impactsa.ro

ANNUAL REPORT 2021

IMPACT DEVELOPER & CONTRACTOR

SUMMARY

CHAPTER 1

IMPACT
Developing Sustainable Communities
Since 1991

REPORT
Board of Directors
2021

Dear shareholders and partners of the company,

The year 2021 was an anniversary year for IMPACT, with the marking of the 30 years since its establishment, 25 years of listing on the Bucharest Stock Exchange and obtaining a distinction of being among the top 3 companies listed on the Romanian stock exchange that have stood the test of time. These milestones have reconfirmed the strength of the business model and the preparation for a new stage, by launching a development strategy for the next 6 years, an ambitious financing plan and firm sustainability commitments for our communities. If 500,000 square meters have been built in the past years, the next 6 can total one million square meters by building long-term partnerships with shareholders, financial institutions, business partners and employees.

2021 marked the first year of a new production cycle, the capitalization and consolidation of the company, but also the preparation of the land for further developments. The challenge of the year was the increase of approximately 22% in the prices of construction materials, which we managed to manage agilely and prudently, both through partnerships with suppliers and in relation to customers.

At the end of the year, the company had construction permits for 1,800 apartments, with a growing demand for the homes we offer, with a high degree of comfort, with generous areas and located in areas with "green" neighborhoods.

Operationally, the year 2021 marked the beginning of construction for the expansion or start of new projects, which for the residential segment lasts about 3 years.

It was a year in which we optimized processes, invested, bought land and took concrete steps for expansion in the most important cities of the country.

We completed the first ensemble in Bucharest built to BREEAM Excellent standards, Luxuria Residence, the first in the area of the Bucharest Exhibition, with a total current value estimated at EUR 150 million.

Work has progressed on the current portfolio of projects, in particular for the Greenfield Băneasa complex through new project phases, including multi-store car parks and the use of geothermal water for the heating system, as well as the construction of the largest community center in a residential area, with fitness center, office building, shopping center, school and kindergarten. The works for the Boreal Plus project in Constanța were continued.

As a result, we have seen an increase in customer interest, as evidenced by the number of pre-sales.

The national expansion continued with the acquisition of a new land in Iași on which we will develop the Greenfield Copou ensemble. The new complex will be one of the largest sustainable projects in the region of Moldova, meeting the criteria of nZEB and BREEAM Excellent and will have over 1,000 apartments.

The operating result at group level totaled 98.5 million lei, a slight increase compared to 2020, in the context of lower sales revenues amid reduced stocks. In 2021 the gross margin was 36%, up from 31% last year. Starting with 2022, the previously signed pre-sales will be capitalized, as the projects will be completed, being fully reflected in revenues, while maintaining the gross margin. The company has also embarked on an extensive internal consolidation process, with preliminary group financial results indicating an increase in equity.

The share price at BVB registered an advance of 120% in 2021, amid higher trading volumes, the company crossing for the first time the threshold of 1 billion lei for market capitalization. The dialogue with local and international investors has been intensified, with the aim of increasing the attractiveness of the company's actions. The shares benefited from the market-making service provided by BRK Financial Group throughout the year. Thus, on December 31, 2021, IMPACT met the liquidity criteria to be included in the FTSE Global Micro Cap Index, effective with March 21, 2022. Meeting the FTSE Russell criteria is an important reconfirmation of the effectiveness of the company's chosen development strategy and implementation actions. best practices in corporate governance and investor communication.

The principles of sustainability and the green economy were assumed by the whole team and the whole medium and long term strategy was outlined around them. All IMPACT developments are designed to respect the principles of sustainability, using sustainable technologies, respectively using alternative energy sources, "smart city" solutions, electric mobility solutions.

In 2021 we set up an ESG department which, in addition to outlining and implementing environmental, social and corporate governance principles and objectives, will provide investors with a strategy in this direction and non-financial reporting, in accordance with the company's obligations to future issues of green bonds.

The company's development strategy for the next 6 years, with two complete development cycles, includes the completion of ongoing projects and the start of new projects, mainly on existing land in the portfolio.

All this will support the increase of the company's value through continuous expansion at national level and the diversification of the portfolio of products and services. The company aims to develop more than one million square meters and more than 10,000 homes in the middle segment - affordable, by 2027. This plan includes the construction of affordable housing, which integrates elements that promote both a healthy lifestyle in green areas, as well as an active social and cultural life for community members.

Looking to the future, **new stages of the financing program** will continue, as far as the financial markets allow, in order to achieve our proposed objectives and implement the strategy undertaken for the next 6 years.

We have all the prerequisites to achieve our ambitious medium-term goals and through our sustainable vision we aim to make a difference in the residential sector in Romania. The entire IMPACT management team is committed **to increasing the long-term value of the company**, along with shareholders, employees and all stakeholders, whom we thank for their continued trust and support over the past year.

TABLE OF CONTENTS

IMPACT
Developing Sustainable Communities
Since 1991

2021 HIGHLIGHTS

FINANCIAL AND OPERATIONAL

- **37% increase** in sales commitments (pre-sales) signed in 2021 vs. 2020 with new projects accounting for 75% of the sales commitments.
- **441** sales commitments and reservations as at 31 December 2021, with a package value of **EUR 46.65 million (RON 230 million)**, that will translate in sales, as apartments will be finalized in the following periods. 183 apartments sold in 2021 (368 in 2020) and revenues booked in the same period, of which 140 apartments in LUXURIA EXPOZITIEI REZIDENCE (“LUXURIA EXPOZITIEI”), 39 apartments in GREENFIELD BANEASA RESIDENCE (“GREENFIELD BANEASA”), 1 villa in BOREAL PLUS and 3 units in older projects developed by **IMPACT GROUP (“IMPACT”)**.
- **RON 138 million** revenues and **RON 49.8 million** gross profit in 2021 (RON 204.3 million revenues and RON 63 million gross profit in 2020). This reflects the current stage of **IMPACT**’s activity, namely a new development cycle translating into low completed inventory for which sales and related revenues can be recorded. As at 31 December 2021, there were 1,605 permitted units located in Bucharest and Constanta (1,038 already with construction started) while additional 2,615 units located in Iasi, Bucharest and Constanta are in various stages of permitting.
- Acquisition of a plot of land of **2.6** ha in Iasi that completes the land acquired late 2020. The entire **5 ha** plot of land will used to develop GREENFIELD COPOU (1,062 apartments), in one of the city’s prime locations near the botanical garden.

IFRS NAV

717 mRON

+ 76 mRON (2020: 641 mRON)

EPRA NRV

1,044 mRON

+ 127 mRON (2020: 917 mRON)

Sales

138 mRON

- 66 mRON (2020: 204 mRON)

Pre-sales for apartments as at 31 Dec 2021

230 mRON

+ 112 mRON (2020: 118 mRON)

2021 HIGHLIGHTS

FINANCIAL AND OPERATIONAL

- The process of expanding **IMPACT**’s activity and its nationwide presence was secured through additional financing resulting in 32% increase in loans and borrowings balance, as well as through **IMPACT**’s own resources and 26% decrease in cash compared to 31 December 2020. As approved by the majority of the shareholders, **IMPACT** plans to secure further financing from share capital increase and bonds issuance.
- Loans and borrowings stood at **28%** of total assets as at 31 December 2021 (26% as at 31 December 2020). In 2021, **IMPACT** used bank loans for the financing of the last 130 apartments of LUXURIA EXPOZITIEI, the first 209 apartments developed in BOREAL PLUS and 138 apartments developed in GREENFIELD BANEASA, as well as a working capital line.
- GREENFIELD PLAZA BANEASA advanced stage of construction ads value to GREENFIELD BANEASA project. GREENFIELD PLAZA BANEASA is a community center with a strip-mall covering the communities' necessities and a wellness center.
- Strong land bank owned by **IMPACT** (approximately **73.5 ha**) with potential for development of other **6 projects** GREENFIELD BANEASA (new phases), BOREAL PLUS, GREENFIELD COPOU RESIDENCE (“GREENFIELD COPOU”), LUXURIA CITY CENTER and GREENFIELD WEST with an estimated market value of more than **2 billion euro**.
- Completion of **189 new units**, of which **41** apartments in GREENFIELD BANEASA, **18** villas in BOREAL PLUS and for the last **130** apartments in LUXURIA EXPOZITIEI (reception with the authorities completed and dismantling / registration estimated to take place at the beginning of 2022).
- Equity stood at **59%** of total assets as at 31 December 2021 and have recorded an increase of 11% compared to 31 December 2020, due to positive net results for 2021 (RON 706.3 million as at 31 December 2021 vs. RON 640.8 million as at 31 December 2021).

2021 HIGHLIGHTS

OUTLOOK FOR 2022

- **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.

RELEVANT ASPECTS

- Election of the members of the Board of Directors of **IMPACT** for a term of four years (28 April 2021 – 28 April 2025), namely: Iuliana Mihaela Urdă (Chairman of the Board of Directors), Ruxandra- Alina Scarlat, Daniel Pandele, Intrepid Gem SRL (Petru Văduva) and Sorin Apostol.
- Appointment of Constantin Sebeşanu as General Manager for a term of four years, starting with 28 April 2021. He replaced Mr. Sorin Apostol, who holds the position of Executive Director, starting with the same date. In order to accommodate its ambitious development strategy, the Company's management team was strengthen through appointment of a HR manager (July 2021), ESG & Compliance Officer (July 2021) and Head of Development Department (October 2021).
- Increase of **IMPACT Developer & Contractor** share capital, by contribution in cash, with a cumulative number of shares not exceeding 775,000,000 was decided by the Extraordinary General Meeting of Shareholders held on 20 August 2021.

2021 HIGHLIGHTS

OTHER ASPECTS

- In 2021, **IMPACT** established the **ESG (Environmental, Social and Governance)** department, responsible with drawing and implementing the principles and objectives of environment, social and corporate governance, in line with the values assumed by the company in its real estate development activity – integrity, transparency, innovate and lead, respect the environment and build sustainably, responsibility and motivation. The ESG department manages the application of the **Green Bond Framework**, on the basis of which **IMPACT** intends to issue green bonds to finance and refinance existing projects, built using green, sustainable technologies and contributing to the environmental objective of climate change mitigation and to the achievement of the United Nations Sustainable Development Goals.
- 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.
- Starting with IMPACT's shares are included in FTSE Global Micro Cap indices, starting 21 March 2022.

IMPACT GROUP OVERVIEW

- 31 years of leadership, innovation and excellence in real estate
- Since its establishment in 1991, **IMPACT Developer & Contractor ("IMPACT D&C")** ranked on the Romanian real estate market as an innovative company
- **IMPACT D&C** is the first real estate developer after the communist era, established with 100% Romanian capital
- In 1996 **IMPACT D&C** was listed on the Bucharest Stock Exchange ("BSE"), whereby **IMPACT D&C** has become the first representative of the real estate development and construction sector listed on the Stock Exchange
- In 2006 the shares of **IMPACT D&C** were promoted to Category I of the Stock Exchange and in 2015 to the Premium category

Expansion at national level

17 residential compounds

4,500+ units built

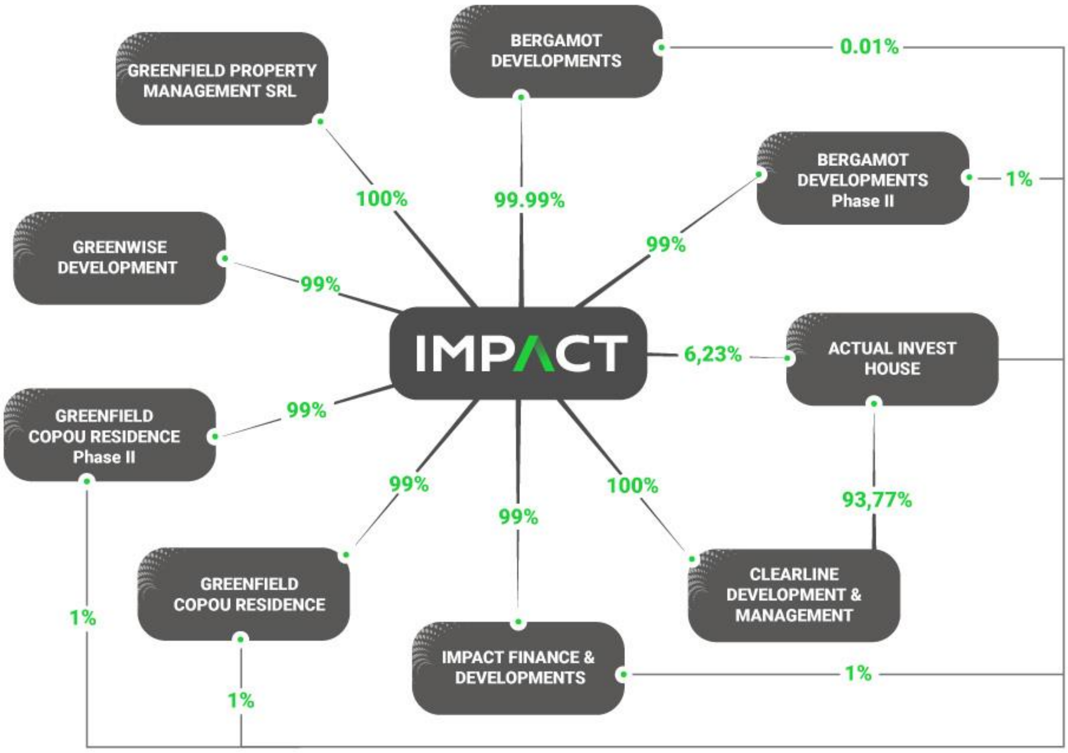
+11.500 inhabitants

500k+ sqm built

EUR 650+ Mn investments

IMPACT GROUP OVERVIEW

IMPACT Group as at 31 Dec 2021



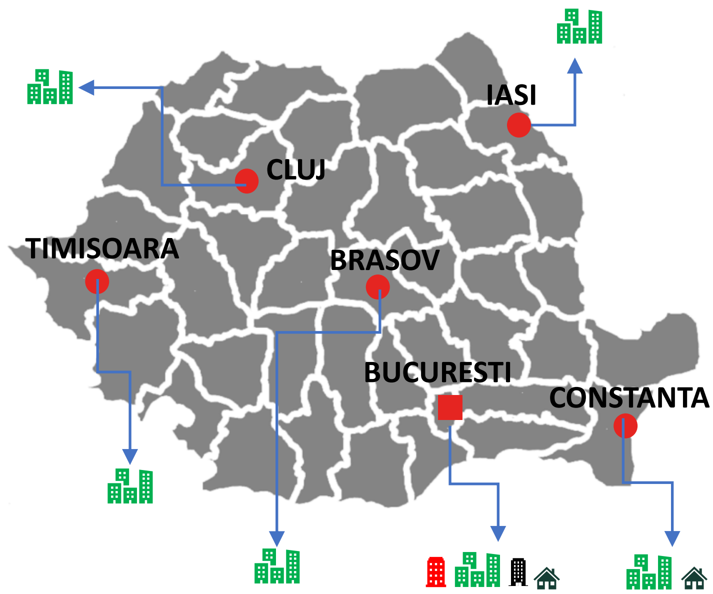
- **IMPACT D&C**, parent company, which develops the following projects: GREENFIELD BANEASA RESIDENCE, BOREAL PLUS, LUXURIA CITY CENTER and GREENFIELD WEST
- **Bergamot Developments SRL** and **Bergamot Developments Phase II SRL** with real estate development as main object of activity; they have developed the LUXURIA EXPOZITIEI project
- **Greenfield Copou Residence SRL** with real estate development as main object of activity, was established in December 2019 and develops the GREENFIELD COPOU RESIDENCE project
- **Greenfield Copou Residence Phase II SRL** with real estate development as main object of activity; established in February 2021
- **Greenwise Development SRL** with real estate development as main object of activity; established in February 2021
- **Actual Invest House SRL**, the company that provides management services for new residential, retail and commercial developments
- **Impact Finance & Developments SRL** has a role in diversifying the range of services related to residential sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings
- **Greenfield Property Management SRL** with the real estate development as main object of activity; established in May 2021
- **Clearline Development and Management SRL**, a project company through which **IMPACT** was about to develop a residential project in Cluj-Napoca, in partnership with the local authority.

PROJECT PORTFOLIO

STRONG PRESENCE IN KEY FIGURES

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 January 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.



Residential – block of flats Residential - house Office buildings Hotel buildings

Projects in development on the owned landbank

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

Projects that will be developed on the land owned by IMPACT as at 21 Dec 2021

Project	Geo	Total Project		În construcție		În pregătire		Construcție	
Name, Location, Phase	City	GBA Sqm	Units	Units	Sqm	Units	Sqm	Start	Delivery
Greenfield Baneasa Fazele 1,2,3	București	**68.953**	732	732	68.953			2021	2023
Greenfield Baneasa Fazele 4,5	București	**38.404**	435	435	38.404			2022	2024
Greenfield Baneasa Fazele 6,7	București	**50.346**	598			598	50.346	2023	2026
Greenfield Baneasa Fazele 8,9,10	București	**228.025**	2.485			2.485	228.025	2024	2027
Luxuria City Center	București	**80.000**	596	-	-	596	80.000	2023	2027
Greenfield West	București	**494.040**	5.528	-	-	5.528	494.040	2023	2025
Greenfield Copou	Iași	**99.044**	1.062	-	-	1.062	99.044	2022	2025
Boreal Plus (exclusiv apartamente)	Constanța	**63.658**	673	341	34.225	332	29.433	2020	2026
Total		**1.122.470**	**12.109**	**1.508**	**141.582**	**10.601**	**980.888**		

The information presented in the table above are estimates. Estimates may change based on future events.
The Under construction figures refer to projects with building permit; The Pipeline figures refer to projects with land, without building permit
GBA represents the Gross Build Area of the Project, including common spaces and excluding parking

PROJECT PORTFOLIO

GREENFIELD BANEASA RESIDENCE

6,839 Units	
COMPLETED UNITS	2,580
SOLD UNITS[1]	2,541
UNDER CONSTRUCTION UNITS[2]	1,264
PIPELINE UNITS[2]	3,083
GBA[3] under construction and pipeline (sqm)	414,316
Start construction Deliver construction	2020 2030

[1] – as at 31 December 2021

[2] – **Under construction** refer to projects with building permit. **Pipeline** refer to projects with land, without building permit.

[3] – GBA represents the Gross Build Area of the Project, excluding parking.

UNIQUE LOCATION

The northern area of Bucharest (District 1), framed on two sides by 900 ha of woodland: Baneasa Forest and Tunari Forest

PHASED DEVELOPMENT

The first 3 phases have been completed by 2019. Phases 4 and 5 are to be developed by the end of 2030

MIX AND FACILITIES

Current: public transport, private school, parks and playgrounds, restaurant, medical centre and supermarket, RATB

Under construction: GREENFIELD PLAZA BANEASA a community center with a strip-mall and a wellness center

Future: public school, public kindergarten, ride-sharing options, **GREENFIELD PLAZA BANEASA**

PERMITS

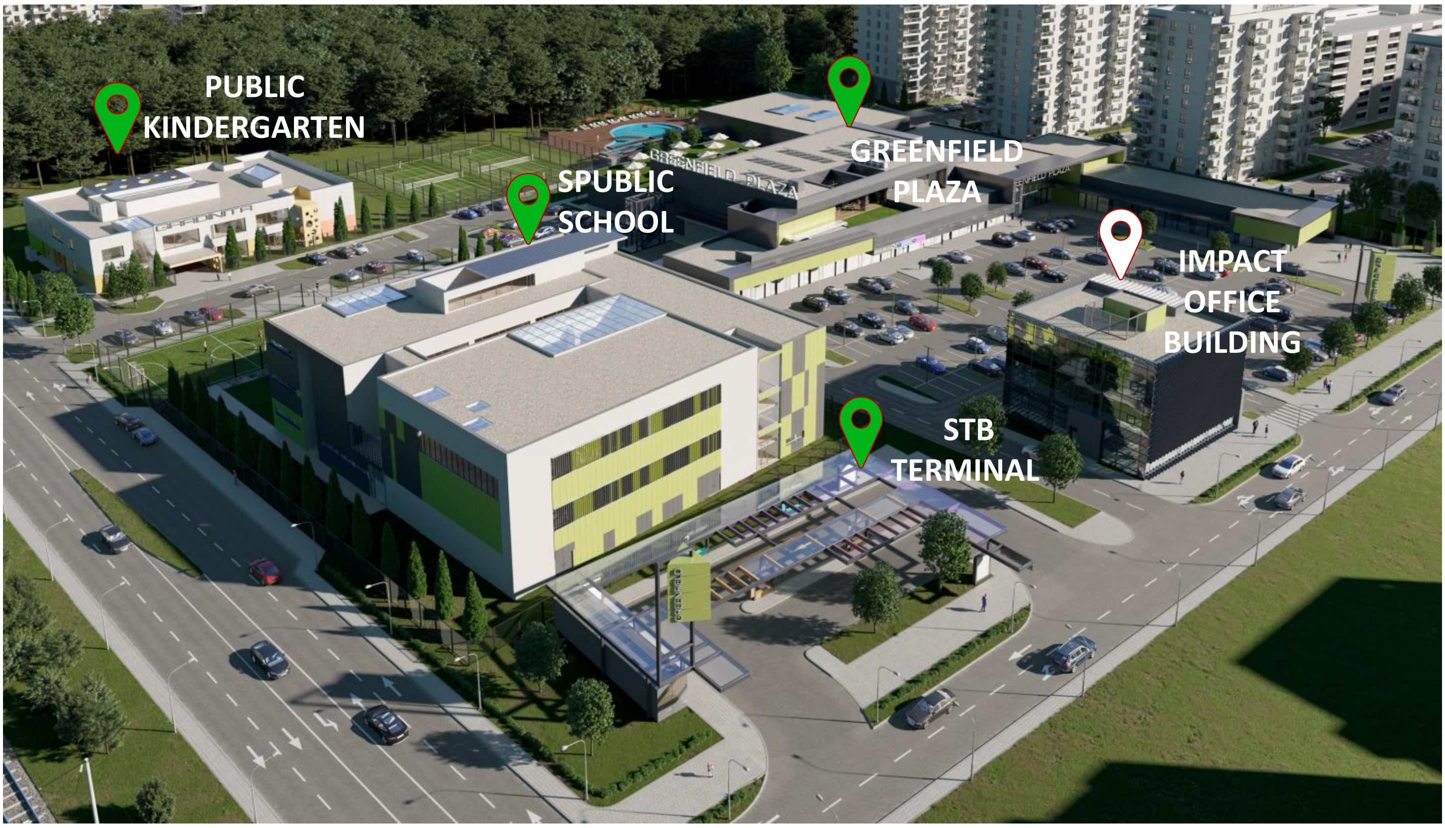
Zoning (PUZ) for more than 3,650 units related to under construction and pipeline phases, of which:

- for 1,264 units the building permit is in place
- for 598 units the building permit was initiated

Out of the 1,264 units with building permit, 829 units are under construction. In 2021 41 units have been completed.

PROJECT PORTFOLIO

GREENFIELD PLAZA BANEASA



Community area dedicated to **GREENFIELD BANEASA**, but with high potential to become a regular stopover for non-residents, thanks to strong anchors coming from the community center that includes a strip-mall (extensive stores network covering the communities necessities) and a wellness center (indoor swimming pools, outdoor swimming pool, tennis courts, squash facilities, dedicated spinning room and other gym facilities)

Long term contract with MEGA IMAGE, one of the strongest food anchors, already secured

Increased value of GREENFIELD BANEASA project by adding a community center. Also, **IMPACT** facilitates the development within the project of a public school (the first public school in a residential compound), of a kindergarten and of a public nursery and a church.

FEATURES	DESCRIPTION	LAND
GREENFIELD PLAZA	Office, Commercial, Services, SPA	21,496 sqm
PUBLIC SCHOOL	800 children capacity	6,000 sqm
PUBLIC KINDERGARTEN	150 children capacity	3,200 sqm
STB TERMINAL	The end line of the public transport network in Bucharest	1,375 sqm
SHUTTLE BUS STATION	Dedicated to the school and kindergarten	250 sqm*
PUBLIC NURSERY		3,933 sqm

**Included in the land surface of GREENFIELD PLAZA*

PROJECT PORTFOLIO

LUXURIA EXPOZITIEI RESIDENCE

630 Units

COMPLETED UNITS	**630**
SOLD UNITS[1]	**303**
GBA[2] (sqm)	**66,400**
Start construction **Delivery construction**	**2018** **2021**

[1] – as at 31 december 2021

[2] – GBA represents the Gross Build Area of the Project, excluding parking..

PREMIUM LOCATION

The northern area of Bucharest (District 1), between Kiseleff Blvd. and Ion Mihalache Blvd. - at the intersection between Domenii and Expozitiei

SUSTAINABLE SOLUTIONS

LUXURIA is the first up-scale residential development that received the BREEAM Excellent certification, being from the beginning designed to fit into the Class A energy and the category of green buildings

FACILITIES

Lounge space for networking and relaxation open 24/24

Fitness center with modern equipment

Unique park in Bucharest, with thematic gardens

Supervised and well organized playgrounds

Exclusive underground parking

Multiple security solutions

AREA REPUTATION

The Expozitiei – Domenii area is a very well rated one, and the proximity to the Expozitiei area is a plus. Together, they form a representative area through the newly established shopping and business centers, which is why it is currently the most desirable residential area of the Capital

PROJECT PORTFOLIO

BOREAL PLUS

EXCELLENT LOCATION

The northern area of Constanta, with quick access to the highway, the city center, educational facilities (campus and university), Ovidius Hospital, close to shopping centers and overlooking Siutghiol Lake

AREA REPUTATION

Large shopping malls like Tom and Vivo, hypermarkets, supermarkets like Carrefour, Mega Image, Kaufland, Penny Market and Auchan, convenience stores

FACILITIES

Panoramic view of the lake and the sea

Well-dimensioned and compartmentalized units

Very good quality finishes (premium)

Contemporary architecture and design

Kindergarten, playground, a small park for residents

PERMITS

The building permit was obtained for 359 units (341 apartments and 18 villas)

The process for the building permit for the remaining 332 units was started

PROJECT PORTFOLIO

GREENFIELD COPOU RESIDENCE

EXCELLENT LOCATION

Located on Copou Hill, offering panoramic views of the Botanical Garden and of the city. Called the "green lung of Iasi", the Copou area offers an ideal natural setting, which attracts people with its' tranquillity and fresh air. It is also a historic area and a famous university district. The ensemble will integrate harmoniously into Copou, through low-height buildings and the inclusion of large green spaces

SUSTAINABLE SOLUTIONS

The project is developed according to the sustainability principles of the BREEAM Excellent certification. At the same time, the buildings of the compound 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

MIX AND FACILITIES

GREENFIELD PLAZA COPOU, a community center that includes a strip-mall, gym and wellness center

15,000 sqm of green spaces, ensuring relaxing areas and playgrounds

Kindergarten and after-school

Fitness center

PERMITS

Zoning (PUZ) in place

The process for obtaining the building permit is ongoing and it is estimated that the building permit will be obtained in the first quarter of 2022

PROJECT PORTFOLIO

GREENFIELD WEST

EXCELLENT LOCATION

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

TRUSTED BRAND

GREENFIELD is a well-known brand, which enjoys credibility in the market, increasing the confidence of new buyers, regardless of the construction stage of GREENFIELD WEST project. Continuing the brand message, the new neighborhood will create a community responsible for the environment, interested in a healthy life

MIX AND FACILITIES

GREENFIELD WEST PLAZA, a community center that includes a strip-mall, gym and wellness center

Playgrounds

Storage

PERMITS

Zoning (PUD) in place

The process for obtaining the building permit was started

PROJECT PORTFOLIO

LUXURIA CITY CENTER

PREMIUM LOCATION

Located in Barbu Vacarescu, near the central and business areas of Bucharest, one of the hottest areas for real estate development in the recent years

TRUSTED BRAND

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

MIX AND FACILITIES

Will include a 5* Hotel & Suits

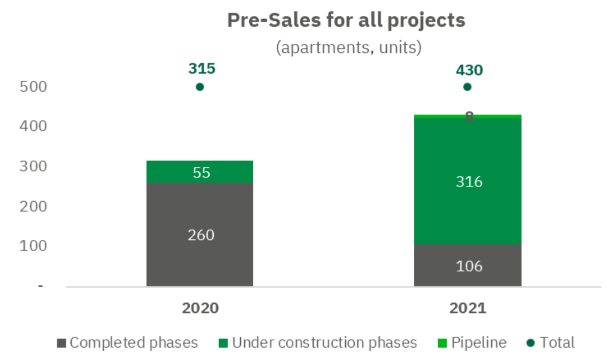
Commercial area of approximately 8,000 sqm GBA

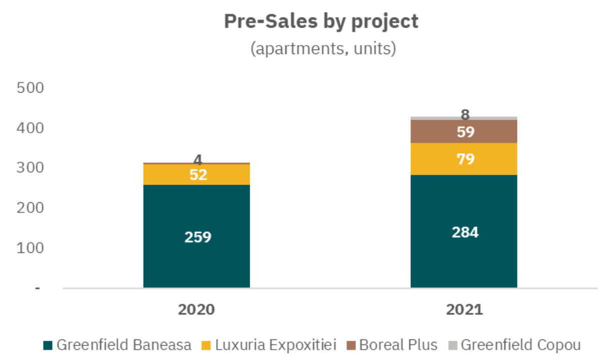
PERMITS

The start of the process for obtaining the building permit is planned

ACTIVITY OF IMPACT IN 2021

PRE-SALES FOR 2021



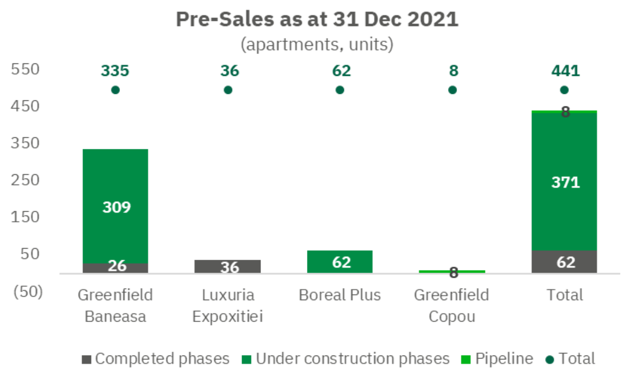


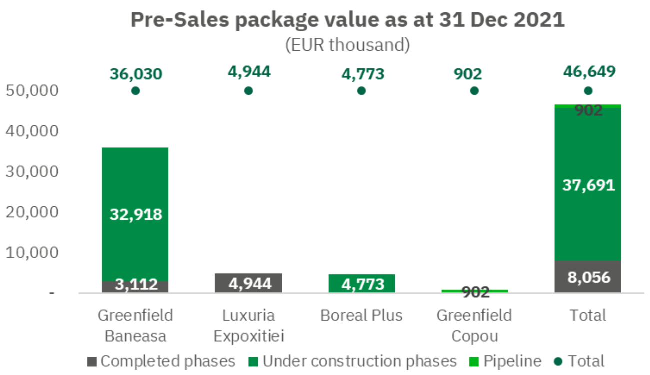
Pre-Sales recorded in 2021 were 37% higher compared 2020, namely 430 apartments pre-sold in 2021 (34,652 sqm, built saleable area) vs. 315 apartments pre-sold in 2020 (26,754 sqm, built saleable area).

The increase in Pre-Sales was driven by projects under development which account for 75% of the Pre-Sales made in 2021 (17% in 2020), as **IMPACT** managed to sell almost entirely the completed developments and entered a new development cycle.

Pre-Sales refer to pre-sale contracts and reservation and are not recorded as revenues until the apartments are sold, i.e. apartments are delivered to customers and the sale-purchase contracts are concluded.

PRE-SALES AS AT 31 DECEMBER 2021





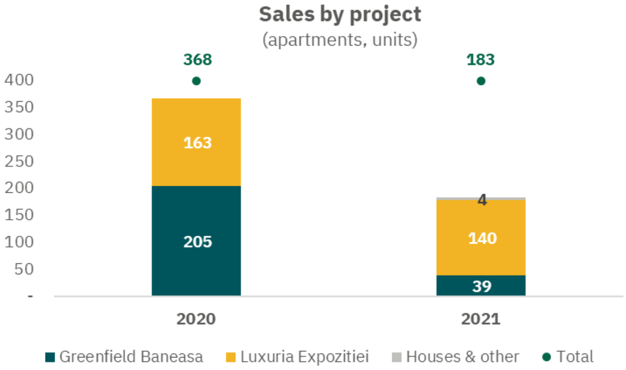
As at 31 December 2021, **IMPACT** had in place pre-sale contracts and reservations for 441 apartments with a built saleable area of 33,526 sqm and a package value of EUR 46.65 million (e.g. the value of the parking related to the apartments included in the value of the package).

Of these, 86% refer to projects under development (379 apartments, EUR 38.6 million package value) and 14% refer to completed projects (62 apartments, EUR 8.05 million package value).

Pre-Sales in place as at 31 December 2021 are estimated to be translated into revenues between 2022 and 2024, as the related project phases are completed.

ACTIVITY OF IMPACT IN 2021

2021 SALES



Sales recorded in 2021 reflect the new development cycle of **IMPACT's** projects. As such projects under development will contribute to revenues as they are completed and sales are made.

2021: 183 units, of which 179 apartments in GREENFIELD BANEASA and LUXURIA EXPOZITIEI (16,582 sqm built saleable area, plus related parking spots, storage and court yards), 1 villa in BOREAL PLUS and 3 units in older projects. Additionally, 81 individual parking spots were sold.

2020: 368 apartments in GREENFIELD BANEASA and LUXURIA EXPOZITIEI (30,864 sqm built saleable area, plus related parking spots, storage and court yards). Additionally, 16 individual parking spots were sold.

CONTRACTED APARTMENTS AS AT 31 DECEMBER 2021

Completed phases 2007 - 2021 as at 31 Dec 2021

Project	Total Apartments	Sales & Pre-Sales		Available for sale
	units	units	%	units
Greenfield Baneasa	2,589	2,572	99.3%	17
Luxuria Expozitiei*	630	339	53.8%	291
Boreal Plus**	18	1	5.6%	17
Total	**3,237**	**2,912**	**90.0%**	**325**

* 130 apartments for which the construction and reception with the authorities were completed in 2021, the dismantling / registration of the apartments is in progress and it is estimated that the process will be completed in February 2022

** 18 villas completed and registered in October 2021

Under construction phases as at 31 Dec 2021

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

* The building permit in place and under construction as at 31 December 2021

** The building permit in place and the construction estimated to start in 2022/2023

As at 31 December 2021, 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 December 2021.

As at 31 December 2021. **IMPACT** had 1,605 units under construction, 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 36% of under construction units for which the construction was started were pre-sold as at 31 December 2021. On a project basis, these were 37.3% pre-sold units for GREENFIELD BANEASA and 29.7% pre-sold units for BOREAL PLUS.

ACTIVITY OF IMPACT IN 2021

LAND OWNED AS AT 31 DECEMBER 2021

Location	City	Project	Surface (ha)	IFRS book value (RONm)	IFRS book value (EURm)	EPRA value (RONm)	EPRA value (EURm)
Baneasa	Bucharest	Greenfield Baneasa	39.2	329.3	66.6	406.5	82.2
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			**89.4**	**689.8**	**139.4**	**797.7**	**161.2**

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: 0.59 ha for Luxuria Expozitiei refer to 130 apartments for which the construction was completed and for which the dismantling will be done after 31 December 2021

Note 3: 12.45 ha represent infrastructure for the already developed projects, of which 7.8 ha for Greenfield Baneasa, 0.11 ha for Luxuria Expozitiei and 4.54 ha 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 - 4.9481 RON/EUR

As at 31 December 2021, **IMPACT** owned 89.4 ha of land with a book value of RON 690 million (17% higher than as at 31 December 2020), 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.

Compared to 31 December 2020, except for the acquisition of a 2.6 ha plot of land in Iasi where the GREENFIELD COPOU project is developed and 0.99 ha included in the dismantling of apartments completed in 2021, there were no important changes for the land owned by **IMPACT**.

The EPRA value of the land was estimated based 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).

The EPRA value of land estimated as at 31 December 2021 was of RON 797.7 million, 16% higher than the IFRS book value at the same date and 23% higher than the EPRA value of land estimates as at 31 December 2020 (market approach).

ACTIVITY OF IMPACT IN 2021

THE DEVELOPMENT ACTIVITY

In 2021, **IMPACT**'s activity was focused 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.

In 2021, the construction was in progress for project phases in GREENFIELD BANEASA and BOREAL PLUS (with building permits in place).

The permitting process was started for future phases of GREENFIELD BANEASA, GREENFIELD COPOU, LUXURIA CITY CENTER and GREENFIELD WEST.

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.

In 2021, **IMPACT** completed the construction for 189 apartments:

- the last 130 apartments of LUXURIA EXPOZITIEI (the dismantling / registration is in progress and is estimated to be finalised in February 2022)
- 41 new apartments in GREENFIELD BANEASA
- 18 villas in BOREAL PLUS.

LEGAL ASPECTS

IMPACT is involved in several lawsuits, main being presented below:

➢ **The litigation regarding the land located in Blvd. Barbu Vacarescu**

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 78,970 sqm in Bucharest, Blvd. Barbu Văcărescu, land owned by **IMPACT D&C** and Cefin.

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).

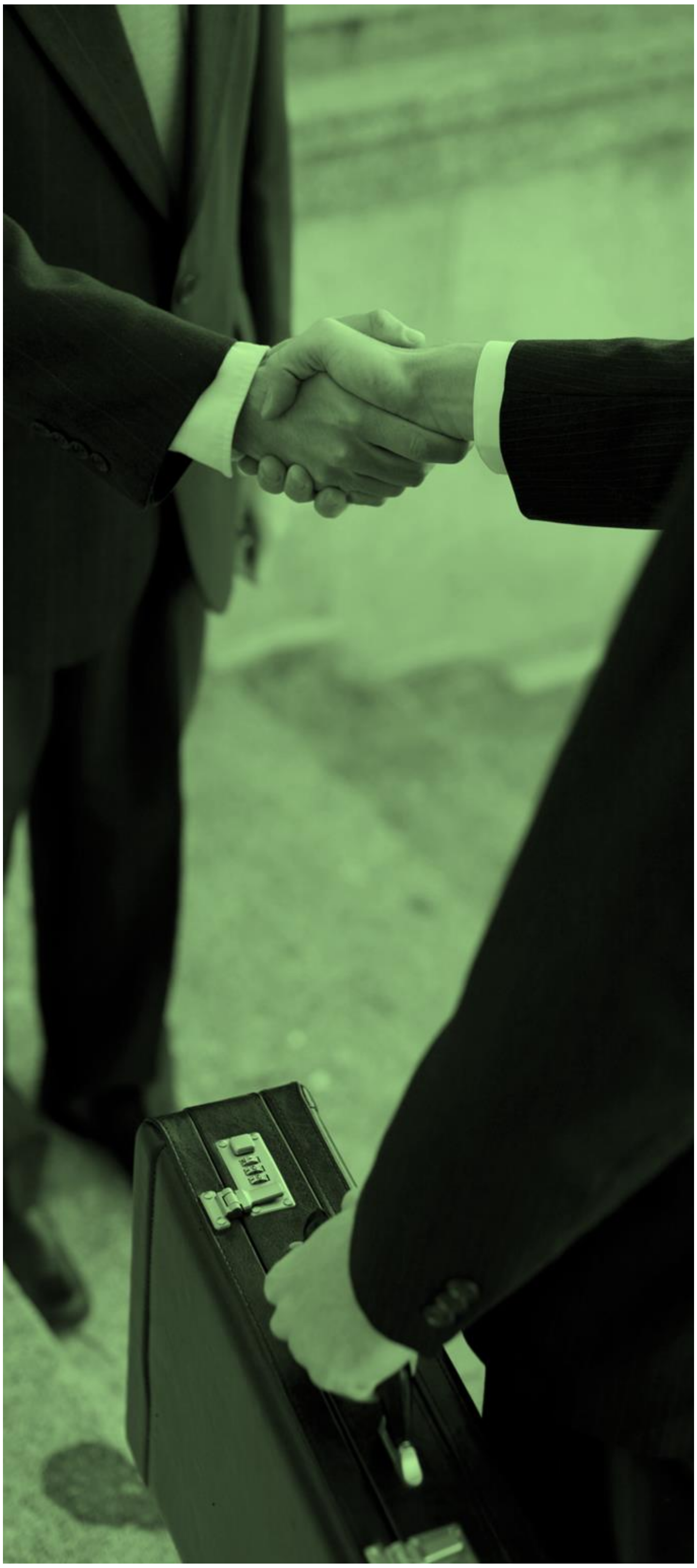
Cefin appealed against the Sentence no. 9923 pronounced on 30.09.2021 by the District 2 Court. The first term in the appeal has not been established. Cefin criticizes the solution of the first instance, as he would have ordered the exit from the indivision, without first ordering the approval of the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

➢ **The litigation regarding the land located in Blvd. Prelungirea Ghencea**

In File No. 5737/3/2018 initiated by the **IMPACT D&C** having as its object a claim against the Romanian State and the Bucharest City Hall regarding the land situated in Blvd. Prelungirea Ghencea 402-412 ("Ghencea Land"), the Company obtained favorable decisions pronounced by the Bucharest Tribunal and the Bucharest Court of Appeal.

ACTIVITY OF IMPACT IN 2021

LEGAL ASPECTS



- **The litigation regarding the land located in Blvd. Prelungirea Ghencea**

According to Decision No. 2651 dated 22.11.2019, Bucharest Tribunal stated that **IMPACT D&C** has a valid property right over the Ghencea Land, and by Decision No. 1246 dated 06.10.2020, the Court of Appeal rejected the appeals filed by the adverse parties and upheld Decision No. 2651 dated 22.11.2019 of the Bucharest Tribunal as thorough and legal. Decision no. 1246 of 06.10.2020 of the Bucharest Court of Appeal may be appealed within 30 days from the communication.

Decision No. 2651 dated 04.10.2021 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.

- **The litigation initiated by Asociatia Locuitorilor Cartier 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 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.

ACTIVITY OF IMPACT IN 2021

LEGAL ASPECTS

- **Litigation initiated by IMPACT D&C regarding Lomb residential project in Cluj-Napoca**

IMPACT D&C and its subsidiary - 100% owned (Clearline Development & Management SRL - "Clearline") are involved in two litigation against the Municipality of Cluj-Napoca, in connection with an association agreement concluded in 2007 for the development of Lomb residential project in Cluj-Napoca .

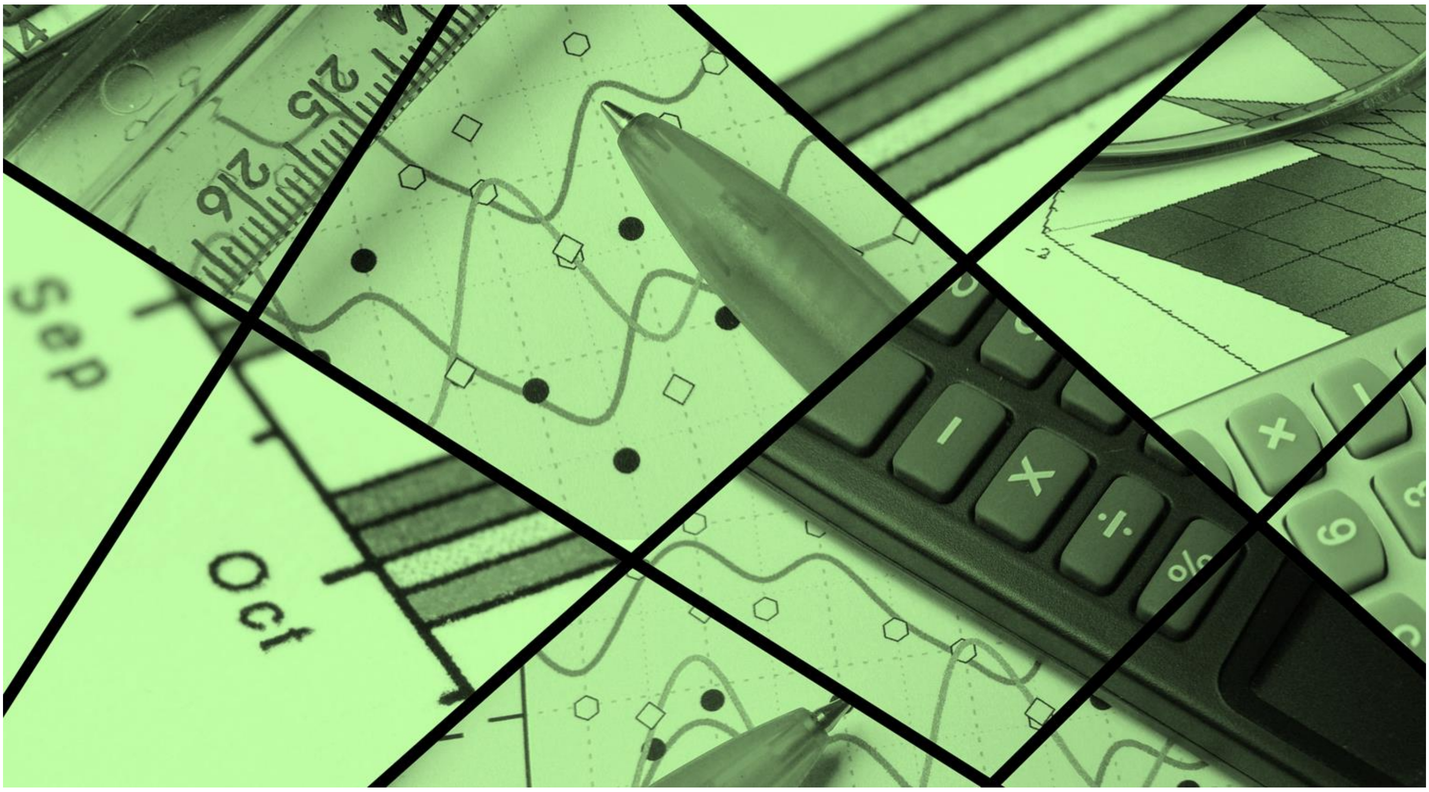
In both cases, **IMPACT D&C** and respectively, Clearline, requested the recovery from Municipality of Cluj-Napoca the funds invested to carry out the real estate project.

In the File No. 79/1285/2012, **IMPACT D&C** requested the recovery of the amount of 4,786,324 lei principal plus penalties of 2,238,738 lei. The application for legal action was rejected by Cluj Tribunal. The litigation is currently in the appeal stage before the Cluj Court of Appeal.

The next court hearing is scheduled for 01 February 2021, date by which the accounting expertise report must be submitted.

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

The next term in this case is 20 January 2022. Clearline has filed a claim for an increase of the amount of the subject of the lawsuit to the amount of 24,532,741.65 LEI (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 13,862,967.16 LEI. The increased amount resulted from the administration of the sample with accounting expertise.



A SUSTAINABLE IMPACT (ESG)

In 2021, we have been actively involved in several social responsibility projects, in various domains:

EDUCATION

The Bucharest General Council approved the project for **public school and kindergarten** in GREENFIELD BANEASA, the first ones in a new residential compound. **IMPACT** donated to the Bucharest City Hall a plot of land of 9,620 sq m, together with the building project of a public school and kindergarten in GREENFIELD BANEASA, in order to ensure easy schooling access to children who live in the northern part of the capital. The total value of the land and the project amounts to **EUR 1.75 million**. The project will be developed in 24 months and it will be a complete educational center, with school, kindergarten, gym, library, arts/music workshops, pedestrian alleys, green spaces, playgrounds, parking places and all the things necessary for an ultramodern educational center. The building permit was issued in September 2021. In addition a plot of land of 3,933 sqm was donated for public nursery.

We believe that a green future can be ensured by a collective awareness of the need to implement sustainability standards. In this respect, **IMPACT** was present at the conference dedicated to sustainability, organized by Business Review, where the Company talked about building sustainable residential compounds, at BREEAM Excellent and nZEB standards. IMPACT was also a partner of **“Non-Financial Sustainability Reporting – ESG 2021”** conference organized by Govnet and published a series of articles in the press regarding the benefits of housing units built at BREEAM Excellent and nZEB standards.

PUBLIC TRANSPORT

This year, a second STB line to **GREENFIELD BANEASA** neighborhood was introduced, the 203 route.

At the same time, according to the approved urban planning for **GREENFIELD BANEASA, IMPACT** made available to the municipality, free of charge, near the school and kindergarten, plots of land for a modern **STB terminal** and for mixed public functions. For the implementation of these functions and infrastructure elements, **IMPACT** allocated a budget of more than **EUR 3 million** (excluding VAT).

CARING FOR THE ENVIRONMENT

IMPACT sponsored the **Great Cleaning**, the annual event organized by the residents of Greenfield. Being at the third edition, **210 people** participated in the event this year, cleaning **80 ha of forest** and collecting approximately **2 tons** of garbage.

Given its strong commitment to reducing the impact on the environment, **IMPACT took the decision to replace the current fleet of 'traditional' automobiles (internal combustion engines) with one of electric cars.** The specialists of the ESG department have calculated that just by replacing the current fleet of cars **IMPACT** contributes to **reducing carbon emissions by about 125 tons** in the next 5 years.

A SUSTAINABLE IMPACT (ESG)

COMMUNITY INVOLVMENT

IMPACT supported the **Romanian Creative Week festival in Iasi**, the first big event with audiences organized this year in Romania. During the festival, the Iasi community was able to participate to concerts, fashion festivals, film, visual arts and architecture, as well as contests, fairs, exhibitions, conferences, workshops and parties, between 02.06.2021 – 06.06.2021.

On the occasion of the 1st of June, **IMPACT** organized **a contest** among the children from GREENFIELD BANEASA. The participants prepared and distributed on social media a video with the theme "**Childhood in Greenfield"**. The three winners of the contest were rewarded with a voucher for the purchase of sporting goods.

We are concerned about the quality of life in developed communities, which is why we periodically ask for feedback from residents so as to provide them with a pleasant living environment. This year we conducted **a study** on 619 Bucharest residents, divided into residents of various neighborhoods and **GREENFIELD BANEASA** residents, to see the perspectives on the quality of life during the pandemic and the aspects that contribute to the well-being of the inhabitants. The study shows that during the pandemic, GREENFIELD BANEASA residents considered as main advantages of the neighborhood the possibility to get outside to fresh air, the quietness, the lifestyle and the communication with neighbors. Due to the district's location, the residents have felt less exposed to the COVID-19 risks, less limited in terms of options to get outside to fresh air, and less bored. Alongside these benefits, the quality of the house, together with the outdoor green space, including the view from the home, represented the most important housing criterion for a third of GREENFIELD BANEASA residents.

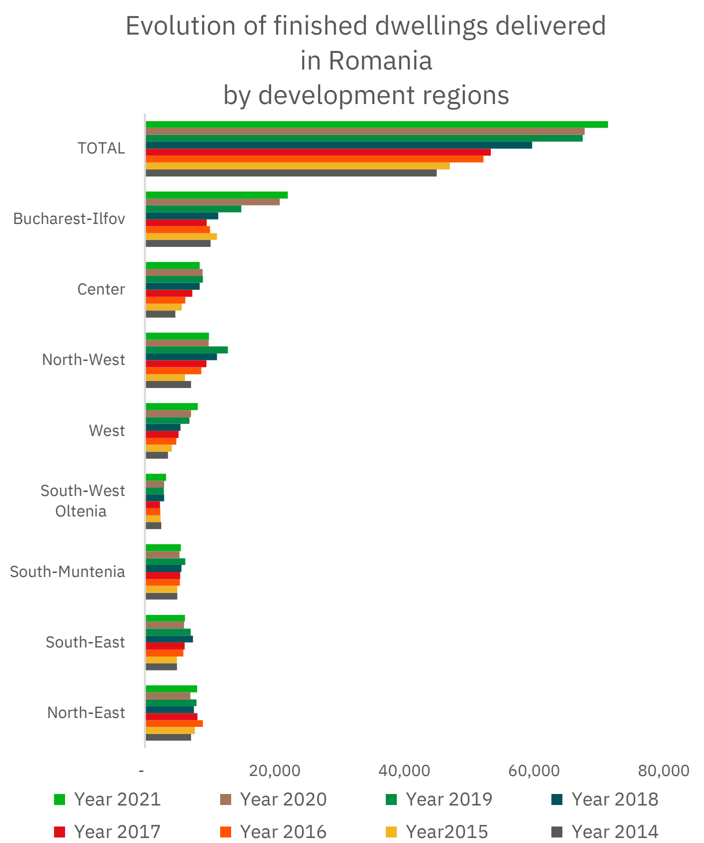
[The study is available on the company's website.]

REAL ESTATE RESIDENTIAL MARKET

2021 – the second year of pandemic brought new records for real estate deliveries and transactions

OFFER

At national level, in 2021, the residential developers delivered 71,420 housing units, a 5% increase as compared to 2020, the North-East region registering the biggest increase of +15%. The Bucharest – Ilfov region has significantly reduced its annual growth, from 40% to 6%, with 22,000 housing units delivered.



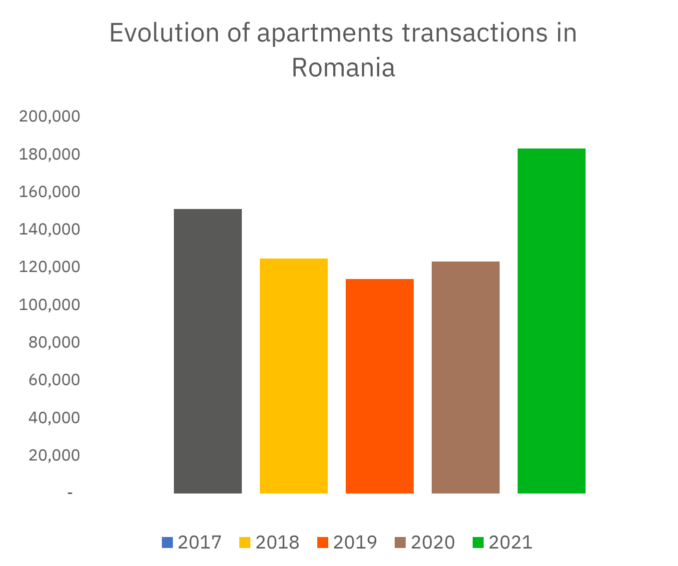
Data Source: NIS, centralized and processed by IMPACT

According to the data provided by NIS (National Institute of Statistics), even if 2021 was the second pandemic year, one in which the effects on the economy began to be significantly felt, at national level, this was the eight year in a row when the real estate developers built more and more houses and apartments. The increase of developers number, the growing appetite for new homes and the homeworking have driven the residential market, for the third year in a row, to over 65,000 dwellings delivered.

DEMAND

The year of 2021 marked a new record on the Romanian residential market, after over 183,000 apartments worth over 12 billion euro were traded, this being the highest level in the last five years.

Thus, residential sales in 2021 knew a 50% increase compared to the previous year. The last record is dating from 2017, the year in which over 150,000 apartments were traded. Out of the total number of apartments sold last year, 52,004 units, ie 28%, were traded only in Bucharest, according to the data provided by the National Agency for Cadastre and Real Estate Advertising (ANCPI).



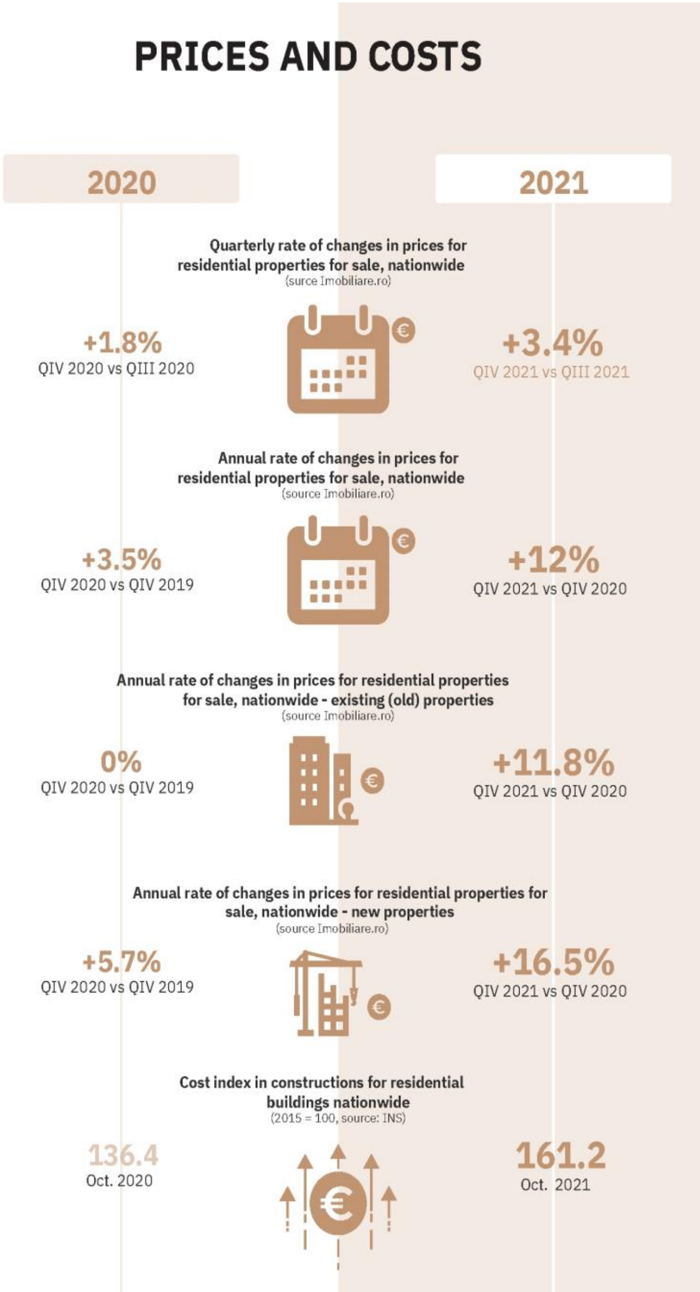
Data Source: ANCPI, centralized and processed by IMPACT

For Bucharest, the most active trading month in 2021 was December, when 5,792 transactions were registered.

The record results registered in 2021 were supported by the easy access to loans and wage increases, despite the price increases caused by the sustained raises of construction materials costs.

In terms of trading values, the latest official data published by Eurostat mention for the third quarter of last year, an annual increase of 9.2% for EU housing units. At the same time, the statistics for Romania are showing an increase of 5.9% for the same period, below the European average growth.

REAL ESTATE RESIDENTIAL MARKET

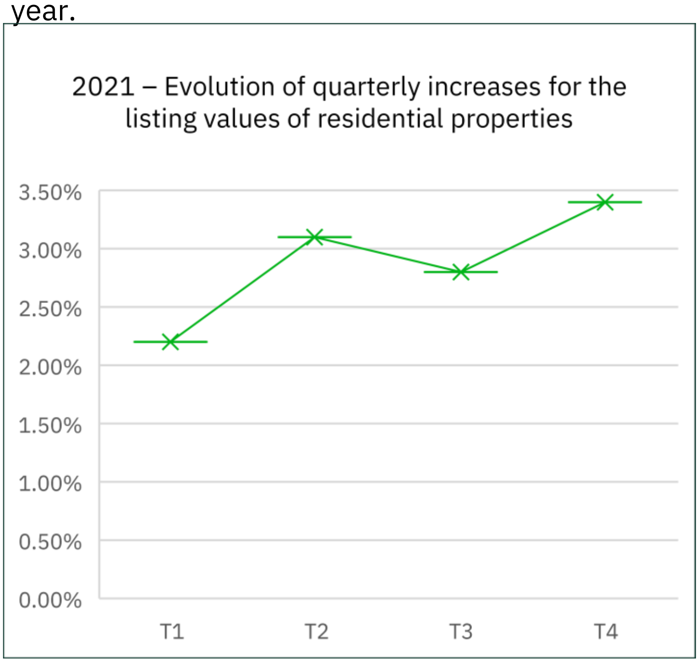


Source: Romanian Residential Market Report Q4 2021 – Analize Imobiliare, Imobiliare.ro

According to the "Romanian Residential Market Report Q4 2021" of *analizeimobiliare.ro,* the annual growth of asking prices for properties available for sale, at national level, in Q4 2021 has been 12%, as compared to Q4 2020 when a modest annual increase was registered, of only 3.5%.

For the newly built housing units, the recorded price increase was even higher, of 16.5%.

Due to maintaining of housing demand at a high levels, despite the pandemic situation, the residential market in Romania continued its upward trend, throughout the past year. According to imobiliare.ro, in the fourth quarter, the average listing value of residential properties recorded an increase of 3.4% as compared to the previous quarter, this being the highest during whole last year.



Source: Romanian Residential Market Report Q4 2021 – Analize Imobiliare, Imobiliare.ro

The rising trend of residential prices will continue even faster than before, if we take into account the crisis of construction materials started last year, the sharp inflation, but also the new regulations on the construction sector (the obligation of nZEB, for example) which involve additional investments, higher costs, thus higher selling prices.

REAL ESTATE RESIDENTIAL MARKET

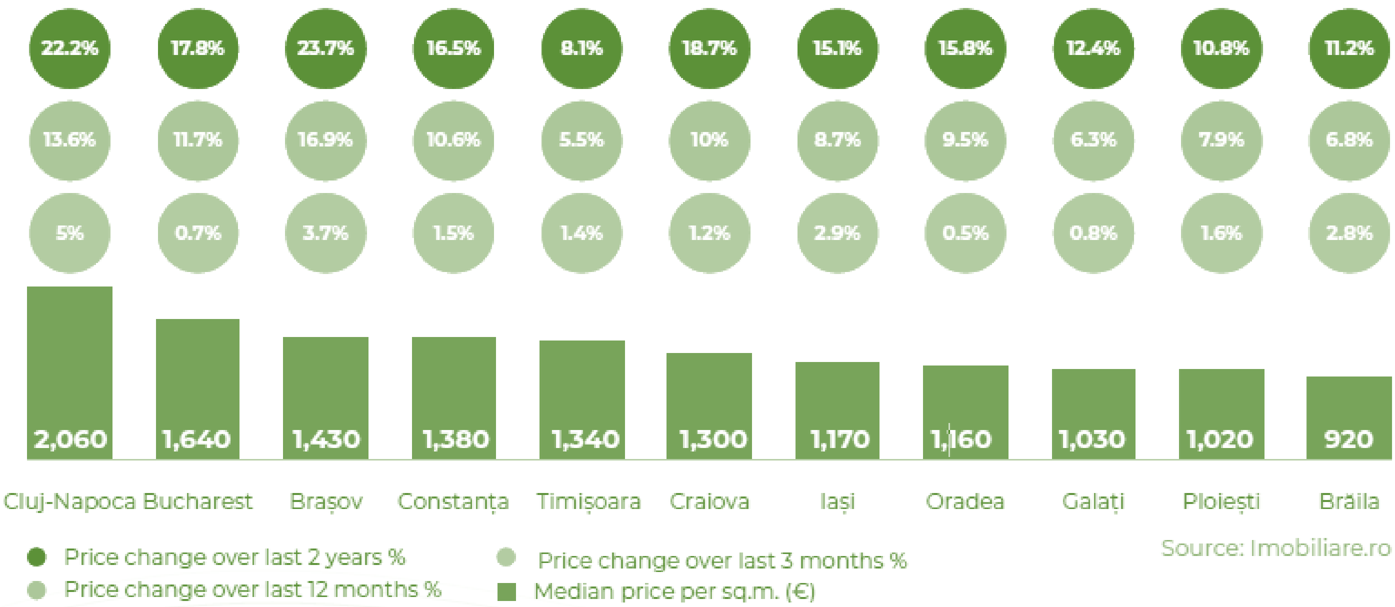
EVOLUTION OF ASKING PRICES IN 2021 IN MAJOR CITIES

Practically, the year 2021 marked for all the 11 big cities of the country, monitored by imobiliare.ro, annual increases of the asking prices for the residential properties, situated between 5.5% and 16.9%.

Worth mentioning, no quarter in 2021 reported price decreases.

Compared to the similar period of the previous year, the prices requested by the sellers on the imobiliare.ro platform registered only increases. The most significant advance took place in Brașov (+16.9%), other double-digit growth margins being recorded in Cluj-Napoca (+13.6%), Bucharest (+11.7%), Constanța (+10.6%) and, respectively, Craiova (+10%). The following positions on the top of price increases are occupied by: Oradea (+9.5%), Iași (+8.7%), Ploiești (+7.9%), Brăila (+6.8%), Galați (+6.3%) and, respectively, Timișoara (+5.5%).

As compared to two years ago, the biggest price difference, respectively +23.7%, can be noticed in Brașov, while Cluj-Napoca is situated on the second position of the top, with 22.2%, and the capital city occupying the fourth position with 17.8%, after Craiova (18.7%).



The residential market in Romania and especially in the major cities, could know a significant growth and, once the conflict in Ukraine is over, it can quickly recover. As long as the need for dwellings remains at a very high level (we are still registering a big number of people per housing unit, Romania being the European country with the highest percentage of overcrowding, three times higher than the European Union average), as long as certain fiscal facilities remain in force (the value for which VAT of 5% is applied), as long as some credit facilities are maintained (state-guaranteed real estate loans), there are premises for a rapid recovery and positive evolution.

STRATEGY HIGHLIGHTS

DEVELOPING SUSTAINABLE COMMUNITIES

GEOGRAPHIC EXPANSION & PORTFOLIO DIVERSIFICATION

- Market-aligned approach
- Focus on medium affordable housing projects and development of communities
- Continuing the developments in the cities in which **IMPACT** operates: Bucharest, Iasi, Constanta
- Geographic expansion to big cities like Timisoara, Brasov, ClujF
- Diversified portfolio to include residential projects, retail, office and commercial
- Large land plots of 10-50 ha in high-demand areas
- Complement with premium projects
- Quality Property and Facility management services after completion with increased automatization & digitalization for increased efficiency
- Minimization of production and sales cycles for the erected buildings in order to maximize the profitability of the invested capital and to minimize the investment payback period
- Identifying and analyzing new investment opportunities matching the models established by **IMPACT**

SUSTAINABILITY FOCUS

- Next generation development
- At the forefront of sustainable practices and built “GREEN” communities
- First residential project with international certification BREEAM Excellent and commitment for certification of all projects
- nZEB construction standard applicable to all new buildings with permit obtained starting January 2021
- Use of renewable energy sources, low emission energy sources, electric mobility and man powered mobility, extended green areas, parks and playgrounds
- Commitment to ESG best practices

FINANCING OPTIMIZATION

- Diversified financing approach
- Continue bond issuance, focus on new green instruments
- Proven history of successful share capital increase and diversification of shareholding structure
- Efficient use of bank financing for project development

STRATEGY HIGHLIGHTS

DEVELOPING SUSTAINABLE COMMUNITIES

OBJECTIVES	PROGRESS 2021	PLAN 2022
GREENFIELD BANEASA RESIDENCE	▪ Starting / continuing the construction works for 870 apartments ▪ Completion and start of sale for 41 apartments ▪ Continuing the construction works for GREENFIELD PLAZA BANEASA	▪ Completion and start of sales for 829 apartments ▪ Operating and generating revenues from GREENFIELD PLAZA BANEASA ▪ Obtaining the building permit for another 598 apartments ▪ Starting the construction works for 1,033 apartments
LUXURIA EXPOZITIEI	▪ Completion of the last 130 apartments of the project	▪ Continuing sales
BOREAL PLUS	▪ Continuing the construction works for the first 209 apartments and 18 villas ▪ Completion of the 18 villas of the project	▪ Completion and start of sale for 209 apartments ▪ Starting the construction works for 132 apartments ▪ Obtaining the building permit for 322 apartments
GREENFIELD COPOU RESIDENCE	▪ Acquisition of a plot of land of 2.6 ha that completes the plot of land of 2.4 acquired in 2020	▪ Obtaining the building permit for 1,062 apartments ▪ Starting the construction works for 300 apartments ▪ Starting the construction of GREENFIELD COPOU PLAZA
GREENFIELD CITY CENTER & GREENFIELD WEST	▪ Analysis and beginning to define development concepts ▪ Preparation to start the authorization process	▪ Defining the development concepts and design ▪ Continuing the authorisation process
Identifying new locations for developments	▪ Market research for lands located in Bucharest and throughout the country	▪ Land acquisition for developments in Bucharest and other cities throughout the country

FINANCIAL RESULTS

Financial performance

RON thousands	2021	2020	Var. %
Revenue from real estate inventories	137,585	204,397	(33%)
Costs of real estate inventories	(87,739)	(141,007)	(38%)
Gross profit	**49,846**	**63,390**	**(21%)**
Operating expenses/income, net	(36,590)	(29,111)	26%
Depreciation and amortization	(1,159)	(1,738)	(33%)
Gains on investment property and impairment of assets	86,651	64,328	35%
Operating profit	**98,748**	**96,869**	**2%**
Financial result	(3,452)	(5,426)	(36%)
Profit before income tax	**95,296**	**91,443**	**4%**
Income tax credit/(charge)	(16,496)	(16,587)	(1%)
Profit for the period	**78,800**	**74,856**	**5%**

Source: Audited IFRS consolidated financial statements as at 31 December 2021

Revenues and gross profit recorded in 2021 reflect the current stage of **IMPACT**'s activity, namely a new development cycle translating into low completed inventory for which sales and related revenues can be recorded, especially for GREENFIELD BANEASA (the product addressed to the middle segment of the residential market) that was the driver for **IMPACT**'s revenues in previous periods. At the beginning of 2021, there were 41 completed apartments in GREENFIELD BANEASA and, in 2021, were completely finalized 59 units in the new developments (41 apartments in GREENFIELD BANEASA and 18 villas in BOREAL PLUS).

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 2021, were sold 183 units (368 in 2020) in relation to which revenues were booked, of which 140 apartments in LUXURIA EXPOZITIE (163 in 2020) and 39 units in GREENFIELD BANEASA (205 in 2020). In terms of revenue structure, in 2021, the number of apartments sold for the upper-class segment LUXURIA EXPOZITIEI represents 77% (44% in 2020), while those in GREENFIELD BANEASA contributed 21% (56% in 2020).

The average selling price for LUXURIA EXPOZITIEI and GREENFIELD BANEASA had a positive impact recording a 24% increase, from EUR 1,157 / sqm built sealable in 2020 to EUR 1,440 / sqm built sealable in 2021.

Both in 2021 and 2020 were recorded revenues for the sale of a 1.68 ha plot of land located in Constanta, namely ROM 3 million in 2021 and RON 12.2 million in 2020.

The increase in operational expenses is mainly explained by the increase in general expenses due to the expansion of the activity in other cities, the number of projects under development, staff costs and marketing costs. Also, operating expenses include RON 1,838 thousand representing the stamp tax in relation to the litigation involving the land located in Barbu Vacarescu.

The financial result mainly includes interest expenses for the bonds issued and bank loans for developments of residential projects and related unrealized foreign exchange losses due to depreciation of RON – EUR exchange rate (31 Dec 2021: 4.9481 RON/EUR, 31 Dec 2020: 4.8694 RON/EUR). Also included here is the gain from the sale of the shares held by **IMPACT** in Star Residence (RON 54 thousand in 2021 and RON 4,819 thousand in 2020).

The income tax expense includes deferred income tax (net) of RON 12,471 thousand (2020: 9,331 thousand).

FINANCIAL RESULTS

Financial position

RON thousands	31-Dec-21	31-Dec-20	Var. %
Non-current assets, of which	**587,318**	**467,552**	**26%**
Investment property	571,882	457,706	25%
Property, plant and equipment	15,215	7,552	101%
Current assets, of which	**617,094**	**520,337**	**19%**
Inventories	538,922	434,741	24%
Cash and cash equivalents	42,037	59,022	(29%)
Total assets	**1,204,412**	**987,889**	**22%**
Liabilities, of which	**487,558**	**347,061**	**40%**
Loans and borrowings	337,033	255,836	32%
Equity	**716,854**	**640,828**	**12%**
Total equity and liabilities	**1,204,412**	**987,889**	**22%**

Source: Audited IFRS consolidated financial statements as at 31 December 2021

Assets

Inventories account for 45% of total assets as at 31 December 2021 and recorded a 24% increase compared to 31 December 2020, increase driven by the expansion of the **IMPACT**'s activity and construction works for new projects / project phases in GREENFIELD BANEASA, BOREAL PLUS, LUXURIA EXPOZITIEI and the acquisition of a 25,930 sqm plot of land in Iasi for the GREENFIELD COPOU project.

Investment property accounts for 48% of total assets as at 31 December 2021 and mainly includes land owned by **IMPACT** in Bucharest and Oradea. The 25% increase in investment property compared to 31 December 2020 is mainly due increase in land market value and to construction works for GREENFIELD PLAZA BANEASA.

IMPACT recorded the appreciation of the market value of the land from investment property based on the revaluations made by Colliers Valuation and Advisory SRL as at 31 December 2021.

Equity and liabilities

External and own funds were used to fund the expansion of **IMPACT**'s activity, resulting in a 32% increase and 29% decrease in loans and borrowings and cash, respectively compared to 31 December 2020.

Equity stood at 60% of total assets as at 31 December 2021 and increased by 12% compared to 31 December 2020, due to positive net results recorded in 2021.

Loans and borrowings stood at 28% of total assets as at 31 December 2021 (26% as at 31 December 2020). In 2021, **IMPACT** used bank loans for the financing of the last 130 apartments of LUXURIA EXPOZITIEI, the first 209 apartments developed in BOREAL PLUS and 138 apartments developed in GREENFIELD BANEASA, as well as a working capital line.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors represents the decision-making body with regard to all matters that are significant for **IMPACT D&C** in its entirety, due to their strategic, financial or reputational consequences. The Board of Directors shall delegate **IMPACT D&C** management competences under the terms and to the extent provided for by law and by the Articles of Association.

The Board of Directors shall perform all acts that are necessary and useful in order to achieve **IMPACT D&C**'s business object, except for the ones provided for by law in the competence area of the General Meeting of Shareholders and the ones delegated to the chief executive officer.

The Board of Directors is structured in such manner as to allow its duties to be fulfilled with due diligence. The Board of Directors shall meet on a regular basis in order to ensure the fulfilment of its duties in an efficient manner. There is a clear distribution of responsibilities between the Board of Directors and the executive management.

On 21 April 2021, in the General Shareholders' Meeting, the members of the Board of Directors of **IMPACT D&C** were elected for a term of four years (28 April 2021 – 28 April 2025), namely: Iuliana Mihaela Urdă (Chairman of the Board of Directors), Alina Scarlat, Daniel Pandele, Intrepid Gem SRL (Petru Văduva) and Sorin Apostol. There were no changes regarding the members of the Board of Directors, except for Mr. Sorin Apostol who is a new member of the Board of Directors. Mr. Laviniu Dumitru Beze was revoked and Mr. Sorin Apostol was appointed as member of the Board of Directors.

The Board of Directors has 5 members:

- Iuliana-Mihaela Urdă, Director, Chairmen of the Board of Directors
- Intrepid Gem SRL through Petru Văduva, Director
- Ruxandra-Alina Scarlat, Director
- Sorin Apostol, Director
- Daniel Pandele, Director

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT

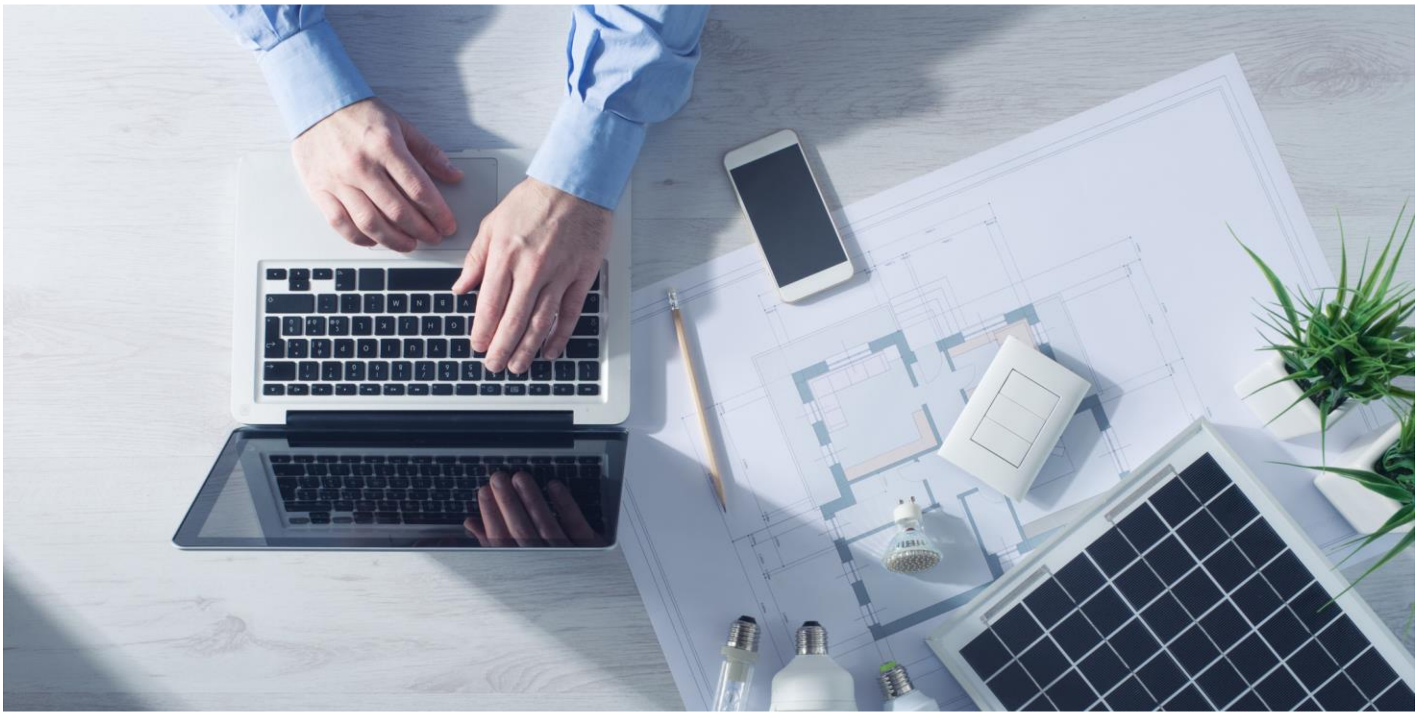
On 28 April 2021, the Board of Directors of **IMPACT D&C** decided to appoint Mr. Constantin Sebeşanu as General Manager for a term of four years.

Mr. Constantin Sebeşnu replaced Mr. Sorin Apostol, who holds the position of Executive Director, starting with the same date.

Mr. Constantin Sebeşanu will continue **IMPACT** development strategy at the level of existing projects, as well as the initiation of new projects to strengthen the top position **IMPACT** currently holds in the residential market.

In the summer of 2018, **IMPACT** has recruited Mr. Giani Kacic for the position of Chief Financial Officer. Mr. Kacic led the finance departments and was empowered to represent the company together with the General Manager until 31 December 2021.

Starting with 1st January 2022, the persons empowered to represent the company are the General Manager – Mr. Constantin Sebeșanu, together with the Executive Manager – Mr. Sorin Apostol, the latter replacing Mr. Giani Iulian Kacic.



MAIN RISKS AND UNCERTAINTIES THAT MAY AFFECT IMPACT's ACTIVITY

Risk	Management
Market risk	The global and local economic instability might have a negative effect upon **IMPACT**'s cash holdings. This issue is closely monitored and necessary actions are taken to ensure **IMPACT**'s stability. The slowdown of the economic growth and consumption in Romania might have a negative effect upon **IMPACT**'s activity. **IMPACT** takes necessary actions to make sure that its products remain attractive and are adjusted to the market requirements.
Legal environment	The legal changes, the amendments to the permit obtaining procedure might have negative effects upon **IMPACT**'s activity. Such changes and the effects upon **IMPACT**'s activity are constantly monitored by **IMPACT**.
Credit risk	As a real estate developer, **IMPACT** relies on equity and funding obtained from third parties for the projects development. The limitation of access to financing might have negative effects upon **IMPACT**'s capacity to develop new project. The management of **IMPACT** constantly monitors this issue and strives to diversify **IMPACT** 's financing sources. A significant share of **IMPACT**'s clients resort to bank loans for the acquisition of residences. Any strengthening of the conditions for the bank loans might have negative effects upon the apartment sales. **IMPACT** takes all necessary measures to mitigate the negative effects of such regulatory changes upon its activity.
Currency risk	A significant increase of the foreign exchange rate for EUR might result in higher payments for loans, bonds and acquisitions made in relation to the construction works expressed in EUR. The main liabilities expressed in EUR are the bonds, the loan obtained for project financing and the construction agreements with the general contractor.
Geographic risk	**IMPACT**'s activity is concentrated in Bucharest. The geographical risk will be mitigated by expanding developments in Constanta, Iasi and other important cities in the country.
SARS-COV-2 pandemic	The development of the COVID-19 virus and its social and economic impact in Romania and globally may result in assumptions and estimates requiring revisions. The longer-term impact may also affect trading volumes, cash flows, and profitability. **IMPACT** closely monitored the effects of the COVID-19 pandemic and its effects on the real estate market and the economic environment in the country and took all necessary measures to minimize the impact and respects its commitments towards customers, financers and shareholders.

CORPORATE GOVERNANCE

Corporate governance complies with the Romanian legislation in force, aiming to ensure both accuracy and transparency in terms of **IMPACT**'s outcomes, and equal access of all shareholders to relevant information on **IMPACT**.

IMPACT D&C is managed under unitary system, its management being provided by the Chief Executive Officer, Mr. Constantin Sebeşanu, along with the Chief Executive Officer, Mr. Sorin Apostol under surveillance of the Board of Directors.

Corporate governance elements are implemented within **IMPACT D&C**, pursuant to the Code of Corporate Governance adopted by the Board of the Stock Exchange in December 2016.

IMPACT D&C has made and shall make all professional, legal and administrative endeavors required in order to ensure alignment with the provisions of the Code of Corporate Governance and the transparent presentation of such results.

IMPACT D&C publishes in a dedicated section of its website details on the sessions of the General Meeting of Shareholders, specifically summons, materials/documents on the agenda, special power-of-attorney forms, correspondence voting forms, decision drafts.

Moreover, **IMPACT D&C** informs all shareholders immediately after a session of the General Meeting of Shareholders, via its website dedicated section, about the decisions adopted in the General Meeting of Shareholders and the detailed result of the voting. **IMPACT D&C** also makes available for the shareholders / investors current reports, releases, the financial schedule, annual, half-yearly, quarterly reports. Direct relation with the investors is ensured by an appointed person, dedicated to informing the shareholders depending on their questions addressed in writing or by telephone.

Information on corporate governance are reported from time to time in the corporative governance statement included in the annual report and permanently updated by current reports and the website.

Along the years, **IMPACT D&C** complied with the provisions of Corporate Governance Code and currently carries out arrangements to comply with the provisions of the New Corporate Governance Code as well.

The Board of Directors met 48 times in 2021.

Independent members of the Board of Directors

- Inrepid Gem SRL, through Petru Văduva
- Ruxandra-Alina Scarlat
- Daniel Pandele

CORPORATE GOVERNANCE

Codes and policies

IMPACT D&C has adopted the following documents on which corporate governance is based since 2014:

- Anticorruption code
- Code of conduct
- **IMPACT D&C** 's ethical values
- Health and safety policy
- Reporting policy

IMPACT's internal control is performed:

- via the Procurement Department: the agreements shall be signed by the Legal Department, Procurement Manager, Chief Financial Officer and Chief Executive Officer;
- by the verification of the sale agreements by the Legal and Finance Departments; the agreements shall be signed by the Chief Executive Officer and the Chief Financial Officer, or by proxies with special power of attorney;
- by preventive financial control, whereby the agreements' compliance is checked;
- by following up the payments to be checked by Preventive Financial Control and approved by the Chief Financial Officer and the Chief Executive Officer;
- by the implementation of the codes of conduct and ethics that are required in business and specific procedures that are enforced and applicable to all directors, managers, administrators, persons having control or management roles, employees, auditors, business partners, collaborators. Thus, **IMPACT** applies the Anticorruption Policy, the Code of Conduct, the Essential Ethic Values Policy, the Health and Safety Policy, the Labor Law, the Environment Protection, the Reporting Policy.

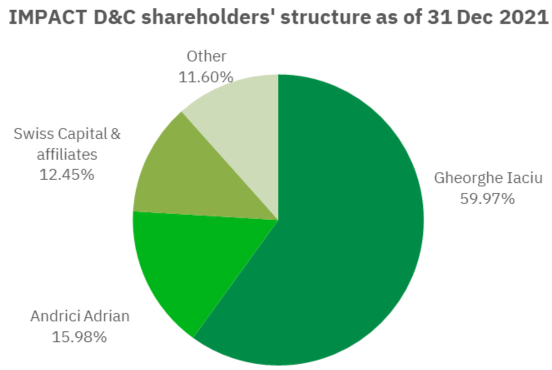
Auditor of IMPACT

Ernst & Young S.R.L. was appointed by the decision of the General Meeting of Shareholders dated 21 April 2021, to audit the financial statements for 2021, prepared under the responsibility of **IMPACT D&C**'s management according to the international standards – IFRS (including the consolidated financial statements). The auditors' liability towards **IMPACT D&C** and the General Meeting of Shareholders shall be determined and limited according to the law and the agreement concluded with them.

In 2021 the statutory auditor Ernst & Young Assurance Services SRL had a contractual statutory audit fee of EUR 100,000 (2020: 44.000 EUR) (for the statutory audit of the standalone and consolidated annual financial statements of the Company and of its Romanian subsidiaries and associates, as well as for the financial statements in ESEF digital format- only for year 2021). Services contracted with the statutory auditor other than audit services were of EUR 9,100 (2020: 9.500 EUR), representing mainly tax advisory services and other assurance services in relation to certain reports issued by the Company that are not prohibited by Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

Iuliana Mihaela Urdă
Chairman of the Board of Directors

IMPACT ON THE CAPITAL MARKET



As per the information provided by the Central Repository, on 31 Dec 2021, 85.76% of the shares were held by natural persons and 14.24% of the shares were held by legal entities.

IMPACT D&C is listed on the Bucharest Stock Exchange since 1996.
As of 2006, its shares, currently amounting to 1,659,231,295, are listed in the 1st category of the Bucharest Stock Exchange, and since January 2015, **IMPACT D&C** shares are traded in the Premium category, according to the new segmentation of the Bucharest Stock Exchange. There are no restrictions for the security transfer, there are no restrictions for the voting rights, and there are no holders of securities with special control rights.

IMPACT D&C SHARE PRICE vs. BET (2017 – 10 January 2022)

- RON 0.7 / share as at 31 December 2021, representing an increase of 120% y-o-y
- RON 1.1 billion market capitalization (EUR 223 million) as at 31 December 2021
- 1,575 million shares and RON 394 million share capital, following the split of the shares and the increase of share capital by reserves incorporation in 2021
- BRK Financial Group acting as Market Maker

CHANGES IN SHARE CAPITAL STRUCTURE IN 2021

As at 31 December 2021, the share capital of **IMPACT D&C** consisted of a number of 1,575,000,000 shares with a nominal value of RON 0.25 / share. In 2021, there were changes in the share capital of **IMPACT D&C** as presented below.

At the General Shareholders' Meeting held on 19.02.2021 and 21.04.2021, respectively, the following changes in the **IMPACT D&C's** share capital were decided:

- 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 own shares, acquired by **IMPACT D&C**;
- 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 25 June 2021 (1 free share for 2 shares held);
- The split of the shares resulting from the above operations (393,750,000 shares) and of the nominal value of the shares in a 1: 4 split ratio.

The process of the share capital change, as decided at the GMS held on 21.04.2021, was started in June 2021 and was completed at the beginning of July 2021.

IMPACT ON THE CAPITAL MARKET

Dividend granted in the last 4 years

- In 2017 the granting of dividends for 2016 was decided, at 0.0404 RON / share, amounting to a total of mRON 11.23 (according to the Decision of the General Meeting of Shareholders dated 28 April 2017)
- In 2019 the granting of dividends for 2018 was decided, at 0.034 RON / share, amounting to a total of mRON 9.3 (according to the Decision of the General Meeting of Shareholders dated 24 April 2019)
- In 2020 the granting of dividends for 2019 was decided, at 0.04 RON / share, amounting to a total of mRON 10.7 (according to the Decision of the General Meeting of Shareholders dated 28 April 2020)
- In 2021, free shares were granted in a 1: 2 ratio following the changes in the share capital

Status of shares redeemed as at 31 December 2021

In 2021, share redemption programs were ongoing in accordance with GMS no. 1 of April 28, 2020 (maximum 10,000,000 shares) and GMS no. 2 of April 21, 2021 (maximum 30,000,000 shares):

- Shares redeemed and canceled, with the reduction of the share capital in 2021 – 2,500,000 shares
- Redeemed shares balance as at 31 December 2021 – 1,370,920 shares
- Shares granted to employees and members of the Board of Directors in 2021 – 2,572,000 shares

Shares held by the members of the Board of Directors on 31 December 2021

- Mrs. Iuliana Mihaela Urdă holds 0.08% of **IMPACT D&C** shares, specifically a number of 1,192,388 shares
- Intrepid Gem SRL holds 0.06% of **IMPACT D&C** shares, specifically a number of 888,000 shares
- Mrs. Ruxandra-Alina Scarlat holds 0.09% of **IMPACT D&C** shares, specifically a number of 1,379,000 shares
- Mr. Daniel Pandele holds 2.07% of **IMPACT D&C** shares (0.13% as natural person and 1.94% through Danielis Star Company), specifically a total number of 32,600,000 shares
- Mr. Sorin Apostol holds 3.33% of **IMPACT D&C** shares, specifically a total number of 52,495,240 shares.

Increase in share capital

Increase of **IMPACT D&C**'s share capital, by contribution in cash, with a cumulative number of shares not exceeding 775,000,000 was decided by the Extraordinary General Meeting of Shareholders held on 20 August 2021.

Further steps were taken by the Board of Directors on 20 September 2021, in accordance with the mandate given by the Extraordinary General Meeting of Shareholders, with increase of share capital expected to take place by private placement.

On 3 January 2022, the Board of Directors decided to offer for private subscription a maximum number of 350,000,000 shares at a price of 0.70 RON / share between 4 January 2022 – 21 January 2022. There were subscribed 84,231,295 new shares with a subscription value of RON 58,961,906.50.

EPRA NET ASSET VALUE

In October 2019, the European Public Real Estate Association ('EPRA') published new performance measures for EPRA Net Assets that are replacing the previous EPRA Net Assets measure.

Three new measures of net asset value were introduced: Net Reinvestment Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV).

The Net Asset Value as per the IFRS consolidated financial statements and EPRA

METRICS	31-Dec-2019	31-Dec-2020	31-Dec-2021
IFRS (consolidated)			
Net profit (RON thousand)	154,484	74,856	78,800
Net asset value ("NAV", RON thousand)	583,941	640,828	716,854
NAV/Share (RON)	0.37	0.41	0.46
EPRA* Net Asset Value (consolidated)			
EPRA NRV (RON thousands)	818,273	917,518	1,044,043
EPRA NTA (RON thousands)	795,145	889,732	1,009,577
EPRA NDV (RON thousands)	772,303	862,218	975,553
EPRA NRV/Share (RON)	0.52	0.58	0.66
EPRA NTA/Share (RON)	0.50	0.56	0.64
EPRA NDV/Share (RON)	0.49	0.55	0.62

*European Public Real Estate Association
Metric / share considering 1,575 million shares for all periods

The EPRA value as at 31 December 2021 was determined based on the valuations 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), except for the items specified below.

The EPRA value as at 31 December 2019 and 31 December 2020 was determined based on the valuations performed by Colliers using the market approach.

The reconciliation between the Net Book Assets according to the IFRS consolidated financial statements and the EPRA standard is presented below.

RON thousand	31-Dec-2019			31-Dec-2020			31-Dec-2021		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
NAV per the IFRS financial statements	**583,941**	**583,941**	**583,941**	**640,828**	**640,828**	**640,828**	**716,854**	**716,854**	**716,854**
Include:									
i) Revaluation of property developed for sale	39,796	39,796	39,796	126,663	126,663	126,663	150,844	150,844	150,844
ii) Revaluation of land held as inventory	148,566	148,566	148,566	94,727	94,727	94,727	95,403	95,403	95,403
iii) Revaluation of land held as investment property	-	-	-	-	-	-	12,453	12,453	12,453
Exclude:									
iv) Deferred tax	45,970	22,985	-	55,300	27,650	-	68,490	34,245	-
v) Intangibles as per the IFRS financial statements	-	(143)	-	-	(136)	-	-	(221)	-
EPRA Net Assets	**818,273**	**795,145**	**772,303**	**917,518**	**889,732**	**862,218**	**1,044,043**	**1,009,577**	**975,553**

EPRA NET ASSET VALUE

i) Revaluation of property developed for sale

The inventories/finished goods (e.g. apartments) refer to completed phases of GREENFIELD BANEASA, LUXURIA EXPOZITIEI and BOREAL PLUS.

The increase/difference between the market value 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 by using **a)** the value of the pre-sale agreements and reservations existing on 31 December 2021 and **b)** the revaluations made by Colliers (market approach) for the units for which no pre-sale and reservation contracts were concluded as at 31 December 2021.

ii) Revaluation of land held as inventory

The land held as inventory where GREENFIELD BANEASA, GREENFIELD COPOU and BOREAL PLUS are developed were revalued by Colliers by using both the investment value method and the market comparison method as at 31 December 2021.

The adjustment was made to reflect the market value of the plots of land included in inventories, as they are held in the IFRS financial statements at the value from the date on which they were included in inventory. For the market value, the investment value determined by Colliers was mainly used.

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 approach. The adjustment included to determine the EPRA Net Asset Value as at 31 December 2021 refers to the land related to GREENFIELD PLAZA BANEASA and was made to reflect its investment value determined by Colliers as at 31 December 2021.

iv) 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). This id 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.

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2021	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
Section A – Responsibilities		
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES	
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES	
A.3. The Board of Directors or the Supervisory Board should have at least five members.	YES	
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:	YES	
A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years;	YES	
A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;	YES	
A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2021	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
Section A – Responsibilities		
A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;	YES	
A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;	YES	
A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;	YES	
A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;	YES	
A.4.8. Not to have been a non-executive director of the company for more than twelve years;	YES	
A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.	YES	
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2021	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	NO	The Board of Directors manages the documents / activities with the support of the secretariat and the legal department, which provides logistical support for the organization and conduct of the Board meetings
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	Partial	Members of the Board of Directors are assessed annually in accordance with performance indicators defined in their internal policies and mandate contracts. The Board will re-examine the A8 requirements in 2022, mainly with regard to the Board of Directors' assessment policy.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES	
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	YES	
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	YES	
Section B – Risk management and internal control system		
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES	
B.2. The audit committee should be chaired by an independent non-executive member.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2021	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Under implementation	The evaluation of the internal control system for 2021 is ongoing. Not later than the end on the second half of 2022, the evaluation committee will present the conclusion, recommendations and the related action plan (if the case).
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	YES	
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES	
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES	
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES	
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES	
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	YES	
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2021	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES	
Section C – Fair rewords and motivation		
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	YES	
Section D – Building value through investors' relations		
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES	
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2021	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	YES	
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	YES	
D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	YES	
D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	YES	
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;	YES	
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	YES	
D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The state of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2021	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	YES	
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES	
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	YES	
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	YES	
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES	
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES	
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	YES	
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	Partial	IMPACT supports and organizes various sport and environmental protection activities, both physically and educationally. These activities are presented on IMPACT D&C website and Impact D&C works to develop a related policy.

APPENDIX 2

OTHER INFORMATION

IMPACT's EMPLOYEES

At the end of 2021, **IMPACT D&C** had a number of 63 employees, of which 2 were on maternity leave. Additionally, **IMPACT D&C** has a 5-member Board of Directors.

At the same time, Actual Invest House has a number of 19 employees and 2 administrators and Impact Finance had 2 employees, one of whom was on maternity leave and 1 Administrator.

There is no trade union in **IMPACT**. There is 1 employer representative and 2 employee representatives.

Labor relations are regulated by:

- labor contract
- job description
- the company's internal regulations
- the code of conduct within the company
- the essential ethical values within society

The remuneration of the directors and Board of Directors, who are the key management personnel of the Group, for the year ended 31 December 2021 is RON 3,005 thousand (31 December 2020: RON 1,575 thousand).

FINANCIAL RATIOS (CONSOLIDATED, IFRS)

RON thousands		31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21
Net profit	A	(4,732)	29,638	51,098	20,828	154,484	74,856	78,800
Inventories	B	190,759	295,688	447,526	365,753	430,725	434,741	538,922
Current assets	C	233,741	328,374	418,340	422,310	509,071	520,337	617,094
Current liabilities	D	78,044	49,829	156,458	141,074	132,918	122,395	262,033
Total assets	E	465,866	482,610	626,977	647,551	901,972	987,889	1,204,412
Total liabilities	F	107,931	95,027	199,527	200,745	318,031	347,061	487,558
Equity	G	357,935	387,583	427,450	446,808	583,941	640,828	716,854
Loans and borrowings	H	45,789	49,626	163,553	148,994	197,635	255,836	337,033
Loans and borrowings, short term	*I*	*32,561*	*21,107*	*30,152*	*34,894*	*58,822*	*88,379*	*186,912*
Loans and borrowings, long term	*J*	*13,228*	*28,519*	*133,401*	*114,100*	*138,813*	*167,457*	*150,121*
Cash and cash equivalents	K	17,267	17,632	47,476	30,740	45,462	59,022	42,037
Net debt	L (H-K)	28,522	31,994	116,077	118,254	152,173	196,814	294,996
EBITDA	M	(5,977)	37,503	71,728	36,557	190,226	98,607	99,907
Interest paid	N	1,348	1,386	2,195	5,494	2,508	6,134	6,617
Ratios								
Loans and borrowings / EBITDA	H/M	n.a.	1.32	2.28	4.08	1.04	2.59	3.37
Net debt / EBITDA	L/M	n.a.	0.85	1.62	3.23	0.80	2.00	2.95
EBITDA / Interest paid	M/N	n.a.	27.06	32.68	6.65	75.85	16.08	15.10
Return on Assets	A/E	(1.02%)	6.14%	8.15%	3.22%	17.13%	7.58%	6.54%
Return on Equity	A/G	(1.32%)	7.65%	11.95%	4.66%	26.46%	11.68%	10.99%
Gearing ratio	H/G	12.79%	12.80%	38.26%	33.35%	33.85%	39.92%	47.02%
Current ratio	C/D	3.00	6.59	2.67	2.99	3.83	4.25	2.36
Quick ratio	(C-B)/D	0.55	0.66	(0.19)	0.40	0.59	0.70	0.30

CHAPTER 2

IMPACT DEVELOPER & CONTRACTOR S.A.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021

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:**

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

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment	**7**	15,215	7,552
Intangible assets		221	136
Investment property	**8**	571,882	457,706
Investments accounted for using the equity method	**9**	-	2,158
Total non-current assets		**587,318**	**467,552**
Current assets			
Inventories	**10**	538,922	434,741
Trade and other receivables	**11**	36,135	26,574
Cash and cash equivalents	**12**	42,037	59,022
Total current assets		**617,094**	**520,337**
Total assets		**1,204,412**	**987,889**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	**13**	401,214	272,464
Share premium		(4,475)	65,711
Revaluation reserve		3,001	3,001
Other reserves		14,279	13,305
Own shares	**14**	(841)	(2,675)
Retained earnings		303,676	289,022
Total equity		**716,854**	**640,828**
Non-current liabilities			
Loans and borrowings	**15**	150,121	167,457
Trade and other payables	**16**	6,914	1,909
Deferred tax liability	**22**	68,490	55,300
Total non-current liabilities		**225,525**	**224,666**

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

	Note	31 December 2021	31 December 2020
Current liabilities			
Loans and borrowings	**15**	186,912	88,379
Trade and other payables	**16**	73,833	33,349
Provisions for risks and charges	**17**	1,288	667
Total current liabilities		**262,033**	**122,395**
Total liabilities		**487,558**	**347,061**
Total shareholders' equity and liabilities		**1,204,412**	**987,889**

The consolidated financial statements have been authorized for issue by the management on 24.03.2022 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 December 2021	31 December 2020
Revenue from real estate inventories	**18**	137,585	204,397
Costs of real estate inventories		(87,739)	(141,007)
Gross profit		***49,846***	***63,390***
Net rental income		543	928
General and administrative expenses	**19**	(22,741)	(21,865)
Marketing expenses		(6,372)	(4,545)
Other income/expenses	**20**	(8,020)	(3,629)
Depreciation and amortization	**7**	(1,159)	(1,738)
Gains from investment property	**8**	86,651	64,328
Operating profit		***98,748***	***96,869***
Finance income		2,815	5,417
Finance cost		(6,267)	(10,843)
Finance result net (loss)	**21**	**(3,452)**	**(5,426)**
Profit before income tax		***95,296***	***91,443***
Income tax credit/(charge)	**22**	(16,496)	(16,587)
Profit for the period		***78,800***	***74,856***
Total comprehensive income attributable to:			
Owners of the Company		78,800	74,856
Total comprehensive income for the period		**78,800**	**74,856**
Result per share			
Basic result per share (RON/share)	**29**	0.05	0.05

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	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	**13**	131,250	(69,487)	-	-	-	(61,763)	-
Own shares acquired and cancelled during the year	**14**	(2,500)	(699)	-	-	3,199		-
Own shares acquired	**14**	-	-	-	-	(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	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2020		**281,907**	**68,760**	**3,001**	**9,179**	**(7,771)**	**228,865**	**583,941**
Comprehensive income								
Profit for the year		-	-	-	-	-	74,856	74,856
Other comprehensive income		-	-	-	-	-		
Total comprehensive income		**-**	**-**		**-**		**74,856**	**74,856**
Own shares acquired and cancelled during the year	**14**	(9,443)	(3,049)	-	-	12,492	-	-
Own shares acquired	**14**	-	-	-	-	(9,610)	-	(9,610)
Share-based payment	**24**	-	-	-	-	2,214	-	2,214
Dividends to the owners of the Company							(10,449)	(10,449)
Set up of legal reserves		-	-	-	4,126	-	(4,126)	-
Revaluation reserve		-	-	-	-	-	(143)	(143)
Transfer of other reserves to retained		-	-	-		-	(124)	(124)
Balance at 31 December 2020		**272,464**	**65,711**	**3,001**	**13,305**	**(2,675)**	**289,022**	**640,828**

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	2021	2020
Profit for the period		**78,800**	**74,856**
Adjustments to reconcile profit for the period to net cash flows:		**(61,407)**	**(36,912)**
Valuation gains on investment property	8	(86,651)	(64,328)
Gain on disposal of investment property	8	8,462	-
Reversal of impairment loss for PPE/IP	7	(2,548)	4,241
Depreciation of property, plant and equipment	7	791	1,601
Share based payments	24		2,214
Finance income	21	(2,815)	(689)
Finance cost		6,267	10,843
Other adjustments from non-cash transactions		(1,409)	(124)
(Decrease) / deferred tax increase		16,496	9,330
Working capital adjustments		**(69,628)**	**(41,709)**
Decrease/(increase) in trade receivables and other receivables	11	(9,500)	6,310
Decrease in prepayments	11	(61)	-
Decrease in inventory property	10	(107,080)	(9,997)
(Decrease)/increase in trade, other payables, and contract liabilities	16	51,508	(30,590)
(Decrease)/increase in provisions	17	621	(240)
Income tax paid	22	(5,116)	(7,192)
Net cash flows from operating activities		**(52,235)**	**(3,765)**
Investing activities			
Proceeds (payments) of Investment Property	9	2,158	(2,158)
Purchase of property, plant and equipment	7	(329)	(4,995)
Payments for own shares	14	(1,365)	(9,610)
Expenditure on investment property under development	8	(30.540)	(3,607)
Expenditure on PPE under development	7	(8,361)	7
Proceeds from property, plant and equipment	7	177	569
Interest received		-	-
Net cash flows from investing activities		**(38,260)**	**(19,794)**

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

	Note	2021	2020
Cash flows from financing activities:			
Proceeds from borrowings	15	197,269	163,586
Repayment of principal of borrowings	15	(117,141)	(109,884)
Dividends paid	13	-	(10,449)
Interest paid	15	(6,617)	(6,134)
Net cash used in financing activities		**75,511**	**37,119**
Net increase / (decrease) of cash and equivalents		**(16,986)**	**13,560**
Cash and equivalents as at 1 January	12	**59,022**	**45,462**
Cash and equivalents as at 31 December	12	**42,037**	**59,022**

The consolidated financial statements have been authorized for issue by the management on 24.03.2022 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 year ended 31 December 2021.

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 at 31 December 2021 and 31 December 2020 is disclosed in Note 13.
The Consolidated Financial Statements of the Company for the year ended 31 December 2021 include the Company and its subsidiaries (together referred to as the „Group") as follows:

	Country of registration	Nature of activity	% of shareholding at 31 December 2021	% of shareholding at 31 December 2020
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%	0%
Greenwise Development SRL	Romania	Real estate development	100%	0%
Greenfield Property Management SRL	Romania	Real estate development	100%	0%

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, the business of Impact Developer&Constructor is mainly related to projects Greenfield residential complex and Luxuria in Bucharest and 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 accounting policies below.

2. BASIS OF PREPARATION (continued)

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
• Evolution of real estate projects
• Cash and external financing

As regards pre-sales, the Group expects a significant increase in volume in 2022 due to the projects the Group is currently carrying out in Greenfield, Teilor District ; Greenfield Panoramic 1 and 2, Luxuria Domenii Residence Phase B, Boreal Plus Constanta and from the second half of the year Greenfield Copou Iasi. The Group is in the process of obtaining building permits for Greenfield Copou Iasi and in various stages of negotiations with the builders and financing banks for this project. The Group also considers that a major impetus in the Group's activity is 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. The group entered into a partnership with the City Hall of Bucharest Sector 1 for the construction of a public kindergarten and public school, as the Group transferred to the City Hall the land for these new constructions.

The consolidated financial statements have been prepared on a going concern principle.

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.

(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. Control is achieved when the Company:

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.

(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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Lands 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 the end of each reporting.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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)

(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

4.. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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).

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 utilities 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 utilities 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Segment reporting

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

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.

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

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

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

Asset	Impact on the valuation included in the balance sheet on 31 December 2021 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

(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.

(v) Effects of the Coronavirus pandemic

The Company has been closely monitoring the effects of the Coronavirus pandemic and its effects on the real estate market and the economic environment in the country and will adjust its strategy to mitigate the impact of the pandemic and respect its commitments to its clients, financers and shareholders.

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, 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**

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

7. 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, 2020	**16,830**	**3,139**	**1,402**	**279**	**21,650**
Additions	4,765	88	142	- 433	5,428
Transfers	-	-	-	-	-
Disposals	(112)	(26)	(5)	(426)	(569)
Balance at 31 December 2020	**21,483**	**3,201**	**1,539**	**286**	**26,509**
Accumulated depreciation and impairment losses					
Balance at January 1, 2020	**9,460**	**2,509**	**1,146**	**-**	**13,115**
Charge for the period	1,274	252	122	-	1,648
(Reversal of)/Impairment loss	4,241	-	-	-	4,241
Accumulated depreciation of disposals	(20)	(25)	(2)	-	(47)
Balance at 31 December 2020	**14,955**	**2,736**	**1,266**	**-**	**18,958**
Carrying amounts					
At 1 January 2020	**7,370**	**631**	**256**	**279**	**8,535**
At 31 December 2020	**6,528**	**465**	**274**	**286**	**7,552**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Land and buildings
During 2021, assets (land and buildings) worth 1,206 thousand RON were purchased, represented by the land in Peştera Commune, Constanţa County, on which the billboard was built and the road between the houses in the Boreal Plus neighbourhood was built.

In 2021, a billboard was received located in Peştera Commune, Constanţa County. It is worth 452 thousand RON. The building was transferred from the category of assets under construction in October when the acceptance report was signed.

In 2021, the Company sold to Class Owners Association, from Voluntari, Ilfov, several plots of land with a total area of 13,587 sqm, representing roads and other common areas. The sale value was 25 thousand RON.

The depreciation registered during the year for the owned constructions is 372 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).

For consolidation, the value of the apartments sold by Impact to Actual Invest House (2,583 thousand RON) was eliminated.

Machinery, equipment and means of transport:
In 2021, the purchases of cars, equipment and means of transport were worth 697 thousand RON, of which 530 thousand RON is the external electrical network of the SM40D block and the rest are office equipment (laptops, telephones, servers, etc.). The capital outflows represent six fully depreciated cars that were sold.

Furniture and installations:
In 2021, furniture and installations worth 57 thousand RON were purchased. Depreciation of 58 million RON was calculated using the straight-line method.

Assets under construction:
The value of fixed assets under construction increased in 2021 by 8,388 thousand RON representing the investment in the building for the Company's offices and 324 thousand RON investments in progress in the other companies in the Group. The office building will be completed in 2022.

The value of financial costs capitalized in the value of the fixed assets (assets under construction) is 22 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

	2021	2020
Balance at 1 January	**457,706**	**384,223**
Additions through subsequent expenditures	30,541	3,504
Transfers from inventories	-	5,981
Transfers to inventories	(2,899)	(330)
Adjustments	2,548	-
Disposals	(8,462)	-
Changes in fair value during the year	86,651	64,328
Balance at 31 December	**571,882**	**457,706**

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 December 2021		31 December 2020	
Asset	**sqm**	**thousand RON**	**sqm**	**thousand RON**
Greenfield Baneasa land (Bucharest)	200,719	228,431	210,209	207,789
Barbu Vacarescu land (Bucharest)	25,424	157,961	26,322	137,399
Blvd. Ghencea – Timisoara land (Bucharest)	258,895	128,106	258,925	105,908
Total	**485,038**	**514,498**	**495,456**	**451,096**

The Group management analyze yearly, on balance sheet date, the market conditions at those points in time to decide the best use of the land, namely if it will be used to construct to sell or to construct to rent.

Considering the above, the Group considers that at the end of 2021 there is sufficient evidence that the future use of the land is uncertain and thus the land should be classified as investment property and not as inventory, in accordance with IAS 40 provision regarding "land held for a currently undetermined future use".

Details on the legal matters related to lands are presented in Note 26.

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.

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

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

8. INVESTMENT PROPERTY (continued)

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 • 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 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 • 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 • Observable offer price adjustments to reflect transaction prices, location and condition: discount from -5% to -50% • 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 • 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 • Observable offer price adjustments to reflect transaction prices, location and condition: discount from -3% to -30%

The carrying value as at 31 December 2021 of the land plots pledged is of 156,709 thousand RON (31 December 2020: 153,133 thousand RON).

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

9. INVESTMENTS MEASURED USING THE EQUITY METHOD

At December 31, 2020, the Group registered the ownership interests in Star Residence SA in amount of 2,158 thousand RON using the equity method.

Star Residence SA is a private company established on October 7, 2020 and is 100% owned by the parent, whose main object of activity is real estate development. On December 23, 2020, 77.62% of the shares of Star Residence SA were transferred to private investors (see Note 28). Star Residence is listed on the secondary market of the Bucharest Stock Exchange. The table below presents the financial information of the Group as regards its investment in Star Residence.

	December 31, 2020
Cost of investment	2.158
Group share in operating result	-
Investment value adjustment	-
Carrying amount of investment	**2.158**

The financial information included in the separate financial statements of Star Residence are presented below:

	31 December 2020
Non-current assets	9,620
Current assets	2,065
Non-current liabilities	-
Current liabilities	(1,928)
Net assets (100%)	**9,757**
Group's share in net assets (22.38%)	2,184

On October 2021, Impact SA sold all the shares owned at Star Residence SA. Details of transaction:

- Number of sold shares: 10,742,547
- Sale price: 0.20 RON/share
- Value collected for sale: 2,202,222 RON
- Transaction profit: 53,713 RON

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

10. INVENTORIES

	31 December 2021	31 December 2020
Finished goods and goods for resale	212,146	205,981
Residential developments:		
- Land	143,075	130,470
- Development and construction costs	183,702	98,290
	538,923	**434,741**

Inventories are represented by:

	31 December 2021	31 December 2020
Greenfield residential project	193.011	110.656
Luxuria residential project	219.239	255.255
Constanta land and project	60.834	31.591
Iasi land and project	42.501	18.983
Other inventory	16.048	18.256
	531.633	**434.741**

Lands with a carrying amount of 143,075 thousand RON at December 31, 2021 (2020: 130,470 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 212,146 thousand RON at December 31, 2021 (2020: 205,978 thousand RON) refer entirely to apartments held for sale by the Group.

The carrying value as at December 31, 2021 of the inventories pledged is of RON 102,492 thousand RON (see Note 15).

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 in 2021 is 167 thousand RON.

Part of the Greenfield project (construction of the Panoramic ensemble) is funded by First Bank. The interest capitalized during 2021 in the value of the projects is 352 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 4,266 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. TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Trade receivables	8,078	8,417	-	-
Sundry debtors	2,540	1,038	-	-
Prepaid expenses	5,143	5,106		
Receivables from State	8,509	6,395	-	-
Advance payments to services suppliers	11,865	5,618	-	-
	36,135	**26,574**	**-**	**-**

An allowance has been made for estimated irrecoverable amounts from trade receivables of 2,151 thousand RON (2020: 2,627 thousand RON).

Reconciliation of the provision for uncollected receivable:

Balance at 01.01.2021	1,031
Reversal of provision (receivables)	(3,028)
Constitute new provision	1,908
Balance at 31.12.2021	2,151

On December 31, 2021 the Group did not register trade receivables and other pledged receivables.

12. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Current accounts	42,027	59,005
Petty cash	10	11
Cash advances	-	6
	42,037	**59,022**

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 553 thousand RON (31 December 2020: 331 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.)

13. SHARE CAPITAL

	31 December 2021	31 December 2020
Paid Share capital	393,750	265,000
Adjustments of the share capital (hyperinflation)	7,464	7,464
	401,214	**272,464**

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

13. SHARE CAPITAL (continued)

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

	31 December 2021	31 December 2020
	%	%
Gheorghe Iaciu	59.97%	59.41%
Andrici Adrian	15.98%	15.98%
Swiss Capital	12.45%	12.53%
Other shareholders	11.60%	12.08%
	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 final beneficial owner of the Group is Gheorghe Iaciu, owning 59.97% of the shares through direct participation (there is no indirect participation).

During 2021, the following changes in share capital took place:

- reduction of the share capital from 265,000,000 RON, with the amount of 2,500,000 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, according to the EGMS decision of 19.02.2021.

- the increase of the share capital of the Company, from 262,500,000 RON, with the amount of 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 will be achieved by issuing 131,250,000 new shares and allocating them to existing shareholders on the registration date, in proportion to: 1 (one) new share issued for every 2 (two) shares held, according to the EGMS decision of dated 21.04.2021. The share capital of Impact Developer & Contractor is 393,750,000 RON, being fully subscribed and paid.

- the operation of dividing (splitting) the nominal value of the Company's shares, in a 1: 4 division ratio, respectively dividing the nominal value of the share from 1 RON / share to 0.25 RON / share. The share capital is divided into 1,575,000,000 shares, ordinary, registered, dematerialized.

Dividends

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

During the financial year ended 31 December 2020, the Group declared and paid dividends to its shareholders in total amount of 10,448 thousand RON.

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

14. OWN SHARES

	31 December 2021	31 December 2020
Balance at 1 January	**2,675**	**7,771**
Purchase of own shares	1,365	9,610
Own shares cancelled during the year	(2,500)	(12,492)
Share-based payments	(699)	(2,214)
Balance at 31 December	**841**	**2,675**

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 December 2021 the Company has in balance 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 BoD members

15. 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 23.

	31 December 2021	31 December 2020
Non-current liabilities		
Secured bank loans	117,555	19,060
Issued bonds	32,566	148,397
	150,121	**167,457**
Current liabilities		
Issued bonds	119,695	-
Short-term borrowings	67,217	88,379
	186,912	**88,379**

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

15. LOANS AND BORROWINGS (continued)

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

Lender	Currency	Maturity	Amount of the facility, in original currency	Balance at 31 December 2021*	Balance at 31 December 2020*
Credit Value Investments	EUR	11.01.2022	12,000	59,837	58.226
Bonds listed on Bucharest Stock Exchange SA	EUR	19.12.2022	12,525	59,858	58.123
Private placement bonds	EUR	24.12.2026	6,581	32,566	32.048
Total bonds				**152,261**	**148.397**
Unicredit	EUR	31.08.2021	37,037	-	86.164
Libra Internet Bank	RON	17.06.2021	19,700	-	19,457
First Bank	EUR	05.08.2023	5,921	24,375	-
First Bank	RON	05.08.2023	4,500	1,731	-
CEC Bank	EUR	27.11.2023	9,880	17,958	-
CEC Bank	RON	27.01.2023	3,500	1,633	-
Garanti BBVA	EUR	15.06.2024	4,250	21,030	-
Libra Internet Bank	EUR	26.07.2024	12,562	46,615	-
Libra Internet Bank	EUR	22.09.2024	8,676	41,787	-
Libra Internet Bank	EUR	05.10.2024	4,000	13,470	-
OTP Bank	EUR	13.12.2024	5,000	14,312	-
Total bank loans				**182,911**	**105,621**
Interest				**1,861**	**1,818**
Total				**337,033**	**255,836**

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.

	Bonds	Loans	Total
Balance at January 1, 2021	**148,396**	**107,439**	**256.836**
Draws	-	197,269	197,269
Payments	(957)	(117,141)	(118,098)
FX differences	4,821	2,795	7,616
Balance at December 31, 2021	**152,261**	**184,772**	**337.033**

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

15. LOANS AND BORROWINGS (continued)

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

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

16. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Non-current liabilities		
Guarantees	5,514	508
Lease payables	1,401	1,401
	6,915	**1,909**
Current liabilities		
Trade payables	25,062	6,956
Customer deposits	37,307	18,262
Divides payable	187	200
Other payables	11,287	7,932
	73,832	**33,350**
	80,747	**35,259**

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

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.

17. PROVISIONS FOR RISKS AND CHARGES

	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 1,288 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 neighbourhood of Constanţa
- 122 thousand RON provisions for unperformed holidays
- 895 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.

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

18. REVENUES

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

	2021	2020
Revenues from sales of residential properties	135,826	202,122
Others	1,759	2,275
	137,585	**204,397**

At the date of issue of these financial statements, the Group recorded 441 pre-sales and bookings as of December 31, 2021 with a package value of EUR 46.65 million (RON 230 million), which will be converted into revenue as the apartments will be completed in the following periods. 183 apartments sold in 2021 (368 in 2020) and related revenues in the same period, of which 140 apartments in Luxuria Domenii Residence, 39 apartments in Greenfield Băneasa, 1 villa in Boreal Plus and 3 units previously developed by the Impact Group ("IMPACT").

Sales per project analysis:

	2021	2020
Greenfield	27,845	105,842
Luxuria	107,981	96,280
	135,826	**202,122**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Consumables	473	473
Third party expenses	9,205	8,794
Staff costs	13,064	12,598
	22,742	**21,865**

20. OTHER OPERATING EXPENSES/INCOME

	2021	2020
Other operating income	(2,819)	(1,933)
Rent expenses	642	624
(Profit) / Loss on disposal of property, plant and equipment	(100)	(44)
Fines and penalties (income)/expenses	53	(544)
Other operating expenses	11,979	4,254
Impairment of trade receivables, net	(1,909)	(61)
Impairment of property, plant and equipment, net	174	3,493
Impairment of inventories, net	-	(2,160)
	8,020	**3,629**

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

21. FINANCE COST/INCOME

	2021	2020
Interest expense	2,723	6,427
Interest income	(4)	(239)
Foreign exchange result	3,544	4,416
Gains of disposal of subsidiaries	-	(4,819)
Other financial (income)/costs	(2,811)	(359)
	3,452	**5,426**

22. TAXATION

(i) Amounts recognised in profit or loss

	2021	2020
Deferred tax expense	13,190	9,330
Tax on profit	3,306	7,257
Total expense related to tax	**16,496**	**16,587**

(ii) Reconciliation of effective tax rate

		2021		2020
Profit before taxation		**95,296**		**91,443**
Tax using the Company's domestic tax rate	16%	(15,247)	16%	(14,631)
Non-deductible expenses and adjustments	3%	2,821	6%	6,530
Tax-exempt income	6%	(5,393)	8%	(8,127)
Recognition of tax effect of previous year tax losses	-		-	(359)
	19%	**77,477**	**18%**	**(16,587)**

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

22. TAXATION (continued)

(iii) Cumulative temporary differences generating deferred tax

	31 December 2021		31 December 2020	
	Cumulative temporary differences	Deferred tax liabilities / (assets)	Cumulative temporary differences	Deferred tax liabilities / (assets)
Property, plant and equipment	(1,394)	(223)	(2,417)	(387)
Investment property	448,939	71,830	365,207	58,433
Inventories	(14,644)	(2,343)	(8,054)	(1,289)
Trade and other receivables	(4,838)	(774)	(5,005)	(801)
	428,063	**68,490**	**349,731**	**55,956**
Fiscal losses which generated deferred tax				
	428,063	**68,490**	**345,630**	**55,300**

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

22. TAXATION (continued)

(iv) Deferred tax balance movements

	Net balance as at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December Net	Assets	Liabilities
2021						
Property, plant and equipment	(223)	-	-	(223)	(223)	
Investment property	71,486	13,260	(70)	72,486		72,486
Trade and other receivables	(774)	-	-	(774)	(774)	
Inventories	(2,343)	-	-	(2,343)	(2,343)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	-
Fiscal (assets) / liabilities, net	**68,490**	**13,260**	**(70)**	**68,490**	**(3,996)**	**72,486**

	Net balance as at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December Net	Assets	Liabilities
2020						
Property, plant and equipment	(223)	-	-	(223)	(223)	
Investment property	50,048	9,249	-	59,296	-	59,297
Trade and other receivables	(774)	-	-	(774)	(774)	
Inventories	(2,343)	-	-	(2,343)	(2,343)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	-
Fiscal (assets) / liabilities, net	**46,051**	**9,249**	**-**	**55,300**	**(3,996)**	**59,297**

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

23. 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 December 2021	31 December 2020
Trade and other receivables	10	36,135	26,574
Cash and cash equivalents	11	42,037	59,022
		78,172	**85,596**

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)

23. 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 December 2021	31 December 2020
Romania	36,135	26,574
	36,135	**26,574**

Impairment losses

The receivables' ageing at reporting date was:

	31 December 2021			31 December 2020		
	Gross	Impairment	Net	Gross	Impairment	Net
Not yet due	22,857	-	22,857	19,516	-	19,516
Past due 1-30 days	4,210	-	4,210	210	-	210
Past due 31–90 days	3,653	-	3,653	2,803	-	2,803
Past due 91–120 days	4,855	-	4,855	3,832	-	3,832
Past due 121–365 days	1,221	(661)	560	221	(93)	128
Past due more than 1 year	2,621	(2,621)	-	2,621	(2,535)	86
	39,417	**(3,282)**	**36,135**	**29,202**	**(2,628)**	**26,574**

Impairment losses at 31 December 2021 are related to a number of customers who provided indications that it is not expected that they will be able to pay amounts owed, mainly due to economic conditions.

The Group considers that the amounts for which no impairment losses were recognized, despite they are past due more than 30 days shall be collected, based on the prior payment behaviour and following an analysis of the credit rating of those customers.

Cash and cash equivalents

At 31 December 2021, the Group held cash and cash equivalents in amount of 42,037 thousand RON (31 December 2020: 59,022), 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.

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

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

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 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**	**-**

	Carrying value	Total	Less than 1 year	between 1 and 2 years	between 2 and 5 years	More than 5 years
31 December 2020						
Loans and borrowings	255,836	255,836	88,379	116,349	19,060	32,048
Trade and other payables	35,333	35,333	33,424	1,909	-	-
	291,169	**291,169**	**121,803**	**118,258**	**19,060**	**32,048**
Future estimated interest	21,802	21,802	8,916	4,916	6,152	1,818
Total	**312,897**	**312,897**	**130,645**	**123,174**	**25,212**	**33,866**

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

(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:

31 December 2021	
Monetary assets	
Trade and other receivables	-
Cash and cash equivalents	42,037
	42,037
31 December 2021	
Monetary liabilities	
Loans and borrowings	337,033
Trade and other payables	-
	337,033
Net exposure	**(294,996)**

in thousand RON	
31 December 2020	
Monetary assets	
Trade and other receivables	-
Cash and cash equivalents	53,664
	53,664
31 December 2020	
Monetary liabilities	
Loans and borrowings	
Trade and other payables	255,439
	-
	(201,795)
Net exposure	

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.

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

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

(c) Market risk (continued)

Currency risk (continued)

The main exchange rates used during the year were:

	31 December 2021	Average for 2021	31 December 2020	Average for 2020
EUR 1	4.9481	4.9204	4.8694	4.8371

Sensitivity analysis

A strengthening / (weakening) of the Leu by 10% against the following foreign currencies as at 31 December 2021 and 31 December 2020 would have increased the profits by the amounts indicated below. This analysis was realised based on the variations of the exchange rates considered reasonably possible by the Group at the end of the period. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

	31 December 2021			31 December 2020		
	Carrying value	Weakening	Strengthening	Carrying value	Weakening	Strengthening
Monetary assets and liabilities						
EUR	(294,996)	(29,499)	29,499	(201,795)	(20,179)	20,179

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

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

Sensitivity analysis (continued)

Interest risk

	31 December 2021				31 December 2020			
	Carrying value	**Variable interest**	**Fixed interest**	**Non-interest bearing**	**Carrying value**	**Variable interest**	**Fixed interest**	**Non-interest bearing**
Monetary assets								
Trade and other receivables	36,135	-	36,135	-	26,574	-	26,574	
Cash and cash equivalents	42,037	-	42,037	-	59,022	-	59,022	
	78,172	**-**	**78,172**		**85,596**	**-**	**85,596**	
Monetary liabilities								
Loans and borrowings	337,033	182,655	154,378	-	255,836	105,621	150,215	-
Trade and other payables	80,747	-	-	80,747	35,259	-	-	35,259
	417,780	**182,655**	**154,378**	**80,747**	**291,095**	**105,621**	**150,215**	**35,259**

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

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

As at reporting date, the interest rate profile of the Group's interest-bearing financial instruments, reported to the Group's management was as follows:

	Carrying value	
	31 December 2021	**31 December 2020**
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	154,378	150,215
	(154,378)	**(150,215)**
Variable rate instruments		
Financial liabilities	(182,655)	(105,621)
	(182,655)	**(105,621)**

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A possible change of 100 basis points at the reporting date would have increased or decreased equity and profit or loss by 1,826 (2020: 1,056). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain unchanged.

	Profit / (Loss)	
31 December 2021	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(1,856)	1,856

	Profit / (Loss)	
31 December 2020	**100 bp increase**	**100 bp decrease**
Variable rate instruments	(1,056)	1,056

24. SHARE-BASED PAYMENTS

In December 2021 the Group granted 2,572 thousand shares to the employees and members of the Board of Directors, evaluated and registered in the profit and loss account on the granting date in amount of 2,214 thousand RON (RON 1.88 / share). The average cost incurred by the parent with buying such shares in 1,675 (RON 1.39/share).

In August 2021, the Group's management decided to implement the Stock Option Plan scheme for 2021-2022, in order to reward, maintain and motivate the employees and members of the Company's management, respectively the members of the Board of Directors and the Company's directors.

24. SHARE-BASED PAYMENTS (continued)

The total number of shares granted to eligible persons referring to this Plan is a maximum of 3,060,000 registered shares ("reserved shares").

25. CAPITAL COMMITMENTS

As at 31 December 2021, the Group has no capital commitments contracted.

26. 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

26. CONTINGENCIES (continued)

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 17 March 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 the 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 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 cadaster and real estate advertising office and does not request the change of the Sentence.

Please refer Note 8 for additional information about the project.

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.

26. 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 favour 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.

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.

27. RELATED PARTIES

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 Group's management is employed contractual based. The remuneration of the directors and board of directors for the year ended 31 December 2021 is presented in Remuneration Report, along with financial statements.

Transactions with shareholders

In the financial year ended December 31, 2021, the Group did not declare and pay dividends to its shareholders
The Group registered sales of apartments to shareholders in amount of 2,257.

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

28. SALE OF A SUBSIDIARY

On October 7, 2020, the Group established a subsidiary, Star Residence SRL, whose main object of activity is real estate development. The share capital of the subsidiary was constituted by the in-kind contribution of investment properties in the patrimony of the Company. The investment properties contributed consisted of 14 apartments and 26 parking spaces with an accounting value of 4,791 thousand RON. In order to constitute the share capital of the newly established company, the valuation company Colliers established the fair value of the contribution at the value of 9,610thousand RON, resulting in a gain of 4,819 thousand RON from the increase of the fair value.
On December 23, 2020, the Group sold 77.62% of the shares held in Star Residence to a third party for a price of 8,123 thousand RON.

The result of the period for Star Residence for 2020 is presented below:

	2020
Income	204
Expenses	(61)
Result of the period	**143**

The profit from the subsidiary sold, in amount of 143 thousand RON is fully attributable to the Group's shareholders.

The effect of the sale of subsidiary Star Residence on the group's financial position as of 31 December 2020 (2021: not applicable) is presented below:

Investment property	5,244
Intangible assets	81
Trade and other receivables	1,792
Cash and cash equivalents	(273)
Borrowings	1,818
Trade and other payables	110
Net assets	**5,462**
Cash consideration	**8,123**

Gains on sale of subsidiary

Cash consideration	8,123
Investments accounted for under the equity method	2,158
Net asset written off	(5,462)
Gains on sale of subsidiary	**4,819**
Investments accounted for under the equity method	8,123
Net asset written off	(273)
Net cash flows from sale of subsidiary	**7,850**

In October 2021, the Group sold all the shares held at Star Residence SA. At 31th of December, 2021 the Group no longer holds share in Star Residence.

29. EARNINGS PER SHARE

Considering the change in number of shares as disclosed in note 13, in line with the provisions of IAS33, the Company restated also the comparable EPS for 2020, as the weighted average number of shares for 2020 needed to consider the operations recorded during 2021.

	2021	2020
Profit for the period	78,800	74,856
Average weighted number of ordinary shares for the period (thousand um) (resated for 2020)	1,543,295	1,580,752
Basic earnings per share (RON/share)	**0,05**	**0,05**

30. SUBSEQUENT EVENTS

The Group's management presents the following subsequent events from December 31, 2021 to the date of approval of these consolidated financial statements that do not require adjustment:

a) Payment of CVI bonds - in January 2022, the Company paid the bond loan granted by Credit Value Investment, amounting to EUR 12,000 thousand, with an interest rate of 6%.

b) Capital increase by private placement. Following the increase of the share capital through private placement, completed on 21.01.2022, the Board of Directors, meeting on 25.01.2022, announced the following: 84,231,295 new shares were subscribed, in the total amount of 58,961,906, 50 RON.
Therefore, the share capital of the Company is increased from 393,750,000 RON to 414,807,823.75 RON, the new total number of shares being 1,659,231,295.

c) The dispute with the Greenfield Association - the ruling of the court in file no. 5856/3/2021, pending before the Bucharest Tribunal, Section II of the Administrative and Fiscal Litigation, in which the Company has the quality of Defendant, the plaintiff being the ASSOCIATION OF CARTIER GREENFIELD RESIDENTS.
The object of the file is the suspension and cancellation of the administrative act HCGMB 705 / 08.12.2019 approving the Zonal Urban Plan Aleea Teișani- Drumul Pădurea Neagră 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.
Zonal Urban Plan Aleea Teișani- Pădurea Neagră Road no. 56-64 provides for the regulation of an area of about 28 ha. from the Greenfield neighborhood with the residential area comprising 49 buildings with height regime GF + 10F, a building with height regime GF + 9F, a building with height regime GF + 8F and a building with height regime GF + 6F, areas destined functions related to housing, namely school, kindergarten, public transport terminal, shopping center, office building, multi-storey buildings for car parking, areas of community interest, church, public parks, as well as urban works to connect the area to public utilities, widening circulation arteries and the construction of new ones.
The Bucharest Tribunal pronounced Decision 568 on February 4, 2022: Pursuant to art. 408 of the Code of Civil Procedure, rejects the request as a result of the plaintiff's waiver of the claimed right itself. The decision has the right to appeal within 15 days from the communication, a request that can be submitted to the Bucharest Tribunal.

d) 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.

30. SUBSEQUENT EVENTS (continued)

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.
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 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

Ernst & Young Assurance Services SRL
Bucharest Tower Center Building, 21st Floor
15-17 Ion Mihalache Blvd., District 1
011171 Bucharest, Romania

Tel: +40 21 402 4000
Fax: +40 21 310 7193
office@ro.ey.com
ey.com

Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Impact Developer and Contractor SA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Impact Developer and Contractor SA (the Company) and its subsidiaries (together referred to as "the Group") with official head office in Romania, Bucharest, 1st District, 172-176 Bucharest-Ploiesti Road, Building A, 1st floor, Willbrook Platinum Business & Convention Center, identified by sole fiscal registration number RO1553483, which comprise the consolidated statement of financial position as at December 31, 2021, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investment property (RON 571,882 thousand)</td></tr>
<tr><td>The Group holds a portfolio of investment property which accounted for 47% of the Company's total assets as of 31 December 2021.

The valuation of investment property is one of the key drivers of the Group's net asset value and total return. The fair values were assessed by the Company based on valuations prepared by an independent qualified valuation specialist and required expertise and use of significant judgements, estimates and assumptions, giving rise to a higher risk of misstatement.

The impact of the COVID-19 pandemic on the current economic environment resulted in increased subjectivity and required further consideration from the audit team, including our internal specialists.

Due to the significance of investment property as of 31 December 2021 and significant judgements, estimates and assumptions used in the valuation, we</td><td>The audit procedures performed on the valuation of investment property included among others the following:
▪ We obtained a detailed understanding of the Group's internal processes, policies and methodologies used by management for valuation of investment property and related documentation flow; specific attention was given to COVID 19 pandemic impact to understand how this was factored and considered in the valuation assumptions, through discussions held with management independent experts and further discussions with our internal valuation specialists;
▪ We agreed the fair values recorded in separate financial statements to the values reported by the Group's independent experts ("specialists");
▪ We tested the arithmetical accuracy of the calculations done by the external specialists for the main assumptions in the models, by reperforming a sample of their calculations;</td></tr>
</table>

consider the valuation of investment property a key audit matter. The Group's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are presented in notes 4, 5 and 8 of the consolidated financial statements.	▪ We involved our internal valuation specialists to assist us to: o evaluate, using their knowledge of the market, and corroborate the market related judgements and valuation inputs used by the specialists, for all investment properties presented in the statement of financial position; o assess the conformity of the valuation methods applied with the applicable valuation standards; and o evaluate the competence, capability and objectivity of the external valuation specialists. We further assessed the adequacy of disclosures in relation to the investment property valuation.

Other matters

The consolidated financial statements for the year ended 31 December 2020 were audited by another auditor that issued an unmodified audit opinion on 17 March 2021.

Other information

The other information comprises the Consolidated Board of Directors Report as well as Remuneration Report, but does not include the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Consolidated Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Consolidated Board of Directors Report and Remuneration Report, we have read these reports and report that:

a) in the Consolidated Board of Directors Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2021;
b) the Consolidated Board of Directors Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 articles 15 - 19 and 26-27;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the financial statements as at December 31, 2021, we have not identified information included in the Consolidated Board of Directors Report that contains a material misstatement of fact.
d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Meeting of Shareholders on 21 April 2021 to audit the consolidated financial statements for the financial year end December 31, 2021. Total uninterrupted engagement period has lasted for one year, covering the financial period ended December 31, 2021.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report, no other services were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the consolidated financial statements, included in the annual consolidated report with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Impact Developer & Contractor SA (the Company) and its subsidiaries (together referred to as "the Group") for the year ended December 31, 2021, included in the attached electronic file „ 315700KVJ0DVH5IBI827-2021-12-31-en.zip"(identified with the key d6600ed0a85de453deec3e6b97e32b9390a3b867b2ca0d02e7e96e9eadf2fb08) with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation). Our opinion is expressed only in relation to the electronic format of the consolidated financial statements and does not extend to the other information included in the annual consolidated report.

Description of the subject matter and the applicable criteria

The Management has prepared electronic format of consolidated financial statements of the Group for the year ended December 31, 2021in accordance and to comply with ESEF Regulation requirements. The requirements for the preparation of the consolidated financial statements in ESEF format are specified in the ESEF Regulation and represent, in our opinion, applicable criteria for us to express an opinion providing reasonable assurance.

Responsibilities of the Management and Those Charged with Governance

The Management of the Group is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the consolidated financial statements in XHTML format. Such responsibility includes the selection and application of appropriate iXBRL tags using the taxonomy specified in the ESEF Regulation, ensuring consistency between the human-readable layer of electronic format of the consolidated financial statements and the audited consolidated financial statements. The responsibility of Group's Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of consolidated financial statements of the Group, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the consolidated financial statements of the Group is prepared, in all material respects, in accordance with the applicable criteria, specified above. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Control

We apply International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements to the registered auditors in Romania.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of the consolidated financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic (XHTML) reporting format of the consolidated financial statements of the Group, we have maintained professional skepticism and applied professional judgement. We have also:

Building a better working world

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the consolidated financial statements of the Group, including the preparation of the consolidated financial statements of the Group in XHTML format and its tagging in machine readable language (iXBR);
- tested the validity of the applied XHTML format;
- checked whether the human-readable layer of electronic format of the consolidated financial statements (XHTML) corresponds to the audited consolidated financial statements;
- assessed the completeness of the tagging of information in the consolidated financial statements while using the machine-readable language (iXBRL) under the requirements of the ESEF Regulation;
- assessed the appropriateness of the applied iXBRL tags selected from the core taxonomy and the creation of extensions to the elements in the extended taxonomy specified in the ESEF Regulation when there were no suitable elements in the core taxonomy;
- evaluated the anchoring of the taxonomy extensions to the elements in the extended taxonomy specified by the ESEF Regulation.

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

Opinion on the compliance of the electronic format of the consolidated financial statements with the requirements of the ESEF Regulation

Based on the procedures performed, in our opinion, the electronic format of the consolidated financial statements of the Group for the year ended December 31, 2021 is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Dimitriu Alina
Registrul Public Electronic: AF1272

Alina Dimitriu

Name of the Auditor/ Partner: Alina Dimitriu
Registered in the electronic Public Register under No. AF1272

Bucharest, Romania
24 March 2022

Translation from Romanian

STATEMENT

pursuant to provisions under art.31 in Accounting Law no.82/1991

the annual financial statements had been drafted on 31/12/2021 for :

Entity: IMPACT DEVELOPER CONTRACTOR SA

County: 40--BUCHAREST

Address: Willbrook Platinum Business & Convention Center,172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District, phone no. 0212307570

Trade Registry order number: J40/7228/2018

Ownership: 34—Stock company

Main activity (NACE code and class denomination): 4110—Real Estate Development(promotion)

Sole Registration Code: 1553483

The undersigned, Mihaela Iuliana Urda,

pursuant to art.10 par.(1)in Accounting Law no.82/1991, holding the position of President of the Board of Directors of SC Impact Developer & Contractor hereby take responsibility for the preparation of the annual consolidated financial statements as of 31/12/2021 and hereby confirm the following:

a) The accounting policies used in the preparation of the annual financial statements are compliant with the applicable accounting regulations.

b) The annual financial statements provide an accurate overview on the financial position, financial performance and the other information relating to the carried out activity.

c) The legal entity carries out its activity under continuity conditions.

Signature

CHAPTER 3

IMPACT DEVELOPER & CONTRACTOR SA

SEPARATE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021

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

This is a free translation from the original Romanian version.

CONTENT: | **PAGE:**

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

	Note	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Tangible assets	8	14,162	4,244
Intangible assets		144	136
Investment property	9	568,758	456,768
Financial assets	11	56,542	58,340
Total non-current assets		**639,606**	**519,488**
Current assets			
Inventories	10	268,290	147,927
Trade and other receivables	12	123,674	140,911
Cash and cash equivalents	13	36,171	52,065
Total current assets		**428,135**	**340,903**
Total assets		**1,067,741**	**860,391**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	14	401,214	272,464
Share premium		(4,475)	65,711
Revaluation reserve		3,001	3,001
Other reserves		12,389	12,389
Own shares	15	(841)	(2,675)
Retained earnings		289,279	286,193
Total equity		**700,567**	**637,083**
Non-current liabilities			
Loans and borrowings	16	88,830	148,396
Trade and other payables	17	5,514	510
Deferred tax liability	23	68,490	55,300
Total non-current liabilities		**162,834**	**204,206**

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

	Note	31 December 2021	31 December 2020
Current liabilities			
Loans and borrowings	**16**	145,489	2,215
Trade and other payables	**17**	57,563	16,220
Provisions for risks and charges	**18**	1,288	667
Total current liabilities		**204,340**	**19,102**
Total liabilities		**367,174**	**223,308**
Total equities and liabilities		**1,067,741**	**860,391**

The separate financial statements have been authorized for issue by the management on 24th of March 2022 and signed on its behalf by:

Constantin Sebeşanu,	**Claudiu Bistriceanu,**	**Iuliana Mihaela Urdă,**
CEO	CFO	BoD President

	Note	31 December 2021	31 December 2020
Revenue from real estate inventories	**19**	28,392	109,926
Costs of real estate inventories on stock		(13,524)	(67,656)
Gross profit		**14,868**	**42,270**
Net rental income	**19**	1,025	1,297
General and administrative expenses	**20**	(19,283)	(19,160)
Marketing expenses		(3,966)	(3,004)
Depreciation and amortization		(727)	(704)
Other operating income/expenses	**21**	(3,204)	(1,882)
Gains on investment property	**9**	86,761	64,328
Impairment of assets		-	(1,059)
Operating profit		**75,474**	**82,086**
Financial income		8,520	11,827
Financial cost		(5,955)	(9,832)
Finance costs, net	**22**	**2,565**	**1,995**
Profit before tax		**78,039**	**84,081**
Income tax expense	**23**	(13,190)	(14,834)
Profit of the period		**64,849**	**69,247**
Total comprehensive income attributable to Company shareholders:			
		64,849	69,247
Total comprehensive income for the period		**64,849**	**69,247**

The separate financial statements have been authorized for issue by the management on 24th of March 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, 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 increase	14	131,250	(69,487)	-	-	-	(61,764)	-
Share capital reduction by cancelling shares	14	(2,500)	(699)	-	-	3,199	-	-
Share-based payments		-	-	-	-	-	-	-
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 24th of March 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, 2020		**281,907**	**68,760**	**3,001**	**8,788**	**(7,771)**	**230,996**	**585,681**
Comprehensive income								
Profit for the year		-	-	-	-	-	69,247	69,247
Other comprehensive income		-	-	-	-	-	-	-
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**	**69,247**	**69,247**
Transactions with shareholders of the Company								
Own shares acquired during the year	15	-	-	-	-	(9,610)	-	(9,610)
Paid dividends		-	-	-	-	-	(10,449)	(10,449)
Share capital reduction by cancelling shares	14	(9,444)	(3,049)	-	-	12,492	-	-
Share-based payments		-	-	-	-	2,214	-	2,214
Other changes in equity								
Set up of legal reserves		-	-	-	3,601	-	(3,601)	-
Transfer of reserves		-	-	-	-	-	-	-
revaluation reserves		-	-	-	-	-	-	-
Balance on December 31, 2020		**272,464**	**65,711**	**3,001**	**12,389**	**(2,675)**	**286,193**	**637,083**

The separate financial statements have been authorized for issue by the management on 24th of March 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	2021	2020
Cash flows from operating activities			
Profit of the period		**64,849**	**69,247**
Profit of the period reconciliation adjustments with net cash flows:		**(75,298)**	**(42,429)**
Real estate investment valuation gains	9	(86.651)	(64,328)
Resumption of impairment loss for PPE	8	230	2,058
Depreciation of property, plant and equipment	8	498	1,429
Financial income	22	(8,520)	(6,432)
Financial cost	22	5,955	10,010
Income tax expense		13,190	14,834
Working capital adjustments		**(74,679)**	**34,513**
Decrease / (increase) trade and other receivables	12	19,375	4,362
Decrease / (increase) inventory ownership	10	(111,657)	48,209
(Decrease) / increase in trade, other debts and contractual debts	12	19.771	(26,812)
(Decrease) / increase in provisions	18	621	(240)
Income tax paid	23	(2,789)	(5,840)
Net cash flows generated from operating activities		**(85,128)**	**46,497**
Investment activities			
Loans granted to subsidiaries	27	(54.649)	(40.071)
Loan reimbursements collected from subsidiaries	27	81.776	4.577
Investments in subsidiaries	28	1,798	(2,149)
Acquisition of property, plant and equipment	8	(2,460)	(1,504)
Expenditure on real estate investments under development	9	(30,901)	(3,504)
Expenditure on developing PPE	8	(8,346)	(347)
Income from property, plant and equipment	8	152	421
Interest received	16	12,397	1,088
Net cash flows used in investing activities		**(233)**	**(41,489)**

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

	Notă	2021	2020
Financial activities			
Loan receipts	16	95,160	62,472
Purchase of own shares	15	(1,366)	(7,396)
Repayment of principal of loans	16	(14,504)	(26,038)
Dividends paid	14	-	(10,449)
Interest paid	16	(9,823)	(6,889)
Net cash flows generated from financing activities		**69,467**	**11,700**
Net increase in cash and cash equivalents	**13**	**(15,894)**	**16,708**
Cash and cash equivalents as of January 1		52,065	35,357
Cash and cash equivalents as at 31 December	**13**	**36,171**	**52,065**

The separate financial statements have been authorized for issue by the management on 24th of March 2022 and signed on its behalf by:

Constantin Sebeşanu,	**Claudiu Bistriceanu,**	**Iuliana Mihaela Urdă.**
CEO	CFO	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 shareholding at 31 December 2021**	**% of shareholding at 31 December 2020**
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%	-
Greenwise Development SRL	Romania	Real estate development	100%	-
Greenfield Property Management SRL	Romania	Real estate development	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 2021 the business of the Company revolved around the GREENFIELD residential complex in Bucharest and Boreal Plus in Constanta, finishing of Luxuria Residence, residential comfort concept, 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). Mr. Laviniu Dumitru Beze was replaced by Mr. Sorin Apostol as Administrator.
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 for a four-year term, starting with 28 April 2021. On the same date, Sorin Apostol took over as executive director. From 1st of January 2022, Claudiu Bistriceanu was appointed as financial director (CFO) for a four-year mandate.

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.

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.

3. BASIS OF PREPARATION (continued)

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 due to the projects that the Company is currently carrying out in: Greenfield Teilor District (Phases 1, 2 and 3); Greenfield Panoramic (the project will be finished in Q1 of 2022); Boreal Plus Constanta (Phase 1) and from the second half of the year also Greenfield Copou Iasi - first phase, in process of obtaining building permits. In addition, the Company considers that a major impetus in the Company's activity is 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 is scheduled to be ready in June of 2022.

As regards selling prices, the Company considers that they are at arm's length and does not believe that there will be downward price adjustments this year. The approval by law from the end of last year to increase the 5% VAT ceiling to EUR 140,000 will lead to a recovery of this sector.

During 2021, the Company start a partnership with Bucharest District 1 City Hall to be build a kindergarten and a public school; the land for these buildings were donated by the Company.

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.

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

Lands 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.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, on the following bases:

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.

(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.

All of the Company's property interests held to earn rentals or for capital appreciation purposes or for which the best use has not been determined yet 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.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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)

(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 changes in value.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 using the weighted average rate as per requirements of IAS 23.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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.

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

(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

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

Valuation of investment property and property, plant and equipment.

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

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

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 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 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

(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

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

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 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. 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:

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

- 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.

- 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

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

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. 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.

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

- 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.

- 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 1,2021	**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**

(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 1,2020	**16,129**	**2,989**	**1,154**	**278**	**20,550**
Additions	1,269	88	65	348	1,770
Transfers	-	-	-	-	-
Disposals	(50)	(26)	(5)	(340)	(421)
Change in fair value due to revaluation	(53)	-	-	-	(53)
Balance at 31 December 2020	**17,295**	**3,051**	**1,214**	**286**	**21,846**
Accumulated depreciation and impairment losses					
Balance at January 1,2020	**10,825**	**2,406**	**1,010**	**-**	**14,241**
Charge for the period	1,080	216	58	-	1,354
(Reversal of)/Impairment loss	2,058	-	-	-	2,058
Accumulated depreciation of disposals	(25)	(25)	(1)	-	(51)
Balance at 31 December 2020	**13,938**	**2,597**	**1,067**	**-**	**17,602**
Carrying amounts					
At 1 January 2020	**5,305**	**582**	**144**	**278**	**6,309**
At 31 December 2020	**3,357**	**454**	**147**	**286**	**4,244**

8. PROPERTY, PLANT AND EQUIPMENT (continued)

Land and buildings:

During 2021, assets (land and buildings) worth 1,201 thousand RON were purchased, represented by a plot of land in Peştera Commune, Constanţa County, on which a billboard was built.

In 2021, the billboard located in Peştera Commune, Constanţa County was received. Its value was 452 thousand RON. The building was transferred from the category of assets under construction in October when the acceptance report was signed.

In 2021, the Company sold to the Class Owners Association of Voluntari town, Ilfov county, several plots of land with a total area of 13,587 sq m, representing roads and other common areas. The sale value was 25 thousand RON.

The depreciation registered during the year for the owned constructions is of 372 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 2021, the purchases of cars, equipment and means of transport were worth 697 thousand RON, of which 530 thousand RON is the external electrical network of the SM40D block and the rest are office equipment (laptops, telephones, servers, etc.). The capital outflows represent 6 (six) fully depreciated cars that were sold.

Furniture and installations:

In 2021, furniture and installations worth 57 thousand RON were purchased. Depreciation of 58 thousand RON was calculated using the straight-line method.

Assets under construction:

The value of fixed assets under construction increased in 2021 by 8,547 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

	2021	2020
Balance on January 1	**456,768**	**383,285**
Additions through subsequent expenditures	28.901	3.504
Transfers from inventories	-	5.981
Transfers to inventories	(2.899)	(330)
Adjustments	2.548	
Disposals	(5.321)	-
Changes in fair value during the year	86.761	64.328
Balance on December 31	**568,758**	**456,768**

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 December 2021		31 December 2020	
Asset	**sqm**	**thousand RON**	**sqm**	**thousand RON**
Greenfield Baneasa land (Bucharest)	200,719	228,431	210,209	207,789
Barbu Vacarescu land (Bucharest)	25,424	157,961	26,322	137,399
Blvd. Ghencea – Timisoara land (Bucharest)	258,895	128,106	258,925	105,908
Total	**485,038**	**514,498**	**495,456**	**451,096**

Details on the legal issues related to land are found in Note 26.

In the value of fixed assets under development, interest and exchange rate differences related to general loans amounting to 1,261 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.

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.

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

9. INVESTMENT PROPERTY (continued)

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 • 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 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 • 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 • Observable offer price adjustments to reflect transaction prices, location and condition: discount from -5% to -50% • 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 • 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 • Observable offer price adjustments to reflect transaction prices, location and condition: discount from -3% to -30%

The carrying value as at 31 December 2021 of the land plots pledged is of RON 156,709 thousand (31 December 2020: RON 153,133 thousand).

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

10. INVENTORIES

	31 December 2021	31 December 2020
Finished goods and goods for resale	28,208	14,587
Residential developments:		
- Land	92,742	97,042
- Development and construction costs	142,631	36,298
	268,291	**147,927**

Inventories are represented by:

	31 December 2021	31 December 2020
Residential project Greenfield	193,011	110,650
Land and development expenses Constanta	60,834	31,591
Other inventories	14,446	5,686
	268,291	**147,927**

Lands with a carrying amount of RON 92,742 thousand as at 31 December 2021 (2020: RON 97,042 thousand) 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 RON 27,281 thousand as at December 31, 2021 (2020: RON 14,587 thousand) refer entirely to apartments held for sale by the Company.

The carrying value as at December 31, 2021 of the finished goods inventories pledged is of RON 12,404 thousand.

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 2021 is 167 thousand RON.

Part of the Greenfield project (construction of blocks Z1, Z2 and D6) is financed by First Bank. The interest capitalized during 2021 in the value of the projects is 352 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 5,636 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 December 2021	31 December 2020
Interests in subsidiaries and associates	64,565	66,473
Impairment of interest in subsidiaries and associates	(8,023)	(8,133)
	56,542	**58,340**

The Company holds interests in the following subsidiaries:

	31 December 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**

	31 December 2020			
	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%	1	-	1
Impact Finance	99%	1	-	1
Greenfield Rent	99%	1	-	1
Total subsidiaries		**64,324**	**(8,133)**	**56,192**
Star Residence	22%	2,149	-	2,149
Total associates		**2,149**	**-**	**2,149**
Total subsidiaries and associates		**66,473**	**(8,133)**	**58,340**

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 26) 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.

j) Star Residence Invest S.A., a company whose main object of activity is the letting and sub-letting of real estate, in which Impact holds 22% ownership at the end of 2020.
Star Residence SRL is a private company founded on October 7, 2020, being 100% owned by the Company. On December 23, 2020, 77.62% of the shares of Star Residence SRL were sold to private investors, and on October 2021, all the shares of Star Residence SA were sold, therefore, the Company did not have any shares at Star Residence SA (see Note 27).

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

12. TRADE AND OTHER RECEIVABLES

	Short term		Long term	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
Trade receivables	6,063	3,970	-	-
Receivables from affiliates	92,012	125,937	-	-
Sundry debtors	3,238	517	-	-
Receivables from State	7,008	1,044	-	-
Advance payments to suppliers (for services)	10,817	4,847	-	-
Other receivables	4,535	4,596	-	-
	123,674	**140,911**	**-**	**-**

An allowance has been made for estimated irrecoverable amounts from trade receivables of 1,790 thousand RON (2020: 2,384 thousand RON).

Reconciliation of the provision for uncollected receivables:

Balance on 01.01.2021	2,384
Provision reversal (receivables)	(1,371)
Establish new provision	776
Sold on 31.12.2021	1,790

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

13. CASH AND CASH EQUIVALENTS

	31 December 2021	**31 December 2020**
Current accounts	36,162	52,047
Petty Cash	9	8
Cash advances	-	9
	36,171	**52,065**

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 553 thousand RON is restricted cash.

14. SHARE CAPITAL

	31 December 2021	**31 December 2020**
Share capital paid in	393,750	265,000
Adjustments of the share capital (hyperinflation)	7,464	7,464
	401,214	**272,464**

(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 December 2021	31 December 2020
	%	%
Gheorghe Iaciu	59,97%	59,41%
Andrici Adrian	15,98%	15,98%
SWISS CAPITAL	12,45%	12,53%
Other shareholders	11,60%	12,08%
	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 01.02.2022 it was recorded the increase of share capital, by issuing of new ordinary shares on private placement. Therefore, it was issued 84,231,295 new shares and increased the share capital in amount of RON 21,057,823.75.

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

14. SHARE CAPITAL (continued)

Dividends

During the financial year ended on December 31, 2021, the Company has not declared dividends.

15. OWN SHARES

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 December 2021 the Company has in balance 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.

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 24.

	31 December 2021	31 December 2020
Non-current liabilities		
Secured bank loans	56,264	-
Debenture loans	32,566	148,396
	88,830	**148,396**
Current liabilities		
Current portion of secured bank loans	23,933	-
Bonds issued	121,556	-
Short-term borrowings	-	2,215
	145,489	**2,215**

(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 December 2021*	Balance at 31 December 2020*
Credit Value Investments	EUR	11.01.2022	12,000	61,535	59,896
Bonds listed on Bucharest Stock Exchange S.A	EUR	19.12.2022	12,525	59,975	58,225
Private placement bonds	EUR	24.12.2026	6,581	32,612	32,093
Total bonds				**154,122**	**150,214**
Libra Internet Bank	RON	17.06.2021	19,700	-	397
First Bank	EUR	05.08.2023	5,921	24,375	-
First Bank	RON	05.08.2023	4,500	1,731	-
CEC Bank	EUR	27.11.2023	9,880	17,958	-
CEC Bank	RON	27.01.2023	3,500	1,633	-
Garanti BBVA	EUR	15.06.2024	4,250	21,030	-
Libra Internet Bank	EUR	05.10.2024	4,000	13,470	-
Total bank loans				**80,197**	**397**
Total				**234,319**	**150,611**

** 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.

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

In December 2020, the Company conducted a new issuance of Private Placement bonds worth EUR 6,581

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

16. LOANS AND BORROWINGS (continued)

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 fulfilled at 31 December 2021.

17. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2020
Non-current liabilities		
Guarantees	5,514	510
	5,514	**510**
Current liabilities		
Trade payables	21,373	3,373
Customer deposits	28,149	6,086
Divides payable	187	200
Payable to subsidiaries/associates	(145)	67
Other payables	7,998	6,495
	57,563	**16,221**

Information related to the Company's exposure to exchange rate risk and liquidity risk related to trade and other liabilities is included in Note 24.

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
- 122 thousand RON for unperformed holidays
- 895 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:

	2021	2020
Revenue from sale of residential properties and land	27,844	108,084
Other revenues	548	1,842
	28,392	**109,926**

Net rental income	2021	2020
Revenue from rentals	503	442
Revenue from re-charging utilities	3,218	4,219
Operating expenses directly related to properties rented	(2,696)	(3,364)
	1,025	**1,297**

At the date of issuing these financial statements, the Company recorded sales for 42 apartments in Greenfield Băneasa, a villa in the Boreal district of Constanța. Bergamot Development, one of the Company's subsidiaries, also sold 140 apartments in Luxuria Domenii Residence. A total of 225 apartments are pre-sold in the Greenfield Băneasa, Luxuria Domenii Residence and Boreal Plus districts. On 31.12.2021, 335 pre-sales were signed for the Greenfield Băneasa project and 62 pre-sales for the Boreal Plus project.

20. GENERAL AND ADMINISTRATIVE EXPENSES

	2021	2020
Consumables	389	373
Services provided by third parties	7,873	7,353
Staff costs	11,021	11,434
	19,283	**19,160**

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

21. OTHER OPERATING EXPENSES/INCOME

	2021	2020
Other operating income	(1,215)	(1,731)
Rent expenses	490	439
(Profit) / Loss on disposal of property, plant and equipment	(100)	(40)
Fines and penalties (income)/expenses	(196)	(39)
Other operating expenses	4,225	2,337
	3,204	**966**

22. FINANCE COST/INCOME

	2021	2020
Interest expense	4,251	7,647
Interest income	(6,738)	(6,432)
Foreign exchange result	1,704	2,185
Gains on disposal of subsidiaries/associates	(1,729)	(4,725)
Net result from the sale of financial investments	(54)	(671)
	2,565	**(1,995)**

23. INCOME TAX

(i) Taxes recognized in the profit and loss account

	2021	2020
Expense from-with the deferred profit, net	13,190	9,249
Current income tax	-	5,582
Other tax expenses	**13,190**	**14,834**

(ii) Reconciliation of effective tax rate

		2021		2020
Profit before taxation		**64,849**		**84,081**
Tax using the Company's domestic tax rate	-16%	(12,486)	-16%	(13,453)
Non-deductible expenses and adjustments	4%	2,821	7%	6,230
Tax-exempt income	-5%	(3.525)	-9%	(7,611)
Recognition of tax effect of previous year tax losses	-	-	-	-
	-17%	**(13,190)**	**-18%**	**(14,834)**

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

23. INCOME TAX (continued)

(iii) Cumulative temporary differences generating deferred tax

	31 December 2021		31 December 2020	
	Cumulative temporary differences	**Deferred tax liabilities / (assets)**	**Cumulative temporary differences**	**Deferred tax liabilities / (assets)**
Property, plant and equipment	(1,394)	(223)	(2,417)	(387)
Investment property	448,939	71,830	365,207	58,433
Inventories	(14,644)	(2,343)	(8,054)	(1,289)
Trade and other receivables	(4,838)	(774)	(5,005)	(801)
	428,063	**68,490**	**349,731**	**55,956**
Fiscal losses which generated deferred tax	-	-	(4,101)	(656)
	428,063	**68,490**	**345,630**	**55,300**

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

23. INCOME TAX (continued)

(iv) Deferred tax balance movements

	Net balance as at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December Net	Assets	Liabilities
2021						
Property, plant and equipment	(223)	-	-	(223)	(223)	
Investment property	59,296	13,260	(70)	72,486		72,486
Trade and other receivables	(774)	-	-	(774)	(774)	
Inventories	(2,343)	-	-	(2,343)	(2,343)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	-
Fiscal (assets) / liabilities, net	**55,300**	**13,260**	**(70)**	**68,490**	**(3,996)**	**72,486**

	Net balance as at 1 January	Recognised in profit or loss	Recognised in other comprehensive income	Balance at 31 December Net	Assets	Liabilities
2020						
Property, plant and equipment	(223)	-	-	(223)	(223)	
Investment property	50,048	9,249	-	59,296		59,297
Trade and other receivables	(774)	-	-	(774)	(774)	
Inventories	(2,343)	-	-	(2,343)	(2,343)	
Effect of fiscal losses which generated deferred tax	(656)	-	-	(656)	(656)	-
Fiscal (assets) / liabilities, net	**46,051**	**9,249**	-	**55,300**	**(3,996)**	**59,297**

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

24. 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.

(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 December 2021	31 December 2020
Trade and other receivables	11	119,2074	140,911
Cash and cash equivalents	13	36,171	52,065
		155,378	**192,976**

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.

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

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

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

(a) Credit Risk (continued)

	31 December 2021	31 December 2020
Romania	119,207	140,911
	119,207	**140,911**

The receivables' ageing at reporting date was:

	31 December 2021			31 December 2020		
	Gross	Impairment	Net	Gross	Impairment	Net
Not yet due	44,297	-	44,297	133,608	-	133,608
Past due 1-30 days	44,331	-	44,331	210	-	210
Past due 31–90 days	13,933	-	13,933	2,803	-	2,803
Past due 91–120 days	10,133	-	10,133	3,832	-	3,832
Past due 121–365 days	6,267	(371)	5,896	221	(93)	128
Past due more than 1 year	3,166	(2,549)	617	2,621	(2,291)	330
	122,127	**(2,920)**	**119,207**	**143,295**	**(2,384)**	**140,911**

Impairment losses at 31 December 2021 are related to a number of clients who provided indications that it is not expected that they will be able to pay amounts owed, mainly due to economic conditions.

The Company considers that the amounts for which no impairment losses were recognized, despite they are past due more than 30 days shall be collected, based on the prior payment behaviour and following an analysis of the credit rating of those customers.

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

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Cash and cash equivalents

At 31 December 2021, the Company held cash and cash equivalents in amount of RON 37,901 thousand (31 December 2020: RON 52,065 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.

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 December 2021						
Loans and borrowings	234,319	234,319	145,488	56,264	32,566	-
Trade and other payables	63,077	63,067	-	63,067	-	-
	297,396	**297,386**	**145,488**	**119,331**	**32,566**	**-**
Future estimated interest	**19,620**	**19,620**	**8,852**	**4,077**	**6,692**	**-**
Total	**317,006**	**317,006**	**154,340**	**123,408**	**39,258**	**-**

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

24. FINANCIAL INSTRUMENTS - 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 2020						
Loans and borrowings	150,611	150,611	2,215	116,348	-	32,048
Trade and other payables	16,730	16,730	16,220	510	-	-
	167,341	**167,341**	**18,435**	**116,858**	**-**	**32,048**
Future estimated interest	**20,028**	**20,028**	**8,916**	**4,960**	**6,152**	**1,880**
Total	**187,369**	**187,369**	**27,351**	**121,818**	**6,152**	**1,880**

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

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

(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.

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

31 December 2021	
Monetary assets	
Cash and cash equivalents	3,826
	3,826
Monetary liabilities	
Loans and borrowings	230,955
	230,955
Net exposure	**227,130**

31 December 2020	
Monetary assets	
Cash and cash equivalents	48,024
	48,024
Monetary liabilities	
Loans and borrowings	150,214
	150,214
Net exposure	**102,191**

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

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

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

(c) Market risk (continued)

The main exchange rates used during the year were:

	31 December 2021	Average for 2021	31 December 2020	Average for 2020
EUR	4.9481	4.9204	4.8694	4.8371

Sensitivity analysis

A strengthening / (weakening) of RON by 10% against the following foreign currencies as at 31 December 2021 and 31 December 2020 would have increased the profits by the amounts indicated below. This analysis was realised based on the variations of the exchange rates considered reasonably possible by the Company at the end of the period. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

			31 December 2021
	Carrying value	Weakening	Strengthening
Monetary assets and liabilities EUR	(227,130)	22,713	(22,713)

			31 December 2020
	Carrying value	Weakening	Strengthening
Monetary assets and liabilities EUR	(102,191)	10,219	(10,219)

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

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

Sensitivity analysis (continued)

Interest rate risk

	31 December 2021				31 December 2020			
	Carrying value	Variable interest	Fixed interest	Non-interest bearing	Carrying value	Variable interest	Fixed interest	Non-interest bearing
Monetary assets								
Trade and other receivables	123,674	-	123,674	-	140,911	-	140,911	-
Cash and cash equivalents	36,170	-	36,170	-	52,065	-	52,065	-
	159,844	**-**	**159,844**	**-**	**192,976**	**-**	**192,976**	**-**
Monetary liabilities								
Loans and borrowings	234,319	230,955	3,364	-	150,611	397	150,214	-
Trade and other payables	63,077	-	-	63,077	16,730	-	-	16,730
	297,396	**230,955**	**3,364**	**63,077**	**167,341**	**397**	**150,214**	**16,730**

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

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)

As at reporting date, the interest rate profile of the Company's interest-bearing financial instruments, reported to the Company's management was as follows:

	Carrying value	
	31 December 2021	**31 December 2020**
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(3,364)	(150,214)
	(3,364)	**(150,214)**
Variable rate instruments		
Financial liabilities	(230,955)	(15,029)
	(230,955)	**(15,029)**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets or financial liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

25. CAPITAL COMMITMENTS

As at 31 December 2021, the Company has no capital commitments contracted.

26. 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.

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

26. CONTINGENCIES (continued)

("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.

The next term in this case is 20 January 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. Based on analysis of information from extenral and internal legal counsel Management expects that the Company would ultmately win the case and the vaue of the investment in Clearline subsidiary is assessed as recoveable.

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").

Impact has filed a lawsuit against Cefin Real Estate Development BV ("Cefin") for the separation and identification of Land Impact in Barbu Vacarescu (2.6 ha) in the Land Book. Impact and Cefin own a land of c. 10.5 ha, of which 2,6 ha of Impact and the rest of Cefin owned.

26. CONTINGENCIES (continued)

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 Sentence 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 cadaster and real estate advertising office and does not request the change of the Sentence. The next term for this file is scheduled on 07 April 2022.

Please refer Note 9 for additional information about the project.

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.

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 with appeal.

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.

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

26. CONTINGENCIES (continued)

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 High Court of Cassation and Justice.

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 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 dispute is now closed.

27. 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

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

27. TRANSACTIONS WITH RELATED PARTIES (continued)

Transactions and balances with related parties during and for the year ended December 31, 2021, December 31, 2020 respectively.

	Transactions for the year ended 31 December		Balance at 31 December	
Sales of goods and services	**2021**	**2020**	**2021**	**2020**
Subsidiaries/associates				
Actual Invest House	44	50	43	10
Clearline Development and Management	6	6	73	121
Bergamot Developments	486	1,172	329	1,740
Bergamot Developments Phase II	308	6	361	-
Impact Finance Developments	16	31	2	2
GreenField Copou Residence	6	6	336	316
Greenfield Copou Residence Phase II	6	-	7	-
Greenfield Property Management	4	-	5	-
Greenwise Development	6	-	7	-
	882	**1,273**	**1,163**	**2,189**

	Value of the transaction in the past year 31 December		Balance at 31 December	
Acquisition of goods and services	**2021**	**2020**	**2021**	**2020**
Subsidiaries/associates				
Actual Invest House	1,043	1,159	145	124
Clearline Development and Management	1	6	1	1
	1,044	**1,165**	**146**	**125**

	Balance on 31 December	
Granted loans	**2021**	**2020**
Subsidiaries/associates		
Clearline Development and Management	85	80
Bergamot Developments	-	56,526
Bergamot Developments Phase II	39,347	34,642
Impact Finance	-	-
GreenField Copou Residence	43,240	18,546
	82,672	**109,794**

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

27. TRANSACTIONS WITH RELATED PARTIES (continued)

	Balance on 31 December	
Interest rate receivables	**2021**	**2020**
Subsidiaries		
Clearline Development and Management	13	7
Bergamot Developments	140	7.847
Bergamot Developments Phase II	5.406	3.707
GreenField Copou Residence	2.489	421
	8.048	**11.982**

	Value of the transaction in the past year 31 December	
Interest rate revenue	**2021**	**2020**
Subsidiaries		
Clearline Development and Management	5	7
Bergamot Developments	2,256	7,847
Bergamot Developments Phase II	2,402	3,707
GreenField Copou Residence	2,070	421
	6,733	**11,982**

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 is detailed in the remuneration report which is presented together with these financial statements.

During 2021, the Company granted 2,572 thousand shares to employees and BoA members.
evaluated and recorded in Profit & Loss at release date.

28. SALE OF A SUBSIDIARY

On October 7th, 2020, the Company established a subsidiary, Star Residence SRL, whose main object of activity is real estate development. The share capital of the subsidiary was constituted by the in-kind contribution of investment properties in the patrimony of the Company. The investment properties contributed consisted of 14 apartments and 26 parking spaces with an accounting value of 4,791. In order to constitute the share capital of the newly established company, the valuation company Colliers established the fair value of the contribution at the value of 9,610 thousand RON, resulting in a gain of 4,819 thousand RON from the increase of the fair value.

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

28.SALE OF A SUBSIDIARY (continued)

On December 23, 2020, the Company sold 77.62% of the shares held in Star Residence SA to a third party in the amount of 8,123 thousand RON.

The result for the period for Star Residence SA for the year 2020 is presented below:

	2020
Revenues	204
Expenses	(61)
Result of the period	**143**

The profit obtained from sales of the associate in amount of KRON 143 is attributable to the shareholders of the Company.

The effect of the sale of subsidiary Star Residence on the Company's financial position is presented below:

Investment property	5,244
Intangible assets	81
Trade and other receivables	1,792
Cash and cash equivalents	(273)
Borrowings	1,818
Trade and other payables	110
Net assets	5,462
Cash consideration	**8,123**

Gains on sale of subsidiary

Cash consideration	8,123
Investments accounted for under the equity method	2,158
Net asset written off	(5,462)
Gains on sale of subsidiary	**4,819**
Investments accounted for under the equity method	8,123
Net asset written off	(273)
Net cash flows from sale of subsidiary	**7,850**

In October 2021 the Company sold all the shares owned in Star Residence SA. As at December 31st, 2021, the Company has no other interests in Star Residence SA.

	Country of origin	**Object of activity**
Star Residence Invest SA.	Romania	Lease of real estate

29. SHARES BASED PAYMENTS

In 2021, the Company granted a number of 2,572 thousand shares to the employees and members of the Board of Directors, valued and recorded in the profit and loss account at the grant date. The average cost borne by the parent company with the acquisition of these shares was 1,675 thousand lei (1.39 lei / share).

In August 2021, the Board of Directors decided to implement the Stock Option Plan for 2021-2022, in order to reward, maintain and motivate the employees and members of the Company's management, respectively the members of the Board of Directors and the Company's directors.

The total number of shares that may be granted to Eligible Persons under this Plan is a maximum of 3,060,000 registered shares ("Reserved Shares").

30. SUBSEQUENT EVENTS

The management of the Company presents the following events after December 31, 2021, until the date of approval of these consolidated financial statements, which do not require their adjustment:

a) Payment of CVI bonds - In January 2022, the Company paid the loan of bonds granted by Credit Value Investment, amounting to EUR 12,000 thousand, with an interest rate of 6%.

b) Capital increase through private placement. Following the increase of the share capital through private placement, completed on 21.01.2022, the Board of Directors, meeting on 25.01.2022, announced the following: 84,231,295 new shares were subscribed, in the total amount of 58,961,906, 50 lei.
Therefore, the share capital of the Company increased from 393,750,000 lei to 414,807,823.75 lei, the new total number of shares being 1,659,231,295.

c) Litigation with the Greenfield Association - the court ruling in case no. 5856/3/2021, pending before the Bucharest Tribunal, Section II Administrative and Fiscal Litigation, in which the Company has the quality of Defendant, the plaintiff being the ASSOCIATION OF GREENFIELD NEIGHBORHOOD RESIDENTS.
The object of the file was the suspension and annulment of the administrative act HCGMB 705 / 08.12.2019 approving the Zonal Urban Plan Aleea Teișani-Drumul Pădurea Neagră 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.

The Bucharest Tribunal pronounced Decision no. 568 of February 4, 2022: Pursuant to art. 408 of the Code of Civil Procedure, rejects the request as a result of the applicant's waiver of the claimed right itself. The decision was subject to appeal within 15 days of the communication.

d) 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.
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

30. SUBSEQUENT EVENTS (continued)

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 24th March 2022 and signed on its behalf by:

Constantin Sebesanu,
CEO

Claudiu Bistriceanu,
CFO

Iuliana Mihaela Urda,
BoD President

Ernst & Young Assurance Services SRL
Bucharest Tower Center Building, 21st Floor
15-17 Ion Mihalache Blvd., District 1
011171 Bucharest, Romania

Tel: +40 21 402 4000
Fax: +40 21 310 7193
office@ro.ey.com
ey.com

Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Impact Developer & Contractor SA

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of Impact Developer & Contractor SA (the Company) with official head office in Romania, Bucharest, 1st District, 172-176 Bucharest-Ploiesti Road, Building A, 1st floor, Willbrook Platinum Business & Convention Center, identified by sole fiscal registration number RO1553483, which comprise the statement of financial position as at December 31, 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 ("Regulation (EU) No. 537/2014") and Law 162/2017 („Law 162/2017"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Romania, including Regulation (EU) No. 537/2014 and Law 162/2017 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the separate financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property (RON 568,758 thousand)	
The Company holds a portfolio of investment property which accounted for 53% of the Company's total assets as of 31 December 2021. The valuation of investment property is one of the key drivers of the Company's net asset value and total return. The fair values were assessed by the Company based on valuations prepared by an independent qualified valuation specialist and required expertise and use of significant judgements, estimates and assumptions, giving rise to a higher risk of misstatement. The impact of the COVID-19 pandemic on the current economic environment resulted in increased subjectivity and required further consideration from the audit team, including our internal specialists. Due to the significance of investment property as of 31 December 2021 and significant judgements, estimates and assumptions used in the valuation we consider the valuation of investment property a key audit matter. The Company's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are presented in notes 5, 6 and 9 of the separate financial statements.	The audit procedures performed on the valuation of investment property included among others the following: ▪ We obtained a detailed understanding of the Company's internal processes, policies and methodologies used by management for valuation of the investment property and the related documentation flow; specific attention was given to COVID 19 pandemic impact to understand how this was factored and considered in the valuation assumptions, through discussions held with management independent experts and further discussions with our internal valuation specialists; ▪ We agreed the fair values recorded in the separate financial statements to the values reported by the Company's independent experts ("specialists"); ▪ We tested the arithmetical accuracy of the calculations done by the external specialists for the main assumptions in the models, by reperforming a sample of their calculations; ▪ We involved our internal valuation specialists to assist us to: o evaluate, using their knowledge of the market, and corroborate the market related judgements and valuation inputs used by the specialists, for all investment properties presented in the statement of financial position;

	o assess the conformity of the valuation methods applied with the applicable valuation standards; and o evaluate the competence, capability and objectivity of the external valuation specialists. We further assessed the adequacy of the Company's disclosures in relation to the investment property valuation.

Other matters

The separate financial statements for the year ended 31 December 2020 were audited by another auditor that issued an unmodified audit opinion on 17 March 2021.

Other information

The other information comprises the Administrators' Report, as well as Remuneration Report, but does not include the separate financial statements and our auditors' report thereon. Management is responsible for the other information.

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

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Order of the Minister of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Separate Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Administrators' Report [and Remuneration Report], we have read these reports and report that:

a) in the Administrators' Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying separate financial statements as at December 31, 2021;

b) the Administrators' Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 articles 15 - 19;

c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the separate financial statements as at December 31, 2021, we have not identified information included in the Administrators' Report that contains a material misstatement of fact.

d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

Building a better
working world

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company by the General Meeting of Shareholders on 21 April 2021 to audit the financial statements for the financial year end December 31, 2021. Total uninterrupted engagement period has lasted for one year, covering the financial period ended December 31, 2021.

Consistency with Additional Report to the Audit Committee

Our audit opinion on the separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the annual report, no other services were provided by us to the Company, and its controlled undertakings.

Report on the compliance of the electronic format of the separate financial statements (XHTML), included in the annual separate report with the requirements of the ESEF Regulation

We have performed a reasonable assurance engagement on the compliance of the separate financial statements presented in XHTML format of Impact Developer & Contractor SA (the Company) for the year ended December 31, 2021, with the requirements of the Commission Delegated Regulation (EU) 2019 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation).

These procedures refer to testing the format and whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements and expressing an opinion on the compliance of the electronic format of the separate financial statements of the Company for the year ended December 31, 2021 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the separate financial statements, included in the annual report should be presented in XHTML format.

Building a better working world

Responsibilities of the Management and Those Charged with Governance

The Management of the Company is responsible for the compliance with the requirements of the ESEF Regulation in the preparation of the electronic format of the separate financial statements in XHTML format and for ensuring consistency between the electronic format of the separate financial statements (XHTML) and the audited separate financial statements.

The responsibility of the Management also includes the design, implementation and maintenance of such internal control as determined is necessary to enable the preparation of the separate financial statements in ESEF format that are free from any material non-compliance with the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process for the preparation of separate financial statements, including the application of the ESEF Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion providing reasonable assurance on the compliance of the electronic format of the separate financial statements with the requirements of the ESEF Regulation.

We have performed a reasonable assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform our engagement to obtain reasonable assurance about whether the electronic format of the separate financial statements of the Company is prepared, in all material respects, in accordance ESEF regulation. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material non-compliance with the requirements of the ESEF Regulation, whether due to fraud or error.

Reasonable assurance is a high level of assurance, but it is not guaranteed that the assurance engagement conducted in accordance with ISAE 3000 (revised) will always detect material non-compliance with the requirements when it exists.

Our Independence and Quality Control

We apply International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements to the registered auditors in Romania.

We have maintained our independence and confirm that we have met the ethical and independence requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Summary of procedures performed

The objective of the procedures that we have planned and performed was to obtain reasonable assurance that the electronic format of separate the financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the separate financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

- obtained an understanding of the internal control and the processes related to the application of the ESEF Regulation in respect of the financial statements of the Company, including the preparation of the separate financial statements of the Company in XHTML format
- tested the validity of the applied XHTML format
- checked whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements

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

Opinion on the compliance of the electronic format of the [separate]**financial statements with the requirements of the ESEF Regulation**

Based on the procedures performed, our opinion is that the electronic format of the separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania

Registered in the electronic Public Register under No. FA77

Autoritatea pentru Supravegherea Publică a Activității de Audit Statutar (ASPAAS)
Auditor financiar: Dimitriu Alina
Registrul Public Electronic: AF1272

Alina Dimitriu

Name of the Auditor/ Partner: Dimitriu Alina
Registered in the electronic Public Register under No. AF1272

Bucharest, Romania
24 March 2022

Translation from Romanian

STATEMENT

pursuant to provisions under art.30 in Accounting Law no.82/1991

the annual financial statements had been drafted on 31/12/2021 for :

Entity: IMPACT DEVELOPER CONTRACTOR SA

County: 40--BUCHAREST

Address: Willbrook Platinum Business & Convention Center,172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st District, phone no. 0212307570

Trade Registry order number: J40/7228/2018

Ownership: 34—Stock company

Main activity (NACE code and class denomination): 4110—Real Estate Development(promotion)

Sole Registration Code: 1553483

The undersigned, Mihaela Iuliana Urda,

pursuant to art.10 par.(1)in Accounting Law no.82/1991, holding the position of President of the Board of Directors of SC Impact Developer& Contractor hereby take responsibility for the preparation of the annual individual financial statements as of 31/12/2021 and hereby confirm the following:

a) The accounting policies used in the preparation of the annual financial statements are compliant with the applicable accounting regulations.

b) The annual financial statements provide an accurate overview on the financial position, financial performance and the other information relating to the carried out activity.

c) The legal entity carries out its activity under continuity conditions.

Signature

AFFIDAVIT

The undersigned, Mihaela Iuliana Urda, in capacity of Chairman of the Board of Directors, Constantin Sebesanu, in capacity of Chief Executive Officer and Claudiu Bistriceanu, in capacity of Chief Financial Officer of Impact Developer & Contractor S.A. (hereinafter referred to as the „Company"), in consideration of the provisions of art. 63 of Law no. 24/2017 regarding issuers of financial instruments and market operations and art. 223 of the ASF Regulation no. 5/2018 regarding issuers and securities related operations,

hereby declare that, to the best of our knowledge, the annual (individual and consolidated) financial statements on December 31, 2021, prepared in compliance with the applicable accounting standards offer an accurate and true image of the assets, liabilities, financial standing, profit and loss account of the Company and, respectively, of its subsidiaries included in the process of consolidation of the financial statements, and the Reports of the Board of Directors (on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards as laid down by the Order of the Ministry of Public Finance no. 2844/2016 with all subsequent amendments) comprise a correct analysis of the Company's and its subsidiaries development and performance, as well as a description of the main risks and uncertainties specific to the performed activity.

Presidend of the Board of Directors
Mihaela Iulia Urda

Chief Executive Officer
Constantin Sebesanu

Chief Financial Officer
Claudiu Bistriceanu