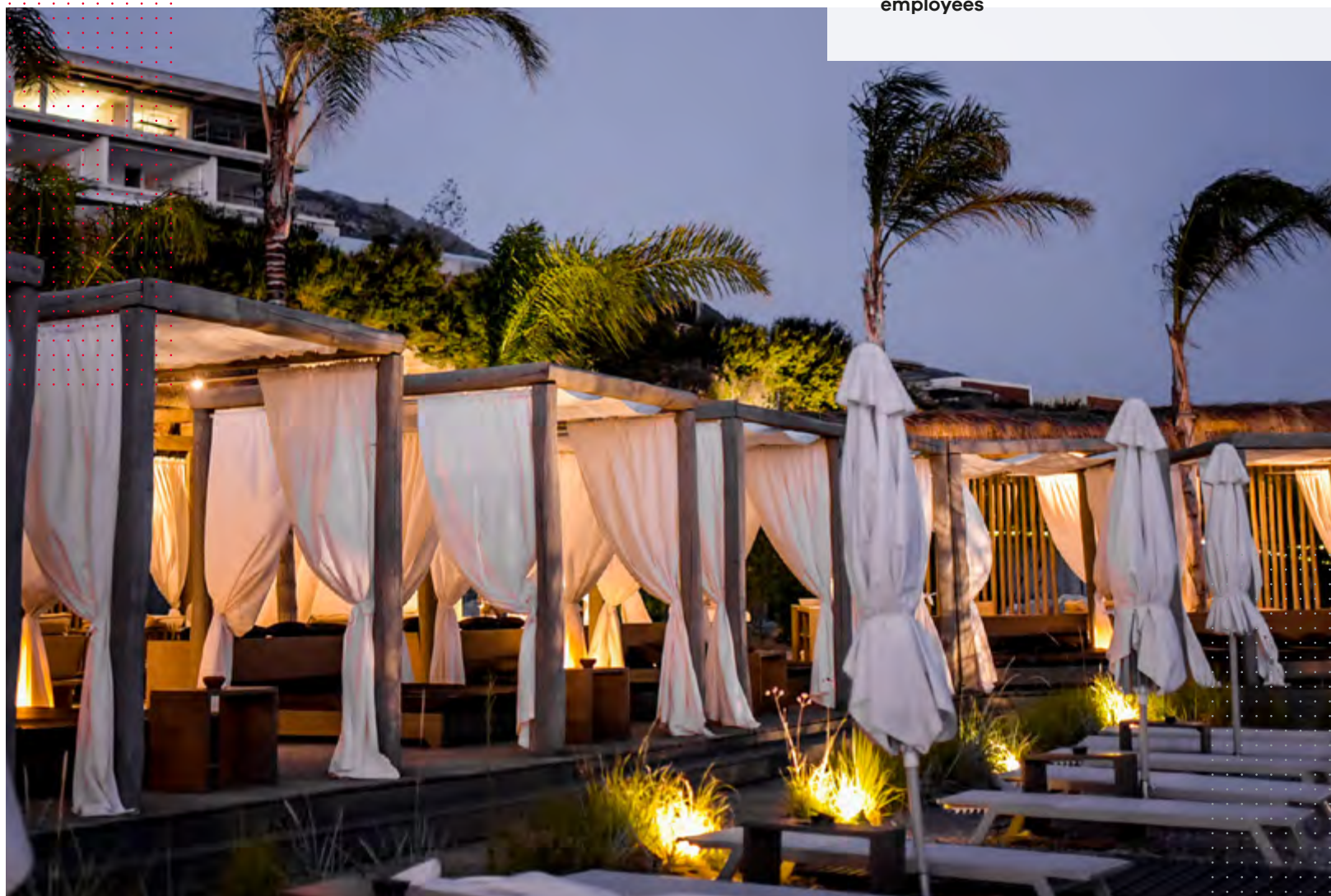
BUILDING AREA

**1.17 MILLION M<sup>2</sup>**

completed and in process

**516**

employees



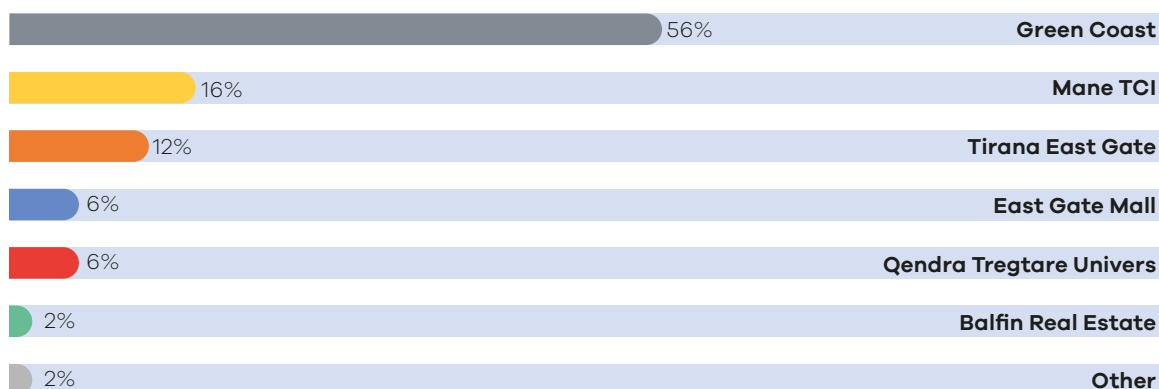


The real estate industry reported a consolidated net profit of EUR 12 million, decreasing 27% from the year 2020. Sales of residential projects continued to be at the same level as 2020 reaching EUR 70 million. The balance sheet total grew from EUR 256 million at year-end 2020 to EUR 300 million at year-end 2021, mainly because of investments in East Gate Mall and Green Coast.

The consolidated revenue is at the same levels as 2020 at EUR 70 million. The real estate sector is heavily reliant on the cycle of construction, development, and sale of units that are part of construction projects. Companies such as EGL, EUD, PJ Living, Retail Park, and Rolling Hills Liqeni are still under construction and the generation of revenues is foreseen after 2-5 years for the residences and offices.

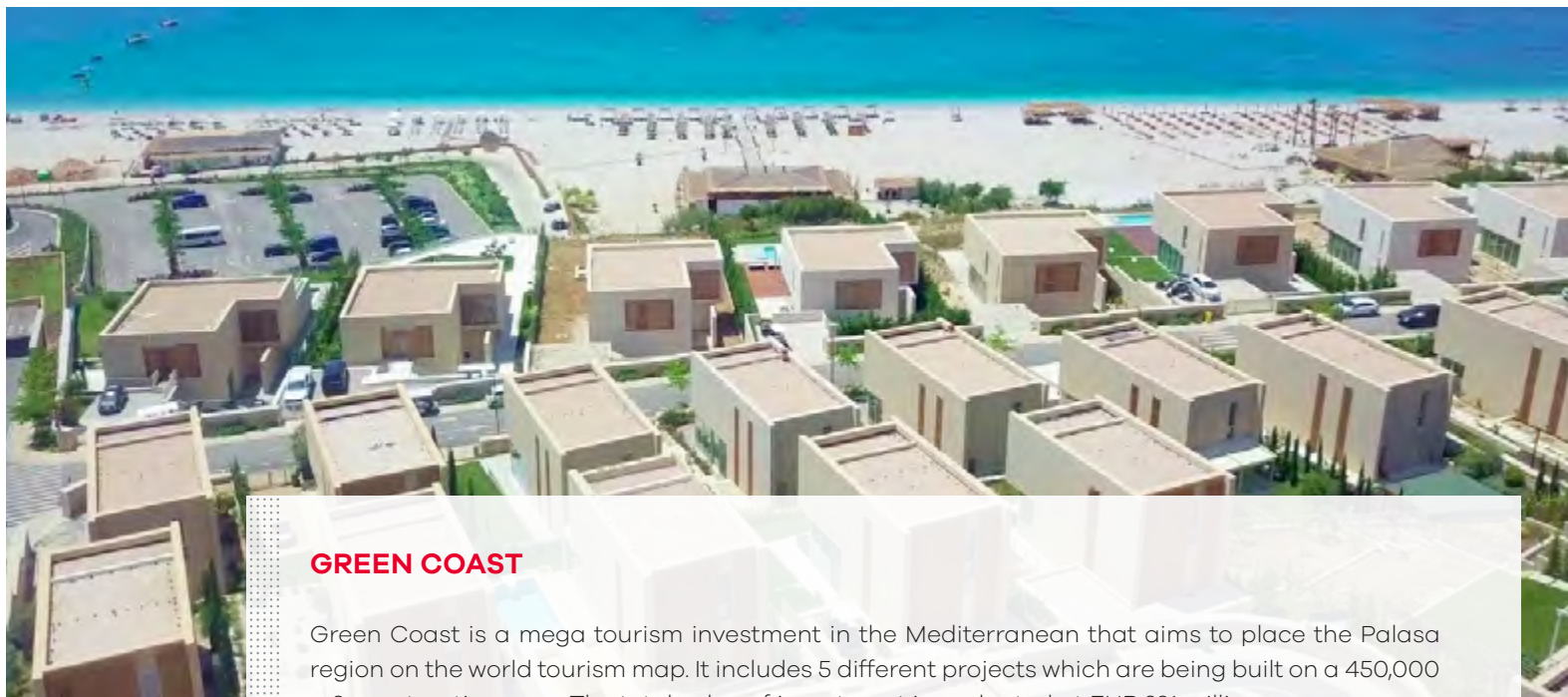
EUR million	2021	2020	2019
<b>Consolidated Revenue</b>			
Green Coast	39.4	29.0	13.0
Mane TCI	10.9	14.5	16.3
Tirana East Gate	8.1	6.6	7.4
East Gate Mall	4.5	-	0.6
Qendra Tregtare Univers	4.4	3.8	4.2
Balfin Real Estate	1.4	0.3	-
Other companies	1.1	15.5 <sup>6</sup>	21.7 <sup>7</sup>
<b>Subtotal</b>	<b>69.8</b>	<b>69.7</b>	<b>63.2</b>

Top contributors in terms of revenue for 2021 are Green Coast (with 56% of real estate's consolidated revenue), Mane TCI (16%), TEG (12%), and EGM and QTU (6% each).



<sup>6</sup> Main contributors SERE and THB Immo.

<sup>7</sup> Main contributors SERE, THB Immo 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. It includes 5 different projects which are being built on a 450,000 m<sup>2</sup> construction area. The total value of investment is evaluated at EUR 221 million.

Green Coast had a significant boost in sales, precisely EUR 39 million or 36% more than in 2020. During the year, the company sold 123 units from all 3 phases to customers; obtained the development permit for Green Coast Village and Green Coast 3 projects and finalized contracts with 5 big investors for these projects.

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. A collaboration with Interval International, this project 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, Cornwall, Mexico, Brazil, Cayman Islands, and many other exotic locations.

### 2021 Facts & Figures

- EUR 39 million consolidated sales in 2021
- 83% of total constructed area completed, a total investment of EUR 82 million
- EUR 18 million investment in 2021
- 514 total units
- 123 units sold in 2021



## MANE TCI

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

Sales in 2021 decreased by 25% compared to the previous year. The reason for this trend is a decrease in construction works and sales of goods for finished projects. As a result, consolidated net profit was 70% lower.

During the year 2021, Mane TCI was engaged as a developer and the main projects were the construction of Green Coast Resort and Residence and the expansion of Tirana East Gate. New projects are in pipeline which will contribute extensively in the performance of company starting from 2022.

### 2021 Facts & Figures

- EUR 11 million consolidated sales in 2021
- EUR 19 million worth of construction works in 2021
- EUR 259 million of total completed projects (including its own investments) in more than 340,000 m<sup>2</sup> construction area

## SHOPPING CENTRES

### TEG



2021 marked the 10th anniversary of the construction of TEG. The latest developments and innovations in the field of retail and shopping malls brought the need for a mall expansion project. The renovation will not only increase the value of the investment but will directly and positively affect the customer's perception of the mall, through additional shopping and entertainment spaces for all visitors.

The investment in TEG's expansion is evaluated at around EUR 17.4 million.

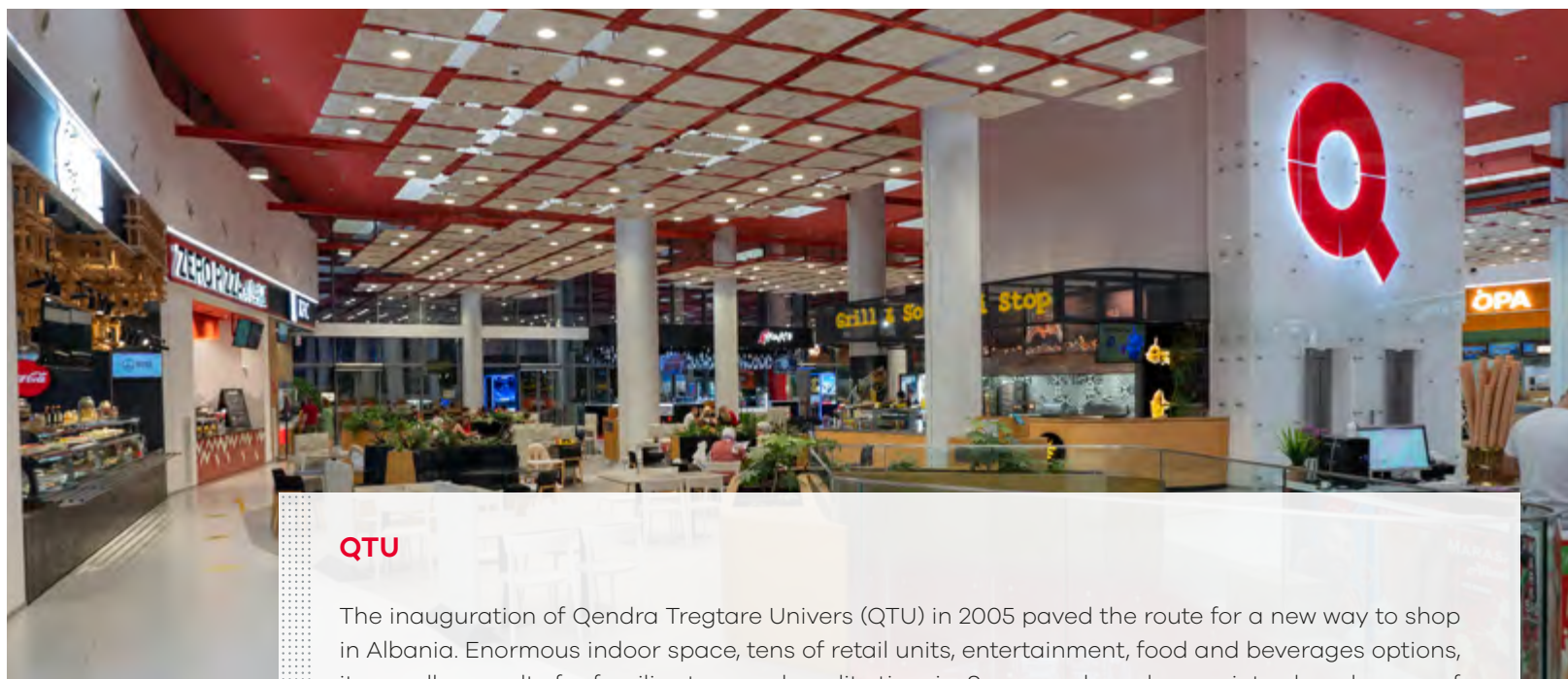


### EGM



East Gate Mall, a EUR 108 million investment, opened to the public on October 21, 2021, uniting hundreds of diverse fashion, sports, and entertainment brands in one location. The mall opened during a period of high pandemic peak with a rather extensive list of restrictions. However, EGM took the necessary precautions and showed its care towards tenants and clients and ensured proper functionality and safety for the visitors. Despite many challenges, the mall welcomed more than 150,000 visitors in the first weekend of opening.

EGM's occupancy is more than 90% and with the long-expected market entrance of H&M, the first flagship store of 2,300 m2 in Skopje, the mall shall be fully leased.



## QTU

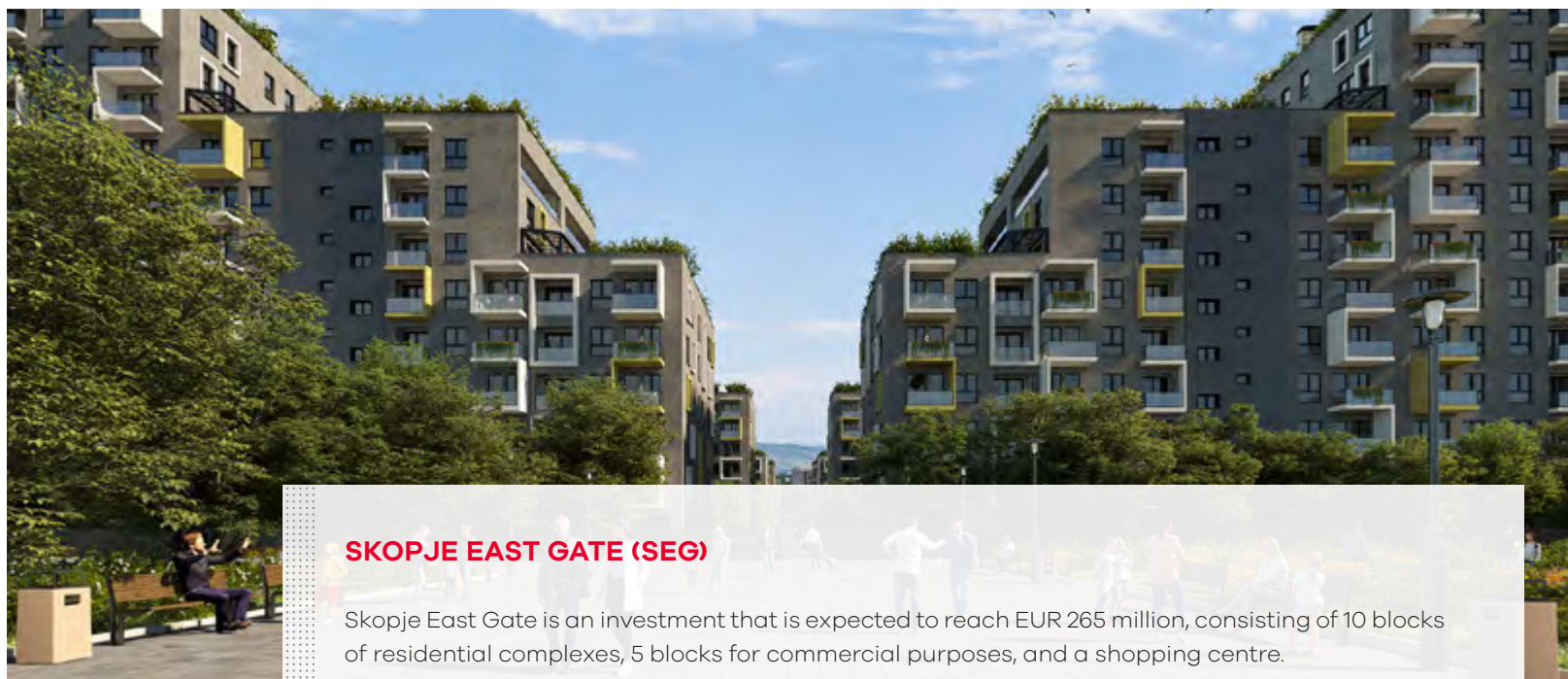
The inauguration of Qendra Tregtare Unives (QTU) in 2005 paved the route for a new way to shop in Albania. Enormous indoor space, tens of retail units, entertainment, food and beverages options, it was all a novelty for families to spend quality time in. Soon new brands were introduced, areas of recreation were expanded, and it earned the name of a family destination. Today, it has an updated visual identity, renovated interiors, even more stores, and a stronger commitment to offer attractive options for the entire family. The premises underwent some radical renovation and expansion in 2018, with a current total surface of 47,000 m<sup>2</sup>, including about 28,800 m<sup>2</sup> GLA and 78 retail units.

The company is planning to invest in photovoltaic systems in order to promote environment protection, increase cost optimization and boost energy independence. The project is planned to be implemented within 2022.

### Facts & Figures

- 128,500 m<sup>2</sup> Total GLA
- 99.5% occupancy
- 11.6 million visitors in 2021
- 374 Retail Stores

	TEG	QTU	East Gate Mall
GLA	42,000	28,000	58,500
Occupancy	99.6%	99.9%	98.8%
Visitors	6.8 million	3.7 million	1.1 million
Stores	119	78	177
Exclusive brands	15	5	16



### SKOPJE EAST GATE (SEG)

Skopje East Gate is an investment that is expected to reach EUR 265 million, consisting of 10 blocks of residential complexes, 5 blocks for commercial purposes, and a shopping centre.

Currently, the investment is in its first phase. The construction of the shopping centre has finished, while in 2021 the construction of 4 residential buildings with 27,000 m<sup>2</sup> construction area (East Gate Living) started. In the second phase, 6 other residential buildings of 111,000 m<sup>2</sup> construction area will be completed. As for the third and last phase, the construction of 5 blocks of buildings for business purposes will be completed in a total construction area of 85,000 m<sup>2</sup>. It will be the first "class A" park of offices in North Macedonia.

In addition to the above, BALFIN Group has another key project in North Macedonia - that of East Gate Retail Park, a new investment in the retail park industry in several cities.

### Facts & Figures

#### East Gate Living

- 672 residential units
- 20 unique floorplans
- 25,000 m<sup>2</sup> green area
- EUR 76 million
- 50 m distance between buildings

#### East Gate Business

- 5 Class-A-Blocks
- 90,000 GBA
- 50,000 GLA
- EUR 81 million
- Over 670 parking lots

## WEST PARK

West Park is a concept that has been operating for years in Europe and the Balkans, adapted for rural areas or suburbs, and our goal is to invest in a network of retail parks in Albania. The commercial complex offers a diverse selection of shops and brands, similar to shopping malls, but with a more consolidated structure, thus creating more free spaces available to citizens. Their area will range from 5,000 to 12,000 m<sup>2</sup>. This concept also offers tenants favourable conditions to carry out their activity. These new investments will feature our brands, as well as a variety of international brands. The first Retail Park concept, an investment of approximately EUR 2.7 million, will open in July 2022 in Korça with a GLA of 5,200 m<sup>2</sup>.



## BALFIN REAL ESTATE & HOSPITALITY

The main goal of BRE&H was to give the marketing and sale of various Group properties a greater focus; therefore, most of its revenues are consolidated in the financial statements. Total unconsolidated revenues in 2021 amount to EUR 3.7 million (vs. 2020: EUR 2.2 million), while consolidated revenues amount to EUR 1.4 million (2020: EUR 0.3 million). During the financial year 2021, BRE&H sold 235 units (51% more than the previous year) by achieving a sell-out turnover of EUR 68 million. As a result, commission income is increased by 360% compared to 2020.

BRE&H has been selected by Green Coast Resort & Residences as the manager and administrator of the resort's properties, waterfront, lease program, and all the other related services, in addition to the marketing and sales functions that BRE&H already manages.



### 2021 Facts & Figures

- EUR 830 million portfolio
- 235 units sold, out of which 54% were from Green Coast Resort & Residences
- 4.6x sales growth in 2021

# BANKING

**35**

branches

**501**

employees

**93.385**

customers





The year 2021 coincided with the 25th anniversary of Tirana Bank. During this year, the Bank accomplished the largest increase in Total Assets (+17%) throughout their history of activity. The development strategy continued to be successfully implemented, reporting a very positive performance in the main commercial indicators (Deposits and Loans for Individual and Business customers), with a higher growth rate than the average of the local banking sector.

The Bank reconfirmed its active presence in the market, in terms of increasing the liquidity base by 11%, the volume of transactions as well as the monetary turnover; and successfully issuing for the first time a long-term corporate bond. The new corporate bond amounting to EUR 5 million was issued successfully to reinforce capital structure. These are clear indicators of customers' trust in Tirana Bank and its effective strategy for steady growth.

Also, during 2021, Tirana Bank reported a steady performance, reconfirming that positive organic growth results are sustainable. The IT platform & infrastructure project was completed successfully during H12021. Tirana Bank is one of the most active banks in terms of financing the local economy by achieving an annual growth of 21% resulting in the highest growth rate than the average of the local banking sector.

EUR million	2021	2020	2019
<b>Consolidated:</b>			
Total Assets	775	666	614
Net Loans	367	306	250
Deposits	663	562	514
Net Interest Income	22.7	24.6	15
Net Profit	6.1	8.3	1.4

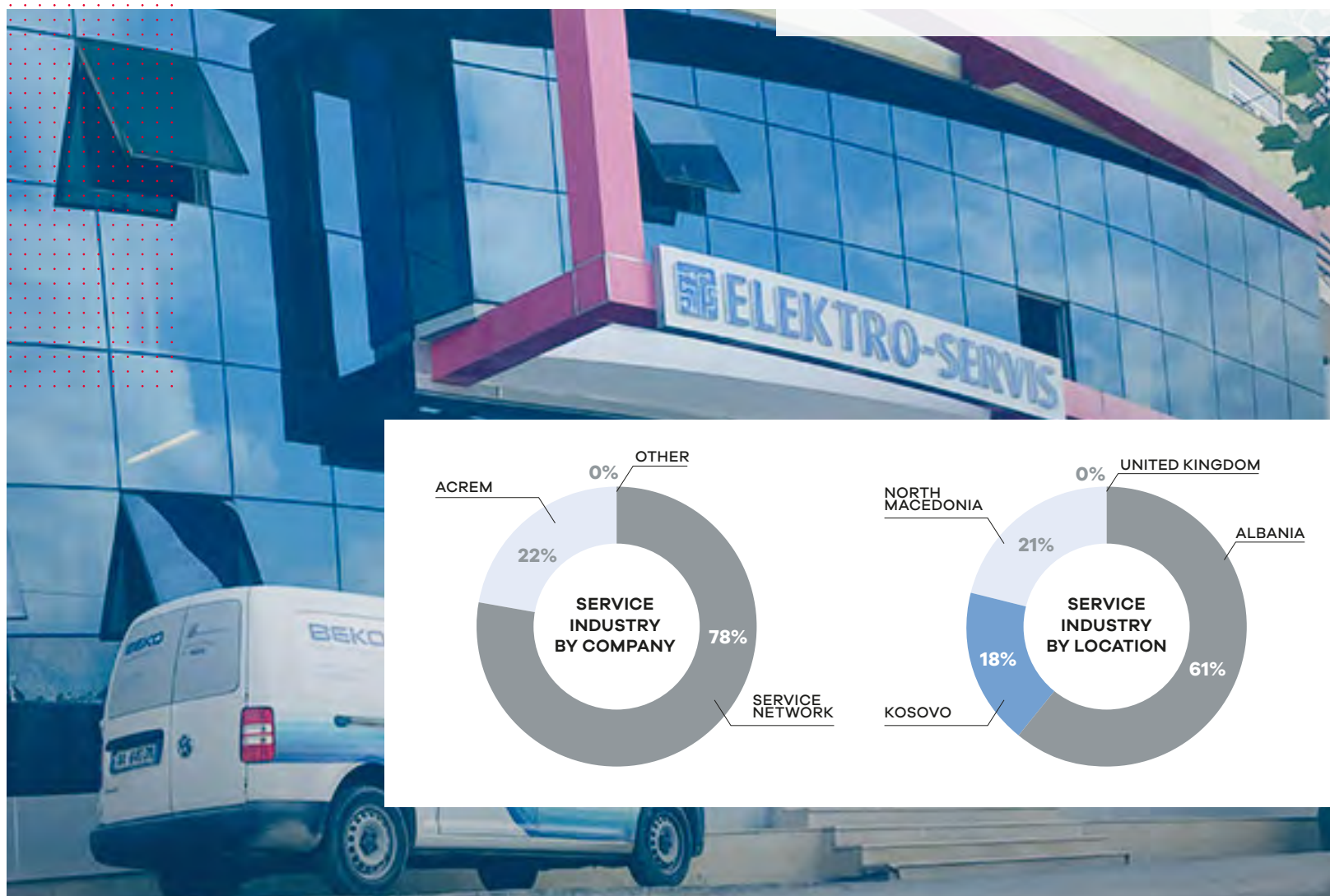
### 2021 Facts & Figures

- 5.4% market share by Total Assets
- 5th bank in Albania by size of Branch Network
- 6.9% market share in Net Loans to Customers
- 5.5% market share by Customers Deposits
- 4.4% NPL Ratio
- 17.7% CAR Ratio
- 1.0% Return on Assets
- 8.52% Return on Equity
- 63.7% Cost to Income Ratio
- 56.8% Loans to Deposits

# SERVICES

Consolidated revenue from the Service Sector has increased by 24% compared to the previous year, amounting to EUR 1.7 million (2020: EUR 1.4 million). The major contribution is from Elektro-Servis Network.

**421**  
employees



# OTHER

Companies consolidated in the “Other” industry are Balfin Sh.p.k (the parent company), On Solutions, Nep Loyalty and Balfin BV. Their main goal is operating as holding companies and/ or offering their services to Group companies. Therefore, most of their revenues are consolidated in financial statements. Non-consolidated revenue for the year 2021 reached EUR 3.6 million (38% growth compared to last year), while consolidated revenue is EUR 41,000.

## 160

employees

### ONSOLUTIONS

OnSolutions, established in 2020, offers Customer Loyalty Programs, Market Research, Customer Care & Customer Experience services. OnSolutions manages Albania’s largest loyalty program, HAPPY, with nearly 364,000 members being rewarded each year. With expertise and innovation in focus, OnSolutions offers next-level experiences for customers.

During 2021, OnSolutions implemented the Automated NPS project for retail partners. This project offers retail partners the opportunity to receive customer feedback immediately after each in-store purchase. With the implementation of the automated NPS (Net Promoter Score), retailers will be able to rapidly track how satisfied their customers are and understand how effective their business strategies are, in order to make analysis-based decisions.

#### 2021 Facts & Figures

- 364,000 Happy members
- 74% retention rate for loyalty program members
- Improvement of services’ performance KPIs > 90%
- Successful collaboration with the Student’s Card
- The Co-Branded Tirana Bank-Happy Credit Card launch

# 08

## 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.

BALFIN Group's total contribution for 2021 was EUR 59.5 million (2020: EUR 53 million). This comprises the taxes we paid and collected on our regional operations.

- The EUR 44 million of taxes paid included income tax on profit, as well as the other direct and indirect taxes levied on our activities.
- The EUR 15.5 million of taxes collected served as social security contributions, health contributions, and personal income tax.

As one of the most substantial and profitable investment groups in the Western Balkans region, BALFIN Group is very rigorous in paying taxes appropriately. 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.

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

Overall, taxes paid in 2021 have increased mostly in:

- the mining sector due to difficulties faced in trade during the previous year arising from the pandemic's outbreak.
- the real estate sector because of high income tax paid due to expansion of operational activity and VAT on investment activities.

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

Industry	Taxes paid 2021	Taxes paid 2020	Taxes paid 2019
Mining	17%	13%	17%
Retail	47%	59%	46%
Real Estate	20%	14%	19%
Services	4%	3%	4%
Other	2%	2%	6%
Banking	9%	9%	8%

Residence	Taxes paid 2021	Taxes paid 2020	Taxes paid 2019
National	35,945	27,806	36,099
International	23,542	25,350	23,023
Total	59,487	53,156	59,122

A background image showing a close-up of hands working with a calculator and documents. The image is overlaid with a semi-transparent dark brown filter. The hands are positioned over a calculator and some papers, suggesting a financial or accounting context. The overall tone is professional and focused.

# 09

## CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended December 31, 2021



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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 2021, 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 2021 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 Authorized 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.



#### 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 skepticism throughout the audit. We also:

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

Ernst & Young Certified Auditor  
26 August 2022  
Tirana, Albania



Mario Vangjel  
Certified Auditor

### Consolidated statement of profit or loss for the year ending December 31, 2021

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

	Notes	For the year ended on December 31, 2021	For the year ended on December 31, 2020
Revenue from contracts with customers	12	444,495	387,750
Rental income	13	12,986	8,679
Cost of sales	15	(330,904)	(292,138)
<b>Gross Profit from Non-Financial Operations</b>		<b>126,577</b>	<b>104,291</b>
Net interest income from financial operations	14	22,679	24,610
<b>Gross profit</b>		<b>149,256</b>	<b>128,901</b>
Other operating income	21	8,415	13,432
Selling and distribution expenses	16	(8,895)	(8,177)
Administrative and other operating expenses	17	(55,071)	(32,051)
Employee expenses	19	(36,955)	(29,940)
Depreciation and amortization expense	20	(29,741)	(27,128)
Expected credit losses	18	(1,223)	(2,344)
<b>Operating profit</b>		<b>25,786</b>	<b>42,693</b>
Finance costs	22	(8,545)	(8,117)
Finance income	23	567	1,334
Gain on sale of subsidiary		-	657
Share of profit of an associate and a JV	29	1,458	757
<b>Profit before tax</b>		<b>19,266</b>	<b>37,324</b>
Income tax expense	24	(8,681)	(7,402)
Deferred tax income/(expense)	31	558	584
<b>Profit for the year before discontinued operations</b>		<b>11,143</b>	<b>30,506</b>
Profit from discontinued operations	7	13,124	10,289
<b>Profit for the year</b>		<b>24,267</b>	<b>40,795</b>

The consolidated statement of profit or loss has to be read in conjunction with the notes which are an integral part of these consolidated financial statements set on pages 8 to 105.

**Consolidated statement of other comprehensive income / (expenses)  
for the year ending December 31, 2021**

*(All amounts in '000 Eur, unless otherwise stated)*

	Notes	For the year ended on December 31, 2021	For the year ended on December 31, 2020
Profit of the year		24,267	40,795
Other comprehensive income/ (expense)			
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>			
Foreign currency translation differences		(2,886)	1,756
Fair value on available-for-sale financial assets		(162)	(3,048)
Deferred tax related to FV gain recorded directly in OCI		-	334
<b>Total comprehensive income</b>		<b>21,219</b>	<b>39,837</b>
Profit of the year attributable to:			
Owners of the parent		26,060	29,575
Non-controlling interest		5,374	4,428
		<b>31,434</b>	<b>34,003</b>
Non-controlling interest for profit of the year		5,374	4,428

*The consolidated statement other comprehensive income has to be read in conjunction with the notes which are an integral part of these consolidated financial statements set on pages 8 to 105.*

**Consolidated statement of financial position  
as at December 31, 2021**

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

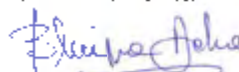
	Notes	As at December 31, 2021	As at December 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	25	187,447	765,950
Investment property	26	142,389	117,529
Right use of asset	27	39,351	37,751
Investments in associates and joint ventures	29	1,929	1,217
Intangible assets	28	13,783	16,410
Financial assets	33	220,371	163,485
Interest-bearing loans given	32	311	296
Loans to customers from finance operation	34	721,301	192,413
Inventory	30	64,283	61,576
Prepayments and deferred expenses	35	9,793	7,291
Contract asset	12	682	914
Deferred tax assets	31	3,749	5,371
<b>Total non-current assets</b>		<b>905,389</b>	<b>870,203</b>
<b>Current assets</b>			
Inventory	30	90,615	101,278
Trade and other receivables	36	34,802	45,196
Contract assets	12	2,725	2,176
Interest-bearing loans given	32	2,438	3,971
Financial assets	33	83,613	79,746
Income tax receivable	24	933	2,704
Prepayments and deferred expenses	35	11,111	7,867
Loans to customers from finance operation	34	145,855	113,211
Cash and due from banks	37	134,009	128,848
<b>Total current assets</b>		<b>505,101</b>	<b>484,997</b>
<b>Assets held for sale</b>	7	<b>102,335</b>	<b>28</b>
<b>Total assets</b>		<b>1,513,825</b>	<b>1,355,228</b>

The consolidated financial statements are approved on July 19<sup>th</sup>, 2022 and signed by:

Edlira Muka  
Chief Executive Officer and Administrator



Blerina Daka  
Chief Financial Officer



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 105.

## Consolidated statement of financial position as at December 31, 2021

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

		As at December 31, 2021	As at December 31, 2020
<b>Capital and reserves</b>			
Share capital	38	24,241	24,241
Other capital and legal reserves	38	13,287	13,994
Retained earnings		342,623	323,848
Reserves		24,105	16,938
<b>Equity attributable to equity holders of the parent</b>		<b>404,256</b>	<b>379,021</b>
Non-controlling interests	8	30,428	28,278
<b>Total equity</b>		<b>434,684</b>	<b>407,300</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	31	18,053	18,661
Trade and other payables	42	1,072	1,069
Lease liabilities	27	31,966	31,671
Contract liabilities	12	24,374	17,094
Due to customers in financial operations	40	119,230	90,796
Interest-bearing borrowings	39	88,529	103,232
Provisions	41	3,560	6,544
Subordinated debt	43	5,028	-
Dividend payable		-	14,318
<b>Total Non-current liabilities</b>		<b>291,812</b>	<b>283,385</b>
<b>Current liabilities</b>			
Provisions	41	334	683
Contract liabilities	12	14,426	18,311
Interest-bearing borrowings	39	67,349	49,620
Lease liabilities	27	8,255	6,936
Income tax payable	24	1,641	648
Trade and other payables	42	105,603	100,175
Dividends payable		13,090	2,400
<b>Total Current liabilities</b>		<b>210,698</b>	<b>178,773</b>
Due to customers	40	544,074	485,770
Liabilities directly associated with the assets held for sale	7	32,557	-
<b>Total liabilities</b>		<b>1,079,141</b>	<b>947,928</b>
<b>Total equity and liabilities</b>		<b>1,513,825</b>	<b>1,355,228</b>

The consolidated financial statements are approved on July 19<sup>th</sup>, 2022 and signed by:

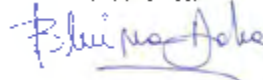
Edlira Muka

Chief Executive Officer and Administrator



Blerina Daka

Chief Financial Officer



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 105.

**Consolidated statement of changes in equity  
for the year ending December 31, 2021**

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

	Note	Share capital	Legal and regulatory reserve	Other capital reserves	Foreign currency translation reserve	Fair value of reserves	Retained earnings	Total	Non-Controlling Interest	Total equity
<b>Total equity as at 1 January 2020</b>		<b>24,241</b>	<b>11,135</b>	<b>3,785</b>	<b>23,776</b>	<b>228</b>	<b>275,292</b>	<b>338,456</b>	<b>36,950</b>	<b>375,407</b>
Profit for the year		-	-	-	-	-	36,367	36,367	4,428	40,795
Other comprehensive income		-	-	-	(4,077)	(2,714)	-	(6,791)	-	(6,791)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,077)</b>	<b>(2,714)</b>	<b>36,367</b>	<b>29,576</b>	<b>4,428</b>	<b>34,004</b>
Dividend distributed		-	-	-	-	-	-	-	(5,418)	(5,418)
Increase in share capital		-	-	-	-	-	-	-	2,803	2,803
Acquisition of NCI	8	-	-	-	-	-	11,126	11,126	(11,126)	-
Transfers to and from retained earnings	38	-	162	(1,087)	(275)	(1)	1,054	(146)	444	298
Adjustment to prior period		-	-	-	-	-	9	9	197	206
<b>Balance at December 31, 2020</b>		<b>24,241</b>	<b>11,297</b>	<b>2,698</b>	<b>19,425</b>	<b>(2,487)</b>	<b>323,848</b>	<b>379,021</b>	<b>28,278</b>	<b>407,300</b>
Profit for the year		-	-	-	-	-	18,893	18,893	5,374	24,267
Other comprehensive income		-	-	-	7,329	(162)	-	7,167	-	7,167
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>7,329</b>	<b>(162)</b>	<b>18,893</b>	<b>26,060</b>	<b>5,374</b>	<b>31,434</b>
Dividend distributed		-	-	-	-	-	-	-	(4,881)	(4,881)
Increase in share capital		-	-	-	-	-	-	-	1,049	1,049
Transfers to and from retained earnings	38	-	265	(972)	-	-	127	(581)	588	7
Adjustment to prior period		-	-	-	-	-	(245)	(245)	20	(225)
<b>Balance at December 31, 2021</b>		<b>24,241</b>	<b>11,562</b>	<b>1,726</b>	<b>26,754</b>	<b>(2,649)</b>	<b>342,623</b>	<b>404,256</b>	<b>30,428</b>	<b>434,684</b>

The consolidated statement of changes in equity has to be read in conjunction with the notes which are an integral part of these financial statements set on pages 8 to 105.

### Consolidated statement of cash flows for the year ending December 31, 2021

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

	Note	For the year ending December 31, 2021	For the year ending December 31, 2020
Profit before tax from continuing operations		19,266	47,811
Profit before tax from discontinued operations		13,124	-
<b>Profit before tax</b>		<b>32,390</b>	<b>47,811</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Gain on disposal of subsidiary		-	(657)
Depreciation and impairment of PPE and RoU	25,27	43,468	26,843
Depreciation and impairment of investment property	26	4,454	3,397
Amortization and impairment of intangible assets	28	2,623	2,519
Allowances, provisions and write-offs		1,365	6,240
Loss on disposal of asset	21	(261)	(92)
Finance income	14,23	(25,180)	(27,371)
Finance costs	14,22	9,623	9,245
Share of profit of an associate and a joint venture	10	(1,458)	(386)
<b>Working capital adjustments</b>			
Change in trade and other receivables		(29,042)	(5,177)
Change in inventories		7,058	236
Change in trade and other payables		10,982	(8,982)
Change in compulsory reserve		(8,987)	(2,736)
Change in loans to customers		(53,279)	(63,317)
Change in restricted cash		(53)	(514)
Change in due to customers and banks		72,461	54,807
Income tax paid		(6,818)	(7,508)
<b>Interest from non-financial operation</b>			
Interest received		233	509
Interest paid		(6,079)	(5,639)
<b>Interest from financial operation</b>			
Interest received		24,836	26,781
Interest paid		(2,032)	(2,327)
<b>Net cash flows from operating activities</b>		<b>76,304</b>	<b>53,680</b>

The consolidated Cash flows statement has to be read in conjunction with the notes which are an integral part of these consolidated financial statements set on pages 8 to 105.

**Consolidated statement of cash flows  
for the year ending December 31, 2021**

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

	Note	For the year ending December 31, 2021	For the year ending December 31, 2020
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		3,799	1,847
Purchase of property, plant and equipment	25	7,655	(21,677)
Acquisition of subsidiary, net of cash acquired	6	-	(769)
Purchase of intangible assets	28	(1,638)	(2,401)
Proceeds from sale of intangible assets		16	-
Purchase and development of investment property	26	(28,056)	(24,789)
Proceeds from sale of investment property		326	-
Decrease / (increase) of investment in associates		-	(469)
Purchase of financial assets at FVOCI	33	(218,894)	(172,111)
Proceeds from financial assets at FVOCI	33	162,984	177,347
Increase of capital from NCI shareholders		1,049	2,803
Acquisition of NCI		-	(2,721)
Dividend received	10	786	806
<b>Net cash flows from/(used in) investing activities</b>		<b>(71,972)</b>	<b>(42,135)</b>
<b>Financing activities</b>			
Proceeds from borrowings, net	39/32	914	26,948
Payment of principal portion of lease liabilities		(8,150)	(7,971)
Issuance of subordinated debt		4,959	-
Dividend paid		(8,861)	(10,958)
<b>Net cash flows (used in)/from financing activities</b>		<b>(11,138)</b>	<b>8,019</b>
Net increase/(decrease) in cash and cash equivalents		(6,794)	19,594
Net foreign exchange difference		1,846	(977)
<b>Cash and cash equivalents at January 1</b>	<b>37</b>	<b>84,443</b>	<b>65,856</b>
<b>Cash and cash equivalents at December 31</b>	<b>37</b>	<b>79,483</b>	<b>84,443</b>

The consolidated cash flow statement has to be read in conjunction with the notes which are part of these financial statements set on pages 8 to 105





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