IMPACT DEVELOPER & CONTRACTOR S.A.

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

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

This is a free translation from the original Romanian version.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Impact Developer and Contractor SA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Impact Developer and Contractor SA (the Company) and its subsidiaries (together referred to as "the Group") with official head office in Romania, Bucharest, 1st District, 31-41 Mogosoaia Forrest Road Greenfield Baneasa, identified by sole fiscal registration number RO1553483, which comprise the consolidated statement of financial position as at December 31, 2022, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

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

Key audit matters

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

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

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property (RON 653,725 thousand)	
The Group holds a portfolio of investment property which accounted for 45% of the Group's total assets as of 31 December 2022. The valuation of investment property is one of the key drivers of the Group's net asset value and total return and is subject to increased sensitivity due to current volatility in the markets. The fair values were assessed by the Group based on valuations prepared by an independent qualified valuation specialist and required expertise and use of significant judgements, estimates and assumptions, giving rise to a higher risk of misstatement. Due to the significance of investment property as of 31 December 2022 and significant judgements, estimates and assumptions used in the valuation, we consider the valuation of investment property a key audit matter. The Group's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are presented in notes 4, 5 and 8 of the consolidated financial statements.	The audit procedures performed on the valuation of investment property included among others the following: ▪ We obtained a detailed understanding of the Group's internal processes, policies and methodologies used by management for valuation of investment property and related documentation flow; specific attention was given to the current macro-economic context impact (recovery from the COVID 19 pandemic, energy crisis and rising inflation) to understand how this was factored and considered in the valuation assumptions, through discussions held with management independent specialist and further discussions with our internal valuation specialists; ▪ We agreed the fair values recorded in consolidated financial statements to the values reported by the Group's independent specialist; ▪ We involved our internal valuation specialists to assist us to: o evaluate, using their knowledge of the market, and corroborate the market related judgements and valuation inputs used by the Group's external valuation specialist for the investment properties presented in the consolidated statement of financial position; o assess the conformity of the valuation methods applied with the applicable valuation standards; and o evaluate the competence, capability and objectivity of the external valuation specialists.

	We further assessed the adequacy of disclosures included in the notes to the consolidated financial statements of the Group in relation to the investment property valuation.

Other information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

a) in the Board of Directors Report we have not identified information which is not consistent, in all material respects, with the information presented in the accompanying consolidated financial statements as at December 31, 2022;
b) the Board of Directors Report identified above includes, in all material respects, the required information according to the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications, Annex 1 articles 15 – 19 and articles 26-27;
c) based on our knowledge and understanding concerning the entity and its environment gained during our audit of the consolidated financial statements as at December 31, 2022, we have not identified information included in the Board of Directors Report that contains a material misstatement of fact;
d) the Remuneration Report identified above includes, in all material respects, the required information according to the provisions of article 107 (1) and (2) from Law 24/2017 on issuers of financial instruments and market operations.

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

Appointment and Approval of Auditor

We were appointed as auditors of the Group by the General Meeting of Shareholders on 28 April 2022 to audit the consolidated financial statements for the financial year end December 31, 2022. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for one year, covering the financial periods ended December 31, 2021 and December 31, 2022.

Consistency with Additional Report to the Audit Committee

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

Provision of Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Group and we remain independent from the Group in conducting the audit.
In addition to statutory audit services and services disclosed in the Board of Directors Report and in the consolidated financial statements, no other services were provided by us to the Group, and its controlled undertakings.

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

We have performed a reasonable assurance engagement on the compliance of the electronic format of the consolidated financial statements of Impact Developer & Contractor SA (the Company) and its subsidiaries (together referred to as "the Group") for the year ended 31 December 2022, included in the attached electronic file „ 315700KVJ0DVH5IBI827-2022-12-31-en.zip "(identified with the key f56fb0ffda7b2f8205873a0bd5648695d91b2878bafd890f37bc5db563a144e5) with the requirements of the Commission Delegated Regulation (EU) 2018 /815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation). Our opinion is expressed only in relation to the electronic format of the consolidated financial statements and does not extend to the other information included in the Board of Directors Report.

Description of the subject matter and the applicable criteria

The Management has prepared electronic format of consolidated financial statements of the Group for the year ended 31 December 2022 in accordance and to comply with ESEF Regulation requirements.
The requirements for the preparation of the consolidated financial statements in ESEF format are specified in the ESEF Regulation and represent, in our opinion, applicable criteria for us to express an opinion providing reasonable assurance.

Responsibilities of the Management and Those Charged with Governance

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

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

Auditor's Responsibility

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

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

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

Our Independence and Quality Management

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

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

Summary of procedures performed

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

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

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

Other matter

Legal Uncertainty about the Compliance of the Interpretation of Applicable European Requirements

Due to the conversion process chosen by the Group in relation to the information in the notes to the consolidated financial statements in iXBRL format ("block tagging"), the rendering of the consolidated financial statements into ESEF-Format is not completely machine readable in a meaningful way. The legal compliance of the interpretation by management that meaningful machine readability of structured information in the notes is not explicitly required by the Delegated Regulation (EU) 2018/815 for the block tagging of the notes, is subject to legal uncertainty, which therefore also represents an inherent uncertainty in our audit.

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

Based on the procedures performed, in our opinion, the electronic format of the consolidated financial statements of the Group for the year ended 31 December 2022 is prepared, in all material respects, in accordance with the requirements of ESEF Regulation.

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

On behalf of,

Ernst & Young Assurance Services SRL
15-17, Ion Mihalache Blvd., floor 21, Bucharest, Romania
Registered in the electronic Public Register under No. FA77

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

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

Bucharest, Romania
31 March 2023

CONTENTS:

PAGE:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2 – 3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5 – 6
CONSOLIDATED STATEMENT OF CASH FLOWS	7 – 8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9 - 55

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	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant, and equipment	7	65,648	15,215
Intangible assets		534	221
Goodwill	27	3,543	-
Right of use assets	7	4,317	-
Investment property	8	653,725	571,882
Total non-current assets		**727,767**	**587,318**
Current assets			
Inventories	9	617,698	538,922
Trade and other receivables	10	25,561	19,127
Prepayments and other current assets	10	17,228	17,008
Cash and cash equivalents	11	55,108	42,037
Total current assets		**715,595**	**617,094**
Total assets		**1,443,362**	**1,204,412**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	598,884	401,214
Share premium	12	40,493	(4,475)
Revaluation reserve		3,001	3,001
Other reserves	12	40,266	14,279
Own shares	13	(268)	(841)
Retained earnings		197,390	303,676
Equity attributable to equity holders of the parent		**879,766**	**716,854**
Non-controlling Interest	26	9,854	0
Total equity		**889,620**	**716,854**
Non-current liabilities			
Loans and borrowings	14	268,855	150,121
Trade and other payables	15	8,476	6,914
Deferred tax liability	21	81,058	68,490
Total non-current liabilities		**358,389**	**225,525**

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	Note	31 December 2022	31 December 2021
Current liabilities			
Loans and borrowings	14	118,910	186,912
Trade and other payables	15	36,620	36,527
Contract liabilities	15	39,470	37,306
Provisions for risks and charges	16	353	1,288
Total current liabilities		**195,353**	**262,033**
Total liabilities		**553,742**	**487,558**
Total shareholders' equity and liabilities		**1,443,362**	**1,204,412**

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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	Note	31 December 2022	31 December 2021
Revenue	17	219,199	137,585
Costs of sales		(148,508)	(87,739)
Gross profit		**70.691**	***49,846***
Net income from other activities	18	7,306	543
General and administrative expenses	19	(30,182)	(22,741)
Marketing expenses		(5,515)	(6,372)
Other income/(expenses)	20	(8,567)	(8,020)
Depreciation and amortization	7	(2,323)	(1,159)
Gains from investment property	8	77,660	86,651
Operating profit		**109,070**	***98,748***
Finance income	21	11,626	6,881
Finance cost	21	(17,867)	(10,333)
Finance result net (loss)	21	**(6,241)**	**(3,452)**
Profit before income tax		**102,829**	***95,296***
Income tax credit/(charge)	22	(18,062)	(16,496)
Profit for the period		**84,767**	**78,800**
Attributable to:			
-Non-Controlling Interests		(856)	-
-Equity holders of the parent		85,623	78,800
EPS	28	**0.0367**	**0.0351**

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Iuliana Mihaela Urdă
CA President

Constantin Sebeșanu
Chief Executive Officer

Claudiu Bistriceanu
Chief Financial Officer

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		Share capital	Share premium	Revaluation reserves	Other reserves	Own shares	Retained earnings	Total equity attributable to equity holders of the parent	NCI	Total equity
Balance as at 1 January 2022		**401,214**	**(4,475)**	**3,001**	**14,280**	**(841)**	**303,676**	**716,855**	**-**	**716,855**
Other comprehensive income										
Profit for the period		-	-	-	-	-	85,623	85,623	(856)	84,767
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total other comprehensive income		**-**	**-**	**-**	**-**	**-**	**85,623**	**85,623**	**(856)**	**84,767**
Share Capital Increase	**12**	197,670	45,985				(165,923)	77,732		77,732
Own shares acquired and cancelled during the year	**13**		-	-	-		-	-		-
Own shares acquired	**13**	-	-	-	-	(442)	-	(442)		(442)
Share based payments	**24**	-	(1,017)	-	-	1,015	-	(2)		(2)
Dividends granted to shareholders		-	-	-	-	-	-	-		-
Legal reserves	**12**	-	-	-	25,986	-	(25,986)	-		-
Revaluation reserves		-	-	-	-	-	-	-		-
Acquisition of a subsidy		-	-	-	-	-	-	-	10,710	10,710
Other changes in equity		-	-	-	-	-		-		-
Balance as at 31 December 2022		**598,884**	**40,493**	**3,001**	**40,266**	**(268)**	**197,390**	**879,766**	**9,854**	**889,620**

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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	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance on 1st of January 2021		**272,464**	**65,711**	**3,001**	**13,305**	**(2,675)**	**289,022**	**640,828**
Comprehensive income								
Profit for the year		-	-	-	7	-	78,793	78,800
Other comprehensive income		-	-	-	-	-		
Total comprehensive income		**-**	**-**		**7**		**78,793**	**78,800**
Share Capital Increase	**12**	131,250	(69,487)	-	-	-	(61,763)	-
Own shares acquired and cancelled during the year	**13**	(2,500)	(699)	-	-	3,199		-
Own shares acquired	**13**	-	-	-	-	(1,365)	-	(1,365)
Dividends to the owners of the Company		-	-	-	-			-
Set up of legal reserves	**12**	-	-	-	968	-	(968)	-
Revaluation reserve		-	-	-	-	-	-	-
Other changes in equity		-	-	-		-	(1,409)	(1,409)
Balance on 31st of December 2021		**401,214**	**(4,475)**	**3,001**	**14,279**	**(841)**	**303,676**	**716,854**

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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CA President

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Chief Executive Officer

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Chief Financial Officer

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	Note	31 December 2022	31 December 2021
Profit for the period		**84,767**	**78,800**
Adjustments to reconcile profit for the period to net cash flows:		**(42,922)**	**(61,407)**
Valuation gains on investment property	8	(77,660)	(86,651)
Gain on disposal of investment property		(660)	8,462
Reversal of impairment loss	7	7,757	(2,548)
Depreciation and amortization	7	2,323	791
Share based payments	13	1,015	-
Finance income	21	(11,626)	(2,815)
Finance costs	21	17,867	6,267
Income tax	22	18,062	15,087
Working capital adjustments		**(91,158)**	**(69,628)**
Decrease/(increase) in trade receivables and other receivables	10	(11,981)	(9,500)
Decrease in prepayments		(220)	(61)
Increase in inventory property	9	(84,272)	(107,080)
(Decrease)/increase in trade, other payables, and contract liabilities	15	13,067	51,508
(Decrease)/increase in provisions	16	(935)	621
Income tax paid	22	(6,817)	(5,116)
Net cash flows from operating activities		**(49,313)**	**(52,235)**
Investing activities			
Purchase of a subsidiary	27	(5,130)	-
Expenditure on investment property under development	8	(9,749)	(329)
Proceeds/(payments) from investment property	8	-	2,158
Payments for own shares	13	(1,459)	-
Expenditure on finalized investment property	8	-	(1,365)
Purchase of property, plant and equipment	7	(40,006)	(30,540)
Expenditure on PPE under development	7	(569)	(8,361)
Proceeds from sale of property, plant and equipment	7	816	177
Interest received		366	-
Net cash flows from investing activities		**(55,731)**	**(38,260)**

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	Note	31 December 2022	31 December 2021
Cash flows from financing activities:			
Proceeds from borrowings	14	483,539	197,269
Repayment of principal of borrowings	14	(422,833)	(117,141)
Proceeds from issue of share capital	12	77,732	-
Dividends paid	12	(11)	-
Interest paid	14	(20,312)	(6,617)
Net cash used in financing activities		**118,115**	**73,511**
Net increase / (decrease) of cash and equivalents		**13,071**	**(16,984)**
Cash and equivalents on 1st of January	**11**	**42,037**	**59,022**
Cash and equivalents on 31 of December 2022	**11**	**55,108**	**42,037**

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

1. REPORTING ENTITY

The Impact Developer & Contractor S. A's financial statements ("the Company" or "the Parent") reported in consolidated version for financial year 2022, shows the subsidiaries financial review of IMPACT business group as well.

The 7th of July was the last day HQ located at 172- 176 Willbrook Platinum Business and Convention Centre, Building A, Floor 1, Șoseaua București-Ploiesti ,1st District, Bucharest, Romania.

Starting with 8th of July 2022 the company company's new HQ became The IMPACT building from 31-41 Drumul Padurea Mogosoaia street, 1st District, Bucharest, Romania.

The sharesholder's structure as at 31 December 2022, and 31 December 2021 is disclosed within Note 12.

The Consolidated Financial Statements for the year ended 31 December 2022 include the Company and its subsidiaries financial review (together referred to as the „Group") as follows:

Company	Country of registration	Nature of activity	% Of shares held by Company at 31 December 2022	% Of shares held by Company at 31 December 2021
Clearline Development and Management SRL	Romania	Real estate development	100%	100%
Spatzioo 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%
R.C.T.I. Company SRL	Romania	Construction works	51.01%	-
Impact Alliance Architecture	Romania	Architecture services	51%	-

The Company is one of the first active companies in the field of real estate development in Romania, being founded in 1991 by public subscription. In 1995, the Company introduced the concept of residential complex on the Romanian market. Starting from 1996, the Company is traded on the Bucharest Stock Exchange (BVB).

During the year ended 31 December 2022, the activity of the IMPACT Developer & Constructor group was the development of the residential projects Greenfield and Luxuria in Bucharest and Boreal Plus in Constanța.

2. BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of certain properties at the end of each reporting period, that are presented at the revalued amount or fair value, as explained in the accounting policies below.

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

(a) Basis of Consolidation

The consolidated financial statements include the financial statements of the company and the entities controlled by the Company (its subsidiaries) until December 31 of each year. Control is carried out when the Company:

- has control over the subsidiary;
- is exposed or has rights to variable profits from its involvement in the subsidiary; and
- has the capacity to use control to influence the profits of the subsidiary.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control of the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the profit or loss account from the date the Company acquires control until the date the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income is attributable to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in a deficit balance for the non-controlling interests.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring the applied accounting policies in line with the Group's accounting policies. All assets and liabilities, equity, income, expenses and cash flows related to transactions between members of the Group are eliminated on consolidation.

(b) Use of Professional Estimates and Judgments

The preparation of these Consolidated Financial Statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies, as well as the recognized value of assets, liabilities, income, and expenses. Actual results may differ from estimated values.

The estimates and assumptions underlying them are reviewed periodically.

(c) Going concern

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 Group has prepared forecasts, including certain sensitivity

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

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

Regarding sales, the Group expects an increase in the volume of transactions by the end of the year 2022 due to existing inventory and the projects that the Group is currently running: Greenfield – Teilor District, Panoramic 1 and 2, Luxuria Domenii Residence, Boreal Plus Constanța.

The group is in the process of obtaining building permits for Greenfield Copou Iași and in various stages of negotiation with the builders and financing banks for this project.

The Group also considers that a major impetus in the Group's activity is the construction of Greenfield Plaza (a multifunctional complex that will include SPA areas (with relaxation areas and 2 swimming pools), fitness rooms and sports fields, commercial areas.

The group agreed a partnership with the Sector 1 Bucharest City Hall for the construction of a public kindergarten and public school, as the Group transferred to the City Hall the land for these new constructions.

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

3. FUNCTIONAL AND PRESENTATION CURRENCY

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

Disclosed below is the summary of the significant accounting policies.

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Investments measured under the equity method.

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

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

(c) Foreign currency

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

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

The non-monetary elements denominated in a foreign currency that are carried at historical cost are converted using the exchange rate prevailing at the date of transaction.

The exchange rate differences resulting from translation are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as financial expenses/revenues.

(d) Property, plant, and equipment

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

Any revaluation increase resulting from the revaluation of land and buildings is credited to the fixed asset revaluation reserve, except if the decrease from revaluation of the same asset was 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 the carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

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

Freehold land is not depreciated.

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

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

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

• buildings	40 years
• machinery, equipment and vehicles	3–5 years
• fixtures and fittings	3–12 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of reporting. The Group 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 Group 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 taken into account. 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 Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group'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 an indication exists, the Group 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 at 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.

(e) 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.

(f) Investment property

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

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

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 subsequent accounting purposes.

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 from the 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.

The Company's management is assessing on regular basis the best use of the land maintained in investments. The transfer from investment property to inventory is made close to construction start 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.

(g) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes direct materials and, where applicable, direct labor and indirect manufacturing costs 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)

(h) 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.

(i) Financial assets

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

(j) Cash and cash equivalents

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

(k) 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 effects.

Repurchase and reissue of ordinary shares (treasury shares)

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

(l) Dividends

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

(m) Own shares

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

Own shares are 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.

(n) Borrowings and borrowing costs

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

The borrowing costs of general loans are added to the cost of the qualifying assets (in accordance with IAS 23). The applicable rate for capitalization is the weighted average interest rate of the loans obtained by the Group.

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

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

(o) 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 amortized 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 Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(p) Leases

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

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

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

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

At the date of commencement of the lease, the Group recognizes the lease payables measured at the current value of the lease payments to be made throughout the lease. Lease payments include fixed payments. (Including fixed payments as a substance) excluding any lease benefits receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under the residual value guarantee. Lease payments also include the exercise price of a call option that is reasonably certain to be exercised by the Group and penalty payments for the termination of the lease, if the lease term reflects the group's option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or conditions that determine the payments occur.

To calculate the current value of lease payments, the Group uses the incremental loan rate at the commencement date of the lease because the default interest rate of the lease is not readily determinable.

After the start date, the amount of the lease liability is increased to reflect the accretion of interest and decreased for the lease payments made. In addition, the carrying amount of the lease is re-measured if there is a change, a modification in the lease term, a change in lease payments (change in future payments resulting from a change in an index or instalment rate used to determine those lease payments) or a change in the valuation of an underlying asset purchase option. Lease liabilities are included in Note 14 - Trade and other payables.

(q) Provisions

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

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

(r) Revenue

Revenue is recognized when or as the customer acquires control over the goods or services rendered, at the amount which reflects the price at which the Group is expected to be entitled to receive in exchange of those goods or services. Revenue is recognized at the fair value of the services rendered or goods delivered, net of VAT, excises or other taxes related to the sale.
Revenue comprises the fair value of the consideration received or receivable, net of value added tax, after eliminating sales within the Group. Revenue and profit are recognized as follows:

(i) Revenue from sale of residential properties
Revenue from sale of residential properties during the ordinary course of business is valued at fair value of

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

(ii) Revenues from re-charging utilities
The revenues from recharging of utilities are recognized when they are realized, together with the utilities expenses invoiced by the suppliers. The Group recharges the utilities at mark-up in 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 utilities suppliers in their own name.

(s) Taxation

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

Current income tax

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

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

Deferred income tax

Deferred income 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 Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

(t) Share-based payments

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

(u) Financial instruments – fair values and risk management

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

(v) Contingent liabilities

A contingent liability is:

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

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

i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
ii. the amount of the obligation cannot be measured with sufficient reliability.

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

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

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

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

(x) Segment reporting

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts 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 relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

(i) Fair value measurements and valuation processes

The Group has obtained a report from an international valuation company, Colliers Valuation and Advisory SRL, setting out the estimated market values for the Group's investment property and property developed for sale in their current state as at 31 December 2022 an 31 December 2021. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of valued properties. The valuation was based on the assumption as to the best use of each property by a third-party developer.

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

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

- the selection of comparable land plots resulting to determine the "offer price" which is taken as the basis to form an indicative price.
- the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition including the status of any legal dispute as described in Note 24.

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 on 31 December 2022 and gains on investment property registered to profit or loss of a 5% weakening/(strengthening) of the price per sqm	
Greenfield Băneasa București land	- 14,076 thousand RON	+ 14,076 thousand RON
Bd. Barbu Văcarescu land	- 8,804 thousand RON	+ 8,804 thousand RON
Bd Ghencea land	- 8,005 thousand RON	+ 8,005 thousand RON

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

IAS 40 (investment property) requires the transfers from and to investment property to be 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.

- For the Ghencea and Barbu Văcarescu projects, the management has decided to be recognized as investment property until the decision to start the projects will be taken; consequently, these assets are recorded at fair value as at the balance sheet date.

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

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

(iii) Legal issues

The management of the Group analyses regularly the status of all ongoing litigation and following a consultation with the Board of Administration, decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the separate financial statements. Key legal matters are summarized in Note 25.

(iv) Cost allocation

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

6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

A) Amendments to accounting policies and to information to be disclosed.

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Group 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 Group.

- 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 Group.

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 discretional 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/group'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. Management has assessed that the amendments will have no impact on the financial statements of the Group.

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 Group.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)
The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management has assessed that the amendments will have no impact on the financial statements of the Group.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)
The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management has assessed that the amendments will have no impact on the financial statements of the Group.

IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible

temporary differences that are not equal. Management has assessed that the amendments will have no impact on the financial statements of the Group.

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.

7. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

	Land and buildings	Machinery, equipment, and vehicles	Fixtures and fittings	Assets under construction	Total
Cost / valuation					
Balance on 1st of January 2022	**20,601**	**3,801**	**1,703**	**8,674**	**34,779**
Additions	42,241	869	1,280	569	44,959
Business combination	8,409	221	318	-	8,948
Transfers	12,655	-	-	(7,150)	5,505
Value adjustments	-	-	-	(18)	(18)
Disposals	-	(368)	(938)	(153)	(1,459)
Balance on 31st of December 2022	**83,906**	**4,523**	**2,363**	**1,922**	**92,714**
Accumulated depreciation and impairment losses					
Balance on 1st of January 2022	**15,430**	**2,733**	**1,401**	**-**	**19,564**
Charge for the period	1,111	382	565	-	2,058
(Reversal of)/Impairment loss	6,747	-	-	-	6,747
Accumulated depreciation of disposals		(366)	(937)	-	(1,303)
Balance on 31st of December 2022	**23,288**	**2,749**	**1,029**	**-**	**27,066**
Carrying amounts					
On 1st of January 2022	**5,171**	**1,068**	**302**	**8,674**	**15,215**
On 31st of December 2022	**60,618**	**1,774**	**1,334**	**1,922**	**65,648**

	Land and buildings	Machinery, equipment, and vehicles	Fixtures and fittings	Assets under construction	Total
Cost / valuation					
Balance on 1st of January 2021	**21,483**	**3,201**	**1,539**	**286**	**26,509**
Additions	1,206	828	178	8,883	11,095
Transfers	495	-	-	(495)	-
Disposals	(2,583)	(228)	(14)	-	(2,825)
Balance on 31 of December 2021	**20,601**	**3,801**	**1,703**	**8,674**	**34,779**
Accumulated depreciation and impairment losses					
Balance at January 1, 2021	**14,955**	**2,736**	**1,266**	**-**	**18,958**
Charge for the period	656	225	137	-	1,018
(Reversal of)/Impairment loss	(181)	-	-	-	(181)
Accumulated depreciation of disposals	-	(228)	(2)	-	(230)
Balance on 31 of December 2021	**15,430**	**2,733**	**1,401**	**-**	**19,564**
Carrying amounts					
On 1st of January 2021	**6,528**	**465**	**274**	**286**	**7,552**
On 31 of December 2021	**5,171**	**1,068**	**302**	**8,674**	**15,215**

Lease contracts

31 December 2022	Lease Contracts no.	Fixed payments
Cars	26	100%
Machinery	5	100%
Total	**31**	**100%**

Right of Use Assets

	Machinery and Vehicles
Balance on 1 January 2022	-
Additions	1,871
Acquired through business combination	3,310
Amortization	(864)
Balance on 31 December	**4,317**

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

The right of use assets under leasing contracts is represented by electric cars used by Impact and Spatzioo employees and by machinery for construction site used by RCTI.

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

Land and buildings:

During 2022, additions in land and buildings of RON 42,241 thousand include acquisition of a plot of land in the Greenfield project for RON 2,527, supplemented by works performed in the period on the Greenfield Plaza building, of which the capitalized interest is RON 1,556 thousand.

As of 31 December 2022, the Group registered land and halls worth RON 8,409 thousand, resulting from the acquisition of RCTI on 31 August 2022.

Along with the reception of the office building in Greenfield Bucharest, the reception and commissioning of the Wellness center, the Group was also in a position to analyze the plots of land in more detail and transferred RON 5,505 from investment property to Property plant and equipment in order to reflect the allocation of the plots of land to those respective properties.

The depreciation recorded during 2022 for the owned buildings is RON 1,111 thousand, the depreciation method used was the straight-line method.

The Group 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 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.

Machinery, equipment and means of transport:

During 2022, the purchases of cars, equipment and means of transport were worth RON 869 thousand,

represented by office equipment (laptops, phones, servers, etc.) as well as equipment for the gym within Greenfield Plaza. The value of disposals represented RON 368 thousand.

Furniture and installations:

During 2022, furniture, and installations for the new offices, worth RON 1,280 thousand were purchased. Depreciation in the amount of RON 137 thousand was calculated using the straight-line method.

Assets under construction:

The value of fixed assets under construction increased during 2022 by RON 569 thousand, representing the investment in the building for the Company's offices and investment in billboards.
The transfers recorded in the period relate to works and materials which had been acquired in the prior year and which were utilized to commission the office building in September 2022.

Financial costs in the amount of RON 1,592 thousand were capitalized in the value of tangible assets under construction.

The value of the land and buildings 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.

8. INVESTMENT PROPERTY

	31 December 2022	31 December 2021
Balance on 1st of January 2022/2021	**571,882**	**457,706**
Additions through subsequent expenditures	9,887	30,541
Transfers to PPE	(5,505)	-
Transfers from inventories	-	2,899
Adjustments	(197)	2,547
Disposals	-	(8,462)
Changes in fair value during the year	77,660	86,651
Balance sheet on 31 of December 2022/31 December 2021	**653,725**	**571,882**

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

Main real estate investments in land

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

Additions of investment property mainly consist of:

- works to Greenfield Plaza building in total value of RON 30,121 thousand, out of which the capitalized interest represents RON 1,556 thousand
- the purchase of a 17.000 square meter plot of land in Greenfield worth RON 9,340 thousand.
- other ongoing investment works worth 545 thousand lei.

Transfers of investment property of RON 5,505 thousand consists of plots of land transferred to Property plant and equipment in order to reflect the allocation of the plots of land to Greenfield Office and Greenfield Plaza projects. The Greenfield Plaza building has two areas: one for commercial spaces and one for a wellness and fitness center.

The value of land registered as investment property increased at the end of 2022, by RON 77,598 thousand, following the revaluation carried out by the external evaluator, Colliers Valuation and Advisory S.R.L.

The Group 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. Incomplete disclosure related to transfer of land from investment property to inventories (transfer performed at moment when decision is made to use land in residential projects).

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".

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

Valuation processes
The Company's investment properties were valued at 31 December 2022 by independent professionals Colliers Valuation and Advisory SRL, external, independent evaluators, authorized by ANEVAR, having experience regarding the location and nature of the properties evaluated.

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

Fair value hierarchy
Based on the input data used in the valuation technique, the fair value of real estate investments was classified at level 3 of the fair value hierarchy as of 31 December 2022. The valuation is considered appropriate given the adjustments applied to the data observed for comparable land and building valuations. These adjustments are based on location and condition and are not directly observable. There were no transfers from levels 1 and 2 to level 3 during the year.

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

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

Asset	Main parameters on 31st of December 2022	Main parameters on 31st of December 2021
Greenfield Băneasa land	• Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm • Observable offer price adjustments to reflect transaction prices, location, and condition: from -26% discount to +37% Premium	• Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm • Observable offer price adjustments to reflect transaction prices, location, and condition: from -47% discount to + 18% premium
Barbu Văcarescu land	• Price offer per square meter for land used as comparable: from 1,254 EUR/mp to 2,537 EUR/sqm • Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -40% to +20% Premium	• Price offer per square meter for land used as comparable: from 814 EUR/sqm to 2,348 EUR/sqm • Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -40% to +55% premium
Blvd. Ghencea land	• Price offer per square meter for land used as comparable: from 80 EUR/sqm to 165 EUR/sqm • Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -5% to +75%	• Price offer per square meter for land used as comparable: from 90 EUR/sqm to 150 EUR/sqm • Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -25%

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).

9. INVENTORIES

	31 December 2022	31 December 2021
Finished goods and goods for resale	227,707	212,145
- Land	134,161	143,075
- Development and construction costs	255,830	183,702
	617,698	**538,922**

Inventories are represented by:

	31 December 2022	31 December 2021
Greenfield residential project	313,333	200,300
Luxuria residential project	123,519	219,239
Constanta land and project	107,927	60,834
Iasi land and project	44,877	42,501
Others inventory	28,042	16,048
	617,698	**538,922**

Lands with a carrying amount of RON 134,161 thousand as of 31 December 2022 (31 December 2021: 143,075 thousand RON) consist of land owned by the Group for the development of new residential properties and infrastructure, mainly in Bucharest, as well as land the Group intends to sell directly.

Real estate completed with an accounting value of RON 227,704 thousand on 31 December 2022 (December 31, 2021: 212,145 thousand RON) refers entirely to apartments held for sale by the Group.

Cost of inventories recognized during the period is 132,967 RON (2021: 86,602 RON).

The book value as of 31 December 2022 of the pledged stocks is RON 189,387 thousand (December 31, 2021: 102,492 thousand RON) (see Note 15).

The Boreal Plus project in Constanţa is financed by CEC Bank, therefore the interest on the loan was capitalized in the construction value of the stock. The value of the capitalized interest in the first nine months of 2022 is RON 1,020 thousand.

Part of the Greenfield project (construction of the Teilor complex) is financed by OTP Bank. The capitalized interest during 2022 in the value of the projects is RON 1.230 thousand.

According to the provision of IAS23 – Borrowing costs, the costs related to general loans were capitalized in the value of eligible assets using a weighted average rate. The value of borrowing cost related to general loans capitalized in the value of ongoing projects is RON 3,430 thousand.

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

10. RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
Trade receivables	13,448	8,078
Sundry debtors	1,405	2,540
Receivables from authorities	10,707	8,509
	25,561	**19,127**

Out of total Receivables from authorities, RON 10,521 thousand is represented by VAT to be refunded to the Group.

Prepayments and other current assets	31 December 2022	31 December 2021
Prepaid expenses	6,529	5,143
Advance payments to services suppliers	10,699	11,865
	17,228	**17,008**

Prepayments balance as at 31 December 2022 has increased with RON 220 thousand. Prepayments include advance payments to IT software suppliers, taxes on land and buildings as well as advance payments for construction services.

An allowance has been made for expected credit losses from trade receivables of RON 5,790 thousand (31 December 2021: 2,151 thousand RON).

Reconciliation of the provision for expected credit losses:	
Balance on 01 January 2022	2,151
Reversal of provision (receivables)	(2,085)
Constitute new provision	5,724
Balance on 31 December 2022	**5,790**

As of 31 December 2022, the Group did not register trade receivables and other pledged receivables.

11. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Current accounts	55,052	42,027
Petty cash	11	10
Cash advances	45	-
	55,108	**42,037**

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, RON 102 thousand (31 December 2021: 553 thousand RON) is restricted cash. The restricted cash is subject to commercial or legal restrictions (cash collateral for letters of guarantee, cash collateral for the payment of uncollected dividends, etc.)

12. SHARE CAPITAL

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

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

	31 December 2022	31 December 2021
	%	%
Gheorghe Iaciu	57.76%	59.97%
Andrici Adrian	12.73%	15.98%
Companies	19.70%	12.45%
Other shareholders	9.82%	11.60%
	100%	**100%**

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

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 Group are detailed below:

	31 December 2022	31 December 2021
Legal Reserves	45,060	19,073
Statutory reserves	(4,871)	(4,871)
Other reserves	77	77
Balance as at 31 December 2022/ 2021	**40,266**	**14,279**

Legal reserves in the amount of RON 22,124 thousand represent the legal reserve approved for distribution in 2021 but transferred to the reserve account in 2022. The amount of RON 3,805 thousand 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

No dividends were distributed during the year ended 31 December 2022.

No dividends were distributed during the year ended 31 December 2021.

Capital management

For the Group'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 maximise the shareholder value. The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt to assets ratio, which is loans and borrowings less cash and cash equivalents, divided to total assets The Group's policy is to keep the debt to assets ratio to less than 40%.

To achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. In case of breaches in meeting the financial covenants the 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 at 31 December 2022 and 31 December 2021 are disclosed below:

Debt to assets ratio	**2022**	**2021**
Loans and borrowings	387,765	337,033
Less: cash and cash equivalents	(55,108)	(42,037)
Net debt	**332,657**	**294,996**
Total assets	1,443,361	1,204,412
Net debt to assets	**23%**	**24%**

13. OWN SHARES

	31 December 2022 (RON thousand)	31 December 2021(RON thousand)
Balance at 1 January 2022/2021	**841**	**2,675**
Purchase of own shares	442	1,365
Own shares cancelled during the year	-	(2,500)
Share-based payments	(1,015)	(699)
Balance at 31 December 2022/ 2021	**268**	**841**

	31 December 2022 (no. of shares)	31 December 2021(no. of shares)
Balance at 1 January 2022/2021	**1,370,920**	**2,578,361**
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)
Balance at 31 December 2022/2021	**738,541**	**1,370,920**

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 Group's share-based payment schemes.
On December 31, 2022, the Group has own shares with an accounting value of RON 268 thousand (December 2021: RON 841 thousand).

In August 2021, the Board of Directors decided to implement the Stock Option Plan program for the year 2021-2022, 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 Group 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 Group 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 granting in the amount of 969 thousand lei (0.427 lei/share). The average cost borne by the parent company with the acquisition of these shares was 1,015 thousand lei (0.367 lei/share).

14. LOANS AND BORROWINGS

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

	31 December 2022	31 December 2021
Non-current liabilities		
Secured bank loans	236,294	117,555
Issued bonds	32,561	32,566
	268,855	**150,121**
Current liabilities		
Issued bonds	-	67,217
Short-term borrowings	118,910	119,695
Non-current liabilities	**118,910**	**186,912**

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

Lender	Currency	Maturity	Amount of the facility, in original currency	Balance at 31-Dec-21	Balance at 31-Dec-22
Bonds					
Credit Value Investments	EUR	11-Jan-22	12,000	59,837	-
Credit Value Investments	EUR	19-Dec-22	12,525	59,858	-
Bonds listed on Bucharest Stock Exchange SA	EUR	24-Dec-26	6,581	32,566	32,561
Total bonds				**152,261**	**32,561**
First Bank	EUR	05-Aug-23	5,921	24,375	-
First Bank	RON	05-Aug-23	4,500	1,731	-
CEC Bank	EUR	27-Nov-23	9,880	17,958	48,622
CEC Bank	RON	27-Jan-23	3,500	1,633	-
Garanti BBVA	EUR	15-Jun-24	4,250	21,030	5,936
Garanti BBVA	EUR	30-Jun-24	4,500	-	18,978
Libra Internet Bank	EUR	26-Jul-24	12,562	46,615	16,356
Libra Internet Bank	EUR	22-Sep-24	8,676	41,787	14,084
Libra Internet Bank	EUR	05-Oct-24	4,000	13,470	7,363
Libra Internet Bank	EUR	05-Dec-25	1,900	-	9,400
Libra Internet Bank	EUR	05-Dec-25	5,250	-	25,974
OTP Bank	EUR	13-Dec-24	5,000	14,312	-
OTP Bank	EUR	31-Mar-25	21,161	-	51,444
OTP Bank	EUR	30-Jun-24	4,000	-	5,101
OTP Bank	EUR	31-Mar-25	13,279	-	44,388
OTP Bank	EUR	30-Jun-24	2,000	-	4,358
TechVentures Bank	EUR	06-Jan-25	2,000	-	6,871
Alpha Bank	EUR	08-Jun-29	20,000	-	95,283
Garanti BBVA				7,917	1,000
Total bank loans				**190,828**	**355,157**
Interest				**1,861**	**46**
Total				**344,950**	**387,765**

	Bonds	Loans	Total
Balance on 1st of January 2022	**152,261**	**190,828**	**343,089**
Draws	-	483,539	483,539
Payments	(116,121)	(306,712)	(422,833)
Interest paid	(6,996)	(13,316)	(20,312)
FX differences	3,463	818	4,281
Balance on 31st of December 2022	**32,607**	**355,158**	**387,764**

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, to 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 6.00% per annum, payable twice a year. On February 1, 2021, the Group signed an agreement to extend the maturity for the amount of 6,000 thousand euros until the maturity date of the bonds, January 2022. In January 2022, the loan was repaid in full, at the time stipulated in the contract.

The Bonds are principally secured by a first-rate real estate mortgage covering the obligations arising from the Bonds, up to the maximum guaranteed amount of EUR 18,000 thousand (eighteen million euros), constituted on seven plots of land with a total area of 154,308 sq m located in Bucharest, Sector 1, Romania, under the exclusive property of the Company, as well as on their accessories. The Company has an option of early redemption of the Bonds, which can be exercised starting from the second interest payment date, provided that the minimum redeemed value is at least EUR 1,000 thousand.
The company paid the bonds at maturity (January 2022).

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

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

In December 2020, the Parent Company carried out a new issue of Private Placement bonds in the amount of EUR 6,580 thousand with a fixed interest rate of 6.4% p.a., payable semiannually. The bonds were issued by the Parent Company on 24 December 2020, they have a maturity of 6 years and were listed in May 2021 on the regulated market of BVB.

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 in the amount of EUR 5,921 thousand and represents investment credit with a maturity of 30 months from the granting, and the second facility in the amount of 4,500 thousand RON represents VAT financing with a maturity of 30 months from the time 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 in the amount of 9,880 thousand

EURO and represents investment credit with a maturity of 30 months from the granting, and the second facility in the amount of 3,500 thousand RON represents VAT financing with a maturity of 20 months from the time of granting.
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 in 36 months from 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, with maturity in 7 years from the granting.

In May 2022, the Company contracted a loan denominated in EUR from Garanti for the general financing of projects (working capital). The value of the credit is EUR 4,500 thousand, with a maturity of 2 years from the granting.

In September 2022, the Company contracted 4 loans denominated in EUR from OTP Bank to finance 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 a total amount of EUR 34,440 thousand are intended to finance the project, with a maturity of 3 years from the granting, and two in a total amount of EUR 6,000 thousand to cover VAT payments, with maturity of 2 years from granting.

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

In December 2022, Bergamot Developments Phase II SRL contracted another loan denominated in EUR from Libra for the general financing of projects (working capital). The value of the loan is EUR 5,250 thousand, with a maturity of 3 years from the granting.

All the financial indicators provided for in the long-term bank loan contracts were met on December 31, 2021 and on December 31, 2022.

15. TRADE AND OTHER PAYABLES

	31-Dec-22	31-Dec-21
Non-current liabilities		
Guarantees	6,124	5,514
Lease payables	2,352	1,401
	8,476	**6,915**
Current liabilities		
Trade payables	30,384	25,062
Lease payables	1,009	-
Tax debts	733	1,486
Income tax payable	1,885	982
Employees payables	1,658	862
Dividends payable	177	187
Other payables	774	7,946
	36,620	**36,526**
TOTAL	**45,096**	**43,441**

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

Debts related to leasing contracts.

	Vehicles	Total
Balance January 1	-	-
Additions	1,871	1,871
Business combination	3,310	3,310
Interest expense	154	154
Lease payments	(2,239)	(2,239)
Foreign exchange movements	265	265
Balance December 30	**3,361**	**3,361**

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.
Spatzioo Management leased an electric car in October 2021 and a van in April 2022.

Following the acquisition of the RCTI Company, starting with September 2022 the lease liabilities also include the lease liabilities contracted by RCTI Company.

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

16. PROVISIONS FOR RISKS AND CHARGES

	Provisions for litigation	Other provisions	Total
Balance at 1 January 2022	**271**	**1,017**	**1,288**
Provisions made during the year	-		
Provisions used during the year	-	(935)	
Balance at 31 December 2022	**271**	**82**	**353**

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

As at 31 December 2022, provision totaling RON 935 thousand was reversed, referring to RON 40 thousand, reversal of provision for untaken holidays and RON 895 thousand reversal of provision for water consumption related to 2020-2021.

The provisions amounting to RON 353 thousand as of 31 December 2022 are represented by:

- RON 271 thousand for a litigation in connection with one of the houses sold in the Boreal neighborhood of Constanţa
- RON 82 thousand for untaken holidays

17. REVENUES

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

	31 December 2022	31 December 2021
Revenues from sales of residential properties	210,134	135,826
Others	9,065	1,759
	219,199	**137,585**

As at 31 December 2022, the Group had a stock of 450 pre-sale agreements, in total value of EUR 47.6 million which are estimated to be transformed in revenue during FY 2023. For these pre-sale agreements clients paid deposits in amount of RON 39,470 thousand which are shown under Contract liabilities in the statement of financial position. The prior year balance of contract liabilities, in amount of RON 37,306 thousand was recognized as revenue in 2022.

Sales per project analysis:

	31 December 2022	31 December 2021
Greenfield Băneasa București	70,696	27,844
Luxuria Domenii Bucuresti	135,718	107,982
Boreal Constanta	3,720	-
	210,134	**135,826**

18. NET INCOME FROM OTHER ACTIVITIES

	31 December 2022	31 December 2021
Rental income	1,860	486
Utilities - revenues	1,417	3,180
Utilities - expenses	(580)	(3,123)
Construction services	4,609	-
	7,306	**543**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2022	31 December 2021
Consumables	1,161	473
Third party expenses	14,380	9,205
Staff costs	14,641	13,064
	30,182	**22,742**

20. OTHER OPERATING (EXPENSES)/INCOME

	31 December 2022	31 December 2021
Other operating income	2,989	2,819
Rent expenses	(341)	(642)
(Profit) / Loss on disposal of property, plant and equipment	(660)	100
Fines and penalties income/(expenses)	1,156	(53)
Other operating expenses	(3,115)	(11,979)
Other tax expenses	(1,803)	1,909
Impairment of property, plant and equipment, net	(3,173)	(174)
Impairment of inventories, net	(3,620)	-
	(8,567)	**(8,020)**

21. FINANCE (COST)/INCOME

	31 December 2022	31 December 2021
Interest expense	(5,129)	(2,723)
Foreign exchange loss	(9,921)	(4,828)
Other financial expenses	(2,817)	(895)
Total financial expenses	**(17,867)**	**(8,445)**
Interest income	366	4
Foreign exchange gains	10,058	1,283
Other financial income	1,202	3,706
Total financial income	**11,626**	**4,993**
Financial result, net	**(6,241)**	**(3,452)**

Compared with 2021, in 2022 the interest expense has increased by RON 2,406 thousand, due to increase of loans balance as at 31 December 2022 with RON 44,675 thousand corroborated with interest expense increases. As regards to foreign exchange results, during 2022 the Group has registered net gains from foreign exchange (2021: foreign exchange net loss of RON 3,544), of RON 134 thousand due to decrease of FX rate for EUR/RON during the year.

22. TAXES

(a) Taxes recognized in the profit and loss account

	2022	2021
Deferred income tax expense	12,568	13,190
Current profit tax	5,494	3,306
Total expenses with taxes	**18,062**	**16,496**

(b) Effective tax rate reconciliation

		2022		2021
Profit before tax		**102,829**		**95.296**
Income tax calculated using the entity's local tax rate	16%	(16,453)	16%	(15,247)
Non-deductible expenses and adjustments	16%	13,601	3%	2,821
Non-taxable income	16%	(15,211)	6%	(5,393)
Recognition of previously unrecognized tax losses	-		-	
	18%	**18,062**	**19%**	**16,496**

(c) 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)
	506,610	**81,058**	**428,063**	**68,490**
Tax losses that generated deferred tax				
	506,610	**81,058**	**428,063**	**68,490**

(d) Movements in deferred tax balances

	Balance at 01.01.2022	Recognized in the current result	Recognized in other elements of comprehensive income	Net	Assets	Debt
2022						
Tangible asset	(223)	-	-	(223)	(223)	-
Real estate investments	72,486	12,426	-	84,843		84,843
Trade receivables and other receivables	(774)	-	-	(774)	(774)	-
Inventories	(2,343)	142	-	(2,201)	(2,201)	-
The effect of tax losses that generated deferred tax	(656)	-	-	(656)	(656)	-
(Receivables)/ net tax liabilities	**68,490**	**12,568**	-	**81,058**	**(3,854)**	**84,843**

				Balance at 31 December 2021		
	Balance at 01.01.2022	Recognized in the current result	Recognized in other elements of comprehensive income	Net	Assets	Debt
2021						
Tangible asset	(223)	-	-	(223)	(223)	-
Real estate investments	71,486	13,260	(70)	72,486	-	72,486
Trade receivables and other receivables	(774)	-	-	(774)	(774)	-
Inventories	(2,343)	-	-	(2,343)	(2,343)	-
The effect of tax losses that generated deferred tax	(656)	-	-	(656)	(656)	-
(Receivables)/ net tax liabilities	**67,490**	**13,260**	**(70)**	**68,490**	**(3,996)**	**72,486**

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

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

- credit risk
- liquidity risk
- market risk
- currency risk

Risk management framework

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

(a) Credit Risk

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

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

	Note	31 December 2022	31 December 2021
Trade and other receivables	10	14,853	10,618
Cash and cash equivalents	11	55,108	42,037
		69,961	**52,655**

Trade receivables and other receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. However, management also considers the demographic characteristics of the Company's customer base, including the non-payment risk characteristic of the field of activity and that of the country in which the customer operates, given that all these factors influence credit risk.
To monitor the credit risk related to customers, the Group monitors payment delays on a monthly basis and takes measures deemed necessary, on a case-by-case basis.
The Group establishes an allowance for impairment which represents its estimates of losses on trade receivables and other receivables (see Note 10).
The maximum credit risk exposure related to trade receivables and other receivables at the reporting date by geographic region was:

	31 December 2022	31 December 2021
Romania	14,853	10,618
	14,853	**10,618**

Impairment losses

The debt aging situation at the reporting date was:

	31-Dec-22			31-Dec-21		
	Gross amount	Adjustment for impairment	Net amount	Gross amount	Adjustment for impairment	Net amount
Did not reach the maturity date	4,409	-	4,409	4,840	-	4,840
Remaining between 1-30 days	4,237	-	4,237	2,210	-	2,210
Remaining between 31–90 days	3,592	-	3,592	1,653	-	1,653
Remaining between 91–120 days	2,615	-	2,615	1,915	-	1,915
Remaining between 121–365 days	-	-	-	661	(661)	-
Arrears of more than one year	5,790	(5,790)	-	2,621	(2,621)	-
	20,643	**(5,790)**	**14,853**	**13,900**	**(3,282)**	**10,618**

Impairment losses as of December 31, 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 Group 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

On December 31, 2022, the Group held cash and cash equivalents in the amount of RON 55,108 thousand (31 December 2021: RON 42,037 thousand), representing the maximum exposure to credit risk related to these assets. Cash and cash equivalents are maintained with banks and financial institutions in Romania.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with financial debts that are settled in cash or through the transfer of another financial asset. The Group's approach to liquidity risk is to ensure, to the extent possible, that it holds sufficient liquidity at all times to meet liabilities as they fall due, both under normal and stressed conditions, without incur unacceptable losses or jeopardize the Group's reputation.

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

31-Dec-22	Accounting value	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans	387,765	386,718	117,863	62,431	199,095	7,329
Trade debts and other debts	45,096	45,096	36,620	8,476	-	-
	432,861	**431,814**	**154,483**	**70,907**	**199,095**	**7,329**
Estimates of future interest	33,074	33,074	17,312	10,527	5,098	137
Total	**465,935**	**464,888**	**171,795**	**81,434**	**204,193**	**7,466**

31-Dec-21	Accounting value	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans	337,033	337,033	186,911	96,526	53,596	-
Trade debts and other debts	80,747	80,747	73,833	6,914	-	-
	417,780	**417,780**	**260,744**	**103,440**	**53,596**	**-**
Estimates of future interest rates	19,621	19,621	8,852	4,077	6,692	
	437,401	**437,401**	**269,596**	**107,517**	**60,288**	**-**

(c) Market risk

The Group's activities expose it to the financial risk of changes in currency exchange rates and interest rates. The Group aims to manage its exposure to these risks using a mix between fixed or floating rate loans and, foreign currency loans.

(d) Currency risk

The Group is exposed to currency risk due to sales, purchases and other loans that are denominated in a currency other than the functional currency of the Group's entities (the Romanian leu), primarily the euro.

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

	31-Dec-22	31-Dec-21
Monetary assets		
Trade receivables and other receivables	14,853	10,618
Cash and cash equivalents	55,108	42,037
	69,961	**52,655**
Monetary debts		
Loans	387,765	337,033
Trade debts and other debts	39,811	77,416
	427,576	**406,449**
Net exposure	**(357,615)**	**(353,794)**

The Group 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:

	31 December 2022	Medium for 2022	31 December 2021	Medium for 2021
EUR	4,9474	4,9313	4,9481	4,9204

Sensitivity analysis

A 10% appreciation / depreciation of the 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 the variations in exchange rates that the Company considers reasonably possible at the end of the reporting period. This analysis assumes that all other variables, especially interest rates, remain constant and ignores any impact of expected sales and purchases.

	31-Dec-22			31-Dec-21		
	Accounting value	Effect of depreciation	Effect of appreciation	Accounting value	Effect of depreciation	Effect of appreciation
Monetary assets and liabilities						
EUR	(358,624)	(35,862)	(35,862)	(353,794)	(35,379)	35,379

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
Monetary assets								
Trade receivables and other receivables	14,853	-	-	14,853	36,135	-	-	36,135
Cash and cash equivalents	55,108	-	-	55,108	42,037	-	-	42,037
	69,961	**-**	**-**	**69,961**	**78,172**	**-**	**-**	**78,172**
Monetary debts								
Loans	387,765	387,765	-	-	337,033	182,655	154,378	-
Trade debts and other debts	40,820	-	-	40,820	80,747	-	-	80,747
	428,585	**387,765**	**0**	**40,820**	**417,780**	**182,655**	**154,378**	**80,747**

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

	Accounting value	
Fixed rate instruments	**31-Dec-22**	**31-Dec-21**
Financial assets	-	-
Financial debts	32,607	154,378
	-	**(154,378)**
Variable rate instruments		
Debts	(355,158)	(182,655)
	(355,158)	**(182,655)**

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

Cash flow sensitivity analysis for variable rate instruments

A possible change of 100 basis points at the reporting date would have increased or decreased equity and profit or loss by 3,552 (2021: 1,856). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain unchanged.

	Profit / (Loss)	
31 December 2022	**100 bp decrease**	**100 bp increase**
Variable rate instruments	3,878	(3,878)

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

Compared with 2021, the exposure to changes in interest rate in 2022 increased by 1,752. This is due to increase of the balance of debt with variable rate instrument by RON 173 thousand.

24. CAPITAL COMMITMENTS

At December 31, 2022, the Group had no contracted capital commitments.

25. CONTINGENCIES

At the date of these consolidated financial statements, the Group is involved in ongoing litigation, both as plaintiff and defendant.

The Group's management regularly analyzes the status of all ongoing litigation and, following a consultation with the Board of Directors, decides on the need to recognize provisions related to committed amounts and to include them in the financial statements.

Considering the existing information, the Group's management believes that the significant disputes are the following:

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

The company Impact Developer & Constructor SA and one of the affiliated companies, 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 March 21, 2023 to respond to the objections made to the accounting expert report. The analysis of the expert report was carried out.

File no. was registered on the Argeș 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 Argeș Commercial Court issued Decision no. 277, as follows:

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 February 22, 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 (PUZ) Aleea Teișani - Drumul Pădurea Neagra no. 56-64, the suspension and cancellation of Building Authorizations (AC) 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 19 May 2023.

26. AFFILIATED ENTITIES

Transactions with Key Management Members

Remuneration of key management personnel comprises salaries and related benefits, including share n (share based payments, social and medical contributions, unemployment, and other similar contributions). The Group's management is employed on a contract basis.

The remuneration for the period ending on December 31, 2022 of the administrators is approved by the General Meeting of Shareholders.

Remuneration of Company's management in 2022 was RON 2.749.217 (2021: RON 3.005.079). For more details please see Remuneration report which is part of the Group's annual report.

Transactions with shareholders

In 2022, the Group did not declare or pay dividends to its shareholders. Please see Note 12 – Share capital for details regarding the ultimate controlling party.

27. BUSINESS COMBINATION AND ACQUISITION OF NON-CONTROLLING INTEREST

The development strategy of the Group is based on vertical integration (construction companies, architecture firm) to streamline group activities, to improve quality and control over productions (timeline & costs) and optimizes project development process.

On July 13, 2022, the sale-purchase agreement regarding R.C.T.I Company SRL was signed, concluded between Toţia Radu-Mihail and Tudor Emil Victor, as shareholders of R.C.T.I Company SRL (company acquired in the transaction) and sellers, and Impact Developer&Contractor SA (acquiring company), as the buyer.

Through the sale-purchase contract, a package of 13,500 shares of R.C.T.I Company SRL representing 27.5% of the share capital is transferred to Impact Developer&Contractor SA.

Simultaneously with the signing of the sale-purchase agreement, the parties also signed an Associates Agreement that includes the commitments undertaken by the parties, including the increase in the share capital of R.C.T.I. Company SRL and the subscription by Impact of 24,500 newly issued social shares and their release in exchange for a cash contribution, and through this transaction the Group acquired 51.01% in the share capital of R.C.T.I. Company SRL.

R.C.T.I. Company SRL operates in the field of civil and industrial constructions as a general and/or specialized contractor, having significant experience in the field, qualified and trained personnel, equipment and commercial relations with suppliers and customers.

REFERENCE DATE FOR THE TRANSACTION 31.08.2022
Evaluation of the net asset for the allocation of the purchase price - Colliers (Amount in RON)

Net asset value as of 31.08.2022			**9,164,402**	
Adjustments			2,888,677	
Adjusted Net Asset			12,053,079	
	of which	Assets at fair value	51,785,890	NCI
		Liabilities	- 39,732,810	
Add cash acquired			9,310,000	
Net asset acquired			21,363,079	
			51.01%	48.99%
Purchased participation				
Purchase price			14,440,000	
	split as:			
		share payments	5,130,000	
		Share capital increase	245,000	
		Share Increase Premium	9,065,000	
Net Asset Purchased participation			**10,897,307**	
Net Assets non-controlling participation				**10,465,772**

As a result of the above, Goodwill of RON 3,543 thousand was generated which the Company recorded and presented in the Consolidated Statement of Financial Position in the non-current assets section.

Adjusted Net Asset	Accounting Value	Adjustment	Net Adjusted Value
-Amounts in RON-	- The reference date 31.08.2022-		
TOTAL ASSETS	***47.168.489***	***4.617.400***	***51.785.890***
Non-current Assets	***6.232.724***	***8.023.984***	***14.245.708***
Intangible assets	117.689	227.414	345.103
Tangible assets, of which:	6.115.035	7.796.570	13.911.605
- Lands and landscaping	321.498	3.223.524	3.545.022
- Buildings	2.469.476	2.742.862	5.212.338
- Equipment	6.466.451	(1.312.206)	5.154.245
- Depreciation of buildings and equipment	(3.142.389	3.142.389	-
Current Assets	***40.615.783***	***(3.406.584)***	***37.209.199***
Inventories	5.942.950	-	5.942.950
Trade receivables	23.536.616	(1.100.811)	22.435.805
Other receivables	11.136.217	(2.305.772)	8.830.444
Cash	***319.982***	***-***	***319.982***
TOTAL LIABILITIES	***(38.004.087)***	***(1.728.723)***	***(39.732.810)***
Trade liabilities, of which	(13.789.112)	-	(13.789.112)
- Advances from clients	(6.221.146)	-	(6.221.146)
- Liabilities related to employees	(759.301)	-	(759.301)
Liabilities related to taxes, of which:	(1.862.129)	(1.728.723))	(3.590.851)
Adjusted Net Asset	**Accounting Value**	**Adjustment**	**Net Adjusted Value**
-Amounts in RON-	- The reference date 31.08.2022-		
- VAT	(1.594.892)	-	(1.594.892)
- Deferred tax	-	(1.728.723)	(1.728.723)
Financial Liabilities, of which	(15.372.400)	-	(15.372.400)
- Bank	(11.267.040)	-	(11.267.040)
- Leasing	(4.105.360)	-	(4.105.360)
Net asset	**9.164.402**	**2.888.677**	**12.053.080**

28. THE RESULT PER SHARE (EPS)

Considering the changes that occurred during 2022 in the number of shares, according to the provisions of IAS33, the Company also restated the comparative values of the result per share related to the year 2021, since the weighted average number of shares in 2021 had to consider these operations recorded in the year 2022.

	2022	2021
Profit attributable to ordinary equity holders of the parent	85,623	78,800
Average number of ordinary shares during the year (thousands)	2,331,358	2,243,487
Basic result per share (lei/share)	**0.0367**	**0.0351**

29. GROUP AUDITOR EXPENSES

Ernst & Young S.R.L. was appointed by the decision of the General Meeting of Shareholders dated 28 April 2022, to audit the financial statements for 2022, prepared under the responsibility of IMPACT D&C's management according to the international standards – IFRS (including the consolidated financial statements). The auditors' liability towards IMPACT D&C and the General Meeting of Shareholders shall be determined and limited according to the law and the agreement concluded with them.

In 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.

30. SUBSEQUENT EVENTS

a) Litigation regarding access to Vadul Moldovei street, file 1820/3/2023

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 next court date is 22 May 2023.

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	**Constantin Sebeșanu**	**Claudiu Bistriceanu**
CA President	Chief Executive Officer	Chief Financial Officer