Vía Célere Desarrollos Inmobiliarios, S.A. (Sole Shareholder Company) and subsidiaries

Auditor's report
Consolidated annual accounts at December 31, 2022
Consolidated management report

This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the consolidated annual accounts

To the sole shareholder of Vía Célere Desarrollos Inmobiliarios, S.A. (Sole Shareholder Company),

Opinion

We have audited the consolidated annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the statement of financial position as at December 31, 2022, and the income statement, statement of recognized income and expenses, statement of changes in equity, statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

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Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Subsequent valuation of inventories	
The Group's inventories mainly comprise land, housing developments in progress and completed housing developments, intended for sale and mainly distributed thought the national territory, that amount to 971 million euros and constitute approximately 68% of the Group's assets at December 31, 2022. The Group, as described in notes 2.4, 4.k) and 15, makes the appropriate valuation adjustments when the market value of inventories is lower than their acquisition price or production cost. This market value is based on valuations performed annually by an independent expert, applying widely accepted valuation standards. Based on the above and on note 15.6, the Group has recorded a net reversal of impairment on untransferred inventories amounting to 1.4 million euros in 2022. Taking into account the relevance of the inventories heading for the accompanying consolidated annual accounts and the degree of estimation and judgment involved in the determination of market value of this type of assets, this aspect constitutes one of the most relevant aspects of the audit.	We have obtained an understanding of the process of determining the market value of inventories. Additionally, we have obtained the valuation report made by the management's independent expert on which we have carried out the following procedures, among others: • Assessment of the competence, capability and objectivity of the expert by obtaining a confirmation and ascertaining their recognised prestige in the market. • Assessment of the reasonableness of the procedures and methodology used by the expert in his valuation. • Carrying out selective tests to assess the accuracy and reasonableness of the most relevant data supplied by management to the valuer and used by it in the valuation. • Assessment of the consistency of the main assumptions used by the independent expert, through an understanding of their evolution and with the involvement of our internal real estate valuation experts. Additionally, we have checked that the information and disclosures included in the notes to the consolidated accounts in relation to this aspect are appropriate to accounting regulations. The result of the procedures carried out has made it possible to reasonably achieve the audit objectives for which said procedures were designed.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
Recognition and recoverability of deferred tax assets	
The Group's deferred tax assets are detailed in note 21 and amount to 70 million euros at December 31, 2022. The Group, as described in notes 2.4, 4.n) and 21, recognises deferred tax assets to the extent that it is probable that sufficient future taxable profits will be available for their offset. As of December 31, 2022, the Group has generated a total of approximately 489 million euros of unused tax losses pending offset, of which an amount of 29 million euros has been capitalised at year-end, together with other deferred tax assets of 41 million euros. In order to assess the recognition and recoverability of deferred tax assets, the Parent Company's directors take into account the business plan prepared by management, as well as the valuation of real estate inventories and the characteristics of the real estate sector. The relevance of the deferred tax assets heading in the accompanying consolidated annual accounts, as well as the degree of estimation and judgment involved in the preparation of the projections of expected future tax results, mean that the recognition and recoverability of these assets are considered to be a relevant aspect of the audit.	We have made an understanding of the recognition process of deferred tax assets carried out by the Parent Company's management. Additionally, we have obtained the projections of future tax results prepared by management, on which we have carried out, among others, the following procedures: • Assessment of the reasonableness of the methodology used by management in preparing projections of future results and their concordance with applicable tax regulations. • Evaluation of the reasonableness of the projections considered for future years, in accordance with the characteristics of the Group's real estate portfolio. • Comparison of the estimates made by management in previous years against the results actually achieved, evaluating, where appropriate, the reasonableness of the deviations produced. • Analysis of the consistency of the main estimates related to the development of the real estate portfolio with the evidence obtained in the audit procedures carried out on the Group's real estate inventories. Finally, we have assessed that the information and disclosures made in the accompanying consolidated annual accounts are sufficient and appropriate to accounting regulations. The result of the procedures carried out on the recognition and recoverability of deferred tax assets has made it possible to reasonably achieve the audit objectives for which said procedures were designed.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the Parent company's directors for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

- Conclude on the appropriateness of the Parent company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Parent company's directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the directors of the Parent company, we determine those risks that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Fernando Chamosa Valín (21402)

March 3, 2023

Vía Célere Desarrollos Inmobiliarios, S.A.U. and subsidiaries

Consolidated annual accounts and consolidated management report for the year ended 31 December 2022

Drawn up in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS)

Consolidated statement of financial position as at 31 December 2022
(in thousands of euros)

Assets	Note	31.12.2022	31.12.2021
Intangible assets	8	**150**	**42**
Computer software		145	37
Goodwill	12	5	5
Property, plant and equipment	9	**2,142**	**2,218**
Land and buildings		723	763
Technical installations and machinery		403	245
Other fixed assets		1,016	1,185
Fixed assets in progress		-	25
Rights-of-use assets	11	**1,807**	**2,304**
Investment property	10	**100**	**102**
Land		75	75
Constructions		25	27
Equity – accounted investees		**552**	**2,606**
Equity instruments	13	552	2,606
Non-current financial investments	14	**1,071**	**1,245**
Deposits and guarantees		1,071	1,245
Deferred tax assets	21	**70,270**	**74,917**
Total non-current assets		**76,092**	**83,434**
Inventories	15	**970,995**	**1,070,639**
Raw materials		340	319
Land and plots		344,471	411,532
Completed developments		51,584	99,237
Property developments in progress		574,225	558,906
Advances to suppliers		375	645
Trade and other receivables		**33,022**	**12,543**
Customers, associates	14 and 24	6	273
Other receivables from public authorities	21.1	11,992	6,174
Current tax assets	21.1	343	69
Other accounts receivable	14	20,681	6,027
Short-term investments in associates	14 and 24	**12,253**	**391**
Loans to group companies		12,253	357
Loans to associates		-	34
Current financial investments	14	**3,168**	**5,527**
Loans to third parties		403	3,140
Other financial assets		2,765	2,387
Current accruals and deferrals		**2,293**	**4,130**
Cash and cash equivalents	14	**320,269**	**329,098**
Cash		18	13
Treasury		316,251	329,085
Other cash equivalents		4,000	-
Total current assets		**1,342,000**	**1,422,328**
Total assets		**1,418,092**	**1,505,762**

Notes 1 to 26 are an integral part of the 2022 consolidated annual accounts.

Consolidated statement of financial position as at 31 December 2022
(in thousands of euros)

Equity	Note	31.12.2022	31.12.2021
Capital	16.1	411,161	411,161
Share premium	16.2	543,494	650,087
Reserves		**(265,977)**	**(326,941)**
Legal reserve	16.3	44,259	38,112
Voluntary reserves	16.3	(310,236)	(365,053)
Profit for the year		**68,722**	**61,824**
Total equity attributable to the Parent Company		**757,400**	**796,131**
Total equity		**757,400**	**796,131**
Non-current provisions	17	**19,200**	**15,548**
Non-current debts	18	**296,414**	**295,286**
Bonds and other marketable securities		294,822	293,261
Other financial liabilities		1,592	2,025
Deferred tax liabilities	21	**4,825**	**4,076**
Total non-current liabilities		**320,439**	**314,910**
Current provisions	17	**9,038**	**7,547**
Current debts	18	**111,078**	**165,192**
Bonds and other marketable securities		5,338	28,638
Bank borrowings		104,915	135,726
Other financial liabilities		825	828
Short-term debt with related parties	18 and 24	**15,292**	**158**
Trade and other payables		**204,845**	**221,824**
Short-term suppliers	18	95,528	91,981
Customer advances	18	82,906	111,146
Sundry creditors		-	-
Debts to personnel	18	2,137	2,755
Other debts with public authorities	21.1	24,159	12,773
Current tax liabilities	21.1	115	3,169
Total current liabilities		**340,253**	**394,721**
Total liabilities		**660,692**	**709,631**
Total equity and liabilities		**1,418,092**	**1,505,762**

Notes 1 to 26 are an integral part of the 2022 consolidated annual accounts.

Consolidated income statement for the year ended 31 December 2022

(in thousands of euros)

	Note	31.12.2022	31.12.2021
Revenue	23.1	**578,934**	**582,104**
Sales		578,934	582,104
Other Income		**4,210**	**2,595**
Work carried out by the company for its assets		**254**	**-**
Change in inventories of finished goods and in progress	23.2	**(95,491)**	**(179,843)**
Consumption of raw materials and other consumables		**(329,014)**	**(265,846)**
Consumption of raw materials and other consumables		(57,069)	(25,910)
Work carried out by other companies		(270,497)	(242,958)
Impairment of real estate inventories	15	(1,448)	3,022
Personnel expenses	23.4	**(19,525)**	**(22,107)**
Wages, salaries and similar items		(15,934)	(16,998)
Employee benefits expense		(3,591)	(5,109)
Other expenses	23.6	**(28,148)**	**(28,256)**
Depreciation of fixed assets	23.8	**(893)**	**(530)**
Impairment losses and gains (losses) from disposal of non-current assets	23.11	**(44)**	**(257)**
Impairment and losses		-	(6)
Gains (losses) on disposals and other		(44)	(251)
OPERATING INCOME		**110,283**	**87,860**
Financial income	23.9	**840**	**796**
Marketable securities and other financial instruments		840	796
Financial costs		**(21,179)**	**(21,573)**
Balances with Group companies, associates and related parties		(12)	-
For debts owed to third parties	23.10	(21,167)	(21,573)
Exchange rate differences		**(1)**	**(5)**
FINANCIAL RESULT		**(20,340)**	**(20,782)**
Income for the year from investments accounted for using the equity method	13	(2,531)	673
PROFIT BEFORE TAX		**87,412**	**67,751**
Corporate income tax	21	(18,690)	(5,927)
PROFIT FOR THE YEAR		**68,722**	**61,824**
Earnings per share			
Basic earnings per share (euros)	5	1.00	0.90
Basic earnings per share (euros)	5	1.00	0.90
Income attributable to shareholders of the Parent Company		**68,722**	**61,824**

Notes 1 to 26 are an integral part of the 2022 consolidated annual accounts.

Consolidated statement of recognised income and expenses for the year ended 31 December 2022
(in thousands of euros)

(Thousands of Euros)		
	Year 2022	**Year 2021**
Consolidated profit for the year	**68,722**	**61,824**
Total comprehensive income, net of taxes	**68,722**	**61,824**
a) Owners of the Parent	68,722	61,824

Notes 1 to 26 are an integral part of the 2022 consolidated annual accounts.

VíA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Consolidated statement of changes in equity for the year ended 31 December 2022

(in thousands of euros)

	Attributed to owners of the Parent Company				Total	Total Equity Net
	Capital Corporate	Premium Issue	Reserves Legal	Other Reserves		
Balance as at 31 December 2020	**411,161**	**736,387**	**30,090**	**(357,917)**	**819,721**	**819,721**
Recognised income and expenses	-	-	-	61,824	**61,824**	**61,824**
Distribution of income for the year 2020	-	-	8,022	(8,022)	**-**	**-**
Distribution of voluntary reserves		(86,300)	-	-	**(86,300)**	**(86,300)**
Other changes in shareholders' equity	-	-	-	886	**886**	**886**
Balance as at 31 December 2021	**411,161**	**650,087**	**38,112**	**(303,229)**	**796,131**	**796,131**
Recognised income and expenses	-	-	-	68,722	**68,722**	**68,722**
Distribution of income for the year 2021	-	-	6,147	(6,147)	**-**	**-**
Distribution of voluntary reserves	-	(106,593)	-	-	**(106,593)**	**(106,593)**
Other changes in shareholders' equity	-	-	-	(860)	**(860)**	**(860)**
Balance as at 31 December 2022	**411,161**	**543,494**	**44,259**	**(241,514)**	**757,400**	**757,400**

Notes 1 to 26 are an integral part of the 2022 consolidated annual accounts.

Consolidated statement of cash flows for the year ended 31 December 2022

(in thousands of euros)

	Note	31.12.2022	31.12.2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**68,722**	**61,824**
Adjustments to the result		**50,677**	**23,556**
Depreciation of fixed assets	**23.8**	893	529
Valuation adjustments for impairment	**15**	(1,423)	(9,593)
Change in provisions	**17**	9,603	11,558
Gains/losses on disposal of fixed assets	**23.11**	44	251
Financial income	**23.9**	(840)	(796)
Financial costs	**23.10**	21,179	21,573
Corporate Income Tax		18,690	707
Income for the year from investments accounted for using the equity method	**13**	2,531	(673)
Changes in working capital		**79,433**	**154,427**
Inventories		140,348	203,586
Trade and other receivables		(20,645)	547
Trade and other payables		(43,860)	(40,956)
Other current assets and liabilities		1,844	778
Other non-current assets and liabilities		1,746	(9,528)
Other non-current assets and liabilities		**(21,761)**	**(46,074)**
Corporate income tax payments	**21**	3,129	(13,150)
Dividend collections		1,430	-
Interest payments	**18**	(26,997)	(33,416)
Interest income (+)	**23.9**	677	492
Total cash flows from operating activities		**177,071**	**193,733**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		**(25,502)**	**(967)**
Acquisitions of intangible assets	**8**	(175)	(7)
Acquisitions of tangible fixed assets	**9**	(294)	(960)
Company acquisitions	**2.6**	(25,033)	-
Divestment proceeds		**2,741**	**9,593**
Associates		-	15
Investment property		-	2,850
Other assets		2,741	6,728
Total cash flows from investing activities		**(22,761)**	**8,626**
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections from bank borrowings		15,092	-
Collections from bank borrowings		137,932	143,238
Collections from bonds and other negotiable securities		-	300,000
For debts with Group companies		(11,862)	-
Bank borrowing returns		(197,708)	(371,380)
Dividend payments	**16.2**	(106,593)	(86,300)
Cash flows from financing activities		**(163,139)**	**(14,442)**
NET INCREASE IN CASH OR CASH EQUIVALENTS		**(8,829)**	**187,917**
Cash and cash equivalents as of 01 January	**14.3**	329,098	141,181
Cash and cash equivalents as at 31 December	**14.3**	320,269	329,098

Notes 1 to 26 are an integral part of the 2022 consolidated annual accounts.

1. Nature, activities and composition of the Group

A. GENERAL INFORMATION

Vía Célere Desarrollos Inmobiliarios, S.A.U. (hereinafter, the Parent Company, the Company or VCDI) was incorporated in Pontevedra on 16 August 1989 under the name "Confecciones Udra, S.A.", which changed in 1993 to "Inmobiliaria Udra, S.A.", in June 2008 to "San José Desarrollos Inmobiliarios, S.A.", in June 2016 to "Dos Puntos Desarrollos Inmobiliarios S.A.". On 20 June 2017, the Extraordinary General Shareholders' Meeting of the Company resolved to change its corporate name to "Vía Célere Desarrollos Inmobiliarios, S.A." and to change its registered office and the consequent amendment to the bylaws, with the new registered office at calle Carlos y Guillermo Fernández Shaw 1, 28007 Madrid (Spain). On 25 March 2021 the incorporation of Vía Célere Holdco, S.L. was formalised by public deed, a company that from that date holds 100% of the Vía Célere group and consequently, the legal form changed to "Vía Célere Desarrollos Inmobiliarios, S.A.U.". On 23 November 2021, the Extraordinary General Shareholders' Meeting of the Company resolved to change its registered office and the consequent amendment to the bylaws, with the new registered office at Calle Carlos y Guillermo Fernández Shaw 16-18, 28043 Madrid (Spain).

The Parent Company is the Parent of a group of companies engaging in residential property development activities and which together constitute the Vía Célere Desarrollos Inmobiliarios Group (hereinafter "the Group"). Since 1 January 2022, the parent company has ceased to be the head of the consolidated Group for tax purposes in favour of its shareholder, Vía Célere Holdco, S.L. (see Note 21).

The Group's activity consists of providing the following services through Group companies: the development of all types of real estate; construction in general, whether for its own account or for that of third parties; the purchase and sale of construction, urban development and gardening equipment; the execution of public works in general; and the purchase and sale of all types of property, whether transportable or not, and both rural and urban real estate. The Group's activity is carried out in Spain and Portugal.

B. INCORPORATION OF VIA CÉLERE HOLDCO, S.L. THROUGH THE CONTRIBUTION OF 100% OF THE SHARES OF VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

On 25 March 2021, the companies Maplesville Invest, S.L.U., Gleenwock Invest, S.L.U., Windham Spain, S.L.U., Rimbey Spain, S.L.U., Lewistown Invest, S.L.U., Barclays Bank PLC, J.P. Morgan Securities, PLC, Deutsche Bank Aktiengesellschaft, Trinity Investments Designated Activity Company, Melf B.V., Merryll Lynch International and Greencoat B.V. (hereinafter "former shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.U.") executed the public deed of incorporation of Vía Célere Holdco, S.L. based on the creation of 60,002 shares with a par value of 1 euro per share and a share premium of 6,851.46 euros per share (see Note 16.1).

The shares have been fully assumed by the former shareholders of Vía Célere Desarrollos Inmobiliarios, S.A., which became a sole shareholder company and maintained its indirect shareholding structure and composition through its shareholding in the Parent Company. Therefore, the investment funds managed by Värde Partners, Inc. ("Värde") indirectly hold 76.4% of the share capital of the new parent company of the Vía Célere Holdco group.

The shares have been fully assumed through a non-monetary contribution consisting of 100% of the shares of Vía Célere Desarrollos Inmobiliarios, S.A.U., being valued at 867,548 thousand euros corresponding to the consolidated book value of the shareholders' equity of Vía Célere Desarrollos Inmobiliarios, S.A.U. at the date of contribution of its shares. The share capital has a par value of 60,002 euros and, at the time of incorporation, the share premium amounted to 411,101 thousand euros.

This transaction has generated a restructuring of the Group where Vía Célere Holdco, S.L. is the new Parent Company, while maintaining the Vía Célere Desarrollos Inmobiliarios subgroup. Vía Célere Holdco, S.L. was registered in the Commercial Registry on 29 April 2021.

2. Basis of presentation of the consolidated annual accounts and consolidation principles

2.1 Financial reporting standards framework applicable to the Group

These consolidated annual accounts have been prepared on the basis of the accounting records of the Company and its subsidiaries in accordance with International Financial Reporting Standards adopted by the European Union (EU-IFRS) (the 2022 consolidated annual accounts) in order to give a true and fair view of the consolidated equity and consolidated financial position of the Group as at 31 December 2022, of the results of its consolidated operations, of its consolidated cash flows and of the changes in consolidated equity for the year then ended.

The Parent Company's Management Body considers that the consolidated annual accounts for the financial year 2022, which have been prepared on 24 February 2023, will be approved by the sole shareholder.

The Group's accounting policies are detailed in Note 4.

a) Changes in accounting policies and disclosures

The changes in application for the calendar year beginning on 01 January 2022 are as follows:

Amendments and/or interpretations	
IAS 16 (Amendment) “Property, plant and equipment: amounts received before intended use”	It is prohibited to deduct from the cost of an item of property, plant and equipment any revenue from the sale of items produced while the entity is preparing the asset for its intended use. Revenues from the sale of such samples, together with production costs, are now recognised in profit or loss. The amendment also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant for this assessment. Therefore, an asset could be capable of operating as intended by management and be subject to depreciation before it has reached the level of operating performance expected by management. The effective date of these amendments is 1 January 2022.
IAS 37 (Amendment) “Onerous contracts: costs of performing a contract”:	The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract and an allocation of other costs that are directly related to the performance of contracts. It also clarifies that before making a separate provision for an onerous contract, an entity shall recognise any impairment loss that has occurred on the assets used to fulfil the agreement, rather than on the assets dedicated to that agreement. The effective date of these amendments is 1 January 2022.
Annual Improvements to IFRS. Cycle 2018 - 2020	The amendments affect IFRS 1, IFRS 9, IFRS 16 and IAS 41 and apply for annual periods beginning on or after 1 January 2022. The main amendments relate to: • IFRS 1 “First-time Adoption of IFRS”: IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. This amendment allows entities that have taken this exemption to also measure cumulative translation differences using the amounts recorded by the parent company, based on the date of transition of the latter to IFRS. • IFRS 9 “Financial Instruments”: The amendment addresses which costs should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to third parties or to the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test. • IAS 41 “Agriculture”: This amendment removes the requirement to exclude cash flows for tax purposes when measuring fair value under IAS 41.
IFRS 3 (Amendment) "Reference to the Conceptual Framework"	IFRS 3 has been updated to refer to the 2018 Framework for determining what constitutes an asset or liability in a business combination (previously referred to the 2001 F). In addition, a new exception has been added to IFRS 3 for liabilities and contingent liabilities. The effective date of these amendments is 1 January 2022.

The amended standards and interpretations have not had a significant impact on the Group’s consolidated annual accounts.

b) Standards and interpretations issued but not yet effective

The new standards, amendments and interpretations that must be applied in years subsequent to the calendar year beginning on 01 January 2022 are:

Standards, amendments and interpretations that have not yet come into effect		
IFRS 17 “Insurance contracts”	IFRS 17 replaces IFRS 4 “Insurance Contracts”, which allowed for a wide variety of accounting practices. The new standard fundamentally changes the accounting by all entities issuing insurance agreements and investment contracts with discretionary participation components. In June 2020, the IASB modified the standard, developing specific amendments and clarifications aimed at facilitating the implementation of the new standard, although the fundamental principles of the standard did not change.	01 January 2023

Standards, amendments and interpretations that have not yet come into effect		
IFRS 17 (Amendment) “Initial Application of IFRS 17 and IFRS 9 - Comparative Disclosures”	The IASB has published an amendment to IFRS 17 that introduces limited amendments to the transition requirements in IFRS 17 “Insurance Contracts” and does not affect any other requirements in IFRS 17. IFRS 17 and IFRS 9 “Financial Instruments” have different transition requirements. For some insurers, these differences may result in one-off accounting asymmetries between financial assets and insurance contract liabilities in the comparative information they present in their financial statements when they apply IFRS 17 and IFRS 9 for the first time. The amendment will help insurers to avoid these asymmetries and thus improve the usefulness of comparative information for investors.	01 January 2023
IAS 1 (Amendment) “Disclosure of accounting policies”.	IAS 1 has been amended to improve disclosures about accounting policies to provide more useful information to investors and other primary users of financial statements.	01 January 2023
IAS 8 (Amendment) “Definition of accounting estimates”.	IAS 8 has been amended to help distinguish between changes in accounting estimates and changes in accounting policies.	01 January 2023
IAS 12 (Amendment) “Deferred tax relating to assets and liabilities arising from a single transaction”:	In certain circumstances under IAS 12, companies are exempt from recognising deferred taxes when they first recognise assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised upon initial recognition. The amendment clarifies that the exemption does not apply and therefore, there is an obligation to recognise deferred taxes on such transactions.	01 January 2023

Standards, interpretations and amendments to existing standards that have not yet been approved for use in the European Union at the date of drafting		
IFRS 10 (Amendment) and IAS 28 (Amendment) “Sale or contribution of assets between an investor and its associates or joint ventures”.	These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures depending on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a “business”. The investor shall recognise the entire gain or loss when the non-cash assets constitute a “business”. If the assets do not meet the definition of a business, the investor recognises gain or loss to the extent of the interests of other investors. The amendments apply only when an investor sells or contributes assets to its associate or joint venture.	n/a (1)
IFRS 16 (Amendment) “Lease liability on a sale and leaseback sale”	IFRS 16 included requirements on how to account for a sale and leaseback at the date the transaction takes place. However, it did not specify how to account for the transaction after that date. This amendment explains how an entity should account for a sale and leaseback sale after the date of the transaction.	01 January 2024
IAS 1 (Amendment) “Non-current liabilities with conditions (“covenants”)”.	The IASB has issued an amendment to IAS 1 “Presentation of Financial Statements” in response to concerns raised about the application of previous amendments to IAS 1 (in January and July 2020) in relation to the classification of liabilities as current or non-current, which would have been effective for periods beginning on or after 1 January 2023. The new amendment aims to improve the information provided when the right to defer payment of a liability is subject to the fulfilment of conditions (“covenants”) within twelve months after the reporting period.	01 January 2024

(1) Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015, the IASB took the decision to postpone the effective date of these amendments (without setting a new specific date), as it is planning a broader review that may result in simplifying the accounting for these transactions and other aspects of accounting for associates and joint ventures.

These approved and pending approval standards and interpretations are not expected to have a significant impact on the Group’s consolidated annual accounts in future years.

2.2 Comparative information

These consolidated annual accounts present for comparative purposes, with each of the items of the balance sheet, the profit and loss account, the statement of changes in equity, the statement of cash flows and the report, in addition to the figures for 2022, the figures for the previous year, which formed part of the consolidated annual accounts for 2021 approved by the Sole Shareholder Meeting on 28 March 2022.

2.3 Basis of measurement

These 2022 consolidated annual accounts have been prepared on the historical cost basis except for the following exception, when applicable:

- Assets, liabilities and contingent liabilities acquired in business combinations, which are recognised at fair value, provided that it is not a transaction under common control.

2.4 Relevant accounting estimates, assumptions and judgements used when applying accounting principles

The information contained in these 2022 consolidated annual accounts is the responsibility of the Parent Company's management body.

These 2022 Consolidated Annual Accounts have certain relevant accounting estimates, judgements and assumptions that must be made when applying the Group's accounting policies. In this regard, the areas requiring a greater degree of judgement or which are more complex, and the areas in which the assumptions and estimates made are significant considering the 2022 consolidated annual accounts as a whole, are summarised below:

- <u>Significant estimates and assumptions</u>

  - Impairment of inventories: assumptions used to calculate market value. The comparative method of valuation (of completed developments) and static and dynamic residual methods (for land and property developments in progress) are used to calculate inventories' fair value. Key assumptions for determining these values include growth rates of sale prices, constructions costs, discount rates and expected investment returns. The estimates, including the methodology used, may have a significant impact on the values and on impairment. For this reason, the Group uses valuations made by prestigious independent experts for the inventories (see Note 4.k).

  - Recognition and measurement of provisions and contingencies: assumptions used to determine the probability of occurrence and the estimated amounts of outflows of resources (see Note 4.m).

  - The assessment of recoverable amounts of tax credits (Note 4.n). The tax credits generated in corporate income tax are capitalised when it is probable that the Group will have future taxable profits that allow the application of these assets. Management makes estimates of the tax benefits of the tax group and the recoverability of the capitalised tax credits. The Group has recognised deferred tax assets as at 31 December 2022 amounting to 70,270 thousand euros (74,917 thousand euros as at 31 December 2021) relating to deductible temporary differences and part of the tax loss carryforwards (see Notes 4.n and 21).

  - Recognition and measurement of the long-term incentive plan: assumptions used to determine the probability of the event and the estimated amounts of resource outflows (see Note 4.v).

- <u>Changes in estimates</u>

  These estimates were made on the basis of the best information available as at 31 December 2022. However, future events may require them to be modified (upwards or downwards) in subsequent years. Under IAS 8, any change in accounting estimates is accounted for prospectively and the impact of changes in estimates is recognised in the consolidated income statement for the year of the change.

  No significant changes have occurred during financial year 2022 to the estimates made at the end of financial year 2021.

- <u>Determination of fair values</u>

  Certain Group accounting policies and details require the measurement of fair values, for both financial and non-financial assets and liabilities.

  The valuation of the inventories is subject to significant unobservable criteria and adjustments in their valuation.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: measurements derived from (unadjusted) quoted prices in active markets for identical assets or liabilities.
- Level 2: measurements derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability can be categorised within different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the year in which the change takes place.

The following notes contain more information on the assumptions used in determining fair values:

- Notes 14 and 18: Short and long-term financial assets and liabilities.

2.5 Functional and presentation currency

These consolidated annual accounts are presented in thousands of euros. The euro is the functional currency of the economic area in which the Group operates.

2.6 Companies included in the consolidation parameter

a) Subsidiaries

The companies included in the scope of consolidation 2022 are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Copaga, S.A.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	31,214	100%
Udralar, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	-	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	3	100%
Douro Atlántico, S.A.	PWC Portugal	Av. Antonio Augusto de Aguiar, 19-4 (Lisbon, Portugal)	Real estate development	2,647	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	PWC Portugal	Av. Antonio Augusto de Aguiar, 19-4 (Lisbon, Portugal)	Real estate development	6,225	100%
Maywood Invest, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	12,110	100%
Vía Célere, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	30,511	100%
Vía Célere 1, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	-	100%
Vía Célere 2, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	300	100%
Vía Célere Catalunya, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	12,588	100%
Vía Célere Gestión de Proyectos, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Building contractor	-	100%
Conspace, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Building contractor	1	100%
Lealtad Directorship, S.L.U. (**)	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	28,677	100%

(*) Net book value of each investee in the Parent Company as at 31 December 2022.
(**) The shareholding in Lealtad Directorship S.LU.. is indirect through Copaga, S.A.U.

Acquisition of assets

On 26 July 2022, the group company Copaga, S.A.U. acquired the entire share capital of Lealtad Directorship, S.L.U. from Otterville Invest, S.L. The total price amounted to 28,459 thousand euros, which has been fully paid up.

Lealtad Directorship, S.L.U. is a company whose main activity is real estate development and operates in the Iberian Peninsula. This subsidiary was indirectly owned by investment funds controlled by Värde, which held 100% of the shares through the company Otterville Invest, S.L. The acquisition was carried out between entities under common control as Värde is the majority shareholder of all the companies involved in the transaction (through various funds managed by Värde Partners).

Lealtad Directorship, S.L.U. is the parent company of the Lealtad Group, which at the date of the transaction included six companies: Borino Lealtad, S.L.; Cabure Lealtad, S.L.; Siargo Lealtad, S.L.; Trim Lealtad, S.L.; Argus Lealtad, S.L. and Siona Lealtad, S.L.

On 20 June 2022, the sole shareholder of Lealtad Directorship, S.L.U., Otterville Invest, S.L., approved the merger by absorption of Lealtad Directorship, S.L.U., as the absorbing company, with Trim Lealtad, S.L.U., Borino Lealtad, S.L.U., Argus Lealtad, S.L.U., Cabure Lealtad, S.L.U., Siargo Lealtad, S.L.U. and Siona Lealtad, S.L.U., as the absorbed companies, Siargo Lealtad, S.L.U. and Siona Lealtad, S.L.U., as absorbed companies, the former acquiring en bloc by way of universal succession all the assets and liabilities of the absorbed companies, which were dissolved and extinguished without liquidation. The deed of merger was executed on 28 October 2022, filed with the Commercial Registry on 8 November 2022 and registered on 15 November 2022. The merger has no effect on the consolidated financial statements as its fair values are the net book values shown in the table below.

The directors of the parent company have decided that the transaction will be registered as a purchase of assets, as the acquired company does not have any organised processes or procedures whose application results in the production of a product, nor does it have its own personnel to carry out such processes or procedures. In this sense, most of the assets of Lealtad Directorship, S.L.U. correspond to land located in Berrocales (Madrid), Rincón de la Victoria (Málaga) and Mataró (Barcelona) with a total buildable 71,983 square metres, 10,245 square metres and 6,679 square metres respectively. The directors calculate that these surfaces are equivalent to 696 dwellings on the basis of the projects and the existing land regulations. Of the aforementioned plots, the Mataró plot and a plot in Rincón de la Victoria are under construction.

The net book value in thousand euros of the assets acquired and the liabilities assumed at the date of acquisition, as well as the value adjustments, were as follows:

Assets	Net book value	Adjustments	Fair value
TOTAL NON-CURRENT ASSETS	46	-	46
Inventories	28,641	2,097	30,738
Trade and other receivables	783	-	783
Current accruals and deferrals	7	-	7
Cash and cash equivalents	3,427	-	3,427
Total current assets	32,857	2,097	34,954
Total assets	32,904	2,097	35,000
Current provisions	139	-	139
Current debts	1,558	-	1,558
Trade and other payables	4,845	-	4,845
Total current liabilities	6,542	-	6,542
Net assets	26,362	2,097	28,459
Consideration paid			28,459

The valuation has been carried out by an independent expert to obtain the fair value of the assets acquired. The methodology used to calculate the fair value was the net asset value.

The NAV calculation starts with the estimation of the market value of the real estate assets owned by Lealtad by applying the income approach. The income approach measures the value of an asset by analysing the present worth of the economic benefits it is expected to produce. These benefits may include earnings, cost savings, tax deductions, and disposal proceeds. This approach also indicated the value at a rate return which incorporates the risk-free rate for the use of funds, the expected rate of inflation over the asset's holding period, and the risks associated with realizing the cash flows in the amounts and at the times projected. The discount rate selected is usually based on the rates return available from alternative investments of similar type and quality as at the Valuation Date.

After the NAV calculation, the Triple Net Asset Value measure is used to report the net asset value including fair value adjustments related to all material Balance Sheet items. These adjustments include the following: (i) the fair value of financial instruments, (ii) the fair value of debt (mark-to-market adjustment related to all debt not held in the Balance Sheet at its fair value); and (iii) deferred taxes (the provision for deferred taxes relates to the latent capital gains tax, or similarly according to each country´s tax rules, arising on the investment revaluation, development and trading properties and other investments to market value. It is the company's assessment and is based on the expected method of calculating the value of the underlying assets and liabilities).

The costs incurred by the Group for the acquisition of these assets amounted to 218 thousand euros.

The companies included in the scope of consolidation 2021 are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Copaga, S.A.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Udralar, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Torok Investment 2015, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	7	100%
Udrasur Inmobliaria, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Douro Atlántico, S.A.	PWC Portugal	Rua Castilho nº 13 D. Building Espaço Castilho nº 6-D, Lisbon.	Real estate development	7,695	100%
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A.	PWC Portugal	Rua Castilho nº 13 D. Building Espaço Castilho nº 6-D, Lisbon.	Real estate development	7,526	100%
Maywood Invest, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	12,110	100%
Vía Célere, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	30,511	100%
Vía Célere 1, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	-	100%
Vía Célere 2, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	200	100%
Vía Célere Catalunya S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Real estate development	12,456	100%
Vía Célere Gestión de Proyectos, S.L.U.	PWC Spain	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Building contractor	3,329	100%
Conspace, S.L.U.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid (**)	Building contractor	1	100%

(*) Net book value of each investee in the Parent Company as at 31 December 2021.

(**) During 2021 the registered office of these group entities was changed.

b) Associates

The associates included in the consolidation parameter as at 31 December 2022 and 2021 are as follows:

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	552	50%

(*) Net book value of each investee in the Parent Company as at 31 December 2022.

Name	Audit firm	Registered Office	Activity	Thousands of Euros Cost of ownership interest (*)	Percentage of ownership interest
Célere Forum Barcelona, S.L.	Unaudited	C/Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid	Real estate development	2,606	50%

(*) Net book value of each investee in the Parent Company as at 31 December 2021

3. Distribution of the result of the Parent Company's profit

The Parent Company's profits for the year 2022 amount to 51,259 thousand euros, and the proposal for their distribution, formulated by the management body and pending approval by the Sole Shareholder, is to allocate the voluntary reserve in the amount of 46,133 thousand euros and the legal reserve in the amount of 5,126 thousand euros.

The distribution of the Parent Company's profit for 2021, approved by the General Shareholders' Meeting on 01 April 2022, was to allocate voluntary and legal reserves in the amount of 55,319,813.10 euros and 6,146,645.90 euros, respectively.

The amount of non-distributable reserves is limited to the balance of the legal reserve, amounting to 44,259 thousand euros at 31 December 2022 (38,112 thousand euros at 31 December 2021).

As at 31 December 2022 and 31 December 2021, the Parent Company maintains limitations on the distribution of dividends as a result of certain financial covenants during the term of the Senior Secured Notes signed on 25 March 2021 (see Note 18.1.4) and the Revolving Facility Agreement (RCF) signed on 6 March 2021 (see Note 18.1.5). These debentures permit the distribution of dividends if a number of conditions are met.

With the exception of the preceding paragraph, there are no significant limitations on the distribution of dividends, except that the total equity remaining of the Parent Company after the distribution of any dividend must not fall below half of the share capital.

4. Accounting policies

The accounting policies set out below have been applied consistently in the consolidated annual accounts.

a) Basis of consolidation

Subsidiaries

Subsidiaries, including structured entities, are defined as entities over which the Parent Company exercises control, either directly or indirectly through subsidiaries. The Parent Company controls a subsidiary when it is exposed to or entitled to variable returns and when it has the ability to influence those returns. The Parent Company has capacity when it holds sufficient voting rights to provide it with the ability to manage the significant business activities of the investee. The Parent Company is exposed to, or is entitled to, variable returns from its involvement in the subsidiary when the returns it obtains from such involvement may vary depending on the economic performance of the entity (IFRSs 10.6, 10 and 15). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control ceases.

The income, expenses and cash flows of the subsidiaries are included in the consolidated annual accounts from the date of acquisition, which is the date on which the Group effectively obtains control over them. Subsidiaries are excluded from consolidation from the date on which control is lost.

Transactions and balances with Group companies and unrealised gains or losses have been eliminated in the consolidation process. However, unrealised losses have been considered as an indicator of impairment of the transferred assets.

The accounting policies of the subsidiaries have been adapted to the Group's accounting policies for transactions and other events in similar circumstances.

The annual accounts of the subsidiaries used in the consolidation process refer to the same reporting date and period as those of the Parent Company.

Business combinations

The Group applies the acquisition method in business combinations with the exception of the cases indicated in this Note. The acquisition date is the date on which control of the acquiree is obtained.

The consideration given for a business combination is calculated as the sum of the fair values of the assets transferred at the acquisition date, the liabilities incurred or assumed, the equity instruments issued and any contingent payments on future events or the fulfilment of certain conditions in exchange for control of the acquiree.

The consideration given does not include any payment that is not part of the exchange of the acquired business. Acquisition costs are recognised as an expense when they are incurred.

At the acquisition date, the Group recognises the assets acquired and the liabilities assumed at fair value. Non-controlling interests in the company acquired are recognised for the proportional share in the fair value of the net assets acquired. The criterion applies only to non-controlling interests that provide access at that time to the economic benefits and the right to a pro rata share of the net assets of the acquiree in the event of liquidation.

Except for lease and insurance contracts, assets acquired and liabilities assumed are classified and designated for subsequent measurement on the basis of contractual agreements, economic terms, accounting and operating policies and any other conditions existing at the date of acquisition.

The difference (excess) between the consideration paid plus the value assigned to non-controlling interests and the net amount of the assets acquired and liabilities assumed is recognised as goodwill. After assessing the consideration paid, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, any difference is recognised in consolidated profit or loss.

Associates

These are entities over which the Group has the capacity to exercise significant influence, without effective control or joint management. This ability is usually manifested in a holding (direct or indirect) of 20% or more of the voting rights of the investee.

The Group's investments in associates are accounted for in the consolidated annual accounts using the equity method from the date on which significant influence commences until the date on which influence ceases. Gains and losses resulting from transactions with an associate are eliminated to the extent of the Group's interest in the associate, less any impairment of individual interests. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Any excess of the cost of acquisition over the portion of the fair values of the identifiable net assets of the associate attributable to the Group at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any deficiency of the cost of acquisition in relation to the portion of the fair values of the identifiable net assets of the associate held by the Group at the date of acquisition is recognised in consolidated profit or loss in the year of acquisition.

If, as a result of losses incurred by an associate, its equity were negative, the Group's consolidated statement of financial position would include a zero value, unless the Group had an obligation to provide financial support for the associate.

The accounting policies of equity accounted investees are changed when necessary to ensure consistency with the policies adopted by the group.

Note 2.6.b to these 2022 consolidated annual account details the associates included in the consolidation parameter and the information relating to these companies.

Impairment

The Group applies the criteria for impairment described in the accounting policy for financial instruments to determine whether additional impairment losses to those already recognised on the net investment in the associate, or on any other financial asset held as a result of applying the equity method, should be recognised.

The Group applies the criteria indicated in the accounting policy for financial instruments, including valuation adjustments for impairment to other financial instruments to which the equity method is not applied, including those that form part of the net investment in the associated entity.

Impairment is calculated by comparing the carrying amount of the net investment in the associate with its recoverable amount. Recoverable value is the higher of value in use and fair value less costs to sell. In this regard, value in use is calculated on the basis of the Group's share of the present value of the estimated cash flows from ordinary activities and the income generated on the final disposal of the associate.

No impairment losses are assigned to goodwill or other assets implicit in the investment in associates arising from the application of the equity method. In subsequent years, reversals of investments are recognised in consolidated profit and loss to the extent that the recoverable amount increases. Impairment losses are presented separately from the Group's share of the results of associates.

Joint ventures

Investments in joint ventures are accounted for using the equity method. This method involves including the value of the net assets and any possible goodwill relating to the interest in the joint venture of companies accounted for using the equity method in the consolidated statement of financial position. The net annual profit/(loss) corresponding to the percentage interest in joint ventures is reflected in the consolidated income statement as profit/(loss) for the year of the companies carried by the equity method.

The distribution of dividends from joint ventures is recorded as a decrease in the value of the investments. Joint venture losses attributable to the Group are limited to the extent of its net investment, unless the Group has legal obligations or payments have been made on behalf of the joint ventures.

Non-controlling interests

Non-controlling interests are initially measured by the proportional interest in the identifiable net assets of the acquired company at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The companies comprising the Group have no non-controlling interests.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the consolidated income statement. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intragroup balances and transactions and any unrealised income and expenses arising from intragroup transactions are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency transactions and balances and flows

(i) Foreign currency transactions and balances

Foreign currency transactions are translated to the functional currency by applying the spot exchange rates between the functional currency and the foreign currency at the dates when the transactions take place.

Monetary assets and liabilities denominated in foreign currencies were translated to euros at the year-end exchange rate, while non-monetary assets and liabilities measured at historical cost were translated at the exchange rates applied on the date of the transaction. Finally, non-monetary assets that are valued at fair value have been translated into euros at the exchange rate on the date when the asset was recorded.

In the presentation of the consolidated statement of cash flows, the flows from transactions in foreign currency are translated to euros at the exchange rates prevailing on the date on which the flows occurred.

Differences resulting from the settlement of foreign currency transactions and the translation to euros of monetary assets and liabilities denominated in foreign currencies are recognised in consolidated income statement. However, exchange differences arising on monetary items forming part of the net investment in foreign operations are recorded as translation differences in other comprehensive income.

During 2022 and 2021, the Group has not carried out any transactions in foreign currency.

c) Financial income and financial expenses

The Group's financial income and finance expenses include:

- interest income;
- interest expense;
- dividend income;

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired, the calculation of interest income returns to the gross basis.

d) Borrowing costs

The Group includes in the cost of intangible assets, property, plant and equipment, investment property and inventories that require a period of more than one year to be ready for use, operation or sale, the borrowing costs related to specific or generic financing directly attributable to the acquisition, construction or production.

To the extent that financing has been specifically obtained, the amount of interest to be capitalised is determined on the basis of the related financial expenses incurred during the year, less the returns obtained on investments of temporary funds. In cases where the financing has not been used temporarily to fund assets under construction, the related financial expenses are not capitalised. The amount of interest to be capitalised relating to general non-trade financing is determined by applying a weighted average interest rate to the investment in progress, discounting the portion specifically financed, up to the limit of total accumulated interest expense in the consolidated income statement.

The capitalisation of interest begins when the interest on the expenses related to the inventories has been incurred and the activities necessary to prepare the assets, or part of them, for their intended use or sale are being carried out, and ends when all or substantially all the activities necessary to prepare the assets or part of the assets for their intended use or sale have been completed. However, the capitalisation of interest is suspended during periods of interrupted activity if those periods are significantly extended, unless the temporary delay is necessary to bring the asset into operating condition or to sell it.

The capitalisation of interest is recognised under “Financial expenses" in the consolidated income statement (see Note 23.10).

e) Intangible assets

As a general rule, intangible assets are recognised initially at acquisition or production cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. These assets are amortised over their useful lives.

i) Goodwill

Goodwill is the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is tested for impairment annually and is measured at cost less accumulated impairment. The gain or loss on the sale of an entity includes the carrying amount of goodwill related to the entity sold.

ii) Computer software

Computer software acquired and developed by the Group, including website development expenses, are recognised to the extent that they meet the conditions indicated for development expenses. Expenditure on the development of a website for promotional purposes or to advertise the Group's products or services is recognised as an expense when incurred. IT maintenance expenses are expensed as incurred.

iii) Amortisation

Computer software, patents, licences, brands and similar items are amortised on a straight-line basis over their useful lives at the following rates:

Description	Years	Coefficient
Computer software	4	25%
Patents, licences, trademarks and similar	10	10%

The Group evaluates and determines impairment losses and reversals of impairment losses on intangible assets in accordance with the criteria set out in Note 4-h.

f) Property, plant and equipment

i) Initial recognition

Property, plant and equipment are recognised at cost or deemed cost, less any accumulated depreciation and any accumulated impairment loss.

The cost of assets comprises the acquisition price, less trade discounts or rebates, and plus any costs directly related to locating the asset in its intended use and to establishing conditions necessary for it to be capable of operating in the manner intended by the management body, the initial estimate of the costs of dismantling or removing the asset and restoring the place where it is located, provided that they constitute obligations incurred as a result of use and for purposes other than the production of inventories.

Any gain or loss on the sale of an item of property, plant and equipment (calculated as the difference between the profit obtained and the carrying value of the item) is recognised in consolidated income.

ii) Subsequent costs

Subsequent expenses are capitalised only when it is probable that future economic benefits related to the expense will flow to the Group. Ongoing repair and maintenance costs are recorded as expenses when incurred.

iii) Amortisation

Amortisation of property, plant and equipment is carried out on a straight-line basis over their useful life. For these purposes, the amortisable amount is understood to be the cost of acquisition less its residual value.

Items are amortised from the date they are installed and ready for use.

Amortisation of assets is determined as follows:

Description	Coefficient
Constructions	2%
Technica installations and machinery	10%-33%
Other fixed assets	20%-25%

The Group reviews the residual value, useful life and amortisation method of property, plant and equipment at the end of each year. Possible modifications to the initial criteria are recognised as a change in estimate.

The Group assesses and determines the losses and reversals of impairment losses on non-financial assets in accordance with the criteria set forth in Note 4-h.

g) Investment property

Investment property is property (including property in progress or under development for future use as investment property) that is held wholly or partly to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for sale in the ordinary course of business. Investment property is initially recognised at cost, including any transaction costs.

The interest and other financial expenses incurred during the construction period of the buildings intended to be rented and accrued for the specific financing received for that purpose are considered as capitalisation of the corresponding buildings. No amount was recognised in this connection in 2022 and 2021.

The same criteria are used for the measurement and amortisation of investment property, the estimation of its respective useful lives and the recognition of any impairment losses as those described in relation to property, plant and equipment, as indicated in Note 4-f.

The Group reclassifies an investment property to property, plant and equipment when it begins to use the property in the production or supply of goods or services, or for administrative purposes.

The Group reclassifies an investment property to inventories when it commences work to produce a substantial transformation of the property with the intention of selling it.

The Group reclassifies property, plant and equipment to investment property when it ceases to use the property in the production or supply of goods or services, or for administrative purposes, and uses it to obtain income or capital gains or both.

The Group reclassifies inventories of investment property when the property becomes the subject of an operating lease.

h) Impairment of non-financial assets subject to amortisation

The Group evaluates whether there is any indication that non-financial assets (except inventories and deferred tax assets) subject to amortisation may be impaired, in order to ascertain whether their carrying amount exceeds their recoverable amount, which is taken to be the higher of fair value less costs to sell and value in use.

Impairment losses are recognised in the consolidated income statement.

The recoverable amount should be calculated for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

The Group assesses at each closing date whether there is any indication that the impairment loss recognised in prior years no longer exists or may have decreased. Impairment losses on goodwill, if any, are not reversible. Impairment losses on other assets are only reversed if there has been a change in the estimates used to determine the asset's recoverable value.

The reversal of the impairment loss is recognised with a credit to the consolidated income statement. However, the reversal of the loss cannot increase the carrying amount of the asset above the carrying amount that it would have had, net of amortisation, had no impairment been recognised.

Once the valuation adjustment for impairment or reversal has been recognised, the amortisation of subsequent years is adjusted to the new carrying amount.

However, if the specific circumstances of the assets reveal a loss that is irreversible, this loss is recognised directly as a loss on non-current assets in the consolidated income statement.

i) Financial instruments

(i) *Recognition and initial measurement*

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Financial assets. Classification and subsequent measurement*

At initial recognition, IFRS 9 contains three main categories in the classification of financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financials instrument as a whole is assessed for classification.

Financial assets	**Classification under IFRS 9**
Loans and receivables	Amortised cost
Cash and Cash equivalent	Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Assessment whether contractual cash flows are solely payments of principal and interest: For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Subsequent measurement:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) *Financial liabilities. Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in the income statement.

(iv) *Basis of offsetting*

A financial asset and a financial liability are only off-set when the Group has a legally enforceable right to offset the recognised amounts and has the intention of liquidating the net amount or of realising the asset and settling the liability simultaneously.

(v) *Derecognition*

Financial assets are derecognised when the rights to receive the related cash flows have expired or have been transferred, and the Group has substantially transferred the risks and rewards incidental to their ownership.

Full derecognition of a financial asset involves recognition of a gain/loss arising from the difference between its carrying amount and the total consideration received, net of transaction costs, including assets obtained or liabilities accepted, and any deferred gain or loss in recognised income and expense under equity.

A financial liability, or part of it, is derecognised when the Group either discharges the liability or is legally released from primary responsibility for the liability either by process of law or by the creditor.

The Group recognises the difference between the carrying amount of the financial liability, or part thereof, cancelled or transferred to a third party and the consideration paid, including any asset transferred different to the cash or liability assumed, charged or credited to the income statement.

(vi) *Impairment of financial assets*

IFRS 9 uses a forward-looking “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI.

The Group recognises in the consolidated income statements a value adjustment due to expected credit losses of the financial assets valued at amortised cost, fair value with changes in other comprehensive income, accounts receivable for financial leases, assets by agreement, loan commitments and financial guarantees.

For the financial assets appraised at fair value with changes in other comprehensive income, the expected credit loss is recognised in other comprehensive income and the fair value of the assets is not reduced.

At each closing date, the Group values the valuation adjustment at an amount equal to the expected credit losses over the following twelve months, for financial assets for which the credit risk has not significantly increased since the initial recognition date or when it considers that the credit risk of a financial asset has not significantly increased.

At the end of each year, the Group estimates whether the credit risk of an individual instrument or a group of instruments considered collectively has increased significantly since initial recognition.

(vii) *Financial liabilities*

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit and loss, are initially recognised at fair value, less any transaction costs directly attributable to their issue. Subsequent to initial recognition, liabilities classified in this category are measured at amortised cost using the effective interest method.

However, financial liabilities are measured at their nominal value if they do not have an established interest rate, the amount matures or is expected to be received in the short term and the effect of discounting is not significant.

(viii) *Surety deposits*

In accordance with the legislation of the autonomous communities in which the Group operates, the Group deposits rental and guarantee deposits at government offices that request them to reasonably ensure the guarantees received from the tenants of the investment properties owned by the Group. These bonds are valued according to the criteria for financial assets. The difference between the amount delivered and the fair value is recognised as an advanced collection which it is taken to the consolidated income statement during the term of the lease (during the period in which the service is rendered).

The advances to be applied over the long term are subject to discounting at the close of each financial period depending on the market interest rate at the time of its initial recognition. In the case of current guarantees, cash flows are not discounted if their effect is not significant.

j) Shareholders distribution

IFRIC 17 "Distributions of Non-cash Assets to Owners" does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution.

Furthermore, as indicated in paragraph 3 of IFRIC 19 " Extinguishing Financial Liabilities with Equity Instruments", the Group will not apply this Interpretation to transactions in which the creditor is also a direct or indirect shareholder and is acting in its current capacity as a direct or indirect shareholder.

IAS 8, "Accounting policies, changes in accounting estimates and errors", paragraph 10, states that "in the absence of an IFRS that is directly applicable to the transaction, other event or circumstance, management shall apply its judgement in developing and applying an accounting policy".

Consequently, the Company's management body has analysed these transactions and concluded the following from an accounting point of view:

- Dividends, in cash or in kind, are recognised as a reduction in equity when approved by the shareholders at the Annual General Shareholders' Meeting. The liability is recognised at the time the dividend is approved, measured at the fair value of the assets to be delivered. At the settlement date, the difference between the carrying amount of the assets delivered recognised in the consolidated annual accounts under EU-IFRSs at the date of the transaction and the amount of the liability is recognised in reserves in the consolidated statement of changes in equity.

- In accounting for division transactions, including distributions in kind, whether in the form of non-monetary assets, businesses or investments in other entities or groups, which are carried out between entities under common control, the Group applies book value accounting (predecessor).

- The capitalisation of loans granted by shareholders to the Company in the form of equity instruments is not within the scope of IFRIC 19. Therefore, the Group chose as its accounting policy the derecognition of the debt at its carrying amount, recording the equity instrument to be delivered at fair value and recognising the difference between those amounts as a gain or loss in the consolidated income statement. Equity instruments issued should be initially recognised and measured at the date on which the liability arises. IFRS 13 *Fair Value Measurement* was applied in the valuation of newly issued equity instruments.

Acquisitions and disposals that do not give rise to a change of control are accounted for as equity transactions in other reserves and no gain or loss is recognised in the consolidated income statement and goodwill is not remeasured. The difference between the consideration given or received and the decrease or increase in minority interest (non-controlling interest), respectively, is recognised in reserves.

k) Inventories

This heading in the consolidated statement of financial position includes the assets that:

- The Group maintains for sale in the ordinary course of its business.

- They are under construction or development for sale;
- The Group expects to consume in the production process or in the provision of services.

The Group considers that its inventories do not meet the requirements of IAS 40 to be considered as investment property. Therefore, land and other properties held for sale or for inclusion in a property development in the ordinary course of the Group's business are deemed to be inventories and not for appreciation or rental purposes.

The Group uses the following criteria in the valuation of its inventories:

- Land and plots acquired for disposal or for the development of real estate developments are recorded at their acquisition price, which includes the expenses directly related to their purchase (registration expenses, fees, expenses for studies and technical projects prior to the acquisition of plots, etc.).
- The Group does not capitalise, as an increase in the value of the land and plots, any financial expense accrued on loans obtained to finance their purchase during the period between the date of acquisition and the time when the building licence is applied for.
- As "Property Developments in Progress", the costs incurred at source in the developments in the execution phase are recorded. These costs include, for each development, the amounts corresponding to the acquisition price of the plot, development and construction costs, as well as other costs directly related to the development (studies and projects, licences, etc.) and the financial expenses accrued by the specific financing obtained during the construction period.

Short-cycle Property Developments in Progress are all those accumulated costs of developments whose completion period (undertaking and development) is estimated not to exceed 12 months.

At the end of each development, the Group follows the procedure of transferring the cost corresponding to those developments still pending sale from the Property Developments in Progress account to the Completed Property Developments account.

The Group analyses annually whether there are indications of impairment in order to make the appropriate valuation adjustments, recognising them as an expense in the consolidated income statement when the market value of inventories is lower than their acquisition price or production cost. This market value is based on valuations carried out by an independent expert.

Valuation adjustments and reversals for impairment of inventories are recognised under "Changes in inventories of completed goods and work in progress" or "Raw materials and other consumables used", depending on whether they are developments in progress or completed or land and plots.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in demand deposits at banks. This also includes other current, highly liquid investments with an original maturity of three months or less are also included, provided they can readily be converted to specific cash amounts and where the risk of change in value is insignificant. In the consolidated balance sheet, bank overdrafts are classified as financial debt under current liabilities.

This item includes cash and banks received as advances from the customer and deposited in a special account separately from the rest of the Group's funds allocated to cover the costs arising from the corresponding development.

m) Provisions and contingencies

In preparing the consolidated annual accounts, the Parent Company's management body differentiates between

a) Provisions: credit balances covering current obligations arising from past events, the settlement of which is likely to give rise to an outflow of resources, but which are undetermined as to their amount and/or timing.
b) Contingent liabilities: possible obligations arising from past events, the future materialisation of which is conditional on the occurrence or non-occurrence of one or more future events beyond the control of the Group.

The consolidated annual accounts include all the provisions with respect to which it is estimated that the probability that the obligation will have to be met is greater than otherwise. Contingent liabilities are not recognised in the consolidated annual accounts but are disclosed in the notes to the consolidated annual accounts, unless the possibility of an outflow is considered to be remote.

The amounts recognised in the consolidated statement of financial position for provisions correspond to the best estimate at the closing date of the disbursements required to settle the present obligation, after considering the risks and uncertainties related to the provision and, where significant, the financial effect of the discount, provided that the disbursements to be made in each year can be reliably determined. The discount rate is determined before taxes, considering the time value of money, as well as the specific risks that have not been considered in the future flows related to the provision at each closing date. No provisions are recognised for future operating losses.

The compensation to be received from a third party when the obligation is settled, provided that there is no doubt that such reimbursement will be received, is recorded as an asset, except in the event of a legal link by which part of the risk has been externalised and by virtue of which the Group is not liable. In this situation, the compensation will be taken into account to estimate the amount for which the corresponding provision will be made, if any.

Contingent liabilities recognised in a business combination

A contingent liability in a business combination is initially recognised at fair value. Subsequently, this contingent liability is recognised until it is settled, cancelled or expires at the higher of the amount initially recognised, less the amounts to be allocated to consolidated profit or loss in accordance with the rule for measuring income from customer contracts and the amount resulting from the rule for measuring provisions.

n) Corporate income tax

The income tax expense or benefit for the year is the tax payable or receivable on the taxable income for the current year based on the applicable tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. Therefore, the tax expense or benefit comprises both current and deferred tax.

Assets or liabilities due to current taxes on profits are measured at the amounts expected to be paid to or recovered from the tax authorities, using tax rates and regulations in force or approved and pending publication at year-end.

Current and deferred tax is recognised in the consolidated income statement, unless it arises from a transaction or economic event that is recognised, in the same or another year, directly in equity, or from a business combination.

As at 31 December 2022, all the Group companies, except Lealtad Directorship, S.L.U, Célere Fórum Barcelona S.L., Douro Atlántico, S.A. and Parquesoles Inversiones Inmobiliarias y Proyectos S.A., belong to a tax group for corporate income tax purposes, of which the Parent Vía Célere Holdco, S.L. has been the head since 1 January 2022.

The corporate taxes payable by companies filing a consolidated return are determined taking into account, in addition to the corresponding parameters for individual taxation, the following:

- Temporary and permanent differences arising from the elimination of gains or losses on transactions between companies in the tax group arising from the process of determining the consolidated tax base.
- The deductions and tax credit corresponding to each company in the tax group under the consolidated tax return system. For these purposes, the deductions and allowances are allocated to the company that carried out the activity or obtained the yield necessary to obtain the right to the tax deduction or allowance.

Temporary differences arising from the elimination of profit or loss between companies in the tax group are recognised in the company that generated the profit or loss and are measured at the tax rate applicable to it.

As a result of the negative tax results from some of the companies in the tax group that have been offset by the other companies in the tax group, a reciprocal credit and debit arises between the companies to which they correspond and the companies that offset them. In the event that there is a tax loss that cannot be offset by other companies in the consolidated tax group, the tax credits for offsetting losses are recognised as deferred tax assets and the tax group is considered the taxpayer for recovery purposes.

The Parent Company, Holdco, records the total amount payable (refundable) for consolidated corporate income tax with a charge /(credit) to Credits (Debts) with group companies and associates.

The amount of the receivable/(payable) corresponding to the subsidiaries is recorded with a credit/debit to accounts receivable from/payable to Group companies and associates.

(i) Recognition of deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(ii) *<u>Recognition of deferred tax assets</u>*

The Group recognises deferred tax assets provided that

- It is likely that there will be sufficient future taxable profits to offset them or when tax legislation provides for the possibility of future conversion of deferred tax assets into a receivable from the government. However, assets that arise from the initial recognition of assets or liabilities in a transaction that is not a business combination and that at the date of the transaction affects neither accounting profit nor taxable profit are not recognised;
- Relate to temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the temporary differences will reverse in the foreseeable future and future taxable profit is expected to be generated to offset the differences.

The Group recognises the conversion of a deferred tax asset into a receivable from the government when it becomes due under current tax legislation. For this purpose, the derecognition of the deferred tax asset is recognised with a charge to the deferred income tax expense and the account receivable is recognised with a credit to current income tax. Similarly, the Group recognises the exchange of a deferred tax asset for government debt securities when title is acquired.

The Group recognises the payment obligation arising from the provision of equity as an operating expense with a credit to the government debt.

It is considered probable that the Group has sufficient taxable profits to recover deferred tax assets provided that there are sufficient taxable temporary differences related to the same tax authority and relating to the same taxpayer that are expected to reverse in the same tax year in which the deductible temporary differences are expected to reverse or in years in which a tax loss arising from a deductible temporary difference can be offset against prior or subsequent gains. When the only future taxable temporary differences arise, deferred tax assets arising from offsetting tax losses are limited to 70% of the amount of deferred tax liabilities recognised.

In order to determine future taxable profits, each Group takes tax planning opportunities into account whenever it intends to adopt them or is likely to adopt them.

(iii) *<u>Measurement of deferred tax assets and liabilities</u>*

Deferred tax assets and liabilities are measured at the tax rates that will apply to the years when the assets are expected to be realised or the liabilities are expected to be settled, based on the regulations and rates that are substantially effective or approved, and after considering the tax consequences that will arise from the manner in which each company expects to recover the assets or settle the liabilities. For these purposes, each Group considered the deduction for reversal of temporary measures developed in transitional provision thirty-seven of Law 27/2014, of 27 November, on Corporate Income Tax, as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of depreciation in 2013 and 2014.

The Group reviews the carrying amount of deferred tax assets at the end of the year to reduce the value of these assets to the extent that it is not probable that there will be any future taxable income to offset them.

Deferred tax assets that do not meet these conditions are not recorded in the consolidated statement of financial position. At the end of the year, the Group reconsiders whether the conditions for recognition of deferred tax assets that had not been previously recognised are met.

(iv) *<u>Offsetting and classification</u>*

The Group only offsets deferred tax assets and liabilities when it has a legal right to do so and the assets and liabilities relate to the same tax authority and the same taxpayer, or to different taxpayers who expect to settle or realise current tax assets and liabilities for their net amount, or to realise the assets and settle the liabilities simultaneously, in each of the future years in which significant deferred tax assets or liabilities are expected to be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated statement of financial position as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

Tax benefits acquired as part of a business combination that do not meet the criteria for separate recognition at that date will be recognised subsequently if information about the facts and circumstances changes. The adjustment is treated as a reduction of goodwill (provided that it does not exceed such goodwill) if it was incurred during the measurement period, or is recognised in the consolidated income statement.

o) Revenue from contracts with customers

Sales of goods

The Group recognises ordinary income so that the transfer of committed goods or services to its customers is recognised at the amount that reflects the consideration that the entity expects to receive in exchange for those goods or services, analysed as follows:

- Identification of the contract.
- Identification of the different performance obligations.
- Determination of the transaction price.
- Allocation of the transaction price to each of the performance obligations.
- Recognise revenue at the time when performance obligations are satisfied.

As the characteristics of the contracts entered into with customers do not differ significantly, and in accordance with the standard, the Group applies a collective accounting treatment to these contracts. With regard to sales of real estate developments, the Group companies recognise sales and the cost thereof when the properties and land have been delivered and the ownership of the properties and land has been transferred. For these purposes, it is understood that the sale of the completed residential product takes place when the keys are handed over, which coincides with the execution of the public deed. Otherwise, the sale is not deemed to be completed for accounting purposes.

Ordinary income does not include discounts, VAT and other sales-related taxes. The Group recognises the income upon delivery of the property to the customer, although three different documents are signed throughout the process (the pre-reservation and/or reservation, and the private deed of sale contract). Upon delivery, the customer accepts the property and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Customer advances

Customers make advances on the future delivery of the homes, which are recognised as a contractual liability. Since the period between delivery of the advance and recognition of the income exceeds twelve months, the Group recognises a finance charge with a credit to the liability from the time when the advance is collected until the income is recognised. The interest rate used to recognise the interest expense is determined by the discount rate that would be reflected in a stand-alone financing transaction between the Group and the customer at the inception of the contract. However, since customer advances are specifically used to finance work in progress, financial expenses are capitalised in inventories in progress, as indicated in Section 4.k.

Consequently, the application of IFRS 15 resulted in the recognition of 3,384 thousand euros as at 31 December 2022 (3,836 thousand euros as at 31 December 2021) under “Inventories” to recognise the aforementioned financial component.

Fees

In some property developments there are fees for sales that are granted to a third party. These fees are normally charged to property developments within the indirect costs charged. The fees are specific to each contract and would not have been incurred if the contract had not been obtained. These fees arise at two moments: at the signing of the private purchase agreement and at the formalisation of the deed of sale. The second part of the fee is paid at the moment of the transfer of control. IFRS 15 requires incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognised as an asset if certain criteria are met. Any capitalised contract costs assets must be amortised on a systematic basis that is consistent with the entity’s transfer of the related goods or services to the customer.

p) Classification of assets and liabilities between current and non-current

The Group distinguishes between current and non-current assets and liabilities in its consolidated statement of financial position. Except as mentioned in Note 18, current assets or liabilities are those that meet the following criteria:

- Assets are classified as current when they are expected to be realised or sold or consumed in the course of the Group’s normal operating cycle, are held primarily for trading purposes, are expected to be realised within twelve months after the balance sheet date or are cash or equivalent liquid assets, except in those cases in which they cannot be exchanged or used to settle a liability, at least within twelve months after the balance sheet date.
- Liabilities are classified as current when they are expected to be settled in the Group’s normal operating cycle, are held primarily for trading, have to be settled within twelve months from the balance sheet date or the Group does not have the unconditional right to defer the settlement of liabilities for twelve months from the balance sheet date.

- Financial liabilities are classified as current when they are due to be settled within twelve months after the balance sheet date, even if the original term was for more than twelve months and there is a refinancing or restructuring agreement for long-term payments that was concluded after the balance sheet date and before the consolidated annual accounts were prepared.

q) Exchanges of property, plant and equipment and/or inventories (swap)

An item of property, plant and equipment and/or inventory is deemed to be acquired by exchange when it is received in exchange for the delivery of non-monetary assets or a combination thereof with monetary assets.

In exchanges of a commercial nature, property, plant and equipment and/or inventories received are measured at the fair value of the asset delivered plus the monetary consideration given in exchange, unless there is clearer evidence of the fair value of the asset received and with the limit of the latter. Any differences arising from the derecognition of the item delivered in exchange shall be recognised in the consolidated income statement for the period in which the difference arises.

An exchange of a commercial nature has been considered when:

- The risk, timing and amount of cash flows of the asset received differs from the configuration of the cash flows of the asset delivered; or
- The present value of the after-tax cash flows of the Company's activities affected by the exchanges as a result of the exchange.

When the exchange is not of a commercial nature or when a reliable estimate of the fair value of the items involved in the transaction cannot be obtained, the property, plant and equipment and/or inventories received are measured at the lower of the carrying amount of the asset delivered plus, where appropriate, the monetary consideration that would have been given in exchange, up to the limit, where available, of the fair value of the asset received.

These criteria also apply to exchanges of building land in exchange for completed dwellings, which are valued at the fair value of the completed dwellings to be delivered in the future.

r) Foreclosed assets in payment of loans

The Group recognises non-monetary assets awarded in payment of loans at the lower of the book value of the loans, plus any expenses incurred as a result of the transaction, or the fair value of the non-monetary assets.

If the non-monetary assets meet the conditions for classification as non-current assets held for sale at the grant date, they are measured at the lower of the carrying amount of the loans plus any expenses incurred as a result of the transaction and the fair value less costs of disposal of the foreclosed assets.

s) Statement of cash flows

In the consolidated statement of cash flows, prepared under the indirect method, the following terms are used with the meanings specified:

1. Cash flows: inflows and outflows of cash and cash equivalents, i.e. current, highly liquid investments with no significant risk of changes in value.
2. Operating activities: the Group's main source of ordinary income, as well as other activities that cannot be classified as investment or financing activities.
3. Investing activities: the acquisition or disposal by other means of non-current assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

t) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn ordinary income and incur expenses, whose operating results are reviewed regularly by the Group's chief operating decision maker to decide on the resources to be allocated to the segment in order to assess its performance and for which differentiated financial information is available (see Note 6).

u) Right-of-Use Asset & Lease Liability - IFRS 16

The Group evaluates lease agreements and recognises a right-of-use asset and a corresponding lease liability in respect of all lease arrangements in which it is the lessee, except for current leases (defined as leases with a lease term of 12 months or less) and low-value leases.

Right-of-use assets are initially recognised at cost calculated as the lease payments to be made plus the initial direct costs and decommissioning costs to be considered. Subsequently, the right of use is valued at cost less accumulated amortisation and impairment losses, as applicable.

Amortisation is calculated by applying the straight-line method to the cost of the right-of-use asset and based on the term of the contract, since this is the useful life of the right-of-use asset.

The Group determines the lease term as the non-cancellable term of the lease, together with any period covered by an extension (or termination) option the exercise of which is discretionary to the Group, if there is reasonable certainty that it will (or will not) be exercised.

The annual right-of-use amortisation charge is recognised in the consolidated income statement on the basis of the years of estimated useful life as follows:

	Annual percentage
Straight-line amortisation system:	
Right of use	20%

The recognition of lease liabilities is initially recorded as the present value of lease payments outstanding to date. These payments are discounted using an interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

Subsequently, the financial liability is restated by increasing its book value based on the financial expense recorded against "Financial expenses" in the consolidated income statement, and reducing the amount based on the lease payments made.

v) Severance indemnities and senior management compensation

Except in the case of dismissal for cause, companies are obliged to compensate their employees when they terminate their services.

In the absence of any foreseeable need for abnormal termination of employment and since employees who retire or terminate their services voluntarily do not receive severance payments, severance payments, when they arise, are expensed at the time that a valid expectation has arisen vis-à-vis those affected that the termination of employment will occur.

On 10 November 2021, VCDI's sole shareholder approved a long-term incentive plan for VCDI's Managing Director, members of VCDI's senior management and certain key VCDI employees, which expires on 31 December 2027. On 1 March 2022, the maximum amount was amended from 14 million euros to 15.4 million euros, with the rest of the clauses remaining unchanged from its predecessor.

This incentive remuneration is linked to the occurrence of liquidity-generating events for VCDI's indirect shareholders, such as the distribution of dividends, partial or total transfers of shareholdings, mergers or spin-offs, etc.

The calculation of the incentive remuneration, in the event of accrual, differs depending on the type of event that generates the right to receive the incentive and would range from 5.6 million euros to 15.4 million euros in the different scenarios that could give rise to the accrual of such remuneration.

As at 31 December 2022, the consolidated income statement includes the accrued amount of the plan in accordance with IFRS 2 - Share-based payment.

5. Earnings per share

Basic earnings per share

Basic earnings per share are determined by dividing the net profit attributable to shareholders of the Parent Company (after tax and non-controlling interests) by the weighted average number of shares outstanding during the year, excluding the number of treasury shares held in the same period. According to it:

	2022 Thousands of euros
Profit for the year attributable to equity holders of the parent company (thousands of euros)	68,722
Weighted average number of common shares outstanding (thousands of shares)	68,527
Basic earnings per share (euros)	**1.00**

	2021 Thousands of euros
Profit for the year attributable to equity holders of the parent company (thousands of euros)	61,824
Weighted average number of common shares outstanding (thousands of shares)	68,527
Basic earnings per share (euros)	**0.90**

The weighted average number of ordinary shares is calculated as follows:

In thousands of shares	2022
Shares outstanding as at 1 January	68,527
Effect of shares issued	-
Weighted average number of ordinary shares outstanding as at 31 December	**68,527**

Diluted earnings per share

Diluted earnings per share are established on a similar basis to that of basic earnings per share. However, the weighted average number of shares outstanding is increased by the number of shares outstanding for all dilution effects inherent in potential ordinary shares.

6. Segment reporting

At the date of preparation of these consolidated annual accounts, the management body considers that there is only one segment, the residential development business.

The Parent Company does not make decisions or prepare separate financial information for each line of business (developments and non-strategic) and, therefore, considers that there is only one operating segment.

7. Environmental information

Given its activity as a real estate developer, the Group has no environmental liabilities, expenses, assets, provisions or contingencies that could be significant in relation to its equity, financial position and results of operations. Notwithstanding this, the Group wishes to emphasize its intention to contribute to the transition to a low carbon economy through the framework under which we issue green bonds, which allows investors an opportunity to support objectives in this area, as well as helping to meet investors' responsible investment objectives. Green bonds are intended for the financing or refinancing of green projects, i.e., investment in sustainable and socially responsible assets in areas as diverse as renewable energy, energy efficiency, clean transportation or responsible waste management. The Non-Financial Information Report presented in Holdco Annual Accounts explains in more detail the committees in which the Group has membership are part of and all the actions it takes to measure the footprint and improve in all the processes to avoid generating more pollution, so no specific disclosures on environmental issues are included in these notes to the consolidated financial statements.

8. Intangible Assets

The changes in intangible assets in 2022 and 2021 were as follows:

	Thousands of Euros			
	Computer software	**Patents, licenses, trademarks and similar**	**Goodwill**	**Total**
Cost				
1 January 2021	298	95	5	398
Additions	-	-	-	-
31 December 2021	298	95	5	398
1 January 2022	298	95	5	398
Additions	176	-	-	176
31 December 2022	474	95	5	574
Amortisation				
Accumulated as at 1 January 2021	(241)	(95)	-	(336)
Amortisation charge	(20)	-	-	(20)
Accumulated as at 31 December 2021	(261)	(95)	-	(356)
Accumulated as at 1 January 2022	(261)	(95)	-	(356)
Amortisation charge	(68)	-	-	(68)
Accumulated as at 31 December 2022	(329)	(95)	-	(424)
Net carrying amount as at 31 December 2021	**37**	**-**	**5**	**42**
Net carrying amount as at 31 December 2022	**145**	**-**	**5**	**150**

The cost of fully depreciated assets is 243 thousand euros as at 31 December 2022 (249 thousand euros as at 31 December 2021).

The 2022 additions to IT applications relate entirely to the development of an online customer portal. During 2021 there were no additions of intangible assets.

No intangible assets were derecognised during 2021 or 2022.

As at 31 December 2022 and 2021, there were no impairment indicators for the carrying amount of intangible assets.

Information on goodwill is presented in Note 12.

9. Property, plant and equipment

The changes in property, plant and equipment in 2022 and 2021 were as follows:

	Thousands of Euros				
	Land and Buildings	Plant and machinery	Other property plant and equipment	Work in progress	Total
Cost					
1 January 2021	3,245	994	1,928	25	6,192
Additions	404	306	462	-	1,172
Derecognitions	(2,836)	(565)	(338)	-	(3,739)
31 December 2021	813	735	2,052	25	3,625
1 January 2022	813	735	2,052	25	3,625
Additions	17	312	23	-	352
Derecognitions	(38)	(36)	(9)	(25)	(108)
31 December 2022	792	1,011	2,066	-	3,869
Amortisation					
Accumulated as at 1 January 2021	(111)	(375)	(989)	-	(1,475)
Depreciation charge for the year	(41)	(145)	(167)	-	(353)
Derecognitions	102	30	289	-	421
Accumulated as at 31 December 2021	(50)	(490)	(867)	-	(1,407)
Accumulated as at 1 January 2022	(50)	(490)	(867)	-	(1,407)
Depreciation charge	(22)	(118)	(186)	-	(326)
Derecognitions	3	-	3	-	6
Accumulated as at 31 December 2022	(69)	(608)	(1,050)	-	(1,727)
Net carrying amount as at 31 December 2021	**763**	**245**	**1,185**	**25**	**2,218**
Net carrying amount as at 31 December 2022	**723**	**403**	**1,016**	**-**	**2,142**

Additions in 2022 mainly relate to refurbishment work at Group headquarters.

Additions in 2021 mainly correspond to the acquisition of furniture and computer equipment, as well as the construction of worksite sales huts for various developments. In addition, they corresponded to the capitalisation of leasehold improvements made in 2021, which as at 31 December 2021 amounted to 218 thousand euros.

During 2022, the sales offices located on the Adeje site (sold) and the furnishings of certain sales stands were derecognised, giving rise to a loss of 44 thousand euros (see Note 23.11).

In 2021 items of property, plant and equipment with a net carrying amount of 3,318 thousand euros were derecognised, giving rise to a loss of 251 thousand euros (see Note 23.11).

The value of the derecognition relates mainly to the sale to Vía Célere Desarrollos Inmobiliarios, S.A.U. of the office located at Calle Carlos y Guillermo Fernandez Shaw No. 1 in Madrid. The net book value of these assets amounted to 2,707 thousand euros and was sold for 2,850 thousand euros, recording a gain on the sale of these assets of 143 thousand euros (see Note 23.11). The outstanding debt of 1,077 thousand euros for these assets at the date of the sale was cancelled, meaning that the total amount collected amounted to 1,173 thousand euros. Additionally, it includes the derecognition of the sales stand of the Miraflores development, belonging to the subsidiary Parquesoles S.A..

The cost of fully depreciated assets as at 31 December 2022 and 2021 amounts to 955 thousand euros and 745 thousand euros, respectively.

The Group has taken out various insurance policies to cover the risks to which its property, plant and equipment are exposed. The coverage of these policies is considered sufficient.

The Group has evaluated the existence of any indications that could highlight the potential impairment of the assets comprising property, plant and equipment at 31 December 2022 and 2021, concluding that there is no impairment indicator as to the carrying value of property, plant and equipment in those years.

10. Investment property

The changes in this heading in the consolidated statement of financial position in 2022 and 2021 were as follows:

	Thousands of Euros		
	Land	Buildings	Total
Cost			
1 January 2021	75	50	125
31 December 2021	75	50	125
1 January 2022	75	50	125
31 December 2022	75	50	125
Depreciation			
Accumulated as at 1 January 2021	-	(15)	(15)
Depreciation charge	-	(2)	(2)
Accumulated as at 31 December 2021	-	(17)	(17)
Accumulated as at 1 January 2022	-	(17)	(17)
Depreciation charge	-	(2)	(2)
Accumulated as at 31 December 2022	-	(19)	(19)
Impairment			
Impairment losses as at 1 January 2021	-	-	-
Impairment losses	-	(6)	(6)
Impairment losses as at 31 December 2021	-	(6)	(6)
Impairment losses as at 1 January 2022	-	(6)	(6)
Impairment losses as at 31 December 2022	-	(6)	(6)
Net carrying amount as at 31 December 2021	**75**	**27**	**102**
Net carrying amount as at 31 December 2022	**75**	**25**	**100**

As at 31 December 2022 and 2021, investment property includes a commercial space located in Valdemoro, the net book value of which amounts to 100 thousand euros and 102 thousand euros, respectively.

11. Rights of use

The activity in terms of rights of use in 2022 and 2021 is as follows:

	Thousands of euros		
	2022		
	Cost	Amortisation	Net
Balance as at 31 December 2021	**2,459**	**(155)**	**2,304**
Additions /Allocations	-	(497)	(497)
Balance as at 31 December 2022	**2,459**	**(652)**	**1,807**

	Thousands of euros		
	2021		
	Cost	Amortisation	Net
Balance as at 31 December 2020	**-**	**-**	**-**
Additions /Allocations	2,459	(155)	2,304
Balance as at 31 December 2021	**2,459**	**(155)**	**2,304**

In 2021, lease agreements were signed for new offices (see Note 9). There is no impairment associated with rights of use as at 31 December 2022 and 31 December 2021.

12. Goodwill

As at 31 December 2022 and 2021, the Group had goodwill on consolidation generated by the business combination of Torok Investments 2015, S.L.U. amounting to 5 thousand euros.

13. Equity – accounted investees

The detail of movements in companies accounted for using the equity method in 2022 and 2021 is as follows:

	Thousands of Euros	
	Célere Forum Barcelona, S.L.	Total
Balance as at 31 December 2020	**5,230**	**5,230**
Profit for the year 2021	673	673
Balance as at 31 December 2021	**5,903**	**5,903**
Profit for the year 2022	194	194
Share premium refund	(1,430)	**(1,430)**
Balance as at 31 December 2022	**4,667**	**4,667**
Impairment		
Opening balance as at 31 December 2020	**(3,397)**	**(3,397)**
Endowment	100	100
Opening balance as at 31 December 2021	**(3,297)**	**(3,297)**
Endowment	(818)	(818)
Closing balance as at 31 December 2022	**(4,115)**	**(4,115)**
Total Investment in associates as at 31 December 2021	**2,606**	**2,606**
Total Investment in associates as at 31 December 2022	**552**	**552**

Célere Fórum Barcelona, S.L. is the only shareholding of the Group in associates.

Célere Fórum Barcelona, S.L. ("Célere Fórum") was recognised as coming from a joint venture and is accounted for using the equity method (see Note 4-a).

Célere Fórum is a joint venture between Vía Célere Desarrollos Inmobiliarios, S.A.U. and AREO, S.A.R.L., whose objective is to promote the "Fórum" project, in which the Group holds a 50% stake. This joint venture is structured as an independent vehicle.

On 1 April 2022, the General Shareholders' Meeting agreed to approve the distribution of unrestricted reserves by means of a cash payment in the amount of 2,200 thousand euros (1,430 thousand euros corresponds to Vía Célere Desarrollos Inmobiliarios, S.A.U.).

The financial information of Célere Fórum Barcelona at 31 December 2022 is as follows:

	2022
	Thousands of Euro
	Célere Fórum Barcelona, S.L.
Balance sheet information	
Current assets	1,006
Current liabilites	(168)
Total net assets	**838**
Percentage of participation	50%
Participation in net assets	419
Fair value adjustment	4,248
Impairment	(4,115)
Carrying value of the participation	**552**
Profit and Loss account information	
Income from continuing operations (100%)	388
Total (50%)	**194**

The financial information of Célere Fórum at 31 December 2021 was as follows:

	2021 Thousands of Euro Célere Fórum Barcelona, S.L.
Balance sheet information	
Current assets	3,874
Current liabilites	(1,224)
Total net assets	**2,650**
Percentage of participation	50%
Participation in net assets	1,325
Fair value adjustment	4,578
Impairment	(3,297)
Carrying value of the participation	**2,606**
Profit and Loss account information	
Income from continuing operations (100%)	1,346
Total (50%)	**673**

14. Financial investments

Classification of financial investments by category

	Thousands of Euros			
	Non- current		Current	
	2022	2021	2022	2021
Amortised Cost				
Loans to group companies (Note 24)	-	-	12,253	357
Loans to associates (Note 24)	-	-	-	34
Financial assets	1,071	1,245	3,168	5,527
Receivables from Group companies and associates (Note 24)	-	-	6	273
Other accounts receivable	-	-	20,681	6,027
	1,071	**1,245**	**36,108**	**12,218**

As at 31 December 2022 and 2021 the Board of Directors considers that the difference between the amortised cost and the fair value of these financial assets is not significant.

14.1. Financial assets

The breakdown of "Financial investments" as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros			
	Non-current		Current	
	2022	2021	2022	2021
Loans to third parties	-	-	403	3,140
Deposits and guarantees	1,071	1,245	2,765	2,387
	1,071	**1,245**	**3,168**	**5,527**

Loans to third parties

As at 31 December 2022 and 2021 these mainly include receivables acquired by VCDI through assignment agreements with financial institutions which are secured by mortgages on land amounting to 525 thousand euros (fully impaired) and 3,140 thousand euros, respectively.

In 2022, loans amounting to 3,140 thousand euros (687 thousand euros as at 31 December 2021) were foreclosed as a result of the extrajudicial execution of mortgages.

The fair value of the underlying assets of the receivables from third parties amounted to 5,305 thousand euros as at 31 December 2021.

Deposits and guarantees

Most of the deposits are the amounts retained by the banks' management companies from those buyers who do not subrogate their mortgage loans and are financed with external financing. This withholding is applied in order to ensure that the group cancels the charge within 90 days from the date of delivery of the property.

The deposits are linked to the obtaining of permits and licenses from the City Councils in the process of executing a development.

14.2. Trade and other receivables

The detail of Trade and other receivables is as follows:

	Thousands of Euros	
	2022	2021
Associates		
Trade receivables (Note 24)	6	273
Non-related parties		
Other accounts receivable	27,881	12,278
Bad debt provision (Note 17)	(7,200)	(6,251)
	20,687	**6,300**

As at 31 December 2022, Other receivables mainly include 7,200 thousand euros receivable for penalties invoiced to construction companies for breach of contract, of which 7,200 thousand euros have been fully provided for (7,676 thousand euros in penalties as at December 2021 of which 6,251 thousand euros had been provided for). During 2022, of the total 7,200 thousand euros provided for, 1,471 thousand euros has been recognised in the consolidated income statement (190 thousand euros in 2021) (see Note 17.3).

As at 31 December 2022, Other receivables include balances receivable for the sale of land in Vía Célere Desarrollos Inmobiliarios, S.A.U. amounting to 20,305 thousand euros, including 2,975 thousand euros for the sale of a plot of land in Málaga, 5,102 thousand euros for another plot of land in Seville and 8,408 thousand euros for another plot of land in Madrid sold in 2022 and expected to be collected in the first quarter of 2023. During 2022, 3,910 thousand euros have been collected, a balance which at as at 31 December 2021 was pending collection for the sale of two plots of land.

As at 31 December 2021, “Other receivables” included balances receivable from the sale of land in Vía Célere Desarrollos Inmobiliarios, S.A.U., including 3,360 thousand euros receivable from the sale of land located in Madrid and 560 thousand euros for another piece of land in Málaga sold in 2021.

The Group considers that the consolidated carrying amount of trade and other receivables approximates their fair value.

The Group does not have a significant concentration of credit risk, and its exposure is distributed among a large number of counterparties and customers.

14.3. Cash and cash equivalents

“Cash and cash equivalents” includes the Group's cash and current bank deposits with an initial maturity of three months or less. The carrying amount of these assets approximates their fair value.

The breakdown of this balance as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	2021
Available cash	288,389	299,666
Restricted cash	31,880	29,432
	320,269	**329,098**

As at 31 December 2022 and 2021 there were no restrictions on the use of cash except for the amounts regulated by Law 20/2015, according to which advances received in relation to residential developments must be deposited in a special account separate from the Group's other funds and may only be used to cover expenses arising from the construction of the respective developments.

As at 31 December 2022, the parent company Vía Célere Desarrollos Inmobiliarios, S.A.U. holds a fixed-term investment (IPF) amounting to 4,000 thousand euros maturing in 2023.

As at 31 December 2022 the cash available from companies accounted for using the equity method is 96 thousand euros (1,111 thousand euros at 31 December 2021).

15. Inventories

The breakdown of the balances of this item in the consolidated financial position statement as at 31 December 2022 and 2021 is as follows:

	Thousands of Euros	
	2022	**2021**
Raw Material	340	319
Land and plots	700,950	769,967
Property developments in progress	598,518	586,280
Completed developments	53,062	110,461
Advances to suppliers	1,591	1,861
Impairment	(383,466)	(398,249)
	970,995	**1,070,639**

As at 31 December 2022, the detail of the net carrying value of inventories by geographical area is as follows

	Thousands of euros		
	2022		
Location	**Cost**	**Impairment**	**Net book value**
Madrid	510,419	(180,205)	330,214
Malaga	181,223	(6,387)	174,836
Valladolid	142,631	(98,204)	44,427
Barcelona	93,326	(30)	93,296
Seville	97,210	(4,840)	92,370
La Coruña	15,849	(442)	15,407
Valencia	75,568	(78)	75,490
Portugal	6,890	(4,090)	2,800
Other	229,754	(87,974)	141,780
	1,352,870	**(382,250)**	**970,620**

Note: the above breakdown does not include advances to suppliers (gross 1,591 and net 375 thousand euros).

As at 31 December 2021, the detail of the net carrying value of inventories by geographical area was as follows

	Thousands of euros		
	2021		
Location	**Cost**	**Impairment**	**Net book value**
Madrid	512,205	(187,929)	324,276
Malaga	238,153	(8,824)	229,329
Valladolid	154,545	(100,694)	53,851
Barcelona	106,692	(179)	106,513
Seville	99,323	(4,844)	94,479
La Coruña	28,401	(7,239)	21,162
Valencia	86,902	-	86,902
Portugal	28,827	(18)	28,809
Other	211,979	(87,306)	124,673
	1,467,027	**(397,033)**	**1,069,994**

Note: the above breakdown does not include advances to suppliers (gross 1,861 thousand euros and net 645 thousand euros).

The movement in inventories during 2022 and 2021 is as follows:

	Thousands of euros					
	Raw materials	Land and plots	Developments constructed	Developments under construction	Advances	Total
Cost as at 01 January 2021	**101**	**881,883**	**159,971**	**648,687**	**2,425**	**1,693,067**
Additions	1,047	13,822	-	251,584	8,495	274,948
Derecognitions	(829)	(22,220)	(459,125)	(7,894)	(9,059)	(499,127)
Transfers	-	(103,518)	409,615	(306,097)	-	-
Cost as at 31 December 2021	**319**	**769,967**	**110,461**	**586,280**	**1,861**	**1,468,888**
Cost as at 01 January 2022	**319**	**769,967**	**110,461**	**586,280**	**1,861**	**1,468,888**
Additions	186	21,214	-	273,452	178	295,030
Additions due to change of consolidation perimeter	-	27,241	248	3,249	-	30,738
Derecognitions	(165)	(47,981)	(391,601)	-	(448)	(440,195)
Transfers	-	(69,491)	333,954	(264,463)	-	-
Cost as at 31 December 2022	**340**	**700,950**	**53,062**	**598,518**	**1,591**	**1,354,461**
Impairment losses for impairment as at 01 January 2021	**-**	**(366,641)**	**(7,811)**	**(66,240)**	**(1,216)**	**(441,908)**
Allocations	-	(1,048)	(455)	(738)	-	(2,241)
Reversals	-	4,556	36,974	4,370	-	45,900
Transfers	-	4,698	(39,932)	35,234	-	-
Impairment losses for impairment as at 31 December 2021	**-**	**(358,435)**	**(11,224)**	**(27,374)**	**(1,216)**	- **(398,249)**
Impairment losses for impairment as at 01 January 2022	**-**	**(358,435)**	**(11,224)**	**(27,374)**	**(1,216)**	**(398,249)**
Allocations	-	(8,906)	(326)	(1,126)	-	(10,358)
Reversals	-	10,864	10,072	4,205	-	25,141
Transfers	-	(2)	-	2	-	-
Impairment losses for impairment as at 31 December 2022	**-**	**(356,479)**	**(1,478)**	**(24,293)**	**(1,216)**	**(383,466)**
Net book value as at 31 December 2021	**319**	**411,532**	**99,237**	**558,906**	**645**	**1,070,639**
Net book value as at 31 December 2022	**340**	**344,471**	**51,584**	**574,225**	**375**	**970,995**

As "Property Developments in Progress" the Group records the cost of short-cycle and long-cycle developments in progress. In the same way, for "Short-cycle developments in progress" the accumulated costs of the developments are considered, for which the expected completion date of the construction does not exceed 12 months.

As at 31 December 2022 and 2021, the detail of the net carrying amount of property assets divided between short and long term is as follows:

	Thousands of euros	
	2022	2021
Short cycle	370,523	326,139
Long-cycle	600,097	743,855
Total inventories (excluding advances to suppliers)	**970,620**	**1,069,994**
Total current assets	**1,342,000**	**1,422,328**
Debt related to financing of inventories (long-term)	4,684	17,149
Debt related to financing of inventories (short-term)	101,377	142,739
Total short-term financial debt (without interest)	**106,061**	**159,888**
Total current liabilities	**340,253**	**394,721**

As at 31 December 2022, the short-cycle property developments are: Célere Port Avenue, Célere Alocs, Célere Parque Norte, Célere Jacaranda, Célere Villaviciosa de Odón, Célere Finestrelles II (Phase I), Célere Montecillos, Célere Villaviciosa de Odón II, Célere Barajas (Phase I), Célere Barajas (Phase III), Célere Montecillos II and Célere Cruces II (Floors).

As at 31 December 2021, the short-cycle property developments were: Célere Punta Candor, Célere Duna Beach II, Célere Nox Patraix, Célere Mairena (Phase II), Célere Port Avenue, Célere Finestrelles, Célere Alocs, Célere Alegria Garden, Célere Citrus, Célere Blossom, Célere Vitta Nature (Phase I), Célere Nova Rivas II, Célere Nicet Patraix and Célere Austral.

The Group capitalises the borrowing costs incurred during the year for financing the development of property developments, provided that they relate to inventories with a production cycle of more than one year. During 2022 capitalised financial expenses amounted to 9,117 thousand euros (15,061 thousand euros in 2021) (see Note 23.10). In addition, during 2022 and 2021, 1,643 thousand euros and 3,242 thousand euros relating to personnel expenses have been recognised as additions to the value of developments in progress. No external service expenses were capitalised in 2022 and 2021.

15.1. Land and plots

The balance of this account corresponds to the purchase price of various pieces of land and plots which, as at 31 December 2022 and 2021, were being prepared for urban development or were in the planning stage.

As at 31 December 2022 and 2021, the estimated surface area of the Group's land portfolio amounted to 1,352,603 square metres and 1,704,504 square metres, respectively, with approximately 49% and 62% of the land, respectively, classified as “fully authorised” developments.

The detail of the Group's land by geographical area is as follows:

	Total sqm	
	2022	2021
Madrid	718,385	705,168
Malaga	208,321	305,503
Seville	86,072	214,444
Valencia	33,730	83,345
Barcelona	30,719	47,178
Valladolid	67,715	91,616
Other	207,661	257,250
	1,352,603	**1,704,504**

The main plots included under this heading are:

- Plots in Pozuelo de Alarcón, Berrocales, Los Cerros, Guadarrama, Rivas Vaciamadrid and Coslada, in Madrid;
- Plots in Dos Hermanas and Airport in Seville;
- Plot in Condomina, in Murcia;
- Plots in Laderas Sur, in Valladolid;
- Plots in Mijas, Marbella, Benalmádena, Rincón de la Victoria, and Torrox in Malaga;
- Plot in Quinta dos Moinhos, in Porto (Portugal);
- Plots in Sant Cugat de Valles, Terrasa, Sant Boi, Montcada i Reixac and Vilanova I La Geltru, in Barcelona;

The main activities in 2022 were:

- Acquisition of plots of land in the Berrocales sector (Madrid) and in Rincón de la Victoria (Málaga) with the acquisition of assets described in Note 2.6 for a cost of 27,241 thousand euros.
- Capital expenditures for works carried out in plots that do not have a license yet have been up to 21,215 thousand of euros
- Disposals corresponding to the sale of land have generated a net turnover of 81,464 thousand euros. The most significant sales at Vía Célere Desarrollos Inmobiliarios, S.A.U. were the divestment of five plots of land in Tres Cantos (Madrid) for 34,316 thousand euros (book value of 17,151 thousand euros); the divestment of a plot of land in Boadilla del Monte (Madrid) for 15,350 thousand euros (book value of 9,129 thousand euros); two plots in Dos Hermanas (Seville) for 16,143 thousand euros (book value of 10,792 thousand euros); and five plots in Malaga (Malaga) for 6,270 thousand euros (book value of 4,644 thousand euros).

The main movements in 2021 were:

- Purchase of a plot in the Berrocales sector (Madrid) for 1,698 thousand euros.
- The acquisition of land through the foreclosure of the third-party loans described in Note 14.1 for an amount of 687 thousand euros, located in Tres Cantos (Madrid).
- The execution of a swap for an amount of 1,278 thousand euros of one in Tres Cantos (Madrid).
- Disposals relating to the sale of land which generated net sales of 32,265 thousand euros. The most significant sales corresponded to the divestment in Vía Célere Desarrollos Inmobiliarios, S.A.U. of a plot of land located in Marbella (Málaga), for a cost of 8,312 thousand euros and the sale of a plot of land in Villaviciosa de Odón (Madrid) for a cost of 5,778 thousand euros, for which 3,370 thousand euros are still pending collection. In addition, Maywood Invest, S.L.U. sold land in León (León) for 1,667 thousand euros and land in Adeje (Tenerife) for 3,250 thousand euros.

As at 31 December 2022 and 2021, the Group does not hold any “Land and Plots” as mortgaged land.

15.2. Commitments to acquire land and plots

As at 31 December 2022 and 2021, there were no commitments to acquire land and plots, but pledge or option contracts for land and plots exercised in previous years still had outstanding obligations of 7,713 thousand euros (25,247 thousand euros as at 31 December 2021).

15.3. Completed developments

The "Completed Developments" heading includes the cost of the unsold portion of completed developments.

As at 31 December 2022, the geographical distribution of the main property developments completed is as follows:

- ***Madrid*** (Célere Parque Norte; Célere Infanta V; Infanta IV).
- ***Malaga*** (Célere Serenity; Célere Vitta Nature (Phase I), Célere Duna Beach).
- ***Barcelona*** (Célere Alocs; Célere Terram).
- ***Valladolid*** (Célere Arco, Célere Parqueluz).
- ***La Coruña*** (Célere Bazán, Célere Castelo).
- ***Cádiz*** (Célere Punta Candor).
- ***Navarra*** (Célere Ripagaina (Phase I)).
- ***Valencia*** (Célere Arnott, Célere Nicet Patraix, Célere MT22, Célere Nox Patraix).
- ***Lisbon*** (Célere Miraflores).

As at 31 December 2021, the geographical distribution of the main property developments completed was as follows:

- ***Madrid*** (Célere Urbam; Célere Ensanche de Vallecas; Célere Grace; Célere Cubic III).
- ***Malaga*** (Célere Cala Serena; Célere Serenity; Célere Vega, Célere Duna Beach).
- ***Barcelona*** (Célere Els Ametllers; Célere Terram).
- ***Valladolid*** (Célere Parqueluz).
- ***Seville*** (Célere Lemos).
- ***La Coruña*** (Célere Bazán).
- ***Valencia*** (Célere Arnott, Célere Aura Malilla, Célere MT22, Célere Llum Patraix).
- ***Lisbon*** (Célere Miraflores).

In 2022, disposals of 391,601 thousand euros (459,125 thousand euros in 2021) were recorded under "Completed developments", corresponding to the cost of the developments delivered during the year.

The main sales in 2022 were those relating to the developments of Célere Urbam, Célere Parque Norte, Célere Austral, Célere Infanta V, Célere Nova Rivas II in Madrid; Célere Alocs, Célere Finestrelles in Barcelona; Célere Nicet Patraix, Célere Nox Patraix, Célere Arnott in Valencia; Célere Citrus, Célere Mairena (Phase I) in Seville; Célere Port Avenue, Célere Blossom, Célere Vitta Nature (Phase I), Célere Alegría Garden, Célere Duna Beach II in Málaga; Célere Ripagaina (Phase I) in Navarre.

The main sales in 2021 were the developments of Célere Bazán in Coruña, Célere Terram and Célere Els Ametllers in Barcelona, Célere Domeny (Phase I) in Girona, Célere Harmony, Célere Las Rosas, Célere River, Célere Cubic III, Célere Urbam, Célere Ensanche de Vallecas, Célere Montesori in Madrid, Célere Duna Beach, Célere Serenity, Célere Vega in Málaga, Célere Portodouro in Oporto, Célere Miraflores in Lisbon, Célere Mairena (Phase I) and Célere Lemos in Seville, Célere Llum Patraix, Célere MT22 and Célere Aura Malilla in Valencia, Célere ParqueLuz in Valladolid, Célere Cruces (Flats) and Célere Cruces (Single-family) in Vizcaya.

As at 31 December 2022 and 2021, certain residential assets are recorded under "Completed developments" in the consolidated financial position statement at a net cost of 38,985 thousand euros and 58,989 thousand euros, respectively, which are mortgaged as security for the repayment of various bank loans with a drawn down balance at those dates amounting to 14,701 thousand euros and 24,573 thousand euros, respectively (see Note 18.1.2).

15.4. Property developments in progress

The balance of this account as at 31 December 2022 and 2021 relates to the total costs incurred up to that date in the development of the residential developments in progress, including the cost of purchasing the land.

As at 31 December 2022, the main developments included under this heading were:

- Residential developments Célere Eiris (Phase I and Phase II) located in La Coruña, owned by the Group company "Udralar S.L.U.".
- Residential developments Célere San Juan, located in Seville, and Célere Cala Serena Village, located in Málaga, properties of the Group company "Maywood, S.L.U.".
- Residential Developments Célere Finestrelles II (Phase I and Phase II), Célere Montecillos, Célere Montecillos II, Célere Barajas (Phase III), Célere Barajas (Phase IV), Célere Barajas (Phase I), Célere Jacaranda, Célere Vitta Nature (Phase II), Célere Villaviciosa de Odón, Célere Villaviciosa de Odón II, Célere Valle Niza (Phase I), Célere Alda II, Célere Cruces II (Unifamiliares), Célere Valle Niza (Fase II), Célere Minerva Patraix, Célere ParqueLuz II, Célere Cruces II (Pisos), Célere Vega III, Célere Citrus (Fase II), Célere Arts, Célere Nuevo Bosque, Célere Nuevo Peral belonging to the company "Vía Célere Desarrollos Inmobiliarios, S. A.U.".

As at 31 December 2021, the main developments included under this heading were:

- Residential developments Célere Eiris (Phase I and Phase II) located in La Coruña and Célere Infanta V located in Madrid, properties of the Group company "Udralar S.L.U.".
- Residential Developments Célere Finestrelles, Célere Port Avenue, Célere Alocs, Célere Citrus, Célere Parque Norte, Célere Vitta Nature (Phase I), Célere Nicet Patraix, Célere Duna Beach II, Célere Austral, Célere Finestrelles II (Phase I), Célere Nova Rivas II, Célere Nox Patraix, Célere Alegria Garden, Célere Montecillos, Célere Montecillos II, Célere Barajas (Phase III), Célere Blossom, Célere Barajas (Phase IV), Célere Palm Village, Célere Barajas (Phase I), Célere Atenea Patraix, Célere Ripagaina (Phase I), Célere Jacaranda, Célere Vitta Nature (Phase II), Célere Villaviciosa de Odón, Célere Valle Niza (Phase I), Célere Alda II, Célere Cruces II (Single-family), Célere Valle Niza (Phase II), Célere Minerva Patraix, Célere ParqueLuz II, Célere Cruces II (Flats), Célere Vega III belonging to the company "Vía Célere Desarrollos Inmobiliarios, S.A.U.".

Of the property developments in progress as at 31 December 2022 and 2021, several, recorded at those dates for a net cost of 506,861 thousand euros and 439,539 thousand euros respectively, are mortgaged to secure the repayment of bilateral loans, the balances drawn down at those dates amounting to 89,960 thousand euros and 110,615 thousand euros (see Note 18.1.2).

15.5. Commitments to sell residential developments in progress and constructed buildings

The Group recognises under "Trade and Other Payables" the amount, in cash or in commercial bills receivable, received from customers with whom it has entered into such sales commitments.

As at 31 December 2022 and 2021 the Group had signed contracts for the sale of residential developments in progress at that date, or of constructed buildings, for a total amount of 666,455 thousand euros and 709,425 thousand euros, respectively. Of the total sales commitments, at as at 31 December 2022 and 2021 the Group has received advances on account totalling 82,906 thousand euros and 111,146 thousand euros, respectively (see Note 18.2).

As a standard procedure, almost all contracts of sale are subject to compensation clauses for non-delivery of the homes, consisting mostly of legal interest on the amounts delivered during the period between the scheduled delivery date in the contract and the actual delivery date. The Group does not estimate any impact on these consolidated annual accounts for this reason, mainly due to the historical experience of recent years, as well as the fact that the delivery date foreseen in the contracts takes into account a safety margin. Also, in general, pre-sales include compensation for the Group in the event of cancellation by the customer, although no amount is recorded for this item until it materialises.

15.6. Impairment of inventories

Each year, the Group commissions independent experts to carry out studies to determine the market value of its inventories at year-end. As at 31 December 2022 and 2021 the studies were carried out by "Savills Valoraciones y Tasaciones S.A.U." ("Savills"). The valuations were carried out on the basis of the market value in accordance with the definition adopted by the Royal Institution of Chartered Surveyors (RICS) and with the International Valuation Standards (IVS), published by the International Valuation Standards Committee (IVSC), organisations that incorporate the international and European property valuation organisations, respectively.

To calculate the values of the various properties in the Group's portfolio, the discounted cash flow method, the sales comparison method and the dynamic residual method were used.

The discounted cash flow method, as defined by Savills, comprises analysing the property development and its sale upon completion, discounting the costs required to bring the project to completion (building, architecture, urban planning and cost of sale, among others) and recognising the income upon completion. This results in a cash flow that is updated to the valuation date by means of the IRR that indicates the level of risk the developer is willing to take and the benefits he expects to achieve.

In relation to impairment losses, in 2022 the Group recorded additions of 10,358 thousand euros (2,241 thousand euros in 2021) and disposals of 25,141 thousand euros (45,900 thousand euros in 2021). These amounts include:

- Reversals of impairment losses arising from asset disposals amounting to 9,955 thousand euros and from the sale of land amounting to 3,428 thousand euros (34,005 thousand euros in 2021), which is recorded under "changes in inventories of finished goods and work in progress" and "consumption of raw materials and other consumables".
- Reversal of impairment of undelivered inventories due to valuation of assets in portfolio for a net amount of 1,400 thousand euros (9,524 thousand euros in 2021), which is recorded under the headings "changes in inventories of finished goods and work in progress" and "Impairment of real estate inventories". The latter valuation impairments are made in order to adjust the carrying amount of inventories to their market value, without exceeding cost, determined on the basis of Savills' valuations.

As at 31 December 2022 and 2021, the overall fair value of the Group's inventories resulting from the aforementioned studies amounted to 1,350,295 thousand euros and 1,508,894 thousand euros, respectively.

Savills' main assumptions in the valuation as at 31 December 2022 are as follows:

Selling price (EUR/m2)	*Margin*	*Internal Rate of Return*
1,222 - 6,167	1% - 43%	6% - 25%

The discount rates applied vary according to the state of development of the asset (land not yet developed, under construction, with pre-sales or completed), ranging from 6 % to 25 %, with a weighted average of 12.4% for the year 2022, as follows:

IRR (%)	Discount rate (%) 31.12.2022
Projects in progress	8.3%
Fully authorized land	12.8%
Strategic land	15.3%
Total	**12.4%**

Savills' main assumptions in the valuation as at 31 December 2021 were as follows:

Selling price (EUR/m2)	*Margin*	*Internal Rate of Return*
950 - 7,863	1% - 44%	6% - 25%

The discount rates applied vary according to the state of development of the asset (land not yet developed, under construction, with pre-sales or completed), ranging from 6 % to 25 %, with a weighted average of 12.2 % for the year 2021, as follows:

IRR (%)	Discount rate (%) 31.12.2021
Projects in progress	7.9%
Fully authorized land	11.9%
Strategic land	15.9%
Total	**12.2%**

In line with the above, the Company's directors commissioned Savills to perform a sensitivity analysis of the valuations in order to determine the effects of changes in key valuation assumptions on the net book value of the Group's inventories. This sensitivity exercise was performed assuming that all other valuation variables remain constant. The results of the sensitivity analysis are as follows:

- In the case of the discount rate, a sensitivity of +/- 100 basis points has been established based on different short and medium-term economic scenarios, as well as the consideration of the rate of return required by other property developers with characteristics other than those of the Group.
- In the case of the sales price, sensitivity analyses of +/-1%, +/-5% and +/-10% were performed.

This sensitivity exercise was performed assuming that all other variables remain constant.

Changes in the net book value of inventories would be affected as follows if key assumptions changed:

	Thousand of euros	
	Discount rate	
Hypothesis	Increase /(decrease)	
	1%	**(1%)**
Market value	1,287,241	1,416,052
Net book value	960,432	976,083

	Thousand of euros					
	Selling price					
Hypothesis	Increase /(decrease)					
	1%	**(1%)**	**5%**	**(5%)**	**10%**	**(10%)**
Market value	1,373,383	1,319,380	1,481,243	1,211,991	1,613,371	1,076,644
Net book value	973,563	963,629	990,777	942,415	1,009,913	905,923

The impact that these sensitivities would have on the assessments made by the independent expert is as follows:

- A decrease of 100 basis points in the discount rate would result in an increase in the valuation of 65,757 miles thousand euros, and an increase of 100 basis points would result in a decrease in the valuation of 63,054 thousand euros.

- A 1% decrease in the sale price would lead to a decrease in the valuation of 30,915 thousand euros, and a 1% increase would lead to an increase in the valuation of 23,088 thousand euros.
- A 5% decrease in the sale price would lead to a decrease in the valuation of 138,304 thousand euros, and a 5% increase would lead to an increase in the valuation of 130,948 thousand euros.
- A 10% decrease in the sale price would lead to a decrease in the valuation of 273,651 thousand euros, and a 10% increase would lead to an increase in the valuation of 263,076 thousand euros.

15.7. Insurance policy

The Group's policy is to take out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the opinion of the Parent Company's management, the coverage of the policies taken out is sufficient.

16. Equity

16.1. Share capital

As at 31 December 2022 and 2021, the Parent Company's share capital amounted to 411,161,118 euros and is made up of registered shares of 6 euros par value each, all of them authorised, subscribed and paid up, not listed on the stock exchange, all with the same corporate rights. There were no increases or decreases of share capital in 2022 or 2021.

Vía Célere Holdco, S.L. holds 100% of Vía Célere Desarrollos Inmobiliarios, S.A.U. as at 31 December 2022 and 2021.

The shares of Vía Célere Desarrollos Inmobiliarios, S.A.U. guarantee the senior bond issued on 25 March 2021 (See Note 18.1.4).

The Parent Company in 2020 was controlled by investment funds managed by Värde Partners, Inc. which together represented 76.4% of the shareholding until 25 March 2021, the date on which the new company Vía Célere Holdco, S.L. was incorporated, which controls 100% of the Group's shareholding (see Note 1).

The shareholders of the Company as at 31 December 2022 and 2021 were as follows:

	2022	
Company	**Number of shares**	**Percentage of participation**
Vía Célere Holdco, S.L.	68,526,853	100.0%
	68,526,853	**100.0%**

	2021	
Company	**Number of shares**	**Percentage of participation**
Vía Célere Holdco, S.L.	68,526,853	100.0%
	68,526,853	**100.0%**

During 2022, there were no movements in the number of shares among shareholders or capital increases or reductions.

16.2. Share premium

The Capital Company Act expressly permits the use of the share premium balance to increase the share capital of the entities in which it is registered and establishes the same restrictions as regards its availability as the voluntary reserves.

At the Extraordinary General Shareholders' Meeting of the Parent Vía Célere Holdco, S.L. held on 27 July 2022, the shareholders approved the distribution of an extraordinary dividend charged to the share premium, in the amount of 106,593 thousand euros, paid in cash.

At the Extraordinary General Shareholders' Meeting of the Parent Company Vía Célere Holdco, S.L. held on 18 November 2021, the shareholders approved the distribution of an extraordinary dividend charged to the share premium, in the amount of 86,300 thousand euros, paid in cash.

It should be noted that the distribution of these reserves has been made in accordance with the limitations on the distribution of dividends included in Section 16.4. and that these have not been violated.

The share premium at as at 31 December 2022 amounts to 543,494 thousand euros and in 2021 amounted to 650,087 thousand euros.

16.3. Legal reserve and voluntary reserves

Under the Spanish Companies Act, 10% of net income of the Parent Company for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve may be used to increase capital in that part of its balance that exceeds 10% of the increased capital. Except for this purpose, until it exceeds 20% of the share capital, this reserve may only be used to offset losses and provided that sufficient other reserves are not available for this purpose.

The legal reserve amounts to 44,259 thousand euros as at 31 December 2022 (2021: 38.112 thousand euros).

The Group holds other reserves in the negative amount of 310,236 thousand euros (2021: 365,053 thousand euros), mainly due to the merger transaction with Aelca which was accounted for at predecessor values and resulted in a negative impact of 409,965 thousand euros in the financiar year 2019.

16.4. Restrictions on the distribution of dividends

As at 31 December 2022 and 2021, the Parent Company maintains limitations on the distribution of dividends as a result of certain financial covenants during the term of the Senior Secured Notes signed on 25 March 2021 (see Note 18.1.4) and the Revolving Facility Agreement (RCF) signed on 6 March 2021 (see Note 18.1.5). These limitations have not been breached.

16.5. Treasury Stock

As at 31 December 2022 and 2021 the Group did not hold any treasury shares and had not carried out any transactions involving treasury shares during the year.

16.6. Capital Management

The Group's capital management is focused on achieving a financial structure that optimises the cost of capital while maintaining a solid financial position. This policy allows the creation of value for the shareholder to be made compatible with access to the financial markets at a competitive cost to cover the needs both of refinancing the debt and of financing the investment plan not covered by the generation of funds from the business.

17. Provisions and contingencies

The detail of the balances of these headings in the consolidated statement of financial position at the end of 2022 and 2021 is as follows

	Thousands of euros					
	2022					
	31 December 2021	Addition	Addition of perimeter	Application	Reversal	31 December 2022
Non-current provisions						
Provisions for contingencies and expense	15,268	4,850	-	(293)	(625)	19,200
Current provisions						
After-sales service	2,062	2,233	-	(836)	-	3,459
Provisions for bad debts	6,251	1,471	-	-	(522)	7,200
Operating provisions and others	5,765	4,236	138	(2,293)	(2,267)	5,579
	29,346	**12,790**	**138**	**(3,422)**	**(3,414)**	**35,438**

	Thousands of euros					
	2021					
	31 December 2020	Addition	Application	Reversal	Transfers	31 December 2021
Non-current provisions						
Provisions for contingencies and expense	10,056	3,974	(709)	(638)	2,585	15,268
Current provisions						
After-sales service	1,163	930	(181)	-	150	2,062
Provisions for bad debts	6,061	190	-	-	-	6,251
Operating provisions and others	9,846	5,936	(6,227)	(1,055)	(2,735)	5,765
	27,126	**11,030**	**(7,117)**	**(1,693)**	**-**	**29,346**

As at 31 December 2022 and 2021, the provision for liabilities and expenses relates mainly to contingencies that the Group considers likely to arise from legal proceedings relating to its ordinary activities. The outcome of these related contingencies depends on the resolution of the corresponding legal proceedings.

17.1. Provisions for contingencies and expenses

As at 31 December 2022 and 2021, the most significant procedures maintained by the Group were as follows

- Vía Célere Desarrollos Inmobiliarios, S.A.U. has received claims from construction companies in 2022 amounting to 1,236 thousand euros, which it has provisioned (1,578 thousand euros in 2021).
- Also, in 2020, the Group subsidiary Vía Célere, S.L.U. received a claim for compensation for an alleged delay in the delivery of the property covered by the transaction, for which a provision of 1,352 thousand euros has been made, which remains in force.

17.2. Aftermarket provision

During 2022, the Group has decided to set aside a provision for possible after-sales claims from customers for developments delivered during 2022 in the amount of 2,233 thousand euros (930 thousand euros in 2021). In addition, payments applied to the post-sale provision amounting to 836 thousand euros (181 thousand euros in 2021) have been made.

17.3. Insolvency provision

As at 31 December 2022 and 2021, the Group's provision for bad debts is mainly due to invoices issued to various construction companies that are currently in insolvency proceedings amounting to 7,200 thousand euros and 6,251 thousand euros, respectively (see Note 14.2).

17.4. Operating provisions and others

As at 31 December 2022, the Group has provisioned mainly for construction completion costs for construction services received but not yet invoiced for developments delivered in the amount of 5,579 thousand euros (5,306 thousand euros as at 31 December 2021). These provisions are recognised at the date of transfer from work in progress to completed work on the property assets, according to the best estimate of the possible expense incurred by the Group and for the amount required to settle the Group's liability.

In the opinion of the management body, the provisions recorded as at 31 December 2022 and 2021 reasonably cover the existing risks, not considering that significant additional losses may arise from the resolution of litigation in progress.

18. Non-current and current liabilities and trade payables

The classification of financial liabilities by category is as follows:

	Thousands of euros			
	2022		2021	
	Non-current	Current	Non-current	Current
Bank borrowings	-	104,915	-	135,726
Bonds and other marketable securities	294,822	5,338	293,261	28,638
Balances with related companies	-	15,292	-	158
Debts to personnel	-	2,137	-	2,755
Suppliers	-	95,528	-	91,981
Customer advances	-	82,906	-	111,146
Other financial liabilities	1,592	825	2,025	828
	296,414	**306,941**	**295,286**	**371,232**

Irrespective of the effective date of repayment, the Group classifies as "current" the financial liabilities affecting the financing of goods or assets classified in the consolidated statement of financial position as "current".

The reconciliation of liability movements to cash flows resulting from financing activities is as follows:

	Thousands of euros
	Short-term and long-term bank borrowings
Balance as at 31 December 2021	**457,625**
Proceeds from Senior Secured Notes	(23,300)
Proceeds from bank borrowings	137,931
Repayment of bank borrowings	(174,955)
Total cash variation flows from financing activities	**(60,324)**
Other changes	
Financial costs	32,230
Interest payments	(26,450)
Other changes	1,994
Balance as at 31 December 2022	**405,075**

	Thousands of euros
	Short-term and long-term bank borrowings
Balance as at 31 December 2020	**381,003**
Proceeds from bond issuance	300,000
Funds from commercial paper programme	26,938
Funds from credit institutions	116,300
Bank borrowing returns	(371,380)
Total cash variation flows from financing activities	**71,858**
Other changes	
Financial costs	36,634
Interest payments	(33,416)
Other changes	1,546
Balance as at 31 December 2021	**457,625**

18.1. Non-current and current payables

18.1.1. Bank borrowings

The detail by maturity of the items (in thousands of euros) included in short and long-term debts to credit institutions is as follows:

Instrument	Limit	Dispose short term		Dispose long term	Total drawn down	Maturity					
		Long cycle	Short cycle			2023	2024	2025	2026	2027 and rest	Total
Mortgage loans secured by inventories (see Note 18.1.2)	625,010	4,684	99,977	-	**104,661**	99,977	4,684	-	-	-	**104,661**
Credit lines	30,000	-	-	-	**-**	-	-	-	-	-	**-**
Accrued interests	-	123	4,068	-	**4,192**	4,192	-	-	-	-	**4,192**
Other loans (Note 19.1.3)	301,400	-	1,400	294,822	**296,222**	1,400	-	-	294,822	-	**296,222**
Borrowing at 31/12/2022	**956,410**	**4,807**	**105,446**	**294,822**	**405,075**	**105,569**	**4,684**	**-**	**294,822**	**-**	**405,075**

Instrument	Limit	Dispose short term		Dispose long term	Total drawn down	Maturity					
		Long cycle	Short cycle			2022	2023	2024	2025	2026 and rest	Total
Mortgage loans secured by inventories (see Note 18.1.2)	579,218	17,149	118,039	-	**135,188**	118,039	17,149	-	-	-	**135,188**
Credit lines	30,000	-	-	-	**-**	-	-	-	-	-	**-**
Accrued interests	-	138	4,338	-	**4,476**	4,476	-	-	-	-	**4,476**
Other loans (Note 19.1.3)	324,700	-	24,700	293,261	**317,961**	24,700	-	-	-	293,261	**317,961**
Borrowing at 31/12/2021	**933,918**	**17,287**	**147,077**	**293,261**	**457,625**	**147,215**	**17,149**	**-**	**-**	**293,261**	**457,625**

The total balance drawn down is shown net of the amount of unamortised fees and increased by unpaid interest. As at 31 December 2022 the unamortised fees amounted to 15,928 thousand euros (13,559 thousand euros at 31 December 2021) and the unpaid interest at 31 December 2022 amounted to 4,192 thousand euros and (4,476 thousand euros at 31 December 2021).

Debentures and other marketable securities in Vía Célere Desarrollos Inmobiliarios, S.A.U. include a line for the issue of promissory notes in the MARF of which the balance drawn down as at 31 December 2022 is 1,400 thousand euros (24,700 thousand euros as at 31 December 2021). It also includes the bond issued by Vía Célere Desarrollos Inmobiliarios, S.A.U. on 25 March 2021 with a principal amount of 300,000 thousand euros and a coupon of 5.25%. This bond matures in April 2026 (see Note 18.1.4).

Credit lines at 31 December 2022 and 2021 include a credit line (Revolving Facility Agreement (RCF)) in the amount of 30,000 thousand euros undrawn (see Note 18.1.5).

The debt of the equity-consolidated company at its percentage amounted to 315 thousand euros as at 31 December 2021 (debt fully repaid as at 31 December 2022).

18.1.2. Mortgage loans secured by inventories

“Developer loans” on developments under construction and on constructed buildings amounting to 104,661 thousand euros and “loans for the purchase of land” are defined as mortgage loans secured by inventories (see Note 15).

The total liability for financial liabilities associated with "Inventories" is presented under current liabilities in the accompanying consolidated statement of financial position, irrespective of the date on which it is actually repaid.

The detail of loans secured by mortgages on inventories as at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	2022	**2021**
Loans secured by mortgages on property inmobiliarias en fase de construcción	**89,960**	**110,615**
Vía Célere Desarrollos Inmobiliarios, S.A.U.	87,288	101,258
Rest of Group companies	2,672	9,357
Loans secured by mortgages on constructed buildings	**14,701**	**24,573**
Vía Célere Desarrollos Inmobiliarios, S.A.U.	12,384	22,557
Rest of Group companies	2,317	2,016
	104,661	**135,188**

The main changes in 2022 in mortgage loans on inventories relate to transactions for the repayment of these loans through the delivery of assets to secure the loans, totalling 164,912 thousand euros in 2022 (207,436 thousand euros in 2021).

The capitalised interest cost as at 31 December 2022 and 2021 amounts to 9,117 thousand euros and 15,061 thousand euros, respectively (see Note 15).

The mortgage loans accrue annual interest at a variable rate (EURIBOR plus a spread aligned with market conditions). In 2022, rates were 1.70% to 5.98% (2.00% to 3.35% in 2021).

18.1.3. Senior syndicated loan

On 2 January 2019 the Parent Company signed a senior syndicated loan agreement amounting to 223,000 thousand euros as the original borrower. Vía Célere Desarrollos Inmobiliarios, S.A.U., Vía Célere, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U., as the original guarantors, J.P. Morgan Securities PLC and Credit Suisse International as coordinators, a number of financial institutions as original lenders, and Credit Suisse International as agent and collateral agent. The initial amount was distributed by means of an Acquisition facility (loan) amounting to 185,331 thousand euros, which was fully drawn down and classified as Other Loans, and a Revolving Credit Facility (RCF) amounting to 37,669 thousand euros classified as a line of credit. During 2019, the guarantee on the companies Maywood Invest, S.L.U and Udralar, S.L.U. was released.

The syndicated senior loan had a duration of two years, with final maturity on 2 January 2021, extendable for an additional year if certain conditions were met and accrued an interest rate based on the EURIBOR plus a market differential. On 26 June 2020, the Parent Company extended the financing agreement until 31 December 2021 on a half-yearly payment schedule.

During 2021, the Parent Company made repayments of 73 million euros, leaving a fully amortised balance due on 25 March 2021.

The Parent Company undertook to comply with certain financial covenants during the term of the loan and related to its Financial Statements, which were complied with during the term of the loan.

18.1.4. Bond (Senior Secured Notes)

On 25 March 2021 Vía Célere Desarrollos Inmobiliarios, S.A.U. issued a senior secured bond in the amount of 300,000 thousand euros (which were fully drawn down and classified under “Debentures and other marketable securities”) maturing on 1 April 2026.

The interest rate of the bond is 5.25% per annum, payable semi-annually in arrears on 1 April and 1 October of each year, commencing on 1 October 2021. Interest on the bond is accrued from and including the date of issuance of the bond and is payable in cash. As at 31 December 2022 and 2021, unpaid accrued interest receivable amounting to 3,938 thousand euros was recorded.

The bond, among other guarantees, is secured by the shares of Vía Célere Desarrollos Inmobiliarios, S.A.U., the shares of Vía Célere, S.L.U. and the shares of Maywood Invest, S.L.U..

Vía Célere Holdco, S.L. has guaranteed this senior bond since 22 April 2021.

The bond is listed on Euronext.

VCDI assumed extraordinary expenses associated with the issue amounting to 7,464 thousand euros at 31 December 2021, of which 5,025 thousand euros are pending accrual at 31 December 2022 (6,739 thousand euros at 31 December 2021).

The Company has undertaken to comply with certain financial covenant obligations during the term of the bond and relating to its financial statements, which have been fulfilled during 2022.

18.1.5. Super Senior Revolving Facility Agreement (RCF)

On 6 March 2021, VCDI entered into a credit facility agreement (RCF) with J.P. Morgan AG, Deutsche Bank Aktiengesellschaft, Banco Santander S.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A. and Credit Suisse (Deutschland) Aktiengesellschaft in the amount of 30,000 thousand euros (undrawn at 31 December 2021 and classified as credit lines) maturing on 1 October 2025.

VCDI assumed a commitment fee in the amount of 225 thousand euros as at 31 December 2021 of which 153 thousand euros are outstanding as at 31 December 2022.

18.1.6. Other financial liabilities

The breakdown of other financial liabilities as at 31 December 2022 and 2021 is as follows:

	Thousands of euros			
	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Lease liabilities	1,583	432	2,015	437
Other financial liabilities	9	393	10	391
Total other financial liabilities	**1,592**	**825**	**2,025**	**828**

The changes in lease receivables are as follows:

	Thousands of euros
	Lease debts
Balance as at 31 December 2020	**-**
Additions	2,431
Interests	21
Balance as at 31 December 2021	**2,452**
Principal payments	(498)
Interests	61
Balance as at 31 December 2022	**2,015**

During 2021, lease agreements for other offices were signed (see Note 9).

18.2. Trade and other payables

The "Trade and other payables" heading includes mainly the amounts payable for trade purchases and related expenses. Its detail are as follows:

	Thousands of euros	
	2022	2021
Short-term suppliers	95,528	91,981
Personnel, outstanding remuneration	2,137	2,755
Advances from customers (Note 15.5)	82,906	111,146
	180,571	**205,882**

19. Information on payment deferrals made to suppliers. Second Final Provision of Law 31/2014, of 3 December

In compliance with the duty to report the average supplier payment period, established in the third additional provision of Law 15/2010, of 5 July, (modified by the second final provision of Law 31/2014, of 3 December), the average supplier payment period for 2022 and 2021 has been 46 and 50 days respectively.

	Payments made and outstanding at the reporting date	Payments made and outstanding at the reporting date
	2022	2021
	Days	Days
Average period of payment to suppliers	38	50
Ratio of paid transactions	40	52
Ratio of transactions pending payment	54	43
	Amount (Euros)	**Amount (Euros)**
Total payments made	265,220,730	254,696,293
Total payments pending	14,929,120	38,482,750

The implementation of Law 15/2020 DA 3 (amendment by Law 18/2022 includes that the following information must be expressly included in the report:

- The monetary volume and number of invoices paid in a period shorter than the maximum established in the late payment regulations.
- The percentage they represent of the total invoices and of the total monetary payments to suppliers.

	Payments made and outstanding at the reporting date
	31.12.2022
	Days
Average period of payment to suppliers	266,153,060
Ratio of paid transactions	100%

	Amount (Euros)
Total payments made	21,004
Total payments pending	98%

"Average supplier payment period" shall mean the period that elapses from the date of invoice to the material payment of the operation as stated in the resolution of the Spanish Accounting and Audit Institute mentioned above.

The ratio of transactions paid is calculated as the ratio formed in the numerator by the sum of the products corresponding to the amounts paid, by the number of days of payment (calendar days elapsed from the start of the calculation of the term until the material payment of the transaction) and, in the denominator, the total amount of payments made.

This "Average supplier payment period" is calculated as the ratio formed in the numerator by the sum of the ratio of transactions paid for the total amount of payments made plus the ratio of transactions pending payment for the total amount of payments pending and, in the denominator, for the total amount of payments made and payments pending.

Likewise, the ratio of transactions pending payment corresponds to the ratio formulated in the numerator by the sum of the products corresponding to the amounts pending payment, by the number of days pending payment (calendar days elapsed from the beginning of the calculation of the term until the day of closure of the annual accounts) and, in the denominator, the total amount of payments pending.

In accordance with the provisions of article three of the resolution of the Spanish Accounting and Audit Institute dated 29 January 2016, the amount of transactions accrued prior to the entry into force of Law 31/2014, of 3 December, has not been considered.

The maximum legal period of payment applicable to the Company according to Law 11/2013 of July 26 is 30 days, unless there is an agreement between the parties with a maximum period of 60 days.

20. Financial risk management and fair value

20.1. Financial risk management

Risk management framework

The risk management policies within the different areas in which the Group operates are determined by the analysis of investment projects, taking into account the macroeconomic environment and the situation of the financial markets, as well as the analysis of the management of the Group's assets. For this purpose, we have instruments that allow us to identify them sufficiently in advance or to avoid them, minimizing the risks

The Group's activities are exposed to credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme seeks to reduce these risks through a variety of methods, including the use of financial instruments.

Financial risk management is centralised in the Finance Department, which has established the necessary mechanisms to manage exposure to credit and liquidity risk and, to a lesser extent, interest rate risk.

On February 24, 2022, Russia began the invasion of Ukraine, which marked the beginning of a war between the two countries on Ukrainian territory. During 2022 and until the date of preparation of these annual accounts, the conflict continues and the real consequences and duration thereof are still uncertain for the world economy.

After a preliminary assessment of the situation at the date of issuance of the present annual accounts, the Group considers that said conflict does not and will not have a direct or significant impact on its operations, and therefore no consequence is foreseen because of it.

20.2. Credit risk exposure

Credit risk is the risk of financial loss that the Group may suffer if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises in particular from the Group's customer receivables and investments in debt securities.

The Group does not have significant credit risk, since its customers and the institutions in which cash placements or derivatives are arranged are highly solvent entities in which counterparty risk is not significant.

The Group's main financial assets are cash and balances, trade and other receivables and investments, which represent the Group's maximum exposure to credit risk in relation to financial assets, without taking into account any guarantees provided and other credit enhancement mechanisms.

The Group's credit risk is mainly attributable to its trade debts. The amounts are reflected in the consolidated statement of financial position net of provisions for bad debts, with the expected credit loss estimated by Group management on the basis of past experience and its assessment of the current economic environment. The Group has formal procedures for the detection of objective evidence of impairment of trade debts, in line with the provisions of IFRS 9. The impairment of trade receivables as at 31 December 2022 amounts to 7,200 thousand euros (6,251 thousand euros in 2021) (see Note 14.2). The balances of trade debts without credit risk are not included in this provision at the end of 2022 and 2021.

The credit risk of liquid funds and derivative financial instruments is limited because the counterparties are banking entities that have been assigned high ratings by international credit rating agencies.

The Group does not have a significant concentration of credit risk. Risk exposure is diversified among numerous clients.

The Group monitors and has established specific credit management procedures, establishing conditions for the acceptance of orders and carrying out periodic monitoring of these orders.

20.3. Interest rate risk exposure

The exposure to this risk is due to changes in the future cash flows of the debt contracted at variable interest rates (or with current maturity) as a result of changes in market interest rates.

The objective of managing this risk is to cushion the impact on the cost of debt caused by fluctuations in these interest rates.

The Group analyses its exposure to interest rate risk dynamically. In 2022 and 2021 all financial liabilities, both with variable and fixed interest rates, were denominated in euros.

20.4. Market risk exposure

To counteract the market risk on the company's developments, detailed studies are carried out on the geographical areas in which the company operates or plans to operate, thus determining the existence of sufficient demand to absorb future developments and the product to be marketed, guaranteeing the success of the developments, always adapting them to the customer's needs and thus ensuring commercial viability.

20.5. Liquidity risk exposure

The Group manages its liquidity risk prudently, based on maintaining sufficient cash and marketable securities, the availability of financing through a sufficient amount of committed credit facilities and sufficient capacity to settle market positions. The Group determines its cash requirements through the cash budget, with a time horizon of 12 months. The Group considers that the agreed financing framework is sufficiently flexible to accommodate the dynamic needs of the underlying businesses.

The Group also presents the necessary financing for the development of the assets classified as "Property developments in progress". These loans are conditional upon the specific construction of the developments to which they are associated, and their decrease is presented gradually with the progress of the construction work and, therefore, the Group depends solely on the cash available as at 31 December 2022 to guarantee the continuity of the business.

20.6. Price risk exposure

Real Estate assets might experience market price changes. On a yearly basis the Group contracts well-known appraisal companies to detect valuation differences.

21. Tax matters

On 1 January 2022, the Company ceased to be the parent company and became a subsidiary of the tax consolidation group No. 0453/22, the parent company of which is Vía Célere Holdco, S.L.

21.1. Tax receivables and payables

The composition of balances receivable from public authorities is as follows:

	Thousands of euros	
	2022	2021
Non-current balances		
Assets for deductible temporary differences	41,371	46,061
Credits for loss carryforwards.	28,899	28,856
	70,270	**74,917**
Current balances		
VAT receivable from the tax authorities	11,992	6,174
Current tax receivable	343	69
	12,335	**6,243**
Total	**82,605**	**81,160**

The composition of the balances payable to public authorities is as follows:

	Thousands of Euros	
	2022	2021
Non-current:		
Deferred tax liabilities	4,825	4,076
	4,825	**4,076**
Current:		
Income tax payable (VAT)	23,449	11,377
Income tax payable (CIT)	115	3,169
Social security payable	260	310
Other taxes payable	450	1,086
	24,274	**15,942**
Total	**29,099**	**20,018**

21.2. Deferred tax assets and liabilities

The detail of the balance of the heading "Deferred tax assets" at the end of 2022 and 2021 is as follows

	Thousands of euros	
	31/12/2022	31/12/2021
Limitation to depreciation.	242	558
Non-deductible financial expenses	34,449	38,168
Tax loss carryforwards	28,898	28,856
Impairment Forum	1,508	1,508
Other	3,742	2,504
Consolidation adjustments	1,431	3,323
Total	**70,270**	**74,917**

	Thousands of euros			
	Balance 31/12/2021	Additions	Derecognition	Balance 31/12/2022
Deferred tax assets	**74,917**	**6,394**	**(11,041)**	**70,270**

	Thousands of euros			
	Balance 31/12/2020	Additions	Derecognition	Balance 31/12/2021
Deferred tax assets	**68,635**	**11,761**	**(5,479)**	**74,917**

The detail of the heading "Deferred tax liabilities" at 31 December 2022 and 2021 is as follows:

	Thousands of euros	
	31/12/2022	31/12/2021
Revaluation of assets in acquisitions	1,173	-
Reinvestment exemption	930	982
Margin elimination	59	59
Consolidation adjustments	2,663	3,035
Total	**4,825**	**4,076**

	Thousands of euros			
	Balance 31/12/2021	Additions	Derecognitions	Balance 31/12/2022
Deferred tax liabilities	**4,076**	**1,173**	**(424)**	**4,825**

	Thousands of euros			
	Balance 31/12/2020	Additions	Derecognitions	Balance 31/12/2021
Deferred tax liabilities	**3,014**	**2,399**	**(1,337)**	**4,076**

The Group’s main deferred tax assets and liabilities are related to the following items:

- Non-deductible financial expenses. In accordance with Article 16 of the Corporate Income Tax Law, net financial expenses will be deductible annually up to a limit of 30% of the year’s operating profit, and net financial expenses of 1 million euros may be deducted in any case. During 2022, the Group recovered financial expenses not deducted in previous years amounting to 13,339 thousand euros, resulting in a deferred tax write-off of 3,334 thousand euros.

- Credits for loss carryforwards. During the year, a disposal of tax loss carryforwards amounting to 4,997 thousand euros in units was recognised. During 2022, based on the projected generation of future taxable income according to the business plan for the coming years, the Group has capitalised an additional amount of taxable income, recording a deferred tax asset of 5,012 thousand euros.

- Limitation to book depreciation. In 2013 and 2014, only 70 % of the accounting depreciation expense was deductible for tax purposes, and the remaining 30 % was recorded as a tax credit (deferred tax asset) which is reversed on a straight-line basis over 10 years.

- Other non-deductible tax provisions, during the year the Group has recorded a series of provisions that are not tax-deductible expenses in accordance with Article 14 of the Corporate Income Tax Law, for which reason it has made a positive adjustment for these items, recording the corresponding deferred tax asset.

To assess the recoverability of deferred tax assets, the Company has also taken into account the valuation of inventories at year-end 2022 carried out by Savills, which reflects a fair value of 1,350,295 thousand euros (see Note 15.6), as well as the business plan prepared by the Group for the period 2023-2033 and the sales forecasts for the developments included in the aforementioned plan, which have been made taking into account the characteristics of the Spanish real estate sector in which the Group operates. As at 31 December 2022, the Group has an orderbook amounting to 666,455 thousand euros (see Note 15.5). Based on this evidence, the Group estimates that it will recover the full amount of tax credits recognised in less than ten years.

21.3. Reconciliation of accounting profit and taxable profit

The reconciliation between consolidated accounting profit and taxable profit is as follows:

	Thousands of euros	
	2022	**2021**
Consolidated profit for the year	68,722	61,824
Corporate income tax	18,690	5,927
Profit before tax	**87,412**	**67,752**
Permanent differences	2,002	(3,940)
Temporary differences	(11,300)	(5,952)
Offset of tax loss carryforwards	(20,048)	(15,265)
Consolidation adjustments	816	480
Tax result / (Tax base)	**58,882**	**43,075**

The main adjustments for permanent differences to the accounting profit for 2022 are as follows:

- In 2017, as a result of the transfer of real estate in the carve-out operation carried out in favour of Dospuntos Asset Management, S.L. (an entity related to the Company under the terms established in Article 42 of the Commercial Code), an accounting loss was generated that was not considered deductible for tax purposes in application of the provisions of Article 11.9 of the Corporate Income Tax Law. In 2022, Dospuntos Asset Management, S.L. transferred to independent third parties a portion of the assets that generated the non-deductible loss at the Company's headquarters and, accordingly, the Company included in its tax base an amount of 2,157 thousand euros relating to part of the loss deferred in 2017.

- The Group has made a positive adjustment to the accounting result to record the adjustment of services rendered by one of the companies for the rest of the group for transfer pricing purposes in the amount of 4,045 thousand euros.

In 2022, the main temporary tax differences in accounting profit are as follows:

- A positive adjustment of 1,827 thousand euros derived from the provision for liabilities and expenses, in accordance with the provisions of Article 14.3 of the Corporate Income Tax Law, the provision derived from implicit or tacit obligations is a non-deductible tax expense.

- Negative adjustment amounting to 13,399 thousand euros deriving from the limitation on the deductibility of financial expenses, in accordance with the provisions of Article 16 of the Corporate Income Tax Law.

- A positive adjustment of 854 thousand euros derived from the provision for the guarantee of repairs and revisions, in accordance with the provisions of Article 14.9 of the Corporate Income Tax Law, this type of provision is a non-deductible tax expense.

- Negative adjustment of 404 thousand euros corresponding to the reversal of accounting amortisation expenses.

The relationship between the income tax expense/(income) and the profit/(loss) for the year is as follows:

	Thousands of euros	
	2022	**2021**
Balance of pre-tax income and expenses for the year	87,412	67,752
Tax at 25%	**21,853**	**16,938**
Net effect of deferred tax assets	(2,161)	(7,909)
Consolidation adjustments	(1,283)	(180)
Other adjustments	281	(2,922)
	18,690	**5,927**

The detail of the income tax expense/(income) in the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
Current tax expense /(income) and others	15,622	10,980
Deferred tax expense /(income) and others	3,068	(5,053)
	18,690	**5,927**

21.4. Tax deductions pending application

The legislation in force regarding Corporate Income Tax establishes various tax incentives. The tax credits earned in a given year that cannot be offset during that year because they exceed the applicable legal limits may be taken to reduce the corporate income tax payable in subsequent years, within the limits and time periods established by the related tax legislation.

The tax credits taken in prior years are as follows:

Year	Thousands of euros	Description
2022	38	Deductions for donations
2022	20	Deduction for reversal of temporary measures
	58	

21.5. Tax losses carryforwards

The Group's tax loss carryforwards as at 31 December 2022 are detailed below:

(i) The individual NOLs per company are as follows:

	Thousands of euros						
Years	Vía Célere Desarrollos Inmobiliarios S.A.U.	Copaga, S.A.U.	Udralar, S.L.U.	Udrasur Inmobliaria, S.L.U.	Torok Investment 2015, S.L.U.	Conspace, S.L.	Total
2006	-	35	-	-	-	-	35
2007	-	1	-	-	-	-	1
2008	-	62	4,807	-	-	-	4,869
2009	-	23	1,813	-	-	-	1,836
2010	-	55	1,815	-	-	-	1,870
2011	41,577	111	2,014	-	-	-	43,702
2012	54,446	-	-	-	-	-	54,446
2013	133,160	25	9,613	-	-	-	142,798
2014	1	-	-	-	-	-	1
2015	150,284	-	50,466	4	-	-	200,754
2016	946	-	-	-	1,128	-	2,074
2017	19,832	749	-	191	193	250	21,215
2018	12,283	-	-	-	-	-	12,283
Total	**412,529**	**1,061**	**70,528**	**195**	**1,321**	**250**	**485,884**

As all the entities belonging to the previous tax consolidation group, whose parent company was Vía Célere Desarrollos Inmobiliarios, S.A.U., have become part of the new tax consolidation group, all the tax loss carryforwards have acquired the nature of pre-consolidation tax loss carryforwards. However, the special rules laid down in Article 74.3 of the Corporate Income Tax Law apply to its application.

(ii) The individual NOLs per company are as follows:

Years	Lealtad Directorship, S.L.
2018	383
2019	455
2020	717
2021	428
2022	1,025
TOTAL	**3,009**

The tax loss carryforwards of the Company and its subsidiaries may be offset in the future, with no time limit, but in accordance with the quantitative limits provided for in Royal Decree-Law 3/2016, of 2 December. In 2022, the Group has capitalised an additional amount of tax loss carryforwards of 5,278 thousand euros.

In summary, the tax loss carryforwards generated and pending offset by the Group companies amount to 488,893 thousand euros at 31 December 2022, of which 115,592 thousand euros (115,429 thousand euros at 31 December 2021) have been capitalised, corresponding to 28,898 thousand euros in units (25%) recorded as deferred tax assets (28,856 thousand euros at 31 December 2021).

21.6. Corporate transactions

On 26 July 2022, the group company Copaga, S.A.U. acquired the entire share capital of Lealtad Directorship, S.L.U. from Otterville Invest, S.L.

Lealtad Directorship, S.L.U. is the parent company of the Lealtad Group, which at the date of the transaction included six companies: Borino Lealtad, S.L.; Cabure Lealtad, S.L.; Siargo Lealtad, S.L.; Trim Lealtad, S.L.; Argus Lealtad, S.L. and Siona Lealtad, S.L.

On 20 June 2022, the sole shareholder of Lealtad Directorship, S.L.U., Otterville Invest, S.L., approved the merger by absorption of Lealtad Directorship, S.L.U., as the absorbing company, with Trim Lealtad, S.L.U., Borino Lealtad, S.L.U., Argus Lealtad, S.L.U., Cabure Lealtad, S.L.U., Siargo Lealtad, S.L.U. and Siona Lealtad, S.L.U., as the absorbed companies, Siargo Lealtad, S.L.U. and Siona Lealtad, S.L.U., as absorbed companies, the former acquiring en bloc by way of universal succession all the assets and liabilities of the absorbed companies, which were dissolved and extinguished without liquidation. The deed of merger was executed on 28 October 2022, filed with the Commercial Registry on 8 November 2022 and registered on 15 November 2022.

On 25 March 2021, the companies Maplesville Invest, S.L.U., Gleenwock Invest, S.L.U., Windham Spain, S.L.U., Rimbey Spain, S.L.U., Lewistown Invest, S.L.U., Barclays Bank PLC, J.P. Morgan Securities, PLC, Deutsche Bank Aktiengesellschaft, Trinity Investments Designated Activity Company, Melf B.V., Merryll Lynch International and Greencoat B.V. (hereinafter "former shareholders of Vía Célere Desarrollos Inmobiliarios, S.A.U.") executed the public deed of incorporation of Vía Célere Holdco, S.L., which was incorporated with a share capital consisting of 60,002 shares with a par value of 1 euro per share and a share premium of 6,851.46 euros per share.

The shares have been fully assumed by the former shareholders of Vía Célere Desarrollos Inmobiliarios, S.A., which became a sole shareholder company and maintained its indirect shareholding structure and composition through its shareholding in the Parent Company. Therefore, the investment funds managed by Värde Partners, Inc. indirectly hold 76.4% of the share capital of the new parent company of the Vía Célere Holdco group.

The shares have been fully assumed through a non-monetary contribution consisting of 100% of the shares of Vía Célere Desarrollos Inmobiliarios, S.A.U., being valued at 867,548 thousand euros corresponding to the consolidated book value of Vía Célere Desarrollos Inmobiliarios, S.A.U. at the date of contribution of its shares. The share capital has a par value of 60,002 euros and, at the time of incorporation, the share premium amounted to 411,101 thousand euros.

The transaction described in the preceding paragraph is among the transactions covered by the special system for mergers, spin-offs, contributions of assets and exchange of securities regulated in Chapter VII of Title VII of the Corporate Income Tax Law. In particular, such transactions are defined in Article 76.5 of the aforementioned Law, and therefore, the same is covered by the tax neutrality system.

This transaction has generated a restructuring of the Group where Vía Célere Holdco, S.L. is the new Parent Company.

Therefore, and due to the fact that the Company ceased to have the status of parent company for the purposes of being able to apply the special tax system, Group no. 0258/16 will be broken up with effect from 1 January 2022.

However, the directors of the new parent company Vía Célere Holdco, S.L. and its subsidiaries, currently included in Group No. 0258/16, agreed to pay tax under the special tax consolidation system for years beginning on or after 1 January 2022. In this regard, the corresponding notification has been made to the tax authorities of the option to be taxed under the tax consolidation system for the financial years 1 January 2022, whose group tax number assigned is 0453/2022.

21.7. Years open to review and tax inspection

At present, all the Group companies resident in Spain have the following taxes open for review by the tax authorities

	Years Open for Inspection
Corporate income tax	2016-2018-2021
Value Added Tax	2019-2022
Personal income tax	2019-2022
Capital gains tax	2019-2022

Corporate income tax year 2022 cannot be reviewed until the tax return has been filed (in July 2023).

The 2016 tax year is open to inspection as the Company interrupted the statute of limitations period by requesting a correction of the 2016 corporate income tax return.

However, the right of the tax authorities to check or investigate tax losses used or not yet used, double taxation deductions and deductions to encourage the performance of certain activities applied or not yet applied prescribes 10 years from the day following the end of the period established for filing the tax return or self-assessment corresponding to the tax period in which the right to offset or apply for it arose. Once this period has elapsed, the Group must accredit the negative tax bases or deductions, by means of the exhibition of the settlement or self-assessment and of the accounting, with accreditation of its deposit during the stipulated period in the Commercial Registry.

With respect to the rest of the dependent entities not resident in Spain, the years open for inspection are all the years established as maximums by each of the legislation in force in the country of residence.

The Company's directors do not expect contingencies or liabilities of a significant amount as a result of the years opened for inspection.

- **Vía Célere, S.L.U. and Vía Célere 2, S.L.U. inspection.**

In July 2017, notification was received of the commencement of tax audits of the companies Vía Célere, S.L.U. and Vía Célere 2, S.L.U. in relation to corporate income tax (2013 to 2014), VAT (period July 2013 to December 2014) and personal income tax (period July 2013 to December 2014).

During 2019, the minutes of compliance referring to the inspection of VAT and deductions were signed, resulting in an amount to be paid of zero euros. However, for corporate income tax purposes, minutes were signed because they did not agree with the valuations carried out by the Technical Office of the Special Delegation of the Tax Administration on certain assets, and therefore the Company has requested a contradictory expert valuation.

In August 2020 a new settlement agreement was received, taking into account the report of the contradictory expert appraisal, which had been quite beneficial for VC, significantly reducing the amount to be paid. However, the appeal has been pursued and an Economic Administrative Claim has been filed against the new settlement proposal.

The Company's directors do not expect contingencies or liabilities of a significant amount as a result of the years opened for inspection.

22. *Guarantee commitments to third parties and litigation*

The Group has contingent liabilities for bank guarantees and other collateral related to the normal course of business amounting to 158,894 thousand of euros (177,584 thousand of euros at the end of 2021). The Parent Company's management body considers that no additional liabilities will arise for the Group as a result of the transactions covered by these guarantees and warranties.

23. *Income and expenses*

23.1. Revenue

The detail of the Group's revenue in 2022 and 2021, by type of product and geographical area, is as follows:

	Spain		Portugal		Total	
	2022	2021	2022	2021	2022	2021
Revenue from sale of property developments and land divestments	553,984	542,691	24,950	39,413	578,934	582,104
	553,984	**542,691**	**24,950**	**39,413**	**578,934**	**582,104**

As indicated in Note 6, the Group has a single segment, the residential development business, in which a distinction is made between the results generated by assets that will be developed and promoted (developments) and those generated by assets that form part of the Group's core business and are considered to be non-strategic (legacies).

In addition, income recognised as a result of accounting for the significant financing component arising from advances received from customers in line with the requirements of IFRS 15 amounts to 3,384 thousand euros (3,836 thousand euros as at 31 December 2021).

In 2022 and 2021, the revenues correspond to:

- the sale of property developments, which amounted to 497,470 thousand euros (549,304 thousand euros during 2021).
- the sale of land, which amounted to 81,464 thousand euros (32,265 thousand euros during 2021).
- and sales of non-strategic assets and others, which amounted to 535 thousand euros during 2021 (no sales of non-strategic assets have taken place during 2022).

23.2. Changes in inventories and cost of sales

The breakdown of "Changes in inventories of completed goods and work in progress" is as follows:

	Thousands of euros	
	2022	2021
Cost of goods sold	**(389,123)**	**(469,066)**
Impairment of finished goods and work in progress	**12,825**	**40,151**
Changes in inventory of land and work in progress	**280,807**	**249,072**
Raw material capitalised	279,164	245,830
Personnel expenses capitalised (Note 23.4)	1,643	3,242
Total	**(95,491)**	**(179,843)**

23.3. General information on the employees

The average number of employees at the Group in 2022 and 2021, by professional category, was as follows:

	2022	2021
Group General Management	5	6
Directors and Department Heads	77	83
Technicians	88	93
Sales representatives	24	29
Administrative workers	51	63
Other personnel	8	26
	253	**300**

The distribution of the Group's workforce by professional category and gender as at 31 December 2022 and 2021 is as follows:

	2022		2021	
	Women	Men	Women	Men
Group General Management	-	5	-	5
Directors and Department Heads	22	50	23	56
Technicians	44	40	46	42
Sales representatives	18	5	21	7
Administrative workers	35	15	41	16
Other personnel	-	7	-	5
	119	**122**	**131**	**131**

As at 31 December 2022 and 2021, the members of the Parent Company's management body were 5 and 5 respectively, and all of them were men.

The Group's average workforce with a degree of disability of 33% or more during the financial years 2022 and 2021 is as follows:

	2022	2021
Group General Management	-	-
Directors and Department Heads	1	-
Technicians	1	1
Sales representatives	-	-
Administrative workers	1	1
Other personnel	-	-
	3	**2**

23.4. Personnel expenses

The detail is as follows:

	Thousands of euros	
	2022	2021
Wages, salaries and similar items	(15,723)	(16,998)
Employee benefits expense	(3,591)	(5,109)
Severance payments/indemnities	(211)	-
Total	**(19,525)**	**(22,107)**

During the 2022, personnel expenses amount to 19,525 thousand euros (22,107 thousand euros during 2021), of which 1,622 thousand euros relate to internal sales personnel in 2022 (1,748 thousand euros in 2021) (this amount is allocated in Contribution margin).

On 10 November 2021, VCDI's Shareholders' Meeting approved a long-term incentive plan for the CEO, members of Senior Management and certain key employees, with an expiration date of 31 December 2027. As at 31 December 2022, the consolidated income statement includes the accrued amount of the plan, which totals 1,569 thousand euros (1,288 thousand euros at 31 December 2021). No disbursements have been made, but there is a balance provisioned up to 2,857 thousand euros as at 31 December 2022.

Personnel expenses capitalised as "Developments in progress" in 2022 amount to 1,643 thousand euros (3,242 thousand euros in 2021) (see Note 23.2).

23.5. Audit Fees

The fees for auditing services provided by PricewaterhouseCoopers Auditores, S.L. and other services provided by entities in the PWC network during the years ended 31 December 2022 and 2021, are as follows:

	Thousands of euros			
	PwC Auditores, S.L.		Other entities of the Auditor's Network	
	2022	2021	2022	2021
Audit services	166	160	15	15
Other non-audit services (*)	-	120	148	102
Total services provided	166	280	163	117

(*) No tax services or other services required of the auditor by applicable regulations were provided during the 2022 and 2021 financial years.

The Group did not receive audit services from other auditors during the years ended 31 December 2022 and 2021.

23.6. Other expenses

The detail is as follows:

	Thousands of euros	
	2022	2021
External services	(18,049)	(18,855)
Taxes	(1,897)	(6,317)
Other expenses	(8,202)	(3,084)
Total	**(28,148)**	**(28,256)**

During 2022, the group incurred expenses for independent professional services in the amount of 8,028 thousand euros (14,101 thousand euros during 2021).

The heading “Other Expenses” in 2022 includes a provision for bad debts amounting to 1,471 thousand euros, arising from the invoicing of penalties to a construction company for breach of contract (190 thousand euros in 2021) (See Note 17).

It also includes provisions for liabilities and charges of 4,850 thousand euros (3,974 thousand euros in 2021) (see Note 17).

23.7. Compensation in kind

As at 31 December 2022 and 2021 there was no significant remuneration of this nature.

23.8. Amortisation

The breakdown of "Amortisation" in the income statement is as follows:

	Thousands of euros	
	2022	2021
Intangible assets (Note 8)	(68)	(20)
Property, plant and equipment (Note 9)	(326)	(353)
Investment property (Note 10)	(2)	(2)
Rights of use (Note 11)	(497)	(155)
Depreciated totals	**(893)**	**(530)**

23.9. Financial income

The breakdown of the balance of this heading in the consolidated income statement is as follows:

	Thousands of euros	
	2022	2021
Marketable securities and other	840	796
	840	**796**

23.10. Financial costs

The detail is as follows:

	Thousands of euros	
	2022	2021
Finance cost capitalised (Note 15)	9,117	15,061
Finance cost from senior secured notes (Note 18.4)	(17,640)	(13,164)
Debt interest	(14,529)	(25,836)
Interest arising from revenue contracts	1,958	2,386
Finance cost from leasing (Note 18.1.6)	(61)	(21)
Total	**(21,167)**	**(21,573)**

23.11. Impairment losses and gains (losses) from disposal of non-current assets

The detail of these results is as follows:

	Thousands of euros	
	2022	2021
Gains/(losses) on disposal of property, plant and equipment (Note 9)	(44)	(251)
Reversal /(Allocation) Impairment of investment property (Note 10)	-	(6)
	(44)	**(257)**

As at 31 December 2022, the loss on disposal of fixed assets relates to the sales offices located on the Adeje site (sold) and the furnishings of some sales stands.

As at 31 December 2021, the loss on disposal of fixed assets mainly related to the loss of 390 thousand euros recorded at the Group subsidiary Parquesoles S.A. following the disposal of the sales stand of the Miraflores development. On the other hand, the gain on disposal of fixed assets deriving from the sale of the offices of Carlos and Guillermo Fernandez Shaw was recorded, which amounted to 143 thousand euros.

24. Transactions and balances with companies accounted for using the equity method and related parties

Details of transactions with related companies

The detail of transactions with related parties during 2022 and 2021 is as follows:

	Thousands of euros	
	Provision of services	
	2022	2021
Celere Forum Barcelona, S.L.	23	110
Via Célere Holdco S.L.	12	10
	35	**120**

Income from the provision of services corresponds to Célere Fórum Barcelona, S.L. (company accounted for using the equity method, see Note 13) for the provision of management, marketing and accounting services and to Vía Célere Holdco, S.L. for corporate services (management fee).

Breakdown of balances with related parties and associates

The amount of the balances recorded in the consolidated statement of financial position with related companies is as follows:

	2022	
	Thousands of euros	
	Short-term credits (Note 14)	Current debts (Note 18)
Célere Forum Barcelona, S.L.	4	15
Via Célere Holdco S.L.	12,248	15,135
Maplesville Invest, S.L.U	-	142
Dospuntos Asset Management S.L.U.	7	-
	12,259	**15,292**

	2021	
	Thousands of euros	
	Short-term credits (Note 14)	Current debts (Note 18)
Célere Forum Barcelona, S.L.	261	16
Via Célere Holdco S.L.	369	-
Maplesville Invest, S.L.U	-	142
Dospuntos Asset Management S.L.U.	34	-
	664	**158**

All transactions and outstanding balances with related parties were carried out at market values.

25. Remuneration of members of the Board of Directors and Senior Management

José Ignacio Morales Plaza was the managing director during 2022 and until the date of authorisation for the formalisation of the Company's consolidated annual accounts.

As at 31 December 2022, there are five members of the Board of Directors (five men) and five members of Senior Management (five men), one of whom is a member of the Board of Directors.

During 2022, Jorge Morán and Álvaro Travesedo resigned as members of the management body on 26 January 2022 and 24 June 2022, respectively. There was no change in the composition of senior management during 2022. During 2021 there were three resignations and two new members.

25.1. Remuneration of the Board of Directors and Senior Management

During 2022, the members of the Board of Directors received remuneration of 152 thousand euros for their directorships. During 2021, the members of the Board of Directors received remuneration of 150 thousand euros for their directorships. Senior executives' remuneration in 2022 and 2021 amounted to 1,972 thousand euros and 2,130 thousand euros, respectively. These amounts include a director's remuneration for his executive duties. During 2022, 1,569 thousand of euros have been provisioned related to the approval of an incentive plan for General Management in 2021 that has not been distributed in 2022 or 2021 (1,288 thousand of euros in 2021).

There are no advances or loans granted to all the members of the boards of directors.

In 2022, no liabilities were assumed on behalf of the management bodies by way of guarantee, and liability insurance premiums were paid for damages resulting from acts or omissions in office of 228 thousand euros (260 thousand euros in 2021). The Group also has life insurance commitments related to current members of senior management.

25.2. Transactions outside the ordinary course of business or under non-market conditions by the Directors and by the members of the Parent's Control Committee.

In relation to the ownership interests in the share capital of the members of the managing bodies and, in particular, of the members of the Board of Directors of the Parent Company or persons related to them, in 2022 and 2021 the directors and members of the Committee did not perform transactions with the Company or with Group companies that were not in the ordinary course of business or on terms and conditions other than those prevailing in the market.

25.3. Situations of conflict of interest of the Directors of the Parent Company.

Except as detailed below, the members of the Parents governing bodies and the persons related to them have not found themselves in any conflict of interest that has had to be reported in accordance with the provisions of Article 229 of the TRLSC:

Mr Timothy James Mooney and his related persons have not incurred, during 2022 and up to the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the interest of the Company, except as provided for in the third resolution of the meeting of the Board of Directors of the Group dated 22 July 2022, in which he abstained from intervening in the resolutions or decisions. He is also a member of the board of directors of Aelca Desarrollos Inmobiliarios, S.L., an entity with a similar purpose to that of Vía Célere Desarrollos Inmobiliarios, S.A.U. and has a professional relationship with Värde Partners, Inc., the entity that manages the funds owned, directly or indirectly, by shareholders that together hold the majority of the share capital of the Parent Company.

Mr Héctor Serrat Sanz and his related parties have not been involved, since 26 January 2022, the date on which he became a member of the management body, and up to the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the interests of the Group, meaning that he has not had to abstain from intervening in resolutions or decisions.

Mr Jorge Morán Sánchez and his related persons have not been involved, from 1 January 2022 until 26 January 2022, the date on which he ceased to be a member of the management body, in a situation of direct or indirect conflict with the interests of the Group, meaning that he has not had to abstain from intervening in resolutions or decisions. However, Jorge Morán Sánchez has had responsibilities in companies whose purposes are similar to that of Vía Célere Desarrollos Inmobiliarios, S.A.U., given his status as a member of the management body of La Finca Global Assets SOCIMI, S.A., La Finca Somosaguas Golf, S.L., La Finca Real Estate Management, S.L. and Castellana Properties SOCIMI, S.A.

Mr Anthonny Iannazzo and his related persons have not incurred, during 2022 and up to the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the interest of the Group, except as provided for in the third resolution of the meeting of the Board of Directors of the Company dated 22 July 2022, in which he abstained from intervening in the resolutions or decisions. Nevertheless, Mr Anthonny Iannazzo has a professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, by shareholders who, together, hold the majority of the Company's share capital.

Mr Álvaro Travesedo Julia and his related persons have not been involved, from 1 January 2022 until 24 June 2022, the date on which he ceased to be a member of the management body, in a situation of direct or indirect conflict with the interests of the parent Company, meaning that he has not had to abstain from intervening in resolutions or decisions relating to this conflict situation. However, Mr Álvaro Travesedo has had responsibilities in companies whose purpose is similar to that of Vía Célere Desarrollos Inmobiliarios, S.A.U. given his status as a member of the management body of Bahía Azul Propco 1, S.L.U.

Mr José Ignacio Morales Plaza and his related persons have not incurred, during the 2022 and up to the date of preparation of these consolidated annual accounts, in a situation of direct or indirect conflict with the interests of the Company, except as provided for in the third and fifth resolutions of the meeting of the Board of Directors of the Company dated 26 January 2022, in the first resolution of the meeting of the Board of Directors of 1 March 2022 and in the first resolution of the meeting of the Board of Directors of the Company dated 4 July 2022, in which he abstained from intervening in the resolutions or decisions. Also, in his capacity as the individual representing the position of sole director or that held by the Company at various Group companies, as well as joint director of Célere Fórum Barcelona, S.L., neither he nor his related persons found themselves in a situation of direct or indirect conflict with the interests of the Company in 2022 and up until the date of drafting of these consolidated annual accounts, and therefore he did not have to abstain from intervening in rulings or decisions relating to this situation of conflict. Finally, it should be added that Mr José Ignacio Morales Plaza participates in the management or holds a stake in Navamolo, S.L., Moviplamopla, S.L., and Vagovaga, S.L., entities with a corporate purpose similar to that of Vía Célere.

Mr Antoni Elias Sugrañes and his related persons have not been involved, since 5 July 2022, the date on which he became a member of the management body, and up to the date of preparation of these consolidated financial statements, in a situation of direct or indirect conflict with the interests of the Group, meaning that he has not had to abstain from intervening in resolutions or decisions relating to this situation of conflict.

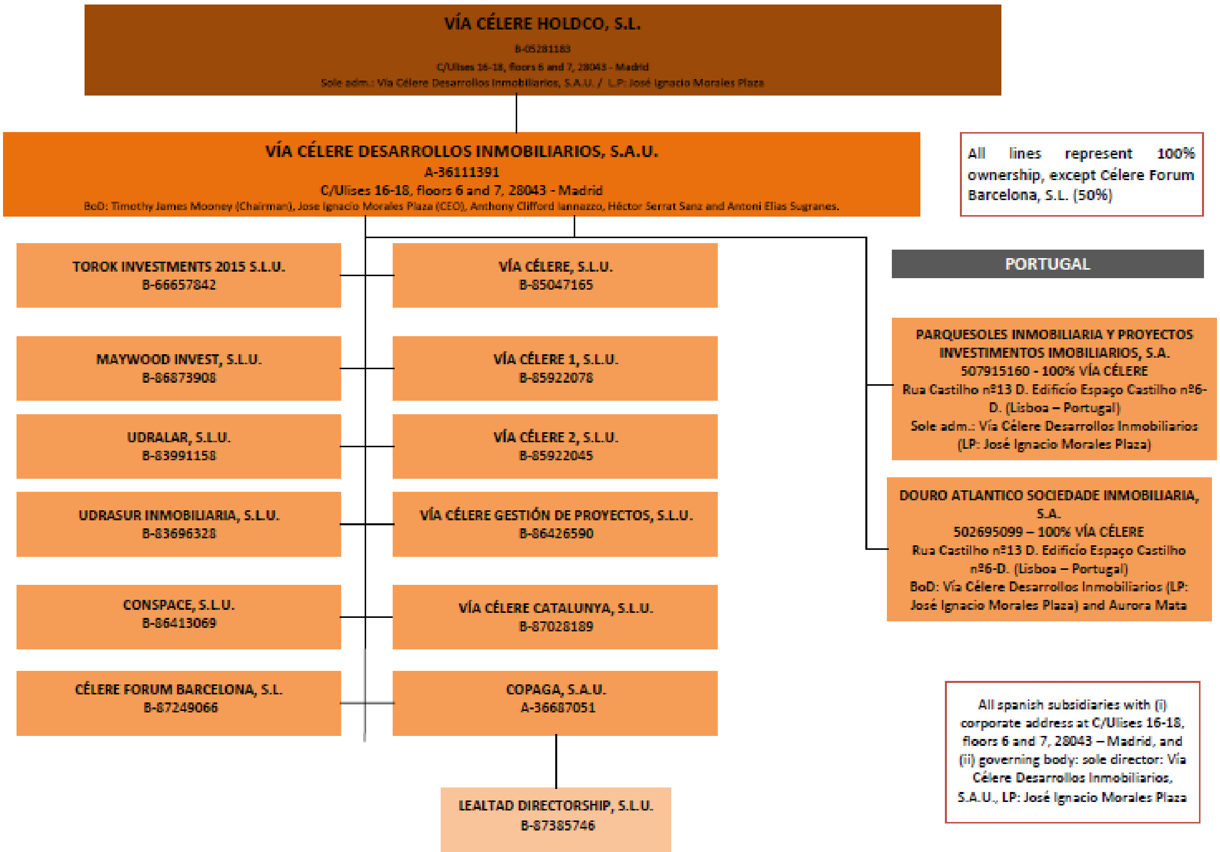
26. Events after the reporting period

Between the date of the financial year-end and the date of drafting of the consolidated annual accounts, no circumstances have arisen that would have entailed the inclusion of adjustments or changes in the consolidated annual accounts or that would affect the application of the going concern principle.

Consolidated management report

1. Structure and background

The corporate structure of the Via Celere Group as at 31 December 2022 is as follows:



The Parent Company in 2022 is 100% controlled by Vía Célere Holdco, S.L.

The Group's main operational decision-making body is the Board of Directors of the Parent Company, which is made up of the following directors:

Name and surname(s)	Date of appointment	Date of resignation	Position
Jorge Morán Sánchez[1]	21/10/2020	26/01/2022	Chairman
Jose Ignacio Morales Plaza	17/07/2019	N/A	Managing Director
Héctor Serrat Sanz	26/01/2022	NA	Board Member
Anthony Clifford Iannazzo[2]	21/10/2020	N/A	Board Member
Álvaro Travesedo Julia[3]3]	16/12/2020	05/07/2022	Board Member
Antoni Elías Sugrañes[4]4]	05/07/2022	N/A	Board Member
Timothy James Mooney [1 and 2]	30/09/2021	N/A	Board Member / Chairman

[1] On 26/01/2022, Jorge Morán resigned as a member of the Board of Directors, which also implies his resignation as Chairman of the Board of Directors and Chairman of the Executive Committee. On the same date, Timothy James Mooney was appointed as the new Chairman of the Board of Directors of the company.

[2] Professional link with Värde Partners, Inc, an entity that manages the funds owned, directly or indirectly, shareholders by who, together, hold the majority of the Company's share capital.

[3] Professional link with Greencoat, B.V., indirect shareholder of the company until 27 May 2022.

[4] Professional link to Sixth Street Partners, LLC, indirect shareholder of the company.

Executive Committee

Furthermore, the Board of Directors, at its meeting of 22 December 2020, resolved to permanently delegate certain powers of the Board of Directors to the Executive Committee. Its rules of operation are set out in Article 16 of the Board of Directors' Regulations and its composition is as follows:

Name and surname(s)	Date of appointment	Date of resignation	Position
Jorge Morán Sánchez [1]	21/10/2020	26/01/2022	Chairman
Jose Ignacio Morales Plaza	17/07/2019	N/A	Member / Chairman[5]
Héctor Serrat Sanz	26/01/2022	N/A	Board Member

Management Committee

The Management Committee is set up as an internal management body. The objective of the Executive Committee is to ensure, together with the Board of Directors and senior management, the viability and growth of the Group's businesses. The Executive Committee includes the following members:

Name and surname(s)	Title	Position
Jose Ignacio Morales Plaza	Chairman	Managing Director
Miguel Ángel González Galván	Member	Managing Director of Business
Jaime Churruca Azqueta	Member	Managing Director of Finance
Aurelio Díez Ramos	Member	Managing Director of Business
Julio García Soriano	Member	Managing Director of Services
Aurora Mata Toboso	Secretary	Legal Director

2. Core business and ancillary activities

The Company has a diversified real estate portfolio comprising land and developments in progress and real estate assets with a fair value of 1,350,295 thousand euros, with a clear focus on property development for the sale of homes.

The assets represent a total estimated buildable area of 1,352,603 square metres distributed geographically as follows:

	Total sqm	
	2022	2021
Madrid	718,385	705,168
Malaga	208,321	305,503
Seville	86,072	214,444
Valencia	33,730	83,345
Barcelona	30,719	47,178
Valladolid	67,715	91,616
Other	207,661	257,250
	1,352,603	**1,704,504**

The main movements in 2022 were:

- Acquisition of plots of land in the Berrocales sector (Madrid) and in Rincón de la Victoria (Málaga) through the acquisition of the Lealtad Group (see Note 2.6) for a cost of 27,241 thousand euros.
- Capital expenditures for works carried out in plots that do not have a license yet have been up to 21,215 thousand of euros.
- Disposals corresponding to the sale of land have generated a net turnover of 81,464 thousand euros. The most significant sales at Vía Célere Desarrollos Inmobiliarios, S.A.U. were the divestment of five plots of land in Tres Cantos (Madrid) for 34,316 thousand euros (book value of 17,151 thousand euros); the divestment of a plot of land in Boadilla del Monte (Madrid) for 15,350 thousand euros (book value of 9,129 thousand euros); two plots in Dos Hermanas (Seville) for 16,143 thousand euros (book value of 10,792 thousand euros); and five plots in Malaga (Malaga) for 6,270 thousand euros (book value of 4,644 thousand euros).

[5] On 26/01/2022, Jose Ignacio Morales Plaza was appointed Chairman of the Executive Committee by the Board of Directors.

3. Business performance and financial position, key figures and trends.

The Group recorded a net profit of 68,722 thousand euros in 2022. At the equity level, the Group has total assets of 1,418,092 thousand euros, equity of 757,400 thousand euros and current and non-current liabilities of 660,692 thousand euros.

Revenue and EBITDA

Revenues amounted to 578,934 thousand euros, of which 497,470 thousand euros were sales of property developments delivered during the year: 481 housing units in the Central zone, 602 housing units in the South zone, 473 housing units in the East, 142 housing units in the North and 62 housing units in Portugal and 81,464 thousand euros of land sales. The Group's EBITDA amounted to 112,791 thousand euros.

Adjusted EBITDA

The adjusted EBITDA for 2022 is 111,809 thousand euros. The main adjustments are: reversal of higher cost of products sold by PPP (units delivered) amounting to 123 thousand euros, elimination of the endowment/reversal of impairment of completed products, work in progress and land for valuation amounting to 1,647 thousand euros and elimination of non-recurring expenses related to the Group's core business amounting to 542 thousand euros.

Net result

In the year ended 31 December 2022, the Group recorded a net profit of 68,722 thousand euros.

Financial situation

The balance of current and non-current financial debt as at 31 December 2022 is as follows:

		Dispose short term			
Instrument	**Limit**	**Long cycle**	**Short cycle**	**Dispose long term**	**Total drawn down**
Mortgage loans secured by inventories (see Note 18.1.2)	625,010	4,684	99,977	-	**104,661**
Credit lines	30,000	-	-	-	**-**
Accrued interests	-	123	4,068	-	**4,192**
Other loans (Note 19.1.3)	301,400	-	1,400	294,822	**296,222**
Borrowing at 31/12/2022	**956,410**	**4,807**	**105,446**	**294,822**	**405,075**

4. Environmental matters and human resources

As detailed in Note 7 to the consolidated annual accounts, in view of the business activity carried on, the Group does not have any environmental liability, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and results of its operations. Additionally, the Group does not have any circumstances related to greenhouse gas emission rights.

As at 31 December 2022, the average number of employees in Group companies was 253. The total number of employees at the end of 2022 was 241. The category and gender distribution of employees is as follows:

	2022		2021	
	Women	Men	Women	Men
General Management	-	5	-	5
Directors and deparment heads	22	50	23	56
Technicians	44	40	46	42
Commercial staff	18	5	21	7
Staff	35	15	41	16
Other	-	7	-	5
	119	122	131	131

The average distribution of staff by category is as follows:

	2022
General Management	5
Directors and deparment heads	77
Technicians	88
Commercial staff	24
Staff	51
Other	8
	253

5. Liquidity and capital resources

Note 20 to the consolidated annual accounts sets out the Group's capital management and liquidity risk policy. In addition, the Group has a sufficient level of cash to carry out its activities.

In 2022, the Group arranged twenty-eight developer loans for a total principal amount of 346,511 thousand euros, of which 12,499 thousand euros were drawn down, guaranteeing the financing of practically all the developments that commenced construction work during the year. The Group's current approach is to finance the construction of the developments through developer-type bank loans, linking the loan provisions to the degree of progress of the work. The company's policy regarding the financing of the plots: "Initially, the Company considers the use of its own resources to acquire new plots of land, although it does not rule out bank financing of no more than 50% of the purchase price, provided that the conditions of profitability, level of commercial risk and urban development status allow it." On 25 March 2021, Vía Célere Desarrollos Inmobiliarios, S.A.U. issued a guaranteed bond with a principal amount of 300,000 thousand euros with a coupon of 5.25%. This bond matures in April 2026 (see Note 18.1.4).

Additionally, on 25 March 2021, VCDI signed a credit facility agreement (RCF) in the amount of 30,000 thousand euros (undrawn as at 31 December 2022 and 2021 and classified as credit facilities) which matures on 1 October 2025.

6. Key risks and risk management

The risk management policies within the different areas in which the Group taking into account the macroeconomic environment and the situation of the financial markets, as well as the analysis of the management of the assets composing the Group. To this end, we have instruments that allow us to identify them sufficiently in advance or to avoid them, minimising risks.

On February 24, 2022, Russia began the invasion of Ukraine, which marked the beginning of a war between the two countries on Ukrainian territory. During 2022 and until the date of preparation of these annual accounts, the conflict continues and the real consequences and duration thereof are still uncertain for the world economy.

After a preliminary assessment of the situation at the date of issuance of the present annual accounts, the Group considers that said conflict does not and will not have a direct or significant impact on its operations, and therefore no consequence is foreseen because of it.

The most significant financial risks may be:

Market risk

To counteract the market risk on the company's developments, detailed studies are carried out on the geographical areas in which the company operates or plans to operate, thus determining the existence of sufficient demand to absorb future developments and the product to be marketed, guaranteeing the success of the developments, always adapting them to the customer's needs and thus ensuring commercial viability.

Exposure to interest rate risk

The exposure to this risk is due to changes in the future cash flows of the debt contracted at variable interest rates (or with current maturity) as a result of changes in market interest rates.

The objective of managing this risk is to cushion the impact on the cost of debt caused by fluctuations in these interest rates.

The Group analyses its exposure to interest rate risk dynamically. In 2022 and 2021 all financial liabilities with floating interest rates were denominated in euros.

Exposure to price risk

Property assets are subject to future changes in market price. Every year the Group commissions market appraisals from reference firms in order to detect possible accounting impairments.

Credit risk

The Group does not have a significant credit risk with third parties arising from its own real estate business, since it collects substantially all of its sales at the time of formalisation, either through subrogation of the buyer in the part of the development loan that corresponds to him or by another method, at 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 that can be registered in the Public Registry in the event of non-payment that would result in the recovery of title to the asset sold and the collection of compensation.

Exposure to solvency risk

The Group regularly analyses the risk of insolvency of its accounts receivable by updating the related impairment provision. The management body considers that the amount of trade and other receivables approximates their fair value.

Liquidity risk

In general, the Group maintains its cash and cash equivalents at financial institutions with a high credit rating. At year-end, the Group had 320,269 thousand euros of cash for operations, which is considered sufficient to cover cash requirements for the next 12 months.

7. Events after the reporting period

Between the end of the financial year and the date of preparation of the consolidated annual accounts, no circumstances have come to light which would have assumed the inclusion of adjustments or changes in the consolidated annual accounts or which would affect the application of the going concern principle.

8. Outlook for the group in 2023

The Group plans to continue with the disposal of inventories of completed products and the cancellation of the associated financial debt. To achieve the objective, trade policies and agreements with local commercial agents will be carried out to maximise the return on investment.

For the financial year 2023, the Group aims to further optimise its land in accordance with its strategic growth objectives, both geographically and in terms of identifying new housing demand niches with strong growth prospects in the coming years.

For the deliveries of homes scheduled for 2023, the Group plans to continue with its customer service policy to ensure a unique delivery experience and a high level of satisfaction.

9. Innovation

The relevant activities carried out by the Group in 2022 in the area of research, development and innovation were as follows:

Lean process management

Our organisational work philosophy as a company is focused on the continuous improvement of processes through the incorporation of collaborative tools that improve communication, coordination, planning, monitoring, control and optimisation of processes.

With this model we achieve the standardisation of processes, eliminate activities that do not add value, minimise risks and help our employees to be more efficient. We encourage teamwork by involving all our employees in the entire management process of the company.

We rely on SharePoint or WRIKE tools for business management, and on LPS (Last Planner System) planning methodologies for our projects.

WRIKE helps us to improve coordination between areas in the company's strategic cross-cutting projects, share information between teams and manage workflows securely on a large scale.

WRIKE is the ideal tool for implementing this project-based work methodology, because it favours the visibility and transparency of all the projects carried out at Company level, facilitates continuous communication between different areas and helps decision-making.

In addition, during 2022, an RPA (Robotic Process Automation) technology has been implemented, which allows configuring a computer software that enables a "robot" to emulate and integrate certain actions in a digital system to execute a certain process. These "robots" execute tasks, trigger responses and communicate with other systems to operate in a wide range of actions. With the implementation of this technology we seek to relieve the teams from performing repetitive tasks that require a lot of employee time, with an inefficient result for the production process and that are monotonous for those who perform them, without the possibility of adding value to the business.

Business Intelligence

We use strategies and sophisticated tools to process a myriad of descriptive and prescriptive data that enable us to transform information into knowledge, improving the process and anticipation of decision making. We collect, process, analyse and present insights to help our employees to have secure and reliable information, which helps them to have a single version of reality that allows them to draw conclusions and support decisions for the improvement and competitiveness of our business in the market.

We align processes with key business data to ensure the integrity, availability and security of information. Thanks to BI, we achieve a greater depth in the analysis of information with the appropriate means to make projections and analyses that allow excellence in decision-making.

Digital Signature

We continue to be at the forefront of PropTech with the incorporation of new technological tools that transform the traditional way of operating. We have implemented the possibility of formalising the purchase of the property through electronic signature. Our clients will be able to sign reserves, contracts and any other additional document without leaving home and in a 100% legal and secure way. The technology used complies with national and European regulations and the strictest international security and compliance standards.

Virtual Office

We have reinforced our digital channels to ensure the best service to our customers, adapting to the new needs and preferences of the market, marked to a large extent by the limitations of geographical mobility due to the situation caused by Covid-19.

We have implemented among our channels the new Havalook tool, a comprehensive Online Sales Office and Virtual Show Flat platform that offers the possibility of an online visit assisted by a sales advisor in real time and to obtain all the technical and contractual documentation necessary to facilitate the sale of a property in a new 100% digital environment.

Lean Construction

We are implementing lean techniques to adjust our production model and achieve higher efficiency and safety ratios.

Building Information Modeling (BIM): BIM technology allows us to construct buildings virtually before they are physically built, allowing us to anticipate project problems in early stages, providing us with more reliable analyses at each stage and with greater control over the design and construction phases. We project the entire building in 3 dimensions with structure, partition walls, installations, carpentry, etc. Any interference or incompatibility is automatically detected.

Last Planner System (LPS): This system changes the traditional way of executing a building, improving above all the coordination and planning between the trades on site. This is an approach that assumes that the person who is going to execute a certain item (the painter or the plumber, for example) commits to have their work completed by a certain date and indicates what things they need to execute it. This improves the execution time, safety on site and the quality of the final product.

10. Treasury Stock

The Group did not carry out transactions with its own shares during 2022 and did not hold any treasury shares as at 31 December 2022.

11. Information on payment deferrals made to suppliers. Second Final Provision of Law 31/2014, of 3 December

In compliance with the duty to report the average supplier payment period, established in the third additional provision of Law 15/2010, of 5 July, (modified through the second final provision of Law 31/2014, of 3 December), the average supplier payment period for 2022 was 38 days.

The implementation of Law 15/2020 DA 3 (amendment by Law 18/2022 includes that the following information must be expressly included in the report:

- The monetary volume and number of invoices paid in a period shorter than the maximum established in the late payment regulations.
- The percentage they represent of the total invoices and of the total monetary payments to suppliers.

	Payments made and outstanding at the reporting date
	31.12.2022
	Days
Average period of payment to suppliers	266,153,060
Ratio of paid transactions	100%

	Amount (Euros)
Total payments made	21,004
Total payments pending	98%

12. Statement of Non-Financial Information

In application of Law 11/2018 of 28 December 2018, the Group, although it exceeds the limits established by said Law for which it must present non-financial information for financial year 2022, is exempt from said obligation as it is prepared by a higher level group. This information has therefore been included as an appendix to the consolidated Directors' Report for financial year 2022 of the Vía Célere Holdco, S.L. group, called "Statement of Non-Financial Information of Vía Célere Holdco, S.L. for 2022".

The content of this report will be subject to review by an independent expert, in accordance with the provisions of the Law.

13. Alternative performance measurements

As indicated in Note 1 to the consolidated financial statements, the Group prepares its annual accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). In addition, it presents some Alternative Performance Measures ("APMs") to provide additional information that favours the comparability and understanding of its financial information, and facilitates decision making and evaluation of the Group's performance.

The APMs must be considered by the user of the financial information as complementary to the aggregates presented in accordance with the basis of presentation of the consolidated annual accounts. The APMs have limitations in terms of analytical tools and should not be considered separately or as a substitute for analysis of our results under EU-IFRS.

Comparative: the Parent Company presents the VCDI Group's figures for the previous year for comparison purposes. The observations are as follows:

1. Development sales revenues for 2022 amount to 497,470 thousand euros (549,304 thousand euros at 31 December 2021) with a delivery of 1,781 units (1,938 units in 2021).
2. As at 31 December 2022, the sale of land amounting to 81,464 thousand euros (32,265 thousand euros during 2021)

The main APMs related to the Group's performance and their reconciliation to the consolidated annual accounts (in thousands of euros) are as follows:

1. Revenue

Definition: sale of property developments + sale of land + services provided.

Explanation of use: The board considers that ordinary revenue to be a measure of performance, as it includes information on how revenue is generated, both from sales of property developments and non-strategic assets and from services rendered.

The following table presents our estimates of revenues for the years ended 31 December 2022 and 31 December 2021.

	Thousand euros	
	2022	**2021**
Sale of property developments - Note 23.1	497,470	549,304
Sale of land - Note 23.1	81,464	32,265
Services rendered	-	535
Revenue	**578,934**	**582,104**

2. Impairment losses

Definition: impairment + reversal of impairment losses on inventories.

Explanation of use: the Parent's management considers that impairment losses are a measure of performance, since they provide information on the net impairment of inventory losses (impairment loss less reversal).

The following table sets out our impairment loss calculations for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	**2021**
Impairment – Note 15.6	(10,358)	(2,241)
Reversal of impairment losses of inventories – Note 15.6	25,141	45,900
Impairment losses	**14,783**	**43,659**

3. Gross margin

Definition: Revenue +/- changes in inventories of completed products and work in progress - raw materials and other consumables used – internal construction personnel expenses - other non-capitalised costs

Explanation of use: the Parent's management body considers the gross margin to be a measure of performance, since it provides information on how our business is performing, starting with sales revenue and subtracting the costs incurred on those sales.

The following table presents our gross margin calculations for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	**2021**
Sales - Note 23.1	**578,934**	**582,104**
Sale of property developments	497,470	549,304
Sale of land	81,464	32,265
Others	-	535
Changes in inventory of finished goods and Work in Progress - Note 23.2	**(95,491)**	**(179,843)**
Cost of goods sold (units delivered)	*(388,347)*	*(449,627)*
Changes in inventory of land and developments in progress	*292,856*	*269,784*
Raw materials and other consumables used	**(329,014)**	**(265,846)**
Purchase of land and developments in progress	*(329,014)*	*(265,846)*
Internal commercial staff expenses (workforce) and others cost of sale (non capitalized)	**(8,155)**	**(7,761)**
Gross Margin	**146,274**	**128,654**

4. Adjusted gross margin

Definition: gross margin + reversal of higher cost of products sold per PPP (units delivered) + endowment/reversal of higher cost of land per PPP + endowment/reversal of impairment of completed products, work in progress and land for valuation +/- expenses - non-recurring income.

Explanation of use: the Parent's management body considers the adjusted gross margin to be a measure of the performance of its core business, since it provides information on the profits made on property developments. The adjusted gross margin does not include the higher cost of products sold by PPA as this is considered a distorting factor in accounting and the impairment allowance / reversal of impairment of finished goods and work in progress recorded prior to revenue recognition. This performance measure is calculated and included to show the ability of senior management to increase property development margins.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2022 and 2021:

	Thousand euros	
	2022	2021
Gross Margin	**146,274**	**128,654**
Reversal of PPA adjustment on inventory delivered units	123	1,562
Net impairment reversal on not delivered -Note 15	(1,431)	(9,524)
Non-recurring expenses	-	2,250
Adjusted Gross Margin	**144,966**	**122,942**

5. Contribution margin

Definition: gross margin - internal commercial personnel expenses - sales and marketing costs included in other costs.

Explanation of use: the Parent's management body considers that the contribution margin is a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated income during the period. The contribution margin is calculated on the basis of the gross margin, net of certain costs associated with the marketing and sale of the relevant property developments.

The following table presents our contribution margin calculations for the years ended 31 December 2022 and 2021:

	Thousand euros	
	2022	2021
Gross Margin	**146,274**	**128,654**
Internal commercial staff expenses - Note 23.4	(1,622)	(1,748)
Other expenses, sales & marketing expenses	(11,841)	(15,421)
Contribution Margin	**132,811**	**111,485**

6. Adjusted contribution margin

Definition: Adjusted gross margin - internal commercial personnel expenses - sales and marketing and other costs +/- costs - non-recurrent income.

Explanation of use: the Parent's management body considers the contribution margin to be a measure of the performance of its activity, since it provides information on the contribution margin of the property developments that have generated revenue during the period, excluding the sales and marketing expenses incurred. The adjusted contribution margin is calculated on the basis of the adjusted gross margin.

The following table presents our adjusted gross margin calculations for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	**2021**
Adjusted Gross Margin	**144,966**	**122,942**
Internal commercial staff expenses	(1,622)	(1,748)
Other expenses - Sales and marketing expenses	(11,841)	(15,421)
Non-recurring expenses	-	274
Adjusted Contribution Margin	**131,503**	**106,047**

7. EBITDA

Definition: contribution margin + other income - personnel expenses *(excluding internal commercial personnel expenses and internal construction personnel expenses)* - other operating expenses *(excluding sales and marketing expenses)* + others.

Explanation of use: the Parent's management body considers EBITDA to be a measure of the performance of its activity, since it provides an analysis of the result for the year (excluding interest, taxes and amortisation). In addition, EBITDA is a measure widely used by investors in the valuation of companies.

The following table presents our EBITDA calculations for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	**2021**
Contribution Margin	**132,811**	**111,485**
Other income	1,145	2,239
Personnel expenses (excluding internal commercial staff expenses)	(14,211)	(15,458)
Other expenses (excluding sales and marketing expenses)	(6,954)	(7,717)
EBITDA	**112,791**	**90,549**

8. Adjusted EBITDA

Definition: adjusted contribution margin + other income + personnel expenses *(excluding expenses for internal commercial personnel and expenses for internal construction personnel)* - other operating expenses *(excluding sales and marketing expenses)* +/- costs - non-recurrent income.

Explanation of use: the Parent's management body considers that adjusted EBITDA is a measure of the Group's recurring business performance, since it provides an analysis of operating results excluding inventory impairments that do not represent cash outflows and transactions not considered to be core business.

The following table presents our estimates of adjusted EBITDA for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	**2021**
Adjusted Contribution Margin	**131,503**	**106,047**
Other income	1,145	2,239
Personnel expenses (excluding internal commercial staff expenses)	(14,211)	(15,458)
Other expenses (excluding sales and marketing expenses)	(6,954)	(7,717)
Non-recurring expenses	**326**	-
Adjusted EBITDA	**111,809**	**85,111**
Associate companies EBITDA (100%)	**528**	**1,628**
Adjusted EBITDA (including Forum 100%)	**112,337**	**86,739**

9. EBIT

Definition: EBITDA - amortisation expense +/- impairment and disposals of fixed assets

Explanation of use: the Parent's management body considers EBIT to be a measure of the performance of its activity, since it provides an analysis of the result for the year (excluding interest and taxes). In addition, EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use EBIT to assess debt against net debt and debt service.

The following table presents our EBIT calculations for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	2021
EBITDA	**112,791**	**90,549**
Depreciation and amortisation charge	(937)	(902)
EBIT	**111,854**	**89,647**

10. Adjusted EBIT

Definition: Adjusted EBITDA - amortisation expense +/- impairment and disposals of fixed assets

Explanation of use: the Parent's management body considers adjusted EBIT a measure of the performance of its activity, since it provides an analysis of the result for the year (excluding interest and taxes), as an approximation of the operating cash flows reflecting the generation of cash. In addition, adjusted EBIT is a measure widely used by investors in the valuation of companies. Credit rating agencies and lenders use adjusted EBIT to evaluate debt compared to net debt and debt service.

The following table presents our EBIT calculations for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	2021
Adjusted EBITDA	**111,809**	**85,111**
Depreciation and amortisation charge	(937)	(902)
Adjusted EBIT	**110,872**	**84,209**

11. Net result

Definition: EBIT + financial income/(expense) + share of profit for the year from investments accounted for using the equity method - tax +/- provisions

Explanation of use: net profit is considered to be a measure of performance, since it provides useful information for analysing the profitability of companies in order to show the net profit of the Parent's main activity and to eliminate the effect of the variation associated with certain items.

The following table presents our estimates of net profit for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	2021
EBIT	**111,854**	**89,647**
Net finance income/(cost)	(20,340)	(20,782)
Share of loss on investments accounted for using the Equity Method	(2,531)	673
Income tax	(18,690)	(5,927)
Acruals (Non-cash) and others	(1,571)	(1,787)
Net Result	**68,722**	**61,824**

The most significant APMs referring to the company's financial debt situation are as follows:

A. Gross financial debt (Loans)

Definition: bank borrowings (classified into current and non-current creditors) + obligations and other marketable securities.

Explanation of use: the Parent's management body considers that the loans (Borrowings) are a measure of the performance of its activity, since they show the financial position of the company, which is necessary for the calculation of the leverage ratios normally used in the market.

The following table presents our estimates of loans for the years ended 31 December 2022 and 2021:

	Thousand euros	
	2022	2021
Non-current payables - Bank borrowings - Note 18	294,822	293,261
Current payables - Bank borrowings - Note 18	110,253	164,364
Gross Financial debt (Borrowings)	**405,075**	**457,625**

B. Net financial debt

Definition: loans + other financial liabilities (classified under non-current and current liabilities), excluding leasing debt - cash or cash equivalents (Note 14.3).

Explanation of use: the Parent's management body considers financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use net financial debt to assess net borrowing.

In the table below we present our net financial debt calculations as at 31 December 2022 and 2021.

	Thousand euros	
	2022	2021
Gross Financial debt (Borrowings)	**405,075**	**457,625**
Current payables - Other financial liabilities - Note 18	402	828
Cash and cash equivalents - Note 14.3	(320,269)	(329,098)
Net Financial Debt	**85,208**	**129,355**

C. Adjusted net financial debt

Definition: net financial debt + restricted cash + loans from companies carried by the equity method + deferred payments for optional land - cash from companies carried by the equity method - deferred receivables for land sold – other pending collections

Explanation of use: the Parent's management body considers adjusted financial debt to be a financial measure of a company's net debt position. In addition, it is a measure widely used by investors in the valuation of the net leverage of companies. Credit rating agencies and lenders use adjusted net financial debt to assess net indebtedness.

The following table presents our estimates of adjusted net financial debt for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	2021
Net Financial Debt	**85,208**	**129,355**
Restricted cash - Note 14.3	31,880	29,433
Borrowings of subsidiaries integrated through Equity Method - Note 18.1.1	-	315
Deferred payments for optioned land	7,713	25,247
Available cash of subsidiaries integrated through Equity Method - Note 14.3	-	(1,111)
Deferred receivables for land sold - Note 14.2	(20,305)	(3,920)
Cash like items	(194)	-
Adjusted Net Financial Debt	**104,302**	**179,320**

D. Leverage

Definition: loans (borrowings) /total assets

Explanation of usage: Leverage is an indicator that measures a company's debt position. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use net financial debt to assess indebtedness.

The following table presents our estimates of leverage for the years ended 31 December 2022 and 2021:

	Thousand euros	
	2022	2021
Borrowings	**405,075**	**457,625**
Total assets	1,418,092	1,505,762
Leverage ratio	**29%**	**30%**

E. Loan to Value ("LTV")

Definition: Adjusted net financial debt /market value of the real estate portfolio associated with the Company's percentage of ownership (GAV).

Explanation of use: LTV is an indicator that measures the company's debt position in relation to the market value of its property assets. It is a measure widely used by investors in the valuation of the leverage of real estate companies. Credit rating agencies and lenders use this figure to assess indebtedness.

The following table presents our estimates of LTV for the years ended 31 December 2022 and 2021:

	Thousand euros	
	2022	2021
Adjusted Net Financial Debt	**104,302**	**179,320**
Portfolio market value associated to the Company´s ownership interest	1,350,295	1,513,654
LTV	**8%**	**12%**

F. Loan to Cost ("LTC")

Definition: adjusted net financial debt * / (inventories - advances to suppliers)

The following table presents our estimates of LTC for the years ended 31 December 2022 and 2021:

	Thousand euros	
	2022	2021
Adjusted Net Financial Debt	**104,302**	**179,320**
Inventories – Note 16	970,995	1,070,639
Advance to suppliers – Note 16	(375)	(645)
LTC	**11%**	**17%**

G. Net financial debt / EBITDA

Definition: adjusted net financial debt/ adjusted EBITDA

The following table presents our estimates of Net financial debt / EBITDA for the years ended 31 December 2022 and 2021.

	Thousand euros	
	2022	2021
Adjusted EBITDA	**111,809**	**85,111**
Adjusted Net Financial Debt	104,302	179,320
NFD / Adjusted EBITDA	**0.93**	**2.11**

H. Interest cover ratio

Definition: Adjusted EBITDA / Interest expense.

In the table below we present our calculations of Adjusted EBITDA / Interest Expense as at 31 December 2022 and 2021.

	Thousand euros	
	2022	**2021**
Interest Coverage Ratio		
Adjusted EBITDA	111,809	85,111
Interest Expenses	21,179	21,573
	5.3	**3.9**

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signature sheet

The Board of directors of Vía Célere Desarrollos Inmobiliarios, S.A.U., meeting on 24 February 2023 and in compliance with the requirements established in Articles 253 of the Consolidated Text of the Spanish Companies Act and Article 37 of the Commercial Code, proceed to prepare the Consolidated Annual Accounts and the Consolidated Directors' Report for the financial year from 1 January 2022 to 31 December 2022. The Board of Directors delegate to the non-director secretary, Ms Aurora Mata, the power to approve these consolidated annual accounts and consolidated management report for 2022, which are set out in the attached document consisting of 64 and 14 pages respectively.

Mr Antoni Elias Sugrañes
Director

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signature sheet

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Mr Anthonny Clifford Iannazzo
Director

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signature sheet

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Mr Héctor Serrat Sanz
Director

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signature sheet

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Mr Timothy James Mooney
Chairman

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U. AND SUBSIDIARIES

Signature sheet

The Board of directors of Vía Célere Desarrollos Inmobiliarios, S.A.U., meeting on 24 February 2023 and in compliance with the requirements established in Articles 253 of the Consolidated Text of the Spanish Companies Act and Article 37 of the Commercial Code, proceed to prepare the Consolidated Annual Accounts and the Consolidated Directors' Report for the financial year from 1 January 2022 to 31 December 2022. The Board of Directors delegate to the non-director secretary, Ms Aurora Mata, the power to approve these consolidated annual accounts and consolidated management report for 2022, which are set out in the attached document consisting of 64 and 14 pages respectively.

Mr Jose Ignacio Morales Plaza
Chief Executive Officer