

FC DRITA SH.P.K.

Unique No. 811186974

FINANCIAL STATEMENTS AND AUDITOR'S REPORT
FOR THE YEAR ENDING
On December 31 2022

AUDIT REPORT BY INDEPENDENT AUDITOR

For stakeholders and management of FC DRITA L.L.C

Opinion

We have audited the financial statements of FC DRITA L.L.C. (The company), which include the statement of financial position on December 31, 2022, Income Statement, Statement of Changes in Equity and the Statement of Cash Flows for the closed year and notes of financial statements, including significant accounting policies.

In our opinion, the attached financial statements present fairly, in all material aspects, the financial position of The Company, as of December 31, 2022, and the financial performance and cash flow for the year ending on that date in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Enterprises (SME).

Basis of Opinion

We have completed our audit in line with International Auditing Standards (IAS). Our responsibilities according to standards are prescribed in detailed way on the section of report where are given Auditor's Responsibility for auditing of Financial Statements of this report.

We are independent from the Company in line with Ethical Requirements Applicable for the Auditing of Financial Statements (IESBA Code), together with requirements relevant during our audit of financial statements in Kosova, and we have complied with other ethical responsibilities in accordance with IESBA Codes.

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

Management responsibility and Persons in Charge for Governance in relation to Financial Statements

The management is responsible to prepare and present fair financial statements in accordance with International Standards of Financial Reporting of SME, and for the internal control, that management considers necessary to enable the preparation of financial statements that do not contain material misstatements, whether due to fraud or error.

In making financial statements, the management is responsible to evaluate the Company capability to continue providing information, if applicable, for issues related to continuity and by using the accounting principle of continuity, excluding the cases when the management aims to liquidate the Company or cease the

activities, or if there is no other real alternative, excluding the above. Those who are in charge to govern are responsible for the supervision of financial reporting process of the Company.

Auditor's responsibility to audit Financial Statements

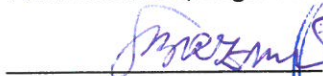
Our objectives are obtaining reasonable assurance related to the fact if financial statements in whole are free from material misstatements, due to fraud and error, and to issue an audit report that includes our opinion. Reasonable assurance is an assurance of high level, but it is not a guaranty that an audit completed according to ISA shall always identify a material misstatement when it exists. Misstatements may arise as a result of fraud and are considered material if, individually and together, is expected that reasonably influence the economic decisions of the users, taken based on these financial statements.

As a part of audit in accordance with ISA, we exercise our professional judgment and we keep our professional scepticism during all audit. Also we:

- Identify and estimate material misstatement risks, whether due to fraud or error, we draft and perform the audit procedures in respond to these risks, and we take audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failure to discover a material misstatement as a result of fraud is higher than risk as a result of error, because the fraud may include secret agreements, falsifications, intentional exclusions, deformed information, and bypass of internal controls.
- Provide a knowledge of internal control that is related to audit in order to determine audit procedures that are acceptable according to circumstances, but not for the expression of an opinion on internal control effectiveness of the Company.
- Asses the feasibility of accounting policies used and the reasonability of accounting estimation and relevant explanations made by management.
- Extract a conclusion in relation to feasibility of use of continuity accounting basis, and based on audit evidence taken, if there is any material uncertainty in relation to events or terms, which may cast great doubts for the Company capabilities to continue the activity. If we come to a conclusion that there is uncertainty, we should withdraw the attention on auditor's report in relation to explanations provided on financial statements, or if these explanations are inappropriate, we should modify our opinion. Our conclusions are based on audit evidence taken up to the date of our audit report. However, future events and terms may make the Company to cease the activity.
- Asses the general presentation of structure and the content of financial statements including given explanatory information, and if financial statements present transactions and events within in a way that reaches the fair presentation.

We communicate with persons in charge for the governance, among other things, with regard of goal and time of audit and important findings of audit, including any important deficiency in internal control that we may identify during audit.

Fahri Breznica, Legal Auditor



10000, Prishtine, Mother Teresa Square, H 2-1

Date 24. 03. 2023

THE STATEMENT OF FINANCIAL POSITION

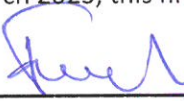


On 31 December 2022

(Amounts in Euro)

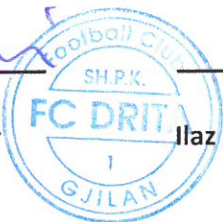
	<u>Notes</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<u>Short-term assets</u>			
Monetary means and its equivalents	4	37	17,453
Accounts receivable from transfer of players	5	90,633	-
Accounts receivable from related persons		-	-
Accounts receivable and other	6	33,400	41,296
Other claims	7	25,000	-
Total current assets		<u>149,070</u>	<u>58,749</u>
<u>Long-term assets</u>			
Property, plant and equipment	8	8,542	9,508
Intangible assets, players		-	-
Other intangible assets		-	-
Accounts receivable from transfer of players		-	-
Accounts receivable from related persons		-	-
Accounts receivable and other		-	-
Claim to long-term loans	9	121,500	134,900
Total of long-term assets		<u>130,042</u>	<u>144,408</u>
Total assets		<u>279,112</u>	<u>203,157</u>
<u>Short-term liabilities</u>			
Bank overdraft		-	-
Bank loans and other		-	-
Accounts payable to transfer of players	10	-	25,000
Accounts payable to employees	11	103,224	58,348.00
Accounts payable for social obligations		-	-
Tax liabilities and assets		-	-
Tax liabilities	12	21,901	12,841
Short-term deposits		-	-
Deferred income		-	-
Accounts payable and other	13	14,497	22,027
Tax liabilities		-	-
Total of short-term liabilities		<u>139,622</u>	<u>118,216</u>
<u>Long-term liabilities</u>			
Bank loans and other		-	-
Accounts payable to related persons	14	40,000	9,000

Accounts payable to transfer of players		-	-
Accounts payable to employees		-	-
Accounts payable for social obligations		-	-
Tax liabilities and assets		-	-
Deferred income		-	-
Other loan liabilities		-	-
Tax liabilities		-	-
Other non-asset liabilities – borrowings	15	115,000	75,000
Total of long-term liabilities		155,000	84,000
Total of liabilities		294,622	202,216
Capital			
Initial capital	16	20,000	20,000
Profit/Loss of the year		-	-
Profit/Loss carried forward		(35,510)	(19,059)
Reserve			
Total of capitals		(15,510)	941
Total of liabilities and capitals		279,112	203,157

On March 2023, this financial statements were prepared and approved:

Feti Murseli - Director
Ilaz Shkodra- Financial Director
Mirlinda Murtezi-Certified Accountant



The following accompanying notes from 1 to 24 are integral part of these Financial Statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year closed on 31 December 2022

(Amounts in Euro)

	Notes	For the year ending on <u>31 December 2022</u>	For the year ending on <u>31 December 2021</u>
Income from advertising and sponsoring	17	101,216	124,351
Income from broadcasting rights	17	59,530	102,042
Income from sales of players	17	190,895	
Income from FFK donations	17	78,500	65,000
Income from sales of tickets	17	11,034	
Income by UEFA for development	17	25,000	
Income by UEFA	17	581,000	550,000
Other income	17	863	10,000
Deferred income	17	-	271,798
Total of income		<u>1,048,038</u>	<u>1,123,191</u>
<u>Expenses</u>			
Cost of services	18	(200,346)	(262,326)
Services of employees-players gains	19	(612,805)	(606,275)
Services of other employees' gains	20	(183,503)	(184,693)
Amortization/ Depreciation of fixed basic assets		-	
Depreciation of tangible assets and non-material assets	8	(2,530)	(1,994)
Other operating expenses	21	(64,193)	(84,989)
Total operating expenses		<u>(1,063,377)</u>	<u>(1,140,277)</u>
Operating profit	22	<u>(15,339)</u>	<u>(17,086)</u>
<u>Trade of players</u>			

Amortization of non-material assets		-	-
Depreciation of non-material assets		-	-
Profit/Loss from sales of players		-	-
Cost of players registration		-	-
Available income form players registration		-	-
<u>Total from sales of players</u>		-	-
Profit/Loss available of tangible assets		-	-
Profit/Loss available of other non-material assets		-	-
Total of profit/loss available of fixed assets		-	-
Financial result		-	-
Finical income		-	-
Financial costs		-	-
Profit/loss of net currency translation		-	-
Net financial income/expenses		-	-
Other non-operating income		-	-
Other non-operating expenses		-	-
<u>Profit/(Loss) before tax</u>	22	(15,339)	(17,086)
Tax on profit	22	(1,112)	(627)
<u>Not profit/(loss) of the period</u>	22	(16,451)	(17,713)
<u>Total of comprehensive income for the year</u>		(16,451)	(17,713)

The following accompanying notes from 1 to 24 are integral part of these Financial Statements.

THE STATEMENT OF CHANGES ON EQUITY

For the year closed on 31 December 2022

(Amounts in Euro)

	Charter capital	Withheld profits	Profit of the period	Withdrawals of the owner	Total
Balance on January 1, 2021	20,000	(1,347)			18,653
Profit/(loss) of the year		<u>(17,712)</u>			<u>(17,712)</u>
Differences from foreign currency translation					
Dividend/Withdrawals					
Deposits of additional capital					-
Share of reserves					
Balance on December 31, 2021	20,000	(17,712)	-	-	941
Profit/(loss) of the year		<u>(16,451)</u>	-	-	<u>(16,451)</u>
Differences from foreign currency translation					
Dividend/Withdrawals					
Deposits of additional capital					
Share of reserves					
31 December 2022	20,000	(34,163)	-	-	(15,510)

The following accompanying notes from 1 to 24 are integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the year closed on 31 December 2022
(Amounts in Euro)

	Notes	For the year ending on 31 December 2022	For the year ending on 31 December 2021
<u>Cash flows from operating activities</u>			
Cash collected by invoices on entry into stadium		11,034	
Cash collected by sponsoring and advertisement		90,816	83,902
Cash collected by broadcasting rights	8	59,530	102,042
Cash collected by commercial activities			
Cash collected by UEFA		606,000	550,000
Cash collected by the payments of other activities		197,921	79,753
Cash payments for supplies of goods and services			
Cash payments for and on behalf of employees		(724,123)	(704,737)
Cash payments made to agents			
Cash payments made in relation to other operating expenses		(316,649)	(334,317)
Cash payments for supplies of goods and services			
		<u>(75,471)</u>	<u>(223,357)</u>
<u>Net cash flows from operating activities</u>			
Cash flows from investing activities			
Cash collected from investing activities			
Cash collected from sales of registered players			
Cash collected from purchase of registered players			
Cash collected from sales of fixed assets			
Cash payments for purchase of assets		(1,564)	(2,001)
Cash payments for sales of assets			
Cash payments for acquisition of other assets			
Cash payments for sales of financial investments			
Cash payments for the acquisition of other financial investments			
Cash payments for other investing activities			

Net cash flow from investing activities	(1,564)	(2,001)
Cash flow from financial activities		
Cash collected from borrowings to shareholders	71,000	84,000
Cash repayments to shareholders		
Cash payment for given borrowings		
Cash collected for borrowings	13,200	(5,000)
Cash collected by capital increase		
Cash payment for dividends to owners		
Cash collected from provision of bonds		
Cash repayments in relation to repayment of bonds		
Cash repayments for other financial activities	(25,000)	
Net cash flow from financial activities	59,200	79,000
Net increase/decrease of cash	(17,835)	(146,356)
<u>Reconciliation</u>		
Cash and its equivalents beginning of the year	17,872	164,229
Effects of change on exchange of currency translation		
Cash and its equivalents in the end of the year	37	17,872

The following accompanying notes from 1 to 24 are integral part of these Financial Statements.

1. GENERAL INFORMATION

“FC DRITA” LLC (hereafter we will refer as “FC DRITA” or (“Company”) is established as limited liability Company on 22.07.2016 and is registered with unique no. 811186974 in the Register of Business Organizations within Business Registration Agency within Ministry of Trade and Industry.

The headquarters of and the main site of activity is in Gjilan, City Stadium, no number, Republic of Kosovo.

The main business activity is sport activity, and the initial capital of the Company was 20,000.00 €, registered and paid.

The Company has two shareholders according to List and Annex, and information on business in the KBRA.

During the year 2021, the Company, in average, had 46 employees (2021:46). The authorized director manages the Company.

The Company has registered activities with KBRA:

Primary activity**9312 Activities of sport clubs**

Secondary activity

9313 Fitness facilities

Other activities

9319 Other sports activities

The football club FC Drita, is registered to participate in competition of the national championship, national cup, international competitions, friendly matches, organization of football trainings, and youth.

2. IMPORTANT ACCOUNTING POLICIES**2.1. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with International Accounting Financial Standards for Small and Medium Enterprises (IAFS for SME) and requirements of UEFA financial criteria

Financial statements are prepared by using the measuring basis specified on the procedures for each type of assets, liabilities, income and expenses. The measuring basis are fully described on below the accounting policies

2.2. The presented currency

The reporting a presenting currency is Euro (EUR), which is in line with European Monetary Union and instructions issued by central Bank of Kosovo, Euro is adopted as legal currency in the territory of Kosovo from January 1, 2002.

2.3. Transactions in Foreign currency

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. The foreign currency profit or loss resulting from adjustments of such transaction, and from re-measurement of monetary items with the exchange rate in the end of the year are presented as profit or loss.

2.4. Use of estimates and judgments

The preparation of financial statements in line with IFRS requires for management to make judgments, estimation and assumptions that effect on application of reported police and amounts of assets and liabilities, income and expenses. The actual results may differ from these estimations.

Estimations and judgments are reviewed on an ongoing basis. Revision of accounting estimations are recognized on prospective way.

2.5. Principle of continuity

Financial statements are prepared based on continuity principle, which estimated the realization of assets and compliance of liabilities in the normal course of business.

2.6. Inventory

The inventory is measure at the lower of cost and net realizable value. Net realizable value is the estimate price of sale on normal business flow, less the costs of completion, advertisement and distribution.

The supply costs are placed using the weighted average principal and includes all costs of acquisition, costs of transformation and other costs related to bringing the inventory on the current place and conditions

2.7. Land, plant and equipment

Land, plant and equipment are stated at cost less accumulated depreciation. The cost includes expenditures that are directly attributable to acquisition of the asset. The reevaluation of land, plant and equipment is not completed until now.

Subsequent purchases are included on the carrying value of assets or are recognized as sole asset respectively, when there is a chance of future flow of economic gains for the company form the relevant item, and when the value of item can be measured on the reasonable way. The depreciation of land, plant and equipment is calculated by using the straight-line method for the distribution of cost or the cost considered on their remaining value during their lifetime of use, as follows:

	2022	2021
Building	5%	5%
Investments on rented premises	5-10%	5-10%
Equipment	20%	20%
Other transportation means	20%	20%
Vehicles and other equipment	20%	20%

Method of depreciation, life of use and remaining value are reviewed at each reporting date.

2.8. Current and deferred income tax

The liability of current tax on income is calculated based on the tax law in force for corporate income on the date of balance sheet.

Deferred income tax is provided on complete way, by using the method of liabilities, on the temporary differences accruing between the tax base of assets and liabilities, and their carried value on financial statements. The deferred income tax is determined by using a tax rate in force from the date of balance sheet and is waited to be applied when the relevant asset of deferred income tax is made or the liability of deferred income tax is written off.

The asset of deferred income tax is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be used.

2.9. Cash and cash equivalents

Cash comprises cash on hand and demand deposits on banks, other short-term highly liquidity investments that expire within a period of 12 months.

2.10. Equity reserves, carrying profits and dividend payments**- Share capital**

The capital of 20,000 Euro is registered with KBRA and is paid.

- Carried profits

Carried profits consist of undistributed profits from previous periods and current..

2.11. Employee benefits

Pension liabilities

The Company has the pension scheme defined by the local legislation of social securities, through which the Company contributes to the plans for the retirement of its employees. Contributions, based on gross wages, are made to the state pension plan, Kosovo Pension Trust, responsible for payment of pensions. It does not have any additional liability in relation to these plans. Pension contributions for non-residents are not calculated and neither withheld.

2.12. Income

The income is measured referring to fair value of received or receivable consideration of the company for the offered services, excluding VAT and trade allowances. The income is recognized when the amount of income can be measured on the reliable way, there are chances that economic gains related to transaction will accrue in the Company, expenses made or will be made can be reliably measured, and when criteria for each different activity of the Company are met.

2.12.1 Income from advertisement and sponsoring

Income from advertisement and sponsoring include the income from offering of adds and publications through sponsoring with contracts. These services are gained proportionally through sport activities of matches and outside it

during the contract terms and conditions. Income from sponsoring rights are recognized after compliance of terms defined by the club.

2.12.2 Income from broadcasting rights

Income from broadcasting rights present the income from contracts with national and international media. This income are gained proportionally at the moment when sport matches occur during the championship season. The income from broadcasting rights are recognized after compliance of terms defined by the club.

2.12.3 Income from tickets

The income from sales of tickets present the income from tickets for the matches, UEFA club league, annual tickets, memberships and other income during the activities of matches (friendly, etc.)

The income are recognized proportionally at the moment when sport matches occur during the championship season.

2.12.4 Income from donations

Donations are unconditional gifts of compensations, which is recognized when received. The donations are registered in the accounting of the club when trust conditions are met, which the club is obliged to meet for the acceptance of donation and the donation will be paid. In the profit and loss account the donations are reported systematically during the reporting period on which the expenses are recognized to cover the accepted donation.

2.12.5 Expenses/ Income from player registration

Costs of purchase players' registration are capitalized se following:

The registration of the player is declared on the financial report after all important conditions for the transfer are met, therefore the transfer in fact is not conditional, which means that there should be a legal agreement that is bounding for both clubs and between the club that purchased the registration of the player and the player himself.

Only direct costs on player's registration are capitalized. The value of the transfer for an individual player it cannot be re-evaluated for more, but the management may believe that the market value is higher than the transfer value. Costs related to the sector on young age for the license claim are included on the balance, because they are capitalized exclusively from purchased players.

The amortization starts when the player's registration is taken. The amortization stops on the date when the asset is completely amortized, or it is withdrawn depending on the prior event.

For the registration of any individual player, the amortization amount is distributed systematically during the time of usage. The expenses and income for players' transfer the Company recognizes at the moment when the money is completed or the transfer occurred.

2.13. Trade payables and other payables

Trade payables and other payables are recognized on the real value and later are measured with amortization costs using the effective interest method.

2.14. Trade receivable accounts

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Assets with a short maturity are not discounted. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognized as current income in the statement of comprehensive income.

2.15. Loans (transfer of funds – additional cash for related parties)

Loans by shareholders initially are recognized by historic cost. Other loans are recognized initially with fair value. Afterwards loans are made with amortized cost using the effective interest method.

Bank loans, borrowings

Subsequent to initial recognition, borrowings and loans with depreciated cost with any difference between cost and the value of repurchase that is recognized on profit or loss during the period of loan on the basis of effective interest.

2.16. Operating expenses

Operating expenses are recognized on profit or loss when the service is used or on the date of their origin.

2.17. Taxes

Payable taxes are based on year profits under Law No.05/L-029 on Corporate Income Tax. Taxable profits differ from the tax reported on comprehensive income statement because it excludes the items of income and expenses, which are taxable or excluded on other years and totally excludes the items, which are never accepted. Company obligations for tax year are calculated based on the tax rate of 10%. According to current legislation tax loss can be carried forward for six years after the year a loss occurred.

2.18. Possible liabilities and commissions

Possible liabilities are not recognized on financial statements. They are presented only if their chances and economic gains are not far. A possible asset is not recognized on financial statement, but is presented if any flow of economic gains is expected. A commission is recognized if, as a result of previous events, the Company has a legal or constructive obligation that could be considered on the reliable way, and is possible that economic gains will be required to recover the liability. On 31 December 2021, the Company has no possible commissions and liabilities.

3. ADOPTION OF NEW AND REVIEWED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(i) Effective standards and interpretations on the current period

New standards, changes of existing standards and new interpretation issued by International Accounting Standards Board (IASB) are effective for the current period of reporting:

- **Changes on IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement and IFRS 7 " Financial Instruments: Disclosures", IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" - Reform of Interest Rate estimation - Phase 2** (effective on or after January 1st, 2021)
- **Changes on IFRS 16 Leases** – Lease concession related to Covid-19 (effective for annual period starting on or after the date of June 1, 2020), (earlier application is allowed)
- **Changes on IFRS 4 "Insurance Contracts" "**- extension of temporary exclusion by implementation of IRFS SNRF 9 (date of expiration for temporary exclusion from IRFS 9 is extended for annual periods starting on or after January 1st, 2023).

Approval of these new standards, changes on existing standards and interpretation did not lead in any material change on the financial statements of the Company.

(ii) Non-effective standards and changes on existing standards

On the date on authorization of these consolidated financial statements, the following new and reviewed standards and interpretations are issued, but are not effective yet:

- **IFRS 17 "Insurance Contracts"** including changes on IFRS 17 published on 25 June 2020 and changes on IFRS 17 "initial implementation of IFRS 17 and IFRS 9" published on 9 December 2021 (effective for annual periods starting on or after January 1, 2023)
- **Changes on IFRS 3 "Business Combinations"** - References on Conceptual Framework with the changes on IRFS 3 (effective for annual periods starting on or after January 1, 2022),

- **Changes on IFRS 10 " Consolidated Financial Statement" and IAS 28 "Investments in Associates and Joint Ventures "** – Sale or contribution of assets between an investor and its associate or joint ventures (the effective date is postponed for undefined time until the end of research project on net capital method),
- **Changes on IFRS 16 "Lease"** – Concessions of lease related to Covid-19 after 30 June 2021 (effective for annual reporting periods starting on or after 1 April 2021. Earlier application is allowed, including on still unauthorized financial statements for issuance on the date of amendment issuance) *
- **Changes on IAS 1 "Presentation of Financial Statements"**- Classification of short-term and long-term liabilities (effective for annual periods starting on or after January 1, 2023)
- **Changes on IAS 1 "Presentation of Financial Statements"**- Disclosure of accounting policies (effective for annual periods starting on or after January 1, 2023)
- **Changes on IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** – Definition of accounting estimations (effective for annual periods starting on or after January 1, 2023),

3. ADOPTION OF NEW AND REVIEWED INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont.)

- **Changes on IAS 12 "Income tax"** - Deferred tax in relation to assets and liabilities accrued from a sole transaction (effective for annual periods starting on or after January 1, 2023).
- **Changes on IAS 16 "Property, Plant and Equipment"** - Income prior to the intended use effective for annual periods starting on or after January 1, 2022),
- **Changes on IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"** – Variable Contracts – The cost of effective fulfilment of contract for annual periods starting on or after January 1, 2022),
- **Change of different standards due to "Improvements on IRFSs (cycle 2018-2020)"** that result from annual project of IFRS improvements (IFRS 1, IFRS 9, IFRS 16 and IAS 41) mainly with the aim to remove the inconsistency and to explain the formulations (Changes on IFRS 1, IFRS 9 and IAS 41 are effective for annual periods starting on or after January 1, 2022. Change on IFRS 16 is related only to one illustrative example, therefore on effective date is declared).

The Company has chosen not to approve these standards, reviews and interpretations before their effective dates. The Company foresees that adoption of these standards, reviews and interpretations shall have no substantial effect on financial statements of the Company on the initial application period.

FC DRITA L.L.C.

Explanatory notes for financial statements for the year ending on 31 December 2022

(Values on EUR)

4. CASH AND CASH EQUIVALENTS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Cash in the bank	37	17,453
<u>Total</u>	<u>37</u>	<u>17,453</u>

5. ACCOUNTS RECEIVABLE FROM PLAYERS' TRANSFER

	<u>31 December 2022</u>	<u>31 December 2021</u>
Royal Antwerp Football Club NV	90,633	0
<u>Total</u>	<u>90,633</u>	<u>0</u>

6. ACCOUNTS RECEIVABLE

	<u>31 December 2022</u>	<u>31 December 2021</u>
Trade accounts receivable	33,400	41,296
<u>Total</u>	<u>33,400</u>	<u>41,296</u>

7. OTHER SHORT-TERM CLAIMS

	<u>31 December 2022</u>	<u>31 December 2021</u>
Other short-term claims	25,000	-
<u>Total</u>	<u>25,000</u>	<u>-</u>

FC DRITA L.L.C.

Explanatory notes for financial statements for the year ending on 31 December 2022

(Values on EUR)

8. PRONA, PAJISJET

	Equipment	Vehicles	Total
Balance on 1 January 2021	1,300	8,567	9,867
Additions	2,001	-	-
Written offs	-	-	-
Total additions- written off	2,001	-	2,001
Balance on 31 December 2021	3,301	8,567	11,868
Accumulated depreciation 01.01.2021	(43)	(323)	(366)
Depreciation for the year	(281)	(1,713)	(1,994)
Total depreciation	(324)	(2,036)	(2,360)
	1,257	8,244	9,508
Net value 31 December 2021			9,508
Balance on 1 January 2022	3,301	8,567	11,868
Additions	1,564		1,564
Written offs			
Total	1,564		1,564
Balance on 31 December 2022	4,865	8,567	13,432
Accumulated depreciation	(324)	(2,036)	(2,360)
Written offs			
Depreciation for the year 2022	(817)	(1,713)	(2,530)
Total depreciation	(1,141)	(3,749)	(4,890)
Net value 31 December 2022	3,724	4,818	8,542

FC DRITA L.L.C.

Explanatory notes for financial statements for the year ending on 31 December 2022

(Values on EUR)

9. LONG-TERM LOANS

	31 December 2022	31 December 2021
Long-term loans given	<u>121,500</u>	<u>134,900</u>
Total	<u>121,500</u>	<u>134,900</u>

10. ACCOUNTS PAYABLE IN RELATION TO PLAYERS' TRANSFER

	31 December 2022	31 December 2021
Liabilities to players' transfer	<u>-</u>	<u>25,000</u>
Total	<u>-</u>	<u>25,000</u>

11. ACCOUNTS PAYABLE TO EMPLOYEES

	31 December 2022	31 December 2021
Liability to employees	<u>103,224</u>	<u>58,348</u>
Total	<u>103,224</u>	<u>58,348</u>

12. TAX LIABILITIES

	31 December 2022	31 December 2021
<u>Liabilities to VAT</u>	<u>2,784</u>	<u>6,345</u>
<u>Liabilities to pension contributions I</u>	<u>4,205</u>	<u>2,745</u>
<u>Liabilities to pension contributions II</u>	<u>4,205</u>	<u>2,745</u>
<u>Liabilities to wage withholding tax</u>	<u>9,595</u>	<u>379</u>
<u>Liabilities to profit tax</u>	<u>1,112</u>	<u>627</u>
Total	<u>21,901</u>	<u>12,841</u>

FC DRITA L.L.C.

Explanatory notes for financial statements for the year ending on 31 December 2022

(Values on EUR)

13. ACCOUNTS PAYABLE

	31 December 2022	31 December 2021
Suppliers	14,497	22,027
Total	14,497	22,027

14. LONG-TERM LOANS TO RELATED PERSONS

	31 December 2022	31 December 2021
Flamur Bunjaku	20,000	9,000
Valon Murseli	20,000	
Total	40,000	9,000

15. OTHER LONG-TERM LOANS

	31 December 2022	31 December 2021
Other long-term loans I. SH.	115,000	75,000
Total	115,000	75,000

16. CAPITAL

	31 December 2022	31 December 2021
Flamur Bunjaku	10,000	10,000
Valon Murseli	10,000	10,000
Total	20,000	20,000

17. INCOME FROM SALES

	For the year ending on 31 December 2022	For the year ending on 31 December 2021
Income from advertising and sponsoring	101,216	124,351
Income from broadcasting rights	59,530	102,042
Income from sales of players	190,895	-
Income from FFK donations	78,500	65,000
Income from sales of tickets	11,034	
Income by UEFA for development	25,000	-
Income by UEFA	581,000	550,000
Other income	863	10,000
Deferred income	-	271,798
Total	1,048,038	1,123,191

18. COST OF DIRECT SERVICES

	For the year ending On 31 December 2022	For the year ending On 31 December 2021
<u>Expenses of sport equipment</u>	5,700	20,304
<u>Expenses of accommodation and transport</u>	85,307	75,842
<u>Expenses of transportation</u>	11,618	12,885
<u>Expenses of traveling</u>	48,142	54,746
<u>Expenses on match organization</u>	-	8,774
<u>Expenses on match security</u>	4,035	2,430
<u>Expenses on referring</u>	1,595	600
<u>Expenses on players' transfer</u>	31,385	72,700
<u>Expenses of players' food</u>	11,184	13,596
<u>Expenses on ticket printing</u>	1,380	449
Total	200,346	262,326

19. EXPENSES ON PLAYERS' BENIFITS

	For the year ending on 31 December2022	For the year ending on 31 December2021
<u>Expenses on players' wages</u>	592,071	606,275
<u>Expenses on pension contributions for players</u>	20,734	-
Total	612,805	606,275

20. EXPENSES ON OTHER EMPLYEES' BENEFITS

	For the year ending on 31 December2022	For the year ending on 31 December2021
<u>Expenses on technical staff</u>	82,553	84,679
<u>Expenses on pension contributions</u>	3,865	-
<u>Expenses on wages for administrative staff and others</u>	94,376	72,130
<u>Expenses on pension contributions</u>	2,709	27,884
Total	183,503	184,693

21. OPERATING EXPENSES

	For the year ending on 31 December 2022	For the year ending on 31 December 2021
<u>Accounting expenses</u>	12,000	16,000
<u>Audit expenses</u>	1,500	1,500
<u>Office and telephone costs</u>	1,913	3,597
<u>Commission costs</u>	2,166	1,999
<u>Advertisement expenses</u>	7,037	3,374
<u>Health expenses</u>	2,466	15,020
<u>Fuel costs</u>	2,425	1,541
<u>Maintenance costs</u>	307	3,727
<u>Costs on vehicle insurance</u>	0	298
<u>Other operating expenses</u>	959	2,333
<u>Unacceptable expenses</u>	26,459	24,706
<u>Other expenses (VAT adjustment)</u>	6,961	10,894
<u>Total</u>	64,193	84,989

22. PROFIT TAX

	For the year ending on 31 December 2022	For the year ending on 31 December 2021
<u>Profit before tax</u>	-15,339	-17,085
<i>Adjustments:</i>		
Change on depreciation and amortization		-
Change on non-deductible expenses	26,459	24,706
Change on income, fee -IFRS		-
Change of cost, fee - IFRS		-
Change on non-deductible expenses		-
Capital loss/profit for the sale of assets		-
<u>Tax base after adjustments</u>	11,120	-
<u>Loss carried forward from the previous period</u>	-	(1,347)
<u>Tax base</u>	11,120	6,274
<u>Profit tax (10%)</u>	1,112	627

23. TRANSACTIONS WITH REALTED PARTIES

In relation to related parties, the Company applies the regulation according to IAS 24. The related parties include:

- Parties that directly or indirectly control or are controlled by economic unit
- Parties for which the Company has an interest that would have significant impact or control over the Company
- Private individuals who directly or indirectly have impact on company decision-making starting from employees, management up to directors of the company
- When any transaction is taken into consideration with related parties, the grate attention is on content of relationship and not only legal form.

The year ending on 31 December 2022 and 2021, the Company had the following transactions with related parties:

Description of transaction	<u>On 31</u> <u>December 2022</u>	<u>On 31</u> <u>December 2021</u>
<i>Accounts receivable and other</i> <u>Shareholders – given loans</u>	-	-
<i>Accounts payable</i> <u>Shareholders – received loans</u>	40,000	9,000

24. CONTINGENCIES AND COMMITMENTS**a) Capital commitments**

There is no significant contracted capital on the date of balance sheet that now is not known on financial statements.

b) Liabilities to taxes

Financial statements and accounting records of the Company are not audited by tax authorities (Tax Administration of Kosovo – TAK) for the year ending on 31 December 2022, therefore tax obligations of the Company cannot be considered as completed.

25. FOLLOWING EVENTS

There is no event after the reporting date that require explanatory information on business financial statements, except the change on share capital by the shareholders from 20,000 to 150,000, as follows:

<u>Owner</u>	<u>On 24 January 2023</u>
Flamur Bunjaku 50%	75,000
<u>Valon Murseli 50%</u>	75,000
Total	150,000