



ANTEA CEMENT SH.A.

SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
WITH INDEPENDENT AUDITORS' REPORT THEREON

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GENERAL INFORMATION

CORPORATE INFORMATION

ANTEA Cement SH.A. ("Antea Cement" or "the Company") is an investment with the highest standards applied in terms of construction and operation in Albania with 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 use and mining exploitation by the Albanian Government for 99 years in October 2007. 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 an annual production capacity of 1.4 million ton of cement and 3.300 ton of clinker per day. The plant is located at "Boka e Kuqe", Borizane, which is 50 km away from Tirana, capital city of Albania.

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

ALBA CEMENTO SH.P.K.

Alba Cemento SH.P.K. owns and operates a cement terminal operating in Tirana. The company prepares and submits its financial statements in according to respective legislation in Albania. All revenues generated by the company are generated from logistic services.

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 following information is provided in compliance with the provisions of and requirements of the law "On Accounting and Financial Statements" No 25/2018 Dated 10.05.2018.

BUSINESS DESCRIPTION

Antea Cement is a major cement producer 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-finished product which can either be further utilized by Antea Cement in the cement production process, or otherwise be sold to other companies for production of cement. The final product is cement of different types.

The company sells its products mainly in the domestic market as well as exports it internationally.

REPORT ON THE ECONOMIC AND OTHER ACTIVITIES OF THE COMPANY

ANTEA CEMENT

The Company delivered a solid result in 2022 despite the rising energy costs. The performance of the company was supported by resilient sales volumes across both domestic and export markets and the company capitalized its result on such demand.

At the same time, the Company 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.

GENERAL INFORMATION (CONTINUED)

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

Financial Performance Highlights	Antea Cement - Standing alone	
Amounts in 000' ALL	2022	2021
Revenues	11,957,697	8,975,445
Operating profit before interest and taxes	1,820,279	1,503,830
EBITDA	2,764,118	2,450,385
Profit before tax	1,715,960	1,208,491
Profit for the year	1,423,840	1,006,192

The Company's revenues for the year increased by 33% or **ALL 2,982,252 thousand** compared to the previous year, mainly due to high demand of the company's products and increase in prices in order to mitigate the steep electricity and fuel cost increase emboldened by the Company's capability of fully meeting market needs not only domestically but also internationally. A detailed breakdown of the company's revenue is available on the **Note 7** to the financial statements.

The Company's export activities decreased compared to prior years consisting of 24% of total sales against 33% in 2021 because of the larger increase in domestic sales. Main international markets in which the Company is exporting its products consist of Albania's neighboring countries and in other countries in the Mediterranean region.

Operating profit before interest and taxes increased by 21% or **ALL 316,449 thousand** against prior year attributed mainly to the significant increase in domestic sales. Similarly, the company's EBITDA increased by 13% or **ALL 313,733 thousand** vs prior year. The Company's EBITDA reconciliation to the statement of profit or loss and other comprehensive income is shown in **Note 36** to the financial statements.

Profit Before Tax for the year amounted to **ALL 1,715,960 thousand** which was higher than previous year by **ALL 507,469 thousand**, mainly affected by the decreased financing costs and favorable exchange rate gains (appreciation of Albanian Lek against Euro – Company's borrowings are mainly denominated in Euro).

The above operational results coupled with the movement in the company's working capital led to a **Net Cash Flow from Operating activities** in the amount of **ALL 1,239,293 thousand** which was lower by **ALL 717,485 thousand** compared to prior year. The company utilized the generated cash flows to invest in new capital expenditure in the amount of **ALL 570,611 thousand** as well as utilize its free cash flows in repaying borrowings of **ALL 1,142,354 thousand** during the year. The company closed the financial year with ample liquidity position.

In terms of technical performance, the operation of the production line during 2022 followed the demand pattern for the company's product while focusing on optimization of stocks and working capital throughout the year. The production line has been performing at very high reliability levels ensuring just-in-time and just-in-place 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 (H&S) the company has ensured that both legal requirements as well as all the guidelines provided from TITAN Group are followed by implementing best practices to further develop the overall H&S performance. To this end, training is an important and effective tool as they serve to 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 H&S training schedule to raise awareness and communicate H&S updated practices to employees. In 2022 our employees and sub-contractors received **4,451 hours** of training in Health and Safety topics/issues only. Despite the third year regarding the pandemic situation, H&S performance has been rigid in implementing Covid-19 rules and wakeful to manage and isolate possible cases affected with Covid-19 between employees and sub-contractors.

The Company has donated cement to various municipalities in Albania to help them in their civil projects on improvements to deteriorated infrastructure and rehabilitations of roads, restorations/constructions of local houses and schools. The Company continues to engage in promoting CSR standards and best practices in the country by organizing conferences and meetings with local authorities, institutions, universities, organizations and NGOs and leading the CSR approach by boosting SDGs in the country.

The environmental performance of the Company is monitored and reviewed throughout the year. The review addresses accordingly and timely all the material issues of our operations. Since the beginning of its operation, the Company has been exerting its activity in accordance with ISO 14001 environmental management system certified by an 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 and energy consumption, noise and other environmental aspects. To this respect, the Company is fully compliant with the applicable laws and legislations. The Company is constantly improving environmental performance, focusing its efforts on tackling climate change, using natural resources responsibly, improving energy efficiency and contributing to the circular economy.

GENERAL INFORMATION (CONTINUED)

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

People are central to everything the Company does. The priority of the Company is to maintain a strong employer-employee relationship based on mutual trust and consistency in our corporate values and principles. We provide a comprehensive, decent working environment that respects health and safety standards as well as human rights

TITAN Health and Wellbeing framework was developed covering four dimensions of Health and Wellbeing – physical, mental, social, and financial. To help enhance its people's mental and emotional health and wellbeing, TITAN extended the Employee Assistance Program (EAP), a consulting support service offered to all employees and their families, making available expert advice on personal, family, or work-related issues. Antea, as part of the TITAN Group, took part in the Mental Health campaign, which aimed to raise awareness and promote good mental health among employees. The campaign included relevant resources such as articles, videos, and self-assessment questionnaires, as well as promotion of TITAN Group's consulting support service. The company continues to provide Medical, Life Insurance & Work accident Plan for all its employees.

Antea Cement demonstrates its commitment towards promotions and enhancement of good accountability processes, 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 2022, the headcount of the Company at the end of the year reached 188 people (excluding internships and expats). During 2022 the Employee Benefit Expenses amounted to ALL 431,456 thousand as explained in the Note 13 to the financial Statements.

Our people's development is a responsibility that helps us retain highly qualified employees. We are committed to a higher level of individual growth. The Company is committed to providing its employees with the skills, competencies, and mindset required for success in a diverse and inclusive environment. Antea's Leadership Academy is a comprehensive, innovative leadership training curriculum. It enables Antea employees to learn and improve their leadership and management skills, as well as how these concepts impact their overall performance and success. During 2022, we continued to contribute to the development of our employees, by shifting from traditional methods to online training or hybrid ones respecting the COVID-19 protocol. The total training hours for 2022 were 7,620.

Business risks

The major financial liabilities of the Company 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 is secured. The Company possesses financial assets, such as trade and other receivables, cash and cash equivalents all originating from the core operations of the Company. The major risks, that occur from the financial instruments of the Company 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 34 of the Financial Statements.

Other disclosures

a) Research and Development activity of the Company

The Company did not perform any activity, related to research and development in 2022.

b) Disclosure for acquisition of own shares

The Company owns no treasury shares of the Company and had no such transactions in 2022.

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 34 to the Financial Statements.

GENERAL INFORMATION (CONTINUED)

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

e) Objectives of the Company for 2023

The company is set to achieve the following objectives for 2023:

- 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 governance system as follows:

- The Supervisory Council
- The Administrator/General Manager

The Supervisory Council as at 31 December 2022 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 Dikaos

The Supervisory Council members are appointed from the shareholder's General Assembly. The members of the Supervisory Council bring on board valuable experience of different areas comprising expertise on industrial, commercial, and financial areas.

The Supervisory Council appoints 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:

- ISO 45001 for Occupational Health and Safety
- ISO 14001:2015 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 risks through:

- Internal audits and systems consistent 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

GENERAL INFORMATION (CONTINUED)

REPORT ON INTERNAL CORPORATE GOVERNANCE (CONTINUED)

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's employees have been extensively trained in the most sensitive areas as Anti-bribery, Anti-corruption and Sanctions and it has widely incorporated relevant provisions to avoid illegal implications in its contractual relations with suppliers, customers, and partners. 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 the 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 as the Company extends its tools and policies through to its 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

ANTEA'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. The Company is committed to create value for its employees, the local community, its suppliers, and clients through strengthening the core values, applying ethical business practices, maintaining 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, the Company strives to lead by example as 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.

The Company's values are the following:

- Integrity | Ethical business practices; Transparency; Open communication; Good Governance
- 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, the Company follows the Titan Group objectives translated into four strategic priorities:

GENERAL INFORMATION (CONTINUED)

REPORT ON INTERNAL CORPORATE GOVERNANCE (CONTINUED)

- **Geographic diversification** | Expanding business through acquisitions and greenfield developments into attractive new markets, to diversify earnings base and mitigate the effect of the volatility inherent in our industry.
- **Vertical integration** | Extending our business into other product areas in the cement value chain, serving our customers better and accessing new profit opportunities.
- **Continuous competitive improvement** | Delivering new efficiencies throughout our business, to reduce costs and compete more effectively, by implementing digital solutions across our value chain.
- **Sustainability, with focus on the environment and society** | We reduce our environmental footprint, with focus on de-carbonization and biodiversity. We care for, develop our employees, and foster constructive collaborations with our neighboring communities and other stakeholders

ANTEA Material Issues with horizon 2025

According to the ANTEA Materiality Assessment outcomes, the Company will address ten material issues in alignment with the United Nation’s SDGs 2030, all supported by good governance, transparency, and business ethics.

Through this process, we aim at further building our trusted relationships and creating shared value. Clear targets are set in the 2020 materiality assessment, following the process designed by the Titan Group.

Employee engagement; Continuous Development and Wellbeing; Safe and Healthy working environment for employees and business partners; Customer Satisfaction; Good Governance, Transparency and Business Ethics, Environmental Management material issues remained at the top of the list of the identified material issues.

ANTEA Material Issues with horizon 2025	
1	Safe and healthy working environment for our employees and business partners
2	Employee engagement, continuous development and well being
3	Customer satisfaction
4	Good governance, transparency, and business ethics
5	Supporting our local communities well being
6	Environmental Management
7	Responsible, reliable, and sustainable supply chain
8	Stakeholder relations and engagement
9	Climate Change and Energy
10	Business model innovation

d) Internal controls and risk management systems regarding financial reporting

The key elements of the system of internal controls utilized to avoid errors in the preparation of the financial statements and to provide reliable financial information are the following:

- The assurance mechanism regarding the integrity of the Company’s 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 monthly 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 financial statements of the aforementioned.

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

GENERAL INFORMATION (CONTINUED)**PAYMENTS MADE TO GOVERNMENTAL INSTITUTIONS**

The following 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 payments made to the authorities for the indicated type of taxes or categories.

Amounts are in 000'ALL

Payment type	2022	2021
• Production Rights	-	-
• Payment of Taxes as per the Applicable Tax Legislation		
- Corporate Income Tax (CIT)	279,744	273,534
- Value Added Tax (VAT)	-	145,083
- Social and health insurance	63,096	59,269
- Personal income tax	34,331	34,932
- Carbon and excise tax	332,271	366,486
- Local taxes and tariffs paid to local authorities	34,294	33,756
• Royalties	52,363	59,359
• Dividends	-	-
• Payments for Subscriptions, Research and Production	-	-
• Tax and Tariffs and other payments linked with Licenses and Concessions	-	-
• Payments for Infrastructure Improvements.	-	-
	-	-
TOTAL	796,099	972,419

The above amounts represent the actual cash payments made by the company during the calendar year ending 31 December 2022.



Independent Auditor's Report

To the Shareholder of Antea Cement SH.A.:

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Antea Cement SH.A. (the "Company") as at 31 December 2022, and the Company's separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's separate financial statements comprise:

- the separate statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
 - the separate statement of financial position as at 31 December 2022;
 - the separate statement of changes in equity for the year then ended;
 - the separate statement of cash flows for the year then ended; and
 - the notes to the separate financial statements, which include a summary of 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 separate 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 Company 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 obtained prior to the date of this auditor's report comprises General Information which includes The Report on the Economic and Other Activity of the Company, Report on Internal Corporate Governance and Payments made to Governmental Institutions, (but does not include the separate financial statements and our auditor's report thereon).

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

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In connection with our audit of the separate 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 separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Statutory Auditor
Jonid Lamllari

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned to the right of the printed name 'Jonid Lamllari'.

PricewaterhouseCoopers Assurance Services SH.P.K.

24 February 2023
Tirana, Albania

ANTEA CEMENT SH.A.**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***(Amounts in ALL thousand unless otherwise stated)*

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	7	11,957,697	8,975,445
Cost of sales	8	(9,494,415)	(6,860,731)
Gross Profit		2,463,282	2,114,714
Other operating income	9	99,051	56,365
Other operating expenses	10	(36,780)	(15,385)
Selling, distribution and marketing expenses	11	(73,774)	(69,032)
Administrative expenses	12	(631,500)	(582,832)
Operating profit		1,820,279	1,503,830
Income from dividends	15	7,146	12,478
Finance costs	14	(111,465)	(307,817)
Profit before tax		1,715,960	1,208,491
Income tax expense	16	(292,120)	(202,299)
Profit for the year		1,423,840	1,006,192
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		1,423,840	1,006,192

ANTEA CEMENT SH.A.**SEPARATE STATEMENT OF FINANCIAL POSITION***(Amounts in ALL thousand unless otherwise stated)*

	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant, and equipment	17	15,854,708	16,195,551
Intangible assets	18	24,191	33,725
Right-of-use assets	19	96,492	120,356
Investment in subsidiaries	20	829,931	829,931
Other non-current assets	21	9,537	9,537
Total non-current assets		16,814,859	17,189,100
Current assets			
Inventories	22	2,764,065	2,124,747
Trade receivables	23	215,854	172,211
Other receivables	24	284,423	235,471
Receivables from related parties	33B	295,201	226,218
Cash and cash equivalents	25	476,100	996,423
Total current assets		4,035,643	3,755,070
TOTAL ASSETS		20,850,502	20,944,170
EQUITY AND LIABILITIES			
Equity			
Share capital	26	10,686,510	10,686,510
Share-based options	27	11,371	6,215
Accumulated deficit		(697,587)	(2,121,427)
TOTAL EQUITY		10,000,294	8,571,298
Non-current liabilities			
Borrowings	28A	5,781,676	7,129,644
Lease liabilities – non current portion	19	75,924	101,225
Deferred tax liabilities	16	1,075,120	1,117,892
Total non-current liabilities		6,932,720	8,348,761
Current liabilities			
Trade payables	30	1,229,421	1,557,357
Derivative financial instruments	31	17,447	-
Other current payables	32	130,926	148,099
Income tax payable		71,075	15,926
Borrowings	28B	1,829,295	1,918,497
Lease liabilities – current portion	19	16,765	20,698
Payables to related parties	33D	622,559	363,534
Total current liabilities		3,917,488	4,024,111
TOTAL LIABILITIES		10,850,208	12,372,872
TOTAL EQUITY AND LIABILITIES		20,850,502	20,944,170

These financial statements have been approved by the management of the company on 10 February 2023 and signed on its behalf by:

Mario Bracci

General Manager



Kostika Mihallari

Finance Manager

ANTEA CEMENT SH.A.**SEPARATE STATEMENT OF CHANGES IN EQUITY***(Amounts in ALL thousand unless otherwise stated)*

	Share capital	Share Based Options	Accumulated deficit	Total
As of 1 January, 2021	10,686,510	1,826	(3,127,619)	7,560,717
Net profit for the year	-	-	1,006,192	1,006,192
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,006,192	1,006,192
Share Based Options (note 27)	-	4,389	-	4,389
As of 31 December, 2021	10,686,510	6,215	(2,121,427)	8,571,298
Net profit for the year	-	-	1,423,840	1,423,840
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,423,840	1,423,840
Share Based Options (note 27)	-	5,156	-	5,156
As of 31 December, 2022	10,686,510	11,371	(697,587)	10,000,294

ANTEA CEMENT SH.A.**SEPARATE STATEMENT OF CASH FLOWS***(Amounts in ALL thousand unless otherwise stated)*

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Profit before tax		1,715,960	1,208,491
Cash flows from operating activities			
Adjustments for:			
Depreciation	17/19	923,274	922,169
Amortization	18	20,565	24,386
Derivative financial instruments	31	17,447	-
(Gain) on disposal of property, plant and equipment and intangible assets	9/10	(903)	(327)
Income from dividends		(7,146)	(12,478)
Interest income	14	(13)	(11)
Interest expense	14	366,596	414,697
Share-based payments	27	5,156	4,390
Foreign exchange translation differences	14	(268,735)	(119,779)
Operating cash flows before working capital changes		2,772,201	2,441,538
Increase in inventories		(639,318)	(633,106)
Increase in trade and other receivables		(266,397)	(6,985)
(Decrease)/Increase in trade and other payables		(16,264)	806,190
Changes in working capital		(921,979)	166,099
Interest paid		(323,922)	(436,360)
Income tax paid		(279,744)	(273,534)
Interest received		13	11
Net Cash flows from operating activities		1,246,569	1,897,754
Cash flows from investing activities			
Proceeds from Sales of property, plant, and equipment	9	14,791	5,788
Acquisition of property, plant, and equipment	17	(570,611)	(170,684)
Income from dividends		7,146	12,478
Net cash flows used in investing activities		(548,674)	(152,418)
Cash flows from financing activities			
Proceeds of borrowings		317,756	1,097,564
Repayment of borrowings		(1,460,110)	(2,602,844)
Principal elements of lease payments		(36,608)	(37,704)
Net cash flows (used in)/from financing activities		(1,178,962)	(1,542,984)
Net increase in cash and cash equivalents		(481,068)	202,352
Cash and cash equivalents on 1 January	25	996,423	814,873
Effect of exchange rate changes on cash and cash equivalents		(39,255)	(20,802)
Cash and cash equivalents on 31 December	25	476,100	996,423

ANTEA CEMENT SH.A.
NOTES TO THE SEPARATE FINANCIAL STATEMENTS – 31 DECEMBER 2022

(Amounts in ALL thousands unless otherwise stated)

1. CORPORATE INFORMATION

Antea Cement Sh. A hereinafter referred as the ("the Company") is incorporated in the Republic of Albania with the registered address at Rruga e Durrësit, Pallati prapa RING Center, Kati 1, 1001, PO Box 1746, Tiranë, Albania. The Company's main activity is production and trade of cement, bulk and packed in bags.

The Company is controlled by ALVACIM Ltd, registered in Cyprus, which has 100% shareholding in the Company. (31 December 2020; Alvacim Ltd had 100% shareholding). The Company's ultimate parent is Titan Cement International S.A.

These separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2022 and 2021. The Company maintains its accounting records and publishes its statutory financial statements in accordance with the Accounting Law no. 25/2018 dated May 05, 2018 "On Accounting and Financial Statements".

The number of employees as of 31 December 2022 is 188; (31 December 2021: 189).

Presentation currency. These separate financial statements are presented in Albanian Lek ("ALL"), unless otherwise stated. Except as indicated, financial information presented in ALL has been rounded to the nearest thousand.

2. OPERATING ENVIRONMENT

During 2022 considering the continuing global pandemic, Antea Cement resumed to take 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 2022 the impact of Covid-19 to the Antea's performance resulted to be minor. Antea's operational performance in 2022 surpassed that of 2021. In 2022, there is still some uncertainty around the evolution of the pandemic and consequently the impact it may have to Antea Cement. Antea Cement 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 continues to make its best efforts in keeping its people healthy, ensuring the workplace is safe and preserving ample liquidity to support its operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the separate financial statements are in accordance with International Financial Reporting Standards ("IFRS").

A. Basis of preparation

The separate financial statements "financial statements" have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The principal accounting policies applied in the preparation of these financial statements are set out below. The financial statements have been prepared under the historical cost convention. The presentation currency is Albania lek ("ALL") being also the functional currency and all amounts are rounded to the nearest thousand ('000 ALL) except when otherwise stated.

The preparation of 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The Company has two fully owned (100%) subsidiaries, Albacemento SH.P.K. established and operating in Albania and Cementi Antea SRL established and operating in Italy.

The Company produces and publishes consolidated financial statements in accordance with IFRS in which the Company includes its subsidiaries. The consolidated financial statements can be obtained from www.anteacement.com. In the consolidated financial statements, subsidiary undertakings – which are those companies in which the group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations – have been fully consolidated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**B. Investments in subsidiaries.**

Investments in subsidiaries, associates and joint ventures are measured at cost less any impairment loss. The transaction costs are capitalized as part of the cost of the investment. The transaction costs are the costs directly attributable to the acquisition of the investment such as a professional fee for legal services, transfer taxes and other acquisition related costs.

Initial cost of the investments comprises also the contingent consideration. The subsequent remeasurement of the contingent consideration classified as financial liability is adjusted against the costs of the investment.

The investments are tested for impairment whenever there are indicators that the carrying amount of an investment may not be recoverable. If the recoverable amount of an investment (the higher of its fair value less cost to sell and its value in use) is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

The carrying amount of an investment is derecognized on disposal. The difference between the fair value of the sale proceeds and the disposed share of the carrying amount of the investment is recognized in profit or loss as gain or loss on disposal. The same applies if the disposal results in a step down from subsidiary to joint venture or an associate measured at cost.

C. Foreign currency translation.

The functional currency of the Company is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the national currency of the Republic of Albania, Albanian Lek (ALL).

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 recognized 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.

D. Property, plant, and equipment.

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.

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 Company 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.

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 of Euro 50 thousand.

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property, plant, and equipment (Continued)

Depreciation. Land is not depreciated. 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 Improvements	up to 40 years
Buildings	up to 40 years
Plant and machinery	up to 40 years
Vehicles	up to 15 years
Furniture and Fittings, and Electronic Equipment	up to 10 years

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal if the asset were 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 comprehensive income when the asset is derecognized.

E. Right-of-use assets.

The Company leases various Lands, offices, equipment, and vehicles. Contracts may contain both lease and non-lease components. If that's the case, the Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- 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
- costs to restore the asset to the conditions required by lease agreements.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying assets' useful lives. Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	<u>Useful lives in years</u>
Land*	up to 40
Buildings	up to 40
Machinery	up to 20
Motor vehicles	up to 10

* Right-of-use of land is to be depreciated as although land has an unlimited useful life, useful life of right-of-use of land is limited by contract terms.

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.

F. Intangible assets other than goodwill.

The Company's intangible assets have definite useful lives and primarily include capitalized computer software, licenses, and works in progress.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring them to use.

	<u>Useful lives in years</u>
Computer software	Up to 10 years
Licenses	Up to 10 years

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**F. Intangible assets other than goodwill (Continued)**

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 purpose 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.

G. Impairment on non-financial assets.

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's 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 Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company'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 Company 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.

H. Financial instruments

Key measurement terms. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one is measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**H. Financial instruments (Continued)**

asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period. Refer to Note 35.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses ("ECL"). Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any, are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e., it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

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 Company does not have any FVTPL or FVOCI financial assets at the reporting date.

Financial assets - Classification and subsequent measurement – measurement categories. The Company 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 Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

Financial assets - Classification and subsequent measurement – business model. The business model reflects how the Company manages the assets in order to generate cash flows – whether the Company'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 Company's business model is "Hold to collect".

Financial assets – 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 Company 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 Company 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**H. 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 Company's financial assets include cash and short-term deposits, trade and other receivables, and short-term loans, which meet the SPPI criteria.

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 Company did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets - Impairment of financial assets – credit loss allowance for ECL. The Company assesses the ECL for debt instruments measured at AC. The Company 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.

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

Financial assets – Derecognition. The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial liabilities - 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 Company's financial liabilities include trade and other payables, loans, and borrowings.

Financial liabilities – 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 Company 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**H. Financial instruments (Continued)**

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.

I. Cash and cash equivalents.

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 statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

J. Trade and other receivables.

Trade and other 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.

K. Trade and other 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.

L. 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.

Capitalisation of borrowing costs. General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that are not carried at fair value and that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets if the commencement date for capitalisation is on or after 1 January 2009.

The commencement date for capitalisation is when (a) the Company incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale. The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Company's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**M. Lease liabilities.**

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Extension and termination options are included in several leases across the Company. These terms are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension and termination options held are exercisable only by the Company and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral, and conditions.

To determine the incremental borrowing rate, the Company:

- uses incremental borrowing rate as received from the group.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items with value of ALL 500 thousand or less.

To optimize lease costs during the contract period, the Company sometimes provides residual value guarantees in relation to equipment leases. The Company initially estimates and recognizes amounts expected to be payable under residual value guarantees as part of the lease liability.

Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Company does not expect to pay anything under the guarantees. At the end of each reporting period, the expected residual values are reviewed, and adjusted if appropriate, to reflect actual residual values achieved on comparable assets and expectations about future prices.

Operating lease. Where the Company is a lessor in a lease which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e., operating lease), lease payments from operating leases are recognised as other income on a straight-line basis. Modification of a lease is accounted for by the lessor as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

N. Taxes

Income taxes have been provided for in the financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge of 15% (2021: 15%) comprises current tax and deferred tax and is recognized in profit or loss for the year, except 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.

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 financial statements are authorized prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**N. Taxes (Continued)**

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 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 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 Company controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Company 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 Company'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 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 gross amount of the debtor, including VAT. Based on the tax legislation, following fulfillment of certain criteria VAT can be recovered/offset, as a result such amounts have been considered for the impairment loss calculation.

O. Inventories.

Inventories are stated at the lower of cost and net realizable value. The cost of finished goods and work in progress comprises raw material, direct labor, 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 an average cost basis
- Finished goods and work in progress:
- Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

P. 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 Company are the basis for profit distribution and other appropriations.

Q. Share-based compensation benefits.

Share-based compensation benefits are provided to members of senior management via TITAN Company share schemes that cover several subsidiaries. The participants of the plan (i.e., the counterparty) were informed for the program on 14.5.2020 (i.e., the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement), being the grant date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Share-based compensation benefits (Continued)

Currently, TITAN Group has the following schemes: 1) the share options plans (2014 and 2017) and 2) the long-term incentive plan introduced in 2021 and 2022, which concerns share awards and link to the disclosure note 27. The Company was not subject to the first scheme.

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 2021 & 2022 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. financial statements as 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.

R. Dividends.

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved.

S. Provisions for liabilities and charges.

Provisions are recognized when the Company has a present obligation (legal or constructive) because 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.

T. Revenue Recognition.

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, discounts and after eliminating sales within the Company. Transaction price is the amount of consideration to which the Company 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.

Sales 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 Company 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**T. Revenue Recognition (Continued)**

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 Company 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 Company 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 Company 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 Company has a right to invoice. Customers are invoiced for transportation costs as a separate performance obligation.

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 in the statement of comprehensive income.

U. 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 Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond the statutory defined contribution scheme.

V. Comparatives

Comparative figures have been reclassified where appropriate, to conform to changes in presentation in the current period. Such reclassifications, however, have not resulted in significant changes of the content and format of the financial information as presented in the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Company makes estimates and assumptions that affect the amounts recognized in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognized in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

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 methodology, models, and data inputs. The Company 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 12.7% is used for discounting.

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.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES
(CONTINUED)****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 **Notes 2 (g), (h), 17 and 18.**

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 Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the country 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 Company's domicile. As the Company assesses the probability for a litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

IV. Environmental restoration costs - Provisions for Forestation

The Company performs restoration work of the utilized areas on an ongoing basis based on the annual exploitation plans agreed with relevant authorities. The costs are expensed as incurred as they consist of re-forestation on a real time basis on quarries and processing sites. There is no re-forestation which is deferred for periods longer than a year. The liability arises as the Company utilizes the planned levels of the quarries area.

In particular, 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 financial statements are described in the following notes:

- Note 16 – Income tax expense.
- Note 23 – Accounts receivable.
- Note 32 – Provisions.
- Note 37 – Commitments and contingencies.

5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the separate financial statements are consistent with those followed in the preparation of the Company's separate financial statements for the year ended 31 December 2021, except for the adoption of new standards and interpretations effective as of 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).

- The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

5. ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS (CONTINUED)

- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.
- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021). In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022. The Group is currently assessing the impact of the amendments on its financial statements.

6. NEW ACCOUNTING PRONOUNCEMENT

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Company has not early adopted.

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

- *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 2023).*
- *Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).*
- *Deferred tax related to assets and liabilities arising from a single transaction.*
- *Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).*
- *Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).*

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022***(Amounts in ALL thousand unless otherwise stated)***7. REVENUES**

The revenues reflected in the statement of comprehensive income are analyzed as follows in terms of domestic and foreign markets as well as per type of product.

	2022	2021
Sales of own cement	10,955,871	7,876,365
Sales of clinker	419,527	352,688
Sales of imported cement	65,890	83,853
Revenue from freight	441,357	497,498
Revenue from other materials	24,252	95,564
Revenue from services	50,800	69,477
Total	11,957,697	8,975,445

The sales of products are analyzed as follows in terms of domestic and foreign market, as well as per type of product.

	2022	2021
<i>Sales</i>		
Domestic market	9,070,851	6,047,728
Foreign market (exports)	2,886,846	2,927,717
Total	11,957,697	8,975,445
<i>Domestic market</i>		
Sales of own cement	8,845,621	5,911,517
Sales of clinker	417,485	319,159
Sales of imported cement	35,262	46,104
Revenue from freight	196,601	107,159
Revenue from other materials	24,252	71,709
Revenue from services	50,800	68,732
Discounts	(499,170)	(476,652)
Total	9,070,851	6,047,728
<i>Foreign market</i>		
Sales of own cement	2,617,348	2,443,331
Sales of clinker	2,042	33,529
Sales of imported cement	30,628	37,749
Revenue from Freight	244,757	390,339
Revenue from other materials	-	24,602
Discounts	(7,929)	(1,833)
Total	2,886,846	2,927,717

The company 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 market commercial terms. The adoption of IFRS 15 has not impacted on the Company regarding revenue recognition for both sales and other revenues illustrated in the following note.

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022***(Amounts in ALL thousand unless otherwise stated)***8. COST OF SALES**

The Cost of sales in the statement of comprehensive income are analyzed as follows:

	2022	2021
Variable Costs	7,985,178	5,351,113
Freight and logistic costs	612,028	807,243
Kiln fuel	2,343,479	1,608,204
Electricity	3,453,805	1,588,459
Raw materials & additives	913,005	711,588
Refractory	113,950	62,838
Fuel and oil	13,120	15,814
Mineral rent	52,756	58,735
Packing expenses	356,813	348,821
Cost of imported cement	77,404	74,214
Cost of materials sold	27,097	70,550
Electricity – Change in FV of derivatives	17,447	-
Other Items of variable cost	4,274	4,647
Fixed Costs	1,509,237	1,509,618
Salaries and related expenses (Note 13)	287,483	274,846
Repair and maintenance – spare parts	152,278	111,399
Services from third parties	308,253	231,273
Rent expenses	300	308
Plant utilities	16,756	18,913
Other fixed cost	51,965	40,938
Depreciation charges	816,206	812,621
Depreciation of right of use assets	13,964	14,746
Inventory variation	(137,968)	4,574
Total	9,494,415	6,860,731

Freight and logistic costs are further detailed as follows for year ended 31 December 2022 and 2021:

	2022	2021
Freight costs related to domestic sales	233,563	205,775
Freight and logistic costs related to exports sales	147,803	243,549
Freight related to overseas transportation	230,662	357,919
Total	612,028	807,243

9. OTHER OPERATING INCOME

Other income in the statement of comprehensive income is analyzed as follows:

	2022	2021
Reimbursement of excise duties	56,078	39,823
Income from sales of fixed assets	14,791	5,788
Surplus of Inventory	-	92
Other Operating Income	28,182	10,662
Total	99,051	56,365

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

10. OTHER OPERATING EXPENSES

Other expenses in the statement of comprehensive income are analyzed as follows:

	2022	2021
Net book value of disposed assets/sold assets	13,888	5,461
Other provisions	2,696	4,793
Losses of inventory	15,308	-
Other expenses	4,888	5,131
Total	36,780	15,385

2022: Included in Other provision, the amount of ALL 2,696 thousand relates to additional personnel costs (Note 32).

Included in Net book value of disposed assets/sold assets, the amount of ALL 13,888 thousand relates to net book value of fixed assets sold.

Included in Losses of inventory, the amount of ALL 10,967 thousand relates to disposal of trading goods and the amount of ALL 4,341 thousand relates to disposal of raw materials, disposed during the year due to the damage of these inventory items.

2021: Included in Other provision, the amount of ALL 788 thousand relates to provision for inventories (note 22) and the amount of ALL 4,005 thousand relates to additional personnel costs (Note 32).

Included in Net book value of disposed assets/sold assets, the amount of ALL 5,461 thousand relates to net book value of fixed assets sold.

11. SELLING AND MARKETING EXPENSES

The selling and marketing expenses in the statement of comprehensive income are analyzed as follows:

	2022	2021
Salaries and related expenses (Note 13)	48,051	49,128
Utilities	13,158	11,850
Depreciation of right of use assets	4,339	4,124
Other expenses	8,226	3,930
Total	73,774	69,032

12. ADMINISTRATIVE EXPENSES

The administrative expenses in the statement of comprehensive income are analyzed as follows:

	2022	2021
Consultancy fees	236,463	196,280
Salaries and related expenses (Note 13)	97,594	96,883
Supplies	76,478	77,225
Depreciation	70,329	71,408
Depreciation of right of use assets	18,436	19,270
Insurance and taxes	36,314	36,135
Repairs and maintenance	12,303	15,888
Utilities	6,132	4,378
Travel-entertainment	4,414	1,388
Audit Fees	4,206	2,638
Amortization	20,565	24,386
Other Expenses	48,266	36,953
Total	631,500	582,832

Other expenses include donations and other professional expenses.

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022***(Amounts in ALL thousand unless otherwise stated)***13. EMPLOYEE BENEFITS EXPENSE**

The employee benefits included under cost of sales, selling and marketing expenses and administrative expenses are summarized further as follows:

	2022	2021
Gross salaries	334,182	330,213
Other related expenses	98,946	90,644
Total	433,128	420,857
<i>Allocated to:</i>		
Cost of sales (note 8)	287,483	274,846
Selling and marketing expenses (note 11)	48,051	49,128
Administrative expenses (note 12)	97,594	96,883
Total	433,128	420,857

14. FINANCE COSTS

Net finance costs for years ended 31 December 2022 and 2021 are detailed as follows:

	2022	2021
Interest income	13	11
Foreign exchange gain	621,905	311,630
Finance income	621,918	311,641
Interest expenses	(366,596)	(414,697)
Interest expenses – leases	(3,980)	(4,532)
Bank charges	(9,638)	(8,378)
Foreign exchange losses	(353,169)	(191,851)
Finance cost	(733,383)	(619,458)
Total finance cost, net	(111,465)	(307,817)

15. INCOME FROM DIVIDENDS

On 08th July 2022 the company received the annual income from dividends from its subsidiary ALBA CEMENTO SH.P.K. in the amount of ALL 7,146 thousand. (Year ended 31 December 2021 ALL 12,478 thousand).

16. INCOME TAX**a) Components of income tax expense / (benefit)**

Income tax expense recorded in profit or loss comprises the following:

	2022	2021
Current income tax charge	(334,892)	(238,472)
Deferred income tax	42,772	36,173
Income tax expense for the year	(292,120)	(202,299)

b) Reconciliation between the income tax expense and profit or loss multiplied by applicable tax rate

The Company determines taxation at the end of the year in accordance with the respective tax legislation currently enacted which determines an income tax rate of 15% (2021: 15%).

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

16. INCOME TAX (CONTINUED)

The following is a reconciliation of income taxes calculated at the applicable tax rate to the actual taxation credited in profit or loss.

	2022	2021
Profit before tax	1,715,960	1,208,491
Theoretical tax charge at statutory rate of 15%:	257,394	181,274
Tax effect of items which are not deductible or assessable for taxation purposes:		
Income which is exempt from taxation	(1,072)	(1,872)
Non-deductible expenses	33,060	21,639
Unrecognized other potential deferred tax assets	2,738	1,258
Income tax expense/(credit) for the year	292,120	202,299

Current income Tax for the year 31 December 2022 and 31 December 2021 is calculated as follows:

	2022	2021
Profit before income tax	1,715,960	1,208,491
Add Back:		
Expenses not deductible for tax purposes	220,402	144,263
Tax Depreciation	303,394	249,537
Less:		
Dividend Income	(7,146)	(12,478)
Non-Taxable Income	-	-
Taxable Profit	2,232,610	1,589,812
Taxable Profits	2,232,610	1,589,812
Current income tax charge at 15%	334,891	238,472

c) Deferred taxes analyzed by type of temporary difference

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.

Below are analyzed deferred taxes by type of temporary differences.

	31 December 2020	Charged/ (credited) to profit of loss	31 December 2021	Charged/ (credited) to profit of loss	31 December 2022
Difference between tax and accounting value of PPE	(1,221,804)	37,421	(1,184,383)	45,506	(1,138,877)
Provisions for liabilities and charges	66,488	(1,574)	64,914	(3,127)	61,786
Right-of-use assets	1,251	326	1,577	393	1,971
Net deferred tax asset/(liability)	(1,154,065)	36,173	(1,117,892)	42,773	(1,075,120)
Recognized deferred tax asset	67,739	(1,248)	66,491	(2,734)	63,757
Recognized deferred tax liability	(1,221,804)	37,421	(1,184,383)	45,506	(1,138,877)
Net deferred tax asset/(liability)	(1,154,065)	36,173	(1,117,892)	42,772	(1,075,120)

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

17. PROPERTY, PLANT, AND EQUIPMENT

Cost	Land and improvements	Buildings	Plant and machinery	Vehicles	Furniture and Fittings	Electronic Equipment	Assets under construction	Total
As of 1 January 2021	2,903,751	1,814,585	20,152,781	23,592	32,639	219,782	292,576	25,439,706
Additions	-	-	43,377	-	-	6,123	121,184	170,684
Transfers	-	-	7,315	-	-	-	(7,315)	-
Disposals	-	-	-	-	-	(772)	(5,461)	(6,233)
As of 31 December 2021	2,903,751	1,814,585	20,203,473	23,592	32,639	225,133	400,984	25,604,157
Additions	-	-	-	-	-	18,792	551,819	570,611
Transfers	6,935	8,614	103,947	-	966	-	(131,493)	(11,031)
Disposals	-	-	-	-	-	(260)	(13,888)	(14,148)
As of 31 December 2022	2,910,686	1,823,199	20,307,420	23,592	33,605	243,665	807,422	26,149,589
Accumulated Depreciation								
As of 1 January 2021	672,757	443,386	7,156,997	22,836	27,509	201,864	-	8,525,349
Charge for the year	69,655	50,802	753,312	143	1,258	8,559	-	884,029
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(772)	-	(772)
As of 31 December 2021	742,412	494,188	7,910,309	22,979	28,767	209,951	-	9,408,606
Charge for the year	70,333	51,336	756,409	100	1,270	7,087	-	886,535
Transfers	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(260)	-	(260)
As of 31 December 2022	812,745	545,524	8,666,718	23,079	30,037	216,778	-	10,294,881
Net book value								
As of 31 December 2021	2,161,339	1,320,397	12,293,164	613	3,872	15,182	400,984	16,195,551
As of 31 December 2022	2,097,941	1,277,675	11,640,702	513	3,568	26,887	807,422	15,854,708

Included in "Assets under constructions" there are strategic spare parts amounting to ALL 250,944 thousand (2021; ALL 260,297 thousand).

No Property Plant and equipment have been pledged as collateral as of 31 December 2022 and as of 31 December 2021.

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

18. INTANGIBLE ASSETS

The intangible assets in the statement of financial position are analyzed as follows:

	Computer software	Licenses	Total
Cost:			
As of 1 January 2021	145,896	8,295	154,191
Additions	-	-	-
As of 31 December, 2021	145,896	8,295	154,191
Additions	-	-	-
Transfers	11,031	-	11,031
As of 31 December, 2022	156,927	8,295	165,222
Accumulated Amortization:			
As of 1 January 2021	93,715	2,365	96,080
Charge for the year	23,603	783	24,386
As of 31 December 2021	117,318	3,148	120,466
Charge for the year	19,783	782	20,565
As 31 December 2022	137,101	3,930	141,031
Net book value			
At 31 December 2021	28,578	5,147	33,725
At 31 December 2022	19,826	4,365	24,191

No intangible assets have been pledged as collateral as of 31 December 2022 (2021: none).

19. RIGHT OF USE ASSETS

The balance sheet shows the following amounts relating to leases:

Right of Use Assets	Properties	Vehicles	Total
Carrying amount on 1 January 2021	90,983	36,344	127,327
Additions	29,989	1,796	31,785
Disposals	(616)	-	(616)
Depreciation charge	(26,840)	(11,300)	(38,140)
Carrying amount on 31 December 2021	93,516	26,840	120,356
Carrying amount on 1 January 2022	93,516	26,840	120,356
Additions	4,129	9,473	13,602
Disposals	-	(726)	(726)
Depreciation charge	(26,401)	(10,339)	(36,740)
Carrying amount on 31 December 2022	71,244	25,248	96,492

Additions to the right of use assets during the 2022 financial year were ALL 13,602 thousand. (2021; ALL 31,785 thousand).

Lease Liabilities	31 December 2022	31 December 2021
Current	16,765	20,698
Non-Current	75,924	101,225
Total	92,689	121,923

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

19. RIGHT OF USE ASSETS (CONTINUED)

Interest expense included in finance costs of 2022 was ALL 3,980 thousand (2021: ALL 4,532 thousand).

Expenses relating to short-term leases and to leases of low-value assets that are not included in right-of-use assets:

	2022	2021
Expense relating to short-term leases	2,934	2,503
Expense relating to leases of low-value assets that are not shown above as short-term leases	275	308

Total cash outflow for leases in 2022 was ALL 33,315 thousand (2021: ALL 45,045 thousand).

20. INVESTMENTS IN SUBSIDIARY

	31 December 2022	31 December 2021
ALBA CEMENTO SH.P.K.	756,766	756,766
Impairment of investment in subsidiary	(526,180)	(526,180)
CEMENTI ANTEA SRL	599,345	599,345
Total	829,931	829,931

ALBA CEMENTO SH.P.K. is a fully owned subsidiary of the Company which owns and operates a cement terminal in Tirana, providing logistical services to the Company.

CEMENTI ANTEA SRL is a fully owned subsidiary of the Company which trades the Company's cement in the Italian market through a rented terminal in Ortona, Italy.

21. OTHER NON-CURRENT ASSETS

	31 December 2022	31 December 2021
Other Non-current Assets	32,761	32,761
Provisions	(23,224)	(23,224)
	9,537	9,537

Other Non-Current Assets are assets, foreclosed by the company through the bailiff execution and enforcement procedure for non-performing customers which were part of these procedures.

The company expects to dispose or sell off the assets in the foreseeable future. As of 31 December 2022, foreclosed assets are recognized initially based on the bailiff enforcement procedure amount of ALL 32,761 thousand and are classified by the company as other inventories. The company has recognized a provision in the amount of ALL 23,224 thousand to reflect the lower of their cost and net realizable value.

22. INVENTORIES

The inventories in the statement of financial position are analyzed as follows:

	31 December 2022	31 December 2021
Raw materials	1,295,979	950,579
Inventory spare parts	916,341	809,781
Packing materials	135,880	118,082
Semi-finished goods	108,876	118,357
Finished goods	191,560	46,776
Goods for resale	40,854	28,706
Other materials	115,102	101,684
Goods in transit	8,691	-
Provision for inventories	(49,218)	(49,218)
Total	2,764,065	2,124,747

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

22. INVENTORIES (CONTINUED)

Movements in the provisions for obsolete inventory are shown as follows:

	31 December 2022	31 December 2021
Balance on 1 January	49,218	48,430
Provision booked during the year	-	788
Balance as of 31 December	49,218	49,218

23. TRADE RECEIVABLES

Trade receivables in the statement of financial position are analyzed as follows:

	31 December 2022	31 December 2021
Trade receivables	757,500	713,857
Less: Credit Loss Allowance	(541,646)	(541,646)
Trade Receivables Net	215,854	172,211

Trade receivables are non-interest bearing and are generally related to sales of 30 to 120 days credit terms.

The Company 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 provided below.

	31 December 2022	31 December 2021
Balance on 1 January	541,646	541,646
Reversal of Impairment	-	-
Balance as of 31 December	541,646	541,646

The credit loss allowance for trade receivables is determined according to provision matrix presented in the table below.

In % of gross value	31 December 2022			31 December 2021		
	Loss rate	Gross carrying amount	Lifetime ECL	Loss rate	Gross carrying amount	Lifetime ECL
Trade receivables						
- current	15.9%	16,665	(2,648)	13.1%	32,577	(4,262)
- less than 30 days overdue	3.4%	139,317	(4,790)	3.3%	71,588	(2,339)
- 31 to 60 days overdue	2.0%	23,741	(482)	2.1%	35,780	(735)
- 61 to 90 days overdue	4.0%	24,471	(968)	4.3%	2,889	(123)
- 91 to 180 days overdue	4.4%	13,632	(601)	4.8%	6,761	(326)
- 181 to 360 days overdue	70.3%	35,638	(25,045)	72.5%	19,963	(14,477)
- over 360 days overdue	100.6%	504,036	(507,112)	95.4%	544,299	(519,384)
Total trade receivables (gross carrying amount)		757,500			713,857	
Credit loss allowance			(541,646)			(541,646)
Total trade receivables from customers (carrying amount)			215,854			172,211

As of 31 January 2023, the Company has collected a total of ALL 126,020 thousand. Please refer to the following table for a breakdown of amounts collected based on days past due:

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

23. TRADE RECEIVABLES (CONTINUED)

Days past due at the reporting date	Amounts collected by the Company
Current	10,199
0 to 30 days	105,788
31 to 60 days	3,237
61 to 90 days	4,950
91 to 180 days	1,846
180 to 360 days	-
More than 360 days	-
Total	126,020

24. OTHER RECEIVABLES

Other receivables in the statement of financial position are analyzed as follows:

	31 December 2022	31 December 2021
Deferred expenses	55,952	34,375
Sundry debtors	12,663	16,154
Other taxes receivable	456	3,863
VAT receivables	203,997	169,602
Prepayments for supplies	11,355	11,477
Total	284,423	235,471

- Deferred expenses represent consumables and/or prepaid expenses, which are deferred for a period and are expensed based on their respective consumption rates.
- Sundry debtors consist of other prepaid expenses.
- VAT receivables is increased because of increased inventories in the end of the year and is expected to be offset against VAT from sales in the next year.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	31 December 2022	31 December 2021
Cash on hand in domestic currency	3	42
Cash on hand in foreign currency	180	104
Cash at bank in domestic currency	57,908	184,683
Cash at bank in foreign currency	418,009	811,594
Total	476,100	996,423

Cash and cash equivalents consist of current accounts held with commercial banks and some of these banks are part of international banking groups. The others that are not part of international banking groups are local banks and are not rated by international credit rating agencies. Banks where cash and cash equivalents are held at are rated A+ BBB-. Therefore, no expected credit loss has been calculated by the Company as it would not be significant.

The company's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed at note 34.

26. SHARE CAPITAL

	31 December 2022			31 December 2021		
	Number of shares	% Holding	Face Value in ALL' 000	Number of shares	% Holding	Face Value in ALL' 000
Authorized, issued, and fully paid						
ALVACIM ltd –ordinary shares of ALL 2,000 each	5,343,255	100%	10,686,510	5,343,255	100%	10,686,510
Total	5,343,255	100%	10,686,510	5,343,255	100%	10,686,510

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NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

27. LONG-TERM INCENTIVE PLAN

2020 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 Cement 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 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:

- 50% at the completion of a three-year period, and
- 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 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 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 recognizing 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.

2021 Plan

On **14 May 2021**, the Annual General Meeting of TCI, approved the following plan.

On 31 December 2021, the number of the awards granted to the employees of Antea Cement was 4,410. The fair value of the award was calculated based on the closing price of the TCI share on 13.5.2021, €17.14 in Euronext Brussels. The calculation of the un-forfeited awards resulted in the recognition of an expense of ALL 4,389 thousand with a corresponding increase in equity.

2022 Plan

On **12 May 2022**, the Annual General Meeting of TCI, approved the following plan.

On 31 December 2022, the number of the awards granted to the employees of Antea Cement was 5,431. The fair value of the award was calculated based on the closing price of the TCI share on 13.5.2022, €11.90 in Euronext Brussels. The calculation of the un-forfeited awards resulted in the recognition of an expense of ALL 5,156 thousand with a corresponding increase in equity.

	2022 Plan	2021 Plan	2020 Plan
Balance on 31 December 2019	-	-	-
Granted	-	-	6,370
Exercised	-	-	-
Not vested	-	-	-
Cancelled	-	-	-
Balance on 31 December 2020	-	-	6,370
Granted	-	4,410	-
Exercised	-	-	-
Not vested	-	-	-
Cancelled	-	-	-
Balance on 31 December 2021	-	4,410	6,370
Granted	5,431	-	-
Exercised	-	-	-
Not vested	-	-	-
Cancelled	-	(460)	(680)
Balance on 31 December 2022	5,431	3,950	5,690

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

27. LONG-TERM INCENTIVE PLAN (CONTINUED)

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

Exercise price nil	2022 LTIP	2021 LTIP	2020 LTIP
Expiration Date			
2023	-	-	2,845
2024	-	1,975	2,845
2025	2,715	1,975	-
2026	2,716	-	-
Total	5,431	3,950	5,690

28. BORROWINGS

a. Long - term borrowings

The Company long - term loans as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Borrowings from Related Parties		
Term loans (note 33)	4,835,510	5,594,974
Borrowings from Financial Institutions		
Term loans	946,166	1,534,670
Total long-term borrowings	5,781,676	7,129,644

The carrying amounts of borrowings approximate their fair values since all borrowings are priced at market rates. More detailed information on the borrowings from related parties / shareholders are disclosed in note 33 (e).

Borrowings from financial institutions are all term facilities ranging from are as follows:

RAIFFEISEN BANK ALBANIA

1. On 11th of February 2020 the company 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.

As of 31 December 2022, outstanding principal amounts to ALL 1,052,867 thousand of which ALL 676,809 thousand Long Term and ALL 376,058 thousand short term. (31 December 2021: ALL 1,523,425 thousand of which ALL 1,052,867 thousand Long Term and ALL 470,558 thousand Short Term)

2. On 25th May 2021 the company extended the maturity of the existing **Revolving Credit Facility with Raiffeisen Bank** until February 2023. As of 31 December 2022, the Revolving line with Raiffeisen Bank in the amount of ALL 276,000 thousand is utilized for the amount of ALL 158,058 thousand and the remaining amount of ALL 117,942 thousand remains un-utilized and available to the company. (31 December 2021, the Revolving line with Raiffeisen Bank in the amount of ALL 276,000 thousand is utilized for the amount of ALL 252,556 thousand and the remaining amount of ALL 23,444 thousand remains un-utilized and available to the company)

ALPHA BANK ALBANIA

1. On 3rd of June 2021 the company agreed a new **Term Loan facility with Alpha Bank Albania** amounting to the ALL 620 million, with maturity up to 2025.

As of 31 December 2022, outstanding principal from term loans with the bank amounts to ALL 535,000 thousand, of which ALL 310,000 thousand Long Term and ALL 225,000 thousand short term. (31 December 2021: ALL 957,569 thousand of which ALL 535,000 thousand Long Term and ALL 422,569 thousand Short Term).

On 21st of June 2022 the company agreed with Alpha Bank to extend the maturity of the existing **revolving loan facility** until May 2024. As of 31 December 2022, the Revolving line with Alpha Bank is utilized for the amount of ALL 542,765 thousand and the remaining amount of ALL 15,915 thousand remains un-utilized and available to the company (31 December 2021 the limit is utilized for the amount of ALL 225,008 thousand and the remaining amount of ALL 231,923 thousand remains un-utilized and available to the company).

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

28. BORROWINGS (CONTINUED)

a. Long - term borrowings (continued)

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 2022	31 December 2021
After one year but not more than two years	1,133,856	1,030,901
After two years but not more than five years	4,647,820	6,098,743
More than five years	-	-
Total	5,781,676	7,129,644

b. Short - term borrowings

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

	31 December 2022	31 December 2021
Borrowings from Related Parties		
Term loans	515,307	538,677
Borrowings from Financial Institutions		
Revolving Credit Facility	700,823	477,564
Term loans	613,165	902,256
Total short-term borrowings	1,829,295	1,918,497

Further information on the borrowings from related parties / shareholders are disclosed in note 33

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing in the statement of cash flows:

	Year ended 31 December 2022			Year ended 31 December 2021		
	Borrowings	Lease Liabilities	Total	Borrowings	Lease Liabilities	Total
Liabilities from financing activities on 1 January	9,048,141	121,923	9,170,064	10,763,819	131,342	10,895,161
Cash Flows:						
Loan drawdowns	317,756	-	317,756	1,097,564	-	1,097,564
Principal repayments	(1,460,110)	-	(1,460,110)	(2,602,844)	-	(2,602,844)
Interest payments	(323,922)	-	(323,922)	(436,360)	-	(436,360)
Lease payments	-	(36,608)	(36,608)	-	(37,704)	(37,704)
Non-Cash changes						
Interest accrual	366,596		366,596	414,697	-	414,697
New leases		13,602	13,602	-	31,785	31,785
Foreign exchange	(326,903)	(5,501)	(332,404)	(169,219)	(2,884)	(172,103)
Other	(10,587)	(727)	(11,314)	(19,516)	(616)	(20,132)
Liabilities from financing activities on 31 December	7,610,971	92,689	7,703,660	9,048,141	121,923	9,170,064

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022***(Amounts in ALL thousand unless otherwise stated)***30. 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 2022	31 December 2021
Trade creditors third parties	1,208,981	1,544,262
Accruals for supplies	20,440	13,095
Total	1,229,421	1,557,357

31. DERIVATIVE FINANCIAL INSTRUMENTS

The balance of ALL 17,447 thousand as at 31 December 2022 (2021: nil). Represents the FV of the derivative financial instrument (electricity swap agreement). This derivative is classified as trading derivative for accounting purposes and is accounted for a fair value through profit and loss.

32. OTHER CURRENT PAYABLES

	31 December 2022	31 December 2021
Advances from customers	23,556	47,273
Other taxes	72,192	63,962
Other employee benefit provisions	27,195	25,431
Other accounts payable	204	3,776
Social security	5,265	4,978
Payroll taxes	2,507	2,497
Other amounts due to employees	7	182
Total	130,926	148,099

Other employee benefit provisions relate to accruals for unused days of vacation, additional personnel costs as well as other operational items. The movements in the provisions are shown as follows:

	Staff retention plan	Unused holidays	Total
Balance on 1 January 2021	8,665	12,760	21,425
Additions	2,269	1,737	4,006
Balance on 31 December 2021	10,934	14,497	25,431
Additions	2,267	2,231	4,498
Utilization	(932)	-	(932)
Reversal	(1,803)	-	(1,803)
Balance on 31 December 2022	10,467	16,728	27,195

33. RELATED PARTY TRANSACTIONS

The Company is controlled by Alvacim LTD which is in turn a fully owned subsidiary of Titan Cement International S.A. The Company considers as related parties all the group companies that are controlled by Titan Cement International S.A. or where the Company has significant influence on as well as the Company's key management, entities controlled by them and their close family members as well as any entities of which their close family members serve as key management.

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

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022***(Amounts in ALL thousand unless otherwise stated)***33. RELATED PARTY TRANSACTIONS (CONTINUED)****a. Sales of goods and services**

	2022	2021
Cementi Antea srl - (Sales of Cement)	1,103,148	817,369
TCK Montenegro - (Sales of Cement)	786,318	652,910
Sharrcem - (Sales of Cement)	449,118	-
Cementara Kosjeric - (Sales of Clinker)	41,189	12,302
Sharrcem - (Other sales)	10,137	8,132
Cement Plus - (Sales of Cement)	3,629	37,583
Titan Cement Company - (Other sales)	3,202	2,193
Sharrcem - (Sales of Clinker)	2,042	22,901
Alba cemento Cemento Shpk SH.P.K. - (Materials)	-	73
Total	2,398,783	1,553,463

The major transactions are related with Cementi Antea srl ,TCK Montenegro and Sharrcem for sales of cement.

b. Receivables from related parties

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

	31 December 2022	31 December 2021
Cementi Antea SRL	247,728	214,154
Sharrcem	26,135	6,833
TCK Montenegro	11,304	3,898
Titan Cementara Kosjeric	9,576	907
Titan Cement Company Sa	448	416
Cement Plus for Building Materials	10	10
Total	295,201	226,218

The major receivable is due from Cementi Antea srl, TCK Montenegro and Sharrcem for cement sold.

c. Purchases of goods and services

	2022	2021
Titan Cement Company S.A - Services	460,856	547,061
Adocim - Clinker	109,338	-
Cementarnica Usje Ad Skopje - Clinker	67,904	-
Sharrcem - Clinker	22,082	-
Albacemento Shpk – Services	11,421	15,704
Cementarnica Usje Ad Skopje - Services	7,327	8,368
Titan Cement Company S.A – Goods	5,414	16,786
Opalit – Goods	543	-
Zlatna Panega Cement - Goods	27	166
Total	684,912	588,085

The major purchases during the year are from Titan Cement Company S.A. for various services and goods.

d. Payables to related parties

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

	31 December 2022	31 December 2021
Titan Cement Company S.A	447,977	279,787
Albacemento	80,061	77,247
Cementarnica Usje Ad Skopje	72,910	6,500
Sharrcem	21,585	-
Zlatna Panega Cement	26	-
Total	622,559	363,534

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022***(Amounts in ALL thousand unless otherwise stated)***33. RELATED PARTY TRANSACTIONS (CONTINUED)****e. Borrowings from related parties/shareholders***Long-term Borrowings*

	31 December 2022	31 December 2021
Titan Global Finance plc	4,835,510	5,594,974
Total	4,835,510	5,594,974

During 2008, the Company entered into several loan agreements with its shareholders to finance the construction of a green field cement factory in Boka Kuqe Borizane.

Following the acquisition of the EBRD's share in the company from Alvacim Ltd, 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 company from Alvacim Ltd, effective on 17th of December 2019 Alvacim Ltd novated the shareholder loan provided by IFC under the same terms and conditions.

During 2020 the company 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 company's own cash.

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

During 2022 the company has repaid TGF loan principal in the amount of Euro 4,000 thousand or the equivalent of ALL 472,490 thousand (2021: loan principal in the amount of Euro 15,500 thousand or the equivalent of ALL 1,902,026 thousand) and the respective interests and related fees in the amount of Euro 1,904 thousand or the equivalent of ALL 227,186 thousand (2020: respective interests and related fees in the amount of Euro 2,303 thousand or the equivalent of ALL 282,609 thousand).

Short-term Borrowings

	31 December 2022	31 December 2021
Titan Global Finance plc	456,920	483,040
Titan Global Finance plc Accrued interest	58,387	55,637
Total	515,307	538,677

Interest Expense

	31 December 2022	31 December 2021
Titan Global Finance plc	273,961	315,448
Total	273,961	315,448

Except for short-term employee benefits to key management personnel amounting to ALL 52,694 thousand (2021: ALL 49,156 thousand), no other compensations to key management were given by the Company.

Nature of relationship with related parties

The Company has entered these transactions with the above related parties at mutually agreed terms.

33. RELATED PARTY TRANSACTIONS (CONTINUED)

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 2022, the Company has not made any allowance for doubtful debts relating to amounts owed by related parties (2021: 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.

34. FINANCIAL RISK MANAGEMENT

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

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, 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 Company consist of cash on hand and at banks, loan from related party, trade accounts receivable and payable, other receivables and liabilities.

- **Market risk**

Interest rate risk

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

Foreign exchange risk

The Company has significant exposure toward foreign currencies. The Company has long-term and short-term borrowings denominated in Euro.

- **Liquidity risk**

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

- **Credit risk**

Due to the large volume and diversity of the Company's customer base, the concentrations of credit risk with respect to trade accounts receivable from customers are limited. The allowance for doubtful accounts receivable is stated at the amount considered necessary to cover potential risks in the collection of accounts receivable balances.

Sensitivity analysis

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company'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 34a and 34b**.

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

34. FINANCIAL RISK MANAGEMENT (CONTINUED)

a. Interest risk

The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's long-term debt obligations with a floating interest rate. On 31 December 2022 (31 December 2021: Nil) no interest rate swaps were agreed, which makes 100% of the Company's borrowings to be at a variable rate of interest.

	31 December 2022	31 December 2021
Fixed rate interest		
Financial assets	-	-
Financial liabilities	-	-
Variable rate interest	7,610,970	9,048,141
Financial assets	-	-
Financial liabilities	7,610,970	9,048,141

The Company's Income and operating cash flows are substantially independent of changes on market interest rates, nevertheless the effect that a change in interest rates on the company's Long-Term Debt might have on the Company results is shown as follows:

	31 December 2022		31 December 2021	
	Increase/Decrease in Basis/Point	Effect on Profit Before Tax	Increase/Decrease in Basis/Point	Effect on Profit Before Tax
EUR	20	9,671	20	11,190
ALL	100	9,462	100	15,347
EUR	(20)	(9,671)	(20)	(11,190)
ALL	(100)	(9,462)	(100)	(15,347)

b. Foreign exchange risk

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

	31 December 2022			
	Lekë	USD	Euro	Total (Lekë)
Financial assets				
Cash and cash equivalents	57,911	671	417,518	476,100
Trade and other receivables	284,602	-	510,876	795,478
Total financial assets	342,513	671	928,394	1,271,578
Liabilities				
Trade and other payables	(1,514,570)	(4,765)	(552,093)	(2,071,428)
Borrowings	(2,260,153)	-	(5,350,818)	(7,610,971)
Financial lease	-	-	(92,689)	(92,689)
Total financial liabilities	(3,774,723)	(4,765)	(5,995,600)	(9,775,088)
Net position	(3,432,210)	(4,094)	(5,067,206)	(8,503,510)

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022
(Amounts in ALL thousand unless otherwise stated)
34. FINANCIAL RISK MANAGEMENT (CONTINUED)

	31 December 2021			
	Lekë	USD	Euro	Total (Lekë)
Financial assets				
Cash and cash equivalents	184,725	216,909	594,789	996,423
Trade and other receivables	231,851	-	402,049	633,900
Total financial assets	416,576	216,909	996,838	1,630,323
Liabilities				
Trade and other payables	(1,545,504)	(4,765)	(534,647)	(2,084,916)
Borrowings	(2,914,490)	-	(6,133,651)	(9,048,141)
Financial lease	-	-	(121,923)	(121,923)
Total financial liabilities	(4,459,994)	(4,765)	(6,790,221)	(11,254,980)
Net position	(4,043,418)	212,144	(5,793,383)	(9,624,657)

b. Foreign exchange risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
EUR/ALL	118.97	122.52	114.23	120.76
USD/ALL	113.14	103.54	107.05	106.54

The company's main exposure is toward the 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 /(loss) by ALL 252,488 thousand (2021 – ALL 289,669 thousand).

c. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The table below summarizes the maturity profile of the Company's financial liabilities on 31 December 2022 and 2021, based on contractual undiscounted payments.

Year ended 31 December 2022

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Long-term borrowings	-	-	-	6,074,100	-	6,074,100
Short-term borrowings	-	887,476	1,120,752	-	-	2,008,228
Trade Payables, other payables, and Lease Liabilities, etc.	-	1,431,423	639,324	32,113	43,811	2,146,671

Year ended 31 December 2021

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Long-term borrowings	-	-	-	7,701,925	-	7,701,925
Short-term borrowings	-	419,088	1,743,268	-	-	2,162,356
Trade Payables, other payables, and Lease Liabilities, etc.	-	1,721,382	384,232	62,007	39,218	2,206,839

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022***(Amounts in ALL thousand unless otherwise stated)***34. FINANCIAL RISK MANAGEMENT (CONTINUED)****d. Credit risk**

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

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and short-term borrowing receivables, the Company'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 2022	31 December 2021
Trade and other receivables (Note 23, 24)	500,277	407,682
Cash and cash equivalents (Note 25)	476,100	996,423
Total	976,377	1,404,105

35. 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 Company's financial instruments that are carried in the financial statements.

Financial assets	Carrying amount		Fair Value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cash and Banks	476,100	996,423	476,100	996,423
Trade receivables	215,854	172,211	215,854	172,211
Related Parties	295,201	226,218	295,201	226,218
Other receivables	284,423	235,471	284,423	235,471
Total	1,271,578	1,630,323	1,271,578	1,630,323

Financial Liabilities	Carrying amount		Fair Value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Trade accounts payable	1,229,422	1,557,357	1,229,422	1,557,357
Related parties	622,559	363,534	622,559	363,534
Bank loan/short-term loans	1,833,017	1,918,497	1,833,017	1,918,497
Lease Liability	92,689	121,923	92,689	121,923
Other payables	148,373	148,099	148,373	148,099
Income tax payable	71,075	15,926	71,075	15,926
Long-term debts	5,777,954	7,129,644	5,777,954	7,129,644
Total	9,755,089	11,254,980	9,755,089	11,254,980

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:

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS – 31 December 2022

(Amounts in ALL thousand unless otherwise stated)

35. FAIR VALUES (CONTINUED)

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.
- Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company 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 of 31 December 2022, the carrying amounts of such receivables / borrowings, net of allowances, are not materially different from their calculated fair values.

Fair Value Hierarchy

Management has estimated that the fair value of the Company financial assets and liabilities approximates its carrying value and no valuation techniques are applied in order to determine the fair value of Company's financial instruments. Such estimates would fall under Level 3 hierarchy since there are no significant observable inputs involved.

36. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as 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 Company is not subject to externally imposed capital requirements.

There were no changes in the Company's approach to financial risk management and capital management during the year.

The Company's principal financial instruments comprise bank loans and short-term loans, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Company's investment and operations. The Company 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 committee. The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarized below. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 year ended 31 December 2021 and the current year 2022.

The Company monitors its economic performance using profit before interest, taxes, depreciation, amortization, and impairment (EBITDA). EBITDA for the years ending 31 December 2021 and 2020 is as follows:

	31 December 2022	31 December 2021
Operating profit before interest, taxes, and impairment	1,820,279	1,503,830
Depreciation and amortization expense	943,839	946,555
EBITDA	2,764,118	2,450,385

Below table presents a reconciliation of Depreciation and amortization expense:

	31 December 2022	31 December 2021
Depreciation charges (note 8)	816,206	812,621
Depreciation of right of use assets (note 8)	13,964	14,746
Depreciation of right of use assets (note 11)	4,339	4,124
Depreciation charges (note 12)	20,565	24,386
Depreciation of right of use assets (note 12)	70,329	71,408
Amortization (note 12)	18,436	19,270
Depreciation and amortization expense	943,839	946,555

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

37. COMMITMENTS AND CONTINGENCIES

a. Taxation

The Company'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. Litigation

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

On 31 December 2022, the Company 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 Company, constructed in 2010. The case was filed 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 Company amounted to ALL 68,000 thousand. The company 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 Company 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 Separate Financial statements.

37. EVENTS AFTER THE REPORTING PERIOD

No other significant events have been identified after the balance sheet date that may require adjustment or disclosure in the financial information.