IMPACT Developer & Contractor

Questions and Answers

Teleconference presenting the preliminary unaudited financial results for 2021

2 March 2022

1. **What are the criteria for IMP to enter the BET index and when could this happen?**

There are two main criteria: liquidity and free float. It is estimated that a 21% free float is needed and in February we have almost reached this value. We are convinced that prior to the next share capital increase, that we hope to be until the summer, we will succeed also to be part of BET index.

2. **How did sales in Luxuria and Boreal go?**

The Luxuria project is on track. It registered record sales last month. Luxuria was developed in 2 phases - A and B. The reception of phase B was completed at the end of December, but it has not been put up for sale yet because the registration phase is not over yet, but we expect that in 2 months we will start this process. Over 50% (nr from the project) is already pre-sold, and contracts will be closed as soon as they are put up for sale. We sold over 65% of the total apartments in phase A. The plan is to sell the entire Luxuria compound by the end of the year.

Boreal had a slower start. In Constanta, the clients are more distrustful, probably due to several projects that have not been completed in the area (nr: by other developers). Sales began to gain momentum when the structure (nr: of the blocks) was completed. The deadline for completing the first phase is June, we have already completed the mock-ups and thus spurred sales. We estimate an exponential increase in sales in Constanta.

3. **Do you think that the profit margin of the IMP can increase (at this point, for example, ONE had a much better margin)?**

A first aspect is that IMPACT has a different reporting system than ONE. At the same time, they have a big office component that we don't have. Overall I think it's hard to compare 1-1 to what we do and how we relate. The margin presented by us is an average margin on all projects, for example Greenfield reaches a margin of 41%. Theoretically the margin can be increased but this is related to 2 aspects: price increase and costs decrease. In terms of costs, last year there was a massive increase – almost 22%, so it is unlikely that we will be able to limit costs. Our departments are working on a solution for construction standardization to be able to reduce the production cycle and make an impact on costs. We do not want to put pressure on the selling price, in general we are positioned on medium market, with affordable prices. It is a very price sensitive market, i.e. a

Willbrook Platinum Business & Convention Center, 172-176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, District 1,
Phone: +40 21.230.75.70/71/72, Fax: +40 21.230.75.81/82/83, e-mail: office@impactsa.ro
Subscribed and paid-up share capital: RON 414,807,823.75
Registered with the Trade Registry Office within Bucharest Court under no. J40/7228/2018, S.R.C. RO 1553483
impactsa.ro

difference of EUR 50 at a selling price can significantly decrease the speed of sales. At an average margin of 35% we are comfortable in terms of results and it is a minimum margin that has been mandated to us.

4. **How do the current crisis in Ukraine affects IMP plans?**

We had a board meeting to look into the situation. We will not slow down the plans, but it is obvious that we will see an impact. It is very hard at present to estimate, we feel a reluctance on the part of the banks. We are optimistic and we hope that this situation will be resolved as soon as possible. It is clear that the effects will be felt in Romania as well, it is already observed for foreign investors, we see the impact on the Bucharest Stock Exchange. We've done a budget analysis and are even considering a drop in potential sales up to 20% this year.

5. **When do you plan to start the project on Barbu Văcărescu and what would be the deadline for completion?**

The project is in the final phase of the concept. We had an international competition for the concept that was won by a US company. We are now entering the design phase. We estimate that the design will be completed soon in order to be able to go for regional urban planning in 6 months. It is very difficult to estimate how these regional urban plannings will be perceived and accepted by the local authorities. There is no positive signal from them, so we can estimate that a regional urban planning can last between 1 and 2 years, we do not have fixed data for this aspect at the moment. In the optimistic version we will be able to start the project in 2 years, which means that in 3 and a half years we will be able to put into operation. We have a very large variable that is the permitting part, which we cannot control and which we also try to estimate as well as possible.

6. **Taking into account the current context, do you plan to integrate alternative energy systems for the housing compounds you make (solar panels, heat pumps etc.)?**

We were among the first developers to introduce a specialized ESG department with a senior manager. We have already integrated the principles in all our constructions from now on in addition to the nZEB standards part that has been integrated since the design phase, we also have integrated BREEAM Excellent standards. Luxuria was the first BREEAM Excellent certified compound in Romania.. All these standards limit the carbon footprint and increase the quality of life. In Greenfield, for example, we are in the permitting phase for exploration for geothermal waters and in our project we have already given up on the apartment boilers, we now have a district power station, we have modified the projects. Thus, in addition to reducing the carbon footprint, we estimate a discount of up to 60% on owners' bills for thermal energy. In Iasi we are in advanced study for Geo-Exchange (a fairly new concept), that we are also studying it for the project in Timisoara Boulevard. We have over 2 hectares of solar panels for the project in Iasi, solar panels placed on buildings from the design phase, which will ensure the energy needs for all public areas in the compound. We integrate everywhere green solutions, standards and we also come up with alternative solutions. In each project we analyze the solutions according to the available options.

7. **For what period is the Market Maker contract with BRK?**

The contract is in place and will certainly be for the whole of 2022 and we hope to continue. BRK helped us a lot and showed professionalism.

8. **Have there been or are there problems with the supply of materials, with their availability?**

Yes, for those who don't know we've come out of the contractor side almost 100%, focusing on core business – that is, we are a developer, less part of contractor. We work with general contractors in all our projects and last year they had a shock from both perspectives – supply and prices. First of all, the problem was due to the supply chain that was affected internationally, production facilities were closed and this put a lot of pressure on prices. We felt an increase of almost 22% in the costs of raw materials and building materials. We have also had problems with supply and rising prices. The problems did not stop this year either, we had increases in the price of energy that in turn caused other increases in certain types of materials. By the time the conflict started in Ukraine there was an increase of up to 10% but now it seems that we will see other increases that are less predictable. The trend is to increase cost prices and thus also the selling price.

9. **Are you looking for buying opportunities during the current crisis, of new assets (land) to develop new projects? For example, apart from Romania, maybe Moldova, why not Ukraine (after any war must also be reconstruction)?**

We have a very well-defined national expansion strategy. We are in discussions and we continue the discussions for acquisitions to expand to the main cities in Romania. We already have very large plots of land.. We are developing on our lands at the rate at which we can in each city, but we must also expand and acquire others to reduce as much as possible the risk of being exposed to a situation like the one last year with the lack of permits in Bucharest. Separately, we need a diversification, each development has a limit in the market penetration. We are looking for new cities, basically land that already have PUZ's and are for residential use. We are comfortable with somewhere around 20 ha for the Greenfield brand and somewhere around 2-3 ha for the Luxuria brand.

Of course we also look outside the country. We do not know if Ukraine, Moldova. Initially we were looking more towards west. Once the current situation has calmed down, there will certainly be opportunities in these areas as well, so we need to evaluate them.

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10. Do you consider that these material increases will be able to be absorbed by the market without affecting margins?

Margins will be affected at least on the short term, the companies that will be able to withstand cash during this period will be in a better position. We acted early and we did some small but small, incremental price increases, compared with most of the developers that came in January and made significant increases between 10-25%, and this (nr: sharp increase of the prices) was not healthy for the market. We have had small increases since the spring last year, several small, successive increases, which, however, did not cover the cost increases and affected our margin.

11. How much do you see the IMP quote on the stock exchange in 6 months?

Yesterday we saw a report from Ipopema that is public and estimates a potential quotation of IMP. I think we are still undervalued, we have enormous potential for growth.

12. What are green bonds?

Bond issues involving access to certain sources of funding and institutional investors who invest mainly in green projects that have the characteristics required by ESG standards. Basically, the issuer is obliged by the bond contract to use a large part, around 80% on average, to green projects.

13. Is the interest rate on this bond lower?

Yes, we expect it to be smaller.

14. For the share capital increase (next phases) are you looking to attract external or large-caliber investors? What plans do you have in this direction and when do you expect the other phases of the SCI to be?

We are in discussions, we have just made a private placement to be able to attract large investors as well. When it will be announced (nr: future private placement), it will be open to everyone, it is public, both directly to the company and through brokers. When the current situation calms down, we will come out with the capital increase, by the summer we would like to have another stage or even two. We intend to attract around EUR 50 million in total from the increase (nr: share capital increase). In fact, we also want to issue bonds very quickly.