IMPACT

Developing Sustainable Communities
Since 1991

# QUARTERLY REPORT
# Q1 2022

16 MAY 2022


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**Report date:** 16 MAY 2022

**Issuing company:** IMPACT DEVELOPER & CONTRACTOR SA



**Registered office:** Willbrook Platinum Business & Convention Center,
172-176 Sos. Bucuresti – Ploiesti,
Building A, 1st Floor, Bucharest, District 1

**Phone:** 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83


Fully subscribed and paid-up capital: RON 414,807,824

Regulated market where the issued securities are traded: Bucharest Stock Exchange


# HIGHLIGHTS

## THE FIRST 3 MONTHS OF 2022 ("3M 2022 / Q1")

**EBITDA increase by 100% and gross margin by 49%**

### KEY FINANCIAL AND OPERATIONAL MATTERS

- **118 units sold and pre-sold**, of which **68** pre-sales and reservations on 31 March 2022 with a value of **EUR 11.7 million (RON 57.88 million)**, which will be transformed into revenues on as the apartments will be completed in the following periods and **50** apartments sold in Q1 2022 (62 in Q1 2021) and the related revenues of **EUR 7.37 million (RON 36.45 million)** recorded in the same period.
- **509 pre-sold units** including bookings on 31 March 2022 with a value **of EUR 58.39 million (RON 288.83 million),** which will be converted into revenues as the apartments are completed in the following periods, compared to 226 units registered on 31 March 2021.
- During Q1 2022 the **gross margin** improved considerably increasing to 45% compared to 29% in Q1 2021, the gross profit having a **consistent increase of 49%.**
- As at 31 March 2022 the total value of assets adjusted to fair value in accordance with EPRA guidelines is EUR 293 million.
- The first stage of the share capital increase was successfully completed. Within the private placement launched on 3 January 2022, 84,231,295 new shares were subscribed with a subscription value of RON 58,961,906.50. Therefore, in January 2022, the share capital of IMPACT Developer & Contractor was increased from RON 393,750,000 to RON 414,807,823.75, the new number of shares being 1,659,231,295.
- In January 2022, the Company repaid the bond loan granted by Credit Value Investment, amounting to EUR 12 million.
- GREENFIELD PLAZA BANEASA advanced stage of construction added value to GREENFIELD BANEASA project. GREENFIELD PLAZA BANEASA is a community centre with a strip-mall and a wellness center covering the communities' necessities.
- IMPACT has a valuable land portfolio (approximately **73.50 ha**) which has a development potential projects**:** GREENFIELD BĂNEASA (new phases), BOREAL PLUS (new phases), GREENFIELD COPOU, LUXURIA CITY CENTER, GREENFIELD WEST, with a estimated market value of **EUR 2 billion.**

## OUTLOOK FOR THE NEXT 12 MONTHS

- **Start Pre-Sales** for project phases for which construction is estimated to start in 2022.
- Continuing sales for apartments that were completed at the end of 2021 – LUXURIA EXPOZITIEI, completed phases of GREENFIELD BANEASA and BOREAL PLUS.
- Completion of 829 apartments in GREENFIELD BANEASA and 209 apartments in BOREAL PLUS (sales estimated to start in Q4 2022).
- Completion and operating of GREENFIELD PLAZA BANEASA.
- Obtaining building permits and starting the works for related phases in GREENFIELD BANEASA and GREENFIELD COPOU.
- Obtaining financing for the ongoing projects, inclusive through bond issuance and share capital increase.
- Potential acquisition of new plots of land, in line with **IMPACT**'s strategy to complete land bank.

## OTHER ASPECTS

- IMPACT's shares are included in FTSE Global Micro Cap indices, starting 21 March 2022.
- For detail regarding litigations involving IMPACT, refer to the Other Matters section and to the notes to the financial statements as at 31 March 2022.

# OPERATIONAL ACTIVITY

## THE FIRST 3 MONTHS OF 2022

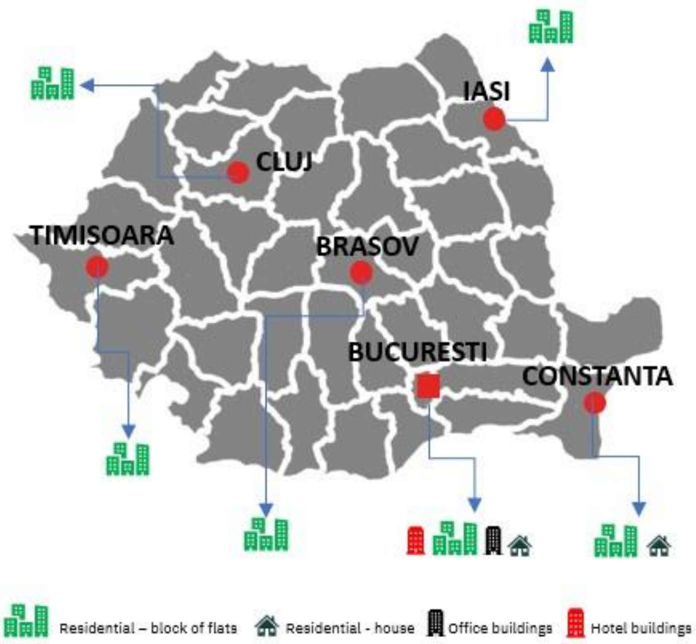
## PROJECTS IN DEVELOPMENT

**IMPACT** is committed to develop sustainable communities, with a focus on medium affordable housing projects. The environmental and social aspects are top of mind for **IMPACT** and are translated into its developments that are planned to be GREEN projects (e.g., BREEAM Excellent certification, nZEB construction standard applicable to all new buildings with permit obtained starting Jan 2021), use of renewable energy sources, low emission energy sources, electric mobility and man powered mobility, extended green areas, parks and playgrounds.

**IMPACT** has a strong landbank supporting current and future projects in attractive locations in Bucharest, Iasi and Constanta. Also, **IMPACT**'s strategy is to expand its nationwide presence in big cities like Timisoara, Cluj, Brasov and is actively looking for land plots that are suitable for developing sustainable communities.

During Q1 2022, **IMPACT** focus was on developing the projects that are currently under construction as well as on the process for obtaining the necessary permits for developments for which the construction is planned to start in 2022-2023, projects developed on the landbank already owned. The projects are planned and developed in several phases and stages that can span for more than 3 - 10 years (including permitting, construction start), depending on the size of the project.

Also, until 31 March 2022, **IMPACT** finalised the construction of the last 130 apartments of LUXURIA EXPOZITIEI (the reception with authorities and dismantling / registration being pending and are estimated to take place by the end of 2021) and of 41 new apartments in GREENFIELD BANEASA (dismantling and registration of apartments estimated to be finalised in December 2021).




### Projects in development on the landbank owned

**Construction started**

- GREENFIELD BANEASA RESIDENCE in Bucharest
- BOREAL PLUS in Constanta

**Construction estimated to start in 2022 - 2023**

- GREENFIELD COPOU RESIDENCE in Iasi
- LUXURIA CITY CENTER in Bucharest
- GREENFIELD WEST in Bucharest

## Development strategy 2022 – 2027, residential developments estimate in summary

| Project | Location | Project Total | | Under construction | | Pipeline | | Construction | | Estimated value |
|---|---|---|---|---|---|---|---|---|---|---|
| Name Location Phases | City | GBA Sqm | Units | Units | Sqm | Units | Sqm | Start | Delivery | '000 Eur |
| Greenfield Baneasa Phase 1,2,3 | *Bucharest* | **68,953** | 732 | 732 | 68,953 | | | 2021 | 2023 | **94,184** |
| Greenfield Baneasa Phase 4,5 | *Bucharest* | **38,404** | 435 | 435 | 38,404 | | | 2022 | 2024 | **59,577** |
| Greenfield Baneasa Phase 6,7 | *Bucharest* | **50,346** | 598 | | | 598 | 50,346 | 2023 | 2026 | **83,679** |
| Greenfield Baneasa Phase 8,9,10 | *Bucharest* | **228,025** | 2,485 | | | 2,485 | 228,025 | 2024 | 2030 | **63,968** |
| Luxuria City Center | *Bucharest* | **80,000** | 596 | - | - | 596 | 80,000 | 2023 | 2027 | **230,850** |
| Greenfield West | *Bucharest* | **494,040** | 5,528 | - | - | 5,528 | 494,040 | 2023 | 2025 | **301,306** |
| Greenfield Copou | *Iasi* | **99,044** | 1,062 | - | - | 1,062 | 99,044 | 2022 | 2025 | **154,856** |
| Boreal Plus (apartments only) | *Constanta* | **63,658** | 673 | 341 | 34,225 | 332 | 29,433 | 2020 | 2026 | **74,307** |
| **Totals** | | **1,122,470** | **12,109** | **1,508** | **141,582** | **10,601** | **980,888** | | | **1,062,727** |

The table refer to total units in pipeline, estimated as of March 2022.
The Under construction figures refer to projects with building permit.
The Pipeline figures refer to projects with land, w/o building permit.
GBA represents the Gross Building Area of the Project, excluding parking
GDV – 2022-2027 estimations, the rest of the figures are total project estimates

The projects mentioned above are expected to be completed with new projects at national level, as new plots of land will be acquired to replace developed land, aligned with Company strategy. As at 31 March 2022, the Company already identified several opportunities.

Details can be found on [www.impactsa.ro](www.impactsa.ro), where **IMPACT**'s strategy for 2022 – 2027 is published and the table above should be red in the context and together with the strategy presentation.

### GREENFIELD BANEASA RESIDENCE

- Flagship project located in the northern area of Bucharest, framed on two sides by 900 ha of woodland: Baneasa Forest and Tunari Forest
- Started in 2007, with 6,839 units in total of which 2,589 units completed as at 31 March 2022
- Zoning (PUZ) for more than 3,650 units in development, of which 1,264 units with building permit and 598 units with the process for obtaining the building permit started.
- Out of the permitted units 829 are in construction and 41 units have been completed.
- Value added to the project through GREENFIELD PLAZA BANEASA, a community centre with a strip-mall (extensive stores network covering the communities' necessities) and a wellness centre (indoor swimming pools, outdoor swimming pool, tennis courts, squash facilities, dedicated spinning room and other gym facilities) currently in an advanced stage of construction.
- Includes also the Company office building, completed in Q1 2022.


- The first public school and kindergarten to be constructed in a new residential compound. The school and kindergarten will be constructed by the City Hall on the land provided by the Company, the building permit being issued in September 2020.
- Other facilities in addition to the STB terminal planned for residents include church and nursery.

**BOREAL PLUS**

- Located in the northern area of Constanta with quick access to the highway, city center and learning facilities (campus and university), Ovidius hospital, close to commercial centers and with a view to Siutghiol lake.
- 691 units, of which building permits in place for 359 units (341 apartments and 18 villas) and started process for obtaining building permits for the remaining 332 apartments.
- The 18 villas were completed in October 2021 with 1 being sold in the same month.
- The complex facilities include kindergarten, playground, a small park for residents, panoramic view of the lake and the sea, well-dimensioned and compartmentalized units, very good quality finishes (premium),
- contemporary architecture and design, large shopping malls like Tom and Vivo, hypermarkets, supermarkets like Carrefour, Mega Image, Kaufland, Penny Market and Auchan, convenience stores

**LUXURIA CITY CENTER**

- Located in Barbu Văcărescu, near the central and business areas of Bucharest, one of the hottest areas for real estate development in the recent years.
- A future LUXURIA brand project, which will offer a spectacular view over the city, being surrounded by green spaces and lakes. With an architecture and a concept similar to LUXURIA EXPOZITIEI, which received international recognition, the new project aims to raise the quality standard of housing in the premium segment.
- Process for obtaining building permits to start.
- To include a 5* Hotel & Suits and a commercial area of approximately 8,000 sqm GBA.

**GREENFIELD WEST**

- Located in the western area of Bucharest, an area that is booming, being of interest to the developers of office buildings, which continue to build in order to meet the demand of multinationals.
- Continuing the brand message, the new neighbourhood will create a community responsible for the environment, interested in a healthy life.
- Zoning (PUD) in place, process for obtaining building permits started.
- To include GREENFIELD WEST PLAZA, a community centre that includes a strip-mall, gym and wellness center.

**GREENFIELD COPOU RESIDENCE**

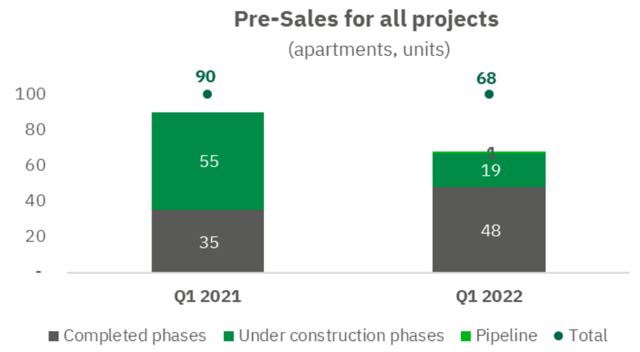
- Located on Copou Hill, close to botanical garden one of the best location in Iasi city.
- The ensemble will integrate harmoniously, through low-height buildings and the inclusion of large green spaces.

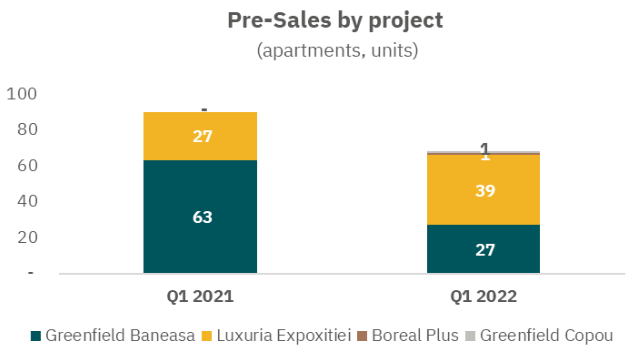

- The buildings will have a close to zero energy consumption, respecting the new standard in housing construction, nZEB - which involves a sustainable design, energy saving technologies and the use of renewable energy, such as photovoltaic panels
- Zoning (PUZ) in place, process for obtaining building permits started.
- To include GREENFIELD PLAZA COPOU, a community centre that includes a strip-mall, gym and wellness center.
- The complex facilities include 15,000 sqm of green spaces, ensuring relaxing areas and playgrounds, kindergarten and after-school, fitness center.

## PRE-SALES AND SALES

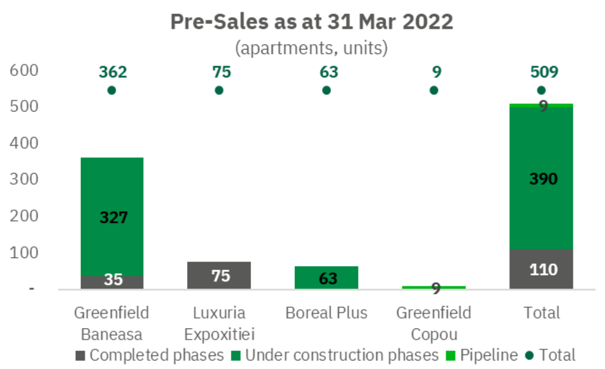
### Pre-Sales for Q1 2022

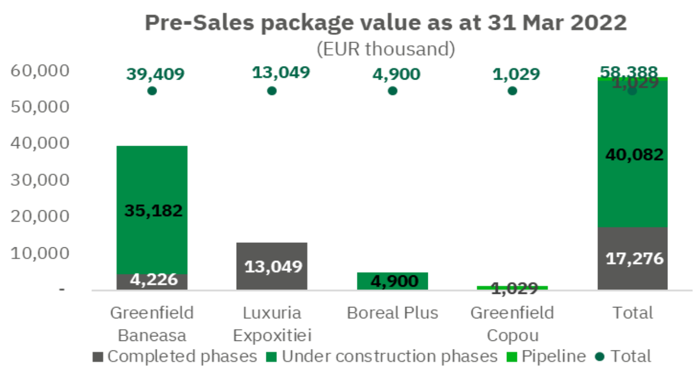
In the first 3 months of 2022 68 apartments were pre-sold (6,134 sqm, built saleable area) that will be transferred to revenues once these are sold, when apartments are delivered to customers and the sale-purchase contracts are concluded.



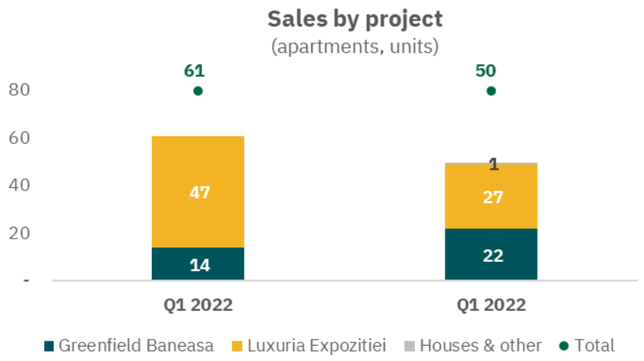

Thus, as at 31 March 2022, **IMPACT** had in place pre-sale contracts and reservations for 509 apartments (39,660 sqm,) with a value of EUR 58.39 million expected to translate into revenues in Q2 2022 – 2024. Of these, 79% refer to project or project phases under development (399 apartments, EUR 41 million) and 21% refer to completed projects (110 apartments, EUR 17.28 million).



## Sales for Q1 2022

Sales recorded and recognized as income in Q1 2022 reflect the new development cycle of **IMPACT**'s projects, as such projects under development and future developments will contribute to revenues as they are completed and sales are made.




**Q1 2022:** 50 units, of which 49 apartments in GREENFIELD BANEASA and LUXURIA EXPOZITIEI (4.390 bsqm, plus related parking spots, storage and court yards), and 1 unit in older projects.

Additionally, 23 individual parking spots were sold.

**Q1 2021:** 62 apartments in GREENFIELD BANEASA and LUXURIA EXPOZITIEI (5.257 bsqm, plus related parking spots, storage and court yards).

Additionally, 22 individual parking spots were sold.

## Pre-Sales and Sales for completed and under construction project phases as at 31 March 2022

As at 31 March 2022, approximately 90% of completed units during 2007-2021 were contracted, considering both Sales and Pre-Sales. Completed units for GREENFIELD BANEASA, the product addressed to the middle segment of the residential market, were 99% contracted as at 31 March 2022.

**IMPACT** had 1.605 units under construction as at 31 March 2022 (i.e. with building permits in place), of which for 1.038 the construction was started and the construction for the remaining 567 units is expected to start in 2022/2023.

Approximately 29% of under construction units for which the construction was started were pre-sold as at 31 March 2022 (26.47% pre-sold units for GREENFIELD BANEASA).

### Completed phases on projects as at 31 Mar 2022

| Project | City | Apartments | Sales | Pre-Sales | Sales & Pre-Sales | | Available for sale | Construction | |
|---|---|---|---|---|---|---|---|---|---|
| | | units | units | units | units | % | units | start | delivery |
| Greenfield Baneasa | Bucharest | 2,589 | 2,546 | 26 | 2,572 | 99.3% | 17 | 2007 | 2021 |
| Luxuria Expozitiei* | Bucharest | 630 | 303 | 36 | 339 | 53.8% | 291 | 2018 | 2021 |
| Boreal Plus** | Constanta | 18 | 1 | - | 1 | 5.6% | 17 | 2020 | 2021 |
| **Total** | | **3,237** | **2,850** | **62** | **2,912** | **90.0%** | **325** | | |

* 130 apartments for which the construction and reception with the authorities were completed in 2021, the dismantling / tabulation of the apartments is underway and the completion of the process is expected in June 2022
** 18 villas completed and tabulated in October 2021

**Under construction phases as at 31 Mar 2022**

| Project | City | Total Apartments | Sales | Pre-Sales | Pre-Sales | | Available for sale | Construction | |
|---|---|---|---|---|---|---|---|---|---|
| | | units | units | units | units | % | units | start | delivery |
| Construction started* | | 829 | - | 309 | 309 | 37.3% | 520 | 2020 | 2022 |
| Construction to be started** | | 435 | - | - | - | 0.0% | 435 | 2022 | 2023 |
| **Greenfield Baneasa** | **Bucharest** | **1,264** | **-** | **309** | **309** | **24.4%** | **955** | **2020** | **2023** |
| Construction started* | | 209 | - | 62 | 62 | 29.7% | 147 | 2020 | 2022 |
| Construction to be started** | | 132 | - | - | - | 0.0% | 132 | 2022 | 2023 |
| **Boreal Plus** | **Constanta** | **341** | **-** | **62** | **62** | **18.2%** | **279** | **2020** | **2023** |
| Total construction started | | 1,038 | - | 371 | 371 | 35.7% | 667 | 2020 | 2022 |
| Total construction to be started | | 567 | - | - | - | 0.0% | 567 | 2022 | 2023 |
| **Total** | | **1,605** | **-** | **371** | **371** | **23.1%** | **1,234** | | |

* Building permit obtained and under construction on 31 December 2021
** The building permit obtained and the construction are expected to start in 2022/2023

## LAND OWNED

As of 31 March 2022, **IMPACT** owns 89.6 ha of land with a book value of RON 691 million, land mainly intended for the development of new projects and related to infrastructure. Of this, approximately 73.5 ha represent the land bank on which new projects are to be developed.

The EPRA value of the land was estimated based revaluations performed by Colliers Valuation and Advisory as at 31 December 2021 (investment value and market comparison method, where the investment value has not been determined).

The EPRA value of land estimated as at 31 March 2022 was of RON 799.2 million, 16% higher than the IFRS book value at the same date.


## Land owned by IMPACT as at 31 March 2022

| Location | City | Project | Surface (ha) | IFRS book value (RONm) | IFRS book value (EURm) | EPRA value (RONm) | EPRA value (EURm) |
|---|---|---|---|---|---|---|---|
| Baneasa | Bucharest | Greenfield Baneasa | 39.4 | 330.9 | 66.9 | 408.0 | 82.5 |
| Blvd. Timisoara - Ghencea | Bucharest | Greenfield West | 25.9 | 128.2 | 25.9 | 128.2 | 25.9 |
| Barbu Vacarescu | Bucharest | Luxuria City Center | 2.5 | 163.5 | 33.1 | 163.5 | 33.1 |
| Zenit | Constanta | Boreal Plus | 4.1 | 9.0 | 1.8 | 35.0 | 7.1 |
| Iasi | Iasi | Greenfield Copou | 5.0 | 37.6 | 7.6 | 42.3 | 8.5 |
| Oradea | Oradea | Lotus | 2.9 | 3.1 | 0.6 | 3.1 | 0.6 |
| Blvd. Expozitiei | Bucharest | Luxuria Expozitiei | 0.7 | 13.6 | 2.7 | 13.6 | 2.7 |
| Other | Neptun, Voluntari | n.a. | 9.0 | 5.5 | 1.1 | 5.5 | 1.1 |
| **Total** | | | **89.6** | **691.4** | **139.8** | **799.2** | **161.6** |

Note 1: The EPRA value considers the market value based on the revaluations performed by Colliers Valuation and Advisory as at 31 December 2021 (the investment value and the market approach where the investment value has not been determined)

Note 2: 0.70 ha for Luxuria Expozitiei refer to 130 apartments for which the construction was completed and for which the dismantling will be done after 31 March 2022

Note 3: 9.00 ha represent infrastructure for the already developed projects, of which 7.8 ha for Greenfield Baneasa, 0.11 ha for Luxuria Expozitiei and the remaining for other projects (Voluntari mainly). These were considered at net book value for EPRA calculation

Note 4: The FX rate used to translate the RON denominated amounts in EUR - 4.9466 RON/EUR


# FINANCIAL RESULTS

## THE FIRST 3 MONTHS OF 2022

### FINANCIAL PERFORMANCE HIGHLIGHTS (Consolidated)

During Q1 2022 the gross margin improved up to 45% compared to 29% in Q1 2021, the gross profit recording a consistent increase of 49%.

Revenues are recorded when the sale-purchase agreement is in place and the apartment can be handed over to the customer. Amounts collected from Pre-Sales are recorded as advance payments from customers and are not recognised as revenues.

In Q1 2022, were sold 50 apartments / dwellings (62 in Q1 2021) in relation to which revenues were booked, of which 27 units in LUXURIA EXPOZITIE (47 in Q1 2021) and 22 units in GREENFIELD BANEASA (14 in Q1 2021). In terms of revenue structure, in Q1 2022, the number of apartments sold for the upper-class segment LUXURIA EXPOZITIEI represents 54% (78% in Q1 2021), while those in GREENFIELD BANEASA contributed 44% (23% in Q1 2021). The average selling price for LUXURIA EXPOZITIEI and GREENFIELD BANEASA had a positive impact recording a 16% increase, from EUR 1,242.40 / sqm built sealable in Q1 2021 to EUR 1,439.80 / sqm built sealable in Q1 2022.

For supporting Group's development strategy, the operating expenses increased by 20% due to Group's team consolidation. Operating activity's performance allowed an EBITDA increase of 100% during Q1 2022 compared to Q1 2021.

| RON thousand | Q1 2022 | Q1 2021 | Var % |
|---|---|---|---|
| Revenue from real estate inventories | 37,491 | 39,397 | (5%) |
| Gross profit | 16,961 | 11,393 | 49% |
| *Gross margin %* | *45%* | *29%* | *56%* |
| Operating expenses, net | (8,767) | (7,310) | *20%* |
| *Operating expenses % of revenue* | *23%* | *19%* | *26%* |
| EBITDA | 8,475 | 4,228 | *100%* |
| *EBITDA margin %* | *23%* | *11%* | *111%* |
| EBIT | 8,085 | 4,083 | *98%* |
| *EBIT margin %* | *22%* | *10%* | *108%* |
| Net result | 6,049 | (1,305) | *(563%)* |
| *Net result margin %* | *16%* | *(3%)* | *(587%)* |

## FINANCIAL POSITION HIGHLIGHTS (Consolidated)

### Assets

Investment property accounts for 48% of total assets as at 31 March 2022 and mainly includes land owned by **IMPACT** in Bucharest and Oradea. The 2% increase in investment property compared to 31 March 2022 is mainly due to construction works for GREENFIELD PLAZA BANEASA.

Property, plant and equipment increased by 15% compared to 31 December 2021 following a 1,891 sqm land acquisition within Greenfield Baneasa area.

Inventories account for 46% of total assets as at 31 March 2022 and recorded a 3% increase compared to 31 December 2021, increase driven by the expansion of the **IMPACT**'s activity and construction works for new projects / project phases in GREENFIELD BANEASA and BOREAL PLUS

### Equity and liabilities

External and own funds were used to fund the expansion of **IMPACT**'s activity, resulting in a 48% decrease in cash, respectively compared to 31 December 2021 altogether with payment of CVI bonds, leading to a 16% decrease in loans and borrowings and a weight of 23% in total assets as at 31 March 2022.

Equity is at 64% of total assets as at 31 March 2022, recording a 9% increase compared to 31 December 2021, mainly due to capital increase following the private placement from January 2022.

| RON thousand | 31-Mar-2022 | 31-Dec-2021 | Var % |
|---|---|---|---|
| Non-current assets, of which | 599,274 | 587,318 | *2%* |
| Investment property | 581,580 | 571,882 | *2%* |
| Property, plant and equipment | 17,512 | 15,215 | *15%* |
| Current assets, of which | 612,177 | 617,094 | *(1%)* |
| Inventories | 553,440 | 538,922 | *3%* |
| Trade and other receivables | 36,931 | 36,135 | *2%* |
| Cash and cash equivalents | 21,806 | 42,037 | *(48%)* |
| **Total assets** | **1,211,451** | **1,204,412** | ***1%*** |
| Liabilities, of which | 431,371 | 487,558 | *(12%)* |
| Loans and borrowings | 281,577 | 337,033 | *(16%)* |
| Trade and other payables | 80,286 | 80,747 | *(1%)* |
| Equity | 780,080 | 716,853 | *9%* |
| **Total equity and liabilities** | **1,211,451** | **1,204,411** | ***1%*** |

## IMPACT ON THE CAPITAL MARKET

**IMPACT Developer & Contractor SA ("IMPACT D&C")** has been listed on the Bucharest Stock Exchange since 1996. As of 2006, its shares are traded in the 1st category of the Bucharest Stock Exchange, and since January 2015, **IMPACT D&C**'s shares have been traded in the Premium category, according to the new segmentation of the Bucharest Stock Exchange.

As at 31 March 2022, the share capital of **IMPACT D&C** consisted of a number of 1,659,231,295 shares with a nominal value of RON 0.25 / share. In the first three months of 2022, there were changes in the share capital of **IMPACT D&C** as presented below:

- In the private placement launched on 3 January, 2022, there were subscribed 84,231,295 new shares with a subscription value of RON 58,961,906.50. Therefore, in January 2022, the share capital of **IMPACT Developer & Contractor** was increased from RON 393,750,000 to RON 414,807,823.75, the new number of shares being 1,659,231,295.

**IMPACT D&C share price vs. BET (Jan- Mar 2022)**

- RON 0.63 / share as at 31 March 2022
- RON 1.05 billion market capitalization (EUR 211 million) as at 31 March 2022
- 1,659 million shares and RON 414.8 million share capital, following the increase of share capital
- BRK Financial Group acting as Market Maker

There are no restrictions related to the transfer of securities, there are no restrictions related to the voting rights, there are no holders of securities with special control rights. **IMPACT D&C**, as the holder of its own shares, as a result of the redemption programs, does not have the right to vote in the general meetings, its votes being suspended.

## EPRA NET ASSET VALUE

In October 2019, the European Public Real Estate Association ('EPRA') published new performance measures for EPRA Net Assets, namely three new measures of net asset value were introduced: Net Reinvestment Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV). These three new measures are replacing the previous EPRA Net Assets measure.

| METRICS | 31-Dec-2020 | 31-Dec-2021 | 31-Mar-2022 |
|---|---|---|---|
| ***IFRS (consolidated)*** | | | |
| Net profit (RON thousand) | 74,856 | 78,800 | 6,049 |
| Net asset value ("NAV", RON thousand) | 640,828 | 716,854 | 780,080 |
| NAV/Share (RON) | 0.41 | 0.46 | 0.47 |
| ***EPRA* Net Asset Value (consolidated)*** | | | |
| EPRA NRV (RON thousands) | 917,518 | 1,044,043 | 1,088,445 |
| EPRA NTA (RON thousands) | 889,732 | 1,009,577 | 1,054,018 |
| EPRA NDV (RON thousands) | 862,218 | 975,553 | 1,019,955 |
| EPRA NRV/Share (RON) | 0.58 | 0.66 | 0.66 |
| EPRA NTA/Share (RON) | 0.56 | 0.64 | 0.64 |
| EPRA NDV/Share (RON) | 0.55 | 0.62 | 0.61 |

Colliers Valuation and Advisory valuations as of December 31, 2021 (investment value and market comparison method where investment value has not been determined) were used to determine the EPRA value at 31 December 2021 and 31 March 2022, except for cases mentioned below. The Colliers valuations made using the market comparison method were used to determine the EPRA value at 31 December 2020.

The reconciliation between the Net Book Assets according to the IFRS consolidated financial statements and the EPRA standard is the following:

| | 31-Dec-2020 | | | 31-Dec-2021 | | | 31-Mar-2022 | | estimat |
|---|---|---|---|---|---|---|---|---|---|
| **RON thousand** | **EPRA NRV** | **EPRA NTA** | **EPRA NDV** | **EPRA NRV** | **EPRA NTA** | **EPRA NDV** | **EPRA NRV** | **EPRA NTA** | **EPRA NDV** |
| **NAV per the IFRS financial statements** | **640,828** | **640,828** | **640,828** | **716,854** | **716,854** | **716,854** | **780,080** | **780,080** | **780,080** |
| **Include:** | | | | | | | | | |
| i) Revaluation of property developed for sale | 126,663 | 126,663 | 126,663 | 150,844 | 150,844 | 150,844 | 132,095 | 132,095 | 132,095 |
| ii) Revaluation of land held as inventory | 94,727 | 94,727 | 94,727 | 95,403 | 95,403 | 95,403 | 95,338 | 95,338 | 95,338 |
| iii) Revaluation of land held as investment property | - | - | - | 12,453 | 12,453 | 12,453 | 12,442 | 12,442 | 12,442 |
| **Exclude:** | | | | | | | | | |
| iv) Deferred tax | 55,300 | 27,650 | - | 68,490 | 34,245 | - | 68,490 | 34,245 | - |
| v) Intangibles as per the IFRS financial statements | - | (136) | - | - | (221) | - | - | (182) | - |
| **EPRA Net Assets** | **917,518** | **889,732** | **862,218** | **1,044,044** | **1,009,578** | **975,554** | **1,088,445** | **1,054,018** | **1,019,955** |

### i) Revaluation of property developed for sale

The inventories/finished goods (apartments) refer to the fully completed phases of GREENFIELD BĂNEASA, EXHIBITION LUXURY and BOREAL PLUS.

The increase/difference between the market value resulted after the revaluation and the book value of apartments at the reporting date (the lowest value between the cost and the net realizable value) was included in the Net Asset Value according to EPRA. The market value was determined using a) the value of the pre-sales contracts and the reservation contracts existing on 31 December 2021 and b) the revaluations made by Colliers

(market comparison method) for the units for which no pre-sale contracts were concluded and reservations as of 31 December 2021.

**ii) Revaluation of land and WIP held as inventory**

The land classified as stocks on which the GREENFIELD BĂNEASA, GREENFIELD COPOU and BOREAL PLUS projects are being developed has been revalued by Colliers through both the investment value method and the market comparison method as of 31 December 2021.

The adjustment was made to reflect the market value of land included in inventories, which are reflected in the IFRS financial statements at the value from the date they were included in inventories. The market value mainly determined by Colliers was used for the market value.

**iii) Revaluation of land held as investment property**

Land classified as investment property is recorded in the IFRS financial statements at the market value determined by Colliers using the market comparison method. The adjustment included for determining the EPRA value of the Net Assets as at 31 December 2021 relates to the land belonging to GREENFIELD PLAZA BĂNEASA and was made to reflect the investment value determined by Colliers as at 31 December 2021.

**iv) The deferred tax**

The deferred tax recorded in the IFRS financial statements mainly resulted from the difference between the book value and the tax value of investment properties (plots of land). Fully adjusted for EPRA NRV, 50% adjusted for EPRA NTA and nil adjustment for EPRA NDV.

**v) Intangibles as per the IFRS financial statements**

Intangibles are fully adjusted for EPRA NTA. No adjustment is required for EPR NRV and EPRA NDV.

# OTHER MATTERS

## OUTLOOK FOR THE NEXT 12 MONTHS

- **Start Pre-Sales** for project phases for which construction is estimated to start in 2022.
- Continuing sales for apartments that were completed at the end of 2021 – LUXURIA EXPOZITIEI, completed phases of GREENFIELD BANEASA and BOREAL PLUS.
- Completion of 829 apartments in GREENFIELD BANEASA and 209 apartments in BOREAL PLUS (sales estimated to start in Q4 2022).
- Completion of GREENFIELD PLAZA BANEASA and the HQ building of **IMPACT**.
- Operating GREENFIELD PLAZA BANEASA and earning related revenues.
- Obtaining building permits and starting the works for related phases in GREENFIELD BANEASA and GREENFIELD COPOU.
- Obtaining financing for the ongoing projects, inclusive through bond issuance and share capital increase.
- Potential acquisition of new plots of land, in line with **IMPACT**’s strategy to complete land bank.

## SHARE CAPITAL INCREASE

Within the private placement launched on January 3, 2022, 84,231,295 new shares were subscribed with a subscription value of RON 58,961,906.50. Therefore, in January 2022, the share capital of IMPACT Developer & Contractor was increased from 393,750,000 to RON 414,807,823.75, the new number of shares being 1,659,231,295.

## LITIGATIONS

In the litigation related to Barbu Vacarescu and on April 7, 2022, the Bucharest Tribunal rejected, as unfounded, the appeal request formulated by Cefin Real Estate Dezvoltare BV SRL. Thus, the Decision pronounced by the District 2 Court on September 30, 2021, by which it was decided to assign to Impact the land with an area of 25,424 sqm, from Variant 2 of the plot (located in the northern part), remains final and can be enforced.

In the litigation initiated by the “Greenfield Neighborhood Residents Association”, the Bucharest Tribunal issued Decision 568 on February 4, 2022, ordering the rejection of the application as a result of the applicant's waiver of the claimed right itself.

Regarding the litigation related to the land located in Blvd. Timișoara – Prelungirea Ghencea:

- The action for ascertaining the existence of the ownership right of the Impact on the acquired land (file no. 5737/3/2018), is pending before the High Court in the procedure of filtering the declared appeal, and a deadline will be set in the near future for the court must rule on the admissibility of the appeal in principle. We

remind you that the Impact action was admitted by the Bucharest Tribunal, a solution that was upheld by the Bucharest Court of Appeal.

- File no. 6809/303/2019, having as object the action in finding the nullity formulated by ADS, the Bucharest Tribunal judged the case definitively and rejected all the appeals made. Although the Impact appeal was rejected, the court's decision is still favorable, given that the ADS appeal was also rejected, requesting a change in the court's decision and ordering the Local Land Commission to return the entire plot of land. 107 ha.

Regarding the dispute initiated by the "EcoCivica Association"

- File no. 4122/3/2022 was registered with the Bucharest Tribunal, Administrative and Fiscal Litigation Section, in which Impact has the quality of Defendant, the plaintiffs being the Eco Civica Association and three individuals from outside the Greenfield neighbourhood.
- The object of the file is the suspension and annulment of the administrative act HCGMB 705 / 18.12.2019 approving the Zonal Urban Plan Aleea Teișani - Drumul Pădurea Neagra no. 56-64, suspension and cancellation of Building Permits no. 434/35 / P / 2020 and no. 435/36 / P / 2020, cancellation of preliminary approvals, cancellation of works. At present, the contested acts are valid, have full effect, and no decision has been issued on their suspension or annulment.
- The case is in the process of regularization, the first trial term not being established

For detail on litigations involving **IMPACT** refer to the notes to the financial statements as at 31 March 2022.

## CONFLICT IN UKRAINE

The situation generated by the war in Ukraine is unprecedented in recent history, both in terms of the cause and the consequences. Anticipating with certainty its evolution as well as its consequences on the political, social and economic climate remains difficult to achieve.

**IMPACT** closely monitors the country's economic environment and will take all necessary measures to minimize the impact and meet its commitments to customers, financiers and shareholders.

| **Iuliana-Mihaela Urda** | **Constantin Sebeșanu** | **Giani-Iulian Kacic** |
|---|---|---|
| Chairman of the Board of Directors | Chief Executive Officer | Chief Financial Officer |

## APPENDIX 1 - RATIOS

**IMPACT Developer & Contractor SA**

**Financial ratios as at 31 March 2022**

### A. Annex 13 A to the ASF Regulation No. 5/2018

**IMPACT - Individual**

| Ratio | 31-Mar-2022 | Calculation method |
|---|---|---|
| Current ratio | 2.92 | Current assets/Current liabilities |
| Gearing ratio | 24.65% | Borrowed capital/Equity x 100 |
| Receivable's turnover | 32.83 | Average balance for receivables/Revenues x 90 |
| Non-Current assets turnover | 0.02 | Revenues/Non-current assets |

**IMPACT - Consolidated**

| Ratio | 31-Mar-2022 | Calculation method |
|---|---|---|
| Current ratio | 2.90 | Current assets/Current liabilities |
| Gearing ratio | 36.10% | Borrowed capital/Equity x 100 |
| Receivable's turnover | 19.46 | Average balance for receivables/Revenues x 270 |
| Non-Current assets turnover | 0.06 | Revenues/Non-current assets |

### B. Gearing ratio calculated based on EPRA NAV

**IMPACT - Individual & Consolidated**

| Ratio | 31-Mar-2022 | Calculation method |
|---|---|---|
| Gearing ratio (individual) | 18.52% | Borrowed capital/EPRA NRV x 100 |
| Gearing ratio (consolidated) | 26.97% | Borrowed capital/EPRA NRV x 100 |

***Note:***

*The financial ratios were calculated based on the unaudited individua and consolidated financials as at 31 March 2022, both the ones calculated according to the ASF Regulation No. 5/2018 and the Gearing ratio calculated based on EPRA NRV.*

**IMPACT DEVELOPER & CONTRACTOR S.A.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**AS OF AND FOR THE PERIOD ENDED 31 MARCH 2022**

**PREPARED IN ACCORDANCE WITH**
**INTERNATIONAL FINANCIAL REPORTING STANDARDS**
**AS ENDORSED BY THE EUROPEAN UNION**

This is a free translation from the original Romanian version.

| **CONTENTS:** | **PAGE:** |
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(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant, and equipment | **7** | 17,512 | 15,215 |
| Intangible assets | | 182 | 221 |
| Investment property | **8** | 581,580 | 571,882 |
| Investments accounted for using the equity method | | - | - |
| **Total non-current assets** | | **599,274** | **587,318** |
| **Current assets** | | | |
| Inventories | **9** | 553,440 | 538,922 |
| Trade and other receivables | **10** | 36,931 | 36,135 |
| Cash and cash equivalents | **11** | 21,806 | 42,037 |
| **Total current assets** | | **612,177** | **617,094** |
| **Total assets** | | **1,211,451** | **1,204,412** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Share capital | **12** | 422,271 | 401,214 |
| Share premium | | 33,429 | (4,475) |
| Revaluation reserve | | 3,001 | 3,001 |
| Other reserves | | 36,403 | 14,279 |
| Own shares | **13** | (841) | (841) |
| Retained earnings | | 285,817 | 303,676 |
| **Total equity** | | **780,080** | **716,854** |
| **Non-current liabilities** | | | |
| Loans and borrowings | **14** | 143,818 | 150,121 |
| Trade and other payables | **15** | 7,608 | 6,914 |
| Deferred tax liability | | 68,490 | 68,490 |
| **Total non-current liabilities** | | **219,916** | **225,525** |

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 December 2021 |
|---|---|---|---|
| **Current liabilities** | | | |
| Loans and borrowings | **14** | 137,759 | 186,912 |
| Trade and other payables | **15** | 72,678 | 73,833 |
| Provisions for risks and charges | **16** | 1,018 | 1,288 |
| **Total current liabilities** | | **211,455** | **262,033** |
| **Total liabilities** | | **431,371** | **487,558** |
| **Total shareholders' equity and liabilities** | | **1,211,451** | **1,204,412** |

The consolidated financial statements have been authorized for issue by the management on 15.05.2022 and signed on its behalf by:

**Constantin Sebeşanu**
Chief Executive Officer

**Claudiu Bistriceanu**
Chief Financial Officer

**Iuliana Mihaela Urdă**
President BOD

(all amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| Revenue from real estate inventories | **18** | 37,491 | 39,397 |
| Costs of real estate inventories | | (20,530) | (28,004) |
| ***Gross profit*** | | ***16,961*** | ***11,393*** |
| Net rental income | | (69) | 149 |
| General and administrative expenses | **19** | (8,895) | (5,357) |
| Marketing expenses | | (979) | (1,676) |
| Other income/expenses | **20** | 1,457 | (145) |
| Depreciation and amortization | **7** | (281) | (281) |
| Gains from investment property | **8** | (109) | 149 |
| ***Operating profit*** | | ***8,085*** | ***4,083*** |
| Finance income | | 697 | 3 |
| Finance cost | | (1,597) | (5,021) |
| **Finance result net (loss)** | **21** | **(900)** | **(5,018)** |
| **Profit before income tax** | | ***7,185*** | ***(935)*** |
| Income tax credit/(charge) | **22** | (1,136) | (370) |
| **Profit for the period** | | ***6,049*** | ***(1,305)*** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 6,049 | (1,305) |
| **Total comprehensive income for the period** | | **6,049** | **(1,305)** |

The consolidated financial statements have been authorized for issue by the management on 15.05.2022 and signed on its behalf by:

| | | |
|---|---|---|
| **Constantin Sebesanu** | **Claudiu Bistriceanu** | **Iuliana Mihaela Urda** |
| Chief Executive Officer | Chief Financial Officer | President BOD |

| | Note | Share capital | Share premium | Revaluation reserve | Other reserves | Own shares | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2022** | | **401,214** | **(4,475)** | **3,001** | **14,2729** | **(841)** | **303,676** | **716,854** |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | | | | | 22.124 | | 6.049 | 28.173 |
| Other comprehensive income | | | | | | | | |
| **Total comprehensive income** | | | | | **22.124** | | **6.049** | **28.173** |
| Increase/Decrease Through Share Capital Increase | **12** | 21.057 | 37.904 | | | | (22.124) | 36.837 |
| Own shares acquired and cancelled during the year | **13** | | | | | | | |
| Own shares acquired | **13** | | | | | | | |
| Dividends to the owners of the Company | | | | | | | | |
| Set up of legal reserves | | | | | | | | |
| Revaluation reserve | | | | | | | | |
| Other changes in equity | | | | | | | (1.784) | (1.784) |
| **Balance at 31 March 2022** | | **422.271** | **33.429** | **3.001** | **36.403** | **(841)** | **285.817** | **780.080** |

The consolidated financial statements have been authorized for issue by the management on 15.05.2022 and signed on its behalf by:

**Constantin Sebesanu**
Chief Executive Officer

**Claudiu Bistriceanu**
Chief Financial Officer

**Iuliana Mihaela Urda**
President BOD

(all amounts are expressed in thousand RON, unless stated otherwise)

| | Note | Share capital | Share premium | Revaluation reserve | Other reserves | Own shares | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2021** | | **272,464** | **65,711** | **3,001** | **13,305** | **(2,675)** | **289,022** | **640,828** |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | | - | - | - | 7 | - | 78,793 | 78,800 |
| Other comprehensive income | | - | - | - | - | - | | |
| **Total comprehensive income** | | **-** | **-** | | **7** | | **78,793** | **78,800** |
| Increase/Decrease Through Share Capital Increase | **12** | 131,250 | (69,487) | - | - | - | (61,763) | - |
| Own shares acquired and cancelled during the year | **13** | (2,500) | (699) | - | - | 3,199 | | - |
| Own shares acquired | **13** | - | - | - | - | (1,365) | - | (1,365) |
| Dividends to the owners of the Company | | - | - | - | - | | | - |
| Set up of legal reserves | | - | - | - | 968 | - | (968) | - |
| Revaluation reserve | | - | - | - | - | - | - | - |
| Other changes in equity | | - | - | - | | - | (1,409) | (1,409) |
| **Balance at 31 December 2021** | | **401,214** | **(4,475)** | **3,001** | **14,280** | **(841)** | **303,676** | **716,854** |

The consolidated financial statements have been authorized for issue by the management on 24.03.2022 and signed on its behalf by:

**Constantin Sebesanu**
Chief Executive Officer

**Claudiu Bistriceanu**
Chief Financial Officer

**Iuliana Mihaela Urda**
President BOD

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **Profit for the period** | | **6,049** | **(1,305)** |
| **Adjustments to reconcile profit for the period to net cash flows:** | | **583** | **5.834** |
| Valuation gains on investment property | 8 | - | - |
| Gain on disposal of investment property | 8 | - | - |
| Reversal of impairment loss for PPE/IP | 7 | - | - |
| Depreciation of property, plant and equipment | 7 | 331 | 281 |
| Share based payments | 20 | - | - |
| Finance income | 20 | (12) | (3) |
| Finance cos | | 912 | 5,021 |
| Other adjustments from non-cash transactions | | (1,784) | 165 |
| Income tax expense | 21 | 1.136 | 370 |
| **Working capital adjustments** | | **(21,281)** | **(14,715)** |
| Decrease/(increase) in trade receivables and other receivables | 10 | 43 | (11,653) |
| Decrease in prepayments | 10 | (839) | (1,797) |
| Decrease in inventory property | 9 | (14,518) | (4,714) |
| (Decrease)/increase in trade, other payables, and contract liabilities | 15 | (5,572) | 6,427 |
| (Decrease)/increase in provisions | 16 | (270) | - |
| Income tax paid | 21 | (125) | (2,978) |
| **Net cash flows from operating activities** | | **(14,649)** | **(10,185)** |
| **Investing activities** | | | |
| Proceeds (payments) of Investment Property | 8 | (9,698) | (2,487) |
| Purchase of property, plant and equipment | 7 | (2,289) | (208) |
| Payments for own shares | 13 | - | (1,365) |
| Expenditure on investment property under development | 8 | - | - |
| Expenditure on PPE under development | 7 | (1,042) | - |
| Proceeds from property, plant and equipment | 7 | 742 | - |
| Interest received | | - | - |
| **Net cash flows from investing activities** | | **(12,287)** | **(4,060)** |

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **Cash flows from financing activities:** | | | |
| Proceeds from borrowings | **14** | 38,496 | 49,708 |
| Proceeds from issue of share capital | | 58,961 | - |
| Repayment of principal of borrowings | **14** | (86,941) | (27,758) |
| Dividends paid | **12** | - | (3) |
| Interest paid | **14** | (3,811) | (2,442) |
| **Net cash used in financing activities** | | **6,705** | **19,505** |
| **Net increase / (decrease) of cash and equivalents** | | **(20,231)** | **5,260** |
| **Cash and equivalents as at 1 January** | **11** | **42,037** | **59,022** |
| **Cash and equivalents as at 31 December** | **11** | **21,806** | **64,282** |

The consolidated financial statements have been authorized for issue by the management on 15.05.2022 and signed on its behalf by:

| | | |
|---|---|---|
| **Constantin Sebesanu** | **Claudiu Bistriceanu** | **Iuliana Mihaela Urda** |
| Chief Executive Officer | Chief Financial Officer | President BOD |

(all amounts are expressed in thousand RON, unless stated otherwise)

## 1. REPORTING ENTITY

These financial statements are the consolidated financial statements of Impact Developer & Contractor S.A ("the Company" or "the Parent") and its subsidiaries (together "the Group") as at and for the period ended at 31 March 2022.

The registered office of the Company is Willbrook Platinum Business Convention Center, Building A, 1st Floor, 172-176 Bucuresti-Ploiesti Road, Bucharest, District 1.

The shareholding structure as of 31 March 2022 and 31 December 2021 is disclosed in Note 12.
The Consolidated Financial Statements of the Company for the year ended 31 March 2022 include the Company and its subsidiaries (together referred to as the „Group") as follows:

| | **Country of registration** | **Nature of activity** | **% of shareholding at 31 March 2022** | **% of shareholding at 31 December 2021** |
|---|---|---|---|---|
| Clearline Development and Management SRL | Romania | Real estate development | 100% | 100% |
| Actual Invest House SRL | Romania | Property management | 100% | 100% |
| Bergamot Development Phase II SRL | Romania | Real estate development | 100% | 100% |
| Bergamot Development SRL | Romania | Real estate development | 100% | 100% |
| Impact Finance SRL | Romania | Administration | 100% | 100% |
| Greenfield Copou Residence SRL | Romania | Real estate development | 100% | 100% |
| Greenfield Copou Residence Phase II SRL | Romania | Real estate development | 100% | 100% |
| Greenwise Development SRL | Romania | Real estate development | 100% | 100% |
| Greenfield Property Management SRL | Romania | Real estate development | 100% | 100% |

The Company is one of the first companies acting in the real estate development sector in Romania, being constituted in 1991 through public subscription. In 1995, the Company introduced the residential concept on the Romanian market. Starting 1996, the Company's securities are traded in Bucharest Stock Exchange (BVB).

During 2021 and period ended 31 March 2022, the business of Impact Developer& Constructor is mainly related to projects Greenfield residential complex and Luxuria in Bucharest as well as Boreal Plus in Constanta.

## 2. BASIS OF PREPARATION

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union ("EU IFRS").

The financial statements have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of certain properties at the end of each reporting period, as explained in the

## 2. BASIS OF PREPARATION (continuare)

accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Going concern**

The Group has prepared forecasts, including certain sensitivity tests considering the principal business risks. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Consequently, the financial statements were prepared on a going concern basis.

The Group made an initial assessment of the risks and uncertainties. Therefore, management considered different scenarios, considering the following:
• Sales and pre-sales
• Prices
• Costs
• Evolution of real estate projects
• Cash and external financing

Regarding pre-sales, the Company expects a significant increase in volume during 2022 due to the projects that the Company is currently carrying out in: Greenfield Teilor District; Greenfield Panoramic (project finished in Q1 of 2022, currently in reception stage); Boreal Plus Constanta and from the second half of the year also Greenfield Copou Iasi - first phase, currently in receipt of building permits stage. In addition, an important project is also the construction of Greenfield Plaza a multifunctional complex that will include SPA areas (with relaxation areas and 2 swimming pools), fitness rooms and sports fields, commercial areas. Greenfield Plaza will be finalised in the second part of the year.
As regards selling prices, the Company considers that they are aligned to market and there are no premises for the downward price adjustments. The increase of the 5% VAT ceiling to EUR 140,000 had the expected results in this sector.

## 3. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated Financial Statements are presented in RON, this being also the functional currency of the Group. All financial information is presented in thousand RON (kRON).

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been constantly applied by all the Group's entities, for all periods presented in these Consolidated Financial Statements.

Below is presented the summary of the significant accounting policies.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year/the end of other reporting period. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group’s accounting policies. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

***Loss of control***

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, as well as non-controlling interests and other elements of the subsidiary's equity. Any resulting gain or loss is recognized in the income statement. Any remaining holding in the former subsidiary is measured at fair value at the time of loss of control or measured using the equity method as an investment in affiliates.

***Investments measured under the equity method***

Investments of the Group measured using the equity method consist of investments in associates. Associates are those entities over which the Group exercises significant influence but does not have control over financial and operational policies.

Associates are accounted for using the equity method. They are initially recognized at cost, which includes the cost of transactions. After initial recognition, in the consolidated financial statements, the Group recognizes profit and loss pro rata, as well as other comprehensive income of the associate, until the date when the significant influence ceases.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency using the exchange rates prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currency at the date of reporting are translated to the functional currency at the exchange rate prevailing at that date. The gains and losses from exchange rate differences related to monetary items are computed as the difference between the amortized cost in functional currency at the beginning of the year, adjusted by the effective interest, payments, and collections during the year, on one side and the amortized cost in foreign currency translated using the exchange rate prevailing at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rate prevailing at the date of the determination of fair value. The non-monetary elements denominated in a foreign currency that are carried at historical cost are converted using the exchange rate prevailing at the date of transaction.

The exchange rate differences resulted from translation are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

### (c) Property, plant, and equipment

Land and buildings held for use in production, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the property's revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognized in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.
Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives of property, plant and equipment are as follows:

| | |
|---|---|
| • buildings | 40 years |
| • plant, equipment, and vehicles | 3–5 years |
| • fixtures and fittings | 3–12 years |

The estimated useful lives, residual values and depreciation method are reviewed at each reporting period date.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

### (e) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including Property under construction for such purposes), is measured initially at cost, including transaction costs. After initial recognition, investment property is measured at fair value.

All the Group's property interests held to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

When the use of a property is changed, such that it is reclassified to property, plant and equipment or inventories, its fair value as of the date of reclassification becomes the cost of the property for the purpose of subsequent accounting.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Company's management is assessing on regular basis the best use of the land maintained in investment. Transfer from investment to inventory is done close to start construction date, after all required permitting has been finalized, a detailed concept of the project is finalized and significant steps have been done to identify construction companies and financing for the project.

### (f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The valuation of inventories upon entry into the company is done using the following techniques:

- ✓ Residential properties specific identification
- ✓ Land Specific identification
- ✓ Other first in-first out (FIFO)

## 4.. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Trade and other receivables

Trade receivables on normal terms excluding derivative financial instruments do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated unrecoverable amounts. The carrying amount of trade and other receivables that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

### (h) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

### (i) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less from inception and are subject to an insignificant risk of changes in value.

### (j) Share capital

**Ordinary shares**

Ordinary shares are classified as part of equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity at its value net of any fiscal effects.

**Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares are classified as treasury shares and are presented in the treasury share reserves. When treasury shares are sold or subsequently reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

### (k) Dividends

Dividends are recognised in the period when their allocation is approved.

### *(l) Own shares*

Own shares consist of treasury shares and shares held within an employee benefit plan. The group has an employee benefit trust to satisfy the exercise of share options that have vested under the group’s share option schemes.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Own shares are recognised at cost as a deduction from shareholders' equity. Subsequent consideration received for the sale of such shares is also recognised in equity, with any difference between the sale proceeds from the original cost being taken to retained earnings. No gain or loss is recognised in the performance statements on transactions in own shares.

### (m) Borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

For general purpose loans, the borrowing costs are capitalised in the value of the eligible assets using the weighted average interest rate of the Company, as per requirements of IAS 23.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (n) Trade payables and other payables

Trade payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs. The carrying amount of trade and other payables that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

**Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### (o) Leases

The Group analyses at the commencement of the contract the extent to which a contract is, or contains a lease. Namely, the extent to which the contract confers the right to use an identifiable asset for a period in exchange for the consideration.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and low-value assets. The Group recognizes lease payables for lease payments and the right to use the assets representing the right to use the underlying asset. i) Right to use assets: The Group recognizes the right to use assets at the date of commencement of a lease (i.e. the date on which the underlying asset is available for use). The right to use the assets is measured at cost excluding accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The cost of the right to use the assets includes the amount of the recognized lease liability incurred at initial direct costs and lease payments made on or before the commencement date excluding any lease benefits received. The right to use the assets is amortized on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets, as follows:

- Land and buildings: 1 -3 years
- Other equipment: 1 -3 years

If ownership of a leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a call option, depreciation is calculated using the asset's estimated useful life. The duration of the lease contract was considered the irrevocable period of the lease contract, without considering the option of extension. The right to use assets is also subject to impairment.

At the date of commencement of the lease, the Group recognizes the lease payables measured at the current value of the lease payments to be made throughout the lease. Lease payments include fixed payments (Including fixed payments as a substance) excluding any lease benefits receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under the residual value guarantee. Lease payments also include the exercise price of a call option that is reasonably certain to be exercised by the Group and penalty payments for the termination of the lease, if the lease term reflects the group's option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or conditions that determine the payments occur.
To calculate the current value of lease payments, the Group uses the incremental loan rate at the commencement date of the lease because the default interest rate of the lease is not readily determinable.
After the start date, the amount of the lease liability is increased to reflect the accretion of interest and decreased for the lease payments made. In addition, the carrying amount of the lease is re-measured if there is a change, a modification in the lease term, a change in lease payments (change in future payments resulting from a change in an index or instalment rate used to determine those lease payments) or a change in the valuation of an underlying asset purchase option. Lease liabilities are included in Note 14 - Trade and other payables.

### (p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) because of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the Present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### (q) Revenue

Revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Group is expected to be entitled to receive in exchange of those goods or services. Revenue is recognized at the fair value of the services rendered or goods delivered, net of VAT, excises or other taxes related to the sale.

Revenue comprises the fair value of the consideration received or receivable, net of value added tax, after eliminating sales within the Group. Revenue and profit are recognized as follows:

*(i) Revenue from sale of residential properties*
Revenue from sale of residential properties during the ordinary course of business are valued at fair value of the amount collected or to be collected on legal completion. The revenues are recognised when the significant risks and rewards of ownership have been transferred to the customer, this is deemed to be when title of the property passes to the customer on legal completion, the associated costs and possible return of goods can be estimated reliably. This is the point at which all performance obligations are satisfied in line with the provisions of IFRS 15 and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable for certain rebates to be granted, and their value can be measured reliably, then these are recognised as a reduction of the revenues when the sale revenues are recognised. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the payment is almost always less than one year, the company has also instalments payments over a period more than one year but those are not significant.

*(ii) Revenues from re-charging utilities*
The revenues from recharge of utilities are recognised when they are realised, together with the utility's expenses invoiced by the suppliers. The Group recharges the utilities under the form of administrative costs. These revenues refer to the rented properties, to the properties sold without the transfer of ownership (sales in instalments) and to the sales of properties fully paid, up to the moment when the buyer concludes contracts with the utility's suppliers in their own name.

### (r) Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

**Current tax**
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.
The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are also recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

### (s) Share-based payments

The Company has applied the requirements of IFRS 2 “Share-based payment”. The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value is expensed on a straight-line basis over the vesting period, based on the Company’s estimate of shares that will eventually vest after adjusting for the effect of non-market vesting conditions.

### (t) Financial instruments – fair values and risk management

The risk management function within the Group is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (u) Contingent liabilities

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events that is not recognized because:

   i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Group's financial statements but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognized in the Group's financial statements but disclosed when an inflow of economic benefits is probable.

### (v) Subsequent events

Events occurring after the reporting date 31 December 2021, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting date (non-adjusting events), when material, are disclosed in the notes to the consolidated financial statements. When the going concern, assumption is no longer appropriate at or after the reporting period, the financial statements are not prepared on a going concern basis.

### (w) Segment reporting

The Group operates only in Romania. The main operating segment is related to real estate development.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (i) Fair value measurements and valuation processes

The Group has obtained a report from an international valuation company, Colliers Valuation and Advisory SRL, setting out the estimated market values for the Group's investment property and property developed for sale in their current state as at 31 December 2021. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation was based on the assumption as to the best use of each property by a third-party developer.

In the Romanian market actual transaction values for real estate deals are not public available and there is not a high volume of transactions in larger land plots. The sale price comparison method therefore has inherent limitations, and a significant degree of judgement is required in its application.

For investment property, land assets are mainly valued using the sales comparison approach. The main assumptions underlying the market value of the groups land assets are:

- the selection of comparable land plots resulting in order to determine the "offer price" which is taken as the basis to form an indicative price

- the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition including the status of any legal dispute as described in Note 26.

The key inputs are summarised in Note 8. The valuation is highly sensitive to these variables and adjustments to these inputs would have a direct impact on the resulting valuation.

A sensitivity analysis of the three key assets is presented below:

| Asset | Impact on the valuation included in the balance sheet on 31 March 2022 and gains on investment property registered to profit or loss of a 5% weakening/(strengthening) of the price per sqm | |
|---|---|---|
| Greenfield land | - 11,422 k RON | + 11,422 k RON |
| Barbu Vacarescu land | - 7,898 k RON | + 7,898 k RON |
| Ghencea land | - 6,405 k RON | + 6,405 k RON |

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### (ii) Transfer of assets both from and to investment property

IAS 40 (investment property) requires the transfers from and to investment property are evidenced by a change in use. Conditions which are indications of a change in use are judgemental and the treatment can have a significant impact on the financial statements since investment property is recorded at fair value and inventory is recorded at cost.

- For the Ghencea and Barbu Vacarescu projects, in 2019 management has taken the view that legal restrictions on the use of assets are an indication of change in use and consequently these assets are reclassified to investment property and recorded at fair value as at the balance sheet date.

- For a portion of the Greenfield land, management considers that a potential development will not take place in the following 3-4 years from the balance sheet date. Consequently, these assets continue to be accounted for at fair value within investment property.

Had different judgements been applied in determining a change in use, than the financial statements may have been significantly different because of the differing measurement approach of inventory and investment properties.

### (iii) Legal issues

The management of the Group analyses regularly the status of all ongoing litigation and following a consultation with the Board of Administration, decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the separate financial statements. Key legal matters are summarized in Note 26.

### (iv) Cost allocation

To determine the profit that the Group should recognise on its developments in a specific period, the Group has to allocate site-wide development costs between units sold in the current year and to be sold in future years. Industry practice does vary in the methods used and in making these assessments there is a degree of inherent uncertainty. If there is a change in future development plans from those currently anticipated, then the result would be fluctuations in cost and profit recognition over different project phases.

## 6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group/Company as of 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. The amendments had no impact on the financial statements of the Group.

- IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The amendments had no impact on the financial statements of the Group.

- IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendments had no impact on the financial statements of the Group.

## 6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

B) Standards issued but not yet effective and not early adopted

- IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. Management has assessed that the amendments had no impact on the financial statements of the Group.

- IFRS 17: Insurance Contracts (Amendments)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. Management has assessed that the amendments had no impact on the financial statements of the Group.

- IFRS 17: Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments)

The amendment is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted respectively with IFRS 17. For entities that first apply IFRS 17 and IFRS 9 at the same time, the amendment adds a transition option for a "classification overlay", relating to comparative information of financial assets. An entity applying the classification overlay to a financial asset shall present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset. Also, in applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. These amendments have not yet been endorsed by the EU. Management has assessed that the amendments had no impact on the financial statements of the Group.

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the amendments had no impact on the financial statements of the Group.

## 6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.
In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU. Management has assessed that the amendments had no impact on the financial statements of the Group.

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:
IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases
Management has assessed that the amendments had no impact on the financial statements of the Group.

## 6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. Management has assessed that the amendments had no impact on the financial statements of the Group.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU. Management has assessed that the amendments had no impact on the financial statements of the Group.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU. Management has assessed that the amendments had no impact on the financial statements of the Group.

- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU. Management has assessed that the amendments had no impact on the financial statements of the Group.

(all amounts are expressed in thousand RON, unless stated otherwise)

## 7. PROPERTY, PLANT AND EQUIPMENT

**Reconciliation of carrying amount**

| Cost / valuation | Land and buildings | Machinery, equipment and vehicles | Fixtures and fittings | Assets under construction | Total |
|---|---|---|---|---|---|
| **Balance at January 1, 2022** | **20,601** | **3,800** | **1,703** | **8,674** | **34,779** |
| | | | | - | |
| Additions | 1,534 | 138 | 617 | 1,069 | 3,358 |
| Transfers | - | - | - | - | - |
| Disposals | (1,368) | (42) | - | - | (1,410) |
| **Balance at 31 March 2022** | **20,767** | **3,896** | **2,320** | **9,716** | **36,700** |
| **Accumulated depreciation and impairment losses** | | | | | |
| **Balance at January 1, 2022** | **15,430** | **2,732** | **1,401** | **-** | **19,564** |
| Charge for the period | 246 | 6 | 40 | - | 292 |
| (Reversal of)/Impairment loss | - | - | - | - | - |
| Accumulated depreciation of disposals | (678) | (10) | - | - | (668) |
| **Balance at 31 March 2022** | **14,998** | **2,748** | **1,441** | **-** | **19,188** |
| **Carrying amounts** | | | | | |
| **At 1 January 2022** | **5,171** | **1,068** | **302** | **8,674** | **15,215** |
| **At 31 March 2022** | **5,769** | **1,148** | **879** | **9,716** | **17,512** |

(all amounts are expressed in thousand RON, unless stated otherwise)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

| Cost / valuation | Land and buildings | Machinery, equipment and vehicles | Fixtures and fittings | Assets under construction | Total |
|---|---|---|---|---|---|
| **Balance at January 1, 2021** | **21,483** | **3,201** | **1,539** | **286** | **26,509** |
| | | | | - | |
| Additions | 1,206 | 828 | 178 | 8,883 | 11,095 |
| Transfers | 495 | - | - | (495) | - |
| Disposals | (2,583) | (228) | (14) | - | (2,825) |
| **Balance at 31 December 2021** | **20,601** | **3,800** | **1,703** | **8,674** | **34,779** |
| **Accumulated depreciation and impairment losses** | | | | | |
| **Balance at January 1, 2021** | **14,955** | **2,736** | **1,266** | **-** | **18,958** |
| Charge for the period | 656 | 225 | 137 | - | 1,018 |
| (Reversal of)/Impairment loss | (181) | - | - | - | (181) |
| Accumulated depreciation of disposals | - | (228) | (2) | - | (230) |
| **Balance at 31 December 2021** | **15,430** | **2,732** | **1,401** | **-** | **19,564** |
| **Carrying amounts** | | | | | |
| **At 1 January 2021** | **6,528** | **465** | **274** | **286** | **7,552** |
| **At 31 December 2021** | **5,171** | **1,068** | **302** | **8,674** | **15,215** |

## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

**Land and buildings**
During the first quarter of 2022, assets (land and buildings) worth 1,534 thousand RON were purchased, represented by a plot of land in Greenfield neighbourhood.

The depreciation registered during the first quarter of 2022 for the owned constructions is 246 thousand RON, the depreciation method used was the linear method.

The Group records adjustments for the impairment of assets held (electricity, sewerage, roads) because estimates have shown that their recoverable amount is less than their carrying amount (cost - depreciation).

**Machinery, equipment and means of transport:**
In the first quarter of 2022, the purchases of cars, equipment and means of transport were worth 10 thousand RON and represents office equipment (laptops, phones, servers etc). The assets disposals represent 42 thousand RON

**Furniture and installations:**
In the first quarter of 2022, furniture, and installations worth 473 thousand RON were purchased. Depreciation of 21 thousand RON was calculated using the straight-line method.

**Assets under construction:**
The value of fixed assets under construction increased in the first quarter of 2022 by 1,034 thousand RON representing the investment in the building for the Company's offices. The office building will be completed and received during 2022.

The value of financial costs capitalized in the value of the fixed assets (assets under construction) is 16 thousand RON..

The value of the land and buildings was compared with the valuations made annually at the balance sheet date by an independent appraiser - Colliers Valuation and Advisory SRL - and it turned out that there were no significant changes in the values that would require value adjustments or the recording of revaluation increases.

(all amounts are expressed in thousand RON, unless stated otherwise)

## 8. INVESTMENT PROPERTY

**Reconciliation of carrying amount**

| | 31 March 2021 | 31 December 2021 |
|---|---|---|
| **Balance at 1 January** | **571,882** | **457,706** |
| Additions through subsequent expenditures | 9,698 | 30,541 |
| Transfers from inventories | - | - |
| Transfers to inventories | - | (2,899) |
| Adjustments | - | 2,548 |
| Disposals | - | (8,462) |
| Changes in fair value during the year | - | 86,651 |
| **Balance at 31 March/31 December** | **581,580** | **571,882** |

Investment property comprises primarily land plots held with the purpose of capital appreciation or to be rented to third parties.

**Main real estate investments in land**

| | 31 March 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| **Asset** | **sqm** | **thousand RON** | **sqm** | **thousand RON** |
| Greenfield Baneasa land (Bucharest) | 200,719 | 228,431 | 200,719 | 228,431 |
| Barbu Vacarescu land (Bucharest) | 25,424 | 157,961 | 25,424 | 157,961 |
| Blvd. Ghencea – Timisoara land (Bucharest) | 258,895 | 128,106 | 258,895 | 128,106 |
| **Total** | **485,038** | **514,498** | **485,038** | **514,498** |

Additions to investment property represent construction works for Greenfield Plaza in amount of 9,698 thousand RON, including capitalised interest expenses and exchange rate differences in accordance with IAS 23.

Details on the legal matters related to lands are presented in Note 24.

*Valuation processes*
The Company's investment properties were valued at 31 December 2021 by independent professionals Colliers Valuation and Advisory SRL, external, independent evaluators, authorized by ANEVAR, having experience regarding the location and nature of the properties evaluated.

For all investment properties, their current use equates to the highest and best use. Below there is description of the valuation technique used in determination of the fair value of investment property.

(all amounts are expressed in thousand RON, unless stated otherwise)

## 8. INVESTMENT PROPERTY (continued)

*Fair value hierarchy*

Based on the inputs to the valuation technique, the fair value measurement for investment property has been categorised as Level 3 fair value at 31 December 2021. The classification is considered appropriate given the extent of adjustments which are applied to observed data for comparable land and building valuations. These adjustments are based on location and condition and are not directly observable. There were no transfers from levels 1 and 2 to level 3 during the year.

*Valuation techniques*

Fair values are determined applying the comparison method. The evaluation model is based on a price per square meter of land, obtained from observable data of existing price offers on the market. The estimate established by the independent expert was diminished by the management in order to take into account the legal situation of the various assets.

The table below presents a summary of the most significant assets and key assumptions used:

| Asset | Main parameters at 31 December 2021 | Main parameters at 31 December 2020 |
|---|---|---|
| Greenfield Baneasa land | • Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: from -47% discount to + 18% premium | • Price offer per square meter for land used as comparable: from 170 EUR / sqm to 300 EUR / sqm<br>Observable offer price adjustments to reflect transaction prices, location and condition: from -30% discount to + 40% premium |
| Barbu Vacarescu land | • Price offer per square meter for land used as comparable: from 814 EUR/sqm to 2,348 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount from -40% to +55% premium | • Price offer per square meter for land used as comparable: from 1,327 EUR/sqm to 2,600 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount from -5% to -50%<br>• Additionally, an additional discount rate of 4% was applied for a period of 2 years to consider the current aspects of the disputes |
| Blvd Ghencea-Timisoara land | • Price offer per square meter for land used as comparable: from 90 EUR/sqm to 150 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount of -25% | • Price offer per square meter for land used as comparable: from 100 EUR/sqm to 150 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount from -3% to -30% |

The carrying value as at 31 March 2022 of the land plots pledged is of 22,662 thousand RON (31 December 2021: 156,709 thousand RON).

(all amounts are expressed in thousand RON, unless stated otherwise)

## 9. INVENTORIES

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Finished goods and goods for resale | 185,232 | 212,146 |
| *Residential developments:* | | |
| - Land | 144,454 | 143,075 |
| - Development and construction costs | 223,754 | 183,702 |
| | **553,440** | **538,923** |

Inventories are represented by:

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Greenfield residential project | 217,843 | 193,011 |
| Luxuria residential project | 204,314 | 219,239 |
| Constanta land and project | 80,255 | 60,834 |
| Iasi land and project | 42,533 | 42,501 |
| Other inventory | 8,495 | 16,048 |
| | **553,440** | **531,633** |

Lands with a carrying amount of 144,454 thousand RON at March 31, 2022 (December 31, 2021: 143,075 thousand RON) consist of land owned by the Group for the development of new residential properties and infrastructure, mainly in Bucharest, as well as land the Group intends to sell directly.

The real estate properties finished with a carrying amount of 185,232 thousand RON at March 31, 2022 (December 31, 2021: 212,146 thousand RON) refer entirely to apartments held for sale by the Group.

The carrying value as at March 31, 2021 of the inventories pledged is of 262,021 thousand RON (102,492 thousand RON as of December 31,2021 (see Note 14).

The Boreal Plus project in Constanţa is financed by CEC Bank, therefore the interest on the loan was capitalized in the construction value of the stock. The value of the capitalized interest for the first quarter of 2022 is 233 thousand RON.

Part of the Greenfield project (construction of the Panoramic ensemble) is funded by First Bank. The interest capitalized during the first quarter of 2022 in the value of the projects is 163 thousand RON.

As per IAS 23 – Borrowing costs, the borrowing costs of general loans were capitalised in the value of eligible assets using the weighted average interest rate taking into consideration all general loans obtained by the Group . The value of the borrowing cost capitalised is 1,757 thousand RON.

Further details on the company's loans are set out in Note 14.

(all amounts are expressed in thousand RON, unless stated otherwise)

## 10. TRADE AND OTHER RECEIVABLES

| | Current | | Non-current | |
|---|---|---|---|---|
| | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
| Trade receivables | 7,229 | 8,078 | - | - |
| Sundry debtors | 4,072 | 2,540 | - | - |
| Prepaid expenses | 5,982 | 5,143 | | |
| Receivables from State | 11,082 | 8,509 | - | - |
| Advance payments to services suppliers | 8,565 | 11,865 | - | - |
| | **36,930** | **36,135** | **-** | **-** |

On March 31, 2022 as well as of December 31, 2021 no Group trade receivables and other receivables were pledged.

## 11. CASH AND CASH EQUIVALENTS

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Current accounts | 21,779 | 42,027 |
| Petty cash | 27 | 10 |
| Cash advances | - | - |
| | **21,806** | **42,037** |

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 188 thousand RON (31 December 2021: 553 thousand RON) is restricted cash. The restricted cash is subject to commercial or legal restrictions (cash collateral for letters of guarantee, cash collateral for the payment of uncollected dividends, etc.)

## 12. SHARE CAPITAL

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Paid Share capital | 414,808 | 393,750 |
| Adjustments of the share capital (hyperinflation) | 7,464 | 7,464 |
| | **422,272** | **401,214** |

(all amounts are expressed in thousand RON, unless stated otherwise)

## 12. SHARE CAPITAL (continued)

The shareholding structure at the end of each reported period was as follows:

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| | % | % |
| Gheorghe Iaciu | 58.82% | 59.97% |
| Andrici Adrian | 15.17% | 15.98% |
| Swiss Capital | 15.86% | 12.45% |
| Other shareholders | 10.14% | 11.60% |
| | **100%** | **100%** |

All shares are ordinary and have equal ranking related to the Group's residual assets. The nominal value of one share is 0.25 RON. The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 1 share during the meetings of the Group.

The Shareholder's Meetings dated 19.04.2021 and 21.04.2021 have decided the following changes of the share capital:

Reduction of the share capital from 265,000,000 RON to 262,500,000 RON by reducing the number of shares from 265,000,000 shares to 262,500,000 shares as a result of the cancellation of a number of 2,500,000 own shares, acquired by the Company.

The increase of the share capital by 131,250,000 RON by incorporating the capital premiums in the amount of 69,487,043 RON and the result carried forward from 2020 in the amount of 61,762,957 RON. The capital increase was achieved by issuing a number of 131,250,000 new shares granted free of charge to shareholders as of June 25, 2021 (1 free share for 2 shares held).

Dividing the shares resulting from the above operations (393,750,000 shares) and the nominal value of the shares in a 1: 4 split ratios.

The process of changing the share capital, as decided at the GMS of 21.04.2021, began in June 2021 and was completed in early July 2021. On July 5, 2021, the share capital of Impact Developer & Contractor it consisted of a number of 1,575,000,000 shares with a nominal value of 0.25 RON / share.

On 20.08.2021, the Extraordinary General Meeting of the Company's shareholders approved the delegation and authorization of the Board of Directors to decide and implement the increase of the share capital of the Company, by cash contribution, through one or more issues of new ordinary shares, the nominal value of which does not exceed 193,750,000 lei. The Board of Directors was also authorized, for each of the increases made up to the level of the authorized share capital, to decide to restrict or lift the pre-emptive right of existing shareholders to subscribe for the new shares. Subsequently, on 20.09.2021, the Board of Directors of the Company decided to offer the newly issued shares for subscription in a private placement.

On 01.02.2022, the share capital increase was registered, by issuing new shares, by private placement. As a result of the increase, 84,231,295 new shares were issued, and the share capital was increased by 21,057,823.75 RON.

(all amounts are expressed in thousand RON, unless stated otherwise)

## 12. SHARE CAPITAL (continued)

Following the Increase of the Share Capital through Private Placement, completed on 21.01.2022, the share capital of the Company was increased from 393,750,000 lei to 414,807,823.75 lei, the new total number of shares being 1,659,231,295.

**Dividends**

During the year 2022 up to March 31, 2022, the Company has not declared dividends to its shareholders related to the financial year 2021.

During the financial year ended on December 31, 2021, the Company has not declared dividends to its shareholders related to the financial year 2020.

## 13. OWN SHARES

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| **Balance at 1 January** | **841** | **2,675** |
| Purchase of own shares | - | 1,365 |
| Own shares cancelled during the year | - | (2,500) |
| Share-based payments | - | (699) |
| **Balance at 31 December** | **841** | **841** |

At the AGM dated 28.04.2020, the buy back of a maximum number of 10,000,000 (ten million) shares, for a maximum period of 18 months from the date the resolution is published the Romanian Official Gazette, representing a maximum of 0,63 % of the subscribed and paid in share capital on the date of the resolution.

At the AGM dated 21.04.2021, the buy back of a maximum number of 30,000,000 (thirty million) shares, for a maximum period of 18 months from the date the resolution is published the Romanian Official Gazette, representing a maximum of 1,90 % of the subscribed and paid in share capital on the date of the resolution.

The own shares reserve represents the cost of shares in IMPACT purchased in the market, to satisfy options and conditional share awards under the Company's share option plans.

As at 31 March 2021 the Company has in balance 1,370,920 thousand own shares, with an accounting value of 841 thousand RON (31 December 2021: 841 thousand RON). During 2021, the Company granted 2,572 thousand shares to employees and BoD members.

(all amounts are expressed in thousand RON, unless stated otherwise)

## 14. LOANS AND BORROWINGS

This note discloses information related to the contractual terms of the interest-bearing loans and borrowings of the Group, valued at amortised cost, Information related to the Group's exposure to interest rate risk, foreign currency risk and liquidity risk is included in Note 22.

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| **Non-current liabilities** | | |
| Secured bank loans | 111,262 | 117,555 |
| Issued bonds | 32,556 | 32,566 |
| | **143,818** | **150,121** |
| **Current liabilities** | | |
| Issued bonds | 81,771 | 67,217 |
| Short-term borrowings | 55,988 | 119,695 |
| | **137,759** | **186,912** |

Terms and repayment schedules of loans and borrowings are as follows:

| Lender | Currency | Maturity | Amount of the facility, in original currency | Balance at 31 March 2022* | Balance at 31 December 2021* |
|---|---|---|---|---|---|
| Credit Value Investments | EUR | 11.01.2022 | 12,000 | - | 59,837 |
| Bonds listed on Bucharest Stock Exchange SA | EUR | 19.12.2022 | 12,525 | 54,713 | 59,858 |
| Private placement bonds | EUR | 24.12.2026 | 6,581 | 32,556 | 32,566 |
| **Total bonds** | | | | **87,269** | **152,261** |
| First Bank | EUR | 05.08.2023 | 5,921 | 20,980 | 24,375 |
| First Bank | RON | 05.08.2023 | 4,500 | 2,329 | 1,731 |
| CEC Bank | EUR | 27.11.2023 | 9,880 | 25,655 | 17,958 |
| CEC Bank | RON | 27.01.2023 | 3,500 | 1,788 | 1,633 |
| Garanti BBVA | EUR | 15.06.2024 | 4,250 | 18,802 | 21,030 |
| Libra Internet Bank | EUR | 26.07.2024 | 12,562 | 39,442 | 46,615 |
| Libra Internet Bank | EUR | 22.09.2024 | 8,676 | 39,387 | 41,787 |
| Libra Internet Bank | EUR | 05.10.2024 | 4,000 | 14,786 | 13,470 |
| TechVentures Bank | EUR | 06.01.2025 | 2,000 | 9,344 | - |
| OTP Bank | EUR | 13.12.2024 | 5,000 | 20,558 | 14,312 |
| **Total bank loans** | | | | **193,061** | **182,911** |
| **Interest** | | | | **1,247** | **1,861** |
| **Total** | | | | **281,577** | **337,033** |

The interest rate at which the company borrows is between 5.3% and 7.05% for loans in RON, between 3% and 5% for loans in EUR and between 5.75% and 6.40% for bonds issued.

## 14. LOANS AND BORROWINGS (continued)

On July 10th, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100 thousand and a total face value of EUR 12,000 thousand issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o, (CVI), who accepted the Offer on the same date. The bonds were initially offered at a price of EUR 98,400 per Bond (or EUR 11,808 thousand per Bond total). The bonds were issued on 11th of July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will repurchase 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per annum, payable twice a year. On 1 February 2021, the Group signed an agreement to extend the maturity for the amount of EUR 6,000 thousand until the maturity of the bonds, i.e. January 2022. The bonds were fully paid on January 11, 2022.

The bonds are mainly secured by a first-rate mortgage covering the obligations arising from the Bonds up to the guaranteed maximum amount of EUR 18,000 thousand (eighteen million) on seven plots of land with a total area of 154,308 sqm located in Bucharest, 1st District, Romania, which are the exclusive property of the Company, as well as their accessories. The Company has an early redemption option for the Bonds, which can be exercised from the second interest payment date, provided that the minimum redeemed amount is at least EUR 1,000 thousand.

Bucharest Stock Exchange S.A. approved the application for admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A. of the bonds issued by the Company, unsecured at a fixed annual interest rate of 5,75% denominated in EUR, with a maturity of 5 years and a total nominal value of EUR 12,525 thousand.

The bonds were issued following the offer addressed to the Eligible Investors, as defined in the prospectus dated November 28, 2017 approved by the FSA by approval decision no. 1710 of November 28, 2017, amended by the amendment of December 8, 2017 approved by the FSA by approval decision no. 1766 of December 8, 2017 and by the amendment of December 13 approved by the FSA by approval decision no. 1816 of December 13, 2017.

In December 2020, the parent conducted a new issuance of Private Placement bonds worth EUR 6,580 thousand at a fixed interest rate of 6.4% p.a., due twice a year. The bonds were issued by the parent dated 24 December 2020, have a maturity of 6 years and were listed on the BSE regulated market in May 2021.

In February 2021, the Company contracted two loans denominated in EUR and RON from First Bank S.A., in order to develop the Panoramic project in the Greenfield Băneasa Residence residential complex in Bucharest. The first credit facility is worth 5,921 thousand EURO and represents investment credit with maturity of 30 months from the granting, and the second facility in the amount of RON 4,500 th represents VAT financing with a maturity of 30 months from the moment of granting.

In May 2021, the Company contracted two loans denominated in EUR and RON from CEC Bank SA., In order to develop the Boreal Plus project in Constanța. The first credit facility is worth 9,880 thousand EURO and represents an investment loan with a maturity of 30 months from the granting, and the second facility in the amount of RON 3,500 thousand represents VAT financing with a maturity of 20 months from the granting time.

In November 2021, the company contracted a loan denominated in EUR from Garanti Bank for the general financing of projects (working capital). The approved value of the loan is EUR 4,250 thousand, maturing within 30 months of granting.

(all amounts are expressed in thousand RON, unless stated otherwise)

All the covenants provided in the long-term bank loan agreements have been met at December 31st 2020 and December 31st, 2021.

## 15. TRADE AND OTHER PAYABLES

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| **Non-current liabilities** | | |
| Guarantees | 7,608 | 5,514 |
| Lease payables | 0 | 1,401 |
| | **7,608** | **6,915** |
| **Current liabilities** | | |
| Trade payables | 18,499 | 25,062 |
| Customer deposits | 43,180 | 37,307 |
| Divides payable | 285 | 187 |
| Other payables | 10,713 | 11,287 |
| | **72,677** | **73,832** |
| | **80,285** | **80,747** |

Information related to the Group's exposure to exchange rate risk and liquidity risk related to trade and other liabilities is included in Note 22.

**Lease liabilities**
The Group concluded leases for office space, equipment rentals and for car access transit necessary within its activity. Leases have a duration between 1 and 3 years. All leases have fixed rates.

The market value of the debts related to the leases approximates their book value presented in the table above.

## 16. PROVISIONS FOR RISKS AND CHARGES

| | Provisions for litigation | Other provisions | Total |
|---|---|---|---|
| **Balance at 1 January 2022** | **271** | **1,017** | **1,288** |
| Provisions made during the year | - | - | - |
| Provisions used during the year | - | (270) | (270) |
| **Balance at 31 March 2022** | **271** | **747** | **1,018** |

(all amounts are expressed in thousand RON, unless stated otherwise)

## 16. PROVISIONS FOR RISKS AND CHARGES (continued)

| | Provisions for litigation | Other provisions | Total |
|---|---|---|---|
| **Balance at 1 January 2021** | **271** | **396** | **667** |
| Provisions made during the year | - | 890 | 890 |
| Provisions used during the year | - | (269) | (269) |
| **Balance at 31 December 2021** | **271** | **1,017** | **1,288** |

The provisions amounting to 1,018 thousand RON are represented by:

- 271 thousand RON provision set up for a litigation in connection with one of the houses sold in the Boreal neighbourhood of Constanţa
- 122 thousand RON provisions for unperformed holidays
- 625 thousand RON provision established for the volume of water discharged into the Otopeni city pipeline to be invoiced when the volume measurements will be validated.

## 17. REVENUES

A disaggregation of the Group's revenues is as follows:

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Revenues from sales of residential properties | 36,447 | 39,000 |
| Others | 1,044 | 397 |
| | **37,491** | **39,397** |

At the date of issue of these financial statements, the Group recorded 68 pre-sales and bookings as of March 31, 2022 with a package value of EUR 11,7 million (RON 57,88 million), which will be converted into revenue as the apartments will be completed in the following periods. 62 apartments sold in first quarter of 2022 (62 in first quarter of 2021) and related revenues in the same period, of which 41 apartments in Luxuria Residence, 22 apartments in Greenfield Băneasa, and 1 unit previously developed by the Impact Group ("IMPACT" ).

Sales per project analysis:

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Greenfield | 13,154 | 7,815 |
| Luxuria | 23,293 | 31,185 |
| | **36,447** | **39,000** |

(all amounts are expressed in thousand RON, unless stated otherwise)

## 18. GENERAL AND ADMINISTRATIVE EXPENSES

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Consumables | 227 | 96 |
| Third party expenses | 4,983 | 2,315 |
| Staff costs | 3,685 | 2,946 |
| | **8,895** | **5,357** |

## 19. OTHER OPERATING EXPENSES/INCOME

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Other operating income | - | (1,450) |
| Rent expenses | 131 | 174 |
| (Profit) / Loss on disposal of property, plant and equipment | (24) | 40 |
| Fines and penalties (income)/expenses | (2,554) | - |
| Other operating expenses | 1,083 | 1,381 |
| Impairment of trade receivables, net | (327) | - |
| Impairment of property, plant and equipment, net | 234 | - |
| Impairment of inventories, net | - | - |
| | **(1,457)** | **145** |

## 20. FINANCE COST/INCOME

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Interest expense | 1,099 | 2,539 |
| Interest income | (12) | (3) |
| Foreign exchange result | (487) | 2,507 |
| Gains of disposal of subsidiaries | - | - |
| Other financial (income)/costs | 300 | (25) |
| | **(900)** | **5,018** |

## 21. TAXATION

***(i) Amounts recognised in profit or loss***

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Deferred tax expense | - | (70) |
| Tax on profit | 1,136 | 440 |
| **Total expense related to tax** | **1,136** | **370** |

(all amounts are expressed in thousand RON, unless stated otherwise)

## 22. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

The Group is exposed to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

**Risk management framework**

The Group's policies regarding the risk management are defined to ensure identification and analysis of the risks the Group is dealing with, setting limits and adequate controls, as well as risk monitoring and compliance with the set limits. The policies and system meant to manage risks are regularly reviewed to reflect the changes occurred in the market conditions and Group's operations. The Group, through its standards and procedures for coaching and managing, aims to develop an orderly and constructive control environment, where all and each employee understand his/her role and duties.

### (a) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Group's trade receivables and financial assets.

The net carrying value of the financial assets represent the maximum exposure to credit risk. The maximum exposure to the credit risk at reporting date was:

| | Note | 31 March 2022 | 31 December 2021 |
|---|---|---|---|
| Trade and other receivables | 10 | 30,948 | 36,135 |
| Cash and cash equivalents | 11 | 21,806 | 42,037 |
| | | **52,754** | **78,172** |

**Trade and other receivables**

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. All these considered, the management considers the demographic characteristics of the customer database, including the collection risk specific to the sector and to the country in which the customer activates, bearing in mind that all these factors influence the credit risk.

In order to monitor customer credit risk, the Company monitors monthly payment delays and takes the steps deemed necessary on a case-by-case basis.

The Company establishes an impairment adjustment that represents its estimate of losses from trade receivables, other receivables. (see Note 11)

(all amounts are expressed in thousand RON, unless stated otherwise)

## 22. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)
### (a) Credit Risk (continued)

The maximum exposure to credit risk related to trade and other receivables as at reporting date based on geographical region was:

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Romania | 30,948 | 36,135 |
| | **30,948** | **36,135** |

**Cash and cash equivalents**

At 31 March 2022, the Group held cash and cash equivalents in amount of 21,806 thousand RON (31 December 2021: 42,037), representing the maximum exposure to credit risk arising from these assets. The cash and cash equivalents are held at banks and financial institutions in Romania.

### (a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, The Group's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's obligations.

The following table illustrates the remaining contractual maturities of financial liabilities at the end of the reporting period, including estimated interest payments and excluding any impact of netting agreements:

| | Carrying value | Total | Less than 1 year | between 1 and 2 years | between 2 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **31 March 2022** | | | | | | |
| Loans and borrowings | 281,577 | 281,577 | 137,759 | 87,681 | 56,137 | - |
| Trade and other payables | 80,286 | 80,286 | 80,286 | - | - | - |
| | **361,863** | **361,863** | **218,045** | **87,681** | **56,137** | **-** |
| Future estimated interest | 1,247 | 1,247 | 1,247 | - | - | - |
| **Total** | **363,110** | **363,110** | **219,292** | **87,681** | **56,137** | **-** |

(all amounts are expressed in thousand RON, unless stated otherwise)

## 22. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT (continued)

| | Carrying value | Total | Less than 1 year | between 1 and 2 years | between 2 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | |
| Loans and borrowings | 337,033 | 337,033 | 186,911 | 96,526 | 53,596 | - |
| Trade and other payables | 80,747 | 80,747 | 73,833 | 6,914 | - | - |
| | **417,780** | **417,780** | **260,744** | **103,440** | **53,596** | - |
| Future estimated interest | 19,620 | 19,620 | 8,852 | 4,077 | 6,692 | - |
| **Total** | **437,400** | **437,400** | **269,596** | **107,517** | **60,288** | - |

### (b) Market risk

The Group's activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Group aims to manage the exposure to these risks using fixed or variable rate borrowings, foreign currency borrowings and derivative financial instruments.

*Currency risk*

The Group is exposed to currency risk to the extent that sales, purchases, and borrowings are denominated in different currencies than the Group's functional currency (Romanian Leu), foremost euro.

The summary quantitative data about the Group's exposure to the currency risk reported to the management if the Group based on the policy for managing the risk is as follows:

The Group did not conclude any hedging engagements related to the obligations denominated in foreign currencies or to the exposure to the interest rate risk.

The main exchange rates used during the year were:

| | 31 March 2022 | Average for Q1 2022 | 31 December 2021 | Average for 2021 |
|---|---|---|---|---|
| EUR 1 | 4.9466 | 4.9481 | 4.9481 | 4.9204 |

## 23. CAPITAL COMMITMENTS

As at 31 March 2022, the Group has no capital commitments contracted.

## 24. CONTINGENCIES

As of the date of these Consolidated Financial Statements, the Group was involved in several ongoing lawsuits, both as plaintiff and defendant.

The management of the Group regularly assess the status of all ongoing litigation and following a consultation with the Board of Administration decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the Consolidated Financial Statements.

Considering the information available, the management of the Group considers that there are no significant ongoing litigations, except the ones detailed below.

### a) Cluj City Council – Cluj Municipality (hereinafter “CCC”)

The Company and one of its affiliates (Clearline Development and Management SRL) (“Project Company”) are parties in two cases against the Cluj City Council (“CCC”). The disputes originated from a contractual relationship from 2007, when the company entered into an investment contract with CCC, whereby CCC and the Company would develop a residential project and the CCC would contribute the land (“Lomb Project)”. The Company and the Project Company request reimbursement of amounts arising from investments in respect of the Lomb project to which CCC has not contributed with the land, thus the Company being unable to finalize the project and being unable to obtain any revenues from it.

The case number 79/1285/2012 has been registered to the Cluj Commercial Court, in which the Company has requested the dissolution of the framework-contract no. 55423/04.07.2007 concluded between CCC and the Company. In addition, the Company requested the court to compel the CCC to pay compensation in amount of 4,630,914.13 thousand RON plus related interest, computed from the date of the damage up to the date of collection of the amounts.

In 2020, on December 23, 2020, the Cluj Tribunal ruled the following decision in File 79/1285/2012: rejects, as ungrounded, the said application filed by the Company. The Company filed appeal, which will be settled by the Cluj Court of Appeal. At this time, the Company cannot estimate the duration of the trial until it obtains a final decision.

The next court hearing is scheduled for 29 March 2022, date by which the accounting expertise report must be submitted.

Case 1032/1259/2012 has been registered to the Arges Commercial Court, in which the Project Company has requested to CCC payment of compensation provisionally estimated to RON 17,053,000 plus related interest, computed from the date of the damage up to the date of the registration of the claim, provisionally estimated at RON 500,000. In this file, until the date of this report, no court decision was issued, the parties are administering evidence, including technical and accounting expertise, which were succeeded by objections and various requests for completion by the litigating parties. Based on the first expertise prepared, both the Company and its subsidiary have recognized impairment losses to the respective inventories down to the values determined by the expertise already performed, without recognizing any contingent liabilities.

The litigation initiated by Clearline, by which it requested the recovery of the amount of approx. RON 17 million is registered with Arges Tribunal, in the first procedural phase, in the stage of administration of evidence.

## 24. CONTINGENCIES (continued)

The next term in this case is 24 May 2022. Clearline has filed a claim for an increase of the amount of the subject of the lawsuit to the amount of RON 24,532,741.65 (VAT included) as damage caused to Clearline (Lomb) by defendant resulting from the execution of the "Dealul Lomb District" project, to which is added the penalizing legal interest calculated until 01.04.2021 in a total amount of RON 13,862,967.16. The increased amount resulted from the administration of the sample with accounting expertise.

### b) Barbu Vacarescu

In 2014, the Company acquired 1/3 of the title of ownership on 5 plots of land with a total area of 78,970 sqm, located in Barbu Vacarescu, Bucharest. The other 2/3 of the title on the lots were acquired by Cefin Real Estate Development BV ("Cefin").

In 2017, the IMPACT D&C initiated a lawsuit against Cefin Real Estate Development BV S.R.L. ("Cefin") requesting the cessation of the joint ownership (judicial division)

On 30 September 2021, the District 2 Court of Bucharest pronounced Decision no. 9923, by which it ordered the following:

a) Assignment to IMPACT D&C of a land area of 25,424 sqm - the lot from the North;
b) Assignment to Cefin of a land area of 50,848 sqm - the central lot and the South lot;
c) Obligation of IMPACT D&C to pay to Cefin a sum in the amount of EUR 1,418,540.64, within 6 months from the date of finality of the decision;
d) Obligation of Cefin to pay to IMPACT D&C the amount of RON 3,708,054.53, as court costs (2/3 of the stamp duty and attorney's fees).

CEFIN appealed against Sentence no. 9923 pronounced on 30.09.2021 by the District 2 Court. The first term in the appeal has not been established. CEFIN criticizes the solution of the first instance, as it would have ordered the exit from

indivisibility, without first ordering the approval of the expertise report in the field of topography by the competent office of cadastre and real estate advertising and does not request the change of the Sentence.

The Bucharest Court rejected on April 7, 2022, as unfounded, the Appeal request formulated by CEFIN REAL ESTATE DEZVOLTARE BV SRL.

Thus, the Decision pronounced by the District 2 Court on September 30, 2021, by which it was decided to assign to Impact the land with an area of 25,424 sqm, from Variant 2 of the plot (located in the northern part), remains final and can be enforced..

### c) Ghencea

In 2018, the Company filed a legal action against the Romanian State and Bucharest City Hall in order to reconfirm its ownership rights over the land located in the Municipality of Bucharest Prelungirea Ghencea no. 402-412, sector 6 ("the Land"), as identified in cadastral documentation no. 6515/2/6/1, which formed the basis of the registration in Land Book no. 59472, opened with the Cadastre and Real Estate Publicity office in Sector 6.

The Company considered that it is necessary to file such an action in order to consolidate its title over the Land in the context in which the title of the original owner, respectively Title no. 68,401 issued by the Ilfov County Commission for the Establishment of the Property Right over Lands on February 5, 2004 in favour of the Pasteur S.A. Institute, was annulled by the Bucharest Sector 6 District Court.

**24. CONTINGENCIES (continued)**

The legal action is the subject of File no. 5737/3/2018 registered with the Bucharest Tribunal.

During 2020, the Romanian State and the Bucharest City Hall filed an appeal against Ruling no. 2651 of 22.11.2019 of the Bucharest Tribunal. The appeal was settled by the Bucharest Court of Appeal, which by Decision no. 1246 of 06.10.2020, rejected the appeals as ungrounded. Consequently, ruling no. 2651 of 22.11.2019 of the Bucharest Tribunal remained grounded and legal.

Decision No. 2651 dated 22.11.2019 issued by Bucharest Court of Appeal was communicated to IMPACT D&C on 04.10.2021.
The Romanian state appealed. The appeal will be resolved by the ICCJ.

No significant changes in the carrying value of assets are expected to result from the outcome of this case. Please refer Note 9 for additional information about the project.

**d) Greenfield**

In the file No. 5856/3/2021 registered with the Bucharest Tribunal, Administrative and Fiscal Litigation Section, IMPACT D&C was subpoenaed as Defendant.

The file was initiated by the Asociația Locuitorilor Cartier Greenfield and has as its object the suspension and annulment of the administrative act HCGMB 705 / 18.12.2019 approving the Aleea Teisani Zonal Urban Plan - Black Forest Road no. 56-64, suspension and annulment of Building Permits no. 434/35 / P / 2020 and no. 435/36/ P / 2020, annulment of preliminary approvals, cancellation of works. The application for legal action was initially filed against the Municipality of Bucharest, CGMB, the Mayor of Sector 1 Bucharest, the Bucharest Environmental Protection Agency and IMPACT D&C.

The dispute is now closed.

**e) Litigiul inițiat de „Asociația EcoCivica"**

The dispute initiated by the "EcoCivica Association"

File no. 4122/3/2022 was registered with the Bucharest Tribunal, Administrative and Fiscal Litigation Section, in which Impact has the quality of Defendant, the plaintiffs being the Eco Civica Association and three individuals from outside the Greenfield neighborhood.

The object of the file is the suspension and annulment of the administrative act HCGMB 705 / 18.12.2019 approving the Zonal Urban Plan Aleea Teișani - Drumul Pădurea Neagra no. 56-64, suspension and cancellation of Building Permits no. 434/35 / P / 2020 and no. 435/36 / P / 2020, cancellation of preliminary approvals, cancellation of works.At present, the contested acts are valid, have full effect, and no decision has been issued on their suspension or annulment.

The case is in the process of regularization, the first trial term not being established..

## 25. RELATED PARTIES

**Transactions with key management personnel**

Remuneration of key management staff includes salaries and related benefits (social and medical contributions, unemployment, and other similar contributions). The management of the Group is employed on a contract basis.
The remuneration for the year ended March 31, 2022 of the directors and the Board of Directors, which constitute the key management personnel of the Group, is approved by The Hague and in accordance with the personnel policy of the Group.

**Transactions with shareholders**

In the first quarter of 2022, the Group did not declare and pay dividends to its shareholders

## 26. SUBSEQUENT EVENTS

In the context of the Russia-Ukraine conflict, which began on February 24, 2022, the EU, the United States, the United Kingdom and other countries have imposed various sanctions on Russia, including restrictions on certain Russian banks and state-owned companies, and number of individuals.
Given the geopolitical tensions, since February 2022 there has been an increase in the volatility of financial markets and the pressure of exchange rate depreciation.
These events are expected to affect activities in various sectors of the economy, resulting in further increases in energy prices in Europe and an increased risk of supply chain disruptions.
The Group has no direct exposure to related parties and / or customers or key suppliers in those countries.
The Group considers these events to be non-adjustable after the reporting period, the quantitative effect of which cannot be estimated at this time with a sufficient degree of confidence. The Group's management continuously analyzes the developments of this event and any possible impact of the change in micro and macroeconomic conditions on the financial position and results of the Group's operations.

The consolidated financial statements have been authorized for issue by the management on 15.05.2022 and signed on its behalf by:

| Constantin Sebesanu | Claudiu Bistriceanu | Iuliana Mihaela Urda |
|---|---|---|
| Chief Executive Officer | Chief Financial Officer | President BOD |

# IMPACT DEVELOPER & CONTRACTOR SA

## SEPARATE INTERIM FINANCIAL STATEMENTS
## FOR THE QUARTER ENDED 31 MARCH 2022 - UNAUDITED

## PREPARED IN ACCORDANCE WITH
## MINISTRY OF FINANCE ORDER NO 2844/2016 FOR THE APPROVAL OF ACCOUNTING REGULATIONS
## IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

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| **CONTENT:** | **PAGE:** |
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(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31December 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Tangible assets | 8 | 16,941 | 14,162 |
| Intangible assets | | 113 | 144 |
| Investment property | 9 | 578,173 | 568,758 |
| Financial assets | 11 | 21,521 | 56,542 |
| **Total non-current assets** | | **616,748** | **639,606** |
| **Current assets** | | | |
| Inventories | 10 | 299,074 | 268,290 |
| Trade and other receivables | 12 | 154,722 | 123,674 |
| Cash and cash equivalents | 13 | 10,167 | 36,171 |
| **Total current assets** | | **463,963** | **428,135** |
| **Total assets** | | **1,080,711** | **1,067,741** |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | | |
| **Shareholders' equity** | | | |
| Share capital | 14 | 422,271 | 401,214 |
| Share premium | | 33,429 | (4,475) |
| Revaluation reserve | | 3,001 | 3,001 |
| Other reserves | | 34,514 | 12,389 |
| Own shares | 15 | (841) | (841) |
| Retained earnings | | 269,018 | 289,279 |
| **Total equity** | | **761,392** | **700,567** |
| **Non-current liabilities** | | | |
| Loans and borrowings | 16 | 84,029 | 88,830 |
| Trade and other payables | 17 | 7,608 | 5,514 |
| Deferred tax liability | | 68,490 | 68,490 |
| **Total non-current liabilities** | | **160,127** | **162,834** |

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 December 2021 |
|---|---|---|---|
| **Current liabilities** | | | |
| Loans and borrowings | **16** | 103,690 | 145,489 |
| Trade and other payables | **17** | 54,484 | 57,563 |
| Provisions for risks and charges | **18** | 1,018 | 1,288 |
| **Total current liabilities** | | **159,192** | **204,340** |
| **Total liabilities** | | **319,319** | **367,174** |
| **Total equities and liabilities** | | **1,080,711** | **1,067,741** |

The separate financial statements have been authorized for issue by the management on 15th of May 2022 and signed on its behalf by:

**Constantin Sebeşanu,**
CEO

**Claudiu Bistriceanu,**
CFO

**Iuliana Mihaela Urdă,**
BoD President

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| Revenue from real estate inventories | 19 | 13,296 | 8.013 |
| Costs of real estate inventories on stock | | (7,475) | (4.380) |
| **Gross profit** | | **5.821** | **3.633** |
| Net rental income | 19 | 16 | 338 |
| General and administrative expenses | 20 | (6,184) | (4.402) |
| Marketing expenses | | (597) | (1.215) |
| Depreciation and amortization | 8 | (213) | (169) |
| Other operating income/expenses | 21 | 2,364 | (208) |
| Gains on investment property | 9 | - | |
| Impairment of assets | | (109) | - |
| **Operating profit** | | **(4,723)** | **(5.656)** |
| Financial income | | 2,005 | 1.879 |
| Financial cost | | (1,240) | (3.717) |
| **Finance costs, net** | 22 | **765** | **(1.838)** |
| **Profit before tax** | | **1,863** | **(3.861)** |
| Income tax expense | | - | 70 |
| **Profit of the period** | | **1,863** | **(3.791)** |
| **Total comprehensive income attributable to Company shareholders:** | | 1,863 | (3,791) |
| **Total comprehensive income for the period** | | **1,863** | **(3,791)** |

The separate financial statements have been authorized for issue by the management on 15th of May 2022 and signed on its behalf by:

**Constantin Sebeşanu,**
CEO

**Claudiu Bistriceanu,**
CFO

**Iuliana Mihaela Urdă,**
BoD President

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | Share capital | Share premium | Revaluation reserve | Other reserves | Own shares | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance on January 1, 2022** | | **401,214** | **(4,475)** | **3,001** | **12,389** | **(841)** | **289,278** | **700,567** |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 1,863 | 1,863 |
| Other comprehensive income | | - | - | - | 22,125 | - | (22,125) | - |
| **Total other comprehensive income** | | **-** | **-** | **-** | **22,125** | **-** | **(20,262)** | **1,863** |
| **Transactions with shareholders of the Company** | | | | | | | | |
| Own shares acquired during the year | 15 | - | - | - | - | - | - | - |
| Paid dividends | | - | - | - | - | - | - | - |
| Share capital increase | 14 | 21,057 | 37,904 | - | - | - | - | 58,961 |
| Share capital reduction by cancelling shares | 14 | - | - | - | - | - | - | - |
| Share-based payments | | - | - | - | - | - | - | - |
| **Other changes in equity** | | | | | | | | |
| Set up of legal reserves | | - | - | - | - | - | - | - |
| Transfer of reserves | | - | - | - | - | - | - | - |
| revaluation reserves | | - | - | - | - | - | - | - |
| **Balance on March 31, 2022** | | **422,271** | **33,429** | **3,001** | **34,514** | **(841)** | **269,018** | **761,392** |

**Constantin Sebeşanu,**
CEO

**Claudiu Bistriceanu,**
CFO

**Iuliana Mihaela Urdă,**
BoD President

The notes attached are part of these financial statements.
This is a free translation from the original Romanian version.

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | Share capital | Share premium | Revaluation reserve | Other reserves | Own shares | Retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance on January 1, 2021** | | **272,464** | **65,711** | **3,001** | **12,389** | **(2,675)** | **286,193** | **637,083** |
| **Comprehensive income** | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 64,849 | 64,849 |
| Other comprehensive income | | - | - | - | - | - | - | - |
| **Total other comprehensive income** | | **-** | **-** | **-** | **-** | **-** | **64,849** | **64,849** |
| **Transactions with shareholders of the Company** | | | | | | | | |
| Own shares acquired during the year | 15 | - | - | - | - | (1,365) | - | (1,365) |
| Paid dividends | | - | - | - | - | - | - | - |
| Share capital reduction by cancelling shares | 14 | 131,250 | (69,487) | - | - | - | (61,764) | - |
| Share-based payments | 14 | (2,500) | (699) | - | - | 3,199 | - | - |
| | | - | - | - | - | - | - | - |
| **Other changes in equity** | | | | | | | | |
| Set up of legal reserves | | | | | | | | |
| Transfer of reserves | | - | - | - | - | - | - | - |
| revaluation reserves | | - | - | - | - | - | - | - |
| **Balance on December 31, 2021** | | **401,214** | **(4,475)** | **3,001** | **12,389** | **(841)** | **289,278** | **700,567** |

The separate financial statements have been authorized for issue by the management on 15th of May 2022 and signed on its behalf by:

**Constantin Sebeşanu,**
CEO

**Claudiu Bistriceanu,**
CFO

**Iuliana Mihaela Urdă,**
BoD President

(All amounts are expressed in thousand RON, unless stated otherwise)

## Cash Flow Statement

| | Note | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Profit of the period** | | **1,863** | **(3,791)** |
| **Profit of the period reconciliation adjustments with net cash flows:** | | **1,919** | **1,936)** |
| Real estate investment valuation gains | 9 | - | - |
| Resumption of impairment loss for PPE | 8 | - | - |
| Depreciation of property, plant and equipment | 8 | 345 | 168 |
| Financial income | 22 | 2,005 | 1,879 |
| Financial cost | 22 | (1,240) | (3,717) |
| Income tax expense | | - | (70) |
| **Working capital adjustments** | | **(62,277)** | **(16,174)** |
| Decrease / (increase) trade and other receivables | 12 | (30,118) | (3,990) |
| Decrease / (increase) inventory ownership | 10 | (30,904) | (17,380) |
| (Decrease) / increase in trade, other debts and contractual debts) | 17 | (985) | 7,986 |
| (Decrease) / increase in provisions | 18 | (270) | - |
| Income tax paid | | - | (2,789) |
| **Net cash flows generated from operating activities** | | **(59,304)** | **(18,029)** |
| **Investment activities** | | | |
| Loans granted to subsidiaries | 26 | - | (4,150) |
| Loan reimbursements collected from subsidiaries | 26 | - | 23,553 |
| Investments in subsidiaries | 26 | 35,021 | (192) |
| Acquisition of property, plant and equipment | 8 | (11,433) | (2,592) |
| Expenditure on real estate investments under development | 9 | - | (2,488) |
| Expenditure on developing PPE | 8 | (1,034) | - |
| Income from property, plant and equipment | 8 | (45) | - |
| Interest received | 26 | 179 | - |
| **Net cash flows used in investing activities** | | **22,692** | **14,131** |

(All amounts are expressed in thousand RON, unless stated otherwise)

| | Note | 31 March 2022 | 31 March 2021 |
|---|---|---|---|
| **Financial activities** | | | |
| Loan receipts | 16 | 28,417 | 12,052 |
| Purchase of own shares | 15 | - | (1,365) |
| Capial increase | 14 | 58,962 | - |
| Repayment of principal of loans | 16 | (74,237) | (3,306) |
| Dividends paid | 14 | - | (3) |
| Interest paid | 16 | (2,533) | 2,826 |
| **Net cash flows generated from financing activities** | | **10,609** | **10,204** |
| | | | |
| **Net increase in cash and cash equivalents** | **13** | **(26,004)** | **6,306** |
| Cash and cash equivalents as of January 1 | | 36,171 | 52,065 |
| **Cash and cash equivalents as at 31 March** | **13** | **10,167** | **58,371** |

The separate financial statements have been authorized for issue by the management on 15th of May 2022 and signed on its behalf by:

**Constantin Sebeşanu,**
CEO

**Claudiu Bistriceanu,**
CFO

**Iuliana Mihaela Urdă.**
BoD President

(All amounts are expressed in thousand RON, unless stated otherwise)

## 1. REPORTING ENTITY

Impact Developer & Contractor SA ("the Company") is a Company registered in Romania whose activity is the development of real estate.

The registered office of the Company is Willbrook Platinum Business Convention Center, Building A, 1st Floor, 172-176 Bucuresti-Ploiesti Road, Bucharest, District 1.

The shareholding structure on 2021 December 31st and 2020 December 31st is presented in Note 14.

The Company controls several other entities and prepares consolidated financial statements. According to the provisions of Law no. 24/2017, such entities shall also prepare separate financial statements.

The Company and its subsidiaries (together referred to as the „Group") are as follows:

| | Country of registration | Nature of activity | % of equity interest at 31 March 2022 | % of equity interest at 31 December 2021 |
|---|---|---|---|---|
| Clearline Development and Management SRL | Romania | Real estate development | 100% | 100% |
| Actual Invest House SRL | Romania | Property management | 100% | 100% |
| Bergamot Development Phase II SRL | Romania | Real estate development | 100% | 100% |
| Bergamot Development SRL | Romania | Real estate development | 100% | 100% |
| Impact Finance SRL | Romania | Administration | 100% | 100% |
| Greenfield Copou Residence SRL | Romania | Real Estate development | 100% | 100% |
| Greenfield Copou Residence Phase II SRL | Romania | Real estate development | 100% | 100% |
| Greenwise Development SRL | Romania | Real estate development | 100% | 100% |
| Greenfield Property Management SRL | Romania | Real estate development | 100% | 100% |

The Company is one of the first companies active in real estate development sector in Romania, being constituted in 1991 through public subscription. In 1995, the Company introduced the **residential concept** on the Romanian market. Since 1996, the Company' securities are publicly traded in Bucharest Stock Exchange (BVB).

During 2022 the business of the Company revolved around the GREENFIELD residential complex in Bucharest and Boreal Plus in Constanta, finishing of Luxuria Residence and set up for Greenfield Copou Iasi project.

## 2. THE BOARD OF ADMINISTRATION

The Board of Administration represents the decision-making body for all significant aspects for the Company as whole due to the strategical, financial, or reputational implications. The Board delegates the management powers of the Company, under the conditions and limits provided by the law and by the Articles of Incorporation.

On 21st April 2021, in the General Shareholders' Meeting, the members of the Board of Directors of the Company were elected for a four-year term (28th April 2021 – 28 April 2025).

The Board of Administration consists of 5 members:

- Iuliana Mihaela Urda, chairperson of the Board of Administration
- Intrepid Gem SRL, represented by Petru Vaduva
- Ruxandra-Alina Scarlat, Administrator
- Daniel Pandele, Administrator
- Sorin Apostol, Administrator

**Executive Management of the Company**

On 27th April 2021, the Board of Directors appointed Mr. Constantin Sebesanu as General Manager with a mandate for the period 28 April 2021-31 December 2025. On the same date, Sorin Apostol took over as executive director.

From 1st of January 2022, Claudiu Bistriceanu was appointed as interim financial director.

## 3. BASIS OF PREPARATION

These separate financial statements have been prepared in accordance with the The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid. These exceptions do not affect the compliance of the financial statements of the Group and the Company with IFRS adopted by the EU. The separate Financial Statements are available on the company and Bucharest Stock Exchange website once they are approved by the Board of Directors and General Shareholders Meeting.

The financial statements have been prepared on an ongoing concern basis and under the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and service.

## 3. BASIS OF PREPARATION (continued)

### The going concern principle

The Company has prepared forecasts, including certain sensitivities, considering the principal business risks, at the Company's and Impact Group level. Having considered these forecasts, the Directors remain of the view that the Company's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Company to conduct its business for at least the next 12 months. Accordingly, the financial statements have been prepared on a going concern basis.

The Company made an initial assessment of the risks and uncertainties. Therefore, management considered different scenarios, considering the following:
- Sales and pre-sales
- Prices
- Costs
- Evolution of real estate projects
- Cash and external financing

Regarding pre-sales, the Company expects a significant increase in volume during 2022 due to the projects that the Company is currently carrying out in: Greenfield Teilor District (Phases 1, 2 and 3); Greenfield Panoramic (project finished in Q1 of 2022, currently in reception stage); Boreal Plus Constanta (Phase 1) and from the second half of the year also Greenfield Copou Iasi - first phase, currently in receipt of building permits stage. In addition, an important project is also the construction of Greenfield Plaza a multifunctional complex that will include SPA areas (with relaxation areas and 2 swimming pools), fitness rooms and sports fields, commercial areas. Greenfield Plaza will be finalised in the second part of the year.

As regards selling prices, the Company considers that they are aligned to market and there are no premises for the downward price adjustments. The increase of the 5% VAT ceiling to EUR 140,000 had the expected results in this sector.

## 4. FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in RON, this being also the functional currency of the Company. All financial information is presented in thousand RON.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been constantly applied by the Company, for all periods presented in these Financial Statements.

Below is presented the summary of the significant accounting policies.

### (a) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency using the exchange rates prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currency at the date of reporting are translated to the functional currency at the exchange rate prevailing at that date.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rate prevailing at the date of the determination of fair value.

The exchange rate differences resulted from translation are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

### (b) Tangible assets

Land and buildings held for use in production, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
Any revaluation increase arising on the revaluation of such land and buildings is credited to the property's revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognized in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the property's revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment.
Depreciation is recognized so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives of property, plant and equipment are as follows

| | |
|---|---|
| • buildings | 40 years |
| • plant, equipment, and vehicles | 3–5 years |
| • fixtures and fittings | 3–12 years |

The estimated useful lives, residual values and depreciation method are reviewed at each reporting period date.

### (c) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including Property under construction for such purposes) and/or for which the scope has not been determined yet, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

When the use of a property is changed, such that it is reclassified to property, plant and equipment or inventories, its fair value as of the date of reclassification becomes the cost of the property for the purpose of subsequent accounting.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Company's management is assessing on regular basis the best use of the land maintained in investment. Transfer from investment to inventory is done close to start construction date, after all required permitting has been finalized, a detailed concept of the project is finalized and significant steps have been done to identify construction companies and financing for the project.

### (e) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The valuation of inventories upon entry into the company is done using the following techniques:

| | |
|---|---|
| ✓ Residential properties | specific identification |
| ✓ Land | specific identification |
| ✓ Other | first in-first out (FIFO) |

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Trade and other receivables

Trade receivables on normal terms excluding derivative financial instruments do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated unrecoverable amounts. The carrying amount of trade and other receivables that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

### (g) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the 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 an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less from inception and are subject to an insignificant risk of change in value.

### (i) Share capital

- **Ordinary shares**

Ordinary shares are classified as part of equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity at its value net of any fiscal effect.

- **Repurchase and reissue of ordinary shares (treasury shares)**

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares are classified as treasury shares and are presented in the treasury share reserves. When treasury shares are sold or subsequently reissued, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

### (j) Dividends

Dividends are recognized in the period when their allocation is approved.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (k) Own shares

Own shares consist of treasury shares and shares held within an employee benefit trust. The Company has an employee benefit trust to satisfy the exercise of share options that have vested under the Company's share option schemes.

Own shares are recognized at cost as a deduction from shareholders' equity. Subsequent consideration received for the sale of such shares is also recognized in equity, with any difference between the sale proceeds from the original cost being taken to retained earnings. No gain or loss is recognized in the performance statements on transactions in own shares.

### (l) Borrowings

Interest-bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs.

- **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

For general purpose loans, the borrowing costs are capitalised in the value of the eligible assets as per requirements of IAS 23. The rate applicable for capitalised borrowing costs is the weighted average of the interest of the loans obtained by the Company.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (m) Trade payables and other payables

Trade payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs. The carrying amount of trade and other payables that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the Present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

### (o) Revenues

Revenues are recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Company is expected to be entitled to receive in exchange of those goods or services. Revenues are recognized at the fair value of the services rendered or goods delivered, net of VAT, excises or other taxes related to the sale.

Revenues comprises the fair value of the consideration received or receivable, net of value added tax, after eliminating sales within the Company. Revenue and profit are recognized as follows:

#### *(i) Revenue from sale of residential properties*

Revenue from sale of residential properties during the ordinary course of business are valued at fair value of the amount collected or to be collected on legal completion. The revenues are recognised when the significant risks and rewards of ownership have been transferred to the customer, this is deemed to be when title of the property passes to the customer on legal completion, the associated costs and possible return of goods can be estimated reliably. This is the point at which all performance obligations are satisfied and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable for certain rebates to be granted, and their value can be measured reliably, then these are recognised as a reduction of the revenues when the sale revenues are recognised. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the payment is always less than one month.

#### *(ii) Revenues from re-charging utilities*

The revenues from recharge of utilities are recognised when they are realized, together with the utilities expenses invoiced by the suppliers The Company recharges the utilities under the form of administrative costs. These revenues refer to the rented properties, to the properties sold without the transfer of ownership (sales in instalments) and to the sales of properties fully paid, up to the moment when the buyer concludes contracts with the utilities suppliers in their own name.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) Taxation

The tax charge represents the sum of the tax currently payable and deferred tax.

- **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

- **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are also recognized for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured on a non-discounted basis using the tax rates and laws that have then been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

### (q) Share-based payments

The Company has applied the requirements of IFRS 2 "Share-based payment". The Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date they are granted. The fair value is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest after adjusting for the effect of non-market vesting conditions.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (r) Financial instruments – fair values and risk management

The risk management function within the Company is carried out in respect of financial risks. Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

### (s) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.
The Company's lease liabilities are included in Interest-bearing loans and borrowings

**iii) Short-term leases and leases of low-value**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### (t) Contingent liabilities

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
(b) a present obligation that arises from past events that is not recognized because:

   i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   ii. the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the Company's financial statements but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or on-occurrence of one or more uncertain future events not wholly within the control of the Company.

A contingent asset is not recognized in the Company's financial statements but disclosed when an inflow of economic benefits is probable.

## 5. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (u) Subsequent events

Events occurring after the reporting date December 31, 2021, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the financial statements.

Events occurring after the reporting date that provide information on events that occurred after the reporting date (non-adjusting events), when material, are disclosed in the notes to the financial statements. When the going concern, assumption is no longer appropriate at or after the reporting period, the financial statements are not prepared on a going concern basis.

### (v) Segment reporting

The Company operates only in Romania. The single operating segment is considered to be the development of real estate.

### (w) Investment in subsidiaries and associates

A subsidiary is an entity over which the Company has control.
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
Investments in subsidiaries and associates are accounted for using the historical cost model.
The Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or subsidiary. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or subsidiary and its carrying value, and then recognises the loss in the statement of profit or loss.

## 6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 5, the directors are required to make judgments (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these forecasts. Estimates and hypothesis on which these are based on are under ongoing review. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

(All amounts are expressed in thousand RON, unless stated otherwise)

## 6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### (i) Fair value measurements and valuation processes of investment property

Valuation of investment property and property, plant and equipment.

The Company has obtained a report from Colliers Valuation and Advisory SRL, setting out the estimated market values for the Company's investment property, property developed for sale and property, plant and equipment in their current state. The most recent real estate investment assessment took place on December 31, 2021. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation was based on the assumption as to the best use of each property by a third-party developer.

In the Romanian market actual transaction values for real estate deals are not publicly available and there is not a high volume of transactions in larger land plots. The sale price comparison method therefore has inherent limitations and a significant degree of judgement is required in its application.

For investment property assets are mainly valued using the sales comparison approach. The key assumptions underlying the market value of the Company's land assets are:

- the selection of comparable land plots resulting in order to determine the "offer price" which is taken as the basis to form an indicative price
- the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition.

The key inputs are summarized in note 9. The valuation is highly sensitive to these variables and adjustments to these inputs would have a direct impact on the resulting valuation. A sensitivity analysis of the three key assets is presented below:

| Asset | Impact on the valuation included in the balance sheet at 31 December 2021 and gains on investment property registered to profit or loss of a 5% weakening/(strengthening) of the price per sqm | |
|---|---|---|
| Greenfield Baneasa land | - 11,422 thousand RON | + 11,422 thousand RON |
| Bd. Barbu Vacarescu land | - 7,898 thousand RON | + 7,898 thousand RON |
| Bd Ghencea – Bd. Timisoara land | - 6,405 thousand RON | + 6,405 thousand RON |

## 6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### (ii) Transfers of assets both from and to investment property

IAS 40 (investment property) requires that transfers from and to investment property are evidenced by a change in use. Conditions which are indications of a change in use are judgemental and the treatment can have a significant impact on the financial statements since investment property is recorded at fair value and inventory is recorded at cost.

If had different judgements been applied in determining a change in use, then the financial statements may have been significantly different because of the differing measurement approach of inventories and investment properties.

### (iii) Legal issues

The management of the Company analyses regularly the status of all ongoing litigations and following a

consultation with the Board of Administration decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the separate financial statements. Key legal matters are summarized in Note 25 Contingencies.

### (iv) Cost allocation

In order to determine the profit that the Company should recognize on its developments in a specific period, the Company has to allocate site-wide development costs between units sold in the current year and to be sold in future years. Industry practice does vary in the methods used and in making these assessments there is a degree of inherent uncertainty. In the event that there is a change in future development plans from those currently anticipated then the result would be fluctuations in cost and profit recognition over different project phases.

## 7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

## 7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. The amendments had no impact on the financial statements of the Company.

• IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. The amendments had no impact on the financial statements of the Company.

• IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendments had no impact on the financial statements of the Company.

B) Standards issued but not yet effective and not early adopted

• IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. In its March 2020 meeting the Board decided to defer the effective date to 2023. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The Company has assessed that the amendments had no impact on the financial statements.

## 7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IFRS 17: Insurance Contracts (Amendments)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after January 1, 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. The Company has assessed that the amendments had no impact on the financial statements.

- IFRS 17: Insurance contracts – Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendments)

The amendment is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted respectively with IFRS 17. For entities that first apply IFRS 17 and IFRS 9 at the same time, the amendment adds a transition option for a “classification overlay”, relating to comparative information of financial assets. An entity applying the classification overlay to a financial asset shall present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset. Also, in applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. These amendments have not yet been endorsed by the EU. The Company has assessed that the amendments had no impact on the financial statements.

- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. The Company has assessed that the amendments had no impact on the financial statements.

- IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments were initially effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items.

## 7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments.
In November 2021, the Board issued an exposure draft (ED), which clarifies how to treat liabilities that are subject to covenants to be complied with, at a date subsequent to the reporting period. In particular, the Board proposes narrow scope amendments to IAS 1 which effectively reverse the 2020 amendments requiring entities to classify as current, liabilities subject to covenants that must only be complied with within the next twelve months after the reporting period, if those covenants are not met at the end of the reporting period. Instead, the proposals would require entities to present separately all non-current liabilities subject to covenants to be complied with only within twelve months after the reporting period. Furthermore, if entities do not comply with such future covenants at the end of the reporting period, additional disclosures will be required. The proposals will become effective for annual reporting periods beginning on or after 1 January 2024 and will need be applied retrospectively in accordance with IAS 8, while early adoption is permitted. The Board has also proposed to delay the effective date of the 2020 amendments accordingly, such that entities will not be required to change current practice before the proposed amendments come into effect. These Amendments, including ED proposals, have not yet been endorsed by the EU. The Company has assessed that the amendments had no impact on the financial statements.

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The Company has assessed that the amendments had no impact on the financial statements.

## 7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 June 2021 (Amendment)

The Amendment applies to annual reporting periods beginning on or after 1 April 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The Company has assessed that the amendments had no impact on the financial statements.

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The Amendments have not yet been endorsed by the EU. The Company has assessed that the amendments had no impact on the financial statements.

- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The Amendments have not yet been endorsed by the EU. The Company has assessed that the amendments had no impact on the financial statements.

- IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The Amendments have not yet been endorsed by the EU. The Company has assessed that the amendments had no impact on the financial statements.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 8. PROPERTY, PLANT AND EQUIPMENT

**Reconciliation of carrying amount**

| Cost / valuation | Land and buildings | Machinery, equipment and vehicles | Fixtures and fittings | Assets under construction | Total |
|---|---|---|---|---|---|
| **Balance at January 1,2022** | **18,846** | **3,520** | **1,269** | **8,360** | **31,995** |
| Additions | 1,534 | 10 | 473 | 1,034 | 3,051 |
| Transfers | - | - | - | - | - |
| Disposals | - | (42) | - | - | (42) |
| Change in fair value due to revaluation | - | - | - | - | - |
| **Balance at 31 March 2022** | **20,380** | **3,572** | **1,742** | **9,394** | **35,088** |
| **Accumulated depreciation and impairment losses** | | | | | |
| **Balance at January 1,2022** | **14,129** | **2,571** | **1,133** | **-** | **17,833** |
| Charge for the period | 246 | 6 | 21 | - | 273 |
| (Reversal of)/Impairment loss | - | - | - | - | - |
| Accumulated depreciation of disposals | - | (42) | - | - | (42) |
| **Balance at 31 March 2022** | **14,375** | **2,619** | **1,154** | **-** | **18,147** |
| **Carrying amounts** | | | | | |
| **At 1 January 2022** | **4,718** | **949** | **136** | **8,360** | **14,162** |
| **At 31 March 2022** | **6,005** | **953** | **588** | **9,394** | **16,941** |

(All amounts are expressed in thousand RON, unless stated otherwise)

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

| Cost / valuation | Land and buildings | Machinery, equipment and vehicles | Fixtures and fittings | Assets under construction | Total |
|---|---|---|---|---|---|
| **Balance at January 1,2021** | **17,295** | **3,051** | **1,214** | **286** | **21,846** |
| Additions | 1,206 | 697 | 57 | 8,569 | 10,529 |
| Transfers | 495 | - | - | (495) | - |
| Disposals | (150) | (228) | (2) | - | (380) |
| Change in fair value due to revaluation | - | - | - | - | - |
| **Balance at 31 December 2021** | **18,846** | **3,520** | **1,269** | **8,360** | **31,995** |
| **Accumulated depreciation and impairment losses** | | | | | |
| **Balance at January 1,2021** | **13,938** | **2,597** | **1,067** | **-** | **17,602** |
| Charge for the period | 372 | 202 | 68 | - | 642 |
| (Reversal of)/Impairment loss | (181) | - | - | - | (181) |
| Accumulated depreciation of disposals | - | (228) | (2) | - | (230) |
| **Balance at 31 December 2021** | **14,129** | **2,571** | **1,133** | **-** | **17,833** |
| **Carrying amounts** | | | | | |
| **At 1 January 2021** | **3,357** | **452** | **148** | **286** | **4,244** |
| **At 31 December 2021** | **4,718** | **949** | **136** | **8,360** | **14,162** |

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

**Land and buildings:**

During 2022, assets (land and buildings) worth 1,534 thousand RON were purchased, represented by a plot of land in Greenfiled Bucharest.

The depreciation registered during the first quarter of the year for the owned constructions is of 246 thousand RON, the depreciation method used was the linear method.

The company records adjustments for the impairment of assets held (electricity, sewerage, roads) because estimates have shown that their recoverable amount is less than their carrying amount (cost - depreciation).
Machinery, equipment and means of transport:

In 2022, the purchases of cars, equipment and means of transport were worth 10 thousand RON like office equipment (laptops, telephones, servers, etc.). The capital outflows represent 42 thousand RON.

**Furniture and installations:**

In 2022, furniture and installations worth 473 thousand RON were purchased. Depreciation of 21 thousand RON was calculated using the straight-line method.

**Assets under construction:**

The value of fixed assets under construction increased in the first quarter of 2022 by 1,034 thousand RON representing the investment in the building for the Company's offices. This building will be completed in 2022.

In the value of tangible assets under construction were capitalized financial costs amounting to 16 thousand RON.

The value of the land and buildings was compared with the valuations made by an independent appraiser - Colliers Valuation and Advisory SRL - and it turned out that there were no significant changes in values that would require value adjustments or the increase of revaluation increases.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 9. INVESTMENT PROPERTY

**Reconciliation of carrying amount of property investments**

| | 2022 | 2021 |
|---|---|---|
| **Balance on January 1** | **568,758** | **456,768** |
| Additions through subsequent expenditures | 9.415 | 28.901 |
| Transfers from inventories | - | - |
| Transfers to inventories | - | (2.899) |
| Adjustments | - | 2.548 |
| Disposals | - | (5.321) |
| Changes in fair value during the year | - | 86.761 |
| **Balance on 31 March/December 31** | **578.173** | **568,758** |

Investment property comprises land and properties held with the purpose of capital appreciation or to be rented to third parties or for which the use has not been determined yet.

**Main real estate investments in land**

| | 31 March 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| **Asset** | **sqm** | **thousand RON** | **sqm** | **thousand RON** |
| Greenfield Baneasa land (Bucharest) | 200,719 | 228,431 | 200,719 | 228,431 |
| Barbu Vacarescu land (Bucharest) | 25,424 | 157,961 | 25,424 | 157,961 |
| Blvd. Ghencea – Timisoara land (Bucharest) | 258,895 | 128,106 | 258,895 | 128,106 |
| **Total** | **485,038** | **514,498** | **485,038** | **514,498** |

Details on the legal issues related to land are found in Note 25.

In the value of fixed assets under development, interest and exchange rate differences related to general loans amounting to 495 thousand RON were capitalized.

***Valuation processes***

The Company's investment properties were valued at December 31, 2021 by independent professionally

Colliers Valuation and Advisory SRL, external, independent evaluators, authorized by ANEVAR, having experience regarding the location and nature of the properties evaluated.

For all investment properties, their current use equates to the highest and best use. Below there is description of the valuation technique used in determination of the fair value of investment property.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 9.INVESTMENT PROPERTY (continued)

***Fair value hierarchy***

Based on the inputs to the valuation technique, the fair value measurement for investment property has been categorized as Level 3 fair value at December 31, 2021. This assessment is deemed appropriate considering the adjustments of the date for comparable lands and of the construction assessments. These adjustments are based on location and condition and are not directly observable. There were no transfers from level 2 to level 3 during the year.

***Valuation techniques***

The following table presents the valuation techniques used in the determination of the fair value of buildings and lands:

| Asset | Main parameters at 31 December 2021 | Main parameters at 31 December 2020 |
|---|---|---|
| Greenfield Baneasa land | • Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: from -47% discount to + 18% premium | • Price offer per square meter for land used as comparable: from 170 EUR / sqm to 300 EUR / sqm<br>Observable offer price adjustments to reflect transaction prices, location and condition: from -30% discount to + 40% premium |
| Barbu Vacarescu land | • Price offer per square meter for land used as comparable: from 814 EUR/sqm to 2.348 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount from -40% to -55% | • Price offer per square meter for land used as comparable: from 1,327 EUR/sqm to 2.600 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount from -5% to -50%<br>• Additionally, an additional discount rate of 4% was applied for a period of 2 years to consider the current aspects of the disputes |
| Blvd Ghencea-Timisoara land | • Price offer per square meter for land used as comparable: from 90 EUR/sqm to 150 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount from -25% | • Price offer per square meter for land used as comparable: from 100 EUR/sqm to 150 EUR/sqm<br>• Observable offer price adjustments to reflect transaction prices, location and condition: discount from -3% to -30% |

The carrying value as at 31 March 2022 of the land plots pledged is of 22,662 thousand RON (31 December 2021: 171,200 thousand RON).

(All amounts are expressed in thousand RON, unless stated otherwise)

## 10. INVENTORIES

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Finished goods and goods for resale | 20,219 | 28,208 |
| *Residential developments:* | | |
| - Land | 92,742 | 92,742 |
| - Development and construction costs | 186,376 | 142,631 |
| | **299,074** | **268,291** |

Inventories are represented by:

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Residential project Greenfield | 204,373 | 193,011 |
| Land and development expenses Constanta | 80,255 | 60,834 |
| Other inventories | 14,446 | 14,446 |
| | **299,094** | **268,291** |

Lands with a carrying amount of 92,742 thousand RON as at March 31, 2021 (December 31, 2021: 97,042 thousand RON) consist of lands held by the Company for development of new residential properties and infrastructure, mainly in Bucharest, as well as lands which the Company intends to realize value through direct sale.

Completed residential properties with a carrying value of 20,219 thousand RON as at March 31, 2022 (December 31, 2021: 97,742 thousand RON) refer entirely to apartments held for sale by the Company.

The carrying value as at March 31, 2022 of the finished goods inventories pledged is of 17,856 thousand RON (December 31,2021 24.208 thousand RON) and of the work in progress is of 101,694 thousand RON (December 31, 2021 78.284 thousand RON) .

The Boreal Plus project in Constanta is financed by CEC Bank; therefore the loan interest was capitalized in the construction value of the stock. The value of the capitalized interest in the first quarter of the year is 233 thousand RON.

Part of the Greenfield project (Panoramic Project) is financed by First Bank. The interest capitalized during the first quarter of the year in the value of the projects is 163 thousand RON.

As per IAS 23 – Borrowing costs, the borrowing costs of general loans were capitalised in the value of eligible assets using the weighted average interest rate. The value of the borrowing cost capitalised is 1,757 thousand RON.

Further details on the Company's loans are set out in Note 16.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 11. FINANCIAL ASSETS

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Interests in subsidiaries and associates | 29,544 | 64,565 |
| Impairment of interest in subsidiaries and associates | (8,023) | (8,023) |
| | **56,542** | **56,542** |

The Company holds interests in the following subsidiaries:

| | 31 March 2022 | | | |
|---|---|---|---|---|
| | Percentage | Gross value | Impairment | Book value |
| Actual Invest House | 6.23% | 110 | - | 110 |
| Clearline Development and Management | 100% | 22,420 | (8,023) | 14,397 |
| Bergamot Developments | 99% | 6,770 | - | 6,770 |
| Bergamot Developments Phase II | 99% | 49 | - | 49 |
| Impact Finance | 99% | 1 | - | 1 |
| Greenfield Copou Residence | 99% | 49 | - | 49 |
| Greenfield Copou Residence Phase II | 99% | 49 | - | 49 |
| Greenwise Development | 99% | 49 | - | 49 |
| Greenfield Property Management | 99% | 49 | - | 49 |
| **Total subsidiaries** | | **29,544** | **(8,023)** | **21,521** |

| | 31 decembrie 2021 | | | |
|---|---|---|---|---|
| | Percentage | Gross value | Impairment | Book value |
| Actual Invest House | 6.23% | 110 | - | 110 |
| Clearline Development and Management | 100% | 22,420 | (8,023) | 14,397 |
| Bergamot Developments | 99% | 41,791 | - | 41,791 |
| Bergamot Developments Phase II | 99% | 49 | - | 49 |
| Impact Finance | 99% | 1 | - | 1 |
| Greenfield Copou Residence | 99% | 49 | - | 49 |
| Greenfield Copou Residence Phase II | 99% | 49 | - | 49 |
| Greenwise Development | 99% | 49 | - | 49 |
| Greenfield Property Management | 99% | 49 | - | 49 |
| **Total subsidiaries** | | **64,565** | **(8,023)** | **56,542** |

## 11. FINANCIAL ASSETS (continued)

Clearline Development and Management SRL hold the rest of 93,77% in Actual Invest House S.R.L.

a) Actual Invest House S.R.L, a company that provides management services for new residential developments.
b) Clearline Development and Management S.R.L. (former Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca, in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation (see Note 25) amounting to 17,053 thousand RON, plus legal interest, a file that is currently pending at the Court in Arges and is currently carrying out the expertise in the file.
c) Bergamot Developments S.R.L., company within the group with main object of activity real estate development, which starting with 2018 developed a residential ensemble of approx. 51,382 square meters, 500 apartments, on a land of approximately 17,213 sqm, respectively the first phase of the residential complex Luxuria Domenii Residence.
d) Bergamot Developments Phase II S.R.L., a company within the group having as main object of activity the real estate development, which is to develop the Phase II (130 apartments) of the residential complex Luxuria Domenii Residence, consisting of 13,618 square meters built on a plot of 5,769 sqm.
e) Impact Finance & Developments S.R.L. has a role in diversifying the range of services related to home sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings.
f) Greenfield Copou Residence S.R.L., a company within the group having as main object of activity the lease and sublease of its own or of rented property has been incorporated in December 2019. Its object is to develop the Greenfiled Copou project in Iasi.
g) Greenfield Copou Residence Phase II SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.
h) Greenfield Property Management SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.
i) Greenwise Property SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.

On February 7, 2022, HAGA decided to reduce the share capital of Bergamot Developments SRL by reducing the nominal value of a share by 83.8%. Thus, the share capital of Bergamot Developments SRL was reduced by the amount of RON 35,020,858 which will be returned to the shareholders pro-rata depending on the participation in the capital.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 12. TRADE AND OTHER RECEIVABLES

| | Short term | | Long term | |
|---|---|---|---|---|
| | 31-Mar-22 | 31-Dec-21 | 31-Mar-22 | 31-Dec-21 |
| Trade receivables | 3,327 | 6,063 | - | - |
| Receivables from affiliates | 122,929 | 92,012 | - | - |
| Sundry debtors | 4,716 | 3,238 | - | - |
| Receivables from State | 11,076 | 7,008 | - | - |
| Advance payments to suppliers (for services) | 7,562 | 10,817 | - | - |
| Other receivables | 5,212 | 4,535 | - | - |
| | **154,721** | **123,674** | **-** | **-** |

An allowance has been made for estimated irrecoverable amounts from trade receivables of 1,790 thousand RON (2021: 1,790 thousand RON).

As of March 31, 2022 as well as of December 31,2021 the Company did not have any trade receivables and/or other pledged receivables.

## 13. CASH AND CASH EQUIVALENTS

| | 31 March 2021 | 31 December 2021 |
|---|---|---|
| Current accounts | 10,134 | 36,162 |
| Petty Cash | 13 | 9 |
| Cash advances | 21 | - |
| | **10,167** | **36,171** |

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 188 thousand RON is restricted cash.

## 14. SHARE CAPITAL

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| Share capital paid in | 414,808 | 393,750 |
| Adjustments of the share capital (hyperinflation) | 7,464 | 7,464 |
| | **422,271** | **401,214** |

(All amounts are expressed in thousand RON, unless stated otherwise)

## 14. SHARE CAPITAL (continued)

The shareholding structure at the end of each reported period was as follows:

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| | % | % |
| Gheorghe Iaciu | 58.82% | 59.97% |
| Andrici Adrian | 15.17% | 15.98% |
| Other shareholders - companies | 15.86% | 12,45% |
| Other shareholders - individuals | 10.14% | 11.60% |
| | **100%** | **100%** |

All shares are ordinary and have equal ranking related to the Company's residual assets. The nominal value of one share is 0,25 RON. The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 1 share during the meetings of the Company.

The General Meeting of Shareholders convened on 19.04.2021 and 21.04.2021 decided changes in the share capital as follows:

- Reduction of the share capital from RON 265,000,000 to RON 262,500,000 by reducing the number of shares from 265,000,000 shares to 262,500,000 shares as a result of the cancellation of a number of 2,500,000 treasury shares, acquired by the Company;
- The increase of the share capital by RON 131,250,000 by incorporating the capital premiums in the amount of RON 69,487,043 and the result carried forward from 2020 in the amount of RON 61,762,957. The capital increase was achieved by issuing a number of 131,250,000 new shares granted free of charge to shareholders as of June 25, 2021 (1 free share for 2 shares held);
- The division of the shares resulting from the above operations (393,750,000 shares) and the nominal value of the shares in a 1: 4 division ratio.

The process of changing the share capital, as decided at the GMS of 21.04.2021, was started in June 2021 and was completed at the beginning of July 2021. On July 5, 2021, the share capital of Impact Developer & Contractor it consisted of a number of 1,575,000,000 shares with a nominal value of RON 0,25 / share.

On 20.08.21, the Extraordinary General Meeting of the Company's shareholders approved the delegation and authorization of the Board of Directors to decide and implement the increase of the Company's share capital, by cash contribution, by one or more issues of new ordinary shares, the value of which nominal value should not exceed 193,750,000 lei. The Board of Directors was also authorized, for each of the increases made up to the level of the authorized share capital, to decide to restrict or lift the preference right of the existing shareholders to subscribe for the new shares. Subsequently, on 20.09.21, the Board of Directors of the Company decided to offer the newly issued shares for subscription within a private placement.

On 28.01.2022 it was registered at Trade Register the first phase of share capital increase, by issuing of new ordinary shares on private placement. Therefore, there were issued 84,231,295 new shares and the share capital increased with of RON 21,057,823.75.

Following the increase of the Share Capital through Private Placement, the share capital of the Company was increased from RON 393,750,000  to RON 414,807,823.75 lei, the new total number of shares being 1,659,231,295.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 15. OWN SHARES

At the AGM dated 21.04.2021, the buy back of a maximum number of 30,000,000 (thirty million) shares, for a maximum period of 18 months from the date the resolution is published the Romanian Official Gazette, representing a maximum of 1.90 % of the subscribed and paid in share capital on the date of the resolution.

The own shares reserve represents the cost of shares in IMPACT purchased in the market, to satisfy options and conditional share awards under the Company's share option plans.

As at 31 March 2022 as well as at 31 December 2021 the Company has in accounts 1,370,920 thousand own shares, with an accounting value of RON 841 thousand (2020: RON 2,675 thousand). During 2021, the Company granted 2,572 thousand shares to employees and BoA members. In the year 2022 the due date for granting Company shares to employees and BoA members in accordance with the approved plan is in the 3rd quarter of the year.

## 16. LOANS AND BORROWINGS

This note discloses information related to the contractual terms of the interest-bearing loans and borrowings of the Company, valued at amortized cost. Information related to the Company's exposure to interest rate risk, foreign currency risk and liquidity risk is included in Note 23.

| | **31 March 2022** | **31 December 2021** |
|---|---|---|
| **Non-current liabilities** | | |
| Secured bank loans | 53,496 | 56,264 |
| Debenture loans | 30,813 | 32,566 |
| | **84,309** | **88,830** |
| **Current liabilities** | | |
| Current portion of secured bank loans | 40,179 | 23,933 |
| Bonds issued | 62,231 | 121,556 |
| Short-term borrowings | - | - |
| | **103,410** | **145,489** |

(All amounts are expressed in thousand RON, unless stated otherwise)

## 16. LOANS AND BORROWINGS (continued)

**Terms and repayment schedules**
Terms and repayment schedules of loans and borrowings in balance are as follows:

| Lender | Currency | Maturity | Amount of the facility, in original currency | Balance at 31 March 2022* | Balance at 31 December 2021* |
|---|---|---|---|---|---|
| Credit Value Investments | EUR | 11.01.2022 | 12,000 | - | 61,535 |
| Bonds listed on Bucharest Stock Exchange S.A | EUR | 19.12.2022 | 12,525 | 62,672 | 59,975 |
| Private placement bonds | EUR | 24.12.2026 | 6,581 | 31,372 | 32.612 |
| **Total bonds** | | | | **94,044** | **154,122** |
| Libra Internet Bank | RON | 17.06.2021 | 19.700 | - | - |
| First Bank | EUR | 05.08.2023 | 5.921 | 20.980 | 24.375 |
| First Bank | RON | 05.08.2023 | 4.500 | 2.329 | 1.731 |
| CEC Bank | EUR | 27.11.2023 | 9.880 | 25.655 | 17.958 |
| CEC Bank | RON | 27.01.2023 | 3.500 | 1.778 | 1.633 |
| Garanti BBVA | EUR | 15.06.2024 | 4.250 | 18.802 | 21.030 |
| Libra Internet Bank | EUR | 05.10.2024 | 4.000 | 14.786 | 13.470 |
| TechVentures Bank | EUR | 06.01.2025 | 2.000 | 9.344 | - |
| **Total împrumuturi bancare** | | | | **93.675** | **80.197** |
| **Total** | | | | **189,719** | **234,319** |

** Including the balance of interest paid, where applicable.*

On July 10, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100 thousand and a total face value of EUR 12,000 thousand issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o, (CVI). The bonds were issued on 11th of July 2017 and are due on the date on which they are 54 months from the date of the issue. On 1 February 2021, the Company signed an agreement to extend the maturity for the amount of EUR 6,000 thousand until the maturity of the bonds, i.e. January 2022. The bonds were repaid on January 11, 2022.

Also in 2017, the Bucharest Stock Exchange S.A. approved the application for admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A. of bonds issued by the Company, unsecured with a fixed annual interest rate of 5.75% denominated in EUR, with a maturity of 5 years and a total nominal value of EUR 12,525 thousand.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 16. LOANS AND BORROWINGS (continued)

In December 2020, the Company conducted a new issuance of Private Placement bonds worth EUR 6,581 thousand at a fixed interest rate of 6.4% p.a., due twice a year. The bonds were issued by the Company dated 24 December 2020, have a maturity of 6 years and will be listed on the Regulated Market of the BSE starting with 25th of March 2021.

In February 2021, the Company contracted two loans denominated in EUR and RON from First Bank S.A., in order to develop the Panoramic project in the Greenfield Baneasa Residence residential complex in Bucharest. The first credit facility is worth EUR 5,921 thousand and represents an investment loan with a maturity of 30 months from the granting. The second facility in the amount of RON 4,500 thousand represents VAT financing with a maturity of 30 months from the moment of granting.

In May 2021, the Company contracted two loans denominated in EUR and RON from CEC Bank SA., in order to develop the Boreal Plus project in Constanta. The first credit facility is worth EUR 9,880 thousand and represents an investment loan with a maturity of 30 months from the granting. The second facility in the amount of RON 3,500 thousand represents VAT financing with maturity at 20 months from the moment of granting.

In November 2021, the Company contracted a loan denominated in EUR from Garanti Bank, in order to finance all the projects (working capital). The granted credit facility is worth EUR 4,250 thousand, with a maturity of 30 months from the granting.

All financial indicators provided in loan agreements were complied with as at 31 December 2021 and as at 31 March 2021.

## 17. TRADE AND OTHER PAYABLES

| | 31 March 2022 | 31 December 2021 |
|---|---|---|
| **Non-current liabilities** | | |
| Guarantees | 7,608 | 5,514 |
| | **7,608** | **5,514** |
| **Current liabilities** | | |
| Trade payables | 15,731 | 21,373 |
| Customer deposits | 31,454 | 28,149 |
| Divides payable | 183 | 187 |
| Payable to subsidiaries/associates | (466) | (145) |
| Other payables | 7,581 | 7,998 |
| | **54,484** | **57,563** |

Information related to the Company's exposure to exchange rate risk and liquidity risk related to trade and other liabilities is included in Note 23.

During the current reporting period, there were no recognized revenues related to compliance obligations observed in a previous year.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 18. PROVISIONS FOR RISKS AND CHARGES

| | Provisions for litigation | Other provisions | Total |
|---|---|---|---|
| **Balance on January 1, 2021** | **271** | **396** | **667** |
| Provisions established during the period | - | 890 | 890 |
| Provisions written back during the period | - | (269) | (269) |
| **Balance on December 31, 2021** | **271** | **1,017** | **1,288** |

The provisions amounting to 1,288 thousand RON are represented by:

- 271 thousand RON provision set up for a litigation in connection with one of the houses sold in the Boreal district of Constanţa (house that was part of older developments from previous periods)
- 122 thousand RON for untaken holidays
- 625 thousand RON for the volume of water discharged into the Otopeni city pipeline, which will be invoiced when the volume measurements will be validated.

## 19. REVENUES

Revenues of the Company:

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Revenue from sale of residential properties and land | 13,154 | 8,013 |
| Other revenues | 142 | - |
| | **13,296** | **8,013** |
| Net rental income | | |
| Revenue from rentals | 145 | 114 |
| Revenue from re-charging utilities | 874 | 907 |
| Operating expenses directly related to properties rented | (1,003) | (683) |
| | **16** | **338** |

At the date of issuing these financial statements, the Company recorded sales for 32 apartments in Greenfield Băneasa. Bergamot Development, one of IMPACT's subsidiaries, also sold 41 apartments in Luxuria Domenii Residence. A number of 68 apartments were pre-sold in the Greenfield Băneasa, Luxuria Domenii Residence and Boreal Plus neighborhoods. On 31.03.2022 were signed xxx pre-sales for the Greenfield Băneasa project (on 31.12.2021 there were 335) and 65 pre-sales for the Boreal Plus project (on 31.12.2021 there were 62).

## 20. GENERAL AND ADMINISTRATIVE EXPENSES

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Consumables | 200 | 76 |
| Services provided by third parties | 3,018 | 1,703 |
| Staff costs | 2,966 | 2,623 |
| | **6,184** | **4,402** |

(All amounts are expressed in thousand RON, unless stated otherwise)

## 21. OTHER OPERATING EXPENSES/INCOME

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Other operating income | (1,683) | (363) |
| Rent expenses | 110 | 113 |
| (Profit) / Loss on disposal of property, plant and equipment | (24) | - |
| Fines and penalties (income)/expenses | (1,015) | (32) |
| Other operating expenses | 417 | 426 |
| | **(2,364)** | **208** |

## 22. FINANCE COST/INCOME

| | 31 March 2022 | 31 March 2021 |
|---|---|---|
| Interest expense | 1,091 | 2,493 |
| Interest income | (1,478) | (1,814) |
| Foreign exchange result | (527) | 1,224 |
| Gains on disposal of subsidiaries/associates | 149 | - |
| Other financial (expense)/income | - | (65) |
| | **(765)** | **1,838** |

## 23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Financial risk management

The Company is exposed to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

**General risk management framework**

The Company does not have any formal commitments to overcome the financial risks. Despite the inexistence of formal commitments, the financial risks are monitored by the Company's top management, emphasizing its needs to efficiently compensate opportunities and threats.

The Company's policies regarding the risk management are defined so as to ensure identification and analysis of the risks the Company is dealing with, setting limits and adequate controls, as well as risk monitoring and compliance with the set limits. The policies and system meant to manage risks are regularly reviewed to reflect the changes occurred in the market conditions and Company's operations. The Company, through its standards and procedures for coaching and managing, aims to develop an orderly and constructive control environment, where all and each employee understand his/her role and duties.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

### (a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Company's trade receivables and financial assets.

The net carrying value of the financial assets represent the maximum exposure to credit risk, the maximum exposure to the credit risk at reporting date was:

| | Nota | 31 March 2022 | 31 December 2021 |
|---|---|---|---|
| Trade and other receivables | 11 | 149,510 | 119,207 |
| Cash and cash equivalents | 13 | 10,147 | 36,171 |
| | | **159,657** | **155,378** |

**Trade receivables and other receivables**

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. All these considered, the management takes into account the demographic characteristics of the customer database, including the collection risk specific to the sector and to the country in which the customer activates, bearing in mind that all these factors influence the credit risk.

In order to monitor customer credit risk, the Company monitors monthly payment delays and takes the steps deemed necessary on a case-by-case basis.

**Cash and cash equivalents**

At 31 March 2022, the Company held cash and cash equivalents in amount of RON 10,147 thousand (31 December 2021: RON 36,171 thousand), representing the maximum exposure to credit risk arising from these assets. The cash and cash equivalents are held at banks and financial institutions in Romania.

### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's obligations.

### (c) Market risk

The Company's activities expose it to the financial risks of changes in both foreign currency exchange rates and interest rates. The Company aims to manage the exposure to these risks using fixed or variable rate borrowings, foreign currency borrowings and derivative financial instruments.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

*Currency risk*

The Company is exposed to currency risk to the extent that sales, purchases and borrowings are denominated in different currencies than the Company's functional currency (Romanian Leu), foremost Euro.

The main exchange rates used during the year were:

| | 31 December 2021 | Average for 3 months 2022 | 31 December 2021 | Average for 2021 |
|---|---|---|---|---|
| EUR | 4.9466 | 4.9462 | 4.9481 | 4.9204 |

## 24. CAPITAL COMMITMENTS

As at 31 December 2021, the Company has no capital commitments contracted, except for the ones for regular activities (eg real estate development).

## 25. CONTINGENCIES

***Litigations***

As of the date of these Financial Statements, the Company was involved in various ongoing lawsuits both as plaintiff and defendant.

The management of the Company analyses regularly the status of all ongoing litigations, and, following a consultation with the Board of Administration decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the separate financial statements.

Considering the information available, the management of the Company considers that there are no significant ongoing litigations, except the ones detailed below.

## 25. CONTINGENCIES (continued)

### a) Cluj City Council – Cluj Municipality (hereinafter "CCC")

The Company and one of its subsidiaries (Clearline Development and Management SRL) ("Project Company") are parties in two cases against the Cluj City Council ("CCC"). The disputes originated from a contractual relationship from 2007, when the company entered an investment contract with CCC, whereby CCC and the Company would develop a residential project and the CCC would contribute the land - ("Lomb Project)". The Company and the Project Company request reimbursement of amounts arising from investments in respect of the Lomb project to which CCC has not contributed with the land, thus the Company being unable to finalize the project and being unable to obtain any revenues from it.

The case number 79/1285/2012 has been registered to the Cluj Commercial Court, in which the Company has requested the dissolution of the framework-contract no. 55423/04.07.2007 concluded between CCC and the Company. In addition, the Company requested the court to compel the CCC to pay compensation in amount of 4,630,914.13 thousand RON plus related interest, computed from the date of the damage up to the date of collection of the amounts.

In 2020, on December 23, 2020, the Cluj Tribunal ruled the following decision in File 79/1285/2012: rejects, as ungrounded, the said application filed by the Company. The Company filed appeal, which will be settled by the Cluj Court of Appeal. At this time, the Company cannot estimate the duration of the trial until it obtains a final decision.

The next court hearing is scheduled for 24 May 2022, date by which the accounting expertise report must be submitted.

Case 1032/1259/2012 has been registered to the Arges Commercial Court, in which the Project Company has requested to CCC payment of compensation provisionally estimated to RON 17,053,000 plus related interest, computed from the date of the damage up to the date of the registration of the claim, provisionally estimated at RON 500,000. In this file, until the date of this report, no court decision was issued, the parties are administering evidence, including technical and accounting expertise, which were succeeded by objections and various requests for completion by the litigating parties. Based on the first expertise prepared, both the Company and its subsidiary have recognized impairment losses to the respective inventories down to the values determined by the expertise already performed, without recognizing any contingent liabilities.

The litigation initiated by Clearline, by which it requested the recovery of the amount of approx. RON 17 million is registered with Arges Tribunal, in the first procedural phase, in the stage of administration of evidence.

The next term in this case is 24 May 2022. Clearline has filed a claim for an increase of the amount of the subject of the lawsuit to the amount of RON 24,532,741.65 (VAT included) as damage caused to Clearline (Lomb) by defendant resulting from the execution of the "Dealul Lomb District" project, to which is added the penalizing legal interest calculated until 01.04.2021 in a total amount of RON 13,862,967.16. The increased amount resulted from the submission of the accounting expert report.

## 25. CONTINGENCIES (continued)

### b) Barbu Vacarescu

In 2014, the Company acquired 1/3 of the title of ownership on 5 plots of land with a total area of 78,970 sqm, located in Barbu Vacarescu, Bucharest. The other 2/3 of the title on the lots were acquired by Cefin Real Estate Development BV ("Cefin").

In 2017, the IMPACT D&C initiated a lawsuit against Cefin Real Estate Development BV S.R.L. ("Cefin") requesting the cessation of the joint ownership having as object the land with an area of 78,119 sqm in Bucharest, Blvd. Barbu Văcărescu.

On 30 September 2021, the District 2 Court of Bucharest pronounced Decision no. 9923, by which it ordered the following:

a) Assignment to IMPACT D&C of a land area of 25,424 sqm - the lot from the North;
b) Assignment to Cefin of a land area of 50,848 sqm - the central lot and the South lot;
c) Obligation of IMPACT D&C to pay to Cefin a sum in the amount of EUR 1,418,540.64, within 6 months from the date of finality of the decision;
d) Obligation of Cefin to pay to IMPACT D&C the amount of RON 3,708,054.53, as court costs (2/3 of the stamp duty and attorney's fees).

Cefin appealed against the Decision no. 9923 pronounced on 30.09.2021 by the District 2 Court. Cefin criticizes the solution of the first instance, as he would have ordered the exit from the indivision, without first ordering the approval of the expertise report in the topography specialty by the competent cadastral and real estate advertising office and does not request the change of the Decision.

The Bucharest Court rejected on April 7, 2022, as unfounded, the Appeal request formulated by Cefin.

Thus, the Decision pronounced by the District 2 Court on September 30, 2021, by which it was decided to assign to Impact the land with an area of 25,424 sqm, from Variant 2 of the plot (located in the northern part), remains final and can be enforced.

Please refer Note 9 for additional information about the investment.

### c) Bd. Ghencea - Bd. Timisoara

In 2018, the Company filed a legal action against the Romanian State and Bucharest City Hall in order to reconfirm its ownership rights over the land located in the Municipality of Bucharest Prelungirea Ghencea no. 402-412, sector 6 ("the Land"), as identified in cadastral documentation no. 6515/2/6/1, which formed the basis of the registration in Land Book no. 59472, opened with the Cadastre and Real Estate Publicity office in Sector 6.

## 25. CONTINGENCIES (continued)

The Company considered that it is necessary to file such an action in order to consolidate its title over the Land in the context in which the title of the original owner, respectively Title no. 68,401 issued by the Ilfov County Commission for the Establishment of the Property Right over Lands on February 5, 2004 in favor of the Pasteur S.A. Institute, was annulled by the Bucharest Sector 6 District Court.

The legal action is the subject of File no. 5737/3/2018 registered with the Bucharest Tribunal.

On November 22, 2019, the Bucharest Tribunal ruled and admitted the action brought by the Company against the Romanian State through the Ministry of Public Finance and the Municipality of Bucharest. Thus, by Ruling no. 2651, the Bucharest Court found that the Company has ownership of the Land. The ruling of the Bucharest Tribunal can be appealed.

During 2020, the Romanian State and the Bucharest City Hall filed an appeal against Ruling no. 2651 of 22.11.2019 of the Bucharest Tribunal. The appeal was settled by the Bucharest Court of Appeal, which by Decision no. 1246 of 06.10.2020, rejected the appeals as ungrounded. Consequently, ruling no. 2651 of 22.11.2019 of the Bucharest Tribunal remained grounded and legal.

Decision No. 2651 dated 22.11.2019 issued by Bucharest Court of Appeal was communicated to the Company on 04.10.2021. The Romanian state appealed. The appeal will be resolved by the High Court of Cassation and Justice. The case is pending before the High Court of Cassation and Justice in the procedure of filtering the declared appeal, and a deadline will be set in the near future for the court to rule on the admissibility in principle of the appeal.

No significant changes in the carrying value of assets are expected to result from the outcome of this case. Please refer Note 9 for additional information about the investment.

### d) "Greenfield Neighbourhood Residents Association"

In the file No. 5856/3/2021 registered with the Bucharest Tribunal, Administrative and Fiscal Litigation Section, IMPACT D&C was subpoenaed as Defendant. The file was initiated by the Asociația Locuitorilor Cartier Greenfield and has as its object the suspension and annulment of the administrative act HCGMB 705 / 18.12.2019 approving the Aleea Teisani Zonal Urban Plan - Black Forest Road no. 56-64, suspension and annulment of Building Permits no. 434/35 / P / 2020 and no. 435/36/ P / 2020, annulment of preliminary approvals, cancellation of works. The application for legal action was initially filed against the Municipality of Bucharest, CGMB, the Mayor of Sector 1 Bucharest, the Bucharest Environmental Protection Agency and IMPACT D&C. The Bucharest Tribunal delivered Judgment 568 on 04 February 2022 ordering the rejection of the application as a result of the applicant's waiver of the claimed right itself.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 25. CONTINGENCIES (continued)

### e) "EcoCivica" Association

File no. 4122/3/2022 was registered with the Bucharest Tribunal, Administrative and Fiscal Litigation Section, in which Impact has the quality of Defendant, the plaintiffs being the Eco Civic Association and three individuals from outside the Greenfield neighborhood.

The object of the file is the suspension and annulment of the administrative act HCGMB 705 / 18.12.2019 approving the Zonal Urban Plan Aleea Teișani- Drumul Pădurea Neagra no. 56-64, suspension and cancellation of Building Permits no. 434/35 / P / 2020 and no. 435/36 / P / 2020, cancellation of preliminary approvals, cancellation of works.

At present, the contested acts are valid, have full effect, and no decision has been issued on their suspension or annulment.

The case is in the regularization procedure, the first trial term not being established

## 26. TRANSACTIONS WITH RELATED PARTIES

### a) Subsidiaries

The Company's subsidiaries and the nature of their activity are as follows:

| | Registration country | Scope of activity |
|---|---|---|
| Clearline Development and Management SRL | Romania | Real estate development |
| Actual Invest House SRL | Romania | Property management |
| Bergamot Developments SRL | Romania | Real estate development |
| Bergamot Developments Phase II SRL | Romania | Real estate development |
| Impact Finance Developments SRL | Romania | Ancillary activities to financial intermediations |
| Greenfield Copou Residence SRL | Romania | Real estate development |
| Greenfield Copou Residence Phase II SRL | Romania | Real estate development |
| Greenwise Development SRL | Romania | Real estate development |
| Greenfield Property Management SRL | Romania | Real estate development |

Transactions and balances with related parties during and for the year ended December 31, 2021, period ended March 31, 2022 respectively.

(All amounts are expressed in thousand RON, unless stated otherwise)

## 26. TRANSACTIONS WITH RELATED PARTIES (continued)

| Sales of goods and services | Transactions for the period ended 31 March 2022 | 31 March 2021 | Balance at 31 December 2021 | 2020 |
|---|---|---|---|---|
| **Subsidiaries/associates** | | | | |
| Actual Invest House | 9 | 13 | 42 | 43 |
| Clearline Development and Management | 2 | 1 | 75 | 73 |
| Bergamot Developments | 2 | 202 | 202 | 329 |
| Bergamot Developments Phase II | 2 | 1 | 363 | 361 |
| Impact Finance Developments | 2 | 6 | 4 | 2 |
| GreenField Copou Residence | 2 | 1 | 337 | 336 |
| Greenfield Copou Residence Phase II | 2 | 1 | 8 | 7 |
| Greenfield Property Management | 2 | 1 | 7 | 5 |
| Greenwise Development | 2 | - | 8 | 7 |
| | **25** | **225** | **1.046** | **1.163** |

| Acquisition of goods and services | Value of the transaction in the 3m 2021 | 3m 2021 | Balance at 31 December 2021 | 2020 |
|---|---|---|---|---|
| **Subsidiaries/associates** | | | | |
| Actual Invest House | 276 | 239 | 466 | 145 |
| Clearline Development and Management | - | 6 | - | 1 |
| Greenfield Copou Residence | - | 6 | - | - |
| | **276** | **1,044** | **466** | **146** |

| Granted loans | Balance on 31 March 2022 | 31 December 2021 |
|---|---|---|
| **Subsidiaries/associates** | | |
| Clearline Development and Management | 95 | 85 |
| Bergamot Developments | - | - |
| Bergamot Developments Phase II | 27,021 | 39,347 |
| Impact Finance | 40,087 | - |
| GreenField Copou Residence | 44,856 | 43,240 |
| | **112,059** | **82,672** |

(All amounts are expressed in thousand RON, unless stated otherwise)

## 26. TRANSACTIONS WITH RELATED PARTIES (continued)

| | Balance on | |
|---|---|---|
| **Interest rate receivables** | **31 March 2022** | **31 December 2021** |
| **Subsidiaries** | | |
| Clearline Development and Management | 14 | 13 |
| Bergamot Developments | 140 | 140 |
| Bergamot Developments Phase II | 6,082 | 5,406 |
| GreenField Copou Residence | 3,315 | 2,489 |
| | **9,551** | **8,048** |

| **Interest rate revenue** | **31 March 2022** | **31 March 2021** |
|---|---|---|
| **Subsidiaries** | | |
| Clearline Development and Management | 1 | 1 |
| Bergamot Developments | - | 893 |
| Bergamot Developments Phase II | 647 | 551 |
| GreenField Copou Residence | 827 | 365 |
| | **1,475** | **1,811** |

### b) Transactions with key management personnel

Remuneration of key management personnel comprises salaries and related contributions (social and medical contributions, unemployment contributions and other similar contributions). The Company's management is employed on a contractual basis.

The remuneration of the directors and board of directors, who are the key management personnel of the Company, for the year ended 31 December 2021 and the first quarter that ended at 31 March 2022 is approved by Shareholders Meeting and complies with Company remuneration policy.

Apart from the contractual remuneration, no other transactions took place with the key members of the management.

## 27. SUBSEQUENT EVENTS

In the context of the conflict between Russia and Ukraine, started on February 24, 2022, the EU, USA, UK and other countries imposed various sanctions against Russia, including financing restrictions on certain Russian banks and state-owned companies as well as personal sanctions against a number of individuals.
Considering the geopolitical tensions, since February 2022, there has been an increase in financial markets volatility and exchange rate depreciation pressure.

It is expected that these events may affect the activities in various sectors of the economy, could result in further increases in European energy prices and increased risk of supply chain disturbances.
The Company does not have direct exposures to related parties and/or key customers or suppliers from those countries.

## 27. SUBSEQUENT EVENTS (continued)

The Company regards these events as non-adjusting events after the reporting period, the quantitative effect of which cannot be estimated at the moment with a sufficient degree of confidence. The Company's management is continuously analyzing the developments of this event and any possible impact of changing micro- and macroeconomic conditions on the Company's financial position and results of operations.

The separate financial statements have been authorized for issue by the management on 15th May 2022 and signed on its behalf by:

| | | |
|---|---|---|
| **Constantin Sebesanu,** | **Claudiu Bistriceanu,** | **Iuliana Mihaela Urda,** |
| CEO | CFO | BoD President |