ANTEA CEMENT SH. A
INTERNATIONAL FINANCIAL REPORTING STANDARDS
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

Contents

GENERAL INFORMATION

CORPORATE INFORMATION

ANTEA Cement Sh.A. is an investment with the highest standards applied in terms of construction and operation in Albania and a total value exceeding 200 million Euro. The company is controlled by ALVACIM LTD, which has 100% shareholding in the Company. The Company's ultimate parent is Titan Cement International S.A. (hereinafter referred as "**TITAN Group"**)

Antea Cement was awarded the right for land usage and mining exploitation by the Albanian Government for 99 years. The plant was constructed by CBMI Construction Co, a Chinese construction company, Under the supervision of Titan Group which implemented the highest safety standards applicable, the project was completed on time, within the forecasted budget and with zero accidents.

ANTEA Cement has a production capacity of 1.4-million-ton cement annually and 3.300-ton clinker per day. The plant is located at "Boka e Kuqe", Borizane which is 50 km away from Tirana, capital city of Albania.

Antea Cement Sh.A. (hereinafter referred as the "Company" or "Antea") and its subsidiaries (hereinafter collectively referred as the "Group" or "Antea Consolidated")

The Company has two fully owned (100%) subsidiaries as follows:

ALBA CEMENTO shpk

Alba Cemento Shpk owns and operates a cement terminal operating in Tirana. Such terminal is made available to Antea Cement and provides logistic services to the later. The company prepares and submits its financial statements in according to respective legislation in Albania. All revenues generated by the company are generated from the logistic services provided to Antea Cement.

CEMENTI ANTEA SRL – Italy

The main activity of the subsidiary is trading cement exported from Antea Cement through a rented terminal in Ortona, Italy. The company sells the cement exported from Albania to the Italian Market and its main revenues are derived from this activity.

****

The below information is provided in compliance with the previsions of and requirements of the law on Accounting and Financial reporting No 25/2018 Dated 10.05.2018.

****

Beside the information provided in this document Antea Cement prepares and publishes in its website an Integrate Annual Report which provides more detailed information about its integrated operations.

BUSINESS DESCRIPTION

Antea Cement is one of the major cement producers in Albania, with a plant, able to complete the entire technological process of transformation from raw materials to the final product. The Company through the technology installed in its plant can produce both Clinker and Cement.
Clinker is a semi-product produced by the Company which can further be utilized by Antea Cement in the cement production, or it can be sold to other companies for production of cement, whereas the final product is cement of different types.

The company sells its product in the domestic market as well as exports it in the international market.

REPORT ON THE CONSOLIDATED ECONOMIC AND OTHER ACTIVITIES OF THE COMPANY

2020 was characterized by a stable and solid performance for Antea Cement and its subsidiaries. Below we have reviewed the main operations of Antea Cement Sh.A. on a consolidated level (herein referred as “Antea Consolidated” or “Consolidated”). Antea and its subsidiaries successfully addressed the challenges of cement demand both in the domestic and export markets and capitalized its result on such demand.

At the same time, ANTEA remained focused on the enduring objective of balanced, responsible, and sustainable long-term growth, embracing change as an organization, and innovating at an accelerated pace. Below are shown some of the key financial indicators by comparing the current reporting period to the previous reporting period.

At a glance below you may find some of the main Economic Indicators of the company.

Financial Performance Highlights	**Consolidated Antea**	
Amounts in 000 ALL	**2020**	**2019**
Consolidated Sales of Products	7,160,488	6,420,830
Consolidated Operating Profit	1,803,916	958,850
Consolidated EBITDA	2,781,466	1,918,377
Consolidated Profit before tax	1,061,305	645,866
Consolidated Net profit	863,551	533,226

During 2020 Antea’s Consolidated revenues from sales of products were increased vs prior year by **ALL 739,658 thousand** or **12%**. Out of **ALL 7,160,488 thousand** of revenues from Sales of Product **64%** is derived from sales in Domestic Market and **36%** from sales in Export Markets. Main markets where the company is exporting are in the neighboring countries and in the Mediterranean Region.

Antea’s Consolidated Operating Profit increased by **ALL 845,066 thousand** vs prior year or **88%**, thus contributing to an increase of the Antea’s Consolidated EBITDA vs prior year by **ALL 863,089 thousand** as also indicated in the **Note 33** to the Consolidated Financial Statements.

Antea’s Consolidated Profit Before Tax For the year amounted to **ALL 1,061,305 thousand** which was higher than previous year by **ALL 415,439 thousand**, mainly affected by the increased volumes in both domestic and export market, this combined with the improved production costs. More details are provided in the notes to the consolidated financial statements.

The above Antea’s Consolidated operation results coupled with the movement in the Consolidated working capital led to a Consolidated Net Cash Flow from Operating activities in the amount of **ALL 2,199,577 thousand** which was **ALL 772,003 thousand** higher compared to prior year. The Antea Consolidated utilized these resources to invest in new Capex in the Amount of **ALL 155,751 thousand** and used its Net Cash Flow for repayments of borrowings in the amount of **ALL 1,835,858 thousand** during the period. Antea and its subsidiaries closed the financial year in a satisfactory and stable liquidity position.

In terms of technical performance, the operation of the production line during 2020 followed the demand pattern for the company’s product while focusing on optimization of stocks and working capital through the year. The production line has been performing at very high reliability levels ensuring proper delivery of products both to domestic and export markets especially during periods of high demand, adequately capturing all the opportunities available.

In terms of Health and Safety the company and its subsidiaries have ensured that all the guidelines in place by the **TITAN Group** are followed by implementing best practices to further develop the overall performance. Therefore, trainings are important and effective, as it will educate the employees on proper workplace procedures, practices, and behavior to prevent possible injuries and illness or contamination from improper hygiene. Every year the company has a proper HS schedule for trainings in order to raise awareness and communicate HS updated practices to employees. In 2020 our employees including sub-contractors had 1,266 hours of trainings in only Health and Safety topics/issues. Despite the difficult year regarding the pandemic situation, HS performance has been rigid in implementing new Covid-19 rules and wakeful to manage and isolate possible cases affected with Covid-19 between employees and sub-contractors.

REPORT ON THE CONSOLIDATED ECONOMIC AND OTHER ACTIVITIES OF THE COMPANY (CONTINUED)

In the beginning of 2020, ANTEA has been in coordination with the local authorities to extend its contribution and support to the local community being affected from the earthquake that hit Albania on November 2019. In addition, the company has been in the forefront to collaborate and support on services, logistics, offering warm food for the affected families and helping the local authorities with emergency needs as per their requests.

Furthermore, ANTEA has donated cement for various municipalities in Albania to help them in their civil projects on deteriorated and rehabilitations of roads, restorations/constructions of local houses and schools. Nevertheless, ANTEA continues to engage in promoting CSR standards and best practices in the country, by organizing conferences and meetings with Institutions, Universities, Organizations and NGOs and leading the CSR approach by boosting SDGs.

The environmental performance of ANTEA is monitored and reviewed throughout the entire year. The review addresses accordingly and timely all the material issues of our operations. Since the beginning of its operation, ANTEA has been exerting its activity in accordance with ISO 14001 environmental management system certified by independent third party. The certification covers the quality and the adequacy of all applicable systems enforced to control and reduce air emissions, quarry rehabilitation and landscape aspects, groundwater, wells and wastewater aspects, liquid and solid waste, natural resources & energy consumption, noise, and other environmental aspects. In this respect, the company is fully compliant with the applicable laws and legislations. ANTEA constantly is improving the environmental performance, focusing the efforts on tackling climate change, using natural resources responsibly, improving our energy efficiency and contributing to the circular economy. Nonetheless, in 2020 the company decided to invest in thermal destruction of waste streams (Oil Based Muds, Water Based Muds and Wastewater) that were generated from a drilling process by the oil exploration companies.

To facilitate the handling process was constructed a new installation by using the best available technology and as a result we have managed the treating of these wastes in a safe and environmentally way as well as by respecting all the requirements by legislation in force. ANTEA has been highly appreciated by the relevant authorities which according to them will create a new perspective for solving the problem of pollution of exploration and exploitation activities in the areas where are operating the oil companies.

People are central to everything we do. The Human resources are the asset that drives the company performance and efficiency. For our company, the priority is to ensure a strong Employer – Employee relation based on mutual trust and consistency in our corporate values and principles. We are offering a comprehensive, decent working environment respecting the health & safety conditions and human rights.

Antea Cement and its subsidiaries demonstrate its commitment towards promotions and enhancement of good accountability process, manifested through open and direct communication with our employees and decision-making processes. The Company has a successful implementation of the Social Accountability 8000:2014 Standard (SA8000:2014) by developing, maintaining, and applying social practices in the workplace, offering equal opportunities, values diversity that contributes to effectiveness and making big efforts on recruiting qualified candidates, by not permitting any form of discrimination related to gender, races, nationality, religion, and family. Required mechanisms are kept in place to ensure compliance to these requirements.

In 2020, the headcount of Antea and its subsidiaries at the end of the year reached **190** people. During 2020 the Employee Benefit Expenses amounted to ALL **408,767** thousand as explained in the **Note 13** to the consolidated financial Statements.

We are committed to a higher standard of people development. Although 2020 was a very difficult year, we managed to successfully withstand the situation created by Covid-19 by informing and organizing working environment so as to have safe working conditions. We responded immediately by reorganizing the work in the plant and enhancing the remotely work. We reorganized the way of delivering training by increasing the usage of e-learning modules and on-line platforms. The total training hours for 2020 were 2018.

REPORT ON THE CONSOLIDATED ECONOMIC AND OTHER ACTIVITIES OF THE COMPANY (CONTINUED)

Business risks

The major financial liabilities of the Company and its subsidiaries include interest bearing loans, other liabilities, and trade payables. The primary target of these financial instruments is that financing of the activity of the Company and its subsidiaries to be secured. The Company and its subsidiaries possess financial assets, such as trade and other receivables, cash and cash equivalents, which origin derives from the activity of the Company and its subsidiaries. The major risks, that occur from the financial instruments of the Company and its subsidiaries are interest bearing risk, liquidity risk, currency risk and credit risk. The policy applied by the Management of the Company, for management of all these risks is summarized in **Note 31** of the Consolidated Financial Statements.

a) Research and Development activity of the Company

The Company did not perform any activity, related with research and development in 2020.

b) Disclosure for acquisition of own shares

The Company owns no shares of the Company and had no such transactions in 2020.

c) Branches of the Company

The Company has two fully owned subsidiaries as explained above. There are no other branches or subsidiaries apart of those.

d) Policies and Objective of managing financial risk, Exposure of the company towards Financial Risks & Risk Quantifications

Policies and Objectives for managing financial risks as well as the respective quantifications are included in the **Notes 4** and **Note 31** to the Consolidated Financial Statements.

e) OBJECTIVES OF THE COMPANY AND ITS SUBSIDARIES FOR 2021

Antea Cement and its subsidiaries are set to achieve the following objectives for 2021:

• Increase effectiveness of industrial performance.
• Continue serving its customers in the domestic and export markets as well as be able to satisfy any additional demand in the markets.
• Sustain the current financial results and seek areas at potential growth and on the same time contain fixed costs.

REPORT ON INTERNAL CORPORATE GOVERNANCE

a) Corporate Governance

The Company is constituted as a joint stock company in compliance with the Commercial Law of the Republic of Albania and has a two-tier system of governance which is as follows:

- The supervisory council
- The Administrator/General Manager

The supervisory board as at 31st Dec 2020 is comprised as follows:

- Chairman of the supervisory council, Mr. Ioannis Paniaras
- Member of the supervisory council, Mr. Fokion Tasoulas
- Member of the supervisory council, Mr. Christos Panagopoulos
- Member of the supervisory council, Mr. Loukas Petkidis
- Member of the supervisory council, Mr Grigorios Dikaios

The supervisory council members are appointed from the shareholders General Assembly. The members of the supervisory board bring on board a valuable experience of different areas comprising expertise on industrial, commercial, and financial areas.

REPORT ON INTERNAL CORPORATE GOVERNANCE (CONTINUED)

The Supervisory Boards appoint the administrator/General manager of the company. The General Manager of the company is Mr. Mario Bracci.

b) Managing risks and opportunities

ANTEA Cement has in place an Integrated Management System (IMS) which is comprised of three management systems and one standard being:
- OHSAS 18001 for Occupational Health and Safety
- ISO 14001 for Environment
- ISO 9001 for Quality
- SA 8000:2014 for Social Accountability

The management team of ANTEA Cement assesses the social, environmental, managerial, and financial risks that the company can face in the framework of the challenges that are coming from the country, the region and further. The company manages the risks through:
- Internal audits and Systems to keep in consistency with Management Systems requirements in place.
- Creation of various committees in the company to address various challenges and issues.

At ANTEA Cement, the following Boards and Committees are created to address various challenges and issues:

Quality Board:

The company's management is involved in the Quality System through the Quality Board. The responsibilities of the Quality Board are the following:
- Establishing the Company's Quality Policy
- Adopting the Quality System's documents
- Conducting the internal quality audits
- Conducting reviews of the Quality System
- Setting quality targets

Environment Board:

It is responsible to identify the environmental aspects, to determine the emergency situations and the need for preparation of emergency plans, to review on annual basis the Environmental Management System etc.

Health & Safety Central Committee:

ANTEA H&S Central Committee provides strategic and tactical guidance for the improvement of initiatives regarding safety and health at ANTEA plant. It establishes effective business processes to promote the full implementation of the TITAN's Group Health & Safety Policy. The Central Committee's Members must demonstrate visible leadership, personal commitment, active support, actions' accountability, and timely follow-through for all safety programs.

The Social Accountability Board:

The Plant has also appointed a Social Accountability Board responsible to identify the social accountability issues, determine the required preventive or corrective actions, and review on annual basis the Social Accountability Management System etc.

***

The Company has been extensively trained in the most sensitive areas of Anti-bribery, Anti-corruption and Sanctions and has widely incorporated in its contractual relations with suppliers, customers, and partners relevant provisions to avoid illegal implications.

REPORT ON INTERNAL CORPORATE GOVERNANCE (CONTINUED)

Moreover, a conflict-of-interest policy has been adopted and a committee responsible for clearing cases of possible conflict of interest has been established with the attendance of Company's top management. Following up with the latest changes in the local legislation, the Company has elected and formalized the Responsible Unit in accordance with the Albanian Law on Whistleblowing which has carried a series of trainings and has distributed the necessary materials to the employees aiming at making them aware of their rights and obligations in the event a corruption case comes to their attention.

Nonetheless some more action has followed in 2020 as we extend the impact with our employees by introducing the:
- Ethic Point platform
- The TITAN Employee Assistance Program (EAP), part of TITAN "Health and Wellbeing" that aims to further support the health & wellbeing of TITAN employees and family members, wherever and whenever needed

c) Antea Values

ANTEAS's values stem directly from the principles, beliefs, and vision from its establishment back in 2006. They are the core elements in compliance with TITAN's culture and family spirit, providing the foundations of the Group's operations and growth. ANTEA Cement Sha is committed to create value for its employees, the local community, its suppliers, and clients through strengthening the core values, applying ethical business practices having an open and continuous communication with all stakeholders and addressing their most material issues in a timely and proper manner. Although the environment where the Company operates has its own challenges, Antea strive to be a responsible company through identifying the impact on the society and taking action to create value for its stakeholders by minimizing the adverse effects while increasing welfare and wellbeing of its employees, local communities, and business partners. Below are presented the Company values:

- *Integrity*: Ethical business practices; Transparency; Open communication
- *Know-how*: Enhancement of knowledge base; Proficiency in every function; Excellence in core competencies
- *Value to the customer*: Anticipation of customer needs; Innovative solutions; High quality of products and services
- *Delivering results*: Shareholder value; Clear objectives; High standards
- *Continuous improvement*: Learning organization; Willingness to change; Rise to challenges.
- *Corporate Social Responsibility*: Safety first; Sustainable development; Stakeholder engagement

Operating in the same line with Titan Group aiming to grow as a multiregional, vertically integrated cement producer, combining entrepreneurial spirit and operational excellence with respect to its people, society and the environment, ANTEA follows the Titan objectives translated into four strategic priorities:
Geographic diversification: Expansion of the Company's business relations through acquisitions and greenfield developments into attractive new markets
Vertical integration: Extension of the Company into other product areas in the cement value chain
Continuous competitive improvement: Implementation of new efficiencies to reduce costs and to compete more effectively.
Focus on human capital and Corporate Social Responsibility: Development of employees and continuous improvement of the Company's good relationships with all internal and external stakeholders.

REPORT ON INTERNAL CORPORATE GOVERNANCE (CONTINUED)

d) Internal controls and risk management systems regarding financial reporting

The key elements of the system of internal controls utilized in order to avoid errors in the preparation of the consolidated financial statements and to provide reliable financial information are the following:
- The assurance mechanism regarding the integrity of the Company's consolidated financial statements consists of a combination of the embedded risk management processes, the applied financial control activities, the relevant information technology utilized, and the financial information prepared, communicated, and monitored. The company prepares and reviews on a monthly basis financial and non-financial data which is reviewed by the company's management on a periodical basis.
- The company utilizes a full package SAP solution for monitoring its operational and bookkeeping transactions. Such software solution provides for the most secure and advanced way of recording and reporting all the company's activities in an accurate and correct way.
- The Company engaged external auditors to review the mid-year financial statements of the Company and audit the full year consolidated financial statements of the aforementioned.

All the above ensure that the consolidated financial statements of the company provide reliable and accurate information.

PAYMENTS MADE TO GOVERNMENTAL INSTITUTIONS

The below report is prepared in compliance with article 21 of the Law on Accounting and Financial Statements No 25/2018 Dated 10.05.2018.

The table below indicates the actual cash payments made by Antea Cement sha (standing alone) to the authorities in Albania for the indicated type of taxes or categories as below.

Amounts are in 000'ALL

Payment type	2020	2019
• Production Rights	-	-
• Payment of Taxes as per the Applicable Tax Legislation		
- Corporate income tax	199,263	168,464
- VAT	201,523	-
- Social and health insurance	58,421	55,263
- Personal income tax	30,068	31,408
- Carbon & Excise Tax	282,177	265,329
- Local Taxes and Tariffs to Local Authorities	34,807	21,554
• Royalties	49,741	48,478
• Dividends	-	-
• Payments for Subscriptions, Research and Production	-	-
• Tax and Tariffs and other payments linked with Licenses and Concessions	-	-
• Payments for Infrastructure Improvements.	-	-
	-	
TOTAL	**856,000**	**590,496**

** The above amounts represent the actual cash payments made by the company during the calendar year ending 31 December 2020.

Independent Auditor's Report

To the shareholder of ANTEA CEMENT SH.A.:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of ANTEA CEMENT SH.A. (the "Company") and its subsidiaries (together - the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020;
- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

Management is responsible for the other information. The other information comprises "The management's report", "The business activity report" and "The report on payments made to Government institutions" (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers Assurance Services SH.P.K.
Rr. Ibrahim Rugova, Sky Tower 9/1, Tirana, Albania
T: +355 (4) 2242 254, F:+355 (4) 2242 639, www.pwc.com/al

Registered with the National Registration Centre on 14 August 2019 and with Tax Identification Number NUIS L92014010J

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group 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 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.

pwc

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

PricewaterhouseCoopers Assurance Services SH.P.K.

PricewaterhouseCoopers Assurance Services SH.P.K.

Statutory Auditor

Jonid Lamllari

13 April 2021

Tirana, Albania

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Amounts in ALL thousand unless otherwise stated)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Sales of products	**6**	7,160,488	6,420,830
Other revenue	**7**	439,590	400,730
Cost of sales	**8**	(5,092,654)	(5,279,048)
Gross profit		**2,507,424**	**1,542,512**
Other operating income	**9**	60,406	86,242
Other operating expenses	**10**	(75,221)	(45,077)
Selling and marketing expenses	**11**	(77,651)	(76,077)
Administrative expenses	**12**	(611,042)	(548,750)
Operating profit		**1,803,916**	**958,850**
Net finance (costs)	14	(742,611)	(312,984)
Profit before tax		**1,061,305**	**645,866**
Income tax expense	**15**	(197,754)	(112,640)
Profit for the year		**863,551**	**533,226**
Other Comprehensive income/(losses)			
Exchange difference on translation of foreign operations	**29**	2,648	(2,101)
Total Comprehensive Income for the year		**866,199**	**531,125**
Net Profit attributable to:			
Owner of the parent		866,199	531,125
Non-controlling interest		-	-
		866,199	**531,125**
Total comprehensive income attributable to:			
Owners of the parent		866,199	531,125
Non-controlling interest		-	-
		866,199	**531,125**

The notes on pages 6 to 45 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Amounts in ALL thousand unless otherwise stated)

	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant, and equipment	16	17,093,427	17,828,668
Right-of-use assets	18	296,341	144,103
Intangible assets	17	58,111	77,233
Other non-current assets	19	9,537	9,537
Total Non-Current Assets		17,457,416	18,059,541
Current assets			
Inventories	20	1,525,869	1,567,404
Trade receivables	21	647,317	368,742
Other receivables	22	111,352	59,771
Receivables from related parties	30b	58,633	126,136
Cash and cash equivalents	23	884,463	809,428
Total Current Assets		**3,227,634**	**2,931,481**
TOTAL ASSETS		20,685,050	20,991,022
EQUITY AND LIABILITIES			
Equity			
Share capital	24	10,686,510	10,686,510
Share-based options	25	1,826	-
Accumulated deficit		(3,478,771)	(4,342,322)
Translation reserve	29	(9,507)	(12,155)
TOTAL EQUITY		7,200,058	6,332,033
Non-current liabilities			
Interest bearing loans and borrowings	26a	9,485,406	12,031,461
Lease liabilities	18	236,565	98,168
Deferred income tax liabilities, net	15	1,151,490	1,176,893
Total Non-Current Liabilities		**10,873,461**	**13,306,522**
Current liabilities			
Trade payables	27	885,839	606,858
Other payables	28	120,822	140,059
Income tax payable		73,545	32,956
Interest bearing loans and borrowings	26b	1,278,413	388,742
Lease Liabilities	18	64,570	46,452
Payables to related parties	30d	188,342	137,400
Total Current Liabilities		**2,611,531**	**1,352,467**
TOTAL LIABILITIES		13,484,992	14,658,989
TOTAL EQUITY AND LIABILITIES		20,685,050	20,991,022

These consolidated financial statements have been approved by management of the group on 15 February 2021 and signed on its behalf by:

ANTEA CEMENT SH.A. ALBANIA

Mario Bracci	Adrian Qirjako
Chief Executive Officer	*Finance Director*

The notes on pages 6 to 45 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Amounts in ALL thousand unless otherwise stated)

	Share capital	**Share Based Options**	**Accumulated deficit**	**Translation reserve**	**Non-controlling interests**	**Total Equity**
As at 1 January 2019	**10,686,510**	**-**	**(4,875,548)**	**(10,054)**	**-**	**5,800,908**
Net profit for the year	-	-	533,226	-	-	533,226
Other comprehensive loss **(Note 29)**	-	-	-	(2,101)	-	(2,101)
Total comprehensive income for the year	**-**	**-**	**533,226**	**(2,101)**	**-**	**531,125**
		-				
As at 31 December 2019	**10,686,510**	**-**	**(4,342,322)**	**(12,155)**	**-**	**6,332,033**
Net profit for the year	-	-	863,551	-	-	**863,551**
Other comprehensive loss **(Note 29)**	-	-	-	2,648	-	**2,648**
Total comprehensive income for the year	**-**	**-**	**863,551**	**2,648**	**-**	**866,199**
Share Based Options	**-**	1,826	**-**	**-** **-**	**-**	**1,826**
As at 31 December 2020	**10,686,510**	**1,826**	**(3,478,771)**	**(9,507)**	**-**	**7,200,058**

The notes on pages 6 to 45 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Amounts in ALL thousand unless otherwise stated)

	Note	Year ended 31 December 2020	Year ended 31 December 209
Cash flows from operating activities			
Net profit before taxes		**1,061,305**	**645,866**
Adjustments for:			
Depreciation of property, plant and equipment	**16/18**	953,625	935,684
Amortization of intangible assets	**17**	23,925	23,843
Loss on disposal of property, plant and equipment	**10**	3,785	13,275
Movement in bad debt provision	**9/10/27**	2,934	(23,224)
Movement in other provisions	**9/10/28**	53,820	26,785
Shared Bases options	**25**	1,826	-
Interest income	**14**	(10)	(56)
Interest expense	**14**	592,403	437,578
Foreign exchange loss/(gains)	**14**	136,284	(139,850)
Working Capital Adjustments			
Decrease in inventories	**20**	41,535	93,376
(Increase)/Decrease in trade and other receivables	**21/22/ 30b**	(241,370)	150,553
Decrease in trade and other payables	**27/28/30 d**	(106,594)	(362,162)
Cash generated from operations		**2,523,468**	**1,801,668**
Interest paid		(323,901)	(374,150)
Interest received		10	56
Net cash flows from operating activities		**2,199,577**	**1,427,574**
Cash flows from investing activities			
Acquisition of property, plant, and equipment	**16**	(154,543)	(245,413)
Acquisition of intangible assets	**17**	(1,208)	-
Net cash flows used in investing activities		**(155,751)**	**(245,413)**
Cash flows from financing activities			
Proceeds of borrowings	**26/30e**	11,121,318	882,008
Repayment of borrowings	**26/30e**	(12,957,175)	(1,936,116)
Principal elements of lease payments	**18**	(69,234)	(57,168)
Payment of Fees		(57,699)	(3,762)
Net cash flows used in financing activities		**(1,962,790)**	**(1,115,038)**
Net increase in cash and cash equivalents		**81,036**	**67,123**
Cash and cash equivalents at 1 January		809,428	758,920
Translation effect of foreign exchange currency		(6,001)	(16,615)
Cash and cash equivalents at 31 December	**23**	**884,463**	**809,428**

The notes on pages 6 to 45 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Antea Cement Sh.A. (hereinafter referred as the **"Company"** or **"Antea"**) and its subsidiaries (hereinafter collectively referred as the **"Group"** or **"Antea Consolidated"**) main activity is the production and trading of cement, in bulk and packed bags.

The company is incorporated in the Republic of Albania, with registered address at "Rruga e Durresit, Pallati prapa RING Center, Kati 1, 1001, PO Box 1746, Tirane, Albania." The Company has the following subsidiaries:

Subsidiaries	% of shares owned	Location
Alba Cemento sh.p.k.	100	Tirane, Albania
Cementi Antea SRL	100	Marghera, Italy

The Group's immediate parent is ALVACIM Ltd registered in Cyprus, which has 100% shareholding in the Group. (31 December 2019; Alvacim Ltd had 100% shareholding in the Group).

The Group's ultimate parent is **Titan Cement International S.A** (hereinafter referred as "**TITAN Group"**).

COVID 19 - DEVELOPMENT

During 2020 considering the global pandemic, Antea Cement and its subsidiaries took precautionary measures to keep its people healthy, to ensure that the workplace was safe and to preserve good liquidity levels to support its operations. For 2020 the impact of Covid-19 to the Antea's Consolidated performance resulted to be minor. Antea's Consolidated operational and financial performance in 2020 surpassed that of 2019. In 2021, there is still some uncertainty around the evolution of the pandemic and consequently the impact it may have to Antea Cement and its subsidiaries. Antea Cement and its subsidiaries continue to monitor the situation, end the relevant uncertainties have been estimated and incorporated into its budgets by considering macroeconomic expectations, stimulus initiatives and vaccine developments. Antea Cement and its subsidiaries continue to make its best efforts in keeping its people healthy, ensuring the workplace is safe and preserving ample liquidity to support its operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Antea Cement and its subsidiaries, in the preparation of the consolidated financial statements, are in accordance with International Financial Reporting Standards ("IFRS").

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention the principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Presentation currency. These consolidated financial statements are presented in Albanian Lek ("ALL"), unless otherwise stated. The functional currency of Cementi Antea Srl is Euro. Except as indicated, financial information presented in ALL has been rounded to the nearest thousand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity.

For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction-by-transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued, and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity. ANTEA CEMENT SH.A., fully owns its subsidiaries, and there are no non-controlling interests.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Significant accounting policies

(i) Foreign currency translation

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Group and its subsidiaries, and the Group's presentation currency, is the Albanian Lek ("ALL"). The consolidated financial statements are presented in Albanian Lek ("ALL"), which is the Group's presentation currency.

Transactions and balances. Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate of the Central Bank of Albania ("BoA") at the respective end of the reporting period. Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates of the BoA are recognised in profit or loss as finance income or costs. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs. Translation at year-end rates does not apply to non-monetary items that are measured at historical cost. Non-monetary items measured at fair value in a foreign currency, including equity investments, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Functional currencies of different entities of the Group*.* Different entities within the Group have different functional currencies, based on the underlying economic conditions of their operations. This determination, of what the specific underlying economic conditions are, requires judgement. In making this judgement, the Group evaluates among other factors, the location of activities, the sources of revenue, risks associated with activities and denomination of currencies of operations of different entities. Specifically, in determination of the functional currencies of Cementi Antea Srl, the Group based its judgement on the fact that the companies operate internationally on markets mainly influenced by the European Union Currency ("EUR") and their major activities include the provision of services to foreign investors. Moreover, the majority of their operations are denominated in EUR and also, the EUR is the currency in which their business risks and exposures are managed, and the performance of their business is measured.

(ii) Revenue Recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, and discounts. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Sale of goods

Sales are recognized when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.
Revenue from the sales with discounts is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Significant accounting policies (continued)
(ii) Revenue Recognition (continued)

No element of financing is deemed present as the sales are made with a credit term of 30 to 120 days, which is consistent with market practice.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

If the Group provides any additional services to the customer after control over goods has passed, revenue from such services is considered to be a separate performance obligation and is recognized over the time of the service rendering.

Sales of services

The Group provides services under fixed-price contracts. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced for transportation costs as a separate performance obligation. No other services are performed by the Group.

Dividends

Revenue is recognized when the Group’s right to receive the payment is established.

Interest Income

Interest income is recognized on a time-proportion basis using the effective interest method Revenue relates to time deposits and is recognized as interest accrues. Interest income is included in finance income.

(iii) Leases

From 1 January 2019, leases are recognized as a right-of-use (ROU) asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the lease liability and interest, which is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company presents ROU assets that do not meet the definition of investment property in the account “property, plant and equipment”, the same line item as it presents underlying assets of the same nature that it owns. ROU assets that meet the definition of investment property are presented with investment property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)
(iii) Leases (continued)

The lease liability is initially measured at the commencement date at the present value of the lease payments during the lease term that are not yet paid. It is discounted by using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate (IBR). The IBR is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment with similar terms and condition.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a modification that is not accounted for as a separate lease; a change in future lease payments arising from a change in an index or rate; a change in the estimate of the amount expected to be payable under a residual value guarantee; and if the Company changes its assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.
Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments).
- Variable lease payments that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease if the lessee will exercise that option.

The ROU asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability. When ROU asset meets the definition of investment property is initially measured at cost, and subsequently measured at fair value, in accordance with the Company’s accounting policy.

The initial measurement of the ROU asset is comprised by:
- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

For short term leases and leases of low value assets, the Company has elected not to recognize ROU assets and lease liabilities. It recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.
For leases that contain both lease and non-lease components, the Company chose not to separate them, except for terminals in which non-lease components is separated from lease components.

Lessors

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Operating leases of PPE are recognized according to their nature in the statement of financial position.
Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Current income tax

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognized in profit or loss for the year, except

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)
(iii) Leases (continued)

if it is recognized in other comprehensive income or directly in equity because it relates to transactions that are also recognized, in the same or a different period, in other comprehensive income or directly in equity.

(iv) Taxes

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the consolidated financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.
substantively enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse, or the tax loss carry forwards will be utilized.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted or

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilized.
The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognize deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Uncertain tax positions. The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management’s best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

Value added tax. Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the consolidated statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the ECL of receivables, the impairment loss is recorded for the net amount of the debtor, excluding VAT. Based on the tax legislation, following fulfilment of certain criteria VAT can be recovered/offset, as a result such amounts have been taken into account for the impairment loss calculation.

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)
(iv) Taxes (continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items is capitalized and the replaced part is retired.

(v) Property, plant, and equipment

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit or loss and other comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Infrastructure intervention that increases the useful life of property, plant and equipment, improves operations or cost optimization, are capitalized into the cost of land and building and depreciated over the useful life applicable to such category.

Spare Parts are recognized as part of Property plant and equipment if the following criteria are met: the spare parts are expected to be used for more than one period, their cost can be measured reliably, It is probable that future economic benefits associated with the item will flow to the entity, and the unit value of the qualifying strategic spare part equals and exceeds the equivalent in ALL of Euro 50 thousand

Depreciation
Land is not depreciated. Land Improvements represent internal roads and other infrastructure investments of the group. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

Land and improvements	10 to 40 years
Buildings	10 to 40 years
Plant and machinery	5 to 40 years
Vehicles	5 to 15 years
Furniture and fitting, and electronic equipment.	2 to 10 years

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognized.

(vi) Intangible assets

The Group's intangible assets have definite useful lives and primarily include capitalized computer software, licenses, and works in progress.
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)

(vi) Intangible assets (Continued)

Useful lives in years	
Computer software	5-10 years
Licences	10 years

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs of disposal.

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortization and are tested annually for impairment.
Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill), if any, are reviewed for possible reversal at each reporting date.

(vii) Impairment on non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.
The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.
Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the assets or cash-generating units recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)
(viii) Borrowing costs

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

The Group capitalizes borrowing costs for all eligible assets where construction commenced on or after 1 January 2009.

(ix) Financial instruments

Initial recognition

Financial instruments at fair value through profit or loss ("FVTPL") are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an expected credit loss ("ECL") allowance is recognized for financial assets measured at amortized cost ("AC") and investments in debt instruments measured at fair value through other comprehensive income ("FVOCI"), resulting in an immediate accounting loss. The Group does not have any FVTPL or FVOCI financial assets at the reporting date.

Financial assets

Classification and subsequent measurement – measurement categories.
The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Classification and subsequent measurement – business model.
The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL. The current Group's business model is "Hold to collect".

Classification and subsequent measurement – cash flow characteristics.
Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)
(ix) Financial instruments (continued)

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.
The Group's financial assets include cash and short-term deposits, trade and other receivables, and short-term loans, which meet the SPPI criteria.

Trade receivables
Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the income statement in profit or loss.

Financial assets – reclassification
Financial instruments are reclassified only when the business model for managing the portfolio as a whole, changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Group did not change its business model during the current and comparative period and did not make any reclassifications.

Write-off
Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

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

Impairment of financial assets – credit loss allowance for ECL
The Group assesses the ECL for debt instruments measured at AC. The Group measures ECL and recognizes net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions, and forecasts of future conditions.
Credit loss allowance is recognized using a simplified approach at lifetime ECL. The ECL is recognized through an allowance account to write down the receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Significant accounting policies (continued)
(ix) Financial instruments (continued)

Financial liabilities

Classification and subsequent measurement – measurement categories.
Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognized by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments. The Group's financial liabilities include trade and other payables, loans, and borrowings.

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method ('EIR') amortization process.

Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss.

Derecognition Financial liabilities are derecognized when they are extinguished (i.e., when the obligation specified in the contract is discharged, cancelled, or expires).
An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch-up method, with any gain or loss recognized in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

(x) Trade payables
Trade payables are accrued when the counterparty performs its obligations under the contract and are recognized initially at fair value and subsequently carried at amortized cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)
(xi) Cash and short-term deposits

Cash and cash equivalents include cash in hand, current accounts and deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortized cost using the effective interest method.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

(xii) Inventories

Inventories are recorded at the lower of cost and net realizable value. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs, and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:
Raw materials:
- Purchase cost on a first in, first out basis

Finished goods and work in progress:
- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Initial cost of inventories includes the transfer of gains and losses, recognized in other comprehensive income, in respect of the purchases of raw materials.

(xiii) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.
Where there are several similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(xiv) ***Share capital.***

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.
Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorized for issue are disclosed in the subsequent events note. The statutory accounting reports of the Group are the basis for profit distribution and other appropriations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(b) Significant accounting policies (continued)
(xv) Employee benefits

Wages, salaries, contributions to the state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services) are accrued in the year in which the associated services are rendered by the employees of the Group. The Group has no legal or constructive obligation to make pension or similar benefit payments beyond the statutory defined contribution schemes.

(xvi) Share-based compensation benefits

Share-based compensation benefits are provided to members of senior management via **TITAN Group** share schemes that cover several subsidiaries. Currently, the **TITAN Group** has the following schemes: 1) the share options plans (2014 and 2017) and 2) the long-term incentive plan introduced in 2020, which concerns share awards and link to the disclosure **note 25**.

A **TITAN Group** share-based payment transaction is classified from the perspective of each reporting company, rather than by making a single classification determination that is applicable to all **TITAN group** companies. The Antea Cement SH.A. participates in the 2020 long-term incentive plan, which is classified as cash-settled in the financial statements of the **TITAN Group**, but it is classified as equity-settled in the Antea Cement SH.A. separate financial statements, as the Antea Cement SH.A. has no obligation to settle the award. Consequently, it recognizes the fair value of the awards as an employee benefits expense in profit or loss, with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the awards granted, which is based on the parent's share price on grant date. The total expense is recognized over the vesting period, which is the period over which the specified service conditions are to be satisfied. At the end of each period, the Antea Cement SH.A. revises its estimates of the number of awards that are expected to vest based on the specified vesting conditions and forfeiture rate. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

I. Impairment of receivables

Management maintains an allowance for doubtful receivables to account for estimated losses resulting from the inability of customers to make required payments.

Measurement of ECLs is a significant estimate that involves determination of a methodology, models, and data inputs. The Group assesses individually all court cases and receivables due more than 365 days. The expected credit loss is the product of the exposure of default, loss given default and probability of default. WACC of 6.7% is used for discounting.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

All other trade receivables are assessed collectively by using a simplified approach at lifetime ECL. Loss ratios per categories are calculated based on a provisioning matrix which considers exposure at default, historical default rates, customer credit worthiness and changes in customer payment terms.

II. Useful lives of property plant and equipment, and intangible assets

Accounting for property, plant and equipment, and intangible assets involves the use of estimates for determining the expected useful lives of these assets and their residual values. The determination of the useful lives of the assets is based on management's judgment. Further details are provided in **Note 2 (d), (iv) and (vi) and Note 16 and 17**.

III. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group domicile. As the Group assesses the probability for a litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.
Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

IV. Environmental restoration costs - Provisions for Forestation

The Group is required to perform restoration works consisting in re-forestation on quarries and processing sites on an ongoing basis based on a specific schedule binding exploration. These works are fulfilled each year and the respective costs are recognized in the financial results of the Group.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.
Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements are described in the following notes:

- **Note 15 – Income tax expense.**
- **Note 21 – Trade receivable.**
- **Note 28 – Provisions.**
- **Note 34 – Commitments and contingencies.**

4. FINANCIAL RISK MANAGEMENT

The Group has exposure to credit risk, liquidity risk and market risk from the use of financial instruments.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements and in **note 31**.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The principal financial instruments of the Group consist of cash on hand and at banks, trade accounts receivable and payable, other receivables and liabilities.

(i) Credit risk

Due to the large volume and diversity of the Group's customer base, concentrations of credit risk with respect to trade accounts receivable from customers are not significant. The expected credit loss allowance is stated at the amount considered necessary to cover potential risks in the collection of accounts receivable balances.

(ii) Liquidity risk

The Group generates cash flows from operating activities such that it believes that its liquidity risk is not significant.

(iii) Market risk

Interest rate risk
The Group faces interest rate cash flow risk related to its borrowings which are at a variable rate. Management has not entered any derivatives to hedge this risk.

Foreign exchange risk
The Group has significant exposure toward foreign currencies. The Group has long-term and short-term borrowings denominated in Euro.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates might have an impact on profit. Please refer to the respective sensitivity analysis in **note 31a** and **31b**.

(iv) Capital management.

The Group's policy is to maintain a strong capital base to maintain investor, creditor, and market confidence and to sustain future development of the business. The Board of Directors monitors the EBITDA which is earnings before interest, taxes, and depreciation.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.
The Group is not subject to externally imposed capital requirements.

5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards and interpretations effective as of 1 January 2021.
The following amended standards became effective for the Company from 1 January 2020 but did not have any material impact on the Company.

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020)
- Interest rate benchmark reform – phase 1 amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2021 or later, and which the Group has not early adopted. The Group is in the process of determining the impact that these amendments might have on its accounts when adopted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).
- Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture –The Group has performed a preliminary analysis and has determined that the above standards and pronunciations are not expected to have a significant impact on the Group's accounts and results of operations.

6. SALES OF PRODUCTS

The sales of goods reflected in the consolidated statement of profit or loss and other comprehensive income are analysed as follows in terms of domestic and foreign markets, as well as per type of product:

	2020	2019
Domestic market	4,856,136	4,330,344
Foreign market	2,579,647	2,335,169
Discounts	(275,295)	(244,683)
Total	**7,160,488**	**6,420,830**

Further sales analysis is provided as follows:

	2020	2019
Domestic market		
Sales of own cement	4,608,653	4,198,558
Sales of clinker	227,135	100,962
Sales of imported cement	20,348	30,824
Discounts	(273,019)	(244,683)
Total	**4,583,117**	**4,085,661**

	2020	2019
Foreign market		
Sales of own cement	2,492,038	2,246,883
Sales of clinker	42,710	4,945
Sales of imported cement	44,899	83,341
Discounts	(2,276)	-
Total	**2,577,371**	**2,335,169**

The Group derives revenue from the transfer of goods at a point in time. For domestic sales, the control is transferred at the moment that goods are made available (ex-works) and when taken in charge by a carrier (CPT). For export sales, the control is transferred at the moment that goods are loaded in the vessel and ready for shipment.
Contracts with customers do not contain a significant financing component as the payment terms are on short-term market commercial terms. The adoption of IFRS 15 has not impacted the Group regarding revenue recognition for both sales of goods and services detailed in the following note.

7. OTHER REVENUES

Other revenue for the year end 31 December 2020 and 2019 are provided as follows:

	2020	2019
Revenues from freight	293,389	393,059
Revenues from materials sold	28,643	7,671
Revenues from Services	117,558	-
Total	**439,590**	**400,730**

7. OTHER REVENUES (CONTINUED)

Revenues from sold materials in the amount of ALL 28,643 thousand on 31 December 2020 includes sales of solid fuels in the amount of ALL 24,719, sales of Raw Materials and other Consumables in the amount of ALL 3,924 thousand.
During 2019, revenues from sold materials in the amount of ALL 7,671 thousand includes sales of Raw Materials and other Consumables.

8. COST OF SALES

The Cost of sales in the consolidated statement of profit and loss and other comprehensive income are analysed as follows:

	2020	2019
Variable costs:	**3,519,111**	**3,847,735**
Distribution expenses	703,173	771,472
Kiln fuel	1,053,222	1,225,884
Electricity	639,614	730,393
Raw materials and additives	507,010	490,030
Refractories	63,719	53,763
Fuel and oil	8,082	9,327
Royalty	50,513	48,274
Packing expenses	380,546	387,839
Cost of imported Cement	78,746	119,614
Cost of materials sold	27,300	6,463
Other variable costs	7,186	4,676
Fixed costs:	**1,573,543**	**1,431,313**
Plant salaries and related expenses	259,167	264,929
Repair and maintenance – spare parts	109,490	123,049
Services from third parties	215,658	185,718
Rent expenses	313	310
Plant utilities	18,255	13,166
Other fixed cost	43,604	45,032
Depreciation charges	804,978	803,241
Depreciation Right of use Assets	47,147	38,126
Inventory variation	74,931	(42,258)
Total	**5,092,654**	**5,279,048**

Distribution Expenses are further broken down as follows:

	2020	2019
Distribution expenses related to Domestic Sales	263,512	204,176
Distribution expenses related to Exports Sales	217,733	282,658
Distribution expenses related to Overseas transportation	221,928	284,638
Total	**703,173**	**771,472**

9. OTHER OPERATING INCOME

Other income in the consolidated statement of profit or loss and other comprehensive income are analysed as follows:

	2020	2019
Reimbursement of excise	49,361	50,819
Reversal of Impairment for Trade Receivables	-	23,224
Reversal of other provisions (Note 28)	-	258
Other	11,045	11,941
Total	**60,406**	**86,242**

Reversal of other provisions for 2019 in the amount of ALL 258 thousand are related to provision for un-used holidays.

10. OTHER OPERATING EXPENSES

An analysis of other operating expenses is presented in the table below:

	2020	2019
Losses from Sales and/or Disposal of fixed assets	3,785	13,275
Impairment for Trade Receivables	2,934	-
Other provisions	53,820	27,043
Losses of inventory	1,502	1,471
Other expenses	13,180	3,288
Total	**75,221**	**45,077**

2020: Included in Other provision, the amount of ALL 5,053 thousand relates to provision for other current assets **(note 22)**, the amount of ALL 45,123 thousand relates to provision for inventories **(note 20)** and the amount of ALL 3,644 thousand relates to additional personnel costs **(Note 28).**

2019: Other provision in the amount of ALL 23,224 thousand relates to provision for other non-current assets **(Note 19)**. The amount of ALL 2,128 thousand relates to provision for obsolete inventories **(Note 20)** and the amount of ALL 1.692 thousand relates to additional personnel costs **(Note 28)**.

11. SELLING AND MARKETING EXPENSES

These expenses relate to costs incurred during the main activities of the Group companies for selling and marketing of the primary products.

	2020	2019
Salaries and related expenses **(Note 13)**	57,707	47,218
Utilities	9,721	13,245
Depreciation Right of use Assets	3,728	3,297
Other expenses	6,495	12,317
Total	**77,651**	**76,077**

12. ADMINISTRATIVE EXPENSES

An analysis of general and administrative expenses is presented in the table below:

	2020	2019
Consultancy fees	231,590	158,854
Salaries and related expenses **(Note 13)**	91,894	91,324
Supplies	76,609	80,562
Depreciation charge	77,426	72,569
Other expenses	39,673	51,131
Insurance and taxes	35,708	34,676
Amortization	23,925	23,843
Depreciation Right of Use Assets	20,346	18,451
Utilities	5,297	6,462
Repairs and maintenance	7,400	5,620
Travel – entertainment	1,174	5,258
Total	**611,042**	**548,750**

13. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses represent costs for salaries and wages incurred during the year.

	2020	2019
Gross salaries	284,802	270,745
Social and health contributions	35,351	41,413
Other employee expenses	88,615	91,313
Total Employee Expenses	**408,768**	**403,471**
Allocated to:		
Cost of sales **(Note 8)**	259,167	264,929
Selling and marketing expenses **(Note 11)**	57,707	47,218
Administrative expenses **(Note 12)**	91,894	91,324

14. FINANCE INCOME AND FINANCE COSTS, NET

Finance income and costs is related to the profit and losses during the year from exchange rate differences (realized and unrealized), bank charges, commissions and fees, interest expenses and income and other financial costs related to the outstanding borrowings.

	2020	2019
Interest expense	(592,393)	(437,522)
Foreign exchange (losses) / gain, net	(136,284)	139,850
Other financial expenses	(6,573)	(9,357)
Interest expenses-Leases	(7,361)	(5,955)
Total finance cost, net	**(742,611)**	**(312,984)**

15. INCOME TAX

The income tax expense comprises of the following:

	2020	2019
Current Income tax	(223,156)	(125,679)
Deferred income tax	25,402	13,039
Income tax expense	**(197,754)**	**(112,640)**

A reconciliation of current income tax for the year ended 31 December 2020 and 31 December 2019 is provided as follows:

	2020	2019
Accounting profit / (loss) before income tax	**1,061,305**	**645,866**
Add back:		
Expenses not deductible for tax purposes	285,617	168,879
Tax Depreciations	169,402	82,058
Less:		
Non-Taxable Income	(9,564)	(23,959)
Utilization of Taxable Losses Carried Froward	(19,054)	(34,984)
Taxable profit	**1,487,706**	**837,860**
Current Income Tax at 15%	**223,156**	**125,679**

Up to 31 December 2020 Cementi Antea SRL, a subsidiary of the Group located in Italy, has incurred taxable losses in the amount of ALL 241,349 thousand. During 2020 an amount of ALL 19,054 thousand was utilized against the profits of the year in Italy. Remaining un-utilized taxable losses are ALL 226,120 thousand. Based on Italian Tax Legislation losses can be carried forward for an indefinite period.

On 31 December 2020 the Group has recognized deferred tax as follows:

	31 December 2020	31 December 2019
Deferred tax liability	(1,151,490)	(1,176,893)
Deferred tax liability	(1,151,490)	(1,176,893)
Net deferred tax	**(1,151,490)**	**(1,176,893)**

Differences between IFRS and statutory taxation regulations in Albania give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

15. INCOME TAX (CONTINUED)

	Statement of Financial Position		Statement of Profit or Loss	
	31 December 2020	31 December 2019	2020	2019
Deferred tax assets				
Right of use Assets	1,251	726	525	726
Other provisions	1,914	1,661	253	(39)
Impairment of receivables	64,574	65,360	(786)	(131)
	67,739	**67,747**	**(8)**	**556**
Deferred tax liabilities				
Accelerated tax depreciation/amortization	(1,219,229)	(1,244,640)	25,411	12,483
	(1,219,229)	**(1,244,640)**	**25,411**	**12,483**
Deferred tax (net)	**(1,151,490)**	**(1,176,893)**	**25,402**	**13,039**

16. PROPERTY, PLANT AND EQUIPMENT

	Land and improvements	Buildings	Plant and machinery	Vehicles	Furniture and Fittings	Electronic Equipment	Assets under construction	Total
Cost								
At 1 January 2020	**3,045,922**	**1,852,191**	**20,048,277**	**90,038**	**35,920**	**215,920**	**334,405**	**25,622,673**
Additions	-	-	-	-	379	3,664	150,500	**154,543**
Disposals	-	-	-	-	-	(144)	(3,785)	**(3,929)**
Transfers	6,356	55,604	122,649	-	-	341	(188,545)	**(3,595)**
At 31 December 2020	**3,052,278**	**1,907,795**	**20,170,926**	**90,038**	**36,299**	**219,781**	**292,575**	**25,769,692**
Depreciation:								
At 1 January 2020	**603,618**	**458,040**	**6,429,763**	**86,509**	**29,285**	**186,791**	**-**	**7,794,005**
Depreciation charge for the year	69,138	52,682	742,949	1,053	1,365	15,217	-	**882,404**
Disposal	-	-	-	-	-	(144)	-	**(144)**
Transfers	-	-	-	-	-	-	-	**-**
At 31 December 2020	**672,756**	**510,722**	**7,172,712**	**87,562**	**30,650**	**201,864**	**-**	**8,676,265**
Net book value at 1 January 2020	**2,442,304**	**1,394,151**	**13,618,514**	**3,529**	**6,635**	**29,129**	**334,405**	**17,828,668**
Net book value at 31 December 2020	**2,379,522**	**1,397,073**	**12,998,214**	**2,476**	**5,649**	**17,917**	**292,575**	**17,093,427**

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and improvements	Buildings	Plant and machinery	Vehicles	Furniture and Fittings	Electronic Equipment	Assets under construction	Total
Cost								
At 1 January 2019	**3,031,654**	**1,817,995**	**19,865,949**	**90,038**	**31,572**	**202,607**	**351,412**	**25,391,227**
Additions	-	185	16,737	-	-	11,561	216,930	245,413
Disposals	-	-	(3,179)	-	-	(70)	(10,718)	(13,967)
Transfers	14,268	34,011	168,770	-	4,348	1,822	(223,219)	-
At 31 December 2019	**3,045,922**	**1,852,191**	**20,048,277**	**90,038**	**35,920**	**215,920**	**334,405**	**25,622,673**
Depreciation:								
At 1 January 2019	**535,158**	**408,199**	**5,697,378**	**85,349**	**28,640**	**164,163**	**-**	**6,918,887**
Depreciation charge for the year	68,460	49,841	733,007	1,160	645	22,698	-	875,810
Disposal	-	-	(622)	-	-	(70)	-	(692)
Transfers	-	-	-	-	-	-	-	-
At 31 December 2019	**603,618**	**458,040**	**6,429,763**	**86,509**	**29,285**	**186,791**	**-**	**7,794,005**
Net book value at 1 January 2019	**2,496,496**	**1,409,796**	**14,168,571**	**4,689**	**2,932**	**38,444**	**351,412**	**18,472,340**
Net book value at 31 December 2019	**2,442,304**	**1,394,151**	**13,618,514**	**3,529**	**6,635**	**29,130**	**334,405**	**17,828,668**

Included under assets under construction are strategic spare parts amounting to ALL 260,297 thousand (31 December 2019; ALL 307,365 thousand).

During the year, the Group has disposed assets with net book value of ALL 3,785 thousand (2019: ALL 13,275 thousand).

No property, plant and equipment have been pledged as a collateral as at 31 December 2020 (2019: Nil).

No finance costs have been capitalised as at 31 December 2020 (2019: Nil).

17. INTANGIBLE ASSETS

Group's movements in intangible assets are shown as follows:

	Computer software	Licences	Total
Cost:			
At 1 January 2019	**142,446**	**8,294**	**150,740**
Additions	-	-	-
Transfers	-	-	-
At 31 December 2019	**142,446**	**8,294**	**150,740**
Additions	1,208	-	**1,208**
Transfers	3,595	-	**3,595**
At 31 December 2020	**147,249**	**8,294**	**155,543**
Amortization:			
At 1 January 2019	**49,573**	**91**	**49,664**
Amortization charge for the year	23,060	783	23,843
Translation Reserve	-	-	-
At 31 December 2019	**72,633**	**874**	**73,057**
Amortization charge for the year	23,143	782	**23,925**
Translation Reserve	-	-	**-**
At 31 December 2020	**95,776**	**1,656**	**97,432**
Net book value:			
At 31 December 2019	**69,813**	**7,420**	**77,233**
At 31 December 2020	**51,473**	**6,638**	**58,111**

No intangible assets have been pledged as a collateral as at 31 December 2020 and 2019.

18. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The balance sheet shows the following amounts relating to leases:

Right of Use Assets	Properties	Vehicles	Total
Carrying amount at 1 January 2020	**122,641**	**21,462**	**144,103**
Additions	194,789	28,870	**223,659**
Disposals	-	-	**-**
Depreciation charge	(59,234)	(11,987)	**(71,221)**
Translation difference	(200)	-	**(200)**
Carrying amount at 31 December 2020	**257,996**	**38,345**	**296,341**

18. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Right of Use Assets	**Properties**	**Vehicles**	**Total**
Carrying amount at 1 January 2019	**160,104**	**24,072**	**184,176**
Additions	12,488	7,098	19,586
Disposals	-	-	-
Depreciation charge	(50,166)	(9,708)	(59,874)
Translation difference	215	-	215
Carrying amount at 31 December 2019	**122,641**	**21,462**	**144,103**

Lease Liabilities	**31 December 2020**	**31 December 2019**
Current	64,570	46,452
Non-Current	236,565	98,168
Total	**301,135**	**144,620**

19. OTHER NON-CURRENT ASSETS

	31 December 2020	**31 December 2019**
Other Non-current Assets	32,761	32,761
Provisions	(23,224)	(23,224)
Balance as at 31 December	**9,537**	**9,537**

Movements in the provisions for other non-current assets are shown as follows:

	31 December 2020	**31 December 2019**
Balance at 1 January	**23,224**	-
Provision booked during the year ***(Note 3.5)***	-	23,224
Balance as at 31 December	**23,224**	**23,224**

Other Non-Current Assets are assets, obtained by the group through the bailiff execution and enforcement procedure for non-performing customers which were part of these procedures.
The group expects to dispose/sell of the assets in the foreseeable future. As at 31 December 2020 non-current assets recognized based on the bailiff enforcement procedure were ALL 32,761 thousand. In addition, the group has recognized a provision in the amount of ALL 23,224 thousand.

20. INVENTORIES

	31 December 2020	31 December 2019
Spare parts	798,535	798,845
Raw materials	327,289	303,760
Work in progress	114,968	156,819
Finished goods	88,968	120,086
Other materials	106,806	104,411
Packaging materials	52,771	64,356
Goods for resale	15,370	21,255
Goods in Transit	69,592	-
Provision for damaged goods	(48,430)	(2,128)
Balance as at 31 December	**1,525,869**	**1,567,404**

Movements in the provisions for inventory are shown as follows:

	31 December 2020	31 December 2019
Balance at 1 January	2,128	-
Provision booked during the year ***(Note 10)***	46,302	2,128
Balance as at 31 December	**48,430**	**2,128**

21. TRADE RECEIVABLES

As at 31 December 2019, trade receivables are composed of the following:

	31 December 2020	31 December 2019
Trade receivables	1,351,700	1,068,342
Allowance for ECL	(704,383)	(699,600)
Trade Receivables, Net	**647,317**	**368,742**

Trade receivables are non-interest bearing and are generally on 30-120-credit terms.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables provisioning matrix.

Movements in the allowance for doubtful receivables are illustrated below. The new model has not impacted the provision for impairment of the Group as the provisioning matrix was not substantially different:

	31 December 2020	31 December 2019
Balance at 1 January	**699,600**	**724,831**
Reversal of Impairment	-	(23,224)
Impairment Charge	2,934	
Translation difference	1,849	(2,007)
Balance at 31 December	**704,383**	**699,600**

21. TRADE RECEIVABLES (CONTINUED)

The credit loss allowance for trade receivables as well as an aging of the trade receivables is determined according to provision matrix presented in the table below.

	31 December 2020			31 December 2019		
In % of gross value	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**
- current	7.94%	315,477	(25,041)	5,79%	218,071	(12,635)
- less than 30 days overdue	2.99%	144,752	(4,327)	3.10%	76,704	(2,376)
- 31 to 60 days overdue	2.70%	50,458	(1,360)	2.21%	31,513	(695)
- 61 to 90 days overdue	3.54%	63,469	(2,244)	5.18%	8,591	(445)
- 91 to 180 days overdue	4.59%	35,117	(1,613)	7.30%	5,195	(379)
- 181 to 360 days overdue	19.66%	17,601	(3,460)	73.10%	5,093	(3,723)
- over 360 days overdue	91.93%	724,826	(666,338)	93,94%	723,175	(679,347)
Total trade receivables (gross carrying amount)		***1,351,700***			***1,068,342***	
Credit loss allowance			*(704,383)*			*(699,600)*
Total trade receivables from contracts with customers (carrying amount)			***647,317***			***368,742***

22. OTHER RECEIVABLES

Other receivables are composed of the following:

	31 December 2020	31 December 2019
Deferred expenses	37,804	20,279
Sundry debtors	26,817	19,264
Prepayments for supplies	11,549	11,567
VAT receivables	18,822	5,974
Other Tax Receivables	21,413	2,687
Provision for other current assets	(5,053)	-
Total other receivables	**111,352**	**59,771**

Deferred expenses represent consumables and/or prepaid expenses, which are deferred for a period and are expensed based on their respective consumption rate.

23. CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019
Cash on hand in domestic currency	64	50
Cash on hand in foreign currency	203	473
Cash at bank in domestic currency	111,996	165,075
Cash at bank in foreign currency	772,200	643,830
Total cash and cash equivalents	**884,463**	**809,428**

The company’s exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed at **note 31**.

24. SHARE CAPITAL

	31 December 2020			31 December 2019		
Authorized, issued and fully paid	***Number of shares***	***% Holding***	***Face Value in ALL' 000***	***Number of shares***	***% Holding***	***Face Value in ALL' 000***
ALVACIM ltd – ordinary shares of ALL 2,000 each	5,343,255	100%	10,686,510	5,343,255	100%	10,686,510
	5,343,255	**100%**	**10,686,510**	**5,343,255**	**100%**	**10,686,510**

On 19 December 2019 following the conclusion of the relevant agreement, Alvacim ltd acquired from IFC the 20% shareholding of IFC in the group thus becoming 100% shareholder of the group. The respective changes were registered with the Share Register Centre on 24 December 2019 and with the National Business Centre on 26 December 2019.

25. LONG-TERM INCENTIVE PLAN

On 13 May 2019, the Extraordinary General Meeting of Titan Cement International S.A. (TCI) approved a new long-term incentive plan. One year after, on 14 May 2020, the Annual General Meeting of TCI included it in the Remuneration Policy.

Participants of the plan are the executive members of the Board of Directors of TCI, the executives of TCI, as well as executives, in other companies of **TITAN Group**. The awards may also be granted selectively to a limited number of employees who stand out on a continuous basis for their outstanding performance and high potential for development.
Under the plan, participants are granted awards for nil consideration in the form of a conditional grant of TCI shadow shares in April (or later) of each year. The awards have no dividend or voting rights.
The number of the shadow shares granted to each participant is determined by the award amount and the value of the shadow share. The value of the shadow share is equal to the average TCI share closing price on Euronext Brussels during the last seven trading days of March of the grant year.
The vesting period of the awards is as follows:
a) 50% at the completion of a three-year period and
b) 50% at the completion of a four-year period
The awards vest at the designated dates, provided that the participants are still working in TCI or in any other employer company of the **TITAN Group** or are still serving as an executive Director in the Board of Directors of TCI.
Upon vesting, participants may select to receive their vested awards in TCI shares, or in contributions to a fund, or in cash. The parent of the **TITAN Group** (Titan Cement International S.A.) has the obligation to settle the awards. Thus, Antea Cement accounts for the plan as an equity-settled transaction by recognising in equity the fair value of the services it receives from the participants.

On 31 December 2020, the number of the awards granted to the employees of Antea Cement was 6,370. The fair value of the award was calculated based on the closing price of the TCI share on 14.5.2020, €10.82 in Euronext Brussels. The calculation of the un-forfeited awards resulted in the recognition of an expense of ALL 1,826 thousand with a corresponding increase in equity.

Movements in the number of awards are as follows:

Balance on 31 December 2019	**-**
Granted	6,370
Exercised	-
Not vested	-
Cancelled	-
Balance on 31 December 2020	**6,370**

25. LONG-TERM INCENTIVE PLAN (CONTINUED)

Awards outstanding at the end of the year have the following terms:

Exercise price nil	**2020 LTIP**
Expiration Date	
2023	3,185
2024	3,185
Total	**6,370**

26. BORROWINGS

a) Long-term borrowings

The Group has received long-term loans from its shareholders and financing institutions as follows:

	31 December 2020	**31 December 2019**
Alvacim ltd	-	11,182,303
Titan Global Finance plc	7,648,538	-
Raiffeisen Bank	1,523,424	283,500
Alpha Bank	337,569	567,829
Deferred disbursement fee	(24,125)	(2,171)
Total non-current borrowings	**9,485,406**	**12,031,461**

The carrying amounts of borrowings approximate their fair values since all borrowings are priced at market rates. Further information on the borrowings from related parties / shareholders are disclosed in note 30 (e).

Further information on the Company's long-term loans is as follows:

RAIFFEISEN BANK ALBANIA

On 9th of April 2019 the Group agreed a Term Loan facility with Raiffeisen Bank Albania (RBAL) amounting to ALL 441,000 thousand with maturity up to 2023. The new credit facility is secured by a Corporate Guarantee of Titan Cement Company Sa. This loan has been used to refinance the existing bank debt of the Group at the time of disbursement. As at 31 December 2020 the loan has been fully utilized.

On 11th of February 2020 the Group agreed a new Term Loan facility with Raiffeisen Bank Albania (RBAL) amounting to the ALL equivalent of 17 Million Euro, with maturity up to 2024. Out of the available facility the Group utilized the amount of ALL equivalent of 16 Million Euro or ALL1,968,900 thousand. The amount disbursed was utilized to refinance part of the shareholder debt of the Group. The new credit facility is secured by a Corporate Guarantee of Titan Cement Company SA and Titan Cement International SA.

As at 31 December 2020 outstanding principal amounts to ALL 1,993,982 thousand of which ALL 1,523,424 thousand Long Term and ALL 470,558 thousand short term. (31 December 2019: ALL 409,500 thousand of which ALL 283,500 thousand Long Term and ALL 126,000 thousand Short Term)

During the year, the Group has re-paid the amount of ALL 384,418 thousand for the outstanding facilities as per the agreed schedules. (2019: ALL 362.048 thousand)

On 28th January 2019 the Group agreed with Raiffeisen Bank Albania to extend the maturity of the existing revolving loan facility for another 2 years until February 2021. As at 31 December 2020 the facility is not utilized and the available un-utilized amount as ta 31 December 2020 is ALL 276,000 thousand (31 December 2019 the line was un-utilized and available to the Group.

26. BORROWINGS (CONTINUED)

a) Long-term borrowings (continued)

On 19th of April 2019 the Group agreed with Raiffeisen Bank Albania a new credit facility amounting to Euro 1,3 Million with maturity up to February 2021 to be utilized exclusively for the issuance of Bank Guarantee and/or Letter of Credits. The facility has been secured by a Corporate Guarantee of Titan Cement Company Sa. As at 31 December 2020 and 31 December 2019 the line was not utilized and fully available.

ALPHA BANK ALBANIA

On 7th of March 2019 the Group agreed with Alpha Bank to extend the amount of the term loan up to ALL 899,300 thousand. The new agreed maturity of the facility is up to 2023. The additional credit has been used to refinance the existing bank debt of the company at the time of disbursement. The loan was fully utilized.

As at 31 December 2020 outstanding principal amounts to ALL 567,829 thousand of which ALL 337,569 thousand Long Term and ALL 230,260 thousand short term. (31 December 2019: ALL 798,090 thousand of which ALL 567,829 thousand Long Term and ALL 230,261 thousand Short Term)

During the year, the Group has re-paid the amount of ALL 230,260 thousand to Alpha Bank for the outstanding term loan facilities. (2019: ALL 101,211 thousand)

On 7th of March 2019 the Group agreed with Alpha Bank to extend the maturity of the existing revolving loan facility for another 3 years from the signing date. As of 31 December 2020, the Revolving line with Alpha Bank in the amount of ALL 558,680 thousand is un-utilized and available to the Group (31 December 2019 the limit is un-utilized and available to the Group)

Both facilities are secured by a Corporate Guarantee from Titan Cement Company S.A.

The maturities of the long-term loans are as follows:

	31 December 2020	31 December 2019
After one year but not more than two years	1,208,802	11,480,998
After two year but not more than five years	8,276,604	550,463
More than five years	-	-
Total	**9,485,406**	**12,031,461**

b) Short – term borrowings

Short term borrowings and short-term portions of long-term borrowings are disclosed as follows.

	31 December 2020	31 December 2019
Titan Global Finance plc Principal **(Note 30e)**	494,800	**-**
Alvacim Accrued Interest **(Note 30e)**	-	30,168
Titan Global Finance plc Accrued Interest **(Note 30e)**	74,237	-
Raiffeisen Bank	470,558	126,000
Alpha Bank Term Loan	230,260	230,261
Accrued Interest on Borrowings	12,280	4,177
Deferred disbursement fee	(3,722)	(1,864)
Total	**1,278,413**	**388,742**

Further information on the borrowings from related parties / shareholders are disclosed in **note 30(e).**

27. TRADE PAYABLES

Trade payables are non-interest-bearing liabilities with domestic and foreign suppliers and are normally settled on a period ranging from 30 days to 90 days.

	31 December 2020	31 December 2019
Trade creditors third parties	856,072	600,998
Accruals for supplies	29,767	5,860
Total	**885,839**	**606,858**

28. OTHER PAYABLES

Other payables are composed of the following balances.

	31 December 2020	31 December 2019
Clients' advance payments	42,426	81,708
Provisions	21,425	17,780
Other taxes	35,206	13,467
Other payables	11,968	9,739
VAT payable	1,096	8,581
Social security	4,677	4,702
Payroll taxes	2,668	2,318
Due to employees	1,356	1,764
Total	**120,822**	**140,059**

Other provisions relate to provisions for un-used days of vacation, other additional personnel costs, as well as other operational items. The movements in the provisions are shown as follows:

	31 December 2020	31 December 2019
Balance at 1 January	**17,780**	**16,346**
Provision for Un-Used Days of Vacations ***(Note 10/9)***	1,685	(258)
Provision for Additional Personnel Costs ***(Note 10/9)***	1,960	1,692
Balance as at 31 December	**21,425**	**17,780**

29. EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN OPERATIONS

During 2010, the Group established a fully owned subsidiary Cementi Antea Srl, which is operating in Italy. Cementi Antea Srl has EURO as its functional currency, however, in order to be consolidated with Antea Group it must be converted into ALL, which is the Group's presentation and functional currency. An amount of ALL 2,648 thousand (31 December 2019: ALL ((2,101) thousand) has resulted from the translation and has been recognized under other comprehensive income.

30. RELATED PARTY TRANSACTIONS

The Group is controlled by ALVACIM Ltd which is in turn a fully owned subsidiary of **Titan Group**. The Group considers as related parties all the **TITAN Group** companies that are controlled by Titan Cement International S.A.

The following tables provide the total amount of transactions that have been entered with the related parties for the relevant financial year.

a) Sales of goods

	2020	2019
TCK MONTENEGRO (Sales of Cement)	688,321	829,049
CEMENT PLUS (Sales of Cement)	60,090	29,629
SHARRCEM (Other Sales)	8,399	10,479
SHARRCEM (Sales of Clinker)	40,866	4,945
TITAN CEMENT COMPANY SA (Other Sales)	132	2,394
CEMENTARICA USJE (Sales of Clinker)	2,077	-
CEMENTARA KOSJERIC (Sales of Clinker)	1,844	-
Total	**801,729**	**876,496**

The major transactions during the year are related with TCK Montenegro for sales of cement. Outstanding balances arising from the transactions mentioned above are presented below:

b) Receivables from related parties

	31 December 2020	31 December 2019
TCK MONTENEGRO	17,309	120,929
SHARRCEM	41,181	5,202
TITAN CEMENT COMPANY SA	132	-
CEMENT PLUS	11	5
Total	**58,633**	**126,136**

c) Purchases of goods and services.

	2020	2019
TITAN CEMENT COMPANY SA - SERVICES	428,494	408,052
TITAN CEMENT COMPANY SA - GOODS	12,945	19,533
CEMENTARNICA USJE AD	13,566	13,105
ZLATNA PANEGA CEMENT	1,931	3,709
FINTITAN	5,195	1,218
Total	**462,131**	**445,617**

30. RELATED PARTY TRANSACTIONS (CONTINUED)

d) Payables to related parties

Outstanding balances arising from the transactions mentioned above are presented below:

	31 December 2020	31 December 2019
TITAN CEMENT COMPANY SA	171,967	119,181
CEMENTARNICA USJE AD	7,453	13,054
ZLATNA PANEGA CEMENT	2,490	3,704
FINTITAN SRL	6,432	1,461
Total	**188,342**	**137,400**

e) Loans from related parties/shareholders

Long-Term Borrowings

	31 December 2020	31 December 2019
Alvacim Ltd	-	11,182,303
Titan Global Finance plc	7,648,538	-
Total	**7,648,538**	**11,182,303**

During 2008, the Group entered into several loan agreements with its shareholders for a total amount of Euro 84 million ("the Loan") to finance the construction of a green field cement factory in Boka Kuqe Borizane. There are no undrawn loan amounts at 31 December 2020 and 31 December 2019, respectively.

The parent company provided a loan amounting to Euro 50.4 million in accordance with the Loan Agreement dated 20 November 2008. The loan bears interest of Euribor + a Margin. Interest payment dates are 15 March and 15 September of each year. The loan is repayable in 12 equal annual instalments on 15 March in each year commencing on the date falling five (5) years after the first disbursement of the loan and after the agreed conditions for repayment have been fulfilled. The further relations between the Group and the lender are subject to the respective Facility Agreements. Following the acquisition of the EBRD’s Share in the Group, effective on 20th of January 2015, Alvacim ltd novated the shareholder loan provided by EBRD under the same terms and conditions. Following the acquisition of the IFC shares in the Group, effective on 17th of December 2019 based on the Novation Agreement agreed between the parties Alvacim ltd novated the loan of the Group with IFC in the amount of Euro 18,539 thousand under the same terms and conditions.

During 2020 the Group has repaid its shareholder (Alvacim ltd) loan principal in the amount of Euro 19,000 thousand or the equivalent of ALL 2,313,630 thousand, which partly was refinanced from the loan received from Raiffeisen bank and partly from the Group’s own cash.

On 10 April 2020, the Group signed and executed a Term Loan Agreement with Titan Global Finance plc (a Titan Cement Group Company) to refinance the remaining outstanding shareholder debt for Euro 72,831 thousand. The Term Loan has a maturity of 5 years. The refinancing of the above amount was executed between 14th and 15th of April 2020.

Further on 10 April 2020, the Group signed and executed a Revolving Credit Facility with Titan Global Finance plc (a Titan Group Company) in the amount of Euro 10 Million to be utilized for corporate General Purposes. The facility has a maturity up 30 January 2022. To date the facility has not been utilized and it is available to the Group.

During 2020 the Group has repaid TGF loan principal in the amount of Euro 7,000 thousand or the equivalent of ALL 867,680 thousand and the respective interests and related fees in the amount of Euro 1,767 thousand or the or the equivalent of ALL 219,363 thousand

30. RELATED PARTY TRANSACTIONS (CONTINUED)

e) Loans from related parties/shareholders (continued)

Short Term portion of Borrowings

	31 December 2020	31 December 2019
Alvacim accrued interest **(note 26/b)**	-	30,168
Titan Global Finance plc Principal **(note 26/b)**	494,800	-
Titan Global Finance plc Accrued interest **(note 26/b)**	74,237	-
Total	**569,037**	**30,168**

Interest Expense

	2020	2019
Alvacim interest expense	204,855	310,941
IFC interest expense	-	59,901
Titan Global Finance plc	287,936	-
	492,791	**370,842**

Except for short-term employee benefits to key management personnel amounting to ALL 45,563 thousand (2019: ALL 43,984 thousand), no other compensations to key management were given by the Group.

Nature of relationship with related parties

The Group has entered these transactions with the above related parties at mutually agreed terms and exclusively for business reasons.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2020, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (31 December 2019: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, and cash and short-term deposits. The main purpose of these financial instruments is to raise financing for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. Risk management is carried out under policies approved by the Management.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarised below.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

a) Interest risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate. At 31 December 2020 no interest rate swaps were agreed, which makes 100% of the Group's borrowings to be at a variable rate of interest.

	31 December 2020	31 December 2019
Fixed rate instruments		
Financial assets		-
Financial Liabilities		-
Variable rate instruments	11,064,954	12,564,823
Financial assets		
Financial Liabilities	**11,064,954**	**12,564,823**

Cash flow sensitivity analysis for variable rate instruments

The Group's Income and operating cash flows are substantially independent of changes on market interest rates. The effect that a change in interest rates on the Group's long-term debt might have on the Group's results is shown as follows:

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in interest rates applied at the end of the reporting period, with all other variables held constant:

	31 December 2020		31 December 2019	
In ALL'000	Increase/ Decrease in Basis/Point	Effect on Profit Before Tax	Increase/ Decrease in Basis/Point	Effect on Profit Before Tax
EURO	20	15,297	20	22,365
ALL	100	18,369	100	8,492
EURO	(20)	(15,297)	(20)	(22,365)
ALL	(100)	(18,369)	(100)	(8,482)

b) Foreign exchange risk

The Group enters into transactions denominated in foreign currencies related to the sales of its products and purchase of fixed assets and trade goods from related parties. The Group does not use any special financial instruments to hedge against these risks, since no such instruments are in common use in the Republic of Albania. Therefore, the Group is potentially exposed to market risk related to possible foreign currency fluctuations.

		31 December 2020	
In thousands of Albanian Lek	Monetary financial assets	Monetary financial liabilities	Net balance sheet position
Albanian Lek	211,079	(3,324,278)	(3,113,199)
Euro	1,450,452	(9,013,576)	(7,563,124)
USD	40,234	(4,765)	35,469
Total	**1,701,765**	**(12,342,619)**	**(10,640,854)**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

b) Foreign exchange risk (Continued)

		31 December 2019	
In thousands of Albanian Lek	**Monetary financial assets**	**Monetary financial liabilities**	**Net balance sheet position**
Albanian Lek	217,139	(1,636,127)	(1,418,988)
Euro	1,123,939	(11,852,152)	(10,728,213)
USD	22,999	(4,765)	18,234
Total	**1,364,077**	**(13,493,044)**	**(12,128,967)**

The following significant exchange rates applied during the year:

ALL	Reporting date spot rate		Average rate	
	2020	**2019**	**2020**	**2019**
EUR/ALL	123.70	121.77	123.74	123.02

The Group's main exposure is toward Euro as such a change of +/- 5% in exchange rate of Euro to ALL at the reporting date would have increased/(decreased) equity and profit by ALL 378,156 thousand for the group and AL 381,581 thousand for the company (2019: ALL 536,411 thousand for the Group and ALL 540,332 thousand for the company).

c) Liquidity risk

Prudent liquidity risk management implies maintaining enough cash and availability of funds through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2020 and 2019, based on contractual undiscounted payments.

Year ended 31 December 2020 (in 000 ALL)

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Long-term borrowings	-	-	-	10,608,676	-	**10,608,676**
Short-term borrowings	-	400,894	1,183,446	-	-	**1,584,340**
Trade and other payables and leases etc	-	1,088,800	244,318	189,003	47,562	**1,569,683**

Year ended 31 December 2019 (in 000 ALL)

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**	**Total**
Long-term borrowings	-	-	-	12,058,547	-	**12,058,547**
Short-term borrowings	-	70,867	457,293	-	-	**528,160**
Trade and other payables and leases etc	-	758,007	205,718	50,606	47,562	**1,061,893**

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

d) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any one customer. In addition, to reduce this risk the Group has required as collateral: bank guaranties and deposits. Recognisable risks are accounted for by adequate provisions on receivables.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and other financial assets (non-current), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	31 December 2020	31 December 2019
Trade and other receivables (refer to **notes 21, 22)**	758,669	428,513
Cash and cash equivalents (refer to **note 23)**	884,463	809,428
	1,643,132	**1,237,941**

32. FAIR VALUES

The fair values of current assets and current liabilities approximate their carrying value due to their short-term nature. The fair value of non-current interest-bearing loans and borrowings also approximate their carrying value due to variable interest rate on the loans.

Set out as a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the consolidated financial statements.

in ALL'000	**Carrying amount**		**Fair Value**	
Financial assets	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Cash and banks	884,463	809,428	884,463	809,428
Trade receivables	647,317	368,742	647,317	368,742
Related parties	58,633	126,136	58,633	126,136
Other receivables	111,352	59,771	111,352	59,771
Total	**1,701,765**	**1,364,077**	**1,701,765**	**1,364,077**

in ALL'000	**Carrying amount**		**Fair Value**	
Financial Liabilities	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Trade accounts payable	885,839	606,858	885,839	606,858
Related parties	188,342	137,400	188,342	137,400
Bank loan/short-term loans	1,278,413	388,742	1,278,413	388,742
Lease Liability	301,135	144,620	301,135	144,620
Other payables	120,822	140,059	120,822	140,059
Income tax payable	73,545	32,956	73,545	32,956
Long-term debts	9,485,406	12,031,461	9,485,406	12,031,461
Total	**12,333,502**	**13,482,096**	**12,333,502**	**13,482,096**

32. FAIR VALUES (CONTINUED)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2020, the carrying amounts of such receivables / borrowings, net of allowances, are not materially different from their calculated fair values.

Fair Value Hierarchy

As the fair value of the group financial assets and liabilities approximates it's carrying value and no valuation techniques are applied in order to determine the fair value of Group's financial instruments.

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and adjusts it, considering changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares, following shareholders' approval. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

The Group monitors its economic performance using earnings before interest, tax, depreciation, and amortization (EBITDA) for the year to be calculated as follows:

	31 December 2020	**31 December 2019**
Operating profit	1,803,916	958,850
Depreciation and amortization	977,550	959,527
EBITDA	**2,781,466**	**1,918,377**

The Group is not subject to any externally imposed capital requirements. The structure and management of debt capital is determined at TITAN Group level.

34. COMMITMENTS AND CONTINGENCIES

A. Taxation

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

B. Litigations

The Group is involved in different litigations in course of its business activities. The material litigation the Group is involved is as follows:

At 31 December 2020, the Group was involved in litigation proceedings as a defendant with a third-party raising claim in relation to the costs of an entry road utilized by the Group, constructed in 2010. The case was lodged in front of the District Court of Kruja which ruled to partially accept the claim. The total amount of liabilities to be paid by the Group amounted to ALL 68,000 thousand. The Group appealed the decision in front of the Tirana Appeal Court which during 2017 dismissed the Judgement of the Kruja District Court and ruled for a new trial in the Kruja District Court. Against this judgement the Group filed an appeal to Supreme Court. Based on its own estimates and both external legal advice, management is of the opinion that no material losses will be incurred in respect of this claim and accordingly no provision has been booked in these Consolidated Financial Statements.

35. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The Group has participation in the following subsidiaries, which are fully consolidated in these consolidated financial statements. The Group has no participation in associates and join-venture.

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries:				
Alba Cemento Shpk	Cement Handling Terminal	100%	100%	Albania
Cementi Antea SRL	Cement Handling Terminal	100%	100%	Italy

36. EVENTS AFTER THE REPORTING PERIOD

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