

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

Auditor's report
Annual accounts at December 31, 2022
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 annual accounts

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

Opinion

We have audited the annual accounts of Vía Célere Desarrollos Inmobiliarios, S.A. (the Company), which comprise the balance sheet as at December 31, 2022, and the profit and loss account, the statement of changes in equity, the statement of cash flows and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2022, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2.a of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

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 annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the 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 annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p data-bbox="274 517 708 551">Subsequent valuation of inventories</p> <p data-bbox="274 577 842 792">The Company's inventories mainly comprise land, housing developments in progress and completed housing developments, intended for sale and distributed throughout the national territory, that amount to 872 million euros and constitute 60% of the Company's assets at December 31, 2022.</p> <p data-bbox="274 819 842 1066">The Company, as described in notes 2.d), 4.g) and 11, 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.</p> <p data-bbox="274 1093 842 1218">Based on the above and on note 11.6, the Company has recorded a net reversal of impairment on untransferred inventories amounting to 5.3 million euros in 2022.</p> <p data-bbox="274 1245 842 1460">Taking into account the relevance of the inventories heading for the accompanying 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.</p>	<p data-bbox="868 577 1382 667">We have obtained an understanding of the process of determining the market value of inventories.</p> <p data-bbox="868 694 1458 819">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:</p> <ul data-bbox="868 846 1458 1438" style="list-style-type: none"> <li data-bbox="868 846 1458 972">• Assessment of the competence, capability and objectivity of the expert by obtaining a confirmation and ascertaining their recognised prestige in the market. <li data-bbox="868 999 1458 1102">• Assessment of the reasonableness of the procedures and methodology used by the expert in his valuation. <li data-bbox="868 1128 1458 1254">• 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. <li data-bbox="868 1281 1458 1438">• 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. <p data-bbox="868 1464 1471 1590">Additionally, we have checked that the information and disclosures included in the notes in relation to this aspect are appropriate to accounting regulations.</p> <p data-bbox="868 1617 1471 1742">The result of the procedures carried out has made it possible to reasonably achieve the audit objectives for which said procedures were designed.</p>



Most relevant aspects of the audit

Recognition and recoverability of deferred tax assets

The Company's deferred tax assets are detailed in note 16 and amount to 66 million euros at December 31, 2022.

The Company, as described in notes 2.d), 4.i) and 16, 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 Company has generated a total of approximately 412 million euros of unused tax losses pending offset, of which an amount of 28 million euros has been capitalised at year-end, together with other deferred tax assets of 38 million euros.

In order to assess the recognition and recoverability of deferred tax assets, the 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 Spanish real estate sector.

The relevance of the deferred tax assets line item in the accompanying 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.

How our audit addressed the most relevant aspects of the audit

We have made an understanding of the recognition process of deferred tax assets carried out by the 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 Company'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 Company's real estate inventories.

Finally, we have assessed that the information and disclosures made in the accompanying 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.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p data-bbox="272 517 842 577">Subsequent valuation of investments in group, associates and related parties</p> <p data-bbox="272 607 842 734">The Company holds investments in group companies and associates consisting of equity instruments and loans granted amounting to 202 million euros at December 31, 2022.</p> <p data-bbox="272 763 842 1279">As described in notes 2.d), 4.f) and 10, the Company values the equity instruments and loans granted to group and associated companies at their acquisition cost, less the accumulated amount of impairment losses. These corrections are calculated by management when there is objective evidence of impairment, by the difference between their book value and the recoverable amount, which, unless there is better evidence, results from the equity of the investee adjusted by the unrealised gains on its assets net of the tax effect. To calculate the unrealised gains, the Company has used the market value of the real estate assets of these group and associated companies provided by an independent expert.</p> <p data-bbox="272 1308 842 1518">Taking into account the relevance of the heading of investments in group companies and associates for the accompanying annual accounts and the degree of estimate and judgment involved in the subsequent valuation of this type of assets, this aspect constitutes one of the most relevant aspects of the audit.</p>	<p data-bbox="847 607 1481 667">Our audit procedures have included, among others, the following:</p> <ul data-bbox="847 696 1481 1279" style="list-style-type: none"> <li data-bbox="847 696 1481 824">• Obtaining the summary of movements during the year in relation to investments and loans to group companies and associates. <li data-bbox="847 853 1481 981">• Obtaining supporting evidence of the main movements during the year in relation to equity instruments and loans granted to group companies and associates. <li data-bbox="847 1010 1481 1279">• Analysis and evaluation of the information and judgments used by the Company's management to determine the recoverable amount of these assets, which includes both the equity position of the investments and the unrealised gains on its assets, consisting mainly of land and real estate developments with varying degrees of development. <p data-bbox="847 1308 1481 1368">In addition, we have evaluated the adequacy of the information disclosed in the annual accounts.</p> <p data-bbox="847 1397 1481 1612">In performing our procedures, we have obtained sufficient and appropriate audit evidence to check that the estimates and conclusions of the Company's management with respect to the valuation of investments and loans granted to group companies and associates are consistent with the information currently available.</p>

Other information: Management report

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

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the entity obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the 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.



Vía Célere Desarrollos Inmobiliarios, S.A.

On the basis of the work performed, as described in the previous paragraph, the information contained in the management report is consistent with that contained in the annual accounts for the 2022 financial year, and its content and presentation are in accordance with the applicable regulations.

Responsibility of the directors for the annual accounts

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

In preparing the annual accounts, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the 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 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 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 Company'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 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 Company to cease to continue as a going concern.



Vía Célere Desarrollos Inmobiliarios, S.A.

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

We communicate with the entity'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 entity's directors, we determine those risks that were of most significance in the audit of the 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)

A handwritten signature in blue ink, appearing to read "F. Chamosa Valín", written over a horizontal line.

Fernando Chamosa Valín (21402)

March 3, 2023

VÍA CÉLERE
DESARROLLOS
INMOBILIARIOS,
S.A.U.

Annual accounts and Management report
As at 31 December 2022

(Together with the Independent Auditor's Report)

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VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

Balance sheet as at 31 December 2022

(in thousands of euros)

Assets	Note	31.12.2022	31.12.2021
Intangible assets	6	145	37
Computer software		145	37
Property, plant and equipment	7	1,817	1,760
Land and buildings		720	725
Technical installations		376	210
Other tangible fixed assets		721	825
Long-term investments in Group companies, associates and related parties	9 and 10	164,649	135,857
Equity instruments		96,157	75,769
Loans to companies		68,492	60,088
Non-current financial investments	9	929	1,152
Other financial assets		929	1,152
Deferred tax assets	16	65,924	68,517
Total non-current assets		233,464	207,323
Inventories	11	872,359	966,828
Land and plots		296,278	374,976
Property developments in progress		534,255	528,692
Completed developments		41,650	62,770
Advances to suppliers		176	390
Trade and other receivables		32,186	27,058
Customers, Group companies and associates	9 and 19	6,238	17,387
Sundry debtors	9	20,213	5,859
Current tax assets	16	69	69
Other receivables from public authorities	16	5,666	3,743
Short-term investments in Group companies, associates and related parties	9 and 10	37,728	70,057
Loans to companies		37,728	70,023
Loans to associates		-	34
Current financial investments	9	2,957	4,813
Loans to third parties		403	3,140
Other financial assets		2,554	1,673
Current accruals and deferrals		1,965	3,251
Cash and cash equivalents	8	282,813	296,152
Cash		14	10
Treasury		282,799	296,142
Total current assets		1,230,008	1,368,159
Total assets		1,463,472	1,575,482

The accompanying report forms an integral part of the annual accounts as at 31 December 2022.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

Balance sheet as at 31 December 2022

(in thousands of euros)

<i>Equity and Liabilities</i>	Note	31.12.2022	31.12.2021
Capital	12.1	411,161	411,161
Share premium	12.2	543,494	650,087
Reserves		(236,079)	(297,545)
Legal	12.3	44,259	38,112
Voluntary reserves	12.5	(280,338)	(335,657)
Result for the year	3	51,259	61,466
Total equity		769,835	825,169
Non-current provisions	13	16,912	13,582
Non-current debts	14	294,829	293,268
Bonds and other marketable securities		294,822	293,261
Other financial liabilities		7	7
Deferred tax liabilities	16	1,434	1,487
Total non-current liabilities		313,175	308,337
Current provisions	13	7,036	5,740
Current debts	14	103,215	153,361
Bonds and other marketable securities		5,338	28,638
Bank borrowings		97,584	124,467
Other financial liabilities		293	256
Current payables to group companies, associates and related parties	14 and 19	94,765	79,314
Trade and other payables		175,446	203,561
Suppliers	14.2	76,136	69,684
Suppliers, group companies and associates	14.2 and 19	7,199	19,218
Personnel, outstanding remuneration	14	1,890	2,419
Current tax liabilities	14.2 and 16	-	2,923
Other debts with public authorities	14.2 and 16	18,481	10,444
Customer advances	11.5 and 14.2	71,740	98,873
Total current liabilities		380,461	441,976
Total equity and liabilities		1,463,472	1,575,482

The accompanying report forms an integral part of the annual accounts as at 31 December 2022.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.
Profit and loss account for the year ended 31 December 2022
(in thousands of euros)

	Note	31.12.2022	31.12.2021
CONTINUING OPERATIONS			
Revenue	17.1	516,758	490,364
Sales		511,831	485,763
Provision of services		4,927	4,601
Change in inventories of finished goods and in progress	17.2	(62,937)	(132,393)
Supplies		(307,195)	(239,235)
Consumption of raw materials and other consumables		(52,336)	(20,005)
Work carried out by other companies		(257,415)	(221,963)
Impairment of merchandise, raw materials and other supplies	11	2,556	2,733
Other operating income		3,069	2,127
Personnel expenses	17.3	(17,055)	(18,197)
Wages, salaries and similar items		(14,085)	(13,977)
Employee benefits expense		(2,970)	(4,220)
Other operating expenses		(23,431)	(22,722)
External services	17.5	(15,044)	(13,812)
Taxes		(3,948)	(5,193)
Loss, impairment and changes in provisions for commercial operations		(4,407)	(3,636)
Other current administrative expenses		(32)	(81)
Depreciation of fixed assets	6 and 7	(322)	(291)
Impairment and gains/losses on disposals of fixed assets and financial instruments in Group com	17.7	(19,409)	7,308
Impairment and losses		(19,424)	7,168
Gains (losses) on disposals and other		15	140
OPERATING INCOME		89,478	86,961
Financial income	17.6	542	478
Marketable securities and other financial instruments		542	478
Financial costs	17.6	(33,127)	(36,662)
Payable to Group companies and associates		(2,411)	(2,292)
For debts owed to third parties		(30,716)	(34,370)
Exchange rate differences		(0)	(5)
Activation of financial expenses	11	9,982	13,356
FINANCIAL RESULT		(22,603)	(22,833)
PROFIT BEFORE TAX		66,875	64,128
Corporate income tax	16	(15,616)	(2,662)
PROFIT FOR THE YEAR		51,259	61,466

The accompanying report forms an integral part of the annual accounts as at 31 December 2022.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.
Statement of changes in equity for the year ended 31 December 2022
(in thousands of euros)

Statement of recognised income and expense for the year ended 31 December 2022

	2022	2021
Profit or loss on the profit and loss account	51,259	61,466
Total recognised income and expense	51,259	61,466

The accompanying report forms an integral part of the annual accounts as at 31 December 2022.

Statement of changes in equity for the year ended 31 December 2022

	Capital Corporate	Premium Issue	Reserves legal statutory	Reserves volunteers	Results from years previous	Result of year	Total
Balance as at 31 December 2020	411,161	736,387	30,090	(336,305)	(71,497)	80,223	850,059
Recognised income and expenses	-	-	-	-	-	61,466	61,466
Distribution of profit for 2020 (Note 3)	-	-	8,022	704	71,497	(80,223)	-
Distribution of voluntary reserves	-	(86,300)	-	-	-	-	(86,300)
Other	-	-	-	(56)	-	-	(56)
Balance as at 31 December 2021	411,161	650,087	38,112	(335,657)	-	61,466	825,169
Recognised income and expenses	-	-	-	-	-	51,259	51,259
Distribution of profit for 2021 (Note 3)	-	-	6,147	55,319	-	(61,466)	-
Distribution of voluntary reserves	-	(106,593)	-	-	-	-	(106,593)
Other	-	-	-	-	-	-	-
Balance as at 31 December 2022	411,161	543,494	44,259	(280,338)	-	51,259	769,835

The accompanying report forms an integral part of the annual accounts as at 31 December 2022.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.
Statement of cash flows for the year ended 31 December 2022
(in thousands of euros)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before tax		66,875	64,128
Adjustments to the result		56,382	21,340
Depreciation of fixed assets	6 and 7	322	291
Valuation adjustments for impairment		15,787	(9,301)
Change in provisions		7,802	8,950
Gains/losses on disposal of fixed assets		(15)	(140)
Financial income		(542)	(1,766)
Financial costs		33,028	23,306
Changes in working capital		67,404	119,469
Inventories		97,538	148,059
Trade and other receivables		(6,076)	(3,698)
Other non-current assets and liabilities		3,005	9,928
Trade and other payables		(25,192)	(29,280)
Other current and non-current liabilities		(1,871)	(5,540)
Other cash flows from operating activities		(27,371)	(48,752)
Interest payments		(26,457)	(36,089)
Interest income		542	478
Dividend collections		1,430	-
Corporate income tax payments		(2,888)	(13,150)
Other payments (receivables)		2	9
Cash flows from operating activities		163,290	156,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		(48,206)	(33,774)
Group companies and associates		(47,713)	(32,960)
Property, plant and equipment	7	(493)	(814)
Divestment proceeds		22,569	21,339
Group companies and associates		22,548	18,395
Property, plant and equipment		21	2,944
Cash flows from investing activities		(25,637)	(12,435)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receivables and payments for financial liability instruments		(44,399)	128,480
Bonds and other marketable securities		-	300,000
Payable to group companies and associates		8,444	2,617
Collections from bank borrowings		126,682	127,374
Bank borrowing returns		(179,525)	(301,511)
Payments for dividends and remuneration of other equity instruments		(106,593)	(86,300)
Dividends		(106,593)	(86,300)
Cash flows from financing activities		(150,992)	42,180
NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS		(13,339)	185,930
Cash or cash equivalents at the start of the year		296,152	110,222
Cash or cash equivalents at the end of the year		282,813	296,152

The accompanying report forms an integral part of the annual accounts as at 31 December 2022.

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

Report for the year ended
31 December 2022

1. Incorporation and activity of the company

GENERAL INFORMATION

Vía Célere Desarrollos Inmobiliarios, S.A.U. (hereinafter, "the Company") was incorporated on 16 August 1989, by deed executed 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." and in June 2016 to "Dos Puntos Desarrollos Inmobiliarios, S.A.". On 20 June 2017, the Extraordinary General Shareholders' Meeting of the Company agreed to change the corporate name to "Vía Célere Desarrollos Inmobiliarios, S.A.". 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 Company's registered office was changed and the bylaws were amended accordingly, and the new registered office is located at Calle Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid, Spain.

As described in Note 10, the Company has interests in subsidiaries and associates. As a result, the Company is the parent of a group of companies in accordance with applicable law (the Group). Information on investments in Group companies, associates and related parties is provided in Note 10.

On 24 February 2023, the Board of Directors has prepared these individual financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as at 31 December 2022. The consolidated annual accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and other provisions of the financial reporting framework applicable to the Group. Following the creation of Vía Célere Holdco, S.L. (the company that holds 100% of VCDI), Vía Célere Desarrollos Inmobiliarios, S.A.U. is exempt from filing consolidated annual accounts as it is a subgroup of companies whose parent company is a company domiciled in another EU country (Article 9 NFCAC); however, it has decided to file them on a voluntary basis.

The Company's corporate purpose is the development of all kinds of real estate buildings; construction in general, whether for its own account or for the account of others; the purchase and sale of construction, urban development and gardening equipment; the performance and execution of public works in general, the purchase and sale of all kinds of movable and immovable property, both rural and urban.

The Company may also subscribe and acquire shares and/or equity interests in other public and/or private limited companies, even if their corporate purpose does not coincide with that of the Company.

During 2022, the Company's sphere of activity was Spain.

The Company 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, a company which controls 100% of the shares of Vía Célere Desarrollos Inmobiliarios, S.A.U.

On 28 September 2018, VCDI signed certain agreements with Myjoja Inversiones, S.L. (hereinafter, "minority shareholder"), with the companies Lewistown Invest, S.L.U., Glenwock Invest, S.L.U., Rimbey Spain, S.L.U. and Windham Spain, S.L.U. (hereinafter, "the majority shareholders"), with the companies in which the former have an interest, with Aelca Desarrollos Inmobiliarios, S.L. (hereinafter, "Aelca" or "ADI") and with certain of its investees, whereby the parties agreed to carry out a process of merger of the Aelca group with Vía Célere Desarrollos Inmobiliarios, S.A.U. Such merger process was explained and disclosed in the 31 December 2018 Consolidated Financial Statements.

In 2017, the Company decided to spin off its rental business into a newly created company, Dospuntos Asset Management, S.L., which was subsequently transferred by means of a non-monetary contribution to the Company's shareholders.

The Company is governed by its Articles of Association, the Commercial Code, the Spanish Companies Act and other legal provisions applicable to this type of company.

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2. **Basis of presentation of the annual accounts**

a) Financial reporting standards framework applicable to the Company

These annual accounts have been prepared by the Directors in accordance with the regulatory financial reporting framework applicable to the Company, which is set out in:

- Commercial Code and other commercial legislation.
- General Accounting Plan approved by Royal Decree 1514/2007, and the amendments made to it by RD 1159/2010, RD 602/2016 and RD 1/2021. In addition, the Sectoral Adaptation of the General Accounting Plan published in the Ministerial Order of 28 December 1994, approving the rules for the adaptation of the General Accounting Plan for real estate companies. In accordance with the Fifth Transitional Provision of Royal Decree 1514/2007, which approves the General Accounting Plan, in general, the sectorial adaptations and other implementing provisions on accounting matters in force on the date of publication of said Royal Decree shall continue to apply in all matters that do not oppose the provisions of the Commercial Code, the Spanish Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July, the specific provisions and the General Accounting Plan.
- The mandatory rules approved by the Spanish Accounting and Auditing Institute (ICAC) in implementation of the General Accounting Plan (PGC) and its complementary rules.
- All other applicable Spanish accounting legislation.

b) Faithful image

These annual accounts have been prepared from the Company's accounting records and are presented in accordance with the regulatory financial reporting framework applicable to the Company, in particular the accounting principles and criteria contained therein, in order to present fairly the Company's equity and financial position as at 31 December 2022 and the results of its operations, changes in equity and cash flows for the year then ended.

These annual accounts, which were prepared by the directors of the Company on 24 February 2023, will be submitted for approval at the Annual Sole Shareholders' Meeting, and it is expected that they will be approved without amendment. The annual accounts for 2021 were approved by the Sole Shareholders' Meeting held on 01 April 2022.

c) Non-mandatory accounting principles applied

No non-mandatory accounting principles have been applied. In addition, the directors of the Company prepare these annual accounts taking into account all the mandatory accounting principles and standards that have a material effect on these annual accounts. There is no accounting principle that is mandatory but no longer applied.

d) Critical aspects of uncertainty valuation and estimation

Estimates have been made in the preparation of these annual accounts which are based on historical experience and other factors that are believed to be reasonable under current circumstances and which form the basis for establishing the carrying amounts of certain assets, liabilities, income, expenses and commitments whose values are not readily determinable from other sources. The Company reviews its estimates on an ongoing basis.

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- Relevant accounting estimates and assumptions:

The key assumptions made and other key sources of estimation uncertainty at the reporting date that could have a material effect on the annual accounts for the coming year were as follows:

- Impairment of inventories: estimates used to calculate recoverable amounts. The comparative method of valuation (for completed developments) and static and dynamic residual methods (for land and property developments in progress) are used to calculate inventories' fair value. Key assumptions in determining these values include sales price growth rates, construction costs, discount rates and expected investment returns. Estimates, including the methodology applied, may have a significant impact on the value and impairment of inventories. For this reason, the Company uses valuations performed by an independent expert of recognised standing (see Note 4.g).
- The useful life of intangible and tangible assets (see Notes 4.b and 4.c).
- The fair value of certain investments in Group companies, associates and related parties (see Note 4.f). The Company tests its investments in Group companies, associates and related parties for impairment. The determination of the recoverable amount of these investments involves the use of estimates by Management. Recoverable amount is the higher of fair value less costs to sell and value in use. The Company generally uses discounted cash flow methods, considering the recoverable amount of inventories held by its subsidiaries, as defined above, or similar methods to determine such values. The flows take into account past experience and represent the best estimate of future market developments. Where appropriate, the estimates, including the methodology used, may have a significant impact on the values and impairment loss.
- 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.k).
- The assessment of recoverable amounts of tax credits (Note 4.i). The tax credits generated in corporate income tax are capitalised when it is probable that the Company will have future taxable profits that allow the application of these assets. Management makes estimates of the tax benefits of the tax group to which the Company belongs, and the recoverability of the capitalised tax credits. The Company has recognised deferred tax assets as at 31 December 2022 amounting to 65,924 thousand euros (68,517 thousand euros as at 31 December 2021) relating to deductible temporary differences and part of the tax loss carryforwards (see Note 16.2).
- 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.q).

- Changes in estimates

Although the estimates made by the Directors of the Company have been calculated on the basis of the best information available as at 31 December 2022, it is possible that future events may require changes in the coming years. The effect on the annual accounts of any changes arising from adjustments to be made in future years would be recorded prospectively.

e) **Comparative information**

These 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 annual accounts for 2021 approved by the Sole Shareholder on 01 April 2022.

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f) Grouping of items

Certain items in the accompanying balance sheet, profit and loss account, statement of changes in equity and statement of cash flows are grouped together for ease of reference, although, to the extent material, the information is disclosed in the relevant notes to the report.

g) Functional and presentation currency

These annual accounts are presented thousands of euros, rounded off to the nearest thousand. The euro is the functional and presentation currency of the economic environment in which the Company operates.

3. Distribution of results

The profit for the financial year 2022 amounts to 51,258,707 euros, with the proposed distribution formulated by the management body and pending approval by the Sole Shareholder being the allocation of the voluntary reserve in the amount of 46,133,100 euros and the allocation of the legal reserve in the amount of 5,125,900 euros.

	<u>Thousands of euros</u>
Apportionment basis	
Profit for the year	<u>51,259</u>
Distribution	
Legal reserve	5,126
Voluntary reserves	<u>46,133</u>
	<u><u>51,259</u></u>

The distribution of the Company's profit for the year ended 31 December 2021, as formulated by the Directors on 23 February 2022 and approved by the Sole Shareholder on 1 April 2022, was as follows:

	<u>Thousands of euros</u>
Apportionment basis	
Profit for the year	<u>61,466</u>
Distribution	
Legal reserve	6,147
Voluntary reserves	<u>55,319</u>
	<u><u>61,466</u></u>

The amount of non-distributable reserves is limited to the balance of the legal reserve, which amounts to 44,259 thousand of euro as at 31 December 2022, and to the issue premium and voluntary reserves for the amount necessary to cover the losses from previous years, provided that, if distributed, the resulting equity does not fall below half of the share capital.

4. Recording and valuation rules

The main accounting and valuation standards used by the Company in the preparation of these annual accounts, in accordance with the provisions of the General Accounting Plan and the rules for the adaptation of the previous General Accounting Plan to real estate companies, insofar as they do not contradict the provisions of the current one, are as follows:

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a) *Interest costs*

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

To the extent that the financing has been specifically obtained, the amount of interest to be capitalised is determined on the basis of the financial expenses accrued for the financing. 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 accrued financial expenses in the profit and loss account.

The capitalisation of interest begins when costs related to the assets have been incurred, interest has been incurred and the activities necessary to prepare the assets or parts of assets for their intended use or sale are in progress, and ends when all or substantially all of the activities necessary to prepare the assets or parts of assets for their intended use or sale have been completed. However, the capitalisation of interest is suspended during periods of discontinued operations if these are significantly extended in time, unless the temporary delay is necessary to bring the asset into working order or for sale.

Interest is capitalised through the item "Capitalisation of financial expenses" in the profit and loss account.

b) *Intangible assets*

As a general rule, intangible assets are initially measured at cost. They are subsequently measured at cost less the related accumulated amortisation and any impairment losses. These assets are amortised over their useful lives.

Computer software

Expenditure on the development of a website for promotional purposes or to advertise the Company's products or services is recognised as an expense when incurred. Computer software maintenance costs are expensed as incurred.

The Company amortises intangible assets on a straight-line basis over their useful lives at the following amortisation rates:

Description	Years	Coefficient
Computer software	4	25%

The Company assesses and determines impairment losses and reversals of impairment losses on intangible assets in accordance with the criteria mentioned in Section 4.d) (impairment).

The Company reviews the residual value, useful life and depreciation method of intangible assets at the end of each reporting period. Changes in the initially established criteria are recognised as a change in estimate.

c) *Property, plant and equipment*

Property, plant and equipment are initially measured at acquisition or production cost and are subsequently reduced by the related accumulated depreciation and impairment losses, if any, as described in Note 4.d).

Upkeep and maintenance costs of property, plant and equipment are charged to the profit and loss account for the year in which they are incurred. Conversely, amounts invested in improvements that contribute to increasing the

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capacity or efficiency or extending the useful life of such assets are recorded as an increase in the cost of the assets.

The annual depreciation rates for assets, which are applied on a constant straight-line basis according to the estimated useful lives of the assets, are as follows:

Description	Coefficient
Other fixed assets	20%-25%
Technical installations	10%-33%
Constructions	2%

The Company reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each reporting period. Changes in the initially established criteria are recognised as a change in estimate.

d) Impairment of non-financial assets subject to amortisation or depreciation

The Company assesses at each reporting date whether there are indications that non-financial assets subject to amortisation or depreciation may be impaired, in order to verify whether the carrying amount of the assets exceeds their recoverable amount, which is the higher of fair value less costs to sell and value in use.

Impairment losses are recognised in the profit and loss account and are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount.

The reversal of the impairment loss is recognised with a credit to the profit and loss account. 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.

e) Leases

Lessee's accounts

The Company has the right to use certain assets under lease agreements.

Leases where the contract transfers substantially all the risks and rewards of ownership of the assets to the Company are classified as finance leases and otherwise as operating leases.

Operating leases

Lease payments under operating leases, net of incentives received, are recognised as an expense on a straight-line basis over the lease term.

f) Financial instruments

(i) Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, financial liability or equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, financial liability and equity instrument.

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The Company classifies financial instruments into different categories on the basis of their characteristics and management's intentions at the time of initial recognition.

Financial asset purchase or sale transactions based on regular way contracts, defined as contracts in which the parties' reciprocal obligations must be performed within a time frame established by regulation or market convention and which cannot be settled net, are recognised on the trade or settlement date.

However, contracts that can be settled by differences are recognised as derivative financial instruments during the period between the trade date and the settlement date.

(ii) Offsetting principles

A financial asset and a financial liability are offset only when the Company has the right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Financial assets at fair value through profit or loss

This category includes equity instruments that are neither held for trading nor are to be measured at cost, and for which an irrevocable election was made at the time of initial recognition to present subsequent changes in fair value directly in equity.

In addition, financial assets irrevocably designated at initial recognition as measured at fair value through profit or loss, and which otherwise would have been included in another category, are included to eliminate or significantly reduce a valuation inconsistency or accounting asymmetry that would otherwise arise from valuing assets or liabilities on different bases.

Financial assets included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration given. Transaction costs directly attributable to them are recognised in the profit and loss account for the year. After initial recognition, the Company will measure the financial assets included in this category at fair value through profit or loss.

(iv) Financial assets at amortised cost

Included in this category are loans and receivables consisting of trade receivables and non-trade receivables with fixed or determinable payments. These assets are initially recognised at fair value, including transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. However, financial assets that do not have a stated interest rate, where the amount matures or is expected to be received in the short term and the effect of discounting is not material, are measured at nominal value.

The Company measures loans and receivables at amortised cost whenever reliable estimates of cash flows can be made based on the contractual terms.

The Company measures at cost, plus any profit or loss to be attributed, loans where the interest is contingent upon the achievement of a milestone at the borrower company, e.g. the achievement of profits, or is calculated solely by reference to the performance of the borrower company's business. In these cases, transaction costs are allocated on a straight-line basis over the life of the loan.

(v) Financial assets at fair value with changes in equity

This category includes those financial assets whose contractual conditions give rise, on specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding, and are not held for trading and are not classified in the "Financial assets at amortised cost" category. Investments in equity instruments for which the irrevocable option for classification as "Financial assets at fair value through profit or loss" has been exercised are also included in this category.

Financial assets included in this category are initially measured at fair value, which is generally the transaction price, i.e. the fair value of the consideration given, plus any directly attributable transaction costs, including the amount of any pre-emptive subscription rights and similar rights acquired. Subsequently, the financial assets included in this category are valued at fair value, without deducting any transaction costs that might be incurred in their disposal.

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Changes in fair value are recorded directly in equity until the financial asset is derecognised or impaired, at which time the amount so recognised is taken to the profit and loss account.

(vi) Financial assets at cost

The following are included in this valuation category:

- a) Investments in the equity of group, multigroup and associated companies.
- b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and derivatives underlying such investments.
- c) Hybrid financial assets whose fair value cannot be reliably estimated, unless the requirements for accounting at amortised cost are met.
- d) Contributions made as a result of a participation account contract and similar.
- e) Participating loans whose interest is of a contingent nature, either because a fixed or variable interest rate is agreed upon conditioned to the fulfilment of a milestone in the borrower company (for example, the achievement of profits), or because it is calculated exclusively by reference to the evolution of the borrower company's activity.
- f) Any other financial asset that initially should be classified in the fair value portfolio with changes in the profit and loss account when it is not possible to obtain a reliable estimate of its fair value.

Group companies are those over which the Company, directly or indirectly through subsidiaries, exercises control within the meaning of art. 42 of the Commercial Code, or when the companies are controlled by any means by one or more natural or legal persons acting jointly, or are under single management by agreements or clauses in the articles of association.

Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities, including potential voting rights exercisable or convertible at year-end held by the Company or third parties.

Associates are companies over which the Company, directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to intervene in the financial and operating policy decisions of a company without exercising control or joint control over it. In assessing the existence of significant influence, the potential voting rights exercisable or convertible at the end of each financial year are considered, also taking into account the potential voting rights held by the Company or by another company.

Investments in Group companies, associates and related parties are initially recognised at cost, which is the fair value of the consideration given, including transaction costs incurred for investments in associates and related parties, and are subsequently measured at cost less any accumulated impairment losses.

If an investment no longer qualifies for classification in this category, it is reclassified to available-for-sale investments and measured as such from the date of reclassification.

(vii) Interest and dividends

Interest is recognised using the effective interest method.

Dividend income from investments in equity instruments is recognised when the Company's rights to receive it have arisen. If the dividends distributed clearly arise from profits generated prior to the acquisition date because amounts in excess of the profits generated by the investee since acquisition have been distributed, they reduce the carrying amount of the investment.

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(viii) Derecognition of financial assets

Financial assets are derecognised when the related rights to receive cash flows have expired or have been transferred and the Company has substantially transferred the risks and profits of ownership.

Upon the derecognition of a financial asset in its entirety, the difference between its carrying amount and the sum of the consideration received, net of transaction costs, including any assets obtained or liabilities assumed and any gain or loss deferred in income and expense recognised in equity, is recognised in equity.

(ix) Impairment of financial assets

A financial asset or group of financial assets is impaired and an impairment loss has been incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises impairment losses on loans and receivables and debt instruments when there has been a reduction or delay in the estimated future cash flows due to the debtor's insolvency.

Likewise, in the case of equity instruments, impairment exists when the carrying amount of the asset is no longer recoverable due to a prolonged or significant decline in its fair value.

- Impairment of financial assets measured at amortised cost

For financial assets carried at amortised cost, the amount of the impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the asset's original effective interest rate.

An impairment loss is recognised in profit or loss and is reversible in subsequent periods if the decrease can be objectively related to an event occurring after its recognition. However, the reversal of the loss is limited to the amortised cost that the assets would have had if the impairment loss had not been recognised.

- Investments in Group companies, associates and equity instruments measured at cost

The impairment calculation is determined by comparing the carrying amount of the investment with its recoverable amount, which 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 Company's share of the present value of the estimated cash flows from ordinary activities and final disposal or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

However, in certain cases, unless there is better evidence of the recoverable amount of the investment, the estimate of the impairment of this type of asset takes into consideration the equity of the investee company adjusted, where applicable, to the generally accepted accounting principles and standards under Spanish GAAP, adjusted by the net unrealised gains existing at the valuation date.

For these purposes, the carrying amount of the investment includes any monetary item receivable or payable that is not expected or probable to be settled in the foreseeable future, excluding items of a commercial nature.

Reversals of impairment are recognised in subsequent periods to the extent of any increase in recoverable amount, up to the limit of the carrying amount that the investment would have had if no impairment had been recognised.

The impairment loss or reversal of impairment is recognised in the profit and loss account.

Impairment losses on equity instruments measured at cost are not reversible and are therefore recognised directly against the value of the asset.

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(x) Financial liabilities at amortised cost

This category includes trade payables and non-trade payables:

- a) Trade accounts payable: are those financial liabilities arising from the purchase of goods and services in connection with the company's trade operations with deferred payment, and
- b) Non-trade payables: financial liabilities that, not being derivative instruments, do not have a commercial origin, but arise from loan or credit transactions received by the company.

Participating loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice to the agreed interest rate (zero or below market).

Financial liabilities included in this category are initially measured at fair value, which is the transaction price, equal to the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables maturing in less than one year and which do not have a contractual interest rate, as well as disbursements required by third parties on participations, the amount of which is expected to be paid in the short term, are valued at their nominal value, when the effect of not discounting the cash flows is not significant.

They are subsequently measured at amortised cost. Accrued interest is recognised in the profit and loss account using the effective interest rate method. However, debts maturing in less than one year that are initially valued at their nominal value continue to be valued at that amount.

(xi) Guarantees

The guarantees provided as a result of operating leases are valued according to the criteria set out for financial assets. The difference between the amount delivered and the fair value is recognised as an advance payment and is charged to the profit and loss account over the lease term.

Advances to be applied on a non-current basis are subject to financial restatement at each year-end on the basis of the market interest rate at the time of their initial recognition. Where the bond is current, cash flows are not discounted if their effect is not material.

(xii) Derecognition and modification of financial liabilities

The Company derecognises a financial liability or part of a financial liability when it has discharged the obligation contained in the liability.

The Company recognises the difference between the carrying amount of the financial liability or part of the financial liability cancelled or transferred to a third party and the consideration paid, including any asset transferred other than cash or liability assumed, as a charge or credit to the profit and loss account.

g) Inventories

This item in the balance sheet includes the assets that the Company:

- Maintains for sale in the ordinary course of its business.
- Is in the process of constructing or developing for this purpose.
- Expects to consume in the production process or in the provision of services.

Therefore, land and other properties held for sale or for inclusion in a property development in the ordinary course of the Company's business are deemed to be inventories and not for appreciation or rental purposes.

The Company 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.).

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- The Company does not capitalise the financial expenses accrued on loans obtained to finance the purchase of land and plots during the period between the date of acquisition and the date on which the building permit is obtained and transferred to Developments in progress as an increase in the value of the land and building plots.
- 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 Developments in Progress are all those accumulated costs of developments whose completion period is estimated not to exceed 12 months.

At the end of each development, the Company 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 with a view to making the appropriate valuation adjustments, recognising them as an expense in the consolidated income statement when the net realisable value of inventories is lower than their acquisition price or production cost. This net realisable value is based on valuations performed by an independent expert.

Valuation adjustments and reversals of impairment losses on inventories are recognised under Changes in inventories of completed goods and work in progress or Supplies, depending on whether they are developments in progress or completed or land and plots.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank deposits held at call with credit institutions. Other current, highly liquid investments are also included under this item provided that they are readily convertible into specified amounts of cash and are subject to an insignificant risk of changes in value.

Also included under this heading is cash received in the form of advances from customers and deposited in a special account separate from the rest of the Company's funds to cover the expenses arising from the corresponding promotion.

i) Corporate income tax

The corporate income tax expense or income comprises the portion relating to current tax expense or income and the portion relating to deferred tax expense or income.

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 or deferred income tax is recognised in profit or loss, unless it arises from a transaction or economic event that is recognised in the same or a different period, against equity or from a business combination.

As at 31 December 2022, the Company will pay corporate income tax under the consolidated tax system, with its sole shareholder, Vía Célere Holdco, S.L., being the head of the consolidated tax group as from 1 January 2022.

The accrued corporate income tax expense of companies under the consolidated tax system is determined taking into account, in addition to the parameters to be considered in the case of individual taxation set out above, 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.

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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. If there is a negative tax loss that cannot be offset by the other companies in the tax group, these tax loss carryforwards are recognised as deferred tax assets and the tax group is considered as the taxpayer for their recovery.

The Parent Company of the tax group Via Céler Holdco, S.L. 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

The Company recognises deferred tax liabilities in all cases except those arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that at the date of the transaction affects neither accounting profit nor taxable profit.

(ii) Recognition of deferred tax assets

The Company recognises deferred tax assets whenever it is probable 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;

In the absence of evidence to the contrary, it is not considered probable that future taxable profits will be available to the Company when their future recovery is expected to take place more than ten years from the reporting date, regardless of the nature of the deferred tax asset or, in the case of credits arising from tax credits and other tax benefits not yet available for tax purposes due to insufficient taxable profit, when the activity has been carried out or the income has been obtained that gives rise to the right to the tax credit or tax relief and there are reasonable doubts as to whether the requirements for their realisation have been met.

The Company only recognises deferred tax assets arising from tax loss carryforwards to the extent that there is convincing evidence that future taxable profits will be available against which they can be utilised within a period not exceeding that established by the applicable tax legislation, subject to a maximum limit of ten years.

It is considered probable that the Company 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.

The Company recognises deferred tax assets that have not been recognised because they exceed the ten-year recovery period to the extent that the future reversal period does not exceed ten years from the end of the reporting period, or when there are sufficient taxable temporary differences.

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

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(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured at the tax rates that will apply in the years in which the assets are expected to be realised or the liabilities are expected to be settled, based on tax rates and tax laws that are in force or approved and pending publication, and after taking into account the tax consequences that will follow from the manner in which each company expects to recover the assets or settle the liabilities. For these purposes, the Company considered the deduction for reversal of temporary measures developed in thirty-seventh transitional provision 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.

(iv) Offsetting and classification

The Company only offsets income tax assets and liabilities if there is a legal right to set them off against the tax authorities and it intends either to settle the resulting amounts on a net basis or to realise the assets and settle the liabilities simultaneously.

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

j) Revenue from contracts with customers

The Company 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 Company applies a collective accounting treatment to these contracts. With regard to sales of real estate developments, the Company recognises 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 Company 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 Company 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 Company 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.g..

Consequently, the application as at 1 January 2021 of the ICAC Resolution issuing rules for the recording, valuation and preparation of the annual accounts for the recognition of revenue for the delivery of goods and services, and the latest amendment to the PGC and its additional provisions through RD 1/2021, has involved the

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recognition of an amount of 3,297 thousands of euros as at 31 December 2022 (3,012 thousands of euros as at 31 December 2021). (see Note 11).

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. The standard 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.

k) Provisions and contingencies

When preparing the annual accounts, the Company's directors distinguish 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 Company.

The balance sheet includes 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. Unless they are considered probable, contingent liabilities are not recognised in the balance sheet, but are disclosed in the explanatory notes.

The amounts recognised in the balance sheet are the best estimate at the reporting date of the expenditure required to settle the present obligation, after taking into account the risks and uncertainties related to the provision.

l) Current employee benefits and severance payments

The Company recognises the expected cost of current employee benefits in the form of paid leave, the entitlements of which accrue as employees perform the services that give them the right to receive them. If the leave is not cumulative, the expense is recognised as the leave occurs.

Except in the case of dismissal for cause, the Company is obliged to compensate its employees when their services are terminated.

In the absence of any foreseeable need for abnormal termination of employment, and given that employees who retire or voluntarily terminate their services do not receive severance payments, severance payments, when they arise, are expensed at the time that a formal termination plan has been approved by the Company's management and a valid expectation has been created vis-à-vis those affected that the termination of employment will occur.

m) Mergers and spin-offs between Group companies

In mergers and spin-offs between Group companies involving the parent company of the Group or the parent company of a subgroup and its subsidiary, either directly or indirectly, the assets and liabilities acquired are valued at the amount that would correspond to them, after the transaction, in the consolidated annual accounts of the group or subgroup in accordance with the Rules for the Preparation of Consolidated Annual Accounts. Any difference that may become apparent in the accounting record as a result of the application of the above criteria shall be recorded in a voluntary reserve item.

The consolidated annual accounts to be used for these purposes shall be those of the group or major subgroup in which the assets and liabilities are included, the parent company of which is Spanish. In the event that the said accounts are not drawn up under any of the grounds for exemption provided for in the consolidation rules, the values existing before the transaction in the individual annual accounts of the contributing company shall be taken as those existing before the transaction was carried out.

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In merger and spin-off operations between Group companies, as set out in the consultations of the Spanish Accounting and Auditing Institute, the accounting effective date shall be the beginning of the year in which the transaction is approved, provided that it is subsequent to the time at which the companies were incorporated into the Group. If one of the companies has joined the Group in the year in which the merger or spin-off takes place, the accounting effective date is the date of acquisition.

In the case of non-monetary contributions to a Group company, the contributor shall value its investment at the book value of the assets and liabilities delivered in the consolidated annual accounts at the date on which the transaction takes place, in accordance with the Rules for the Preparation of Consolidated Annual Accounts. The acquiring company shall recognise them at the same amount. Any difference that may become apparent from the individual values shall be recorded in a voluntary reserve item.

Transfer prices are adequately supported and the directors of the Company consider that there are no significant risks in this respect that could give rise to material liabilities in the future.

For the purposes of presenting the balance sheet, another company is understood to be part of the group when they constitute a decision-making unit in the terms provided for in Article 42 of the Commercial Code.

A company is an associate when, without being a group enterprise within the meaning of the preceding paragraph, one or more of its companies, including the controlling entity or individual, exercises significant influence over that company.

Inter-Group company transactions involving capital reductions, dividend distributions and dissolution of companies

The following criteria shall apply to inter-Group company transactions involving the distribution of dividends, provided that the business in which the capital reduction materialises, the dividend payment is agreed or the shareholder's or owner's liquidation share is cancelled remains in the Group.

The transferor accounts for the difference between the amount of the debt owed to the partner/owner and the book value of the business transferred with a credit to a reserve account. The transferee company shall account for it by applying the criteria set out in this paragraph.

Related party transactions

Transactions between Group companies, except those related to mergers, spin-offs and non-monetary contributions of businesses, are recognised initially at the fair value of the consideration given or received. Where appropriate, if the agreed price differs from the fair value, the difference is recorded on the basis of the economic reality of the transaction. Subsequent valuation is carried out in accordance with the relevant rules.

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

The Company classifies assets and liabilities in the balance sheet as current or non-current, except as mentioned in Note 14.1; 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 Company'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 Company's normal operating cycle, are held primarily for trading, have to be settled within twelve months from the balance sheet date or the Company 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 reporting date, even if the original term is for a period longer than twelve months and there is an agreement to refinance or restructure long-term payments that was concluded after the reporting date and before the explanatory notes were made, or they are used to finance goods or assets classified in the balance sheet as "current".

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o) Equity items of an environmental nature

Assets of an environmental nature are assets that are used on a lasting basis in the Company's activity, the main purpose of which is the minimisation of environmental impact and the protection and improvement of the environment, including the reduction or elimination of future pollution.

The Company's activities, by their nature, do not have a significant environmental impact.

p) Statement of cash flows

In the 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: activities that constitute the principal source of the Company's ordinary income, as well as other activities that cannot be classified as investing 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.

q) Remuneration of senior management

On 10 November 2021, the Sole Shareholder approved a long-term incentive plan for the CEO, members of senior management and certain key employees, which expires on 31 December 2027.

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 profit and loss account includes the accrued amount of the plan, which amounts to 1,569 thousand euros (1,288 thousand euros as at 31 December 2021).

5. Environmental information

In view of the Company's business activities, it has no environmental liabilities, expenses, assets, provisions and contingencies that could be material with respect to its equity, financial position and results. For this reason, no specific disclosures on environmental issues are included in the balance sheet.

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6. Intangible assets

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

	Thousands of euros	
	Applications Informáticas	Total
Cost		
01 January 2021	297	297
31 December 2021	297	297
Additions	176	176
31 December 2022	473	473
Amortisation		
Accumulated as at 01 January 2021	(240)	(240)
Amortisation for the year	(20)	(20)
Accumulated as at 31 December 2021	(260)	(260)
Amortisation for the year	(68)	(68)
Accumulated as at 31 December 2022	(328)	(328)
Net book value as at 31 December 2021	37	37
Net book value as at 31 December 2022	145	145

The cost of fully depreciated assets as at 31 December 2022 amounts to 243 thousand euros (244 thousand euros as at 31 December 2021).

The Company has assessed the existence of any indications of potential impairment of the assets comprising intangible assets and has found that there are no indications of impairment.

During 2022 the additions to "Computer software" relate entirely to the registration of an internal application for customers.

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7. Property, plant and equipment

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

	Thousands of euros			
	Constructions	Facilities installations	Others tangible fixed assets in prog	Total
Cost				
01 January 2021	3,205	342	1,369	4,916
Additions	404	169	240	813
Derecognitions	(2,836)	(4)	(244)	(3,084)
31 December 2021	773	507	1,365	2,645
Additions	17	307	-	324
Derecognitions	-	(36)	-	(36)
31 December 2022	790	778	1,365	2,933
Amortisation				
Accumulated as at 01 January 2021	(110)	(182)	(604)	(896)
Amortisation for the year	(40)	(100)	(131)	(271)
Derecognitions	102	(15)	195	282
Accumulated as at 31 December 2021	(48)	(297)	(540)	(885)
Amortisation for the year	(22)	(128)	(104)	(254)
Derecognitions	-	23	-	23
Accumulated as at 31 December 2022	(70)	(402)	(644)	(1,116)
Net book value as at 31 December 2021	725	210	825	1,760
Net book value as at 31 December 2022	720	376	721	1,817

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.

During the 2022, the furniture of certain sales stands has been disposed of, giving rise to a profit of 15 thousand euros (see Note 17.7).

The disposal value at 31 December 2021 corresponded mainly to the sale to Vía Céleres Desarrollos Inmobiliarios, S.A.U. of the office located at calle Carlos y Guillermo Fernandez Shaw 1 in Madrid. The net book value of this fixed asset amounted to 2,707 thousand euros and was sold for 2,850 thousand euros, recording a gain on the sale of this fixed asset of 140 thousand euros (see Note 17.7). The outstanding debt for this asset at the date of sale, which amounted to 1,077 thousand euros, was cancelled and therefore the total amount collected was 1,173 thousand euros.

The Company has assessed the existence of indications of potential impairment of the assets comprising property, plant and equipment as at 31 December 2022 and 2021, and during 2021 and 2022 no impairment charge was recognised.

The cost of fully depreciated assets as at 31 December 2022 and 2021 amounts to:

	Thousands of euros	
	31.12.2022	31.12.2021
Other tangible fixed assets	559	361
	559	361

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

8. Cash and cash equivalents

"Cash and cash equivalents" includes the Company'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	
	31.12.2022	31.12.2021
Cash	14	10
Unrestricted accounts	256,489	270,536
Customer promotion" accounts	26,310	25,606
	282,813	296,152

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 Company's other funds and may only be used to cover expenses arising from the construction of the respective developments. These amounts are classified under "Customer development accounts".

As at 31 December 2022, the amount of 4,000 thousand euros of the fixed-term deposit signed with Unicaja is reported as "unrestricted accounts".

9. Financial assets

Classification of financial assets by category

As at 31 December 2022, the Company holds only financial assets valued at cost.

	Thousands of euros			
	Non-current		Current	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Short-term investments in Group companies, associates				
Equity instruments	96,157	75,769	-	-
Loans to companies	68,492	60,088	37,728	70,057
Financial investments	929	1,152	2,957	4,813
Customers, Group companies and associates	-	-	6,238	17,387
Sundry debtors	-	-	20,213	5,859
	165,578	137,009	67,136	98,116

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Financial investments

The details of Long-term financial investments at 2022 and 2021 year-end are as follows:

	Thousands of euros			
	Non-current		Current	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Loans to third parties	-	-	403	3,140
Deposits and guarantees	929	1,152	2,554	1,673
	929	1,152	2,957	4,813

Loans to third parties

As at 31 December 2022 and 2021 these mainly include loans acquired 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.

During 2022 and 2021, receivables amounting to 3,140 thousand euros and 687 thousand euros, respectively, were foreclosed as a result of extrajudicial foreclosure.

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

Deposits and guarantees

At 31 December 2022 and 2021, "Deposits and guarantees" relates mainly to guarantees deposited with autonomous bodies as security for possible damage to public roads associated with the development of property developments.

Trade and other receivables

The detail of Trade and other receivables is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Group		
Suppliers to Group companies (Note 19)	6,238	17,387
No Group		
Sundry debtors	25,957	10,657
Other receivables from public authorities (Note 16.1)	5,735	3,812
Valuation adjustments for impairment	(5,744)	(4,798)
	32,186	27,058

Trade receivables from Group companies include balances receivable from the Company's holding activity (see Note 17.1).

As at 31 December 2022, Sundry debtors mainly include 5,750 thousand euros pending collection for penalties invoiced to construction companies for breach of contract, of which 5,744 thousand euros have been provisioned (6,229 thousand euros at 31 December 2021, of which 4,798 thousand euros had been provisioned). During 2022, out of the total of 5,744 thousand euros provided for, an amount of 1,425 thousand euros has been recognised in the income statement as a result of the insolvency of one construction company (out of the total of 4,798 provided for, 190 thousand euros were recognised in 2021 as a result of the insolvency of two construction companies).

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Impairment

The analysis of the movement in the allowance accounts representing impairment losses arising from credit risk on financial assets measured at amortised cost is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Opening balance	(4,798)	(4,608)
Allocations	(1,425)	(190)
Reversals	479	-
Ending balance	(5,744)	(4,798)

10. Group companies, associates and related parties

Short and long-term investments in Group companies, associates and related parties

The composition and movement in current and non-current investments in Group companies, associates and related parties as at 31 December 2022 is as follows:

	Thousands of euros				31 December 2022
	31 December 2021	Additions /Allocations	Derecognition / Reversal	Transfers	
Long Term					
Equity instruments Group	140,237	28,459	-	-	168,696
Equity instruments Associates	11,112	-	-	-	11,112
Impairment of investments	(75,580)	(11,059)	2,988	-	(83,651)
Total participations	75,769	17,400	2,988	-	96,157
Long-term receivables (Note 19)	80,490	-	(8,405)	17,605	89,690
Impairment of receivables	(20,402)	(204)	1,249	(1,841)	(21,198)
Total long-term loans	60,088	(204)	(7,156)	15,764	68,492
Total EEGGAA and LP related investments	135,857	17,196	(4,168)	15,764	164,649
Short term					
Long-term receivables (Note 19)	71,864	17,824	(22,559)	(17,605)	49,524
Loans with Group companies and related parties (Note 19)	34	-	-	-	34
Impairment of receivables	(1,841)	(11,830)	-	1,841	(11,830)
Total EEGGAA and CP related investments	70,057	5,994	(22,559)	(15,764)	37,728

The most significant additions, derecognitions and transfers of investments in Group companies and associates in 2022 were as follows:

- On 26 July 2022 the company contributed 28,459 thousand euros to Copaga, S.A.U. to acquire the entire share capital of Lealtad Directorship, S.L.U. from Otterville Invest, S.L., which was 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 Värde, which held 100% of the shares through the company Otterville Invest, S.L. The acquisition was carried out between entities under common control.
- During the year Udralar, S.L.U. has repaid 8,405 thousand euros of the participating loan.
- The participating loans amounting to 17,605 thousand euros have been transferred to non-current due to the extension of the maturity date to 31 March 2024, maintaining the existing limits.
- As a result of the impairment analysis of the participating interests: Parquesoles Inversiones Inmobiliarias y Proyectos, S.A., Douro Atlántico, S.A., Vía Célere Gestión de Proyectos, S.L.U and Vía Célere Forum Barcelona, S.L. recognised impairment losses of 11,059 thousand euros in 2022 and Vía Célere 2, S.L.U., Vía Célere Catalunya, S.L.U., Udrasur, S.L.U and Copaga, S.A.U reversed impairment losses of 2,988 thousand euros.

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During 2022, the most significant additions and disposals of current investments in Group and related companies were as follows:

- In addition, the impairment analysis also concluded that the participating loans held by the company with Vía Célere Gestión de Proyectos, S.L.U and Udralar, S.L.U. were impaired by 11,830 thousand euros and 204 thousand euros, respectively, and the participating loans held by Udrasur, S.L.U and Copaga, S.A.U. were impaired by 3 thousand euros and 1,246 thousand euros, respectively.
- During the month of June, the Portuguese subsidiaries Parquesoles Inversiones Inmobiliarias y Proyectos, S.A. and Douro Atlántico, S.A., have paid part of the current account debt they had with the company in the amount of 12,187 thousand euros and 3,000 thousand euros, respectively.
- During 2022 the subsidiary Vía Célere Gestión de Proyectos, S.L.U. drew 2,967 thousand euros from the current accounts held with the Company. During the month of November the subsidiary paid 2,498 thousand euros from the current account.
- During 2022 Vía Célere Holdco, S.L. has drawn 14,421 thousand euros from the current accounts held with the Company. During 2022 Holdco has repaid the Company 2,600 thousand euros charged to the current account.

The breakdown and activity of current and non-current investments in Group, associated and related companies as at 31 December 2021 was as follows:

	Thousands of euros				31 December 2021
	31 December 2020	Additions /Allocations	Derecognition / Reversal	Transfers	
Long Term					
Equity instruments Group	140,237	-	-	-	140,237
Equity instruments Associates	11,112	-	-	-	11,112
Impairment of investments	(79,850)	(271)	4,541	-	(75,580)
Total participations	71,499	(271)	4,541	-	75,769
Long-term receivables (Note 19)	83,490	-	-	(3,000)	80,490
Impairment of receivables	(23,309)	-	2,907	-	(20,402)
Total long-term loans	60,181	-	2,907	(3,000)	60,088
Total EEGGAA and LP related investments	131,680	(271)	7,448	(3,000)	135,857
Short term					
Long-term receivables (Note 19)	49,558	37,545	(18,239)	3,000	71,864
Loans with Group companies and related parties (Note 19)	36	-	(2)	-	34
Impairment of receivables	(1,846)	(3)	8	-	(1,841)
Total EEGGAA and CP related investments	47,748	37,542	(18,233)	3,000	70,057

The most significant additions, derecognitions and transfers of investments in Group companies and associates in 2021 were as follows:

- As a result of the impairment analysis of the Udralar, S.L.U. shareholding, in 2021 part of the impairment recognised on the participating loan was reversed, amounting to 2,907 thousand euros.

During 2021, the most significant additions and disposals of investments in Group and related companies in the current period were as follows:

- In October and November the subsidiary Parquesoles Inversiones Inmobiliarias y Proyectos, S.A. drew 3,000 and 2,000 thousand euros, respectively, on its current account with the Company.
- During 2021 the subsidiary Vía Célere Gestión de Proyectos, S.L.U. drew 16,283 thousand euros from the current accounts held with the Company. During 2021 the subsidiary in question repaid to the Company 9,879 thousand euros.

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Transfers in 2021 mainly corresponded to two movements:

- The subsidiary Vía Célere Gestión de Proyectos, S.L.U. was converted into the subsidiary Vía Célere Gestión de Proyectos, S.L.U. to settle the equity imbalance presented by a current account contract in a participating loan in the amount of 8,000 thousand euros, of which 6,167 thousand euros are drawn down as at 31 December 2021.
- The participating loan was transferred to current due to its maturity in the next year, which has a limit of 10,000 thousand euros and was drawn down in 9,167 thousand euros.

Equity instruments of Group companies, jointly controlled entities and associates

The amount of impairment losses and reversals recognised on the various investments as at 31 December 2022 and 2021 is as follows:

<i>Participation</i>	Thousands of euros			31 December 2022
	31 December 2021	Allocation	Reversal	
In Group companies				
Copaga, S.A.U.	(2,755)	-	2,755	-
Douro Atlántico, S.A.	(14,574)	(5,048)	-	(19,622)
Udrasur Inmobiliaria, S.L.U.	(3)	-	3	-
Udralar, S.L.U.	(33,515)	-	-	(33,515)
Vía Célere 1, S.L.U.	(20)	-	-	(20)
Vía Célere 2, S.L.U.	(7,136)	-	100	(7,036)
Vía Célere Catalunya, S.L.U.	(3,724)	-	130	(3,594)
Vía Célere Gestión de Proyectos, S.L.U.	-	(3,329)	-	(3,329)
Portugal Parquesoles SPGS S.A.	(4,674)	(1,301)	-	(5,975)
Associates				
Célere Forum Barcelona, S.L.	(9,179)	(1,381)	-	(10,560)
Total Group	(75,580)	(11,059)	2,988	(83,651)

<i>Participation</i>	Thousands of euros			31 December 2021
	31 December 2020	Allocation	Reversal	
In Group companies				
Copaga, S.A.	(2,755)	-	-	(2,755)
Douro Atlántico, S.A.	(14,388)	(186)	-	(14,574)
Udrasur Inmobiliaria, S.L.U.	(3)	-	-	(3)
Udralar, S.L.U.	(33,515)	-	-	(33,515)
Vía Célere 1, S.L.U.	(20)	-	-	(20)
Vía Célere 2, S.L.U.	(7,051)	(85)	-	(7,136)
Vía Célere Catalunya, S.L.U.	(4,040)	-	316	(3,724)
Portugal Parquesoles SPGS S.A.	(8,800)	-	4,126	(4,674)
Associates				
Célere Forum Barcelona, S.L.	(9,278)	-	99	(9,179)
Total Group	(79,850)	(271)	4,541	(75,580)

In relation to the investments held in Group companies, in the opinion of the Company's directors, the excess of net book value over their underlying book value is covered by the capital gains associated with the future results of these investees, considering the valuations made by independent experts at 31 December 2022 of the assets held by the aforementioned investees.

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The most significant information relating to the Group companies, jointly controlled entities and associates in which the Company has an interest as at 31 December 2022 and 2021 is as follows:

Thousands of euros									
31.12.2022									
Company	Address	Participación			Capital	Result		Rest of Equity Net	Net value in books of the shareholding
		Direct	Indirect	Total		Operating	From the period		
Copaga, S.A.U.	Madrid	100%	-	100%	144	(288)	(755)	26,845	31,214
Udralar, S.L.U. (A:	Madrid	100%	-	100%	3	1,628	1,788	(23,628)	-
Torok Investment 2015, S.L.U.	Madrid	100%	-	100%	3	80	38	(1,438)	7
Udrasur Inmobiliaria, S.L.U.	Madrid	100%	-	100%	3	18	16	(556)	3
DouroAtlántico, S.A. (a)	Lisbon, Portugal	100%	-	100%	8,062	(1,778)	(1,869)	(3,543)	2,647
Maywood Invest, S.L.U. (A:	Madrid	100%	-	100%	833	3,643	2,458	6,232	12,110
Vía Célere, S.L.U.	Madrid	100%	-	100%	22,749	295	1,067	7,356	30,511
Vía Célere 1, S.L.U.	Madrid	100%	-	100%	3	(13)	(19)	(1,024)	-
Vía Célere 2, S.L.U.	Madrid	100%	-	100%	3	159	155	191	300
Vía Célere Catalunya S.L.U.	Madrid	100%	-	100%	11,112	(38)	208	1,290	12,588
Vía Célere Gestión de Proyectos, S.L.U. (A:	Madrid	100%	-	100%	3	(2,135)	(2,691)	(14,910)	-
Conspace, S.L.U.	Madrid	100%	-	100%	3	(133)	(113)	(1,157)	1
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A. (a)	Lisbon, Portugal	100%	-	100%	50	1,464	1,150	4,752	6,225
Célere Forum Barcelona, S.L.	Madrid	50%	-	50%	-	814	674	652	551
									96,157

(a) Company audited as of December 31, 2022 by PWC

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Thousands of euros									
31.12.2021									
Company	Address	Participación			Capital	Result		Rest of Equity Net	Net value in books of the shareholding
		Direct	Indirect	Total		Operating	From the year		
Copaga, S.A.	Madrid	100%	-	100%	144	(6)	1	(1,391)	-
Udralar, S.L.U. (A:	Madrid	100%	-	100%	3	1,851	1,764	(24,670)	-
Torok Investment 2015, S.L.U.	Madrid	100%	-	100%	3	(208)	(174)	(1,328)	7
Udrasur Inmobiliaria, S.L.U.	Madrid	100%	-	100%	3	(8)	(8)	(543)	-
Douro Atlántico, S.A. (a)	Lisbon, Portugal	100%	-	100%	8,062	582	350	(3,866)	7,695
Maywood Invest, S.L.U. (A:	Madrid	100%	-	100%	833	5,845	4,070	2,634	12,110
Vía Célere, S.L.U. (A:	Madrid	100%	-	100%	22,749	1,952	2,396	5,408	30,511
Vía Célere 1, S.L.U.	Madrid	100%	-	100%	3	(11)	(16)	(1,004)	-
Vía Célere 2, S.L.U.	Madrid	100%	-	100%	3	(16)	(92)	289	200
Vía Célere Catalunya S.L.U.	Madrid	100%	-	100%	11,112	24	261	1,084	12,458
Vía Célere Gestión de Proyectos, S.L.U. (A:	Madrid	100%	-	100%	3	(5,528)	(6,628)	(8,304)	3,329
Conspace, S.L.U.	Madrid	100%	-	100%	3	(28)	(44)	(1,095)	1
Parquesoles Inversiones Inmobiliarias Y Proyectos, S.A. (a)	Lisbon, Portugal	100%	-	100%	50	3,139	2,451	2,682	7,526
Célere Forum Barcelona, S.L.	Madrid	50%	-	50%	2	814	674	650	1,932
									75,769

(a) Company audited as of December 31, 2021 by PWC

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Loans with Group companies, associates and related parties

The loans granted by the Company to its investees which are of a participating nature bear interest at a variable rate based on the performance of the investee company, which is between 4% and 7% of the investee company's loan limit. Details as at 31 December 2022 are as follows:

Company	Long term		Maturity
	Thousands of euros		
	Limit	Available	
Udralar, S.L.U.	80,000	66,078	31/01/2028
Udrasur Inmobiliarias, S.L.U.	1,000	561	31/03/2024
Torok Investments 2015, S.L.U.	27,500	20,620	31/03/2024
Copaga, S.L.U.	2,000	1,563	31/03/2024
Vía Célere 1, S.L.U.	5,000	62	31/03/2024
Conspace, S.L.U.	2,050	806	31/03/2024
Total	117,550	89,690	

Company	Short term		Maturity
	Thousands of euros		
	Limit	Available	
Vía Célere Gestión de Proyectos, S.L.U.	19,000	17,867	31/12/2023
Maywood Invest, S.L.U.	1,400	1,400	31/12/2022
	20,400	19,267	

During 2022 the participating loans have been novated extending the terms as shown in the table above until 31 March 2024 and in the case of Udralar, S.L.U. until 31 January 2028.

The loan held by the company with Maywood Invest, S.L.U. was collected in January 2023. At the date of these annual accounts, an analysis is being carried out to establish the maturity date and novate the loan that the company has with its subsidiary Vía Célere Gestión de Proyectos, S.L.U.

In addition, current receivables include cash transfers between Group companies under current account agreements between the Company and its investees, as well as with its parent company. These accounts are remunerated at Euribor plus a market spread.

The detail of loans as at 31 December 2021 was as follows:

Company	Short term		Maturity
	Thousands of euros		
	Limit	Available	
Udrasur Real Estate, S.L.U.	1,000	561	31/03/2022
Copaga, S.A.	2,000	1,563	31/03/2022
Vía Célere 1, S.L.U.	5,000	62	31/03/2022
Conspace, S.L.U.	2,050	806	31/03/2022
Torok Investments 2015, S.L.U.	27,500	21,787	(1)
Maywood Invest, S.L.U.	1,400	1,400	31/12/2022
Vía Célere Gestión de Proyectos, S.L.U.	11,000	11,000	31/12/2022
Total	49,950	37,179	

(1) Corresponds to two participating loans maturing on 31/03/2022 and 31/12/2022

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Company	Long term		Maturity
	Thousands of euros		
	Limit	Available	
Udralar, S.L.U.	80,000	74,323	31/12/2023
Vía Célere Gestión de Proyectos, S.L.U.	8,000	6,167	31/12/2023
	88,000	80,490	

In December 2021 the Company converted the current account held with Vía Célere Gestión de Proyectos, S.L.U. into a participating loan maturing on 31 December 2023 as described in Note 10.

In 2021, various long-term participating loans of Vía Célere Gestión de Proyectos, S.L.U. have been reclassified to current.

In addition, during 2021 the Company signed novations of the participating loans maturing in 2021, extending the maturity date to 31 March 2023.

In addition, current receivables include cash transfers between Group companies under current account agreements between the Company and its investees, as well as with its parent company. These accounts are remunerated at Euribor plus a market spread.

11. Inventories

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

	Thousands of euros				
	Land and plots	Completed developments	Property developments in progress	Advances to suppliers	Total
Cost as at 01 January 2021	829,137	124,686	551,634	944	1,506,401
Additions	13,109	-	221,268	8,428	242,805
Derecognitions	(19,834)	(367,041)	(5,499)	(8,982)	(401,356)
Transfers	(97,737)	308,552	(210,815)	-	-
Cost as at 31 December 2021	724,675	66,197	556,588	390	1,347,850
Cost as at 01 January 2022	724,675	66,197	556,588	390	1,347,850
Additions	20,466	-	251,891	111	272,468
Derecognitions	(46,837)	(331,305)	-	(325)	(378,467)
Transfers	(57,865)	307,272	(249,407)	-	-
Cost as at 31 December 2022	640,439	42,164	559,072	176	1,241,851
Impairment losses for impairment as at 01 January 2021	(356,973)	(594)	(45,339)	-	(402,906)
Allocations	(1,047)	(501)	(737)	-	(2,285)
Reversals	3,803	16,226	4,140	-	24,169
Transfers	4,518	(18,558)	14,040	-	-
Impairment losses for impairment as at 1 January 2019	(349,699)	(3,427)	(27,896)	-	(381,022)
Impairment losses for impairment as at 1 January 2019	(349,699)	(3,427)	(27,896)	-	(381,022)
Allocations	(4,777)	(326)	(1,126)	-	(6,229)
Reversals	10,315	3,239	4,205	-	17,759
Impairment losses for impairment as at 1 January 2019	(344,161)	(514)	(24,817)	-	(369,492)
Net book value as at 31 December 2021	374,976	62,770	528,692	390	966,828
Net book value as at 31 December 2022	296,278	41,650	534,255	176	872,359

As "Property Developments in Progress" the Company records the cost of short-cycle and long-cycle developments in progress.

As at 31 December 2022, the short-cycle property developments are: Célere Punta Candor, Célere Alocs, Célere Parque Norte, Célere Cruces II (Single-Family), Célere Finestrelles II (Phase I), Célere Montecillos, Célere Barajas (I, III), Célere Torrejón (I and II), Célere Laos, Célere Reina and are registered with a value of 358,633 thousand euros.

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As at 31 December 2021, the short-cycle property developments were: Célere Punta Candor, Célere Duna Beach II, Célere Nox Patraix, 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 and are registered with a value of 279,406 thousand euros.

The Company capitalises financial expenses accrued during the year relating to financing for the development of real estate inventories, provided that they relate to inventories that have a production cycle of more than one year. During 2022 and 2021, 9,982 thousand euros and 13,356 thousand euros of financial expenses have been capitalised, respectively.

11.1 Land and plots

The balance of this account corresponds to the acquisition price of various plots of land and sites which as at 31 December 2022 and 2021 were in the final phase or under urban development management, and whose destination is basically residential (although there are plots of land for use for public or industrial purposes).

As at 31 December 2022 and 2021, the estimated above-ground buildable area of the Company's land portfolio amounted to 1,253,682 m² and 1,574,315 m² respectively. The breakdown of the Company's land by geographical area is as follows:

	Total sqm	
	31.12.2022	31.12.2021
Madrid	718,385	705,168
Malaga	162,757	252,281
Seville	86,072	203,004
Valencia	33,730	83,345
Valladolid	67,715	91,616
Other	185,023	238,901
	1,253,682	1,574,315

As at 31 December 2022 and 31 December 2021 there were no "Land and plots" mortgaged as collateral.

The main movements in 2022 were:

- Disposals corresponding to the sale of land have generated a net turnover of 81,438 thousand euros. The most significant sales 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 9 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 in Tres Cantos (Madrid).
- Derecognitions relating to the sale of land for a net amount of 32,265 thousand euros. The most significant disposals were the divestment of a plot of land located in Marbella for a cost of 8,312 thousand euros and the sale of a plot of land in Villaviciosa de Odón for a cost of 5,778 thousand euros.

11.2 Commitments to acquire land and plots

As at 31 December 2022 and 2021, there were no commitments for the acquisition of land or plots of land.

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11.3 Developments in progress

At 31 December 2022 and 31 December 2021 it includes the costs incurred in the development of property developments in progress at that date, including the cost of land purchase.

As at 31 December 2022, the main developments in progress are:

- Residential Developments Célere Nicet Patraix, Célere Duna Beach II, Célere Austral, Célere Finestrelles II (Phase I), Célere Montecillos, Célere Montecillos II, Célere Barajas (Phase III), Célere Barajas (Phase IV), Célere Célere Barajas (Phase I), Célere Atenea Patraix, 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 II, Célere Nuevo Peral, Célere Nuevo Bosque, Célere Kentia, Célere Finestrelles II (Phase II), Célere Aguamarina and Célere Velázquez.

As at 31 December 2021, the main developments in progress were:

- 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 II.

Property developments in progress at 31 December 2022 and 2021 have a net cost of 534,255 thousand euros and 528,692 thousand euros, respectively, of which property developments in progress are mortgaged to secure the repayment of developer loans, the balances drawn down at that date being 84,992 thousand euros and 101,258 thousand euros, respectively (see Note 14.1).

11.4 Completed developments

"Completed Developments" of the balance sheet as at 31 December 2022 mainly includes the cost of the unsold portion of the following developments:

Madrid

- Célere Parque Norte, Célere Nova Rivas II, Célere Infanta V and Célere Infanta IV.

Malaga

- Célere Serenity, Célere Vitta Nature (Phase I) and Célere Duna Beach.

Barcelona

- Célere Alocs and Célere Terram.

Navarre

- Célere Ripagaina (Phase I).

Cádiz

- Célere Punta Candor.

Valencia

- Célere Arnott, Célere MT22, Célere Nox Patraix and Célere Nicet Patraix.

"Completed developments" in the balance sheet as at 31 December 2021 mainly included the following developments:

Madrid

- Célere Urbam; Célere Ensanche de Vallecas; Célere Grace and Célere Cubic III.

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Malaga

- Célere Serenity; Célere Vega and Célere Duna Beach.

Barcelona

- Célere Els Atmellers and Célere Terram.

Valladolid

- Célere Parqueluz.

Seville

- Célere Lemos.

Valencia

- Célere Arnott, Célere Aura Malilla, Célere MT22 and Célere Llum Patraix.

In 2022, disposals were made under "Completed developments" in the amount of 331,305 thousand euros (367,041 thousand euros in 2021), corresponding to the cost of inventories delivered during the year.

The developments completed at 31 December 2022 and 2021 have a net cost of 41,650 thousand euros and 62,770 thousand euros, which are mortgaged as security for the repayment of loans to developers of completed developments, the balances drawn down at those dates being 12,342 thousand euros and 22,557 thousand euros, respectively (see Note 14.1).

11.5 Commitments to sell property developments in progress and completed developments

The Company records under "Trade and other payables" the amount received in advance, in cash or commercial bills, from customers with whom it has entered into sales commitments.

As at 31 December 2022 and 2021, the Company had signed contracts for the sale of properties of developments in progress at that date, or of completed developments, for a total amount of 601,034 thousand euros and 641,684 thousand euros, respectively. Of the total sales commitments, as at 31 December 2022 and 2021 the Company has received advances on account totalling 71,740 thousand euros and 98,873 thousand euros, respectively (see Note 14.2). Advances recorded at 31 December 2022 and 2021 include 26,310 thousand euros and 25,606 thousand euros of restricted cash (see Note 8).

As a standard procedure, almost all pre-sales are subject to compensation clauses for late delivery consisting, for the most part, of statutory interest on the amounts delivered during the period between the contractually agreed delivery date and the actual delivery date. The Company does not estimate any impact on these annual accounts for this reason, mainly due to the historical experience of the last years, as well as the fact that the delivery date foreseen in the contracts considers a safety margin. In addition, pre-sales generally include indemnities in favour of the Company in the event of cancellation by the customer, although no amount is recorded for this item until collection.

11.6 Impairment of inventories

The Company annually commissions independent expert valuations to determine the fair values of its inventories. As at 31 December 2022 and 2021 the valuations have been carried out by "Savills Valoraciones y Tasaciones, S.A.U.". The valuations have been carried out on a market value basis, in accordance with the definition adopted by the Royal Institution of Chartered Surveyors (RICS) and in line with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC), the leading international valuation organisations for real estate and general valuation respectively.

The comparison method of valuation (mainly for completed products) and the static and dynamic residual methods (mainly for land and plots and developments in progress) have been used to calculate the market value. Using the dynamic residual method, the residual value of the property being valued is obtained by discounting the cash flows established on the basis of the forecast of outstanding expenses and income, taking into account the period until the cash flow is realised, by the fixed discount rate. The result of this calculation is added to all cash inflows that have been considered as already realised prior to the valuation date, thus obtaining the total value. The discount rate used is that which represents the average annual profitability of the project, without taking into account the external financing that an average developer would obtain in a development of the characteristics of the one analysed.

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Discounted Cash Flow ("DCF") as defined by Savills comprises the analysis of the development and its derecognition on completion, or when urban status is granted, discounting the costs necessary to bring the project to completion (construction, architecture, planning and completion cost) and recognition of revenue as sales are completed. This will result in a cash flow that will be discounted to the valuation date using the IRR, which is indicative of the level of risk the developer is willing to accept and the expected returns.

As at 31 December 2022, the Company has recognised an impairment of 6,229 thousand euros (2,285 thousand euros during 2021), and a reversal in the amount of 17,759 thousand euros (24,169 thousand euros during 2021), in order to adjust the carrying amount to its estimated realisable value, which is determined based on the independent expert's valuations. These amounts include:

- Reversals of impairment losses arising from asset disposals amounting to 3,329 thousand euros and 3,004 thousand euros associated with the sale of land (14,227 thousand euros and 23 thousand euros associated with the sale of land in 2021, respectively), which are recorded under "changes in inventories of finished goods and work in progress" and "consumption of raw materials and other consumables".
- Impairment reversal of undelivered inventories due to valuation of assets in portfolio for a net amount of 5,287 thousand euros (7,634 thousand euros of impairment reversal in 2021), which is recorded under "Changes in inventories of completed 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 Company's inventories resulting from the above valuations amounts to 1,208 million euros and 1,365 million euros, respectively.

Savills' main assumptions in the valuation are as follows:

<i>Selling Price (€/Sqm²)</i>	<i>Margin</i>	<i>Internal rate of Return</i>
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 12.3% in 2022 and 12.2% in 2021, as follows:

TIR (%)	Discount Rate (%)
	31.12.2022
Projects In Progress	8.1%
Fully Permitted	12.8%
Strategic Land	15.5%
TOTAL	12.3%

TIR (%)	Discount Rate (%)
	31.12.2021
Projects In Progress	7.9%
Fully Permitted	11.9%
Strategic Land	16.3%
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 Company's inventories. This sensitivity exercise was performed assuming that all other valuation variables remain constant. The results of the sensitivity analysis are as follows:

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- 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, although the Directors do not consider 10 % valuation increases or decreases to be likely.

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:

Hypothesis	Thousand of euros	
	Discount rate	
	Increase /(decrease)	
	1%	(1%)
Market value	1,150,228	1,268,666
Net book value	863,882	877,470

Hypothesis	Thousand of euros					
	Selling price					
	Increase /(decrease)					
	1%	(1%)	5%	(5%)	10%	(10%)
Market value	1,228,072	1,180,750	1,322,989	1,086,545	1,438,945	966,135
Net book value	875,424	866,652	890,312	847,446	907,255	813,178

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 60,458 thousand euros, and an increase of 100 basis points would result in a decrease in the valuation of 57,980 thousand euros.
- A 1% decrease in the sale price would lead to a decrease in the valuation of 27,458 thousand euros, and a 1% increase would lead to an increase in the valuation of 19,864 thousand euros.
- A 5% decrease in the sale price would lead to a decrease in the valuation of 121,663 thousand euros, and a 5% increase would lead to an increase in the valuation of 114,781 thousand euros.
- A 10% decrease in the sale price would lead to a decrease in the valuation of 242,073 thousand euros, and a 10% increase would lead to an increase in the valuation of 230,737 thousand euros.

12. Equity

12.1. Share capital

As at 31 December 2022 and 2021, the Company's share capital amounted to 411,161,118 euros and is made up of 68,526,853 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.

As at 31 December 2022, Vía Céler Holdco is the sole shareholder of the Company after 25 March 2021, the companies Maplesville Invest, S.L., Gleenwock Invest, S.L., Windham Spain, S.L., Rimbey Spain, S.L., Lewistown Invest, S.L. Barclays Bank PLC, J.P. Morgan Securities, PLC, Deutsche Bank Aktiengesellschaft, Trinity Investments Designated Activity Company Melf B.V., Merrill Lynch International, and Greencoat B.V. (hereinafter "former shareholders of Vía Céler Desarrollos Inmobiliarios, S.A.U.") formalised by public deed the incorporation of Vía Céler Holdco, S.L. The shares were fully subscribed by the shareholders of Vía Céler Desarrollos Inmobiliarios, S.A., changing its legal form to Vía Céler Desarrollos Inmobiliarios, S.A.U. The shares were fully paid through a non-cash contribution consisting of 100% of the shares of Vía Céler Desarrollos Inmobiliarios, S.A.U..

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

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

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

12.2 Issue 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 Sole Shareholders' Meeting of Vía Célere Desarrollos Inmobiliarios, S.A.U. held on 27 July 2022, approval was given for the distribution of an extraordinary dividend charged to the share premium, in the amount of 106,593 thousand euros, payable in cash.

On 18 November 2021, the Sole Shareholder of Vía Célere Desarrollos Inmobiliarios, S.A.U. approved the distribution of an extraordinary dividend charged to the issue premium in the amount of 86,300 thousand euros, payable 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 12.4. and that these have not been violated.

The issue premium at 31 December 2022 amounts to 543,494 thousand euros (650,087 thousand euros as at 31 December 2021).

12.3 Legal reserve

Under the Spanish Companies Act, 10% of net income 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 mentioned above, 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).

12.4 Restrictions on the distribution of dividends

As at 31 December 2022 and 2021, the 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 and the Revolving Facility Agreement (RCF) signed on 6 March 2021 (see Note 14). These limitations have not been breached.

12.5 Voluntary reserves

During 2022 voluntary reserves have increased by 55,319 thousand euros, mainly derived from the distribution of the previous year's profit. During 2021 they increased by 648 thousand euros, mainly due to the distribution of the previous year's profit.

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13. Provisions and contingencies

The composition of the balance of these balance sheet headings corresponds entirely to the provision for litigation and is detailed below:

	Thousands of euros			
	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Provisions for other liabilities	16,912	4,848	13,582	4,146
After-sales service	-	2,189	-	1,594
	16,912	7,036	13,582	5,740

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

	Thousands of euros		
	Provisions for other liabilities		After-sales service
	Non-current	Current	Current
Balance as at 01 January 2022	13,582	4,146	1,594
Allocations	4,091	3,974	772
Applications	(360)	(1,694)	(177)
Reversals	(400)	(1,578)	-
Balance as at 31 December 2022	16,912	4,848	2,189

	Thousands of euros		
	Provisions for other liabilities		After-sales service
	Non-current	Current	Current
Balance as at 01 January 2021	8,302	7,839	766
Allocations	3,952	5,222	852
Applications	(536)	(5,364)	(174)
Reversals	(586)	(681)	-
Transfer	2,720	(2,870)	150
Balance as at 31 December 2021	13,852	4,146	1,594

13.1 Provision for other liabilities

On 10 November 2021, the Group'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. For this plan, a provision for the accrued amount of 1,569 thousand euros in 2022 (1,288 thousand euros at 31 December 2021) has been recognised in the activity for the accrued amount of the plan.

As at 31 December 2022, the most relevant proceedings held by the Company were claims received from construction companies which have been provisioned.

As at 31 December 2021, the most significant proceedings held by the Company were due to claims received from construction companies during the year 2021, for which it has provisions. During 2021, claims have been received and have been provisioned in the amount of 2,664 thousand euros.

13.2 After-sales provision

During 2022, the Company has made a provision for possible customer claims for developments delivered in the amount of 772 thousand euros (852 thousand euros during 2021).

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13.3 Provisions for other current liabilities (trading provisions)

During 2022, the Company has made a provision of 3,974 thousand euros (5,222 thousand euros in 2021) for construction completion costs received but not yet invoiced on delivered developments. They are recognised at the date of sale of the relevant assets, based on the Company's best estimate of the possible expenditure and for the amount required to settle the Company's liabilities.

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.

14. Non-current and current debts and trade payables

The classification of Financial Liabilities by category is as follows:

	Thousands of euros			
	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
(ix) Financial liabilities at amortised cost				
Bonds and other marketable securities	294,822	5,338	293,261	28,638
Bank borrowings	-	97,584	-	124,467
Financial liabilities at cost				
Payable to Group companies, associates and related parties (Note 19)	-	94,765	-	79,314
Outstanding debts	-	1,890	-	2,419
Received (Note 14.2)	-	76,136	-	69,684
Suppliers, Group companies and associates (Note 19)	-	7,199	-	19,218
Advances from customers (Note 11.5)	-	71,740	-	98,873
Other financial liabilities	7	293	7	256
	294,829	354,944	293,268	422,869

Regardless of the effective repayment date, financial debt that is used to finance goods or assets also classified as "current" in the balance sheet is classified as "current".

Details of "Liabilities at amortized cost" at 31 December 2022 and 2021 are as follows:

	Thousands of euros			
	31.12.2022		31.12.2021	
	Non-current	Current	Non-current	Current
Mortgage loans on inventories (Note 14.1)	-	97,334	-	123,815
Bonds and other marketable securities	294,822	1,400	293,261	24,700
Interests	-	4,188	-	4,590
	294,822	102,922	293,261	153,105

Bond (Senior Secured Notes)

On 25 March 2021 Vía Céleré 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 Céleré Desarrollos Inmobiliarios, S.A.U., the shares of Vía Céleré, S.L.U. and the shares of Maywood Invest, S.L.U.

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

The bond is listed on Euronext.

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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.

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 2022 and 2021 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.

Senior syndicated loan

In 2020, the senior syndicated financing agreement signed by the Company on 2 January 2019 for 223,000 thousand euros, with the Company as the original borrower and Vía Célerе, S.L.U., Maywood Invest, S.L.U. and Udralar, S.L.U. as the original guarantors, J.P. was recognised under "Current bank borrowings" in the accompanying balance sheet. 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) in the amount of 185,331 thousand euros and a Revolving Credit Facility (RCF) in the amount of 37,669 thousand euros. On 25 March 2021, this contract was fully amortised. 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 2020, the Parent Company made repayments of 150 million euros, leaving an outstanding balance of 73 million euros as at 31 December 2020, which was fully repaid on 25 March 2021.

The 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.

Other loans and other marketable securities

Other marketable securities include a line for the issuance of promissory notes in MARF of which the balance drawn down at 31 December 2022 is 1,400 thousand euros (24,700 thousand euros as at 31 December 2021).

Other current borrowings at 31 December 2020 included the amount drawn down, recorded at amortised cost, of a credit line arranged with Banco Popular to finance the purchase of land, with an available limit of 28 million euros, of which 26 million euros were drawn down at 31 December 2020. During the first quarter of 2021, this credit line was fully repaid.

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Classification by maturity

The classification of financial liabilities by maturity is as follows (excluding interest):

	Thousands of euros					Total
	31.12.2022					
	2023	2024	2025	2026	2027 and later	
Inventory mortgage loans	92,318	5,016	-	-	-	97,334
Bonds and other marketable securities	1,400	-	-	294,822	-	296,222
Total financial liabilities	93,718	5,016	-	294,822	-	393,556

	Thousands of euros					Total
	31.12.2021					
	2022	2023	2024	2025	2026 and later	
Inventory mortgage loans	106,431	17,383	-	-	-	123,815
Bonds and other marketable securities	24,700	-	-	-	293,261	317,961
Total financial liabilities	131,131	17,383	-	-	293,261	441,776

14.1 Mortgage loans secured by inventories

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

	Thousands of euros	
	31.12.2022	31.12.2021
Loans secured by mortgages on property developments under construction (Note 11.3)	84,992	101,258
Loans secured by mortgages on constructed buildings (Note 11.4)	12,342	22,557
	97,334	123,815

These mortgage loans bear annual market interest, which ranged between 1.70% and 5.98% during 2022 (between 2.00% and 3.35% in 2021).

14.2 Trade payables

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

	Thousands of euros	
	31.12.2022	31.12.2021
Suppliers	76,136	69,684
Suppliers, Group companies and associates (Note 19)	7,199	19,218
Advances to customers (Note 11.5)	71,740	98,873
General information on the employees	1,890	2,419
Government payables (Note 16)	18,481	13,367
	175,446	203,561

Advances from customers deriving from the application at 1 January 2021 of the latest amendment to the PGC and its additional provisions through RD 1/2021, has assumed the recognition of an amount of 3,012 thousand euros at 1 January 2022 and an amount of 3,297 thousand euros at 31 December 2022 (see Note 11); at 1 January 2021 this amount was 3,336 thousand euros, and at 31 December 2021 it was 3,012 thousand euros.

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15. 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 36 and 51 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	36	51
Ratio of paid transactions	35	52
Ratio of transactions pending payment	55	43
	Amount	Amount
	(Euros)	(Euros)
Total payments made	201,719,029	175,041,428
Total payments pending	10,443,578	28,014,118

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
	2022
	Days
Average period of payment to suppliers	201,293,799
Ratio of paid transactions	100%
	Amount
	(Euros)
Total payments made	14,099
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.

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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.

16. Fiscal situation

On 1 January 2022, the Company ceased to be the parent company and became a subsidiary of the tax consolidation group No. 000/22, the parent company of which is Vía Céleré Holdco, S.L.

16.1. Tax receivables and payables

The detail of balances with public authorities is as follows:

	Thousands of euros			
	31.12.2022		31.12.2021	
	No Current	Current	No Current	Current
<u>Assets</u>				
Deferred tax assets	65,924	-	68,517	-
Current tax assets	-	69	-	69
Value added tax and similar taxes	-	5,666	-	3,743
	65,924	5,735	68,517	3,812
<u>Liabilities</u>				
Deferred tax liabilities	1,434	-	1,487	-
Corporate income tax	-	-	-	2,923
Social Security	-	259	-	259
Withholdings	-	405	-	329
Value added tax and similar taxes	-	17,817	-	9,856
	1,434	18,481	1,487	13,367

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16.2. Deferred tax assets and liabilities

The movement of "Deferred tax assets" as at 31 December 2022 and 2021 is as follows:

Thousands of euros				
	31.12.2021	Additions	Derecognitions	31.12.2022
Credits for loss carryforwards.	27,406	4,979	(4,716)	27,669
Non-deductible financial expenses	36,934	-	(3,404)	33,530
Limitation to depreciation.	527	-	(287)	240
Non-deductible provisions	2,122	899	(44)	2,977
Portfolio impairment	1,508	-	-	1,508
Tax deductions	20	(20)	-	-
	68,517	5,858	(8,451)	65,924

Thousands of euros				
	31.12.2020	Additions	Derecognitions	31.12.2021
Assets with tax value different from book value	(21)	21	-	-
Credits for loss carryforwards.	20,600	10,240	(3,434)	27,406
Non-deductible financial expenses	38,187	-	(1,253)	36,934
Limitation to depreciation.	635	-	(108)	527
Non-deductible provisions	2,058	536	(472)	2,122
Portfolio impairment	1,508	-	-	1,508
Tax deductions	20	-	-	20
	62,987	10,797	(5,267)	68,517

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

Thousands of euros				
	31.12.2021	Additions	Derecognitions	31.12.2022
Profit reinvestment exemption	1,487	-	(53)	1,434
	1,487	-	(53)	1,434

Thousands of euros				
	31.12.2020	Additions	Derecognitions	31.12.2021
Profit reinvestment exemption	1,034	505	(52)	1,487
	1,034	505	(52)	1,487

The Company'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. In 2022 the amount recovered by the Company of financial expenses not deducted in previous years amounts to 3,404 thousand euros (2021: 1.253 thousand of 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.
- Credits for loss carryforwards. As at 31 December 2022, the Company has activated NPLs amounting to 27,669 thousand euros. During 2022 4,979 thousand euros have been activated and 4,716 thousand euros were applied. (2021: 10,240 thousand euros and 3,434 thousand euros, respectively).

In order 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 an independent expert, which reflects a fair value of 1,208 million euros (see Note 11.6), as well as the business plan prepared by the Group for the period 2023-2033 and the sales forecasts for

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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 signed sales contracts amounting to 608 million euros (Note 11.5). Based on this evidence, the Group estimates that it will recover the full amount of tax credits recognised in less than ten years.

16.3. Reconciliation of accounting profit and taxable profit

The reconciliation between the net amount of income and expenses for the year and the tax base is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Balance of income and expenses for the year	51,259	61,466
Corporate income tax	15,616	2,662
Profit/(Loss) before taxes	66,875	64,128
Permanent differences	15,453	(13,203)
Temporary differences	(10,893)	(4,820)
Offset of tax loss carryforwards from previous years	(18,855)	(11,526)
Taxable income (Taxable profit)	52,580	34,579

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

	Thousands of euros	
	31.12.2022	31.12.2021
Balance of pre-tax income and expenses for the year	66,875	64,128
Tax at 25%	16,719	16,032
Permanent differences	3,863	(3,301)
Deductions and allowances for the current year	(58)	(8)
Prior year adjustments	53	(5,974)
Deferred tax assets not recognized in prior years	(266)	(1,205)
Negative tax base not activated	(4,695)	(2,882)
Corporate income tax expense / (income)	15,616	2,662

The detail of the income tax expense/(income) in the profit and loss account is as follows:

	Thousands of euros	
	2022	2021
Current tax		
From the year	13,086	8,616
Prior year adjustments	(622)	(269)
	12,464	8,347
Deferred taxes		
Origin and reversal of temporary differences		
Offset of tax loss carryforwards	(4,979)	(10,240)
Limitation on depreciation deduction	119	119
Other deferred adjustments	3,351	1,607
Profit reinvestment exemption	(52)	(52)
Applications of Tax loss carryforwards	4,713	2,881
	3,152	(5,685)
Continuing activities	15,616	2,662

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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 Company has recorded an impairment loss of 29,727 thousand euros on the equity investments and participating loans of some of its subsidiaries. A positive off-balance sheet adjustment has been made for the aforementioned amount in accordance with Article 13 of the Corporate Income Tax Law.
- The Company has reversed part of an impairment of portfolio and participating loans recorded by various group entities. As the various provisions recorded have been treated as non-deductible tax expenses in accordance with the provisions of the Spanish Corporate Income Tax Law, the reversal of the corresponding provisions has the nature of non-taxable income, meaning that a negative adjustment of 10,872 thousand euros has been made for this item.
- The Company compensated tax losses carryforwards by 18.855 thousand euros.

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

- Negative adjustment amounting to 13,110 thousand euros derived from the recoverability of the financial expense not deducted in previous years due to the application of Article 16 of the Corporate Income Tax Law.
- A positive adjustment of 711 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 amounting to 177 thousand euros for the same item, for the provision for rework applied to its purpose.
- A positive adjustment of 1,769 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 of 399 thousand euros corresponding to the reversal of accounting amortisation expenses

The main adjustments for permanent differences to the accounting profit for 2021 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 2021, 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 6,174 thousand euros relating to part of the loss deferred in 2017.
- The Company has reversed part of an impairment of portfolio and participating loans recorded by various group entities. As the various provisions recorded have been treated as non-deductible tax expenses in accordance with the provisions of the Spanish Corporate Income Tax Law, the reversal of the corresponding provisions has the nature of non-taxable income, meaning that a negative adjustment of 6,667 thousand euros has been made for this item.

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In 2021, the main temporary tax differences are as follows:

- Negative adjustment amounting to 4,930 thousand euros derived from the recoverability of the financial expense not deducted in previous years due to the application of Article 16 of the Corporate Income Tax Law.
- A positive adjustment of 844 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.
- A positive adjustment of 1,288 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 of 399 thousand euros corresponding to the reversal of accounting amortisation expenses

16.4. Deductions and tax losses carryforwards

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 deductions generated and applied during the year are as follows:

Year	Thousands of euros	Item
2022	38	Deduction for donations
	38	

As at 31 December 2022, there are no outstanding deductions.

The individual tax losses (pre-consolidation) to be offset at 31 December 2022 are detailed below:

Year of origin	Euros
2011	41,577
2012	54,446
2013	133,160
2014	1
2015	150,284
2016	946
2017	19,802
2018	12,283
	412,499

As all the entities belonging to the previous tax consolidation group, whose parent company was Vía Céleres 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.

The tax losses of the Company may be offset in the future, without any time limit, but in accordance with the quantitative limits set out in Royal Decree Law 3/2016 of 2 December. As mentioned in Section 2 of this note, the Company has capitalised tax loss carryforwards from previous years amounting to 27,669 thousand euros in units.

In summary, the tax loss carryforwards generated and pending offset by the Company amount to 412,429 thousand euros at 31 December 2022, of which 110,676 thousand euros have been capitalised (432,694 thousand euros at 31 December

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2021), corresponding to 27,669 thousand euros in units (25%) recorded as deferred tax assets (27,406 thousand euros at 31 December 2021).

16.5 Corporate Transactions

On 25 March 2021, the companies Maplesville Invest, S.L., Gleenwock Invest, S.L., Windham Spain, S.L., Rimbey Spain, S.L., Lewistown Invest, S.L. Barclays Bank PLC, J.P. Morgan Securities, PLC, Deutsche Bank Aktiengesellschaft, Trinity Investments Designated Activity Company Melf B.V., Merrill Lynch International, and Greencoat B.V. (hereinafter "former shareholders of Vía Célerе Desarrollos Inmobiliarios, S.A.U.") formalised by public deed the incorporation of Vía Célerе Holdco, S.L. through the issuance of 60,002 shares with a par value of 1 euro per share and an issue premium of 6,851 euros per share.

The shares were fully subscribed by the shareholders of Vía Célerе Desarrollos Inmobiliarios, S.A., changing its legal form to Vía Célerе Desarrollos Inmobiliarios, S.A.U. and maintaining its shareholding structure and composition, including the percentages of participation and rights over them. Therefore, the investment funds managed by Värde Partners, Inc. held 76.4% of the shares.

The shares were fully paid through a non-monetary contribution consisting of 100% of the shares of Vía Célerе Desarrollos Inmobiliarios, S.A.U., being valued at 867,548 thousand euros. The share capital had a par value of 60,002 euros and an issue premium of 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 generated a restructuring of the Group where Vía Célerе Holdco, S.L. is the new Parent Company of the group, while maintaining the Vía Célerе Desarrollos Inmobiliarios subgroup.

Therefore, and due to the fact that the Company ceased to be a parent company for the purpose of applying the special tax consolidation system, Group No. 0258/16 will be broken with effect from 1 January 2022.

However, the directors of the new parent company Vía Célerе 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.

During 2019 the merger by absorption of the Company (as the absorbing entity) with the parent companies, the project companies of the operating companies of Aelca and Ponsnova Inmuebles, S.L.U. was carried out. (as absorbed entities), by means of simultaneous execution and in unity of act, with extinction of all of them and block transfer of their respective assets to the absorbing entity, which acquires by universal succession the totality of the rights and obligations of the former.

The merger by absorption was covered by the tax neutrality system provided for in Section VIII, Chapter VII of the LIS.

Although the merger was tax neutral, there is no difference between carrying values and tax values, as all assets were recorded for accounting purposes at the same value at which the absorbed entities had recorded them.

In relation to the mentions established in article 6 of the Corporate Income Tax Law, see Annex I, II, III, IB of the annual accounts for the year 2019

16.6. Years open for inspection and ongoing inspections

As at 31 December 2022, the Company has the following taxes and years open for inspection:

	<u>Years Open for Inspection</u>
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).

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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.

According to the legal provisions in force, tax assessments cannot be considered final until they have been inspected by the tax authorities or the four-year limitation period has elapsed.

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 Company must accredit the tax losses 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.

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

17. Income and expenses

17.1 Revenue

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

	Thousands of euros	
	National	
	2022	2021
Revenue from sale of property developments	511,831	485,763
Revenues from holding activities (Note 18)	4,927	4,601
	516,758	490,364

According to the consultation published in 2009 by the Spanish Accounting and Audit Institute (ICAC), in the case of a holding company such as Vía Céleres Desarrollos Inmobiliarios, S.A.U., dividends and income from financing granted to investees or from the provision of management services must be classified and presented as part of net turnover, as this is understood to be a principal activity of the Company.

The Company records under "Income from holding activities", mainly income from financing granted, distribution of dividends and provision of corporate services to investees.

During 2022, the company has recognised 2,488 thousand euros for the provision of corporate services (see Note 18) and 964 thousand euros in income from financing granted and 1,430 thousand euros for dividends received by its associate Céleres Forum Barcelona, S.L. During 2021 the company recognised 3,313 thousand euros for the provision of corporate services (see Note 18) and 1,288 thousand euros in income from financing granted.

17.2 Change in finished goods and work in progress inventories

The breakdown of this item is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Expenses capitalised as an increase in inventories (Note 11)	262,375	221,021
Cost of sales (Note 11)	(331,305)	(372,540)
Impairment losses on sales (Note 11)	3,240	14,225
Impairment of inventories (Note 11)	(1,452)	(1,238)
Reversal of impairment of inventories (Note 11)	4,205	6,139
	(62,937)	(132,393)

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17.3. Personnel expenses

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

	Thousands of euros	
	31.12.2022	31.12.2021
Wages and salaries	(13,881)	(13,977)
Compensation	(204)	-
Social Security	(2,970)	(4,220)
	(17,055)	(18,197)

17.4 Personnel

The composition of the Company's workforce at 2022 and 2021 year-end, broken down by professional category and gender, is as follows:

	31.12.2022		31.12.2021	
	Women	Men	Women	Men
Group General Management	-	5	-	5
Directors and Department Heads	21	46	21	48
Technicians	42	26	44	29
Sales representatives	18	5	21	7
Administrative workers	33	10	38	11
Other personnel	-	1	-	-
	114	93	124	100

As at 31 December 2022 and 2021, the composition of the Company's average workforce is as follows:

	31.12.2022	31.12.2021
Group General Management	5	6
Directors and Department Heads	69	71
Technicians	72	74
Sales representatives	24	29
Administrative workers	44	52
Other personnel	1	-
	215	232

As at 31 December 2022 and 2021, there were 5 and 5 directors, respectively, all of whom are men.

During 2022 and 2021 the Company had 3 and 2 employees with a disability of 33% or more, respectively.

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

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17.5 External Services

The detail of this heading during 2022 and 2021 is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Leases	(1,406)	(1,126)
Repairs and maintenance	(9)	(51)
Independent professional services	(8,023)	(7,219)
Insurance premiums	(587)	(533)
Banking and similar services	(33)	(112)
Advertising and Publicity	(2,727)	(2,969)
Supplies	(781)	(846)
Other services	(1,478)	(956)
	(15,044)	(13,812)

During 2022, the Company has incurred expenses for independent professional services (audit, legal and legal consultancy, etc.) in the amount of 8,023 thousand euros (2021: 7,219 thousand).

Leases

As at 31 December 2022 and 2021, the Company has contracted office leases in Valladolid, Barcelona, Madrid and Malaga.

Commitments for future minimum lease payments amount to 2,840 thousand euros as at 31 December 2022 (3,435 thousand euros in 2021).

The detail is as follows:

	Thousands of euros	
	2022	2021
Less than 1 year	757	681
Between 1 - 5 years	2,083	2,754
	2,840	3,435

Audit fees

The fees for services rendered by PricewaterhouseCoopers Auditores are as follows:

	Miles de Euros			
	PwC Auditores, S.L.		Others entities in the Auditors Network	
	2022	2021	2022	2021
Audit Services	142	126	-	-
Other non audit Services(*)	-	120	148	102
Total services	142	246	148	102

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

The amounts included in the above table include all fees for services performed during 2022 and 2021, and have been recognised under "Independent professional services" in the profit and loss account for the year.

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The information relating to the services provided by the audit firm to the companies controlled by the Company during the year ended 31 December 2022 and 2021, if applicable, is included in the consolidated annual accounts of Vía Céleré Desarrollos Inmobiliarios, S.A.U. and subsidiaries at 31 December 2022.

17.6. Financial income and expenses

The movement in this heading during 2022 and 2021 is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Financial costs		
Payable to Group companies (Note 18)	(2,411)	(2,292)
Debt interest	(30,716)	(34,370)
	(33,127)	(36,662)
Financial income		
Marketable securities and other financial instruments	542	478
	542	478

17.7. Impairment and gains/losses on disposal of fixed assets and financial instruments

The movement in this heading during 2022 and 2021 is as follows:

	Thousands of euros	
	31.12.2022	31.12.2021
Reversal (impairment) of financial investments and receivables from companies	(19,424)	7,168
Profit/(loss) on disposal of fixed assets	15	140
	(19,409)	7,308

In 2021, the gain on disposal of fixed assets arising from the sale of the Carlos and Guillermo Fernandez Shaw offices in Madrid was recognised, which amounted to 140 thousand euros.

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18. Transactions with Group companies, associates and related parties

The detail of transactions with the group, associates and related parties during 2022 and 2021 is as follows:

	Thousands of euros			
	31.12.2022			
	Expenses		Income	
Services Received	Financial expenses (Note 17.6)	Provision of services (Note 17.1)	Finance income (Note 17.1)	
<u>Group companies</u>				
Vía Céleré Catalunya, S.L.U.	-	308	7	1
Vía Céleré Gestión de Proyectos, S.L.U.	41,219	-	870	132
Torok Investments 2015, S.L.U.	-	-	7	29
Vía Céleré 2, S.L.U.	-	17	7	3
Vía Céleré 1, S.L.U.	-	-	6	4
Vía Céleré, S.L.U.	-	1,182	29	14
Copaga, S.A.U.	-	2	6	12
Conspace, S.L.U.	-	-	6	16
Maywood, S.L.U.	-	4	1,036	235
Udralar, S.L.U.	-	897	399	53
Udrasur, S.L.U.	-	1	6	4
Douro Atlántico S.A.	-	-	30	106
Parquesoles Inversiones Inmobiliarias y Proyectos S.A.	-	-	17	206
Lealtad Directorship, S.L.U.	-	-	50	-
Vía Céleré Holdco, S.L.	-	-	12	149
<u>Associates</u>				
Céleré Fórum Barcelona, S.L.	-	-	-	1,430
	41,219	2,411	2,488	2,394

In 2022, the Company signed construction contracts with its investee Vía Céleré Gestión de Proyectos, S.L.U. for the construction of residential developments in Spain. The price of the work is determined by the costs incurred plus a market margin of 4%.

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	Thousands of euros			
	31.12.2021			
	Expenses		Income	
	Services Received	Financial expenses (Note 17.6)	Provision of services (Note 17.1)	Finance income (Note 17.1)
<u>Group companies</u>				
Vía Célere Catalunya, S.L.U.	-	308	6	1
Vía Célere Gestión de Proyectos, S.L.U.	56,161	16	1,156	314
Torok Investments 2015, S.L.U.	-	-	6	24
Vía Célere 2, S.L.U.	-	16	7	2
Vía Célere 1, S.L.U.	-	-	6	4
Vía Célere, S.L.U.	-	1,316	35	14
Copaga, S.A.	-	2	5	4
Conspace, S.L.U.	-	-	6	23
Maywood, S.L.U.	-	-	793	447
Udralar, S.L.U.	-	634	591	60
Udrasur, S.L.U.	-	-	6	3
Douro Atlántico S.A.	-	-	246	126
Parquesoles Inversiones Inmobiliarias y Proyectos S.A.	-	-	340	266
<u>Associates</u>				
Célere Fórum Barcelona, S.L.	-	-	110	-
	56,161	2,292	3,313	1,288

In 2021, the Company signed construction contracts with its investee Vía Célere Gestión de Proyectos, S.L.U. for the construction of residential developments in Spain. The price of the work was determined by the costs incurred plus a market margin of 4%.

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During 2022 and 2021, various offsets have been made, mainly of ordinary loans and current accounts, between the Company and several of its subsidiaries as described in Note 10.

20. Other information

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

As at 31 December 2022, there are five members of the Board of Directors (five men) and five members of Senior Management (2021: five men), one of whom is a member of the Board of Directors.

20.1. Remuneration of members 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, with the approval of the long-term incentive plan in 2021, an amount of 1,569 thousand euros (1,288 thousand euros at December 31, 2021) has been provided, corresponding to Senior Management staff, of which no amount has been received in 2022 or 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.

20.2. Transactions outside the ordinary course of business or under non-market conditions by the Directors and by the members of the Company's Board of Directors.

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 Company or persons related to them, in 2022 and 2021 the directors and members of the Committee did not perform transactions with the Company that were not in the ordinary course of business or on terms and conditions other than those prevailing in the market.

20.3. Conflict of interest situations concerning the Directors

Except for the following, the members of the management bodies of the company and the persons related to them have not incurred in any situation of conflict of interest that has had to be notified in accordance with the provisions of Art. 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 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 Company 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 Céleré 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 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 annual accounts, in a situation of direct or indirect conflict with the interests of the Company, 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 Company, 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 Céleré 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.

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Mr Anthony Iannazzo and his related persons have not incurred, during 2022 and up to the date of preparation of these 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 Company dated 22 July 2022, in which he abstained from intervening in the resolutions or decisions. Nevertheless, Mr Anthony 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 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 Célerе 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 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 Célerе 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 Célerе.

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 financial statements, in a situation of direct or indirect conflict with the interests of the Company, meaning that he has not had to abstain from intervening in resolutions or decisions relating to this situation of conflict.

21. Guarantees given to third parties

As at 31 December 2022, the Company holds guarantees with third parties amounting to 150,355 thousand euros (166,677 thousand euros as at 31 December 2021). These guarantees mainly take the form of provisional guarantees provided mostly by banks and insurance companies.

22. Risk and risk management policy

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.

Operational risks

These are those derived from the activity of the Company, in the development of the corporate purpose established in its articles of association, whether they are the purchase and sale and rental of assets, residential, tertiary or industrial development.

In order to guarantee and maximise the return on the investments made and to contribute to and boost the increase in the value of the real estate assets, detailed and individualised economic-financial studies of the projects are carried out.

These studies are complemented by fiscal, legal and town planning analyses of each of the operations to be developed. This work is carried out by the Tax and Legal Department, in collaboration with leading law firms, analysing the possible tax, legal and town planning repercussions and risks in the different areas in which the Company operates.

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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.

Financial risks

Credit risk exposure

In general terms, the Company 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 counterparties are banks that have been assigned high ratings by international credit rating agencies.

The Company's principal financial assets are cash and cash equivalents, trade and other receivables and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is mainly attributable to its trade debts. The amounts are reflected in the balance sheet net of provisions for bad debts, estimated by the Company's management on the basis of previous years' experience and its assessment of the current economic environment. In any case, the Company does not have a significant concentration of credit risk.

Interest risk exposure

This is shown by 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.

Liquidity risk exposure

As at 31 December 2022, the Company has working capital of 853,376 thousand euros (926,183 thousand euros as at 31 December 2021).

The Company prudently manages its liquidity risk by maintaining sufficient cash and marketable securities, having adequate funding available through committed credit facilities and sufficient capacity to liquidate its market positions. The Company determines its cash requirements through the budget, with a time horizon of 12 months. The Company considers that the agreed funding framework is sufficiently flexible to adapt to the needs, given the dynamic nature of its business.

23. Events after the reporting period

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

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2022 Management Report

2022 Management Report

1. Information on the Entity

1.1. Organisational Structure

Vía Célere Desarrollos Inmobiliarios, S.A.(hereinafter, "the Company") was incorporated on 16 August 1989, by deed executed in Pontevedra in the presence of the Notary Public of this city, Rafael Sanmartín Losada, under number 1,503 of his protocol, under the name "Confecciones Udra, S.A.", changing its name to "Inmobiliaria Udra, S.A." in 1993.

On 20 August 2008, the corporate resolution passed at the Extraordinary General Shareholders's Meeting of the Company on 30 June 2008, whereby the Company changed its name from "Inmobiliaria Udra, S.A." to "San José Desarrollos Inmobiliarios, S.A.".

On 14 June 2016, the Board of Directors of the Company passed a resolution to change its corporate name from "San José Desarrollos Inmobiliarios" to "Dos Puntos Desarrollos Inmobiliarios S.A.".

On 30 June 2017, the Board of Directors of the Company agreed to change the name of the company from "Dos Puntos Desarrollos Inmobiliarios, S.A." to "Vía Célere Desarrollos Inmobiliarios, S.A.". Finally, on 25 March 2021, after the change of parent company, Vía Célere Holdco changed its corporate name to "Vía Célere Desarrollos Inmobiliarios, S.A.U. On November 23, 2021, at the Extraordinary General Shareholders' Meeting, it was resolved to change the registered office to Calle Ulises 16-18, plantas 6ª y 7ª, 28043, Madrid, Spain.

The Company's main operations are in Spain and consist mainly of residential property development for disposal. The Company's statutory activity consists of providing the following services: development of all types of real estate; construction in general, in its own name or on behalf of third parties; purchase and sale of construction equipment, development and gardening material; execution of public works in general; and purchase and sale of all types of real estate, whether transportable or not, and of real estate, rural or urban.

The Company is the parent company of the Vía Célere Desarrollos Inmobiliarios Group, which is obliged to file consolidated annual accounts with the Commercial Registry of Madrid. The composition of the Group is detailed in Note 10 of the notes to the annual accounts.

As at 31 December 2022, the tax consolidation group is as follows:

<u>Tax Group</u>
<u>2022</u>
Parent
Vía Célere Holdco, S.L.
Associates
Vía Célere Desarrollos Inmobiliarios, S.A.U.
Copaga, S.A.
Udralar, S.L.U.
Udrasur Inmobiliaria, S.L.U.
Torok Investment 2015, S.L.U.
Vía Célere, S.L.U.
Vía Célere 1, S.L.U.
Vía Célere 2, S.L.U.
Vía Célere Gestión de Proyectos, S.L.U.
Conspace, S.L.U.
Vía Célere Catalunya, S.L.U.
Maywood Invest, S.L.U.

The Company has a diversified real estate portfolio in land, stock and assets, valued at 1,208 million euros, with a clear focus on the development of land for housing sales.

As at 31 December 2022, Vía Célere Holdco is the sole shareholder of the Company after acquiring the shares from the previous shareholders on 25 March 2021.

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Operation

The Company's business model aims to strengthen housing development in Spain and Portugal, in the areas where the highest per capita growth is concentrated, as a way of being less exposed to the risks inherent to this type of activity, while optimising the asset portfolio to consolidate and increase the recurring income generated by this business area. The Company aims to consolidate its position as one of the major players in the real estate sector in the residential area, with an increasingly important weighting in the activity carried out and with a greater future contribution to the Company's turnover.

2. Business performance and results

2.1. Key figures of the Company

Revenue

Revenue amounted to 516,758 thousand euros. Income from the sale of real estate assets in stock for the year amounted to 511,831 thousand euros.

Equity

As at 31 December 2022, the 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.

Information on environmental and personnel actions

In view of the Company's business activities, it has no environmental liabilities, expenses, assets, provisions and contingencies that could be material with respect to its equity, financial position and results.

As at 31 December 2022, the average number of employees in the Company's companies was 215. The total number of employees at the end of 2022 was 207.

The gender distribution of employees is:

	31.12.2022		31.12.2021	
	Women	Men	Women	Men
Group General Management	-	5	-	5
Directors and Department Heads	21	46	21	48
Technicians	42	26	44	29
Sales representatives	18	5	21	7
Administrative workers	33	10	38	11
Other personnel	-	1	-	-
	114	93	124	100

The average distribution of staff by category is as follows:

	31.12.2022	31.12.2021
Group General Management	5	6
Directors and Department Heads	69	71
Technicians	72	74
Sales representatives	24	29
Administrative workers	44	52
Other personnel	1	0
	215	232

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3. Liquidity and capital resources

Liquidity

The Company'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."

4. Principal risks and uncertainties

The risk management policies within the different areas in which the Company 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 Company. 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

This is shown by 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.

Exposure to price risk

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

Credit risk

In general terms, the Company 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 counterparties are banks that have been assigned high ratings by international credit rating agencies.

The Company's principal financial assets are cash and cash equivalents, trade and other receivables and investments, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The Company's credit risk is mainly attributable to its trade debts. The amounts are reflected in the balance sheet net of provisions for bad debts, estimated by the Company's management on the basis of previous years' experience and its assessment of the current economic environment. In any case, the Company does not have a significant concentration of credit risk.

Liquidity risk

As at 31 December 2022, the Company has working capital of 853,376 thousand euros (926,183 thousand euros as at 31 December 2021).

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The Company prudently manages its liquidity risk by maintaining sufficient cash and marketable securities, having adequate funding available through committed credit facilities and sufficient capacity to liquidate its market positions. The Company determines its cash requirements through the budget, with a time horizon of 12 months. The Company considers that the agreed funding framework is sufficiently flexible to adapt to the needs, given the dynamic nature of its business.

5. Significant events after closure

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

6. Information on foreseeable developments

The Company 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.

By 2023, the Company aims to continue acquiring new land plots 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.

7. Research and development activities and acquisitions of treasury stock.

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

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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.

8. 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 36.

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.

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	Payments made and outstanding at the reporting date 2022
	Days
Average period of payment to suppliers	201,293,799
Ratio of paid transactions	100%
	Amount (Euros)
Total payments made	14,099
Total payments pending	98%

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

Signature sheet

The Directors of Vía Célerе 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 Annual Accounts and Directors' Report for the financial year from 1 January 2022 to 31 December 2022. The Directors delegate to the non-director secretary, Ms Aurora Mata, the power to approve these annual accounts and management report for 2022, which are set out in the attached document consisting of 59 and 6 pages respectively.

Mr Anthony Iannazzo

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

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Mr Héctor Serrat Sanz

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

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Mr Timothy James Mooney

VÍA CÉLERE DESARROLLOS INMOBILIARIOS, S.A.U.

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Mr Antoni Elias Sugrañes

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Mr Jose Ignacio Morales Plaza