

IMPACT DEVELOPER & CONTRACTOR SA

Registered office: Willbrook Platinum Business & Convention Center, 172-176 Bucharest – Ploiesti Road, Building A,
1st floor, Bucharest, 1st District, Phone: +40 21.230.75.70/71/72, Fax: +40 21.230.75.81/82/83

Subscribed and paid up share capital: RON 265,000,000.

Registered with the Trade Registry Office within Bucharest Court under no. J40/7228/2018, S.R.C. RO 1553483

Quarterly Report 1st Quarter 2021

Report date: 14.05.2021

Name of the issuing company: **IMPACT DEVELOPER & CONTRACTOR SA**

Registered office: Willbrook Platinum Business & Convention Center,
172-176 Sos. Bucuresti – Ploiesti, Building A, 1st Floor, Bucharest, District 1

Phone: 021– 230.75.70/71/72, fax: 021– 230.75.81/82/83

Fully subscribed and paid up capital: 265,000,00 RON

Regulated market where the issued securities are traded: Bucharest Stock Exchange

THE FIRST 3 MONTHS OF 2021 (“Q1 2021”) – HIGHLIGHTS

- **62** apartments sold (5,387 sq m built area), out of which **14** (1,295 sq m) in **GREENFIELD Baneasa Residence** (“**GREENFIELD**”), **47** (3,966 sq m) in **LUXURIA Residence** (“**LUXURIA**”) and **1** house in Ploiesti (126 sq m);
- **226** pre-sale agreements and reservations (17,809 sq m built area) are expected to be turned into sales in Q2 2021 – Q3 2022;
- Continuing the construction works for the **Panoramic Assembly**, **GREENFIELD PLAZA** and starting the construction of **Teilor Assembly** in **GREENFIELD**;
- Identifying solutions for framing the next stages of the **GREENFIELD housing concept** in the green buildings category (nZEB);
- Continuing the construction works for the third phase, with **130** apartments of **LUXURIA Residence**, estimated to be completed in Q2-Q3 2021;
- Continuing the construction works for the first **209** apartments of **BOREAL PLUS** in Constanta envisaged to be completed in Q2 2022;
- Continuing the construction works for the **18** villas part of the **BOREAL PLUS** project envisaged to be completed in Q2 2021;
- Starting the procedures for obtaining the construction permit for the **GREENFIELD COPOU** project in Iasi;
- Identified Locations/plots of land in Bucharest and in other cities (**Iasi, Constanta**) throughout the country for future developments;
- In March 2021, the bonds issued by **IMPACT** in december 2020 were listed on **BSE (6.58 mEUR)**;
- Also, in March 2021, the first REIT (Real Estate Investment Trust) company, Star Residence Invest, developed by **IMPACT**, was listed on **BVB**. At the time of listing, **IMPACT** owned 22.38% in the REIT;
- Considering the financing solutions for the implementation of projects, such as the issuance of bonds listed on the main market of BSE, private placement bond issue, bank financing and the issuance of new shares.

MAIN FINANCIAL PERFORMANCE INDICATORS - CONSOLIDATED

LEI thousand	Q1 2021	Q1 2020	Var %
Revenue from real estate inventories	39,397	23,062	71%
Gross profit	11,393	10,924	4%
Gross margin %	29%	47%	(39%)
Operating expenses, net	(7,310)	(6,438)	14%
Operating expenses % of revenue	19%	28%	(34%)
EBITDA	4,364	4,767	(8%)
EBITDA margin %	11%	21%	(46%)
EBIT	4,083	4,486	(9%)
EBIT margin %	10%	19%	(47%)
Net result	(1,305)	627	n.a.
Net result margin %	(3%)	3%	n.a.

In the first quarter of 2021, revenues from apartment sales increased by **71%** compared to the same period of 2020, due to the increase in the number of units sold (**62** in Q1 2021 vs. **50** in Q1 2020), out of which **76%** are premium units from the **LUXURIA** residential complex.

The average selling price increased by **34%** (on average, **EUR 1,340 /sq m** built in Q1 2021 vs. **EUR 1,003 /sq m** area in Q1 2020).

On 31 March 2021, in addition to the registered sales, there were pre-sale agreements concluded for apartments whose value is not reflected in revenues in Q1 2021. The value of these pre-sale agreements is **125.9 mLEI**, estimated to be turned into revenues in Q2 2021 – Q3 2022. Additionally, in 2021, it is expected to record **3.1 mLEI** as revenues for the sale of a plot of land in Constanta.

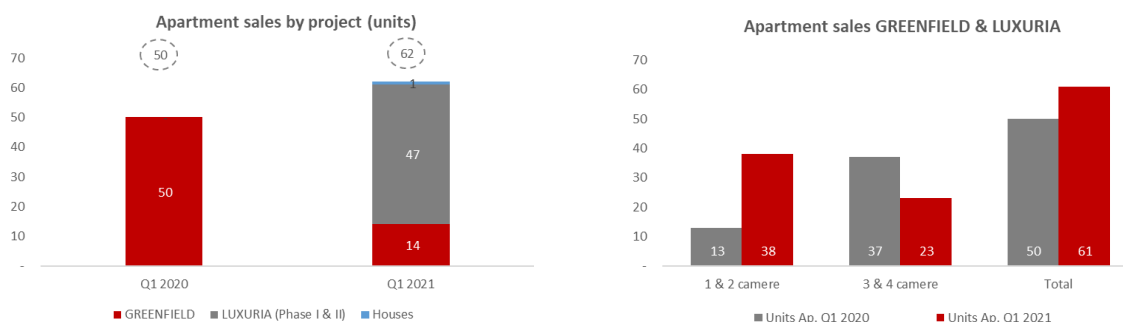
In Q1 2021, in the revenue structure, considering the number of dwellings sold, the **GREENFIELD** project contributed by 23% whilst the **LUXURIA** project contributed by 76%.

In Q1 2021, unrealized foreign exchange losses related to the revaluation of bonds and investment loans at the end of March 2021 were recorded as the exchange rate rose to 4.9251 RON/EUR from 4.8694 as of 31 December 2020 (2.51 mLEI).

SALE OF APARTMENTS

In Q1 2021, sales reached a number of **62** dwellings (61 apartments and 1 house, plus parking lots and court yards included) compared to **50** dwellings sold in Q1 2020. Additionally, in Q1 2021, 16 individual parking spaces were sold versus 1 in Q1 2020.

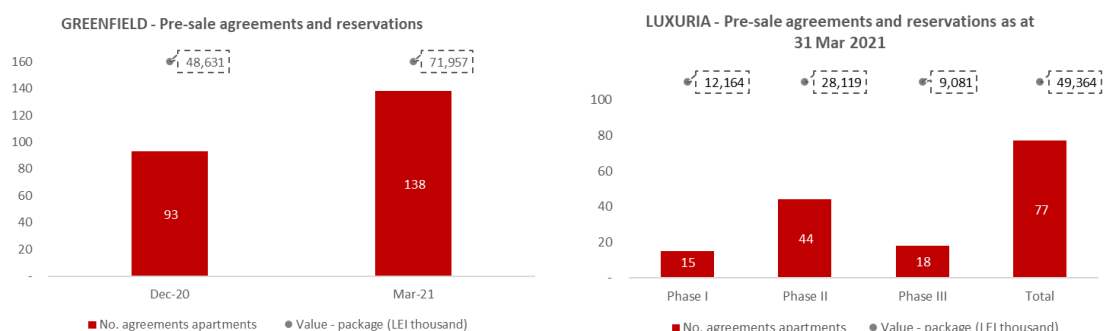
The apartments sold in Q1 2021 totalized a built area of **5,261 sq m**, (4,338 sq m in Q1 2020). Out of the **61** apartments sold in Q1 2021, **14** were sales related to **GREENFIELD** (1,295 sq m) and **47** were sales related to **LUXURIA** (3,966 sq m).



Pre-sales of apartments

In addition to the **62** sale agreements, whose value is reflected in the revenues recorded in Q1 2021, on 31 March 2021, pre-sale agreements and reservations for **226** apartments located in **GREENFIELD**, **LUXURIA** and **BOREAL PLUS** were concluded, with a value of **125.9 mLEI**, estimated to be turned into revenues, as follows:

- Q2 2021 and Q1 2022: **3.8 mLEI** for the finalized apartments in **GREENFIELD**;
- Q2 2021, H2 2021 and Q1 2022: **12.2 mLEI** for the first phase of **LUXURIA**;
- Q2 2021, H2 2021 and Q1 2022: **28.1 mLEI** for the second phase of **LUXURIA**;
- Q3 2021: **9.1 mLEI** for the third phase of **LUXURIA**;
- Q4 2021 and Q1 2022: **42.5 mLEI** for apartments in **Panoramic Assembly** in **GREENFIELD**;
- Q2 2022: **25.7 mLEI** for apartments in **Teilor Assembly** in **GREENFIELD**;
- Q3 2022: **4.5 mLEI** for apartments in **BOREAL PLUS**.



GREENFIELD and LUXURIA, completed phases – apartments sold until 31 March 2021

- **GREENFIELD, first phase:** 680 apartments completed, out of which **677** sold and **3** rented;
- **GREENFIELD, second phase:** 924 apartments completed, out of which **923** sold and 1 for sale;
- **GREENFIELD, third phase:** 944 apartments completed, out of which **923** sold, **6** pre-sold and **15** for sale;
- **LUXURIA, first two phases:** 500 apartments completed, out of which **210** sold, **59** pre-sold and **231** for sale.

MAIN INDICATORS OF THE FINANCIAL POSITION – CONSOLIDATED

LEI thousand	31-Mar-2021	31-Dec-2020	Var %
Non-current assets, of which	469,966	467,552	1%
Investment property	460,193	457,706	1%
Property, plant and equipment	7,463	7,552	(1%)
Current assets, of which	543,761	520,337	5%
Inventories	439,455	434,741	1%
Trade and other receivables	40,024	26,574	51%
Cash and cash equivalents	64,282	59,022	9%
Total assets	1,013,727	987,889	3%
Liabilities, of which	375,404	347,061	8%
Loans and borrowings	280,293	255,836	10%
Equity	638,323	640,828	(0%)
Total equity and liabilities	1,013,727	987,889	3%

The 1% increase in inventories as of 31 March 2021 compared to 31 December 2020 is driven by the construction works for the third phase of **LUXURIA**, for the fourth phase of **GREENFIELD** and **BOREAL PLUS** in Constanta. The increase in investment property is due to construction works for **GREENFIELD PLAZA**.

The 51% increase in trade and other receivables as of 31 March 2021 compared to 31 December 2020 is driven by sales related to the **LUXURIA** project, the increase in recoverable VAT and advances granted to suppliers for developments.

In Q1 2021, the loan granted by Libra Internet Bank was utilized for the financing of **LUXURIA** and new loans were contracted and started to be utilized, this being the main reasons for the 10% increase in the outstanding balance of loans and borrowings as of 31 March 2021 compared to 31 December 2020.

In February 2021, two loan agreements were signed with First Bank to finance **Panoramic Assembly** of **GREENFIELD** project (5.9 mEUR investment loan and 4.5 mLEI for VAT).

In March 2021, a credit line of 5.8 mEUR was contracted from Libra Bank to finance the current activity.

As of 31 March 2021, **IMPACT** had in stock 3,157,000 repurchased shares with a book value of LEI 4,040,000.

LAND PORTFOLIO AS OF 31 March 2021

At the end of March 2021, **IMPACT** owns **88 ha of land** with a book value of **584 mLEI**, land intended for the development of new projects, related to infrastructure and for sale.

Compared to 31 December 2020, no important changes were in the land portfolio.

Location	City	Surface (ha)	IFRS book value (mRON)	IFRS book value (mEUR)	EPRA value (mRON)	EPRA value (mEUR)
GREENFIELD BANEASA	Bucharest	39.6	295.1	60.6	336.0	69.0
LUXURIA DOMENII	Bucharest (Expozitiiei Blvd.)	0.7	14.1	2.9	14.1	2.9
Bd. Timisoarei - Bd. Ghencea	Bucharest	25.9	105.7	21.7	105.7	21.7
Barbu Vacarescu	Bucharest	2.6	134.9	27.7	134.9	27.7
Zenit, Neptun, Boreal	Constanta	8.5	13.1	2.7	36.0	7.4
Iasi	Iasi	2.4	18.5	3.8	19.0	3.9
Other	Bucharest, Oradea	8.3	2.9	0.6	2.9	0.6
Total		88.0	584.3	120.0	648.6	133.2

Note 1: The EPRA value considers the market value based on the revaluations performed by Colliers Valuation and Advisory as at 31 Dec 2020

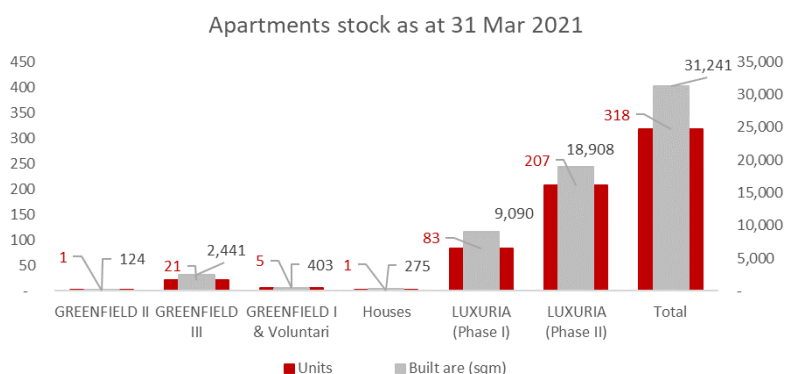
Note 2: 12.54 ha represent infrastructure for the already developed projects, of which 7.8 ha for GREENFIELD and 4.54 ha for other projects (Voluntari, Oradea). These were considered at net book value for EPRA calculation

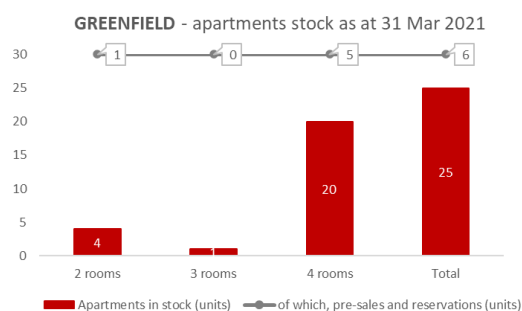
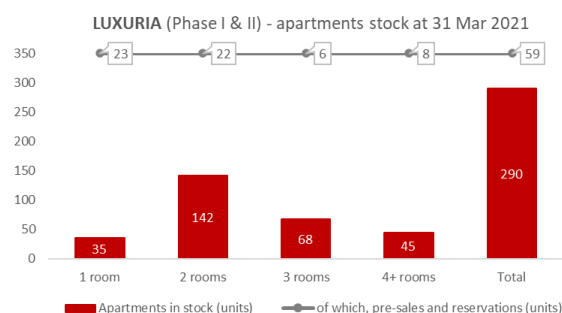
Note 3: The FX rate used to translate the RON denominated amounts in EUR - 4.8694 RON/EUR

DWELLINGS INVENTORY AS OF 31 March 2021

As of 31 March 2021, the inventory included **318** apartments and houses fully completed, with a built area of **31,241 sq m** and a book value of 147 mLEI.

The detailed status of the inventory of apartments and houses as of 31 March 2021 is the following:





PROJECTS UNDER DEVELOPMENT

IMPACT's activity during the first quarter of 2021 was dominated by the development of four residential projects, namely:

- Bucharest: **GREENFIELD Baneasa Residence**, **LUXURIA Domenii Residence**
- Constanta: **BOREAL PLUS**
- Iasi: **GREENFIELD COPOU**

• **LUXURIA Residence (Bucharest)**

LUXURIA is a new **housing concept** of **IMPACT** and is addressed to the premium segment of the residential market. The **LUXURIA Residence** project was commenced in 2018, is developed on an area of app. 2.25 ha and has 630 apartments.

The construction for the first 500 apartments was completed in 2020. The next 130 apartments are to be completed in Q2-Q3 2021.

• **GREENFIELD Baneasa Residence (Bucharest)**

In 2019, the PUZ for the new development phases in **GREENFIELD Baneasa Residence** that will bring to the market more than 4,300 apartments was obtained.

In 2020, the building permit for **Panoramic Assembly** (138 apartments), **Teilor Assembly** and **Greenfield Plaza** was obtained. **Greenfield Plaza** incorporates a Strip Mall, SPA area and a gym/sports hall.

The new phases include Smart City facilities and the buildings are designed to reduce energy consumption and to use energy from renewable sources to minimize the carbon footprint.

In the first 3 months of 2021, the construction works for the **Panoramic Assembly** and **Greenfield Plaza** were continued and the works for **Teilor Assembly** were started.

• **BOREAL PLUS (Constanta)**

In 2019, the PUZ for **BOREAL PLUS** residential project was obtained, which is being developed in Constanta and will bring to the market 694 homes (apartments and villas).

In the first 3 months of 2021, the construction works for the first 209 apartments of the 18 villas were continued.

• **GREENFIELD COPOU (Iasi)**

Starting the design, approval and authorization in order to develop a mixed project in Iasi.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

IMPACT pays special attention to international business standards and corporate social responsibility standards. As a result, sustainability is a priority branch in the development of the company's projects. We consider that it is our duty to responsibly manage the impact that our activity has on the environment and people. Therefore, our long-term objective has a strong purpose: to have a positive impact on the society and the environment while creating value for both the company and our clients.

In the first three months of 2021, we were actively involved in several social responsibility projects in various domains:

- **Education.** The Bucharest General Council approved the project for public **school and kindergarten** in GREENFIELD Baneasa. IMPACT donated to the Bucharest City Hall a plot of land of 9,620 sq m, together with the building project of a public school and kindergarten in GREENFIELD Baneasa, in order to ensure easy schooling access to children who live in the northern part of the capital. The total value of the land and the project amounts to **EUR 1.75 million**. The project will be developed in 24 months and it will be a complete educational center, with school, kindergarten, gym, library, arts/music workshops, pedestrian alleys, green spaces, playgrounds, parking places and all the things necessary for an ultramodern educational center.
- **Public transport.** This year, a second STB line to Greenfield Baneasa neighborhood was introduced, the 203 route.

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

- **Utilities.** In Q1 2021, work was performed on the expansion of the public water supply network in the Greenfield Baneasa, an investment of EUR 350,000 financed by Impact and which is due for completion in the second quarter of this year.
- **Caring for the environment.** Impact sponsored the Great Cleaning, the annual event organized by the residents of Greenfield. Being at the third edition, **210** people participated in the event this year, cleaning **80 ha** of forest and collecting approximately **2 tons** of garbage.

IMPACT ON THE CAPITAL MARKET

IMPACT Developer & Contractor has been listed on the Bucharest Stock Exchange since 1996. As of 2006, its shares are traded in the 1st category of the Bucharest Stock Exchange, and since January 2015, **IMPACT's** shares have been traded in the Premium category, according to the new segmentation of the Bucharest Stock Exchange.

In August 2019, following the decision of the General Shareholders' Meeting of 24 April 2019, the share capital was reduced by LEI 3,423 thousand, as a result of the cancellation of a number of 3,423,042 own shares acquired by the Company. Thus, the total number of shares of **IMPACT** was reduced from 277,866,574 shares to 274,443,532 shares.

In April 2020, following the decision of the General Shareholders' Meeting of 28 April 2020, the reduction of the Company's share capital from 274,443,532 LEI, with the amount of 9,443,532 LEI to 265,000,000 mLEI, was approved, by reducing the number of shares, from 274,443,532 shares to 265,000,000 shares, as a result of the cancellation of a number of 9,443,532 own shares, acquired by the Company. The reduction of the share capital took place and was recorded in July 2020.

*Evolution of **IMPACT** share price (IMP) 2017 – Mar 2021*



Relative evolution of IMP vs. BET index 2017 – Mar 2021



There are no restrictions related to the transfer of securities, there are no restrictions related to the voting rights, there are no holders of securities with special control rights. **IMPACT**, as the holder of its own shares, as a result of the redemption programs, does not have the right to vote in the general meetings, its votes being suspended.

METRICS	31-Dec-19	31-Dec-20	31-Mar-21
Price per share (LEI)	1.49	1.88	2.92
Number of shares (IMPACT Developer & Contractor)	274,443,532	265,000,000	265,000,000
Market capitalization (LEI thousand)	408,921	498,200	773,800
IFRS (consolidated)			
Net profit (LEI thousand)	154,484	74,856	(1,305)
Net asset value ("NAV", LEI thousand)	583,941	640,828	638,323
NAV/Share (LEI)	2.13	2.42	2.44
EPRA* Net Asset Value (consolidated)			
EPRA NRV (LEI thousands)	818,273	917,518	897,929
EPRA NTA (LEI thousands)	795,145	889,732	870,162
EPRA NDV (LEI thousands)	772,303	862,218	842,699
EPRA NRV/Share (LEI)	2.98	3.46	3.43
EPRA NTA/Share (LEI)	2.90	3.36	3.32
EPRA NDV/Share (LEI)	2.81	3.25	3.22

*European Public Real Estate Association

*As at 31 March 2021, indicators per share were calculated considering 261,843,000 shares

In October 2019, the European Public Real Estate Association ('EPRA') published new performance measures for EPRA Net Assets, namely three new measures of net asset value were introduced: Net Reinvestment Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV). These three new measures are replacing the previous EPRA Net Assets measure.

The reconciliation between the Net Book Assets according to the IFRS consolidated financial statements and the EPRA standard is the following:

LEI thousand	31-Dec-19			31-Dec-20			31-Mar-21		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
NAV per the IFRS financial statements	583,941	583,941	583,941	640,828	640,828	640,828	638,323	638,323	638,323
Include:									
i) Revaluation of property developed for sale	39,796	39,796	39,796	126,663	126,663	126,663	109,649	109,649	109,649
ii) Revaluation of land and WIP held as inventory	148,566	148,566	148,566	94,727	94,727	94,727	94,727	94,727	94,727
Exclude:									
iii) Deferred tax	45,970	22,985	-	55,300	27,650	-	55,230	27,615	-
iv) Intangibles as per the IFRS financial statements	-	(143)	-	-	(136)	-	-	(152)	-
EPRA Net Assets	818,273	795,145	772,303	917,518	889,732	862,218	897,929	870,162	842,699

The Colliers valuations as of 31 December 2019 were used to determine the EPRA value on 31 March 2021.

i) Revaluation of property developed for sale

The inventories/finished goods (apartments) were revaluated at market value by Colliers Valuation and Advisory on 31 December 2020 for **GREENFIELD** and **LUXURIA**. The increase/difference between the market value resulted after the revaluation 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.

ii) Revaluation of land and WIP held as inventory

The land held as inventory and the WIP for the 3rd phase of Luxuria was revaluated on 31 December 2020 by Colliers Valuation and Advisory. The adjustment was done to reflect the market value of the plots of land and WIP was included in inventories, as they are held at cost in the IFRS financial statements. The market value for the land located in GREENFIELD is EUR 228/sq m and for the land located in Constanta (Zenit) is EUR 145/sq m.

iii) 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). Fully adjusted for EPRA NRV, 50% adjusted for EPRA NTA and nil adjustment for EPRA NDV.

iv) Intangibles as per the IFRS financial statements are fully adjusted for EPRA NTA. No adjustment is required for EPR NRV and EPRA NDV.

OTHER ASPECTS

On 21 April 2021, in the General Shareholders' Meeting, the members of the Board of Directors of **IMPACT** were elected for a term of four years (28 April 2021 – 28 April 2025), namely: Iuliana Urda (Chairman of the Board of Directors), Alina Scarlat, Daniel Pandele, Petru Vaduva (Intrepid Gem SRL) and Sorin Apostol.

On 27 April 2021, the Board of Directors of **IMPACT** decided to appoint Mr. Constantin Sebesanu as General Manager for a term of four years, starting with 28 April 2021. He replaced Mr. Sorin Apostol, who holds the position of Executive Director, starting with the same date.

As regards the litigation in which it is involved, the Company took all the necessary steps in order to finalize the litigation forming the object of File No. 5642/300/2017 regarding the severance of the joint tenancy having as its object the land located at 162-164 Barbu Vacarescu Street. In 2020, the topographic and cadastral geotechnical expert appraisal report was completed, and in Q1 2021 we worked on the completion of the evaluation expert appraisal report. The next court hearing granted in this case is 3 June 2021. At the time of the court decision, the court will have to share the plots taking into account the ownership shares held by each party, but also issues related to the location, identification and evaluation of the plots.

In File No. 5737/3/2018 having as its object an action filed by the Company against the Romanian State and the Bucharest City Hall regarding the land located at 402-412 Prelungirea Ghencea, the Company obtained favorable decisions issued by the Bucharest Tribunal and the Bucharest Court of Appeal. Thus, by Decision No. 2651, the Bucharest Tribunal established that the Company has an ownership right over the land, and by Decision No. 1246 of 06.10.2020, the Court of Appeal rejected the appeals and maintained Decision No. 2651 of 22.11.2019 of the Bucharest Tribunal as thorough and legal. Decision No. 1246 of 06.10.2020 of the Bucharest Court of Appeal may be appealed within 30 days from its communication. In Q1 2021 no communications were received related to this file.

The Company received the subpoena in File No. 5856/3/2021, as Defendant, a file registered on the dockets of the Bucharest Tribunal, Administrative and Fiscal Dispute Section, having as its object the suspension and annulment of the administrative act HCGMB 705/18.12.2019 approving the Zone Urbanism Plan Alea Teişani - Drumul Pădurea Neagră No. 56-64, suspension and annulment of Construction Authorizations Nos. 434/35/P/2020 and 435/36/P/2020, annulment of preliminary endorsements, demolition works. The Company hired specialists on the legal and urban planning side to build the defense in this case and makes all the necessary diligence and efforts to prove the validity and legality of the challenged acts.

PERSPECTIVES FOR THE PERIOD APRIL - DECEMBER 2021

- Completion and start of sale for the apartments of the third phase of phase of **LUXURIA** (130 apartments), of the first phase of the **Platanilor Assembly** in **GREENFIELD** (49 apartments) and of the villas in **BOREAL PLUS** (18 villas);
- Completion of **GREENFIELD PLAZA** and the HQ building of **IMPACT**;
- Continuing the construction works for **Platanilor Assembly** and **Teilor Assembly** in **GREENFIELD**;
- Continuing the construction works for **BOREAL PLUS**;
- Obtaining building permits and starting the works for **GREENFIELD COPOU Iasi**;
- Obtaining financing for the ongoing projects.

CONSOLIDATED ENTITIES

The financial statements of **IMPACT** group include the results of **IMPACT Developer & Contractor SA** and the results of its subsidiaries: **Bergamot Developments SRL, Bergamot Developments Phase II SRL, Actual Invest House SRL, Impact Finance & Developments SRL, Clearline Development and Management SRL, Greenfield Copou Residence SRL, Greenfield Copou Residence Phase II SRL** and **Greenwise Development SRL**.

The **IMPACT Group** closely monitors the effects of the Coronavirus pandemic and its effects on the real estate market and the economic environment in the country and will take all necessary measures to minimize the impact and respect its commitments towards customers, financiers and shareholders.

Chief Executive Officer
Constantin Sebeșanu

Chairman of the Board of Directors
Iuliana-Mihaela Urda

Chief Financial Officer
Giani-Iulian Kacic

**ANNEX 1 – CONSOLIDATED STATEMENT OF PROFIT OR LOSS – 3M 2021
(UNAUDITED)**

LEI thousand	31-Mar-2021	31-Mar-2020
Revenue from real estate inventories	39,397	23,062
Costs of real estate inventories	(28,004)	(12,138)
Gross profit	11,393	10,924
Net rental income	149	(29)
General and administrative expenses	(5,357)	(5,303)
Marketing expenses	(1,676)	(1,094)
Depreciation and amortization	(281)	(281)
Other operating income/expenses	(145)	269
Total other income / expenses	(7,310)	(6,438)
Unrealized gains / (loss) on investment property	-	-
Operating profit	4,083	4,486
Finance costs, net	(5,018)	(2,636)
Profit before income tax	(935)	1,850
Income tax credit/(charge)	(370)	(1,223)
Profit / (loss) for the period	(1,305)	627

**ANNEX 2 – CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 MARCH 2021
(UNAUDITED)**

LEI thousand	31-Mar-2021	31-Dec-2020
ASSETS		
Non-current assets		
Property, plant and equipment	7,463	7,552
Intangible assets	152	136
Investment property	460,193	457,706
Financial assets	2,158	2,158
Total non-current assets	469,966	467,552
Current assets		
Inventories	439,455	434,741
Trade and other receivables	40,024	26,574
Cash and cash equivalents	64,282	59,022
Total Current Assets	543,761	520,337
Total Assets	1,013,727	987,889
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	272,464	272,464
Share premium	65,711	65,711
Revaluation reserves	3,001	3,001
Other reserves	13,305	13,305
Own shares	(4,040)	(2,675)
Retained earnings	287,882	289,022
Total equity	638,323	640,828
Non-current liabilities		
Loans and borrowings	220,122	167,457
Trade and other payables	2,819	1,909
Deferred tax liability	55,230	55,300
Total non-current liabilities	278,171	224,666
Current liabilities		
Loans and borrowings	60,171	88,379
Trade and other payables	36,395	33,349
Provisions for risk and charges	667	667
Total current liabilities	97,233	122,395
Total liabilities	375,404	347,061
Total shareholders' equity and liabilities	1,013,727	987,889

IMPACT DEVELOPER & CONTRACTOR SA

Registered office: Willbrook Platinum Business & Convention Center, 172-176 Bucharest – Ploiesti Road, Building A,
1st floor, Bucharest, 1st District, Phone: +40 21.230.75.70/71/72, Fax: +40 21.230.75.81/82/83

Subscribed and paid up share capital: RON 265,000,000.

Registered with the Trade Registry Office within Bucharest Court under no. J40/7228/2018, S.R.C. RO 1553483

IMPACT Developer & Contractor SA

Financial ratios as at 31 March 2021

A. Annex 13 A to the ASF Regulation No. 5/2018

IMPACT - Individual

Ratio	31-Mar-2021	Calculation method
Current ratio	16.03	Current assets/Current liabilities
Gearing ratio	26.15%	Borrowed capital/Equity x 100
Receivables turnover	99.73	Average balance for receivables/Revenues x 90
Non-Current assets turnover	0.02	Revenues/Non-current assets

IMPACT - Consolidated

Ratio	31-Mar-2021	Calculation method
Current ratio	5.59	Current assets/Current liabilities
Gearing ratio	43.91%	Borrowed capital/Equity x 100
Receivables turnover	26.69	Average balance for receivables/Revenues x 90
Non-Current assets turnover	0.08	Revenues/Non-current assets

B. Gearing ratio calculated based on EPRA NAV

IMPACT - Individual & Consolidated

Ratio	31-Mar-2021	Calculation method
Gearing ratio (individual)	21.81%	Borrowed capital/EPRA NRV x 100
Gearing ratio (consolidated)	31.22%	Borrowed capital/EPRA NRV x 100

Note: The financial ratio were calculated based on the unaudited individual and consolidated financials as at 31 March 2021, both the ones calculated according to the ASF Regulation No. 5/2018 and the Gearing ratio calculated based on EPRA NRV.

Chief Executive Officer
Constantin Sebeşanu

Chairman of the Board of Directors
Iuliana Mihaela Urda

Chief Financial Officer
Giani Iulian Kacic

IMPACT DEVELOPER & CONTRACTOR S.A.

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2021**

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

UNAUDITED

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IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

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

	Note	31 March 2021	31 December 2020
ASSETS			
Non-current assets			
Property, plant and equipment		7,463	7,552
Intangible assets		152	136
Investment property	7	460,193	457,706
Investments accounted for using the equity method		2,158	2,158
Total non-current assets		469,966	467,552
Current assets			
Inventories	8	439,455	434,741
Trade and other receivables	9	40,024	26,574
Cash and cash equivalents	10	64,282	59,022
Total current assets		543,761	520,337
Total assets		1,013,727	987,889
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	272,464	272,464
Share premium		65,711	65,711
Revaluation reserve		3,001	3,001
Other reserves		13,305	13,305
Own shares	12	(4,040)	(2,675)
Retained earnings		287,882	289,022
Total equity		638,323	640,828
Non-current liabilities			
Loans and borrowings	13	220,122	167,457
Trade and other payables	14	2,819	1,909
Deferred tax liability		55,230	55,300
Total non-current liabilities		278,171	224,666

The notes attached are part of these financial statements.
This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

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

	<u>Note</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Current liabilities			
Loans and borrowings	13	60,171	88,379
Trade and other payables	14	36,395	33,349
Provisions for risks and charges	15	667	667
Total current liabilities		97,233	122,395
Total liabilities		375,404	347,061
Total shareholders' equity and liabilities		1,013,727	987,889

The consolidated financial statements have been authorized for issue by the management on 14 May 2021 and signed on its behalf by:

Constantin Sebeșanu
 Chief Executive Officer

Iuliana Mihaela Urda
 President BOD

Giani Kacic
 Chief Financial Officer

The notes attached are part of these financial statements.
 This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	31 March 2021	31 March 2020
Revenue from real estate inventories	16	39,397	23,062
Costs of real estate inventories		(28,004)	(12,138)
Gross profit		11,393	10,924
Net rental income		149	(29)
General and administrative expenses	17	(5,357)	(5,305)
Marketing expenses		(1,676)	(1,094)
Other income/expenses	18	(145)	271
Depreciation and amortization		(281)	(281)
Operating profit		4,083	4,486
Gains from investment property		-	-
Annual operating profit		4,083	4,486
Finance costs, net	19	(5,018)	(2,636)
Profit before income tax		(935)	1,850
Income tax credit/(charge)	20	(370)	(1,223)
Profit for the period		(1,305)	627
Total comprehensive income attributable to:			
Owners of the Company		(1,305)	627
Total comprehensive income for the period		(1,305)	627

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Chief Financial Officer

IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2021		272,464	65,711	3,001	13,305	(2,675)	289,022	640,828
Comprehensive income								
Profit for the year		-	-	-	-	-	(1,305)	(1,305)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	(1,305)	(1,305)
Transactions with shareholders of the Company								
Own shares acquired and cancelled during the year	12	-	-	-	-	(1,365)	-	(1,365)
Own shares acquired		-	-	-	-	-	-	-
Share-based payment		-	-	-	-	-	-	-
		-	-	-	-	(1,365)	-	(1,365)
Contributions and distributions								
Dividends to the owners of the Company		-	-	-	-	-	-	-
Other changes in equity								
Set up of legal reserves		-	-	-	-	-	-	-
Revaluation reserve		-	-	-	-	-	-	-
Transfer of other reserves to retained		-	-	-	-	-	165	165
Balance at 31 March 2021		272,464	65,711	3,001	13,305	(4,040)	287,882	638,323

The consolidated financial statements have been authorized for issue by the management on 14 May 2021 and signed on its behalf by:

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IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance at 1 January 2020		281,907	68,760	3,001	9,179	(7,771)	228,865	583,941
Comprehensive income								
Profit for the year		-	-	-	-	-	74,856	74,856
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	-	74,856	74,856
Transactions with shareholders of the Company								
Own shares acquired and cancelled during the year	12	(9,443)	(3,049)	-	-	12,492	-	-
Own shares acquired	12	-	-	-	-	(9,610)	-	(9,610)
Share-based payment	12	-	-	-	-	2,214	-	2,214
		(9,443)	(3,049)	-	-	5,096	-	(7,396)
Contributions and distributions								
Dividends to the owners of the Company		-	-	-	-	-	(10,449)	(10,449)
Other changes in equity								
Set up of legal reserves		-	-	-	4,126	-	(4,126)	-
Revaluation reserve		-	-	-	-	-	(143)	(143)
Transfer of other reserves to retained		-	-	-	-	-	(124)	(124)
Balance at 31 December 2020		272,464	65,711	3,001	13,305	(2,675)	289,022	640,828

The consolidated financial statements have been authorized for issue by the management on 14 May 2021 and signed on its behalf by:

Constantin Sebeșanu
Chief Executive Officer

Iuliana Mihaela Urda
President BOD

Giani Kacic
Chief Financial Officer

The notes attached are part of these financial statements.
This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

	<u>Note</u>	<u>31 March 2021</u>
Cash flows from operating activities:		
Profit for the period		(1,305)
Adjustments for:		
Depreciation of tangible non-current assets		260
Amortization of intangible non-current assets		20
Impairment of tangible non-current assets, net		-
Result from sale of shares, net		-
Result from disposal of assets, net		-
Impairment of inventories, net		(139)
Impairment of trade and other receivables, net		(31)
Write-offs, net		165
Changes in fair value of investment property		-
Income tax	20	370
Net changes in provisions for risks and charges	15	-
Interest expenses	19	2,539
Interest income	19	(3)
Foreign exchange differences, net	19	2,507
Cash generated in operations before changes to working capital		4,383
Changes in:		
Inventories		(4,575)
Trade and other receivables		(13,416)
Trade and other payables		6,401
Net cash generated from operations		(7,207)
Income tax paid		(2,978)
Interest paid		(2,442)
Net cash used in operating activities		(12,627)
Cash flows from investing activities:		
Purchases of property, plant and equipment and investment property		(2,679)
Purchases of intangible assets		(16)
proceeds from sale of shares held		-
Proceeds from sale of property, plant and equipment		-
Net cash from investing activities		(2,695)

The notes attached are part of these financial statements.
This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR S.A.
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

	<u>Note</u>	<u>31 March 2021</u>
Cash flows from financing activities:		
Dividends paid		(3)
Repayments of borrowings		(27,758)
Proceeds from borrowings		49,708
Acquisitions of own shares		(1,365)
Other		-
Net cash used in financing activities		20,582
Net increase / (decrease) of cash and equivalents		5,260
Cash and equivalents at 1 January	10	59,022
Cash and equivalents as at 31 March	10	64,282

The consolidated financial statements have been authorized for issue by the management on 14 May 2021 and signed on its behalf by:

Constantin Sebeșanu
Chief Executive Officer

Iuliana Mihaela Urda
President BOD

Giani Kacic
Chief Financial Officer

Notes attached form an integral part of these consolidated financial statements.
This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

1. REPORTING ENTITY

These financial statements are the consolidated financial statements of Impact Developer & Contractor S.A ("the Company" or "the Parent") and its subsidiaries (together "the Group") as at and for the period 1 January - 31 March 2021.

The registered office of the Company is Willbrook Platinum Business & Convention center 172 -176 Bucuresti Ploiesti Building A 1st floor Bucharest, 1st district.

The shareholding structures as at 31 March 2021 and 31 December 2020 are disclosed in Note 11.

The Consolidated Financial Statements of the Company for the period of 2021 ended 31 March 2021 include the Company and its subsidiaries (together referred to as the „Group”) as follows:

	Country of registration	Nature of activity	% of shareholding at 31 March 2021	% of shareholding at 31 December 2020
Clearline Development and Management SRL	Romania	Real estate development	100%	100%
Actual Invest House SRL	Romania	Property management	100%	100%
Bergamot Development Phase II SRL	Romania	Real estate development	100%	100%
Bergamot Development SRL	Romania	Real estate development	100%	100%
Impact Finance SRL	Romania	Administration	100%	100%
Greenfield Copou Residence SRL	Romania	Real Estate development	100%	100%
Greenfield Copou Residence Phase II SRL	Romania	Real Estate development	100%	-
Greenwise Development SRL	Romania	Real Estate development	100%	-

The Company is one of the first companies active in real estate development sector in Romania, being constituted in 1991 through public subscription. Initially, its first activities were renting and maintenance of deluxe villas in Bucharest area. In 1995, the Company introduced the residential concept on the Romanian market and, consequently, it changed into a pure real estate developer. Starting 1996, the Company's securities are publicly traded in Bucharest Stock Exchange (BVB).

In the first three months of 2021, the business of Impact Constructor&Developer is mainly related to a major project: Greenfield residential complex in Bucharest and Boreal Plus in Constanta.

As at 31 March 2021, the Company holds 22.38% in the share capital of Star Residence SRL.

2. BASIS OF PREPARATION

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

The financial statements have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, 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.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

2. BASIS OF PREPARATION (continued)

Going concern

The Group has prepared forecasts, including certain sensitivity tests taking into account 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, taking into account the following:

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

The Group is closely monitoring the evolution of the Covid-19 pandemic. In the first three months of 2021, the impact of this pandemic on the main activity was not significant. Management estimates that with the new vaccines to stop this virus, the positive evolution of the pandemic by decreasing the number of cases, and the encouraging developments of the economy forecast by the Government will provide a solid basis for the Group's development in the coming years. The Group continues to fulfil its obligations and therefore continues to apply the going concern accounting principle.

3. FUNCTIONAL AND PRESENTATION CURRENCY

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

Below is presented the summary of the significant accounting policies.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March / 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

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

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Loss of control

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, as well as non-controlling interests and other elements of the subsidiary's equity. Any resulting gain or loss is recognized in the income statement. Any remaining holding in the former subsidiary is measured at fair value at the time of loss of control or measured using the equity method as an investment in affiliates, as the case may be.

Investments measured under the equity method

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

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

(b) Foreign currency

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

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rate prevailing at the date of the determination of fair value. The non-monetary elements denominated in a foreign currency that are carried at historical cost are converted using the exchange rate prevailing at the date of transaction.

The exchange rate differences resulted from translation are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(c) Property, plant and equipment

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties 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 properties 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 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.

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

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible assets acquired separately

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

(e) Investment property

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

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

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

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

(f) Inventories

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

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

- | | |
|--------------------------|--------------------------|
| ✓ Residential properties | specific identification |
| ✓ Land | weighted average cost |
| ✓ Other | first in-first out(FIFO) |

(g) Trade and other receivables

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

Derecognition of financial assets

The Group derecognises 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 recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) Share capital

Ordinary shares

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

Repurchase and reissue of ordinary shares (treasury shares)

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

(j) Dividends

Dividends are recognised 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 group has an employee benefit trust to satisfy the exercise of share options that have vested under the group's share option schemes.

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

(l) Borrowings

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

Borrowing costs

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Trade payables and other payables

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

Derecognition of financial liabilities

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

(n) Leases

The Group analyzes 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 of time 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 -2 years
- Other equipment: 1 -2 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 taking into account 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the Present obligation at the reporting date, taking into account 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.

(p) Revenue

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

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

(i) Revenue from sale of residential properties

Revenue from sale of residential properties during the ordinary course of business are valued at fair value of the amount collected or to be collected on legal completion. The revenues are recognised when the significant risks and rewards of ownership have been transferred to the customer, this is deemed to be when title of the property passes to the customer on legal completion, the associated costs and possible return of goods can be estimated reliably. This is the point at which all performance obligations are satisfied 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 almost always less than one year, the company has also instalments payments over a period more than one year but those are not significant.

(ii) Revenues from re-charging utilities

The revenues from recharge of utilities are recognised when they are realised, together with the utilities expenses invoiced by the suppliers. The Group recharges the utilities under the form of administrative costs. These revenues refer to the rented properties, to the properties sold without the transfer of ownership (sales in installments) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

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

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

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

(r) 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.

(s) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Contingent liabilities

A contingent liability is:

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

(u) Subsequent events

Events occurring after the reporting date 31 March 2021, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the consolidated financial statements. Events occurring after the reporting date that provide information on events that occurred after the reporting date (non-adjusting events), when material, are disclosed in the notes to the consolidated financial statements. When the going concern, assumption is no longer appropriate at or after the reporting period, the financial statements are not prepared on a going concern basis.

(v) Segment reporting

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

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

(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 2020. Colliers is an independent valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation was based on the assumption as to the best use of each property by a third party developer.

In the Romanian market actual transaction values for real estate deals are not publically available and there is not a high volume of transactions in larger land plots. The sales comparables 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 principle assumptions underlying the market value of the groups land assets are:

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

The key inputs are summarised in Note 7.

Management agrees that the valuation of the fair value of the Group's land portfolio, performed by Colliers Valuation and Advisory S.R.L., may lead to different receipts from a sale that may differ from the carrying amount.

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

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

- For the Greenfield West and Barbu Vacarescu projects, in 2019 management has taken the view that legal restrictions on the use of assets are an indication of change in use and consequently these assets are reclassified to investment property and recorded at fair value as at the balance sheet date.
- For a portion of the Greenfield land, management considers that a potential development will not take place in the following 3-4 years from the balance sheet date. Consequently these assets continue to be accounted for at fair value within investment property.

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

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

(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.

As at 31 March 2021, the Group is involved in a litigation with the Cluj Municipality Council claiming the reimbursement of costs amounting to 17 million RON. Based on the legal advice from the Group lawyers, management believes that the outcome of the case will not result in an adverse outcome in these financial statements. However the matter is judgemental and in the event that recoveries are less than the carrying value of the asset then a financial loss will result.

(iv) Cost allocation

In order to determine the profit that the Group should recognise on its developments in a specific period, the Group has to allocate site-wide development costs between units sold in the current year and to be sold in future years. Industry practice does vary in the methods used and in making these assessments there is a degree of inherent uncertainty. 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.

(v) Effects of the Coronavirus pandemic

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

6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted and applied the following accounting standards issued by the International Accounting Standards Board that are mandatory for financial years beginning on or after 1 January 2020.

The impact of the adoption of these new standards on the Group's financial statements is explained below. None of these standards had a material impact on the financial statements of the Company.

- **Conceptual Framework in IFRS standards**

The International Accounting Standards Board ("IASB") issued the revised Conceptual Framework for Financial Reporting on March 29, 2018. The Conceptual Framework establishes a comprehensive set of concepts for financial reporting, standard setting, guidance for the preparers of financial statements in developing consistent accounting policies and assistance for users in understanding and interpreting standards. The IASB also issued a separate attached document, Amendments to the References to the Conceptual Framework to IFRS standards, which sets out the amendments to the affected standards in order to update the revised references to the Conceptual Framework. The objective of the document is to support the transition to the revised Conceptual Framework for entities that develop accounting policies using the Conceptual Framework when no IFRS standard applies to a particular transaction. For those who prepare financial statements and develop accounting policies based on the Conceptual Framework, the document enters into force for annual periods starting on or after January 1, 2020.

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

- **IFRS 3: Business Combinations (Amendments)**

The IASB has issued amendments to the definition of a business (Amendments to IFRS 3) in order to address the challenges that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are in effect for business combinations for which the acquisition date falls within the annual reporting period beginning on or after January 1, 2020 or later and for asset acquisitions occurring on or after the beginning of that period, and early application is permitted. Management considered that this amendment did not have a significant impact on the Group's financial statements.

- **IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of "Material" (Amendments)**

The amendments clarify the definition of "material" and how it should be applied. The new definition states that "information is material if its omission, concealment or misrepresentation could, in a reasonable scenario, influence users' economic decisions based on financial statements that present financial information about a specific entity." Also, the explanations that accompany the definition have been improved. The amendments also ensure the consistent definition of the term "material" in all IFRS standards. The changes take effect for annual periods beginning on or after January 1, 2020 and early application is permitted. Management estimated that this amendment did not have a significant impact on the Group's financial statements.

- **Interest rate benchmark reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 concluding the first phase of its activity to address the effects of the Interbank Offered Interest Rate ("IBOR") reform on financial reporting. The published amendments address issues that have an impact on financial reporting prior to the replacement of an IBOR with an alternative reference rate and address the implications of the specific requirements for the application of hedge accounting in IFRS 9 - Financial Instruments and IAS 39 - Financial Instruments: Recognition and Measurement, which requires a predictive analysis. The amendments provide for temporary exemptions applicable to all hedging relationships that are directly affected by the IBOR reform, which allow for the continuation of hedge accounting in the period of uncertainty before replacing an IBOR with an alternative reference rate with almost no risk. There are also amendments to IFRS 7 - Financial Instruments: Disclosures regarding additional uncertainty arising from the IBOR reform. The amendments shall enter into force for annual periods beginning on or after 1 January 2020 and shall be applied retroactively. The second stage (exposure draft) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced by a risk-free interest rate (RFR). Management considered that this amendment did not have a significant impact on the Group's financial statements.

This year, a number of non-binding amendments to IFRS were issued by the International Accounting Standards Board (IASB) and the Group did not opt for early application.

- **Amendment to 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 refer to an inconsistency identified between the requirements of IFRS 10 and those of IAS 28 in connection with the sale or asset contribution of an investor in favour of the associate or joint venture. The main consequence of the changes is that a total gain or loss is recognized when the transaction involves a business (whether or not it is in the form of a subsidiary). A partial gain or loss is recognized when a transaction involves assets that do not represent a business, even if they are in the form of a subsidiary. In December 2015, the IASB postponed indefinitely the date of entry into force of this amendment pending the results of a research project on accounting using the equity method. The changes have not yet been adopted by the European Union.

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

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

The changes take effect for annual reporting periods beginning on or after January 1, 2022 and early application is permitted. However, in response to the COVID-19 pandemic, the Board postponed the date of entry into force by one year, respectively to 1 January 2023, in order to give companies more time to implement the required classification changes. The amendments aim to promote consistency in the application of classification requirements by helping companies determine whether, in the statement of financial position, liabilities and other payment obligations with uncertain settlement dates should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change the existing requirements for measuring or recognizing any asset, liability, income or expense, nor the information that entities present regarding these items. The amendments also clarify the requirements for classifying liabilities that can be settled by the company by issuing equity instruments. These changes have not yet been adopted by the EU.

- **IFRS 3 - Business Combinations; IAS 16 - Property, plant and equipment; IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020 (Amendments)**

The changes take effect for annual periods beginning on or after January 1, 2022 and early application is permitted. The IASB has issued amendments with a reduced scope to the following IFRS standards:

- **IFRS 3 - Business Combinations (Amendments)** - updates 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)** - The amendments prohibit a company from deducting from the costs of property, plant and equipment the amounts received from the sale of items produced, while the company prepares the asset for operation. Instead, a company will recognize these sales receipts and the related cost in the profit or loss account.
- **IAS 37 - Provisions, contingent liabilities and contingent assets (Amendments)** - changes indicate exactly what costs a company includes when determining the cost of performing a contract in order to assess whether a contract is onerous.
- **The annual improvements 2018-2020** bring minor changes to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and the Illustrative Examples that accompany IFRS 16 - Leases.

The changes have not yet been adopted by the European Union.

- **IFRS 16 - Leases – COVID-19-Related Rent Concessions (Amendments)**

The amendments apply retrospectively for annual reporting periods beginning on or after June 1, 2020. Early application is permitted, including in financial statements that have not yet been authorized to be issued by May 28, 2020. The IASB has amended the standard by granting tenants exemptions from the application of the requirements of IFRS 16 regarding the treatment of amendments to leases for leases that arise as a direct consequence of the COVID-19 pandemic. The amendments provide a practical expedient for lessees to account for any change in lease payments resulting from the lease concession that arises as a consequence of COVID-19 in the same way that it would register the change, in accordance with IFRS 16, if it were not a change of lease. The facilities can be applied only if all the following conditions are met:

- The modification of the lease payments results in a revised consideration for the lease which is, substantially, similar or lower than the consideration for the lease immediately prior to the modification;
- Any reduction in lease payments only affects payments initially due on or before June 30, 2021.
- There were no substantive changes to the other terms and conditions of the lease.

Management considered that this amendment did not have a significant impact on the Group's financial statements.

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

• **Interest rate benchmark reform – Phase Two - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

In August 2020, the IASB published the Interest Rate Benchmark Reform - Phase Two - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, complementing its work to address the effects of the IBOR reform. The amendments provide temporary exemptions that address the effects on financial reporting when IBOR is replaced by an almost risk-free reference (RFR). The amendments provide, in particular, a practical expedient when accounting for changes in the basis for determining contractual cash flows related to financial assets and liabilities, requiring the adjustment of the effective interest rate - treatment similar to an event to update the reference rate in the contract. The amendments also provide for exemptions from the termination of the hedging relationship, including a temporary exemption from the need to identify the hedged component separately when an RFR instrument is designated in a hedging relationship against a hedged component. In addition, the amendments to IFRS 4 are intended to allow insurers that continue to apply IAS 39 to obtain the same exemptions as those provided for in the amendments to IFRS 9. There are also amendments to IFRS 7 *Financial Instruments: Disclosures* to allow users of financial statements to understand the effects of IBOR reform on financial instruments and risk management strategy. The changes take effect for annual periods beginning on or after January 1, 2021 and early application is permitted. Although the application is retrospective, the entities do not have to make restatements for the previous periods.

The Group assesses that none of these amendments have a significant impact on the financial statements.

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7. INVESTMENT PROPERTY

Reconciliation of carrying amount

	31 March 2021	31 December 2020
Balance at 1 January	457,706	384,223
Additions through subsequent expenditures	2,487	3,504
Transfers from	-	5,981
Transfers to	-	(330)
Disposals	-	-
Changes in fair value during the year	-	64,328
Balance at 31 March / 31 December	460,193	457,706

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

Main real estate investments in land

Asset	31 March 2021		31 December 2020	
	sqm	thousand RON	sqm	thousand RON
Greenfield Baneasa land (Bucharest)	210,209	207,789	210,209	207,789
Barbu Vacarescu land (Bucharest)	26,322	137,399	26,322	137,399
Blvd. Ghencea – Timisoara land (Bucharest)	258,925	105,908	258,925	105,908
Total	495,456	451,096	495,456	451,096

In 2019, the Group decided to reclassify the land located in Barbu Vacarescu Blvd. (2.63 ha) and Ghengea-Timisoara Blvd. (15.55 ha) from inventory to investment property. The decision was made based on the analysis of the legal cases involving the land (more details below) which showed that a definitive and irrevocable Court decision would be expected in the foreseeable future. As such, the Group would have to analyze the market conditions at those points in time to decide the best use of the land, namely if it will be used to construct to sell or to construct to rent.

As such, the Group considers that at the end of 2020 and as at 31 March 2021 there is sufficient evidence that the future use of these lands is uncertain and thus these 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".

Valuation processes

The Company's investment properties were valued at 31 December 2020 by independent professionals Colliers Valuation and Advisory SRL, external, independent evaluators, authorized by ANEVAR, having experience regarding the location and nature of the properties evaluated.

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

Fair value hierarchy

Based on the inputs to the valuation technique, the fair value measurement for investment property has been categorised as Level 3 fair value at 31 December 2020. The classification is considered appropriate given the extent of adjustments which are applied to observed data for comparable land and building valuations. These adjustments are based on location and condition and are not directly observable. There were no transfers from levels 1 and 2 to level 3 during the year.

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7. INVESTMENT PROPERTY (continued)

Valuation techniques

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

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

Asset	Main parameters at 31 December 2020
Greenfield Baneasa land	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 170 EUR / sqm to 300 EUR / sqm Observable offer price adjustments to reflect transaction prices, location and condition: from -30% discount to + 40% premium
Barbu Vacarescu Blvd.land	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 1,327 EUR/sqm to 2.600 EUR/sqm Observable offer price adjustments to reflect transaction prices, location and condition: discount from -5% to -50% Additionally, an additional discount rate of 4% was applied for a period of 2 years to consider the current aspects of the disputes
Ghencea- Timisoara Blvd. land	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 100 EUR/sqm to 150 EUR/sqm Observable offer price adjustments to reflect transaction prices, location and condition: discount from -3% to -30%

The carrying value as at 31 March 2021 of the land plots pledged is of 153,133,000 RON (31 December 2020: 153,133,000 RON).

8. INVENTORIES

	31 March 2021	31 December 2020
Finished goods and goods for resale	182,465	205,981
<i>Residential developments:</i>		
- Land	130,388	130,470
- Development and construction costs	126,602	98,290
	439,455	434,741

Lands with a carrying amount of 130,388,000 RON at March 31, 2021 (2020: 130,470,000 RON) consist of land owned by the Group for the development of new residential properties and related infrastructure, mainly in Bucharest, as well as land the Group intends to sell directly.

The real estate properties finished with a carrying amount of 182,465,000 RON at March 31, 2021 (2020: 205,978,000 RON) refer to apartments held for sale by the Group.

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9. TRADE AND OTHER RECEIVABLES

	Current		Non-current	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Trade receivables	12,682	8,417	-	-
Sundry debtors	933	1,038	-	-
Prepaid expenses	6,903	5,106	-	-
Receivables from State	9,829	6,395	-	-
Advance payments to suppliers (for services)	9,677	5,618	-	-
	40,024	26,574	-	-

An allowance has been made for estimated irrecoverable amounts from trade receivables of 1,528,000 RON (2020: 1,529,000 RON).

The trade receivables include the amount of 14,209,000 RON (2020: 9,946,000 RON) in relation with contracts with customers for sale of residential properties.

10. CASH AND CASH EQUIVALENTS

	31 March 2021	31 December 2020
Current accounts	64,267	59,005
Petty cash	16	11
Cash advances	(1)	6
	64,282	59,022

11. SHARE CAPITAL

	31 March 2021	31 December 2020
Share capital	272,464	281,907
	272,464	281,907

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11. SHARE CAPITAL (continued)

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

	31 March 2021	31 December 2020
	%	%
Gheorghe Iaciu	59.41%	59.41%
Andrici Adrian	15.77%	15.98%
Swiss Capital	12.39%	12.53%
Other shareholders	12.43%	12.08%
	100%	100%

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

In accordance with the Constitutive Act of the parent company, during the GSM of 28 April 2020, the share capital was decreased by 9,443,532 RON from 274,443,532 RON, by reducing the number of shares from 274,443,532 to 265,000,000 following the cancellation of 9,443,532 own shares previously acquired by the parent.

Dividends

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

During the the first three months of 2021, the Group paid dividends to its shareholders in total amount of 3.

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12. OWN SHARES

	<u>31 March 2021</u>	<u>31 December 2020</u>
Balance at 1 January	2,675	7,771
Purchase of own shares	1,365	9,610
Own shares cancelled during the year	-	(12,492)
Share-based payments	-	(2,214)
Balance at 31 March / December	4,040	2,675

In accordance with the parent's articles of association, authority was sought at the AGM dated 15.06.2017 to purchase up to 2.56% of the parent's shares in issue as at the date of the decision (maximum 7,000,000 shares). The authority, that has been exercised, was approved and remains exercisable for 24 months from the approval date.

The AGM held on 24.04.2019 approved the purchase of maximum 10,000,000 own shares (ten million) for a period of maximum 18 months starting from publishing in the Romanian Official Gazette representing maximum 3.60% of the shared capital subscribed and paid at the settlement date.

The AGM held on 21.04.2021 approved the purchase of maximum 30,000,000 own shares (thirty million) for a period of maximum 18 months starting from publishing in the Romanian Official Gazette representing maximum 1.905% of the shared capital subscribed and paid at the settlement date.

The own shares reserve represents the cost of shares in the parent purchased in the market, to satisfy options and conditional share awards under the Group's share-based payment schemes.

As at 31 March 2021 the parent has in balance 3,157,000 own shares, with a nominal value of RON 4,040,000 RON (2020: RON 2,675,000 RON).

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. LOANS AND BORROWINGS

This note discloses information related to the contractual terms of the interest bearing loans and borrowings of the Group, valued at amortised cost.

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Secured bank loans	69,241	19,060
Issued bonds	<u>150,881</u>	<u>148,397</u>
	<u>220,122</u>	<u>167,457</u>
Current liabilities		
Current portion of secured bank loans	-	-
Short-term borrowings	<u>60,171</u>	<u>88,379</u>
	<u>60,171</u>	<u>88,379</u>

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

<u>Lender</u>	<u>Currency</u>	<u>Maturity</u>	<u>Amount of the facility, in original currency</u>	<u>Balance at 31 March 2021</u>	<u>Balance at 31 December 2020</u>
Binding loans					
Credit Value Investments	EUR	10.01.2022	12,000	59,402	58,226
Bucharest Stock Exchange SA	EUR	12.12.2022	12,525	59,065	58,123
Private placement bonds	EUR	24.12.2026	6,581	<u>32,415</u>	<u>32,048</u>
				<u>91,480</u>	<u>90,171</u>
Secured bank loans					
UniCredit	EUR	30.04.2021	17,841	-	9,741
UniCredit Bank	EUR	31.08.2021	20,696	57,861	76,423
UniCredit	RON	31.08.2021	17,605	-	-
First Bank	EUR	05.08.2023	5,920	9,251	-
First Bank	RON	05.02.2023	4,500	<u>2,801</u>	<u>-</u>
				<u>69,913</u>	<u>86,164</u>
Libra Bank	RON	17.06.2021	19,700	-	397
Libra Bank	EUR	22.09.2024	8,000	30,459	19,060
Libra Bank	EUR	05.03.2024	5,769	<u>26,731</u>	<u>-</u>
				<u>57,190</u>	<u>19,457</u>
Interest				<u>2,309</u>	<u>1,818</u>
				<u>280,293</u>	<u>255,836</u>

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
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13. LOANS AND BORROWINGS (continued)

On 17 July 2019 Impact Developer & Contractor SA concluded a revolving finance agreement with Libra Bank for a facility of 19,700,000 RON.

On 14 October 2019 Bergamot Development concluded a loan agreement with UniCredit Bank having 2 facilities with the following destination:

- a) Facility 1 represents a development loan in amount of 20,696,000 EUR for financing/refinancing of maximum 65% from net development cost of Luxuria Residence. This facility is not a revolving credit. The mechanism of repayment is agreed at 75-80% paid at final collection from client.
- b) Facility 2 represents a Revolving Type Credit in amount of 17,605,000 RON for financing the VAT payments.

On 16 August 2018, Bergamot Development concluded a loan agreement with UniCredit Bank having 2 facilities with the following destination:

- a) Facility 1 represents a development loan in amount of 16,341,000 EUR for financing/refinancing of maximum 65% from the net development cost of Luxuria Residence. This facility is not a revolving credit. The mechanism of repayment is agreed at 75-80% paid at final collection from client.
- b) Facility 2 consists of a revolving loan amounting to 6,989,000 RON for financing the VAT payments.

In February 2021, the Company contracted two credit facilities from First Bank for developing Panoramic Assembly from Greenfield Baneasa. The first facility is an investment facility with a total value 5,921,000 EUR, maturity 30 months from granting date; the second facility is in RON (4,500,000 RON) and it is for financing VAT, maturity 30 months from granting date.

In March 2021, Bergamot Development contracted a credit line of 5,769,000 EURO from Libra Bank to finance the current activity.

On July 10th, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100,000 and a total face value of EUR 12,000,000 issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o, (CVI), who accepted the Offer on the same date. The bonds were initially offered at a price of EUR 98,400 per Bond (or EUR 11,808,000 per Bond total). The bonds were issued on 11th of July 2017 and are due on the date on which they are 54 months from the date of the issue, provided that 42 months after the issue date, the Company will repurchase 50% of the nominal value of the Bonds. Bonds are interest-bearing at a fixed rate of 6.00% per annum, payable twice a year. On 1 February 2021, the Group signed an agreement to extend the maturity for the amount of EUR 6,000,000 until the maturity of the bonds, i.e. January 2022.

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

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 12,525,000.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

13. LOANS AND BORROWINGS (continued)

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

In December 2020, the parent conducted a new issuance of Private Placement bonds worth EUR 6,581,000 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 the first quarter of 2021.

All the financial covenants provided for in the long-term bank loan agreements were achieved at 31 March 2021.

14. TRADE AND OTHER PAYABLES

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Guarantees	1,418	508
Lease payables	<u>1,401</u>	<u>1,401</u>
	2,819	1,909
Current liabilities		
Trade payables	9,635	6,956
Customer deposits	20,111	18,262
Divides payable	197	200
Payable to affiliates	-	-
Other payables	<u>6,452</u>	<u>7,932</u>
	36,395	33,350
	39,214	35,259

Lease liabilities

The Group concluded leases for office space, equipment rentals and for car access transit necessary within its activity. Leases have a duration between 1 and 3 years. All leases have fixed rates.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

15. PROVISIONS FOR RISKS AND CHARGES

	<u>Provisions for litigation</u>	<u>Other provisions</u>	<u>Total</u>
Balance at 1 January 2021	271	396	667
Provisions made during the year	-	-	-
Provisions used during the year	-	-	-
Balance at 31 March 2021	271	396	667

	<u>Provisions for litigation</u>	<u>Other provisions</u>	<u>Total</u>
Balance at 1 January 2020	319	588	907
Provisions made during the year	-	-	-
Provisions used during the year	48	192	240
Balance at 31 December 2020	271	396	667

16. REVENUES

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

	<u>31 March 2021</u>	<u>31 March 2020</u>
Revenues from sales of residential properties	39,000	23,007
Others	397	55
	39,397	23,062

17. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>31 March 2021</u>	<u>31 March 2020</u>
Consumables	96	135
Administration expenses	2,315	2.183
Staff costs	2,946	2.987
	5,357	5,305

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

18. OTHER OPERATING EXPENSES/INCOME

	31 March 2021	31 March 2020
Other operating income	(1,450)	(1,753)
Rent expenses	174	151
(Profit) / Loss on disposal of property, plant and equipment	-	-
Fines and penalties (income)/expenses	40	35
Taxes	757	501
Other operating expenses	624	795
	145	(271)

19. FINANCE COST/INCOME

	31 March 2021	31 March 2020
Interest expense	2,539	684
Interest income	(3)	(193)
Foreign exchange result	2,507	2,201
Other financial (income)/costs	(25)	(56)
	5,018	2,636

20. TAXATION

Amounts recognised in profit or loss

	31 March 2021	31 March 2020
Deferred tax expense	(70)	-
Tax on profit	440	1.233
Total expense related to tax	370	1.223

21. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

(a) Credit Risk

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

Trade and other receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. All these considered, the management 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.

(b) Liquidity risk

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

(c) Market risk

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

Currency risk

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

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

22. CAPITAL COMMITMENTS

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

23. CONTINGENCIES

Litigation

As of the date of these Consolidated Financial Statements, the Group was involved in a number of ongoing lawsuit, both as plaintiff and defendant.

The management of the Group assess 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 Consolidated Financial Statements.

As regards the litigation in which it is involved, the Company took all the necessary steps in order to finalize the litigation forming the object of File No. 5642/300/2017 regarding the severance of the joint tenancy having as its object the land located at 162-164 Barbu Vacarescu Street. In 2020, the topographic and cadastral geotechnical expert appraisal report was completed, and in Q1 2021 we worked on the completion of the evaluation expert appraisal report. The next court hearing granted in this case is 3 June 2021. At the time of the court decision, the court will have to share the plots taking into account the ownership shares held by each party, but also issues related to the location, identification and evaluation of the plots.

In File No. 5737/3/2018 having as its object an action filed by the Company against the Romanian State and the Bucharest City Hall regarding the land located at 402-412 Prelungirea Ghencea, the Company obtained favorable decisions issued by the Bucharest Tribunal and the Bucharest Court of Appeal. Thus, by Decision No. 2651, the Bucharest Tribunal established that the Company has an ownership right over the land, and by Decision No. 1246 of 06.10.2020, the Court of Appeal rejected the appeals and maintained Decision No. 2651 of 22.11.2019 of the Bucharest Tribunal as thorough and legal. Decision No. 1246 of 06.10.2020 of the Bucharest Court of Appeal may be appealed within 30 days from its communication. In Q1 2021 no communications were received related to this file.

24. RELATED PARTIES

Transactions with associates

At March 31, 2021, the Group has to collect from Star Residence the amount of 1,827,000 RON representing the VAT related to the goods contributed to the share capital.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(all amounts are expressed in thousand RON, unless stated otherwise)

25. SUBSEQUENT EVENTS

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

- a. On February 19, 2021, the General Meeting of Shareholders approved the reduction of the share capital from RON 265,000,000 with the amount of RON 2,500,000 by reducing the number of shares from 265,000,000 shares to 262,500,000 shares, as a result of the cancellation to a number of 2,500,000 own shares, acquired by the Company.
- b. On April 21, 2021, the following were approved at the General Meeting of Shareholders:
 - 1) A new Board of Directors was elected for a period of 4 years (until April 28, 2025). The composition of the new Board of Directors is:
 - Iuliana Mihaela Urda, Chairman of the Board of Directors
 - Intrepid Gem SRL - representative of Mr. Peter Vaduva, Administrator
 - Ruxandra-Alina Scarlat, Administrator
 - Daniel Pandeale, Administrator
 - Sorin Apostol, Administrator
 - 2) Appointment of a new External Financial Auditor - Ernst & Young Assurance Services SRL for the financial year 2021. The auditor Deloitte Audit SRL was revoked following the expiration of the mandate.
 - 3) Capital increase Impact Developer & Contractor S.A. by RON 131,250,000 by incorporating the capital premiums in the amount of RON 69,487,043 and the result carried forward from 2020 in the amount of RON 61,762,957. The capital increase will be achieved by issuing a number of RON 131,250,000 of new shares.
 - 4) The operation of division (splitting) of the nominal value of the shares in a 1: 4 division ratio, respectively the division of the nominal value of the share from 1 RON / share to 0.25 RON / share

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 2021 ENDED 31 MARCH 2021
(all amounts are expressed in thousand RON, unless stated otherwise)

25. SUBSEQUENT EVENTS (continued)

- c. On 27.04.2021, the Board of Directors of Impact decided to appoint Mr. Constantin Sebeșanu, as General Manager for a term of four years, starting with April 28, 2021. He replaced Mr. Sorin Apostol, who holds the position of Executive Director, starting with April 28, 2021.
Mr. Constantin Sebeșanu has experience in project development and asset management, for over 25 years, he attended courses at the Bucharest Polytechnic Institute and holds specializations in Strategic and Financial Management, acquired at Cornell and Boston Universities.
- d. The Company received the subpoena in File No. 5856/3/2021, as Defendant, a file registered on the dockets of the Bucharest Tribunal, Administrative and Fiscal Dispute Section, having as its object the suspension and annulment of the administrative act HCGMB 705/18.12.2019 approving the Zone Urbanism Plan Aleea Teișani - Drumul Pădurea Neagră No. 56-64, suspension and annulment of Construction Authorizations Nos. 434/35/P/2020 and 435/36/P/2020, annulment of preliminary endorsements, demolition works. The company has hired specialists on the legal and urban planning side to build the defense in this case and makes all the necessary diligence and efforts to prove the validity and legality of the contested acts.

The consolidated financial statements have been authorized for issue by the management on 14 May 2021 and signed on its behalf by:

Constantin Sebeșanu
Chief Executive Officer

Iuliana Mihaela Urda
President BOD

Giani Kacic
Chief Financial Officer

IMPACT DEVELOPER & CONTRACTOR SA

**SEPARATE FINANCIAL STATEMENTS
AS 31 MARCH 2021**

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

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IMPACT DEVELOPER & CONTRACTOR SA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

	<u>Note</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
ASSETS			
Non-current assets			
Tangible assets		4,444	4,244
Intangible assets		125	136
Investment property	8	459,256	456,768
Financial assets	10	58,532	58,340
Total non-current assets		522,357	519,488
Current assets			
Inventories	9	165,307	147,927
Trade and other receivables	11	127,378	140,911
Cash and cash equivalents	12	58,371	52,065
Total current assets		351,056	340,903
Total assets		873,413	860,391
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	13	272,464	272,464
Share premium		65,711	65,711
Revaluation reserve		3,001	3,001
Other reserves		12,389	12,389
Own shares	14	(4,040)	(2,675)
Retained earnings		282,402	286,193
Total equity		631,927	637,083
Non-current liabilities			
Loans and borrowings	15	162,933	148,396
Trade and other payables	16	1,420	510
Deferred tax liability		55,230	55,300
Total non-current liabilities		219,583	204,206

The notes attached are part of these financial statements.
This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR SA
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

	<u>Note</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Current liabilities			
Loans and borrowings	15	2,310	2,215
Trade and other payables	16	18,926	16,220
Provisions for risks and charges	17	667	667
Total current liabilities		21,903	19,102
Total liabilities		241,486	223,308
Total equities and liabilities		873,413	860,391

The financial statements have been authorized for issue by the management on May 14, 2021 and signed on its behalf by:

Constantin Sebesanu,
CEO

Giani Iulian Kacic,
CFO

Iuliana Mihaela Urda,
BoD President

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IMPACT DEVELOPER & CONTRACTOR SA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 31 MARCH 2021

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

	<u>Note</u>	<u>31 March 2021</u>	<u>31 March 2020</u>
Revenue from real estate inventories	18	8,013	23,062
Costs of real estate inventories on stock		<u>(4,380)</u>	<u>(12,139)</u>
Gross profit		<u>3,633</u>	<u>10,923</u>
Net rental income	18	338	(10)
General and administrative expenses	19	(4,402)	(4,866)
Marketing expenses		(1,215)	(808)
Depreciation and amortization		(169)	(182)
Other operating income/expenses	20	<u>(208)</u>	<u>1,061</u>
Total other income / expenses		<u>(5,656)</u>	<u>(4,806)</u>
Impairment of assets			<u>34</u>
Annual operating profit		<u>(2,023)</u>	<u>6,152</u>
Finance costs, net	21	<u>(1,838)</u>	<u>(1,528)</u>
Profit before tax		<u>(3,861)</u>	<u>4,624</u>
Income tax expense	22	<u>70</u>	<u>(1,222)</u>
Profit of the period		<u>(3,791)</u>	<u>3,402</u>

The financial statements have been authorized for issue by the management on May 14, 2021 and signed on its behalf by:

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CFO

Iuliana Mihaela Urda,
BoD President

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IMPACT DEVELOPER & CONTRACTOR SA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021
(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	12,379	(2,675)	286,193	637,083
Comprehensive income								
Profit for the year		-	-	-	-	-	(3,791)	(3,791)
Other comprehensive income		-	-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	-	-	-
Transactions with shareholders of the Company								
Own shares acquired during the year	14	-	-	-	-	(1,365)	-	(1,365)
Paid dividends		-	-	-	-	-	-	-
Share capital reduction by cancelling shares		-	-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-	-
Other changes in equity								
Set up of legal reserves		-	-	-	-	-	-	-
Transfer of reserves		-	-	-	-	-	-	-
revaluation reserves		-	-	-	-	-	-	-
Balance on March 31, 2021		272,464	65,711	3,001	12,379	(4,040)	286,193	631,927

The financial statements have been authorized for issue by the management on May 14, 2021 and signed on its behalf by:

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IMPACT DEVELOPER & CONTRACTOR SA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

	Note	Share capital	Share premium	Revaluation reserve	Other reserves	Own shares	Retained earnings	Total equity
Balance on January 1, 2020		281,907	68,760	3,001	8,788	(7,771)	230,996	585,681
Comprehensive income								
Profit for the year		-	-	-	-	-	69,247	69,247
Other comprehensive income		-	-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	-	69,247	69,247
Transactions with shareholders of the Company								
Own shares acquired during the year	14	-	-	-	-	(9,610)	-	(9,610)
Paid dividends		-	-	-	-	-	(10,449)	(10,449)
Share capital reduction by cancelling shares	13	(9,444)	(3,049)	-	-	12,492	-	-
Share-based payments		-	-	-	-	2,214	-	2,214
Other changes in equity								
Set up of legal reserves		-	-	-	3,601	-	(3,601)	-
Transfer of reserves		-	-	-	-	-	-	-
revaluation reserves		-	-	-	-	-	-	-
Balance on December 31, 2020		272,464	65,711	3,001	12,379	(2,675)	286,193	637,083

The financial statements have been authorized for issue by the management on May 14, 2021 and signed on its behalf by:

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Iuliana Mihaela Urda,
BoD President

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IMPACT DEVELOPER & CONTRACTOR SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

	<u>Note</u>	<u>March 31, 2021</u>	<u>March,31 2020</u>
Cash flows from operating activities:			
Profit for the period		(3,791)	3,402
Adjustments for:			
Depreciation of tangible non-current assets		153	162
Amortization of intangible non-current assets		15	20
Impairment of tangible non-current assets, net		-	29
Impairment of inventories, net		200	833
Impairment of trade and other receivables, net		(31)	(64)
Corporate tax	22	(70)	1,222
Interest expenses	21	2,493	1,912
Interest income	21	(1,814)	(1,616)
Foreign exchange differences, net	21	1,224	1,232
Other financial income	21	(65)	
Cash generated in operations before changes to working capital		2,105	3,731
Inventories		(17,580)	10,286
Long term trade and other receivables		(8,035)	(2,710)
Trade and other payables		9,573	754
Cash generated from operations		(17,728)	15,462
Income tax paid		(2,789)	(573)
Interest paid/received, net		2,826	(1,590)
Net cash generated from operations		(17,691)	13,299
Cash flows from investing activities:			
Acquisitions of tangible assets and investment property		(2,588)	(1,107)
Acquisitions of intangible assets		(4)	(35)
Others		(192)	-
Net cash used for investing activities		(2,784)	(1,142)

The notes attached are part of these financial statements.
This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR SA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

	<u>Note</u>	<u>March 31, 2021</u>	<u>March,31 2020</u>
Cash flows from financing activities:			
Paid dividends	13	(3)	(2)
Repayment of borrowings		(3,306)	(4,121)
Cashing from loans		12,052	3,833
Loans granted to affiliates		(4,150)	(9,795)
Repayment of loans granted to affiliates		23,553	-
Acquisitions of new shares		(1,365)	(4,647)
Net cash from (used for) investing activities		26,781	(14,732)
Net increasing/ (decreasing) of cash and cash equivalents		6,306	(2,574)
Cash and cash equivalents on January 1st		52,065	35,357
Cash and cash equivalents on March 31st	12	58,371	32,783

The financial statements have been authorized for issue by the management on May 14, 2021 and signed on its behalf by:

Constantin Sebesanu,
CEO

Giani Iulian Kacic,
CFO

Iuliana Mihaela Urda,
BoD President

IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

1. REPORTING ENTITY

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

The registered office of the Company is Willbrook Platinum Business & Convention Center 172 -176 Bucharest – Ploiesti Road, Building A, 1st floor, Bucharest, 1st district.

The shareholding structure on March 31st, 2021 and December 31st, 2020 is presented in Note 13.

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 March 2021	% of shareholding at 31 December 2020
Clearline Development and Management SRL	Romania	Dezvoltare imobiliara Administrare	100%	100%
Actual Invest House SRL	Romania	imobile	100%	100%
Bergamot Development Phase II SRL	Romania	Dezvoltare imobiliara	100%	100%
Bergamot Development SRL	Romania	Dezvoltare imobiliara	100%	100%
Impact Finance SRL	Romania	Administratie	100%	100%
Greenfield Copou Residence SRL	Romania	Dezvoltare imobiliara	100%	100%
Greenfield Copou Residence Phase II SRL	Romania	Dezvoltare imobiliara	100%	100%
Greenwise Development SRL	Romania	Dezvoltare imobiliara	100%	100%

The Company is one of the first companies active in real estate development sector in Romania, being constituted in 1991 through public subscription. Initially, its first activities were renting and maintenance of deluxe villas in Bucharest area. In 1995, the Company introduced the residential concept on the Romanian market and, step by step, it changed into a pure real estate developer. Starting 1996, the Company's securities are publicly traded in Bucharest Stock Exchange (BVB).

In 2021 the business of Impact revolved around the GREENFIELD residential complex in Bucharest and Boreal Plus in Constanta.

2. THE BOARD OF ADMINISTRATION

The Board of Administration represents the decision-making body on all significant aspects for the Company as a whole due to its strategic, 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.

The Board of Administration consists of 5 members:

- Iuliana Mihaela Urda, chairperson of the Board of Administration
- Intrepid Gem SRL
- Ruxandra-Alina Scarlat, Administrator
- Daniel Pandele, Administrator
- Laviniu Dumitru Beze, Administrator

The notes attached are part of these financial statements.
This is a free translation from the original Romanian version.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

2. THE BOARD OF ADMINISTRATION

Executive Management of the Company

On 29.01.2020 the Board of Administration of Impact decided to appoint Mr. Apostol Sorin as General Manager of the Company for 6 (six) months, starting with 01.02.2020, with the option to change it to a permanent designation. He replaced Mr. Bogdan Ionut Oslobeanu, who requested his mandate to be terminated in order to follow other career opportunities, starting with 31.01.2020. On 27.07.2020 the Board of Administration of Impact decided to extend Mr. Apostol Sorin's mandate as CEO for a period of twelve (12) months.

Mr. Apostol Sorin continues his strategy to develop the Company to the level of the existing projects and shall initiate new projects to consolidate the company's current top position on the residential market.

3. BASIS OF PREPARATION

These separate financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union ("EU IFRS"). The separate Financial Statements are available on the company and Bucharest Stock Exchange website once they are approved by the Board of Directors and General Shareholders Meeting.

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

The going concern principle

The Company has prepared forecasts, including certain sensitivities taking into account 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, taking into account the following:

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

The Company is closely monitoring the evolution of the Covid-19 pandemic. In 2020, the impact of this pandemic on the main activity was not significant, Management estimates that with the new vaccines to stop this virus, the positive evolution of the pandemic by decreasing the number of cases, and the encouraging developments of the economy forecast by the Government will provide a solid basis for the Company's development in the coming years.

The Company continues to fulfil its obligations and therefore continues to apply the going concern accounting principle.

IMPACT DEVELOPER & CONTRACTOR S.A.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

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

The exchange rate differences resulted from translation are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Tangible assets

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

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties 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 properties 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:

- | | |
|---------------------------------|------------|
| • building | 40 years |
| • plant, equipment and vehicles | 3–5 years |
| • fixtures and fittings | 3–12 years |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting,

(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), 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 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.

IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Investment property (continued)

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.

(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 | weighted average cost |
| ✓ 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.

• **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.

(g) 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.

IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Share capital

- **Ordinary shares**

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

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

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares 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.

(i) Dividends

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

(j) 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.

(k) Borrowings

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

- **Borrowing costs**

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

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss.

To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

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.

The notes attached are part of these financial statements.
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IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Trade payables and other payables

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

• **Derecognition of financial liabilities**

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

(m) 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, taking into account 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.

(n) 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 almost always less than one year, the company has also instalments payments over a period more than one year but those are not significant.

IMPACT DEVELOPER & CONTRACTOR SA
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FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenues (continued)

(ii) Revenues from re-charging utilities

The revenues from recharge of utilities are recognised when they are realized, together with the utilities expenses invoiced by the suppliers. The Company recharges the utilities under the form of administrative costs. These revenues refer to the rented properties, to the properties sold without the transfer of ownership (sales in instalments) and to the sales of properties fully paid, up to the moment when the buyer concludes contracts with the utilities suppliers in their own name.

(o) Taxation

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

- **Current tax**

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

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

- **Deferred tax**

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent 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.

(p) 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.

The notes attached are part of these financial statements.
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IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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.

(r) Operating leasing agreements

The Company 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 of time in exchange for the consideration.

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

The Company 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 -2 years
- Other equipment: 1 -2 years

If ownership of a leased asset is transferred to the Company 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 taking into account the option of extension. The right to use assets is also subject to impairment.

At the date of commencement of the lease, the Company 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 Company 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 Company 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 16 Trade and other payables.

IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

5. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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.

(t) Subsequent events

Events occurring after the reporting date March 31, 2021, which provide additional information about conditions prevailing at the reporting date (adjusting events) are reflected in the financial statements.

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

(u) Segment reporting

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

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Valuation of investment property and property, plant and equipment.

The Company has obtained a report from an international valuation company, 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, 2020. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of the valued properties. The valuation was based on the assumption as to the best use of each property by a third-party developer.

In the Romanian market actual transaction values for real estate deals are not publicly available and there is not a high volume of transactions in larger land plots. The sales comparable 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.

Management agrees that the valuation of the fair value of the Group's land portfolio, performed by Colliers Valuation and Advisory S.R.L., may lead to different receipts from a sale that may differ from the carrying amount.

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

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

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

- For the Ghencea and Barbu Vacarescu projects, in 2019, management has taken the view that legal restrictions on the use of assets are an indication of change in use. Consequently, these assets are reclassified to investment property and recorded at fair value as at the balance sheet date.
- For a portion of the Greenfield land, management considers that a potential development will not take place in the following 3-4 years from the balance sheet date. Consequently, these assets continue to be accounted for at fair value within investment property.

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

(iii) Legal issues

The management of the Company analyses regularly the status of all ongoing litigations and following a 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.

On March 31, 2021, a subsidiary company is engaged in a dispute with Cluj City Council. The company is seeking reimbursement of costs amounting to RON 17 million plus expenses. Based on advice from the Company's lawyers, management believes that the outcome of the case will not result in an adverse outcome in these financial statements. However, the matter is judgmental and in event that recoveries are less than the carrying value of the asset then a financial loss will result.

(iv) Cost allocation

In order to determine the profit that the Company should recognize on its developments in a specific period, the Company has to allocate site-wide development costs between units sold in the current year and to be sold in future years. Industry practice does vary in the methods used and in making these assessments there is a degree of inherent uncertainty. In case 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.

(v) Effects of the Coronavirus pandemic

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

IMPACT DEVELOPER & CONTRACTOR SA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
(All amounts are expressed in thousand RON, unless stated otherwise)

7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company adopted and applied the following accounting standards issued by the International Accounting Standards Board that are mandatory for financial years beginning on or after 1 January 2020.

- **Conceptual Framework in IFRS standards**

The International Accounting Standards Board ("IASB") issued the revised Conceptual Framework for Financial Reporting on March 29, 2018. The Conceptual Framework establishes a comprehensive set of concepts for financial reporting, standard setting, guidance for the preparers of financial statements in developing consistent accounting policies and assistance for users in understanding and interpreting standards. The IASB also issued a separate attached document. Amendments to the References to the Conceptual Framework to IFRS standards, which sets out the amendments to the affected standards in order to update the revised references to the Conceptual Framework. The objective of the document is to support the transition to the revised Conceptual Framework for entities that develop accounting policies using the Conceptual Framework when no IFRS standard applies to a particular transaction. For those who prepare financial statements and develop accounting policies based on the Conceptual Framework, the document enters into force for annual periods starting on or after January 1, 2020.

- **IFRS 3: Business Combinations (Amendments)**

The IASB has issued amendments to the definition of a business (Amendments to IFRS 3) in order to address the challenges that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are in effect for business combinations for which the acquisition date falls within the annual reporting period beginning on or after January 1, 2020 or later and for asset acquisitions occurring on or after the beginning of that period, and early application is permitted. Management considered that this amendment did not have a significant impact on the Group's financial statements.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of "Material" (Amendments)**

The amendments clarify the definition of "material" and how it should be applied. The new definition states that "information is material if its omission, concealment or misrepresentation could, in a reasonable scenario, influence users' economic decisions based on financial statements that present financial information about a specific entity." Also, the explanations that accompany the definition have been improved. The amendments also ensure the consistent definition of the term "material" in all IFRS standards. The changes take effect for annual periods beginning on or after January 1, 2020 and early application is permitted. Management estimated that this amendment did not have a significant impact on the Group's financial statements.

- **Interest rate benchmark reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)**

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 concluding the first phase of its activity to address the effects of the Interbank Offered Interest Rate ("IBOR") reform on financial reporting. The published amendments address issues that have an impact on financial reporting prior to the replacement of an IBOR with an alternative reference rate and address the implications of the specific requirements for the application of hedge accounting in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which requires a predictive analysis. The amendments provide for temporary exemptions applicable to all hedging relationships that are directly affected by the IBOR reform, which allow for the continuation of hedge accounting in the period of uncertainty before replacing an IBOR with an alternative reference rate with almost no risk. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional uncertainty arising from the IBOR reform. The amendments shall enter into force for annual periods beginning on or after 1 January 2020 and shall be applied retroactively. The second stage (exposure draft) focuses on issues that could affect financial reporting when an existing interest rate benchmark is replaced by a risk-free interest rate (RFR). Management considered that this amendment did not have a significant impact on the Group's financial statements.

This year, a number of non-binding amendments to IFRS were issued by the International Accounting Standards Board (IASB) and the Company did not opt for early application.

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

- **Amendment to 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 refer to an inconsistency identified between the requirements of IFRS 10 and those of IAS 28 in connection with the sale or asset contribution of an investor in favour of the associate or joint venture. The main consequence of the changes is that a total gain or loss is recognized when the transaction involves a business (whether or not it is in the form of a subsidiary). A partial gain or loss is recognized when a transaction involves assets that do not represent a business, even if they are in the form of a subsidiary. In December 2015, the IASB postponed indefinitely the date of entry into force of this amendment pending the results of a research project on accounting using the equity method. The changes have not yet been adopted by the EU.

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

The changes take effect for annual reporting periods beginning on or after January 1, 2022 and early application is permitted. However, in response to the COVID-19 pandemic, the Board postponed the date of entry into force by one year, respectively to 1 January 2023, in order to give companies more time to implement the required classification changes. The amendments aim to promote consistency in the application of classification requirements by helping companies determine whether, in the statement of financial position, liabilities and other payment obligations with uncertain settlement dates should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change the existing requirements for measuring or recognizing any asset, liability, income or expense, nor the information that entities present regarding these items. The amendments also clarify the requirements for classifying liabilities that can be settled by the company by issuing equity instruments. These changes have not yet been adopted by the EU.

- **IFRS 3 Business Combinations; IAS 16 Property, plant and equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020 (Amendments)**

The changes take effect for annual periods beginning on or after January 1, 2022 and early application is permitted. The IASB has issued amendments with a reduced scope to the following IFRS standards:

- **IFRS 3 Business Combinations (Amendments)** - updates 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)** - The amendments prohibit a company from deducting from the costs of property, plant and equipment the amounts received from the sale of items produced, while the company prepares the asset for operation. Instead, a company will recognize these sales receipts and the related cost in the profit or loss account.
- **IAS 37 Provisions, contingent liabilities and contingent assets (Amendments)** - changes indicate exactly what costs a company includes when determining the cost of performing a contract in order to assess whether a contract is onerous.
- **The annual improvements 2018-2020** bring minor changes to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples that accompany IFRS 16 Leases.

The changes have not yet been adopted by the EU.

- **IFRS 16 Leases - Covid-19-Related Rent Concessions (Amendments)**

The amendments apply retrospectively for annual reporting periods beginning on or after June 1, 2020. Early application is permitted, including in financial statements that have not yet been authorized to be issued by May 28, 2020. The IASB has amended the standard by granting tenants exemptions from the application of the requirements of IFRS 16 regarding the treatment of amendments to leases for leases that arise as a direct consequence of the COVID-19 pandemic. The amendments provide a practical expedient for lessees to account for any change in lease payments resulting from the lease concession that arises as a consequence of COVID-19 in the same way that it would register the change, in accordance with IFRS 16, if it were not a change of lease.

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

The facilities can be applied only if all the following conditions are met:

- The modification of the lease payments results in a revised consideration for the lease which is, substantially, similar or lower than the consideration for the lease immediately prior to the modification.
- Any reduction in lease payments only affects payments initially due on or before June 30, 2021.
- There were no substantive changes to the other terms and conditions of the lease.

Management considered that this amendment did not have a significant impact on the Group's financial statements.

- **Interest rate benchmark reform – Phase Two - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)**

In August 2020, the IASB published the Interest Rate Benchmark Reform - Phase Two - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, complementing its work to address the effects of the IBOR reform. The amendments provide temporary exemptions that address the effects on financial reporting when IBOR is replaced by an almost risk-free reference (RFR). The amendments provide, in particular, a practical expedient when accounting for changes in the basis for determining contractual cash flows related to financial assets and liabilities, requiring the adjustment of the effective interest rate - treatment similar to an event to update the reference rate in the contract. The amendments also provide for exemptions from the termination of the hedging relationship, including a temporary exemption from the need to identify the hedged component separately when an RFR instrument is designated in a hedging relationship against a hedged component. In addition, the amendments to IFRS 4 are intended to allow insurers that continue to apply IAS 39 to obtain the same exemptions as those provided for in the amendments to IFRS 9. There are also amendments to IFRS 7 *Financial Instruments: Disclosures* to allow users of financial statements to understand the effects of IBOR reform on financial instruments and risk management strategy. The changes take effect for annual periods beginning on or after January 1, 2021 and early application is permitted. Although the application is retrospective, the entities do not have to make restatements for the previous periods.

The Company assesses that none of these amendments have a significant impact on the financial statements.

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8. INVESTMENT PROPERTY

Reconciliation of carrying amount of property investments

	2021	2020
Balance on January 1	456,768	383,285
Additions	2,488	3,504
Entries by transfer		
Entries by transfer	-	5,981
Disbursements by transfer	-	-
Disposals	-	(330)
Changes in fair value on projects transferred from inventory		64,328
Balance on March 31 / December 31	459,256	456,768

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

Main real estate investments in land

	31 March 2021		31 December 2020	
Asset	sqm	thousand RON	sqm	thousand RON
Greenfield Baneasa land (Bucharest)	210,209	207,789	197,085	165,779
Barbu Vacarescu land (Bucharest)	26,322	137,399	26,322	118,503
Blvd, Ghencea – Timisoara land (Bucharest)	258,925	105,908	258,925	95,286
Total	495,456	451,096	482,332	379,568

Valuation processes

The Company's investment properties were valued at December 31, 2020 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.

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8. INVESTMENT PROPERTY (continued)

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, 2020. 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 levels 1 and 2 to level 3 during the year.

Valuation techniques

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

Asset	Main parameters at 31 December 2020	Main parameters at 31 December 2019
Greenfield Baneasa land	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 170 EUR / sqm to 300 EUR / sqm Observable offer price adjustments to reflect transaction prices, location and condition: from -30% discount to + 40% premium 	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 98 EUR/sqm to 200 EUR/sqm Observable offer price adjustments to reflect transaction prices, location and condition: discount from -25% to +45% premium
Barbu Vacarescu land	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 1,327 EUR/sqm to 2,600 EUR/sqm Observable offer price adjustments to reflect transaction prices, location and condition: discount from -5% to -50% Additionally, an additional discount rate of 4% was applied for a period of 2 years to consider the current aspects of the disputes 	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 1,327 EUR/sqm to 2,500 EUR/sqm Observable offer price adjustments to reflect transaction prices, location and condition: discount from -20% to -50% Additionally, an additional discount rate of 4% was applied for a period of 3 years to consider the current aspects of the disputes
Bldv Ghencea- Timisoara land	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 100 EUR/sqm to 150 EUR/sqm Observable offer price adjustments to reflect transaction prices, location and condition: discount from -3% to -30% 	<ul style="list-style-type: none"> Price offer per square meter for land used as comparable: from 70 EUR/sqm to 120 EUR/sqm Observable offer price adjustments to reflect transaction prices, location and condition: discount from -3% to -20%

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

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9. INVENTORIES

	31 March 2021	31 December 2020
Finished goods and goods for resale	10,794	14,587
<i>Residential developments:</i>		
- Land	96,959	97,042
- Development and construction costs	57,554	36,298
	165,307	147,927

Land with a carrying amount of RON 96,959 thousand as at 31 March 2021 (2020: RON 97,042 thousand) consists of land held by the Company for development of new residential properties and infrastructure, mainly in Bucharest, as well as land which the Company intends to realize value through direct sale.

Completed residential properties with a carrying value of 10,794 RON as at March 31, 2021 (2020: RON 14,587 thousand) refer entirely to apartments held for sale by the Company.

The carrying value as at December 31, 2020 of the finished goods inventories pledged is of 0 RON.

10. FINANCIAL ASSETS

	31 March 2021	31 December 2020
Interests in affiliates and associates	66,664	66,473
Impairment of interest in affiliates and associates	(8,133)	(8,133)
	58,532	58,340

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10. FINANCIAL ASSETS (continued)

The Company holds interests in the following affiliates:

31 March 2021				
	Percentage	Gross value	Impairment	Book value
Actual Invest House	6,23%	110	(110)	-
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developments	99%	41,791	-	41,791
Bergamot Developments Phase II	99%	49	-	49
Impact Finance	99%	1	-	1
Greenfield Copou Residence	99%	49	-	49
Greenfield Copou Residence Phase II	99%	49	-	49
Greenwise Development	99%	49	-	49
Total affiliates		64,516	(8,133)	56,383
Star Residence	22%	2,149	-	2,149
Total associates		2,149	-	2,149
Total affiliates and associates		66,664	(8,133)	58,532

31 December 2020				
	Percentage	Gross value	Impairment	Book value
Actual Invest House	6.23%	110	(110)	-
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developments	99%	41,791	-	41,791
Bergamot Developments Phase II	99%	1	-	1
Impact Finance	99%	1	-	1
Greenfield Copou Residence	99%	1	-	1
Total affiliates		64,324	(8,133)	56,191
Star Residence	22%	2,149	-	2,149
Total associates		2,149	-	2,149
Total affiliates and associates		66,473	(8,133)	58,340

Clearline Development and Management SRL hold the rest of 93,77% in Actual Invest House S.R.L.

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10. FINANCIAL ASSETS (continued)

- a) Actual Invest House S.R.L. a company that provides management services for new residential developments.
- b) Clearline Development and Management S.R.L. (former Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca, in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation 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 (Urban and Construction) 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.
- g) Star Residence Invest S.A.. a company whose main object of activity is the letting and sub-letting of real estate. in which Impact holds 22% ownership at the end of 2020. Star Residence SRL is a private company founded on October 7, 2020, being 100% owned by the Company, On December 23, 2020, 77,62% of the shares of Star Residence SRL were sold to private investors.
- h) Greenfield Copou Residence Phase II S.R.L., a company within the group having as main object of activity real estate development has been incorporated in February 2021.
- i) Greenwise Development S.R.L., a company within the group having as main object of real estate development has been incorporated in February 2021.

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11. TRADE AND OTHER RECEIVABLES

	Short term		Long term	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
Trade receivables	4,343	3,970	-	-
Receivables from affiliates	104,765	127,067	-	-
Sundry debtors	(349)	(613)	-	-
Receivables from State	5,012	1,044	-	-
Advance payments to suppliers (for services)	7,587	4,847	-	-
Other receivables	6,019	4,596	-	-
	127,378	140,911	-	-

As of December 31, 2020, the Company did not have any trade receivables and other pledged receivables.

12. CASH AND CASH EQUIVALENT

	31 March 2021	31 December 2020
Current accounts	58,353	52,048
Petty Cash	12	8
Cash advances	5	9
	58,371	52,065

13. SHARE CAPITAL

	31 December 2020	31 December 2019
Share capital paid in	265,000	265,000
Adjustments of the share capital (hyperinflation)	7,464	7,464
	272,464	272,464

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

	31 December 2020	31 December 2019
	%	%
Gheorghe Iaciu	59,41%	59,41%
Andrici Adrian	15,77%	15,98%
SWISS CAPITAL	12,39%	12,53%
Other shareholders	12,43%	12,08%
	100%	100%

The notes attached are part of these financial statements.
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All shares are ordinary and have equal ranking related to the Company's residual assets. The nominal value of one share is 1 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.

In accordance with the Constitutive Act of the company, during the GSM of 28 April 2020, the share capital was decreased by 9,443,532 RON from 274,443,532 RON, by reducing the number of shares from 274,443,532 to 265,000,000 following the cancellation of 9,443,532 own shares previously acquired by the company.

Dividends

During the first quarter of 2021, the Company did declare and paid dividends to its shareholders in total amount of 3 thousand RON related to the previous financial years.

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14. OWN SHARES

At the AGM dated April 28, 2020, was approved the buy back of a maximum number of 10,000,000 (ten million) shares, for a maximum period of 18 months from the date the resolution is published the Romanian Official Gazette, representing a maximum of 3,64 % of the subscribed and paid in share capital.

The own shares reserve represents the cost of shares in IMPACT purchased in the market, to satisfy options and conditional share awards under the Company's share option plans.

As at 31 December 2020, the Company has in balance 3,157 thousand own shares, at an average price of RON 1,2798 /share with a nominal value of RON 4,040 thousand (2020: RON 2,675 thousand).

15. 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 23.

	<u>31 March 2021</u>	<u>31 December 2020</u>
Non-current liabilities		
Secured bank loans	9,250	-
Debenture loans	<u>92,130</u>	<u>148,396</u>
	<u>101,380</u>	<u>148,396</u>
Current liabilities		
Current portion of secured bank loans	63,863	-
Short-term borrowings	<u>-</u>	<u>2,215</u>
	<u>63,863</u>	<u>2,215</u>

Terms and repayment schedules

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

<u>Lender</u>	<u>Currency</u>	<u>Maturity</u>	<u>Amount of the facility, in original currency</u>	<u>Balance at 31 March 2021</u>	<u>Balance at 31 December 2020</u>
loans					
Credit Value Investments Bucharest Stock	EUR	10.01.2022	12,000	60,179	59,896
Exchange S,A	EUR	12.12.2022	12,525	60,042	58,225
Private placement bonds	EUR	24.12.2026	6,581	32,972	32,093
Total bonds				<u>153,193</u>	<u>150,214</u>
Libra Internet Bank	RON	17.06.2021	19,700	-	397
First Bank	EUR	05.08.2023	5,921	<u>9,250</u>	-
First Bank	RON	05.08.2023	4,500	<u>2,800</u>	-
Total bank loans				<u>12,050</u>	<u>397</u>
Total				<u>165,043</u>	<u>150,611</u>

The notes attached are part of these financial statements.
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15. LOANS AND BORROWINGS (continued)

The interest rates at which the Company borrowed the loans in RON are between 5,3% - 7,05%.

On July 10, 2017, the Company offered 120 A series-bearer bonds for subscription, each with a face value of EUR 100 thousand and a total face value of EUR 12,000 thousand issued in physical form, to two funds of investments managed by Credit Value Investments Sp. z o. o. (CVI). The bonds were issued on 11th of July, 2017 and are due on the date on which they are 54 months from the date of the issue. The bonds bear a fixed interest rate of 6,00% per year, payable twice a year. On 1 February 2021, the Group signed an agreement to extend the maturity for the amount of EUR 6,000 thousand until the maturity of the bonds, i.e., January 2022.

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

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

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

In December 2020, the Company conducted a new issuance of Private Placement bonds worth EUR 6,580 thousand at a fixed interest rate of 6,4% p.a. due twice a year. The bonds were issued by the Company dated 24th of December 2020, have a maturity of 6 years and are listed on the Regulated Market of the BSE starting date 25th March, 2021.

In February 2021, The Company contracted two credit facilities from First Bank for developing Panoramic Residential Project from Greenfield Bucharest. The first facility is investment facility total value 5,921 thousand EUR, maturity 30 months from granting date; the second facility is in RON (4,500 thousand) and it is for financing VAT, maturity 30 months from granting date.

All the financial covenants provided for in the long-term bank loan agreements were achieved at 31 March 2021.

16. TRADE AND OTHER PAYABLES

	31 March 2021	31 December 2020
Non-current liabilities		
Guarantees	1,420	510
	1,420	510
Current liabilities		
Trade payables	5,167	3,373
Customer deposits	9,610	6,086
Divides payable	141	200
Payable to affiliates	197	67
Other payables	3,811	6,494
	18,826	16,220

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17. PROVISIONS FOR RISKS AND CHARGES

	Provisions for litigation	Other provisions	Total
Balance on January 1, 2021	271	396	667
Provisions established during the period	-	-	-
Provisions written back during the period	-	-	-
Balance on March 31, 2021	271	396	667

18. REVENUES

Revenues of the Company:

	31 March 2021	31 March 2020
Revenue from sale of residential properties	8,013	23,007
Other revenues	-	55
	8,013	23,062

	31 March 2021	31 March 2020
Net rental income		
Revenues from rentals	114	123
Revenue from re-charging utilities	907	928
Operating expenses directly related to properties rented	(683)	(1,061)
	338	(10)

19. GENERAL AND ADMINISTRATIVE EXPENSES

	31 March 2021	31 March 2020
Consumables	76	118
Services provided to third parties	1,703	2,056
Staff costs	2,623	2,692
	4,402	4,866

20. OTHER OPERATING EXPENSES/INCOME

	31 March 2021	31 March 2020
Other operating income	(363)	(1,689)
Rent expenses	113	106
(Profit) / Loss on disposal of property, plant and equipment	-	-
Fines and penalties (income)/expenses	(32)	35
Other operating expenses	426	489
	208	(1,061)

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21. FINANCE COST/INCOME

	<u>31 March 2021</u>	<u>31 March 2020</u>
Interest expense	2.493	1.895
Interest income	(1.814)	(1.510)
Foreign exchange result	1.224	1.232
Net result from the sale of financial investments	<u>(65)</u>	<u>(90)</u>
	<u>1.838</u>	<u>1,528</u>

22. INCOME TAX

Taxes recognized in the account of profit and loss

	<u>31 March 2021</u>	<u>31 March 2020</u>
Current income tax	<u>(70)</u>	<u>1,222</u>
Tax income expenses	<u>(70)</u>	<u>1,222</u>

23. 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:

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23. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (continued)
(a) Credit Risk (continued)

	<u>Nota</u>	<u>31 March 2021</u>	<u>31 December 2020</u>
Trade and other receivables	11	127,378	140,911
Cash and cash equivalents	12	58,371	52,065
		185,749	192,976

Trade receivables and other receivables

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

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

(b) Liquidity risk

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

(c) Market risk

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

Currency risk

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

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

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24. CAPITAL COMMITMENTS

At 31 December 2020, the Company has no capital commitments contracted.

25. CONTINGENCIES

Litigations

As of the date of these Financial Statements, the Company was involved in various ongoing lawsuits both as plaintiff and defendant.

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

As regards the litigation in which it is involved, the Company took all the necessary steps in order to finalize the litigation forming the object of File No. 5642/300/2017 regarding the severance of the joint tenancy having as its object the land located at 162-164 Barbu Vacarescu Street. In 2020, the topographic and cadastral geotechnical expert appraisal report was completed, and in Q1 2021 we worked on the completion of the evaluation expert appraisal report. The next court hearing granted in this case is 3 June 2021. At the time of the court decision, the court will have to share the plots taking into account the ownership shares held by each party, but also issues related to the location, identification and evaluation of the plots.

In File No. 5737/3/2018 having as its object an action filed by the Company against the Romanian State and the Bucharest City Hall regarding the land located at 402-412 Prelungirea Ghencea, the Company obtained favorable decisions issued by the Bucharest Tribunal and the Bucharest Court of Appeal. Thus, by Decision No. 2651, the Bucharest Tribunal established that the Company has an ownership right over the land, and by Decision No. 1246 of 06.10.2020, the Court of Appeal rejected the appeals and maintained Decision No. 2651 of 22.11.2019 of the Bucharest Tribunal as thorough and legal. Decision No. 1246 of 06.10.2020 of the Bucharest Court of Appeal may be appealed within 30 days from its communication. In Q1 2021 no communications were received related to this file.

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26. RELATED PARTIES

Company subsidiaries

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

	<u>Registration country</u>	<u>Scope of activity</u>
Clearline Development and Management SRL	Romania	Real estate development
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 Developments SRL	Romania	Real estate development

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26. RELATED PARTIES (continued)

Company subsidiaries (continued)

Transactions and balances with related parties during and for the period ended March 31, 2021

	Transactions at March 31, 2021	Balance at March 31, 2021
Sales of goods and services		
Subsidiaries		
Actual Invest House	13	16
Clearline Development and Management	1	121
Bergamot Developments	202	1,742
Bergamot Developments Phase II	1	-
Impact Finance Developments	6	-
Greenfield Copou Residence SRL	1	330
Greenfield Copou Residence Phase II SRL	1	1
Greenwise Developments SRL	1	1
	225	2,112

	Value of the transaction at March 31, 2021	Balance at March 31, 2021
Acquisition of goods and services		
Subsidiaries		
Actual Invest House	239	14
Clearline Development and Management	6	-
Greenfield Copou Residence SRL	6	-
	251	14

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26. RELATED PARTIES (continued)

Company subsidiaries (continued)

	Balance at March 31,2021
Granted loans	
Subsidiaries	
Clearline Development and Management	80
Bergamot Developments	37,123
Bergamot Developments Phase II	33,142
Greenfield Copou Residence	20,046
	90,391
	Balance at March 31,2021
Interest rate	
Subsidiaries	
Clearline Development and Management	1
Bergamot Developments	893
Bergamot Developments Phase II	551
Greenfield Copou Residence	365
	1,811

Transactions with associates

At December 31, 2020, the Group has to collect from Star Residence the amount of 1,827 representing the VAT related to the goods contributed to the share capital

Associates

	Country of origin	Object of activity
Star Residence Invest S.A.	Romania	Lease of real estate

27. SUBSEQUENT EVENTS

Company's management does not consider that any significant events occurring subsequent to 31 March 2021 up to the date of the approval of these financial statements would require adjustments,

The Company presents the following subsequent events from March 31, 2021 to the date of approval of these financial statements:

- A) On February 19, 2021, the General Meeting of Shareholders approved the reduction of the share capital from RON 265,000,000 with the amount of RON 2,500,000 by reducing the number of shares from 265,000,000 shares to 262,500,000 shares, as a result of the cancellation to a number of 2,500,000 own shares, acquired by the Company.

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27. SUBSEQUENT EVENTS (continued)

- B) On April 21, 2021, the following were approved at the General Meeting of Shareholders:
- 1) A new Board of Directors was elected for a period of 4 years (until April 28, 2025). The composition of the new Board of Directors is:
 - Iuliana Mihaela Urda, Chairman of the Board of Directors
 - Intrepid Gem SRL - representative of Mr. Peter Vaduva, Administrator
 - Ruxandra-Alina Scarlat, Administrator
 - Daniel Pandele, Administrator
 - Sorin Apostol, Administrator
 - 2) Appointment of a new External Financial Auditor - Ernst & Young Assurance Services SRL for the financial year 2021. The auditor Deloitte Audit SRL was revoked following the expiration of the mandate.
 - 3) Capital increase Impact Developer & Contractor S.A. by RON 131,250,000 by incorporating the capital premiums in the amount of RON 69,487,043 and the result carried forward from 2020 in the amount of RON 61,762,957. The capital increase will be achieved by issuing a number of RON 131,250,000 of new shares.
 - 4) The operation of division (splitting) of the nominal value of the shares in a 1: 4 division ratio, respectively the division of the nominal value of the share from 1RON / share to 0.25 RON / share
- C) On 27.04.2021, the Board of Directors of Impact decided to appoint Mr. Constantin Sebeșanu, as General Manager for a term of four years, starting with April 28, 2021.
He will replace Mr. Sorin Apostol, who will hold the position of Executive Director, starting with April 28, 2021. Mr. Constantin Sebeșanu has experience in project development and asset management, for over 25 years, he attended courses at the Bucharest Polytechnic Institute and holds specializations in Strategic and Financial Management, acquired at Cornell and Boston Universities.
- D) The Company received the subpoena in File No. 5856/3/2021, as Defendant, a file registered on the dockets of the Bucharest Tribunal, Administrative and Fiscal Dispute Section, having as its object the suspension and annulment of the administrative act HCGMB 705/18.12.2019 approving the Zone Urbanism Plan Aleea Teișani - Drumul Pădurea Neagră No. 56-64, suspension and annulment of Construction Authorizations Nos. 434/35/P/2020 and 435/36/P/2020, annulment of preliminary endorsements, demolition works. The Company hired specialists on the legal and urban planning side to build the defense in this case and makes all the necessary diligence and efforts to prove the validity and legality of the challenged acts.

The separate financial statements have been authorized for issue by the management on May 14, 2021 and signed on its behalf by:

Constantin Sebesanu,
CEO

Giani Iulian Kacic,
CFO

Iuliana Mihaela Urda,
BoD President