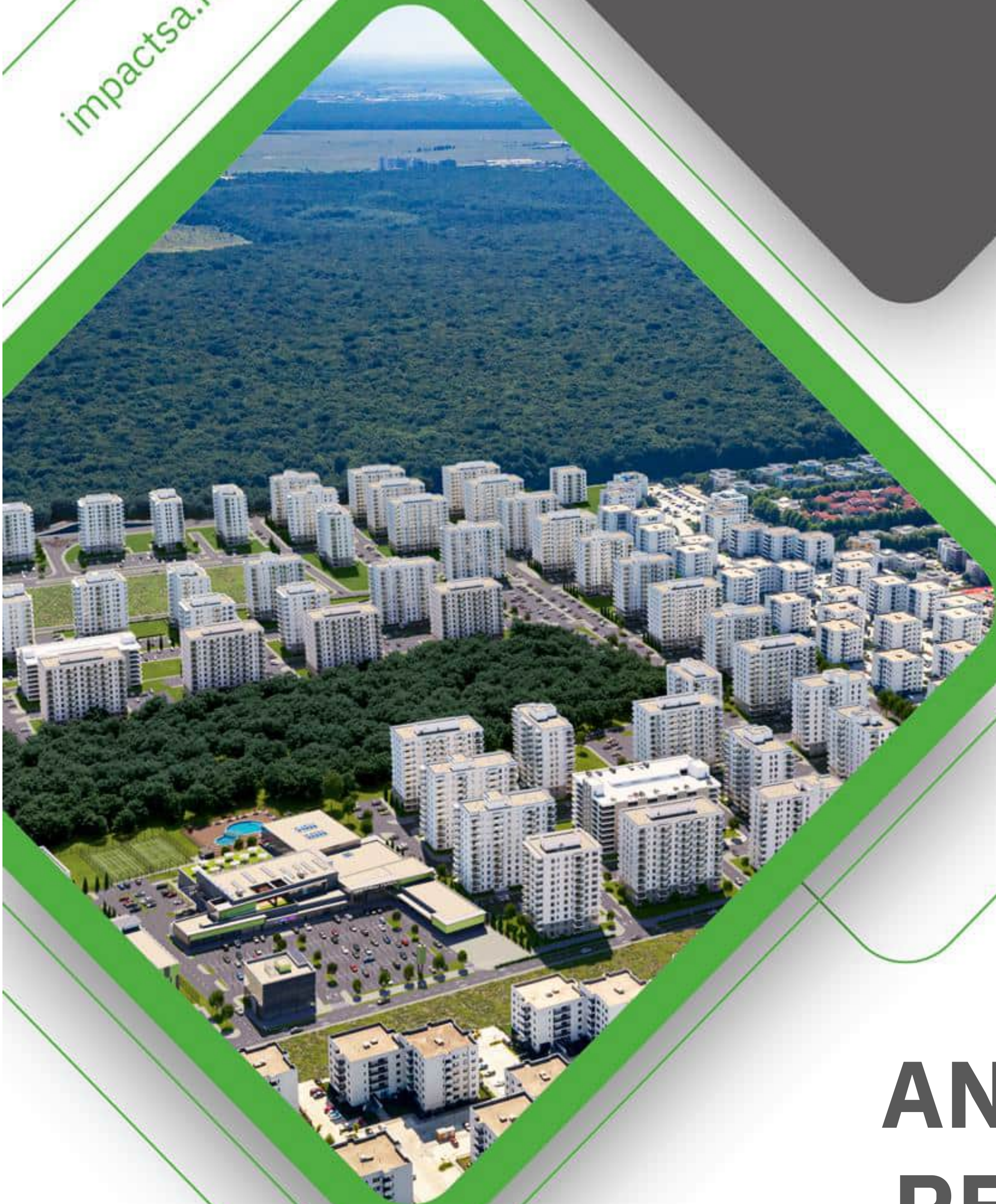
impactsa.ro



ANNUAL REPORT 2022

IMPACT DEVELOPER & CONTRACTOR

SUMMARY

CHAPTER 1

IMPACT

Developing Sustainable Communities
Since 1991

REPORT

Board of Directors

2022

Dear shareholders and partners of the company,

IMPACT Developer & Contractor, the developer with over 30 years of activity on the Romanian market, has distinguished itself throughout the history as the most innovative real estate company, the promoter of the residential complex concept and the first real estate company listed on the Bucharest Stock Exchange more than 26 years ago.

Through the projects built, IMPACT has created unique living perspectives. GREENFIELD Băneasa is the largest IMPACT project to date, built in a spectacular natural setting provided by the more than 900 hectares of forest that surrounds it, while LUXURIA Residence is the project that sets new standards in terms of the sustainability of the compounds developed by IMPACT, being up to now the only residential compound in the country certified BREEAM Excellent.

Since its establishment, IMPACT has developed 17 real estate projects with a total built area of over 500,000 sqm, in which live today more than 12,000 residents.

2022 was an extremely dynamic year with many challenges. We adapted and demonstrated resilience and performance. We followed the development strategy, adding a new angle, of vertical integration, which would allow real estate development at a more alert, more efficient pace. In 2022, we acquired the majority of the shares of RCTI Company, with the objective of increasing the construction capacity, through better control over the quality of works and execution deadlines, but also through the centralization of purchases at group level for cost control. We also established our own architecture and design company - Impact Alliance Architecture (IAA) - with responsibilities in the fields of architecture and habitat, urban planning and sustainable territorial development. Through this we aim to find those last-generation technical solutions compatible with IMPACT's vision, so that the group's projects become benchmarks for sustainable developments.

At the same time, we have adapted the sales strategy to the requirements of a changing market and we are currently preparing the ground for the coming years.

IMPACT group growth strategy is based on three pillars: sustainability, geographical expansion & portfolio diversification, innovation & vertical integration.

The real estate sector has also gone through a year of turbulence, with mixed trends across subsectors. In terms of office spaces, there have been market changes as many companies have decided to keep the flexible working regime and even renounce at spaces, while in residential sector the need to work remotely has directed the financial resources of the middle and upper classes to larger dwellings, including outside the cities, bought or rented. Buyers have focused on the value for money and quality of life improvement solutions offered by developers.

IMPACT Developer & Contractor has followed and folded on these trends, especially with GREENFIELD Băneasa project, a top choice for its clients, according to our own study conducted at the end of 2021, through the modern approach, the location of the project, the fresh air, the tranquility and the nearby forest.

The real estate industry has faced challenges as a result of rising inflation and slowing lending. On the other hand, the housing stock in Romania is the most outdated from Europe, which suggests to us, the real estate developers, that in the next 10-20 years there will be a need for new housing to replace the current ones. For almost three years, Bucharest has been in a situation where it does not have a General Urban Plan (GUP), and as a result, very few new real estate projects were started last year, with potential impact for price increases in the next 3-5 years. IMPACT's portfolio of projects and land responds to these challenges, which translates into good perspectives both for investors and clients.

IMPACT's operations in 2022 consisted mainly in continuing the development of the residential projects GREENFIELD Băneasa in Bucharest and Boreal Plus in Constanța, as well as taking further steps for obtaining the necessary permits for the developments expected to start in 2023-2024, on the owned land, in Iași and Bucharest.

In 2022 IMPACT recorded revenues from sales of residential properties amounting to RON 210 million, representing 275 dwellings sold, to which are added pre-sales of 450 dwellings with a total value of RON 236 million, which will generate revenues in the next period. As of 31 December 2022, the EPRA Net Reinstatement Value (NRV) was worth RON 1,219 million, while the total value of assets adjusted in accordance with EPRA standards was RON 1,695 million. As of 31 December 2022, the market value of the apartments completed in stock is RON 300 million and of the apartments under construction is RON 466 million.

IMPACT owns approximately 71 ha of land with a gross development value estimated at EUR 1.5 billion: Bucharest - Greenfield Băneasa (New Phases), Aria Verdi, Greenfield West, Constanța – Boreal Plus (New Phases), Iași - Greenfield Copou.

We published for the first time a Sustainability Report aligned to Global Reporting Initiative (GRI) standards. The principles of sustainability and the green economy are assumed by the entire team and the entire medium and long-term strategy is built around them. All IMPACT developments are designed to comply with the principles of sustainability, using sustainable technologies, with alternative energy sources, "smart city" solutions and electric mobility solutions.

We continued the capital raising operations necessary to support our development strategy. Thus, we carried out two operations of capital increase by cash contribution in January and August, with a cumulated value of RON 77.7 million, as well as a capital increase by incorporating the reserves in amount of RON 165.9 million in July.

IMPACT's share price on BVB in the last trading day of 2022 was RON 0.36, compared to RON 0.5 at the end of the previous year, in the context of the generalized decrease of the capital markets amid the conflict in Ukraine. The market capitalization was RON 851 million. Last year, the dialogue with local and international investors was intensified. IMPACT representatives thus participated in 3 international conferences for investors, organized for the first time the company's own Investor's Day and held more than 30 discussions with potential investors.

Creating added value for all the stakeholders is our priority, so we will continue to invest solidly in building modern and sustainable housing at affordable prices.

The entire IMPACT management team is grateful to the shareholders, employees and all stakeholders for the continued trust and support provided throughout 2022 and we invite you to continue to be part of our story.

Sincerely,

Constantin Sebeșanu
CEO, IMPACT Developer & Contractor

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2022 HIGHLIGHTS

FINANCIAL AND OPERATIONAL

- **450** sales commitments and reservations at 31 December 2022, with a package value of **EUR 47.6 million (RON 235 million)**, that will translate in sales, as apartments will be finalized in the following period.
- **275 units** sold in 2022 (183 in 2021) represented by 110 dwellings in GREENFIELD BĂNEASA, 161 dwellings and 1 commercial space in **LUXURIA EXPOZIȚIEI**, as well as 3 villas in **BOREAL PLUS** (23,466 sqm built saleable area plus related parking spots, storage and court yards).
- **RON 220 million** revenues and **RON 71 million** gross profit in 2022 (RON 138 million revenues and RON 49.8 million gross profit in 2022). While the company is on a new development cycle, which low inventory for sales, IMPACT still reported increased revenues, by RON 82 milions.
- As of 31 December 2022, there were **1,631** units with building permit located in Bucharest and Constanța (732 already with construction started) while additional over **7,900** units located in Iasi and Bucharest were in various stages of obtaining the building permit.

IFRS NAV

890 mRON

+ 173 mRON (2021: 717 mRON)

EPRA NRV

1,223 mRON

+ 179 mRON (2021: 1,044 mRON)

Sales

220 mRON

+ 82 mRON (2021: 138 mRON)

Pre-sales for apartments as of 31 Dec 2022

235 mRON

+ 5 mRON (2021: 230 mRON)

2022 HIGHLIGHTS

FINANCIAL AND OPERATIONAL

- Loans and borrowings decreased to **27%** of total assets as of 31 December 2022, compared with 28% as of 31 December 2021. In 2022, **IMPACT** used bank loans for the financing the first 209 apartments developed in BOREAL PLUS and 829 apartments developed in GREENFIELD BĂNEASA.

- Equity reached **62% of total assets** following the accounting of two private placements in value of RON 77.7 mil as well as incorporation of 2022 net profit of RON 82.8 mil.

- GREENFIELD PLAZA was inaugurated in Q4 2022. GREENFIELD PLAZA BĂNEASA is a commercial center that addresses the communities' necessities and includes an impressive wellness center.

- A total of **306 dwellings** were completed in 2022, out of which 97 dwellings in GREENFIELD BĂNEASA, and the first 209 dwellings in BOREAL PLUS CONSTANȚA (commissioning with the authorities completed and dismantling / registration estimated to take place at the beginning of 2023).

- Strong land bank owned by **IMPACT** (approximately **71 ha**) with potential for development of other **5 projects** GREENFIELD BĂNEASA (new phases), BOREAL PLUS, GREENFIELD COPOU RESIDENCE (“GREENFIELD COPOU”), ARIA VERDI and GREENFIELD WEST with an estimated market value of more than **1.5 billion euro**.

2022 HIGHLIGHTS

OUTLOOK FOR 2023

- Starting Pre-Sales for next projects phases with building permits (total volume of 899 units) estimated to begin construction in 2023-2024.
- Continuing sales of completed dwellings in LUXURIA EXPOZIȚIEI, GREENFIELD BĂNEASA and BOREAL PLUS.
- Completion of 732 apartments in GREENFIELD BĂNEASA.
- Obtain building permits and starting the works for additional phases in GREENFIELD BĂNEASA and GREENFIELD COPOU.
- Operating GREENFIELD PLAZA BĂNEASA and earning related revenues.
- Obtain financing for the ongoing projects and a share capital increase up to 25 mill EUR.
- Potential acquisition of new plots of land, in line with **IMPACT**'s strategy to complete land bank.

RELEVANT ASPECTS

In line with its vertical integration strategy, IMPACT aquired in September 2022 a construction company – RCTI Company - to streamline group activities, to improve quality and control over productions (timeline & costs) and optimizes project development process. Also, an own architecture company was set up in Q4 2022 – Impact Alliance Architecture.

OTHER ASPECTS

In 2022, IMPACT published the Sustainability Report for 2021. The report was developed following Global Initiatives Standards (GRI) the most renowned international sustainability reporting framework (GRI Referenced) and was based on an internal analysis that identified the material topics, those topics where the Impact Group's activity has a significant impact on the environment, society, and the economy. The company obtained also an ESG Risk Rate of 18.7 (low risk) as part of the ESG rating initiative contracted by BVB.

IMPACT GROUP OVERVIEW

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

Expansion at national level

17 residential compounds

4,500+ units built

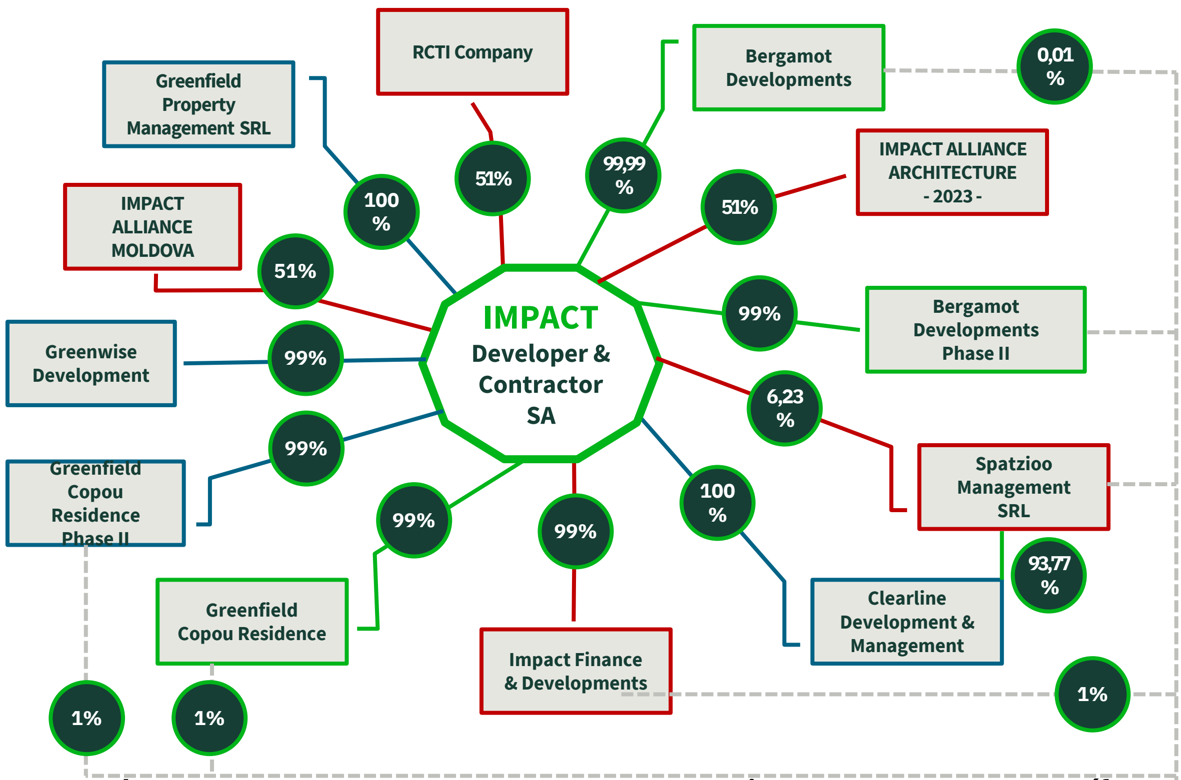
+11.500 inhabitants

500k+ sqm built

EUR 650+ Mn investments

IMPACT GROUP OVERVIEW

IMPACT GROUP



- **IMPACT Developer & Contractor**, parent company, which develops the following projects: GREENFIELD BANEASA RESIDENCE, BOREAL PLUS, ARIA VERDI and GREENFIELD WEST
- **Bergamot Developments SRL** and **Bergamot Developments Phase II SRL** with real estate development as main object of activity; they have developed the LUXURIA EXPOZITIEI project
- **Greenfield Copou Residence SRL** with real estate development as main object of activity, was established in December 2019 and develops the GREENFIELD COPOU RESIDENCE project
- **Greenfield Copou Residence Phase II SRL** with real estate development as main object of activity; established in February 2021. Without activity in 2022.
- **Greenwise Development SRL** with real estate development as main object of activity; established in February 2021. Without activity in 2022.
- **Spatzioo Management SRL (former Actual Invest House SRL)**, the company that provides management services for new residential, retail and commercial developments
- **Impact Finance & Developments SRL** has a role in diversifying the range of services related to residential sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings
- **Greenfield Property Management SRL** with the real estate development as main object of activity; established in May 2021. Without activity in 2022.
- **Clearline Development and Management SRL**, a project company through which **IMPACT** was about to develop a residential project in Cluj-Napoca, in partnership with the local authority.

IMPACT GROUP OVERVIEW

IMPACT GROUP

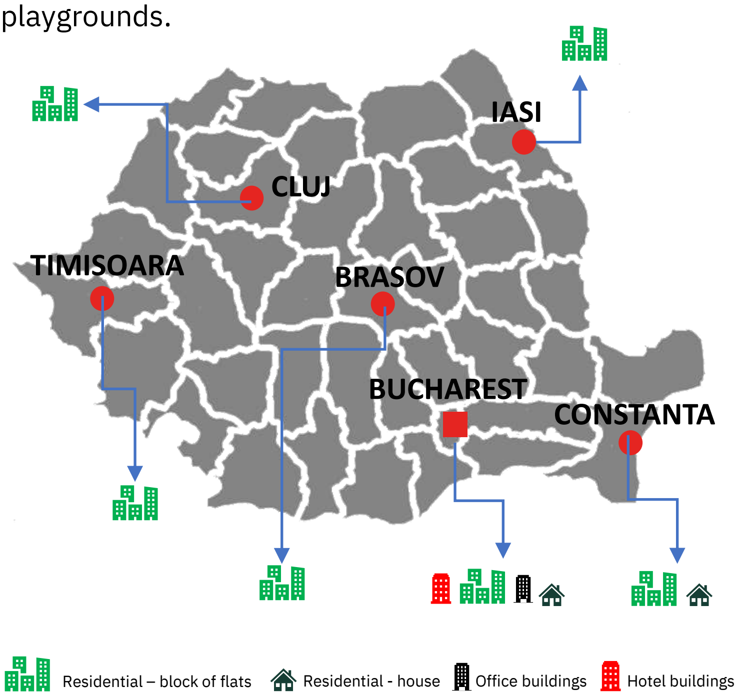
- **RCTI Company SRL**, 51.01% owned subsidiary, real estate construction company involved in the construction IMPACT projects in particular GREENFIELD BĂNEASA RESIDENCE. The company joined IMPACT Group in 2022.
- **Impact Alliance Arhitecture SRL,** 51% owned subsidiary that has as core activy providing arhitecture and construction design services. The company was set up in 2022.
- **Impact Alliance Moldova SRL,** 51% owned subsidiary was set-up in 2023. The company is a real estate construction company involved in the construction IMPACT located in Iași.
- Except for Impact Alliance Moldova SRL that was set up in 2023 all other entities were included in the IMPACT 2022 consolidated financial statements.

PROJECT PORTFOLIO

STRONG PRESENCE IN KEY CITIES

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

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



Projects in development on the owned landbank

Projects in development

- GREENFIELD BĂNEASA RESIDENCE in Bucharest
- BOREAL PLUS in Constanța

Construction estimated to start in 2023 - 2025

- GREENFIELD COPOU RESIDENCE in Iași
- ARIA VERDI & GREENFIELD WEST in Bucharest (depending on completion of permitting process)

PROJECT PORTFOLIO

GREENFIELD BANEASA RESIDENCE

+6,800 Units	
COMPLETED UNITS	2,686
SOLD UNITS at 31.01.23	2,662
UNDER CONSTRUCTION UNITS	1,167
PIPELINE UNITS	2,659
GBA³ under construction and pipeline (sqm)	+348,000

Under construction units refer to projects with building permit. **Pipeline units** include 2,061 units estimated based on the last project concepts with zoning permits but without building permit. **GBA** represents the Gross Built Area of the Project Above Ground, excluding parking and underground built area.

The concepts for projects for which the building permits have not been obtained, and thus also related GBA and number of units are regularly reviewed in order to secure the best use of the land.

UNIQUE LOCATION

GREENFIELD Băneasa is located in a spectacular natural setting, being framed on two sides by 900 ha of woodland: Baneasa and Tunari Forests, in the northern area of Bucharest (District 1).

PHASED DEVELOPMENT

The first 3 phases, with 2,548 units, have been completed by 2019. The next phases are to be developed by the end of 2030. 41 respectively 97 units where finalised in 2021, respectively 2022. At 2022 year end from the 1,167 with building permit 732 were in construction with delivery in 2023.

MIX AND FACILITIES

Current: GREENFIELD Plaza and Wellness Club by Greenfield, public transport, private school, parks and playgrounds, restaurant, medical centre.

Future: public school, public kindergarten, nursery and church.

PERMITS

Zoning (PUZ) for more than 3,700 units related to under construction and pipeline phases, of which:

- 1,167 with building permit
- 598 in the last stage of obtaing building permit

PROJECT PORTFOLIO

GREENFIELD COMMUNITY CENTER

The largest community center dedicated to a residential community - GREENFIELD Community Center brings a new standard of comfort and efficiency by including all those functionalities necessary for a large community: commercial and service area, fitness & wellness center, public nursery, public kindergarten and public school, promenade and recreation areas and public transportation.

IMPACT continues the development initiatives, consolidating an urban community with a western standard of living, which defines the concept of wellbeing in Bucharest. For the public school and kindergarten IMPACT donated the land and technical projects in 2020 to District 1 City Hall, which will start the necessary actions for the beginning of the construction. In 2022, IMPACT also made a donation offer to District 1 City Hall for the land purposed for the construction of the public nursery.

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

**Included in the land surface of GREENFIELD PLAZA*

PROJECT PORTFOLIO

GREENFIELD PLAZA BANEASA

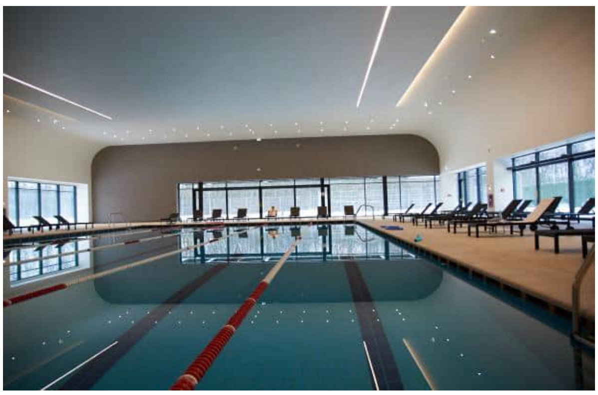
Completed in 2022, GREENFIELD PLAZA is a neighbourhood shopping centre of over **8,700 sqm**, located in the northern part of GREENFIELD Baneasa.

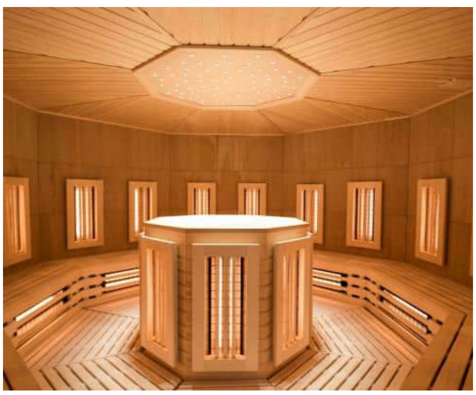
GREENFIELD PLAZA is the biggest shopping and leisure destination dedicated to a residential community.

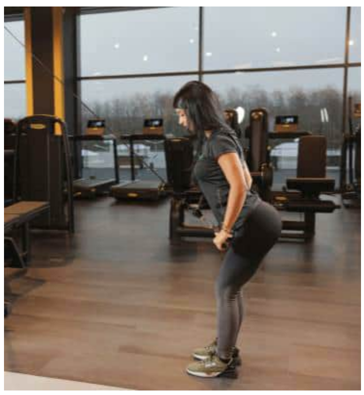
With supermarket, restaurants, over twenty stores and with an impressive wellness centre with pools, spa, gym, squash, cycling, GREENFIELD PLAZA successfully fulfils the daily needs of a large-scale community such as GREENFIELD Baneasa.

With an area of **6,964 sqm** of spaces dedicated to wellness and fitness, **Wellness Club By Greenfield** is the main attraction for a residential community that has on a radius of 10 minutes pedestrian route everything it needs in terms of leisure and sports.

The Wellness Club offers exclusively for GREENFIELD residents a vast and airy space where they can exercise and relax to their heart's desire.







PROJECT PORTFOLIO

LUXURIA EXPOZITIEI RESIDENCE

630 Units

COMPLETED UNITS	**630**
SOLD UNITS at 31.01.23	**469**
GBA² (sqm)	**66,400**
Start construction **Delivery construction (last phase)**	**2018** **2021**

GBA represents the Gross Built Area of the Project Above Ground, excluding parking and underground built area.

PREMIUM LOCATION

The Expozitiei – Domenii area (District 1, Bucharest) is one of the well rated ones, combining a historical residential neighborhood with a newly established business center. Expozitiei is today the newest development pole of the city, attracting developments such as office, hotels and commercial.

Located between Herastrau, Kiseleff and Bazilescu parks, LUXURIA Residence is *a park between parks.*

FACILITIES

LUXURIA Residence integrates a mix of amenities hard to find in town, both altogether or separately, which offer a harmonious lifestyle: gated community, secured access, guard and 24/7 video surveillance, lounge for networking and relaxation open 24/7, fitness center with modern equipment, 9,650 sqm of green spaces, with private parks, well-organized playground, underground parking for residents, reception available 24/7.

SUSTAINABLE SOLUTIONS

LUXURIA is the first residential compound in the country that received the BREEAM Excellent certification, which attests the construction's quality and sustainability as well as its low environmental impact. With a focus on reducing pollution, promoting green spaces, and minimizing energy consumption, Luxuria Residence is setting a new standard for modern living.

PROJECT PORTFOLIO

BOREAL PLUS

EXCELLENT LOCATION

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

AREA REPUTATION

BOREAL Plus is located in a quiet area, away from the pollution and congestion of the city, but with very good prospects for development in the coming years.

FACILITIES

With a panoramic view of the Black Sea and Siutghiol Lake, BOREAL Plus apartments are defined by the safety and durability of the construction, but also by the comfort they offer. The compound is located in the immediate vicinity of a hypermarket and will have facilities such as parks, kindergarten and convenience stores.

PERMITS

- The building permit for 359 units (341 apartments and 18 houses) was obtained in 2020.
- The building permit for the remaining 332 units was obtained in 2022.
- Out of the 691 units with building permits, the 18 houses were completed in 2021 and 209 apartments were finalized in 2022.

PROJECT PORTFOLIO

GREENFIELD COPOU RESIDENCE

EXCELLENT LOCATION

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

SUSTAINABLE SOLUTIONS

The project is developed according to the sustainability principles of the BREEAM Excellent certification. At the same time, the buildings of the compound will have a close to zero energy consumption, respecting the new standard in housing construction, nZEB - which involves a sustainable design, production of renewable energy, such as photovoltaic panels.

MIX AND FACILITIES

GREENFIELD PLAZA COPOU will include a community center with commercial gallery, gym and wellness center, 15,000 sqm of green spaces, providing relaxation areas and playground for children, kindergarten and after-school. The compound will also include underground parking.

PERMITS

- Zoning permit (PUZ) in place
- The process for obtaining the building permit for 1,062 units is in the final stage

PROJECT PORTFOLIO

GREENFIELD WEST RESIDENCE & PLAZA

EXCELLENT LOCATION

GREENFIELD West will be developed in a fast-growing area of the Capital city, where numerous high-rise buildings are currently being built. The new compound developed by IMPACT comes to complete the offer of the area and in the residential segment, being the largest residential project developed in the west of Bucharest.

TRUSTED BRAND

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

MIX AND FACILITIES

GREENFIELD WEST will include a community center with a commercial gallery, kindergarten and school, multipurpose hall and parking buildings.

PERMITS

- Zoning (PUD) in place, curently improvement in progress
- The process for obtaining the building permit was started.
- Based on the last avaible concept, it is estimated that over 4,200 units will pe permited with a GBA (Gross Built Area excluding parking and underground) of over 368,000 sqm including a community centre of over 14,000 sqm.

PROJECT PORTFOLIO

ARIA VERDI

PREMIUM LOCATION

ARIA VERDI is located in Barbu Vacarescu Boulevard, near the central and business areas of Bucharest, one of the hottest areas for real estate development in the recent years.

SUSTAINABLE SOLUTIONS

The compound will offer a spectacular view over the city, being surrounded by parks and lakes. Aria Verdi aims to offer a a lifestyle in harmony with nature, implementing BREEAM Excellent sustainability and wellbeing solutions.

MIX AND FACILITIES

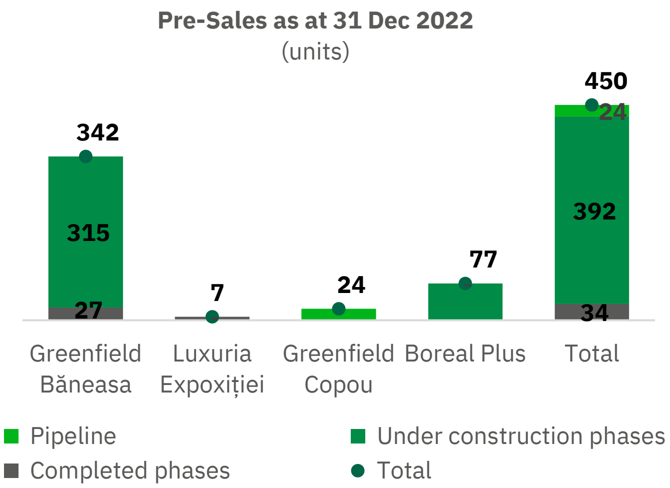
ARIA VERDI includes a series of amenities which will raise the quality of living for the residents: high-end commercial gallery, green areas, underground parking.

PERMITS

The start of the process for obtaining the building permit is planned. Based on the latest available concept it is estimated a GBA (Gross Built Area excluding parking and underground) of +114,000 sqm out of which +7,000 sqm commercial space and +800 apartments.

ACTIVITY OF IMPACT IN 2022

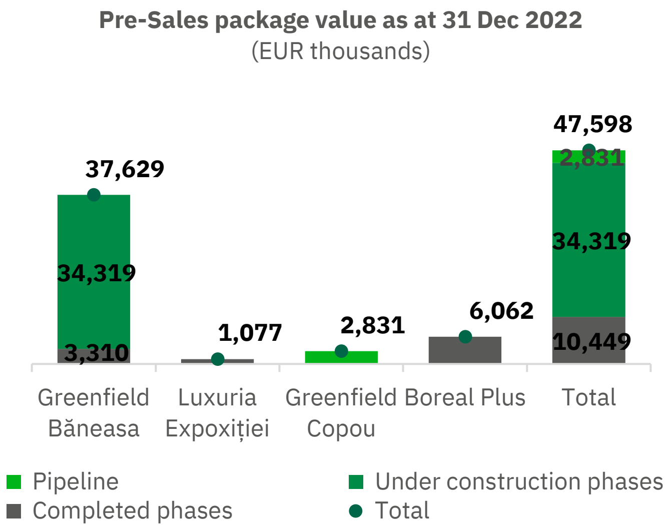
PRE-SALES AS AT 31 DECEMBER 2022



As at 31 December 2022, IMPACT had 450 apartments pre-sold and reserved with a package value of EUR 47.6 million.

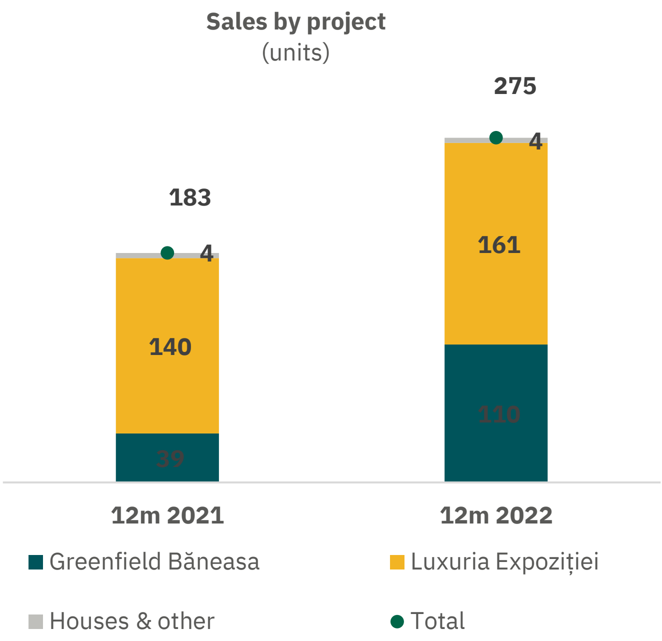
Of these, 70% refer to projects under development (315 dwellings, EUR 34.3 million package value), 25% refer to completed projects (111 dwellings, EUR 10.4 million package value), while the remaining 5% refer to projects in pipeline (24 dwellings, EUR 2.9 million).

Out of total pre-sales, 426 contracts, or EUR 44.8 millions are expected to be translated into revenues within next period.



ACTIVITY OF IMPACT IN 2022

2022 SALES



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

2022: 275 units, represented by 110 dwellings in GREENFIELD BĂNEASA, 161 dwellings and 1 commercial space in **LUXURIA EXPOZIȚIEI**, as well as 3 villas in **BOREAL PLUS (**23,466 sqm built saleable area plus related parking spots, storage and court yards).

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

The **275 units sold** during 2022 generated corresponding revenues of **EUR 42.4 mil.** (including revenue from parking spots, yards and storage units corresponding to the 275 dwellings) that were recognized in the same period.

CONTRACTED APARTMENTS AS OF 31 DECEMBER 2022

Completed phases on projects as 31 of December 2022

Project	Total Apartments	Sales & Pre-Sales		Available for sale
	units	units	%	units
Greenfield Băneasa	138	138	100%	-
Luxuria Expoziției	630	471	75%	159
Boreal Plus	209	77	37%	132
Boreal Plus Villas	18	4	22%	14
Total	**995**	**690**	**69%**	**173**

As at **31 December 2022**, approximately **69%** of completed units were contracted (considering both sales and pre-sales). Furthermore, **100% of completed units in Greenfield Băneasa** were contracted as at 31 December 2022.

Under construction phases as 31 of December 2022

Project	Total Apartments	Pre-Sales		Available for sale
	units	units	%	units
Construction started	732	315	43%	417
Construction to be started	435	-	0%	435
Greenfield Băneasa	**1,167**	**315**	**27%**	**852**
Construction to be started	464	-	0%	464
Boreal Plus	**464**	**-**	**0%**	**464**
Total construction started*	732	315	43%	417
Total construction to be started**	899	-	0%	899
Total	**1,631**	**315**	**19%**	**1,316**

* The building permit in place and under construction as of 31 December 2021
** The building permit in place and the construction estimated to start in 2023/2024

As at 31 December **2022 IMPACT** had building permits for 1,641 units, out of which **732** where under construction and 899 units are expected to begin construction in 2023-2024. Approximately 43% of under construction units were pre-sold as of 31 December 2022.

ACTIVITY OF IMPACT IN 2022

LAND OWNED AS AT 31 DECEMBER 2022

Location	City	Project	Surface (ha)	IFRS book value (RONm)	IFRS book value (EURm)	EPRA value (RONm)	EPRA value (EURm)
Băneasa	Bucharest	Greenfield Băneasa	37.5	339.9	68.7	402.1	81.3
Blvd. Timișoara - Ghencea	Bucharest	Greenfield West	25.9	160.1	32.4	160.1	32.4
Barbu Văcarescu	Bucharest	Aria Verdi	2.5	176.1	35.6	176.1	35.6
Zenit	Constanta	Boreal Plus	3.2	6.9	1.4	29.3	5.9
Iași	Iași	Greenfield Copou	5.0	37.6	7.6	57.2	11.6
Oradea	Oradea	Lotus	2.9	3.6	0.7	3.6	0.7
Blvd. Expoziției	Bucharest	Luxuria Expoziției	0.1	0.4	0.1	0.4	0.1
Other	Neptun, Voluntari	n.a.	8.8	4.4	0.9	4.4	0.9
Total			**85.9**	**729.1**	**147.4**	**833.2**	**168.4**

Note 1: The EPRA value considers the market value based on the revaluations performed by Colliers Valuation and Advisory as at 31 December 2022 (the investment value and the market approach where the investment value has not been determined)

Note 2: 12.45 ha represent infrastructure for the already developed projects, of which 7.8 ha for Greenfield Baneasa, 0.11 ha for Luxuria Expozitiei and 4.54 ha for other projects (Voluntari mainly). These were considered at net book value for EPRA calculation

Note 3: The FX rate used to translate the RON denominated amounts in EUR - 4.9474 RON/EUR

As at 31 December 2022, **IMPACT** owned **85.9** ha of land with a book value of RON 729.1 million (6% higher than as at 31 December 2021), land mainly intended for the development of new projects and related to infrastructure. Of this, approximately **71 ha** represent the land bank on which new projects are to be developed.

Compared with 31 December 2021, the landbank decreased by 29 ha. This is due to the reception of Greenfield Baneasa Plaza, as well as of the Office building of which corresponding land was included in the dismantling of the buildings. Also, the land corresponding to Panoramic 1 project, within GREENFIELD Băneasa was included in the dismantling of the apartments which were sold in 2022. Acquisitions of small plots of land in Băneasa were recorded in 2022, for the purpose of developing new projects.

The EPRA value of the land was estimated based revaluations performed by Colliers Valuation and Advisory as at 31 December 2022 (the investment value and the market approach where the investment value has not been determined).

The EPRA value of land estimated as of 31 of December 2022 was of **RON 833.2 million**, 14% higher than the IFRS book value at the same date and 4% higher than the EPRA value of land estimates as at 31 December 2021 (market approach), considering also the decrease in the landbank in 2022 with 29 ha, or 4%.

ACTIVITY OF IMPACT IN 2022

THE DEVELOPMENT ACTIVITY

In 2022, **IMPACT's** activity was focused on developing the projects that are currently under construction as well as on the process for obtaining the necessary permits for developments for which the construction is planned to start in 2023-2024, projects developed on the landbank already owned.

In 2022, the construction was in progress for project phases in GREENFIELD BĂNEASA (with building permits in place).

The permitting process was started for future phases of GREENFIELD BĂNEASA, GREENFIELD COPOU, ARIA VERDI and GREENFIELD WEST.

The projects are planned and developed in several phases and stages that can span for more than 3 - 10 years (including permitting, construction start), depending on the size of the project.

In 2022, **IMPACT** completed the construction for 306 dwellings:

- 97 the apartments of Panoramic 1 project, part of GREENFIELD Băneasa, which were dismantled in Q4 2022 and already sold by 72% as at 31 December 2022, the remaining apartments being scheduled for sale in Q1 2023.
- The first 209 dwellings in Boreal Plus Constanța (commissioning with the authorities completed and dismantling / registration estimated to take place at the beginning of 2023).

LEGAL ASPECTS

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

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

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

According to Decision No. 2651 dated 22.11.2019, Bucharest Tribunal stated that **IMPACT Developer & Contractor** has a valid property right over the Ghencea Land, and by Decision No. 1246 dated 06.10.2020, the Court of Appeal rejected the appeals filed by the adverse parties and upheld Decision No. 2651 dated 22.11.2019 of the Bucharest Tribunal as thorough and legal.

Decision No. 2651 dated 22.12.2029 issued by Bucharest Court of Appeal was communicated to **IMPACT Developer & Contractor** on 04.10.2021.

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.

ACTIVITY OF IMPACT IN 2022

LEGAL ASPECTS

- **The litigation initiated by "Asociația EcoCivica"**

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

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

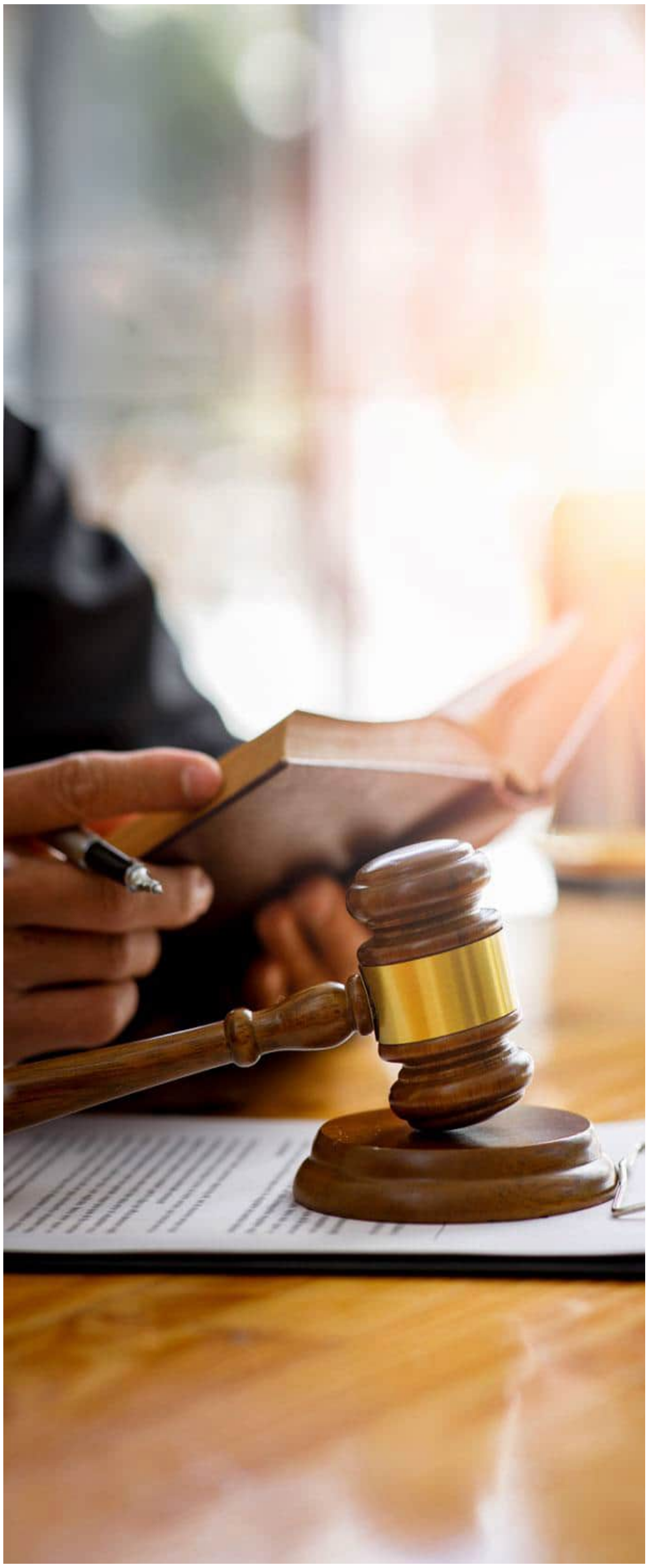
Currently, the challenged acts are valid, they produce full effects, no decision has been made regarding their suspension or cancellation.

The next court date was set for 19.05.2023.

- **Litigation initiated by IMPACT Developer & Contractor regarding Lomb residential project in Cluj-Napoca**

IMPACT Developer & Contractor and its subsidiary - 100% owned (Clearline Development & Management SRL - "Clearline") are involved in two litigation against the Local Council of Municipality of Cluj-Napoca and Municipality of Cluj-Napoca, in connection with an association agreement concluded in 2007 for the development of Lomb residential project in Cluj-Napoca. In both cases, **IMPACT Developer & Contractor** and respectively, Clearline, requested the recovery from Municipality of Cluj-Napoca of the funds invested to carry out the real estate project.

In the File No. 79/1285/2012, **IMPACT Developer & Contractor** requested the recovery of the amount of RON 4,786,324 principal plus penalties of RON 2,238,738. The application for legal action was rejected by Cluj Tribunal. The Company appeled the follwing legal term being 30.05.2023.



ACTIVITY OF IMPACT IN 2022

LEGAL ASPECTS

- **Litigation initiated by IMPACT Developer & Contractor regarding Lomb residential project in Cluj-Napoca**

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

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

Admits the request, as amended, formulated by Clearline Development & 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 amount of RON 24,532,741.65 as damages and the amount of RON 13,862,967.16 representing interest 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.

On 15.03.2023, the Pitesti Court of Appeal issued Decision No. 94, as follows:

“The court rejects the appeal against the court minutes. It admits the appeal against the decision. It partially changes the decision, in the sense that it rejects the application, as amended, filed by the plaintiff. It removes the mention that the defendants pay the plaintiffs’ court expenses. It maintains the remainder of the decision. Subject to recourse within 15 days from its communication.”

Clearline Development & Management S.R.L. shall file recourse within the legal term.

- **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 first term is 22.05.2023.

A SUSTAINABLE IMPACT (ESG)

In 2022, we have been actively involved in several social responsibility projects, in various domains:

SOCIAL

In January 2022, IMPACT submitted **the donation offer of a plot of land with a 3,933 square meters area**, located in the GREENFIELD Băneasa complex, to the City Hall of Sector 1. The purpose of the donation is **the construction of a public nursery** for the children who live in GREENFIELD Baneasa and its surroundings.

In 2022, IMPACT completed the construction of a roundabout in Constanța city. Positioned on the DN2A(E60) national road, at the intersection between Tomis Boulevard and Amsterdam Street, the new roundabout improves road traffic both for the residents of BOREAL Plus and the neighbourhoods located in the north of Constanța, as well as for all those who transit the city to Ovidiu and A2 highway, streamlining traffic and increasing safety on this section.

EDUCATION

We believe that a green future can be ensured by collective awareness of the need to implement sustainability standards. That is why IMPACT was present at the **conference dedicated to sustainability, organized by Business Review**, where it discussed the construction of sustainable residential compounds, to BREEAM Excellent and nZEB standards. During this event, the company also received the **"The most sustainable project - LUXURIA Residence"** award.
Likewise, the company received the award **"The most sustainable real estate developer of the year" at the Financial Intelligence Awards Gala.**

CARING FOR THE ENVIRONMENT AND INCREASING THE QUALITY OF LIFE

In 2022, IMPACT received the official BREEAM Excellent certificate that attests to the quality and sustainability standards of the Luxuria Residence residential compound (finalised 2021). Luxuria is the only residential project in the country that obtained BREEAM Excellent certification, the most important sustainability assessment method for building and infrastructure projects. The complex certification process recognizes the project's value throughout the built life cycle, assessing the sustainability of project solutions for a number of categories: energy, health and well-being, innovation, land use, materials, construction management, pollution, transport, water and waste.

2022 has been the year in which the first sustainability report aligned with GRI was published and we have received an ESG risk rating of 18.7 (low risk).

COMMUNITY ENGAGEMENT

IMPACT supported the **Romanian Creative Week** festival in Iasi, a large-scale event in its second edition this year. During the festival, the Iași community was able to participate in concerts, fashion, film, visual arts and architecture festivals, as well as contests, fairs, exhibitions, conferences, workshops and parties, between 20.05.2022 and 30.05.2022.

IMPACT also supported in 2022 the first 2 editions of the **Sports Festival**. Through this approach, IMPACT aims to promote active and healthy lifestyles through mass sport, especially among young people and children. This year the Sports Festival was held in Iași between July 15-17 and in Bucharest between September 16-18.

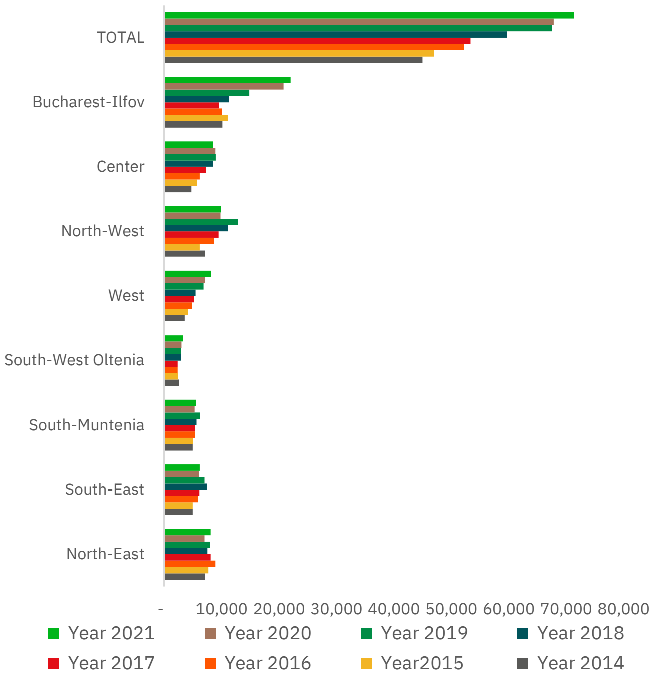
REAL ESTATE RESIDENTIAL MARKET

2022 was a year marked by uncertainties, increase in inflation and credit costs, which led to fluctuations in transactions, price increases, but also corrections towards the end of the year.

OFFER

At national level, in 2022, developers delivered 73,332 homes, similar compared to previous year, marking a slight increase of 3% compared to 2021. The South-East and North-West regions recorded the largest increases, of +20% and +14% respectively, the Bucharest – Ilfov region reducing its annual growth by -3%, with a total of 21,300 homes delivered.

Evolution of finished dwellings delivered in Romania by development regions



Data Source: NIS, centralized and processed by IMPACT

According to data provided by the INS, 2022 was the ninth year in a row of positive evolution in the number of completed homes, even if it was a slight increase.

The supply of homes available for sale registered similar levels to those in 2021, with the difference in the supply of new homes, which marked a moderate increase, compared to the supply of old homes, which was in a slight decrease in 2022.

DEMAND

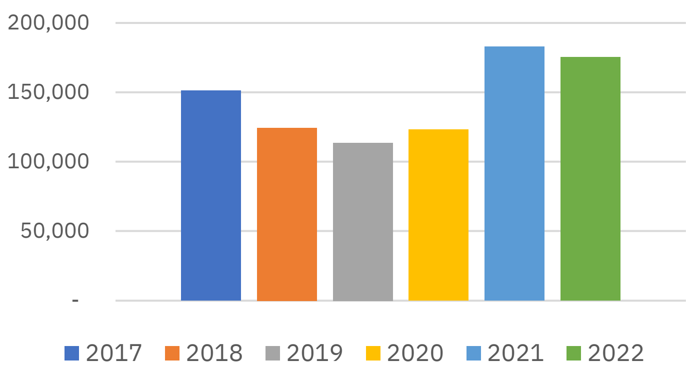
In 2022, the residential market followed its course, despite the uncertain economic situation: the number of transactions was a significant one, correlated with the fact that prices continued to rise until the middle of the year.

Considering housing as well as corresponding land, if the case, more than 700,000 properties were sold nationally, marking a slight increase of 1,500 transactions compared to the level recorded in 2021.

If we consider only housing, in 2022 a little over 175,000 units were traded in Romania, compared to the over 183,000 units sold last year, registering the highest level in the last five years. Thus, residential sales in 2022 marked a slight decline, of 4% compared to the previous year, according to the data provided by the National Real Estate Registry and Publicity Agency (ANCPI).

Of the total number of apartments sold last year, a new record of homes, namely 57,580, were traded in Bucharest, i.e. 33% of the total number of transactions in the country, compared to 52,000 units sold in the capital last year. The increase is almost 14% compared to 2021 in Bucharest.

Evolution of apartments transactions in Romania



Data Source: ANCPI, centralized and processed by IMPACT

REAL ESTATE RESIDENTIAL MARKET

Source: Romanian Residential Market Report Q4 2022 – Analize Imobiliare, Imobiliare.ro

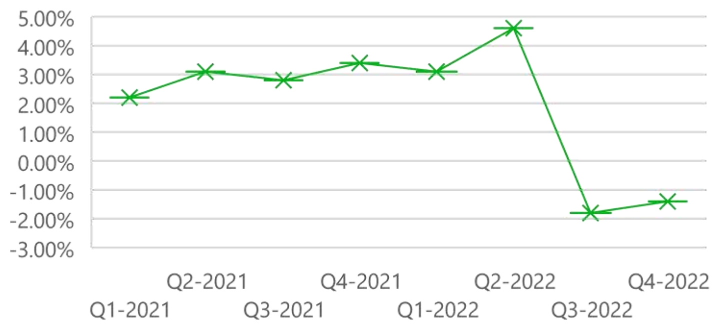
According to the "Report of the residential market in Romania Q4 2022" of analizeimobiliare.ro, the second half of 2022 brought decreases in average residential prices per 3 months: the last quarter of last year recorded a 1.4% decrease compared to the previous quarter, Q3 2022, which also marked a decrease of 1.8% compared to Q2 2022.

In contrast, the 12-month development marked the increase in quarterly asking prices for properties available for sale, nationally, of 4.1% in Q4 2022, three times lower than the growth rate in Q4 2021, when there had been a quarterly increase of 12%.

For newly built homes, price growth was higher - 6.1%, although this occurred at a slower pace than the previous year.

While in the fourth quarter of 2022 there was a 28% decrease in the demand for properties in large residential cities, the volume of mortgage loans increased by 13%, up to 21.7 billion lei at the end of 2022.

Evolution of quarterly increases for the listing values of residential properties (2021-2022)



Source: Romanian Residential Market Report Q4 2022 – Analize Imobiliare, Imobiliare.ro

The real estate segment is currently going through a period of multiple challenges, affecting all the players involved, from real estate developers to end buyers. The consequences of the pandemic, the global political context and an often lacunae legislation, put the real estate market in front of real difficulties.

From the perspective of the developers, the difficulties reached three major pillars: the challenge of obtaining sustainable financing, the uncertainty caused by the suspension of PUZs and the development of new PUGs in the Capital and other cities in the country, and last but not least, the insolvency of buyers/tenants and their ineligibility for credit loans. Another trend in 2022 was related to rents: in large university towns, rents increased, and real estate became especially attractive, as a rental investment, with better returns than in previous years.

Considering the building materials crisis that started last year, strong inflation, but also the new regulations on the construction sector (nZEB obligation, for example) which involve additional investments, higher costs, we are witnessing a medium and long-term increase in residential prices. In Bucharest and other large cities, the supply of new homes will decrease in the medium term due to the reduced number of new permits granted in the last 2 years.

REAL ESTATE RESIDENTIAL MARKET

EVOLUTION OF ASKING PRICES IN 2022 IN MAJOR CITIES

The year 2022 marked for the 11 large cities of the country which are monitored by imobiliare.ro, new annual increases in the prices requested for residential properties, between 2.4% in Bucharest and 17.2% in Cluj-Napoca.

Although in the last 3 months of 2022, prices evolution was negative in most of the large cities or insignificant (between -1.4% and 1.8%), the prices requested by sellers on the imobiliare.ro platform have registered significant increases in the last 2 years.

The most significant advance after 2 years took place in Cluj-Napoca (+33.2%), important margins also being recorded in Brașov (+28.7%), Oradea (+23.2%), Iași (+22.9%), Craiova (+22%), Constanta (+16.2%) and Bucharest (+14.4%), respectively. Brăila (+14.2%), Ploiești (+13.6%), Timișoara (+12.9%) and Galați (+10.6%) are on the next places in the list of price increases.

At the end of 2022, Cluj-Napoca with €2,410/sqm, Bucharest with €1,680/sqm and Brașov with €1,570/sqm were in the top 3 of average prices/useful sqm, followed by Constanța (€1,450/sqm), Craiova (1,440€/sqm), Timișoara (1,440€/sqm), Iași (1,320€/sqm), Oradea (1,300€/sqm), Galați (1,070€/sqm) and Ploiești (1,070€/sqm).

At the national level, the average amount requested for a home increased from 1,360 euro per usable square meter in January 2022 to 1,427 €/sqm in July, after which the increase moderated in the second half of the year, up to 1,420 €/ sqm in December. The increase in prices thus entered a deceleration stage, the rate of growth being lower than that recorded in 2021.

In conclusion, although the year 2022 was characterized by a lot of uncertainty - on the one hand the panic generated by the conflict in the neighboring country, then the increase in the cost of living that culminated in unprecedented inflation and the increase in the cost of financing - the residential market in Romania showed potential of growth and consistency: there were price increases, even if stopped at the end of the year, but also volumes of residential transactions and home deliveries similar to those recorded in previous years.

Also, we continue to record a high percentage of housing overcrowding in Romania, being the European country with the highest number of people per housing unit, three times higher than the average of the European Union, which leads to a sufficient housing need of high, which exceeds the housing supply, decreasing in the medium and long term in the coming years.

STRATEGY HIGHLIGHTS

DEVELOPING SUSTAINABLE COMMUNITIES

SUSTAINABILITY FOCUS

- At the forefront of sustainable practices and building GREEN communities through ecological solutions, quality of construction and efficiency of consumption
- Excellent nZEB construction standards applicable to all new buildings
- Projects designed and built with international certification BREEAM
- Use of renewable energy sources, low emission energy sources, electric mobility and man powered mobility, extended green areas, parks and playgrounds, community centres and convenience services
- Reduced mobility (inside and outside the community) and impact on the environment

GEOGRAPHIC EXPANSION & PORTFOLIO DIVERSIFICATION

- Focus on affordable residential developed in large communities on large land plots of 10-50 ha
- Geographic expansion in main regional cities
- Diversified portfolio with office, retail, hospitality
- Complement with premium projects
- Quality Property and Facility management services after completion inclusive of automatization & digitalization for increased efficiency

INNOVATION AND VERTICAL INTEGRATION

- Vertical integration (construction companies, architecture firm) to streamline group activities, to improve quality and control over productions (timeline & costs) and optimizes project development process
- Launch of SPATZIOO, the property & facility management company, that supports the rental and facility management of completed units
- Impact Finance services to customers as financing intermediary meets their needs of obtaining bank loans
- Research and development of innovative solutions for construction with prefabricated elements for standardized buildings with faster development and economy of scale. Standardization translated in optimized set of buildings witch embedded element of prefabricates as bath-pods, stairs, elevator shafts and others

STRATEGY HIGHLIGHTS

SUSTAINABILITY FOCUS- GEOGRAPHIC EXPANSION & PORTFOLIO DIVERSIFICATION- INNOVATION AND VERTICAL INTEGRATION

OBJECTIVES	PROGRESS 2022	PLAN 2023
GREENFIELD BANEASA RESIDENCE	▪ Starting/ continuing the construction works for 1,167 apartments ▪ Completion and start of sale for 97 apartments ▪ GREENFIELD PLAZA BANEASA construction finalised ▪ Building permit for another 598 apartments in progress ▪ Identified of land plots located in Greenfield Baneasa to be used for own production & use of renewable energy. Identify partner with the required expertise.	▪ Completion and start of sales for 732 apartments and start construction work for the remaining 435 out of the 1,167 authorised as of 31.12.22. ▪ Operating and generating revenues from GREENFIELD PLAZA BANEASA ▪ Obtaining the building permit for another 598 apartments ▪ Final concept and start the process to obtain building permit for 2,061 apartments (estimated based on preliminary concepts) with already secured zonning permit. ▪ Draft preliminary development concepts (residential and/or mixed use) for other plots of land located in Greenfield Baneasa (more than 52,000 sqm) ▪ Start contruction for project for prodution of renewable energy in GREENFIELD Băneasa
LUXURIA EXPOZITIEI	▪ Start sales for the last 130 apartments of the project finalised in 2021	▪ Continuing sales
BOREAL PLUS	▪ Continuing the construction works for the first 209 apartments. ▪ Continue sale of villas ▪ Obtained building permit for another 322 apartments	▪ Start of sale for 209 apartments ▪ Continue sale of the remaining stock of villas ▪ Starting the construction works for 132 apartments with existing building permit
GREENFIELD COPOU RESIDENCE	▪ Bulding permit for 1,062 apartments in progress	▪ Obtaining the building permit for 1,062 apartments ▪ Starting the construction works for the first 300 apartments ▪ Starting the construction of GREENFIELD COPOU PLAZA

STRATEGY HIGHLIGHTS

SUSTAINABILITY FOCUS- GEOGRAPHIC EXPANSION & PORTFOLIO DIVERSIFICATION- INNOVATION AND VERTICAL INTEGRATION

OBJECTIVES	PROGRESS 2022	PLAN 2023
GREENFIELD PLAZA & GREENFIELD WEST	▪ Preliminary development concepts to secure best use of land ▪ Preparation to start the authorization process	▪ Improvement of existing PUD ▪ Finalizing the development concepts and design ▪ Continuing the authorisation process
ARIA VERDI	▪ Preliminary development concepts to secure best use of land	▪ Improvement of existing PUD ▪ Finalizing the development concepts and design ▪ Preparation to start the authorization process
Identifying new locations for developments	▪ Negociation & due dilligence started for potential land aquisitions	▪ Land acquisition for developments in Bucharest and other cities throughout the country
Vertical integration	▪ Aquisition of 51.01% shares of RCTI Company SRL a construction company ▪ Set-up of Impact Alliance Architecture SRL a 51% owned subsidiary for arhitecture and construction design services	▪ Set-up of 51% owned subsidiary Impact Alliance Moldova SRL a construction company for IMPACT Iasi projects ▪ Further strenghening of the vertical structure of the Group potential new group companies and/ or new partnerships (i.e.for prefabricates including bath pods)

FINANCIAL RESULTS

Consolidated			
RON thousand	**12M 2022**	**12M 2021**	**Var %**
Revenues	219,199	137,585	59%
Gross profit	70,691	49,846	42%
Gross margin %	*32%*	*36%*	*(11%)*
Other (expenses)/revenue net	38,379	48,902	*(22%)*
Other (expenses)/revenue as % of revenue from real estate	*(18%)*	*(36%)*	*(51%)*
EBITDA	111,393	99,907	*11%*
EBITDA margin %	*51%*	*73%*	*(30%)*
EBIT	109,070	98,748	*10%*
EBIT margin %	*50%*	*72%*	*(31%)*
Net result	84,767	78,799	*8%*
Net result margin %	*39%*	*57%*	*(32%)*

Source: Audited IFRS consolidated financial statements as at 31 December 2022

Revenues and gross profit recorded in 2022 reflect the current stage of **IMPACT**'s activity, namely a new development cycle translating into low completed inventory for which sales and related revenues can be recorded, especially for GREENFIELD BĂNEASA (the product addressed to the middle segment of the residential market) that was the driver for **IMPACT**'s revenues in previous periods. During 2022 IMPACT finalized Panoramic 1 Project, within Greenfield Băneasa, by completing a total of 97 units.

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

The **Gross margin for 2022** decreased due to market conditions.

EBITDA increased in 2022 compared with 2021 by 5%, following a cost optimization process.

During 2022 the Group recorded an increase in sales of dwellings **- 275 units vs. 183 units** sold in 2021: GREENFIELD BĂNEASA – 110 units vs. 39 units and LUXURIA EXPOZITIEI **-** 161 units vs. 140 units sold in 2021.

The average selling price increased in 2022 to **1,577 EUR/sqm** compared to 1,491 EUR/sqm in 2021.

FINANCIAL RESULTS

Consolidated			
RON thousand	**31-Dec-2022**	**31-Dec-2021**	**Var %**
Non-current assets, of which	**727,767**	**587,318**	***24%***
Investment property	653,725	571,882	*14%*
Property, plant and equipment	65,648	15,215	*331%*
Goodwill	3,543	-	*n.a*
Current assets, of which	**715,595**	**617,094**	***16%***
Inventories	617,698	538,922	*15%*
Trade and other receivables	25,561	19,127	*34%*
Cash and cash equivalents	55,108	42,037	*31%*
Total assets	**1,443,362**	**1,204,412**	***20%***
Liabilities, of which	**553,742**	**487,558**	***14%***
Loans and borrowings	387,765	337,033	*15%*
Trade and other payables	45,096	80,747	*(44%)*
Equity	**889,620**	**716,854**	***24%***
Total equity and liabilities	**1,443,362**	**1,204,412**	***20%***

Source: Audited IFRS consolidated financial statements as at 31 December 2022

ASSETS

Investment property increased due to the commissioning of Greenfield Plaza and fair value adjustment of land bank.

IMPACT recorded the appreciation of the market value of the land from investment property based on the revaluations made by Colliers Valuation and Advisory SRL as at 31 December 2022.

The commissioning of IMPACT's Headquarter and Wellness Club impacted Property, plant and equipment together with the first-time inclusion of RCTI's PPE.

Inventories increased by 15% following the construction works on new phases in GREENFIELD BĂNEASA and finalized dwellings in Boreal Plus Constanta.

Trade and other recivable sincreased as at 31 December 2022 following inclusion of RCTI receivables.

EQUITY AND LIABILITIES

Equity reached 62% of total assets due to two private placements in value of RON 77.7 mil as well as incorporation of 2022 net profit of RON 82,747 thousand.

As at 31 December 2022 **IMPACT** registered an increase of bank loans, in order to support the development activity of projects within Boreal Plus as well as GREENFIELD Băneasa.

Debt to assets ratio decreased to **27%** as at 31 December 2022, compared with 28% as at 31 December 2021.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

BOARD OF DIRECTORS

The Board of Directors represents the decision-making body with regard to all matters that are significant for **IMPACT Developer & Contractor** in its entirety. The Board of Directors shall delegate **IMPACT Developer & Contractor** management competences under the terms and to the extent provided for by law and by the Articles of Association.

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

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

On 21 April 2021, in the General Shareholders' Meeting, the members of the Board of Directors of **IMPACT Developer & Contractor** were elected for a term of four years (28 April 2021 – 28 April 2025), namely: Iuliana Mihaela Urdă (Chairman of the Board of Directors), Alina Scarlat, Daniel Pandele, Intrepid Gem SRL (Petru Văduva) and Sorin Apostol. There were no changes regarding the members of the Board of Directors in 2022.

The Board of Directors has 5 members:

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

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

EXECUTIVE MANAGEMENT

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

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

On 1st January 2022, **IMPACT** has recruited Mr. Claudiu Bistriceanu for the position of Chief Financial Officer.

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

MAIN RISKS AND UNCERTAINTIES THAT MAY AFFECT IMPACT's ACTIVITY

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

CORPORATE GOVERNANCE

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

IMPACT Developer & Contractor is managed under unitary system, its management being provided by the Chief Executive Officer, Mr. Constantin Sebeşanu, along with the Chief Executive Officer.

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

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

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

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

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

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

The Board of Directors met 45 times in 2022.

Independent members of the Board of Directors

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

CORPORATE GOVERNANCE

CODES AND POLICIES

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

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

IMPACT'S INTERNAL CONTROL IS PERFORMED:

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

AUDITOR OF IMPACT

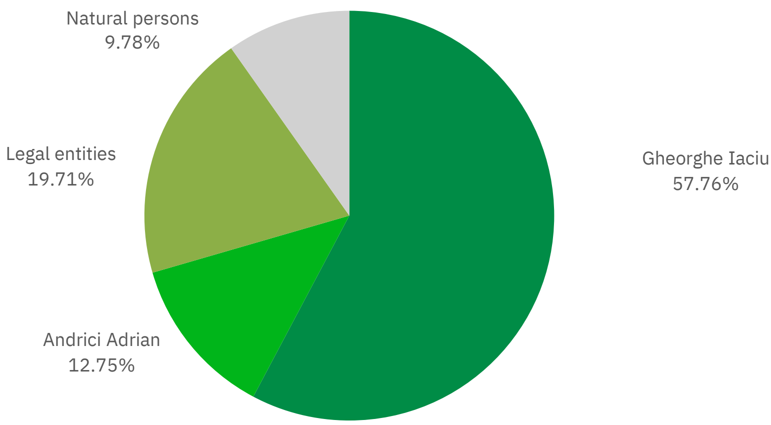
Ernst & Young S.R.L. was appointed by the decision of the General Meeting of Shareholders dated 21 April 2021, to audit the financial statements for 2022, prepared under the responsibility of **IMPACT Developer & Contractor**'s management according to the international standards – IFRS (including the consolidated financial statements). The auditors' liability towards **IMPACT Developer & Contractor** 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 servics in relation to certian reports issued by the Company that are not prohibited by article 5(1) of Regulation (EU) no. 537/2014 of the European Parliament and of the Council.

Iuliana Mihaela Urdă
Chairman of the Board of Directors

IMPACT ON THE CAPITAL MARKET

IMPACT D&C shareholders' structure as of 31 Dec 2022



As per the information provided by the Central Repository, on 31 Dec 2022, 80.29% of the shares were held by natural persons and 19.71% of the shares were held by legal entities.

IMPACT Developer & Contractor is listed on the Bucharest Stock Exchange since 1996.

As of 2006, its shares, currently accounting to 2,365,679,951, are listed in the 1st category of the Bucharest Stock Exchange, and since January 2015, **IMPACT Developer & Contractor** shares are traded in the Premium category, according to the new segmentation of the Bucharest Stock Exchange. There are no restrictions for the security transfer, there are no restrictions for the voting rights, and there are no holders of securities with special control rights.

CHANGES IN SHARE CAPITAL STRUCTURE IN 2022

As at 31 December 2022, the share capital of **IMPACT Developer & Contractor** consisted of a number of 2,365,679,951 shares with a nominal value of RON 0.25 / share. In 2021, there were changes in the share capital of **IMPACT Developer & Contractor** as presented below.

- On 01.02.2022, a 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.
- 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. Within it, 42,756,138 shares were subscribed.

IMPACT ON THE CAPITAL MARKET

DIVIDEND GRANTED IN THE LAST 4 YEARS

- In 2019 the granting of dividends for 2018 was decided, at 0.034 RON / share, amounting to a total of mRON 9.3 (according to the Decision of the General Meeting of Shareholders dated 24 April 2019)
- In 2020 the granting of dividends for 2019 was decided, at 0.04 RON / share, amounting to a total of mRON 10.7 (according to the Decision of the General Meeting of Shareholders dated 28 April 2020)
- In 2021, free shares were granted in a 1: 2 ratio following the changes in the share capital
- In 2022, free shares were granted in a 2:5 ratio following the changes in the share capital

SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS ON 31 DEC 2022

- Mrs. Iuliana Mihaela Urdă holds 0.08% of **IMPACT Developer & Contractor** shares, specifically a number of 1,819,343 shares
- Intrepid Gem SRL holds 0.06% of IMPACT Developer & Contractor shares, specifically a number of 1,343,200 shares
- Mrs. Ruxandra-Alina Scarlat holds 0.09% of **IMPACT Developer & Contractor** shares, specifically a number of 2,030,600 shares
- Mr. Daniel Pandele holds 2.14% of **IMPACT Developer & Contractor** shares (0.30% as natural person and 1.83% through Danielis Star Company), specifically a total number of 50,550,000 shares
- Mr. Sorin Apostol holds 3.11% of **IMPACT Developer & Contractor** shares, specifically a total number of 75,593,336 shares.

STATUS OF SHARES REDEEMED AS AT 31 DEC 2022

In 2022, share redemption programs were ongoing in accordance with EGSM resolution of April 21, 2021 (maximum 3,460,000 shares) and OGSM resolution of 21.04.2021 (maximum 1,1,00,000).

- Shares redeemed during 2022 – 1,632,621 shares
- Redeemed shares balance as at 31 December 2022 – 738,541 shares
- Shares granted to employees and members of the Board of Directors in 2022 – 2,265,000 shares.

EPRA NET ASSET VALUE

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

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

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

METRICS	31-Dec-2021	31-Dec-2022
Price per share (RON)	0.700	0.360
Number of shares (IMPACT Developer & Contractor)	1,575,000,000	2,365,679,951
Market capitalization (RON thousand)	1,102,500	851,645
IFRS (consolidated)		
Net profit (RON thousand)	78,800	84,767
Net asset value ("NAV", RON thousand)	716,854	889,620
Profit per share (RON)	0.0500	0.0358
NAV/Share (RON)	0.4551	0.3761
EPRA Net Asset Value (consolidated)		
EPRA NRV (RON thousands)	1,044,043	1,219,328
EPRA NTA (RON thousands)	1,009,577	1,178,265
EPRA NDV (RON thousands)	975,553	1,138,270
EPRA NRV/Share (RON)	0.6629	0.5154
EPRA NTA/Share (RON)	0.6410	0.4981
EPRA NDV/Share (RON)	0.6194	0.4812

*European Public Real Estate Association

The EPRA value as at 31 December 2021-2022 was determined based on the valuations performed by Colliers Valuation and Advisory (the investment value and the market approach where the investment value has not been determined), except for the items specified below.

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

	RON thousands	*RON thousands*	*RON thousands*	*RON thousands*	*RON thousands*	*RON thousands*
		31-Dec-22			**31-Dec-21**	
EPRA Net Asset Value Metrics RON thousands	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**
IFRS Equity attributable to shareholders	889,620	889,620	889,620	716,854	716,854	716,854
Include*:	-	-	-			
ii.a) Revaluation of IP (if IAS 40 cost option is used)	-	-	-	12,453	12,453	12,453
ii.b) Revaluation of IPUC (if IAS 40 cost option is used)	-	-	-	-	-	-
ii.c) Revaluation of other non-current investments	35,884	35,884	35,884	-	-	-
iii) Revaluation of tenant leases held as finance leases	-	-	-	-	-	-
iv) Revaluation of trading properties	216,310	216,310	216,310	246,247	246,247	246,247
Diluted NAV at Fair Value	**1,141,813**	**1,141,813**	**1,141,813**	**975,553**	**975,553**	**975,553**
Exclude*:	**-**	**-**	**-**			
v) Deferred tax in relation to fair value gains of IP	81,058	40,529	-	68,490	34,245	-
vi) Fair value of financial instruments	-	-	-	-	-	
vii) Goodwill as a result of deferred tax	-	-	-	-	-	-
viii.a) Goodwill as per the IFRS balance sheet	(3,543)	(3,543)	(3,543)		-	-
viii.b) Intangibles as per the IFRS balance sheet	-	(534)	-		(221)	
NAV	**1,219,328**	**1,178,265**	**1,138,270**	**1,044,043**	**1,009,577**	**975,553**
Fully diluted number of shares	**2,365,680**	**2,365,680**	**2,365,680**	**1,575,000**	**1,575,000**	**1,575,000**
NAV per share	**0.5154**	**0.5154**	**0.5154**	**0.6629**	**0.6410**	**0.6194**

EPRA NET ASSET VALUE

II).C) REVALUATION OF OTHER NON-CURRENT INVESTMENTS

Other non-current investments held at cost under IAS 16 and restated under EPRA NAV to fair value include the Office building and the Wellness Club from Greenfield Băneaza Plaza.

II) REVALUATION OF TRADING PROPERTIES

The trading properties/finished goods (e.g. dwellings) refer to completed phases of GREENFIELD BĂNEASA, LUXURIA EXPOZIȚIEI and BOREAL PLUS.

The increase/difference between the market value and the book value of apartments at the reporting date (the lowest value between the cost and the net realizable value) was included in the Net Asset Value according to EPRA. The market value was determined by using **a)** the value of the pre-sale agreements and reservations existing on 31 December 2022 and **b)** the revaluations made by Colliers (market approach) for the units for which no pre-sale and reservation contracts were concluded as at 31 December 2022.

The land held as inventory where GREENFIELD BĂNEASA, GREENFIELD COPOU and BOREAL PLUS are developed were revalued by Colliers by using both the investment value method and the market comparison method as at 31 December 2022.

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

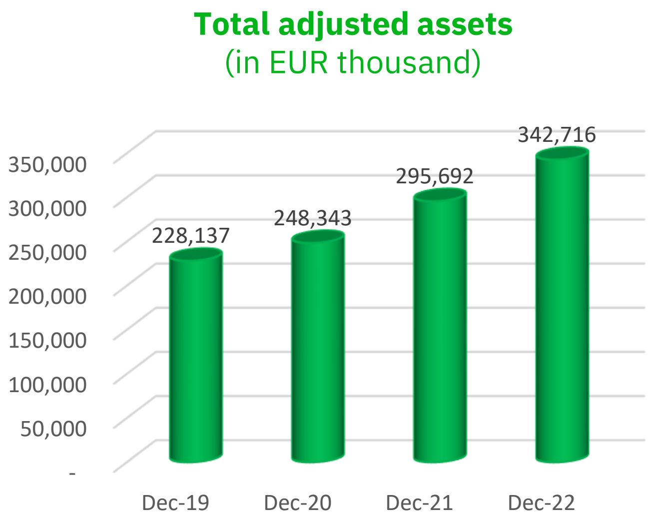
IV) DEFERRED TAX IN RELATION TO FAIR VALUE GAINS OF IP

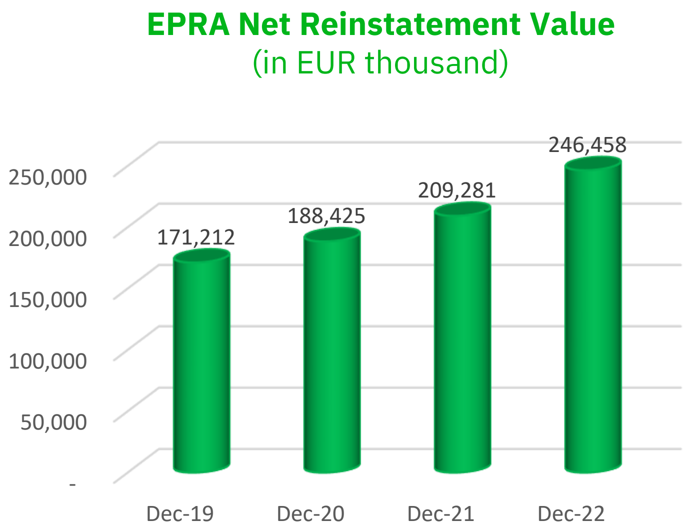
The deferred tax recorded in the IFRS financial statements mainly resulted from the difference between the book value and the tax value of investment properties (plots of land). This is fully adjusted for EPRA NRV, 50% adjusted for EPRA NTA and nil adjustment for EPRA NDV.

V) INTANGIBLES AS PER THE IFRS FINANCIAL STATEMENTS

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

KEY PERFORMANCE INDICATORS





EPRA = European Public Real Estate Association
EPRA Net Reinstatement Value = EPRA NRV values are determined in accordance with the EPRA standards being disclosed in the Company's annual and quarterly reports.
Total Adjusted Assets = assets adjusted to Fair Value according to EPRA guidelines
The amounts are translated in EUR at the NBR average and closing RON/EUR foreign exchange rate for each period.

Total value of assets adjusted to fair value in accordance with EPRA standards increased to EUR 342,716 thousands as at 31 December 2022, or by 16% compared with 31 December 2021.

As of 31 December 2022, the EPRA Net Reinstatement Value (NRV) increase to EUR 246,458 thousands, or by 18% compared with the value as at 31 December 2021.

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The status of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2022	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
Section A – Responsibilities		
A.1. All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	YES	
A.2. Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	YES	
A.3. The Board of Directors or the Supervisory Board should have at least five members.	YES	
A.4. The majority of the members of the Board of Directors should be non-executive. At least one member of the Board of Directors or Supervisory Board should be independent, in the case of Standard Tier companies. Not less than two non-executive members of the Board of Directors or Supervisory Board should be independent, in the case of Premium Tier Companies. Each member of the Board of Directors or Supervisory Board, as the case may be, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgement in practice and according to the following criteria:	YES	
A.4.1. Not to be the CEO/executive officer of the company or of a company controlled by it and not have been in such position for the previous five years;	YES	
A.4.2. Not to be an employee of the company or of a company controlled by it and not have been in such position for the previous five (5) years;	YES	
A.4.3. Not to receive and not have received additional remuneration or other advantages from the company or from a company controlled by it, apart from those corresponding to the quality of non-executive director;	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The status of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2022	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
Section A – Responsibilities		
A.4.4. Is not or has not been an employee of, or has not or had not any contractual relationship, during the previous year, with a significant shareholder of the company, controlling more than 10% of voting rights or with a company controlled by it;	YES	
A.4.5. Not to have and not have had during the previous year a business or professional relationship with the company or with a company controlled by it, either directly or as a customer, partner, shareholder, member of the Board/ Director, CEO/executive officer or employee of a company having such a relationship if, by its substantial character, this relationship could affect his/her objectivity;	YES	
A.4.6. Not to be and not have been in the last three years the external or internal auditor or a partner or salaried associate of the current external financial or internal auditor of the company or a company controlled by it;	YES	
A.4.7. Not to be a CEO/executive officer in another company where another CEO/executive officer of the company is a non-executive director;	YES	
A.4.8. Not to have been a non-executive director of the company for more than twelve years;	YES	
A.4.9. Not to have family ties with a person in the situations referred to at points A.4.1. and A.4.4.	YES	
A.5. A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	YES	
A.6. Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The status of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2022	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
A.7. The company should appoint a Board secretary responsible for supporting the work of the Board.	NO	The Board of Directors manages the documents / activities with the support of the secretariat and the legal department, which provides logistical support for the organization and conduct of the Board meetings
A.8. The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	Partial	Members of the Board of Directors are assessed annually in accordance with performance indicators defined in their internal policies and mandate contracts. The Board will re-examine the A8 requirements in 2023, mainly with regard to the Board of Directors' assessment policy.
A.9. The corporate governance statement should contain information on the number of meetings of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	YES	
A.10. The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	YES	
A.11. The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	YES	
Section B – Risk management and internal control system		
B.1. The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	YES	
B.2. The audit committee should be chaired by an independent non-executive member.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The status of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2022	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
B.3. Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Under implementation	The evaluation of the internal control system for 2022 is ongoing. In 2023, the evaluation committee will present the conclusion, recommendations and the related action plan (if the case).
B.4. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	YES	
B.5. The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	YES	
B.6. The audit committee should evaluate the efficiency of the internal control system and risk management system.	YES	
B.7. The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	YES	
B.8. Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	YES	
B.9. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	YES	
B.10. The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.	YES	
B.11. The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The status of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2022	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
B.12. To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	YES	
Section C – Fair rewords and motivation		
C.1. The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy vis-à-vis the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	YES	
Section D – Building value through investors' relations		
D.1. The company should have an Investor Relations function - indicated, by person (s) responsible or an organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	YES	
D.1.1. Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	YES	

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STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The status of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2022	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
D.1.2. Professional CVs of the members of its governing bodies, a Board member's other professional commitments, including executive and non-executive Board positions in companies and not-for-profit institutions;	YES	
D.1.3. Current reports and periodic reports (quarterly, semi-annual and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	YES	
D.1.4. Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	YES	
D.1.5. Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	YES	
D.1.6. The name and contact data of a person who should be able to provide knowledgeable information on request;	YES	
D.1.7. Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	YES	
D.2. A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	YES	

APPENDIX 1

STAGE OF IMPLEMENTATION OF THE CORPORATE GOVERNANCE CODE

The status of implementation of the provisions of the Corporate Governance Code of the Bucharest Stock Exchange on 31 Dec 2022	Implementation YES / NO / Under implementation /Partial	Reason for non-compliance and expected compliance measures
D.3. A company should have adopted a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	YES	
D.4. The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	YES	
D.5. The external auditors should attend the shareholders' meetings when their reports are presented there.	YES	
D.6. The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	YES	
D.7. Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	YES	
D.8. The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.	YES	
D.9. A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	YES	
D.10. If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	Partial	IMPACT supports and organizes various sport and environmental protection activities, both physically and educationally. These activities are presented on IMPACT Developer & Contractor website and IMPACT Developer & Contractor works to develop a related policy.

APPENDIX 2

OTHER INFORMATION

IMPACT's EMPLOYEES

At the end of 2022, **IMPACT Developer & Contractor** had a number of 73 employees, of which 1 was on maternity leave. Additionally, **IMPACT Developer & Contractor** has a 5-member Board of Directors.

At the same time, Spatzioo has a number of 28 employees and 2 administrators and Impact Finance had 2 employees and 1 Administrator.

Finally, RCTI Company, acquired by 51% in September 2022 had a total of 130 employees as at 31 December 2022, and no Administrators.

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

Labor relations are regulated by:

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

Remuneration of Company's management in 2022 was RON 2.749.217 (2021: RON 3.005.079). For more details please see Remuneration report, published on company's website.

FINANCIAL RATIOS (CONSOLIDATED, IFRS)

RON thousands		31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22
Net profit	A	20,828	154,484	74,856	78,800	84,767
Inventories	B	365,753	430,725	434,741	538,922	617,698
Current assets	C	422,310	509,071	520,337	617,094	715,595
Current liabilities	D	141,074	132,918	122,395	262,033	195,353
Total assets	E	647,551	901,972	987,889	1,204,412	1,443,362
Total liabilities	F	200,745	318,031	347,061	487,558	553,742
Equity	G	446,808	583,941	640,828	716,854	889,620
Loans and borrowings	H	148,994	197,635	255,836	337,033	387,765
Loans and borrowings, short term	*I*	*34,894*	*58,822*	*88,379*	*186,912*	*118,910*
Loans and borrowings, long term	*J*	*114,100*	*138,813*	*167,457*	*150,121*	*268,855*
Cash and cash equivalents	K	30,740	45,462	59,022	42,037	55,108
Net debt	L (H-K)	118,254	152,173	196,814	294,996	332,657
EBITDA	M	17,734	45,475	34,279	99,907	111,393
Interest paid	N	5,494	2,508	6,134	6,617	13,631
Ratios						
Loans and borrowings / EBITDA	H/M	8.40	4.35	7.46	3.37	3.48
Net debt / EBITDA	L/M	6.67	3.35	5.74	2.95	2.99
EBITDA / Interest paid	M/N	3.23	18.13	5.59	15.10	8.17
Return on Assets	A/E	3.22%	17.13%	7.58%	6.54%	5.87%
Return on Equity	A/G	4.66%	26.46%	11.68%	10.99%	9.53%
Gearing ratio	H/G	33.35%	33.85%	39.92%	47.02%	43.59%
Current ratio	C/D	2.994	3.830	4.251	2.355	3.663
Quick ratio	(C-B)/D	0.401	0.589	0.699	0.298	0.501

CHAPTER 2

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.

CONTENTS: **PAGE:**

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

	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**

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

	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**

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

	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**

This is a free translation from the original Romanian version.

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

		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**

This is a free translation from the original Romanian version.

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

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance on 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**

This is a free translation from the original Romanian version.

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

	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)**

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

	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**

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

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.

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

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.

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

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**

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

	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)
	20,601	**3,801**	**1,703**	**8,674**	**34,779**
Balance on 31 of December 2021					
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**

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

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.

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

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:

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

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.

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

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 Constanța 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.

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

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

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

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.

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

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).

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

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**

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

	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.

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

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.

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

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 Constanța
- 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:

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

	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)**

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

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**

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

(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**

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

23. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

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

- credit risk
- liquidity risk
- market risk
- 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

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

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.

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

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)**

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

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:

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

	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 Toția 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.

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

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	
Purchased participation			51.01%	48.99%
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.

Building a better
working world

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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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Valuation of investment property (RON 653,725 thousand)</td></tr>
<tr><td>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.</td><td>The audit procedures performed on the valuation of investment property included among others the following:
▪ We obtained a detailed understanding of the Group's internal processes, policies and methodologies used by management for valuation of investment property and related documentation flow; specific attention was given to 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.</td></tr>
</table>

	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.

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)
Firma de audit: ERNST & YOUNG ASSURANCE SERVICES S.R.L.
Registrul Public Electronic: FA77

Alina Dimitriu

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

Translation from Romanian

STATEMENT

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

the annual consolidated financial statements had been drafted on 31/12/2022 for :

Entity: IMPACT DEVELOPER&CONTRACTOR SA

County: 40--BUCHAREST

Address: Drumul Padurea Mogosoaia,31-41,Bucharest, 1st District, phone no. 0212307570

Trade Registry order number: J40/7228/2018

Ownership: 34—Stock company

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

Sole Registration Code: 1553483

The undersigned, Mihaela Iuliana Urda,

pursuant to art.10 par.(1)in Accounting Law no.82/1991, holding the position of President of the Board of Directors of SC Impact Developer & Contractor hereby take responsibility for the preparation of the annual consolidated financial statements as of 31/12/2022 and hereby confirm the following:

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

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

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

Signature

CHAPTER 3

IMPACT DEVELOPER & CONTRACTOR SA

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

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

This is a free translation from the original Romanian version.

CONTENT: **PAGE:**

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

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

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

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

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

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

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

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance on January 1, 2022		**401,214**	**(4,475)**	**3,001**	**12,389**	**(841)**	**289,278**	**700,567**
		-	-	-	-	-	-	-
Comprehensive income								
Profit for the year		-	-	-	-	-	(63,329)	(63,329)
Other comprehensive income		-	-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	-	**(63,329)**	**(63,329)**
Transactions with shareholders of the Company								
Share capital increase	14	197.670	45.985	-	-	-	(165.923)	77.732
Own shares acquired during the year	15	-	-	-	-	(442)	-	(442)
Share-based payments	15	-	(1.017)	-	-	1.015	-	(2)
Other changes in equity								
Set up of legal reserves	14	-	-	-	25.929	-	(25.929)	-
Balance on December 31, 2022		**598.884**	**40.493**	**3.001**	**38.318**	**(268)**	**160.755**	**841.183**

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

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

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

	Note	31 December 2022	31 December 2021
Profit for the period		**63,329**	**64,849**
Adjustments to reconcile profit for the period to net cash flows:		**(66,854)**	**(75,298)**
Valuation gains on investment property	9	(77,660)	(86,651)
Gain on sale PPE	8	(626)	-
Reversal of impairment loss PPE	8	251	230
Depreciation	8	1,398	727
Share based payments	28	1,015	-
Finance income	22	(13,751)	(8,520)
Finance cost	22	9,951	5,955
Deferred tax expense	23	12,568	13,190
Working capital adjustments		**(114,964)**	**(75,069)**
Decrease/(increase) in trade receivables and other receivables	12	26,336	19,375
Decrease in prepayments		(976)	-
Decrease in inventory property	10	(167,937)	(111,657)
(Decrease)/increase in trade, other payables, and contract liabilities	17	28,548	19,771
(Decrease)/increase in provisions	18	(935)	621
Income tax paid	17	-	(2,789)
Net cash flows used in operating activities		**(118,489)**	**(74,679)**
Investing activities			
Loans granted to subsidiaries	27	(43,894)	(54,649)
Loan reimbursements collected from subsidiaries	27	30,873	81,776
Investments in subsidiaries	11	(14,695)	-
Return of the amounts invested in subsidiaries	11	31,154	1,798
Purchase of property, plant and equipment	8	(1,864)	(2,460)
Expenditure on investment property under development	9	(32,987)	(31,130)
Expenditure on PPE under development	8	(14,978)	(8,346)
Proceeds from property, plant and equipment	8	1,538	152
Dividends received		1,041	
Interest received		3,640	12,397
Net cash flows from investing activities		**(40,172)**	**(462)**

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

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

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

1. REPORTING ENTITY

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

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

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

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

	Country of registration	Nature of activity	% of shareholding at 31 December 2022	% of shareholding 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%
Impact Alliance Architecture SRL	Romania	Architecture serrvices	51%	0%
R.C.T.I. Company	Romania	Constructor	51.01%	0%

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

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

2. THE BOARD OF ADMINISTRATION

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

On 21st April 2021, in the General Shareholders' Meeting, the members of the Board of Directors of the Company were elected for a four-year term (28th April 2021 – 28 April 2025). Mr. Laviniu Dumitru Beze was replaced by Mr. Sorin Apostol as Administrator.

The Board of Administration consists of 5 members:

- Iuliana Mihaela Urdă, Chairperson of the Board of Administration
- Intrepid Gem SRL, represented by Petru Văduva
- Ruxandra-Alina Scarlat, Administrator
- Daniel Pandele, Administrator
- Sorin Apostol, Administrator

Executive Management of the Company

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

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

3. BASIS OF PREPARATION

a) Declaration of conformity

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

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

b) The going concern principle

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

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

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

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

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

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

4. FUNCTIONAL AND PRESENTATION CURRENCY

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

Below is presented the summary of the significant accounting policies.

a) Foreign currency

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

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rate prevailing at the date of the determination of fair value.
The exchange rate differences resulted from translation are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

The FX differences are recognized in Statement of profit and loss as financial cost/ income.

b) Tangible assets

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

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

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

Freehold land is not depreciated.

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

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

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

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

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

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

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

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

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

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

c) Intangible assets acquired separately

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

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

d) Investment property

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

All of the Company's property interests held to earn rentals or for capital appreciation purposes or for which the best use has not been determined yet are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

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

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

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

e) Inventories

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

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

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

f) Trade and other receivables

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

g) Derecognition of financial assets

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

h) Cash and cash equivalents

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

i) Share capital

- **Ordinary shares**

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

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

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

j) Dividends

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

k) Own shares

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

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

l) Borrowings

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

(i) Borrowing costs

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

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

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

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

m) Trade payables and other payables

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

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

n) Provisions

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

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

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

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

o) Revenues

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

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

(i) Revenue from sale of residential properties

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

(ii) Revenues from re-charging utilities

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

p) Taxation

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

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

q) Share-based payments

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

r) Financial instruments – fair values and risk management

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

s) Lease contracts

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

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

t) Company as a Lessor

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

(i) Right of use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:
• Plant and machinery 3 to 15 years
• Motor vehicles and other equipment 3 to 5 years

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

(ii) Lease liabilities

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

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

iii) Short-term leases and leases of low value

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

u) Contingent liabilities

A contingent liability is:

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

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

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

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

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

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

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

v) Subsequent events

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

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

w) Segment reporting

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

x) Investment in subsidiaries and associates

A subsidiary is an entity over which the Company has control.
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.
Investments in subsidiaries and associates are accounted for using the historical cost model.

The Company determines whether it is necessary to recognise an impairment loss on its investment in its associate or subsidiary. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or subsidiary is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or subsidiary and its carrying value, and then recognises the loss in the statement of profit or loss.

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

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a) Fair value measurements and valuation processes of investment property

Valuation of investment property and property, plant and equipment.

The Company has obtained a report from Colliers Valuation and Advisory SRL, setting out the estimated market values for the Company's investment property, property developed for sale and property, plant and equipment in their current state. The most recent real estate investment assessment took place on December 31, 2022 and December 31, 2021. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation assumed as to the best use of each property by a third-party developer.

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

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

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

- the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition.

The key inputs are summarized in Note 8. The valuation is highly sensitive to these variables and adjustments to these inputs would have a direct impact on the resulting valuation. A sensitivity analysis of the three key assets is presented below:

Asset	Impact on the valuation included in the balance sheet at 31 December 2022 and gains on investment property registered to profit or loss of a 5% weakening/(strengthening) of the price per sqm	
Greenfield Baneasă Bucuresti land	- 14,076 thousand RON	+14,076 thousand RON
Bd. Barbu Văcarescu land	- 8,804 thousand RON	+ 8,804 thousand RON
Bd. Ghencea land - Bd. Timișoara	- 8,005 thousand RON	+ 8,005 thousand RON

b) Transfers of assets both from and to investment property

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

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

c) Legal issues

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

d) Cost allocation

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

7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

A) Amendments to accounting policies and information to disclose

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2022:

• IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)
The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company recognizes such sales proceeds and related cost in profit or loss.

- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. The amendments had no impact on the financial statements of the Company.

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

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

• IFRS 17 : Insurance Contracts
The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation, and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with 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 financial performance, financial position of cash flows.

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

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)
The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan

arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the financial statements of the Company.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)
The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The amendments had no impact on the financial statements of the Company.
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)
The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The amendments had no impact on the financial statements of the Company.

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

Lease contracts

31 December 2022	Lease Contracts no.	Fixed payments	Variable Payments	Sensitivity
Electric Cars	19	100%	-	-
Total	**19**	**100%**	**-**	**-**

Right of Use Assets

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

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

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

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

9. INVESTMENT PROPERTY

Reconciliation of carrying amount of property investments

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

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

Main real estate investments in land

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

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

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

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

Considering the above, the Group considers that in December 2022 there is sufficient evidence that the future use of the land is uncertain and thus the land should be classified as investment property and not as inventory, in accordance with IAS 40 provision regarding “land held for a currently undetermined future use”.

The Company management analyzes annually, at the balance sheet date, the market conditions at those points in time to decide the best use of the land, namely if it will be used to build to sell or to build to rent.

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

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

Valuation processes

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

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

Fair value hierarchy

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

Valuation techniques

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

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/sqm 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%

As it can be presented above, given the nature of investment properties, the most relevant input used in the determination of fair value of investment property is the price per square meter. for sensitivity purposes if the market comparable price per square meter would increase by EUR 10/sqm, investment property would consequently increase by RON 25 million; consequently, a decrease of RON 25 million for a decrease in market comparable by EUR10/sqm (2021: +/-RON 24 million fluctuation for the same sensitivity range applied).

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

10. INVENTORIES

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

Inventories are represented by:

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

Lands with a carrying amount of RON 88,926 thousand as at 31 December 2022 (31 December 2021: RON 92,742 thousand) consist of lands held by the Company for development of new residential properties and infrastructure, mainly in Bucharest, as well as lands which the Company intends to realize value through direct sale.

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

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

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

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

The Boreal Plus project in Constanta is financed by CEC Bank; therefore, the loan interest was capitalized in the construction value of the stock. The value of the capitalized interest during the 2022 is RON 1,020 thousand.

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

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

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

11. INVESTMENTS IN SUBSIDIARIES

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

The Company holds interests in the following subsidiaries:

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

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

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

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

a) Spatzioo Management SRL (former Actual Invest House SRL), a company that provides management services for new residential developments.

b) Clearline Development and Management S.R.L. (former Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca, in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation (see Note 26) amounting to 17,053 thousand RON, plus legal interest, a file that is currently pending at the Court in Arges and is currently carrying out the expertise in the file.

c) Bergamot Developments S.R.L., company within the group with main object of activity real estate development, which starting with 2018 developed a residential ensemble of approx. 51,382 square meters, 500 apartments, on a land of approximately 17,213 sqm, respectively the first phase of the residential complex Luxuria Domenii Residence.

d) Bergamot Developments Phase II S.R.L., a company within the group having as main object of activity the real estate development, which is to develop the Phase II (130 apartments) of the residential complex Luxuria Domenii Residence, consisting of 13,618 square meters built on a plot of 5,769 sqm.

e) Impact Finance & Developments S.R.L. has a role in diversifying the range of services related to home sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings.

f) Greenfield Copou Residence S.R.L., a company within the group having as main object of activity the lease and sublease of its own or of rented property has been incorporated in December 2019. Its object is to develop the Greenfiled Copou project in Iasi.

g) Greenfield Copou Residence Phase II SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.

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

h) Greenfield Property Management SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.
i) Greenwise Property SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.
j) Impact Alliance Arhitecture SRL, a company within the group having as main object of activity architecture services, has been incorporated in 2022
k) RCTI Company, a company within the group having as main object of activity the real estate constructions, has been acquired by the Company in 2022 (refer to Note 28).

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

12. TRADE AND OTHER RECEIVABLES

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

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

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

Reconciliation of the provision for expected credit losses:	
Balance on January 1	1,790
Provision reversal	(491)
Establish new provision	977
Balance on 31.12.2022	2.276

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

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

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

Other current assets	**31 December 2022**	**31 December 2021**
Prepaid expenses	5.512	4.536
Advances to suppliers	9.342	10.817
	14.854	**15.353**

13. CASH AND CASH EQUIVALENTS

	31 December 2022	**31 December 2021**
Current accounts	46,797	36,162
Petty Cash	9	9
Cash advances	51	-
	46,857	**36,171**

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

14. SHARE CAPITAL

	31 December 2022	**31 December 2021**
Share capital paid in	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%
Legal persons	19.70%	12.45%
Other shareholders	9.82%	11.60%
	100.00%	**100%**

All shares are ordinary and have equal ranking related to the Company’s residual assets. The nominal value of one share is 0.25 RON. The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 1 share during the meetings of the Company.
On 20.08.2021, the Extraordinary General Meeting of the Company's shareholders approved the delegation

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

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

On 01.02.2022, the share capital increase was registered, through the issuance of new shares, through private placement. As a result of the increase, 84,231,295 new shares were issued and the share capital was increased with the value of 21,057,823.75 RON. Following the increase of the share capital through private placement, the share capital of the Company increased from 393,750,000 RON to 414,807,823.75 RON, the new total number of shares being 1,659,231,295. This share capital increase generated a share premium in amount of RON 37.904.170.

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

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

The Other reserves constituted for the Company are detailed below:

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

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

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

Dividends

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

Capital management.

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

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

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. In case of breaches in meeting the financial covenants the banks allow for remedy periods. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 December 2022 and 2021. Debt to assets ratio as of 31 December 2022 and 31 December 2021 are disclosed below:

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

15. OWN SHARES

	31 December 2022	**31 December 2021**
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 2022/31 December 2021	**268**	**841**

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

	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	**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 Company's share-based payment schemes.

On December 31, 2022, the Company has own shares with an accounting value of RON 268 thousand (December 2021: 841 thousand lei).

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

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

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

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

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

16. LOANS AND BORROWINGS

This note discloses information related to the contractual terms of the interest-bearing loans and borrowings of the Company, valued at amortized cost. Information related to the Company's exposure to interest rate risk, foreign currency risk and liquidity risk is included in Note 24.

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

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

Lender	Currency	Maturity	Amount of the facility, in original currency	Balance at 31-Dec-21*	Balance at 31-Dec-22*
Credit Value Investments	EUR	11.01.2022	12,000	61,535	-
Bonds listed on Bucharest Stock Exchange SA	EUR	19.12.2022	12,525	60,021	-
Private placement bonds	EUR	24.12.2026	6,581	32,566	32,561
Total bonds				**154,122**	**32,561**
First Bank	EUR	05.08.2023	5,921	24,375	-
First Bank	RON	05.08.2023	4,500	1,731	-
CEC Bank	EUR	27.11.2023	9,880	17,958	48,622
CEC Bank	RON	27.01.2023	3,500	1,633	-
Garanti BBVA	EUR	15.06.2024	4,250	21,030	5,936
Garanti BBVA	EUR	30.06.2024	4,500	-	18,978
OTP Bank	EUR	31.03.2025	21,161	-	51,444
OTP Bank	EUR	30.06.2024	4,000	-	5,101
OTP Bank	EUR	31.03.2025	13,279	-	44,388
OTP Bank	EUR	30.06.2024	2,000	-	4,358
TechVentures Bank	EUR	06.01.2025	2000	-	6,871
Alpha Bank	EUR	08.06.2029	20,000	-	95,283
Libra Internet Bank	EUR	05.12.2025	1900		9,400
Libra Internet Bank	EUR	05.10.2024	4,000	13,470	7,363
Total bank loans				**80,197**	**297,744**
Interest					**45**
Total				**234,319**	**330,351**

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

** Including the balance of interest payments, where applicable*

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

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

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

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

During 2017, Bucharest Stock Exchange S.A. approved the application for admission to trading on the regulated market administered by the Bucharest Stock Exchange S.A. of the bonds issued by the Company, unsecured at a fixed annual interest rate of 5,75% denominated in EUR, with a maturity of 5 years and a total nominal value of EUR 12,525 thousand.

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

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

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

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

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

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

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

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

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

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

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

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

17. TRADE AND OTHER PAYABLES

	31 December 2022	31 December 2021
Non-current liabilities		
Guarantees	11,352	5,514
Lease payables	908	-
	12,260	**5,514**
Current liabilities		
Trade payables	23,062	21,373
Contract liabilities	35,946	28,149
Lease payables	342	-
Tax debts	292	-
Employees payables	716	-
Dividends payable	177	187
Related parties payables	547	145
Other payables	3,947	7,999
	65,029	**57,563**
	77,289	**63,077**

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

Long-term guarantees payable include RON 8.334 to be paid to R.C.T.I Company subsidiary (See also note 27).

Lease liabilities

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

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

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

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

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

18. PROVISIONS FOR RISKS AND CHARGES

	Provisions for litigation	Other provisions	Total
Balance on January 1, 2022	271	1,017	1,288
Provisions established during the period	-	-	-
Provisions written back during the period	-	(935)	(935)
Balance on 31 December 2022	**271**	82	353

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

The provisions amounting to 353 thousand RON are represented by:

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

19. REVENUES

Revenues of the Company:

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

Net income from other activities	**2022**	**2021**
Rental income	1.361	503
Revenue from reinvoicing of utilities	4,205	3,218
Operating expenses with rented properties	(4,369)	(2,696)
	1,197	**1,025**

The company recorded a total of 419 pre-sales on as at 31 December 2022 with a package value of EUR 43.7 million (RON 215 million), which will be recognized as revenue as the apartments are completed in the next period. For these pre-sale agreements clients paid deposits in amount of RON 35,946 thousand which are shown under Contract liabilities in the statement of financial position. The prior year balance of contract liabilities, in amount of RON 28,149 thousand was recognized as revenue in 2022.

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

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

Sales breakdown by projects:

	31 December 2022	31 December 2021
Greenfield Băneasa București	70,696	27,844
Boreal Constanța	3,720	-
	74,416	**27,844**

20. GENERAL AND ADMINISTRATIVE EXPENSES

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

21. OTHER OPERATING (EXPENSES)/INCOME

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

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

22. FINANCE (COST)/INCOME

	31 December 2022	31 December 2021
Interest expense	(1,455)	(4,251)
Interest income	6,362	6,738
Foreign exchange result	63	(1,704)
Gains from disposal of affiliates/associates	-	1,729
Net result from disposal of financial investments	(1,170)	54
	3,800	**2,565**

23. INCOME TAX

(i) Taxes recognized in the profit and loss account

	31 December 2022	31 December 2021
Deferred income tax expense	12,568	13,190
Current income tax	-	-
Income tax expenses	**12,568**	**13,190**

(ii) Effective tax rate reconciliation

		2022		2021
Profit before tax		**75,897**		**78,039**
Income tax calculated using the entity's local tax rate (16%)	16%	(12,144)	-16%	(12.487)
Non-deductible expenses and adjustments	12%	405	4%	3
Non-taxable income	12%	(829)	-5%	3.525
Recognition of previously unrecognized tax losses	-	-	-	-
	12%	**(12,568)**	**-17%**	**(13,190)**

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

(iii) Cumulative temporary differences that generate deferred tax

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

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

(iv) 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	-	84,912	-	84,912
Trade receivables and other receivables	(774)	-	-	(774)	(774)	-
Inventories	(2,343)	142	-	(2,201)	(2,201)	-
Fiscal losses that generate deferred tax	(656)	-	-	(656)	(656)	-
(Receivables)/ net tax liabilities	**68,490**	**12,568**	-	**81,058**	**(3,854)**	**84,912**

	Balance at 01.01.2022	Recognized in the current result	Recognized in other elements of comprehensive income	Balance at 31 December 2021		
				Net	**Assets**	**Debt**
2021						
Tangible asset	(223)	-	-	(223)	(223)	-
Real estate investments	59,296	13,260	(70)	72,486	-	72,486
Trade receivables and other receivables	(1,430)	-	-	(1,430)	(1,430)	-
Inventories	(2,343)	-	-	(2,343)	(2,343)	-
(Receivables)/ net tax liabilities	**55,300**	**13,260**	**(70)**	**68,490**	**(3,996)**	**72,486**

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

24. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Financial risk management

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

- credit risk
- liquidity risk
- market risk

General risk management framework

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

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

(a) Credit Risk

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

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

	Nota	31 December 2022	31 December 2021
Trade and other receivables	12	33,765	108,321
Cash and cash equivalents	13	46,857	36,171
		80,622	**144,492**

Trade receivables and other receivables

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

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

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

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

	31 December 2022	31 December 2021
Romania	33,765	108,321
	33,765	**108,321**

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	18,661	-	18,661	33,411	-	33,411
Remaining between 1-30 days	6,737	-	6,737	44,331	-	44,331
Remaining between 31–90 days	4,789	-	4,789	13,933	-	13,933
Remaining between 91–120 days	3,578	-	3,578	10,133	-	10,133
Remaining between 121–365 days	1,221	(1,221)	-	6,267	(371)	6,267
Arrears of more than one year	2,106	(2,106)	-	3,166	(2,549)	3,166
	37,092	**(3,327)**	**33,765**	**111,241**	**(2920)**	**108,321**

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

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

Cash and cash equivalents

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

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

(b) Liquidity risk

31-Dec-22	Accounting value	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans	330,351	330,351	97,492	35,093	190,437	7,329
Trade debts and other debts	41,343	41,343	29,083	12,260	-	-
	371,694	**371,694**	**126,575**	**47,353**	**190,437**	**7,329**
Estimates of future interest	28,258	28,258	14,351	9,178	4,592	137
Total	**399,952**	**399,952**	**140,926**	**56,531**	**195,029**	**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	234,319	234,319	145,488	56,264	32,566	-
Trade debts and other debts	34,928	34,928	29,414	5,514	-	-
	269,247	**269,247**	**174,902**	**61,778**	**32,566**	**-**
Estimates of future interest	19,620	19,620	8,852	4,077	6,692	
	288,867	**288,867**	**183,754**	**65,855**	**39,258**	**-**

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

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

(c) Market risk

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

Currency risk

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

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

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

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

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

The main exchange rates used during the year were:

	31 December 2022	Average for 2022	31 December 2021	Average for 2021
EUR	4.9474	4.9315	4.9481	4.9204

Sensitivity analysis

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

	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	(291,072)	(29,107)	29,107	(124,755)	(12,475)	12,475

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

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	33,765	-	33,765		108,321	-	108,321	-
Cash and cash equivalents	46,857	-	-	46,857	36,171	-	-	36,171
	80,622	**-**	**33,765**	**46,857**	**144.492**	**-**	**108,321**	**36,171**
Monetary debts								
Loans	330,351	297,790	32,561	-	234,319	79,941	154,378	-
Trade debts and other debts	41,343	-	-	41,343	34,928	-	-	34,928
	371,694	**297,790**	**32,561**	**41,343**	**269,247**	**79,941**	**154,378**	**34,928**

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

	Accounting value	
Fixed rate instruments	**31-Dec-22**	**31-Dec-21**
Financial assets	-	-
Financial debts	(32,561)	(154,378)
	(32,561)	**(154,378)**
Variable rate instruments		
Debts	(265,229)	(79,941)
	(265,229)	**(79,941)**

Fair value sensitivity analysis for fixed interest rate instruments

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

25. CAPITAL COMMITMENTS

As at 31 December 2022 respectively 31 December 2021, the Company has no capital commitments contracted.

26. CONTINGENCIES

Litigations

As of the date of these financial statements, the Company was involved in several ongoing lawsuits, both as plaintiff and defendant.

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

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

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

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

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

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

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

File no. was registered on the 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 April 7, 2023.

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

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

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

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

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

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

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

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

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

c) Litigation initiated by "EcoCivic Association"

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

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

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

The next court date was set for 07.04.2023.

27. TRANSACTIONS WITH RELATED PARTIES

a) Subsidiaries

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

	Registration country	Scope of activity
Clearline Development and Management SRL	Romania	Real estate development
Spatzioo Management SRL (former Actual Invest House SRL)	Romania	Property management
Bergamot Developments SRL	Romania	Real estate development
Bergamot Developments Phase II SRL	Romania	Real estate development
Impact Finance Developments SRL	Romania	Ancillary activities to financial intermediations
Greenfield Copou Residence SRL	Romania	Real estate development
Greenfield Copou Residence Phase II SRL	Romania	Real estate development
Greenwise Development SRL	Romania	Real estate development
Greenfield Property Management SRL	Romania	Real estate development
Impact Alliance Architecture SRL	Romania	Architecture services
R.C.T.I Company	Romania	Constructions

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Transactions with key management personnel

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

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

28. ACQUISITION OF A SUBSIDIARY

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

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

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

29. SHARES BASED PAYMENTS

In 2022, the Company granted a number of 2,265 thousand shares to the employees and members of the Board of Directors, valued and recorded in the profit and loss account at the grant date. The average cost borne by the parent company with the acquisition of these shares was 1,014 thousand RON (0.4476 / share).

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

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

30. GROUP AUDITOR EXPENSES

In 2022 the statutory auditor Ernst & Young Assurance Services SRL had a contractual statutory audit fee of EUR 114,000 (2021: EUR 100,000) (for the statutory audit of the consolidated and standalone annual financial statements of the Company and of its Romanian subsidiaries, as well as for the financial statements in ESEF digital format). Services contracted with the statutory auditor other than audit services were of EUR 5,000 (2021: EUR 9,500), representing the other assurance services in relation to certain reports issued by the Company that are not prohibited by article 5(1) of Regulation (EU) no. 537/2014 of the European Parliament and of the Council.

31. SUBSEQUENT EVENTS

The Company's management did not identify any subsequent event from the balance sheet date to the date of approval of these financial statements that may require adjustment.
On January 19, 2023, Impact registered on the role of the Bucharest Court, Section II Administrative and Fiscal Litigation, against the City Hall of the City of Bucharest, the City Hall of Sector 1 Bucharest and the National Management of Romsilva Forests, the action in order to determine the mentioned institutions to comply with the obligations assumed by the decisions of the General Council of the Municipality of Bucharest, those of the Local Council of Sector 1 and those of the act of acceptance of the donation concluded with IMPACT and to definitively open public access between Alley Privighetorilor and Drumul Pădurea Pustnicu.

The file is in the regularization procedure.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Impact Developer & Contractor SA

Report on the Audit of the Separate Financial Statements

Opinion

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

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016, approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.

Basis for opinion

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

Key audit matters

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

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

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties (RON 678,669 thousand)	
The Company holds a portfolio of investment property which accounted for 51% of the Company's total assets as of 31 December 2022. The valuation of investment property is one of the key drivers of the Company'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 Company based on valuations prepared by an independent qualified valuation specialist and required expertise and use of significant judgements, estimates and assumptions, giving rise to a higher risk of misstatement. 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 Company's disclosures regarding its accounting policy, fair value measurement and related judgments, estimates and assumptions used for investment property are presented in notes 5, 6 and 8 of the separate financial statements.	The audit procedures performed on the valuation of investment property included among others the following: ▪ We obtained a detailed understanding of the Company's internal processes, policies and methodologies used by management for valuation of the investment property and the related documentation flow; specific attention was given to 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 the separate financial statements to the values reported by the Company'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 Company's external specialist, for the investment properties presented in the statement of financial position; o assess the conformity of the valuation methods applied with the applicable valuation standards; and

	○ evaluate the competence, capability and objectivity of the external valuation specialists. We further assessed the adequacy of the Company's disclosures included in notes to the separate financial statements of the Company 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 separate financial statements and our auditors' report thereon. Management is responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the 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 separate 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 separate 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 Company by the General Meeting of Shareholders on 28 April 2022 to audit the separate 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 two years, 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 separate financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on the same date as the issue date of this report.

Provision of Non-audit Services

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

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

We have performed a reasonable assurance engagement on the compliance of the separate financial statements presented in XHTML format of Impact Developer & Contractor SA (the Company) for the year ended 31 December 2022, 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).

These procedures refer to testing the format and whether the electronic format of the separate financial statements (XHTML) corresponds to the audited separate financial statements and expressing an opinion on the compliance of the electronic format of the separate financial statements of the Company for the year ended 31 December 2022 with the requirements of the ESEF Regulation. In accordance with these requirements, the electronic format of the separate financial statements, included in the Board of Directors Report should be presented in XHTML format.

Responsibilities of the Management and Those Charged with Governance

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

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

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

Auditor's Responsibility

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

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

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

Our Independence and Quality 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).

Building a better working world

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 separate financial statements is prepared, in all material respects, in accordance with the requirements of ESEF Regulation. When conducting our assessment of the compliance with the requirements of the ESEF Regulation of the electronic reporting format (XHTML) of the separate financial statements of the Company, we have maintained professional skepticism and applied professional judgement. We have also:

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

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

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

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

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

On behalf of,

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

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

Alina Dimitriu

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

Bucharest, Romania
31 March 2023

Translation from Romanian

STATEMENT

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

the annual separate financial statements had been drafted on 31/12/2022 for :

Entity: IMPACT DEVELOPER CONTRACTOR SA

County: 40--BUCHAREST

Address: Drumul Padurea Mogosoaia 31-41, Bucharest, 1st District, phone no. 0212307570

Trade Registry order number: J40/7228/2018

Ownership: 34—Stock company

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

Sole Registration Code: 1553483

The undersigned, Mihaela Iuliana Urda,

pursuant to art.10 par.(1)in Accounting Law no.82/1991, holding the position of President of the Board of Directors of SC Impact Developer& Contractor hereby take responsibility for the preparation of the annual separate financial statements as of 31/12/2022 and hereby confirm the following:

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

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

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

Signature

AFFIDAVIT

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

hereby declare that, to the best of our knowledge, the annual (individual and consolidated) financial statements on December 31, 2022, prepared in compliance with the applicable accounting standards offer an accurate and true image of the assets, liabilities, financial standing, profit and loss account of the Company and, respectively, of its subsidiaries included in the process of consolidation of the financial statements, and the Reports of the Board of Directors (on the consolidated financial statements prepared in accordance with the International Financial Reporting Standards as laid down by the Order of the Ministry of Public Finance no. 2844/2016 with all subsequent amendments) comprise a correct analysis of the Company's and its subsidiaries development and performance, as well as a description of the main risks and uncertainties specific to the performed activity.

President of the Board of Directors
Mihaela Iulia Urda

General Manager
Constantin Sebesanu

Chief Financial Officer
Claudiu Bistriceanu