

# Neinor Homes, S.A. and Subsidiaries

Summarised Consolidated Interim Financial Statements and Interim Directors Report for the six-month period ended 30 June 2023, prepared in accordance with International Financial Reporting Standards, together with Report on Limited Review

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of summarised consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (Notes 2 and 17). In the event of a discrepancy, the Spanish-language version prevails.*

*Translation of a report originally issued in Spanish and of interim summarised consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 15). In the event of a discrepancy, the Spanish-language version prevails.*

## REPORT ON LIMITED REVIEW OF INTERIM SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Neinor Homes, S.A., at the request of Board of Directors,

### **Report on the Interim Summarised Consolidated Financial Statements**

#### **Introduction**

We have performed a limited review of the accompanying interim summarised consolidated financial statements (“the interim financial statements”) of Neinor Homes, S.A. (“the Parent”) and Subsidiaries (“the Group”), which comprise the summarised consolidated statement of the financial position as of 30 June 2023, summarised consolidated income statement, summarised consolidated statement of comprehensive income, summarised consolidated statement of changes in equity, summarised consolidated statement of cash flows and explanatory notes thereto for the six-month period then ended. The Parent's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim summarised financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

#### **Scope of the Review**

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

#### **Conclusion**

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2023 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim summarised financial statements.

### **Emphasis of Matter**

We draw attention to Note 2.1 to the accompanying interim summarised consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022. Our conclusion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

The accompanying interim consolidated directors' report for the six-month period ended 30 June 2023 contains the explanations which the Parent's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required pursuant to Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the six-month period ended 30 June 2023. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope and did not include a review of any information other than that drawn from the accounting records of Neinor Homes, S.A. and Subsidiaries.

### **Other Matters**

This report was prepared at the request of the Board of Directors of Neinor Homes, S.A. in relation to the publication of the half-yearly financial report required by Article 119 of Consolidated Spanish Securities Market Law approved by Royal Decree 4/2015, of 23 October, and implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

Alicia Izaga

26 July 2023



**NEINOR HOMES, S.A.  
AND SUBSIDIARIES (NEINOR HOMES GROUP)**

**CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE 6 MONTHS  
PERIODS ENDED 30 JUNE 2023 AND 2022**

(Thousands of Euros)

	Explanatory notes	30.06.23	30.06.22 (*)
Net revenues	15	179.509	388.399
Cost of sales	15	(116.773)	(284.296)
Employee benefits expenses	15	(18.776)	(18.154)
Depreciation and amortisation charges	6	(1.551)	(1.874)
External services	15	(20.689)	(30.325)
Change in trade provisions	15	(577)	750
Other operating gains/(losses)		1.078	1.141
Impairment and gains/(losses) on disposals of non-current assets	6	26	54
Change in fair value of investment properties	7	(3.880)	3.279
Negative goodwill on business combinations		65	-
<b>PROFIT / (LOSS) FROM OPERATIONS</b>		<b>18.432</b>	<b>58.974</b>
Finance revenue		5.043	215
Finance costs	13 and 15	(16.214)	(11.289)
Change in fair value of financial instruments		(1.008)	-
Impairment and gains/ (losses) on financial instruments		-	(161)
Share of results of associates		(25)	17
Share of results of joint ventures		-	(17)
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>6.228</b>	<b>47.739</b>
Income tax	14	(1.542)	(10.488)
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>4.686</b>	<b>37.251</b>
a) Attributable to the Parent		<b>4.457</b>	<b>37.294</b>
b) Attributable to non-controlling interests		<b>229</b>	<b>(43)</b>
<b>Earnings/(losses) per share (Euros):</b>			
Basic	11	0,059	0,501
Diluted	11	0,059	0,501

(\*) Presented just for comparative purposes.

Notes 1 to 15, described in the explanatory notes attached, form an integral part of the condensed consolidated statement of comprehensive income corresponding to the period of six months ended 30 June 2023.

**NEINOR HOMES, S.A.  
AND SUBSIDIARIES (NEINOR HOMES GROUP)**

**CONDENSED CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE**  
**FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2023 AND 2022**  
(Thousands of Euros)

	Explanatory notes	30.06.23	30.06.22 (*)
<b>CONSOLIDATED PROFIT / (LOSS) FOR THE PERIOD</b>		4.686	37.251
By cash flow hedge (Note 8)		1.725	-
By Grants, donations and bequests		1.139	-
Tax effect (Note 14)		(704)	-
<b>OTHER RECOGNIZED INCOME (EXPENSES)</b>		-	-
<b>ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT</b>		-	-
<b>ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT</b>		-	-
<b>TOTAL RECOGNISED INCOME AND EXPENSE</b>		6.851	37.251
a) Attributable to the Parent		6.622	37.294
b) Attributable to non-controlling interests		229	(43)

(\*) Presented just for comparative purposes.

Notes 1 to 15, described in the explanatory notes attached, form an integral part of the condensed consolidated statement of recognised income and expense at 30 June 2023.

**NEINOR HOMES, S.A.  
AND SUBSIDIARIES (NEINOR HOMES GROUP)**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2023 AND 2022**  
(Thousands of Euros)

	Share capital	Share premium	Legal reserve	Other reserves of the Parent	Own shares	Other reserves	Reserves at consolidated companies	Consolidated profit/loss for the period	Value adjustments	Grants, donations and bequests	Non-controlling interests	Total equity
<b>Balance at 31 December 2021 (*)</b>	<b>799,886</b>	<b>3,493</b>	<b>5,570</b>	<b>64,920</b>	<b>(40,205)</b>	<b>1,565</b>	<b>5,123</b>	<b>108,038</b>	<b>-</b>	<b>-</b>	<b>1,111</b>	<b>944,996</b>
Distribution of profit/loss for the period:												
To reserves	-	-	639	5,747	-	-	96,647	(103,038)	-	-	-	-
Income/expense recognised in the period	-	-	-	-	-	-	-	37,294	-	-	(43)	37,251
Transactions with Treasury Shares	-	-	-	38	(21,263)	-	-	-	-	-	-	-
Other (Note 9)	-	-	-	(32,830)	860	-	-	-	-	-	-	1,426
Dividend distribution	(13,110)	(3,430)	-	-	-	-	-	-	-	-	-	(48,510)
<b>Balance at 30 June 2021 (*)</b>	<b>786,776</b>	<b>63</b>	<b>6,209</b>	<b>37,875</b>	<b>(60,608)</b>	<b>1,565</b>	<b>101,770</b>	<b>37,294</b>	<b>-</b>	<b>-</b>	<b>2,494</b>	<b>913,436</b>
Income/expense recognised in the period	-	-	-	(245)	(907)	-	-	58,977	3,669	-	349	62,995
Transactions with Treasury Shares	-	-	-	23,676	-	2,303	(24,771)	-	-	-	-	(1,152)
Other (Note 9)	-	-	-	-	3,521	-	-	-	-	-	-	1,208
Dividend distribution	(50,001)	-	-	-	-	-	-	-	-	-	-	(46,480)
<b>Balance at 31 December 2021 (*)</b>	<b>736,775</b>	<b>63</b>	<b>6,209</b>	<b>61,306</b>	<b>(57,994)</b>	<b>3,868</b>	<b>76,999</b>	<b>96,271</b>	<b>3,669</b>	<b>-</b>	<b>2,843</b>	<b>930,009</b>
Distribution of profit/loss for the period:												
To reserves	-	-	84	763	-	-	95,424	(96,271)	1,311	-	-	-
Income/expense recognised in the period	-	-	-	-	-	-	-	4,457	-	854	229	6,851
Payment of incentive plan	-	-	-	-	1,454	(2,773)	-	-	-	-	-	(1,319)
Transactions with Treasury Shares	-	-	-	(359)	547	180	889	-	-	-	-	1,069
Other (Note 9)	-	-	-	-	-	-	-	-	-	-	-	188
Dividend distribution	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance at 30 June 2022</b>	<b>736,775</b>	<b>63</b>	<b>6,293</b>	<b>61,710</b>	<b>(55,993)</b>	<b>1,275</b>	<b>173,312</b>	<b>4,457</b>	<b>4,980</b>	<b>854</b>	<b>3,072</b>	<b>936,798</b>

(\*) Presented just for comparative purposes.

Notes 1 to 15, described in the explanatory notes attached, form an integral part of the condensed consolidated statement of changes in equity at 30 June 2023.

**NEINOR HOMES, S.A.  
AND SUBSIDIARIES (NEINOR HOMES GROUP)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2023 AND 30 JUNE 2022  
(Thousands of Euros)**

	Explanatory notes	30.06.23	30.06.22 (*)
<b>Cash flows from/(used in) operating activities</b>			
Profit/(loss) from operations		6,228	47,739
Adjustments-			
Depreciation and amortisation	6	1,551	1,874
Change in provisions	6, 7 y 12	(6,710)	8,849
Impairment and gains/(losses) on disposal of intangible and tangible assets		(26)	54
Finance costs		16,214	11,289
Finance revenue		(5,043)	(215)
Changes in fair value on financial instruments	8	1,008	-
Impairment and gains/ (losses) on financial instruments		-	161
Share of results of associates		25	-
Incentive Plans	11	-	242
Allocation of grants to property, plant and equipment		(65)	-
Change in fair value of investment properties	7	3,880	(3,279)
		<b>17,062</b>	<b>66,714</b>
<b>Increase/(Decrease) in current assets and liabilities:</b>			
Inventories	7	(70,658)	129,492
Trade and other receivables	8	(10,844)	4,537
Current trade and other payables		2,235	(60,449)
Other current and non-current assets and liabilities		1,686	(10,697)
Net income tax payment		(2,187)	(8,413)
		<b>(62,706)</b>	<b>121,184</b>
<b>Total net cash flows from operating activities (i)</b>			
<b>Cash flows from/(used in) investing activities:</b>			
Investments of intangible and tangible assets		(978)	(3,948)
Disposals of intangible and tangible assets		602	-
Investments in investment properties	6	32,521	-
Investments in other non current financial assets		21,415	764
Disposals of other non current financial assets		(15,271)	-
		<b>38,289</b>	<b>(3,184)</b>
<b>Total net cash flows from investing activities (ii)</b>			
<b>Cash flows from/(used in) financing activities:</b>			
Proceeds from bank borrowings		295,011	67,169
Repayment of bank borrowings	11	(359,291)	(115,440)
Interests paid and loan agreement expenses	11 and 14	(9,955)	(11,074)
Transactions with Treasury Shares and other equity transactions		1,204	(19,842)
Dividends payment	4 and 9.3	792	(48,510)
		<b>(72,239)</b>	<b>(127,697)</b>
<b>Total net cash flows from financing activities (iii)</b>			
<b>Net increase/(decrease) in cash and cash equivalents (i+ii+iii)</b>			
Cash and cash equivalents at beginning of the period		227,532	309,644
<b>Cash and cash equivalents at end of year</b>		<b>130,876</b>	<b>299,947</b>

(\*) Presented just for comparative purposes.

Notes 1 to 15, described in the explanatory notes attached, form an integral part of the condensed consolidated statement of cash flows for the period of six months ended 30 June 2023.

## **Neinor Homes, S.A. and Subsidiaries**

**Summarised Consolidated Interim Financial  
Statements for the period ended 30 June  
2023, prepared in accordance with  
International Financial Reporting Standards**

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of summarised consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (Note 2). In the event of a discrepancy, the Spanish-language version prevails.*



*Translation of summarised consolidated interim financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (Note 2 ). In the event of a discrepancy, the Spanish-language version prevails.*

## **Neinor Homes, S.A. and Subsidiaries**

### **Notes to the Summarised Consolidated Interim Financial Statements for the period ended 30 June 2023**

#### **1. Activity of the Neinor Homes Group**

Neinor Homes, S.A. was incorporated under the Spanish law. On March 1, 2017, the Parent was registered as a public limited liability company ("S.A.") with a view to its admission to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges. The corporate purpose of Neinor Homes, S.A. is to promote, manage and develop all kind of Real Estate operations. Its registered address is in Calle Ercilla 24, Bilbao (Vizcaya). The bylaws and other public information on the Company can be consulted in its registered address and on the website: [www.neinorhomes.com](http://www.neinorhomes.com).

In addition to the operations carried out directly, Neinor Homes, S.A. is the Parent of a Group of subsidiaries with the same corporate purpose and which, together constitute Neinor Homes Group the Parent shares were admitted to trading on the official secondary market during 2017. Therefore, the Parent Company is obliged to prepare, in addition to its own separate financial statements, the Group consolidated financial statements and half-yearly financial reports for both the Parent and the consolidated Group in accordance with Royal Decree 1362/2007, of 19 October, implementing Spanish Securities Market Law 24/1988, of 28 July, in relation to the transparency requirements regarding the information on issuers whose securities are admitted to trading on an official secondary market or on another regulated market in the European Union.

On March 29, 2017, the Parent shares were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, for which the Group obtained the related waivers/approvals from the banks from which it had received any kind of financing to avoid such financing being subject to early total payment.

Neinor Homes is part of the Ibex Medium Cap, a stock market financial index prepared by Bolsas y Mercados Españoles (BME), which is made up of the most important companies after IBEX 35.

The Group consolidated financial statements for 2022 were approved by the Company Shareholders on April 20, 2023.

These summarized consolidated interim financial statements are presented in euros as this is the currency of the primary economic area in which the Group operates.

#### **2. Basis of presentation of the summarised consolidated interim financial statements**

##### ***2.1 Basis of presentation***

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002, every company governed by the laws of a European Union member state, and having its equity shares listed on a regulated market of any of its member states is required to file its consolidated financial statements for the reporting periods starting on or after January 1, 2005, in compliance with such International Financial Reporting Standards (IFRS) as may have been previously adopted by the European Union.

The Group 2022 consolidated financial statements were prepared at February 22, 2023 by the Parent Company Directors in compliance with the International Financial Reporting Standards adopted by the European Union, and applying the basis of consolidation, accounting standards and measurement bases described in Note 4, so as to present fairly the Group consolidated equity and financial position, consolidated results of operations, consolidated changes in equity, and consolidated cash flows for the reporting period ended on December 31, 2022.

These summarised consolidated interim financial statements are in compliance with IAS 34 on interim financial reporting, and were prepared by the Group Directors on 26 July 2023, all the above in accordance with Section 12 of Royal Decree 1362/2007.

Pursuant to IAS 34, the only purpose of interim financial reporting is to update the contents of the latest consolidated financial statements presented by the Group, placing emphasis on any new activity, event or circumstance occurred over the six-month period, but not repeating the information previously reported on the 2022 consolidated financial statements. Therefore, for a better understanding of the information contained in these summarised consolidated six-month financial statements, they should be read together with the Group 2022 consolidated financial statements.

These six-monthly summarised consolidated financial statements were prepared using the same accounting policies and methods used for the 2022 consolidated financial statements.

## **2.2 Adoption of International Financial Reporting Standards**

### **(1) New standards, amendments and interpretations mandatorily applicable in the year**

The following mandatory standards and interpretations, already adopted in the European Union, became effective in 2023. Where applicable, the Group has used them in the preparation of these interim summarized consolidated financial statements, with no significant impact:

<b>Approved for use in the European Union</b>		<b>Mandatory application of exercises initiated from:</b>
Amendments to IFRS 17 – Insurance contracts and their amendments	It sets out the principles of registration, valuation, presentation, and breakdown of insurance contracts. It will replace IFRS 4.	January 1, 2023
Amendments to IAS 1 – Disclosure of accountancy policies	Modification clarifies the material information regarding accountancy policies that shall be disclosed in the financial statements.	January 1, 2023
Amendments to IAS 8 - Disclosure of accountancy policies	Modification clarifies what shall be understood as changes in accounting policies.	January 1, 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Clarifications on how entities should register the deferred tax that is generated in operations such as leases and decommissioning obligations.	January 1, 2023
Amendments to IFRS 17 - Initial application of IFRS 17 and IFRS 9 - Comparative Information	The amendment is a transition option relating to comparative information for insurance entities on initial application of IFRS 17 and IFRS 9.	January 1, 2023

**(2) New standards, amendments and interpretations of mandatory application for annual periods after the calendar year starting on 1 January 2024:**

At the date of authorization of these annual consolidated financial statements, the following standards and interpretations had been published by the IASB but had not become effective, either because their effective date was subsequent to the date of the consolidated financial statements or because they had yet to be adopted by the European Union:

Approved for use in the European Union		Mandatory application for annual periods beginning on or after:
Amendment to IAS 1 - Classification of liabilities as current or non-current	Clarifications regarding the presentation of liabilities as current or non-current and particularly those related with covenants.	January 1, 2024
Amendment to IAS 16 - Leases liabilities in a sale with subsequent leases	This amendment clarifies the subsequent accounting of lease liabilities arising in subsequent sale and leaseback transactions.	January 1, 2024
Amendment to IAS 7 and IFRS 7 – Financing agreements with suppliers.	This amendment introduces specific information breakdown requirements to financing arrangements with suppliers and their effects on the company's liabilities and cash flows, including liquidity risk and associated risk management.	January 1, 2024

For the rules that enter into force from 2024 and following, the Group has carried out a preliminary assessment of the impacts that the future application of these standards could have once they enter into force, considering at the present date that the impacts of the application of these standards will not be significant.

### 2.3 Estimates

The consolidated profit /(loss) and equity are sensitive to the accounting standards and principles, measurement bases and estimates applied by the Parent Company Directors when preparing the interim summarised consolidated financial statements. The main accounting policies and principles and measurement criteria are indicated in Note 4 to the consolidated financial statements for 2022.

The summarised consolidated interim financial statements incorporate a number of estimates made by the Senior Management of the Parent Company and consolidated entities to measure certain items of their assets, liabilities, income, expense and commitments registered therein. These estimates, which are based on the best available information, basically refer to:

1. The market value of the Group assets. To assess the market value of the group assets, the Group has taken into consideration the appraisals made by an independent experts outside the Group as well as the sensitivity analysis made in relation to the main hypotheses (Notes 7 and 9).
2. The assessment of possible impairment losses on certain financial assets.
3. The useful life of intangible assets, materials and investments properties (Notes 6 and 7).
4. The amount of certain provisions and generally, the determination of the probability and quantification associated to contingent assets and liabilities (Note 12).
5. The recoverability of deferred tax assets (Note 14).

6. The valuation of long-term obligations to staff (Note 15.3).
7. Compliance with covenants of certain funding received (Note 13).
8. Valuation of derivative financial instruments and its classification as accounting hedges (Note 8).
9. The corporate tax expense, which under IAS 34 is recognised on interim periods, according to the best estimate of weighted average tax rate held by the Group companies, and considering the Tax Groups headed by Neinor Homes, S.A. and Neinor Península, S.L.U., in accordance with the provisions of article 99.2 of Provincial Law 11/2013, of 5 December and the Special Regime for Tax Consolidation, regulated in Chapter VI of Title VII of Law 27/2014, of 27 November, respectively, on Corporation Tax (Note 14).

Although these estimates were made based on the best available information on the analyzed facts, future events may require them to be modified prospectively (upwards or downwards), in accordance with IAS 8. The effects of any change would be recognized in the corresponding consolidated income statement. Due to the uncertainty involved in any estimate based on future expectations in the current economic environment, differences might arise between projected and actual results. The importance of these estimates should be considered in any interpretation of the accompanying summarised consolidated interim financial statements and, in particular, in relation to the valuation of the Group investment properties.

No significant changes were made to the estimates used at 2022 year-end during the six-month period ended on June 30, 2023.

#### **2.4 Contingent assets and liabilities**

Note 22 to the Group consolidated financial statements for the period ended on December 31, 2022 contains the information on the guarantee commitments to third parties and other contingent liabilities as that date as well as liabilities registered for their coverage. During the first six months of 2023, there have been no significant changes in the evolution of the litigation or tax acts appealed, or in terms of applicable jurisprudence, that implies modifications in the evaluation carried out by the Group in relation to them at the end of 2022.

As of June 30, 2023, the Group had provided guarantees to third parties for a total amount of EUR 126,737 thousand (EUR 134,173 thousand as of December 31, 2022). Included in this figure there is an amount of EUR 57,628 thousand (EUR 59,614 thousand as of December 31, 2022) properties and EUR 69,109 thousand to secure payments in advance received by customers (EUR 74,559 thousand as of December 31, 2022). Furthermore, guarantee amounting EUR 3 million has been provided in relation to final disciplinary proceedings concerning tax inspections (Note 14).

Likewise, as of June 30, 2023, the Group has received from different suppliers and contractors guarantees for a total amount of EUR 50,035 thousand (EUR 30,147 thousand at December 31, 2022) to secure the perfect completion of the corresponding construction works. "Current Trade and Other Payables" under current liabilities in the half-yearly condensed consolidated balance sheet as of June 30, 2023, includes an amount of EUR 20,729 thousand (EUR 37,416 thousand as of December 31, 2022) relating to amounts withheld from contractors as a guarantee.

There is no restriction for the availability of the cash and cash equivalents of the Group neither as of June 30, 2023 nor December 31, 2022, except for the fact that, as described in Law 20/2015, of July 14, advances received and associated with a development (Note 9) are deposited in a special account, separate from any other class of funds belonging to the Group, and are only drawn against in connection with the construction of the developments. The balance subject to this restriction amounted to EUR 24,685 thousand as of June 30, 2023 (EUR 25,907 thousand as of December 2022), which differs from the advances (Note 9) as a result of the cash used to pay the progress billings of developments to which such advances are allocated.

## **2.5 Comparative information**

The information contained in these consolidated semi-annual summary financial statements for the year 2022 is presented solely and exclusively, for comparative purposes with the information relating to the six-month period ended on June 30, 2023, with no operations or transactions that have been recorded following different accounting principles that could cause discrepancy in the interpretation of the comparative figures of both periods.

## **2.6 Seasonal nature of the Group's transactions**

Given the nature of the activities conducted by the Group's Companies and the percentage of completion accounting criterion, the Group transactions are not cyclical or seasonal. Therefore, these notes to the summarised consolidated financial statements for the six-month period ended on June 30, 2023, do not contain any specific breakdown.

## **2.7 Relative importance**

In determining the information to be disaggregated on the different items in the financial statements or other matters, the Group, in accordance with IAS 34, has taken into account the relative importance in relation to the consolidated summary financial statements for the six months.

## **2.8 Correction of errors**

In preparing the accompanying summarised consolidated interim financial statements relating to the six-month period ended on June 30, 2023, no errors were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for year ended on December 31, 2022.

## **2.9 Summarised consolidated cash flow statements**

The summarised consolidated cash flow statements have been prepared using the indirect method and the terms used are defined as follows:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
2. Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.
3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents, if they have a direct impact on current cash flows.
4. Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities, if they have a direct impact on current cash flows.

There are not non-cash transactions related to significant operating, investment and/or financing operations that, because they have not given rise to cash changes, have not been included in the cash flows statement and must be reported separately, apart from transactions related to the delivery of shares under the 3-year incentive plan maturing in December 2022, partially liquidated in 2023.

## **2.10 Subsequent events**

No significant events have occurred as of the date of preparation of these half-year consolidated summary financial statements since June 30, 2023.

### **2.11 Current Assets and Liabilities**

The Group has chosen to present current assets and liabilities in accordance with the normal course of operations of the business. Current assets and liabilities with an estimated maturity of more than twelve months are as follows:

	Thousands of euros	
	30.06.2023	31.12.2022
Inventories (long cycle)	802.403	760.957
Trade receivables and others	25.842	25.807
<b>Total current assets</b>	<b>828.245</b>	<b>786.764</b>
Bank loans	312.264	115.239
Trade payable and other payables	30.331	60.863
Other current liabilities	19.833	16.666
<b>Total current liabilities</b>	<b>362.428</b>	<b>192.768</b>

### **3. Changes in the Group composition**

The consolidation principles used in the preparation of these six-month summarised consolidated financial statements are consistent with those used for the 2022 consolidated financial statements.

Appendix I to the notes to the 2022 consolidated financial statements includes the detail of the consolidated Group companies and the information related thereto as of December 31, 2022.

During the six-month period ended on June 30, 2023, no changes have taken place in the scope of consolidation of the Neinor Homes Group. However, as disclosed in Note 7, the Group will carry out the sale of the companies Sky Coliving Homes Propco, S.L.U. and Sky Rental Homes, S.L.U., whose assets and liabilities has ben considered following the provisions set by IFRS 5.

Likewise, on June 29, 2023, the Parent Company acquire 10% of the participation of the company JL Panoramic DV, S.L. This operation is framed within the recently announced co-investment strategy between the Group and its partner, a society of the Axa Group. This company will develop a residential development in Madrid, on a land that has been sold by the Group (Note 9). Whilst the company is initially considered to be a under joint control of both partners, the Group will act as managing partner in the Company, supervising the design of the project, licensing, marketing and building. As of June 30, 2023, the effect of presenting that participation by the equity method is null since the company has not activity yet.

### **4. Dividends paid by the Group in the period**

During 2023, there have not been dividend payments, although an active distribution policy is contemplated. At the date of preparation of these interim financial statements, the Board of Directors will approve a shareholder remuneration proposal of EUR 125 million, of which EUR 51 million will be charged to treasury stock. During October 2023, the Group will pay EUR 35 million and between December 2023 and April 2024, the Group will pay EUR 39 million which is subject to the achievement of business plan.

## **5. Segment information**

In Note 6 of the Group consolidated financial statements for the year ended December 31, 2022 are the details of criteria used by the Group to define its operating segments, and there have been no changes in its segmentation criteria. In this regard, for management purposes, from January 1, 2023, the group classifies in the "Rental" chapter the disposals of those assets that the Group considers as "Build to Rent" which are classified in inventories which are sold immediately at the time of being in delivery conditions without having generated representative income from rental, or therefore, having changed their classification to investment properties, in addition to the concepts already included in previous periods. Those are, the income derived from rental and housing management income and the capital gains derived from the holding of these assets that qualify as investment properties and consequently, are valued at fair value. There are no sales of assets of these characteristics in the comparative period of 2022 classified as "Development" that require modification in order to facilitate the comparison in the profit and loss, although the balance sheet figures have been modified to make them comparative because they are not assigned to this segment until the total of the cost assigned are received – all of the inventories are assigned to "Development" segment.

The main magnitudes of the summarised consolidated interim profit and loss account by segment at 30 of June 2023 and 2022 are the following:

	Thousands of Euros									
	Development (***)		Development (***)		Development (***)		Development (***)		Development (***)	
	30.06.23	30.06.22	30.06.23	30.06.22	30.06.23	30.06.22	30.06.23	30.06.22	30.06.23	30.06.22
<b>Income:</b>										
Third party sales	169.931	376.294	8.793	3.505	-	7.950	785	650	179.509	388.399
Cost of sales	(116.183)	(283.734)	-	-	-	-	(590)	(562)	(116.773)	(284.296)
<b>Gross margin</b>	<b>53.748</b>	<b>92.560</b>	<b>8.793</b>	<b>3.505</b>	<b>-</b>	<b>7.950</b>	<b>195</b>	<b>88</b>	<b>62.736</b>	<b>104.103</b>
Employee benefits expenses	(15.896)	(12.903)	(2.700)	(2.827)	-	(2.423)	-	(1)	(18.596)	(18.154)
Employee benefits expenses – Incentive Plan (Notes 9 and 15)	(142)	-	(38)	-	-	-	-	-	(180)	-
External Services	(18.890)	(25.302)	(1.207)	(2.249)	(466)	(2.503)	(126)	(271)	(20.689)	(30.325)
Change in trade provisions	(333)	(40)	(244)	(53)	-	843	-	-	(577)	750
Other operating gains / (losses)	998	1.011	24	50	56	80	-	-	1.078	1.141
Allocation of grants to fixed assets	65	-	-	-	-	-	-	-	65	-
Change in fair value of investment properties	-	-	(3.880)	3.279	-	-	-	-	(3.880)	3.279
Impairment and results from disposals of fixed assets	-	-	26	-	-	-	-	54	26	54
<b>EBITDA</b>	<b>19.550</b>	<b>55.326</b>	<b>774</b>	<b>1.705</b>	<b>(410)</b>	<b>3.947</b>	<b>69</b>	<b>(130)</b>	<b>19.983</b>	<b>60.848</b>
Net financial result and others (**)	(12.214)	(2.047)	(1.344)	(913)	1.354	(8.275)	-	-	(12.204)	(11.235)
Amortization	(1.242)	(1.523)	(65)	(296)	(240)	-	(4)	(55)	(1.551)	(1.874)
<b>Profit / (Loss) Before Tax</b>	<b>6.094</b>	<b>51.756</b>	<b>(635)</b>	<b>496</b>	<b>704</b>	<b>(4.328)</b>	<b>65</b>	<b>(185)</b>	<b>6.228</b>	<b>47.739</b>
Net financial result and others (***)	12.214	2.047	1.344	913	(1.354)	8.275	-	-	12.204	11.235
Change in fair value of investment properties	-	-	3.880	(3.279)	-	-	-	-	3.880	(3.279)
Amortization and depreciation	1.242	1.523	65	296	240	-	4	55	1.551	1.874
Employee benefits expenses – Incentive Plan (Note 9)	142	-	38	-	-	-	-	-	180	-
Employee restructuring costs (Note 13.3)	174	84	5	1	-	851	-	-	179	936
IBIS	882	978	68	76	-	-	4	4	954	1.058
Growth expenses (Note 13.4)	596	695	-	-	-	-	-	-	596	695
<b>ADJUSTED EBITDA (*)</b>	<b>21.344</b>	<b>57.083</b>	<b>4.765</b>	<b>(1.497)</b>	<b>(410)</b>	<b>4.798</b>	<b>73</b>	<b>(126)</b>	<b>25.772</b>	<b>60.258</b>
Change in fair value of investment properties	-	-	(3.880)	3.279	-	-	-	-	(3.880)	3.279
<b>EBITDA excluding extraordinary (**)</b>	<b>21.344</b>	<b>57.083</b>	<b>885</b>	<b>1.782</b>	<b>(410)</b>	<b>4.798</b>	<b>73</b>	<b>(126)</b>	<b>21.892</b>	<b>63.537</b>

(\*) A financial measure used by Group management, which adjust mainly, the incentives and expenses of restructuring and growth after the business combination.

(\*\*) Includes the changes in fair value from the independent appraisals. (Note 7).

(\*\*\*) The "Corporate" line includes the financial expense and income derived from the cancellation of the bond (Note 13).

(\*\*\*\*) Includes under "Development" segment an amount of EUR 8,535 thousand in 2022 corresponding to sales of plots of land, which were sold before development (EUR 3,508 thousand in 2021). Cost of sales of those plots of land amounted to EUR 5,083 thousand (EUR 3,385 thousand in 2021).

The main figures of the summarised consolidated statements of financial position by segment as of June 30, 2023, and for the exercise 2022 are as follow:

	Thousand Euros											
	Development		Rental		Management Assets - Servicing		Others / Corporate		Legacy		Total	
	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22	30.06.23	31.12.22
<b>Balance sheet:</b>												
Non-Current assets	30.421	26.740	79.562	149.224	-	-	116.959	118.388	100	859	227.042	295.211
Current assets	1.290.263	1.204.967	68.473	33.115	-	75	132.476	243.863	3.768	3.750	1.494.980	1.485.770
<b>Total Assets</b>	<b>1.320.684</b>	<b>1.231.707</b>	<b>148.035</b>	<b>182.339</b>	<b>-</b>	<b>75</b>	<b>249.435</b>	<b>362.251</b>	<b>3.868</b>	<b>4.609</b>	<b>1.722.022</b>	<b>1.780.981</b>
Non-current Bank Borrowings	-	-	22.962	48.339	-	-	141.523	20.022	-	-	164.485	68.361
Current Bank Borrowings	213.644	110.686	23.239	17.945	-	-	16.025	35	-	-	252.908	128.666
Other Non-current liabilities	12.930	8.807	5.544	11.642	-	-	2.937	272.811	-	-	21.411	293.260
Other current liabilities	338.971	345.953	4.523	3.910	-	1.257	2.430	9.190	496	375	346.420	360.685
<b>Total Liabilities</b>	<b>565.545</b>	<b>465.446</b>	<b>56.268</b>	<b>81.836</b>	<b>-</b>	<b>1.257</b>	<b>162.915</b>	<b>302.058</b>	<b>496</b>	<b>375</b>	<b>785.224</b>	<b>850.972</b>

(\*) Current assets classified in the "Rental" segment are mainly due to non-current assets held for sale (note 7), whereas inventories defined as "Build to Rent" are included in the "Development" segment while construction is taking place.

## 6. Property, plant and equipment

The changes in this heading in the six-month period ended on June 30, 2023, and the exercise ended on December 31, 2022, were as follows:

### 6 months period ended 30 June 2022

	Thousand euros			
	Technical items and machinery	Other items of Property, Plant and equipment	Fixed assets in progress	Total
<b>Cost:</b>				
Balance at 31 December 2022	8.358	3.746	-	12.104
Additions	592	36	-	628
Disposals	(1.214)	(132)	-	(1.346)
<b>Balance at 30 June 2023</b>	<b>7.736</b>	<b>3.650</b>	<b>-</b>	<b>11.386</b>
<b>Accumulated amortisation:</b>				
Balance at 31 December 2022	(3.462)	(1.408)	-	(4.870)
Charges	(538)	(191)	-	(729)
Disposals	848	107	-	955
<b>Balance at 30 June 2023</b>	<b>(3.152)</b>	<b>(1.492)</b>	<b>-</b>	<b>(4.644)</b>
<b>Accumulated depreciation:</b>				
Balance at 31 December 2022	(590)	-	-	(590)
<b>Balance at 30 June 2023</b>	<b>(590)</b>	<b>-</b>	<b>-</b>	<b>(590)</b>
<b>Net Balance at 30 June 2023</b>	<b>3.994</b>	<b>2.158</b>	<b>-</b>	<b>6.152</b>

The Neinor Homes Group takes out all the insurance policies it considers necessary to cover the risks which might affect its property, plant and equipment.

As of June 30, 2023, there were EUR 2,506 thousand of property, plant and equipment items fully amortised (EUR 1,695 thousand as of December 31, 2022).

As of June 30, 2023, and December 31, 2022, there were no property, plant and equipment items provided as collateral for any obligation.

As of June 30, 2023, and December 31, 2022, the Group did not have any significant commitments to purchase items of property plant and equipment.

## **7. Investments properties**

The movement in "Investment properties" during the first semester of 2023, was as follows:

### **6 months period ended on June 30, 2022**

	Thousand euros
<b>Balance at December 31, 2022</b>	<b>143.669</b>
Additions	11
Disposals	-
Transfers	(66.149)
Changes in fair value	(3.880)
<b>Balance at June 30, 2023</b>	<b>73.651</b>

On June 20, 2023, the Group has reached an agreement with Melca Investments 2023, S.L. for the sale of the companies Sky Coliving Homes Propco, S.L.U. and Sky Rental Homes Propco, S.L.U., holding companies of two Investment properties. The sale of this companies is subject to the formal delivery of the property under certain formal conditions which have to be fulfilled by the Group. This constitutes a suspensive condition, nevertheless it does not prevent the sale within the committed period although it is a suspensive condition for the closing of the operation, which therefore at the latest is expected to be effective in September 2023. As a result, as of June 30, 2023, this Investment property has been reclassified to the heading "Non-current assets held for sale", given that the Group has formalized its sale. Likewise, this Investment property has been valued at fair value.

In accordance with IAS 40, the Group investment properties held for the generation of income and/or capital gains are registered at fair value, and this valuation is maintained at market value, in accordance with IFRS 5, when they are transferred to non-current assets held for sale.

The rental income earned from the investment property owned by the Group as of June 30, 2023, amounted to EUR 1,838 thousand (EUR 2,154 thousand in 2022). Additionally, there is income related to "Rental" business line, for services provided by Renta Garantizada, S.A. amounting EUR 1,495 thousand as June 30, 2023 (EUR 1,351 thousand as June 30, 2022).

As of May 31, 2023, all Investment properties have been valued by independent appraisals. The net realizable value of the Group Investment properties, granted by the appraisals Savills Aguirre Newman Valoración y Tasaciones, S.A.U. and CBRE Valuation Advisory, S.A., amounts to EUR 73,651 thousand.

Assuming the rest of the variables are constant, the valuations of investment properties would be affected as follows considering the variation of the key assumptions (in thousand euros):

Assumption	Thousand euros					
	Discount rate		Sale price			
	1%	-1%	1%	-1%	5%	-5%
	Increase (Decrease)					
Changes in the fair value	(5.380)	5.990	685	(650)	3.350	(3.295)

In January 2023, the Group formalized the sale of the Hacienda Homes, a development for rent to a third party, registered at the end of 2022 under the heading "Non-current assets held for sale" amounting EUR 32,561 thousand, equivalent to its market value.

As of June 30, 2023, the heading "Non-current assets held for sale" contains almost all of Sky Homes two investment properties, which corresponded with the aforementioned Hacienda Homes investment properties as of December 31, 2022.

## 8. Financial assets

The balance of "Financial assets", according to the nature of the operations is represented by the following amounts:

	Thousand euros			
	30.06.2023		31.12.2022	
	Non-current	Current	Non-current	Current
Financial investments	7.207	620	7.183	285
Derivatives	16.446	-	14.864	-
Fixed-term impositions	-	777	-	14.744
Loans	9.567	5.420	6.479	1.184
Guarantees and deposits	991	1.453	1.049	1.337
<b>Total</b>	<b>34.211</b>	<b>8.270</b>	<b>29.575</b>	<b>17.550</b>

The Group used derivative financial instruments to hedge the risks to which its activities, operations and future cash flows are exposed. Within the framework of these operations, the group has subscribed two derivative contracts to hedge the interest rate risk with a CAP of 2%. Though this operation, the Group will pay a premium and, consequently, has the right to receive future periodic settlements when the variable amount to be paid by the counterparty has reached a certain amount on certain dates. During this exercise, the Group has modified these two agreements to contract a third derivative (Note 13).

The Group has complied with the requirements detailed by the applicable regulation to be able to classify the financial instruments detailed below as hedges. Specifically, the Group has carried out an analysis to quantify the impact of changes in fair value or cash flow of coverage instrument of the hedged item to the risk that is sought cover using the linear regression method for prospective analysis. Taking this analysis into account, the Group determines the existence of the economic relationship and the coverage ratio.

The characteristics of this derivative contracts are as follows:

Hedged item	Coverage instrument	Covered risk	Type	Thousands of euros				
				Notional value	Expiration (*)	Inefficiency registered in results	Fair value Hedging instrument	
							Assets	Liabilities
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	34.000.000	31/03/2025	-	2.441	-
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	83.500.000	31/08/2026	-	4.033	-
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	167.000.000	31/08/2027	-	9.972	-

## 9. Inventories

Details of "Inventories" as of June 30, 2023t, and December 31, 2022 are as follows:

	Thousands of euros	
	30.06.2023	31.12.2022
Sites and land	511.705	533.294
Construction work in progress	525.147	455.785
Completed buildings	175.388	153.580
Advances to suppliers	467	541
Less – Impairment losses (Note 6 and 13.5)	(12.942)	(14.093)
	<b>1.199.765</b>	<b>1.129.107</b>

In the period ended on June 30, 2023, borrowing costs amounting to EUR 3,767 thousand were capitalised to inventories (in the year ended December 31, 2022, EUR 4,288 thousand were capitalised).

The additions in the period 2023 relate mainly to work certifications of the ongoing promotions and capitalized costs associated with the pre-construction for a value of EUR 196.1 million (EUR 313 million in the year ended on December 31, 2022). Additionally, during 2023 purchases of land have taken place for a value of EUR 6.8 million (EUR 116 million in 2022).

The heading "Commercial creditors and other accounts payable" of the current liabilities of the consolidated summary statement of financial position as of June 30, 2023, includes an amount of EUR 52 million euros corresponding to the part of the deferred price in relation to land purchases (EUR 83 million as of December 31, 2022).

On the other hand, in 2023 the Group has mainly delivered 4 new developments in Andalusia (Marbella- Artola Homes II, Málaga – Serena Homes Fase 1C, Málaga – Atria Homes y Córdoba - Almogavar Homes), 3 in Guadalajara (Azuqueca de Henares – Azuqueca Homes, Alovera - Dahlia Homes y Guadalajara – Style Homes III) and 1 in Valencia (Valencia – Poblá Nova Homes II), and has 59 real estate developments registered under the heading "Promotions in progress" as of June 30, 2023.

Also, on June 30, 2023, the Group has formalized the sale of the Investment property Europa Homes (Note 5) to Sociedad Magno SS01, S.L.U. (company whose ultimate partners are DeA and Harrison Street) for an amount of

EUR 53,902 thousand (with a development market value amounting EUR 40 million approximately), of which EUR 5,460 thousand have been already received (including VAT). It was a promotion intended for the rental business, which is therefore categorized as "Build to Rent" according to Note 5 and included as rental and which will be included in "Rental" segment. The sale will be fully registered after the full transference of risks and benefits associated with the asset by the Group. That means, once the substance of the transaction is verified by the evidence of the buyer intention to pay, with the additional disbursement of a significant part of the price in compliance with IFRS 15. The debt associated to this asset is for an amount EUR 17 million.

Additionally, on June 29, 2023, a company of the Group signed a sale agreement with the Company JL Panoramic DV, S.L., where the Parent Company has a 10% ownership since that same date. The agreement is subject to a suspensive condition of urbanistic nature, which must be complied before March 31, 2024, to settle the operation with the transfer of the legal ownership of the properties under the stipulated conditions. It is also stipulated in the agreement the receipt of guarantees for the deferred price of the majority shareholder. As of June 30, 2023, the sale has not been registered as the conditions established in the accounting standards have not been met yet.

As of June 30, 2023, there are assets included in "Inventories" caption in the accompanying interim consolidated balance sheet with a net cost of EUR 1,195 million corresponding to assets classified as "Development" (EUR 1,125 million as of December 31, 2022) and EUR 4 million relating to "Legacy" assets (EUR 4 million as of December 31, 2022). Likewise, as of June 30, 2023, the Group has delivered advances to suppliers for future purchases of land amounting EUR 467 million, net of impairment, corresponding to assets that are classified as "Development" and all of them being guaranteed by real estate mortgage or by means of an account in deposit (EUR 541 million as of December 31, 2022).

As of June 30, 2023, there are assets included under "Inventories" with a gross cost of EUR 651 million securing a loan the Group has assumed the borrower position as the payment of the price arranged with the seller for the acquisition of a plot of land (see Note 11) (EUR 520 million as of December 31, 2022).

As of June 30, 2022, and December 31, 2022, there were no commitments to sell any plots of land, except the described in Note 3.

As of June 30, 2022, and December 31, 2022, the Group does not maintain commitments to purchase additional significant land.

The property development sale commitments entered into with customers as of June 30, 2023, and December 31, 2022, relating to those units in which a private purchase and sale agreement was signed, have resulted in the collection or reception of notes receivables amounting to EUR 70,888 thousand and EUR 68,552 thousand respectively, which have been recognized under "Current liabilities - Customer advances" in the consolidated balance sheet as June 30, 2023, and December 31, 2022.

The Group reviews periodically the fair value of its inventories, recognizing, where appropriate, the related inventory write-downs. The changes in the period ended June 30, 2023 and in the exercised ended December 31, 2022 in the write-downs associated with the inventories were as follows:

	Thousands of Euros
<b>Balance at 31.12.2021</b>	<b>19.719</b>
Write-downs recognised	-
Write-downs reversed	(5.626)
<b>Balance at 31.12.2022</b>	<b>14.093</b>
Write-downs recognized	
Write-downs reversed	(2.051)
<b>Balance at 30.06.2023</b>	<b>12.042</b>

As of June 30, 2023, all Development assets have been appraised by independent experts. The net realisation value granted by the valuers Savills Aguirre Newman Valoración y Tasaciones, S.A.U. and CBRE Real Estate S.A., to the Development assets owned by the Group amounts to EUR 1,539 million.

Considering the external appraiser methodology, the key assumptions identified in the appraisals for the development assets are the discount rate and the sale prices. In the case of the discount rate a sensitivity of  $\pm 100$  basic points was established, based on the different economic scenarios forecast in the short and medium term, as well as the rate of return that would be required by other developers with different characteristics to the Group. In addition, a positive performance of sale prices was envisaged, given that the appraisal models involved conservative assumptions on the current economic situation and, accordingly a sensitivity of  $\pm 1\%$ /  $\pm 5\%$  was set.

Assuming constant the rest of the variables, the valuations of development promotions and the net book value of the same as of June 30, 2023, would be affected estimated as follows considering the variation of the key hypothesis (thousands euros):

Assumption	Thousand Euros					
	Discount Rate		Sale Price			
	+1%	-1%	+1%	-1%	+5%	-5%
	Increase (Decrease)					
Change in appraised values	(44.925)	35.960	22.626	(34.019)	134.903	(148.344)
Change in carrying amount (*)	(7.455)	89	316	(5.466)	2.442	(31.106)

(\*) The carrying amount is based on the lower of cost or realisable value. Increases in the net realisable value are not necessarily accompanied by impacts on the carrying amount of inventories.

The effect on the value of the real estate assets reflecting this sensitivity analysis, which considers a 1%/ 5% fall in prices in the base scenario without subsequent price growth and the other variables remaining constant, would be a reduction of EUR 34,019 thousand and EUR 148,344 thousand, while it would have an approximate effect on the net book value of the assets amounting EUR 5,466 thousand and EUR 31,106 thousand.

## 10. Trade and other receivables

The heading "Trade and other receivables" includes the following items:

	Thousands of euros	
	30.06.2023	31.12.2022
Trade receivables and notes receivables	16.002	11.561
Other receivables – Down Payments	12.776	12.345
Other receivables – Provision of Services	34	53
Other receivables – Personnel	9	1
Others	25.842	25.779
Impairment	(238)	(43)
	<b>54.425</b>	<b>49.696</b>

The heading "Customers and commercial bills receivable" " in the table above basically includes the amount outstanding corresponding to the reappraisal of urbanization works carried out in the Playa de Almenara Sector amounting EUR 3,174 thousand and there are debit balances with related parties amounting EUR 9,211 thousand (Note 16).

The heading "Other receivables" in the table above includes, fundamentally, accounts receivable with third parties for the provision of services (Notes 15.1) and advances delivered by the Group to creditors of services for deeds and management of housing taxes, as well as marketing of developments that have not been accrued and / or liquidated. As of June 30, 2023, the advances delivered by the Group to creditors amount to EUR 12,776 thousand, an amount that includes EUR 5,348 thousand of advances delivered to real estate agents who have intervened in the formalization of the purchase contracts pending deed and that if it does not come to fruition their elevation to the public are refundable (EUR 12,345 and EUR 5,400 thousand respectively on December 31, 2022).

Finally, "Others" in the foregoing table includes mainly the amounts receivable owed by Empresa de Gestión Urbanística y Servicios de Alboraya, S.L. ("EGUSA") to the Group subsidiary Neinor Península (before, Quabit Grupo Mediterráneo Costa Blanca, S.L.). These amounts refer to both the principal of the debt, EUR 23,416 thousand, and the accrued interest, EUR 2,342 thousand, figures that coincide with those expressed in judgement no. 535/2016 of 15 December 2016, handed down by Valencia Court of First Instance number 6. These amounts are secured by a mortgage guarantee on land owned by EGUSA located in the UE-2 sector of Alboraya, the market value of which is higher than the amount registered as a debit balance. The Group has registered this receivable as a current asset since it is very likely to be realised in the short term through the delivery of land, which will be classified as a current asset in the consolidated balance sheet.

Trade receivables do not generate interest, in general terms and there are no doubtful assets for which impairment losses additional to those already recognised at year-end must be recognised.

The Group measures its assets at amortised cost, since the objective of the business model is to hold assets in order to collect the contractual cash flows. In this connection, the Group considers that the financial assets measured at amortised cost are subject to impairment, taking into consideration the existing facts and circumstances as indicated below (in thousands of euros):

Concept	Gross Amount 30/06/2023	Estimated loss (%) (*)	Estimated loss at 30/06/2022	Net Amount 30/06/2022
Current and non current financial assets (Note 8)	43.584	0%-3%	(1.103)	42.481
Advances to suppliers (Note 9)	481	0%-3%	(14)	467
Advances to creditors (Note 10)	13.171	3%	(395)	12.776
Trade and other receivables (Note 10)	41.984	0%-3%	(335)	41.649
Cash	130.980	0% - 0,06%	(104)	130.876
<b>TOTAL</b>	<b>230.200</b>		<b>(1.951)</b>	<b>228.249</b>

(\*) The estimate was made taking into consideration the credit rating of the counterparties issued by agencies of recognised prestige, when existing. In the estimation of the expected loss on advances to suppliers, the Group opted to recognise a provision for 3% of the total amount of advances delivered, since no public individual credit rating is available.

A reversal of the estimated loss of EUR 1,536 thousand has been paid under the heading "Change in traffic provisions" in the consolidated summary profit and loss account. The estimated loss of EUR 1,951 thousand is recorded under each heading described above in the consolidated summary statement of financial position.

The Group periodically analyses the risk of insolvency of its accounts receivable by updating the related provision for impairment losses. The Group's directors consider that the amount of trade and other receivables approximates their fair value.

## **11. Capital and reserves**

### ***11.1 Share capital***

The statements of changes in equity for the periods ended on June 30, 2023, and December 31, 2022, show the changes in equity attributable to the shareholders of the Parent and the non-controlling interests in the aforementioned periods.

On May 30, 2022, the public deed of reduction of share capital in the amount of EUR 13,110 thousand was registered in the Mercantile Registry of Bizkaia, through the reduction in the nominal value of the shares by EUR 0.1639. Subsequently, on July 26, 2022, the public deed of a second capital reduction in the amount of 50,001 thousand euros was registered in the Mercantile Registry of Bizkaia, through the reduction of EUR 0.6251 in the shares nominal value.

As of June 30, 2023, the Parent's share capital consisted of 79,988,642 fully subscribed and paid shares of EUR 9,211 par value each (79,988,642 fully subscribed and paid shares of EUR 9,211 par value each as of December 31, 2022).

	30.06.23		31.12.22	
	% Ownership Interest Registered	Total Share Capital Amount (thousands of euros)	% Ownership Interest Registered	Total Share Capital Amount (thousands of euros)
Orion European Real Estate Fund V, SLP	27,67	203.866	27,67	203.866
Stoneshield Holding S.A.R.L.	22,67	167.027	22,67	167.027
Adar Capital Partners Ltd	12,69	93.497	12,69	93.497
Bank of Montreal	4,79	35.291	4,79	35.291
Resto de Bolsa	32,18	237.094	32,18	237.094
	<b>100,00</b>	<b>736.775</b>	<b>100,00</b>	<b>736.775</b>

### 11.2 Earnings/(loss) per share

Basic earnings/ (loss) per share are calculated by dividing net profit/ (loss) for the year attributable to the Group (i.e., after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Accordingly:

	Thousand euros	
	30.06.23	30.06.22
Earnings / (loss) for the year (thousands of euros)	4.457	37.294
Weighted average number of shares outstanding (thousands of shares) (*)	75.974	74.509
<b>Basic earnings/ (loss) per share (euros)</b>	<b>0,059</b>	<b>0,501</b>

(\*) Note: average number of shares adjusted for treasury shares.

As of June 30, 2023 and June 30, 2022, the diluted earnings/loss per share of the Neinor Homes Group coincided with the basic earnings/loss per share. The impact of the unique variable included in the calculation, the retribution in shares, is not significant.

### 11.3 Treasury shares and other reserves

The Annual General Meeting held on March 6, 2017, authorised the derivative acquisition of treasury shares for the maximum period permitted by law and subject to the requirements established in Article 146 of the Spanish Limited Liability Companies Law.

Since March 26, 2021 and for a period of 6 months, the Group initiated a Treasury program for the derivative acquisition of up to a maximum of one million own shares, being in any case the maximum allowed disbursement of EUR 10 million, for which, the Parent Company signed a liquidity contract with "JB Capital Markets Sociedad de Valores, S.A.U.". Likewise, from September 17, 2021 and for a period of 1 year, the Group initiated a Treasury program for the derivative acquisition of up to a maximum of 2.5 million own

shares, being in any case the maximum allowed disbursement of EUR 30 million, for which, the Parent Company signed a liquidity contract with Gestión de Patrimonios Mobiliario, S.V., S.A.

During financial year 2022, the Group initiated a share repurchase program to reduce the share capital via amortization of own shares and carry out a dividend distribution (Note 4).

As of June 30, 2023, the total number of own shares of the Parent Company amounts to 5,482,731 shares (Note 9.1) (5,659,426 shares as December 2022). On June 30, 2023, the average unit acquisition price amounts to EUR 10,21 (EUR 10.25 on 2022).

Finally, in April 2020, the General Shareholders Meeting of the Parent Company approved a new incentive plan payable in shares, with an estimated cost to range from EUR 8 and EUR 12 million, whose accrual was extended until December 31, 2022 and whose beneficiaries were directors who have executive functions and the members of the management team of Neinor Homes, S.A. and its group of companies that are expressly invited by the Board of Directors of the Parent Company, at the proposal of the Appointments Committee and Fees. The two metrics of measurement of compliance of the plan are, at 50% each, EBITDA and Total Return to Shareholder (RTA), defined as the evolution of investment in Neinor Homes, S.A. shares., establishing minimum amounts below which the incentive is not accrued, as well as a possibility of overpayments of up to 150%. The shares acquired in this way are prohibited from being sold for a period of 1 year for directors who have executive functions, the incentive being subject to a reimbursement clause if certain circumstances occur, being also necessary permanence requirements to be entitled to the incentive. The number of shares to be delivered will be determined by the quotient between the value assigned to the plan to each individual and the share price in a certain number of previous business days. at the beginning and end of the plan measurement period. During the current year, the aforementioned incentive plan has expired and the first payment has occurred, which has had an impact on the heading "Other reserves" of consolidated equity amounting EUR 2,773. In relation to this incentive plan, it is expected that the remaining amount of EUR 2.9 million will be paid in the following two years according to plan's conditions.

During 2023, a new incentive plan has been approved by the Group. The plan, whose accrual will be extended until December 31, 2025, will be payable in cash, with a cost estimated to range around EUR 17 million. Its beneficiaries will be directors who have executive functions and the members of the management team of Neinor Homes, S.A. and its group of companies, who are expressly invited by the Board of Directors of the Parent Company, at the proposal of the Appointments and Remuneration Committee.

The cost of these long-term incentive plans is borne by the Neinor Homes Group itself, with no amount accrued at the end of the 6-month period ended June 30, 2023 (no amount was accrued as of June 30, 2022).

The two metrics of measurement of compliance of the plan are, at 50% each, EBITDA and Total Return to Shareholder (RTA), defined as the dividends distributed, reduction of share capital and cancelation of treasury shares by Neinor Homes, S.A., all of them aligned with the Strategic Plan 2023-2027, with minimum compliance of 85% being necessary to qualify for the incentive. No cost has been registered yet, as the amount accrued at the date of preparation of those interim financial consolidated statements in relation to this new plan is not material.

## 12. Provisions

### 12.1 Current provisions

The movement in the current provisions account in the six-month period ended June 30, 2023, and in the year ended December 31, 2022 is as follows:

Description	Thousands of euros		
	Taxes (Note 13.4)	Other Provisions (Note 13.4)	Total
<b>Balance as of December 31, 2021</b>	<b>11.655</b>	<b>44.393</b>	<b>56.048</b>
Net write-downs recognized	9.147	3.771	12.918
Applications	(7.023)	(19.068)	(26.091)
<b>Balance as of December 31, 2022</b>	<b>13.779</b>	<b>29.096</b>	<b>42.875</b>
Net write-downs recognized	2.895	3.656	6.551
Applications	(3.014)	(4.140)	(7.154)
<b>Balance as of June 30, 2023</b>	<b>13.660</b>	<b>28.612</b>	<b>42.272</b>

“For Taxes” caption in the foregoing table includes, mainly, the provisions recognized in relation to the taxes accrued in the period and which, at the reporting dates, have not been settled (mainly property tax) and the provision relating to non-deductible VAT as a result of applying the deductible proportion rule that has not yet been adjusted

On the other hand, “Other provisions” caption includes, mainly the provisions made to meet guarantee costs, such after-sales costs, as well as other construction costs pending in delivered promotions. These provisions are recognized at the date of sale of the related products according to the Group’s best estimate of the possible consideration required to settle the Group liability.

At each reporting date the Group assesses the estimated amounts to meet liabilities for ongoing litigation, probable or certain, whose payment is not yet fully determinable as to its exact amount or is uncertain as to the date that will occur, since it depends on the fulfillment of certain conditions, providing, where appropriate, the corresponding provisions. In this regard, as of June 30, 2023, there are claims in relation to assets owned by the different companies of the Group for a total amount of approximately EUR 17,121 thousand (EUR 14,623 thousand as of December 31, 2022). As of June 30, 2023, and in relation to the rest of the open litigation, after an in-depth analysis of the claims, a provision has been recorded for amounting EUR 3,479 thousand in the liabilities of the interim consolidated statement of financial position, corresponding to those considered as probable (3,337 thousand euros as of December 31, 2022). While, in the opinion of the Directors of the Parent Company, and its legal advisors, the possible impacts to the Group arising from the other claims would not be significant.

### **13. Bank borrowings and other financial liabilities**

#### **13.1 Bank borrowings**

Details of bank borrowings and other financial liabilities as of June 30, 2023, and as of December 31, 2022 are as follows:

	Thousands of euros	
	30.06.2023	31.12.2022
<b>Long-term bank borrowings:</b>		
Mortgage loans (*)	25.774	48.339
Other loans (*)	138.711	20.022
<b>Total (non-current)</b>	<b>164.485</b>	<b>68.361</b>
<b>Short-term Bank borrowings:</b>		
Interest payable	3.056	625
Mortgage loans (*)	233.770	128.029
VAT Lines	-	-
Other loans (*)	16.082	12
<b>Total (current)</b>	<b>252.908</b>	<b>128.666</b>

(\*) Borrowings are presented at amortised cost, net of the debt arrangement expenses incurred in 2023 amounting to EUR 6,372 thousand (EUR 4,998 thousand at December 31, 2022).

The breakdown by maturities of the previous items is as follows:

#### **June 30, 2023**

Scheduled maturities:	30.06.23
2024	174.919
2025	55.954
2026	94.133
2027 and following	92.387
<b>Total</b>	<b>417.393</b>

#### **December 31, 2022**

Scheduled maturities:	31.12.2022
2023	98.139
2024	40.061
2025	14.591
2026 and following	44.236
<b>Total</b>	<b>197.027</b>

## Long-term and Short-term bank borrowings

### Mortgage loans

The balance recorded under the heading "Debts with credit institutions – Mortgage loans" in the previous table amounting to EUR 259,544 thousand as of June 30, 2023 corresponds to the amount outstanding for various mortgage loans subscribed by the Group, with the aforementioned real estate assets being in guarantee of the return of the same (176,638 thousand euros as of December 31, 2022). These loans accrue a market interest rate and have their final maturity established between 2023 and 2056.

Specifically, the Group has contracted 14 new mortgage loans during the first half of 2023 of which an amount of EUR 30,825 thousand has been arranged. Finally, there have not been extensions, of limit and maturity, of loans contracted during previous years.

As of June 30, 2023, the Group main mortgage loan related to the financing granted by Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. ("SAREB"), whose amortised cost amounted to EUR 48,013 thousand. On March 25, 2021, the aforementioned loan was novated, and the effectiveness and entry into force of the novation was subject to the registration of the merger in the Mercantile Register. Under the novation it was agreed to reduce the payable interest rate to 1%, and the following repayment schedule was established:

Scheduled maturities:	Thousands of euros
31 July 2023	10.854
31 July 2024	13.567
31 July 2025	13.569
<b>Total</b>	<b>37.989</b>

Regarding this loan, on September 16, 2020 the Board of Directors of Quabit Inmobiliaria, S.A. approved the issue of warrants in favour of SAREB agreed within the framework of the refinancing agreement signed between the parties on July 29, 2020. These warrants entitled the holder to subscribe up to a maximum of 2,003,552 new Quabit Inmobiliaria, S.A. shares up to a maximum interest of 1% in its share capital. These warrants were cancelled together with the cancellation of the Avenue warrants on public deed.

Finally, on December 16, 2021, it was granted a mortgage loan by Natixis, S.A. Sucursal en España, Natixis Assurances Investments in Real Assets-Real Estate Compartment, Novo Banco, S.A. Succursale Luxembourg and BNP Paribas European real Estate Debt Fund II, to the companies of the Neinor Península S.L.U. and Neinor Sur, S.A.U. Group, for a total amount of EUR 100 million, for the financing of the construction costs of promotions that will be destined to the rental business line, having been constituted for the signing of the contract real right of pledge of first rank on all the credit rights related to the bank account opened for said financing and on the credit rights that could arise from some of the related contracts with the construction of the promotions. The loan, which has an initial duration of 3.25 years, accrues a Euribor interest rate plus a differential, having set a commitment to comply with the ratio called "LTC Ratio", understood as the ratio between the amounts available on the loan on the construction costs of the financed developments, which must be less than 55%, as well as commitments to comply with the ratio called "LTV Ratio", understood as the ratio between Net Indebtedness over the market value of the properties, both in relation to the assets and global debt of the Group and in relation to the assets related to the loan and the debt linked to them, which must be less than 40% and 60%, respectively. The maturity of the loan may be extended for an additional period of 1.25 years, with a slight reduction in the spread associated with the financing, although this will lead to the need for compliance with covenants and formalization of additional guarantees. As of June 30, 2023, there has been disposals amounting EUR 27,008 thousands, (no disposals as of December 31, 2022). Although, before the first disposition occurs, real estate mortgages of the first rank must be constituted on the financed assets and the companies dependent on the Group beneficiaries of the financing, or failing that Neinor Peninsula, S.L.U. and Neinor sur, S.A.U., must

formalize a framework contract for financial operations that provides coverage in the form of a "CAP" on the interest rate associated with 75% of the financing (Note 8).

Finally, on March 16, 2023, as a result of the bond cancellation, the Parent Company has signed a finance contract amounting EUR 140 million with several financial entities, which is granted for some of the Group Companies (Neinor Peninsula, S.L.U., Neinor Sur, S.A.U., Neinor Norte, S.L.U. and Rental Homes Propco, S.L.U.). This loan will be paid in two identical installments, one in 2025 and another in 2026. The interest rate accrued on this loan would be the applicable Euribor plus a margin.

#### Factoring

On June 6, 2017, the Group signed a factoring with recourse contract with a financial institution for the financing mainly of input VAT on certain land purchase operations. The contract had an initial duration of one year with annual tacit renewal. This contract accrues a market interest rate. As of June 30, 2023, the limit of the factoring line amounts to EUR 15 million, with no balance having been drawn up as of June 30, 2023 and December 31, 2022. As a guarantee of the return of the financing, the amounts owed to it by virtue of the operations carried out will remain.

#### **Covenants and early repayment clauses**

In connection with borrowings arranged by the Group and disclosed above, the Group has certain early repayment clauses associated with the loans and credit lines, including most notably the following:

- Obligation to achieve a firm and irrevocable LTV Ratio, taken to be the ratio of Net Debt to the Net Value of the Group Properties (in both cases capex financing should be deducted), which must be below 40%.
- In relation with the factoring contract, worsening of the coverage ratios (understood as the ratio between Net Financial Debt over EBITDA) and/or leverage (understood as the ratio between Net Financial Debt over Equity) by 15% on those same ratios calculated in accordance with the latest annual accounts; and when, in addition, according to market information, there is a deterioration in the Group's situation that casts doubt on the viability of its business. Management considers that the financial institution is aware of the current situation of the Group.
- Regarding the new financing agreement signed by the Parent Company, it is also stated that the Group must comply with a minimum cash amount as well as a net valuation of assets above EUR 600 million.

As of June 30, 2023, and December 31, 2022, the Group was fully compliant with the covenants and early maturity clauses established in the aforementioned loans. Likewise, the Group expects to comply with the covenants and clauses established as of December 31, 2023.

#### **Other**

Additionally, the Group has several confirming lines arranged by its suppliers for an amount of EUR 53,927 thousand as of June 30, 2023, whose limit amounts to EUR 116,737 thousand euros at that date.

All the loans and credit facilities outstanding as of June 30, 2023, and December 31, 2022, indicated above were arranged with leading banks and bear interest tied to Euribor plus market spreads.

The interest rate applicable to the Group, in general terms, is tied to Euribor plus a market spread. The average cost of the borrowings calculated for 2023 and 2022 are 4.00% and 2.57%, approximately. In this regard, we must consider the Group's derivative contracts (Note 8) which minimize the cost of the debt in a relevant way.

### **13.2 Other long and short term financial liabilities**

On April 12, 2021, the Board of Directors of the Parent approved the issue of guaranteed senior bonds maturing in 2026 (which may be redeemed early in certain circumstances and upon the occurrence of certain events) for a total principal amount of EUR 300 million. At the issuance date (April 14, 2021), it was established that the bonds would bear annual fixed interest of 4.5%, payable on a half-yearly basis. As of June 30, 2023 there are financial expenses related with the bonds amounting EUR 3.1 million (EUR 6.8 million as of June 30, 2022). The bonds, which were admitted to trading on the Global Exchange Market of the Irish Stock Exchange, are guaranteed by Neinor Homes, S.A. and certain of its subsidiaries that act as guarantors of the debt (Neinor Peninsula, S.L.U., Neinor Sur, S.A.U., Neinor Norte, S.L.U. and Promociones Neinor 1, S.L.U.). The notes are secured by share pledges over the guarantors and by pledges over intercompany loan receivables (if any) owed to the issuer or the guarantors. The Group has used and will use (in the case of the home-rental business line), the proceeds from the issue in order to:

- Repay EUR 152.6 million of outstanding indebtedness of Quabit Inmobiliaria, S.A. and its subsidiaries (Note 3).
- Repay the debt signed with the financial entity Deutsche Bank, as well as two financial contracts with an amount of EUR 15 and 25 million, respectively, arranged with Banco Santander.
- Investments in connection with the rental property business line.
- Pay fees, commissions and expenses incurred directly attributable to the offering amounting to EUR 7 million, approximately, which have been deducted from the carrying value of the debt.

In addition to the use of the gross funds of the indicated issue, the Group plans to allocate an amount equal to the net funds of the issue to residential projects that help in the achievement of the United Nations Sustainable Development Goals, with a clear positive impact on the environment.

Likewise, and regarding the issuance of the bonds, on April 11, 2021, the issuer and the guarantors signed a revolving credit line for an amount of up to EUR 50 million, which will also mature in 2026, having established the same guarantees described for the bonds. The credit line, which will be used for working capital and general corporate purposes, accrues a Euribor interest rate plus a differential that will be established within a range of 2.5% to 3.25% depending on the "LTV Ratio", no balance having been drawn down as of June 30, 2023. This credit facility has been cancelled during this year with the repurchase of the remaining nominal amount of the bonds. This credit line has been canceled this year because of the repurchase of the bond.

During the 2022 financial year, the Parent Company carried out several bonds repurchases for an amount of approximately EUR 25 million. These repurchase operations represented a financial income during the second semester of 2022. For the period of 6 months ended on June 30, 2023, the Parent Company repurchased the remaining amount of the bonds for an amount of EUR 275,220 thousand. These repurchases operations have meant an income of EUR 7,354 thousand (EUR, 3,637 as of December 31 2022), registered, under the heading of "Financial income" of the interim consolidated income statement of the group as of June 30, 2023. If we consider the expenses related to the bond cancellation, the net effect of these repurchases the amount is EUR 4,142 euros.

#### **Risk management**

The basic risks the Group is exposed to as well as the risk management policies are detailed in the consolidated financial statements for 2022 and are reproduced in the directors report which forms part of these half-yearly condensed consolidated financial statements.

#### 14. Tax matters

The Group is taxed under the special tax consolidation regime organized in two tax groups. Neinor Homes, S.A. and Neinor Norte, S.L.U., are taxed under Bizkaia foal rules, constituting the Foral Group 02117BSC, acting Neinor Homes, S.A. as the parent company. Likewise, the rest of the Group Companies make up another tax group under state regulation, where Neinor Península, S.L.U. is the parent company.

The Group calculated the provision for income tax as of June 30, 2023 in accordance with the applicable tax legislation. However, if the tax treatment were to differ from that provided for in current legislation as a result of tax reforms, such treatment would be applied immediately in the financial statements issued subsequent to the approval.

The account payable arising from the calculation of the income tax expense for the six-month period ended June 30, 2023 is recognised under "Receivable from Public Authorities" in the accompanying half-yearly condensed consolidated statement of financial position.

#### Tax receivables and payables

Details of the main tax receivables and payables are as follows:

	Thousand euros							
	30.06.23				31.12.22			
	Tax assets		Tax liabilities		Tax assets		Tax liabilities	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
VAT receivable / payable	-	12.452	-	10.429	-	8.023	-	11.597
Income tax receivable	-	10.664	-	5.119	-	12.090	-	3.232
Personal income tax withholdings payable	-	2.211	-	538	-	-	-	1.859
Social Security contributions payable	-	-	-	814	-	-	-	881
Deferred tax assets	92.554	-	-	-	94.773	-	-	-
Deferred tax liability	-	-	17.330	-	-	-	18.126	-
Others	-	903	-	-	-	-	-	-
	<b>92.554</b>	<b>26.230</b>	<b>17.330</b>	<b>16.900</b>	<b>94.773</b>	<b>20.113</b>	<b>18.126</b>	<b>17.569</b>

Regarding VAT, the Group companies applied the deductible proportion rule set forth in Article 106 of VAT Law 37/1992, of December 28 (Article 106 of Provincial VAT Law 7/1994, of December 14), which establishes that the amounts of tax paid in the acquisition of goods and services used solely in transactions made that give rise to the right to deduction may be deducted in full. However, the input VAT paid in transactions that do not give rise to the right to a deduction will not be deductible, and the general deductible proportion rule will be applied to common expenses.

On June 28, 2017, certain Group companies were notified by the tax agency of the commencement of tax audits of the following taxes and periods:

- VAT of Neinor Península, S.L.U. for 2015 and 2016
- Income tax of Neinor Península, S.L.U. for 2015
- VAT of Neinor Sur, S.A.U. for 2014, 2015 and 2016
- Income tax of Neinor Sur, S.A.U. for 2012 to 2015

On January 2019 the Group received notification of final disciplinary proceedings concerning the tax inspections relating to Neinor Península, S.L.U., which gave rise to adjustments to tax payable amounting to EUR 3,272 thousand, which were recognised under "Income Tax" in the consolidated statement of profit or loss for the

year ended as December 31, 2018, and also penalties and late-payment interest of EUR 793 thousand and EUR 417 thousand recognised under "Other Operation Expenses" and "Finance Costs (Net of Capitalised Finance Costs)", respectively, in the consolidated statement of profit or loss for the year ended December 31, 2018. Although pleadings have been filed against this decision, providing a guarantee of EUR 3 million, the Parent directors, in accordance with the opinion of their external tax advisers, evaluated payment of these amounts probable since a final decision has been handed down in this connection. In this regard, provision is recognized under the caption "Tax payables" of the consolidated balance sheet as of June 30, 2023, and December 31, 2022. In addition, during the initial procedural formalities, penalties of EUR 6,3 million also became evident, but no provision has been recorded, considering that the administrative appeal filed by the Group will, in any event, give rise to a favourable outcome for it. This policy has also been approved by the Group external tax advisers.

Furthermore, on February 8, 2012, Quabit Inmobiliaria, S.A. received notification of the commencement of the verification and investigation of corporate income tax for the years 2007 to 2009, value added tax for the years 2008 and 2009 and withholdings on income from work for professionals and from movable capital for those years. In March 2013, the assessments relating to the completion of the review process were received. The amount claimed by the tax authorities amounts to EUR 2,171 thousand, corresponding to settlement agreements issued by the Central Delegation for Large Taxpayers of the State Tax Administration Agency ("AEAT") in March 2013. This amount is broken down into principal (EUR 1,088 thousand), interest (EUR 614 thousand) and a penalty (EUR 469 thousand), which had already been paid at the date of preparation of the accompanying interim condensed consolidated financial statements. In addition, in its assessments, the AEAT proposed certain corrections to the taxable base for corporate income tax with no effect on the tax payable, as they correspond to periods in which the application of these corrections would not result in a positive taxable base and, therefore, in a payable tax. The proposed increase in the 2008 and 2009 tax bases proposed in the assessments was EUR 6,004 thousand and EUR 7,204 thousand, respectively. The main adjustment item arose from the amortisation of goodwill from the merger in 2008 (EUR 5,641 thousand in 2008 and EUR 7,051 thousand in 2009). This difference in amortisation derives from the difference in the quantification of amortisation: EUR 152.332 thousand according to the AEAT compared to EUR 293,308 thousand calculated by Quabit Inmobiliaria, S.A. in its income tax settlements. Quabit Inmobiliaria, S.A. submitted pleas to the non-conformity assessments relating to corporate income tax and subsequently lodged an appeal with the Central Economic-Administrative Court (TEAC). In January 2017, Quabit Inmobiliaria, S.A. received a resolution from the TEAC rejecting all the pleas presented in its appeal. In March 2017, Quabit Inmobiliaria, S.A. filed an administrative appeal with the National High Court requesting a stay of the contested order. This suspension has been granted by the Court. Subsequently, on December 7, 2017, Quabit Inmobiliaria, S.A. filed a complaint with the Administrative Litigation Division of the National High Court. On September 2020, Quabit Inmobiliaria, S.A. received notification of the National Court ruling rejecting all of its pleas. A cassation appeal was filed with the Supreme Court which was dismissed on December 23, 2022. On February 1, 2023, the Company has filed an Incident of nullity of actions.

The directors of the Parent do not expect any additional material liabilities not already covered to arise as a result of the inspections that could occur for the years open to inspection. In this regard, in accordance with Additional Provision Nine of Royal Decree-Law 11/2020, of 31 March, and Additional Provision One of Royal Decree-Law 15/2020, of 21 April, the period between March 14, and May 30, 2021, shall not be taken into account for the purpose of calculating the limitation periods established in General Taxation Law 58/2003, of 17 December, and the usual limitation periods are therefore extended by a further 78 days.

#### **Deferred tax assets**

In previous years, a reassessment was carried out and, in the specific case of Neinor Sur, S.A.U., it was considered reasonably assured that future taxable profits would be obtained to enable the offset of this subsidiary tax losses. On this regard, this subsidiary has obtained a profit during 2023 and the Group is in line with the budget drawn up, existing adequate visibility in terms of revenue in the next three years according with the percentages of pre-sales achieved in the promotions in development. Likewise, During 2020 the Group considered for Neinor

Works, S.L.U, probable that sufficient future taxable profits would be obtained to enable the offset partially this subsidiary's tax losses, having obtained a profit before taxes, from the management activity and supervision of the construction of 6 of the Group developments. Also, in 2022 the Group considered the Group company Neinor Península, S.L.U. would obtain future taxable profits that would enable it to partially offset its tax losses. In this regard, this subsidiary has obtained a profit during 2023, and the Group is achieving the budget drawn up, and there is sufficient evidence to permit an accurate forecast of the sales for the next three years on the basis of the level of pre-sales achieved in the property developments currently in progress.

On the contrary, in relation to other subsidiaries of the Group it was considered that the operating results of these are either negative or insignificant, as well as the nature of "legacy" of their assets and, therefore, the obtaining of future profits is not sufficiently supported, and the policy followed to date was maintained. Accordingly, it was deemed reasonable not to recognize any deferred assets for these companies, since their recoverability is not reasonably assured.

In addition, as a result of the purchase price allocation process relating to the business combination of Quabit Inmobiliaria, S.A., deferred tax assets amounting to EUR 68.000 thousand associated with that transaction were identified, of which EUR 12,4 million correspond to negative tax bases, since it was determined as reasonably assured the obtaining of future tax benefits that will allow their compensation.

As of June 30, 2023, under "Deferred tax assets" an amount of EUR 92,554 thousand is recognized (EUR 94,773 thousand as of December 31, 2022). The recoverability has been analyzed considering the impact on assets valuation considering the most probable scenario (Notes 7 and 9), and the forecasts contained in the 2023-2027 strategic plan. There is no strategy contained in the new plan that influences the recovery, in time and form, considering the temporal and quantitative limitations established in tax regulations.

#### Other tax aspects

In March 2022, the OECD approved an international tax mechanism called Pillar 2, through which, multinational companies with revenues above 750 million euros must pay taxes of at least 15% on the income generated in each of the different jurisdictions in which they operate. To date, the corresponding Spanish regulations to implement Pillar 2 are in development. This regulation is expected to be applicable to the Group since it pays taxes in two jurisdictions in Spain, state and regional territory. As an exception to the general standard, the regulator for international accounting standards has approved that an entity will not recognise or disaggregate information on deferred taxes of assets and liabilities related to Pillar, 2, in the financial year 2023. In this regard, the Group Neinor Homes disclose this aspect.

## 15. Revenue and expense

### 15.1 Revenues

The detail of total revenue is presented in Note 5 with the segment information. All sales took place in Spain.

### 15.2 Cost of sales

Details of this heading in the interim consolidated income statement are as follows:

	Thousand euros	
	Total Group	
	30.06.23	30.06.22
Sites and land	5.083	3.814
Construction work in progress and completed buildings	111.690	280.482
<b>Total</b>	<b>116.773</b>	<b>284.296</b>

### 15.3 Employee benefits expense and average headcount

Details of "Employee benefits expense" are as follows:

	Thousand euros	
	30.06.23	30.06.22
Wages, salaries and similar expenses	14.915	13.709
Termination benefits	179	1.160
Social security costs	3.409	3.004
Other employee benefit costs	273	281
<b>Total</b>	<b>18.776</b>	<b>18.154</b>

As of June 30, 2023, the average headcount at Group companies for Quabit Construcción, S.A. and Renta Garantizada, S.A. was 194 and 31 people respectively (136 and 33 as of June 30, 2022). The average headcount for Neinor Homes breakdown by category as of June 30, 2023, and 2022, is as follows:

	30.06.23			30.06.22		
	Women	Men	Total	Women	Men	Total
Higher degree staff	91	130	221	95	135	230
Medium degree staff	39	26	65	42	31	73
<b>Total</b>	<b>130</b>	<b>156</b>	<b>286</b>	<b>137</b>	<b>166</b>	<b>303</b>

In addition, as of June 30, 2023, the Group had 2 employees with a disability of more than 33% (2 employees in June 30, 2022).

#### 15.4 External services

Details of this heading in the consolidated income statement are as follows:

	Thousand euros	
	30.06.23	30.06.22
Leases and royalties	2.844	1.622
Maintenance	936	716
Independent professional services	7.118	15.888
Transport	-	3
Insurance premiums	779	703
Bank services	634	785
Advertising and marketing	1.568	1.659
Supplies	1.163	828
Other external services	3.045	3.083
Levies (Note 10)	2.602	5.038
<b>Total</b>	<b>20.689</b>	<b>30.325</b>

"Independent Professional Services" in the foregoing table includes mainly the fees accrued in the period by the investment property agents and other intermediaries involved in the sales, amounting EUR 3.6 million as of June 30, 2023, (EUR 12.3 million as of June 30, 2022).

Additionally, under the caption "Levies" property tax expenses are registered amounting to EUR 954 thousand (EUR 2,2 million as of June 30, 2022).

#### 13.5 Changes in trade provisions

The detail of "Changes in trade provisions" recognized in the accompanying consolidated income statement is as follows:

	Thousand euros Income / (Expense)	
	30.06.23	30.06.22
<b>Change in trade provisions – Others</b>		
Other commercial provisions (Note 10)	(577)	750
<b>Total change in trade provisions</b>	<b>(577)</b>	<b>750</b>

#### 16. Related party transactions

The Group "related parties" are deemed to be, in addition to the subsidiaries, associates and jointly-controlled entities, the shareholders, the Parent "key management personnel" (its directors and managers, and their close family members) and the entities over which key management personnel may exercise significant influence or control or by which they may be influenced. Specifically, related party transactions are deemed to be transactions with parties outside the Group but with which there are ties as defined in Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, and in Spanish National Securities Market Commission (CNMV) Circular 1/2005, of 1 April. Pursuant to the aforementioned criteria, for disclosure purposes the bank Banco de Santander, S.A. is considered a related party, due the link between a senior executive and director of the group and one of the directors. Also, in accordance with the definitions and criteria contained in these provisions,

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"1810 Capital Investments, S.L.", "Global Hespérides, S.L.", "Rayet Medio Ambiente, S.L.", "Banco Santander, S.A.", "Grupo Rayet S.A", "Sistemas Integrales Cualificados, S.L.", "UTE I-15", and "Editorial Nueva Alcarria, S.L." are also considered to be related companies, due to their relatedness to shareholders, directors and managers.

The transactions carried out with related parties in the 6-month period ended on June 30, 2023 and 2022 is as follows:

	Thousands of Euros					
	Income			Expenses		
	Net Revenues (Note 13.1)			Cost of Sales – Purchases (Note 13.2)	External Services (Note 13.4)	Financial costs (Note 11)
	Sales	Services Provided	Financial Incomes			
<b>Six-month period ended 30 June 2023</b>						
<b>Associates (*)</b>						
Nicrent Residencial, S.L.	-	-	34	-	-	-
<b>Other Group's "related parties"-</b>						
Banco Santander, S.A.	-	-	-	-	21	5.452
Santander Lease, S.A.	-	-	-	-	-	-
Global Hespérides, S.L.	-	-	-	-	46	-
Rayet Medio Ambiente, S.L.	-	-	-	-	-	-
Sistemas Integrales Cualificados, S.L.	-	-	-	-	146	-
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-
Ablanquejo, S.L.	-	-	-	-	300	-
UTE I-15 Alovera	6.192	-	18	2.057	-	-
<b>Total</b>	<b>6.192</b>	<b>-</b>	<b>52</b>	<b>2.057</b>	<b>513</b>	<b>5.452</b>

	Thousands of Euros					
	Income			Expenses		
	Net Revenues (Note 13.1)			Cost of Sales – Purchases (Note 13.2)	External Services (Note 13.4)	Financial costs (Note 11)
	Sales	Services Provided	Financial Incomes			
<b>Six-month period ended 30 June 2022</b>						
<b>Associates (*)</b>						
Nicrent Residencial, S.L.	-	-	8	-	-	-
<b>Other Group's "related parties"-</b>						
Banco Santander, S.A.	-	-	-	-	130	826
Santander Lease, S.A.	365	-	-	-	-	-
Global Hespérides, S.L.	-	-	-	-	40	-
Rayet Medio Ambiente, S.L.	-	-	-	-	4	-
Sistemas Integrales Cualificados, S.L.	-	-	-	141	-	-
Editorial Nueva Alcarria, S.L.	-	-	-	-	6	-
UTE I-15 Alovera	6.140	-	-	1.134	-	-
<b>Total</b>	<b>6.505</b>	<b>-</b>	<b>8</b>	<b>1.275</b>	<b>180</b>	<b>826</b>

The breakdown of the transactions carried out is as follows:

- The finance costs arose on various loans and credit facilities with the related bank.
- Sales and cost of sales to a related party.

The aforementioned transactions with related parties have been carried out under market conditions. There are no obligations or guarantees to related parties in addition to those previously disclosed in this Note or in Note 11 in relation to financial debt.

Additionally, we must consider the explication of the sale agreement with the subsidiary societay JL Panoramic DV, S.L., as it is described in Note 9.

The balances held with companies related to the Group as of June 30, 2023 and December 31, 2022 are as follows:

**June 30, 2023**

Miles de euros	Cash and cash equivalents	Long term bank loans	Short term bank loans	Other short term financial liabilities	Other long term financial assets	Other short term financial assets	Accounts payable	Accounts receivable	Supplier prepayments
<b>Associates (*) and Joint-ventures</b>									
Alboraya Marina Nova, S.L.	-	-	-	-	-	-	-	-	-
Programa de actuación de Baleares, S.L.	-	-	-	-	7.215	-	-	9	-
Nicrent Residencial, S.L.	-	-	-	-	1.630	-	-	-	-
Masia del Monte Sano, S.L.	-	-	-	78	-	-	-	-	-
<b>Total asociadas y negocios conjuntos</b>	-	-	-	78	8.845	-	-	9	-
<b>Other Group's "related parties"-</b>									
Banco Santander, S.A.	35.143	50.000	45.843	-	-	10	-	-	-
Global Hespérides, S.L.	-	-	-	459	-	-	-	24	-
Grupo Rayet, S.A.	-	-	-	-	531	-	830	2	-
Rayet Medio Ambiente, S.L.	-	-	-	-	585	126	4	-	-
UTE 15-ALOVERA	-	-	-	-	903	-	737	9.208	1.864
Editorial Nueva Alcarria, S.L.	-	-	-	400	-	-	3	-	-
Restablo Inversiones S.L.	-	-	-	6	-	-	-	-	-
Ablanquejo, S.L.	-	-	-	-	-	-	61	-	-
Sistemas Integrales Cualificados	-	-	-	-	-	-	2	-	-
Global Henares, S.L.	-	-	-	-	-	-	13	-	-
Fincas Cuevas Minadas, S.L.	-	-	-	-	-	-	-	1	-
<b>Total related parties</b>	<b>35.143</b>	<b>50.000</b>	<b>45.843</b>	<b>865</b>	<b>2.020</b>	<b>136</b>	<b>1.649</b>	<b>9.235</b>	<b>1.864</b>
<b>Total</b>	<b>35.143</b>	<b>50.000</b>	<b>45.843</b>	<b>943</b>	<b>10.865</b>	<b>136</b>	<b>1.649</b>	<b>9.244</b>	<b>1.864</b>

(\*) As a result of the business combination the Group holds shares in Alboraya Marina Nova, S.L., Programa de Actuación de Baleares, S.L., and Masia del Monte Sano, S.L. with a cost of EUR 574 thousand as of June 30, 2023.

**December 31, 2022**

Miles de euros	Cash and cash equivalents	Long term bank loans	Short term bank loans	Other short term financial liabilities	Other long term financial assets	Other short term financial assets	Accounts payable	Accounts receivable	Supplier prepayments
<b>Associates and Joint-ventures</b>									
Alboraya Marina Nova, S.L.	-	-	-	-	-	7.217	-	9	-
Programa de actuación de Baleares, S.L.	-	-	-	-	-	1.596	-	6	-
Nicrent Residencial, S.L.	-	-	-	-	-	-	-	-	-
Masia del Monte Sano, S.L.	-	-	-	78	-	-	-	-	-
<b>Total asociadas y negocios conjuntos</b>	-	-	-	<b>78</b>	-	<b>8.813</b>	-	<b>15</b>	-
<b>Other Group's "related parties"</b>									
Banco Santander, S.A.	44.983	20.000	22.024	-	-	10	-	-	190
1810 Capital Investments, S.L.	-	-	-	278	-	-	-	25	-
Global Hespérides, S.L.	-	-	-	-	-	-	-	-	-
Aquila Lux S.V. S.A.R.L.	-	-	-	-	-	-	-	-	-
Grupo Rayet, S.A.	-	-	-	-	533	-	1.333	2	-
Rayet Medio Ambiente, S.L.	-	-	-	-	585	126	20	-	-
UTE 15-ALOVERA	-	-	-	-	926	593	69	4.759	1.864
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-	11	-	-
Restablo Inversiones S.L.	-	-	-	6	-	-	-	-	-
Ablanquejo, S.L.	-	-	-	-	-	-	61	-	-
Sistemas Integrales Cualificados	-	-	-	-	-	-	7	-	-
Fincas Cuevas Minadas, S.L.	-	-	-	-	-	-	-	1	-
<b>Total related parties</b>	<b>44.983</b>	<b>20.000</b>	<b>22.024</b>	<b>284</b>	<b>2.044</b>	<b>729</b>	<b>1.501</b>	<b>4.787</b>	<b>2.054</b>
<b>Total</b>	<b>44.983</b>	<b>20.000</b>	<b>22.024</b>	<b>362</b>	<b>2.044</b>	<b>9.542</b>	<b>1.501</b>	<b>4.802</b>	<b>2.054</b>

On June 29, 2021, 72 housing units (together with their garages and storage rooms), linked to five developments in progress, which should be handed over separately between the last quarter of 2020 and the end of 2023, were pre-sold to the related company Global Hespérides, S.L. by Neinor Norte, S.L.U. and Neinor Sur, S.A.U. for a total price of EUR 20 million. The selling price includes, as consideration, both the delivery of the aforementioned units and the obligation to provide, for a period of three years from delivery, a management service for these assets including, inter alia, finding tenants, managing the leases and handling incidents relating to these units, with the Neinor Homes Group guaranteeing vis-à-vis the related entity a market yield on the gross leasable area which, if not reached, should be subject to compensation. In this same regard, in December 2020 the Group signed an addendum to the aforementioned contract providing for the additional pre-sale of another ten housing units corresponding to one of the developments. During the 6-month period ended on June 30, 2023, the remaining promotion has not been delivered, estimating that the delivery will be made at the end of this year. As of June 30, 2023 and December 31, 2022, the advances received amount to 30% of the remaining transaction price.

## **15. Legal information relating to the Board of Directors and Senior executives**

### **Directors compensation and other benefits**

As of June 30, 2022, the Directors of the Parent Company, including those who have at the same time the status of members of the Senior Management (1 person as of June 30, 2023, and 2 in 2022), have received a fixed and variable compensation for their position as administrators amounting EUR 1,401 thousands (EUR 2,981 thousand on June 30, 2022). In addition, the Group has not recorded any expense charged to the "Employee benefits expenses" caption in the accompanying consolidated income statement (no expense as of June 30, 2022) in relation to the management incentive plans. During the six-month period of 2023 and 2022 no bonus has been accrued.

The Parent has taken out third-party liability insurance for directors and senior executives the cost of which amounts to EUR 114 thousand in 2023 (EUR 165 thousand in 2022).

The Parent has no pension obligations to the Board of Directors members except from the information mentioned in Note 11.3.

The Parent has granted no advances, loans or guarantees to any of its Directors.

### **Senior executive compensation and other benefits**

The remuneration of the Parent senior executives and persons discharging similar duties, including those who are simultaneously members of the Board of Directors (one person), as of June 30, 2023, and June 2022 is summarised as follows:

Number of employees		Thousands of euros					
		30.06.23			30.06.22		
		Fixed and variable remuneration	Other remuneration	Total	Fixed and variable remuneration	Other remuneration	Total
30.06.22	30.06.21						
6	6	4.205	-	4.205	2,812	-	2,812

The Parent has no pension obligations and has granted no advances, loans, or guarantees to senior executives except from the indicated in Note 11.3.

## **16. Explanation added for translation to English**

These summarised consolidated interim financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

## MANAGEMENT REPORT

Period ended 30 June 2023

### Neinor Homes, S.A. and Dependent Companies

#### 1. The Group: Organizational structure and functioning

The Neinor Homes Group was incorporated under the memorandum of understanding entered into in 2014 by Kutxabank, S.A. and the Lone Star investment fund, through its investee, Intertax Business, S.L.U. (now Neinor Holdings, S.L.U.), for the purchase and sale of a portion of the Kutxabank Group's property assets. The aforementioned purchase and sale (Operation Lion) was completed on May 14, 2015, through the transfer by Kutxabank, S.A. to Neinor Holdings, S.L.U. of all the shares that the former held in Neinor Homes, S.A., once the conditions precedent set forth in the purchase and sale agreement entered into by the parties on December 18, 2014, had been fulfilled.

On January 1, 2015, within the context of the transaction (the "Transaction"), all the employees who had been performing the property development group's development and management tasks, and the technical resources and means required to carry out the activity, were transferred to Neinor Homes, S.A.

In 2017, the Parent, Neinor Homes, S.A. was registered as a public limited liability company ("S.A.") (a transaction that was formalised by virtue of a public deed executed on 1 March 2017 before the Bilbao notary Raquel Ruiz Torres under number 234 of her protocol) with a view to its admission to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, which took place on 29 March 2017 with the prior authorisation of the Company sole shareholder on 6 March 2017.

In September 2020 Neinor Homes, S.A. acquired a 75% ownership interest in the share capital of UMBER Jurídico Inmobiliario, S.L. (a company that was dissolved in November 2020 as it had been absorbed in a downstream merger by its wholly-owned subsidiary Renta Garantizada, S.A.).

On January 11, 2021, the draft terms of merger of Neinor Homes, S.A. (absorbing company) and Quabit Inmobiliaria, S.A. (absorbed company) were approved by the companies respective Boards of Directors, and the validity of the draft terms of merger were conditional upon the occurrence of the following several suspensive conditions. The acquisition date was established as May 19, 2021 following the obtainment, on the immediately preceding day, of authorisation of the Merger from the competition authorities and, thus, the fulfilment of all of the conditions precedent described above; as a result, Neinor Homes, S.A. obtained control of Quabit Inmobiliaria, S.A.

On April 12, 2021, the Board of Directors of the Parent approved the issue of guaranteed senior bonds maturing in for a total principal amount of EUR 300 million. The bonds, which were admitted to trading on the Global Exchange Market of the Irish Stock Exchange, were guaranteed by Neinor Homes, S.A. and certain of its subsidiaries that act as guarantors of the debt (Neinor Peninsula, S.L.U., Neinor Sur, S.A.U., Neinor Norte, S.L.U. and Rental Homes Propco, S.L.U.).

On February 23, 2022, the Sole Administrator of Neinor Peninsula, S.L.U. approved the common merger project of Neinor Peninsula S.L.U. (acquiring company) and 62 subsidiaries of the Quabit subgroup as absorbed companies. Both, Neinor Peninsula S.L.U. and the absorbed companies are companies wholly owned, directly or indirectly, by the same partner or shareholder, that is, Neinor Homes, S.A. The merger was carried out through the absorption of the Companies Absorbed by Neinor Peninsula, S.L.U., with extinction, via dissolution without liquidation, of the former and block transfer of all its assets to the latter, which has acquired, by universal succession, all the rights and obligations of the Absorbed Companies. The ultimate objective of the merger was to rationalize the corporate structure derived from the business combination carried out during the 2020 financial year, with Quabit Inmobiliaria, S.A. For consolidated purposes, this merger has had no effect, as it is a corporate restructuring.

On 23 August 2022, Neinor Sur, S.A.U. was partially spun off. On the basis of the related draft terms of division, Neinor Península, S.L.U. transferred to Neinor Homes, S.A. all the shares of Neinor Sur, S.A.U., together with all the other principal and accessory assets and liabilities associated with those shares. The spun-off assets and liabilities contributed to Neinor Homes, S.A. consisted of the partial spin-off of Neinor Península S.L.U. without the extinguishment of the latter. For consolidated purposes, this spin off has led to a reclassification amounting to EUR 23.676 thousand among the reserves at fully consolidated companies into the reserves of the Parent company.

On 8 September 2022, Rental Homes Propco, S.L.U. formed a sole-shareholder limited liability company called Sky Rental Homes Propco S.L.U. Also, on 11 October 2022, Neinor Homes, S.A. formed Rental Homes Holdco, S.L.U. In addition, on 11 October 2022, Rental Homes Propco, S.L.U. formed the following companies: Europa Rental Homes Propco, S.L.U., Sky Coliving Homes Propco, S.L.U. and Rental Homes NX Propco, S.L.U. The company of these companies, except for Sky Rental Homes Propco S.L.U., which will engage solely in the lease of properties, is the lease for their own account of real estate assets, and the transfer of the leased properties once the minimum retention period has elapsed, and the performance of any real estate and urban development activities similar or related to the leased properties. Furthermore, Sky Coliving Homes Propco, S.L.U. will also engage in the direct or indirect operation of property assets owned by it in order to use them as shared accommodation for third parties (coliving), as well as the provision of complementary services to the guests and users of said accommodation. The share capital of all these companies is represented by 3,000 shares of EUR 1 par value each.

During the first semester of 2023, the Group has adopted a new strategy, whose key points are increasing shareholders retribution and co-inversion.

During the 2022 financial year, the Parent Company carried out several bond repurchases for amounting EUR 25 million approximately. These bond repurchases represented a financial income in the second half of 2022. In fiscal year 2023, the Parent has proceeded to repurchase the remaining amount of the bond for an amount of EUR 275,220 thousand. These repurchases caused a gross financial income of EUR 7,354 thousand, which together with the rest of the repurchases carried out amounts to EUR 4,142 thousand, allocated under the heading "Financial income" of the Group interim consolidated income statement for the 6-month period ended June 30, 2023.

On the other hand, in this period Neinor has closed sales agreements in relation to three BTR developments (Treasury, Sky, and Europe), representing a total of 598 housing units, for more than EUR 150 million to both institutional investors and family offices. The divestments are part of the strategy of the shareholder remuneration plan worth EUR 600 million communicated to the capital markets in March 2023.

In this sense, on June 29, 2023, the Parent Company acquires 10% of the participation of the company JL Panoramic DV, S.L., the other partner being a company of the Axa Group. This company will develop a residential complex in Madrid, having signed a contract for the sale of land by the Group with this company. This company is the first vehicle in which the group will act as managing partner of the development, supervising the design of the project, the granting of licenses, marketing and construction.

In line with the above and at the date of preparation of these interim consolidated financial statements, the Board of Directors approves the distribution of a dividend of 125 million euros, of which 51 million will be charged to treasury stock. In October of this year the payment of 86 million euros will be effective. The dividend will be paid in two installments, one in October amounting EUR 35 million and another, amounting EUR 39 million, between December 2023 and April 2024 which will be paid contingent to the achievement of the business plan.

During the first semester of 2023, there have been no changes in the consolidation perimeter of the Neinor Homes Group apart from the acquisition of JL Panoramic DV, S.L. However, the Group plans to sell the companies Sky Coliving Homes Propco, S.L.U. and Sky Rental Homes, S.L.U.



capital markets in March 2023.

At an organisational structure level, the Company has a Board of Directors and three Committees: Audit and Control Committee, Nomination and Remuneration Committee and Land Investment Committee.

During the first half of 2023, the Board held 7 meetings, Audit and Control Committee, held 3 meetings, Nomination and Remuneration Committee held 5 meetings and Land Investment Committee held 1 meetings.

The main agreements, approvals and supervision activities by the Board and the Committees that have occurred during the financial year 2023, until the approval of the accounts for said financial year are detailed below:

- a- Formulation of the consolidated annual accounts and the consolidated management report corresponding to the year ended December 31, 2022.
- b- Formulation of the proposal for the application of the result for the year ended on December 31, 2022.
- c- Examination and approval of the Annual Corporate Governance Report (IAGC) corresponding to the year ended December 31, 2022, including the review of the category of each director, after the favorable report of the Audit and Control Committee and the Appointments and Remuneration Committee.
- d- Examination and approval of the Annual Report on the Remuneration of Directors (IAR) corresponding to the year ended December 31, 2022, after the favorable report of the Appointments and Remuneration Committee.
- e- Examination and approval of the Statement of Non-Financial Information and Sustainability Report.
- f- Performance review and approval of the objectives and incentives accrued by the CEO in 2022.
- g- Review and approval of the CEO's salary, targets and target bonus for 2023.
- h- Review of the evolution and approval of the accrued incentives in relation to the NLTI and SIP 2020-2022 and liquidation of the program.
- i- Approval of the appointment of Ms. Anna Birulés Bertrán as Chairman of the Audit and Control Committee for a term of three years.
- j- Examination and approval of the proposal for re-election of directorsxProposal to the general meeting for approval:
  - Approval of the proposal for re-election of Mrs. Anna M. Birulés Bertrán, Mr. Ricardo Martí Fluxá and Mr. Alfonso Rodés Vila as independent directors of the Company for the statutory term of three years.
  - Approval of the re-election proposal of Mr. Borja Garcia-Egocheaga Vergara as executive director of the Company for the statutory term of three years.
  - Approval of the proposal for re-election of Mr. Aref H. Lahham, Mr. Van J. Stults and Mr. Felipe Morenés Botín-Sanz de Sautuola as proprietary directors of the Company for the statutory term of three years.
- k- Examination and approval of the Annual Financial Report corresponding to the year ended December 31, 2022, after the favorable report of the Audit and Control Committee.
- l- Acknowledgment of the report on the independence of the auditors and on the provision of services other than auditing.
- m- Review and approval of a partial repurchase offer of guaranteed senior rank simple bonds issued in April 2021.
- n- Review and approval of the early voluntary amortization and cancellation of guaranteed senior rank simple bonds issued in April 2021.
- o- Approval of the terms and conditions of the cancellation and early amortization of the RFA and of the voluntary early amortization of the Outstanding Bonds.
- p- Approval of the terms and conditions of a senior financing operation.
- q- Acknowledgment of the report on related party transactions and conflicts of interest corresponding to the financial year 2022.
- r- Recognition of the information on treasury stock operations, in accordance with article 7.8 of the Internal Code of Conduct in the Securities Markets.
- s- Council formation proposal for 2023.
- t- Review and approval of the 2024-2027 Business Plan and communication plan.

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- u- Update on the crystallization of the Rental.
- v- Update of the co-investment strategy.
- w- Report on the press release and explanatory presentation of the Company's annual results.
- x- Review and approval of the new 2023-2025 Incentive Plan for certain executives and the executive director.
- y- Approval of the objectives of the first year of the new Incentive Plan.
- z- Review and approval of the update of the remuneration of the Directors and the Secretary of the Board.
- aa- Re-election of Mr. Francisco de Borja García-Egocheaga Vergara as CEO, ratification of the service contract signed with the Company and delegation of powers.
- bb- Review and approval of the Regulations of the new Incentive Plan for certain executives and the executive director.
- cc- Examination and approval of the proposal for re-election of the Company's auditors, as well as for the consolidated group of which it is the parent, for the year ending on December 31, 2023. Proposal to the general meeting for approval.
- dd- Examination and approval of the specific objectives of the bonus of the executive director and of certain members of senior management for the financial year 2023.
- ee- Examination and approval of the proposal to call and hold the next ordinary General Shareholders' Meeting of the Company.
- ff- Review and approval of the bonus accrued by employees and senior management in 2022.
- gg- Review and approval of the salaries, targets and bonus target of employees and senior management for 2023.
- hh- Assessment of the assessment of the Board of Directors and Committees.
- ii- Review and approval of the annual activity report of the Board and its Committees.
- jj- Report on the activities carried out by Internal Audit and GRC in 2022.
- kk- Review and approval of the annual activity report of the Audit and Control Committee.
- ll- Review and approval of the information on the SCIIF to be included in the Annual Corporate Governance Report (IAGC), the auditor's report on the external verification of the SCIIF and the executive summary of the internal auditor on the SCIIF.
- mm- Report on financial information for the first quarter.
- nn- Capital markets update.
- oo- Review and approval of the modifications to the policy on conflicts of interest and related parties and review and approval of the anti-harassment protocol.
- pp- Results of the external AML/TF prevention audit, risk self-assessment report and annual report on AML/TF prevention activities.
- qq- Results of the external data protection audit.
- rr- Situation and evolution of sustainability aspects.
- ss- Quarterly report on the review of the company's internal control and risks.
- tt- Update on joint venture.
- uu- Analysis and review of related party transactions.

To obtain details of all the matters dealt with by the Board of Neinor Homes and by each of its committees, the Annual Activity Report of the Board and its committees of Neinor Homes can be consulted on our website.

Regarding the control and compliance model, the Neinor Homes Group has implemented an integrated GRC (Governance, Risk and Compliance) structure that is based on:

- Analysis and evaluation of risks that affect internally and interested parties.
- Integration of all regulatory environments and business processes.
- Standardized methodology in compliance implementations and projects.

It is a model based on the analysis and evaluation of strategic risks of the company, of all control environments and of the entire value chain. In this way, all risks, gross and residual, are analyzed and classified according to their economic, reputational and organizational impact.

Currently, the model integrates all the company's business processes and the different regulatory areas, among others, the SCIIF, prevention of criminal liability, Cybersecurity, RDL 5/2018 on data protection, PBC/FT, LSC, Good Governance recommendations, Law 5/2021 regulations on Related-Party Transactions of the LSC, Circular 3/2015 of the CNMV.

The control panel of the model integrates:

- The processes and procedures that affect a regulatory or operational compliance environment.
- The controls assigned to each risk and each environment.
- What risks does each control mitigate or eliminate, what processes does it affect?
- Who is responsible for each control, its supervision and when it is reported

The GRC, Internal Audit & ESG department, made up of the Internal Audit, Corporate Governance, Compliance, Risk, and Sustainability areas, is in charge of overseeing the entire integrated control and assurance system.

The annual Corporate Governance report forms an integral part of the management report and its content can be accessed through the CNMV website ([www.cnmv.es](http://www.cnmv.es)).

## **2. Evolution and result of the business - Significant magnitudes**

During the first half of 2023, the Group recognized revenue of EUR 179,509 thousand, achieving a gross margin of EUR 62,736 thousand euros, and presenting a first adjusted EBITDA of 21,892 thousand euros. At equity level, total assets amounts to EUR 1,722,022 euros, the equity amounts to EUR 936,798 thousand euros and current and non-current liabilities amounts to EUR 785,224 thousand.

### **Revenue Figure and Gross Margin**

By business volume, the development activity has recognized sales of EUR 169,931 thousand (EUR 162,839 thousand of sales and EUR 7,092 thousand of construction revenues) and a gross margin of EUR 53,748 thousand obtaining a gross margin of 31.60%. The rental business line business has recognized sales of EUR 8,793 thousand, of which EUR 5,460 thousand belong to the income from the part already collected from the sale of Europa Homes, EUR 1,838 thousand for the rental of the homes owned and EUR 1,495 thousand correspond to the income from services related to the rentals provided through the company Renta Garantizada and the rest from the sale of BTR.

Development sales are due mainly to the completion and delivery many property developments. The detail of the first semester is as follows: i) sales from deliveries of previous years: EUR 59,910 thousand, among which Sky Homes stands out, with sales of 12,484 thousand, Bolueta Homes with sales of EUR 7,126 thousand, Serena Homes Fase 1B with sales of EUR 5,617 thousand and Mistral Homes with sales of EUR 4,931 thousand; ii) sales from new deliveries for the year: EUR 99,776 thousand, including Artola Homes II, with sales of EUR 17,725 thousand, Almogavar Homes, with sales of EUR 16,433 thousand, Serena Homes Phase 1C with sales of EUR 15,362 thousand, Azuqueca Homes with sales of EUR 15,200 thousand and Style Homes III with sales of EUR 11,228 thousand.

### **EBITDA**

The adjusted EBITDA 1 in 2023 reached EUR 21,892 thousand (excluding extraordinary), mainly due to Development with EBITDA amounting to EUR 21,344 thousand, Rental with adjusted EBITDA of EUR 885 thousand and Servicing and others with a negative adjusted EBITDA of EUR 410 thousand.

### **Profit or Loss for the Year**

The consolidated result for the 6-month period ended June 30, 2023 amounts to EUR 785,224 thousand, of which EUR 4,686 thousand correspond to the parent company.

## Financial situation

The current liabilities and non-current liabilities at 30 June 2023 reach EUR 785,224 thousand compared to EUR 850,972 thousand as of December 31, 2022 (representing a decrease of EUR 65,748 thousand).

The debt position as of June 30, 2023 continues to present very solid debt ratios: 25.7% LTC and 20.0% LTV.

### *Financial Debt 30.06.2023*

The heading of debts with credit institutions in the short and long term as of June 30, 2023 registers EUR 417.4 million, of which, the detail of the bank debt is as follows:

- Capex financing facilities: arranged at EUR 155.9 million.
- Land financing facilities: arranged at EUR 59.3 million.
- Rental financing facilities: arranged at EUR 49.4 million.
- Corporate financing facilities: arranged at EUR 156.1 million.
- Debt arrangement expenses: EUR (6.4) million.
- Interest payable: EUR 3.1 million.
- VAT facilities: EUR 0.0 million arranged.

On March 16, 2023, the Group has subscribed a Facility agreement with several financial institutions amounting EUR 140 million, with maturity in 2025 and 2026.

### **1. Environmental and personnel issues**

In view of the business activities carried on by the Neinor Homes Group, it does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position or results. In addition, the Group's activities do not give rise to situations relating to greenhouse gas emission allowances.

At June 30, 2022 the average number of employees employed in the 6-month period ended June 30, 2023 by Quabit Construcción, S.A. and by Renta Garantizada S.A., is 194 and 31 people respectively (136 and 33 in the 6-month period ended June 30, 2022) being the detail of the distribution by categories of the number of people employed in the 6-month period ended on June 30, 2023 and 2022 for Neinor Homes, the following:

	30.06.2023			30.06.2022		
	Women	Men	Total	Women	Men	Total
University graduates	91	130	221	95	135	230
Further education college graduates	39	26	65	42	31	73
<b>Total</b>	<b>130</b>	<b>156</b>	<b>286</b>	<b>137</b>	<b>166</b>	<b>303</b>

### **2. Liquidity and capital resources**

The Group has a sufficient level of cash and cash equivalents in order to carry on its business activities.

In the six-month period ended June 30, 2023, the financing, mainly of land and developer loans linked to promotions, obtained by the Group stands out, which amounts in balance to a total of 417,393 thousand euros.

In addition to this financing, the perspective is to formalize promoter-type financing that pays for the investment, and in turn the vast majority of the payments and investments required are linked to the delivery of the promotion and therefore the collection of the sale.

The group is still in talks with financial institutions to obtain financing for the new launches of promotions to continue with its solid financial results and cash position.

The group's capital management is focused on achieving a financial structure that optimizes the cost of capital to ensure a solid financial position. This policy allows the creation of value for shareholders to be compatible with access to financial markets at a competitive cost, to cover the needs of debt refinancing and financing of the investment plan not covered by the funds generated by the business.

### **3. Main risks and uncertainties**

The Group has prepared its risk map. To this end, the organization's procedures have been analyzed, the possible sources of risk have been identified and quantified, while the appropriate measures have been taken so that they do not occur.

The most significant financial risks are:

#### ***Market risk***

##### ***Exposure to interest rate risk***

During the year 2022, the group contracted two interest rate hedges of 100 and 200 million euros in order to cover the risk of the total debt balance from interest rate hikes. The maturity of the hedges is 2026 and 2027 respectively and the rate set for such hedges is 2% for the 12-month Euribor. In this regard, during this year 2,023, the group has modified these two contracts to contract a third derivative contract.

Most of the loans and credits facilities in the Group's balance sheet are indexed to the Euribor benchmark.

##### ***Exposure to credit risk***

The Group does not have significant credit risk exposure to third parties arising from its own development business since it receives payment for substantially all its sales at the time the transaction is executed in a deed through subrogation of the buyer for the corresponding portion of the developer loan or by any other method of the buyer's choice. The credit risk arising from the payment deferrals in land or completed buildings sale transactions are mitigated through the obtainment of guarantees by the buyer or through the establishment of conditions subsequent in the event of default, which would give rise to the recovery of ownership of the asset sold and the collection of an indemnity payment.

In general, the Group holds its cash and cash equivalents at banks with high credit ratings.

##### ***Exposure to solvency risk***

The group regularly analyses the insolvency risk of its accounts receivable by updating the corresponding impairment provision. The Directors of the Parent Company consider that the amount of commercial debtors' accounts and other accounts receivable is close to their fair value.

##### ***Exposure to exchange rate risk***

In view of the Group's scant international exposure in markets outside the eurozone, its exposure to foreign currency risk is scantily material.

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#### ***Exposure to risks associated with climate change***

There have been no significant changes with the information disclosed in the financial statements, as of December 31, 2022.

#### **4. Significant events after the reporting period**

After the close of June 30, 2023, no additional events have occurred to those indicated in the consolidated financial statements that could significantly influence the financial information detailed in this report, or that should be highlighted as having significant significance.

#### **5. Information on the outlook for the entity in 2023**

The Group's main lines of action for the second half of 2023 focus on:

##### ***Development business line***

- Monitoring of the works with which they were closed in December 2022, plus the tender and contracting of new works until the end of the year.
- Continuing the upward trend in the number of pre-sales. Also, capture the increases in prices that are occurring in each location due to the increase in demand and low supply of quality products.
- Deliver the promotions whose end date of work is scheduled for 2023, taking care of the satisfaction and experience of our customers.

##### ***Business line "Rental"***

- Manage and build homes for this line of business.
- Provision of property and asset management services to third parties through the acquired company Renta Garantizada, S.A., one of the leading companies in rental management in Spain.
- Alliance with Cevasa and Habitatge Metròpolis Barcelona (HMB) to build 4,500 social rental homes in Barcelona and its metropolitan area, which will have to come into operation between 2024 and 2027. In the first half of 2023, the launch of phase 1, equivalent to 750 units, has begun.
- Divestment of 598 units in order to monetize the implicit value of the Company's rental assets.

#### **6. R&D&I activities**

Given the business lines of Neinor Homes there are no relevant research, development and innovation activities.

#### **7. Own actions**

As of June 30, 2023, the share capital of the parent company is composed of 79,988,642 shares, of 9.211 euros of nominal value each, fully subscribed and disbursed.

As of June 30, 2023, own shares appear on the balance sheet for an amount of 55,993 thousand euros.

The number of shares as of June 30, 2023 would be 5,482,731 shares, with an average unit purchase price of 10.21 Euros.

## **8. Alternative Performance Measures**

As indicated in Note 2 to the consolidated report, the Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). Additionally, it presents some Alternative Performance Measures ("APMs") to provide additional information that favors the comparability and understanding of its financial information, and facilitates decision-making and evaluation of the Group's performance.

The most significant APMs are the following:

### **Gross profit or margin:**

Definition: External sales + Cost of sales

Reconciliation: the Parent presents the calculation of gross profit in Note 6 to the consolidated financial statements.

Explanation of use: the Parent considers gross profit to be a performance measure, since it provides information on gross profit, which is calculated on the basis of external sales less the cost incurred to complete those sales. The impairment losses derecognised in connection with real estate assets sold during the year were also taken into consideration for this calculation.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate the gross profit is the same as that used in the previous year.

### **Adjusted EBITDA:**

Definition: Gross profit or margin + Staff costs + External services + Change in traffic provisions + Impairment and results on disposals of fixed assets + Other operating income - Restructuring and growth incentives and expenses after the business combination (extraordinary expenses).

Reconciliation: the Parent presents the calculation of EBITDA in Note 6 to the consolidated financial statements.

Explanation of use: the Parent considers EBITDA to be a performance measure since it provides an analysis of the operating results (excluding depreciation and amortisation, as it is a non-cash item) as an approximation of the cash flows from operating activities which reflect the generation of cash. It is also an indicator that is widely used by investors when valuing companies, and by rating agencies and creditors to measure the level of borrowings, comparing EBITDA with net debt.

Comparative: the Parent presents comparative figures for the prior year.

Consistency: the criterion used to calculate the Adjusted EBITDA is the same as that used in the previous year.

### **EBITDA**

Definition: Adjusted EBITDA + Promotional margin of rental assets delivered in the year.

Reconciliation: the company presents the EBITDA calculation in the consolidated financial statements.

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Explanation of use: EBITDA is considered by the company as a measure of the returns of its activity since it provides an analysis of operating results (excluding amortization, being an item that does not represent cash) as an approximation to operating cash flows that reflect cash generation. Additionally, it is an indicator widely used by investors when valuing companies, as well as by rating agencies and creditors to evaluate the level of indebtedness by comparing EBITDA with net debt.

Comparative: the company presents a comparison with that of the previous period.

Coherence: the criteria used to calculate EBITDA is in line with the years 2020 and 2021 incorporating the Company's expansion costs and additional after-sales provision.

### **Financial debt**

Definition: Debt with credit institutions registered in non-current liabilities + Debt with credit institutions registered in current liabilities.

Reconciliation: the company presents the calculation of financial debt in Note 6 of the consolidated financial statements.

Explanation of use: Financial debt is a financial indicator that measures the company's debt position. Additionally, it is an indicator widely used by investors when assessing the financial leverage of companies, as well as by rating agencies and creditors to assess the level of indebtedness.

Comparative: the company presents a comparison with that of the previous period.

Coherence: the criterion used to calculate the Financial Debt is the same as the previous year.

### **Net financial debt**

Definition: Debts to credit institutions (non-current liabilities and current liabilities) + Other financial liabilities (current and non-current) – Cash and cash equivalents .

Reconciliation: the detail of the reconciliation of this APM with the consolidated financial statements is as follows (in thousand euros):

	June-30-23
Debts to credit institutions - non-current liabilities	164,485
Debts to credit institutions - current liabilities	252,908
Other financial liabilities – current liabilities	357
Cash and cash equivalents	(106,190)
<b>Net financial debt (thousands)</b>	<b>311,560</b>

Explanation of use: Net financial debt is a financial indicator that measures a company's net debt position. Additionally, it is an indicator widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to assess the level of net indebtedness.

Comparative: the company includes in the Net Financial Debt the current financial assets.

Coherence: the criterion used to calculate the Net Financial Debt is the same as the previous year adjusted for the amount outstanding for the acquisition of Guaranteed Income.

### **Adjusted net financial debt**

**Definition:** Debts to credit institutions (non-current liabilities and current liabilities) + deferred payment for the purchase of land recorded in Trade creditors and other accounts payable in the long and short term + other financial liabilities (current and non-current) - Cash and cash equivalents (excluding the non-available component associated with advances received and associated with a promotion that are deposited in a special account, and those that are only available for the attention derived from the construction of the promotions).

**Reconciliation:** the reconciliation of this APM with the consolidated financial statements is as follows:

	June-30-23
Debts owed to credit institutions - non-current liabilities	164,485
Debts to credit institutions - current liabilities	252,908
Other financial liabilities – non-current liabilities	2,934
Other financial liabilities – current liabilities	357
Deferred payment floor	51,686
Other current and non-current assets	(21,551)
Cash and other liquid asset equivalents - cash available	(106,190)
<b>Adjusted net financial debt (thousands)</b>	<b>344,629</b>

**Explanation of use:** Net financial debt is a financial indicator that measures a company's net debt position. Additionally, it is an indicator widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to assess the level of net indebtedness.

**Comparative:** the company includes in the Net Financial Debt the current financial assets.

**Coherence:** the criterion used to calculate the Net Financial Debt is the same as the previous year adjusted for what was mentioned in the "comparative" point.

### **Loan to Value (LTV)**

**Definition:** Net financial debt / Asset market value (including property plant and equipment, investment properties, inventories and non-current assets held for sale).

**Explanation of use:** the LTV ratio is an indicator that measures the company's indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

**Reconciliation:** The reconciliation of this APM with the consolidated financial statements is as follows (in thousand euros):

	30-Jun-23
Net financial debt (thousands)	311,560
Market value of assets (thousands)	1,718,967
<b>LTV</b>	<b>18,1%</b>

### **Loan to Value adjusted (LTV adjusted)**

**Definition:** Adjusted net financial debt / Asset market value (including property plant and

equipment, investment properties, inventories and non-current assets held for sale).

Explanation of use: the LTV is an indicator that measures the company's debt position. It is widely used by investors when assessing the financial leverage of real estate companies, as well as by rating agencies and creditors to assess the level of indebtedness.

Reconciliation: the reconciliation of this APM with the consolidated financial statements is as follows:

	30-Jun-23
Adjusted net financial debt (thousands)	344,629
Market value of assets (thousands)	1,718,967
<b>Adjusted LTV</b>	<b>20,0%</b>

### Loan to Cost (LTC)

Definition: Net financial debt / (Inventories + Investment Property)

Explanation of use: The LTC is an indicator that measures the company's indebtedness position. It is widely used by investors when assessing the financial leverage of real estate companies, as well as by rating agencies and creditors to assess the level of indebtedness.

Reconciliation: The reconciliation of this APM with the consolidated financial statements is as follows:

	30-Jun-23
Net financial debt (thousands)	311,560
Stocks (thousands)	1,199,765
Real estate investments (thousands)	73t,651
<b>LTC</b>	<b>24,5%</b>

### Adjusted Loan to Cost (LTC Adjusted)

Definition: Adjusted net financial debt/ (Inventories + Investment Property)

Explanation of use: The LTC is an indicator that measures the company's indebtedness position. It is widely used by investors to assess the financial leverage of real estate companies, as well as by rating agencies and banks to assess the level of indebtedness.

Reconciliation: the reconciliation of this APM with the consolidated financial statements is as follows:

	30-Jun-23
Debt adjusted net financial (thousands)	344,629
Non – current assets for sale	66,149
Stocks (thousands)	1,199,765
Real estate investments (thousands)	73,651
<b>Adjusted LTC</b>	<b>25,7%</b>

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