Neinor Homes, S.A. and Subsidiaries

Summarised Consolidated Interim Financial Statements for the period ended 30 June 2022, 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.

Deloitte.

Deloitte, S.L.
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www.deloitte.es

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 16). 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 2022, 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 2022 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.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

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 2021. 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 2022 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 2022. 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.

Iñigo Úrculo

27 July 2022

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2022 AND 31 DECEMBER 2021

(Thousands of Euros)

ASSETS	Explanatory notes	30.06.2022	31.12.21 (*)
NON-CURRENT ASSETS:			
Goodwill		4.470	4.473
Other intangible assets		11.591	9.079
Right-of-use assets	11	1.351	2.058
Property, plant and equipment	6	6.405	6.223
Investment property	7	106.544	105.632
Investments in associates	14	601	601
Interests in joint ventures		5.982	6.000
Non-current financial assets	12	7.740	8.279
Deferred tax assets		94.678	98.319
Total non-current assets		**239.362**	**240.664**
CURRENT ASSETS:			
Inventories	7	1.195.533	1.322.683
Trade and other receivables	8	61.520	70.733
Investments in associates		8.923	8.914
Current financial assets		5.690	5.906
Tax receivables	12	12.040	8.164
Accruals		448	
Cash and cash equivalents		299.947	309.644
Total current assets		**1.584.101**	**1.726.044**
TOTAL ASSETS		**1.823.463**	**1.966.708**

EQUITY AND LIABILITIES	Explanatory notes	30.06.2022	31.12.21 (*)
EQUITY:			
Share capital		786.776	799.886
Share premium		63	3.493
Legal reserve		6.209	5.570
Reserves of the Parent		37.875	64.920
Own shares		(60.608)	(40.205)
Other reserves		1.565	1.565
Reserves at fully consolidated companies		101.770	5.123
Profit for the year attributable to owners of the Company		37.294	103.033
Total equity attributable to owners of the Company		**910.944**	**943.385**
Non-controlling interests		2.494	1.111
Total equity	9	**913.438**	**944.496**
NON-CURRENT LIABILITIES:			
Provisions		657	659
Bank borrowings	11	43.324	44.815
Other non-current liabilities	11	298.192	298.261
Deferred tax liabilities	12	6.260	5.130
Total non-current liabilities		**348.433**	**348.865**
CURRENT LIABILITIES:			
Provisions	10	48.838	56.048
Bank borrowings	11 and 14	168.065	213.946
Other current financial liabilities	11	6.299	6.391
Current payables to associates		2.057	175
Current trade and other payables	7	223.998	255.319
Tax payables	12	13.818	32.254
Other current liabilities	7	98.517	109.214
Total current liabilities		**561.592**	**673.347**
TOTAL EQUITY AND LIABILITIES		**1.823.463**	**1.966.708**

(*) 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 financial position regarding to the period of six months ended 30 June 2022.

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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2022 AND 2021

(Thousands of Euros)

	Explanatory notes	30.06.22	30.06.21 (*)
Net revenues	13	388.399	322.536
Cost of sales	13	(284.296)	(235.708)
Employee benefits expenses	13	(18.154)	(13.588)
Depreciation and amortisation charges	6	(1.874)	(2.728)
External services	13	(30.325)	(22.366)
Change in trade provisions	13	750	2.121
Other operating gains/(losses)		1.141	244
Impairment and gains/(losses) on disposals of non-current assets	3	54	-
Change in fair value of investment properties	3	3.279	11.585
Negative goodwill on business combinations	3	-	142
PROFIT / (LOSS) FROM OPERATIONS		**58.974**	**62.238**
Finance revenue		215	1.632
Finance costs	11 and 14	(11.289)	(7.242)
Impairment and gains/ (losses) on financial instruments		(161)	-
Share of results of associates		17	-
Share of results of joint ventures		(17)	-
PROFIT / (LOSS) BEFORE TAX		**47.739**	**56.628**
Income tax	12	(10.488)	(11.983)
PROFIT / (LOSS) FOR THE YEAR		**37.251**	**44.645**
a) Attributable to the Parent		**37.294**	**44.683**
b) Attributable to non-controlling interests		**(43)**	**(38)**
Earnings/(losses) per share (Euros):			
Basic	9	0,501	0,583
Diluted	1	0,501	0,583

(*) 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 2022.

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 2022 AND 2021

(Thousands of Euros)

	Explanatory notes	30.06.22	30.06.21 (*)
CONSOLIDATED PROFIT / (LOSS) FOR THE PERIOD		37.251	44.645
OTHER RECOZNIZED INCOME (EXPENSES)		-	-
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		-	-
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		-	-
			0
TOTAL RECOGNISED INCOME AND EXPENSE		37.251	44.645
a) Attributable to the Parent		37.294	44.683
b) Attributable to non-controlling interests		(43)	(38)

(*) Presented just for comparative purposes.

Notes 1 to 15, described in the explanatory notes atteched, form an integral part of the condensed consolidated statement of recognised income and expense at 30 June 2022.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2022 AND 2021

(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	Non-controlling interests	Total equity
Balance at 31 December 2021 (*)	**790.050**	**39.247**	**4.773**	**66.211**	**(51.115)**	**(1.561)**	**(57.112)**	**70.120**	**285**	**860.898**
Distribution of profit/loss for the period:										
To reserves	-	-	797	7.071	-	-	62.252	(70.120)	-	-
Income/expense recognised in the period	-	-	-	-	-	-	-	44.683	(38)	44.645
Transactions with Treasury Shares	(46.156)	-	-	(4.584)	50.740	-	-	-	-	-
Other (Note 9)	55.992	1.456	-	(3.307)	(6.596)	(1.130)	-	-	1.003	47.418
Dividend distribution	-	(37.210)	-	-	-	-	-	-	-	(37.210)
Balance at 30 June 2021 (*)	**799.886**	**3.493**	**5.570**	**65.391**	**(6.971)**	**(2.691)**	**5.140**	**44.683**	**1.250**	**915.751**
Income/expense recognised in the period	-	-	-	-	-	-	-	58.350	(140)	58.210
Transactions with Treasury Shares	-	-	-	(471)	(33.234)	-	-	-	-	(33.705)
Other (Note 9)	-	-	-	-	-	4.256	(17)	-	1	4.240
Balance at 31 December 2021 (*)	**799.886**	**3.493**	**5.570**	**64.920**	**(40.205)**	**1.565**	**5.123**	**103.033**	**1.111**	**944.496**
Distribution of profit/loss for the period:										
To reserves	-	-	639	5.747	-	-	96.647	(103.033)	-	-
Income/expense recognised in the period	-	-	-	-	-	-	-	37.294	(43)	37.251
Transactions with Treasury Shares	-	-	-	-	-	-	-	-	1.426	1.426
Other (Note 9)	-	-	-	38	(21.263)	-	-	-	-	(21.225)
Dividend distribution	(13.110)	(3.430)	-	(32.830)	860	-	-	-	-	(48.510)
Balance at 30 June 2022	**786.776**	**63**	**6.209**	**37.875**	**(60.608)**	**1.565**	**101.770**	**37.294**	**2.494**	**913.438**

(*) 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 2022.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2022 AND 30 JUNE 2021

(Thousands of Euros)

	Explanatory notes	30.06.22	30.06.21 (*)
Cash flows from/(used in) operating activities			
Profit/(loss) from operations		47.739	56.628
Adjustments-			
Depreciation and amortisation	6	1.874	2.728
Change in provisions	6, 7 and 10	8.849	(1.897)
Impairment and gains/(losses) on disposal of intangible and tangible assets		54	-
Finance costs		11.289	7.242
Finance revenue		(215)	(1.632)
Impairment and gains/ (losses) on financial instruments		161	-
Incentive Plans		242	(61)
Change in fair value of investment properties	3	(3.279)	(11.585)
Negative goodwill on business combinations	3	-	(142)
		66.714	**51.281**
Increase/(Decrease) in current assets and liabilities:			
Inventories	7	129.492	(13.035)
Trade and other receivables	8	4.537	(2.569)
Current trade and other payables		(60.449)	33.529
Other current and non-current assets and liabilities		(10.697)	1.659
Net income tax payment		(8.413)	(1.520)
Total net cash flows from operating activities (I)		**121.184**	**69.345**
Cash flows from/(used in) investing activities:			
Investments/(disposals) of intangible and tangible assets		(3.948)	208
Investments in investment properties	6	-	(52.525)
Investments in other non current financial assets		764	(7.176)
Disposals of other non current financial assets		-	3.908
Total net cash flows from investing activities (II)		**(3.184)**	**(55.585)**
Cash flows from/(used in) financing activities:			
Proceeds from bank borrowings		67.169	461.713
Repayment of bank borrowings	11	(115.440)	(394.795)
Interests paid and loan agreement expenses	11 and 14	(11.074)	(6.412)
Transactions with Treasury Shares and other equity transactions		(19.842)	(10.971)
Dividends payment	4 and 9.3	(48.510)	(37.210)
Total net cash flows from financing activities (III)		**(127.697)**	**12.325**
Net increase/(decrease) in cash and cash equivalents (I+II+III)		**(9.697)**	**26.085**
Cash and cash equivalents at beginning of the period		309.644	270.213
Cash and cash equivalents for the business combination - Cash flows from investing activities		-	19.031
Cash and cash equivalents at end of year		**299.947**	**315.329**

(*) 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 2022.

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 2022

1. Activity of the Neinor Homes Group

Neinor Homes, S.A. was incorporated under the Spanish law. On 1 March 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 addess 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.

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´s 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's 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.

The Neinor Homes Group was incorporated in the context of 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 sale and purchase of a portion of the Kutxabank Group's property assets. This transaction was completed on 14 May 2015 through the transfer by Kutxabank, S.A. to Neinor Holdings, S.L.U. of all the shares held by the former in Neinor Homes, S.A., once the conditions precedent established in the purchase and sale agreement entered into by the parties on 18 December 2014 had been met.

In addition, and as part of this transaction, on 1 January 2015, all the employees who had been performing the property group's development and management tasks at the Kutxabank Group, and the technical and other resources required to perform this activity, were transferred to the various Neinor Homes Group companies. In this regard, on 14 May 2015, an asset administration and management agreement was entered into by the various Kutxabank Group companies and Neinor Homes, S.A. in relation to the property assets owned by the former. As consideration for these services, the various companies pay remuneration depending on the type and volume of the managed assets, plus additional variable remuneration based on success, applicable to asset sales and for performing certain specific related actions, and accruals. This agreement had an initial seven-year term and may be extended automatically for further one-year periods. This agreement has finished in May 2022, and the non-renewal of this contract will not have a significant impact on the objectives planned by the Group.

On 29 March 2017, the Parent's 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´s consolidated financial statements for 2021 were approved by the Company´s Shareholders on March 31, 2022.

These summarized consolidated interim financial statements are presented in euros as this is the currency of the primary economic area in which he 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 1 January 2005, in compliance with such International Financial Reporting Standards (IFRS) as may have been previously adopted by the European Union.

The Group's 2021 consolidated financial statements were prepared at 23 February 2022 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's consolidated equity and financial position, consolidated results of operations, consolidated changes in equity, and consolidated cash flows for the reporting period ended on 31 December 2021.

These summarised consolidated interim financial statements are in compliance with IAS 34 on interim financial reporting, and were prepared by the Group Directors on 27 July 2022, 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 2021 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's 2021 consolidated financial statements.

These six-monthly summarised consolidated financial statements were prepared using the same accounting policies and methods used for the 2021 consolidated financial statements.

2.2 Adoption of International Financial Reporting Standards

The following mandatory standards and interpretations, already adopted in the European Union, became effective in 2022. Where applicable, the Group has used them in the preparation of these interim summarized consolidated financial statements, with no significant impact:

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

Approved for use in the European Union		**Mandatory application of exercises initiated from:**
Modification of IFRS 3 Reference to the Conceptual Framework.	IFRS 3 is updated to align the definitions of asset and liability in a business combination with those contained in the conceptual framework.	January 1, 2022
Amendment to IAS 16 – Revenue obtained before intended use.	The amendment prohibits deducting from the cost of property, plant and equipment any income obtained from the sale of the items produced while the entity is preparing the asset for its intended use.	January 1, 2022
Amendment to IAS 37 - Onerous contracts - Cost of performing a contract	The amendment explains that the direct cost of performing a contract comprises the incremental costs of performing that contract and an allocation of other costs that relate directly to the performance of the contract.	January 1, 2022
Improvement to IFRS Cycle 2018-2020	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.	January 1, 2022

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.

(2) New standards, amendments and interpretations of mandatory application for annual periods after the calendar year starting on 1 January 2022:

Approved for use in the European Union		**Mandatory application for annual periods beginning on or after:**
Amendment to IAS 1 – Breakdown of accounting policies	Modifications that allow entities to adequately identify information on material accounting policies that must be broken down in the financial statements.	1 January 2023
Amendment to IAS 8 – Breakdown of accounting policies	Modifications and clarifications that should be understood as a change of an accounting estimate.	1 January 2023
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.	1 January 2023

Not 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.	1 January 2023
Amendment to IAS 12 – Deferred taxes arising from assets and liabilities resulting from a single transaction	Clarifications on how entities should register the deferred tax that is generated in operations such as leases and decommissioning obligations.	1 January 2023
Amendment to IFRS 17 Insurance Contracts – Initial application of IFRS 17 and IFRS 9. Comparative information	Modification of the IFRS 17 transition requirements for insurers applying IFRS 17 and IFRS 9 for the first time at the same time.	1 January 2023

For the rules that enter into force from 2022 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 2021.

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 corporate tax expense, which under IAS 34 is recognised on interim periods according to the best estimate of weighted average tax rate calculated by the Group for the whole year, and taking into account that the Tax Groups headed by Neinor Homes, S.A. and Neinor Península, S.L.U. will pay taxes under tax consolidation basis in 2020 in accordance with Article 99.2 of Bizkaia Corporation Tax Regulation 11/2013, of 5 December and in accordance with the Act 27/2014, respectively (Note 12).
2. The market value of the Group's real estate assets. For the determination of the market value of the Group's real estate assets, the valuations carried out by independent experts outside the Group as of June 30, 2022, as well as the sensitivity established in relation to the main hypotheses of the same (Note 7), have been taken as a basis.
3. The assessment of possible impairment losses on certain assets.
4. The useful life of intangible assets, materials and real estate investments (Note 6).
5. The amount of certain provisions (Note 10).
6. The recoverability of deferred tax assets (Note 12).
7. The valuation of long-term obligations to staff (Note 13.3).
8. Compliance with covenants of certain funding received (Note 11).

9. Definition of the transactions carried out by the Group as a business combination in accordance with IFRS 3 or as an acquisition of assets.

Although these estimates were made on the basis of 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 taken into account in any interpretation of the accompanying summarised consolidated interim financial statements and, in particular, in relation to the valuation of the Group's property assets.

No significant changes were made to the estimates used at 2021 year-end during the six-month period ended on 30 June 2022.

2.4 Contingent assets and liabilities

Note 21 to the Group´s consolidated financial statements for the period ended on 31 December 2021 contains the information on the guarantee commitments to third parties and other contingent liabilities as that date. During the first six-month period of 2022 there have been no significant changes in this area.

At 30 June 2022 the Group had provided guarantees to third parties for a total amount of EUR 157,324 thousand (EUR 121,280 thousand at 31 December 2021). Included in this figure there is an amount of EUR 56,696 thousand (EUR 50,536 thousand at 31 December 2021) related mainly to guarantees provided to different local authorities to secure the development of different properties and EUR 100,628 thousand to secure payments in advance received by customers (EUR 70,744 thousand at 31 December 2021). Furthermore, guarantee amounting 3 million euros has been provided in relation to final disciplinary proceedings concerning tax inspections (Note 12).

Additionally, the Group has received at 30 June 2022 from different suppliers and contractors guarantees for a total amount of EUR 44,328 thousand (EUR 54,815 thousand at 31 December 2021) 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 at 30 June 2022 includes an amount of EUR 38,704 thousand (31 December 2021: EUR 45,685 thousand) 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 30 June 2022 nor 31 December 2021, except for the fact that, as described in Law 20/2015, of July 14, advances received and associated with a development (Note 7) 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 49,417 thousand at 30 June 2022 (EUR 39,958 thousand at 31 December 2021), which differs from the advances (Note 7) 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 2021 is presented solely and exclusively, for comparative purposes with the information relating to the six-month period ended June 30, 2022, 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's transactions are not cyclical or seasonal. Therefore, these notes to the summarised consolidated financial statements for the six-month period ended 30 June 2022 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 30 June 2022, no errors were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for year ended 31 December 2021.

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.

2.10 Subsequent events

No significant events have been taken since the end of these summarised consolidated interim financial statements.

3. Changes in the Group´s composition

The consolidation principles used in the preparation of these six-month summarised consolidated financial statements are consistent with those used for the 2021 consolidated financial statements.

Appendix I to the notes to the 2021 consolidated financial statements includes the detail of the consolidated Group companies and the information related thereto at 31 December 2021.

During the six-month period ended on 30 June 2022 following changes took place in the scope of consolidation of the Neinor Homes Group:

On February 23, 2022, the Sole Administrator of Neinor Península, S.L.U. has approved the common merger project of Neinor Península S.L.U. (acquiring company) and 62 subsidiaries of the Quabit subgroup as absorbed companies. Both Neinor Península 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 has been carried out through the absorption of the Companies Absorbed by Neinor Península, 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 is to rationalize the corporate structure derived from the business combination carried out during the 2021 financial year, with Quabit Inmobiliaria, S.A. For consolidated purposes, this merger has had no effect, as it is a corporate restructuring.

On May 4, 2022, the Company of the Neinor Peninsula Group, S.L.U. and the Company "Asset and Capital Advisors, S.L." constitute an Economic Interest Grouping, with the denomination of "ITTFUND Holding 2022", which began its operations on the aforementioned date. The corporate purpose of this company will be the promotion, management and development of all types of real estate and urban planning operations. This group will not have share capital, and its activity will be borne by the partners themselves through monetary contributions, made according to the needs of the Group and according to the participation fees in which Neinor Península, S.L.U. has a 99.5% stake.

On May 5, 2022, the Company of the Neinor Sur Group, S.A.U., has raised to public and completed the acquisition of 95% of the shares of Espalmador, S.L. This acquisition has been carried out through the delivery of a land valued at 7,348 thousand euros to Espalmador, S.L. to carry out the promotion of a residential complex of luxury homes in it, which will be composed of a maximum number of 50 homes. Likewise, a contract for the provision of services has been established with Figeral, S.L., a company that has a 5% stake in Espalmador, S.L., in which it is established that Figeral S.L. carried out the integrated management of the construction project of the Complex, and consequent coordination and supervision of the execution of the works. The Directors of the Parent Company have determined that the registration of the operation has been carried out under the modality of purchase of assets, since the acquired company lacks processes, organized procedures, whose application results in the obtaining of a product, nor of its own personnel for the execution of the same. In this sense, almost all the assets of the acquired company correspond to the cost of the land delivered by Neinor Sur, S.A.U.

On May 19, 2022, the companies Dream Hunters, S.L. and Asset and Capital Advisors, S.L. cede 100% and 99%, respectively, of their status as partners of the A.I.E. Mar Azul Producciones Audiovisuales to the company of the Neinor Península Group, S.L.U. This assignment is made without economic consideration since the A.I.E. does not have share capital and the participation fees do not have any value. Likewise, on the same date, a capital increase of 1,000 euros is carried out, making Neinor Península S.L.U. a contribution of 995 euros, thus acquiring 95% of the share capital of the A.I.E. On May 19, 2022, the A.I.E. Mar Azul Producciones Audiovisuales acquires 100% of the A.I.E. Call From the North for a consideration of 483 thousand euros. Additionally, the Company of the Neinor Peninsula Group S.L.U. and the Companies Dream Hunters, S.L., Asset and Capital Advisors, S.L. and Mar Azul Producciones Audiovisuales, A.I.E. formalized an investment agreement for the financing of audiovisual works. To this end, they carried out an operation to purchase and purchase shareholding quotas and a capital increase operation of the A.I.E. In this regard, the A.I.E. Mar Azul Producciones Audiovisuales, has formalized an investment in the A.I.E. Call From the North by making two contributions of share capital of 1,000 euros each, amounting to the A.I.E. producer to 1,990 euros.

4. Dividends paid by the Group in the period

At the General Shareholders' Meeting of the Parent Company held on April 12, 2022, the distribution of a dividend from the issue premium reserve and/or other contributions from members for a maximum amount of 50 million euros, payable during the 2022 financial year, was approved, agreeing to delegate to the Board of

Directors of the Parent Company the power to determine, where applicable, the amount and the exact date of the distribution during the aforementioned period, taking into account in any case the maximum overall amount indicated. In this sense, on April 29, 2022, the Board of Directors of the Parent Company has approved the distribution of a cash dividend with a reduction in the share capital and charged to the reserve of issue premium and contributions of partners of 0.65 euros for each share entitled to receive it. The payment of the aforementioned dividend took place in May 2022.

5. Segment information

Note 6 to the Group's consolidated financial statements for the year ended 31 December 2021 details the criteria used by the Group to define its operating segments, and there have been no changes in its segmentation criteria.

The main magnitudes of the summarised consolidated interim profit and loss account by segment at 30 of June 2022 and 2021 are the following:

	Thousands of Euros									
	Development (***)		Rental		Assets management – Servicing / Corporate		Legacy		Total	
	30.06.22	30.06.21	30.06.22	30.06.21	30.06.22	30.06.21	30.06.22	30.06.21	30.06.22	30.06.21
Income:										
Third party sales	376,294	306,609	3,505	2,127	7,950	12,539	650	1,261	388,399	322,536
Cost of sales	(283,734)	(234,627)	-	-	-	-	(562)	(1,081)	(284,296)	(235,708)
Gross margin	**92,560**	**71,982**	**3,505**	**2,127**	**7,950**	**12,539**	**88**	**180**	**104,103**	**86,828**
Employee benefits expenses	(12,903)	(7,944)	(2,827)	(596)	(2,423)	(3,123)	(1)	(210)	(18,154)	(11,873)
Employee benefits expenses – Incentive Plan (Notes 9 and 15)	-	(1,166)	-	-	-	(515)	-	(34)	-	(1,715)
External Services	(25,302)	(18,205)	(2,249)	(1,087)	(2,503)	(2,777)	(271)	(297)	(30,325)	(22,366)
Change in trade provisions	(40)	2,121	(53)	-	843	-	-	-	750	2,121
Other operating gains / (losses)	1,011	244	50	-	80	-	-	-	1,141	244
Change in fair value of investment properties	-	-	3,279	11,585	-	-	-	-	3,279	11,585
Negative goodwill on business combinations	-	142	-	-	-	-	-	-	-	142
Impairment and results from disposals of fixed assets	-	-	-	-	-	-	54	-	54	-
EBITDA	**55,326**	**47,174**	**1,705**	**12,029**	**3,947**	**6,124**	**(130)**	**(361)**	**60,848**	**64,966**
Net interest expense and others	(2,047)	(3,821)	(913)	(333)	(8,275)	(1,456)	-	-	(11,235)	(5,610)
Depreciation and amortization	(1,523)	(1,943)	(296)	-	-	(541)	(55)	(244)	(1,874)	(2,728)
Profit / (Loss) Before Tax	**51,756**	**41,410**	**496**	**11,696**	**(4,328)**	**4,127**	**(185)**	**(605)**	**47,739**	**56,628**
Net interest expense and others (**)	2,047	3,944	913	333	8,275	1,456	-	-	11,235	5,733
Change in fair value of investment properties	-	-	(3.279)	-	-	-	-	-	(3.279)	-
Depreciation and amortization	1,523	1,943	296	-	-	541	55	244	1,874	2,728
EBITDA ADJUSTED (*)	**55,326**	**47,297**	**(1,574)**	**12,029**	**3,947**	**6,124**	**(130)**	**(361)**	**57,569**	**65,089**
Employee benefits expenses – Incentive Plan (Note 9)	-	1,166	-	-	-	516	-	34	-	1,716
Employee restructuring costs (Note 13.3)	84	469	1	-	851	-	-	-	936	469
Property tax expense	978	1,773	76	-	-	-	4	7	1,058	1,780
Growth expenses (Note 13.4)	695	797	-	-	-	-	-	-	695	797
EBITDA ADJUSTED (*)	**57,083**	**51,502**	**(1,497)**	**12,029**	**4,798**	**6,640**	**(126)**	**(320)**	**60,258**	**69,851**

(*) A financial measure used by Group management, which does not take into consideration the personal expenses associated with incentive plans.

(**) The "Corporate" line includes the financial expenses derived from the bond amounting to EUR 7 million.

(***) Includes under "Development" segment an amount of EUR 3,508 thousand in 2022 corresponding to sales of plots of land, which were sold before development (EUR 289 thousand in 2021). Cost of sales of those plots of land amounted to EUR 3,385 thousand (EUR 283 thousand in 2021).

The main figures of the summarised consolidated statements of financial position by segment at 30 June 2022 and for the exercise 2021 are as follow:

	Thousands of Euros											
	Development		Rental		Management Assets - Servicing		Others / Corporate		Legacy		Total	
	30.06.22	31.12.21	30.06.22	31.12.21	30.06.22	31.12.21	30.06.22	31.12.21	30.06.22	31.12.21	30.06.22	31.12.21
Balance sheet:												
Non-Current assets	24,103	22,677	111,669	110,107	-	-	103,590	107,880	-	-	239,362	240,664
Current assets	1,275,464	1,399,483	1,134	1,000	2,370	8,499	299,947	311,227	5,185	5,835	1,584,101	1,726,044
Total Assets	**1,299,567**	**1,422,160**	**112,803**	**111,107**	**2,370**	**8,499**	**403,537**	**419,107**	**5,185**	**5,835**	**1,823,463**	**1,966,708**
Non-current Bank Borrowings	-	-	43,324	44,815	-	-	-	-	-	-	43,324	44,815
Current Bank Borrowings	166,430	209,601	1,619	461	-	-	16	3,884	-	-	168,065	213,946
Other Non-current liabilities	4,242	3,006	6,317	6,494	-	-	294,550	294,550	-	-	305,109	304,050
Other current liabilities	386,590	442,914	1,727	2,746	2,772	687	1,990	12,676	448	378	393,527	459,401
Total Liabilities	**557,262**	**655,521**	**52,987**	**54,516**	**2,772**	**687**	**311,110**	**311,110**	**448**	**378**	**910,205**	**1,022,212**

6. Property, plant and equipment

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

6 months period ended 30 June 2022

	Thousands of euros			
	Technical items and machinery	Other items of Property, Plant and equipment	Fixed assets in progress	Total
Cost:				
Balance at 31 December 2021	7,922	3,712	120	11,754
Additions	1,072	137	161	1,370
Disposals	(186)	(117)	(281)	(584)
Balance at 30 June 2022	**8,808**	**3,732**	-	**12,540**
Accumulated amortisation:				
Balance at 31 December 2021	(3,128)	(1,813)	-	(4,941)
Charges	(612)	(229)	-	(841)
Disposals	136	101	-	237
Balance at 30 June 2022	**(3,604)**	**(1,941)**	-	**(5,545)**
Accumulated depreciation:				
Balance at 31 December 2021	(590)	-	-	(590)
Balance at 30 June 2022	**(590)**	-	-	**(590)**
Net Balance at 30 June 2022	**4.614**	**1,791**	-	**6,405**

	Thousand of euros			
	Technical items and machinery	Other items of Property, Plant and equipment	Tangible Assets in course	Total
Cost:				
Balance at 31 December 2020	8,291	2,473	-	10,764
Additions	385	252	120	757
Disposals	(1,373)	(173)	-	(1,546)
Business combination (Note 2.8)	619	1,160	-	1,779
Balance at 31 December 2021	**7,922**	**3.712**	**120**	**11,754**
Accumulated amortization:				
Balance at 31 December 2020	(2,699)	(1,479)	-	(4,178)
Charges	(1,226)	(482)	-	(1,708)
Disposals	797	148	-	945
Balance at 31 December 2021	**(3,128)**	**(1,813)**	**-**	**(4,941)**
Accumulated depreciation:				
Balance at 31 December 2020	(590)	-	-	(590)
Balance at 31 December 2021	**(590)**	-	-	**(590)**
Net Balance at 31 December 2021	**4,204**	**1,899**	**120**	**6,223**

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.

At 30 June 2022 there were EUR 2,341 thousand of property, plant and equipment items fully amortised (at 31 December 2021, there were 1,212 thousand).

At 30 June 2022 and 31 December 2021, there were no property, plant and equipment items provided as collateral for any obligation.

At 30 June 2022 and 31 December 2021, the Group did not have any significant commitments to purchase items of property plant and equipment.

7. Inventories

Details of "Inventories" at 30 June 2022 and 31 December 2021 are as follows:

	Thousands of euros	
	30.06.22	31.12.21
Sites and land	473,397	481.682
Construction work in progress	592,007	847.904
Completed buildings	132,234	216.185
Advances to suppliers	13,507	11.837
Less – Impairment losses (Note 6 and 13.5)	(15,612)	(24.325)
	1,195,533	**1.533.283**

In the period ended 30 June 2022 borrowing costs amounting to EUR 1,630 thousand were capitalised to inventories (in the year ended 31 December 2021 EUR 4,866 thousand were capitalised).

The additions in the period 2022 relate mainly to work certifications of the ongoing promotions and capitalized costs associated with the pre-construction for a value of EUR 141,2 million (331 million euros in the year ended

31 December 2021). Additionally, during 2022 purchases of land have taken place for a value of EUR 10,5 million (EUR 199 million in 2021).

The heading "Commercial creditors and other accounts payable" of the current liabilities of the consolidated summary statement of financial position as of June 30, 2022 includes an amount of EUR 65 million euros corresponding to the part of the deferred price in relation to land purchases (88 million euros as of December 31, 2021).

On the other hand, in 2022 the Group has mainly delivered 2 new developments in Andalusia (Estepona-Almenara Homes and Pedregales Homes), 1 in Madrid (Velilla de San Antonio – Velilla Homes) and 2 in the Basque Country (Urduliz – Design Homes III and Vitoria-Gasteiz – Olarizu Homes II R7), and has 52 real estate developments registered under the heading "Promotions in progress" as of June 30, 2022.

As of June 30, 2022, there are assets included in "Inventories" caption in the accompanying interim consolidated balance sheet with a net cost of EUR 1,177 million corresponding to assets classified as "Development" (EUR 1,295 million as of December 31, 2021) and EUR 5 million relating to "Legacy" assets (EUR 6 million as of December 31, 2021). Likewise, as of June 30, 2022, the Group has delivered advances to suppliers for future purchases of land for an amount of 14 million euros, 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 21 million as of December 31, 2021).

At 30 June 2022, there are assets included under "Inventories" with a gross cost of EUR 500 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 975 million at 31 December 2021).

At 30 June 2022 and 31 December 2021, there were no commitments to sell any plots of land.

At 30 June 2022 and 31 December 2021 the Group does not maintain commitments to purchase additional significant land.

The property development sale commitments entered into with customers at 30 June 2022 and 31 December 2021, 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 93,959 thousand and EUR 103,223 thousand respectively, which have been recognized under "Current liabilities - Customer advances" in the consolidated balance sheet at 30 June 2022 and 31 December 2021.

The Group periodically reviews the fair value of its inventories, recognizing, where appropriate, the related inventory write-downs. The changes in the period ended 30 June 2022 and in the exercised ended 31 December 2021 in the write-downs associated with the inventories were as follows:

	Thousands of Euros
Balance at 31.12.2020	**26,610**
Write-downs recognised	173
Write-downs reversed	(7,064)
Balance at 31.12.2021	**19,719**
Write-downs recognized	550
Write-downs reversed	(4,657)
Balance at 30.06.2022	**15,612**

As of 31 May 2022, all Development assets have been assessed 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 1,602 million (EUR 1,886 million including the value of the valuation of the real estate investments and the assets of HMB) which, considering the investments made and the units sold during the month of June, means that the valuation at 30 June 2022 amounts to EUR 1,594 million. This figure does not include the value of land advances amounting to EUR 83 million (EUR 104 million at 31 December 2021).

Considering the external appraiser's 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 +/- 100 basis 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 + 1%/ +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, 2022 would be affected estimated as follows considering the variation of the key hypothesis (in thousands of euros):

	Thousands of Euros					
	Discount Rate		Sale Price			
Assumption	+1%	-1%	+1%	-1%	+5%	-5%
			Increase (Decrease)			
Change in appraised values	(59.985)	57.166	22.064	(33.864)	145.763	(153.698)
Change in carrying amount (*)	(4.617)	3.988	4.314	(2.288)	4.892	(18.684)

(*) 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 33.864 thousand and EUR 153.698 thousand, while it would have an effect on the net book value of the assets of EUR 2.288 thousand and EUR 18.684 thousand.

8. Trade and other receivables

"Trade and other receivables" includes the following items:

	Thousands of euros	
	30.06.22	31.12.21
Trade receivables and notes receivables	17,065	23,969
Other receivables – Down Payments	18,722	20,712
Other receivables – Provision of Services	73	88
Other receivables – Personnel	17	16
Others	25,869	26,098
Impairment	(226)	(150)
	61,520	**70,733**

The heading "Customers and commercial receivables" in the table above basically includes the amount outstanding corresponding to the administration and asset management contract between the different companies of the Kutxabank Group and the Neinor Homes Group, which amounts to 2,370 thousand euros (net of the provision for estimated loss) (7,824 thousand euros as of December 31, 2021). Likewise, deferred balances related to inventory sales amounting to 2,695 thousand euros (5,400 thousand euros as of December 31, 2021) are included within this heading, with debtor balances related to the reappraisal of urbanization works carried out in the Playa de Almenara Sector for the amount of 3,174 thousand euros and there being debit balances with related parties amounting to 5,725 thousand euros (Note 14).

The heading "Miscellaneous debtors" in the table above includes, fundamentally, accounts receivable with third parties for the provision of services (Notes 13.1) and advances delivered by the Group to creditors of services for deeds and management of housing taxes, as well as marketing of promotions that have not been accrued and / or liquidated. As of June 30, 2022, the advances delivered by the Group to creditors amount to 18,722 thousand euros, an amount that includes 8,150 thousand euros 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 (20,712 and 10,500 thousand euros respectively on June 31, 2022). December 2021).

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 subsidiary Grupo Mediterráneo Costa Blanca, S.L. These amounts refer to both the principal of the debt, EUR 23.425 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 recorded as a debit balance. The Group has recorded 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 facts and circumstances that exists as indicated below in accordance with a preliminary assessment, since it is still completing its expected credit loss model and this would result in a reduction in the amount of reserves (in thousands of euros):

Concept	Gross Amount 30/06/2022	Estimated loss (%) (*)	Estimated loss at 30/06/2022	Net Amount 30/06/2022
Guarantees and deposits	13,770	0%-3%	(401)	13,369
Advances to creditors (Note 7)	13,925	0%-3%	(418)	13,507
Clients – servicing (Note 13)	2,371	0%	(1)	2,370
Advances to suppliers (Note 13)	19,301	3%	(579)	18,722
Trade and other receivables (Note 8)	40,879	0%-3%	(451)	40,428
Cash	300,188	0% - 0,06%	(241)	299,947
TOTAL	**390,434**		**(2,091)**	**388,343**

(*) The estimate was made taking into consideration the credit rating of the counterparties issued by agencies of recognised prestige. 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 €11,000 has been paid under the heading "Change in traffic provisions" in the consolidated summary profit and loss account. The estimated loss of €2,091,000 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.

9. Capital and reserves

9.1 Share capital

The statements of changes in equity for the periods ended 30 June 2022 and 31 December 2021 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 13,110 thousand euros was registered in the Mercantile Registry of Bizkaia, through the reduction in the nominal value of the shares by 0.1639 euros. The capital reduction was approved by the Ordinary General Shareholders' Meeting of the Parent Company on 12 april 2022.

At 30 June 2022, the Parent's share capital consisted of 79,988,642 fully subscribed and paid shares of EUR 9,8361 par value each (79.988.642 fully subscribed and paid shares of EUR 10 par value each at 31 December 2021).

	30.06.22		31.12.21	
	% 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	28,01	220,376	27,67	221,328
Stoneshield Holding S.A.R.L.	22,67	178,362	-	-
Adar Capital Partners Ltd	12,69	99,842	19,11	152,858
Bank of Montreal	4,79	37,687	4,98	39,834
Remain stock exchange	31,84	250,509	48,24	385,865
Total	**100,00**	**786,776**	**100,00**	**799.886**

9.2 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:

	Thousands of euros	
	30.06.22	30.06.21
Earnings / (loss) for the year (thousands of euros)	37,294	44.683
Weighted average number of shares outstanding (thousands of shares) (*)	74,509	76.602
Basic earnings/ (loss) per share (euros)	**0,501**	**0,583**

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

At 30 June 2022 and 20 June 2021, 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.

9.3 Treasury shares and other reserves

The Annual General Meeting held on 6 March 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.

On May 4, 2017, the Group began a program of Treasury Stock, and a total of 199,406 treasury shares were acquired until September 20, 2017. On September 22, 2017, the Parent Company signed a contract of liquidity with "Gestión de Patrimonios Mobiliarios, S.V. S.A."

On 4 April 2019, Neinor Homes, S.A. signed an agreement with Goldman Sachs International whereby the bank undertook to acquire at the Company's request up to a maximum of 7,900,500 shares of Neinor Homes, S.A. or shares for up to an equivalent notional amount of EUR 100 million. Payment for the aforementioned shares, which will entail their physical delivery to Neinor Homes, S.A., was initially established on 5 October 2020 and the arrangement accrued interest at a fixed rate of 3.25%. In relation to this agreement, Neinor Homes, S.A. provided a guarantee through the delivery of cash, which at December 31, 2019 amounted to EUR 11 million, increasing to EUR 25 million during the first months of the period ending June 30, 2020. The arrangement and existing debt, amounting to approximately EUR 49 million, were settled at the end of March 2020 by the payment, net of guarantees given, of EUR 25 million.

Likewise, 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 10 million euros, for which, the Parent Company signed a liquidity contract with "JB Capital Markets Sociedad de Valores, S.A.U.". Similarly, 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 30 million euros, for which, the Parent Company signed a liquidity contract with Gestión de Patrimonios Mobiliario, S.V., S.A.

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

At 30 june 2022, the total number of own shares of the Parent Company amount to 5,565,682 shares (Note 9.1) (3,622,669 shares at December 2021). On June 30,2022, the average unit acquisition price amounts to 10,89 euros (11,09 euros on 2021).

Finally, in April 2020, the General Shareholders' Meeting of the Parent Company approved a new incentive plan payable in shares, with a cost that is estimated to range in a maximum range of between 8 and 12 million euros, whose accrual will be extended until December 31, 2022 and whose 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 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 shares. Homes, S.A., 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.

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, 2022 (€50 thousand as of June 30, 2021).

10. Provisions

10.1 Current provisions

The movement in the current provisions account in the six-month period ended June 30, 2022 and in the year ended December 31, 2021 is as follows:

	Thousands of euros		
Description	Taxes (Note 13.4)	Other Provisions (Note 13.4)	Total
Balance as of December 31, 2020	**6,350**	**10,330**	**16,680**
Net write-downs recognized	11,852	25,621	37,473
Business combination (Note 3)	-	21,366	21,366
Applications	(6,547)	(13,119)	(19,666)
Transfers	-	195	195
Balance as of December 31, 2021	**11,655**	**44,393**	**56,048**
Net write-downs recognized	4,789	4,302	9,091
Applications	(3,803)	(12,498)	(16,301)
Balance as of June 30, 2022	**12,641**	**36,197**	**48,838**

"Other provisions" caption includes, mainly, amounts set-aside warranty costs, after-sale expenses, as well as other construction costs not yet incurred. 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's liability.

Also, "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.

At each reporting date the Group assesses the estimated amounts required for probable or certain liabilities where payment is still not entirely determinable with regard to their exact amount, or the dates on which they will arise are uncertain since they depend on the fulfilment of certain conditions. Where appropriate, it recognises the related provisions. In this connection, at 30 June 2022 there are legal claims in relation with assets owned by the different companies of the Group for a total amount of EUR 29,817 thousand (at 31 December 2021 EUR 34,778 thousand), mainly corresponding to construction contract resolutions for an amount of EUR 12,444 thousand euros respectively, which include EUR 2,018 thousand corresponding to certifications and warranty withholdings to be paid registered as a current liability in the interim consolidated. In relation to the remaining amount (EUR 10,426 thousand) no provision has been accounted, considering external legal advisors opinion that qualify the risk related to this litigation as possible. At 30 June 2022 the Group has recognized provisions amounting to EUR 4,450 thousand (EUR 4,731 thousand at 31 December 2021) since the Parent's directors, and its legal advisors, considered that the possible impacts for the Group arising from these liabilities would not be significant.

11. Bank borrowings and other financial liabilities

11.1 Bank borrowings

Details of bank borrowings and other financial liabilities at 30 June 2022 and at 31 December 2021 are as follows:

	Thousands of euros	
	30.06.2022	31.12.2021
Long-term bank borrowings:		
Mortgage loans (*)	43,324	44,815
Other loans (*)	-	-
Total (non-current)	**43,324**	**44,815**
Short-term Bank borrowings:		
Interest payable	869	509
Mortgage loans (*)	167,147	209,683
VAT Lines	49	3,371
Other loans (*)	-	383
Total (current)	**168,065**	**213,946**

(*) Borrowings are presented at amortised cost, net of the debt arrangement expenses incurred in 2022 amounting to EUR 5,208 thousand (EUR 4,408 thousand at 31 December 2021).

30 June 2022

Scheduled maturities:	30.06.22
2022	111,061
2023	32,931
2024	14,880
2025	15,480
2026 and following	37,037
Total	**211,389**

31 December 2021

Scheduled maturities:	31.12.21
2022	163,553
2023	18,182
2024	30,258
2025 and following	46,758
Total	**258,761**

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 210,471 thousand euros as of June 30, 2022 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 (254,498 thousand euros as of December 31, 2021). These loans accrue a market interest rate and have their final maturity established between 2022 and 2055.

Specifically, the Group has contracted 6 new mortgage loans during the first half of 2022 of which an amount of 2,389 thousand euros has been arranged. Additionally, the limit and maturity of five loans contracted during previous years has been extended.

At 30 June 2022, the Group's main mortgage loan related to the financing granted by Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. ("SAREB"), the amortised cost of which amounted to EUR 48,013 thousand. On 25 march 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 2022	11.324
31 July 2023	11.324
31 July 2024	14.155
31 July 2025	14.788
Total	**51,591**

In relation to this loan, on 16 september 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 29 July 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 are going to be cancelled once the execution regarding the public deed of the cancellation of the Avenue warrants takes place.

Finally, on December 16, 2021, it 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 100 million euros, 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 of 2.75%, 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. Neither on June 30, 2022, nor on December 31, 2021 has there been the disposition of any balance, 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.

VAT lines

This caption includes the balance drawn down of a loan received by the Group in order to finance the input VAT on certain land purchase transactions, which was received in 2015, and upon per annual periods. The loan matures in 2022 and bears interest at market rates. The limit on these loans amounts to EUR 15 million of which the amount of EUR 49 thousand has been disposed at June 2022 (EUR 3.371 thousand at 31 December 2021). To secure repayment of the borrowings, the receivables relating to input VAT arising for the public administration in these transactions were pledged to the financial institutions.

Factoring

On June 6, 2017, the Group signed a factoring contract with a financial institution with recourse 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, 2022, the limit of the factoring line amounts to 15 million euros, with no balance having been available as of June 30, 2022 and December 31, 2021. 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 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's Properties (in both cases capex financing should be deducted), which must be below 35- 45%.

- In relation to 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.

At June 2022 and 2021, the Group was fully compliant with the covenants and clauses established in the aforementioned loans. Additionally, the Group expects to comply with the covenants and clauses established at 31 December 2022.

Other

Additionally, the Group has several confirming lines arranged by its suppliers for an amount of 38,596 thousand euros as of June 30, 2022, whose limit amounts to 99,750 thousand euros at that date.

All the loans and credit facilities outstanding at 30 June 2022 and at 31 December 2021 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 ranging from 1,2% to 3,1% (from 1,2% to 3,25% in 2021). The average cost of the borrowings calculated for 2022 and 2021 are 2,51% and 2,49%, approximately.

11.2 Other long and short term financial liabilities

On 12 april 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 issue date (14 april 2021) it was established that the bonds would bear annual fixed interest of 4.5%, payable on a half-yearly basis. 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 and that have a clear positive impact on the environment.

Likewise, and in relation to 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 50 million euros, 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", having not had any balance as of June 30, 2022.

Additionally, this heading includes, mainly:

- The variable amount pending payment for the acquisition of 75% of the shares of the share capital of Umber Jurídico Inmobiliario, S.L., registered at amortized cost in the amount of 2,715 thousand euros as of June 30, 2022 (2,661 thousand euros as of December 31, 2021).

- The liabilities corresponding to the leased assets owned by the Group, whose net book value as of June 30, 2022 amounts to 1,351 thousand euros, with the debt associated with these leases being recorded under the heading "Other financial liabilities" of non-current and current liabilities of the attached consolidated summary statement of financial position amounting to 553 and 1,100 thousand euros, respectively. The maturities of the contracts associated with these leases are set from 2022 to 2027.

Risk management

The basic risks to which the Group is exposed and the risk management policies are detailed in the consolidated financial statements for 2021 and are reproduced in the directors report which forms part of these half-yearly condensed consolidated financial statements.

12. Tax matters

All the Group companies, except the subsidiaries Neinor Península, S.L.U. and Neinor Sur, S.A.U., paid income tax as from the years commencing 1 January 2015 as a Tax Group number 0211BSC in accordance with Corporation Tax Law 11/2013, of 5 December, pay taxes pursuant to Bizkaia Corporation Tax Regulation 11/2013. The tax group was headed by the Parent's former shareholder Neinor Holdings, S.L.U.

Due to Neinor Homes, S.A. admission to listing and Neinor Holdings, S.L.U's loss of participation there has been a breakdown of the Tax Group. On 3 November 2017, the Administration approved the composition of the new Tax Group headed by Neinor Homes, S.A., and number 02117BSC. The Tax Group will pay income on a tax consolidation basis with effect from 1 January 2017 in accordance with Article 99.2 of Bizkaia Corporation Tax Regulation 11/2013, of 5 December. In any case, it should be taken into account that the tax credits that in the previous Tax Group were considered as tax credits generated within the Group, this nature is maintained in the new Tax Group.

On 13 December 2017, Neinor Norte, S.L.U., as the sole shareholder of Rental Homes PropCo, S.L.U, Neinor Rental OpCo, S.L.U, Promociones Neinor 3, S.L.U, Neinor Works, S.L.U, and Promociones Neinor 5, S.L., decided to change the registered office of the aforementioned companies, which will be located in Madrid. As a result, since it does not meet the requirements to file consolidated tax returns in Vizcaya, on 20 December 2017, Neinor Homes, S.A., as the head of the tax group, notified the tax authorities that the legislation applicable to the aforementioned investees of Neinor Norte, S.L. for the tax periods commencing on or after 1 January 2017 will be that of Spain (excluding Navarra and the Basque Country). Therefore, in 2022 and 2021 the Vizcaya consolidated tax group no. 02117BSC was made up of Neinor Homes, S.A. as the parent and Neinor Norte, S.L.U. as subsidiary.

On the other hand, on 9 January 2020, new Fiscal Group (number 5/20) for the common territory was approved. Tax group is made of Neinor Península, S.L.U. as the parent and Neinor Sur, S.A.U., Rental Homes PropCo, S.L. U., Neinor Rental OpCo S.L.U., Promociones Neinor 3, S.L.U., Neinor Works, S.L.U., and Promociones Neinor 5, S.L., as subsidiaries. The Tax Group pays income on a tax consolidation basis with effect from 1 January 2020 in accordance with the Act 27/2014, of November 27, 2014. In April and October 2021, the Group performed the necessary communications to the tax authorithies so that the following companies may also be part of said tax group: Renta Garantizada, S.A., Quabit Inmobiliaria Internacional, S.L.U., Quabit Comunidades, S.L., Parque Las Cañas, S.L.U., Iber Activos Inmobiliarios, S.L., Quabit Sureste, S.L.U., Quabit Bonaire, S.L., Quabit Aguas Vivas, S.L.U., Global Quabit Sur, S.L.U., Quabit Casares Golf RP5, S.L.U., Quabit Palmaces, S.L.U., Quabit Remate S.L.U., and Quabit Construcción, S.A. The Tax Group is taxed under a tax consolidation regime with effect from January 1, 2021, except for affiliates acquired as a result of the business combination with Quabit Inmobiliaria, S.A. tax contribution in the Tax Group began in May 2021, in accordance with the provisions of the Special Tax Consolidation Regime, regulated in Chapter VI of Title VII of Law 27/2014, of November 27, on Corporation Tax. Also, at the end of 2020 Quabit Inmobiliaria, S.A. headed tax group no. 131/07, which filed consolidated tax returns under the special consolidated tax regime regulated in Chapter VI of Title VII of Spanish Income Tax Law 27/2014, of 27 November, and which comprised substantially all of its subsidiaries, since it held, directly or indirectly, ownership interests of more than 80% in them and they were domiciled for tax purposes in Spain (excluding Navarra and the Basque Country). The extinguishment, through dissolution without liquidation, of Quabit Inmobiliaria, S.A. means that the tax period of the tax group of which it was the parent ended on the date on which it was extinguished and, also, obliges the subsidiaries to conclude their tax period on that same date, without prejudice to their subsequent inclusion, where appropriate, in the tax group headed by Neinor Península, S.L.U., once the pertinent requirements for application of the special consolidated tax regime to these subsidiaries have again been met.

The Group calculated the provision for income tax at 30 June 2022 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 thereof.

The account payable arising from the calculation of the income tax expense for the six-month period ended 30 June 2022 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:

	Thousands of euros							
	30.06.22				31.12.21			
	Tax assets		Tax liabilities		Tax assets		Tax liabilities	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
VAT receivable / payable	-	10,557	-	7,693	-	11,576	-	22,824
Income tax receivable	-	1,483	-	4,816	-	2,220	-	24,156
Personal income tax withholdings payable	-	-	-	597	-	-	-	2,445
Social Security contributions payable	-	-	-	712	-	-	-	823
Deferred tax assets	94,678	-	-	-	91,425	-	-	-
Deferred tax liability	-	-	6,260	-	-	-	5,130	-
Others	-	-	-	-	-	-	-	-
	94,678	**12,040**	**6,260**	**13,818**	**91,425**	**13,796**	**5,130**	**49,708**

With regard to VAT, the various Group companies applied the deductible proportion rule set forth in Article 106 of VAT Law 37/1992, of 28 December (Article 106 of Provincial VAT Law 7/1994, of 14 December), 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 28 June 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

In 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 31 December 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 31 December 2018. Although pleadings have been filed against this decision, providing a guarantee of EUR 3 million, the Parent's directors, in accordance with the opinion of their external tax advisers, consider 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 30 June 2022 and 31 December 2021. 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's external tax advisers.

Also, in October 2018 tax assessments were signed on an uncontested basis in relation to the income tax of Neinor Sur, S.A.U. The assessments gave rise to the adjustment of the tax losses for 2013, 2014 and 2015 by EUR 426 thousand, EUR 836 thousand and EUR 187 thousand, respectively, without any impact on the Group's consolidated financial statements.

On 17 February 2020, the Regional Inspection Office of the Special Office of Andalusia commenced a limited tax audit on the company Neinor Península, S.L.U. for income tax relating to 2016 and 2017. During July 2021, the assessment was signed by the Company's representative on an uncontested basis, giving rise to no tax contingencies in this connection.

Furthermore, on 8 February 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 the years 2008 and 2009. In March2013, 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 7,204 thousand, respectively. The main adjustment item arose from 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 7 December 2017, Quabit Inmobiliaria, S.A. filed a complaint with the Administrative Litigation Division of the National High Court. In September 2020, Quabit Inmobiliaria, S.A. received notification of the National Court's ruling rejecting all of its pleas. A cassation appeal was filed with the Supreme Court and, at the date of preparation of these interim condensed consolidated financial statements, the ruling either giving this appeal leave to proceed, or refusing it, had not been received.

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 14 March and 30 May 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

Until 2018 the Group did not recognize the deferred tax assets relating to tax loss carryforwards as the Parent's directors considered that the economic environment still generated some uncertainty as regards the consolidation of the industry trends and, accordingly, their recoverability by the Group and, therefore, by the companies taken separately was not reasonably assured.

In 2018 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's tax losses. There were no changes in the reporting period in the estimate made. In this regard, this subsidiary has obtained a profit from operations and the Group is in line with the budget drawn up, existing adequate visibility in terms of revenue in the next three years. 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 4 of the Group's promotions.

On the other hand, in relation to other subsidiaries of the Group it was considered that the results of their operations would, based on their history of ongoing losses, either give rise to a loss or to scant profit. As a result, the obtainment of future taxable profit 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 12,4 million euros correspond to negative tax bases, since it is determined as reasonably assured the obtaining of future tax benefits that will allow their compensation.

At 30 June 2022 under "Deferred tax assets" an amount of 94,678 thousand euros is recognized (98,319 thousand euros at 31 December 2021). The recoverability has been analyzed considering the impact on assets valuation considering the most probable scenario (Note 7), without any adjustment needed.

13. Revenue and expense

13.1 Revenues

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

13.2 Cost of sales

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

	Thousands of euros	
	Total Group	
	30.06.22	30.06.21
Sites and land	3,814	283
Construction work in progress and completed buildings	280,482	235,425
Total	**284,296**	**235,708**

13.3 Employee benefits expense and average headcount

Details of "Employee benefits expense" are as follows:

	Thousands of euros	
	30.06.22	30.06.21
Wages, salaries and similar expenses	13,709	10,572
Termination benefits	1,160	757
Social security costs	3,004	2,083
Other employee benefit costs	281	176
Total	**18,154**	**13,588**

At June 2021, the average headcount at Group companies for Quabit Construcción, S.A. and Renta Garantizada, S.A. was 136 and 33, respectively (79 and 36 at 31 June 2021). The average headcount for Neinor Homes breakdown by category is as follows:

	30.06.22			30.06.21		
	Women	Men	Total	Women	Men	Total
Higher degree staff	95	135	230	92	140	232
Medium degree staff	42	31	73	41	19	60
Total	**137**	**166**	**303**	**133**	**159**	**292**

In addition, at 30 June 2022, the Group had 2 employees with a disability of more than 33% (3 employees in 30 June 2021).

13.4 External services

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

	Thousands of euros	
	30.06.22	30.06.21
Leases and royalties	1,622	300
Maintenance	716	719
Independent professional services	15,888	12,180
Transport	3	3
Insurance premiums	703	763
Bank services	785	753
Advertising and marketing	1,659	1,514
Supplies	828	289
Other external services	3,083	1,957
Levies (Note 10)	5,038	3,888
Total	**30,325**	**22,366**

"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; on 30 June 2022 the amount registered under this caption is 12,3 million euros (8,8 million on 30 June 2021).

The expenses incurred by the Group, mainly in relation to independent professional services, mainly related to growth expenses, amounted to EUR 695 thousand (Note 5).

Additionally, under the caption "Levies" property tax expenses are registered amounting to 2,2 million euros (1,7 million euros on 30 June 2021).

13.5 Changes in trade provisions

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

	Thousands of euros Income / (Expense)	
	30.06.22	30.06.21
Change in trade provisions – Others		
Impairments of inventories	-	-
Other commercial provisions (Note 10)	750	2,121
Total change in trade provisions	**750**	**2,121**

14. Related party transactions

The Group's "related parties" are deemed to be, in addition to the subsidiaries, associates and jointly-controlled entities, the shareholders, the Parent's "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, "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.

	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)
Six-month period ended 30 June 2021	Sales	Services Provided	Financial Incomes			
Associates (*)						
Nicrent Residencial, S.L.	-	-	8	-	-	-
Other Group´s "related parties"-						
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	-	-
Total	**6,505**	-	**8**	**1,275**	**180**	**826**

	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)
Six-month period ended 30 June 2021	Sales	Services Provided	Financial Incomes			
Other Group´s "related parties"-						
Banco Santander, S.A.	-	-	-	21	198	1,080
Global Hespérides, S.L.	3,280	9	89	-	-	-
Rayet Medio Ambiente, S.L.	-	-	3	-	6	-
Sistemas Integrales Cualficados, S.L.	-	-	-	-	51	-
Total	**3,280**	**9**	**92**	**21**	**255**	**1,080**

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 1 related party.

These transactions with related parties were performed on an arm's length basis. 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 the VAT facilities.

The balances held with companies related to the Group at 30 June 2022 and 31 December 2021 are as follows:

30 June 2022

Thousands of Euros	Cash and cash equivalents	Credits granted	Supplier prepayments	Current bank borrowings	Other financial liabilities	Accounts receivable	Customer prepayments	Accounts payable
Associates (*)								
Programa de actuación de Baleares, S.L.	-	7,211	-	-	-	9	-	-
Landscape Corsan, S.L.	-	-	-	-	-	1	-	-
Landscape Larcovi, S.L.	-	121	-	-	-	-	-	-
Nicrent Residencial, S.L.	-	1,591	-	-	-	-	-	-
Masía de Monte Sano, S.L.	-	-	-	-	-	-	-	78
Total	-	**8,923**	-	-	-	**10**	-	**78**
Other Group´s "related parties"-								
Banco Santander, S.A.	151,407	-	-	13,499	-	-	-	-
Rayet Medio Ambiente, S.L.	-	903	-	-	-	-	-	10
Grupo Rayet, S.A.	-	531	-	-	-	2	-	2,102
Sistemas Integrales Cualificados, S.L.	-	-	-	-	-	-	-	33
UTE I-15	-	787	1,864	-	-	5,680	-	11
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-	-	21
Global Hespérides, S.L.	-	-	-	-	610	132	907	-
Restablo Inversiones, S.L.	-	-	-	-	-	-	-	6
Total	**151,407**	**2,221**	**1,864**	**13,499**	**610**	**5,814**	**907**	**2,183**

(*) As a result of the business combination the Group holds shares in Alboraya Marina Nova, S.L., Programa de Actuación de Baleares, S.L., Landscape Corsan, S.L., Landscape Larcovi, S.L., Landscape Gestión de Activos, S.L. and Masia del Monte Sano, S.L. with a cost of 601 thousand euros as of June 30 2022.

30 June 2021

Thousands of Euros	Cash and cash equivalents	Credits granted	Current bank borrowings	Accounts receivable	Advances to suppliers	Customer prepayments	Accounts payable
Associates (*)							
Programa de actuación de Baleares, S.L.	-	8,384	-	-	-	-	-
Landscape Larcovi, S.L.	-	203	-	-	-	-	-
Total	-	**8,587**	-	-	-	-	-
Other Group´s "related parties"-							
Banco Santander, S.A.	186,936	-	20,893	-	-	-	-
Rayet Medio Ambiente, S.L.	-	1,438	-	11		-	11
Grupo Rayet, S.A.	-	-	6	-	-	-	11
Global Henares S.L.	-	-	-	-	-	1	13
Sistemas Integrales Cualificados, S.L.	-	-	-	-		-	3
UTE I-15	-	893	-	1,858	1,635	-	57
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-	8
Total	**186,936**	**10,918**	**20,899**	**1,869**	**1,635**	**1**	**103**

(*) As a result of the business combination the Group holds shares in Alboraya Marina Nova, S.L., Programa de Actuación de Baleares, S.L., Landscape Corsan, S.L., Landscape Larcovi, S.L., Landscape Gestión de Activos, S.L. and Masia del Monte Sano, S.L. with a cost of 601 thousand euros as of June 30 2021.

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 in 2022 and 2 in 2021), have received a fixed and variable compensation for their position as administrators an amount of EUR 2,981 (2,214 thousand euros on 30 June 2021). In addition, the Group has not recorded any expense charged to the "Employee benefits expenses" caption in the accompanying consolidated income statement (50 thousand euros on 30 June 2021) in relation to the management incentive plans. During the six-month period of 2022 and 2021 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 165 thousand in 2022 (EUR 251 thousand in 2021).

The Parent has no pension obligations to the Directors.

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

Senior executives' compensation and other benefits

The remuneration of the Parent's senior executives and persons discharging similar duties, including those who are simultaneously members of the Board of Directors (one person), at 30 June 2022 and June 2021 is summarised as follows:

Number of employees		Thousands of euros					
		30.06.22			30.06.21		
30.06.22	30.06.21	Fixed and variable remuneration	Other remuneration	Total	Fixed and variable remuneration	Other remuneration	Total
6	7	2,812	-	2,812	2,896	-	2,896

The Parent has no pension obligations and has granted no advances, loans or guarantees to senior executives.

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

Year ended 30 June 2022

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 14 May 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 18 December 2014 had been fulfilled.

On 1 January 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's 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 11 January 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 19 May 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 12 April 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 issue date (14 April 2021) it was established that the bonds would bear annual fixed interest of 4.5%, payable on a half-yearly basis. 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 Rental Homes Propco, S.L.U.).

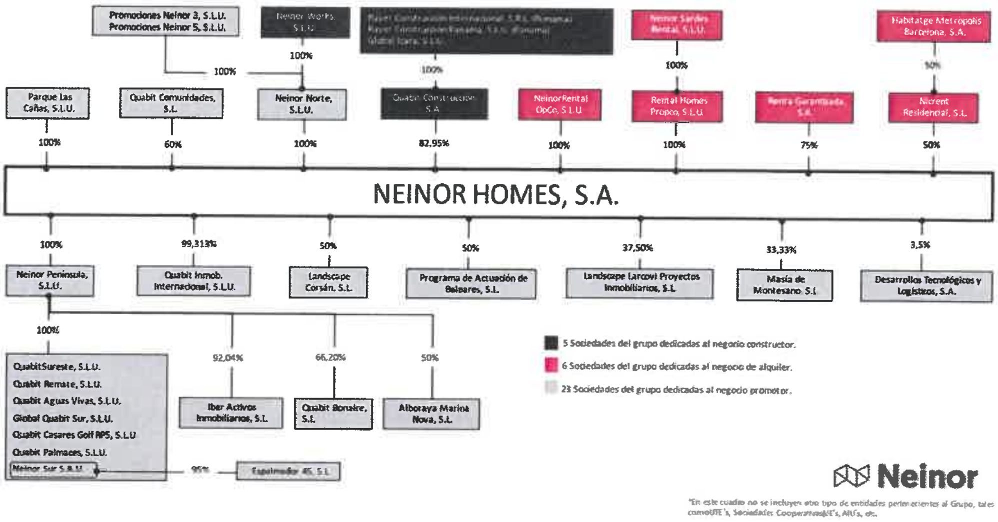
On February 23, 2022, the Sole Administrator of Neinor Península, S.L.U. has approved the common merger project of Neinor Península S.L.U. (acquiring company) and 62 subsidiaries of the Quabit subgroup as absorbed companies. Both Neinor Península S.L.U, and the absorbed companies are companies wholly owned, directly or indirectly, by the same partner or shareholder, that is, Neinor Homes, S.A. The merger has been carried out through the absorption of the Companies Absorbed by Neinor Península, 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 is 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 May 4, 2022, the Company of the Neinor Peninsula Group, S.L.U. and the Company "Asset and Capital Advisors, S.L." constitute an Economic Interest Grouping, with the denomination of "ITTFUND Holding 2022", which began its operations on the aforementioned date. The corporate purpose of this company will be the promotion, management and development of all types of real estate and urban planning operations. This group will not have share capital, and its activity will be borne by the partners themselves through monetary contributions, made according to the needs of the Group and according to the participation fees in which Neinor Península, S.L.U. has a 99.5% stake.
On May 5, 2022, the Company of the Neinor Sur Group, S.A.U., has raised to public and completed the acquisition of 95% of the shares of Espalmador, S.L. This acquisition has been carried out through the delivery of a land valued at 7,348 thousand euros to Espalmador, S.L. to carry out the promotion of a residential complex of luxury homes in it, which will be composed of a maximum number of 50 homes. Likewise, a contract for the provision of services has been established with Figeral, S.L., a company that has a 5% stake in Espalmador, S.L., in which it is established that Figeral S.L. will carry out the integrated management of the construction project of the Complex, and consequent coordination and supervision of the execution of the works. The Directors of the Parent Company have determined that the registration of the operation has been carried out under the modality of purchase of assets, since the acquired company lacks processes, organized procedures, whose application results in the obtaining of a product, nor of its own personnel for the execution of the same. In this sense, almost all the assets of the acquired company correspond to the cost of the land delivered by Neinor Sur, S.A.U.
On May 19, 2022, the companies Dream Hunters, S.L. and Asset and Capital Advisors, S.L. cede 100% and 99%, respectively, of their status as partners of the A.I.E. Mar Azul Producciones Audiovisuales to the company of the Neinor Península Group, S.L.U. This assignment is made without economic consideration since the A.I.E. does not have share capital and the participation fees do not have any value. Likewise, on the same date, a capital increase of 1,000 euros is carried out, making Neinor Península S.L.U. a contribution of 995 euros, thus acquiring 95% of the share capital of the A.I.E. On May 19, 2022, the A.I.E. Mar Azul Producciones Audiovisuales acquires 100% of the A.I.E. Call From the North for a consideration of 483 thousand euros. Additionally, the Company of the Neinor Peninsula Group S.L.U. and the Companies Dream Hunters, S.L., Asset and Capital Advisors, S.L. and Mar Azul Producciones Audiovisuales, A.I.E. formalized an investment agreement for the financing of audiovisual works. To this end, they carried out an operation to purchase and purchase shareholding quotas and a capital increase operation of the A.I.E. In this regard, the A.I.E. Mar Azul Producciones Audiovisuales, has formalized an investment in the A.I.E. Call From the North by making two contributions of share capital of 1,000 euros each, amounting to the A.I.E. producer to 1,990 euros.

Neinor Homes Homes, is currently the head of a business group which carries on its activities either directly or indirectly through ownership interests in various companies.

A flowchart of the corporate structure of Neinor Homes S.A. and Subsidiaries (the "Group") is as follows:



The Group's business activities are performed exclusively in Spain, and principally, through three business lines:

A) Development business line:

The Group's core and strategic business activity based on the acquisition of land for residential use for its subsequent property development.

The Group's land portfolio is comprised of 300 lots with a total of 12,100 buildable units. The portfolio is distributed over the Parent's five main geographical areas of activity, namely: Madrid, Guadalajara, Catalonia, the Basque Country Valencia and Andalusia.

The land portfolio arose as a result of both the Transaction and subsequent purchase described in Note 1 of the Group´s consolidated financial statements and sale transactions during 2015-2022.

B) Rental business Line:

In February 2020 the Board of Directors of the Parent Company approved the development of a new line of business of owned housing units using the current land bank. The objective is to create a portfolio of 4.500 rental units.

In 4 January 2021 the company acquired a PRS (Private Rented Sector, finished and rented product) portfolio through the acquisition of Sardes Holdco, SLU, a company that owns 9 developments for leasing and located in Alicante, Badalona , Girona, Madrid, Malaga, Sabadell, Terrassa and Valencia (392 units).

Additionally, during the 2021 financial year, the first installment of a new-build development intended for rental, Hacienda Homes, with 142 units, was made.

Likewise, since the 2020 financial year, the Group owns Renta Garantizada, one of the leading companies in rental management in Spain and which allows us to manage the rental of both our own assets (Hacienda Homes), as well as those of third parties.

C) Servicing business line:

On 14 May 2015, an asset administration and management agreement was entered into between the various companies of the Kutxabank Group and Neinor Homes, S.A. in relation to the property assets which continue to be the property of the Kutxabank Group. This servicing agreement has an initial term of seven years, and may be automatically renewed for additional periods of one year.

As consideration for this service, the Kutxabank Group pays remuneration based on the type and volume of managed assets, as well as an additional variable remuneration applicable to success for marketing them and for the execution of certain specific actions related to them.

This contract has ended in May 2022 and has not been renewed

D) Legacy business line:

Business activity consisting of the disposal of non-strategic assets acquired in the Transaction (450 units, at year end).

The portfolio is divided into two main types of asset: i) multi-unit new property developments and ii) remnants of new property developments end products.

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 2022, the Board held 8 meetings, Audit and Control Committee, Nomination and Remuneration Committee and Land Investment Committee held 4 meetings each.

Following are the main agreements, approvals and supervisory activities entered into, granted and performed, respectively, by the Board and its committees during 2022:

a- The call for the General Shareholders' Meeting.
b- Business plan: budget 2022 and estimate 2023-2026.
c- External Accounts Plan for 2022-2025.
d- Annual plan for the CAC and the Nomination and Remuneration Committee for 2022.
e- Meetings schedule for the Committee for 2022.
f- Incentive plan, salary objectives and bonus system.
g- Review and approval of the bonus accrued by the CEO, Vice President, senior management and employees in 2021.
h- Review of the remuneration of the independent directors and the secretary of the Board and modification of the remuneration policy of the Directors.
i- Review and approval of the financial, non-financial and corporate information policy.
j- Re-election of auditors.
k- Verification of the independence of auditors.
l- Appointment, re-election and reclassification of Directors.
m- Information on the notification received from Stoneshield on January 23, 2022 regarding the acquisition of shares of the Company
n- Annual Accounts and Management Report for 2021.
o- Approval of the merger operation by absorption of various subsidiaries from Quabit with Neinor Península, S.L.U.
p- Approval of amendments to internal corporate governance regulations
q- Quarterly, semi-annual and annual financial results and presentation to the markets.
r- Distribution of the 2021 result.
s- Approval of the shareholder remuneration proposal.

t- Acquisitions and launches planned for 2022.
u- Rental line update
v- Report on the Activities of the Council and its Committees.
w- The Statement of Non-Financial Information / Sustainability Report 2021.
x- Contingencies and effects on the Business Plan of the current war context
y- The independence report of the external auditors.
z- Evaluation report the Board of Directors and its Committee
aa- The 2021 Annual Corporate Governance Report.
bb- The 2021 Annual Remuneration Report.
cc- The 2021 GRC, Internal Audit & ESG activity report and the annual plan for 2022.
dd- Report of related operations and conflicts of interest and analysis of different operations.
ee- The 2021 Compliance Activities Report.
ff- Report of activities carried out for the supervision and compliance of the RIC.
gg- Report on quality, environment, R&D&I and Information Security System audits by independent external auditors
hh- Analysis and supervision of related transactions and conflicts of interest.
ii- Supervision of the ICFR.
jj- The audit report on the Prevention of Money Laundering and the Financing of Terrorism.
kk- Supervision of the integrated model of Internal Control and Risks.
ll- The note to be included in the financial statements on risks and impact of Covid-19 and environmental risks.
mm- Implementation and updating of the new ethical channel.
nn- Approval of a program of repurchase of own shares under treasury regime to reduce capital through amortization of shares.
oo- Supervision and follow-up of complaints received in the company's Ethics channel.
pp- Review of the conditions and the servicing contract to be signed with a third party.
qq- Analysis of Built to Rent assets to recognize their value
rr- Review of deliveries and land bank of the company
ss- Reasoning for the letter of resignation received from Mr. Jorge Pepa
tt- Reasoning for the letter received from the shareholder Pyxis V Lux S.á r.1.
uu- Relinquishment of vacant position on the Board of Directors
vv- Agreements relating to reductions in share capital in order to return contributions to shareholders and their execution
ww- Meeting of Mr. Juan José Pepa as a member of the Real Estate Investment Commission
xx- Approval of the partial spin-off operation by which Neinor Península, S.L.U. splits 100% of the shares of Neinor Sur, S.A.U. in favor of Neinor Homes, S.A.

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 affecting internally and to interested parties.
- Integration of regulatory environments and business processes.
- Homogeneous methodology in implementations and projects in the field of fulfillment.

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

Currently in the model, all the company's business processes are integrated and the different normative areas, among others, the SCIIF, prevention of criminal responsibility, Prevention of Cybersecurity, RDL 5/2018 on data protection, PBC / FT, LSC, Good Governance recommendations, Order EHA / 3050/2004 on Operations Linked, Circular 3/2015 of the CNMV.

The balance scorecard of the model includes:

- The processes and procedures that apply to an environment of regulatory or operational compliance.
- The controls assigned to each risk and environment
- Which risks are mitigated or eliminated by each control, to which processes does it affect
- Who is the responsible for each control, of its supervision and when it is reported

The management of GRC, composed by areas of Internal Audit, Corporate Governance, Compliance, Risks, Corporate Social Responsibility and Quality is in charge of ensuring the entire integrated control and assurance system.

The annual corporate gorvernance report is part of the director's report and it is possible to access to its contet through CNMV web page (www.cnmv.es).

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

During the first half of 2022, the Group recognized revenue of EUR 388,399 thousand, achieving a gross margin of EUR 104,103 thousand euros, and presenting a first adjusted EBITDA of 60,258 thousand euros. At equity level, total assets amounts to EUR 1,823,463 euros, the equity amounts to EUR 913,348 thousand euros and current and non-current liabilities amounts to EUR 910.025 thousand.

Revenue Figure and Gross Margin

By business volume, the development activity has recognized sales of 376,294 thousand euros (369,616 thousand euros of sales and EUR 6,678 thousand of construction revenues) and a gross margin of 92,560 thousand euros obtaining a gross margin of 24.60% This is followed in volume by the volume in Servicing business line, with revenue of EUR 7,950 thousand. The rental line of business has recognized sales of EUR 3,505 thousand euros, of which EUR 2,092 thousand belong to rental income from owned homes and EUR 1,413 thousand correspond to income from services related to the rentals provided through the company Renta Garantizada, S.A.. Finally, the legacy business line recognized revenue of 650 thousand euros and a gross margin of EUR 88 thousand.

Development sales are due mainly to the completion and delivery many property developments among which the followings stand out: i) sales from deliveries of previous years: EUR 311,336 thousand euros, among which Amara Homes stands out, with sales of 71,057 thousand euros, Mesas Homes with sales of 32,618 thousand euros, Bulevar Homes with sales of 26,452 thousand euros, Artola Homes, with sales of 19,423 thousand euros, Ribera Homes, with sales of 17,042 thousand euros and Bolueta Homes, with sales of 15,706 thousand euros; ii) sales from new deliveries for the year: 58,280 thousand euros, among which Almenara Homes stands out, with sales of 21,988 thousand euros, Velilla Homes, with sales of 13,688 thousand euros, and Pedregales Homes with sales of 10,936 thousand euros.

Servicing revenue relates mainly to: *Management Fee* on €1.1Bn of managed assets (EUR 5,344 thousand, 67%), *Success Fee* calculated on total sales of EUR 46M (EUR 2,462 thousand, 31%), and other revenues (EUR 144 thousand, 2%).

Legacy sales correspond to 10 main units, located mostly in the south of Spain (64%).

EBITDA

The adjusted EBITDA 1 in 2022 reached EUR 60,258 thousand, mainly due to Development with EBITDA amounting to EUR 57,083 thousand, Servicing with EBITDA of EUR 4,798 thousand, Rental with negative adjusted EBITDA amounting to EUR 1,574 thousand and Legacy with a negative adjusted EBITDA of EUR 126 thousand.

Profit or Loss for the Year

The consolidated result for the 6-month period ended June 30, 2022 amounts to 37,251 thousand euros, of which 37,294 thousand euros correspond to the parent company.

Financial situation

The current liabilities and non-current liabilities at 30 June 2022 reach 910,025 thousand euros compared to 1,022,212 thousand euros as of December 31, 2021 (representing a decrease of 112,187 thousand euros).

The debt position as of June 30, 2022 continues to present very solid debt ratios: 25.0% LTC and 18.8% LTV.

Financial Debt 30.06.2022

The heading of debts with credit institutions in the short and long term as of June 30, 2022 registers 211 million euros, of which, the detail of the bank debt is as follows:

- Capex financing facilites: arranged at 102.8 m euros.
- Land financing facilities: arranged at 66.8 m euros.
- Rental financing facilities: arranged at 46.1 m euros.
- Debt arrangement expenses: (5.2) m euros.
- Interest payable: 0.9 m euros.
- VAT facilities: 0.05 m arranged.

The Group has issued a bond (300m nominal value) due in 2,026. This has made possible to repay corporate debt in 2021 for a total of EUR 90 million, EUR 50 million from the line with Deutsche Bank (disposed by Neinor Sur) and 40 million euros from the line with Santander (disposed by Neinor Homes).

In conclusion, the Company has been able during 2021 to reduce the LTV (after the absorption of Quabit), refinancing the vast majority of the corporate debt with a maturity of more than 5 years, which places the Group in a very solid debt situation.

3. 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, 2022 by Quabit Construcción, S.A. and by Renta Garantizada S.A., is 136 and 33 people respectively (79 and 36 in the 6-month period ended June 30, 2021) being the detail of the distribution by categories of the number of people employed in the 6-month period ended on June 30, 2022 and 2021 for Neinor Homes, the following:

	30.06.2022			30.06.2021		
	Women	Men	Total	Women	Men	Total
University graduates	95	135	230	92	140	232
Further education college graduates	42	31	73	41	19	60
Total	**137**	**166**	**303**	**133**	**159**	**292**

4. 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, 2022, 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 211,389 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.

Likewise, and in relation to 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 50 million euros (not available), which will also mature in 2026.

5. 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

The Group does not use interest rate hedges.

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

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 scantly material.

6. Significant events after the reporting period

After the close of June 30, 2022, 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.

7. Information on the outlook for the entity in 2022

The Group's main lines of action for the second half of 2022 focus on:

Development business line

- Monitoring of the works with which they were closed in December 2021, 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 2022, taking care of the satisfaction and experience of our customers.

Business line "Rental"

- Manage and build 3,500 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 2022, the launch of phase 1, equivalent to 750 units, has begun.

8. R&D&I activities

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

9. Own actions

As of June 30, 2022, the share capital of the parent company is composed of 79,988,642 shares, of 9.8361 euros of nominal value each, fully subscribed and disbursed.

As of June 30, 2022, own shares appear on the balance sheet for an amount of 60,608 thousand euros.

The number of shares as of June 30, 2022 would be 5,565,682 shares, with an average unit purchase price of 10.89 Euros.

10. 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:

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.

EBITDA:

Definition: Gross profit + Staff costs + Outside services + Change in operating provisions, allowances and write-downs – Other + Other operating income + Impairment and gains/(losses) on disposals of non-current assets.

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 EBITDA is the same as that used in the previous year.

Adjusted EBITDA

Definition: Profit before tax + MIP + Change in fair value in real estate investments (valuation increase) + Net financial and other results + Amortization + Impairment of inventories + Company expansion costs + incentive plans (except adjusted MIP in adjusted EBITDA 1) + Personnel restructuring expenses + growth and expansion expenses (Note 22.6)

Reconciliation: the Parent presents the calculation of adjusted EBITDA in the Note 5 of the consolidated interim financial statements.

Explanation of use: Adjusted EBITDA is considered by the company as a measure of the returns of its activity, since it provides an analysis of operating results excluding in addition to depreciation other effects that do not represent cash or that are not related to the normal activity of the Company.

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 2018 and 2019 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 useFinancial 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: Bank borrowings (current and non-current liabilities) + Other current and non-current financial liabilites (associated with the borrowings and bond) – "Cash and Cash Equivalents" (excluding the restricted component associated with the advances received and associated with a property development, which are deposited in a special account and are only available in connection with the construction of the property developments.

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

	30-Jun-22
Debts owed to credit institutions - non-current liabilities	43,324
Debts to credit institutions - current liabilities	168,065
Other financial liabilities – non-current liabilities	297,631
Other financial liabilities – current liabilities	2,623
Cash and other equivalent liquid assets (Note 14)	(250,529)
Net financial debt (thousands)	**261,114**

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 Secured Income and by the unavailable cash.

Adjusted net financial debt

Definition: Bank borrowings (current and non-current liabilities) + deferred payment for the purchase of land recognised under "Trade and Other Payables" under both non-current and current liabilities (Note 17) + Other non-current financial liabilites (associated with borrowings and bond) - "Cash and Cash Equivalents" (excluding the restricted component associated with the advances received and associated with a property development, which are deposited in a special account and are only available in connection with the construction of the property developments

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

	30-Jun-22
Debts owed to credit institutions - non-current liabilities	43,324
Debts to credit institutions - current liabilities	168,065
Other financial liabilities – non-current liabilities	297,631
Other financial liabilities – current liabilities	2,623
Deferred payment floor	64,857
Cash and other liquid asset equivalents - cash on hand (Note 14)	(250,529)
Adjusted net financial debt (thousands)	**325,971**

Explanation of useNet 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 (excluding the valuation of advances for the purchase of land and including Legacy book value).

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-22
Net financial debt (thousands)	261,114
Market value of assets (thousands)	1,735,099
LTV	**15,0%**

Loan to Value adjusted (LTV adjusted)

Definition: Adjusted net financial debt / Asset market value (excluding the valuation of advances for the purchase of land and including Legacy book value).

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-22
Adjusted net financial debt (thousands)	325,971
Market value of assets (thousands)	1,735,099
Adjusted LTV	**18,8%**

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-22
Net financial debt (thousands)	261,114
Stocks (thousands)	1,195,533
Real estate investments (thousands)	106,544
LTC	**20,1%**

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-22
Debt adjusted net financial (thousands)	325,971
Stocks (thousands)	1,195,533
Real estate investments (thousands)	106,544
Adjusted LTC	**25,0%**