



**IMPACT DEVELOPER & CONTRACTOR SA**

**SEPARATE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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**IMPACT DEVELOPER & CONTRACTOR SA**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



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

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	<b>8</b>	21,545	14,162
Intangible assets		114	144
Right of use assets	<b>8</b>	1,485	-
Noncurrent receivables	<b>12</b>	67,197	-
Investment property	<b>9</b>	678,669	568,758
Investments in subsidiaries	<b>11</b>	36,216	56,542
<b>Total non-current assets</b>		<b>805,226</b>	<b>639,606</b>
<b>Current assets</b>			
Inventories	<b>10</b>	429,405	268,290
Trade and other receivables	<b>12</b>	33,892	108,321
Contract receivables	<b>12</b>	14,854	15,353
Cash and cash equivalents	<b>13</b>	46,857	36,171
<b>Total current assets</b>		<b>525,008</b>	<b>428,135</b>
<b>Total assets</b>		<b>1,330,234</b>	<b>1,067,741</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	<b>14</b>	598,884	401,214
Share premium	<b>14</b>	40,493	(4,475)
Revaluation reserve		3,001	3,001
Other reserves	<b>14</b>	38,318	12,389
Own shares	<b>15</b>	(268)	(841)
Retained earnings		160,755	289,279
<b>Total equity</b>		<b>841,183</b>	<b>700,567</b>
<b>Non-current liabilities</b>			
Loans and borrowings	<b>16</b>	232,860	88,830
Trade and other payables	<b>17</b>	12,260	5,514
Deferred tax liability	<b>23</b>	81,058	68,490
<b>Total non-current liabilities</b>		<b>326,178</b>	<b>162,834</b>

This is a free translation from the original Romanian version.

**IMPACT DEVELOPER & CONTRACTOR SA**  
**SEPARATE STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



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

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>Current liabilities</b>			
Loans and borrowings	<b>16</b>	97,491	145,489
Trade and other payables	<b>17</b>	29,083	29,414
Contract liabilities	<b>19</b>	35,946	28,149
Provisions for risks and charges	<b>18</b>	353	1,288
<b>Total current liabilities</b>		<b>162,873</b>	<b>204,340</b>
<b>Total liabilities</b>		<b>489,051</b>	<b>367,174</b>
<b>Total equities and liabilities</b>		<b>1,330,234</b>	<b>1,067,741</b>

The consolidated financial statements have been authorized for issue by the management on 31 March 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**  
CA President

**Constantin Sebeșanu**  
Chief Executive Officer

**Claudiu Bistriceanu**  
Chief Financial Officer

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**IMPACT DEVELOPER & CONTRACTOR SA**  
**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**



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

	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
Revenue	19	75,027	28,392
Costs of sales		(50,566)	(13,524)
<b>Gross profit</b>		<b>24,461</b>	<b>14,868</b>
Net income from other activities	19	1,361	1,025
General and administrative expenses	20	(25,609)	(19,283)
Marketing expenses		(3,771)	(3,966)
Other operating income/expenses	21	(607)	(3,204)
Depreciation and amortization	8	(1,398)	(727)
Gains on investment property	9	77,660	86,761
<b>Operating profit</b>		<b>72,097</b>	<b>75,474</b>
Financial income	22	13,751	8,520
Financial cost	22	(9,951)	(5,955)
<b>Finance costs, net</b>		<b>3,800</b>	<b>2,565</b>
<b>Profit before tax</b>		<b>75,897</b>	<b>78,039</b>
Income tax expense	23	(12,568)	(13,190)
<b>Profit of the period</b>		<b>63,329</b>	<b>64,849</b>

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**IMPACT DEVELOPER & CONTRACTOR SA**  
**SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022**  
 (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
<b>Balance on January 1, 2022</b>		<b>401,214</b>	<b>(4,475)</b>	<b>3,001</b>	<b>12,389</b>	<b>(841)</b>	<b>289,278</b>	<b>700,567</b>
<b>Comprehensive income</b>		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	63,329	63,329
Other comprehensive income		-	-	-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-	<b>63,329</b>	<b>63,329</b>
<b>Transactions with shareholders of the Company</b>								
Share capital increase	14	197.670	45.985	-	-	-	(165.923)	77.732
Own shares acquired during the year	15	-	-	-	-	(442)	-	(442)
Share-based payments	15	-	(1.017)	-	-	1.015	-	(2)
<b>Other changes in equity</b>								
Set up of legal reserves	14	-	-	-	25.929	-	(25.929)	-
<b>Balance on September 30, 2022</b>		<b>598.884</b>	<b>40.493</b>	<b>3.001</b>	<b>38.318</b>	<b>(268)</b>	<b>160.755</b>	<b>841.183</b>

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**IMPACT DEVELOPER & CONTRACTOR SA**  
**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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**IMPACT DEVELOPER & CONTRACTOR SA**  
**SEPARATE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 December 2022**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	Note	31 December 2022	31 December 2021
<b>Profit for the period</b>		<b>63,329</b>	<b>64,849</b>
<b>Adjustments to reconcile profit for the period to net cash flows:</b>		<b>(66,854)</b>	<b>(75,298)</b>
Valuation gains on investment property	9	(77,660)	(86,651)
Gain on sale PPE	8	(626)	-
Reversal of impairment loss PPE	8	251	230
Depreciation	8	1,398	727
Share based payments	28	1,015	-
Finance income	22	(13,751)	(8,520)
Finance cost	22	9,951	5,955
Deferred tax expense	23	12,568	13,190
<b>Working capital adjustments</b>		<b>(158,661)</b>	<b>(75,069)</b>
Decrease/(increase) in trade receivables and other receivables	12	26,336	19,375
Decrease in prepayments		(976)	-
Decrease in inventory property	10	(167,937)	(111,657)
(Decrease)/increase in trade, other payables, and contract liabilities	17	(15,149)	19,771
(Decrease)/increase in provisions	18	(935)	621
Income tax paid	17	-	(2,789)
<b>Net cash flows used in operating activities</b>		<b>(162,186)</b>	<b>(74,679)</b>
Investing activities			
Loans granted to subsidiaries	27	(6,279)	(54,649)
Loan reimbursements collected from subsidiaries	27	35,913	81,776
Investments in subsidiaries	11	(14,695)	-
Return of the amounts invested in subsidiaries	11	29,754	1,798
Purchase of property, plant and equipment	8	(1,864)	(2,460)
Expenditure on investment property under development	9	(32,987)	(31,130)
Expenditure on PPE under development	8	(14,978)	(8,346)
Proceeds from property, plant and equipment	8	1,538	152
Dividends received		1,041	
Interest received		6,082	12,397
<b>Net cash flows from investing activities</b>		<b>3,525</b>	<b>(462)</b>

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**IMPACT DEVELOPER & CONTRACTOR SA**  
**SEPARATE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 December 2022**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	<u>Note</u>	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	16	291,137	95,160
Repayment of principal of borrowings	16	(184,682)	(14,504)
Proceeds from issue of share capital	14	77,732	-
Acquisition of own shares	15	(1,459)	(1,366)
Dividends paid	14	(11)	-
Interest paid	16	(13,372)	(9,823)
		<b>169,345</b>	<b>69,467</b>
<b>Net cash from financing activities</b>		<b>169,345</b>	<b>69,467</b>
<b>Net increase / (decrease) of cash and equivalents</b>		<b>10,686</b>	<b>(15,894)</b>
<b>Cash and equivalents on 1st of January</b>		<b>36,171</b>	<b>52,065</b>
<b>Cash and equivalents on 31 of December 2022</b>		<b>46,857</b>	<b>36,171</b>

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## 1. REPORTING ENTITY

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

Up to 07 July 2022 the registered office of the Company was Willbrook Platinum Business Convention Center, Building A, 1st Floor, 172-176 Bucuresti-Ploiesti Road, Bucharest, District 1. Going forward the new registered office of the Company is Impact Building, Drumul Padurea Mogosoia Street, No.31-41, Bucharest, District 1.

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:

	<u>Country of registration</u>	<u>Nature of activity</u>	<u>% of shareholding at 31 December 2022</u>	<u>% of shareholding at 31 December 2021</u>
Clearline Development and Management SRL	Romania	Real estate development	100%	100%
Spatzio Management SRL (former Actual Invest House SRL)	Romania	Property management	100%	100%
Bergamot Development Phase II SRL	Romania	Real estate development	100%	100%
Bergamot Development SRL	Romania	Real estate development	100%	100%
Impact Finance SRL	Romania	Administration	100%	100%
Greenfield Copou Residence SRL	Romania	Real Estate development	100%	100%
Greenfield Copou Residence Phase II SRL	Romania	Real estate development	100%	100%
Greenwise Development SRL	Romania	Real estate development	100%	100%
Greenfield Property Management SRL	Romania	Real estate development	100%	100%
Impact Alliance Architecture SRL	Romania	Architecture services	51%	0%
R.C.T.I. Company	Romania	Constructor	51.01%	0%

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

During 2022 the Company’s activity revolved around the Greenfield Băneasa residential complex in Bucharest and Boreal Plus in Constanța.

## **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 21<sup>st</sup> April 2021, in the General Shareholders' Meeting, the members of the Board of Directors of the Company were elected for a four-year term (28<sup>th</sup> 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 Urdă, Chairperson of the Board of Administration
- Intrepid Gem SRL, represented by Petru Văduva
- Ruxandra-Alina Scarlat, Administrator
- Daniel Pandele, Administrator
- Sorin Apostol, Administrator

### **Executive Management of the Company**

On 27<sup>th</sup> April 2021, the Board of Directors appointed Mr. Constantin Sebeșanu as General Manager for a four-year term, starting with 28 April 2021. On the same date, Sorin Apostol took over the position of executive director (COO).

Starting from 1 of January 2022, Claudiu Bistriceanu was appointed as financial director (CFO) with a 4 (four) years mandate.

## **3. BASIS OF PREPARATION**

### **a) Declaration of conformity**

These separate financial statements have been prepared in accordance with 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.

### **b) The going concern principle**

The significant disruptions in the global markets driven by the Covid-19 pandemic then followed by war in Ukraine and current inflationary economic context had a broad effect on participants in a wide variety of industries, creating a widespread volatility

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

The Company made an initial assessment of the risks and uncertainties. Therefore, management considered different scenarios, considering the following:

- Sales and pre-sales
- Prices
- Costs
- Evolution of real estate projects
- Cash and external financing

Regarding pre-sales, the Company expects a significant increase in the volume of transactions in 2022 due to existing inventory and the projects that the Company is currently running: Greenfield – Teilor District, Panoramic 1 and 2 and Boreal Plus Constanța. The Company also considers that a major impetus in the Company's activity is the commissioning Greenfield Plaza (a multifunctional complex that includes SPA areas (with relaxation areas and 2 swimming pools), fitness rooms and sports fields, commercial areas.

As regards to sales prices, the Company considers that those reflect the market prices and that there are no premises for downward adjustment of prices.

The Company agreed a partnership with the District 1 Bucharest City Hall for the construction of a public kindergarten and public school, as the Company transferred to the City Hall the land for these new constructions. Currently, the District 1 Bucharest City Hall is preparing the documentation necessary for the starting of the construction.

## **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.

The FX differences are recognized in Statement of profit and loss as financial cost/ 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 cost amounts, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment.

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

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase. Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as of 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. The Group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate-related matters are included as key assumptions where they materially impact the measure of recoverable amount, these assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

### **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.

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

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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.

#### **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 reissuance 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 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.

- (i) 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.

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.

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

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

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

The revenues from recharge of utilities are recognised when they are realized, together with the utility's expenses invoiced by the suppliers. The Company recharges the utilities at mark-up under the form of administrative costs. These revenues refer to the rented properties and to the sales of properties fully paid, up to the moment when the buyer concludes contracts with the utility's suppliers in their own name.

**p) Taxation**

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

**(i) 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.

**(ii) 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

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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) Lease contracts**

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 in exchange for consideration.

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **t) Company as a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### **(i) Right of use assets**

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

the assets, as follows:

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

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

## **(ii) Lease liabilities**

At the commencement date of the lease, the Company recognizes 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 recognized 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 recognized as expense on a straight-line basis over the lease term.

## **u) Contingent liabilities**

A contingent liability is:

- 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
- a present obligation that arises from past events that is not recognized because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

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

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

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

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

#### **v) Subsequent events**

Events occurring after the reporting date, 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.

#### **w) Segment reporting**

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

#### **x) 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 recognized 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.

**a) Fair value measurements and valuation processes of investment property**

Valuation of investment property and property, plant and equipment.

The Company has obtained a report from Colliers Valuation and Advisory SRL, setting out the estimated market values for the Company's investment property, property developed for sale and property, plant and equipment in their current state. The most recent real estate investment assessment took place on December 31, 2022 and 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 assumed 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 2022 and gains on investment property registered to profit or loss of a 5% weakening/(strengthening) of the price per sqm	
Greenfield Baneasă Bucuresti land	- 14,076 thousand RON	+14,076 thousand RON
Bd. Barbu Văcărescu land	- 8,804 thousand RON	+ 8,804 thousand RON
Bd. Ghencea land - Bd. Timișoara	- 8,005 thousand RON	+ 8,005 thousand RON

**b) 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 judgmental 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.

### **c) Legal issues**

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

### **d) 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**

### **A) Amendments to accounting policies and information to disclose**

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 2022:

- 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 recognizes such sales proceeds and related cost in profit or loss.
  - IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
  - Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. The amendments had no impact on the financial statements of the Company.
- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 September 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 September 2022, provided the other conditions for applying the practical expedient are met. 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 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation, and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The company/group does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the company's financial performance, financial position of cash flows.

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the financial statements of the Company.

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

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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 had no impact on the financial statements of the Company.

**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 had no impact on the financial statements of the Company.

**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 had no impact on the financial statements of the Company.

**IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16.

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

## 8. PROPERTY, PLANT AND EQUIPMENT

Cost / valuation	Land and buildings	Machinery, equipment and vehicles	Fixtures and fittings	Assets under construction	Total
<b>Balance at 1 January 2022</b>	<b>18,846</b>	<b>3,520</b>	<b>1,268</b>	<b>8,360</b>	<b>31,994</b>
Additions	6,971	920	862	446	9,199
Transfers	7,561	-	-	(7,017)	544
Value adjustments	-	-	-	(4)	(4)
Disposals	(909)	(368)	(818)	-	(2,095)
<b>Balance at 31 December 2022</b>	<b>32,469</b>	<b>4,072</b>	<b>1,312</b>	<b>1,785</b>	<b>39,638</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance at 1 January 2022</b>	<b>14,128</b>	<b>2,571</b>	<b>1,133</b>	<b>-</b>	<b>17,832</b>
Charge for the period	713	458	115	-	1,286
Impairment loss	-	158	-	-	158
Accumulated depreciation of disposals	-	(366)	(817)	-	(1,183)
<b>Balance at 31 December 2022</b>	<b>14,999</b>	<b>2,663</b>	<b>431</b>	<b>-</b>	<b>18,093</b>
<b>Carrying amounts</b>					
<b>At January 1, 2022</b>	<b>4,718</b>	<b>949</b>	<b>136</b>	<b>8,360</b>	<b>14,162</b>
<b>At 31 December 2022</b>	<b>17,470</b>	<b>1,409</b>	<b>881</b>	<b>1,785</b>	<b>21,545</b>

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**IMPACT DEVELOPER & CONTRACTOR SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



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

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

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Additions in the period mainly consist of works on the Greenfield Office project. In the period there was also a transfer of RON 544 thousand from investment property, consisting of the plot of land related to Greenfield Office building used for the Company's headquarter. In September 2022, the office building (Impact SA headquarters) was commissioned.

The value assets under construction of RON 1,785 thousand represents fixed assets that had not yet been put in function at the date of the financial statements (advertising panels). Financial costs in the amount of RON 1,592 thousand were capitalized during the year 2022 in the value of tangible assets under construction

The Company recorded adjustments for the loss of value of the fixed assets owned (electrical networks, sewage networks, roads) because the estimates showed that their recoverable value is lower than the book value (cost - depreciation).

The value of the land and buildings in the Greenfield Office project was compared with the evaluations made by an independent appraiser - Colliers Valuation and Advisory SRL - and it turned out that there are no significant changes in the values that require value adjustments or the recording of increases from the revaluation.

#### Lease contracts

<b>31 December 2022</b>	<b>Lease Contracts no.</b>	<b>Fixed payments</b>	<b>Variable Payments</b>	<b>Sensitivity</b>
Electric Cars	19	100%	-	-
<b>Total</b>	<b>19</b>	<b>100%</b>	-	-

#### Right of Use Assets

	<b>Vehicles</b>
<b>Balance on January 1</b>	-
Additions	1,699
Amortisation	(214)
Modification to lease terms	-
Variable lease payment adjustment	-
Foreign exchange movements	-
<b>Balance on 31 December 2022</b>	<b>1,485</b>

The right-of-use assets are depreciated on a straight-line basis over the lease term.

In 2021 the Company did not hold significant assets under lease agreements.

## 9. INVESTMENT PROPERTY

### Reconciliation of carrying amount of property investments

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Balance on January 1</b>	<b>568,758</b>	<b>456,768</b>
Additions through subsequent expenditures	32,987	28,901
Transfers from inventories	-	-
Transfers to property, plant and equipment	(544)	(2,899)
Adjustments	(192)	2,548
Disposals	-	(5,321)
Changes in fair value during the year	77,660	86,761
<b>Balance on December 31</b>	<b>678,669</b>	<b>568,758</b>

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

<b>Asset</b>	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>sqm</b>	<b>thousand RON</b>	<b>sqm</b>	<b>thousand RON</b>
Greenfield Baneasa land (Bucharest)	217,852	281,511	200,719	228,431
Blvd. Barbu Vacarescu land (Bucharest)	25,424	176,078	25,424	157,961
Blvd. Ghencea land (Bucharest)	258,895	160,098	258,895	128,106
<b>Total</b>	<b>502,171</b>	<b>617,687</b>	<b>485,038</b>	<b>514,498</b>

Additions of investment property mainly include:

- the purchase of a 17,000 square meter plot of land in Greenfield worth RON 9,340 thousand.
- for the remaining part, the additions in the period consist of works on the Greenfield Plaza project, of which the capitalized interest in the cost of the investment is RON 1,556 thousand.

Transfers of investment property of RON 544 thousand are represented by plot of land related to Greenfield Office building which is presented under property, plant & equipment account as of 31 December 2022.

The value of land registered as investment property increased at the end of 2022, by RON 77,660 thousand, following the revaluation carried out by the external evaluator, Colliers Valuation and Advisory S.R.L.

Considering the above, the Group considers that in December 2022 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".

The Company management analyzes annually, at the 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 build to sell or to build to rent.

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

### **Valuation processes**

The Company's investment properties were valued at December 31, 2022 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.

### **Valuation techniques**

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

<b>Asset</b>	<b>Main parameters on 31<sup>st</sup> of December 2022</b>	<b>Main parameters on 31<sup>st</sup> of December 2021</b>
Greenfield Băneasa land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: from -26% discount to +37% Premium</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: from -47% discount to + 18% premium</li> </ul>
Barbu Văcărescu land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 1,254 EUR/sqm to 2,537 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -40% to +20% Premium</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 814 EUR/sqm to 2,348 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -40% to +55% premium</li> </ul>
Blvd. Ghencea land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 80 EUR/sqm to 165 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -5% to +75%</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 90 EUR/sqm to 150 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -25%</li> </ul>

As it can be presented above, given the nature of investment properties, the most relevant input used in the determination of fair value of investment property is the price per square meter. for sensitivity purposes if

the market comparable price per square meter would increase by EUR 10/sqm, investment property would consequently increase by RON 25 million; consequently, a decrease of RON 25 million for a decrease in market comparable by EUR10/sqm (2021: +/-RON 24 million fluctuation for the same sensitivity range applied).

The carrying value as at 31 December 2022 of the land plots pledged is RON 235,353 thousands (31 December 2021: RON 156,709 thousands).

## 10. INVENTORIES

	<b>31 December 2022</b>	<b>31 December 2021</b>
Finished goods and goods for resale	101,029	28,208
<i>Residential developments:</i>		
- Land	88,926	92,742
- Development and construction costs	239,450	142,630
	<b>429,405</b>	<b>268,290</b>

Inventories are represented by:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Residential project Greenfield	311,201	193,010
Land and development expenses Constanta	107,927	60,834
Other inventories	10,277	14,446
	<b>429,405</b>	<b>268,290</b>

Lands with a carrying amount of RON 88,926 thousand as at 31 December 2022 (31 December 2021: RON 92,742 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 101,029 thousand as at 31 December 2022 (31 December 2021: RON 28,208 thousand) refer entirely to apartments held for sale by the Company. Cost of inventories recognized during the period is 50,566 RON thousand (2021: 13,524 RON thousand).

The carrying value as at 31 December 2022 of the finished goods inventories pledged is of RON 9,363 thousand (RON 12,404 thousand as at 31 December 2021). Further details are set out in Note 16.

Cost of inventories recognized during the period is 50,566 KRON (2021: 12,639 KRON).

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 during the 2022 is RON 1,020 thousand.

Part of the Greenfield project (construction of Panoramic) is financed by First Bank. The interest capitalized during 2022 in the value of the project is RON 1,230 thousand.

As per IAS 23 – Borrowing costs, the borrowing costs of general loans were capitalized in the value of eligible assets using the weighted average interest rate. The value of the borrowing cost related to general borrowings (inclusive exchange rate differences) capitalised is RON 3,430 thousand as of 31 December 2022.

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

## 11. INVESTMENTS IN SUBSIDIARIES

	<b>31 December 2022</b>	<b>31 December 2021</b>
Investments in subsidiaries	44,239	64,565
Impairment of investments in subsidiaries	(8,023)	(8,023)
	<b>36,216</b>	<b>56,542</b>

The Company holds interests in the following subsidiaries:

	<b>31 December 2022</b>			
	<b>Percentage</b>	<b>Gross value</b>	<b>Impairment</b>	<b>Book value</b>
Spatzioo Management SRL	6.23%	110	-	110
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developments	99%	6,770	-	6.770
Bergamot Developments Phase II	99%	49	-	49
Impact Finance	99%	1	-	1
Greenfield Copou Residence	99%	49	-	49
Greenfield Copou Residence Phase II	99%	49	-	49
Greenwise Development	99%	49	-	49
Greenfield Property Management	99%	49	-	49
R.C.T.I Company	51.01%	14,440	-	14,440
Impact Alliance Arhitecture	51%	500	-	500
<b>Total subsidiaries</b>		<b>44,239</b>	<b>(8,023)</b>	<b>36.216</b>

	<b>31 December 2021</b>			
	<b>Percentage</b>	<b>Gross value</b>	<b>Impairment</b>	<b>Book value</b>

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Spatzioo Management SRL (former Actual Invest House SRL)	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
<b>Total subsidiaries</b>		<b>64,565</b>	<b>(8,023)</b>	<b>56,542</b>

Clearline Development and Management SRL holds 93,77% in Spatzioo Management SRL (former Actual Invest House SRL)

- a) Spatzioo Management SRL (former Actual Invest House SRL), 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.

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- j) Impact Alliance Arhitecture SRL, a company within the group having as main object of activity architecture services, has been incorporated in 2022
- k) RCTI Company, a company within the group having as main object of activity the real estate constructions, has been acquired by the Company in 2022 (refer to Note 28).

During 2022, the share capital of Bergamot Developments was decreased from 41,791 thousand RON to 6,770 thousand RON. The amount resulted from decrease of share capital was returned to the shareholders: Impact D&C SA and Spazio Management SRL.

## 12. TRADE AND OTHER RECEIVABLES

	Short term		Long term	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Trade receivables	12,189	6,063	-	-
Receivables from related parties	3,801	92,012	67,197	-
Sundry debtors	8,433	3,238	-	-
Receivables from authorities	9,469	7,008	-	-
	<b>33,892</b>	<b>108,321</b>	<b>67,197</b>	-

Out of total Receivables from authorities, RON 9,360 thousand is represented by VAT to be refunded to the Group (2021: RON 3,651 thousand).

An allowance has been made for expected credit losses on trade receivables of 2,276 thousand RON (31 December 2021: 1,790 thousand RON).

Reconciliation of the provision for expected credit losses:

Balance on January 1	1,790
Provision reversal	(491)
Establish new provision	977
Balance on 31.12.2022	2.276

Long-term receivables represent the balance of loans and their related interest granted by the Company to its subsidiaries. Details about the breakdown of the amount is included in note 27 - regarding transactions with related parties.

As at 31 December 2022 the Company did not have any trade receivables and/or other pledged receivables.

	31 December 2022	31 December 2021
<b>Other current assets</b>		
Prepaid expenses	5.512	4.536
Advances to suppliers	9.342	10.817
	<b>14.854</b>	<b>15.353</b>

## 13. CASH AND CASH EQUIVALENTS

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Current accounts	46,797	36,162
Petty Cash	9	9
Cash advances	51	-
	<b>46,857</b>	<b>36,171</b>

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 102 thousand RON (31 December 2021: 553 thousand RON) is restricted cash.

#### **14. SHARE CAPITAL**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Share capital paid in	591,420	393,750
Adjustments of the share capital (hyperinflation)	7,464	7,464
	<b>598,884</b>	<b>401,214</b>
Number of shares in issue at period end	<b>2,365,679,961</b>	<b>1,575,000,000</b>

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>%</b>	<b>%</b>
Gheorghe Iaciu	57.76%	59.97%
Andrici Adrian	12.73%	15.98%
Legal persons	19.70%	12.45%
Other shareholders	9.82%	11.60%
	<b>100.00%</b>	<b>100%</b>

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.

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

On 01.02.2022, the share capital increase was registered, through the issuance of new shares, through private placement. As a result of the increase, 84,231,295 new shares were issued and the share capital was increased with the value of 21,057,823.75 RON. Following the increase of the share capital through private placement, the share capital of the Company increased from 393,750,000 RON to 414,807,823.75 RON, the

new total number of shares being 1,659,231,295. This share capital increase generated a share premium in amount of RON 37.904.170.

On 30.06.2022, the Company's share capital was increased by the amount of 165,923,129.50 RON, through the partial incorporation of the undistributed carried forward result in the previous financial years. The capital increase was achieved by issuing a number of 663,692,518 new shares. Each shareholder registered in the Register of Shareholders of the Company on the registration date 21.07.2022 was allocated 2 (two) free shares for 5 (five) shares held. Following the increase of the share capital, the total value represents 580,730,953.25 RON, being divided into 2,322,923,813 shares, each having a nominal value of 0.25 RON.

On 19.08.2022, the subscription stage in private placement approved by the Decision of the Board of Directors of 17.08.2022 ended. Under the Private Placement 42,756,138 shares were subscribed, and the subscription price was 0.439 RON per new share (the "Subscription Price"). This share capital increase generated a share premium in amount of RON 8,080,910.

The Other reserves constituted for the Company are detailed below:

	<u>31 December 2022</u>	<u>31 December 2021</u>
Legal Reserves	43,190	17,260
Statutory reserves	(4,871)	(4,871)
Other reserves	<u>1</u>	<u>1</u>
<b>Balance as at 31 December 2022/ 2021</b>	<b><u>38,318</u></b>	<b><u>12,389</u></b>

The legal reserves in the amount of 22,124 thousand lei represent the legal reserve approved for distribution in 2021, but moved to the reserve account in 2022. The amount of 3,805 thousand lei represents the legal reserve established in 2022.

The legal reserve is set in accordance with the provisions of the Romanian Company Law, which requires that at least 5% of the annual accounting profit before tax is transferred to "legal reserve" until the balance of this reserve reaches 20% of the share capital of the Company.

### **Dividends**

During the financial year ended 31 December 2022, the Company has not declared dividends to its shareholders.

### **Capital management.**

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximize the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a debt to assets ratio, which is loans and borrowings less cash and cash equivalents, divided to total assets. The Company's policy is to keep the debt to assets ratio to less than 40%.

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define

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capital structure requirements. In case of breaches in meeting the financial covenants the banks allow for remedy periods. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 December 2022 and 2021. Debt to assets ratio as of 31 December 2022 and 31 December 2021 are disclosed below:

<b>Debt to assets ratio</b>	<b>2022</b>	<b>2021</b>
Loans and borrowings	330,351	234,319
Less: cash and cash equivalents	(46,857)	(36,171)
<b>Net debt</b>	<b>283,494</b>	<b>198,148</b>
Total assets	1,330,234	1,067,741
<b>Net debt to assets</b>	<b>21%</b>	<b>19%</b>

## 15. OWN SHARES

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Balance at 1 January 2022/2021</b>	<b>841</b>	<b>2.675</b>
Purchase of own shares	442	1,365
Own shares cancelled during the year	-	(2,500)
Share-based payments	(1,015)	(699)
<b>Balance at 31 December 2022/31 December 2021</b>	<b>268</b>	<b>841</b>

	<b>31 December 2022 (no. of shares)</b>	<b>31 December 2021(no. of shares)</b>
<b>Balance at 1 January 2022/2021</b>	<b>1,370,920</b>	<b>2,578,361</b>
Purchase of own shares	1,632,621	3,864,559
Own shares cancelled during the year	-	(2,500,000)
Share-based payments	(2,265,000)	(2,572,000)
<b>Balance at 31 December</b>	<b>738,541</b>	<b>1,370,920</b>

In the AGM dated 21.04.2021, the redemption of a maximum number of 30,000,000 (thirty million) shares was approved, for a maximum period of 18 months from the date of publication of the resolution in the Official Gazette of Romania, representing a maximum of 1.90% from the subscribed and paid share capital on the settlement date.

The reserve of own shares represents the cost of shares of the Parent Company purchased on the market, to satisfy the options and conditional quotas granted under the Company's share-based payment schemes.

On December 31, 2022, the Company has own shares with an accounting value of RON 268 thousand

(December 2021: 841 thousand lei).

In August 2021, the Board of Directors decided to implement the Stock Option Plan program for the year 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 directors of the Company.

The Company granted shares to employees and members of the Board of Directors according to the decision to implement the "Stock Option Plan" program (the "Plan"), with the objective of granting option rights for the acquisition of shares free of charge by employees and members of the Company's management, respectively the members of the Board of Directors and the directors of the Company, in order to maintain and motivate them as well as to reward them for the activity carried out within the Company.

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").

In 2022, the Company granted a number of 2,265 thousand shares to employees and members of the Board of Directors evaluated and recorded in the profit and loss account on the date of grant in the amount of 969 thousand lei (0.427 lei/share). The average cost borne by the parent company with the purchase of these shares was 1,015 thousand lei (0.367 lei/share).

## 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.

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Non-current liabilities</b>		
Secured bank loans	200,299	56,264
Issued bonds	32,561	32,566
	<b>232,860</b>	<b>88,830</b>
<b>Current liabilities</b>		
Secured bank loans	97,491	23,933
Short-term borrowings	-	121,556
	<b>97,491</b>	<b>145,489</b>

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

<b>Lender</b>	<b>Currency</b>	<b>Maturity</b>	<b>Amount of the facility, in original currency</b>	<b>Balance at 31-Dec-21*</b>	<b>Balance at 31-Dec-22*</b>
Credit Value Investments	EUR	11.01.2022	12,000	61,535	-
Bonds listed on Bucharest Stock					
Exchange SA	EUR	19.12.2022	12,525	60,021	-
Private placement bonds	EUR	24.12.2026	6,581	32,566	32,561
<b>Total bonds</b>				<b>154,122</b>	<b>32,561</b>
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	48,622
CEC Bank	RON	27.01.2023	3,500	1,633	-
Garanti BBVA	EUR	15.06.2024	4,250	21,030	5,936
Garanti BBVA	EUR	30.06.2024	4,500	-	18,978
OTP Bank	EUR	31.03.2025	21,161	-	51,444
OTP Bank	EUR	30.06.2024	4,000	-	5,101
OTP Bank	EUR	31.03.2025	13,279	-	44,388
OTP Bank	EUR	30.06.2024	2,000	-	4,358
TechVentures Bank	EUR	06.01.2025	2000	-	6,871
Alpha Bank	EUR	08.06.2029	20,000	-	95,283
Libra Internet Bank	EUR	05.12.2025	1900	-	9,400
Libra Internet Bank	EUR	05.10.2024	4,000	13,470	7,363
<b>Total bank loans</b>				<b>80,197</b>	<b>297,744</b>
<b>Interest</b>					<b>45</b>
<b>Total</b>				<b>234,319</b>	<b>330,351</b>

\* Including the balance of interest payments, where applicable

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	<b>Bonds</b>	<b>Loans</b>	<b>Total</b>
<b>Balance on 1<sup>st</sup> of January 2022</b>	<b>154,122</b>	<b>80,197</b>	<b>234,319</b>
Draws	-	291,137	291,137
Payments	(116,121)	(68,561)	(184,682)
Interest paid	(6,996)	(6,376)	(13,372)
FX differences	1,601	1,347	2,949
<b>Balance on 31<sup>st</sup> of December 2022</b>	<b>32,606</b>	<b>297,744</b>	<b>330,351</b>

On July 10, 2017, the Company offered for subscription, 120 series A bearer bonds, each with a nominal value of EUR 100 thousand and a total nominal value of EUR 12,000 thousand, issued in physical form, by two investment funds managed by Credit Value Investments Sp. z o. o. (CVI), which accepted the Offer on the same date. The bonds were initially offered at an issue price of EUR 98,400 per bond (respectively EUR 11,808 thousand per total number of bonds).

The bonds were issued on July 11, 2017 and are due 54 months from the date of issue, provided that 42 months from the date of issue, the Company must redeem 50% of the nominal value of bonds. The bonds bear interest at a fixed rate of 6% per year, payable twice a year. On February 1, 2021, the Company signed a maturity extension agreement for the amount of EUR 6,000 thousand until the maturity date of the bonds, i.e. January 2022. In January 2022, the loan was repaid in full, at the time stipulated in the contract.

The bonds are mainly secured by a first-rate mortgage that covers the obligations resulting from the bonds, up to the maximum guaranteed value of EUR 18,000 thousand (eighteen million euros), established on seven plots of land with a total area of 154,308 sqm located in Bucharest, sector 1, Romania, under the exclusive property of the Company, as well as on their accessories. The Company has an early redemption option for the Bonds, which can be exercised starting with the second interest payment date, provided that the minimum redeemed value is at least EUR 1,100 thousand.

During 2017, 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 Company 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 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 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

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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.

In January 2022, the company contracted a loan denominated in EUR from Techventures Bank for the general financing of projects (working capital). The approved value of the loan is EUR 2,000 thousand, maturing within 36 months of granting.

In June 2022, the company contracted a 2<sup>nd</sup> loan denominated in EUR from Garanti Bank for the general financing of projects (working capital). The approved value of the loan is EUR 4,500 thousand, maturing within 25 months of granting.

In June 2022, the company contracted a loan denominated in EUR from Alpha Bank for the general financing of projects (working capital). The approved value of the loan is EUR 20,000 thousand, maturing within 84 months of granting.

In September 2022, the Company contracted 4 loans denominated in EUR from OTP Bank for the financing of phases F1-F3 of the UTR3 project in Greenfield Băneasa. The cumulative value of the credits is EUR 40,440 thousand, of which two in the amount of EUR 34,440 thousand are intended to finance the project, with a maturity of 3 years from the granting, and two others in a total amount of EUR 6,000 thousand to cover VAT expenses, with maturity of 2 years from granting.

In December 2022, the Company contracted a loan denominated in EUR from Libra for the general financing of projects (working capital). The amount of the loan is 1,900 thousand EUR, with a maturity of 3 years from the granting.

All the covenants provided in the long-term bank loan agreements have been met at 31 December 2022 and 31 December 2021.

## 17. TRADE AND OTHER PAYABLES

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Non-current liabilities</b>		
Guarantees	11.352	5.514
Lease payables	908	-
	<b>12.260</b>	<b>5.514</b>
<b>Current liabilities</b>		
Trade payables	15.771	21.373
Lease payables	342	-
Tax debts	292	-
Employees payables	716	-
Dividends payable	177	187
Related parties payables	7.838	(145)
Other payables	3.947	7.999
	29.083	29.414
	<b>41.343</b>	<b>34.928</b>

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.

Long-term guarantees payable include RON 8,334 to be paid to R.C.T.I Company subsidiary (See also note 27).

### Lease liabilities

	<b>Vehicles</b>	<b>Land and buildings</b>	<b>Total</b>
<b>Balance January 1</b>	-	-	-
Additions	1,699	-	1,699
Interest expense	148	-	148
Effect of modification to lease terms	-	-	-
Variable lease payment adjustment	-	-	-
Lease payments	(885)	-	(885)
Foreign exchange movements	288	-	288
<b>Balance 31 December 2022</b>	<b>1,250</b>	-	<b>1,250</b>

The market value of the liabilities related to leasing contracts approximates their book value.

In August 2021, the Company signed a framework leasing contract with Porsche Leasing Romania IFN SA for the delivery of 19 electric cars. In May 2022, the cars were delivered, and individual leasing contracts were concluded for each car.

The interest rate is fixed. Fixed instalments are paid throughout the duration of the contract.

## 18. PROVISIONS FOR RISKS AND CHARGES

	<b>Provisions for litigation</b>	<b>Other provisions</b>	<b>Total</b>
<b>Balance on January 1, 2022</b>	<b>271</b>	<b>1,017</b>	<b>1,288</b>
Provisions established during the period	-	-	-
Provisions written back during the period	-	(935)	(935)
<b>Balance on 31 December 2022</b>	<b>271</b>	<b>82</b>	<b>353</b>
	<b>Provisions for litigation</b>	<b>Other provisions</b>	<b>Total</b>
<b>Balance on January 1, 2021</b>	<b>271</b>	<b>396</b>	<b>667</b>
Provisions established during the period	-	890	890
Provisions written back during the period	-	(269)	(269)
<b>Balance on December 31, 2021</b>	<b>271</b>	<b>1,017</b>	<b>1,288</b>

The provisions amounting to 353 thousand RON are represented by:

- 271 thousand RON for a litigation in connection with one of the houses sold in the Boreal district of Constanța
- 82 thousand RON for untaken holidays.
- The reversal of the provision represents the liability related to use of Otopeni sewage pipes. The amount was paid and consequently the provision was reversed.

## 19. REVENUES

### Revenues of the Company:

	<b>2022</b>	<b>2021</b>
Revenue from sale of residential properties and land	74,416	27,844
Other revenues	611	548
	<b>75,027</b>	<b>28,392</b>

### Net income from other activities

	<b>2022</b>	<b>2021</b>
Rental income	1,361	503
Revenue from re-invoicing of utilities	4,205	3,218
Operating expenses with rented properties	(4,369)	(2,696)
	<b>1,197</b>	<b>1,025</b>

The company recorded a total of 419 pre-sales on as at 31 December 2022 with a package value of EUR 43.7 million (RON 215 million), which will be recognized as revenue as the apartments are completed in the next period. For these pre-sale agreements clients paid deposits in amount of RON 35,946 thousand which are

shown under Contract liabilities in the statement of financial position. The prior year balance of contract liabilities, in amount of RON 28,149 thousand was recognized as revenue in 2022.

During 2022, a total of 110 apartments were sold in Greenfield Băneasa and three villas in the Boreal Plus district of Constanța. These sales generated total revenues of EUR 13 million (74.4 million lei), which were recorded in the same period.

Sales breakdown by projects:

	<b><u>31 December 2022</u></b>	<b><u>31 December 2021</u></b>
Greenfield Băneasa București	70,696	27,844
Boreal Constanța	3,720	-
	<b><u>74,416</u></b>	<b><u>27,844</u></b>

## **20. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b><u>31 December 2022</u></b>	<b><u>31 December 2021</u></b>
Consumables	381	389
Services provided by third parties	12,052	7,873
Staff costs	13,176	11,021
	<b><u>25,609</u></b>	<b><u>19,284</u></b>

## **21. OTHER OPERATING (EXPENSES)/INCOME**

	<b><u>2022</u></b>	<b><u>2021</u></b>
Other operating income	2,522	1,215
Rent expenses	(247)	(490)
(Profit) / Loss on disposal of property, plant and equipment	(626)	100
Fines and penalties income/(expenses)	1,169	197
Other operating expenses	(2,838)	(4,226)
Impairment of trade receivables, net	(486)	-
Impairment of property, plant and equipment, net	(181)	-
Impairment of inventories, net	(142)	-
	<b><u>(545)</u></b>	<b><u>(3,204)</u></b>

**22. FINANCE (COST)/INCOME**

	<u>31 December 2022</u>	<u>31 December 2021</u>
Interest expense	(1,455)	(4,251)
Interest income	6,362	6,738
Foreign exchange result	63	(1,704)
Gains from disposal of affiliates/associates	-	1,729
Net result from disposal of financial investments	680	54
	<u>5,650</u>	<u>2,565</u>

**23. INCOME TAX**

**(i) Taxes recognized in the profit and loss account**

	<u>31 December 2022</u>	<u>31 December 2021</u>
Deferred income tax expense	12,568	13,190
Current income tax	-	-
<b>Income tax expenses</b>	<u>12,568</u>	<u>13,190</u>

**(ii) Effective tax rate reconciliation**

	<u>2022</u>		<u>2021</u>	
<b>Profit before tax</b>		<u>75,897</u>		<u>78,039</u>
Income tax calculated using the entity's local tax rate (16%)	16%	(12,144)	-16%	(12,487)
Non-deductible expenses and adjustments	12%	405	4%	3
Non-taxable income	12%	(829)	-5%	3,525
Recognition of previously unrecognized tax losses		-		-
		<u>12%</u>		<u>(13,190)</u>
		<u>(12,568)</u>		<u>(13,190)</u>

(iii) Cumulative temporary differences that generate deferred tax

	31-Dec-22		31-Dec-21	
	Taxable base	Tax amount	Taxable base	Tax amount
Tangible asset	(1,394)	(223)	(1,394)	(223)
Real estate investments	530,266	84,843	448,939	71,830
Inventories	(13,756)	(2,201)	(14,644)	(2,343)
Trade receivables and other receivables	(8,506)	(1,361)	(4,838)	(774)
	<b>506,610</b>	<b>81,058</b>	<b>428,063</b>	<b>68,490</b>
Tax losses that generated deferred tax				
	<b>506,610</b>	<b>81,058</b>	<b>428,063</b>	<b>68,490</b>

**IMPACT DEVELOPER & CONTRACTOR SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



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

**(iv) Movements in deferred tax balances**

	<b>Balance at 01.01.2022</b>	<b>Recognized in the current result</b>	<b>Recognized in other elements of comprehensive income</b>	<b>Net</b>	<b>Assets</b>	<b>Debt</b>
<b>2022</b>						
Tangible asset	(223)	-	-	(223)	(223)	-
Real estate investments	72,486	12,426	-	84,912	-	84,912
Trade receivables and other receivables	(774)	-	-	(774)	(774)	-
Inventories	(2,343)	142	-	(2,201)	(2,201)	-
Fiscal losses that generate deferred tax	(656)	-	-	(656)	(656)	-
<b>(Receivables)/ net tax liabilities</b>	<b>68,490</b>	<b>12,568</b>	<b>-</b>	<b>81,058</b>	<b>(3,854)</b>	<b>84,912</b>
<b>Balance at 31 December 2021</b>						
	<b>Balance at 01.01.2022</b>	<b>Recognized in the current result</b>	<b>Recognized in other elements of comprehensive income</b>	<b>Net</b>	<b>Assets</b>	<b>Debt</b>
<b>2021</b>						
Tangible asset	(223)	-	-	(223)	(223)	-
Real estate investments	59,296	13,260	(70)	72,486	-	72,486
Trade receivables and other receivables	(1,430)	-	-	(1,430)	(1,430)	-
Inventories	(2,343)	-	-	(2,343)	(2,343)	-
<b>(Receivables)/ net tax liabilities</b>	<b>55,300</b>	<b>13,260</b>	<b>(70)</b>	<b>68,490</b>	<b>(3,996)</b>	<b>72,486</b>

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## **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:

	<b>Nota</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade and other receivables	12	91,620	101,313
Cash and cash equivalents	13	46,857	36,171
		<b>138,477</b>	<b>137,484</b>

### **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.

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

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
Romania	91,620	101,313
	<b>91,620</b>	<b>101,313</b>

Impairment losses

The debt aging situation at the reporting date was:

	<u>31-Dec-22</u>			<u>31-Dec-21</u>		
	Gross amount	Adjustment for impairment	Net amount	Gross amount	Adjustment for impairment	Net amount
Did not reach the maturity date	76,516	-	76,516	33,411	-	33,411
Remaining between 1-30 days	6,737	-	6,737	44,331	-	44,331
Remaining between 31-90 days	4,789	-	4,789	13,933	-	13,933
Remaining between 91-120 days	3,578	-	3,578	10,133	-	10,133
Remaining between 121-365 days	1,221	(1,221)	-	6,267	(371)	6,267
Arrears of more than one year	2,106	(2,106)	-	3,166	(2,549)	3,166
	<b>94,947</b>	<b>(3,327)</b>	<b>91,620</b>	<b>111,241</b>	<b>(2920)</b>	<b>108,321</b>

Impairment losses as of 31 December 2022 relate to a number of customers who have indicated that they do not anticipate having the ability to pay the amounts owed primarily due to economic conditions.

The Company believes that amounts for which provisions have not been established and which are overdue by more than 30 days will be collected, based on historical payment behavior and a thorough analysis of the credit rating of the customers in question.

### **Cash and cash equivalents**

At 31 December 2022, the Company held cash and cash equivalents in amount of RON 46,857 thousand (31 December 2021: RON 36,171 thousand), representing the maximum exposure to credit risk arising from these assets. The cash and cash equivalents are held at banks and financial institutions in Romania.

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

**(b) Liquidity risk**

<b>31-Dec-22</b>	<b>Accounting value</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Loans	330,351	330,351	97,492	35,093	190,437	7,329
Trade debts and other debts	41,343	41,343	29,083	12,260	-	-
	<b>371,694</b>	<b>371,694</b>	<b>126,575</b>	<b>47,353</b>	<b>190,437</b>	<b>7,329</b>
Estimates of future interest	28,258	28,258	14,351	9,178	4,592	137
<b>Total</b>	<b>399,952</b>	<b>399,952</b>	<b>140,926</b>	<b>56,531</b>	<b>195,029</b>	<b>7,466</b>

<b>31-Dec-21</b>	<b>Accounting value</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Loans	234,319	234,319	145,488	56,264	32,566	-
Trade debts and other debts	34,928	34,928	29,414	5,514	-	-
	<b>269,247</b>	<b>269,247</b>	<b>174,902</b>	<b>61,778</b>	<b>32,566</b>	<b>-</b>
Estimates of future interest	19,620	19,620	8,852	4,077	6,692	-
	<b>288,867</b>	<b>288,867</b>	<b>183,754</b>	<b>65,855</b>	<b>39,258</b>	<b>-</b>

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:

**(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 a mix of fixed and variable rate borrowings, foreign currency borrowings.

*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.

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

The summary of quantitative data regarding the Company's exposure to currency risk reported to the Company's management based on the risk management policy is as follows:

	<b>31-Dec-22</b>	<b>31-Dec-21</b>
<b>Monetary assets</b>		
Trade receivables and other receivables	33,765	108,321
Cash and cash equivalents	46,857	36,171
	<b>80,622</b>	<b>144,492</b>
<b>Monetary debts</b>		
Loans	330,351	234,319
Trade debts and other debts	41,343	34,928
	<b>371,694</b>	<b>269,247</b>
<b>Net exposure</b>	<b>(291,072)</b>	<b>(124,755)</b>

The Company has not entered into hedging contracts with respect to foreign currency obligations or exposure to interest rate risk.

The main exchange rates used during the year were:

	<b>31 December 2022</b>	<b>Average for 2022</b>	<b>31 December 2021</b>	<b>Average for 2021</b>
EUR	4.9474	4.9315	4.9481	4.9204

Sensitivity analysis

A 10% appreciation / depreciation of the Romanian leu against the following foreign currencies on December 31, 2022 and December 31, 2021 would have increased the profit by the amounts indicated below. This analysis is based on changes in exchange rates that the Company considers reasonably possible at the end of the reporting period. This analysis assumes all other variables, especially interest rates, to remain constant and ignores any impact of expected sales and purchases.

	<b>31-Dec-22</b>			<b>31-Dec-21</b>		
	<b>Accounting value</b>	<b>Effect of depreciation</b>	<b>Effect of appreciation</b>	<b>Accounting value</b>	<b>Effect of depreciation</b>	<b>Effect of appreciation</b>
Monetary assets and liabilities						
EUR	(291,072)	(29,107)	29,107	(124,755)	(12,475)	12,475

**Interest rate risk**

	31-Dec-22				31-Dec-21			
	Accounting value	Variable rate	Fixed rate	Non-interest bearing	Accounting value	Variable rate	Fixed rate	Non-interest bearing
<b>Monetary assets</b>								
Trade receivables and other receivables	101,089	-	-	101,089	108,321	-	101,089	-
Cash and cash equivalents	46,857	-	-	46,857	36,171	-	46,857	-
	<b>147,946</b>	<b>-</b>	<b>-</b>	<b>147,946</b>	<b>144,492</b>	<b>-</b>	<b>147,946</b>	<b>-</b>
<b>Monetary debts</b>								
Loans	330,351	297,790	32,561	-	234,319	79,941	154,378	-
Trade debts and other debts	41,343	-	-	41,343	34,928	-	-	34,928
	<b>371,694</b>	<b>297,790</b>	<b>32,561</b>	<b>41,343</b>	<b>269,247</b>	<b>79,941</b>	<b>154,378</b>	<b>34,928</b>

At the reporting date, the interest rate risk exposure profile related to interest-bearing financial instruments reported to the Company's management was as follows:

	Accounting value	
	31-Dec-22	31-Dec-21
<b>Fixed rate instruments</b>		
Financial assets	67,197	-
Financial debts	(32,561)	(154,378)
	<b>(34,636)</b>	<b>(154,378)</b>
<b>Variable rate instruments</b>		
Debts	(297,790)	(79,941)
	<b>(297,790)</b>	<b>(79,941)</b>

**Fair value sensitivity analysis for fixed interest rate instruments**

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

## **25. CAPITAL COMMITMENTS**

As at 31 December 2022 respectively 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 several ongoing lawsuits, both as plaintiff and defendant.

The management of the Company regularly assesses 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 financial statements.

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

#### **a) Litigation initiated by IMPACT regarding the Lomb residential project in Cluj-Napoca**

The company Impact Developer & Constructor SA and one of its subsidiaries, namely Clearline Development and Management SRL ("Project Company") are parties in two files in conflict with the Cluj Local Council ("CLC"). The disputes stemmed from a contractual relationship carried out in 2007, at which time the Company concluded an investment contract with CLC, a contract by which CLC and the Company were to develop a residential project, and CLC was to contribute the land - "The Lomb Project". The Company and the Project Company request the reimbursement of the sums derived from the investments made for the Lomb project where CLC did not respect its contractual obligations, i.e. did not contribute with land, thus the Company being in a situation where the project and the revenues that could be acquired by after that, they can no longer be realized.

File 79/1285/2012 was registered before the Cluj Commercial Court, in which the Company requests the termination of framework contract no. 55423/04.07.2007 concluded between CLC and the Company. In addition, the Company requests that CLC be obliged to pay compensation in the amount of 4,630,914.13 lei and related interest, calculated from the date of the damage until the actual payment of the amounts.

In this case, on December 23, 2020, the Cluj Court rejected as unfounded the specified request made by the Company.

The company filed an appeal which is being judged by the Cluj Court of Appeal, at this moment the company cannot estimate the duration of the process until a final decision is obtained. The next deadline granted in the appeal phase is April 7, 2023 to respond to the objections made to the accounting expert report. the study of the expert report carried out in the case.

File no. was registered on the Argeş Commercial Court. 1032/1259/2012 in which the Project Company (Clearline Development and Management SRL) requests the obligation of CLC to pay compensation provisionally estimated at the amount of 17,053,000 lei.

On 08.06.2022, the Argeş Commercial Court issued Decision no. 277, as follows:

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Admits the request, as amended, formulated by Clearline Development and Management SRL, in opposition to the defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca - through the Mayor. The defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca, jointly and severally, are ordered to pay the plaintiff the sum of 24,532,741.65 lei as damages and the sum of 13,862,967.16 lei representing penal interest calculated for the period covered between the date of the payments made by the plaintiff (established according to the report of the forensic accounting expertise carried out in the case) and until 01.04.2021.

The Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca declared an appeal. The next deadline granted in the appeal phase is April 7, 2023.

**b) The dispute regarding the land in Bd. Ghencea – Bd. Timișoara**

In 2018, Impact filed an adversarial action with the Romanian State and the City Hall of the Municipality of Bucharest, in order to establish the existence of the property right, having as its object the land with an area of 258,925.36 square meters located in the Municipality of Bucharest, Ghencea Extension no. 402-412, sector 6 ("The Land"), as identified in cadastral documentation no. 6515/2/6/1, which was the basis of the tabulation in the Land Register no. 59472, opened at the Cadastre and Real Estate Advertising Office, Sector 6.

The company considered that it is necessary to formulate such an action in order to consolidate its Title of Property over the Land against the circumstance that the title of the original author, respectively Title of Property no. 68,401 issued by the County Commission for Establishing Ownership Rights on the Ilfov Lands on February 5, 2004 in favor of Institut Pasteur S.A., was annulled by the Bucharest District 6 Court.

The action is the subject of File no. 5737/3/2018 registered on the roll of the Bucharest Court.

On 22.11.2019, the Bucharest Court ruled and admitted the action filed by the Company against the Romanian State through the Ministry of Public Finance and the Municipality of Bucharest. Thus, by Decision no. 2651, the Bucharest Court found that the Company has ownership rights over the Land. The decision of the Bucharest Court could be appealed.

In the course of 2020, the Romanian State and Bucharest City Hall declared an appeal against Decision no. 2651 of 22.11.2019 of the Bucharest Court. The appeal was resolved by the Bucharest Court of Appeal, which by Decision no. 1246 of 06.10.2020, rejected the appeals as unfounded. Consequently, Decision no. 2651 of 22.11.2019 of the Bucharest Court as well-founded and legal. Decision no. 2651 of 22.11.2019 was communicated to the Company on October 4, 2021.

On 06.10.2022, the High Court of Cassation and Justice issued Decision no. 1775, by which it rejected, as unfounded, the appeal declared by the defendant the Romanian State - through the Ministry of Public Finance against Civil Decision no. 1246 A of 06.10.2020 of the Bucharest Court of Appeal, IV Civil Section. The decision is final.

Thus, the High Court of Cassation and Justice confirmed the decisions of the Bucharest Court and the Bucharest Court of Appeal, two courts that recognized the validity of the Company's title to the Impact Land.

**c) Litigation initiated by "EcoCivic Association"**

File no. 4122/3/2022 was registered on the roll of the Bucharest Court, Administrative and Fiscal Litigation Section, in which Impact is the Defendant, the Claimants being the Eco Civic Association and three natural persons from outside the Greenfield Băneasa neighborhood.

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

Currently, the challenged acts are valid, they produce full effects, no decision has been made regarding their suspension or cancellation.

The next court date was set for 07.04.2023.

**27. TRANSACTIONS WITH RELATED PARTIES**

**a) Subsidiaries**

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

	<u>Registration country</u>	<u>Scope of activity</u>
Clearline Development and Management SRL	Romania	Real estate development
Spatzioo Management SRL (former 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
Impact Alliance Architecture SRL	Romania	Architecture services
R.C.T.I Company	Romania	Constructions

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

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

	Transactions for the period ended		Balance as at	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Sales of goods and services</b>				
<b>Subsidiaries</b>				
Spatzioo Management S,R,L,	63	44	-	43
Clearline Development and Management	6	6	-	73
Bergamot Developments	6	486	3	329
Bergamot Developments Phase II	6	308	2	361
Impact Finance Developments	6	16	9	2
Greenfield Copou Residence	4	6	343	336
Greenfield Copou Residence Phase II	6	6	14	7
Greenfield Property Management	6	4	12	5
Greenwise Development	6	6	14	7
Impact Alliance&Arhitecture	-	-	-	-
R.C.T.I. Company	194	-	-	-
	<b>303</b>	<b>882</b>	<b>397</b>	<b>1,163</b>

During 2022 there was a VAT group established within the Company and its subsidiaries. As part of this group there is a consolidated VAT balance reported by the Company to the state authorities and then there are intra-VAT group balances. As of 31 December 2022 the Company had a VAT balance receivable of RON 3,801 thousand (2021: nil).

	Value of the transaction in the		Balance as at 31 December	
	2022	2021	2022	2021
<b>Acquisition of goods and services</b>				
<b>Subsidiaries</b>				
Spatzioo Management SRL	1,192	1,043	547	145
Clearline Development and Management	-	1	-	1
R.C.T.I. Company	69,382	-	15,625	-
	<b>70,574</b>	<b>1,044</b>	<b>16,172</b>	<b>146</b>

Payables of RON 15,625 thousand towards RCTI Company subsidiary include RON 8,334 for long-term guarantees payable.

	<b>Balance as at 31 December</b>	
	<b>2022</b>	<b>2021</b>
<b>Granted loans</b>		
<b>Subsidiaries</b>		
Spatziou Management	-	-
Clearline Development and Management	185	85
Bergamot Developments	-	-
Bergamot Developments Phase II	9.409	39,347
Greenfield Copou Residence	47.087	43,240
	<b>56,681</b>	<b>82,672</b>

The loans granted to subsidiaries are not secured. The interest rate is between 5%-7%. The loan agreements are concluded for periods between one year and three years for financing projects of the subsidiaries.

	<b>Balance as at 31 December 2022</b>	
	<b>2022</b>	<b>2021</b>
<b>Interest receivables</b>		
Spatziou Management	-	-
Clearline Development and Management	17	13
Bergamot Developments	-	140
Bergamot Developments Phase II	4,520	5,406
Greenfield Copou Residence	5,952	2,489
	<b>10,489</b>	<b>8,048</b>

	<b>Value of the transaction in the period ended</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Interest income</b>		
<b>Subsidiaries</b>		
Spatziou Management	-	-
Clearline Development and Management	4	5
Bergamot Developments	-	2,256
Bergamot Developments Phase II	2,615	2,402
Greenfield Copou Residence	2,566	2,070
	<b>5,185</b>	<b>6,733</b>

In addition to the above the Company has a receivable of RON 7.8 million at 31 December 2022 (2021: nil) from Bergamont 1 subsidiary related to share capital reduction which was made by returning cash to shareholders.

Please see Note 14 – Share capital for details regarding the ultimate controlling party.

## **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) and share based payments. The Company's management is employed on a contractual basis.

Remuneration of Company's management in 2022 was RON 2.749.217 (2021: RON 2.927.598). For more details please see Remuneration report which is part of the Group's annual report.

## **28. ACQUISITION OF A SUBSIDIARY**

In July 2022, the Company signed a sale-purchase agreement for the shares of R.C.T.I. Company SRL. Through this contract, a package of 13,500 shares is transferred to the Company for a price of RON 5,130,000. Simultaneously with the signing of the sale-purchase agreement, the parties signed an agreement that includes the assumed commitments, including the increase in the share capital of R.C.T.I. Company through the subscription by the Company of 24,500 newly issued shares in exchange for a cash contribution of RON 9,310,000.

The reference date of the transaction is August 31, 2022.

The total price paid by the Company is 14,440 thousand lei, and its ownership in R.C.T.I. Company SRL after the completion of the transaction is 51.01% of the shares.

## **29. SHARES BASED PAYMENTS**

In 2022, the Company granted a number of 2,265 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 1,014 thousand RON (0.4476 / share).

In August 2022, 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 thousand registered shares ("Reserved Shares").

### **30. GROUP AUDITOR EXPENSES**

In 2022 the statutory auditor Ernst & Young Assurance Services SRL had a contractual statutory audit fee of EUR 114,000 (2021: EUR 100,000) (for the statutory audit of the consolidated and standalone annual financial statements of the Company and of its Romanian subsidiaries, as well as for the financial statements in ESEF digital format). Services contracted with the statutory auditor other than audit services were of EUR 5,000 (2021: EUR 9,500), representing the 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.

### **31. SUBSEQUENT EVENTS**

The Company's management did not identify any subsequent event from the balance sheet date to the date of approval of these financial statements that may require adjustment.

On January 19, 2023, Impact registered on the role of the Bucharest Court, Section II Administrative and Fiscal Litigation, against the City Hall of the City of Bucharest, the City Hall of Sector 1 Bucharest and the National Management of Romsilva Forests, the action in order to determine the mentioned institutions to comply with the obligations assumed by the decisions of the General Council of the Municipality of Bucharest, those of the Local Council of Sector 1 and those of the act of acceptance of the donation concluded with IMPACT and to definitively open public access between Alley Privighetorilor and Drumul Pădurea Pustnicu.

The file is in the regularization procedure.

The consolidated financial statements have been authorized for issue by the management on 31 March 2023 and signed on its behalf by:

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**Iuliana Mihaela Urdă**  
CA President

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**Constantin Sebeșanu**  
Chief Executive Officer

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**Claudiu Bistriceanu**  
Chief Financial Officer