Neinor Homes, S.A. and Subsidiaries

Summarised Consolidated Interim Financial Statements and Interim Directors Report for the six-month period ended 30 June 2024, prepared in accordance with International Financial Reporting Standards, together with Report on Limited Review

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

Deloitte.

Deloitte Auditores, S
Ercilla, 24
48011 Bilbao

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

REPORT ON LIMITED REVIEW OF INTERIM SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Interim Summarised Consolidated Financial Statements

Introduction

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

Scope of the Review

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

Conclusion

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the six-month period ended 30 June 2024 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim summarised financial statements.

Emphasis of Matter

We draw attention to Note 2.1 to the accompanying interim summarised consolidated financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and, therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023. 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 2024 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 2024. 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 AUDITORES, S.L. (previously known as DELOITTE, S.L.)

Alicia Izaga

25 July 2024

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2024 AND 31 DECEMBER 2023

(Thousands of Euros)

ASSETS	Explanatory notes	30.06.24	31.12.23 (*)
NON-CURRENT ASSETS:			
Goodwill		4.470	4.470
Other intangible assets		3.987	4.596
Right-of-use assets	11	3.521	3.936
Property, plant and equipment	6	4.498	4.843
Investment property	7	84.102	148.728
Investments in associates		552	628
Interests in joint ventures		8.621	8.496
Non-current financial assets	8	18.530	24.332
Deferred tax assets	14	90.060	105.585
Total non-current assets		**218.341**	**305.614**
CURRENT ASSETS:			
Non current assets held for sale	7	58.000	-
Inventories	9	1.017.169	1.012.394
Trade and other receivables	10	83.892	102.414
Investments in associates		8.936	9.081
Current financial assets	8	15.384	2.887
Tax receivables	14	24.454	24.487
Accruals		473	336
Cash and cash equivalents		224.155	188.360
Total current assets		**1.432.463**	**1.339.959**
TOTAL ASSETS		**1.650.804**	**1.645.573**

EQUITY AND LIABILITIES	Explanatory notes	30.06.24	31.12.23 (*)
EQUITY:			
Share capital	11.1	615.493	655.227
Share premium		63	63
Legal reserve		6.293	6.293
Reserves of the Parent		47.399	56.626
Own shares		(3.923)	(4.647)
Other reserves		(232)	1.275
Reserves at fully consolidated companies		272.530	172.490
Reserves at equity method consolidated companies		(163)	-
Profit for the year attributable to owners of the Company		9.713	90.627
Value Adjustments		**(2.048)**	**(2.580)**
Other value adjustments		(2.048)	(2.580)
Total equity attributable to owners of the Company		**945.125**	**975.374**
Non-controlling interests		2.834	2.589
Total equity	11	**947.959**	**977.963**
NON-CURRENT LIABILITIES:			
Provisions		582	500
Bank borrowings	13.1	197.126	163.468
Other non-current liabilities	13.2	3.837	5.172
Deferred tax liabilities	14	7.583	10.807
Total non-current liabilities		**209.128**	**179.947**
CURRENT LIABILITIES:			
Non current liabilities held for sale	7	27.771	-
Provisions	12	34.814	34.509
Bank borrowings	13.1	202.890	220.121
Other current financial liabilities	13.2	3.408	5.846
Current payables to associates		69	136
Current trade and other payables	9	130.178	136.310
Tax payables	14	16.268	30.652
Other current liabilities	9	78.319	60.089
Total current liabilities		**493.717**	**487.663**
TOTAL EQUITY AND LIABILITIES		**1.650.804**	**1.645.573**

(*) 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 2024.

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

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2024 AND 2023

(Thousands of Euros)

	Explanatory notes	30.06.24	30.06.23 (*)
Net revenues	15.1	170.363	179.509
Cost of sales	15.2	(119.807)	(116.773)
Employee benefits expenses	15.3	(18.911)	(18.776)
Depreciation and amortisation charges	6	(2.305)	(1.551)
External services	15.4	(18.118)	(20.689)
Change in trade provisions	15.5	(1.215)	(577)
Other operating gains/(losses)		2.565	1.078
Impairment and gains/(losses) on disposals of non-current assets	6	317	26
Change in fair value of investment properties	7	(5.678)	(3.880)
Allocation of grants to property, plant and equipment		-	65
PROFIT / (LOSS) FROM OPERATIONS		**7.211**	**18.432**
Finance revenue	10	15.813	5.043
Finance costs	13 and 15	(9.657)	(16.214)
Change in fair value of financial instruments		498	(1.008)
Impairment and gains/ (losses) on financial instruments		-	-
Share of results of associates		(76)	(25)
Share of results of joint ventures		-	-
PROFIT / (LOSS) BEFORE TAX		**13.789**	**6.228**
Income tax	14	(3.831)	(1.542)
PROFIT / (LOSS) FOR THE YEAR		**9.958**	**4.686**
a) Attributable to the Parent		**9.713**	**4.457**
b) Attributable to non-controlling interests		**245**	**229**
Earnings/(losses) per share (Euros):			
Basic	11	0,129	0,059
Diluted	11	0,129	0,059

(*) 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 2024.

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 2024 AND 2023

(Thousands of Euros)

	Explanatory notes	30.06.24	30.06.23 (*)
CONSOLIDATED PROFIT / (LOSS) FOR THE PERIOD		**9.958**	**4.686**
By cash flow hedge (Note 8)		700	1.725
For grants, donations and legacies		-	1.139
Tax effect (Note 14)		(168)	(699)
OTHER RECOZNIZED INCOME (EXPENSES)		-	-
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		-	-
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT		-	-
TOTAL RECOGNISED INCOME AND EXPENSE		**10.490**	**6.851**
a) Attributable to the Parent		**10.245**	**6.622**
b) Attributable to non-controlling interests		**245**	**229**

(*) 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 2024.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2024 AND 2023

(Thousands of Euros)

	Share capital	Share premium	Legal reserve	Other reserves of the Parent	Own shares	Other reserves	Reserves at fully consolidated companies	Reserves at equity method consolidated companies	Consolidated profit/loss for the period	Value adjustments	Grants, donations and bequests	Non-controlling interests	Total equity
Balance at 31 December 2022 (*)	**736.775**	**63**	**6.209**	**61.306**	**(57.994)**	**3.868**	**76.999**	**-**	**96.271**	**3.669**	**-**	**2.843**	**930.009**
Distribution of profit/loss for the period:													
To reserves	-	-	84	763	-	-	95.424	-	(96.271)	-	-	-	**-**
Income/expense recognised in the period	-	-	-	-	-	-	-	-	4.457	1.311	854	229	**6.851**
Other	-	-	-	-	-	180	889	-	-	-	-	-	**1.069**
Payment of incentive plan (Note 9)	-	-	-	-	1.454	(2.773)	-	-	-	-	-	-	**(1.319)**
Transactions with Treasury Shares (Note 9)	-	-	-	(359)	547	-	-	-	-	-	-	-	**188**
Balance at 30 June 2023	**736.775**	**63**	**6.293**	**61.710**	**(55.993)**	**1.275**	**173.312**	**-**	**4.457**	**4.980**	**854**	**3.072**	**936.798**
Income/expense recognised in the period	-	-	-		-	-	-	-	86.170	(7.560)	-	737	**79.347**
Transactions with Treasury Shares	-	-	-	(308)	22	-	-	-	-	-	-	-	**(286)**
Other (Note 9)	-	-	-	-	-	-	(822)	-	-	-	(854)	(1.220)	**(2.896)**
Dividend distribution	(81.548)	-	-	(4.776)	51.324	-	-	-	-	-	-	-	**(35.000)**
Balance at 31 December 2023 (*)	**655.227**	**63**	**6.293**	**56.626**	**(4.647)**	**1.275**	**172.490**	**-**	**90.627**	**(2.580)**	**-**	**2.589**	**977.963**
Distribution of profit/loss for the period:													
To reserves	-	-	-	(9.231)	-	-	99.992	(134)	(90.627)	-	-	-	**-**
Income/expense recognised in the period	-	-	-	-	-	-	-	-	9.713	532	-	245	**10.490**
Other	-	-	-	326	-	-	152	(29)	-	-	-	-	**449**
Payment of incentive plan (Note 9)	-	-	-	-	873	(1.507)	(104)	-	-	-	-	-	**(738)**
Transactions with Treasury Shares (Note 9)	-	-	-	(319)	(401)	-	-	-	-	-	-	-	**(720)**
Dividend distribution	(39.734)	-	-	(3)	252	-	-	-	-	-	-	-	**(39.485)**
Balance at 30 June 2024	**615.493**	**63**	**6.293**	**47.399**	**(3.923)**	**(232)**	**272.530**	**(163)**	**9.713**	**(2.048)**	**-**	**2.834**	**947.959**

(*) 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 2024.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 6 MONTHS PERIODS ENDED 30 JUNE 2023 AND 30 JUNE 2024

(Thousands of Euros)

	Explanatory notes	30.06.24	30.06.23 (*)
Cash flows from/(used in) operating activities			
Profit/(loss) from operations		13.789	12.148
Adjustments-			
Depreciation and amortisation	6	2.305	2.016
Change in provisions	6, 7 and 12	7.663	(6.710)
Impairment and gains/(losses) on disposal of intangible and tangible assets		(317)	289
Finance costs		9.657	9.657
Finance revenue		(15.813)	(14.169)
Changes in fair value on financial instruments	8	(498)	(498)
Share of results of associates		76	25
Change in fair value of investment properties	7	5.678	5.361
		22.540	**8.119**
Increase/(Decrease) in current assets and liabilities:			
Inventories	9	(4.775)	(70.658)
Trade and other receivables	10	22.270	(10.844)
Current trade and other payables		(23.109)	2.235
Other current and non-current assets and liabilities		10.817	1.686
Net income tax payment		15.937	(2.187)
Total net cash flows from operating activities (I)		**43.680**	**(71.649)**
Cash flows from/(used in) investing activities:			
Investments of intangible and tangible assets	6	(654)	(978)
Disposals of intangible and tangible assets	7	-	602
Investments in investment properties	7	5.853	32.521
Investments in other non current financial assets	8	3.223	21.415
Disposals of other non current financial assets	8	(4.382)	(15.271)
Total net cash flows from investing activities (II)		**4.040**	**38.289**
Cash flows from/(used in) financing activities:			
Proceeds from bank borrowings		145.556	295.011
Repayment of bank borrowings	13	(103.516)	(359.291)
Interests paid and loan agreement expenses	13 and 16	(13.471)	(9.955)
Grants payments		-	1.204
Transactions with Treasury Shares and other equity transactions		(1.009)	792
Dividends payment		(39.485)	-
Total net cash flows from financing activities (III)		**(11.925)**	**(72.239)**
Net increase/(decrease) in cash and cash equivalents (I+II+III)		**35.795**	**(105.599)**
Cash and cash equivalents at beginning of the period		188.360	293.959
Cash and cash equivalents at end of year		**224.155**	**188.360**

(*) 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 2024.

Neinor Homes, S.A. and Subsidiaries

Summarised Consolidated Interim Financial Statements for the period ended 30 June 2024, prepared in accordance with International Financial Reporting Standards

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

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

Neinor Homes, S.A. and Subsidiaries

Notes to the Summarised Consolidated Interim Financial Statements for the period ended 30 June 2024

1. Activity of the Neinor Homes Group

Neinor Homes, S.A. was incorporated under the Spanish law. On March 1, 2017, the Parent was registered as a public limited liability company ("S.A.") with a view to its admission to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges. On March 29, 2017, the Parent shares were admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges. The corporate purpose of Neinor Homes, S.A. is to promote, manage and develop all kind of Real Estate operations. Its registered address is in Calle Henao 20, 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 shares were admitted to trading on the official secondary market during 2017. Therefore, the Parent Company is obliged to prepare, in addition to its own separate financial statements, the Group consolidated financial statements and half-yearly financial reports for both the Parent and the consolidated Group in accordance with Royal Decree 1362/2007, of 19 October, implementing Spanish Securities Market Law 24/1988, of 28 July, in relation to the transparency requirements regarding the information on issuers whose securities are admitted to trading on an official secondary market or on another regulated market in the European Union.

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

The Group consolidated financial statements for 2023 were approved by the Company Shareholders on April 17, 2024.

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 January 1, 2005, in compliance with such International Financial Reporting Standards (IFRS) as may have been previously adopted by the European Union.

The Group 2023 consolidated financial statements were prepared at February 21, 2024 by the Parent Company Directors in compliance with the International Financial Reporting Standards adopted by the European Union, and applying the basis of consolidation, accounting standards and measurement bases described in Note 4, so as to present fairly the Group consolidated equity and financial position, consolidated results of operations, consolidated changes in equity, and consolidated cash flows for the reporting period ended on December 31, 2023.

These summarised consolidated interim financial statements are in compliance with IAS 34 on interim financial reporting, and were prepared by the Group Directors on 25 July 2024, 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 2023 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 2023 consolidated financial statements.

These six-monthly summarised consolidated financial statements were prepared using the same accounting policies and methods used for the 2023 consolidated financial statements.

2.2 Adoption of International Financial Reporting Standards

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

The following mandatory standards and interpretations, already adopted in the European Union, became effective in 2024. Where applicable, the Group has used them in the preparation of these interim summarized consolidated financial statements, with no significant impact:

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

(2) New standards, amendments and interpretations of mandatory application for annual periods after the calendar year starting on 1 January 2025:

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

Approved for use in the European Union		**Mandatory application for annual periods beginning on or after:**
IFRS 18 – Presentation and breakdown of financial statements.	It establishes the requirements of presentation and breakdown of financial statements, thereby replacing IAS 1, currently in force.	January 1, 2027
IFRS 19 – Breakdown of subsidiary without public accounting.	It details the breakdowns that a subsidiary can apply, optionally, in the issuance of its financial statements.	January 1, 2027
Amendments to IAS 21 – Absence of convertibility.	It modifies the approach that specifies when one currency can be exchanged for another, and if not, the determination of the exchange rate to be used.	January 1, 2025
Amendments to IFRS 7 and IFRS 9 – Classification and assessment of financial instruments.	Modification of the criteria for the classification of certain financial assets, as well as the criteria for the derecognition of financial liabilities settled through electronic payment systems. Additionally, it introduces additional disclosure requirements.	January 1, 2026

For the rules that enter into force from 2025 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, with the exception of the amendment relating to IFRS 18 on which the Group has begun to work to check which effects may affect the breakdown of the consolidated income statement.

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 2023.

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

1. The market value of the Group assets. For determine the market value of the Group assets, the Group has obtained valuations from independent experts outside the Group on June 30, 2024 as well as the sensitivity analysis made in relation to the main hypotheses (Notes 7 and 9).
2. The assessment of the expected loss on certain financial assets (Note 10).
3. The useful life of intangible assets and materials (Note 6).
4. The amount of certain provisions and generally, the determination of the probability and quantification associated to contingent assets and liabilities (Note 10).
5. The recoverability of deferred tax assets (Note 14).
6. The valuation of long-term obligations related to incentive plans with staff (Note 15.3).

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

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

No significant changes were made to the estimates used at 2023 year-end during the six-month period ended on June 30, 2024.

2.4 Contingent assets and liabilities

Note 22 to the Group consolidated financial statements for the period ended on December 31, 2023 contains the information on the guarantee commitments to third parties and other contingent liabilities as that date as well as liabilities registered for their coverage. During the first six months of 2024, there have been no significant changes in the evolution of the litigation or tax acts appealed, except as indicated in Note 10, or in terms of applicable jurisprudence, that implies modifications in the evaluation carried out by the Group in relation to them at the end of 2023.

As of June 30, 2024, the Group had provided guarantees to third parties for a total amount of EUR 159,113 thousand (EUR 133,078 thousand as of December 31, 2023). Included in this figure there is an amount of EUR 62,912 thousand (EUR 69,852 thousand as of December 31, 2023) properties and EUR 93,201 thousand to secure payments in advance received by customers (EUR 60,226 thousand as of December 31, 2023). Furthermore, guarantee amounting EUR 3 million has been provided in relation to final disciplinary proceedings concerning tax inspections relating to Neinor Península, S.L.U. (Note 14).

Likewise, as of June 30, 2024, the Group has received from different suppliers and contractors guarantees for a total amount of EUR 45,333 thousand (EUR 47,988 thousand at December 31, 2023) to secure the perfect completion of construction works. “Current Trade and Other Payables” includes an amount of EUR 33,278 thousand (EUR 35,554 thousand as of December 31, 2023) relating to amounts withheld from contractors as a guarantee (Note 12).

There is no restriction for the availability of the cash and cash equivalents of the Group neither as of June 30, 2024 nor December 31, 2023, except for the fact that, as described in Law 20/2015, of July 14, advances received and associated with a development (Note 9) are deposited in a special account, separate from any other class of funds belonging to the Group, and are only drawn against in connection with the construction of the developments. The balance subject to this restriction amounted to EUR 25,558 thousand as of June 30, 2024 (EUR 22,249 thousand as of December 31, 2023), which differs from the advances (Note 9) as a result of the cash used to pay the progress billings of developments to which such advances are allocated. Also, we must take into consideration the information given in Note 13.1 in relation to the new loan subscribed by the Group that establish a minimum amount of cash of EUR 50.000 thousand.

2.5 Comparative information

The information contained in these consolidated semi-annual summary financial statements for the year 2024 is presented solely and exclusively, for comparative purposes with the information relating to the six-month period ended on June 30, 2023, with no operations or transactions that have been recorded following different accounting principles that could cause discrepancy in the interpretation of the comparative figures of both periods.

2.6 Seasonal nature of the Group's transactions

Given the nature of the activities conducted by the Group's Companies and the percentage of completion accounting criterion, the Group transactions are not cyclical or seasonal. Therefore, these notes to the summarised consolidated financial statements for the six-month period ended on June 30, 2024, do not contain any specific breakdown.

2.7 Relative importance

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

2.8 Correction of errors

In preparing the accompanying summarised consolidated interim financial statements relating to the six-month period ended on June 30, 2024, no errors were detected that would have made it necessary to restate the amounts included in the consolidated financial statements for year ended on December 31, 2023.

2.9 Summarised consolidated cash flow statements

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

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

2. Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.

3. Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents, if they have a direct impact on current cash flows.

4. Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities, if they have a direct impact on current cash flows.

There are not non-cash transactions related to significant operating, investment and/or financing operations that, because they have not given rise to cash changes, have not been included in the cash flows statement and must be reported separately, apart from transactions related to the delivery of shares under the 3-year incentive plan maturing in December 2022, which has been liquidated completely in the first semester of 2024 except from an amount which will be paid during 2025.

2.10 Subsequent events

On 12 July, 2024, the Group formalized the sale of Rental Homes NX Propco, S.L., holding company of 3 Investment properties located in Alovera. The sale of this companies is subject to the formal delivery of the properties under certain formal conditions that depend on the Group itself and are expected to be fulfilled during the following months (Note 7).

Likewise, on July 1, 2024, the Parent Company has made contributions amounting to 799 thousand euros, now holding a 50% stake, in the company Brick Opportunities 9, S.L., based on the framework agreement signed with the Urbanitae Group, within the announced co-investment strategy and by which the partners have committed to make contributions of up to 3,855 thousand euros. This company will develop a residential development in which the Group is entrusted with the purchase, development, management and administration of the assets in exchange for a market commission.

This company will develop a residential development in which the Group is entrusted with the purchase, development, management and administration of the assets in exchange for a market commission.

On 10 July 2024, the Group reached an agreement with Octopus Real Estate for the development of a portfolio of homes for senior living that will be carried out through a co-investment vehicle, with an investment of between EUR 100 and 200 million agreed by both parties.

Between 30 June, 2024 and the date of preparation of these half-year consolidated summary financial statements, the Board of Directors does not believe that any additional subsequent events have occurred that would have a significant effect on these half-year consolidated summary financial statements or on the information contained therein.

2.11 Current Assets and Liabilities

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

	Thousands of euros	
	30.06.2024	31.12.2023
Inventories (long cycle)	400.901	580.893
Trade receivables and others	40.113	25.842
Investments in associates	8.936	-
Total current assets	**449.950**	**606.735**
Bank loans	59.233	210.369
Other current liabilities	2.537	17.795
Total current liabilities	**61.770**	**228.164**

3. Changes in the Group composition

The consolidation principles used in the preparation of these six-month summarised consolidated financial statements are consistent with those used for the 2023 consolidated financial statements.

Appendix I to the notes to the 2023 consolidated financial statements includes the detail of the consolidated Group companies and the information related to as of December 31, 2023.

During the six-month period ended on June 30, 2024, no changes have taken place in the scope of consolidation of the Neinor Homes Group. However, it is important to note Note 2.10, which explains the changes that have occurred since the date of preparation of these consolidated financial statements.

4. Dividends paid by the Group in the period

On February 19, 2024, the Group has distributed a dividend for an amount of EUR 39,733 thousand via share capital reduction by this amount, through the reduction in the nominal value of the shares by EUR 0.53 per share, leaving the share capital at EUR 615,493 thousand, comprising 74,968,751 shares of EUR 8.21 par value each. In addition, at the date of preparation of these interim financial statements, the Board of Directors has approved a proposal for shareholder remuneration of EUR 37,484 thousand by means of share capital reduction, to be paid on July 31, 2024, with a remuneration of 0.50 per share. Likewise, as approved at the Ordinary General Shareholders' Meeting held on April 17, 2024, a further dividend is expected to be distributed in October or November 2024 in the amount of EUR 37,484 thousand via share capital reduction.

5. Segment information

In Note 6 of the Group consolidated financial statements for the year ended December 31, 2023 are the details of criteria used by the Group to define its operating segments, and there have been no changes in its segmentation criteria. In this regard, for management purposes, from January 1, 2023, the group classifies in the "Rental" chapter the disposals of those assets that the Group considers as "Build to Rent" which are classified in inventories which sale is going to take place in the short term because it is in the business plan of the Group at the time of being in delivery conditions without having generated representative income from rental, or therefore, having changed their classification to investment properties, in addition to the concepts already included in previous periods. However, the inventory and financial debt figures associated to completed buildings in the interim consolidated balance sheet have been assigned to this segment, since until all costs associated with the development in progress are received, all inventories are assigned to the “Development” segment.

The main magnitudes of the summarised consolidated interim profit and loss account by segment at 30 of June 2024 and 2023 are the following:

	Thousands of Euros							
	Development (***)		Rental		Asset Management and Other / Corporate (*)		Total Group	
	30.06.24	30.06.23	30.06.24	30.06.23	30.06.24	30.06.23	30.06.24	30.06.23
Income:								
Third party sales	166.051	169.931	3.726	8.793	586	785	170.363	179.509
Cost of sales	(119.429)	(116.183)	-	-	(378)	(590)	(119.807)	(116.773)
Gross margin	**46.622**	**53.748**	**3.726**	**8.793**	**208**	**195**	**50.556**	**62.736**
Employee benefits expenses	(18.077)	(15.896)	(799)	(2.700)	(35)	-	(18.911)	(18.596)
Employee benefits expenses – Incentive Plan (Notes 9 y 15)	-	(142)	-	(38)	-	-	-	(180)
External services	(13.570)	(18.890)	(4.016)	(1.207)	(532)	(592)	(18.118)	(20.689)
Change in trade provisions	756	(333)	(1.971)	(244)	-	-	(1.215)	(577)
Other operating gains / (losses)	2.528	998	37	24		56	2.565	1.078
Allocation of grants to fixed assets	-	65	-	-	-	-	-	65
Change in fair value of investment properties	-	-	(5.678)	(3.880)	-	-	(5.678)	(3.880)
Impairment and results from disposals of fixed assets	-	-	317	26	-	-	317	26
Net financial result and others	11.695	(12.214)	(1.137)	(1.344)	(3.980)	1.354	6.578	(12.204)
Amortization	(1.924)	(1.242)	(158)	(65)	(223)	(244)	(2.305)	(1.551)
Profit / (Loss) Before Tax	**28.030**	**6.094**	**(9.679)**	**(635)**	**(4.562)**	**769**	**13.789**	**6.228**
Net financial result and others	(11.695)	12.214	1.137	1.344	3.980	(1.354)	(6.578)	12.204
Amortization and depreciation	1.924	1.242	158	65	223	244	2.305	1.551
Employee benefits expenses – Incentive Plan (Note 9)	45	142	1	38	2	-	48	180
Employee restructuring costs (Note 13.3)	463	174	8	5	-	-	471	179
IBIS	882	882	68	68	4	4	954	954
Growth expenses (Note 13.4)	535	596	-	-	-	-	535	596
Interest adjustment Alboraya (Note 10) (****)	9.471	-	-	-	-	-	9.471	-
Interest adjustment hedge (Note 8)	495	-	-	-	-	-	495	-
Company EBITDA (**)	**30.150**	**21.344**	**(8.307)**	**885**	**(353)**	**(337)**	**21.490**	**21.892**

(*) Due to the low relevance of the individual figures of the areas Asset Management and Other / Corporate in the fiscal year 2023, the integrated figures for the Asset Management, Legacy and Corporate segments are presented.

(**) A financial measure used by Group management, which adjust mainly, the incentives and expenses of restructuring and growth and other impacts that the Group associates to its operating result.

(***) Includes under "Development" segment an amount of EUR 2,487 thousand on 30 June 2024 corresponding to sales of plots of land, which were sold before development (EUR 8,535 thousand as of June 30, 2023). Cost of sales of those plots of land amounted to EUR 1,857 thousand (EUR 5,083 thousand as of June 30, 2023).

(****) This is the interest recognized as a result of the agreement reached described in Note 10 and whose payment will be materialized through the delivery of a series of plots by the debtor. In this regard, this financial income has been considered as part of Company EBITDA since from the date of the business combination with Quabit Inmobiliaria, S.A. it was presumed that this account receivable according to the litigation would materialize through the dation in payment of inventories (Note 10).

The main figures of the summarised consolidated statements of financial position by segment as of June 30, 2024, and for the exercise 2023 are as follow:

	Development		Rental		Asset Management and Other / Corporate		Total Group	
	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23	30.06.24	31.12.23
Balance sheet:								
Non-Current assets	42.985	36.971	89.223	153.296	86.133	115.347	218.341	305.614
Current assets	1.157.876	1.128.132	99.370	40.451	175.217	171.376	1.432.463	1.339.959
Total Assets	**1.200.861**	**1.165.103**	**188.593**	**193.747**	**261.350**	**286.723**	**1.650.804**	**1.645.573**
Non-current Bank Borrowings	-	-	23.838	24.541	173.288	138.927	197.126	163.468
Current Bank Borrowings	184.314	186.541	18.576	33.580	-	-	202.890	220.121
Other Non-current liabilities	6.904	8.070	3.728	6.628	1.370	1.781	12.002	16.479
Other current liabilities	247.337	239.633	41.223	23.536	1.856	4.373	290.416	267.542
Total Liabilities	**438.555**	**434.244**	**87.365**	**88.285**	**176.514**	**145.081**	**702.434**	**667.010**

(*) Current assets classified in the "Rental" segment are mainly due to non-current assets held for sale (Note 7) and finished buildings, whereas inventories defined as "Build to Rent" are included in the "Development" segment while construction is taking place (Note 9).

6. Property, plant and equipment

The changes in this heading in the six-month period ended on June 30, 2024, and the exercise ended on December 31, 2023, were as follows:

6 months period ended 30 June 2024

	Thousand euros			
	Technical items and machinery	Other items of Property, Plant and equipment	Fixed assets in progress	Total
Cost:				
Balance at 31 December 2023	7.497	2.928	-	10.425
Additions	425	52	-	477
Disposals	(795)	(96)	-	(891)
Balance at 30 June 2024	**7.127**	**2.884**	**-**	**10.011**
Accumulated amortisation:				
Balance at 31 December 2023	(3.437)	(1.555)	-	(4.992)
Charges	(412)	(112)	-	(524)
Disposals	502	91	-	593
Balance at 30 June 2024	**(3.347)**	**(1.576)**	**-**	**(4.923)**
Accumulated depreciation:				
Balance at 31 December 2023	(590)	-	-	(590)
Balance at 30 June 2024	**(590)**	-	**-**	**(590)**
Net Balance at 30 June 2024	**3.190**	**1.308**	**-**	**4.498**

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

As of June 30, 2024, there were EUR 2,479 thousand of property, plant and equipment items fully amortised (EUR 2,663 thousand as of December 31, 2023).

As of June 30, 2024, and December 31, 2023, there were no property, plant and equipment items provided as collateral for any obligation.

As of June 30, 2024, and December 31, 2023, the Group did not have any significant commitments to purchase items of property plant and equipment.

7. Investments properties

The movement in “Investment properties” during the first semester of 2024, was as follows:

6 months period ended on June 30, 2024

	Thousand euros
Balance at December 31, 2023	**148.728**
Additions	-
Disposals	(1.265)
Transfers	(58.000)
Changes in fair value	(5.361)
Balance at June 30, 2024	**84.102**

On July 12, 2024, the Group has reached an agreement with Daria 323 Corporate Services, S.L.U. for the sale of the company Rental Homes NX Propco, S.L.U., the holding company of three investment properties. The sale of this company is subject to the delivery of the assets it has under certain formal conditions that depend on the Group itself and a necessary procedure that does not prevent its sale within the committed period. As of June 30, 2024, there was already an intention to sell these assets they have been reclassified to the heading "Non-current assets held for sale". Likewise, these investment properties have been valued based on the agreed purchase price, which has led to the recognition of a loss amounting to EUR 5,361 thousand recorded under the heading "Change in fair value of investment properties" in the condensed consolidated income statement (Note 2.10).

It should be noted that in accordance with IAS 40, the Group's real estate assets held for the generation of income and/or capital gains are measured by the fair value method, and this measurement is maintained at market value, in accordance with IFRS 5, at the time when, where appropriate, they are transferred to non-current assets held for sale, because the conditions for it are met.

The rental income earned from the investment property owned by the Group as of June 30, 2024, amounted to EUR 1,784 thousand (EUR 1,838 thousand in 2023). Additionally, there is income related to “Rental” business line, for services provided by Renta Garantizada, S.A. amounting EUR 1,730 thousand as June 30, 2024 (EUR 1,495 thousand as June 30, 2023).

As of June 30, 2024, all Investment properties have been valued by independent appraisals. The net realizable value of the Group Investment properties, granted by the appraisals Savills Aguirre Newman Valoración y Tasaciones, S.A.U. and CBRE Valuation Advisory, S.A., amounts to EUR 84,102 thousand (EUR 148,728 thousand as of December 31, 2023).

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

	Thousand euros					
	Discount rate		Sale price			
Assumption	1%	-1%	1%	-1%	5%	-5%
	Increase (Decrease)					
Changes in the fair value	(6.296)	6.757	608	(807)	3.608	(3.619)

8. Financial assets

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

	Thousand euros			
	30.06.2024		31.12.2023	
	Non-current	Current	Non-current	Current
Financial investments	153	52	5.189	342
Derivatives	5.308	8.079	10.953	-
Fixed-term impositions	-	195	-	195
Loans	11.965	5.502	7.084	890
Guarantees and deposits	1.104	1.556	1.106	1.460
Total	**18.530**	**15.384**	**24.332**	**2.887**

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

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

The characteristics of this derivative contracts as of June 30, 2024, are as follows:

				Thousands of euros				
							Fair value Hedging instrument	
Hedged item	Coverage instrument	Covered risk	Type	National value	Expiration (*)	Inefficiency registered in results	Assets	Liabilities
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	63.000.000	31/03/2025	-	3.628	-
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	83.500.000	31/08/2026	-	8.705	-
Variable rate financing	CAP of interest rate	Euribor	CAP of variable type	167.000.000	31/08/2027	-	1.054	-

9. Inventories

Details of “Inventories” as of June 30, 2024, and December 31, 2023 are as follows:

	Thousands of euros	
	30.06.2024	31.12.2023
Sites and land	426.468	437.047
Construction work in progress	410.238	358.256
Completed buildings	193.459	230.799
Advances to suppliers	60	60
Less – Impairment losses	(13.056)	(13.768)
	1.017.169	**1.012.394**

In the period ended on June 30, 2024, borrowing costs amounting to EUR 2,781 thousand (EUR 4,501 thousand of financial expenses net of financial income from derivatives contracted by the Group amounting to EUR 1,372 thousand) were capitalised to inventories (in the year ended December 31, 2023, EUR 11,653 thousand were capitalised).

The additions in the period 2024 relate mainly to work certifications of the ongoing promotions and capitalized costs associated with the pre-construction for a value of EUR 116 million (EUR 342 million in the year ended on December 31, 2023). Additionally, during 2024 purchases of land have taken place for a value of EUR 1.9 million (EUR 10 million in 2023).

On the other hand, in 2024 the Group has mainly delivered 3 new developments in Andalusia (Málaga – Serena Homes Fase II and Hydra Homes and Sevilla – Sevilla Homes Village III) and 1 in the Basque Country (Urduliz – Urban Homes IV) and has 24 real estate developments registered under the heading "Promotions in progress" as of June 30, 2024.

As of June 30, 2024, there are assets included in "Inventories" caption in the accompanying interim consolidated balance sheet with a net cost of EUR 1,014 million corresponding to assets classified as "Development" (EUR 1,008 million as of December 31, 2023) and EUR 3 million relating to "Legacy" assets (EUR 4 million as of December 31, 2023).

As of June 30, 2024, there are assets included under “Inventories” with a gross cost of EUR 529 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 13) (EUR 555 million as of December 31, 2023).

As of June 30, 2024, and December 31, 2023, there were no commitments to sell any plots of land, except the described in Note 3.

As of June 30, 2024, and December 31, 2023, the Group does not maintain commitments to purchase additional significant land.

The property development sale commitments entered into with customers as of June 30, 2024, and December 31, 2023, 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 75,894 thousand and EUR 51,690 thousand respectively, which have been recognized under “Current liabilities - Customer advances” in the consolidated balance sheet as June 30, 2024, and December 31, 2023.

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

	Thousands of Euros
Balance at 31.12.2022	**14.093**
Write-downs recognised	1.240
Write-downs reversed	(1.565)
Balance at 31.12.2023	**13.768**
Write-downs recognized	-
Write-downs reversed	(712)
Balance at 30.06.2024	**13.056**

As of June 30, 2024, all Development assets have been appraised by independent experts. The net realisation value granted by the valuers Savills Aguirre Newman Valoración y Tasaciones, S.A.U. and CBRE Real Estate S.A., to the Development assets owned by the Group amounts to EUR 1,292 million.

Considering the external appraiser methodology, the key assumptions identified in the appraisals for the development assets are the discount rate and the sale prices. In the case of the discount rate a sensitivity of ±100 basic points were 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, 2024, would be affected estimated as follows considering the variation of the key hypothesis (thousands of euros):

	Thousand Euros					
	Discount Rate		Sale Price			
Assumption	+1%	-1%	+1%	-1%	+5%	-5%
			Increase (Decrease)			
Change in appraised values	(26.782)	38.262	1.974	(46.779)	97.008	(142.953)
Change in carrying amount (*)	(3.843)	1.391	1.424	(2.488)	3.290	(23.328)

(*) 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 46,779 thousand and EUR 142,953 thousand, while it would have an approximate devaluation effect on the net book value of the assets amounting EUR 2,488 thousand and EUR 23,328 thousand.

10. Trade and other receivables

The heading “Trade and other receivables” includes the following items:

	Thousands of euros	
	30.06.2024	31.12.2023
Trade receivables and notes receivables	27.132	60.721
Accounts receivables associates and joint-ventures	2.235	2.677
Other receivables – Down Payments	19.207	13.293
Other receivables – Provision of Services	18	14
Others	35.391	25.785
Impairment	(91)	(76)
Total	**83.892**	**102.414**

The heading "Customers and commercial bills receivable" in the table above basically includes an amount of EUR 10,276 thousand receivable associated to revenue from the past year, which collection is conditional upon the Group obtaining a minimum of rents and occupancy levels. In addition, it also includes the amount outstanding corresponding to the reappraisal of urbanization works carried out in the Playa de Almenara Sector amounting EUR 3,199 thousand and there are debit balances with related parties amounting EUR 9,283 thousand (EUR 9,503 thousand as of December 31, 2023) (Notes 5 and 16).

The heading "Other receivables" in the table above includes, fundamentally, the advances delivered by the Group to creditors for services that have not been accrued and/or settled. As of June 30, 2024, the advances delivered by the Group to creditors amount to EUR 19,207 thousand, an amount that includes EUR 10,375 thousand of advances delivered to intermediaries who have intervened in the formalization of the purchase contracts pending deed and that if it does not come to fruition their elevation to the public are refundable (EUR 13,293 and EUR 6,042 thousand respectively as of December 31, 2023).

Finally, “Others” in the foregoing table includes mainly the amounts receivable owed by Empresa de Gestión Urbanística y Servicios de Alboraya, S.L. (“EGUSA”) to the Group subsidiary Neinor Península (before, Grupo Mediterráneo Costa Blanca, S.L.). These amounts refer to both the principal of the debt, EUR 23,416 thousand, and the accrued interest, EUR 11,813 thousand, figures that coincide with those agreed between the two parties under the agreement signed (EUR 23,416 thousand in principal and EUR 2,342 thousand in accrued interest as of December 31, 2023). The Group and EGUSA have reached an agreement during the financial year 2024, the fulfilment of which is subject to several conditions, whereby the amount of the debt agreed as a result of default interest has been of EUR 35,229 thousand, recording an amount of EUR 9,471 thousand under the account of “Financial income” in the condensed interim consolidated income statement. The payment of this debt will be made through the delivery of a series of properties after the segregation of them and no later than November 30, 2024, whose market value is higher than the debit balance recorded according to the appraisal carried out by an independent expert in 2023. There are pledges over the plots of land associated to the arrangement in favour of Neinor Homes Group.

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 the expected loss calculation, taking into consideration the existing facts and circumstances as indicated below (in thousands of euros):

Concept	Gross Amount 30/06/2024	Expected loss (%) (*)	Expected loss at 30/06/2024	Net Amount 30/06/2024
Current and non-current financial assets (Note 8)	34.557	0,14%-3%	(643)	33.914
Inventories - Advances to suppliers (Note 9)	62	3%	(2)	60
Customers sale singular operations	10.016	0,02%	(90)	9.926
Advances to creditors (Note 10)	19.801	3%	(594)	19.207
Trade and other receivables (Note 10)	55.576	0%-3%	(817)	54.759
Cash	224.334	0% - 3%	(179)	224.155
TOTAL	**344.346**		**(2.325)**	**342.021**

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

A reversal of the estimated loss of EUR 812 thousand has been paid under the heading "Change in traffic provisions" in the consolidated summary profit and loss account. The estimated loss of EUR 2,325 thousand is recorded under each heading described above in the consolidated summary statement of financial position.

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

11. Capital and reserves

11.1 Share capital

The statements of changes in equity for the periods ended on June 30, 2024, and December 31, 2023, show the changes in equity attributable to the shareholders of the Parent and the non-controlling interests in the aforementioned periods.

On February 20, 2024, the public deed of reduction of share capital in the amount of EUR 39,733 thousand has been registered in the Mercantile Registry of Bizkaia, through the reduction in the nominal value of the shares in EUR 0.53. During 2023, the public deed of a capital reduction in the amount of EUR 37,675 thousand was registered in the Mercantile Registry of Bizkaia, through the reduction of EUR 0.4671 in the shares nominal value. At the same date, a second share capital reduction took place in the amount of EUR 43,874 thousand, through the amortization of 5,019,891 treasury shares of EUR 8.74 of nominal value each.

On 19 October 2023, the deed to reduce the share capital by 37,675 thousand euros by reducing the par value of the shares by 0.4671 of a nominal value of the shares was registered in the Bizkaia Mercantile Register. On the same date a second capital reduction was carried out in the amount of 43,874 thousand euros, through the redemption of 5,019,891 own shares with a par value of 8.74 euros each.

As of June 30, 2024, the Parent's share capital consisted of 74,968,751 fully subscribed and paid shares of EUR 8.21 par value each (74,968,751 shares of EUR 8.74 par value each as of December 31, 2023), according to the following breakdown:

	30.06.24		31.12.23	
	% 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	29,52	181.694	29,52	193.423
Stoneshield Holding S.A.R.L.	25,00	153.873	25,00	163.807
Adar Capital Partners Ltd	14,56	89.616	14,56	95.401
Resto de Bolsa	30,92	190.310	30,92	202.596
	100,00	**615.493**	**100,00**	**655.227**

11.2 Earnings/(loss) per share

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

Accordingly:

	Thousand euros	
	30.06.24	30.06.23
Earnings / (loss) for the year (thousands of euros)	9.713	4.457
Weighted average number of shares outstanding (thousands of shares) (*)	74.728	75.974
Basic earnings/ (loss) per share (euros)	**0,129**	**0,059**

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

As of June 30, 2024, and June 30, 2023, the diluted earnings/loss per share of the Neinor Homes Group coincided with the basic earnings/loss per share. The impact of the unique variable included in the calculation, the retribution in shares, is not significant.

11.3 Treasury shares and other reserves

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

Since March 26, 2021, and for a period of 6 months, the Group initiated a Treasury program for the derivative acquisition of up to a maximum of one million own shares, being in any case the maximum allowed disbursement of EUR 10 million, for which, the Parent Company signed a liquidity contract with "JB Capital Markets Sociedad de Valores, S.A.U.". Likewise, from September 17, 2021, and for a period of 1 year, the Group initiated a Treasury program for the derivative acquisition of up to a maximum of 2.5 million own shares, being in any case the maximum allowed disbursement of EUR 30 million, for which, the Parent Company signed a liquidity contract with Gestión de Patrimonios Mobiliario, S.V., S.A.

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

As of June 30, 2024, the total number of own shares of the Parent Company amounts to 381,522 shares (Note 9.1) (473,900 shares as December 31, 2023). On June 30, 2024, the average unit acquisition price amounts to EUR 10,28 (EUR 9.78 as of December 31, 2023).

Finally, in April 2020, the General Shareholders Meeting of the Parent Company approved an incentive plan payable in shares (Note 4.21). During financial year 2022, the aforementioned incentive plan expired and in 2023 the first payment occurred, for the amount of EUR 2,773 thousand, without having a patrimonial effect. The estimated and calculated amounts in the liquidation of the plan do not differ significantly. In relation to this incentive plan, during 2024, the second share payment take place for an amount of 1,450 thousand. It is expected that the remaining amount will occur in 2025 according to plan's conditions.

12. Provisions

12.1 Current provisions

The movement in the current provisions account in the six-month period ended June 30, 2024, and in the year ended December 31, 2023, is as follows:

Description	Thousands of euros		
	Taxes	Other Provisions	Total
Balance as of December 31, 2022	**13.779**	**29.096**	**42.875**
Net write-downs recognized	3.718	1.602	5.320
Applications	(6.090)	(7.596)	(13.686)
Balance as of December 31, 2023	**11.407**	**23.102**	**34.509**
Net write-downs recognized	2.353	5.228	7.581
Applications	(3.405)	(3.871)	(7.276)
Balance as of June 30, 2024	**10.355**	**24.459**	**34.814**

"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).

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

At each reporting date the Group assesses the estimated amounts to meet liabilities for ongoing litigation, probable or certain, whose payment is not yet fully determinable as to its exact amount or is uncertain as to the date that will occur, since it depends on the fulfillment of certain conditions, providing, where appropriate, the corresponding provisions. In this regard, as of June 30, 2024, there are claims affecting the Group in relation to guarantees, price revisions requested by construction companies or claims for amounts for a total amount of approximately EUR 26,598 thousand (EUR 19,006 thousand as of December 31, 2023). As of June 30, 2024, and in relation to the rest of the open litigation, after an in-depth analysis of the claims, a provision has been recorded for amounting EUR 4,714 thousand in the liabilities of the interim consolidated statement of financial position, corresponding to those considered as probable (EUR 4,083 thousand as of December 31, 2023). While, in the opinion of the Directors of the Parent Company, and its legal advisors, the possible impacts to the Group arising from the other claims would not be significant. In addition, the Group has an amount of EUR 8,970 thousand (EUR 6,529 thousand as of December 31, 2023) in respect of withholdings made to contractors as a guarantee, as well as provisions for guarantees linked to developments delivered, which will be used for this purpose in the event of a resolution unfavorable to the Group's interests (Note 2.4).

13. Bank borrowings and other financial liabilities

13.1 Bank borrowings

Details of bank borrowings and other financial liabilities as of June 30, 2024, and as of December 31, 2023 are as follows:

	Thousands of euros	
	30.06.2024	31.12.2023
Long-term bank borrowings:		
Mortgage loans and other debt (*)	197.126	163.468
Total (non-current)	**197.126**	**163.468**
Short-term Bank borrowings:		
Mortgage loans and other debt (*)	201.294	217.276
Interest payable	1.596	2.845
Total (current)	**202.890**	**220.121**

(*) Borrowings are presented at amortised cost, net of the debt arrangement expenses incurred in 2024 amounting to EUR 6,804 thousand (EUR 3,503 thousand as of December 31, 2023). Also, there is an amount of EUR 26,200 thousand related to financial debt associated to non-current assets held for sale described in Note 7, which are registered under the account "Non-current liabilities held for sale"

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

June 30, 2024

Scheduled maturities:	30.06.24
2024	130.930
2025	44.118
2026	139.433
2027 and following	85.535
Total	**400.016**

December 31, 2023

Scheduled maturities:	31.12.2023
2024	173.220
2025	105.498
2026	79.084
2027 and following	21.787
Total	**383.589**

Long-term and Short-term bank borrowings

Mortgage loans and other debts

The balance recorded under the heading "Debts with credit institutions – Mortgage loans" in the previous table amounting to EUR 201,294 thousand as of June 30, 2024 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 (EUR 217,276 thousand as of December 31, 2023). These loans accrue a market interest rate and have their final maturity established between 2024 and 2057.

In most of these loans, certain consolidated companies act as joint and several guarantors.

Specifically, the Group has contracted 12 new mortgage loans during the first half of 2024 of which an amount of EUR 38,775 thousand has been arranged. Finally, there have not been extensions, of limit and maturity, of loans contracted during previous years.

The Group has financing granted by Sociedad de Gestión de Activos Procedentes de la Reestructuración Bancaria, S.A. ("SAREB"), whose amortised cost amounted to EUR 23,704 thousand. The interest rate payable is 1% with the following repayment schedule:

Scheduled maturities:	Thousands of euros
31 July 2024	13.151
31 July 2025	10.553
Total	**23.704**

During 2023, the Group contracted 8 mortgage loans on various developments with the financial institution CaixaBank, S.A. with associated guarantees on the assets financed, for the amount of EUR 79,300 thousand. The Group also has a derivative contract associated with 6 of these mortgage loans, covering 75% of the interest rate associated with the financing.

Finally, on March 16, 2023, the Parent Company signed a finance contract amounting EUR 140 million with several financial entities, which is granted for some of the Group Companies (Neinor Península, S.L.U., Neinor Sur, S.A.U., Neinor Norte, S.L.U. and Rental Homes Propco, S.L.U.). This loan will be paid in two identical installments, one in 2025 and another in 2026. The interest rate accrued on this loan would be the applicable Euribor plus a margin. After the Group made the advance payment of EUR 35 million in the first semester of 2024, the Group has signed a modifying and non-extinguishing novation of this contract, extending the maturity of the loan, which is now payable in two installments, one that involves the payment of two thirds of the amount in the 2026 financial year and the rest in the 2027 financial year. This novation has also involved the incorporation of an additional lender that has covered the advance amount, as well as the extension of the loan by an additional 35 million euros, amounting to the principal of the loan as of June 30, 2024, to EUR 175 million. This debt limit has been complemented with additional land financing of

EUR 25 million. On the other hand, this novation has incorporated some additional guarantee in which the company of the Neinor Rental Opco, S.L.U. Group is included.

On June 6, 2017, the Group signed a factoring with recourse contract with a financial institution for the financing mainly of input VAT on certain land purchase operations. The contract had an initial duration of one year with annual tacit renewal. This contract accrues a market interest rate. As of June 30, 2024, the limit of the factoring line amounts to EUR 15 million, with no balance having been drawn up as of June 30, 2024 and December 31, 2023. As a guarantee of the return of the financing, the amounts owed to it by virtue of the operations carried out will remain.

All the loans and credit facilities outstanding as of June 30, 2024, and December 31, 2023, indicated above were arranged with leading banks and bear interest tied to Euribor plus market spreads.

The interest rate applicable to the Group, in general terms, is tied to Euribor plus a market spread. The average cost of the borrowings calculated for 2024 and 2023 are 4.38% and 4.00%, approximately. In this regard, we must consider the Group's derivative contracts (Note 8) which minimize the cost of the debt in a relevant way.

Covenants and early repayment clauses

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

- Obligation to achieve a firm and irrevocable LTV Ratio, taken to be the ratio of Net Debt to the Net Value of the Group Properties (in both cases capex financing should be deducted), which must be below 40%, to be fulfilled annually at the end of the year and for the 6 months´ interim closing.

- In relation with the factoring contract (not available to date), 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, to be fulfilled annually. Please take into account this EBITDA may differ from the "Company EBITDA".

- Regarding the new financing agreement signed by the Parent Company in May 2023, it is also stated that the Group must comply with a minimum cash amount of EUR 50 million, for the 6 months´ interim closing and at year end if extraordinary dividends are distributed, as well as a net valuation of assets above EUR 600 million. Furthermore, the novation signed during 2024 establish some limits for dividend payments to be fulfilled annually at the end of the year and for the 6 months´ interim closing.

As of June 30, 2024, and December 31, 2023, the Group was fully compliant with the early maturity clauses established in the aforementioned loans. Likewise, the Group expects to comply with the covenants and clauses established as of December 31, 2024.

Other

Additionally, the Group has several confirming lines arranged by its suppliers for an amount of EUR 13,888 thousand as of June 30, 2024, whose limit amounts to EUR 81,586 thousand at that date.

Risk management

The basic risks the Group is exposed to as well as the risk management policies are detailed in the consolidated financial statements for 2023 and are reproduced in the directors report which forms part of these half-yearly condensed consolidated financial statements.

14. Tax matters

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

The Group calculated the provision for income tax as of June 30, 2024 in accordance with the applicable tax legislation. However, if the tax treatment were to differ from that provided for in current legislation as a result of tax reforms, such treatment would be applied immediately in the financial statements issued subsequent to the approval.

The account payable arising from the calculation of the income tax expense for the six-month period ended June 30, 2024, is recognised under "Receivable from Public Authorities" in the accompanying half-yearly condensed consolidated statement of financial position.

Tax receivables and payables

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

	Thousand euros							
	30.06.24				31.12.23			
	Tax assets		Tax liabilities		Tax assets		Tax liabilities	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
VAT receivable / payable	-	7.122	-	8.771	-	4.505	-	21.210
Income tax receivable	-	15.629	-	5.794	-	19.068	-	5.270
Personal income tax withholdings payable	-	390	-	924	-	14	-	2.865
Receivables granted subsidies	-	903	-	-	-	900	-	-
Social Security contributions payable	-	-	-	779	-	-	-	1.307
Deferred tax assets	90.060	-	-	-	105.585	-	-	-
Deferred tax liability	-		7.583	-	-	-	10.807	-
	90.060	**24.454**	**7.583**	**16.268**	**105.585**	**24.487**	**10.807**	**30.652**

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

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

- VAT of Neinor Península, S.L.U. for 2015 and 2016.
- Income tax of Neinor Península, S.L.U. for 2015.

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

On January 2019 the Group received notification of final disciplinary proceedings concerning the tax inspections relating to Neinor Península, S.L.U., which gave rise to adjustments to tax payable amounting to EUR 3,272 thousand, which were recognised under "Income Tax" in the consolidated statement of profit or loss for the year ended on December 31, 2018, and also penalties and late-payment interest of EUR 793 thousand and EUR 417 thousand recognised under "Other Operation Expenses" and "Finance Costs (Net of Capitalised Finance Costs)", respectively, in the consolidated statement of profit or loss for the year ended December 31, 2018. Although pleadings have been filed against this decision, providing a guarantee of EUR 3 million, the Parent directors, in accordance with the opinion of their external tax advisers, evaluated payment of these amounts probable since a final decision has been handed down in this connection. In this regard, provision is recognized under the caption "Tax payables" of the consolidated balance sheet as of June 30, 2023, and December 31, 2022. In addition, during the initial procedural formalities, penalties of EUR 6,3 million also became evident, but no provision has been recorded, considering that the administrative appeal filed by the Group will, in any event, give rise to a favourable outcome for it. This policy has also been approved by the Group external tax advisers.

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

Deferred tax assets

The taxable bases recorded correspond to the companies of the Neinor Works, S.L.U. and Neinor Península, S.L.U. Group, as it is considered reasonably assured the obtaining of future tax benefits that allow the partial offsetting of the negative taxable bases of these companies. In this regard, these companies have managed to obtain positive operating results during this year and the Group is complying with the budget drawn up, with adequate visibility of the sales figure for the coming years in accordance with the amount of pre-sales achieved in the developments under development.

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

In addition, as a result of the purchase price allocation process relating to the business combination of Quabit Inmobiliaria, S.A., deferred tax assets amounting to EUR 68 million associated with that transaction were identified, of which EUR 12,4 million correspond to negative tax bases, since it was determined as reasonably assured the obtaining of future tax benefits that will allow their compensation.

As of June 30, 2024, under "Deferred tax assets" an amount of EUR 90,060 thousand is recognized (EUR 105,585 thousand as of December 31, 2023). The recoverability has been analyzed considering the impact on assets valuation considering the most probable scenario (Notes 7 and 9), and the forecasts contained in the 2023-2027 strategic plan. There is no strategy contained in the new plan that influences the recovery, in time and form, considering the temporal and quantitative limitations established in tax regulations.

Other tax aspects

In March 2022, the OECD approved an international tax mechanism called Pillar 2, through which, multinational companies with revenues above EUR 750 million must pay taxes of at least 15% on the income generated in each of the different jurisdictions in which they operate. To date, the corresponding Spanish regulations to implement Pillar 2 are in development. This regulation is expected to be applicable to the Group since it pays taxes in two jurisdictions in Spain, state and regional territory. In this regard, we must bear in mind that, in the case of large national groups, such as the Neinor Homes Group, the supplementary tax will be zero in the first five years, starting from the first day of the tax year in which it falls within the scope of the Directive.

As a result of the investments made in several Economic Interest Groupings during the financial year 2022, the Group consolidates fiscally with several Economic Interest Groupings dedicated to research and development and film activities, subject to review by the tax authorities. These Economic Interest Grouping entailed an attribution of income amounting to EUR 22,977 thousand and the application of a deduction of EUR 6,859 thousand in the financial year 2023. All this has led to a reduction in the account payable with the Tax Administration for the amount of EUR 12,603 thousand in the aforementioned year. During the current financial year 2024, the Group has received a refund from the Tax Agency in the amount of EUR 17,925 thousand for tax incentives derived from these Groupings. On the other hand, during the first half of 2024, the Group has liquidated practically all these investments.

The Judgment of the Constitutional Court dated January 19, 2024, has declared unconstitutional certain measures in Corporate Income Tax introduced by Royal Decree-Law 3/2016 of December 2, relating to the setting of more severe ceilings for the compensation of negative tax bases, the introduction of a limit on the application of double taxation deductions and the obligation to automatically include impairment of shares in the tax base that have been deducted in previous years. On January 15, 2024, the Group has submitted a claim for the rectification of the settlements for the years 2018, 2019 and 2020 of the company Neinor Sur, S.A.U. In this regard, the Group's tax advisors consider that the claim filed will be highly probable and, therefore, the Group has recognized the right to collection and derecognized the capitalized deferred tax assets amounting to EUR 13.4 million as a refund, to which EUR 1.6 million is added as interest recognized under the heading "Financial income" in the consolidated summary income statement. Finally, regarding the estimate of the recovery of tax credits in the future, the Group maintains a conservative criterion as it considers a scenario of uncertainty if new compensatory measures are approved by the Government on a prospective basis.

The Directors of the Parent Company and its internal and external tax advisors do not expect additional material liabilities not covered to accrue as a result of the review that may occur by the Tax Administration of the years open to inspection.

15. Revenue and expense

15.1 Revenues

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

15.2 Cost of sales

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

	Thousand euros Total Group	
	30.06.24	30.06.23
Sites and land	1.857	5.083
Construction work in progress and completed buildings	117.950	111.690
Total	**119.807**	**116.773**

15.3 Employee benefits expense and average headcount

Details of "Employee benefits expense" are as follows:

	Thousand euros	
	30.06.24	30.06.23
Wages, salaries and similar expenses	14.594	14.915
Termination benefits	569	179
Social security costs	3.429	3.409
Other employee benefit costs	319	273
Total	**18.911**	**18.776**

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

The two metrics of measurement of compliance of the plan is linked to the Total Return to Shareholder (RTA), defined as dividends distributed, reduction of share capital and cancelation of treasury shares by Neinor Homes, S.A., all of them aligned with the Strategic Plan 2023-2027, with minimum compliance of 85% of Company EBITDA and effective dividend payment or cancellation of treasury shares being necessary to accrued the incentive. No expense has been registered yet (nor at 31 June 2023), as no effective dividend payment or cancellation of treasury shares took place during the period.

As of June 30, 2024, the average headcount at Group companies for Quabit Construcción, S.A. and Renta Garantizada, S.A. is 192 and 39 people respectively (194 and 31 as of June 30, 2023). The average headcount for the other Neinor Homes companies disclosed by category as of June 30, 2024, and 2023, is as follows:

	30.06.24			30.06.23		
	Women	Men	Total	Women	Men	Total
Higher degree staff	91	124	215	91	130	221
Medium degree staff	34	12	46	39	26	65
Total	**125**	**136**	**261**	**130**	**156**	**286**

In addition, as of June 30, 2024, the Group had 2 employees with a disability of more than 33% (2 employees in June 30, 2023).

15.4 External services

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

	Thousand euros	
	30.06.24	30.06.23
Leases and royalties	3.193	2.844
Maintenance	1.181	936
Independent professional services	4.388	7.118
Transport	2	-
Insurance premiums	835	779
Bank services	641	634
Advertising and marketing	1.430	1.568
Supplies	843	1.163
Other external services	3.065	3.045
Levies (Note 10)	2.412	2.602
Other current expenses	128	-
Total	**18.118**	**20.689**

"Independent Professional Services" in the foregoing table includes mainly the fees accrued in the period by the investment property agents and other intermediaries involved in the sales, amounting EUR 1,7 million as of June 30, 2024, (EUR 3,8 million as of June 30, 2023).

Additionally, under the caption "Levies" property tax expenses are registered amounting to EUR 1,2 million (EUR 1,8 million as of June 30, 2023).

15.5 Changes in trade provisions

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

	Thousand euros Income / (Expense)	
	30.06.24	30.06.23
Change in trade provisions – Others		
Provision for bad debts (Notes 4.10 y 14)	(15)	-
Net accruals for after-sale provisions	(339)	-
Other provisions	(861)	(577)
Total change in trade provisions	**(1.215)**	**(577)**

16. Related party transactions

The Group "related parties" are deemed to be, in addition to the subsidiaries, associates and jointly-controlled entities, the shareholders, the Parent "key management personnel" (its directors and managers, and their close family members) and the entities over which key management personnel may exercise significant influence or control or by which they may be influenced. Specifically, related party transactions are deemed to be transactions with parties outside the Group but with which there are ties as defined in Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, and in Spanish National Securities Market Commission (CNMV) Circular 1/2005, of 1 April. Pursuant to the aforementioned criteria, for disclosure purposes the bank Banco de Santander, S.A. is considered a related party, due the link between a senior executive and director of the group and one of the directors. Also, in accordance with the definitions and criteria contained in these provisions, Orion V European 24, S.À.R.L, Land Company 2020, S.L. Global Hespérides, S.L., Rayet Medio Ambiente, S.L., Grupo Rayet, S.A., Sistemas Integrales Cualificados, S.L., UTE I-15 Alovera, Global Henares, S.L. ,Editorial Nueva Alcarria, S.A., Ablanquejo, S.L., Restablo Inversiones, S.L. y Fincas Cuevas Minadas, S.L.., are also considered to be related companies, due to their relatedness to shareholders, directors and managers.

The transactions carried out with related parties in the 6-month period ended on June 30, 2024 and 2023 is as follows:

	Thousands of Euros					
	Income			Expenses		
	Net Revenues (Note 13.1)		Financial Incomes	Cost of Sales – Purchases (Note 15.2)	External Services (Note 15.4)	Financial costs (Note 11)
Six-month period ended 30 June 2024	Sales	Services Provided				
Associates and joint-ventures						
Nicrent Residencial, S.L.	-	46	38	-	-	-
Pegasus Holdco, S.L. (**)	-	-	48	-	-	-
JV Panoramic, S.L. (**)	-	35	33	-	-	-
Total associated and joint ventures	-	**81**	**119**	**-**	-	-
Other Group´s "related parties"-						
Banco Santander, S.A.	-	-	1.520	-	127	7.267
Land Company 2020, S.L.	6.394	-	-	-	-	-
Grupo Rayet S.A.	-	-	-	52	-	-
Global Hespérides, S.L.	-	39	-	-	629	-
Rayet Medio Ambiente, S.L.	-	-	-	1.149	-	-
Sistemas Integrales Cualificados, S.L.	-	-	-	-	130	-
Editorial Nueva Alcarria, S.L.	-	-	-	-	4	-
Ablanquejo, S.L.	-	-	-	-	300	-
UTE I-15 Alovera	752	-		1.596	-	-
Total Group's "related parties"	**7.146**	**39**	**1.520**	**2.797**	**1.190**	**7.267**
Total	**7.146**	**120**	**1.639**	**2.797**	**1.190**	**7.267**

Six-month period ended 30 June 2024	Thousands of Euros					
	Income			Expenses		
	Net Revenues (Note 13.1)		Financial Incomes	Cost of Sales – Purchases (Note 15.2)	External Services (Note 15.4)	Financial costs (Note 11)
	Sales	Services Provided				
Associates and joint-ventures						
Nicrent Residencial, S.L.	-	-	34	-	-	-
Total associated and joint ventures	**-**	**-**	**34**	**-**	**-**	**-**
Other Group´s "related parties"-						
Banco Santander, S.A.	-	-	-	-	21	5.452
Santander Lease, S.A.	-	-	-	-	-	-
Global Hespérides, S.L.	-	-	-	-	46	-
Rayet Medio Ambiente, S.L.	-	-	-	-	-	-
Sistemas Integrales Cualificados, S.L.	-	-	-	-	146	-
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-
Ablanquejo, S.L.	-	-	-	-	300	-
UTE I-15 Alovera	6.192	-	18	2.057	-	-
Total Group's "related parties"	**6.192**	**-**	**18**	**2.057**	**513**	**5.452**
Total	**6.192**	**-**	**52**	**2.057**	**513**	**5.452**

The breakdown of the transactions carried out is as follows:

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

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

The balances held with companies related to the Group as of June 30, 2024 and December 31, 2023 are as follows:

June 30, 2024

Thousands of Euros	Cash and cash equivalents	Long term bank loans	Short term bank loans	Other short term financial liabilities	Other long term financial assets	Other short term financial assets	Accounts payable	Accounts receivable	Supplier prepayments
Associates and Joint-ventures (*)									
Programa de actuación de Baleares, S.L.	-	-	-	-	7.194	39	-	-	-
Masia del Monte Sano, S.L.	-	-	-	78	-	-	-	-	-
Nicrent Residencial, S.L.	-	-	-	-	-	1.715	-	88	-
Pegasus Holdco, S.L. (**)	-	-	-	-	1.932	-	-	6	-
JV Panoramic, S.L. (**)	-	-	-	-	1.090	-	-	2.231	-
Total associates and Joint-ventures	**-**	**-**	**-**	**78**	**10.216**	**1.754**	**-**	**2.325**	**-**
Otras sociedades vinculadas-									
Banco Santander, S.A.	133.396	37.500	41.378	-	-	10	2.458	-	-
Land Company 2020, S.L.	-	-	-	-	-	-	-	2.479	-
Global Hespérides, S.L.	-	-	-	440	-	-	9	16	-
Grupo Rayet, S.A.	-	-	-	18	531	-	152		-
Rayet Medio Ambiente, S.L.	-	-	-	-	515	129	13	-	-
UTE 15-ALOVERA	-	-	-	-	-	437	-	4.894	1.864
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-	4	-	-
Restablo Inversiones S.L.	-	-	-	6	-	-	-	-	-
Ablanquejo, S.L.	-	-	-	-	-	-	121	-	-
Sistemas Integrales Cualificados	-	-	-	-	-	-	5	-	-
Global Henares, S.L.	-	-	-	-	-	-	13	-	-
Fincas Cuevas Minadas, S.L.	-	-	-	-	-	-	-	1	-
Total related parties	**133.396**	**37.500**	**41.378**	**464**	**1.046**	**576**	**2.775**	**7.390**	**1.864**
Total	**133.396**	**37.500**	**41.378**	**542**	**11.262**	**2.330**	**2.775**	**9.715**	**1.864**

(*) As a result of the business combination with Quabit Inmobiliaria S.A., the Group holds stakes in Alboraya Marina Nova, S.L., Programa de Actuación de Baleares, S.L. and Masia del Monte Sano, S.L. at a cost of EUR 552 thousand as of June 30, 2024.
(**) As a result of the co-investment agreements entered into by the Group, the Group holds stakes in Nicrent Residencial, S.L., Pegasus Holdco, S.L. and JV Panoramic, S.L. for an amount of EUR 8,621 thousand.

December 31, 2023

Thousands of Euros	Cash and cash equivalents	Long term bank loans	Short term bank loans	Other short term financial liabilities	Other long term financial assets	Other short term financial assets	Accounts payable	Accounts receivable	Supplier prepayments
Associates and Joint-ventures									
Programa de actuación de Baleares, S.L. (*)	-	-	-	-	-	7.217	-	9	-
Masia del Monte Sano, S.L. (*)	-	-	-	78	-	-	-	-	-
Nicrent Residencial, S.L. (**)	-	-	-	-	-	1.721	-	32	-
Pegasus Holdco, S.L. (**)	-	-	-	215	1.652	-	-	375	-
JV Panoramic, S.L. (**)	-	-	-	-	1.057	-	227	2.261	-
Total associates and Joint-ventures	**-**	**-**	**-**	**293**	**2.709**	**8.938**	**227**	**2.677**	**-**
Other Group´s “related parties”-									
Banco Santander, S.A.	85.605	50.000	33.367	-	-	10	-	-	-
Global Hespérides, S.L.	-	-	-	976	-	-	5	21	-
Restablo Inversiones S.L.	-	-	-	-	-	-	6	-	-
Global Henares	-	-	-	-	-	-	13	-	-
Grupo Rayet, S.A.	-	-	-	18	531	-	152	2	-
Rayet Medio Ambiente, S.L.	-	-	-	-	515	129	4	-	-
UTE 15-ALOVERA	37	-	-	-	-	400	260	6.802	1.864
Editorial Nueva Alcarria, S.L.	-	-	-	-	-	-	3	-	-
Ablanquejo, S.L.	-	-	-	-	-	-	61	-	-
Fincas Cuevas Minadas, S.L.	-	-	-	-	-	-	3	1	-
Total related parties	**85.642**	**50.000**	**33.367**	**1.000**	**1.046**	**539**	**507**	**6.826**	**1.864**
Total	**85.642**	**50.000**	**33.367**	**1.293**	**3.755**	**9.477**	**734**	**9.503**	**1.864**

During May 2021 Neinor Homes Group in alliance with Cevasa Group were awarded the tender promoted by the public company Habitatge Metròpolis Barcelona, S.A. (50% owned by the Barcelona Metropolitan Area and the other 50% by Barcelona City Council) for the construction and subsequent rental management of 4,500 homes with some public protection regime in the metropolitan area of Barcelona. In this regard, on June 9, 2021, Neinor Homes S.A. and Compañía Española de Viviendas en Alquiler, S.A. (“Cevasa”) constituted, jointly and 50%, the company Nicrent Residencial S.L. with an initial share capital of EUR 3 thousand, having made in November 2021 through Nicrent Residential, S.L. a monetary contribution of EUR 12 million to Habitatge Metròpolis Barcelona, S.A. (proportionally between Neinor Homes, S.A. and Cevasa), obtaining in consideration a 50% share in its share capital. According to the tender, Nicrent Residencial, S.L. is also committed to make, for an estimated period of 1 to 5 years, successive contributions totaling, together with the initial contribution abovementioned, an amount that is between a minimum of EUR 58 million and a maximum of EUR 104 million, approximately. The public shareholders of Habitatge Metròpolis Barcelona, S.A. will contribute to this company the land required for the construction of these homes and will make the necessary monetary contributions so that their 50% stake is not altered. From its entry into the share capital of Habitatge Metròpolis Barcelona, S.A., Nicrent Residencial, S.L. will be in charge of the administrative and asset management of Habitatge Metròpolis Barcelona, S.A., which will involve, among others, the management of the construction and development of the land of this company and the management of the rental of the housing stock, obtaining a market remuneration for it. In this regard, the Group is expected to make contributions amounting to EUR 5,5 million once the building corresponding licenses related to the second phase of the development are obtained.

In addition, during 2023 the Group reached several joint venture agreements with two companies and as a result has acquired a 10% stake in JL Panoramic DV, S.L. and Pegasus Holdco, S.L. In this regard, the Parent Company has granted a participative loan for the amount of EUR 1,882 thousand as principal and EUR 50 thousand as interest to Pegasus Holdco, S.L. and an amount of EUR 1,055 thousand and EUR 35 thousand as interest to JV Panoramic DV, S.L.

Finally, on November 13, 2023, Neinor Homes, S.A. reached an investment agreement with Proptech Ventures, S.L. and its subsidiary Urbanitae Real Estate Platform, S.L. for the acquisition of land for a maximum amount of 150 million euros. Each investment will involve a 20% stake by Neinor and 80% by the vehicle used by Urbanitae. In this regard, in July 2024, the Group made contributions to this company, holding 50% of the shared in Brick Opportunities 9, S.L. as is described in Note 2.10.

17. Legal information relating to the Board of Directors and Senior executives

Information regarding situations of conflict of interest by the Directors

During the period ended June 30, 2024, the current and former Directors of the Parent Company have not carried out with the Parent Company, or with companies of the Group to which It belongs, operations outside ordinary traffic or under conditions other than those of the market.

In addition, during the financial year 2023 the Parent Company reached a co-investment agreement with Orion Capital Managers, which is the company that maintains control of Orion European Real Estate Fund V, SPV, which holds 29.52% of the Group's voting rights (Note 16). In this regard, two of the directors of the Parent Company hold positions in the company and therefore, the Group classified the existence of a conflict of interest. In this regard, the purpose of the operation is the investment and subsequent management of an investment vehicle for the development of a portfolio of assets. However, the contract was made based on the principle of equal treatment and for the benefit of the Group.

Likewise, during the current financial year, the members of the Board of Directors of the Parent Company, as well as certain people related to them as defined in the Spanish Limited Liability Companies Law, have not maintained relations with other companies that, due to their activity, could represent a conflict of interest for them or for the Parent Company. No communication has been made to the competent bodies in the sense indicated in Article 229, which is why these consolidated interim financial statements do not include further breakdowns in this regard.

Directors compensation and other benefits

As of June 30, 2024, the Directors of the Parent Company, including those who have at the same time the status of members of the Senior Management (1 person as of June 30, 2024 and 2023), have received a fixed and variable compensation for their position as administrators amounting EUR 2,013 thousand (EUR 1,401 thousand on June 30, 2023). In addition, the Group has not recorded any expense charged to the "Employee benefits expenses" caption in the accompanying consolidated income statement (no expense as of June 30, 2023) in relation to the management incentive plans. During the six-month period of 2024 and 2023 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 104 thousand in 2024 (EUR 114 thousand in 2023).

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

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

Senior executive compensation and other benefits

The remuneration accrued as expense of the Parent senior executives and persons discharging similar duties, including those who are simultaneously members of the Board of Directors (one person), as of June 30, 2024, and June 2023 is summarised as follows:

Number of employees		Thousands of euros					
		30.06.24			30.06.23		
30.06.24	30.06.23	Fixed and variable remuneration	Other remuneration	Total	Fixed and variable remuneration	Other remuneration	Total
6	6	938	-	938	937	-	937

Likewise, the remuneration paid to the Parent senior executives and persons discharging similar duties, including those who are simultaneously members of the Board of Directors (one person), as of June 30, 2024, and June 2023 is summarised as follows:

Number of employees		Thousands of euros					
		30.06.24			30.06.23 (*)		
30.06.24	30.06.23	Fixed and variable remuneration	Other remuneration	Total	Fixed and variable remuneration	Other remuneration	Total
6	6	5.086	-	5.086	4.205	-	4.205

(*) Amount included in the summarized consolidated interim financial statements as of June 30, 2023.

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

18. 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.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

DIRECTOR'S REPORT

Year ended June 30, 2024

Neinor Homes, S.A. and Subsidiaries

1. <u>The Group: Organisational structure and operation</u>

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

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

In 2017, the Parent, Neinor Homes, S.A. was registered as a public limited liability company ("S.A.") (a transaction that was formalised by virtue of a public deed executed on March 1, 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 March 29, 2017 with the prior authorisation of the Company's sole shareholder on 6 March 2017.

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

On January 11, 2021, the draft terms of merger of Neinor Homes, S.A. (absorbing company) and Quabit Inmobiliaria, S.A. (absorbed company) were approved by the companies' respective Boards of Directors, and the validity of the draft terms of merger were conditional upon the occurrence of the following several suspensive conditions. The acquisition date was established as 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 February 23, 2022, the sole director of Neinor Península, S.L.U. approved the draft terms of the merger of 62 subsidiaries of the Quabit subgroup (the absorbed companies) into Neinor Península, S.L.U. (the absorbing company).

On 23 August 2022, Neinor Sur, S.A.U. was partially spun off. On the basis of the related draft terms of division, Neinor Península, S.L.U. transferred to Neinor Homes, S.A. all the shares of Neinor Sur, S.A.U., together with all the other principal and accessory assets and liabilities associated with those shares.

On September 8, 2022, the company Rental Homes Propco, S.L. incorporated a single-person limited liability company called Sky Rental Homes Propco, S.L.U. Likewise, on October 11, 2022, the company Neinor Homes, S.A. incorporated the company Rental Homes Holdco, S.L..

Additionally, on October 11, 2022, the company Rental Homes Propco, S.L. incorporated the following companies: Europa Rental Homes PropCo, S.L., Sky Coliving Homes Propco, S.L. and Rental Homes NX Propco, S.L.

During the 2023 financial year and in line with the new strategic co-investment plan approved by the Company, on June 29, Neinor Homes, S.A. acquired 10% of the company Twintress, S.L. (name that has been modified by JL Panoramic DV, S.L.), acquiring the remaining 90% from Callixto Holding Lux, S.À.R.L. The ultimate purpose of the acquisition of this stake is to carry out co-investment agreements amounting to €100 million in which the Group will act as managing partner of the development to be developed, supervising the design of the project, granting of licences, marketing and construction. In this regard, one of the Group's companies, Neinor Península, S.L.U., formalised in December 2023 an agreement for the sale of a plot of land, in which a real estate development will be developed with JL Panoramic DV, S.L.

In the same vein, on July 26, 2023, Neinor Homes, S.A. reached an investment agreement for the acquisition of several plots of land for an amount of €50 million, of which €40 million has been invested to date to develop a Build to Sell residential project through a shell company with Orion V European 24, S.À.R.L., a company related to one of the Group's shareholders. In this regard, Neinor Homes, S.A. acquired 10% of the shares in the share capital of the company Pegasus Holdco, S.L.

Additionally, on November 13, 2023, Neinor Homes, S.A. reached an investment agreement with Proptech Ventures, S.L. and its subsidiary Urbanitae Real Estate Platform, S.L. for the acquisition of land for a maximum amount of 150 million euros. Each investment will involve a 20% stake by Neinor and 80% by the vehicle used by Urbanitae. In this regard, on July 1, 2024, the Parent Company has made contributions amounting to 799 thousand euros, now holding a 50% stake in the company Brick Opportunities 9, S.L., within the announced co-investment strategy and by which the partners have committed to make contributions of up to 3,855 thousand euros. This company will develop a residential development in which the Group is entrusted with the purchase, development, management and administration of the assets in exchange for a market commission.

In addition, on July 10, 2024, the Group has reached an agreement with Octopus Real Estate for the development of a portfolio of homes for Senior Living, which will be done through a co-investment vehicle, with an investment of between 100 and 200 million euros expected by both parties.

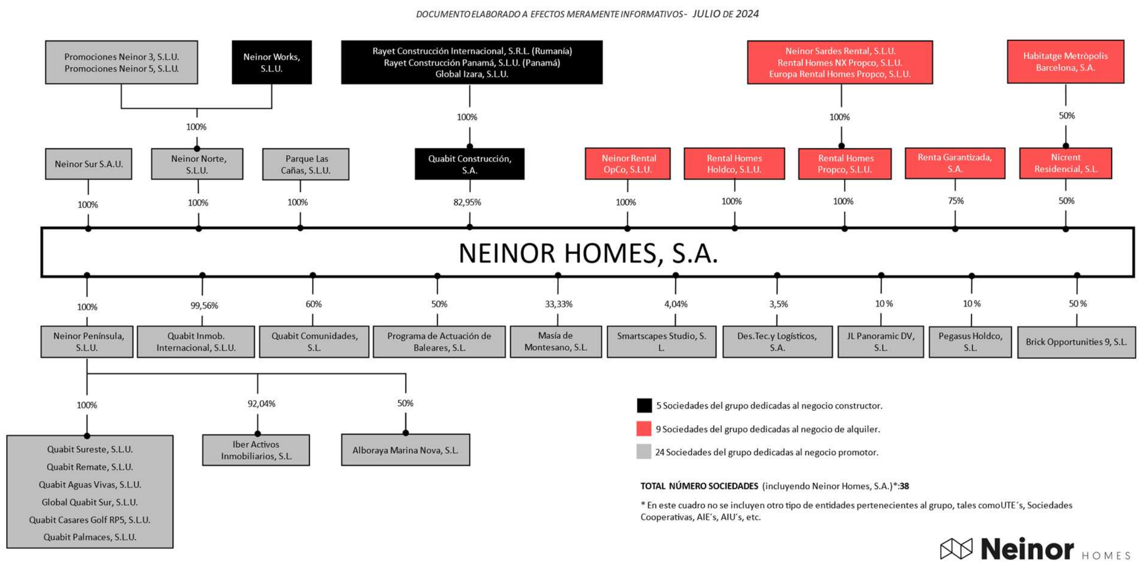
In 2023, Neinor also began a rental divestment process as a result of which five BTR developments (Hacienda, Sky, Lira, Europa and Dual), representing a total of 692 units, were sold throughout the year for more than EUR 176 million to both institutional investors and *family offices*. In addition to these, the company Espalmador 45, S.L. was also sold for an amount of EUR 12 million.

On 12 July 2024, the Group formalised the sale of the company Rental Homes NX Propco, S.L., the holding company of 3 real estate investments located in Alovera, for €58 million. The sale of this company is subject to the delivery of the goods under certain formal conditions that depend on the Group itself

As a result of the operations mentioned above and continuing with the shareholder remuneration target, on February 19, 2024, the Group has distributed a dividend in the amount of €39,733 thousand via a share capital reduction in that amount, by reducing the nominal value of the shares by €0.53. Likewise, as of the date of preparation of these half-yearly consolidated summary financial statements, the Board of Directors has approved a shareholder remuneration proposal of €37,484 thousand via share capital reduction and which will be paid on July 31, 2024, with remuneration of €0.50 per share. Likewise, as approved at the Ordinary General Shareholders' Meeting on April 17, 2024, another dividend is expected to be distributed during the months of October or November 2024 in the amount of €37,484 thousand.

Currently, Neinor Homes, S.A. is the head of a business group that carries out its activities directly or through shareholdings in different companies.

The corporate structure of Neinor Homes, S.A. and subsidiaries ("the Group") is attached below:



The Group's business activity is carried out entirely in Spanish territory, and mainly through three lines of business:

A) Business line "Development":

The Group's main and strategic activity is based on the acquisition of land for residential use for subsequent development.

The company's land portfolio is made up of 225 developments with more than 10,600 buildable units. This portfolio is distributed in seven regions of the company's activity, which are: Madrid, Guadalajara, Catalonia, the Basque Country, Valencia, the Balearic Islands and Andalusia.

B) "Co-investment" business line:

In line with the strategic plan for the period 2023-2027, the Company has signed co-investment agreements to date for an amount of up to €500 million.

C) "Rental" line of business:

Today, the portfolio of the Company's Rental business is made up of 8 developments and close to 1,100 units.

The Company continues during the first half of 2024 with the divestment process.

At the level of organizational structure, the Group has a Board of Directors and three committees: the Audit and Control Committee, the Appointments and Remuneration Committee, and the Real Estate Investment Committee.

During the 2024 financial year, until the approval of the half-yearly accounts for that year, the

Board met 7 times, the Audit and Control Committee on 4 occasions, the Appointments and Remuneration Committee on 2 occasions and the Real Estate Investment Committee on 3 occasions.

The main agreements, approvals and oversight activities by the Board and the Committees that have taken place in that period of 2024 are detailed below:

- a- Review of performance and approval of the bonus accrued by employees and senior management during 2023.
- b- Review and approval of fixed salaries for employees and senior management by 2024.
- c- Review of performance and approval of the objectives and incentives accrued by the CEO in 2023.
- d- Review and approval of the CEO's fixed salary for 2024.
- e- Preparation of the Company's individual financial statements and standalone management report for the year ended December 31, 2023
- f- Preparation of the consolidated financial statements and consolidated management report for the year ended December 31, 2023
- g- Proposal for the application of the profit for the year ended December 31, 2023
- h- Examination and approval of the Annual Financial Report for the year ended December 31, 2023.
- i- Examination and approval of the summary financial statements for the twelve months of the year ended December 31, 2023
- j- Review and approval of the Annual Corporate Governance Report (IAGC) for the year ended December 31, 2023, including the review of the category of each director, following a favourable report from the Audit and Control Committee and the Appointments and Remuneration Committee
- k- Review and approval of the Annual Report on Directors' Remuneration (IAR) for the year ended December 31, 2023, following a favourable report from the Appointments and Remuneration Committee
- l- Examination and approval of the reasoned proposal to be submitted to the General Shareholders' Meeting on the modification of the Directors' Remuneration Policy
- m- Review of the evolution and approval of the incentives accrued in relation to the MIP 2023-2025 and the objectives of the MIP 2023-2025 for the financial year 2024
- n- Examination and approval of the Statement of Non-Financial Information / Sustainability Report
- o- Consideration of the report on the independence of the auditors and on the provision of services other than audit
- p- Consideration of the report on related-party transactions and conflicts of interest
- q- Accounting of information on treasury stock transactions, in accordance with Article 7.8 of the Internal Code of Conduct on Securities Markets
- r- Business Plan Review and Approval
- s- Report on the press release and presentation of the Company's half-yearly and annual results
- t- Examination and approval of the proposal for the re-election of the Company's auditor, as well as his group, for the year ended December 31, 2024
- u- Proposal and approval of the novation of the terms and conditions of the senior financing agreement
- v- Examination and approval of the proposal to call and date of the next Ordinary General Meeting of shareholders of the Company.
- w- Review, approval, resolution and enforcement relating to capital reductions to return contributions to shareholders by reducing the nominal value of shares.
- x- Proposed schedule for the payment of dividends.
- y- Examination and approval of the Company's presentation of results for the first half of the year and update of the Capital Market Strategy.
- z- Training, monitoring of activities and review of the control structure for the fight against money laundering and terrorist financing.
- aa- Status and evolution of ESG activity
- bb- Periodic review of the company's internal control and risks
- cc- Business Line Update: Co-Investment, BTS, BTR, Affordable Housing, HMB
- dd- Activity Update: Business Planning, Land Purchase Planning, Construction Progress, Sales Performance

ee- Consideration and adoption of the annual report on the functioning of the Council and its Committees
ff- Review and approval of the information relating to the ICFR and the verification report and executive summary of the external auditor on the ICFR
gg- Report on the activities carried out by Internal Audit and GRC in the financial year 2023
hh- Review and approval of H1 financial information and consolidated summary interim financial statements
ii- Presentation of the audit work performed for the review of the H1 financial statements and external audit recommendations

At the end of each financial year, the company publishes on its website the Annual Report of the Board of Directors and its Committees, where you can consult the details of all the matters dealt with by the Board of Neinor Homes and by each of its Committees.

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

- Analysis and assessment of risks that affect internally and stakeholders.
- Integration of all regulatory environments and business processes.
- Homogeneous methodology in implementations and projects in terms of compliance.

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

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

The model dashboard integrates:

- The processes and procedures that affect a regulatory or operational compliance environment.
- The controls assigned to each risk and each environment.
- What risks each control mitigates or eliminates, which processes it affects.
- Who is responsible for each control, its supervision and when it is reported.

The GRC, Internal Audit & ESG department, made up of the areas of Internal Audit, Corporate Governance, Compliance, Risks, and Sustainability, is responsible for ensuring the entire integrated control and assurance system.

The Annual Corporate Governance Report is an integral part of the management report and its content can be accessed through the CNMV website (www.cnmv.es) and through the Neinor Homes https://www.neinorhomes.com/negocio-responsable-e-innovacion/gobierno-corporativo/ website.

2. Business performance and results - Significant figures

During the first half of the 2024 financial year, the Group recorded a turnover of EUR 170,363 thousand, obtaining a gross margin of EUR 50,556 thousand, and presented a Company EBITDA of EUR 21,490 thousand. At the equity level, total assets amounted to EUR 1,650,804 thousand, equity EUR 947,959 thousand and short- and long-term liabilities EUR 702,845 thousand.

Revenue and Gross Margin

By turnover, the development activity has accounted for revenues of EUR 166,051 thousand (EUR 150,392 thousand in sales and EUR 15,658 thousand in construction revenues) and a gross margin of EUR 46,622 thousand, obtaining a gross margin of 28.1%. The rental business line has accounted for a turnover of EUR 3,726 thousand, of which 1,784 thousand euros for the rental of the homes owned and EUR 1,942 thousand correspond to income from services related to rentals provided through the company Renta Garantizada, S.A.

Development's sales are mainly due to the completion and delivery of various promotions. The breakdown of the first half of the year is as follows: i) sales from deliveries from previous years: EUR 103,925 thousand, including Aqua Homes, with sales of EUR 22,245 thousand, Oasis Homes, with sales of EUR 17,413 thousand, Bonaire Homes, with sales of EUR 8,785 thousand, Torrejón Park, with sales of EUR 8,555 thousand; Vega Homes, with sales of EUR 6,101 thousand; ii) sales from new deliveries for the year: EUR 43,980 thousand, including Urban Homes IV, with sales of EUR 17,915 thousand, Sevilla Homes Village III, with sales of EUR 12,705 thousand, Serena Homes II, with sales of EUR 10,323 thousand and Sirio Homes, with sales of EUR 3,028 thousand; iii) sales from 3 plots of land for a total amount of EUR 2,487 thousand.

EBITDA

Company EBITDA for the period reached EUR 21,490 thousand, mainly due to Development with EBITDA of EUR 30,150 thousand, Rental with negative Company EBITDA of EUR 8,307 thousand and Servicing and others with negative Company EBITDA of EUR 353 thousand.

Profit for the Year

Consolidated profit for the 6-month period ended June 30, 2024 amounted to EUR 9,958 thousand, of which EUR 9,713 thousand corresponded to the parent company.

Financial situation

Short- and long-term liabilities as of June 30, 2024 amounted to EUR 702,845 thousand compared to EUR 667,610 thousand as of December 31, 2023 (an increase of EUR 35,235 thousand).

The debt position as of June 30, 2024 continues to have very solid debt ratios: 18.1% LTC and 14.3% LTV.

Financial Debt 30.06.2024

Short- and long-term debts to credit institutions as of 30 June 2024 amounted to €426.2 million, of which the breakdown of bank debt is as follows:

- Capex financing lines: €120.1 million.
- Land financing lines: 78.2 million euros.
- Rental financing lines: 58.1 million euros.
- Corporate financing lines: €175.0 million.
- Accrual of expenses: (6.8) million euros.
- Interest: 1.6 million euros.
- VAT lines: 0 million euros available.

On 15 March 2024, it signed a financing agreement for an amount of EUR 35 million with Sociéte Generale maturing in 2027 and on 12 June 2024 it signed a financing agreement for an amount of EUR 35 million with Kutxabank maturing in 2027.

3. __Environmental and personnel issues__

Given the activity to which the Neinor Homes Group is dedicated, it has no liabilities, expenses, assets, provisions and contingencies of an environmental nature that could be significant in relation to its equity, financial situation and results. In addition, the Group does not have any circumstances related to greenhouse gas emission rights.

The average number of people employed in the 6-month period ended June 30, 2024 and 2023 by Quabit Construcción, S.A. and Renta Garantizada S.A., is 192 and 39 people respectively (194 and 31 in the 6-month period ended June 30, 2023) with the breakdown of the category distribution of the number of people employed in the 6-month period ended June 30, 2023 being the breakdown of the number of people employed in the 6-month period ended June 30, 2024 and 2023 for Neinor Homes, the following:

	30.06.2024			30.06.2023		
	Women	Men	Total	Women	Men	Total
Higher education graduates	91	124	215	91	130	221
Intermediate graduates	34	12	46	39	26	65
Total	125	136	261	130	156	**286**

4. __Liquidity and capital resources__

The Group has a sufficient level of cash and equivalents to carry out its activities.

In the six-month period ended June 30, 2024, the refinancing of corporate debt stands out, which extends the duration and maintains the cost, as well as the financing, mainly of land and developer loans linked to developments, obtained by the Group, which amounts to a total of EUR 426.2 thousand on the balance sheet.

In addition, the perspective is to formalize developer-type financing that covers the investment, and in turn link the vast majority of the payments and investments required with the delivery of the development and therefore the collection of the sale.

The group is in ongoing discussions with financial institutions to secure financing for new development launches to continue its strong financial results and cash position.

The group's capital management is focused on achieving a financial structure that optimizes the cost of capital to guarantee 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.

5. __Main risks and uncertainties__

The Group has drawn up its risk map. To this end, the organization’s procedures have been analysed, the possible sources of risk have been identified and quantified, while the appropriate measures have been taken to prevent them from occurring.

The most significant financial risks may include:

Market risk

Exposure to interest rate risk

During the 2023 financial year, the group contracted two interest rate hedges for amounts of EUR 100 million and EUR 200 million in order to cover the risk of the total debt balance sheet from interest rate hikes. The maturity of the hedges is 2026 and 2027 respectively and the rate set for these hedges is 2% for the 12-month Euribor.
In this regard, during this 2023 financial year, the Group modified these two contracts to contract a third derivative contract.

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

Credit risk exposure

The Group does not have a significant credit risk with third parties derived from its own real estate activity, since it collects practically all of its sales at the time of the deed, either by subrogation of the buyer in the part that corresponds to him of the developer loan or by another method other than the buyer's choice. The credit risk arising from payment deferrals in transactions involving the sale of land or completed buildings is mitigated by obtaining guarantees from the buyer or establishing resolutory conditions in the event of non-payment that would result in the recovery of ownership of the sold asset and the collection of compensation.

In general, the Group maintains its cash and equivalent liquid assets in high-credit financial institutions.

Exposure to solvency risk

The Group periodically analyses the risk of insolvency of its accounts receivable by updating the corresponding impairment provision. The Directors of the Parent Company consider that the amount of trade receivables and other receivables accounts is close to their fair value.

Exposure to foreign exchange risk

Given the Group's limited international exposure to markets outside the euro area, exposure to foreign exchange risk is negligible***.***

6. Significant circumstances after the end of the year

After the close of 30 June 2024 and as mentioned in point 1, on 1 July 2024 the Parent Company made contributions amounting to 799 thousand euros, now holding a 50% stake in the company Brick Opportunities 9, S.L., based on the framework agreement signed with the Urbanitae Group.

In addition, on 10 July 2024, the Group has reached an agreement with Octopus Real Estate for the development of a portfolio of homes for Senior Living that will be carried out through a co-investment vehicle, with an investment of between 100 and 200 million euros planned by both parties.

Finally, on 12 July 2024, the Group formalised the sale of the company Rental Homes NX Propco, S.L., the holding company of 3 real estate investments located in Alovera

7. Information on the foreseeable evolution of the entity for the year 2024

The Group's main lines of action for the second half of 2024 focus on:

Business line "Development"

- Monitoring of the works with which they were closed in December 2023, plus the bidding and contracting of new works until the end of the year.
- Follow the trend of growth in the number of pre-sales. It also captures the price increases that are occurring in each of the locations, due to the growing demand and the low supply of quality products.
- Deliver the developments whose completion date is scheduled for 2024, taking care of the satisfaction and experience of our customers.

"Co-investment" business line

- Acquisition of land linked to the agreements signed to date.

- Monitoring of the works of projects already started.

"Rental" line of business

- Manage and build homes for this line of business.

- Provision of property and asset management services to third parties through the acquired company Renta Garantía S.A., one of the leading rental management companies 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 2025 and 2029. From phase 1 we have 3 works in progress and 5 developments launched. In addition, during 2024 the launch of 7 promotions corresponding to phase 2 has been approved.

- Divestment in order to monetize the implicit value of the Company's rental assets.

8. R+D+i Activities

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

9. Own actions

As of June 30, 2024, the share capital of the Parent Company is made up of 74,968,751 shares, with a par value of EUR 8.21 each, fully subscribed and paid up.

As of June 30, 2024, treasury shares amounted to EUR 3,923 thousand on the balance sheet.

The number of shares as of June 30, 2024, would be 381,522 shares, with an average unit acquisition price of EUR 10.28.

10. Alternative Performance Measures

As indicated in Note 2 of 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). In addition, 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:

Profit or gross margin:

Definition: External Sales + Cost of Sales

Reconciliation: the company presents the calculation of the gross profit or margin in the consolidated financial statements.

Explanation of use: the gross profit or margin is considered by the company as a measure of the income from its activity, since it provides information on the result or gross margin obtained from external sales and subtracting the cost incurred to achieve such sales, which includes the impairments applied corresponding to real estate assets that have been sold during the period.

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

Consistency: the criteria used to calculate the gross result is the same as the previous year.

Company EBITDA

Definition: Profit or gross margin + Personnel expenses + External services + Change in traffic provisions + Impairment and gains on disposals of fixed assets + Other operating income - incentives and restructuring and growth expenses after the business combination (extraordinary expenses) + other financial income.

Reconciliation: The company presents the calculation of the Company's EBITDA in the consolidated financial statements.

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

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

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

Financial debt

Definition: Debt to credit institutions recognized as non-current liabilities + Debt to credit institutions (non-current liabilities held for sale) + Debt with credit institutions recognized as current liabilities.

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

Explanation of use: Financial debt is a financial indicator that measures the company's debt position. In addition, 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.

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

Consistency: The criteria used to calculate Financial Debt is the same as the previous year.

Net financial debt

Definition: Debts to credit institutions (non-current liabilities, non-current liabilities put up for sale and current liabilities) + Other financial liabilities (current and non-current)– Cash and other cash equivalents.

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

	30-Jun-24
Debts with credit institutions - non-current liabilities	197.126
Debts to credit institutions – non-current liabilities held for sale	26.200
Debts with credit institutions - current liabilities	202.890
Other financial liabilities – non-current liabilities	539
Other financial liabilities – current liabilities	360
Cash and other cash equivalents	(224.155)
Net financial debt (thousands)	**202.960**

Explanation of use: Net financial debt is a financial indicator that measures a company's net debt position. In addition, 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.

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

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

Adjusted Net Financial Debt

Definition: Debts to credit institutions (non-current liabilities, non-current liabilities put up for sale and current liabilities) + deferred payment for the purchase of land recorded in Trade receivables and other long-term and short-term payables + other financial liabilities (current and non-current) - Cash and cash equivalents (excluding the non-available component associated with advances received and associated with a development that are deposited in a special account, and which are only available for the care derived from the construction of the promotions).

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

	30-Jun-24
Debts with credit institutions - non-current liabilities	197.126
Debts to credit institutions – non-current liabilities held for sale	26.200
Debts with credit institutions - current liabilities	202.890
Other financial liabilities – non-current liabilities	539
Other financial liabilities – current liabilities	360
Deferred payment floor	187
Other current and non-current assets	(18.567)
Cash and cash equivalents - cash on hand	(198.597)
Adjusted Net Financial Debt (thousands)	**210.138**

Explanation of use: Net financial debt is a financial indicator that measures a company's net debt position. In addition, 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.

Comparison: the company includes current and non-current financial assets in net financial debt.

Consistency: the criteria used to calculate the Net Financial Debt is the same as the previous year adjusted for what was discussed in the "comparison" section.

Loan to Value (LTV)

Definition: Net financial debt/market value of assets.

Explanation of usage: 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-24
Net financial debt (thousands)	202.960
Market value of assets (thousands)	1.474.087
LTV	**13,8%**

Loan to Value adjusted (LTV adjusted)

Definition: Adjusted net financial debt / market value of assets.

Explanation of usage: 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-24
Adjusted Net Financial Debt (thousands)	210.138
Market value of assets (thousands)	1.474.087
Adjusted LTV	**14,3%**

Loan to Cost (LTC)

Definition: Net Financial Debt / (Inventories + Non-Current Assets for Sale + Real Estate Investments)

Explanation of use: LTC 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-24
Net financial debt (thousands)	202.960
Stock (thousands)	1.017.169
Non-current assets for sale (thousands)	58.000
Real estate investments (thousands)	84.102
LTC	**17,5%**

Adjusted Loan to Cost (Adjusted LTC)

Definition: Adjusted Net Financial Debt/ (Inventories + Real Estate Investments)

Explanation of use: LTC 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-24
Net financial debt (thousands)	210.138
Stock (thousands)	1.017.169
Non-current assets for sale (thousands)	58.000
Real estate investments (thousands)	84.102
Adjusted LTC	**18,1%**