IMPACT DEVELOPER & CONTRACTOR SA
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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

Transcript of the teleconference for analysts, investors and journalists held on 26.04.2021, 11.00 AM for the presentation of 2020 Financial results and prospects for 2021

The presentation made during the teleconference is available on the Company's website at the following link:

https://www.impactsa.ro/pictures/documents/2747-ImpactDeveloperContractor-ConsolidatedFS2020_EN.pdf

***Analyst 1*: We noticed a 19% increase in investment property. What is the reason for this increase?**

Answer: The increase in investment property as of December 31, 2020 compared to December 31, 2019 is mainly due to the appreciation of the market value of the lands that are reflected at fair value. By area, the main lands that contributed to this increase are located in Bucharest: the land near the Baneasa forest (15% increase in the EUR per sqm value), the land located in Bd. Barbu Vacarescu (14% increase in the EUR per sqm value) and the land from Ghencea Blvd. – Timisoara Blvd. (9% increase in the EUR per sqm value). Market values were determined by Colliers Valuation and Advisory, external and independent evaluators.

***Analyst 2*: How the decrease in 2020 profit can be explained?**

Answer: The gross margin was about 31% and 46% in 2020 and 2019, respectively. Indeed, the net profit was lower in 2020 compared to 2019, yet about 81% of the difference is not due to the operational activity, but to a smaller increase in net gains from the revaluation of investment properties. Revenues increased by 30% in 2020 compared to 2019, despite an unfavorable and uncertain context generated by the COVID 19 pandemic. The gross margin is also influenced by the product mix sold, GREENFIELD generating higher margins compared to LUXURY (IMPACT's premium product). The revenues generated by the LUXURIA project were reflected in the profit and loss account starting with 2020 when the first two phases of the project were completed and the signing of sale-purchase contracts began. Also, in 2020, the sales generated by GREENFIELD BANEASA were limited by the availability for sale of the completed apartments, IMPACT managing to sell almost entirely, by the end of the year, the developed and completed phases. The GREENFIELD BANEASA project is in a new development and construction cycle and we expect that starting with 2022 it will contribute substantially to the Company's revenues, as the new phases are completed.

***Analyst 2*: What will happen in case the net profit will not be grown back?**

Answer: IMPACT has a valuable land portfolio, in excellent locations both in Bucharest and in the country, tested and recognised on the market housing concepts - GREENFIELD and LUXURY - and an experience of 30 years on the real estate market in Romania. In the medium and long term, IMPACT is in an extensive development process that can be supported by the existing land portfolio and intensified by the acquisition of new land as suitable locations are identified. We expect to increase the profit as the new developments are completed and the sales are made - the new phases of the GREENFIELD BANEASA project, the third phase of the LUXURIA RESIDENCE project, GREENFIELD COPOU RESIDENCE (Iasi), BOREAL PLUS (Constanta), LUXURIA CITY CENTER (Bucharest, Barbu Vacarescu), GREENFIELD WEST (Bucharest, Ghencea Blvd. - Timisoara Blvd.). For the most part, the new developments are mixed projects that will generate income from their commercial component as well.

***Analyst 1:* Could you please explain the increase in long term debt?**

Answer: The increase in long-term debt on December 31, 2020 compared to December 31, 2019 is mainly the effect of using the investment credit granted by Libra Bank for the development of the third phase of the LUXURIA RESIDENCE project and fundraising by issuing new bonds to support the expansion the Company's activity (EUR 6.58 million bonds issued in December 2020 with a maturity of 6 years).

Analyst 1: **What is the EBITDA margin expected in the next period?**

Answer**:** We expect a positive evolution, as new developments are completed.