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MUNICIPALITY PUBLIC ENTERPRISE
"TRAFIKU URBAN" SH.A.
PRISTINE

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N.P.K. TRAFIKU URBAN SH.A.

**Independent Auditors' Report and
Financial Statements for the year
ended December 31, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Management and the Shareholders of N.P.K. TRAFIKU URBAN SH.A.

Qualified opinion

We have audited the financial statements of N.P.K. TRAFIKU URBAN SH.A (the Company), which comprises the statement of financial position as at December 31, 2025, the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, except for the possible effects of the matters described in the section on basis for qualified opinion of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for qualified opinion

1. As disclosed in Note 10 to the financial statements property, plant and equipment as of December 31, 2025 shows an amount of 5,850,424 Euro (2024: 6,633,474 Euro) included in this amount is land of 905,000 Euro (2024: 905,000 Euro), we identified that the company does not own the land but has been granted a right of use by the Municipality of Prishtina. The agreement granting the right of use the specified property terminates on April 5, 2025. According to the company's records, this right to use is recognized as if the company owns the property outright, without adequately reflecting the nature of the company's interest in the property under the applicable financial reporting framework.
2. Furthermore as disclosed in Note 10 to the financial statements property, plant and equipment as of December 31, 2025 included is the amount of building of 1,008,299 Euro (2024: 1,112,286 Euro). Through standard and alternative procedure we were unable to obtain sufficient appropriate audit evidence about the carrying value of property as of December 31, 2025 and depreciation expenses recorded for the year ended December 31, 2025.

Due to the above mentioned we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are those that in our professional judgment, were most relevant in our audit of the financial statements of the current period. These issues were addressed in the context of our audit of the financial statements as a whole, and in the formation of our opinion, and we do not give a specific opinion on these matters.

Key audit matters	How we addressed key audit matters
<p>Revenue recognition</p> <p>We identified revenue recognition as a key audit matter because of the importance of revenue as the most significant financial item in the statement of profit or loss and other comprehensive income. The main revenue stream is sales realized with Municipality of Prishtina (shareholder). Details of accounting policies for revenue recognition and revenue analysis are disclosed in the notes to the financial statements.</p>	<p>We have tested the design, implementation and effectiveness of the internal controls operations related to the occurrence, accuracy and completeness of revenue. In addition, we have conducted substantive audit procedures consisting of analytical revenue analysis and trend analysis.</p> <p>We have further:</p> <ul style="list-style-type: none"> • Identified records that affect revenues; • Tested on a sample basis, application and appropriateness of accounting policies for revenue recognition; • Evaluated the design and perform tests of manual controls related to revenue recognition;

Auditor's responsibilities

Our opinion on the financial statements does not include other information. In relation to our audit of the financial statements, it is our responsibility to read the other information and during this process to assess whether the other information is not consistently compliant with the financial statements or with the understanding that we have gathered during the audit, or whether other information contains significant anomalies.

When we read the management report, if we conclude that there are significant anomalies in it, we are obliged to communicate these issues to the persons in charge of governance. In addition, by law, we are required to express an opinion as to whether the Management Report has been prepared in accordance with applicable law and whether it complies with the information included in the financial statements. Furthermore, we are obliged to declare whether the Corporate Governance Declaration has been prepared by the Company and to express an opinion as to whether the Company has included the necessary information in the declaration of compliance with the principles of corporate governance.

Responsibilities of management and persons in charge of governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for internal control which management deems necessary to enable the preparation of financial statements free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability for continuance in the future, disclosing, as needed, issues related to the continuance in the future and applying the going concern principle of accounting unless management intends to liquidate the Company or terminate the operation, or there is no other possible alternative than to do so.

Those in charge of governance are responsible for overseeing the company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material **Auditor's Responsibilities for the Audit of the Financial Statements (continued)** uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the explanatory information provided, and whether the financial statements represent the transactions and events in them in a way that achieves the 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.

We also declare to those in charge of governance that we have complied with the relevant ethical requirements regarding independence, and communicate to them all other relations and issues that may reasonably be thought to affect our independence, and where it is applicable, relevant protective measures.

Amir Dermala,
Engagement Partner
BDO Kosova L.L.C.

Str. Ukshin Hoti, Ob. C4/3, Ent. A, Floor II
Prishtina, Kosovo
April 28, 2026




N.P.K. TRAFIKU URBAN SH.A
Statement of Financial Position
As at December 31, 2025
All amounts are presented in Euro

	Notes	As at December 31, 2025	As at December 31, 2024
Assets			
Current assets			
Cash and cash equivalents	6	292,036	1,272,031
Trade receivables and others	7	989,197	437,075
Prepayments	8	23,182	25,585
Auto parts and inventory	9	992,020	1,100,659
Total current assets		2,296,435	2,835,350
Non-current assets			
Property, plant and equipment	10	5,850,424	6,633,474
Total non-current assets		5,850,424	6,633,474
Total assets		8,146,859	9,468,824
Equity and liabilities			
Current liabilities			
Trade payables	11	620,174	601,683
Other liabilities	12	284,869	366,328
Short-term loans	13	1,020,638	1,020,638
Total current liabilities		1,925,681	1,988,649
Non-current liabilities			
Long-term loans	13	1,020,638	2,551,595
Deferred Liabilities		359,081	455,227
Total non-current liabilities		1,379,719	3,006,822
Total liabilities		3,305,400	4,995,471
Equity			
Share capital		25,000	25,000
Reserves		1,999,193	1,999,193
Retained earning		2,817,266	2,449,160
Total equity		4,841,459	4,473,353
Total equity and liabilities		8,146,859	9,468,824

Authorized for issue by the management and signed on its behalf on April 28, 2026.



Qëndrim Vitija
Duty Officer
Executive Director


Shukrije Morina
Duty Officer
Chief financial officer of the treasury

The accompanying notes from 1 to 25 form an integral part of these financial statements.

N.P.K. TRAFIKU URBAN SH.A
Statement of Profit or Loss and Comprehensive Income
For the year ended December 31, 2025
All amounts are presented in Euro

		Year ended December 31, 2025	Year ended December 31, 2024
	Notes		
Revenues			
Revenues from sales	14	9,990,220	8,938,196
Other revenues	15	70,455	57,153
Total revenues		<u>10,060,675</u>	<u>8,995,349</u>
Expenses			
Depreciation and amortization expenses	10	(1,099,485)	(1,101,524)
Personnel expenses	16	(4,864,488)	(4,246,386)
Operating expenses	17	(3,577,462)	(3,754,902)
Operating profit/(loss)		<u>519,240</u>	<u>(107,463)</u>
Financial expenses	18	(247,280)	(278,537)
Profit/(loss) before tax		<u>271,960</u>	<u>(386,000)</u>
Tax income	19	96,146	96,146
Net profit/(loss)		<u>368,106</u>	<u>(289,854)</u>
Other comprehensive income		-	-
Total comprehensive income/(loss)		<u>368,106</u>	<u>(289,854)</u>

The accompanying notes from 1 to 25 form an integral part of these financial statements.

N.P.K. TRAFIKU URBAN SH.A
Statement of Changes in Equity
For the year ended December 31, 2025
All amounts are presented in Euro

	Share capital	Retained earning	Reserve	Total equity
As at January 1, 2024	25,000	2,739,014	1,999,193	4,763,207
(Loss)/profit of the year	-	(289,854)	-	(289,854)
Other comprehensive income	-	-	-	-
As at December 31, 2024 Restated	25,000	2,449,160	1,999,193	4,473,353
As at January 1, 2025	25,000	2,449,160	1,999,193	4,473,353
Profit/ (Loss) of the year	-	368,106	-	368,106
Other comprehensive income	-	-	-	-
As at December 31, 2025	25,000	2,817,266	1,999,193	4,841,459

The accompanying notes from 1 to 25 form an integral part of these financial statements.

N.P.K. TRAFIKU URBAN SH.A
Statement of Cash Flow
For the year ended December 31, 2025
All amounts are presented in Euro

		Year ended December 31, 2025	Year ended December 31, 2024
	Notes		
Cash flows from operating activities			
(Loss)/profit before taxation		271,960	(386,000)
<i>Adjustment for:</i>			
Depreciation and amortization	10	1,099,485	1,101,524
Operating profit before change in working capital		<u>1,371,445</u>	<u>715,524</u>
Decrease/(increase) in auto parts and inventory		108,639	(218,789)
(Increase)/decrease in trade receivables		(552,122)	63,308
Decrease in prepayments		2,403	7,652
Increase in trade and other payables		18,491	320,192
(Decrease)/increase in other liabilities		(81,459)	61,707
Net cash generated from operating activities		<u>867,397</u>	<u>949,594</u>
Cashflow from investing activities			
Acquisition of fixed assets		(316,435)	(59,271)
Net cash used in investing activities		<u>(316,435)</u>	<u>(59,271)</u>
Cash flow from financing activities			
Change in long term loans and borrowings		(1,530,957)	(1,020,637)
Net cash used in financing activities		<u>(1,530,957)</u>	<u>(1,020,637)</u>
Net decrease in cash and cash equivalents		(979,995)	(130,314)
Cash and cash equivalents at the beginning of the year	6	<u>1,272,031</u>	<u>1,402,345</u>
Cash and cash equivalents at the end of the year	6	<u><u>292,036</u></u>	<u><u>1,272,031</u></u>

The accompanying notes from 1 to 25 form an integral part of these financial statements.

1. General

NPK "Trafiku Urban" is a joint-stock company established on 01 April 1976 in an organized manner by the Municipality of Prishtina, initially operating as a Municipal Public Enterprise (MPE). Based on the amendments and supplementations to Law No. 04/L-111 dated 20 April 2012, to the Law on Publicly Owned Enterprises No. 03/L-098, "Trafiku Urban" was registered as a Municipal Public Enterprise J.S.C. in Prishtina. The Municipality of Prishtina owns 100% of the company's shares. The company's fiscal number is 811289009, while the VAT registration certificate number is 330076598. The company's registered address is Rr. Tahir Zajmi No. 43, 10,000 Prishtina, Kosovo.

As of 31 December 2025, the company employed 474 employees (31 December 2024: 391 employees)

2. Adoption of new and revised International Financial Reporting Standards

2.1. Standards, amendments and interpretations that are effective in the current period

During the current year, the Company has applied a number of amendments to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for accounting periods beginning on or after 1 January 2025.

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).
- Uncertainties in Financial Statements - Amendments to Illustrative Examples on IFRS 7 Financial Instruments: Disclosures, IFRS 18 Presentation and Disclosure in Financial Statements, IAS 1 Presentation of Financial Statements, IAS 8 Basis of Preparation of Financial Statements, IAS 36 Impairment of Assets and IAS 37 Provisions, Contingent Liabilities and Contingent Assets

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to have a material impact on the current or future periods.

2.2. Standards, amendments and interpretation issued but not yet effective

New and amended standards and interpretations that have been issued but are not yet effective as at the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, where applicable, when they become effective.

The following amendments are not effective for the period beginning on 1 January 2025:

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)
- Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 Financial Instruments);
- Contracts referencing nature-dependent electricity (Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures);
- Annual Improvements to IFRS Accounting Standards - Volume 11;
- IFRS 18 Presentation and Disclosure in Financial Statements;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures.

These standards, amendments or interpretations are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

3. Material accounting policy information

3.1 Compliance statement

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations approved by the International Accounting Standards Board (IASB).

3.2 Basis of measurement

The Financial Statements are prepared on the basis of historical cost. Historical cost is generally based on the fair value of the value given in exchange for goods and services. Preparing financial statements in accordance with IFRS requires the use of certain critical accounting estimates. This also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are relevant to the financial statements, are disclosed in Note 3.19.

The main accounting policies used in preparing these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated (refer to 2 for new and amended standards approved by the Company).

3.3 Currency presented

The financial statements are presented in Euro, in accordance with the regulations of the European Monetary Union and the instructions issued by the Central Bank of Kosovo. The Euro has been adopted as the only legal currency in the territory of Kosovo since January 1, 2002.

3.4 Use of estimations and judgements

Preparation of Financial Statements in accordance with IFRS requires management to make judgments, estimations and assumptions that affect the implementation of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimations. Basic estimations and assumptions are reviewed on an ongoing basis. Revisions in evaluations are recognized with perspective.

In particular, management expects that the assumptions and estimates used in determining trade payables and other payables, borrowings and their carrying amount may require correction. However, at this stage management is not able to reliably assess the impact as events are changing day by day. Long-term impact can also have an impact on income, cash flows and profitability. However, at the date of these financial statements, the company continues to meet its obligations and therefore continues to apply the basis of preparation of the financial statements on a going concern basis.

3.5 Going concern principle

The statement of financial position and the statement of comprehensive income have been prepared on the basis of the going concern principle, which assumes that the company will be able to realize its assets and settle its liabilities in the ordinary course of business.

3. Material accounting policy information (continued)

3.6 Foreign currency transactions

Foreign currency transactions are exchanged into the functional currency at the exchange date. Differences caused by these conversions into monetary items are recognized in profit or loss for the period. Non-monetary items measured at historical cost are converted using the exchange rates at the date of the transaction (not converted).

Non-monetary items measured at fair value are converted using the exchange rates at the date that the fair value was determined.

3.7 Auto parts and inventory

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price at the ordinary course of business, less costs of completion and costs necessary to effect the sale.

The cost of supplies and spare parts are determined using the weighted average method and include the costs incurred in purchasing inventories and bringing them to their existing location and condition. The cost of inventories produced and work in progress includes an appropriate share of overhead, based on normal operating capacity.

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical reduced cost for accumulated depreciation. Historical cost includes costs that are directly attributable to the items acquired. The cost of self-construction of assets includes the cost of raw materials, direct labor and a certain proportion of dependent production costs.

Subsequent acquisitions are included in the carrying amount of the asset or are presented as a separate asset, respectively, only when there is a likelihood of a future cash flow of the Company from the relevant item, and when the value of the item can be reasonably measured. All other repairs and maintenance are charged as an expense to the income statement during the financial period in which they are incurred.

Depreciation of other assets is calculated using the straight-line method of allocating the cost or cost considered at their residual value over their useful life, as follows:

Building	20 years	5%
Bus	12 years	8.33%
Furniture and equipment	5 years	20%
Vehicle	5 years	20%
Other assets	5 years	20%

The residual value of the assets and the time of use are reviewed, and adjusted if necessary, at each balance sheet date. The carrying amount of the asset is settled immediately at the recoverable amount if the carrying amount of the asset is greater than the estimated recoverable amount.

Gains and losses on disposal are determined by comparing income with carrying amount. These are included in the income statement.

3. Material accounting policy information (continued)

3.9 Current and deferred income tax

The current income tax rate is calculated based on the tax law approved at the balance sheet date. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using a tax rate that is approved at the balance sheet date and is expected to apply when the deferred income tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3.10 Financial assets

All regular purchases or sales of financial assets are recognized and derecognized on the trade date. Regular purchases or sales are the purchase or sale of financial assets that require the distribution of assets within the time limit set by regulation or convention in the market. All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are then measured at amortized cost:

- Financial assets are held within a business model, the purpose of which is to maintain financial assets to collect contractual cash flows;
- The contractual terms of the financial asset arise on specified cash flow dates which are only principal and interest payments on the principal outstanding amount.

Classification of financial assets

Debt instruments that meet the following conditions are then measured at fair value through other comprehensive income (FVTOCI):

- Financial assets are held within a business model, the objective of which is achieved by both the collection of contractual cash flows and the sale of financial assets;
- The contractual terms of the financial asset arise on specified dates cash flows that are only principal and interest payments on the principal outstanding amount. All other financial assets are subsequently measured at fair value through profit or loss (FVTPL). Other than the above, the company may make the following irreversible choices / determinations upon initial recognition of a financial asset;
- The Company may irrevocably choose to present subsequent changes in the fair value of an equity investment in other comprehensive income if certain criteria are met (see below); and
- The Company may irrevocably determine a debt investment that meets amortized cost or the FVTOCI criteria measured in the FVTPL if doing so eliminates or significantly reduces an accounting discrepancy.
- The effective interest method is a method of calculating the amortized cost of a debt instrument and distributing interest income for the relevant period.

3. Material accounting policy information (continued)

3.10 Financial assets (continued)

For financial assets, other than financial assets that have been impaired, acquired or generated within the Company's portfolio (i.e. assets that are impaired by credit at initial recognition), the effective interest rate is the rate that exactly deducts the values. estimated future receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or deductions) excluding expected credit losses over the expected life of the debt instrument, or, where appropriate, a shorter period, at the gross carrying amount of the debt instrument at initial recognition. For impaired financial assets acquired or generated within the Company's portfolio, an effective interest rate adjusted by the loan is calculated by deducting the estimated future cash flows, including expected credit losses, at amortized cost. debt instrument at initial recognition. Amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition less repayments made, plus cumulative depreciation using the effective interest method on any changes between that initial amount and the amount of maturity adjusted for each loss. . The carrying amount of a financial asset is the amortized cost of a financial asset before being adjusted for any impairment. Interest income is recognized using the effective interest method on debt instruments subsequently measured at amortized cost and in the FVTOCI. For financial assets, other than impaired financial assets, acquired or generated within the Company's portfolio, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, other than financial assets that have subsequently declined. in value (see below).

For financial assets that have been impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, credit risk in the financial instrument that has been devalued improves so that the financial asset is no longer impaired, the interest income is recognized by applying the effective interest rate to the gross carrying amount. of financial asset. For impaired acquired or originating financial assets, the Company recognizes interest income by applying the effective adjustment rate to the amortized cost of the financial asset from initial recognition. The calculation is not reversed on a gross basis even if the credit risk of the financial asset is subsequently improved so that the financial asset is no longer impaired.

Foreign exchange profit and losses

The carrying amount of financial assets expressed in a foreign currency is specified in that foreign currency and converted at the exchange rate at the end of each reporting period. Specifically:

- The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the point exchange rate at the end of each reporting period. Specifically, for financial assets measured at amortized cost that are not part of a particular hedging relationship, exchange differences are recognized in profit or loss in the other item of profit and loss;
- For debt instruments measured in the FVTOCI that are not part of a particular hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the other item of profit and loss. Other exchange differences are recognized in other comprehensive income in the revaluation reserve of investments.
- For financial assets measured in FVTPOL that are not part of a particular hedging relationship, exchange differences are recognized in profit or loss in the statement of "other gains and losses"; and
- For equity instruments measured in the FVTOCI, exchange differences are recognized in other comprehensive income in the revaluation reserve of investments.

3. Material accounting policy information (continued)

3.10 Financial assets (continued)

Derecognition of financial assets

The Company recognizes an allowable loss for expected reductions in the value of investments in debt instruments measured at amortized cost, rental receipts, trade receivables and contract assets, as well as in financial guaranteed contracts. The amount of expected impairment losses is updated at each reporting date to reflect changes in credit risk since the initial recognition of the relevant financial instrument. The Company always recognizes expected trade receivable losses, contract assets and receivables. Expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors specific to debtors, general economic conditions and an estimate of both current and future management. forecasting conditions at the reporting date, including the time value of money, where appropriate.

For all other financial instruments, the Company recognizes expected credit life losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since its initial recognition, the Company measures the loss amount for that financial instrument at an amount equal to 12 months. Life expectancy of credit losses represents the expected credit losses that will arise from all possible events predetermined during the life of a financial instrument. In contrast, the expected 12-month credit loss represents the portion of life expected to result from predetermined events in a financial instrument that are probable within 12 months from the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since the initial recognition, the company compares the risk of a default on the financial instrument at the reporting date with the risk of a default on the financial instrument on the initial recognition date. For this assessment, the company considers both quantitative and qualitative information that is reasonable and reliable, including historical experience and future information that is available at no unnecessary cost or effort. Future information, considered, includes the future perspective of the industries in which the company's debtors operate, obtained from the reports of economic experts, financial analysts, government bodies and other similar organizations, as well as consideration of various sources. external that provide economic information relating to the core operations of the company.

Significant increase in credit risk

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- A significant current or expected deterioration in the external valuation of the financial instrument (if available) or internal credit;
- Significant deterioration of external market credit risk indicators for a particular financial instrument, e.g. a significant increase in the spread of credit, the default loan exchange rates for the debtor, or the duration or extent to which the fair value of a financial asset has been less than its amortized cost;
- Adverse existing or anticipated changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- A significant current or expected deterioration of the debtor's operating results;
- Significant increase in credit risk for other financial instruments of the same debtor;

A significant current or expected negative change in the debtor's regulatory, economic or technological environment resulting in a significant decrease in the debtor's ability to meet its debt obligations.

3. Material accounting policy information (continued)

3.10 Financial assets (continued)

Despite the result of the above assessment, the company assumes that credit risk for a financial asset has increased significantly since initial recognition when contractual payments have expired for more than 30 days, unless the company has reasonable and reasonable information. supportive that demonstrates otherwise. Notwithstanding the above, the Company assumes that credit risk in a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument may have low credit risk if:

- The financial instrument has a low default risk.
- If the debtor has significant capacity to meet his contractual obligations on time.
- Unfavorable changes in economic and business conditions in the long run may reduce the borrower's ability to meet its contractual obligations.

The Company considers a financial asset to have a low credit risk when the asset has an external 'investment grade' credit rating in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating. of 'performance'. Performance appraisal means that the contracting party has a strong financial position and has no expired liabilities.

For financial guaranteed contracts, the date on which the Company becomes a party to the irrevocable commitment is deemed to be the date of initial recognition for the purpose of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in credit risk since the initial recognition of the financial guarantee contracts, the Company considers changes in the risk that the specified debtor will not be voted on by the contract.

Derecognition of financial assets

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and reviews them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before amount to pass.

Default definition

The Company considers the following to be a predetermined event for internal credit risk management purposes as historical experience shows that financial assets that meet any of the following criteria are generally not recoverable:

- When there is a breach of financial arrangements by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to repay his creditors, including the Company, in full (regardless of any collateral held by the Company). Notwithstanding the above analysis, the Company considers that default occurred when an asset has expired more than 90 days, unless the Company has reasonable and supported information to demonstrate that a later default criterion is more appropriate.

3. Material accounting policy information (continued)

3.10 Financial assets (continued)

Financial assets impaired from credit

A financial asset is impaired by credit when one or more events have a detrimental effect on future cash flow expectations. Evidence that a financial asset has been impaired by the loan includes information about the following events:

- Significant financial difficulty of the client.
- A breach of contract, which may be a predetermined event or a previous event.
- The lender, due to the economic difficulties of the borrower, has given the lender a concession that the lender would not otherwise consider.
- If the lender is expected to go bankrupt; or
- The active market for the active one no longer exists due to financial difficulties.

Derecognition of financial assets

The Company derecognizes a financial asset only when its contractual cash flow rights from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of an asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and a subsequent liability for amounts it may have to pay. If the company retains to a large extent all the risks and rewards of owning a transferred financial asset, then the company continues to recognize the financial asset

Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method or FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for recognition or when the continuing inclusion approach is applied, financial guarantee contracts issued by the company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities subsequently measured at amortized cost

Financial liabilities are classified in FVTPL when the financial liability is (i) the contingent consideration of a buyer in a business combination, (ii) held for trading or (iii) designated as in FVTPL, measured by the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that accurately deducts cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or deductions) over the term, expected financial liability, or (when appropriate) a shorter period, for the amortized cost of a financial liability.

3.11 Cash and cash equivalents

Cash and cash equivalents include banknotes and coins in circulation, unlimited balances held at the central company and assets that are highly liquid with an initial maturity of less than three months, which are subject to the insignificant risk of a change in their fair value, and used by the company in managing short-term commitments.

Cash and cash equivalents are held as per amortized cost in the statement of financial position.

3. Material accounting policy information (continued)

3.12 Prepayments and other short-term assets

Prepayments and other current assets are initially recognized at fair value and subsequently carried at cost less any impairment compensation, if any.

3.13 Trade and other payables

Trade payables are earned at their fair value and subsequently measured at amortized cost using the effective interest rate method.

3.14 Borrowings

Borrowings are initially recognized at historical cost. Other borrowings are initially recognized at fair value. Borrowings are then carried at amortized cost using the effective interest method.

3.15 Share capital

Ordinary shares and discretionary dividends are both classified as equity. The share capital of the Company is recognized at the same value.

3.16 Financial guarantees

Financial guarantees require the Company to make certain payments to reimburse the guarantee holder for a loss it incurs because a specified debtor fails to make the timely payment in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognized at their fair value, which is normally evidenced by the amount of fees received. This amount is amortized on a straight-line basis over the life of the warranty. At the end of each reporting period, guarantees are measured higher than (i) the amount of the loss for the guaranteed exposure determined based on the expected loss pattern and (ii) the remaining unamortized balance sheet amount at initial recognition. In addition, an ECL loss is recognized for receivables recognized in the statement of financial position as an asset.

3.17 Dividends

Dividends are recorded as liabilities 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 to be issued are disclosed in subsequent events. The Company's statutory accounting reports are the basis for profit distribution and other allocations. Kosovo legislation identifies the distribution base as the current year net profit.

3. Material accounting policy information (continued)

3.18 Provisions for liabilities

Provisions for liabilities are non-financial liabilities with time or unsecured amounts. They are calculated when the Company has a current or constructive liability as a result of past events, it is possible that an outflow of resources including economic benefits will be required to settle the liability and a reliable estimate of the amount of the liability may be made. Provisions are measured at the present value of the expenditure expected to be settled to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the specific risks of the obligation. The increase in provision due to the passage of time is recognized as an expense of interest.

3.19 Revenue recognition

Revenues from contracts with customers

Revenues are measured based on the consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties. The company recognizes revenue when it transfers control over the product or service to the customer. Revenues are mainly from the retail sale of furniture, lighting equipment and other household items, in specialty stores.

In determining whether an entry is recognized, the Company follows a 5-step process:

1. Identification of the contract with the customer
2. Identification of performance obligation
3. Determining the transaction price
4. Allocation of the transaction price to performance obligations
5. Recognition of revenues when the performance obligation is fulfilled.

Revenue is recognized either at a point in time or over time when the company meets performance obligations by transferring promised goods or services to customers.

Sale of goods

Revenues from the sale of goods are recognized at a time when the consumer is gaining control of the goods, which is generally at the time of delivery.

Service offering

Revenue from a service contract is recognized over the life of the service based on either a fixed price or the hourly rate.

Other income

Other income is recognized when it is received or when the right to receive payment is established.

3.20 Employee benefits

Mandatory social insurance contributions: The company contributes only to the publicly administered pension plan, the Kosovo Pension Savings Trust (KPST), as required by law. The company has no further payment obligations once the contributions have been paid. Contributions are recognized as an expense for employee benefits when they are due. The Company has no further liabilities to its employees beyond these contributions.

Retirement Benefits: The Company does not provide and has no liability for employee pensions over and over the contributions described in this note.

3. Material accounting policy information (continued)

3.21 Tax on income

Current income tax is calculated according to the income tax rules applicable in Kosovo, using the tax rates approved at the reporting date. In force from January 1, 2010 the corporate income tax rate is 10% in accordance with the tax regulations of Kosovo that are currently in force, Law no. 06 / L-105 "On Corporate Income Tax".

Corporate profit tax expense

Profit tax expense includes current and deferred tax. Income tax expense is recognized in profit or loss, except when it relates to items recognized directly in equity or in other comprehensive income.

Current tax

The current tax is the tax expected to be paid on the taxable profit of the year, applying the tax rates in force at the reporting date, as well as any accounting tax adjustment to be paid in relation to previous years. Deferred income tax represents the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Deferred tax

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on laws that have been substantially enacted since the reporting date. In determining the value of current and deferred tax, the Company considers the impact of different tax positions and whether additional taxes and interest may be payable. The Company believes that its accruals for tax liabilities are adequate for all tax years open based on its assessment of many factors, including interpretations of tax law and previous experience. This assessment is based on parameters and assumptions and may include a series of judgments about future events. Eventually new information available may change the Company's judgment regarding the adequacy of existing tax liabilities; such changes in tax liabilities will affect tax expense in the period in which such a determination is made.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be used.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. Material accounting policy information (continued)

3.22 Value added tax ("VAT")

Value-added tax on product related to sales is paid to the tax authorities in advance (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT can generally be refunded against output VAT upon receipt of the VAT invoice. The tax authorities allow the payment 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 is disclosed separately as an asset and liability. When provisions are made for the impairment of receivables, the impairment loss is recognized in the gross amount owed by the debtor, including VAT.

4. The use of estimations and judgements

In applying the Company's accounting policies, which are described in note 3 to these financial statements, Management is required to make judgments, estimates and assumptions regarding the carrying amounts of assets and liabilities that are not clearly apparent from their sources. The assumptions assessed and associated are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates. Basic estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision is revised if the revision covers only that period or in the revision period and future periods if the revision covers both current and future periods. In the process of applying the Company's accounting policies, which are described above, for the current period, management has not received judgments that have significant effects on the amounts recognized in the financial statements.

Lifespan of property, plant and equipment

The Company reviews the life of property, plant and equipment at the end of each reporting period. Any change in the continued use of the property or other factors that may affect the life of the assets and, accordingly, may significantly alter the carrying amount of those assets.

5. Critical accounting evaluation and calculation

The critical judgments and estimates included in the recognition of provisions, impairment of non-financial assets, income tax and deferred tax assets are described below.

Provisions and tax exposures

In determining whether a provision should be recorded, the Company judges whether there is any evidence that it has identified a measurable risk in the estimated cash flow in relation to, for example, taxes and penalties. This evidence may include observable evidence that there has been a change in national or local economic conditions associated with potential losses. Management uses estimates based on historical experience of loss of experience and objective evidence of similar current developments when estimating future cash flows.

The methodology and assumptions used to estimate the value and timing of future cash flows are reviewed regularly to reduce any differences between estimates of losses and actual losses. The company is subject to income tax in Kosovo.

Significant assessment is required in determining the amount of deferred income taxes.

Equipment impairment

Despite the accumulated losses from previous years (see Note 1), management believes that the Company will be profitable in the future based on sales that are sufficient to generate such profits and positive cash flows.

Valuation of equipment is a matter of judgment based on experience with similar assets and similar operations, current conditions and expectations for the future.

Determining fair values

A number of the Company's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities.

Fair values are determined for measurement and / or disclosure purposes, based on the following methods.

Where applicable, further information regarding the assumptions made in determining fair values are disclosed in the specific notes to that asset or liability.

Trade receivables

Trade receivables from customers are net of allowable provision. The receivables of the enterprise have a fair value estimated approximately equal to their carrying amount due to their short-term nature.

Trade payable accounts

Trade payables to suppliers are carried at cost. The Company's trade liabilities have a designated fair value approximately equal to their carrying amount due to their short-term nature.

Borrowings

Borrowings are held to maturity. Since borrowings have a feature of demand (the borrower can request repayment of the loan at any time) the fair value of the financial obligation is not less than the amount paid on demand.

6. Cash and cash equivalents

	As at December 31, 2025	As at December 31, 2024
Cash at banks	207,761	1,177,404
Cash on hand	84,275	94,627
Total	292,036	1,272,031

7. Trade receivables and others

	As at December 31, 2025	As at December 31, 2024
Municipality of Prishtina	883,361	380,151
Other receivables	105,836	56,924
Total	989,197	437,075

8. Prepayments

	As at December 31, 2025	As at December 31, 2024
Prepayment for EBRD	10,000	20,000
Other prepayments	13,182	5,585
Total	23,182	25,585

Prepayments for administrative expenses represent the amount that Trafiku Urban Sh.a. has paid, which is 100,000 Euro, since the total amount of the loan is 10,000,000 Euro and it lasts 12 years, the company has decided to recognize that amount as an expense for the upcoming 10 years in the amount of 10,000 Euro per year.

9. Auto parts and inventory

	As at December 31, 2025	As at December 31, 2024
Auto parts	457,766	623,965
Inventory	534,254	476,694
Total	992,020	1,100,659

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10. Property, plant and equipment

	Land	Buildings	Vehicles	Furniture and equipment	Total
Historical cost					
As at January 1, 2024	905,000	1,982,437	11,578,143	239,230	14,704,810
Additions during the year	-	24,000	1,408	33,863	59,271
As at December 31, 2024	905,000	2,006,437	11,579,551	273,093	14,764,081
Additions during the year	-	-	174,276	142,159	316,435
As at December 31, 2025	905,000	2,006,437	11,753,827	415,252	15,080,516
Accumulated depreciation					
As at January 1, 2024	-	792,064	6,060,829	176,190	7,029,083
Depreciation of the year	-	102,087	961,464	37,973	1,101,524
As at December 31, 2024	-	894,151	7,022,293	214,163	8,130,607
Depreciation of the year	-	103,987	961,464	34,034	1,099,485
As at December 31, 2025	-	998,138	7,983,757	248,197	9,230,092
Net book value					
As at December 31, 2024	905,000	1,112,286	4,557,258	58,930	6,633,474
As at December 31, 2025	905,000	1,008,299	3,770,070	167,055	5,850,424

Included in property plant and equipment is the value of land in the amount of 905,000 Euro for which the Company does not possess the ownership supporting documents and the value of the building in the amount of 1,008,299 Euro for which we could not determine the value.

11. Trade payables

	As at December 31, 2025	As at December 31, 2024
Trade payables	582,915	564,424
Total	582,915	564,424
Provision expenses	37,259	37,259
Total	620,174	601,683

The company has lawsuits which were initiated by former employees of the company, lawsuits that are still pending since the approval date of these financial statements. The plaintiffs seek compensation in the matter of wages, not receiving their wages has caused damage to them. According to the judicial council, the chances are that the company may lose in court and the value of the losses that may result from these lawsuits is 37,529 Euro.

12. Other liabilities

	As at December 31, 2025	As at December 31, 2024
Liabilities for interest to the TAK	85,488	148,313
Salaries payable	92,382	92,833
Pension tax and contribution payable	61,231	68,512
Other liabilities	45,768	56,670
Total	284,869	366,328

13. Loans

Short term loans, borrowings and overdrafts

	As at December 31, 2025	As at December 31, 2024
Short-term loans and overdrafts	1,020,638	1,020,638
Long-term loans	1,020,638	2,551,595
Total	2,041,276	3,572,233

The company has signed a loan agreement worth 10,000,000 Euro with the EBRD in 2016, according to which, EBRD has agreed to finance the purchase of 51 new buses for Trafiku Urban. This loan is guaranteed by the Government of the Republic of Kosovo. The loan was disbursed in two installments: the first installment 6,206,897 Euro and the second installment 3,793,103 Euro with variable interest. The loan repayment period is over 20 semi-annual installments starting from July 15, 2018 until January 15, 2028. The first two years of the loan were with a gray period.

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14. Revenue from sales

	Year ended December 31, 2025	Year ended December 31, 2024
Revenues from the Municipality of Prishtina	6,075,985	4,578,554
Revenues from ticket sales	3,610,025	1,616,322
Contract revenues	304,210	2,743,320
Total	<u>9,990,220</u>	<u>8,938,196</u>

Income from ticket sales are recognized when the customer service is completed through the fiscal coupon, which coupons are then recorded as sales invoices in the name of the physical buyer (fiscal cash register) that allows to accurately record the sale of tickets based on the Z daily report. Complete registration of the report for the month means the income from the sale of tickets, including other agreements which may be submitted on request or by agreement / contract for the service performed.

The company entered into an agreement on July 19, 2018 with the Municipality of Prishtina, the latter compensates every kilometer for a certain price estimated in a monthly time manner. Therefore, the revenues from ticket sales belong to the Municipality. The amount from the kilometers traveled when calculated at a price per kilometer is deducted from the revenues collected from ticket sales and the municipality is billed by Trafiku Urban for the remainder. While the petty cash realized from the sale of tickets remains in the bank account of Trafiku Urban.

15. Other revenues

	Year ended December 31, 2025	Year ended December 31, 2024
Revenues from compensation claims	70,455	57,153
Total	<u>70,455</u>	<u>57,153</u>

16. Personnel expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Gross salaries	4,632,846	4,044,177
Contributions from employer	231,642	202,209
Total	<u>4,864,488</u>	<u>4,246,386</u>

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17. Operating expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Fuel expenses	2,128,116	2,341,145
Auto parts and maintenance expenses	689,035	667,223
Health insurance expenses	124,250	118,700
Vehicle's oil expenses	76,201	79,477
Building maintenance expenses	65,979	-
Bus tires expenses	52,712	68,295
Uniform expenses for workers	42,713	27,666
Telephone and Internet expenses	36,715	33,940
Bus registration fees	36,283	50,726
GPRS subscription expenses for buses	30,754	-
AdBlue expenses	30,321	38,863
Expenses for training and representation	29,636	-
IT equipment and maintenance of website	27,937	5,330
Electricity expenses	23,764	-
Fiscal coffers expenses	17,563	24,757
Unforeseen expenses from the law office	16,307	-
Expenses for printing monthly tickets and legitimations and office expenses	16,014	21,345
Vehicle's antifreeze expenses	14,497	14,661
Maintenance of toilet cubicles expenses	12,748	13,104
Official vehicles service expenses	12,497	10,694
Legal consultancy expenses	11,760	11,760
Utilities expenses	11,139	27,276
Distilled and window's water expenses	5,941	4,924
Bus washing expenses	-	14,407
Risk assessment for each employee of the enterprise	-	12,495
Systematic medical check-ups of employee's expenses	-	7,760
Interest expenses to the TAK	-	-
Other administrative expenses	64,580	160,354
Total	3,577,462	3,754,902

18. Financial expenses

Financial expenses consist of interest expense on bank loans, credit lines and overdrafts including bank fees.

	Year ended December 31, 2025	Year ended December 31, 2024
Interest expenses	247,280	278,537
Total	247,280	278,537

19. Tax expenses

	2025	2024
(Loss)/profit before tax	271,960	(386,000)
<i>Adjustments:</i>		
Taxable losses brought forward	(2,699,876)	(2,313,876)
Nondeductible expenses	-	-
Total taxable loss	(2,427,916)	(2,699,876)
Current tax expense	-	-
	2025	2024
Deferred tax income	96,146	96,146
Tax expenses for the year	96,146	96,146

According to the law on corporate income 06 / L-105, the company is required to pay a rate of 10 % of taxable profit as calculated in the annual income tax return. In accordance with the law the tax loss can be carried forward to be reimbursed during the four upcoming years after the year in which that tax loss is caused.

20. Deferred tax assets and liabilities

Tax liabilities are calculated as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Carrying amount	3,590,808	4,552,272
Tax bearing value	-	-
Taxable temporary differences	3,590,808	4,552,272
Deferred tax liability 10%	359,081	455,227

The deferred tax liability was charged through income, profit and other comprehensive income for the year ended 31 December 2025, respectively (96,146) Euro (2024: (96,146) Euro). The deferred tax liability comes from the differences in the calculation of impairment for IFRS and TAK.

21. Transactions with related parties

The parties are generally considered to be related if they are under joint control or one of the parties has the ability to control the other party or may exercise significant influence or joint control over the other party in making financial and operational decisions. When considering the possible relationship between related parties, attention is directed to the substance of the relationship and not just the legal form.

As at 31 December, the situation between the related parties is as follows:

	2025	2024
Accounts Receivables		
Municipality of Prishtina	883,361	380,151
Sales		
Municipality of Prishtina	6,075,985	4,730,702
Salaries	26,527	36,780

22. Commitments and contingencies

(ii) Litigations

There are no open legal disputes and procedures against the company which are not considered normal during the development of its activity.

23. Categories of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities for each category are as follows

	Year ended December 31, 2025	Year ended December 31, 2024
Financial assets		
Cash and cash equivalents	292,036	1,272,031
Trade receivables	989,197	437,075
Prepayments	23,182	25,585
Total	1,304,415	1,734,691
Financial Liabilities		
Trade payable	620,174	601,683
Other liabilities	284,869	366,328
Loans	2,041,276	3,572,233
Total	2,946,319	4,540,244

24. Fair value and financial risk management

24.1. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as an ongoing concern by maximizing returns to the shareholder through optimizing the debt balance and equity. The capital structure of the Enterprise consists of debt, which includes borrowings, and equity attributable to the equity holder, which includes equity issued and retained earnings.

24.2 Material accounting policies

Details of material accounting policies and approved methods including recognition criteria, measurement bases and bases on which income and expense are recognized in relation to each class of financial assets, financial liabilities and equity instruments are set out in Note 3 to financial statements.

24.3 Financial risk management objectives

The Company's activities expose it to a range of financial risks, including credit risk and risks associated with the effects of exchange rate fluctuations and interest rates. Company risk management focuses on market unpredictability and seeks to minimize potential negative effects on the Company's business performance.

Risk management is implemented by the Board of Directors based on several policies and procedures approved in advance in writing, and which cover risk management in general, as well as specified areas such as: foreign exchange risk, interest rate risk, risk of credit, use of appropriate securities and excess liquidity investments.

24.4 Credit risk

The company is subject to credit risk through sales activities. For this reason, the credit risk for the Company arises from the inability of the parties to meet their contractual obligations. The amount of credit exposure in this regard is presented by the carrying amounts of the assets in the statement of financial position.

Trade receivables are monitored on a daily basis and customers are notified in a timely manner.

The carrying amount of financial assets recorded in the financial statements, which is the net value of impairment losses, if any, represents the Company's maximum exposure to credit risk

24.5 Liquidity risk

Liquidity risk arises in the overall financing of the Company's activities and in the management of positions. It includes both, the risk of not being able to finance assets at appropriate maturities and interest rates, and the risk of not being able to liquidate an asset at a reasonable price and in a timely manner. fulfill obligations.

24. Fair value and financial risk management (continued)

24.5 Liquidity risk (continued)

The company monitors its liquidity on a monthly basis in order to manage its liabilities when they need to be paid. The contractual maturity of the Company's financial instruments as at 31 December 2025 and 2024 was as follows:

	Less than a month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
December 31, 2025						
Liabilities						
Trade payables	-	-	620,174	-	-	620,174
Other liabilities	-	85,460	199,409	-	-	284,869
Loans	-	-	1,020,638	1,020,638	-	2,041,276
Total	-	85,460	1,840,218	1,020,638	-	2,946,316
December 31, 2024						
Liabilities						
Trade payables	120,336	120,336	120,337	120,337	120,337	601,683
Other liabilities	366,328	-	-	-	-	366,328
Loans	-	-	1,020,638	2,551,595	-	3,572,233
Total	486,664	120,336	1,140,975	2,671,932	120,337	4,540,244

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24. Fair value and financial risk management (continued)

24.5 Liquidity risk (continued)

Fair values of short-term assets and liabilities approximate their carrying amount due to their short-term nature. Fair value of loans approximates the fair value because they are loans with variable interest, the lender has given up all interest from the Company. The fair value of financial assets and liabilities is included in the amount at which the instrument can be exchanged in a current transaction between the parties in addition to a forced sale or liquidation.

	Carrying value		Fair Value	
	As at December 31,2025	As at December 31,2024	As at December 31,2025	As at December 31,2024
Financial Assets				
Cash and cash equivalents	292,036	1,272,031	292,036	1,272,031
Trade receivables	989,197	437,075	989,197	437,075
Prepayments	23,182	25,585	23,182	25,585
Total	1,304,415	1,734,691	1,304,415	1,734,691

	Carrying value		Fair Value	
	As at December 31,2025	As at December 31,2024	As at December 31,2025	As at December 31,2024
Financial Assets				
Trade payables	620,174	601,683	620,174	601,683
Other liabilities	284,869	366,328	284,869	366,328
Loans	2,041,276	3,572,233	2,041,276	3,572,233
Total	2,946,319	4,540,244	2,946,319	4,540,244

24.6 Fair value of financial instruments

The Company's management considers that the carrying amounts of financial assets and financial liabilities recorded at cost or amortized cost in the financial statements approximate their fair values due to their short maturity.

24. Fair value and financial risk management (continued)

24.7 Interest rate risk consists

Interest rate risk consists of the risk that the value of the financial statements will fluctuate due to changes in market interest rates and the risk of a change between the maturity of interest-bearing assets and the maturity of interest-bearing liabilities received to finance those assets. The duration over which the interest rate on a financial instrument is fixed indicates the extent to which it is exposed to interest rate risk.

Management believes that the company is not exposed to interest rate risk in the financial statements except for borrowings who carry a fixed interest rate.

Management believes that the company is not exposed to interest rate risk in the financial statements because all borrowings carry a fixed interest rate changed for movements in EURIBOR.

Below is an analysis of financial assets and financial liabilities.

	As at December 31,2025	As at December 31,2024
Assets		
<i>That carry no interest</i>		
Trade receivables	989,197	437,075
Fixed interest rates		
Cash and cash equivalents	292,036	1,272,031
Liabilities		
<i>That carry no interest</i>		
Trade payable	620,174	601,683
Other liabilities	284,869	366,328
Loans	2,041,276	3,572,233

25. Events after the reporting date

There are no events subsequent to the reporting date that require adjustment or disclosure in the financial statements of the Company.