

**IMPACT**



I M P A C T   D E V E L O P E R   &   C O N T R A C T O R

**QUARTERLY  
REPORT  
Q3 2023**

[impactsa.ro](http://impactsa.ro)



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**Report date:** 15 November 2023

**Issuing company:** IMPACT DEVELOPER & CONTRACTOR SA

**Registered office:** 31 – 41 Street, Drumul Padurea Mogosoia, 014043, Bucharest, District 1

**Phone:** +4021– 230.75.70/71/72, fax: +4021– 230.75.81/82/83

Fully subscribed and paid-up capital: RON 591,419,987.75

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

The EUR/RON exchange rate on 30 September is RON 4.9746



## KEY FINANCIAL AND OPERATIONAL MATTERS

- As at 30 September 2023, **IMPACT** had a balance of **381** pre-sale and reservation contracts, in total value of **EUR 43.2 million**. Those contracts will translate into sales, as apartments will be finalized in the following periods.
- During the first nine months of 2023 **IMPACT** obtained **revenues of EUR 21.5 million**, the gross profit being of EUR 6.6 million, with a **gross margin of 31%**.
- The total value of assets adjusted in accordance with EPRA standards was **EUR 388 million**, while the market value of the **dwelling available for sale and pre-sold** as at 30 September 2023 was approximately **EUR 151 million** – this value will be converted into revenues within next periods.
- **IMPACT** maintained a good **liquidity** position, having **EUR 9.7 million** in cash and cash equivalent and a debt to equity of 28%.
- As at 30 September 2023, **IMPACT** had **2,693 units under construction** (with building permit) of which 982 in different stages of construction.
- At the end of the first nine months of 2023, out of the total of 954 recently finalized dwellings, 72% were contracted. In **LUXURIA RESIDENCE** the contracting rate was 83%, while in **GREENFIELD BĂNEASA** it was 98%.
- Sales for Phase 1 of **BOREAL PLUS** with 209 dwellings, have started in May 2023.
- Inaugurated in December 2022, the community center **GREENFIELD PLAZA** located within the residential complex **GREENFIELD BĂNEASA** with a market value of over **EUR 25 million**, registered an **occupancy rate of 90%**.
- The building permit for one of the largest residential projects in Iași - **GREENFIELD COPOU** – was issued, the next step being securing financing in order to launch the project.
- The urban certificate for the project **ARIA VERDI**- Bucharest was obtained in April 2023, with a market value of over **EUR 350 million**.
- **IMPACT** holds a valuable land bank (approximately 71 ha) with potential of development minimum additional 5 projects **GREENFIELD BĂNEASA** (new phases), **BOREAL PLUS** (new phases), **GREENFIELD COPOU RESIDENCE** (“**GREENFIELD COPOU**”), **ARIA VERDI** and **GREENFIELD WEST**, with total estimated market value of approximately **EUR 1.5 billion**.
- **IMPACT** aligned its accounting policy to the industry standards (EPRA<sup>1</sup>) in order to minimize the differences between the value of net assets reported in accordance with IFRS standards and the net assets value

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<sup>1</sup> EPRA – European Real Estate Association [www.epra.com](http://www.epra.com)



determined in accordance with EPRA standards. Thus, the net assets value is presented in the foreground in the financial statements, in accordance with industry standards.

- In order to accomplish our mission for a sustainable development and maximization of investor's return, IMPACT adopted the following measures: free-float increase and consequently increase of share's liquidity, collaboration with financial intermediaries, raising investment resources, share capital increases as well as nomination of two market maker.
- In line with the company's ESG strategy, to combat climate change by reducing carbon monoxide emissions according to EU objectives, clearly defined by the European Green Pact, **IMPACT** decided to implement an innovative green mobility system inside **GREENFIELD BĂNEASA**.
- Electric devices have been made available to the residents of **GREENFIELD BĂNEASA** to facilitate movement within and outside the complex and contribute to creating a more community-friendly environment.



## OUTLOOK FOR THE NEXT 12 MONTHS

- Continuing the sales for completed dwellings in **LUXURIA RESIDENCE, GREENFIELD BĂNEASA** and **BOREAL PLUS**.
- Commissioning of 732 apartments in **GREENFIELD BĂNEASA** (Teilor Project).
- Planning and commencement of the construction works for the Phase 2 of **BOREAL PLUS**. The phase will include 132 units of dwellings with a total built area of 13,111 sqm and a market value of EUR 15 million.
- Continuing the process of obtaining the building permit approvals for the project **ARIA VERDI** located in avenue Barbu Văcărescu in Bucharest, District 2.
- Continuing the process of obtaining the building permit for a new development stage in **GREENFIELD BĂNEASA**, which will include 598 units of dwellings with a total built area of 57,548 sqm and a market value of **EUR 81 million**.
- Launching of new bonds issue sessions and share capital increase up to EUR 25 million, in accordance with EGSM from 27.04.2023 – includes a component focused on retail investors.
- Continuing the procedures in order to increase the number of access roads to **GREENFIELD BĂNEASA** neighborhood.
- Completion of a photovoltaic park in the **GREENFIELD** Băneasa neighborhood. The project covers an area of 7,935 sqm and includes 1,297 panels with a total capacity of 700 kWp. The photovoltaic park is an efficient source of renewable energy, significantly contributing to the reduction of the carbon footprint. After grid connection, planned for the end of the year, it will provide approximately 785 MWh of annual renewable energy, for the **Wellness Club** by Greenfield, the **IMPACT** office building as well as the apartments in the fourth phase of the neighborhood development. This is the third renewable energy project developed by **IMPACT** in **GREENFIELD** Băneasa, joining previous initiatives within **GREENFIELD** Plaza, where solar and photovoltaic panels contribute significantly to the energetic efficiency of the shopping center, developed to BREEAM Excellent standards. Through these consecutive efforts, **IMPACT** reconfirms its position as a leader in promoting sustainable practices in the real estate industry, bringing significant benefits to both the environment and the community.



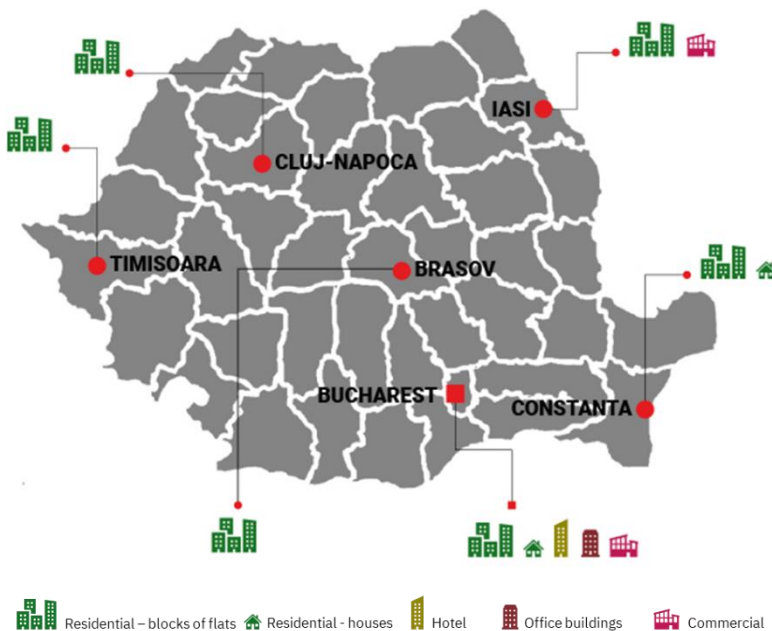
## OPERATIONAL ACTIVITY

### PROJECTS IN DEVELOPMENT

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

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

During first nine months of 2023, **IMPACT** focus was on developing the projects that are currently under construction, as well as on the process for obtaining the necessary permits for developments for which the construction is planned to start in 2024-2026. The projects are planned and developed in several phases depending on their size.



### Projects in development on the landbank owned

#### Projects under development

- GREENFIELD BĂNEASA RESIDENCE in Bucharest

#### Construction estimated to start in 2024 - 2026

- GREENFIELD COPOU RESIDENCE in Iași
- ARIA VERDI in Bucharest (depending on completion of permitting process)
- BOREAL PLUS Phases 2 and 3 in Constanța



## GREENFIELD BĂNEASA

- The flagship project located in the northern area of Bucharest, Băneasa area, framed on two sides by 900 ha of woodland: Băneasa and Tunari Forests.
- Started in 2007, with have in the end **6,839 units** in total, of which **2,686** units were completed as at 30 September 2023.
- Currently zoning permit (PUZ) for more than **3,700 units** related to under construction and pipeline phases, of which:
  - **1,167 units** with building permit out of which for **982** units construction was started (250 units in current period and 732 units in prior period); and
  - **598 units** in the last stage of obtaining building permit.
- **GREENFIELD PLAZA**, a neighborhood shopping center of over **14,001 sqm**, located in the northern part of **GREENFIELD BĂNEASA** represents one of the newest shopping and leisure destination dedicated to a residential community. With supermarket, restaurants, over twenty stores, Wellness Club by Greenfield (with indoor and outdoor pools, spa, gym, squash, cycling), **GREENFIELD PLAZA** fulfils the daily needs of a large-scale community such as **GREENFIELD BĂNEASA**.
- **IMPACT** headquarter office is located near **GREENFIELD PLAZA**.
- **Public school and kindergarten** to be constructed by the City Hall on the land donated together with the architectural project in 2020 by the Company; the building permit for public school was issued in September 2021, while in June 2023 the City Hall initiated the auction for the construction of the school.
- STB (Bucharest Transport Company) terminal with two bus lines, one of them with direct connection to Străulești Multimodal Terminal.
- Other facilities planned for residents: church and nursery.
- 

## BOREAL PLUS

- **BOREAL PLUS** is located in the northern area of Constanta, with quick access to the highway, the city center, Mamaia beach, educational facilities (campus and university), Ovidius Hospital, close to shopping centers and overlooking Siutghiol Lake.
- Out of the **691 units** with building permits, 18 houses were completed in 2021 and **209 apartments** were finalized in 2022.
- With a panoramic view of the Black Sea and Siutghiol Lake, **BOREAL PLUS** apartments are defined by the safety and durability of the construction, but also by the comfort they provide. The compound is located in the immediate vicinity of a hypermarket and will have facilities such as parks, kindergarten and convenience stores.



## ARIA VERDI

- **ARIA VERDI** with a market value of over **EUR 350 million**, is located on Barbu Văcărescu Av., near the most important Bucharest business pole.
- The compound will offer a spectacular view over the city, being surrounded by parks and lakes. **ARIA VERDI** aims to offer a lifestyle in harmony with nature, implementing BREEAM Excellent and nZEB sustainability and wellbeing solutions.
- **ARIA VERDI** includes a series of amenities which will raise the quality of living for the residents: high-end commercial gallery, green areas, underground parking.
- In April 2023 an urban certificate was obtained and at present the project is in process of obtaining the building permit.

## GREENFIELD WEST

- **GREENFIELD WEST** will be developed in a fast-growing area of the Capital city, in the West, where numerous high-rise buildings are currently being built.
- The new compound developed by **IMPACT** comes to complete the offer of the area and in the residential segment, being the largest residential project developed in the west of Bucharest (estimated **4,000+**).
- Zoning (PUD) in place, currently improvement in progress, the procedure for obtaining the building permit being started.
- Will benefit from a community center with retail, kindergarten and school, multipurpose hall and parking buildings.

## GREENFIELD COPOU

- One of the largest residential compound within Iași municipality with a market value of **EUR 175 million** (140,181 sqm).
- **GREENFIELD PLAZA COPOU**, a community center with commercial gallery, gym and wellness center, restaurant and spaces for other functions (kindergarten).
- **GREENFIELD COPOU** is located on Copou Hill, offering panoramic views of the Botanical Garden and of the Iasi municipality. The ensemble will integrate harmoniously amid environment, through low-height buildings and the inclusion of large green spaces.
- The development's facilities will include 15,000 sqm of green spaces, providing relaxation areas and playground for children.
- The buildings will have a close to zero energy consumption, respecting the new standard in housing construction, nZEB - which involves a sustainable design, energy saving technologies and the use of renewable energy, such as photovoltaic panels.
- The entire project will be built to BREEAM Excellent quality and sustainability standards, which, in addition to the environmental protection component, also involves a well-being component and the creation of a healthier environment for residents.



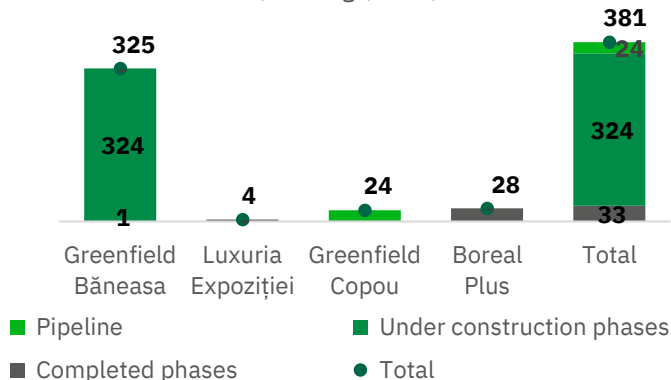
▪ **PRE-SALES AND SALES**

**Pre-Sales as at 30 September 2023**

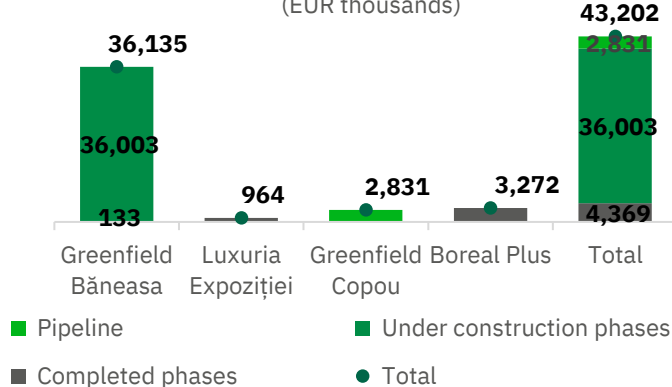
As at 30 September 2023, IMPACT had **381 apartments pre-sold and reserved** with a package value of approximately **EUR 43.2 million**, out of which 357 contracts, respectively **EUR 40.4 million** are estimated to translate in revenues in the Q4 2023-2024 period.

Of the total of 381 dwellings, 85% refer to projects under development (324 dwellings, EUR 36 million package value), 9% refer to completed projects (33 dwellings, EUR 4.4 million package value), while the remaining 6% refer to projects in pipeline (24 dwellings, EUR 2.8 million).

**Pre-Sales as at 30 September 2023**  
(dwellings, units)

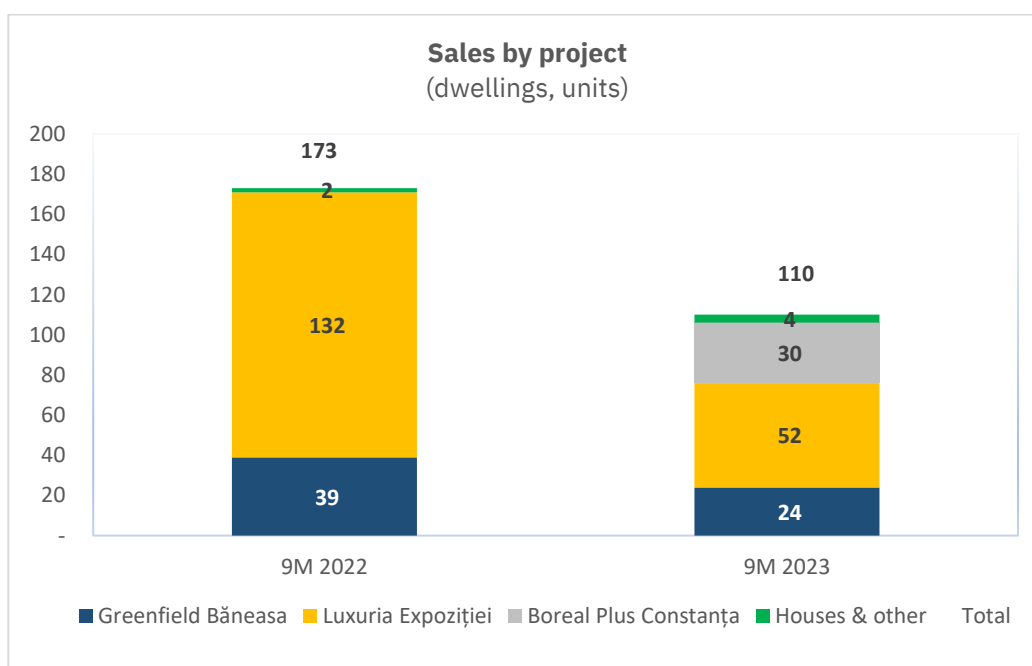


**Pre-Sales package value as at 30 September 2023**  
(EUR thousands)



## Sales for the first nine months of 2023

The **110 units sold** during the first nine months of 2023 generated corresponding revenues of **EUR 16.8 million (RON 83.6 million)** - including revenue from the related parking spots, yards and storage units that were recognized in the same period.



**9M 2023: 110 units**, out of which **24** apartments in GREENFIELD BĂNEASA, **30** apartments and 2 houses in BOREAL CONSTANȚA, as well as **52** in LUXURIA RESIDENCE - 6,342 sqm built area plus related parking spots, storage and court yards.

**9M 2022: 173 units**: 39 apartments in GREENFIELD BĂNEASA and 132 LUXURIA RESIDENCE, as well as 2 houses in Boreal Constanța - 14,839 sqm built area plus related parking spots, storage and court yards.



### Pre-Sales and Sales for completed and under construction project phases as at 30 September 2023

As at 30 September 2023 IMPACT had building permits for **2,693 units**, out of which 1,062 units in Copou Iași, for which building permit was obtained din July 2023.

The construction of a new phase with 250 dwellings in **GREENFIELD BĂNEASA** was started in the nine months of 2023, reaching a total number of **982** of dwellings under construction. For the other **649** dwellings construction is expected to begin in 2024.

Approximately **72%** of recently completed units were contracted (considering both sales and pre-sales) as at 30 September 2023.

#### Completed phases on projects as at 30 September 2023, with units in balance

Project	Total Apartments	Sales	Pre-Sales	Sales & Pre-Sales		Available for sale
	units	units	units	units	%	units
Greenfield Băneasa	97	94	1	95	98%	2
Luxuria Residence	630	517	4	521	83%	109
Boreal Plus	209	36	27	63	30%	146
Boreal Plus Villas	18	8	1	9	50%	9
<b>Total</b>	<b>954</b>	<b>655</b>	<b>33</b>	<b>688</b>	<b>72%</b>	<b>266</b>

#### Under construction phases on projects as at 30 September 2023

Project	Total Apartments	Sales	Pre-Sales	Pre-Sales		Available for sale
	units	units	units	units	%	units
Construction started	982	-	324	324	33%	408
Construction planned	185	-	-	-	0%	435
<b>Greenfield Băneasa</b>	<b>1,167</b>	-	<b>324</b>	<b>324</b>	<b>28%</b>	<b>843</b>
Construction planned	464	-	-	-	0%	464
<b>Boreal Plus</b>	<b>464</b>	-	-	-	<b>0%</b>	<b>464</b>
Construction planned	1,062	-	24	24	2%	1,038
<b>Copou Iasi</b>	<b>1,062</b>	-	<b>24</b>	<b>24</b>	<b>2%</b>	<b>1,038</b>
Total construction started	982	-	324	324	33%	658
Total construction planned	1,711	-	24	24	1%	1,687
<b>Total</b>	<b>2,693</b>	-	<b>348</b>	<b>348</b>	<b>13%</b>	<b>2,345</b>



## LAND OWNED

As at 30 September 2023, **IMPACT** owns a total **86.2 ha** (of which 71 ha with development potential) of land with an estimated market value of **RON 850.7 million/EUR 176.7 million** (EPRA value).

The EPRA value of the land was estimated based revaluations performed by Colliers Valuation and Advisory as at 30 June 2023 and 31 of December 2022 (investment value and market comparison method, where the investment value has not been determined).

### Land owned by IMPACT as at 30 September 2023

Location	City	Project	Surface (ha)	IFRS book value (RONm)	IFRS book value (EURm)	EPRA value (RONm)	EPRA value (EURm)
Băneasa	Bucharest	Greenfield Băneasa	37.8	345.0	69.4	408.1	85.8
Blvd. Timișoara - Ghencea	Bucharest	Greenfield West	25.9	161.0	32.4	161.0	32.4
Barbu Văcărescu	Bucharest	Aria Verdi	2.5	183.4	36.9	183.4	36.9
Zenit	Constanta	Boreal Plus	3.2	7.4	1.7	31.8	6.4
Iași	Iași	Greenfield Copou	5.0	37.6	7.6	57.5	11.6
Oradea	Oradea	Lotus	2.9	4.0	0.8	4.0	0.8
Other	Neptun, Voluntari	n.a.	8.9	5.0	1.0	5.0	3.0
<b>Total</b>			<b>86.2</b>	<b>743.5</b>	<b>149.6</b>	<b>850.7</b>	<b>176.7</b>

Note 1: The EPRA value considers the market value based on the revaluations performed by Colliers Valuation and Advisory as at 30 June 2023 (the investment value and the market approach where the investment value has not been determined)

Note 2: The FX rate used to translate the RON denominated amounts in EUR - 4.9674 RON/EUR



## FINANCIAL RESULTS

### THE FIRST NINE MONTHS OF 2023

#### FINANCIAL PERFORMANCE HIGHLIGHTS (Consolidated)

During the first nine months of 2023 IMPACT recorded sales of 110 dwellings (versus 173 units 9M 2022).

The average selling price had a positive impact, increasing in the first nine months of 2023 compared with the first nine months of 2022, with 9% in **GREENFIELD BĂNEASA**, from 1,235 EUR/sqm to 1,341 EUR /sqm, and with 5% in **LUXURIA RESIDENCE**, from 1.728 EUR/sqm to 1,822 EUR/sqm.

**The EBITDA margin increased to 65%** due to gains from revaluation registered as at 30 June 2023, as well as due to optimization of expenses.

As a result of the implementation of the vertical integration strategy, both the revenues and the cost related to the companies new to the group are consolidated.

RON thousand	Consolidated		
	9M 2023	9M 2022	Var %
Revenues	106,891	156,278	(32%)
Gross profit	32,790	56,366	(42%)
<b>Gross margin %</b>	<b>31%</b>	<b>36%</b>	
Other (expenses)/revenue net	33,004	(32,709)	
<i>Other (expenses)/revenue as % of revenue from real estate</i>	<i>31%</i>	<i>21%</i>	
EBITDA	68,973	26,004	165%
<i>EBITDA margin %</i>	<i>65%</i>	<i>17%</i>	
EBIT	65,794	23,657	178%
<i>EBIT margin %</i>	<i>62%</i>	<i>15%</i>	
<b>Net result</b>	<b>63,848</b>	<b>14,968</b>	<b>327%</b>
<b>Net result margin %</b>	<b>60%</b>	<b>10%</b>	



## FINANCIAL POSITION HIGHLIGHTS (Consolidated)

### Assets

Property, plant, and equipment increased by 24% compared to 31 December 2022 following the commission of infrastructure works in **BOREAL PLUS** Constanța project, as well as due to investments in billboards of large dimensions, used in the promotion of projects in high traffic areas. Also, during the first nine months of 2023 modernization works were performed within RCTI COMPANY S.R.L. new head office.

### Equity and liabilities

Funding the expansion of **IMPACT**'s activity resulted in a 13% decrease in cash, as well as an increase in loans by 11% as at 30 September 2023, compared with 31 December 2022. Also, trade and other payables decreased by 10% correlated with completion of construction works in GREENFIELD BĂNEASA.

Debt to assets ratio recorded a small increase, from 27% to 28% as at 30 September 2023, compared with 31 December 2022.

RON thousand	Consolidated		
	30-Sep-2023	31-Dec-2022	Var %
<b>Non-current assets, of which</b>	<b>812,689</b>	<b>727,767</b>	<b>12%</b>
Investment property	723,380	653,725	11%
Property, plant and equipment	81,685	65,648	24%
Goodwill	3,543	3,543	<i>n.a</i>
<b>Current assets, of which</b>	<b>712,966</b>	<b>715,595</b>	<b>(0%)</b>
Inventories	627,545	617,698	2%
Trade and other receivables	24,479	25,561	(4%)
Cash and cash equivalents	48,197	55,108	(13%)
<b>Total assets</b>	<b>1,525,655</b>	<b>1,443,362</b>	<b>6%</b>
<b>Liabilities, of which</b>	<b>572,187</b>	<b>553,742</b>	<b>3%</b>
Loans and borrowings	429,664	387,765	11%
Trade and other payables	75,694	84,566	(10%)
<b>Equity</b>	<b>953,468</b>	<b>889,620</b>	<b>7%</b>
<b>Total equity and liabilities</b>	<b>1,525,655</b>	<b>1,443,362</b>	<b>6%</b>



## EPRA NET ASSET VALUE

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.

METRICS	31-Dec-2021	31-Dec-2022	30-Sept-2023
Price per share (RON)	0.7000	0.3600	0.2149
Number of shares (IMPACT D&C)	1,575,000,000	*2,365,679,951	2,365,679,951
Market capitalization (RON thousand)	1,102,500	851,645	508,385
<b>IFRS (consolidated)</b>			
Net profit (RON thousand)	78,800	84,767	63,848
Net asset value ("NAV", RON thousand)	716,854	889,620	953,468
Profit per share (RON)	0.0500	0.0358	0.0270
NAV/Share (RON)	0.4551	0.3761	0.4030
<b>EPRA* Net Asset Value (consolidated)</b>			
EPRA NRV (RON thousands)	1,044,043	1,219,328	1,385,620
EPRA NTA (RON thousands)	1,009,577	1,178,265	1,351,848
EPRA NDV (RON thousands)	975,553	1,138,270	1,319,144
EPRA NRV/Share (RON)	0.6629	0.5154	0.5857
EPRA NTA/Share (RON)	0.6410	0.4981	0.5714
EPRA NDV/Share (RON)	0.6194	0.4812	0.5576

\*European Public Real Estate Association

\* 21.07.2022: Share capital increase as each shareholder was allocated 2 (two) free shares for 5 (five) shares held.

Colliers Valuation and Advisory valuations as at 30 June 2023 and respectively, 31 December 2022 (investment value and market comparison method where investment value has not been determined) were used to determine the EPRA value as at 30 September 2023 and respectively, 31 December 2022.



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

	RON thousands	RON thousands	RON thousands	RON thousands	RON thousands	RON thousands
	30-Sep-23			31-Dec-22		
EPRA Net Asset Value Metrics RON thousands	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
<b>IFRS Equity attributable to shareholders</b>	953,468	953,468	953,468	889,620	889,620	889,620
<b>Include*:</b>						
ii.a) Revaluation of IP	-	-	-	-	-	-
ii.c) Revaluation of other non-current investments	24,871	24,871	24,871	35,884	35,884	35,884
iv) Revaluation of trading properties	377,951	377,951	377,951	216,310	216,310	216,310
<b>Diluted NAV at Fair Value</b>	<b>1,322,687</b>	<b>1,322,687</b>	<b>1,322,687</b>	<b>1,141,813</b>	<b>1,141,813</b>	<b>1,141,813</b>
<b>Exclude*:</b>						
v) Deferred tax in relation to fair value gains of IP	66,476	33,238	-	81,058	40,529	-
viii.a) Goodwill as per the IFRS balance sheet	(3,543)	(3,543)	(3,543)	(3,543)	(3,543)	(3,543)
viii.b) Intangibles as per the IFRS balance sheet	-	(534)	-	-	(534)	-
<b>NAV</b>	<b>1,385,620</b>	<b>1,351,848</b>	<b>1,319,144</b>	<b>1,219,328</b>	<b>1,178,265</b>	<b>1,138,270</b>
Fully diluted number of shares			2,365,679,951			2,365,679,951
<b>NAV per share</b>	<b>0.5999</b>	<b>0.5999</b>	<b>0.5999</b>	<b>0.5154</b>	<b>0.4981</b>	<b>0.4812</b>

### ii.c) REVALUATION OF OTHER NON-CURRENT INVESTMENTS

Other non-current investments held at cost under IAS 16 and restated under EPRA NAV to fair value include the **IMPACT** Office building, as well as the Wellness Club from **GREENFIELD BĂNEASA PLAZA**.

### iv) REVALUATION OF TRADING PROPERTIES

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

The increase/difference between the market value and the book value of apartments at the reporting date (the lowest value between the cost and the net realizable value) was included in the Net Asset Value according to EPRA. The market value was determined by using **a)** the value of the pre-sale agreements and reservations existing on 30 September 2023 and **b)** the revaluations made by Colliers as at 30 September 2023 (market approach) for the units for which no pre-sale and reservation contracts were concluded as at 30 September 2023.

The land held as inventory where **GREENFIELD BĂNEASA**, **GREENFIELD COPOU** and **BOREAL PLUS** are developed were revalued by Colliers by using both the investment value method and the market comparison method as at 30 June 2023.

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



#### **v) DEFERRED TAX IN RELATION TO FAIR VALUE GAINS OF IP**

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

#### **viii.b) INTANGIBLES AS PER THE IFRS FINANCIAL STATEMENTS**

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

## LITIGATIONS

Regarding the litigation related to Cluj City Council (CLC) – Cluj Municipality (CCC)

- The case no. 79/1285/2012 has been registered to the Cluj Commercial Court, in which **IMPACT** has requested the dissolution of the framework-contract no. 55423/04.07.2007 concluded between CCC and IMPACT. In addition, the **IMPACT** requested the court to compel the CCC to pay compensation in amount of 4,630,914.13 thousand RON plus related interest, computed from the date of the damage up to the date of collection of the amounts. In 2020, on 23.12.2020, the Cluj Tribunal ruled the following decision in File no. 79/1285/2012: *“rejects, as ungrounded, the said application filed by the Company”*. The company filed an appeal which is being judged by the Cluj Court of Appeal, at this moment the company cannot estimate the duration of the process until a final decision is obtained. The next deadline granted in the appeal phase is 23.01.2024, to analyse the findings.
- Case no. 1032/1259/2012 has been registered to the Arges Commercial Court, in which the Project Company has requested to CCC payment of compensation provisionally estimated to RON 17,053,000 plus related interest. On 08.06.2022, the Argeş Tribunal issued Decision no. 277, as follows: *“Admits the request, as amended, formulated by Clearline Development and Management SRL, in opposition to the defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca - through the Mayor. The defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca, jointly and severally, are ordered to pay the plaintiff the sum of 24,532,741.65 RON as damages and the sum of 13,862,967.16 RON representing penal interest calculated for the period covered between the date of the payments made by the plaintiff (established according to the report of the forensic accounting expertise carried out in the case) and until 01.04.2021”*. The Local Council of Cluj-Napoca Municipality and the Cluj-Napoca Municipality filed appeal. On 15.03.2023, the Pitesti Court of Appeal admitted the appeal and rejected the application. Clearline Development and Management S.R.L. filled an appeal against the decision of the Pitesti Court of Appeal, and the appeal is currently under analysis.

Regarding the dispute initiated by the "Fundația Eco-Civica "

- File no. 4122/3/2022 was registered with the Bucharest Tribunal, Administrative and Fiscal Litigation Section, in which **IMPACT** has the quality of Defendant, the plaintiffs being the Eco-Civica Foundation and three individuals from outside the Greenfield neighbourhood.
- The object of the file is the suspension and annulment of the administrative act HCGMB 705/18.12.2019 approving the Zonal Urban Plan Aleea Teișani - Drumul Pădurea Neagra no. 56-64, the suspension and cancellation of Building Authorizations no. 434/35/P/2020 and no. 435/36/P/2020, cancelling some preliminary approvals, cancelling works.
- Currently, the challenged acts are valid, they produce full effects, no decision has been made regarding their suspension or cancellation.
- The next court date was set for 08.03.2024.



Regarding the Vadul Moldovei street access

- Within file no. 1820/3/2023, IMPACT registered on 19.01.2023, on the role of the Bucharest Court, Section II Administrative and Fiscal Litigation, against the City Hall of the City of Bucharest, the City Hall of Sector 1 Bucharest and the National Management of Romsilva Forests, an action in order to determine the mentioned institutions to comply with the obligations assumed by the decisions of the General Council of the Municipality of Bucharest, those of the Local Council of Sector 1 and those of the act of acceptance of the donation concluded with IMPACT and to definitively open public access to street Vadul Moldovei, located between Alley Privighetorilor and Drumul Pădurea Pustnicu.
- The next term is set for 29.01.2024.

For more details on litigations involving **IMPACT**, the notes to the financial statements as at 30 September 2023 can be accessed.

## MACROECONOMIC CONTEXT

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

In the context of the conflict between Russia and Ukraine, which began on 24 February 2022, the EU, the US, the UK and other countries have imposed various sanctions against Russia, including funding restrictions on certain Russian banks and state-owned companies, as well as personal sanctions against a number of individuals.

The Company has no direct exposure to related parties and/or key customers or suppliers in those countries.

Given the geopolitical tensions, there has been an increase in financial market volatility, exchange rate depreciation as well as increase in mortgage interest rates, since February 2022.

The current national legal system also imposes challenges through lack of predictability necessary for the anticipation and quantification of the effects of potential amendments of fiscal-administrative nature.

**IMPACT** closely monitors the country's economic environment and will take all necessary measures to minimize the impact and meet its commitments to customers, lenders and shareholders.

**Iuliana Mihaela Urdă**

Chairman of the Board of Directors (BoD)

**Constantin Sebeșanu**

Chief Executive Officer

**Claudiu Bistriceanu**

Chief Financial Officer

## APPENDIX 1 - RATIOS

### IMPACT Developer & Contractor SA

#### Financial ratios as of 30 September 2023

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

##### Impact – Individual

Ratio	30-Sept-2023	Calculation method
Current ratio	3.25	Current assets/Current liabilities
Gearing ratio	43.34%	Borrowed capital/Equity x 100
Receivables turnover	189.69	Average receivables balance/Revenues x 270
Non-Current assets turnover	0.04	Revenues/Non-current assets

##### Impact – Consolidated

Ratio	30-Sept-2023	Calculation method
Current ratio	3.82	Current assets/Current liabilities
Gearing ratio	45.06%	Borrowed capital/Equity x 100
Receivables turnover	63.20	Average receivables balance/Revenues x 270
Non-Current assets turnover	0.13	Revenues/Non-current assets

#### B. Impact – Consolidated - calculated based on EPRA NAV

Ratio	30-Sept-2023	Calculation method
Gearing ratio (individual)	31%	Borrowed capital/EPRA NAV x100
Gearing ratio (consolidated)	34%	Borrowed capital/EPRA NAV x100

#### **Note:**

The financial ratios were calculated based on the unaudited individual and consolidated financial statements as at 30 September 2023, both the ones calculated according to the ASF Regulation No. 5/2018 and the Gearing ratio calculated based on EPRA NAV.

**IMPACT DEVELOPER & CONTRACTOR S.A.**

**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

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

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	<u>Note</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant, and equipment	7	81,685	65,648
Intangible assets		531	534
Goodwill		3,543	3,543
Right of use assets	7	3,550	4,317
Investment property	8	723,380	653,725
<b>Total non-current assets</b>		<b>812,689</b>	<b>727,767</b>
<b>Current assets</b>			
Inventories	9	627,545	617,698
Trade and other receivables	10	24,479	25,561
Prepayments and other current assets	10	12,745	17,228
Cash and cash equivalents	11	48,197	55,108
<b>Total current assets</b>		<b>712,966</b>	<b>715,595</b>
<b>Total assets</b>		<b>1,525,655</b>	<b>1,443,362</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	12	598,884	598,884
Share premium		40,493	40,493
Revaluation reserve		(206)	3,001
Other reserves		40,266	40,266
Own shares		(268)	(268)
Retained earnings		263,466	197,390
<b>Equity attributable to equity holders of the parent</b>		<b>942,635</b>	<b>879,766</b>
Non-controlling Interest		10,833	9,854
<b>Total equity</b>		<b>953,468</b>	<b>889,620</b>
<b>Non-current liabilities</b>			
Loans and borrowings	13	311,186	268,855
Trade and other payables	14	8,102	8,476
Deferred tax liability		66,476	81,058
<b>Total non-current liabilities</b>		<b>385,764</b>	<b>358,389</b>

	<u>Note</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>Current liabilities</b>			
Loans and borrowings	<b>13</b>	118,478	118,910
Trade and other payables	<b>14</b>	28,157	36,620
Contract liabilities	<b>14</b>	39,435	39,470
Provisions for risks and charges		353	353
<b>Total current liabilities</b>		<b>186,423</b>	<b>195,353</b>
<b>Total liabilities</b>		<b>572,187</b>	<b>553,742</b>
<b>Total shareholders' equity and liabilities</b>		<b>1,525,655</b>	<b>1,443,362</b>

The consolidated financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**  
 Chairman of the Board of  
 Directors (BOD)

**Constantin Sebeșanu**  
 Chief Executive Officer

**Claudiu Bistriceanu**  
 Chief Financial Officer

**IMPACT DEVELOPER & CONTRACTOR S.A.**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS**  
**PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	<u>Note</u>	<u>Period ended as at 30 September</u>	
		<u>2023</u>	<u>2022</u>
Revenue	<b>15</b>	106,891	156,278
Costs of sales		(74,101)	(99,912)
<b>Gross profit</b>		<b>32,790</b>	<b>56,366</b>
Net income from other activities	<b>16</b>	5,683	3,452
General and administrative expenses	<b>17</b>	(22,586)	(26,406)
Marketing expenses		(2,769)	(3,722)
Other income/(expenses)	<b>18</b>	11,201	(3,624)
Depreciation and amortization	<b>7</b>	(3,179)	(2,347)
Gains from investment property	<b>8</b>	44,654	(62)
<b>Operating profit</b>		<b>65,794</b>	<b>23,657</b>
Finance income	<b>19</b>	9,520	7,381
Finance cost	<b>19</b>	(22,770)	(11,172)
<b>Finance result net (loss)</b>		<b>(13,250)</b>	<b>(3,791)</b>
<b>Profit before income tax</b>		<b>52,544</b>	<b>19,866</b>
Income tax credit/(charge)		11,304	(4,898)
<b>Profit for the period, out of which</b>		<b>63,848</b>	<b>14,968</b>
Attributable to:			
-Non-Controlling Interests		979	-
<b>-Equity holders of the parent</b>		<b>62,869</b>	<b>14,968</b>

The consolidated financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**  
Chairman of the Board of  
Directors (BOD)

**Constantin Sebeșanu**  
Chief Executive Officer

**Claudiu Bistriceanu**  
Chief Financial Officer

**IMPACT DEVELOPER & CONTRACTOR S.A.**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	Share capital	Share premium	Revaluation reserves	Other reserves	Own shares	Retained earnings	Total equity attributable to equity holders of the parent	NCI	Total equity
<b>Balance as at 1 January 2023</b>	<b>598,884</b>	<b>40,493</b>	<b>3,001</b>	<b>40,266</b>	<b>(268)</b>	<b>197,390</b>	<b>879,766</b>	<b>9,854</b>	<b>889,620</b>
<b>Other comprehensive income</b>									
Profit for the period	-	-	-	-	-	62,869	62,869	979	63,848
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62,869</b>	<b>62,869</b>	<b>979</b>	<b>63,848</b>
Share Capital Increase	-	-	-	-	-	-	-	-	-
Own shares acquired and cancelled during the year	-	-	-	-	-	-	-	-	-
Own shares acquired	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-	-
Dividends granted to shareholders	-	-	-	-	-	-	-	-	-
Legal reserves	-	-	-	-	-	-	-	-	-
Revaluation reserves	-	-	(3,207)	-	-	3,207	-	-	-
Acquisition of a subsidy	-	-	-	-	-	-	-	-	-
Other changes in equity	-	-	-	-	-	-	-	-	-
<b>Balance as at 30 September 2023</b>	<b>598,884</b>	<b>40,493</b>	<b>(206)</b>	<b>40,266</b>	<b>(268)</b>	<b>263,466</b>	<b>942,635</b>	<b>10,833</b>	<b>953,468</b>

The consolidated financial statements have been authorized for issue by the management on 15h November 2023 and signed on its behalf by:

\_\_\_\_\_  
**Iuliana Mihaela Urdă**  
Chairman of the Board of Directors (BOD)

\_\_\_\_\_  
**Constantin Sebeșanu**  
Chief Executive Officer

\_\_\_\_\_  
**Claudiu Bistriceanu**  
Chief Financial Officer

**IMPACT DEVELOPER & CONTRACTOR S.A.**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBRIE 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	Share capital	Share premium	Revaluation reserves	Other reserves	Own shares	Retained earnings	Total equity attributable to equity holders of the parent	NCI	Total equity
<b>Balance as at 1 January 2022</b>	<b>401,214</b>	<b>(4,475)</b>	<b>3,001</b>	<b>14,280</b>	<b>(841)</b>	<b>303,676</b>	<b>716,854</b>	<b>-</b>	<b>716,854</b>
<b>Other comprehensive income</b>									
Profit for the period	-	-	-	-	-	85,623	85,623	(856)	84,767
Other comprehensive income	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,623</b>	<b>85,623</b>	<b>(856)</b>	<b>84,767</b>
Share Capital Increase	197,670	45,985				(165,923)	77,732		77,732
Own shares acquired and cancelled during the year		-	-	-		-	-		-
Own shares acquired	-	-	-	-	(442)	-	(442)		(442)
Share based payments	-	(1,017)	-	-	1,015	-	(2)		(2)
Dividends granted to shareholders	-	-	-	-	-	-	-		-
Legal reserves	-	-	-	25,986	-	(25,986)	-		-
Revaluation reserves	-	-	-	-	-	-	-		-
Acquisition of a subsidy	-	-	-	-	-	-	-	10,710	10,710
Other changes in equity	-	-	-	-	-	-	-		-
<b>Balance as at 31 December 2022</b>	<b>598,884</b>	<b>40,493</b>	<b>3,001</b>	<b>40,266</b>	<b>(268)</b>	<b>197,390</b>	<b>879,766</b>	<b>9,854</b>	<b>889,620</b>

The consolidated financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**  
Chairman of the Board of Directors (BOD)

**Constantin Sebeșanu**  
Chief Executive Officer

**Claudiu Bistriceanu**  
Chief Financial Officer

**IMPACT DEVELOPER & CONTRACTOR S.A.**  
**UNAUDITED INTERIM STATEMENT OF CASH FLOW FOR THE**  
**SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	Note	Period ended as at 30 September	
		2023	2022
<b>Profit for the period</b>		<b>63,848</b>	<b>14,968</b>
<b>Adjustments to reconcile profit for the period to net cash flows:</b>		<b>(39,340)</b>	<b>4,464</b>
Gains from revaluation of Investment property	8	(44,637)	-
Gains from disposal of PPE	7	(326)	-
Reversal of impairment loss		511	(1,592)
Depreciation and amortization	7	3,179	2,939
Shares based payments		-	(1,851)
Finance income	19	(9,520)	(320)
Finance costs	19	22,770	4,111
Other adjustments from non-cash transactions		(13)	1,177
Income tax		(11,304)	-
<b>Working capital adjustments</b>		<b>(47,989)</b>	<b>(22,555)</b>
Decrease/(increase) in trade receivables and other receivables	10	1,082	(55,564)
Decrease in prepayments	10	3,354	(1,997)
Increase in inventory property	9	(38,975)	(12,384)
(Decrease)/increase in trade, other payables, and contract liabilities	14	(10,541)	53,536
(Decrease)/increase in provisions		-	(890)
Income tax paid		(2,909)	(5,256)
<b>Net cash flows from operating activities</b>		<b>(23,481)</b>	<b>(3,123)</b>
Merger and acquisition		-	(5,130)
Purchase of property, plant and equipment	7	(3,645)	(2,315)
Proceeds/(payments) from investment property	8	(1,687)	-
Own shares acquisition		-	174
Expenditure on investment property under development		-	(63,443)
Expenditure on PPE under development		-	(285)
Proceeds from sale of property, plant and equipment		1,947	501
Interest received		-	199
<b>Net cash flows from investing activities</b>		<b>(3,385)</b>	<b>(70,647)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from borrowings	13	120,267	175,889
Repayment of principal of borrowings	13	(81,326)	(150,727)
Proceeds from issue of share capital	12	-	77,732
Dividends paid	12	(177)	(7)
Interest paid	13	(18,808)	(10,761)
<b>Net cash used in financing activities</b>		<b>19,956</b>	<b>92,126</b>
<b>Net increase / (decrease) of cash and equivalents</b>		<b>(6,910)</b>	<b>18,356</b>
<b>Cash and equivalents on 1<sup>st</sup> of January</b>		<b>55,108</b>	<b>42,037</b>
<b>Cash and equivalents on 30 of September</b>		<b>48,197</b>	<b>60,393</b>

The consolidated financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**  
Chairman of the Board of Directors  
(BOD)

**Constantin Sebeșanu**  
Chief Executive Officer

**Claudiu Bistriceanu**  
Chief Financial Officer

## 1. REPORTING ENTITY

The Impact Developer & Contractor S. A's financial statements ("the Company" or "the Parent") reported in consolidated version for financial year 2022, shows the subsidiaries financial review of IMPACT business group as well.

The company's HQ is The IMPACT building from 31-41 Drumul Padurea Mogosoia street, 1<sup>st</sup> District, Bucharest, Romania.

The shareholder's structure as at 30 September 2023, and 31 December 2022 is disclosed within Note 12.

The Consolidated Financial Statements for the year ended 31 December 2023 include the Company and its subsidiaries financial review (together referred to as the „Group”) as follows:

Company	Country of registration	Nature of activity	% of shares held by Company at 30 September 2023	% of shares held by Company at 31 December 2022
Clearline Development and Management SRL	Romania	Real estate development	100%	100%
Spatziou Management SRL (former Actual Invest House SRL)	Romania	Property management	100%	100%
Bergamot Development Phase II SRL	Romania	Real estate development	99%	99%
Bergamot Development SRL	Romania	Real estate development	99.99%	99.99%
Impact Finance SRL	Romania	Administration	99%	99%
Greenfield Copou Residence SRL	Romania	Real estate development	99%	99%
Greenfield Copou Residence Phase II SRL	Romania	Real estate development	99%	99%
Aria Verdi Development SRL	Romania	Real estate development	99%	99%
Greenfield Property Management SRL	Romania	Real estate development	100%	100%
R.C.T.I. Company SRL	Romania	Construction works	51.01%	51.01%
Impact Alliance Architecture	Romania	Architecture services	51%	51%
IMPACT Alliance Moldova SRL	România	Construction works	51%	-

The Company is one of the first active companies in the field of real estate development in Romania, being founded in 1991 by public subscription. In 1995, the Company introduced the concept of residential complex on the Romanian market. Starting from 1996, the Company is traded on the Bucharest Stock Exchange (BVB).

During 2002 and the 9 months period ended 30 September 2023, the activity of the IMPACT Developer & Constructor group was the development of the residential projects in Boreal Plus from Constanta and Greenfield Băneasa.

## **2. BASIS OF PREPARATION**

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

The financial statements have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of certain properties at the end of each reporting period, that are presented at the revalued amount or fair value, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### **(a) Basis of Consolidation**

The consolidated financial statements include the financial statements of the company and the entities controlled by the Company (its subsidiaries) until December 31 of each year. Control is carried out when the Company:

- has control over the subsidiary;
- is exposed or has rights to variable profits from its involvement in the subsidiary; and
- has the capacity to use control to influence the profits of the subsidiary.

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

Consolidation of a subsidiary begins when the Company obtains control of the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the profit or loss account from the date the Company acquires control until the date the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income is attributable to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in a deficit balance for the non-controlling interests.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring the applied accounting policies in line with the Group's accounting policies. All assets and liabilities, equity, income, expenses and cash flows related to transactions between members of the Group are eliminated on consolidation.

### **(b) Use of Professional Estimates and Judgments**

The preparation of these Consolidated Financial Statements requires management to use judgments, estimates and assumptions that affect the application of accounting policies, as well as the recognized value of assets, liabilities, income, and expenses. Actual results may differ from estimated values.

The estimates and assumptions underlying them are reviewed periodically.

### **(c) Going concern**

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

tests considering the principal business risks. Having considered these forecasts, the Directors remain of the view that the Group's financing arrangements and capital structure provide both the necessary facilities and covenant headroom to enable the Group to conduct its business for at least the next 12 months. Consequently, the financial statements were prepared on a going concern basis.

The Group made an initial assessment of the risks and uncertainties. Therefore, management considered different scenarios, considering the following:

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

Regarding sales, the Group expects an increase in the volume of transactions by the end of the year 2022 due to existing inventory and the projects that the Group is currently running: Greenfield – Teilor District, Panoramic 1 and 2, Luxuria Domenii Residence, Boreal Plus Constanța.

The group is in the process of obtaining building permits for Greenfield Copou Iași and in various stages of negotiation with the builders and financing banks for this project.

The Group also considers that a major impetus in the Group's activity is the construction of Greenfield Plaza (a multifunctional complex that will include SPA areas (with relaxation areas and 2 swimming pools), fitness rooms and sports fields, commercial areas.

The group agreed a partnership with the Sector 1 Bucharest City Hall for the construction of a public kindergarten and public school, as the Group transferred to the City Hall the land for these new constructions.

The consolidated financial statements have been prepared on a going concern principle.

### **3. FUNCTIONAL AND PRESENTATION CURRENCY**

The consolidated Financial Statements are presented in RON, this being also the functional currency of the Group. All financial information is presented in thousands of RON (thousand RON), unless otherwise stated.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

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

Disclosed below is the summary of the significant accounting policies.

#### ***(a) Business combinations and goodwill***

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

***(b) Investments measured under the equity method.***

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

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

**(c) Foreign currency**

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

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency using the exchange rate prevailing at the date of the determination of fair value.

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

The exchange rate differences resulting from translation are recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as financial expenses/revenues.

**(d) Property, plant, and equipment**

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

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

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

Freehold land is not depreciated.

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

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

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

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

The estimated useful lives, residual values and depreciation method are reviewed at the end of reporting. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the

asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

**(e) Intangible assets acquired separately**

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

**(f) Investment property**

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

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

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

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

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

**(g) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost includes direct materials and, where applicable, direct labor and indirect manufacturing costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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

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

**(h) Trade and other receivables**

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

**(i) Financial assets**

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

**(j) Cash and cash equivalents**

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

**(k) Share capital**

**Ordinary shares**

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

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

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

**(l) Dividends**

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

**(m) Own shares**

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

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

statements on transactions in own shares.

#### **(n) Borrowings and borrowing costs**

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

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

The borrowing costs of general loans are added to the cost of the qualifying assets (in accordance with IAS 23). The applicable rate for capitalization is the weighted average interest rate of the loans obtained by the Group.

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

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

#### **(o) Trade payables and other payables**

Trade payables on normal terms are not interest-bearing and are stated at their nominal value.

Trade payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortized over the period of the credit term and charged to finance costs. The carrying amount of trade and other payables that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

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

#### **(p) Leases**

The Group analyses at the commencement of the contract the extent to which a contract is, or contains a lease. Namely, the extent to which the contract confers the right to use an identifiable asset for a period in exchange for the consideration.

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and low-value assets. The Group recognizes lease payables for lease payments and the right to use the assets representing the right to use the underlying asset. i) Right to use assets: The Group recognizes the right to use assets at the date of commencement of a lease (i.e. the date on which the underlying asset is available for use). The right to use the assets is measured at cost excluding accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liability. The cost of the right to use the assets includes the amount of the recognized lease liability incurred at initial direct costs and lease payments made on or before the commencement date excluding any lease benefits received. The right to use the assets is amortized on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets, as follows:

- Land and buildings: 1 -3 years
- Other equipment: 1 -3 years

If ownership of a leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a call option, depreciation is calculated using the asset's estimated useful life. The duration of the lease contract was considered the irrevocable period of the lease contract, without considering the option of extension. The right to use assets is also subject to impairment.

At the date of commencement of the lease, the Group recognizes the lease payables measured at the current value of the lease payments to be made throughout the lease. Lease payments include fixed payments. (Including fixed payments as a substance) excluding any lease benefits receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under the residual value guarantee. Lease payments also include the exercise price of a call option that is reasonably certain to be exercised by the Group and penalty payments for the termination of the lease, if the lease term reflects the group's option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or conditions that determine the payments occur.

To calculate the current value of lease payments, the Group uses the incremental loan rate at the commencement date of the lease because the default interest rate of the lease is not readily determinable.

After the start date, the amount of the lease liability is increased to reflect the accretion of interest and decreased for the lease payments made. In addition, the carrying amount of the lease is re-measured if there is a change, a modification in the lease term, a change in lease payments (change in future payments resulting from a change in an index or instalment rate used to determine those lease payments) or a change in the valuation of an underlying asset purchase option. Lease liabilities are included in Note 12 - Trade and other payables.

#### **(q) Provisions**

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

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

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

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

#### **(r) Revenue**

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

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

*(i) Revenue from sale of residential properties*

Revenue from sale of residential properties during the ordinary course of business is valued at fair value of the amount collected or to be collected on legal completion. The revenues are recognized when the significant risks and rewards of ownership have been transferred to the customer, this is deemed to be when title of the property passes to the customer on legal completion, the associated costs and possible return of goods can be estimated reliably. This is the point at which all performance obligations are satisfied in line with the provisions of IFRS 15 and there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable for certain rebates to be granted, and their value can be measured reliably, then these are recognized as a reduction of the revenues when the sale revenues are recognized. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the payment is almost always less than one year, the company has also instalments payments over a period more than one year but those are not significant.

*(ii) Revenues from re-charging utilities*

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

**(s) Taxation**

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

**Current income tax**

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

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

**Deferred income tax**

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

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

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

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

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

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

#### **(t) Share-based payments**

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

#### **(u) Financial instruments – fair values and risk management**

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

#### **(v) Contingent liabilities**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events that is not recognized because:
  - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii. the amount of the obligation cannot be measured with sufficient reliability.

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

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

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

#### **(w) Subsequent events**

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

#### **(x) Segment reporting**

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

### **5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

#### **(i) Fair value measurements and valuation processes**

The Group has obtained a report from an international valuation company, Colliers Valuation and Advisory SRL, setting out the estimated market values for the Group's investment property and property developed for sale in their current state as at 31 December 2022 and 31 December 2021. Colliers is an independent professionally qualified valuation specialist who holds a recognized relevant professional qualification and has recent experience in the locations and categories of valued properties. The valuation was based on the assumption as to the best use of each property by a third-party developer.

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

For investment property, land assets are mainly valued using the sales comparison approach. The main assumptions underlying the market value of the groups land assets are:

- the selection of comparable land plots resulting to determine the "offer price" which is taken as the basis to form an indicative price.
- the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition including the status of any legal dispute as described in Note 20.

The key inputs are summarized in Note 8. The valuation is highly sensitive to these variables and adjustments to these inputs would have a direct impact on the resulting valuation.

A sensitivity analysis of the three key assets is presented below:

Asset	Impact on the valuation included in the balance sheet on 30 September 2023 and gains on investment property registered to profit or loss of a 5% weakening/(strengthening) of the price per sqm	
Greenfield Băneasa București land	- 1,232	+ 1,361
Bd. Barbu Văcărescu land	- 6,836	+ 7,556
Bd. Ghencea land	- 589	+ 651

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

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

- For the Ghencea and Barbu Văcărescu projects, the management has decided to be recognized as investment property until the decision to start the projects will be taken; consequently, these assets are recorded at fair value as at the balance sheet date.
- For a portion of the Greenfield land, management considers that a potential development will not take place in the following 3-4 years from the balance sheet date. Consequently, these assets continue to be accounted for at fair value within investment property.

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

### **(iii) Legal issues**

The management of the Group analyses regularly the status of all ongoing litigation and following a consultation with the Board of Administration, decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the separate financial statements. Key legal matters are summarized in Note 22.

### **(iv) Cost allocation**

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

## **6. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

A) Amendments to accounting policies and to information to be disclosed.

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

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. The amendments had no impact on the financial statements of the Group.

- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 September 2021 (Amendment)

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

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

- IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation, and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The company/group does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the company's/group's financial performance, financial position of cash flows.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the financial statements of the Group.

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the financial statements of the Group.

#### IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management has assessed that the amendments will have no impact on the financial statements of the Group.

#### IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management has assessed that the amendments will have no impact on the financial statements of the Group.

#### IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible

temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Management has assessed that the amendments will have no impact on the financial statements of the Group.

**IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

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

## 7. PROPERTY, PLANT AND EQUIPMENT

### Reconciliation of carrying amount

	Land and buildings	Machinery, equipment, and vehicles	Fixtures and fittings	Assets under construction	Total
<b>Cost / valuation</b>					
<b>Balance on 1<sup>st</sup> of January 2023</b>	<b>83,906</b>	<b>4,523</b>	<b>2,363</b>	<b>1,922</b>	<b>92,714</b>
Additions	16	164	590	2,687	3,457
Transfers	15,937	738	230	(1,490)	15,415
Value adjustments	348	-	-	7	355
Disposals	-	(89)	-	-	(89)
<b>Balance on 30 September 2023</b>	<b>100,207</b>	<b>5,336</b>	<b>3,183</b>	<b>3,126</b>	<b>111,852</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance on 1<sup>st</sup> of January 2023</b>	<b>23,288</b>	<b>2,749</b>	<b>1,029</b>	<b>-</b>	<b>27,066</b>
Charge for the period	1,644	254	298	-	2,196
Transfers	145	282	-	-	427
(Reversal of)/Impairment loss	478	-	-	-	478
Accumulated depreciation of disposals	-	-	-	-	-
<b>Balance on 30 September 2023</b>	<b>25,555</b>	<b>3,285</b>	<b>1,327</b>	<b>-</b>	<b>30,167</b>
<b>Carrying amounts</b>					
<b>On 1<sup>st</sup> of January 2023</b>	<b>60,618</b>	<b>1,774</b>	<b>1,334</b>	<b>1,922</b>	<b>65,648</b>
<b>On 30 September 2023</b>	<b>74,652</b>	<b>2,051</b>	<b>1,856</b>	<b>3,126</b>	<b>81,685</b>

**IMPACT DEVELOPER & CONTRACTOR S.A.**  
**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	Land and buildings	Machinery, equipment, and vehicles	Fixtures and fittings	Assets under construction	Total
<b>Cost / valuation</b>					
<b>Balance on 1<sup>st</sup> of January 2022</b>	<b>20,601</b>	<b>3,801</b>	<b>1,703</b>	<b>8,674</b>	<b>34,779</b>
Additions	42,241	869	1,280	569	44,959
Business combination	8,409	221	318	-	8,948
Transfers	12,655	-	-	(7,150)	5,505
Value adjustments	-	-	-	(18)	(18)
Disposals	-	(368)	(938)	(153)	(1,459)
<b>Balance on 31<sup>st</sup> of December 2022</b>	<b>83,906</b>	<b>4,523</b>	<b>2,363</b>	<b>1,922</b>	<b>92,714</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance on 1<sup>st</sup> of January 2022</b>	<b>15,430</b>	<b>2,733</b>	<b>1,401</b>	<b>-</b>	<b>19,564</b>
Charge for the period	1,111	382	565	-	2,058
(Reversal of)/Impairment loss	6,747	-	-	-	6,747
Accumulated depreciation of disposals	-	(366)	(937)	-	(1,303)
<b>Balance on 31<sup>st</sup> of December 2022</b>	<b>23,288</b>	<b>2,749</b>	<b>1,029</b>	<b>-</b>	<b>27,066</b>
<b>Carrying amounts</b>					
<b>On 1<sup>st</sup> of January 2022</b>	<b>5,171</b>	<b>1,068</b>	<b>302</b>	<b>8,674</b>	<b>15,215</b>
<b>On 31<sup>st</sup> of December 2022</b>	<b>60,618</b>	<b>1,774</b>	<b>1,334</b>	<b>1,922</b>	<b>65,648</b>

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## Lease contracts

30 Jun 2023	30 September 2023		31 December 2022	
	Lease Contracts no.	Fixed payments	Lease Contracts no.	Fixed payments
Cars	26	100%	26	100%
Machinery	5	100%	5	100%
<b>Total</b>	<b>31</b>	<b>100%</b>	<b>31</b>	<b>100%</b>

	Machinery and Vehicles	Machinery and Vehicles
<b>Balance on 1 Jan 2023/1 Jan 2022</b>	4,317	-
Additions	-	1,871
Amortization	(781)	3,310
Contractual changes	14	(864)
<b>Balance on 30 September 2023/31 December 2022</b>	<b>3,550</b>	<b>4,317</b>

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

The right of use assets under leasing contracts are represented by electric cars used by Impact and Spatzioo employees and by machinery for construction site used by RCTI.

## Land and buildings:

During the first nine months of 2023, transfers in land and buildings of RON 15,937 thousand are mainly represented by the commissioning of infrastructure in Boreal Plus Constanța project in total value of RON 12,116, commissioning of billboards in Dragalina and Băicoi, in total value of RON 1,601 as well as reclassification of Greenfield infrastructure in total value of RON 3,221.

The depreciation recorded during the first nine months of 2023 for the owned buildings is RON 1,644 thousand, the depreciation method used was the straight-line method.

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

## Assets under construction:

Additions of fixed assets under construction, in total value of RON 2,687 are mainly represented by construction works done on the head office of RCTI Company located in Brasov – RON 1,173 as well as billboard workings and photovoltaics workings in Impact in total value of 1,188.

## 8. INVESTMENT PROPERTY

### Reconciliation of carrying amount

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Balance on 1<sup>st</sup> of January 2023/2022</b>	<b>653,725</b>	<b>571,882</b>
Additions through subsequent expenditures	1,687	40,006
Transfers from inventories	23,467	-
Transfers from PPE	2,110	-
Disposals (reclassification of inventories/PPE)	-	(35,626)
Adjustments	(388)	(197)
Disposals	(1,858)	-
Changes in fair value during the year	44,637	77,660
<b>Balance sheet as at 30 September 2023/31 December 2022</b>	<b>723,380</b>	<b>653,725</b>

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

Additions of investment property mainly consist of:

- Workings on the photovoltaic panels installed on Greenfield Plaza building, in total value of RON 1,366 thousand.
- Fence for the land located in Ghencea Boulevard, in total value of RON 317 thousand.

### Main real estate investments in land

Asset	<b>30 September 2023</b>		<b>31 December 2022</b>	
	sqm	thousand RON	sqm	thousand RON
Greenfield Băneasa land (Bucharest)	217,852	282,407	217,852	281,511
Barbu Văcărescu land (Bucharest)	25,424	182,951	25,424	176,078
Blvd. Ghencea – Timisoara land (Bucharest)	258,895	160,625	258,895	160,098
<b>Total</b>	<b>502,171</b>	<b>625,983</b>	<b>502,171</b>	<b>617,687</b>

The Group management analyse yearly, on balance sheet date, the market conditions at those points in time to decide the best use of the land, namely if it will be used to construct to sell or to construct to rent.

Considering the above, the Group considers that as at 30 September 2023 there is sufficient evidence that the future use of the land is uncertain and thus the land should be classified as investment property and not as inventory, in accordance with IAS 40 provision regarding “land held for a currently undetermined future use”.

Details on the legal matters related to lands are presented in Note 22.

#### Valuation processes

The Company’s investment properties were valued at 30 June 2023 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

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The attached notes are part of these financial statements

description of the valuation technique used in determination of the fair value of investment property.

*Fair value hierarchy*

Based on the input data used in the valuation technique, the fair value of real estate investments was classified at level 3 of the fair value hierarchy as at 30 June 2023. The valuation is considered appropriate given the adjustments applied to the data observed for comparable land and building valuations. These adjustments are based on location and condition and are not directly observable. There were no transfers from levels 1 and 2 to level 3 during the year.

*Valuation techniques*

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

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

<b>Asset</b>	<b>Main parameters as at 30 June 2023</b>	<b>Main parameters as at 31 December 2022</b>
Greenfield Băneasa land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 248 EUR / sqm to 296 EUR / sqm</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: from -36% discount to +53% Premium</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: from -26% discount to +37% Premium</li> </ul>
Barbu Văcărescu land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 1,440 EUR/mp to 1,553 EUR/sqm</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -35% to +60% Premium</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 1,254 EUR/mp to 2,537 EUR/sqm</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -40% to +20% Premium</li> </ul>
Blvd. Ghencea land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 125 EUR/sqm to 133 EUR/sqm</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -35% to +75% premium</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 80 EUR/sqm to 165 EUR/sqm</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -5% to +75%</li> </ul>

The carrying value as at 30 September 2023 of the land plots pledged is of RON 300,739 thousand (31 December 2022: 235,353 thousand RON).

**9. INVENTORIES**

	<b>30 September 2023</b>	<b>31 December 2022</b>
Finished goods and goods for resale	153,253	227,707
Residential projects		
- Land	125,880	134,161
- Development and construction costs	348,412	255,830
	<b>627,545</b>	<b>617,698</b>

Inventories are represented by:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Greenfield residential project	404,430	313,333
Luxuria residential project	77,514	123,519
Constanta land and project	79,670	107,927
Iasi land and project	47,009	44,877
Others inventory	18,922	28,042
	<b>627,545</b>	<b>617,698</b>

Lands with a carrying amount of RON 125,880 thousand as of 30 September 2023 (31 December 2022: RON 134,161 thousand) consist of land owned by the Group for the development of new residential properties and infrastructure, mainly in Bucharest, as well as land the Group intends to sell directly.

Real estate completed with an accounting value of RON 153,253 thousand on 30 September 2023 (31 December 2022: RON 227,704 thousand) refers entirely to apartments held for sale by the Group.

Cost of inventories recognized during the period is RON 74,101 thousand (9M 2022: RON 99,912 thousand).

The book value as of 30 September 2023 of the pledged stocks is RON 147,908 thousand (31 December 2022: RON 189,387 thousand) (see Note 13).

The Boreal Plus project in Constanța is financed together with CEC Bank, therefore the interest on the loan was capitalized in the construction value of the stock. The value of the capitalized interest in 2022 is RON 1,020 thousand. The project was commissioned during 2023 therefore the interest expense was no longer capitalized.

Part of the Greenfield project (construction of the Teilor complex) is financed together with OTP Bank. The capitalized interest during 2022 was RON 1,230 thousand. The capitalized interest during the first nine months of 2023 in the value of the projects is RON 9,664 thousand.

Further details on the company's loans are set out in Note 13.

## 10. RECEIVABLES, PREPAYMENTS AND OTHER CURRENT ASSETS

	<b>30 September 2023</b>	<b>31 December 2022</b>
Trade receivables	21,381	13,448
Sundry debtors	2,593	1,405
Receivables from authorities	505	10,707
	<b>24,479</b>	<b>25,561</b>

<b>Prepayments and other current assets</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Prepaid expenses	7,159	6,529
Advance payments to services suppliers	5,586	10,699
	<b>12,745</b>	<b>17,228</b>

Prepayments balance as at 30 September 2023 has increased by RON 630 thousand. Prepayments include advance payments to IT software suppliers, taxes on land and buildings as well as advance payments for construction services.

As of 30 September 2023, the Group did not register trade receivables and other pledged receivables.

## 11. CASH AND CASH EQUIVALENTS

	<b>30 September 2023</b>	<b>31 December 2022</b>
Current accounts	48,128	55,052
Petty cash	26	11
Cash advances	43	45
	<b>48,197</b>	<b>55,108</b>

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, RON 99 thousand (31 December 2022: RON 102 thousand) is restricted cash. The restricted cash is subject to commercial or legal restrictions (cash collateral for letters of guarantee, cash collateral for the payment of uncollected dividends, etc.)

## 12. SHARE CAPITAL

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>%</b>	<b>%</b>
Gheorghe Iaciu	57.76%	57.76%
Andrici Adrian	12.73%	12.73%
Companies	19.72%	19.70%
Other shareholders	9.80%	9.82%
	<b>100%</b>	<b>100%</b>

All shares are ordinary and have equal ranking related to the Group's residual assets. The nominal value of one share is 0.25 RON. The holders of ordinary shares have the right to receive dividends, as these are declared at certain moments in time, and have the right to one vote per 1 share during the meetings of the Group.

### **Dividends**

No dividends were distributed during the nine months period ended 30 September 2023. No dividends were distributed during the year ended 31 December 2022.

### **13. LOANS AND BORROWINGS**

This note shows information related to the contractual terms of the interest-bearing loans and borrowings of the Group, valued at amortized cost, Information related to the Group's exposure to interest rate risk, foreign currency risk and liquidity risk is included in Note 18.

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Non-current liabilities</b>		
Secured bank loans	278,446	236,294
Issued bonds	32,740	32,561
	<b>311,186</b>	<b>268,855</b>
<b>Current liabilities</b>		
Issued bonds	-	-
Short-term borrowings	118,478	118,910
<b>Non-current liabilities</b>	<b>118,478</b>	<b>118,910</b>

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

<b>Lender</b>	<b>Currency</b>	<b>Maturity</b>	<b>Amount of the facility, in original currency</b>	<b>Balance at 31-Dec-22 (thous. RON)</b>	<b>Balance at 30-Sept-23 (thous. RON)</b>
<b>Bonds</b>					
Private placement bonds	EUR	24-Dec-26	6,581	32,561	32,740
<b>Total bonds</b>				<b>32,561</b>	<b>32,740</b>
CEC Bank	EUR	27-Nov-23	9,880	48,622	37,313
Garanti BBVA	EUR	15-Jun-24	4,250	5,936	3,410
Garanti BBVA	EUR	30-Jun-24	4,500	18,978	9,594
Libra Internet Bank	EUR	26-Jul-24	12,562	16,356	8,424
Libra Internet Bank	EUR	22-Sep-24	8,676	14,084	6,534
Libra Internet Bank	EUR	05-Oct-24	4,000	7,363	5,341
Libra Internet Bank	EUR	05-Dec-25	1,900	9,400	6,200
Libra Internet Bank	EUR	05-Dec-25	5,250	25,974	17,881
OTP Bank	EUR	31-Mar-25	21,161	51,444	105,268
OTP Bank	EUR	30-Jun-24	4,000	5,101	9,685
OTP Bank	EUR	31-Mar-25	13,279	44,388	65,239
OTP Bank	EUR	30-Jun-24	2,000	4,358	3,539
TechVentures Bank	EUR	06-Jan-25	2,000	6,871	4,422
Alpha Bank	EUR	08-Jun-29	20,000	95,283	84,752
First Bank	EUR	29-Mar-29	2,600	-	12,778
Libra Internet Bank	RON	15-Jun-26	14,000	-	8,224
Vista	RON	25-May-24	5,000	-	2,252
Garanti BBVA	RON	31-Oct-23	14,000	1,000	5,500
<b>Total bank loans</b>				<b>355,158</b>	<b>396,356</b>
<b>Interest</b>				<b>46</b>	<b>568</b>
<b>Total</b>				<b>387,765</b>	<b>429,664</b>

	<b>Bonds</b>	<b>Loans</b>	<b>Total</b>
<b>Balance on 1<sup>st</sup> of January 2023</b>	<b>32,607</b>	<b>355,158</b>	<b>387,765</b>
Draws	-	120,267	120,267
Payments	-	(81,326)	(81,326)
Accrued interest	1,558	17,896	19,454
Interest paid	(1,042)	(17,766)	(18,808)
FX differences	185	2,128	2,313
<b>Balance on 30 of September 2023</b>	<b>33,308</b>	<b>396,356</b>	<b>429,664</b>

In December 2020, the Parent Company carried out a new issue of Private Placement bonds in the amount of EUR 6,580 thousand with a fixed interest rate of 6.4% p.a., payable semi-annually. The bonds were issued by the Parent Company on 24 December 2020, they have a maturity of 6 years and were listed in May 2021 on the regulated market of BVB.

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

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

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

In June 2022, the Company contracted a loan denominated in EUR from Alpha Bank for the general financing of projects (working capital). The approved value of the loan is EUR 20,000 thousand, with maturity in 7 years from the granting.

In May 2022, the Company contracted a loan denominated in EUR from Garanti for the general financing of projects (working capital). The value of the credit is EUR 4,500 thousand, with a maturity of 2 years from the granting.

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

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

In December 2022, Bergamot Developments Phase II SRL contracted another loan denominated in EUR from Libra for the general financing of projects (working capital). The value of the loan is EUR 5,250 thousand, with a maturity of 3 years from the granting.

In May 2023, the IMPACT SA contracted a loan denominated in EUR from First Bank for the refinancing of the Community centre Greenfield Plaza. The value of the credit is EUR 3,500 thousand, with a maturity of 70 months from the granting.

In June 2023, IMPACT SA contracted a loan denominated in EUR from Libra Internet Bank for the general financing of projects (working capital). The value of the loan is RON 14,000 thousand, with a maturity of 3 years from the granting. Credit facility drawings started in July 2023.

All the financial indicators provided for in the long-term bank loan contracts were met as at 31 December 2022 and as at 30 September 2023.

#### 14. TRADE AND OTHER PAYABLES

	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>Non-current liabilities</b>		
Guarantees	6,547	6,124
Lease payables	1,555	2,352
	<b>8,102</b>	<b>8,476</b>
<b>Current liabilities</b>		
Trade payables	19,901	30,384
Lease payables	2,509	1,009
Tax debts	1,045	733
Income tax payable	1,609	1,885
Employees payables	1,613	1,658
Dividends payable	-	177
Other payables	1,480	774
	<b>28,157</b>	<b>36,620</b>
<b>TOTAL</b>	<b>36,259</b>	<b>45,096</b>
<b>Contract liabilities</b>	<b>39,435</b>	<b>37,307</b>

Contractual liabilities include advances received for the customers of residential units. The outstanding balances of these accounts increased in the first nine months of 2023 by RON 2,128 thousand and are due to the continuous growth of the Company's activity.

Information regarding the Group's exposure to currency risk and liquidity risk related to commercial and other liabilities is presented in Note 20.

#### Debts related to leasing contracts.

	<b>Vehicles</b>
<b>Balance January 1</b>	<b>(3,361)</b>
Additions	-
Lease payments	773
Interest expense	24
Contractual changes	(42)
Foreign exchange movements	6
<b>Balance 30 Jun 2023</b>	<b>(2,600)</b>

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

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

Spatzoo Management leased an electric car in October 2021 and a van in April 2022.

Following the acquisition of the RCTI Company, starting with September 2022 the lease liabilities also include the lease liabilities contracted by RCTI Company.

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

## 15. REVENUES

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

	<b>9 months 2023</b>	<b>9 months 2022</b>
Revenues from sales of residential properties	83,164	137,204
Others	23,727	19,074
	<b>106,891</b>	<b>156,278</b>

As at 30 September 2023, the group recorded 381 pre-sales and reservations with a package value of EUR 47.9 million (RON 214 million), which will turn into revenue as the apartments are completed in the following periods. During the first nine months of 2023, a total of 110 apartments were sold (173 during 9m 2021), of which 52 Luxuria Domenii Residence apartments, 24 apartments in Greenfield Băneasa, as well as 30 apartments and 4 villas in Boreal Plus Constanța. These sales generated total revenues of approximately 17 million euros (84 million lei), which were recorded in the same period.

Sales per project analysis:

	<b>9 months 2023</b>	<b>9 months 2022</b>
Greenfield Băneasa București	14.514	25.102
Luxuria Domenii Residence	50.549	112.102
Boreal Plus Constanța	16.911	-
Other	1.190	-
	<b>83.164</b>	<b>137.204</b>

## 16. NET INCOME FROM OTHER ACTIVITIES

	<b>9 months 2023</b>	<b>9 months 2022</b>
Rental income	2,107	22
Utilities - revenues	4,437	3,429
Utilities - expenses	1,083	-
Construction services	222	1
	<b>5,683</b>	<b>3,452</b>

## 17. GENERAL AND ADMINISTRATIVE EXPENSES

	<b>9 months 2023</b>	<b>9 months 2022</b>
Consumables	405	1,529
Third party expenses	9,867	11,719
Staff costs	12,314	13,159
	<b>22,586</b>	<b>26,407</b>

## 18. OTHER OPERATING (EXPENSES)/INCOME

	<u>9 months 2023</u>	<u>9 months 2022</u>
Other operating income	6,833	2,118
Rent expenses	(215)	(1,046)
(Profit) / Loss on disposal of property, plant and equipment	326	210
Fines and penalties income/(expenses)	3,527	1,016
Other operating expenses	3,075	(877)
Other tax expenses	(2,278)	-
Impairment of property, plant and equipment, net	1,356	(2,739)
Impairment of inventories, net	(1,423)	(2,306)
	<b><u>11,201</u></b>	<b><u>(3,624)</u></b>

## 19. FINANCE (COST)/INCOME

	<u>9 months 2023</u>	<u>9 months 2022</u>
Interest expense	(13,088)	(3,329)
Foreign exchange loss	(8,553)	(7,059)
Other financial expenses	(1,129)	(784)
<b>Total financial expenses</b>	<b><u>(22,770)</u></b>	<b><u>(11,172)</u></b>
Interest income	254	199
Foreign exchange gains	9,238	7,180
Other financial income	28	2
<b>Total financial income</b>	<b><u>9,520</u></b>	<b><u>7,381</u></b>
<b>Financial result, net</b>	<b><u>(13,250)</u></b>	<b><u>(3,791)</u></b>

Compared with the same period of 2022, in the first nine months of 2023 the interest expense has increased by RON 9,759 thousand. This is due to increase of loans balance as at 30 September 2023 with RON 41,899 thousand, corroborated with interest expense increases, as well as due to the fact that interest previously capitalized was charged to expenses during 2023. As regards to foreign exchange results, during the first nine months of 2023 the Group has registered net gains from foreign exchange (9M 2022: foreign exchange net gain of RON 121 thousand), of RON 685 thousand due to increase in value of RON against EUR.

## 20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Financial risk management

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

- credit risk
- liquidity risk
- market risk
- currency risk

## Risk management framework

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

### (a) Credit Risk

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

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

	<b>Note</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
Trade and other receivables	10	23,974	14,853
Cash and cash equivalents	11	48,197	55,108
		<b>72,171</b>	<b>69,961</b>

Trade receivables and other receivables

The Company's exposure to credit risk is mainly influenced by the individual characteristics of each customer. However, management also considers the demographic characteristics of the Company's customer base, including the non-payment risk characteristic of the field of activity and that of the country in which the customer operates, given that all these factors influence credit risk.

To monitor the credit risk related to customers, the Group monitors payment delays on a monthly basis and takes measures deemed necessary, on a case-by-case basis.

The Group establishes an allowance for impairment which represents its estimates of losses on trade receivables and other receivables (see Note 8).

The maximum credit risk exposure related to trade receivables and other receivables at the reporting date by geographic region was:

	<b>30 September 2023</b>	<b>31 December 2022</b>
Romania	23,974	14,853
	<b>23,974</b>	<b>14,853</b>

### Cash and cash equivalents

As at 30 September 2023, the Group held cash and cash equivalents in the amount of RON 48,197 thousand (31 December 2022: RON 55,108 thousand), representing the maximum exposure to credit risk related to these assets. Cash and cash equivalents are maintained with banks and financial institutions in Romania.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with financial debts that are settled in cash or through the transfer of another financial asset. The Group's approach to liquidity risk is to ensure, to the extent possible, that it holds sufficient liquidity at all times to meet liabilities as they fall due, both under normal and stressed conditions, without incur unacceptable losses or jeopardize the Group's reputation.

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

<b>30 September 2023</b>	<b>Accounting value</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Loans	429,664	429,664	118,496	207,656	91,033	12,479
Trade debts and other debts	36,259	36,259	28,157	8,102	-	-
	<b>465,923</b>	<b>465,923</b>	<b>146,653</b>	<b>215,758</b>	<b>91,033</b>	<b>12,479</b>
Estimates of future interest	51,684	51,684	26,974	15,954	8,314	442
<b>Total</b>	<b>517,607</b>	<b>517,607</b>	<b>173,627</b>	<b>231,712</b>	<b>99,347</b>	<b>12,921</b>

<b>31 December 2022</b>	<b>Accounting value</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Loans	387,765	386,718	117,863	62,431	199,095	7,329
Trade debts and other debts	45,096	45,096	36,620	8,476	-	-
	<b>432,861</b>	<b>431,814</b>	<b>154,483</b>	<b>70,907</b>	<b>199,095</b>	<b>7,329</b>
Estimates of future interest rates	33,074	33,074	17,312	10,527	5,098	137
	<b>465,935</b>	<b>464,888</b>	<b>171,795</b>	<b>81,434</b>	<b>204,193</b>	<b>7,466</b>

**(c) Market risk**

The Group's activities expose it to the financial risk of changes in currency exchange rates and interest rates. The Group aims to manage its exposure to these risks using a mix between fixed or floating rate loans and, foreign currency loans.

**(d) Currency risk**

The Group is exposed to currency risk due to sales, purchases and other loans that are denominated in a currency other than the functional currency of the Group's entities (the Romanian leu), primarily the EUR.

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Monetary assets</b>		
Trade receivables and other receivables	23.974	14,853
Cash and cash equivalents	48.197	55,108
	<b>72.171</b>	<b>69,961</b>
<b>Monetary debts</b>		
Loans	429.664	387,765
Trade debts and other debts	31.992	39,811
	<b>461,656</b>	<b>427,576</b>
<b>Net exposure</b>	<b>(389,485)</b>	<b>(357,615)</b>

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

The main exchange rates used during the year were:

	<b>30 September 2023</b>	<b>Medium for 9M 2023</b>	<b>31 December 2022</b>	<b>Medium for 2022</b>
EUR	4.9746	4.9389	4.9474	4.9315

Sensitivity analysis

A 10% appreciation / depreciation of the leu against the following foreign currencies on 30 September 2023 and 31 December 2022 would have increased the profit by the amounts indicated below. This analysis is based on the variations in exchange rates that the Company considers reasonably possible at the end of the reporting period. This analysis assumes that all other variables, especially interest rates, remain constant and ignores any impact of expected sales and purchases.

	<b>30 September 2023</b>			<b>31 December 2022</b>		
	<b>Accounting value</b>	<b>Effect of depreciation</b>	<b>Effect of appreciation</b>	<b>Accounting value</b>	<b>Effect of depreciation</b>	<b>Effect of appreciation</b>
Monetary assets and liabilities EUR	(389,485)	(38,949)	38,949	(358,624)	(35,862)	35,862

### Interest rate risk

	30 September 2023				31 December 2022			
	Accounting value	Variable rate	Fixed rate	Non-interest bearing	Accounting value	Variable rate	Fixed rate	Non-interest bearing
<b>Monetary assets</b>								
Trade receivables and other receivables	23,974	-	-	23,974	14,853	-	-	14,853
Cash and cash equivalents	48,197	-	-	48,197	55,108	-	55,108	-
	<b>72,171</b>	<b>-</b>	<b>-</b>	<b>72,171</b>	<b>69,961</b>	<b>-</b>	<b>55,108</b>	<b>14,853</b>
<b>Monetary debts</b>								
Loans	429,664	396,997	32,667	-	387,765	387,765	-	-
Trade debts and other debts	31,992	-	-	31,992	40,820	-	-	40,820
	<b>461,656</b>	<b>396,997</b>	<b>32,667</b>	<b>31,992</b>	<b>428,585</b>	<b>387,765</b>	<b>-</b>	<b>40,820</b>

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

	Accounting value	
	30 September 2023	31 December 2022
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial debts	(32,667)	(32,607)
	<b>(32,667)</b>	<b>(32,607)</b>
<b>Variable rate instruments</b>		
Debts	(396,997)	(355,158)
	<b>(396,997)</b>	<b>(355,158)</b>

### Cash flow sensitivity analysis for fixed rate instruments

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

### Cash flow sensitivity analysis for variable rate instruments

A possible change of 100 basis points at the reporting date would have increased or decreased equity and profit or loss by 3,970 (2022: 3,552). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain unchanged.

	<i>Profit / (Loss)</i>	
	<b>100 bp decrease</b>	<b>100 bp increase</b>
<b>30 September 2023</b>		
Variable rate instruments	3,970	(3,970)
	<i>Profit / (Loss)</i>	
	<b>100 bp decrease</b>	<b>100 bp increase</b>
<b>31 December 2022</b>		
Variable rate instruments	3,552	(3,552)

Compared with 31 December 2022, the exposure to changes in interest rate as at 30 September 2023 increased by RON 418 thousand. This is due to increase of the balance of debt with variable rate instrument by RON 41,720 thousand.

## 21. CAPITAL COMMITMENTS

At 31 December 2022 and 30 September 2023, the Group had no contracted capital commitments.

## 22. CONTINGENCIES

At the date of these consolidated financial statements, the Group is involved in ongoing litigation, both as plaintiff and defendant.

The Group's management regularly analyzes the status of all ongoing litigation and, following a consultation with the Board of Directors, decides on the need to recognize provisions related to committed amounts and to include them in the financial statements.

Considering the existing information, the Group's management believes that the significant disputes are the following:

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

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

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

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

The company filed an appeal which is being judged by the Cluj Court of Appeal, at this moment the company cannot estimate the duration of the process until a final decision is obtained. The next deadline granted in the appeal phase is 31 January 2024, to analyse the findings.

File no. was registered on the Argeş Commercial Court. 1032/1259/2012 in which the Project Company (Clearline Development and Management SRL) requests the obligation of CLC to pay compensation provisionally estimated at the amount of RON 17,053,000.

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

Admits the request, as amended, formulated by Clearline Development and Management SRL, in opposition to the defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca - through the Mayor. The defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca, jointly and severally, are ordered to pay the plaintiff the sum of RON 24,532,741.65 as damages and the sum of RON 13,862,967.16 representing penal interest calculated for the period covered between the date of the payments made by the plaintiff (established according to the report of the forensic accounting expertise carried out in the case) and until 01.04.2021.

The Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca declared an appeal.

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

"Rejects the appeal filed against the conclusions of the meeting. Accept the appeal against the sentence. Changes the sentence in part, in the sense that it rejects the request, as amended, formulated by the plaintiff. Remove the reference to obliging the defendants to pay court costs to the plaintiff. Maintains the rest of the sentence, with the possibility of filling an appeal within 15 days from communication".

Clearline Development and Management S.R.L. filled an appeal against the decision issued by the Piteşti Court of Appeal. The file is currently in regularization procedure.

#### **b) Litigation initiated by "EcoCivic Association"**

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

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

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

The next court date was set for 8 March 2024.

**c) Litigation regarding access to Vadul Moldovei street, file 1820/3/2023**

On January 19, 2023, Impact registered on the role of the Bucharest Court, Section II Administrative and Fiscal Litigation, against the City Hall of the City of Bucharest, the City Hall of Sector 1 Bucharest and the National Management of Romsilva Forests, the action in order to determine the mentioned institutions to comply with the obligations assumed by the decisions of the General Council of the Municipality of Bucharest, those of the Local Council of Sector 1 and those of the act of acceptance of the donation concluded with IMPACT and to definitively open public access between Alley Privighetorilor and Drumul Pădurea Pustnicu.

The first term is set for 29 January 2024.

Other contingencies

Garanti Bank granted RCTI Company a credit facility to cover the letters of guarantee in the amount of 5,000 lei. From this facility, on September 30, 2023, RCTI used 4,500 lei to issue letters of guarantee.

### **23. SUBSEQUENT EVENTS**

The Company's management presents the following events subsequent to 30 September 2023, until the date of approval of these consolidated financial statements, which do not require their adjustment:

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

In the context of the conflict between Russia and Ukraine, which began on 24 February 2022, the EU, the US, the UK and other countries have imposed various sanctions against Russia, including funding restrictions on certain Russian banks and state-owned companies, as well as personal sanctions against a number of individuals.

Given the geopolitical tensions, there has been an increase in financial market volatility and exchange rate depreciation pressure since February 2022.

These events are expected to affect activities in various sectors of the economy, resulting in further increases in energy prices in Europe and an increased risk of supply chain disruptions.

The Company has no direct exposures to related parties and/or key customers or suppliers in those countries.

The company considers these events as non-adjusting events after the reporting period, whose quantitative effect cannot currently be estimated with a sufficient degree of confidence. The Company's management continuously analyses the developments of this event and any possible impact of the change in micro and macroeconomic conditions on the Company's financial position and results of operations.

The consolidated financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

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**Iuliana Mihaela Urdă**

Chairman of the Board of  
Directors (BOD)

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**Constantin Sebeșanu**

Chief Executive Officer

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**Claudiu Bistriceanu**

Chief Financial Officer

**IMPACT DEVELOPER & CONTRACTOR SA**

**UNAUDITED INTERIM SEPARATE FINANCIAL STATEMENTS  
AS OF AND FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**

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

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

	<u>Note</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	<b>8</b>	37,970	21,545
Intangible assets		121	114
Right of use assets	<b>8</b>	1,167	1,485
Non-current receivables	<b>12</b>	74,712	67,197
Investment property	<b>9</b>	737,216	678,669
Investments in subsidiaries	<b>11</b>	36,216	36,216
<b>Total non-current assets</b>		<b>887,402</b>	<b>805,226</b>
<b>Current assets</b>			
Inventories	<b>10</b>	495,655	429,405
Trade and other receivables	<b>12</b>	12,108	33,892
Contract receivables	<b>12</b>	11,875	14,854
Cash and cash equivalents	<b>13</b>	35,397	46,857
<b>Total current assets</b>		<b>555,035</b>	<b>525,008</b>
<b>Total assets</b>		<b>1,442,437</b>	<b>1,330,234</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	<b>14</b>	598,884	598,884
Share premium		40,493	40,493
Revaluation reserve		(206)	3,001
Other reserves		38,318	38,318
Own shares		(268)	(268)
Retained earnings		220,471	160,755
<b>Total equity</b>		<b>897,692</b>	<b>841,183</b>
<b>Non-current liabilities</b>			
Loans and borrowings	<b>15</b>	300,304	232,860
Trade and other payables	<b>16</b>	6,760	12,260
Deferred tax liability		67,064	81,058
<b>Total non-current liabilities</b>		<b>374,128</b>	<b>326,178</b>

	<u>Note</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>Current liabilities</b>			
Loans and borrowings	<b>15</b>	88,787	97,491
Trade and other payables	<b>16</b>	45,414	29,083
Contract liabilities	<b>16</b>	36,063	35,946
Provisions for risks and charges		353	353
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>170,617</b>	<b>162,873</b>
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>544,745</b>	<b>489,051</b>
		<hr/>	<hr/>
<b>Total equities and liabilities</b>		<b>1,442,437</b>	<b>1,330,234</b>
		<hr/>	<hr/>

The separate financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**

Chairman of the Board of  
Directors (BoD)

**Constantin Sebeșanu**

Chief Executive Officer

**Claudiu Bistriceanu**

Chief Financial Officer

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

**IMPACT DEVELOPER & CONTRACTOR SA**  
**UNAUDITED INTERIM SEPARATE STATEMENT OF PROFIT OR**  
**LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTHS**  
**PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	Note	Period ended as at 30 September	
		2023	2022
Revenue	17	32,737	25,658
Costs of sales		(27,751)	(17,935)
<b>Gross profit</b>		<b>4,986</b>	<b>7,723</b>
Net income from other activities	17	6,173	3,272
General and administrative expenses	18	(15,182)	(18,374)
Marketing expenses		(1,742)	(2,368)
Other operating income/(expenses)	19	8,865	2,008
Depreciation and amortization		(2,091)	(657)
Gains on investment property		48,611	(62)
<b>Operating profit</b>		<b>49,620</b>	<b>(8,458)</b>
Financial income	20	11,196	10,290
Financial cost	20	(18,301)	(6,762)
<b>Finance costs, net</b>		<b>(7,105)</b>	<b>3,528</b>
<b>Profit before tax</b>		<b>42,515</b>	<b>(4,930)</b>
Income tax expense		13,994	-
<b>Profit of the period</b>		<b>56,509</b>	<b>(4,930)</b>

The separate financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**  
Chairman of the Board of  
Directors (BoD)

**Constantin Sebeșanu**  
Chief Executive Officer

**Claudiu Bistriceanu**  
Chief Financial Officer

**IMPACT DEVELOPER & CONTRACTOR SA**  
**UNAUDITED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**  
(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
<b>Balance as at 31 January 2023</b>		<b>598,884</b>	<b>40,493</b>	<b>3,001</b>	<b>38,318</b>	<b>(268)</b>	<b>160,755</b>	<b>841,183</b>
<b>Comprehensive income</b>								
Profit for the year		-	-	-	-	-	56,509	56,509
Other comprehensive income								
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,509</b>	<b>56,509</b>
<b>Transactions with shareholders of the Company</b>								
Share capital increase	<b>14</b>	-	-	-	-	-	-	-
Own shares acquired during the year		-	-	-	-	-	-	-
Share-based payments		-	-	-	-	-	-	-
<b>Other changes in equity</b>								
Set up of legal reserves		-	-	-	-	-	-	-
Revaluation reserves		-	-	(3,207)	-	-	3,207	-
<b>Balance on as at 30 September 2023</b>		<b>598,884</b>	<b>40,493</b>	<b>(206)</b>	<b>38,318</b>	<b>(268)</b>	<b>220,471</b>	<b>897,692</b>

The separate financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

**Iuliana Mihaela Urdă**  
Chairman of the Board of Directors (BoD)

**Constantin Sebeșanu**  
Chief Executive Officer

**Claudiu Bistriceanu**  
Chief Financial Officer

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

**IMPACT DEVELOPER & CONTRACTOR SA**  
**UNAUDITED INTERIM SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**  
**(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
<b>Balance as at 31 January 2022</b>		<b>401,214</b>	<b>(4,475)</b>	<b>3,001</b>	<b>12,389</b>	<b>(841)</b>	<b>289,278</b>	<b>700,567</b>
<b>Comprehensive income</b>		-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	(63,329)	(63,329)
Other comprehensive income		-	-	-	-	-	-	-
<b>Total other comprehensive income</b>		-	-	-	-	-	<b>(63,329)</b>	<b>(63,329)</b>
<b>Transactions with shareholders of the Company</b>								
Share capital increase	<b>14</b>	197.670	45.985	-	-	-	(165.923)	77.732
Own shares acquired during the year		-	-	-	-	(442)	-	(442)
Share-based payments		-	(1.017)	-	-	1.015	-	(2)
<b>Other changes in equity</b>								
Set up of legal reserves		-	-	-	25.929	-	(25.929)	-
<b>Balance 31 December 2022</b>		<b>598.884</b>	<b>40.493</b>	<b>3.001</b>	<b>38.318</b>	<b>(268)</b>	<b>160.755</b>	<b>841.183</b>

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(BoD)

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Chief Executive Officer

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Chief Financial Officer

**IMPACT DEVELOPER & CONTRACTOR SA**  
**UNAUDITED INTERIM SEPARATE CASH FLOW STATEMENT**  
**FOR NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	Note	Period ended 30 September	
		2023	2022
<b>Profit for the period</b>		<b>56,509</b>	<b>(4,930)</b>
<b>Adjustments to reconcile profit for the period to net cash flows:</b>		<b>(54,445)</b>	<b>(8,710)</b>
Valuation gains on investment property	9	(48,611)	-
Gain on sale investment property		(4)	-
Reversal of impairment loss PPE	8	(1,033)	(689)
Depreciation	8	2,091	764
Share based payments		-	(2,820)
Finance income	20	(11,196)	(4,584)
Finance cost	20	18,301	1,056
Other non-cash adjustments		1	(2,437)
Deferred tax expense		(13,994)	-
<b>Working capital adjustments</b>		<b>(53,962)</b>	<b>(45,447)</b>
Decrease/(increase) in trade receivables and other receivables	12	13,924	(5,981)
Decrease in prepayments		2,156	(1,317)
Decrease in inventory property	10	(81,806)	(72,015)
(Decrease)/increase in trade, other payables, and contract liabilities	16	11,764	34,756
(Decrease)/increase in provisions		-	(890)
Income tax paid		-	-
<b>Net cash flows used in operating activities</b>		<b>(51,898)</b>	<b>(59,087)</b>
Loans granted to subsidiaries	24	(2,452)	(42,919)
Proceeds from loans to subsidiaries	24	6,088	25,333
Investments in subsidiaries	11	-	20,581
Purchase of property, plant and equipment	8	(1,934)	(4,914)
Purchase of investment property	9	550	-
Purchase of own shares	14	-	795
Expenditure on investment property under development	9	-	(66,554)
Expenditure on PPE under development	8	(471)	(285)
Proceeds from property, plant and equipment	8	(1)	501
Interest received	24	-	140
<b>Net cash flows from investing activities</b>		<b>1,780</b>	<b>(67,322)</b>
Proceeds from borrowings	15	113,669	153,876
Repayment of principal of borrowings	15	(57,596)	(91,222)
Proceeds from issue of share capital	15	-	77,732
Dividends paid		(3)	(7)
Interest paid	15	(17,411)	(7,650)
<b>Net cash from financing activities</b>		<b>38,659</b>	<b>132,729</b>
<b>Net increase / (decrease) of cash and equivalents</b>		<b>(11,459)</b>	<b>6,320</b>
<b>Cash and equivalents on 1st of January</b>		<b>46,857</b>	<b>36,171</b>
<b>Cash and equivalents as at 30 September 2023</b>		<b>35,397</b>	<b>42,491</b>

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Chairman of the Board of  
Directors (BoD)

**Constantin Sebeșanu**  
Chief Executive Officer

**Claudiu Bistriceanu**  
Chief Financial Officer

## 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 Impact Building, Drumul Padurea Mogosoia Street, No.31-41, Bucharest, District 1.

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

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

	<b>Country of registration</b>	<b>Nature of activity</b>	<b>% of shares held by Company at 30 September 2023</b>	<b>% of shares held by Company at 31 December 2022</b>
Clearline Development and Management SRL	Romania	Real estate development	100%	100%
Spatzio Management SRL (former Actual Invest House SRL)	Romania	Property management	100%	100%
Bergamot Development Phase II SRL	Romania	Real estate development	100%	100%
Bergamot Development SRL	Romania	Real estate development	100%	100%
Impact Finance SRL	Romania	Administration	100%	100%
Greenfield Copou Residence SRL	Romania	Real Estate development	100%	100%
Greenfield Copou Residence Phase II SRL	Romania	Real estate development	100%	100%
Aria Verdi (former Greenwise) Development SRL	Romania	Real estate development	100%	100%
Greenfield Property Management SRL	Romania	Real estate development	100%	100%
Impact Alliance Architecture SRL	Romania	Architecture services	51%	51%
Impact Alliance Moldova SRL	Romania	Constructor	51%	0%
R.C.T.I. Company	Romania	Constructor	51.01%	51.01%

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

During the first nine months of 2023 the Company’s activity revolved around the Greenfield Baneasa residential complex in Bucharest and Boreal Plus in Constanta.

## **2. THE BOARD OF ADMINISTRATION**

The Board of Administration represents the decision-making body for all significant aspects for the Company as a whole due to the 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, represented by Petru Văduva
- Ruxandra-Alina Scarlat, Administrator
- Daniel Pandeale, Administrator
- Sorin Apostol, Administrator

### **Executive Management of the Company**

On 27<sup>th</sup> April 2021, the Board of Directors appointed Mr. Constantin Sebeșanu as General Manager with mandate until 27 April 2025. On the same date, Sorin Apostol took over the position of executive director (COO).

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

## **3. BASIS OF PREPARATION**

### **a) Declaration of conformity**

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

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

**b) The going concern principle.**

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

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

The Company made an initial assessment of the risks and uncertainties. Therefore, management considered different scenarios, considering the following:

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

Regarding pre-sales, the Company expects a significant increase in the volume of transactions in 2023 due to existing inventory and the projects that the Company is currently running: Greenfield – Teilor District, and Boreal Plus Constanța. The Company also considers that a major impetus in the Company's activity is the commissioning Greenfield Plaza (a multifunctional complex that includes SPA areas (with relaxation areas and 2 swimming pools), fitness rooms and sports fields, commercial areas. Greenfield Plaza was inaugurated in December 2022.

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

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

#### **4. FUNCTIONAL AND PRESENTATION CURRENCY**

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

#### **5. SIGNIFICANT ACCOUNTING POLICIES**

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

Below is presented the summary of the significant accounting policies.

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

**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 into 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 into the functional currency using the exchange rate prevailing at the date of the determination of fair value. The exchange rate differences resulting from translation are recognized in the Statement of Profit or Loss and Other Comprehensive Income.

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

**b) Tangible assets**

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

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

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

Freehold land is not depreciated.

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

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

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

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

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

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates

the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

### **c) Intangible assets acquired separately**

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

### **d) Investment property**

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

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

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

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

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

### **e) Inventories**

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

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

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

**f) Trade and other receivables**

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

**g) Derecognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flow 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 recognizes a collateralized borrowing for the proceeds received.

**h) Cash and cash equivalents**

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

**i) Share capital**

- **Ordinary shares**

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

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

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

**j) Dividends**

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

**k) Own shares**

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

Own shares are recognized at cost as a deduction from shareholders' equity. Subsequent consideration

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received for the sale of such shares is also recognized in equity, with any difference between the sale proceeds from the original cost being taken to retained earnings. No gain or loss is recognized in the performance statements on transactions in own shares.

#### **l) Borrowings**

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

##### **(i) Borrowing costs**

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

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

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

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

#### **m) Trade payables and other payables**

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

The Company derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

#### **n) Provisions**

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

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

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

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## **o) Revenues**

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

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

### **(ii) Revenues from re-charging utilities**

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

## **p) Taxation**

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

### **(i) Current tax**

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

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

### **(ii) Deferred tax**

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

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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 assets to be recovered. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

#### **q) Share-based payments**

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

#### **r) Financial instruments – fair values and risk management**

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

#### **s) Lease contracts**

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

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

#### **t) Company as a Lessor**

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

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to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### **(i) Right of use assets**

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

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years

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

#### **(ii) Lease liabilities**

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

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

The Company's lease liabilities are included in Interest-bearing loans and borrowings.

#### **iii) Short-term leases and leases of low value**

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

#### **u) Contingent liabilities**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events that is not recognized because:
  - i. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - ii. the amount of the obligation cannot be measured with sufficient reliability.

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

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

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

#### **v) Subsequent events**

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

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

#### **w) Segment reporting**

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

#### **x) Investment in subsidiaries and associates**

A subsidiary is an entity over which the Company has control.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in subsidiaries and associates are accounted for using the historical cost model.

The Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or subsidiary. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or subsidiary is impaired.

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If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or subsidiary and its carrying value, and then recognises the loss in the statement of profit or loss.

## **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 are under ongoing review. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **a) Fair value measurements and valuation processes of investment property**

Valuation of investment property and property, plant and equipment.

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

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

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

- the selection of comparable land plots resulting in order to determine the “offer price” which is taken as the basis to form an indicative price.
- the quantum of adjustments to apply against the offer price to reflect deal prices, and differences in location and condition.

A sensitivity analysis of the three key assets is presented below:

Asset	Impact on the valuation included in the balance sheet at 30 September 2023 and gains on investment property registered to profit or loss of a 5% weakening/(strengthening) of the price per sqm	
Greenfield Baneasa Bucuresti land	- 1,232	+1,232
Bd. Barbu Vacarescu land	- 6,836	+ 6,836
Bd. Ghencea land - Bd. Timisoara	- 589	+ 589

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**b) Transfers of assets both from and to investment property**

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

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

**c) Legal issues**

The management of the Company analyses regularly the status of all ongoing litigations and following a consultation with the Board of Administration decides upon the necessity of recognizing provisions related to the amounts involved or their disclosure in the separate financial statements. Key legal matters are summarized in Note 21 Contingencies.

**d) Cost allocation**

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

## **7. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

### A) Amendments to accounting policies and information to disclose

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2023:

- IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. The amendments had no impact on the financial statements of the Company.

- IFRS 16 Leases-Covid 19 Related Rent Concessions beyond 30 September 2021 (Amendment)

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

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

- IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2023 with earlier application permitted, provided the entity also applies IFRS 9 Financial Instruments on or before the date it first applies IFRS 17. This is a comprehensive new accounting standard for insurance contracts, covering recognition and measurement, presentation, and disclosure. IFRS 17 applies to all types of insurance contracts issued, as well as to certain guarantees and financial instruments with discretionary participation contracts. The company/group does not issue contracts in scope of IFRS 17; therefore, its application does not have an impact on the company's financial performance, financial position of cash flows.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. The amendments have not yet been endorsed by the EU. Management has assessed that the amendments will have no impact on the financial statements of the Company.

IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. The amendments had no impact on the financial statements of the Company.

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. The amendments had no impact on the financial statements of the Company.

IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition

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exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. The amendments had no impact on the financial statements of the Company.

**IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)**

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

## 8. PROPERTY, PLANT AND EQUIPMENT

Cost / valuation	Land and buildings	Machinery, equipment and vehicles	Fixtures and fittings	Assets under construction	Total
<b>Balance on 1 January 2023</b>	<b>32,469</b>	<b>4,072</b>	<b>1,312</b>	<b>1,785</b>	<b>39,638</b>
Additions	17	(14)	194	471	668
Transfers	16,987	508	230	(1,498)	16,227
Value adjustments	(1)	-	-	-	(1)
Disposals	-	-	(1)	-	(1)
<b>Balance on 30 September 2023</b>	<b>49,472</b>	<b>4,566</b>	<b>1,735</b>	<b>758</b>	<b>56,531</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance as of 01 January 2023</b>	<b>14,999</b>	<b>2,663</b>	<b>431</b>	<b>-</b>	<b>18,093</b>
Charge for the period	1,321	239	170	-	1,730
Impairment loss	(1,033)	(212)	-	-	(1,245)
Accumulated depreciation of disposals	-	(17)	-	-	(17)
<b>Balance on 30 September 2023</b>	<b>15,287</b>	<b>2,673</b>	<b>601</b>	<b>-</b>	<b>18,561</b>
<b>Carrying amounts</b>					
<b>On 01 January 2023</b>	<b>17,470</b>	<b>1,409</b>	<b>881</b>	<b>1,785</b>	<b>21,545</b>
<b>On 30 September 2023</b>	<b>34,185</b>	<b>1,893</b>	<b>1,134</b>	<b>758</b>	<b>37,970</b>

**IMPACT DEVELOPER & CONTRACTOR SA**  
**NOTES TO THE UNAUDITED INTERIM SEPARATE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2023**  
**(All amounts are expressed in thousand RON, unless stated otherwise)**



	<b>Land and buildings</b>	<b>Machinery, equipment and vehicles</b>	<b>Fixtures and fittings</b>	<b>Assets under construction</b>	<b>Total</b>
<b>Cost / valuation</b>					
<b>Balance on 1 January 2022</b>	<b>18,846</b>	<b>3,520</b>	<b>1,268</b>	<b>8,360</b>	<b>31,994</b>
Additions	6,971	920	862	446	9,199
Transfers	7,561	-	-	(7,017)	544
Value adjustments	-	-	-	(4)	(4)
Disposals	(909)	(368)	(818)	-	(2,095)
<b>Balance on 31 December 2022</b>	<b>32,469</b>	<b>4,072</b>	<b>1,312</b>	<b>1,785</b>	<b>39,638</b>
<b>Accumulated depreciation and impairment losses</b>					
<b>Balance on 1 January 2022</b>	<b>14,128</b>	<b>2,571</b>	<b>1,133</b>	<b>-</b>	<b>17,832</b>
Charge for the period	713	459	155	-	1,286
Transfers	-	-	-	-	-
Impairment loss	158	-	-	-	158
Accumulated depreciation of disposals	-	(366)	(817)	-	(1,183)
<b>Balance on 31 December 2022</b>	<b>14,999</b>	<b>2,663</b>	<b>431</b>	<b>-</b>	<b>18,093</b>
<b>Carrying amounts</b>					
<b>On January 1, 2022</b>	<b>4,718</b>	<b>949</b>	<b>136</b>	<b>8,360</b>	<b>14,162</b>
<b>On 31 December 2022</b>	<b>17,470</b>	<b>1,409</b>	<b>881</b>	<b>1,785</b>	<b>21,545</b>

Transfers totaling 16,987 thousand lei signify the receipt of infrastructure projects from Constanța, including the Boreal Plus Project's roads and landscaping costing 15,335 thousand lei and a pair of billboards on DN1 and A2 worth 1,608 thousand lei each.

Due to estimations that their recoverable value is less than its accounting value (cost minus depreciation), the corporation recorded adjustments for the loss of value of its fixed assets (electrical networks, sewage networks, and roads).

It was determined that there have been no major changes in the values that call for value adjustments or the recording of increases when the value of the land and buildings in the Greenfield Office was compared to the evaluations given by an independent appraiser, Colliers Valuation and Advisory SRL.

#### Lease contracts

<b>30 September 2023</b>	<b>Lease Contracts no.</b>	<b>Fixed payments</b>	<b>Variable Payments</b>	<b>Sensitivity</b>
Electric Cars	19	100%	-	-
<b>Total</b>	<b>19</b>	<b>100%</b>	<b>-</b>	<b>-</b>

#### Right of Use Assets

	<b>Vehicles</b>
<b>Balance on January 1</b>	<b>1,485</b>
Additions	-
Amortisation	(318)
Modification to lease terms	-
Variable lease payment adjustment	-
Foreign exchange movements	-
<b>Balance on 30 September 2023</b>	<b>1,167</b>

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

## 9. INVESTMENT PROPERTY

### Reconciliation of carrying amount of property investments

	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>Balance on January 1<sup>st</sup>/ 2023, 2022</b>	<b>678,669</b>	<b>568,758</b>
Additions through subsequent expenditures	1,687	46,339
Transfers from inventories	9,177	-
Transfers from property, plant, and equipment	-	-
Transfers to property, plant, and equipment	(389)	(13,896)
Adjustments	1	(192)
Disposals	(550)	-
Changes in fair value during the year	48,594	77,660
<b>Balance on 30 September 2023/31 December 2022</b>	<b>737,216</b>	<b>678,669</b>

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

### Main real estate investments in land

Asset	<u>30 September 2023</u>		<u>31 December 2022</u>	
	sqm	thousand RON	sqm	thousand RON
Greenfield Baneasa land (Bucharest)	217,852	282,407	217,852	281,511
Blvd. Barbu Vacarescu land (Bucharest)	25,424	182,951	25,424	176,078
Blvd. Ghencea land (Bucharest)	258,895	160,625	258,895	160,098
<b>Total</b>	<b>502,171</b>	<b>625,983</b>	<b>502,171</b>	<b>617,687</b>

Additions of investment property mainly include additional works for Greenfield Plaza.

The management of the Company decided to open a new business line and to change the destination of some flats from “ready to sell” in “ready for rent”. The apartments ready for rent were reclassified from stock to investment property. The value of them is RON 9,177 thousand.

The value of land registered as investment property increased at the 30 September 2023, by RON 48,594 thousand, following the revaluation carried out by the external evaluator, Colliers Valuation and Advisory S.R.L.

Considering the above, the Group considers that at 30 September 2023 there is sufficient evidence that the future use of the land is uncertain and thus the land should be classified as investment property and not as inventory, in accordance with IAS 40 provision regarding “land held for a currently undetermined future use”.

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

Details on the legal issues related to land are found in Note 23.

### **Valuation processes**

The Company's investment properties were valued at June 30, 2023 by independent professionally Colliers Valuation and Advisory SRL, external, independent evaluators, authorized by ANEVAR, having experience regarding the location and nature of the properties evaluated.

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

### **Fair value hierarchy**

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

### **Valuation techniques**

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

<b>Asset</b>	<b>Main parameters as at 30 June 2023</b>	<b>Main parameters as at 31 December 2022</b>
Greenfield Băneasa land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 248 EUR / sqm to 296 EUR / sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: from -26% discount to +37% Premium</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 250 EUR / sqm to 450 EUR / sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: from -26% discount to +37% Premium</li> </ul>
Barbu Văcărescu land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 1,440 EUR/sqm to 1,553 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -40% to +20% Premium</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 1,254 EUR/sqm to 2,537 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount from -40% to +20% Premium</li> </ul>
Blvd. Ghencea land	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 125 EUR/sqm to 133 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -5% to +75%</li> </ul>	<ul style="list-style-type: none"> <li>Price offer per square meter for land used as comparable: from 80 EUR/sqm to 165 EUR/sqm.</li> <li>Observable offer price adjustments to reflect transaction prices, location, and condition: discount of -5% to +75%</li> </ul>

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

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The carrying value as at 30 September 2023 of the land plots pledged is RON 127,143 thousands (31 December 2022: RON 235,353 thousands).

## 10. INVENTORIES

	<u>30 September 2023</u>	<u>31 December 2022</u>
Finished goods and goods for resale	74,381	101,029
<i>Residential developments:</i>		
- Land	89,578	88,926
- Development and construction costs	331,696	239,450
	<u>495,655</u>	<u>429,405</u>

Inventories are represented by:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Residential project Greenfield	310,649	311,201
Land and development expenses Constanța	74,487	107,927
Other inventories	110,519	10,277
	<u>495,655</u>	<u>429,405</u>

Lands with a carrying amount of RON 89,578 thousand as at 30 September 2023 (31 December 2022: RON 88,926 thousand) consist of lands held by the Company for development of new residential properties and infrastructure, mainly in Bucharest, as well as lands which the Company intends to realize value through direct sale.

Completed residential properties with a carrying value of RON 74,381 thousand as at 30 September 2023 (31 December 2022: RON 101,029 thousand) refer entirely to apartments held for sale by the Company.

Cost of inventories recognized during the period is 27,751 RON thousand.

The carrying value as at 30 September 2023 of the finished goods inventories pledged is of RON 71,183 thousand (RON 189.387 thousand as at 31 December 2022).

The Boreal Plus project in Constanta is financed together with CEC Bank; therefore, the loan interest was capitalized in the construction value of the stock. The value of the capitalized interest during 2022 is RON 1,020 thousand. The project was commissioned, therefore in 2023 no interest was capitalized.

Part of the Greenfield project (construction of the Teilor complex) is financed together with OTP Bank. The interest capitalized during 2022 in the value of the projects is RON 1,230 thousand. In the first nine months of 2023, the capitalized interest was RON 9,664 thousand.

## 11. INVESTMENTS IN SUBSIDIARIES

	<u>30 September 2023</u>	<u>31 December 2022</u>
Investments in subsidiaries	44,239	44,239
Impairment of investments in subsidiaries	(8,023)	(8,023)
	<u>36,216</u>	<u>36,216</u>

The Company holds interests in the following subsidiaries:

	<u>30 September 2023</u>			
	<u>Percentage</u>	<u>Gross value</u>	<u>Impairment</u>	<u>Book value</u>
Spatzio Management SRL	6.23%	110	-	110
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developments	99%	6,770	-	6,770
Bergamot Developments Phase II	99%	49	-	49
Impact Finance	99%	1	-	1
Greenfield Copou Residence	99%	49	-	49
Greenfield Copou Residence Phase II	99%	49	-	49
Aria Verdi Development	99%	49	-	49
Greenfield Property Management	99%	49	-	49
R.C.T.I Company	51.01%	14,440	-	14,440
Impact Alliance Arhitecture	51%	255	-	255
<b>Total subsidiaries</b>		<u>44,239</u>	<u>(8,023)</u>	<u>36,216</u>

	<u>31 December 2022</u>			
	<u>Percentage</u>	<u>Gross value</u>	<u>Impairment</u>	<u>Book value</u>
Spatzio Management SRL	6.23%	110	-	110
Clearline Development and Management	100%	22,420	(8,023)	14,397
Bergamot Developments	99%	6,770	-	6.770
Bergamot Developments Phase II	99%	49	-	49
Impact Finance	99%	1	-	1
Greenfield Copou Residence	99%	49	-	49
Greenfield Copou Residence Phase II	99%	49	-	49
Greenwise Development	99%	49	-	49
Greenfield Property Management	99%	49	-	49
R.C.T.I Company	51.01%	14,440	-	14,440
Impact Alliance Arhitecture	51%	255	-	255
<b>Total subsidiaries</b>		<u>44,239</u>	<u>(8,023)</u>	<u>36.216</u>

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

- a) Spatzioo Management SRL (former Actual Invest House SRL), a company that provides management services for new residential developments.
- b) Clearline Development and Management S.R.L. (former Lomb SA) is the project company through which IMPACT was to develop a residential project in Cluj-Napoca, in partnership with the local authority. For investments made by Clearline Development & Management SRL in the realization of the Lomb project in Cluj, the project company has a litigation (see Note 21) amounting to 17,053 thousand RON, plus legal interest, a file that is currently pending at the Court in Arges and is currently carrying out the expertise in the file.
- c) Bergamot Developments S.R.L., company within the group with main object of activity real estate development, which starting with 2018 developed a residential ensemble of approx. 51,382 square meters, 500 apartments, on a land of approximately 17,213 sqm, respectively the first phase of the residential complex Luxuria Domenii Residence.
- d) Bergamot Developments Phase II S.R.L., a company within the group having as main object of activity the real estate development, which is to develop the Phase II (130 apartments) of the residential complex Luxuria Domenii Residence, consisting of 13,618 square meters built on a plot of 5,769 sqm.
- e) Impact Finance & Developments S.R.L. has a role in diversifying the range of services related to home sales. Impact Finance & Developments collaborates with financial institutions in Romania in order to offer advantageous lending solutions for clients who purchase dwellings.
- f) Greenfield Copou Residence S.R.L., a company within the group having as main object of activity the lease and sublease of its own or of rented property has been incorporated in December 2019. Its object is to develop the Greenfield Copou project in Iasi.
- g) Greenfield Copou Residence Phase II SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.
- h) Greenfield Property Management SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.
- i) Aria Verdi (former Greenwise) Development SRL, a company within the group, having as main object of activity the real estate development, has been incorporated in 2021.
- j) Impact Alliance Arhitecture SRL, a company within the group having as main object of activity architecture services, has been incorporated in 2022
- k) RCTI Company, a company within the group having as main object of activity the real estate constructions, has been acquired by the Company in 2022 (refer to Note 23).

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

## 12. TRADE AND OTHER RECEIVABLES

	<u>Short term</u>		<u>Long term</u>	
	<u>30 September 2023</u>	<u>31 December 2022</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Trade receivables	3,521	12,189	-	-
Receivables from related parties	5,547	3,801	74,712	67,197
Sundry debtors	2,933	8,433	-	-
Receivables from authorities	107	9,469	-	-
	<b>12,108</b>	<b>33,892</b>	<b>74,712</b>	<b>67,197</b>

Long-term receivables represent the balance of loans and their related interest granted by the Company to its subsidiaries. Details about the breakdown of the amount is included in note 24 - regarding transactions with related parties.

As at 30 September 2023 and 31 December 2022 the Company did not have any trade receivables and/or other pledged receivables.

<b>Other current assets</b>	<u>30 September 2023</u>	<u>31 December 2022</u>
Prepaid expenses	6,456	5,512
Advances to suppliers	5,419	9,342
	<b>11,875</b>	<b>14,854</b>

## 13. CASH AND CASH EQUIVALENTS

	<u>30 September 2023</u>	<u>31 December 2022</u>
Current accounts	35,342	46,797
Petty Cash	10	9
Cash advances	45	51
	<b>35,397</b>	<b>46,857</b>

Current accounts are held with Romanian commercial banks. Out of the total balance of cash, 99 thousand RON (31 December 2022: 102 thousand RON) is restricted cash.

#### 14. SHARE CAPITAL

	<u>30 September 2023</u>	<u>31 December 2022</u>
Share capital paid in	591,420	591,420
Adjustments of the share capital (hyperinflation)	7,464	7,464
	<b>598,884</b>	<b>598,884</b>
Number of shares in issue at period end	<u>2,365,679,961</u>	<u>2,365,679,961</u>

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

	<u>30 September 2023</u>	<u>31 December 2022</u>
	%	%
Gheorghe Iaciu	57.76%	57.76%
Andrici Adrian	12.73%	12.73%
Legal persons	19.72%	19.70%
Other shareholders	9.80%	8.82%
	<u>100%</u>	<u>100%</u>

#### Dividends

During the nine months period ended 30 September 2023, the Company has not declared dividends to its shareholders.

## 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 19.

	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>Non-current liabilities</b>		
Secured bank loans	267,564	200,299
Issued bonds	<u>32,740</u>	<u>32,561</u>
	<b>300,304</b>	<b>232,860</b>
<b>Current liabilities</b>		
Secured bank loans	88,787	97,491
Short-term borrowings	<u>-</u>	<u>-</u>
	<b>88,787</b>	<b>97,491</b>

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 December 2022*</u> thous. RON	<u>Balance at 30 Sept 2023*</u> thous. RON
Private placement bonds	EUR	24.12.2026	6,581	32,561	32,740
<b>Total bonds</b>				<b>32,561</b>	<b>32,740</b>
CEC Bank	EUR	27.11.2023	9,880	48,622	37,331
Garanti BBVA	EUR	15.06.2024	4,250	5,936	3,410
Garanti BBVA	EUR	30.06.2024	4,500	18,978	9,594
OTP Bank	EUR	31.03.2025	21,161	51,444	105,268
OTP Bank	EUR	30.06.2024	4,000	5,101	9,685
OTP Bank	EUR	31.03.2025	13,279	44,388	65,239
OTP Bank	EUR	30.06.2024	2,000	4,358	3,539
TechVentures Bank	EUR	06.01.2025	2,000	6,871	4,422
Alpha Bank	EUR	08.06.2029	20,000	95,283	84,752
Libra Internet Bank	EUR	05.12.2025	1,900	9,400	6,200
Libra Internet Bank	EUR	05.10.2024	4,000	7,363	5,341
First Bank	EUR	29.03.2029	2,600	-	12,778
Libra Internet Bank	RON	15.06.2023	14,000	-	8,224
<b>Total bank loans</b>				<b>297,744</b>	<b>355,782</b>
<b>Interest</b>				<b>46</b>	<b>568</b>
<b>Total</b>				<b>330,351</b>	<b>389,091</b>

\* Including the balance of interest payments, where applicable

	<b>Bonds</b>	<b>Loans</b>	<b>Total</b>
<b>Balance on 1<sup>st</sup> of January 2023</b>	<b>32,607</b>	<b>297,744</b>	<b>330,351</b>
Draws	-	113,669	113,669
Payments	-	(57,596)	(57,596)
Accrued interest	1,558	16,369	17,927
Interest paid	(1,042)	(16,369)	(17,411)
FX differences	186	1,965	2,151
<b>Balance on 31<sup>st</sup> of March 2023</b>	<b>33,309</b>	<b>355,782</b>	<b>389,091</b>

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

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

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

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

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

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

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

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

In May 2023, the Company contracted a loan denominated in EUR from First Bank for refinancing the building of Greenfield Plaza. The amount of the loan is EUR 3.500 thousand, with a maturity of 70 months from granting.

In June 2023, the Company contracted a loan denominated in RON from Libra Internet Bank for general

financing (working capital) in amount of RON 14,000, with a maturity of 36 months from signing the contract. The first use of the loan was in July 2023.

All the covenants provided in the long-term bank loan agreements have been met at 30 September 2023 and 31 December 2022.

## 16. TRADE AND OTHER PAYABLES

	<u>30 September 2023</u>	<u>31 December 2022</u>
<b>Non-current liabilities</b>		
Guarantees	6,153	11,352
Lease payables	607	908
	<u>6,760</u>	<u>12,260</u>
<b>Current liabilities</b>		
Trade payables	9,510	7,437
Profit Tax Liability	125	-
Lease payables	379	342
Tax debts	1,349	292
Employees payables	566	716
Dividends payable	-	177
Related parties payables	24,010	16,172
Other payables	9,725	3,947
	<u>45,414</u>	<u>65,029</u>
	<u>52,174</u>	<u>77,289</u>
	<u>30 September 2023</u>	<u>31 December 2022</u>
Prepayments from clients	36,063	35,946

Information related to the Company's exposure to exchange rate risk and liquidity risk related to trade and other liabilities is included in Note 21.

## 17. REVENUES

### Revenues of the Company:

	<u>9 Months 2023</u>	<u>9 Months 2022</u>
<b>Revenue from sale of real estate property</b>		
Revenue from sale of residential properties and land	32,615	25,102
Other revenues	122	556
	<u>32,737</u>	<u>25,658</u>
<b>Net income from other activities</b>		
Rental income	2,704	416
Revenues from utilities	3,823	2,856
Expenses for utilities	(354)	
	<u>6,173</u>	<u>3,272</u>

The company recorded a total of 353 pre-sales as at 30 September 2023 with a package value of EUR 39,40 million (RON 196 million), which will be recognized as revenue as the apartments are completed in the next period.

During the first nine months of 2023, a total of 24 dwellings (39 in 9M 2022) were sold in Greenfield Băneasa. Also, 30 dwellings were sold in Boreal Constanța Apartments (0 during 9M 2022) and 4 house in Boreal Constanța Villas (2 during 9M 2022). These sales generated total revenues of EUR 6.6 million (RON 32.7 million), which were recorded in the same period.

Sales breakdown by projects:

	<b>9 Months 2023</b>	<b>9 Months 2022</b>
Greenfield Băneasa București	14,514	25,102
Boreal Constanța	18,101	-
Other	-	-
	<b>32,615</b>	<b>25,102</b>

#### **18. GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>9 Months 2023</b>	<b>9 Months 2022</b>
Consumables	211	644
Services provided by third parties	5,970	7,945
Staff costs	9,001	9,785
	<b>15,182</b>	<b>18,374</b>

#### **19. OTHER OPERATING (EXPENSES)/INCOME**

	<b>9 Months 2023</b>	<b>9 Months 2022</b>
Other operating income	3,650	1,735
Rent expenses	(87)	(218)
(Profit) / Loss on disposal of property, plant and equipment	4	210
Fines and penalties income/(expenses)	3,508	1,021
Other operating expenses	(421)	(304)
Other taxes	(1,674)	-
Impairment of property, plant and equipment, net	2,867	(348)
Impairment of inventories, net	1,018	(88)
	<b>8,865</b>	<b>2,008</b>

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## 20. FINANCE (COST)/INCOME

	<b>9 Months 2023</b>	<b>9 Months 2022</b>
Interest expense	(10,432)	(703)
Foreign exchange loss	(7,046)	(5,706)
Other financial expenses	(823)	(353)
<b>Total financial expenses</b>	<b>(18,301)</b>	<b>(6,762)</b>
Interest income	3,291	4,624
Foreign exchange gains	7,905	5,666
Other financial income	-	-
<b>Total financial income</b>	<b>11,196</b>	<b>10,290</b>
<b>Financial result, net</b>	<b>(7,105)</b>	<b>3,528</b>

## 21. 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:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Trade and other receivables	6,454	33,765
Cash and cash equivalents	35,397	46,857
	<u>41,851</u>	<u>80,622</u>

#### **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.

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

	<u>30 September 2023</u>	<u>31 December 2022</u>
Romania	6,454	33,765
	<u>6,454</u>	<u>33,765</u>

#### **Cash and cash equivalents**

At 30 September 2023, the Company held cash and cash equivalents in amount of RON 99 thousand (31 December 2022: RON 46,857 thousand), representing the maximum exposure to credit risk arising from these assets. The cash and cash equivalents are held at banks and financial institutions in Romania.

#### **(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.

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

<b>30 September 2023</b>	<b>Accounting value</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Loans	389,091	389,091	88,805	198,951	88,856	12,479
Trade debts and other debts	52,174	52,174	45,414	6,760	-	-
<b>Total</b>	<b>441,265</b>	<b>441,265</b>	<b>134,219</b>	<b>205,711</b>	<b>88,856</b>	<b>12,479</b>
Estimates of future interest rates	53,608	53,608	24,871	15,350	12,946	442
<b>Total</b>	<b>494,873</b>	<b>494,873</b>	<b>159,090</b>	<b>221,060</b>	<b>101,802</b>	<b>12,921</b>

<b>31 December 2022</b>	<b>Accounting value</b>	<b>Total</b>	<b>Less than 1 year</b>	<b>Between 1 and 2 years</b>	<b>Between 2 and 5 years</b>	<b>Over 5 years</b>
Loans	330,351	330,351	97,492	35,093	190,437	7,329
Trade debts and other debts	41,343	41,343	29,083	12,260	-	-
<b>Total</b>	<b>371,694</b>	<b>371,694</b>	<b>126,575</b>	<b>47,353</b>	<b>190,437</b>	<b>7,329</b>
Estimates of future interest rates	28,258	28,258	14,351	9,178	4,592	137
<b>Total</b>	<b>399,952</b>	<b>399,952</b>	<b>140,926</b>	<b>56,531</b>	<b>195,029</b>	<b>7,466</b>

### (c) Market risk

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

#### Currency risk

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

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

	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Monetary assets</b>		
Trade receivables and other receivables	6,454	33,765
Cash and cash equivalents	35,397	46,857
	<b>41,851</b>	<b>80,622</b>
<b>Monetary debts</b>		
Loans	389,091	330,351
Trade debts and other debts	52,174	41,343
	<b>441,265</b>	<b>371,694</b>
<b>Net exposure</b>	<b>(399,414)</b>	<b>(291,072)</b>

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

The main exchange rates used during the year were:

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	<u>30 September 2023</u>	<u>Average for 9M 2023</u>	<u>31 December 2022</u>	<u>Average for 2022</u>
EUR	4.9746	4.9389	4.9474	4.9315

#### *Sensitivity analysis*

A 10% appreciation / depreciation of the leu against the following foreign currencies on 30 September 2023 and 31 December 2023 would have increased the profit by the amounts indicated below. This analysis is based on the variations in exchange rates that the Company considers reasonably possible at the end of the reporting period. This analysis assumes that all other variables, especially interest rates, remain constant and ignores any impact of expected sales and purchases.

	<u>30 September 2023</u>			<u>31 December 2022</u>		
	<u>Accounting value</u>	<u>Effect of depreciation</u>	<u>Effect of appreciation</u>	<u>Accounting value</u>	<u>Effect of depreciation</u>	<u>Effect of appreciation</u>
Monetary assets and liabilities EUR	(399,414)	(39,941)	39,941	(291,072)	(29,107)	29,107

#### **Interest rate risk**

	<u>30 September 2023</u>				<u>31 December 2022</u>			
	<u>Accounting value</u>	<u>Variable rate</u>	<u>Fixed rate</u>	<u>Non- interest bearing</u>	<u>Accounting value</u>	<u>Variable rate</u>	<u>Fixed rate</u>	<u>Non-interest bearing</u>
<b>Monetary assets</b>								
Trade receivables and other receivables	6,454	-	-	9,521	33,765	-	-	33,765
Cash and cash equivalents	35,397	-	35,397	-	46,857	-	46,857	-
	<b>41,851</b>	<b>-</b>	<b>35,397</b>	<b>9,521</b>	<b>80,622</b>	<b>-</b>	<b>46,857</b>	<b>33,765</b>
<b>Monetary debts</b>								
Loans	389,091	356,424	32,677	-	330,351	297,790	32,561	-
Trade debts and other debts	52,174	-	-	50,868	41,343	-	-	41,343
	<b>441,265</b>	<b>356,424</b>	<b>32,677</b>	<b>50,868</b>	<b>371,694</b>	<b>297,790</b>	<b>32,561</b>	<b>41,343</b>

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

	<b>Accounting value</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial debts	(32,677)	(32,561)
	<b>(32,677)</b>	<b>(32,561)</b>
<b>Variable rate instruments</b>		
Debts	(356,424)	(265,229)
	<b>(356,424)</b>	<b>(265,229)</b>

*Fair value sensitivity analysis for fixed interest rate instruments*

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

## **22. CAPITAL COMMITMENTS**

As at 30 September 2023 respectively 31 December 2022, the Company has no capital commitments contracted.

## **23. CONTINGENCIES**

### **Litigations**

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

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

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

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

The company Impact Developer & Constructor SA and one of its subsidiaries, namely Clearline Development and Management SRL ("Project Company") are parties in two files in conflict with the Cluj Local Council ("CLC"). The disputes stemmed from a contractual relationship carried out in 2007, at which time the Company concluded an investment contract with CLC, a contract by which CLC and the Company were to develop a residential project, and CLC was to contribute the land - "The Lomb Project". The Company and the Project Company request the reimbursement of the sums derived from the investments made for the

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Lomb project where CLC did not respect its contractual obligations, i.e. did not contribute with land, thus the Company being in a situation where the project and the revenues that could be acquired by after that, they can no longer be realized.

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

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

The company filed an appeal which is being judged by the Cluj Court of Appeal, at this moment the company cannot estimate the duration of the process until a final decision is obtained. The next deadline granted in the appeal phase is 30 of May 2023, to analyze the findings.

File no. was registered on the Argeş Commercial Court. 1032/1259/2012 in which the Project Company (Clearline Development and Management SRL) requests the obligation of CLC to pay compensation provisionally estimated at the amount of RON 17,053,000.

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

Admits the request, as amended, formulated by Clearline Development and Management SRL, in opposition to the defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca - through the Mayor. The defendants, the Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca, jointly and severally, are ordered to pay the plaintiff the sum of RON 24,532,741.65 as damages and the sum of RON 13,862,967.16 representing penal interest calculated for the period covered between the date of the payments made by the plaintiff (established according to the report of the forensic accounting expertise carried out in the case) and until 01.04.2021.

The Local Council of the Municipality of Cluj-Napoca and the Municipality of Cluj-Napoca declared an appeal.

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

"Rejects the appeal filed against the conclusions of the meeting. Accept the appeal against the sentence. Changes the sentence in part, in the sense that it rejects the request, as amended, formulated by the plaintiff. Remove the reference to obliging the defendants to pay court costs to the plaintiff. Maintains the rest of the sentence, with the possibility of filling an appeal within 15 days from communication".

Clearline Development and Management S.R.L. will file an appeal within the legal term.

#### **b) Litigation initiated by "EcoCivic Association"**

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

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

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

The next court date was set for 08 March 2024.

**c) Litigation regarding access to Vadul Moldovei street, file 1820/3/2023**

On January 19, 2023, Impact registered on the role of the Bucharest Court, Section II Administrative and Fiscal Litigation, against the City Hall of the City of Bucharest, the City Hall of Sector 1 Bucharest and the National Management of Romsilva Forests, the action in order to determine the mentioned institutions to comply with the obligations assumed by the decisions of the General Council of the Municipality of Bucharest, those of the Local Council of Sector 1 and those of the act of acceptance of the donation concluded with IMPACT and to definitively open public access between Alley Privighetorilor and Drumul Pădurea Pustnicu. The next court date was set for 29 January 2024.

**24. TRANSACTIONS WITH RELATED PARTIES**

**a) 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
Spatzoo Management SRL (former Actual Invest House SRL)	Romania	Property management
Bergamot Developments SRL	Romania	Real estate development
Bergamot Developments Phase II SRL	Romania	Real estate development
Impact Finance Developments SRL	Romania	Ancillary activities to financial intermediations
Greenfield Copou Residence SRL	Romania	Real estate development
Greenfield Copou Residence Phase II SRL	Romania	Real estate development
Aria Verdi Development SRL	Romania	Real estate development
Greenfield Property Management SRL	Romania	Real estate development
Impact Alliance Architecture SRL	Romania	Architecture services
R.C.T.I Company	Romania	Constructions

Transactions and balances with related parties during and for the 6 months period ended 30 September 2023, and year ended December 31, 2022.

	Transactions for the nine months period ended		Balance as at	
	30 Sept 2023	30 Sept 2022	30 Sept 2023	31 December 2022
<b>Sales of goods and services</b>				
<b>Subsidiaries</b>				
Spatzoo Management S,R,L,	1,689	19	1,022	-
Clearline Development and Management	4	3	86	-
Bergamot Developments	4	3	9	3
Bergamot Developments Phase II	4	3	5	2
Impact Finance Developments	6	3	1	9
Greenfield Copou Residence	4	3	348	343
Greenfield Copou Residence Phase II	4	3	19	14
Greenfield Property Management	4	3	17	12
Aria Verdi Development	4	3	19	14
Impact Alliance&Arhitecture	-	-	-	-
R.C.T.I. Company	-	-	-	-
	<b>1,723</b>	<b>43</b>	<b>1,526</b>	<b>397</b>

	Value of the transaction for the nine months period ended		Balance as at	
	30 Sept 2023	30 Sept 2022	30 Sept 2023	31 December 2022
<b>Acquisition of goods and services</b>				
<b>Subsidiaries</b>				
Spatzoo Management SRL	735	555	671	547
R.C.T.I. Company	81,330	-	23,339	15,625
	<b>82,065</b>	<b>555</b>	<b>24,010</b>	<b>16,172</b>

	Balance as at	
	30 September 2023	31 December 2022
<b>Granted loans</b>		
<b>Subsidiaries</b>		
Clearline Development and Management	362	185
Bergamot Developments Phase II	7,199	9,409
Greenfield Copou Residence	48,835	47,087
	<b>56,396</b>	<b>56,681</b>

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<b>Interest receivables</b>	<b>Balance as at</b>	
	<b>30 September 2023</b>	<b>31 December 2022</b>
Clearline Development and Management	34	17
Bergamot Developments Phase II	2,811	4,520
Greenfield Copou Residence	8,660	5,952
	<b>11,505</b>	<b>10,489</b>

<b>Interest income</b>	<b>Value of the transaction for the period ended</b>	
	<b>30 September 2023</b>	<b>30 September 2022</b>
<b>Subsidiaries</b>		
Clearline Development and Management	11	185
Bergamot Developments Phase II	490	9,409
Greenfield Copou Residence	1,708	47,087
	<b>3,216</b>	<b>56,681</b>

**b) Transactions with key management personnel**

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

## **25. SUBSEQUENT EVENTS**

The Company's management presents the following events subsequent to 30 September 2023, until the date of approval of these consolidated financial statements, which do not require their adjustment:

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

In the context of the conflict between Russia and Ukraine, which began on 24 February 2022, the EU, the US, the UK and other countries have imposed various sanctions against Russia, including funding restrictions on certain Russian banks and state-owned companies, as well as personal sanctions against a number of individuals.

Given the geopolitical tensions, there has been an increase in financial market volatility and exchange rate depreciation pressure since February 2022.

These events are expected to affect activities in various sectors of the economy, resulting in further increases in energy prices in Europe and an increased risk of supply chain disruptions.

The Company has no direct exposures to related parties and/or key customers or suppliers in those countries.

The company considers these events as non-adjusting events after the reporting period, whose quantitative effect cannot currently be estimated with a sufficient degree of confidence. The Company's management continuously analyses the developments of this event and any possible impact of the change in micro and macroeconomic conditions on the Company's financial position and results of operations.

The separate financial statements have been authorized for issue by the management on 15 November 2023 and signed on its behalf by:

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**Iuliana Mihaela Urdă**

Chairman of the Board of  
Directors (BoD)

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**Constantin Sebeșanu**

Chief Executive Officer

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**Claudiu Bistriceanu**

Chief Financial Officer

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