Transcript of the teleconference for analysts, investors and journalists held on 20.08.2021, 11.00 AM for the presentation of H1 2021 Financial results and prospects for 2021

Participant 1: I've seen the financial statements, yes, you can present briefly the results and then I have some questions.

Answer: I will start by briefly presenting the main aspects of Impact's activity in the first 6 months of 2021:

- Impact sold and recorded revenues for 94 apartments, meaning 8,961 sqm for both Luxuria and Greenfield Baneasa. 74 apartments were from Luxuria and 19 apartments from Greenfield Baneasa. As at 30 June 2021 we had pre-sale and reservation agreements for 280 apartments, meaning 21,518 sqm and we estimate that these will be translated into revenues in the next period, until 2022.
- From the projects' development perspective, we have accelerated the construction for Panoramic Assembly and at present we can say that we have completed 41 apartments. These will be ready for sale starting this semester.
- Also, we are working at no less than 3 phases in Teilor Assembly of Greenfield, a new residential assembly with 1,167 apartments, each in a certain development stage. All these 3 stages will be completed next year and will be available for sale (i.e. revenue recognition). In the 3rd quarter of this year, in September, we will start another stage of this assembly that will be completed in 2023.
- We have completed the Luxuria project, more specific the last phase with 130 apartments. A few days ago, we had a pre-reception of these apartments, and they will be put for sale in Q4 this year. Registration procedures will follow, and some legal and financial aspects are to be clarified, and we estimate end of September for completion. In Q4, the Phase B of the Luxuria project with the 130 apartments will be available for sale.
- According to the strategy we have for this year, Impact has expanded its geographical presence. We have started a residential development in Constanta last year, the Boreal Plus project with 209 apartments in the first phase. The construction is halfway according to the execution plan, and in the first half of the next year we will complete the reception for these apartments and turn them into revenues. Of the 18 villas, 15 are completed and in the next period, next month more specific, we will complete the last 3 villas. Starting Q3/Q4 they are for sale.
- At the same time we have started the project located in Iasi, Greenfield Copou, in relation to which two aspects are to be noted: 1) the acquisition of the 2nd plot of land located where we have the first plot of land and the start of the development for these lands and 2) at present we are in the permitting phase and we expect to obtain the building permit this quarter and to start the construction in Q4, considering that the project is ready.
- Other aspects to note for the first 6 months are: in March 2021 the 6.58 million EUR bonds issued in December and the REIT like real estate company founded by Impact last year were listed on BSE. At this time we own 22-23% of old shares.
- All this development activity has been supported by hard work to obtain related financing from banks and we can say that at this moment we are ok from this point of view. We have financing from CEC for Boreal Plus, financing for the 3rd phase of Teilor Assembly from Libra, financing for Panoramic Assembly from Firs Bank and we are in process of finalising with Garanti the financing for another phase of Teilor Assembly.
- These were the main aspects for the first 6 months from an operational perspective.
- In terms of financial results, on a consolidated basis we have revenues of RON 68 millon, 5% increase compared with H1 2020. This is mainly due to the average selling price that was 22% higher compared to last year, namely, on average 1,380 EUR/mp vs. 1,031 EUR/mp last year. If in the first half of the last year we sold mainly apartments in Greenfield and less in Luxuria, this year the weight has changed

in favour of Luxuria were we sold 74 apartments vs. 45 apartments last year. In Greenfield we sold 19 apartments.

- It should be noted that in Greenfield we practically have no stock of completed apartments. Impact has built about 2,500 apartments there and we have only 20 completed apartments that can be sold, of which 17 apartments with 4 rooms. For part of them pre-sale agreements and reservations are in place, and we estimate that these will be sold entirely by the end of the year.
- Moreover, the 41 apartments that we have completed (Panoramic 2) are to be sold starting October; for 90% of these pre-sale agreements and reservations are in place.
- For Luxuria, by the end of the year, we believe that the sale pace will increase and both revenues an EBITDA will e improved.
- The net result – although in the first 6 months this is negative, there are some simple explanations for this: the negative net result is mainly due to negative foreign exchange financial result – RON 2.7 million and, also, there is a slight increase in administrative and sale costs driven by Impact expansion in Constanta and Iasi where we are developing new residential projects, projects for which we have to make a marketing and promotion effort. At the same time, the number of employees has increase, especially in the areas of sale and administration, but we are confident that things will improve and that we will reach a result close to reality at the end of the year.

Participant 1: Ok, thank you. I have noticed that the operating expenses have increased. Can you explain why?

Answer: As I was mentioning, the operating expenses have increase due to 1) the number of employees has increase to support the company's geographical expansion 2) please note the positive aspect that we have approximately RON 15 million VAT to recover, because, as I said, we are on a new development and construction cycle with nearly zero completed apartments in Greenfield and completed apartments in Luxuria that are targeting a specific market segment. Yes, the operating costs have increased precisely through the two elements, the marketing cost and the personnel cost.

Participant 1: Ok, thank you. What is your estimation for the costs / sqm for Greenfield Copou? For sales and/or construction?

Answer: For construction, around 550-570 EUR / sqm.

Participant 1: Ok thank you so much. I have no more questions. Thank you very much.

Participant 2: Good morning, my name is Marius, private investor and I would have a question related to revenue recognition. Do the costs of property in stock refer to the construction costs you have with the completed properties?

Answer: Yes, only the cost, and some elements of administrative costs.

Participant 2: And the revenues related to residential properties?

Answer: We record revenues related to residential properties according to our accounting policies and costs for networks when they are sold.
Participant 2: I understand, then these costs are related to sales, so you will have a difference between cash flow and revenues, depending on how sales are going in that period.

Answer: Yes.

Participant 2: I understand. One more question related to the costs of construction materials. Do you have the possibility to buy / supply in advance or do you buy at market price?

Answer: As we work with general contractors, we do not buy construction materials directly, instead we negotiate at the level of several projects with suppliers to get good prices for general contractors and then buy them, so theoretically we have a fixed price that was and will be in the contract and must to be respected. We understand that they have difficulties, and we try to support them so to say with some correction factors. We are negotiating with some of them, others are holding out by themselves and of course these costs increase will be reflected in the selling prices for apartments that were not already sold; we need to adjust somewhere to protect our share.

Participant 2: I understand, so technically there are risks related to constructors, if they do not hold out.

Answer: No, we are in partnership with all general constructors. We want them to hold out. If they are not holding out, we are not holding out. We some of them we don't have issues, the project was already in the construction phase and the increase in iron and polystyrene prices did not impact us as the projects were in an advance phase with the structure construction. For those who were in early stages, we are supporting them and bear some of the increase that will be reflected in the sale price. Practically, in Greenfield the sale price was increased starting August 1st and starting September 1st the prices for Luxuria will be adjusted.

Participant 2: I understood, but technically?

Answer: We are trying to protect our profit margin. But obviously this will be reflected in the selling price and probably more next year. We estimate that the sale price will increase further.

Participant 3: Good morning, Razvan Lefter here. Two questions, first of all continuing with what the previous shareholder asked, these raw material prices in your contacts with the service providers, do you have any clauses to adjust their cost in order to protect themselves in turn?

Answer: In the contracts we have today in the company, we did not have such a clause, all our contracts, historically, including those that are now in force, we had set a fixed price and without any adjustment.

Participant 3: If you do not agree with some of them to adjust the prices because, the cost has increased substantially as you said in polystyrene iron, is it possible to see a delay in the work performed?

Answer: No, first of all, we aim to get along with everyone and come to their aid and make things move forward, in case we have some very clearly established milestones and guarantees from the builders. If we say it could happen, which as I told you does not seem at all probable, we will have to stop a contract with them, we will not allow delays, we will change the contractor, we have as I said guarantees from them and we continue with other contractors, but we do not want to delay the projects.

Participant 3: I still have a question about the lands in your portfolio. I see that you have a plot of land on Barbu Vacarescu in Bucharest, and I would like to ask you what the plans are for this property, if you have a calendar.

Answer: Of course, we have the land in Barbu Vacarescu in joint possession with another entity, so we bought it historically, we are in a process of almost two years, of leaving the joint possession, which we hope will be completed, in the best case in September - we have a deadline, expertise has already been submitted so the process stage is very advanced, we should finish leaving the joint possession in September, we have already worked and we have a concept ready for that plot of land, if we leave the joint possession we will proceed immediately to the development part, to submit documentation, possibly for a new PUZ, as you know the PUZs are blocked including the PUZ from sector 2 and most likely we have to apply for a new PUZ. It's hard for me to tell you, but we will be ready with the project very soon to get the authorization, so depending on how the authorization for the issuance of the PUZ will turn out and then simply for the authorization we will be able to give you information more accurate, but we estimate that in a, so to speak, a year or 2 maximum we could authorize the project there.

Participant 3: Another question is related to the authorization of the Board of Directors for the capital increase, I would like to ask you what you will use these funds for, I presume as it was approved, you can explain to us some concrete plans.

Answer: All the funds that we will raise from the market with certain means that we have at our disposal are for the development of projects / investments. We do not pay other debts; they are all to develop the projects in our portfolio and to accelerate the development process. So, to answer you briefly, the money will go into investments.

Participant 3: And will there be a capital increase of RON 193 million?

Answer: We are going to see at what value, what will be the value of the shares at that moment, so for we cannot conclude on the exact amounts, but yes, it will be a share capital increase.