5.1 CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

5.1.1 Condensed consolidated financial statements

Consolidated balance sheet

ASSETS

(in thousands of euros)	Notes	Balance at 31/12/2023	Balance at 31/12/2022
Non-current assets			
Goodwill	7	1,171,893	1,397,735
Other intangible assets	8	107,153	147,596
Right-of-use assets	8	748,343	715,798
Property, plant and equipment	8	81,505	80,484
Equity-accounted investments	9	132,795	109,326
Other financial assets	10	49,713	60,201
Deferred tax assets	31	25,342	15,899
Total non-current assets		2,316,744	2,527,039
Current assets			
Inventories and work in progress	12	1,909,849	1,973,399
Trade and other receivables	13	1,163,205	1,541,735
Tax receivable	31	16,138	10,400
Other current assets	14	700,453	1,653,293
Other financial receivables	22	370,296	361,118
Cash and cash equivalents	23	715,947	897,979
Total current assets		4,875,888	6,437,924
Assets held for sale	3.2	1,303,942	209,700
TOTAL ASSETS		**8,496,574**	**9,174,663**

5

LIABILITIES AND EQUITY

(in thousands of euros)		Balance at 31/12/2023	Balance at 31/12/2022
Equity			
Share capital	16	280,649	280,649
Additional paid-in capital		521,060	521,060
Treasury shares held	19	(16,633)	(21,652)
Reserves and retained earnings		1,073,184	1,006,267
Net profit for the period		19,206	187,770
Equity attributable to equity holders of the parent company		1,877,466	1,974,094
Non-controlling interests	17	63,380	61,629
Total equity		1,940,846	2,035,723
Non-current liabilities			
Long-term borrowings and financial debt	21	581,780	665,481
Non-current lease liabilities	21	719,731	672,222
Employee benefits	26	10,928	20,815
Deferred tax liabilities	31	80,137	98,921
Total non-current liabilities		1,392,576	1,457,439
Current liabilities			
Short-term borrowings, financial liabilities and operating liabilities	21	1,161,677	1,227,563
Current lease liabilities	21	128,770	106,812
Current provisions	26	68,735	76,999
Trade and other payables		1,750,992	1,816,277
Current tax liabilities	31	4,693	21,263
Other current liabilities	15	890,033	2,267,852
Total current liabilities		4,004,900	5,516,766
Liabilities associated with assets held for sale	3.2	1,158,252	164,735
TOTAL LIABILITIES AND EQUITY		**8,496,574**	**9,174,663**

Consolidated income statement

(in thousands of euros)	Notes	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Revenue	4	3,964,311	4,351,751
Purchases		(2,605,277)	(2,883,564)
Employee benefits expense	27	(664,045)	(671,481)
Other operating expenses	28	(283,409)	(256,252)
Taxes (other than income tax)		(35,657)	(33,275)
Depreciation, amortisation and impairment of non-current assets	29	(197,427)	(172,019)
Current operating profit		178,496	335,160
Non-current operating profit		39,624	-
Operating profit		218,120	335,160
Share of net profit of equity-accounted investments	9	18,570	25,730
Operating profit after share of net profit of equity-accounted investments		236,690	360,890
Financial expenses	30	(116,047)	(67,817)
Financial income	30	15,954	7,244
Net financial income/(expense)		(100,093)	(60,573)
Pre-tax recurring profit		136,597	300,317
Income tax	31	(50,780)	(88,770)
Share of net profit/(loss) from other equity-accounted investments	9	(49,086)	(7,441)
NET PROFIT		**36,731**	**204,106**
o/w: Attributable to equity holders of the parent company		19,206	187,770
o/w: Attributable to non-controlling interests		17,525	16,336
(in euros)			
Net earnings per share	**32**	**0.35**	**3.40**
Diluted earnings per share	**32**	**0.33**	**2.98**

Consolidated statement of comprehensive income

(in thousands of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
NET PROFIT	**36,731**	**204,106**
Change in value of derivative instruments for hedging	(2,656)	-
Foreign currency translation gains and losses	2,703	(433)
Gains and losses that may be recycled to net profit	47	(433)
Actuarial gains and losses on retirement benefits	2,150	3,870
Deferred tax on actuarial gains and losses	(555)	(999)
Other variations	-	106
Gains and losses that may not be recycled to net profit	1,595	2,977
TOTAL OTHER COMPREHENSIVE INCOME (NET OF TAX)	**1,642**	**2,544**
TOTAL COMPREHENSIVE INCOME	**38,373**	**206,650**
o/w: Attributable to equity holders of the parent company	20,848	190,314
o/w: Attributable to non-controlling interests	17,525	16,336

Change in consolidated equity

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury shares held	Reserves and retained earnings	Other comprehensive income	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
Movements in 2022								
At 1 January 2022	280,649	548,489	(34,066)	1,128,484	4,996	1,928,552	19,620	1,948,172
Treasury shares			12,414	(9,594)		2,820		2,820
Share-based payments				11,773		11,773		11,773
Impact of acquisitions or disposals of non-controlling interests after acquisition of control				(20,585)		(20,585)		(20,585)
Dividends paid by Nexity (€2.50 per share)				(138,100)		(138,100)		(138,100)
Total movements linked to relationships with shareholders	-	-	12,414	(156,506)	-	(144,092)	-	(144,092)
Net profit for the period				187,770		187,770	16,336	204,106
Other comprehensive income					2,544	2,544		2,544
Total comprehensive income	-	-	-	187,770	2,544	190,314	16,336	206,650
Dividends paid by subsidiaries						-	(9,960)	(9,960)
Impact of changes in scope				(680)		(680)	35,633	34,953
AT 31 DECEMBER 2022	**280,649**	**548,489**	**(21,652)**	**1,159,068**	**7,540**	**1,974,094**	**61,629**	**2,035,723**
Movements in 2023								
At 1 January 2023	280,649	548,489	(21,652)	1,159,068	7,540	1,974,094	61,629	2,035,723
Treasury shares			5,019	(9,488)		(4,469)		(4,469)
Share-based payments				2,032		2,032		2,032
Impact of acquisitions or disposals of non-controlling interests after acquisition of control				25,066		25,066		25,066
Dividends paid by Nexity (€2.50 per share)				(139,241)		(139,241)		(139,241)
Total movements linked to relationships with shareholders	-	-	5,019	(121,631)	-	(116,612)	-	(116,612)
Net profit for the period				19,206		19,206	17,525	36,731
Other comprehensive income					1,642	1,642		1,642
Total comprehensive income	-	-	-	19,206	1,642	20,848	17,525	38,373
Dividends paid by subsidiaries						-	(15,898)	(15,898)
Impact of changes in scope				(864)		(864)	124	(740)
AT 31 DECEMBER 2023	**280,649**	**548,489**	**(16,633)**	**1,055,779**	**9,182**	**1,877,466**	**63,380**	**1,940,846**

Consolidated statement of cash flows

(in thousands of euros)	Notes	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Net profit attributable to equity holders of the parent company		19,206	187,770
Net profit attributable to non-controlling interests		17,525	16,336
Consolidated net profit		36,731	204,106
Elimination of non-cash income and expenses:			
Elimination of depreciation, amortisation and provisions		53,557	36,700
Elimination of depreciation of right-of-use assets		155,534	134,366
Elimination of gains and losses on asset disposals		(58,830)	547
Elimination of the impact of changes in fair value		-	-
Elimination of net profit from equity-accounted investments		(18,570)	(25,730)
Elimination of net profit from other equity-accounted investments		49,086	7,441
Elimination of the impact of share-based payments		2,032	11,773
Cash flow from operating activities after interest and tax expenses		219,540	369,203
Elimination of net interest expense/(income)		78,786	50,350
Elimination of tax expense, including deferred taxes and tax credits		49,507	87,465
Cash flow from operating activities before interest and tax expenses		347,833	507,018
Change in operating working capital	11	213	(186,717)
Dividends received from equity-accounted investments	9	26,089	36,644
Interest paid		(44,233)	(20,952)
Tax paid		(91,056)	(66,759)
Net cash from/(used in) operating activities		238,846	269,234
Purchase of subsidiaries, net of cash acquired	3.4	(6,763)	(23,446)
Proceeds from sale of subsidiaries, net of cash divested	3.5	134,820	1,274
Other changes in scope		(1,059)	245
Reclassification in accordance with IFRS 5	3.2	(14,852)	(45,395)
Purchase of property, plant, equipment and intangible assets		(59,738)	(69,135)
Purchase of financial assets		(52,837)	(10,381)
Proceeds from sale of property, plant, equipment and intangible assets		617	325
Proceeds from sale and redemption of financial assets		6,896	4,146
Net cash from/(used in) investing activities		7,084	(142,367)
Dividends paid to equity holders of the parent company		(139,241)	(138,100)
Dividends paid to minority shareholders of consolidated companies		(15,898)	(9,960)
Net disposal/(acquisition) of treasury shares		(7,065)	639
(Acquisitions)/disposals of non-controlling interests with no gain or loss of control		(114,642)	(46,329)
Proceeds from issuance of bonds		181,189	188,264
Redemption of bonds		(245,503)	(98,517)
Repayment of lease liabilities		(143,144)	(132,786)
Decrease in receivables and increase in short-term financial debt		27,678	(71,349)
Net cash from/(used in) financing activities		(456,626)	(308,138)
Impact of changes in foreign currency exchange rates		(113)	188
CHANGE IN CASH AND CASH EQUIVALENTS		**(210,809)**	**(181,083)**
Cash and cash equivalents at beginning of period		861,316	1,042,399
Cash and cash equivalents at end of period	23	650,507	861,316

5

5.1.2 Notes to the consolidated financial statements

Note 1 Information on the Company and significant developments

1.1 Presentation

Nexity is a global real estate operator harnessing the entire spectrum of property know-how and skills to serve private individuals, companies, institutional investors and local authorities. Covering all segments of the real estate development and services markets, Nexity is one of the top players in French real estate and offers its clients a unique range of expertise and advice, products, services and solutions to meet their evolving needs.

The Group is present throughout France, with some limited operations elsewhere in Europe.

It is organised around the following three business divisions:

- The Development division, which includes the following activities:
  - Residential real estate development, including the development of new homes and subdivisions in France, urban regeneration and, to a lesser extent, development in other European countries, and
  - Commercial real estate development, corresponding to the development of office buildings, business parks, logistics platforms, shops and hotels;
- The Services division including:
  - Property management (property management and transactions for individuals and companies);
  - Serviced properties (management of student residences and coworking spaces);
  - Distribution (marketing of real estate products); and
- The Other activities division, which includes investment activities and the holding company.

Nexity's shares are listed on Eurolist by NYSE Euronext Paris.

1.2 Significant developments

The 2023 fiscal year was marked by the following events:

Business activity - Nexity outperforms the market

- New home reservations: -19% in volume in a market down by 26% year-on-year and by 41% over two years; and
- Continued strong **growth in serviced real estate** with revenue up 25%.

A busy 2023 to refocus the Group's roadmap

- **Pivot towards urban regeneration:**
  - first market deal with Carrefour and creation of the property venture, jointly owned by Carrefour (80%) and Nexity (20%). This is classified under equity-accounted investments. The revenue expected at completion on property development activities thanks to this partnership will be in excess of €2 billion over 10 years, and
  - launch of Nexity Héritage, a property development brand specialising in urban regeneration, and partnership with Mirabaud AM to develop property venture operations.
- **Disposal of international activities:**
  - Disposal of activities in Poland and Portugal.
- **Strategic and financial partnerships:**
  - In December 2023, Nexity entered into exclusive negotiations to sell its Services to Individuals business to Bridgepoint for an enterprise value of €440 million. The transaction is expected to close in the 1st half of 2024. In this respect, assets and liabilities of discontinued operations are presented on specific lines of the assets and liabilities of the consolidated statement of financial position under the headings “Assets held for sale” and “Liabilities held for sale” in accordance with IFRS 5 *Operations held for disposal* (Note 3.2.3).

GENERAL INFORMATION

Note 2 General principles

2.1 Statement of compliance

The consolidated financial statements of Nexity group as at 31 December 2023 are prepared in accordance with IFRS (International Financial Reporting Standards) and the interpretations and decisions of the IFRS IC (IFRS Interpretations Committee) as adopted in the European Union.

The accounting policies and principles applied to the consolidated financial statements at 31 December 2023 are identical to those used for the consolidated financial statements for fiscal year ended 31 December 2022, except for the points described in 2.2.

The Company's press releases and annual reports – including historical financial information about the Company and the consolidated financial statements – are available on the Company's website *www.nexity.fr/en/group*. Copies may also be obtained from Nexity's registered office at 19, rue de Vienne – TSA 50029 – 75801 Paris Cedex 8 (France).

The consolidated financial statements were approved by the Board of Directors on 28 February 2024 and will be submitted for approval at the Shareholders' Meeting of 23 May 2024.

2.2 New IFRS IC standards, interpretations and decisions

Pillar 2 or GloBE rules (finance law December 2023)

The aim of the "Global Anti-Base Erosion Rules" ("GloBE Rules" or "Pillar 2") is to ensure that groups of companies with revenue of at least €750 million are taxed at an effective rate of 15%.

To this end, these groups must determine, in each jurisdiction in which they operate, their effective GloBE tax rate and, if this is lower than the minimum rate, pay an additional tax.

No deferred tax in respect of Pillar 2 is recognised in the Group's financial statements at 31 December 2023 as a result of the application of the mandatory temporary exemption introduced by the amendment to IAS 12 (published by the IASB on 23 May 2023, adopted by the EU on 8 November 2023) and applicable for accounting periods beginning on or after 1 January 2023.

In order to be as well prepared as possible for compliance with the new Pillar 2 obligations, the Group has followed OECD publications and legislative developments in the jurisdictions in which it operates. At this stage of our work, we consider that no significant additional tax cost is expected.

The other standards, amendments and interpretations adopted by the European Union in 2023 had no impact on the financial statements.

2.3 Estimates and assumptions

In the process of preparing the consolidated financial statements, the measurement of certain statement of financial position and income statement items calls for the use of assumptions or assessments based, in particular, on budgets for real estate projects. These are used to measure the operating margin, non-current assets, provisions, inventory impairment and accrued expenses, as well as the assets held for sale and the associated liabilities. Other items also require the use of estimates based on assumptions regarding business plans, or changes in the rates applied, and include provisions, goodwill, and put options granted to minority shareholders.

These assumptions, estimates or assessments are established and reviewed regularly on the basis of information available and the actual position of the Company on the date the financial statements are prepared, taking into consideration past experience and other relevant factors. Actual results may differ significantly from estimates due to changes in the underlying conditions and assumptions.

The assumptions, estimates and assessments used to prepare the financial statements for the year ended 31 December 2023 were made in the context of the real estate market crisis (sharp rise in interest rates impacting the purchasing power of real estate buyers, the announced end of the Pinel scheme, the scarcity of land, and changes of commercial property usage, etc.).

Nevertheless, in the medium term, basic housing needs in France will support demand and the Group's activity.

In addition, the Group's financial statements include the identified effects of issues and risks related to climate change. Given its activities, ESG (environmental, social and governance) issues are an essential part of Nexity group's growth and are factored into its financial decisions.

The Group is developing an ambitious strategy for a low-carbon, resilient city, helping to speed up the environmental transition in the real estate sector.

These commitments are reflected in the financial statements by:

- Including the costs of complying with certain building design and construction criteria into the real estate development programme budgets;
- Using methods to measure goodwill that rely on projected target margins for operations, including the costs described above; and
- Including a carbon footprint reduction criterion in variable remuneration targets for executives and free share plans.

Taking climate risk into account did not represent an issue for the managerial estimates made for the preparation of the financial statements.

2.4 Reporting date

Group companies are consolidated on the basis of their financial statements for the period ended 31 December 2023.

Note 3 Scope of reporting and business combinations

3.1 Consolidation and reporting

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has power over the entity, has rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.

In assessing control, potential voting rights that the Group is able in practice to exercise are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates and joint ventures

Associates are entities in which the Group has significant influence, but not control, over financial and operating policies.

Joint ventures are entities over whose activities the Group has joint control, established by contractual agreement. Most joint ventures are real estate development programmes (residential or commercial) undertaken with another developer (joint ventures).

The consolidated financial statements include the Group share of the total recognised gains and losses of associates and joint ventures on an equity-accounted basis, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Transactions eliminated in the consolidated financial statements

The following are eliminated:

- intragroup receivables and payables; and
- intragroup balances and transactions (purchases, sales, dividends, internal margins, provisions recorded against consolidated companies, etc.).

3.2 Scope of reporting

3.2.1 Scope at 31 December 2023

Basis of reporting	Development	Services	Other activities	Total at 31/12/2023
Fully consolidated	**1,615**	**90**	**25**	**1,730**
Joint ventures	383	2	4	389
Associates	-	1	4	5
Equity-accounted	**383**	**3**	**8**	**394**
Total scope of reporting	**1,998**	**93**	**33**	**2,124**

3.2.2 Changes in scope

The number of consolidated companies was virtually stable at 2,124 companies, compared to 2,128 at 31 December 2022.

The deconsolidation of 65 companies is mainly due to the removal of completed real estate programmes that have become inactive.

61 companies were added to the scope of reporting during the fiscal year. These are mainly companies created to support the Group's real estate projects and companies resulting from external growth.

The Group carries out its new real estate projects in multi-programme companies, which explains the lower number of creations.

3.2.3 Assets and liabilities held for sale

A non-current asset or a group of directly related assets and liabilities is considered to be held for sale when its carrying amount will be recovered mainly through a sale and not through continued use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable.

To assess the highly probable nature of the transaction, the Group considers, on a case-by-case basis, the decision and authorisation process, the reasonableness and acceptability of the proposed price, as well as the market conditions and legal, regulatory and social constraints.

These assets or groups held for sale are valued at the lower of the carrying amount and the estimated sale price, net of disposal costs. They are no longer subject to depreciation. The associated assets and liabilities held for sale are presented on specific lines of the consolidated balance sheet.

When the group of assets held for sale constitutes on its own a presented reporting segment, *i.e.* a business line, or is part of a coordinated plan to dispose of a business line, it is then treated as a discontinued operation, and as such, the net profit and each category of cash flows are presented on dedicated lines of the income statement and consolidated statement of cash flows.

In December 2023, Nexity entered into exclusive negotiations to sell its Services to Individuals business to Bridgepoint for an enterprise value of €440 million.

Since these property management (ADB) activities do not constitute a business line, they are not treated as discontinued operations. The income statement has not been restated. However, given the probable sale within 12 months and the material nature of the assets and liabilities of these companies, they are presented at 31 December 2023 on specific lines under assets and liabilities on the consolidated statement of financial position.

5

Impact on the balance sheet

(in thousands of euros)	**ADB**
ASSETS	
Goodwill	230,000
Rights of use	45,223
Other non-current assets	53,666
Deferred tax assets	3,780
Non-current assets	332,669
Operating current assets	952,622
Cash and cash equivalents	18,651
Current assets	971,273
TOTAL ASSETS HELD FOR SALE	**1,303,942**

(in thousands of euros)	
LIABILITIES	
Non-controlling interests	-
Long-term borrowings and financial debt	-
Non-current lease liabilities	35,348
Employee benefits	10,171
Deferred tax liabilities	2,376
Non-current liabilities	47,895
Short-term borrowings, financial liabilities and operating liabilities	86,056
Current lease liabilities	11,474
Operating current liabilities	1,012,827
Current liabilities	1,110,357
TOTAL LIABILITIES HELD FOR SALE	**1,158,252**

Impact on the statement of cash flows

(in thousands of euros)	ADB
ASSETS	
Cash and cash equivalents	18,651
Total assets held for sale	18,651
LIABILITIES	
Bank overdraft facilities	3,799
Total liabilities held for sale	3,799
IFRS 5-RELATED RECLASSIFICATIONS ON THE STATEMENT OF CASH FLOWS	**(14,852)**

For the 2023 fiscal year, ADB's activities generated €305.4 million in revenue and €26.7 million in operating profit.

3.3 Additions to the scope

Property management firms

In 2023, the Group acquired property management contract portfolios and firms in France for a purchase price of €8.2 million. These transactions generated provisional goodwill of €8.4 million.

3.4 Breakdown of company acquisitions reported in the consolidated statement of cash flows

(In thousands of euros)	Acquisitions 2023	Acquisitions 2022
Purchase price	8,213	82,563
Cash of subsidiaries acquired	(1,450)	(59,117)
ACQUISITIONS OF CONSOLIDATED COMPANIES, NET OF CASH ACQUIRED	**6,763**	**23,446**

In addition, acquisitions of companies carrying assets used to support development activities and not corresponding to business combinations in accordance with IFRS 3 are restated as a change in activity in the financial statements, and appear as a change in working capital requirement in the statement of cash flows.

3.5 Breakdown of company disposals reported in the consolidated statement of cash flows

(In thousands of euros)	Disposals in 2023	Disposals in 2022
Sale price received	135,438	1,274
Cash of subsidiaries sold	(618)	-
PROCEEDS FROM DISPOSALS OF CONSOLIDATED COMPANIES, NET OF CASH DIVESTED	**134,820**	**1,274**

In addition, disposals of companies carrying assets used to support development activities and not corresponding to business combinations in accordance with IFRS 3, to which IFRS 15 applies, are restated as a change in activity in the financial statements, and appear as a change in working capital requirement (WCR) in the statement of cash flows.

The disposals in 2023 correspond to the property development activities in Portugal and Poland for €128.8 million, classified under IFRS 5 as at 31 December 2022, and also to the disposal of a subsidiary in Belgium for the balance.

3.6 Geographical breakdown of revenue

The Group has a marginal international business in Europe (Germany, Belgium, Italy and Switzerland), which, in 2023, accounted for 1.4% of Group revenue (compared with 4.5% in 2022). The 2023 revenue also includes contributions from Poland and Portugal until the date of their disposal.

Fiscal year 2023

(in thousands of euros)	France	International	Total
Development	3,061,934	50,083	3,112,017
Services	845,988	6,307	852,295
	3,907,922	**56,389**	**3,964,311**

Fiscal year 2022

(in thousands of euros)	France	International	Total
Development	3,235,257	185,334	3,420,591
Services	921,474	9,686	931,160
	4,156,731	**195,020**	**4,351,751**

Note 4 Recognition of revenue and operating profit

Consolidated revenue represents the amount of activity of the Group's various divisions after elimination of intragroup transactions.

Development

Property development operations are carried out in France, in the form of VEFA off-plan sales or property development contracts. Revenue and margin from property development operations are then generated on the products sold as the stage of completion advances. The method is similar in Germany and Belgium.

Partially completed operations at the end of the fiscal year are recorded using the percentage-of-completion method on the basis of the most up-to-date estimates of the results of operations, discounted at year-end.

The percentage of completion is determined according to the commercial progress (notarised sales) and the percentage of costs completed on the reporting date.

If results on completion cannot be determined reliably, revenue is only recognised on recoverable costs.

The operating margin for the Group's development activities includes all costs directly attributable to contracts:

- Land acquisition costs;
- Site development and construction costs;
- Urban planning taxes and duties;
- Preliminary contract costs, which are capitalised only if the probability of obtaining the contract is high;
- Project ownership costs;
- Directly allocated marketing and selling costs (in-house and external sales commissions, etc.); and
- Financial expense directly attributed to operations (if the sale is not finished prior to completion).

The development activities' revenue generated by the percentage-of-completion method amounted to €2,929 million in 2023.

Revenue and profit from real estate development programmes undertaken in Italy are recognised at the time of sale, which is not possible until the building's completion.

Revenue from subdivision business (building land) and real estate development (purchase and then resale of land after obtaining authorisations) is recorded in the notarial deed.

Services and Other activities

Revenue is recognised when transactions are closed and over the period that services are provided.

Income for the distribution activities carried out by Perl and iSelection is recognised when the notarial deed is signed, depending on the contract, in the form of fees or sales of real estate products. Indeed, the sales contract follows the disposal of a VEFA off-plan sales contract acquired from a third-party developer, or sales on existing buildings.

Current operating profit

Current operating profit includes all operating profit items with the exception of items resulting from unusual, abnormal and infrequently occurring transactions. In particular, the impairment of goodwill and the remeasurement of equity-accounted investments following the acquisition of control are excluded from current operating profit, as are gains and losses on the disposal of assets held for sale.

Note 5 Alternative performance indicators

EBITDA acts as a measurement of operational cash flow generated (see Note 6.2.2). EBITDA is equal to current operating profit before depreciation, amortisation and impairment of non-current assets, net changes in provisions, share-based payment expenses and borrowing costs directly attributable to property development, transferred from inventory, plus dividends received from equity-accounted companies whose operations are an extension of the Group's business.

Depreciation includes right-of-use assets calculated in accordance with IFRS 16 and the neutralisation of internal margins for sale and leaseback transactions.

The Group also presents EBITDA after rents (before application of the standard on leases).

The Group uses working capital requirements (see Note 11) and net debt (see Note 20) to analyse its financial structure.

The backlog comprises the Group's already secured future revenue, expressed in euros, for its development activities (Residential Real Estate and Commercial Real Estate). The backlog includes reservations for which notarial deeds of sale have not yet been signed and the portion of revenue remaining to be generated on units for which notarial deeds of sale have already been signed (portion still to be built).

Note 6 Segment information

6.1 Segment definitions

Operating segments are subgroups of a company for which separate financial information is available and reviewed on a regular basis by Company Management with a view to allocating resources and assessing its economic performance.

Development

Residential Real Estate Development

- Real estate development; in France and abroad (Germany, Belgium, Italy);
- Pre-development urban regeneration projects; and
- Development of subdivisions.

Commercial Real Estate Development

Development of offices (new or refurbished), high-rise buildings, retail property and hotels; logistics facilities and other industrial spaces.

Services

- Management (property management and transactions for individuals and companies);
- Serviced properties (management of student residences and coworking spaces); and
- Distribution (marketing of real estate products).

Other activities

- Investments in investment vehicles;
- The Nexity holding company; and
- Restatements related to sale-leaseback transactions.

Operational reporting

Segment information is based on the operational reporting that the Group uses for management purposes. In its operational reporting, Nexity applies proportionate consolidation to its joint ventures, which in its view provides a more accurate reflection of the Group's performance and risks as measured by revenue, operating profit, working capital requirement and debt.

Notes 6.2.1 and 6.3.1 present the condensed financial statements based on operational reporting data, with a reconciliation to the financial statements.

Operating reporting data are analysed and commented on in the management report and the press release on annual results.

6.2 Income statement

6.2.1 Income statement based on operational reporting

(in thousands of euros)	31/12/2023 (12-month period)	Restatement of joint ventures	31/12/2023 Operational reporting	31/12/2022 (12-month period)	Restatement of joint ventures	31/12/2022 Operational reporting
Revenue	3,964,311	309,012	4,273,323	4,351,751	352,180	4,703,931
Purchases	(2,605,277)	(274,171)	(2,879,448)	(2,883,564)	(316,550)	(3,200,114)
Employee benefits expense	(664,045)	-	(664,045)	(671,481)	-	(671,481)
Other operating expenses	(283,409)	(6,207)	(289,616)	(256,252)	(2,819)	(259,071)
Taxes (other than income tax)	(35,657)	(1,187)	(36,844)	(33,275)	(631)	(33,906)
Depreciation, amortisation and impairment of non-current assets	(197,427)	-	(197,427)	(172,019)	(778)	(172,797)
Current operating profit	178,496	27,447	205,943	335,160	31,402	366,562
Non-current operating profit	39,624	-	39,624		-	
Operating profit	218,120	27,447	245,567	335,160	31,402	366,562
Share of net profit of equity-accounted investments	18,570	(18,570)	-	25,730	(25,730)	-
Operating profit after share of net profit of equity-accounted investments	236,690	8,877	245,567	360,890	5,672	366,562
Financial expenses	(116,047)	(7,807)	(123,854)	(67,817)	(3,411)	(71,228)
Financial income	15,954	(515)	15,439	7,244	(744)	6,500
Net financial income/(expense)	(100,093)	(8,322)	(108,415)	(60,573)	(4,155)	(64,728)
Pre-tax recurring profit	136,597	555	137,152	300,317	1,517	301,834
Income tax	(50,780)	(555)	(51,335)	(88,770)	(1,517)	(90,287)
Share of net profit/(loss) from other equity-accounted investments	(49,086)	-	(49,086)	(7,441)	-	(7,441)
NET PROFIT	**36,731**	**-**	**36,731**	**204,106**	**-**	**204,106**
o/w: Attributable to equity holders of the parent company	19,206	-	19,206	187,770	-	187,770
o/w: Attributable to non-controlling interests	17,525	-	17,525	16,336	-	16,336
(in euros)						
Net earnings per share	**0.35**		**0.35**	**3.40**		**3.40**
Diluted earnings per share	**0.33**		**0.33**	**2.98**		**2.98**

6.2.2 Income statement broken down by segment

AT 31 DECEMBER 2023

(in thousands of euros)	Development	Services	Other activities	Total Operational reporting
Total revenue	3,401,251	872,072	-	4,273,323
Revenue	3,401,251	872,072	-	4,273,323
Operating expenses	(3,185,965)	(654,455)	(20,896)	(3,861,317)
EBITDA	215,286	217,616	(20,896)	412,006
Lease payments	(19,886)	(115,859)	(7,400)	(143,145)
EBITDA after lease payments	195,400	101,758	(28,296)	268,862
Rent cancellation	19,886	115,859	7,400	143,145
Depreciation of right-of-use assets	(19,603)	(126,588)	(9,344)	(155,535)
Depreciation, amortisation and impairment of non-current assets	(6,867)	(20,050)	(14,976)	(41,893)
Net change in provisions	(6,734)	2,587	(2,248)	(6,395)
Share-based payments	(789)	(951)	(500)	(2,240)
Current operating profit	181,292	72,615	(47,964)	205,943
Non-current operating profit	-	-	39,624	39,624
Operating profit	181,292	72,615	(8,340)	245,567
Financial expenses	(56,971)	(2,473)	(38,204)	(97,648)
Financial income	7,345	453	7,640	15,439
Net financial income/(expense) before lease liability expenses	(49,626)	(2,019)	(30,564)	(82,210)
Financial expenses on lease liabilities	(2,089)	(22,801)	(1,315)	(26,205)
Net financial income/(expense)	(51,715)	(24,820)	(31,879)	(108,414)
Pre-tax recurring profit	129,577	47,795	(40,219)	137,153
Income tax	(48,499)	(17,889)	15,054	(51,335)
Share of profit/(loss) from equity-accounted investments	(442)	325	(48,969)	(49,086)
NET PROFIT	**80,635**	**30,231**	**(74,135)**	**36,732**
o/w: Attributable to equity holders of the parent company	62,557	30,783	(74,134)	19,206
o/w: Attributable to non-controlling interests	18,078	(552)	(1)	17,525

AT 31 DECEMBER 2022

(in thousands of euros)	Development	Services	Other activities	Total Operational reporting
Total revenue	3,765,807	938,125	-	4,703,932
Revenue	3,765,807	938,125	-	4,703,932
Operating expenses	(3,405,796)	(719,071)	(31,709)	(4,156,576)
EBITDA	360,011	219,055	(31,709)	547,357
Lease payments	(18,066)	(105,718)	(9,002)	(132,786)
EBITDA after lease payments	341,945	113,337	(40,711)	414,571
Rent cancellation	18,066	105,718	9,002	132,786
Depreciation of right-of-use assets	(16,847)	(107,103)	(9,016)	(132,966)
Depreciation, amortisation and impairment of non-current assets	(10,526)	(20,955)	(7,171)	(38,652)
Net change in provisions	1,178	2,562	(1,153)	2,587
Share-based payments	(5,362)	(1,931)	(4,470)	(11,763)
Current operating profit	328,453	91,628	(53,519)	366,562
Non-current operating profit	-	-	-	-
Operating profit	328,453	91,628	(53,519)	366,562
Financial expenses	(29,742)	(4,907)	(18,294)	(52,943)
Financial income	3,703	120	2,677	6,500
Net financial income/(expense) before lease liability expenses	(26,039)	(4,787)	(15,617)	(46,443)
Financial expenses on lease liabilities	(1,797)	(15,455)	(1,032)	(18,285)
Net financial income/(expense)	(27,836)	(20,242)	(16,649)	(64,728)
Pre-tax recurring profit	300,616	71,386	(70,168)	301,834
Income tax	(89,923)	(21,354)	20,989	(90,287)
Share of profit/(loss) from equity-accounted investments	(817)	270	(6,894)	(7,441)
NET PROFIT	**209,876**	**50,302**	**(56,073)**	**204,106**
o/w: Attributable to equity holders of the parent company	192,957	50,884	(56,072)	187,770
o/w: Attributable to non-controlling interests	16,919	(582)	(1)	16,336

6.3 Statement of financial position

6.3.1 Statement of financial position based on operational reporting

ASSETS

(in thousands of euros)	Balance at 31/12/2023	Restatement of joint ventures	31/12/2023 Operational reporting	Balance at 31/12/2022	Restatement of joint ventures	31/12/2022 Operational reporting
Non-current assets						
Goodwill	1,171,893	-	1,171,893	1,397,735	-	1,397,735
Other intangible assets	107,153	-	107,153	147,596	-	147,596
Right-of-use assets	748,343	-	748,343	715,798	-	715,798
Property, plant and equipment	81,505	-	81,505	80,484	-	80,484
Equity-accounted investments	132,795	(79,168)	53,627	109,326	(54,092)	55,234
Other financial assets	49,713	290	50,003	60,201	226	60,427
Deferred tax assets	25,342	4,463	29,805	15,899	2,655	18,554
Total non-current assets	2,316,744	(74,415)	2,242,329	2,527,039	(51,211)	2,475,828
Current assets						
Inventories and work in progress	1,909,849	247,797	2,157,646	1,973,399	219,748	2,193,147
Trade and other receivables	1,163,205	263,970	1,427,175	1,541,735	186,818	1,728,553
Tax receivable	16,138	(777)	15,361	10,400	806	11,206
Other current assets	700,453	35,137	735,590	1,653,293	49,700	1,702,993
Other financial receivables	370,296	(123,986)	246,310	361,118	(142,797)	218,321
Cash and cash equivalents	715,947	160,476	876,423	897,979	166,883	1,064,862
Total current assets	4,875,888	582,617	5,458,505	6,437,924	481,158	6,919,082
Assets held for sale	1,303,942	-	1,303,942	209,700	-	209,700
TOTAL ASSETS	**8,496,574**	**508,202**	**9,004,776**	**9,174,663**	**429,947**	**9,604,610**

LIABILITIES AND EQUITY

(in thousands of euros)	Balance at 31/12/2023	Restatement of joint ventures	31/12/2023 Operational reporting	Balance at 31/12/2022	Restatement of joint ventures	31/12/2022 Operational reporting
Equity						
Share capital	280,649	-	280,649	280,649	-	280,649
Additional paid-in capital	521,060	-	521,060	521,060	-	521,060
Treasury shares held	(16,633)	-	(16,633)	(21,652)	-	(21,652)
Reserves and retained earnings	1,073,184	-	1,073,184	1,006,267	-	1,006,267
Net profit for the period	19,206	-	19,206	187,770	-	187,770
Equity attributable to equity holders of the parent company	1,877,466	-	1,877,466	1,974,094	-	1,974,094
Non-controlling interests	63,380	-	63,380	61,629	-	61,629
Total equity	1,940,846	-	1,940,846	2,035,723	-	2,035,723
Non-current liabilities						
Long-term borrowings and financial debt	581,780	2,282	584,062	665,481	3,839	669,320
Non-current lease liabilities	719,731	-	719,731	672,222	-	672,222
Employee benefits	10,928	-	10,928	20,815	-	20,815
Deferred tax liabilities	80,137	7,265	87,402	98,921	11,514	110,435
Total non-current liabilities	1,392,576	9,547	1,402,123	1,457,439	15,353	1,472,792
Current liabilities						
Short-term borrowings, financial liabilities and operating liabilities	1,161,677	153,229	1,314,906	1,227,563	206,033	1,433,596
Current lease liabilities	128,770	-	128,770	106,812	-	106,812
Current provisions	68,735	1,725	70,460	76,999	1,798	78,797
Trade and other payables	1,750,992	124,472	1,875,464	1,816,277	121,912	1,938,189
Current tax liabilities	4,693	4,133	8,826	21,263	824	22,087
Other current liabilities	890,033	215,096	1,105,129	2,267,852	84,027	2,351,879
Total current liabilities	4,004,900	498,655	4,503,555	5,516,766	414,594	5,931,360
Liabilities associated with assets held for sale	1,158,252	-	1,158,252	164,735	-	164,735
TOTAL LIABILITIES AND EQUITY	**8,496,574**	**508,202**	**9,004,776**	**9,174,663**	**429,947**	**9,604,610**

6.3.2 Breakdown of assets and liabilities by segment

AT 31 DECEMBER 2023

(in thousands of euros)	Development	Services	Other activities	Inter-division eliminations and not segmented	Total Operational reporting
Assets					
Non-current division assets	440,186	1,099,511	969,568	(296,740)	2,212,525
Deferred tax assets				29,805	29,805
Total non-current assets	440,186	1,099,511	969,568	(266,935)	2,242,330
Current division assets	4,852,797	825,661	1,184,636	(1,419,951)	5,443,144
Tax receivable				15,361	15,361
Total current assets	4,852,797	825,661	1,184,636	(1,404,590)	5,458,505
Assets held for sale	-	1,303,942	-		1,303,942
TOTAL ASSETS	**5,292,983**	**3,229,114**	**2,154,205**	**(1,671,526)**	**9,004,776**
Liabilities and equity					
Total equity				1,940,846	1,940,846
Non-current division liabilities	358,672	660,712	592,077	(296,740)	1,314,721
Deferred tax liabilities				87,402	87,402
Total non-current liabilities	358,672	660,712	592,077	(209,338)	1,402,123
Current division liabilities	3,478,351	751,584	1,684,992	(1,420,198)	4,494,729
Current tax liabilities				8,826	8,826
Total current liabilities	3,478,351	751,584	1,684,992	(1,411,372)	4,503,555
Liabilities associated with assets held for sale	-	1,158,252	-		1,158,252
TOTAL LIABILITIES	**3,837,023**	**2,570,548**	**2,277,069**	**320,136**	**9,004,776**
Working capital requirement	**1,315,924**	**62,377**	**(24,822)**	**(7,126)**	**1,346,353**

AT 31 DECEMBER 2022

(in thousands of euros)	Development	Services	Other activities	Inter-division eliminations and not segmented	Total Operational reporting
Assets					
Non-current division assets	453,757	1,779,415	566,006	(341,904)	2,457,274
Deferred tax assets				18,554	18,554
Total non-current assets	453,757	1,779,415	566,006	(323,350)	2,475,828
Current division assets	5,007,553	1,882,994	1,493,878	(1,476,550)	6,907,875
Tax receivable				11,206	11,206
Total current assets	5,007,553	1,882,994	1,493,878	(1,465,343)	6,919,082
Assets held for sale	209,700	-	-		209,700
TOTAL ASSETS	**5,671,010**	**3,662,409**	**2,059,883**	**(1,788,693)**	**9,604,610**
Liabilities and equity					
Total equity				2,035,724	2,035,724
Non-current division liabilities	408,062	624,674	671,515	(341,894)	1,362,357
Deferred tax liabilities				110,435	110,435
Total non-current liabilities	408,062	624,674	671,515	(231,459)	1,472,792
Current division liabilities	3,660,017	1,953,972	1,772,091	(1,476,807)	5,909,272
Current tax liabilities				22,087	22,087
Total current liabilities	3,660,017	1,953,972	1,772,091	(1,454,720)	5,931,360
Liabilities associated with assets held for sale	164,735	-	-		164,735
TOTAL LIABILITIES	**4,232,814**	**2,578,646**	**2,443,606**	**349,545**	**9,604,610**
Working capital requirement	**1,288,984**	**35,563**	**9,819**	**(10,634)**	**1,323,732**

ANALYSIS OF THE FINANCIAL STATEMENTS

Non-current assets

Note 7 Goodwill

Nexity's goodwill is broken down into four cash-generating units (CGUs):

- Residential Real Estate Development;
- Commercial Real Estate Development;
- Services; and
- Distribution.

Goodwill impairment testing

Goodwill reflects the expertise and synergies expected from acquired companies.

Goodwill is tested for impairment at least once a year and when there is an indication of impairment loss.

To test for impairment, goodwill is broken down into cash-generating units (CGUs), which are groups of similar assets generating identifiable cash flows. An impairment test involves comparing the net carrying amount of each CGU with the recoverable amount. The recoverable amount corresponds to the value in use, determined on the basis of the present value of expected future cash flows, which is the most suitable method considering the lack of recent comparable transactions. In the event of impairment the corresponding amount is recognised as an expense in the income statement.

An impairment loss recognised for a CGU is first allocated to the carrying amount of the goodwill associated with the CGU and then to the other assets of the CGU in proportion to their carrying amount.

An impairment loss of goodwill may not be reversed.

(in thousands of euros)	Balance at 31/12/2022	Acquisitions and remeasurements	Disposals and IFRS 5*	Adjustments during the allocation period	Balance at 31/12/2023
Residential Real Estate Development	806,642	-	-	(1,813)	804,829
Commercial Real Estate Development	74,110	-	-	-	74,110
Services	437,250	8,371	(232,400)	-	213,221
Distribution	79,733	-	-	-	79,733
TOTAL GOODWILL	**1,397,735**	**8,371**	**(232,400)**	**(1,813)**	**1,171,893**

* Including IFRS 5 for €230 million, the goodwill of the ADB activities was measured on the basis of its relative fair value and the share of services concerned (see Note 3.2.3).

Main assumptions used for testing

At 31 December 2023, the same independent expert as the previous fiscal year calculated the discount rate of the future cash flows for the CGUs, using the Capital Asset Pricing Model (*Modèle d'Évaluation des Actifs Financiers* – CAPM) to measure the cost of equity, and using the actual cost method to measure the cost of debt.

Discount rate (WACC after tax)	31/12/2023	31/12/2022
Residential Real Estate Development	7.9%	7.3%
Commercial Real Estate Development	8.4%	7.9%
Services	7.9%	7.8%
Distribution	7.9%	7.3%

Impairment tests use the 5-year business plan approved by Executive Management. The business plan includes differentiated growth assumptions depending on the business activity. These assumptions take into account current market conditions, their foreseeable changes, as well as the Group's assumptions on the evolution of the regulatory environment and the intensity of competition. The budgeted margin levels are consistent with the margin targets set by the Commitments Committee for commercial and residential real estate development projects, and higher margin levels for the activities of the Services division given the development of more profitable activities.

Despite a tougher economic environment in the short term, basic housing needs in France will support demand and the Group's activity.

Beyond the 5-year plan, the perpetual growth rate used to calculate the terminal value of the terminal cash flow was 2% as at 31 December 2022, in line with the inflation rate used.

This rate is lower than the average growth rate for the business activities over the period of the business plan.

As part of the determination of forecast cash flows, the impacts of IFRS 16 on EBITDA and operating profit were neutralised in order to obtain cash operating flows after taking into account rental income.

In parallel, the tested carrying amount does not take into account the IFRS 16 right-of-use.

Sensitivity of useful life values to key assumptions

The Group carried out sensitivity tests at 31 December 2023. These tests led to a variation in the discount rate of up to 100 bps combined with a drop of 1 point in the margin on terminal flows.

There is no potential impairment for any of the CGUs under the downgraded assumptions described above.

Note 8 Right-of-use assets, other property, plant, equipment and intangible assets

(in thousands of euros)	Gross	Depreciation, amortisation and impairment	Balance at 31/12/2023	Gross	Depreciation, amortisation and impairment	Balance at 31/12/2022
Other intangible assets	216,984	(109,831)	107,153	285,763	(138,167)	147,596
Right-of-use assets (IFRS 16)	1,328,674	(580,332)	748,343	1,217,635	(501,836)	715,798
Property, plant and equipment	189,382	(107,877)	81,505	244,143	(163,660)	80,484
TOTAL NON-CURRENT ASSETS	**1,735,040**	**(798,039)**	**937,001**	**1,747,541**	**(803,663)**	**943,878**

Breakdown of changes during the fiscal year

(in thousands of euros)	Balance at 31/12/2022	Movements, acquisitions and disposals	Additions for the fiscal year	Changes in scope and other*	Balance at 31/12/2023
Other intangible assets	147,596	28,425	(26,111)	(42,757)	107,153
Right-of-use assets (IFRS 16)	715,798	230,629	(155,535)	(42,550)	748,343
Property, plant and equipment	80,484	27,640	(18,043)	(8,575)	81,505
TOTAL NON-CURRENT ASSETS	**943,878**	**286,694**	**(199,689)**	**(93,883)**	**937,001**

* Including IFRS 5 for €45 million on right-of-use assets and €54 million on other non-current assets (see Note 3.2.3).

8.1 Other property, plant, equipment and intangible assets

Other intangible assets are valued at their cost of acquisition, less accumulated amortisation and impairment losses. They consist mainly of software, IT developments, and client relationships that may be recognised when accounting for business combinations.

Amortisations are calculated on a straight-line basis based on the anticipated useful life of each asset: between 1 and 7 years for software and IT developments, 2 years for client relationships as part of real estate development operations, and 20 years for client relationships as part of real estate services. Property, plant and equipment is stated at acquisition or production cost less accumulated depreciation and impairment losses.

Property, plant and equipment is mainly composed of fixtures and fittings, office and computer equipment, and office furniture.

Amortisations are calculated on a straight-line basis based on the useful life of each asset's components. The amortisation periods generally used vary from 3 to 10 years.

8.2 Right-of-use assets

Right-of-use assets correspond to the initial amount of lease liabilities as defined by IFRS 16 (see Note 21.3), minus completed depreciation, amortisation and impairment, and by the restatement of leaseback transactions.

The lease term used is the enforceable term of the contract, corresponding to the non-cancellable period of the contract during which the lessee has the right to use the asset, plus the periods covered by a renewal option that will probably be exercised or a termination option that will probably not be exercised. The lease liability should be valued over the "economic" term of the contract (*vs*. legal term), taking into account work carried out but not fully amortised, which would require continued operation. The included rent is either fixed or linked to a real estate index. Variable rent based on the lessee's income is excluded from lease liabilities and recognised in the profit (loss) for the period in question.

In order to apply the IFRS 16 standard, the Group restates leases for assets of more than €5,000 and of a duration of more than one year.

The standard requires the neutralisation of margins in the case of sale-leaseback transactions: at Nexity, this concerns the sale of real estate assets to investors who then lease these assets to the Group's subsidiaries (managed residential activities and, on occasion, office buildings occupied by Nexity employees). The portion of the margin generated by the share of rents discounted in relation to the sale price is neutralised during construction by a reduction in the value of rights of use, which reduces depreciation over the duration of the lease. These transactions are carried out in the ordinary course of business and represent individually insignificant amounts. At 31 December 2023, the neutralised margins amounted to €1.7 million.

Right-of-use assets mainly concern real estate assets, including student residences, and managed office buildings for coworking or use by the Group's employees.

The amount of non-restated rents amounted to €13.7 million for low value exemptions.

5

Breakdown by type of right-of-use asset

(in thousands of euros)	Average duration 2023 (in years)	Balance at 31/12/2023	Balance at 31/12/2022
Student residences	5.4	317,909	309,757
Coworking spaces	7.6	340,155	261,672
Serviced residence and coworking space activities		**658,064**	**571,429**
Corporate assets	**3.1**	**90,279**	**144,369**
TOTAL RIGHT-OF-USE ASSETS	**5.3**	**748,343**	**715,798**

Breakdown of changes during the fiscal year

(in thousands of euros)	Balance at 31/12/2022	Movements, acquisitions and disposals	Additions for the fiscal year	Changes in scope and other*	Balance at 31/12/2023
Student residences	309,757	67,914	(61,243)	1,480	317,909
Coworking spaces	261,672	123,321	(44,838)	-	340,155
Corporate assets	144,369	39,394	(49,454)	(44,030)	90,279
TOTAL RIGHT-OF-USE ASSETS	**715,798**	**230,629**	**(155,535)**	**(42,550)**	**748,343**

* Including IFRS 5 for €45 million on right-of-use assets (see Note 3.2.3).

Movements of acquisitions and disposals on IFRS 16 rights of use (€231 million) are primarily linked to new leases or renewals signed in 2023.

Note 9 Equity-accounted investments

The Group's investments in associates are initially recorded at acquisition cost including any goodwill generated. Their carrying amount is then increased or decreased to take into account the Group share in any profit and loss generated after the acquisition date.

If the Group share of the losses of an associate or joint venture exceeds the carrying amount of the investee, the carrying amount is reduced to nil and the recognition of further losses is discontinued unless the Group has a legal or constructive obligation to cover the losses or make payments in respect of said associate or joint venture.

If there is an indicator of impairment, a test is performed which compares the carrying amount of the investee to its recoverable amount.

Change over the period

(in thousands of euros)	31/12/2023	31/12/2022
Value of investments at beginning of period	**109,326**	**124,934**
Change in scope and foreign exchange gains and losses	52,003	2,747
Change in equity of associates	28,071	-
Share of profit from investees with activities that are an extension of the Group's operating activities	18,570	25,730
Group share of profit/(loss) from other investees	(49,086)	(7,441)
Dividends paid	(26,089)	(36,644)
VALUE OF INVESTMENTS AT END OF PERIOD	**132,795**	**109,326**
o/w investees with activities that are an extension of the Group's operating activities	79,168	54,092
o/w other investees	53,627	55,234

"Investees with activities that are an extension of the Group's operating activities" are joint ventures. Most joint ventures are real estate development programmes (residential or commercial) undertaken with another developer (joint ventures).

The "other investees", which represent a value of €53.6 million, are associates: mainly the investment in the property venture created with Carrefour for €39.2 million (Carrefour Villes & Commerces).

The share of profit from other investees corresponds mainly to the 18% stake in Ægide Domitys.

Note 10 Other financial assets

(in thousands of euros)	Balance at 31/12/2022	Movements, acquisitions and disposals	Additions for the fiscal year	Changes in scope and other	Balance at 31/12/2023
Start-up investments	19,170	2,712	(1,828)	(6,593)	13,461
Unconsolidated acquired companies	900	-	1,000	-	1,900
Companies soon to be dissolved	386	(209)	-	113	290
Cash allocated to the liquidity contract	3,154	(1,951)	-	-	1,203
Deposits and guarantees	18,257	5,880	(4)	(4,073)	20,060
Investments in funds and real estate projects	11,798	(3,633)	(2,355)	-	5,810
Purchaser loans	6,180	(762)	-	-	5,418
Other	356	1,276	(62)	-	1,570
TOTAL OTHER FINANCIAL ASSETS	**60,201**	**3,313**	**(3,249)**	**(10,553)**	**49,712**

"Start-up investments" are investments in FPCIs (French private equity funds for professional investors) or direct investments in private companies, in business sectors such as digital technology that may offer future synergies or growth opportunities.

"Unconsolidated acquired companies" are property management companies acquired at the reporting date and intended to be consolidated in the following fiscal year.

"Companies soon to be dissolved" means investments in private companies that have been used as vehicles for real estate developments that have been delivered.

"Cash allocated to the liquidity contract" designates the financial resources made available to the Investment Services Provider contracted to manage the liquidity contract of Nexity's publicly traded shares in accordance with the authorisations approved at the Shareholders' Meeting.

"Deposits and guarantees" are held by third parties, and mainly include security deposits on the office buildings leased and occupied by the Group and on the surety, bonds obtained for property management and brokerage activities in real estate services. Deposits and guarantees relating to the completion of real estate development programmes are included in the calculation of the working capital requirement (WCR).

"Investments in funds and real estate projects" refers to medium-term financing contributed by the Group to joint ventures, and investments in real estate investment funds.

"Purchaser loans" correspond to an activity currently being wound up and amounted to €5,418 thousand (including €326 thousand maturing in less than one year) at 31 December 2023, compared to €6,180 thousand (including €173 thousand maturing in less than one year) at 31 December 2022.

All the other financial assets mainly mature in more than one year.

WORKING CAPITAL REQUIREMENT

Note 11 Breakdown of working capital requirement

(in thousands of euros)	Notes	Balance at 31/12/2023	Balance at 31/12/2022
Current assets			
Inventories and work in progress	12	1,909,849	1,973,399
Trade and other receivables	13	1,163,205	1,541,735
Other current assets	14	700,453	1,653,293
Current liabilities			
Trade and other payables		(1,750,991)	(1,816,277)
Other current liabilities	15	(890,033)	(2,267,852)
WORKING CAPITAL REQUIREMENT BEFORE TAX		**1,132,483**	**1,084,295**
Tax receivable	31	16,138	10,400
Current tax liabilities	31	(4,693)	(21,263)
TOTAL WORKING CAPITAL REQUIREMENT		**1,143,928**	**1,073,432**

5

Change over the period

(in thousands of euros)		Change in the period
TOTAL WORKING CAPITAL REQUIREMENT BEFORE TAX AT 31/12/2022		**1,084,295**
Change in working capital requirement as per cash flow statement		213
Impact of changes in scope		(1,297)
Restatement of assets held for sale	3.2	44,345
Change in receivables and payables for non-current assets and similar items (included in trade payables)		4,927
TOTAL WORKING CAPITAL REQUIREMENT BEFORE TAX AT 31/12/2023		**1,132,483**

Note 12 Inventories and work in progress

"Inventories and work in progress" includes land recorded at acquisition cost, construction in progress (site development and construction costs), selling expenses assignable to contracts (in-house and external commissions) and finished products, recorded at production cost.

Preliminary contract costs for real estate development programmes are included in the cost of inventories if the probability of securing the contract is high. If the contract is not obtained, the related costs are recorded as expenses for the fiscal year.

When the net realisable value of inventories and work in progress is less than their cost, impairment losses are recorded.

(in thousands of euros)	Gross	Impairment	Balance at 31/12/2023	Gross	Impairment	Balance at 31/12/2022
TOTAL INVENTORIES AND WORK IN PROGRESS	**1,977,934**	**(68,085)**	**1,909,849**	**2,030,718**	**(57,319)**	**1,973,399**

Note 13 Trade and other receivables

Client receivables

Current contracts are recorded at the original cost, minus any payments and increased by the profit amount recorded up to the statement of financial position date (minus anticipated losses) and interim invoices issued.

The amount of client receivables due at 31 December 2023 stood at €276,783 thousand.

Trade and other receivables

Trade and other receivables are stated at fair value upon initial recognition, then at amortised cost less allowances for uncollectible items.

(in thousands of euros)	Gross	Impairment	Balance at 31/12/2023	Gross	Impairment	Balance at 31/12/2022
Assets in VEFA off-plan sales contracts	886,422		886,422	1,182,984		1,182,984
Trade and other receivables	298,504	(21,721)	276,783	382,069	(23,319)	358,750
TOTAL TRADE AND OTHER RECEIVABLES	**1,184,926**	**(21,721)**	**1,163,205**	**1,565,054**	**(23,319)**	**1,541,735**

(in thousands of euros)	Balance at 31/12/2022	Movements related to operations	Balance at 31/12/2023
Residential Real Estate Development	1,105,661	(512,629)	593,032
Commercial Real Estate Development	77,323	216,067	293,390
TOTAL ASSETS IN VEFA OFF-PLAN SALES CONTRACTS	**1,182,984**	**(296,562)**	**886,422**

Assets in contracts are the share of performance obligations already completed by the Group, for which the final cash collection right is subject to a contractual payment schedule. Assets in contracts gradually become receivables as calls for funds are issued to clients, demonstrating the Group's unconditional cash collection right. Assets in contracts are therefore representative of some of the future payments to be received by the Group for ongoing contracts.

The Group believes that its credit risk is not material as it essentially operates in a regulated business environment, which secures the payment of trade receivables.

Services covered by a VEFA off-plan sales contract, but not yet recognised as revenue on a percentage-of-completion basis, totalled €2.7 billion at 31 December 2023.

Note 14 Other current assets

The Real Estate Services business enters into agreements with clients. For this purpose, the Group holds client working capital accounts.

As the authorised agent, the Group manages these accounts and reports them as separate accounts in its statement of financial position under the line items "Other current assets" and "Other current liabilities".

(in thousands of euros)	Gross	Impairment	Balance at 31/12/2023	Gross	Impairment	Balance at 31/12/2022
Suppliers – advances and deposits paid	63,543	(2,011)	61,532	77,737	(2,062)	75,675
Government receivables	412,532	-	412,532	402,899	-	402,899
Prepaid expenses	25,928	-	25,928	19,337	-	19,337
Other receivables	72,965	(7,380)	65,585	102,289	(7,870)	94,419
Cash held in client working capital accounts	134,876	-	134,876	1,060,963	-	1,060,963
TOTAL OTHER CURRENT ASSETS	**709,844**	**(9,391)**	**700,453**	**1,663,225**	**(9,932)**	**1,653,293**

The €933 million decrease in total current assets is due to the application of IFRS 5 to the ADB business.

Note 15 Other current liabilities

(in thousands of euros)	Balance at 31/12/2023	Balance at 31/12/2022
Tax payable and social security contributions	581,826	648,896
Prepaid income and other accruals	103,514	354,168
Clients – Advances and deposits received	69,818	203,825
Client working capital accounts	134,876	1,060,963
TOTAL OTHER CURRENT LIABILITIES	**890,033**	**2,267,852**

In 2023, deferred income included €22,489 thousand in liabilities on commercial real estate contracts, which represents the share of performance obligations not yet completed by the Group, and for which payment has already been received. The €975 million decrease in total current liabilities is due to the application of IFRS 5 to the ADB business.

EQUITY

Note 16 Share capital

At 31 December 2023, the share capital of the parent company was made up of 56,129,724 shares with a nominal value of €5 per share, unchanged from 31 December 2022.

Note 17 Non-controlling interests

Non-controlling interests are mainly non-controlling interests in the subsidiaries that are not wholly owned by the Group. Since 2022, this includes the 45% stake in the Angelotti group not held by Nexity.

For certain entities, the Group has made undertakings to purchase the remaining stake that it does not own. In such cases, the minority stake is reclassified as a financial liability (see Note 21.2). There are therefore no more non-controlling interests and the entity's profit or loss is fully consolidated in the Group's financial statements.

Note 18 Free share award plans

Free shares may be granted to Group employees and executives by the Board of Directors, as authorised by a vote at a Shareholders' Meeting.

Employee incentive plans offering free share awards, ongoing or ended in the period, are as follows:

Nexity plans

(in number of shares)	Awarded	Cancelled	Vested	Awarded, not cancelled and not vested	Vesting period ends
April 2020 plan	48,000	13,980	34,020	-	2nd quarter 2023
May 2020 plan	48,000	28,800	19,200	-	2nd quarter 2023
May 2020 plan	60,000	60,000	-	-	2nd quarter 2023
May 2020 Group plan	222,670	79,310	143,360	-	2nd quarter 2023
July 2020 plan	122,400	41,830	80,570	-	3rd quarter 2023
March and April 2021 plans	147,700	4,400	-	143,300	3rd quarter 2024
May 2021 plan	373,400	91,200	-	282,200	3rd quarter 2024
October 2021 plan	22,000	8,000	-	14,000	4th quarter 2024
April 2022 plan	165,800	22,500	-	143,300	2nd quarter 2025
May 2022 plan	100,000	-	-	100,000	2nd quarter 2025
May 2022 plan	89,200	8,800	-	80,400	2nd quarter 2025
May 2022 Group plan	218,040	56,040	380	161,620	2nd quarter 2025
TOTAL NEXITY PLANS	**1,617,210**	**414,860**	**277,530**	**924,820**	

The Shareholders' Meeting has granted the Board of Directors authorisation until 17 July 2024 to allocate 1% of the share capital to free share awards (subject to certain conditions and with a minimum three-year vesting period). At 31 December 2023, no free shares had been allocated under this authorisation.

The maximum potential dilution (taking into account treasury shares acquired and held to be granted to recipients of free shares) would be 1.6% (as a percentage of share capital ownership) if all free shares already awarded were to vest, and 2.6% if the calculation includes all possible free shares not yet awarded.

In 2023, 277,530 free shares were vested, and with all awards satisfied using treasury shares, the shares were transferred to their recipients.

Valuation of Nexity's free share plans

Free shares are recognised at the grant date at their fair value. Changes in value after the grant date have no effect on the initial measurement.

The calculated value of the free shares is recognised as an employee benefits expense on a straight-line basis over the vesting period with a corresponding increase in equity.

The aggregate value is modulated to take into account the probability of the allocation conditions being met for each plan, based on the following criteria:

- Length of service at the Company at the end of the plan; and
- Where applicable, financial or non-financial performance conditions determined on the basis of multi-year objectives.

The aggregate value of Nexity's free share plans was €22,147 thousand in 2023, representing an expense of €2,032 thousand.

(in thousands of euros)	April 2020 plan	May 2020 plan	July 2020 plan	March 2021 plan	April 2021 plan	May 2021 plan	October 2021 plan	April 2022 plan	May 2022 plan	Total
Aggregate value	735	3,458	1,886	2,107	232	7,720	226	1,223	4,560	22,147
Expenses 2023	70	286	2	(275)	46	756	(81)	77	1,161	2,032
Assumptions										
Share price on grant date *(in euros)*	26.3	28.1	27.6	43.2	46.0	45.2	39.0	29.0	30.3	
Vesting period *(in years)*	3	3	3	3	3	3	3	3.2	3.2	
Dividend rate*	6.5%	6.5%	5.5%	5%	5%	5%	5%	8.5%	8.5%	

* Based on the Nexity underlying rate.

Note 19 Treasury shares held

As authorised at the Shareholders' Meeting and implemented by the Board of Directors, the Group may find it necessary to hold treasury shares up to the limit of 10% of the share capital, adjusted for changes.

At 31 December 2023, treasury shares were held for two main purposes:

- In connection with a liquidity contract entered into with an Investment Services Provider;
- In connection with share buyback programmes implemented to cover free share plans.

Nexity treasury shares are recognised at cost and presented as a deduction from equity. Any gains or losses from the disposal of treasury shares (determined using the first-in, first-out (FIFO) method) are directly recognised in equity and have no effect on profit or loss for the fiscal year.

NEXITY SHARES HELD

(in number of shares)	Authorisations	o/w liquidity contract	o/w to cover free share award plans	Total holding (at transaction date)
POSITION AT 31 DECEMBER 2022	**5,612,972**	**122,086**	**487,097**	**609,183**
Purchase, sale and transfer of shares				
• *via* the liquidity contract	-	111,302	-	111,302
• held to be used for free share awards	-	-	383,000	383,000
• transfers during the fiscal year to cover free shares vested	-	-	(277,530)	(277,530)
Implementation of the programme authorised by the Shareholders' Meeting of 16 May 2023	10% of the adjusted capital according to its change			
POSITION AT 31 DECEMBER 2023	**5,612,972**	**233,388**	**592,567**	**825,955**

The 825,955 treasury shares held at 31 December 2023 were recognised as a deduction from net assets for a value of €16,633 thousand.

DEBT AND FINANCIAL RISK FACTORS

Note 20 Breakdown of net debt

BREAKDOWN OF NET DEBT

(in thousands of euros)	Notes	Balance at 31/12/2023	Balance at 31/12/2022
Bond issues	21	786,195	811,609
Long-term borrowings and financial debt	21	19,102	73,894
Short-term borrowings and financial debt	21	756,316	873,122
Loans and borrowings		**1,561,613**	**1,758,625**
Current accounts held as liabilities and related payables	21	116,403	97,755
Current accounts held as assets and related receivables	22	(370,296)	(361,118)
Other financial receivables and payables		**(253,893)**	**(263,363)**
Cash and cash equivalents	23	(715,947)	(897,979)
Bank overdraft facilities	23	65,440	36,663
Net cash and cash equivalents		**(650,507)**	**(861,316)**
TOTAL NET FINANCIAL DEBT BEFORE LEASE LIABILITIES		**657,213**	**633,947**
Lease liabilities	21	**848,501**	**779,033**
TOTAL NET DEBT		**1,505,714**	**1,412,980**

CHANGE OVER THE PERIOD

(in thousands of euros)	Balance at 31/12/2022	Cash flows	Impact of changes in scope	Change in fair value	Leases	IFRS 5 impact	Other	Balance at 31/12/2023
Loans and borrowings	1,758,625	(178,956)		(23,463)	-	(1,057)	6,464	1,561,613
Other financial receivables and payables	(263,363)	27,678	37,498		-	(81,202)	25,496	(253,893)
Net cash and cash equivalents	(861,316)	210,809		-	-	14,852	(14,852)	(650,507)
TOTAL NET DEBT BEFORE LEASE LIABILITIES	**633,947**	**59,531**	**37,498**	**(23,463)**	**-**	**(67,407)**	**17,107**	**657,213**
Lease liabilities	779,033	(143,144)	287	26,205	245,123	(46,817)	(12,186)	848,501
TOTAL NET DEBT	**1,412,980**	**(83,613)**	**37,785**	**2,742**	**245,123**	**(114,224)**	**4,921**	**1,505,714**

Components of net debt recognised in the statement of cash flows

(in thousands of euros)	Cash flows
Bond issues	181,189
Redemption of bonds	(245,503)
Acquisitions of non-controlling interests	(114,642)
CHANGE IN BANK BORROWINGS AND ACQUISITION-RELATED DEBT	**(178,956)**
REPAYMENT OF LEASE LIABILITIES	**(143,144)**
Change in other borrowings and other financial receivables	27,678
Change in cash and cash equivalents	210,809
TOTAL CHANGE IN NET DEBT	**(83,613)**

Note 21 Borrowings and financial liabilities

	Balance at 31/12/2023		Balance at 31/12/2022	
(in thousands of euros)	Non-current	Current	Non-current	Current
Bond issues	562,678	223,517	591,586	220,023
Loans and borrowings	19,102	756,316	73,894	873,122
Current account and equivalent liabilities	-	116,403	-	97,755
Bank overdraft facilities	-	65,440	-	36,663
TOTAL BORROWINGS AND FINANCIAL LIABILITIES BEFORE LEASE LIABILITIES	**581,780**	**1,161,676**	**665,480**	**1,227,563**
Lease liabilities	719,731	128,770	672,222	106,811
TOTAL BORROWINGS AND FINANCIAL LIABILITIES	**1,301,511**	**1,290,446**	**1,337,702**	**1,334,374**

21.1 Bond debt

At 31 December 2023, the reported nominal amount of bonds (€801 million) differed from their consolidated value (€786 million), as a result of the restatement of the OCEANE bond equity component and the staggering of arrangement costs.

Bondholders may ask for early redemption in whole or in part, in cash, if at least 50% of the voting rights attaching to Nexity's shares are directly held by a single third party.

Nexity SA Euro PP bond issues

EURO PP BONDS

Issue date	Nominal amount at 31/12/2023 *(in millions of euros)*	Nominal amount at 31/12/2022 *(in millions of euros)*	Annual interest rate (i)	Maturity
29/06/2017	-	30.0	2.05%	10/11/2023
29/06/2017	121.0	121.0	2.60%	29/06/2025
20/12/2019 – Green Euro PP	84.0	84.0	2.26%	20/12/2026
20/12/2019 – Green Euro PP	156.0	156.0	2.46%	20/12/2027
TOTAL	**361.0**	**391.0**		

The EuroPP Green Bond issued in 2019 meets the eligibility criteria set out in the Group's Greenbond Framework 2019. The proceeds of the Green Bond issuance will be used to finance and/or refinance the development and construction of residential real estate projects in France that meet several criteria, such as the European NZEB (Nearly Zero-Energy Buildings) standards. The allocation of funds to projects is subject to a specific traceability and annual reporting process, which is audited and published on the Group's website.

This green bond is in line with the Group's CSR policy, the fight against global warming and its contribution to the transition to a low-carbon economy.

In line with this responsible finance approach, Nexity published a sustainable framework on 11 October 2023, adding a "social" component to the "Green" component in force since 2019. The framework also includes a section on environmental criteria used in sustainability-linked financing. This framework was reviewed by ISS-ESG, which issued a Second-Party Opinion (SPO) that described Nexity's aims as being robust and in line with market best practice. These documents are available on the Group's website.

Financial covenants

Under the terms of these bonds, the Group is required to comply with the following financial ratios, which are calculated on the basis of the consolidated financial statements every six months on a rolling 12-month basis: All of these ratios were complied with as of 31 December 2023.

Issue date of bonds	Ratio limit	Ratio at 31/12/2023
Ratio of Net debt excl. IFRS 16/Consolidated equity ratio	≤ 2	0.3
Ratio of Net debt excl. IFRS 16 and project-related debt*/EBITDA after lease payments	≤ 3.5	2.5
Ratio of EBITDA after lease payments/Net borrowing cost excl. IFRS 16	≥ 2.5	5.1

* Project-related debt is debt linked to commercial real estate developments that have been sold, and debt linked to real estate assets, taken out by Nexity or one of its subsidiaries, with no possibility of recourse against other members of the Group.

The leverage ratio at 31 December 2023 was calculated as follows:

(in millions of euros)	Calculation of the leverage ratio at 31/12/2023
Net debt before IFRS 16	**657.2**
Neutralisation of non-recourse project-related debt	-
Neutralisation of non-recourse project-related cash	-
Net debt before IFRS 16 and project-related debt	**657.2**
EBITDA after lease payments	**267.5**
Leverage ratio	**2.5**

EBITDA after lease payments (rolling 12-month basis) was determined as follows:

(in millions of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Current operating profit	**178.5**	**335.2**
Depreciation of right-of-use assets	155.5	133.0
Depreciation, amortisation and impairment of non-current assets	41.9	38.7
Net change in provisions	6.4	(2.5)
Share-based payments	2.2	11.8
Dividends received from equity-accounted investees that are operational in nature	26.1	36.6
EBITDA	**410.7**	**552.7**
Restatement of lease payments	(143.1)	(132.8)
EBITDA AFTER LEASE PAYMENTS	**267.5**	**419.9**

Convertible bonds issued by Nexity SA

CONVERTIBLE BONDS

Issue date	Nominal amount at 31/12/2023 *(in millions of euros)*	Nominal amount at 31/12/2022 *(in millions of euros)*	Annual interest rate	Maturity	Number of bonds
ORNANE 2018 – 27/02/2018	200.0	200.0	0.250%	02/03/2025	2,902,336
OCEANE 2021 – 19/04/2021	240.0	240.0	0.875%	19/04/2028	4,012,706
TOTAL	**440.0**	**440.0**			

2018 ORNANE bond issue (bonds that may be converted into cash and/or new shares and/or existing shares)

On 27 February 2018, the Group issued €200 million of 7-year bonds that may be converted into cash and/or new shares and/or existing shares (ORNANE bonds), redeemable at maturity in March 2025 and paying an annual coupon of 0.25%.

The nominal unit value per 2018 ORNANE convertible bond was set at €68.91. In accordance with the dividend protection clause included in the terms and conditions of the bond, the share allotment ratio was adjusted on 26 May 2023, after the dividend distribution, and amounts to 1,427 shares, with a nominal value of €5 each, per bond (compared with one share per bond at the date of issue).

If all convertible bonds were converted, the dilution would be 6.9% (as a percentage of share capital ownership).

To account for this instrument, Nexity group has opted for the fair value option.

2021 OCEANE bond issue (bonds that may be converted or exchanged for new or existing shares)

On 19 April 2021, the Group issued €240 million of 7-year bonds that may be converted into cash and/or new shares and/or existing shares (OCEANE) for a nominal value of €59.81, redeemable at maturity in April 2028 and paying an annual coupon rate of 0.875%.

The nominal unit value per 2021 OCEANE convertible bond was set at €59.81. In accordance with the dividend protection clause included in the terms and conditions of the bond, the share allotment ratio was adjusted on 26 May 2023, after the dividend distribution, and amounts to 1.272 shares, with a nominal value of €5 each, per bond (compared with one share per bond at the date of issue).

If all convertible bonds were converted, the dilution would be 8.3% (as a percentage of share capital ownership).

At 31 December 2023, the equity component of this instrument amounted to €16.5 million and the debt component to €223.5 million.

21.2 Credit facilities

	31/12/2023			31/12/2022
(in millions of euros)	Non-current payables	Current payables	Total payables	Total payables
Nexity corporate borrowing facilities	**-**	**170.0**	**170.0**	**130.0**
Negotiable debt securities (NEU CP and NEU MTN)	-	348.6	348.6	476.6
Put options granted to minority shareholders	19.1	12.4	31.5	164.5
TOTAL CORPORATE DEBT	**19.1**	**531.0**	**550.1**	**771.1**
Project-related loans	-	225.3	225.3	175.9
TOTAL CREDIT FACILITIES	**19.1**	**756.3**	**775.4**	**947.0**

At 31 December 2023, the credit facility and put options granted to non-controlling shareholders totalled €775.4 million. The Group benefits from borrowing capacity under renewable credit facilities and facilities earmarked for real estate programmes. Borrowings and financial liabilities are mainly denominated in euros and are at floating rates indexed to Euribor.

Nexity corporate borrowing facilities

Nexity SA has access to non-allocated credit facilities for a maximum amount of €800 million through a syndicate of banks, maturing in February 2028. One of the clauses of the credit agreement provides for compulsory early repayment in the event of a change in the control of Nexity SA affecting at least 30% of its share capital or if the percentage of Nexity Logement's capital held by Nexity SA were to fall below 95%.

€170 million of this credit facility had been at 31 December 2023, *i.e.* €630 million of undrawn credit facilities.

Traditionally, credit agreements require borrowers to comply with a certain number of financial and environmental criteria.

The financial covenants applicable to this credit facility are identical to those applicable to bond debt.

The environmental criteria are based on meeting targets for reducing the carbon intensity of the Group's activities. The credit facility includes a virtuous performance obligation by providing for a bonus/penalty mechanism on the applicable margin depending on the achievement of these objectives, which will be measured annually.

At 31 December 2023, the Group was in compliance with all its financial covenants.

Negotiable debt securities

The Group has set up negotiable debt securities (commercial paper) in the form of NEU CP (Negotiable EUropean Commercial Paper) and NEU MTN (Negotiable EUropean Medium Term Notes) programmes:

(in millions of euros)	Authorisations	Outstanding
Negotiable European Commercial Paper < 1 year	300.0	177.0
Negotiable European Medium Term Notes > 1 year	450.0	171.6
TOTAL AT 31 DECEMBER 2023	**750.0**	**348.6**

Put options granted to minority shareholders

The amount of the put options takes into account payments made in 2023.

The maturity schedule of put options granted to minority shareholders is based on the probable date of performance of the contractual commitments. At 31 December 2023, these mainly concerned Bureaux à Partager (Morning), pantera AG and Prado Gestion.

Project-related loans

Specific bank financing may be arranged on an individual project basis to cover funding requirements.

21.3 Lease liabilities

(in thousands of euros)	Balance at 31/12/2022	Payment for the period	Impact of changes in scope	Financial expenses	Share at less than one year	New leases	Others and IFRS 5 impact*	Balance at 31/12/2023
Current lease liabilities	106,811	(142,710)	128	35,676	141,611	22,747	(35,493)	128,770
Non-current lease liabilities	672,222		159	(9,471)	(141,611)	222,376	(23,944)	719,731
TOTAL LEASE LIABILITIES	**779,033**	**(142,710)**	**287**	**26,205**	**-**	**245,123**	**(59,437)**	**848,501**

* Including IFRS 5 for €12 million on current lease liabilities and €35 million on non-current lease liabilities (see Note 3.2.3).

The discount rate is the marginal rate of the lessee's debt on the lease start date. This rate is calculated each half-year by group of subsidiaries with the same risk profiles. At 31 December 2023, these rates were between 1.36% and 5.9%, compared with a range of between 1.36% and 4.5% in 2022. The rate used in the 2nd half of 2023 was 5.9%, compared to 4.5% in the 2nd half of 2022. The rate increase in 2023 reflects changes in economic conditions.

5

21.4 Liquidity risk

Amortisation schedule

(in millions of euros)	Drawn 31/12/2023	Depreciation 2024	2025	2026	2027	2028	> 5 years
Bond issues	361.0	-	121.0	84.0	156.0	-	-
Convertible bonds (OCEANE and ORNANE)	440.0	-	200.0	-	-	240.0	-
Put options granted to minority shareholders	31.5	12.4	3.1	-	16.0	-	-
TOTAL BOND DEBT AND PUT OPTIONS	**832.5**	**12.4**	**324.1**	**84.0**	**172.0**	**240.0**	**-**
Holding company corporate credit line	170.0	-	-	-	-	170.0	-
Negotiable debt securities (NEU CP and NEU MTN)	348.6	348.6	-	-	-	-	-
Project-related loans	225.3	103.5	32.3	63.6	2.0	24.0	-
TOTAL BANK DEBT AND COMMERCIAL PAPERS	**743.9**	**452.1**	**32.3**	**63.6**	**2.0**	**194.0**	**-**
Total amortisation		**464.5**	**356.4**	**147.6**	**174.0**	**434.0**	**-**
TOTAL BORROWINGS AND FINANCIAL LIABILITIES BEFORE LEASE LIABILITIES	**1,576.4**	**1,111.9**	**755.5**	**607.9**	**434.0**	**-**	**-**
Lease liabilities	848.5	144.8	132.3	118.3	90.4	85.9	276.8
TOTAL BORROWINGS AND FINANCIAL LIABILITIES	**2,424.9**	**1,815.6**	**1,326.9**	**1,061.0**	**796.6**	**276.8**	**-**

The other components of net debt shown in Note 20 are short-term items.

At 31 December 2023, 71% of borrowings before IFRS 16 were due in more than one year.

The average maturity of debt outstanding at 31 December 2023 was 2 years and 4 months.

21.5 Derivative instruments

The Group is exposed to market risk, particularly in terms of interest rates. The Group may use a number of derivatives to manage this risk (such as swaps, caps and collars). The purpose is to reduce, where appropriate, the fluctuations in cash flows related to changes in interest rates. Derivative instruments are recognised at fair value in the statement of financial position, based on external appraisals. The change in fair value of the derivative instruments is still recognised in the income statement, unless the instruments are used for hedging purposes. For the 2023 fiscal year, all our derivative instruments qualify as hedging instruments and the change in fair value recorded in shareholders' equity amounts to €2.7 million.

Note 22 Other financial receivables

(in thousands of euros)	Gross	Impairment	Balance at 31/12/2023	Gross	Impairment	Balance at 31/12/2022
Current accounts – Assets and similar receivables	379,553	(9,780)	369,773	366,600	(5,482)	361,118
Fair value of derivatives	523	-	523	-	-	-
TOTAL OTHER FINANCIAL RECEIVABLES	**380,076**	**(9,780)**	**370,296**	**366,600**	**(5,482)**	**361,118**

Note 23 Cash and cash equivalents

(in thousands of euros)	Balance at 31/12/2023	Balance at 31/12/2022
Marketable securities – Cash equivalents	533	15,340
Cash and cash equivalents	715,414	882,639
TOTAL CASH AND CASH EQUIVALENTS	**715,947**	**897,979**

The majority of cash and cash equivalents are invested at variable rates in demand deposit accounts.

Aggregate cash and cash equivalents at the reporting date in the statement of cash flows were as follows:

(in thousands of euros)	Balance at 31/12/2023	Balance at 31/12/2022
Cash and cash equivalents	715,947	897,979
Bank overdraft facilities	(65,440)	(36,663)
CASH AND CASH EQUIVALENTS AS REPORTED IN THE STATEMENT OF CASH FLOWS	**650,507**	**861,316**
o/w available cash	*650,507*	*861,316*

Note 24 Financial risk factors

24.1 Interest rate risk

Exposure to interest rate risk

Bond issues pay a fixed rate. The majority of the Group's bank borrowings are at floating interest rates.

The Group's cash is mainly invested in demand deposit and term deposit accounts with leading banks offering immediate or short-notice liquidity, and to a limited extent in UCITS funds applying a "standard money-market management" approach with portfolios favouring liquidity and a high level of security.

The cost of borrowing on debt drawn down by the Group was 3.9% in 2023 (2.2% in 2022).

The Group may set up interest rate hedging instruments using hedge accounting (where effective) to mitigate the effects of severe interest rate movements. Such instruments are entered into with top-ranking financial institutions.

During the 2023 fiscal year, the Group entered into interest rate hedging contracts.

Interest rate sensitivity analysis

The fixed-rate or hedged portion of debt (before IFRS 16) represents approximately 65% of total gross debt at 31 December 2023.

The Group's exposure to interest rate risk excludes fixed-rate debt and debt hedged by financial instruments (swaps), but includes the following items with respect to net interest income:

- In terms of borrowings, all floating-rate loans and borrowings, whether or not hedged by interest rate caps and floors, and held-for-trading financial instruments;
- In terms of financial income, cash and cash equivalents and demand deposit accounts; and
- In terms of operating profit generated by the Services division, the interest on cash held in client working capital accounts (except for separate accounts).

The Group is not exposed to long-term interest rate risk as regards its net finance expense because its floating-rate debt is mostly indexed to 3-month Euribor.

The following tables provide a simulation sensitivity analysis of a 1% rise in short-term interest rates (and symmetrically -1%) on the various items described above based on the Group's financial structure at 31 December 2023.

The simulation merely reflects the purely mathematical impact of a change in interest rates on the Group's financial assets and liabilities. It does not show the more pervasive influence of interest rate movements on the borrowing capacity of the Group's clients and the potential impact of such movements on the Group's business activity and performance.

Sensitivity of changes in interest rates on the amounts of variable-rate net debt after management and the cash and cash equivalents of client working capital accounts

(in millions of euros)	Impact on the income statement after tax
Sensitivity analysis at 31 December 2023	
Impact of a +1% increase in short-term interest rates	(1.5)
Impact of a -1% decrease in short-term interest rates	1.5
Sensitivity analysis at 31 December 2022	
Impact of a +0.5% increase in short-term interest rates	(1.7)
Impact of a -0.5% decrease in short-term interest rates	1.7

24.2 Foreign exchange risk

The Group is no longer exposed to exchange rate risk following the disposal of its main business outside the eurozone in 2023.

24.3 Equity risk

The Group does not hold any listed securities. However, under the liquidity contract in place, the Group may hold a small percentage of treasury shares. The other treasury shares are allocated to the delivery of shares under free share plans.

The Group thus deems itself not exposed to any material equity risk.

Note 25 Fair value of financial instruments by accounting category

POSITION AT 31 DECEMBER 2023

		Accounting categories						Fair value measured on the basis of			
Statement of financial position items *(in millions of euros)*	**Notes**	**Assets and liabilities at fair value through profit or loss**	**Derivative instruments for hedging**	**Financial instruments available for sale**	**Loans and receivables**	**Liabilities at amortised cost**	**Total net carrying amount**	**Listings on an active market**	**Internal model based on observable data**	**Internal model based on non-observable data**	**Total fair value**
								Level 1	**Level 2**	**Level 3**	
Equity investments unconsolidated	10			5.0			5.0		5.0		5.0
Capitalised receivables	10				44.7		44.7		44.7		44.7
Current accounts and other financial receivables	20				369.8		369.8	369.8	-		369.8
Cash and reservation deposits	20				715.9		715.9	715.9			715.9
TOTAL FINANCIAL ASSETS		**-**	**0.5**	**5.0**	**1,130.4**	**-**	**1,136.0**	**1,086.2**	**49.7**	**-**	**1,136.0**
Credit facilities	20					775.4	775.4		775.4		775.4
Bond issues	20					786.2	786.2		638.0		638.0
IFRS 16 Lease liabilities	20					848.5	848.5		848.5		848.5
Current account liabilities	20					116.4	116.4		116.4		116.4
Bank overdraft facilities	20					65.4	65.4	65.4			65.4
TOTAL FINANCIAL LIABILITIES		**-**	**3.4**	**-**	**-**	**2,592.0**	**2,595.4**	**65.4**	**2,381.7**	**-**	**2,447.2**

POSITION AT 31 DECEMBER 2022

		Accounting categories						Fair value measured on the basis of			
Statement of financial position items *(in millions of euros)*	**Notes**	**Assets and liabilities at fair value through profit or loss**	**Derivative instruments for hedging**	**Financial instruments available for sale**	**Loans and receivables**	**Liabilities at amortised cost**	**Total net carrying amount**	**Listings on an active market**	**Internal model based on observable data**	**Internal model based on non-observable data**	**Total fair value**
								Level 1	**Level 2**	**Level 3**	
Equity investments unconsolidated	10			7.9			7.9		7.9		7.9
Capitalised receivables	10				52.3		52.3		52.3		52.3
Current accounts and other financial receivables	20				361.1		361.1	361.1	-		361.1
Cash and reservation deposits	20				898.0		898.0	898.0			898.0
TOTAL FINANCIAL ASSETS		**-**	**-**	**7.9**	**1,311.4**	**-**	**1,319.3**	**1,259.1**	**60.2**	**-**	**1,319.3**
Credit facilities	20					947.0	947.0		947.0		947.0
Bond issues	20					811.6	811.6		661.3		661.3
IFRS 16 Lease liabilities	20					779.0	779.0		779.0		779.0
Current account liabilities	20					97.8	97.8		97.8		97.8
Bank overdraft facilities	20					36.7	36.7	36.7			36.7
TOTAL FINANCIAL LIABILITIES		**-**	**-**	**-**	**-**	**2,672.1**	**2,672.1**	**36.7**	**2,485.1**	**-**	**2,521.8**

In the absence of an active market, the fair value of bonds has been determined using the risk-free interest rate and a stable risk premium.

5

PROVISIONS

Note 26 Current and non-current provisions

26.1 Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and when it is probable that an outflow of economic benefits will be required to settle that obligation.

If the effect of the time value of money is material, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

BREAKDOWN OF CHANGES

(in thousands of euros)	Balance at 31/12/2022	Additions	Reversals used	Reversals unused	Changes in scope and other	Balance at 31/12/2023
Employee benefits	20,815	4,480	(2,628)	(23)	(11,716)	10,928
Total non-current provisions	20,815	4,480	(2,628)	(23)	(11,716)	10,928
Litigation	45,011	21,605	(10,192)	(2,709)	(7,703)	46,012
Tax and investment risk	1,313	710	(1,035)	(2)	(690)	296
Employee benefits (portion at < 1 year)	1,019	-	(7)	-	(306)	706
Provisions for risks and charges	29,654	21,203	(23,402)	(1,899)	(3,835)	21,721
Total current provisions	76,999	43,518	(34,636)	(4,610)	(12,536)	68,735
TOTAL PROVISIONS	**97,814**	**47,998**	**(37,264)**	**(4,633)**	**(24,252)**	**79,663**

BREAKDOWN BY INCOME LEVEL

(in thousands of euros)	Balance at 31/12/2022	Net change for operations	Net change for financing	Net change for tax	Changes in scope and other	Balance at 31/12/2023
Employee benefits	20,815	1,829	-	-	(11,716)	10,928
Total non-current provisions	20,815	1,829	-	-	(11,716)	10,928
Litigation	45,011	8,704	-	-	(7,703)	46,012
Tax and investment risk	1,313	(1,000)	673	-	(690)	296
Employee benefits (portion at < 1 year)	1,019	(7)	-	-	(306)	706
Provisions for risks and charges	29,654	(4,098)	-	-	(3,835)	21,721
Total current provisions	76,999	3,599	673	-	(12,536)	68,735
TOTAL PROVISIONS	**97,814**	**5,428**	**673**	**-**	**(24,252)**	**79,663**

Changes in scope and other mainly correspond to the impact of IFRS 5 on employee benefits (€10 million) and current provisions (€12 million). The balance primarily refers to the actuarial gains and losses on employee benefits (see Note 26.2).

- Non-current provisions (for the share due after one year) include provisions for employee benefits (see Note 26.2);
- Current provisions include:
  - provisions for disputes ongoing at the date of the financial statements. They are valued based on current proceedings and estimated risk exposure on the reporting date of the financial statements. There are many disputes, but the individual amount of each one is not very significant at the Group level. These disputes often take a long time to resolve, due to their technical nature and the time required to seek expert opinions,
  - provisions for tax to cover risks resulting from tax audits. Tax adjustments are taken into account in the fiscal year in which they are approved. If contested, the risk may be provisioned,
  - provisions for risks and charges including accrued expenses mainly related to ordinary operations. The individual amounts are relatively low at the Group level, and
  - provisions include an immaterial amount for the risk related to case law on paid leave.

26.2 Employee benefits

As regards the Group, employee benefits are provided through defined-benefit and defined-contribution plans. Obligations relating to these plans involve retirement and long-service benefits, less the fair value of any qualifying plan assets (defined-benefit plans). These estimates, calculated annually, take into account actuarial assumptions for life expectancy, employee turnover and salary increases.

The values obtained are subject to verification by an independent actuary using the projected unit credit method. Actuarial gains and losses on retirement benefits are recognised directly in other comprehensive income. Actuarial gains and losses on long-service benefits are recognised in income statement.

BREAKDOWN OF BALANCE SHEET COMMITMENTS

(in thousands of euros)	**Balance at 31/12/2023**	**Balance at 31/12/2022**
Measurement of obligations		
Obligations at beginning of fiscal year	21,834	26,282
Net current service cost	1,922	1,925
Interest expense	578	111
Employee benefits paid	(1,670)	(1,574)
Change of scheme	2,355	-
IFRS 5 reclassification	(10,171)	(205)
Acquisitions	(346)	346
Disposals		-
EXPECTED VALUE AT THE REPORTING DATE	**14,503**	**26,885**
o/w current value at year-end	11,634	21,834
o/w actuarial gains/(losses)	2,868	5,051
Changes in assumptions	174	(4,804)
Discount rate change	(351)	-
Changes in turnover assumptions	(2,723)	(334)
Change of method	-	-
Experience adjustments	31	87
Reconciliation of financial position (at year-end)		
Current value of benefit obligation	11,634	21,834
NET BENEFIT LIABILITY RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION	**11,634**	**21,834**
o/w non-current provisions	*10,928*	*20,815*
o/w current provisions	*706*	*1,019*
Assumptions relating to obligations		
Retirement benefits discount rate at year-end	3.34%	3.07%
Long-service award discount rate at year-end	3.26%	3.02%
Salary increase rate (at year-end)	2.50%	2.00%

The main assumptions for calculating employee benefits are based on a retirement departure age of 64 years for non-managers and managers, on the employee's initiative, an average turnover rate of 22% and a social security contribution rate of 42%.

The INSEE 2013/2015 mortality table is still used.

The discount rate is determined on the basis of the index rate for AA-rated corporate bonds in the eurozone.

The actuarial difference (gain or loss) is recognised in:

- "Other comprehensive income" for retirement benefits; and
- "Income statement" for long-service awards.

BREAKDOWN OF EXPENSES IN THE PERIOD

(in thousands of euros)	Balance at 31/12/2023	Balance at 31/12/2022
Expense for the year		
Net current service cost	1,922	1,925
Interest expense	578	111
Change of scheme	2,355	-
Amortisation of unrecognised actuarial gains and losses	(721)	(1,181)
TOTAL EXPENSE RECOGNISED UNDER OPERATING PROFIT	**4,134**	**855**
o/w net expense recognised for employee benefits	*2,465*	*(719)*
o/w expenses included under employee benefits expense	*1,670*	*1,574*
CHANGE IN GAINS AND LOSSES RECOGNISED DIRECTLY IN OTHER COMPREHENSIVE INCOME	**(2,149)**	**(3,870)**
Actuarial gains and losses on retirement benefits	(2,149)	(3,870)
o/w changes in assumptions	*139*	*(3,815)*
o/w change in discount rate	*(303)*	
o/w changes in turnover assumptions	*(1,936)*	*(164)*
o/w experience adjustments	*(48)*	*110*

CHANGE OVER THE PERIOD

(in thousands of euros)	Balance at 31/12/2022	Gains and losses recognised directly in other comprehensive income	Income	Changes in scope	Balance at 31/12/2023
Employee benefits	21,834	(2,149)	2,465	(10,517)	11,633

SENSITIVITY OF PROVISIONS FOR EMPLOYEE BENEFITS TO RATE ASSUMPTIONS

(in thousands of euros)	Provisions for employee benefits
Provisions for employee benefits at 31 December 2023	**11,633**
Sensitivity analysis at 31 December 2023	
Impact of a 1.00% increase in the discount rate	(1,257)
Impact of a 1.00% decrease in the discount rate	1,417
Impact of a 0.50% increase in the salary increase rate	692

IAS 19 *Pension reform* (French Social Security Financing Law enacted on 14 April 2023): the main impact of this reform is to raise the statutory retirement age from 62 to 64 and extend the contribution period. The impact of this change in reform was not significant at 31 December 2023.

INCOME

Note 27 Employee benefits expense

(in thousands of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Salaries and withholdings	(655,500)	(641,717)
Tax credit on remuneration	522	420
Employee profit-sharing	(7,035)	(18,421)
Expense related to share-based payments	(2,032)	(11,763)
TOTAL EMPLOYEE BENEFITS EXPENSE	**(664,045)**	**(671,481)**

The Group's average full-time equivalent workforce was 8,349 employees at 31 December 2023, *versus* 8,481 employees (and 8,302 on a like-for-like basis) at 31 December 2022.

At 31 December 2023, there was a total workforce of 8,185 employees. The employee benefits expense in 2022, on a like-for-like basis (excluding discontinued operations), amounted to €664 million.

Note 28 Other operating expenses

(in thousands of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Lease payments	(13,750)	(9,342)
Rental expenses	(15,056)	(11,347)
Fees and commissions	(64,416)	(50,874)
Other external services	(192,076)	(187,067)
Other income	12,922	8,101
Other expenses	(16,883)	(7,713)
Gain/(loss) on disposal of consolidated shares	5,851	1,989
TOTAL OTHER OPERATING EXPENSES	**(283,409)**	**(256,252)**

Note 29 Depreciation, amortisation and impairment of non-current assets

(in thousands of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Depreciation of right-of-use assets	(155,534)	(132,966)
Net increase/(decrease) in depreciation, amortisation and impairment of non-current assets	(41,893)	(39,053)
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT OF NON-CURRENT ASSETS	**(197,427)**	**(172,019)**

Note 30 Net financial income/(expense)

30.1 Breakdown of net financial income/(expense)

(in thousands of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Interest expense	(63,871)	(36,098)
Interest income	11,290	4,033
Cost of financial debt before interest expense on lease liabilities	**(52,581)**	**(32,065)**
Interest expense on lease liabilities	(26,205)	(18,285)
NET BORROWING COST	**(78,786)**	**(50,350)**
Other financial expenses	(25,971)	(13,435)
Other financial income	4,664	3,211
OTHER NET FINANCIAL INCOME AND EXPENSES	**(21,307)**	**(10,224)**
Total financial expenses	(116,046)	(67,817)
Total financial income	15,954	7,244
TOTAL NET FINANCIAL INCOME/(EXPENSE)	**(100,093)**	**(60,573)**

30.2 Breakdown of other financial income/(expense) by type

(in thousands of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Other financial expenses	(16,461)	(8,519)
Other financial income	4,258	2,025
Discount expenses for supplier debts of 1 year or more	-	(375)
Net financial impairment and provisions	(9,339)	(4,316)
Transfer of financial expense to inventories	235	960
OTHER NET FINANCIAL INCOME AND EXPENSES	**(21,307)**	**(10,224)**

For the recognition of the ORNANE 2018 (see Note 21.1), Nexity group has selected the fair value option: all changes in fair value are recorded through "Net financial income/(expense)".

Note 31 Taxes

31.1 Income tax

(in thousands of euros)	31/12/2023 (12-month period)	31/12/2022 (12-month period)
Corporate income tax	(70,478)	(73,712)
Deferred tax	24,563	(8,613)
CVAE (French business value-added tax)	(4,865)	(6,445)
TOTAL INCOME TAXES	**(50,780)**	**(88,770)**

31.2 Changes in statement of financial position tax items

CHANGES IN STATEMENT OF FINANCIAL POSITION TAX ITEMS

(in thousands of euros)	Balance at 31/12/2022	Expense*	Tax credits	Not recognised in the income statement	Net payments*	Balance at 31/12/2023
Current tax						
Tax receivable	10,400					16,138
Current tax liabilities	(21,263)					(4,693)
TOTAL CURRENT TAX	**(10,863)**	**(75,343)**	**1,478**	**5,117**	**91,056**	**11,445**
Deferred tax						
Assets	15,899					25,342
Liabilities and equity	(98,921)					(80,137)
TOTAL DEFERRED TAX	**(83,022)**	**24,563**		**3,664**		**(54,795)**

* Including CVAE (French business value-added tax).

31.3 Tax proof

RECONCILIATION OF THEORETICAL AND ACTUAL TAX RATES IN THE CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Balance at 31/12/2023	Balance at 31/12/2022
Theoretical tax base		
Net profit	19,206	187,770
Share of profit from investees with activities that are an extension of the Group's operating activities	(18,570)	(25,730)
Share of profit/(loss) from other equity-accounted investments	49,086	7,441
Change in value of goodwill	-	-
Attributable to non-controlling interests	17,525	16,336
Income tax	50,780	88,770
Pre-tax profit on activities	118,027	274,587
Non-taxable portion of capital gains on disposals	-	-
Pre-tax recurring profit	118,027	274,587
Theoretical tax rate used by the Group	25.82%	25.82%
Actual tax rate for current activities	43.02%	32.33%
Actual tax rate for current activities excluding CVAE	40.57%	30.70%
Theoretical tax expense	(30,475)	(70,898)
Difference between theoretical tax and actual income tax	(20,305)	(17,872)
The difference is due to:		
Tax on equity-accounted flow-through entities	(4,226)	(5,566)
Impact of the CVAE levy (net of the income tax saving)	(3,609)	(4,781)
Effect of tax rates	(43)	2,316
Tax on non-taxable net income for the period	4,796	2,089
Tax on non-deductible or uncapitalised net expenses for the period	(13,454)	(11,405)
Impact of derecognition of bases for prior periods	(3,769)	(525)
NET DIFFERENCE	**(20,305)**	**(17,872)**

The differences observed between the tax expense based on the theoretical tax rate in France and the tax expense recognised for the fiscal year exist mainly for the following reasons:

As most equity-accounted investments are tax-transparent, their contribution to the income statement is presented pre-tax. The matching tax expense is included in the Group's tax expense.

The CVAE levy is classified under "Income taxes". Excluding the CVAE levy, the Group's tax rate was 40.6% in 2023.

The impact of tax rates mainly corresponds to the difference between Nexity group's tax consolidation rate (25.82%) and the rate of foreign consolidated subsidiaries: the disposal of these subsidiaries makes this difference insignificant in 2023.

The non-deductible net expenses primarily comprise discount expenses for payables calculated under IFRS, and permanently non-deductible losses for certain subsidiaries.

Excluding CVAE (French business value-added tax), the Group's income tax rate was 40.6% in 2023, compared to 30.7% in 2022. This change is mainly due to the drop in pre-tax income while the non-deductible losses of certain subsidiaries remained stable.

31.4 Breakdown of deferred taxes by type

Deferred taxes are generally recorded for all timing differences between the tax value and book value of assets and liabilities on the consolidated statement of financial position, and are determined based on the liability method. The effects of changes in tax rates are recorded in the income statement for the year in which the change in tax rate is approved by Parliament. Deferred tax assets resulting from temporary differences, tax losses and tax credits carried forward are only recognised if their future realisation is probable. This likelihood is assessed at the end of the fiscal year based on the forecast results of the tax entities concerned. Deferred taxes are reported net on the statement of financial position at Group tax consolidation level, and in the asset and liability columns of the consolidated statement of financial position.

(in thousands of euros)	31/12/2023	31/12/2022
Employee benefits	2,334	4,316
Loss carryforwards	8,539	4,794
Portion of contract revenues earned	(98,225)	(109,008)
Other deferred provisions, income and expenses	32,557	16,876
NET DEFERRED TAX	**(54,795)**	**(83,022)**
o/w deferred tax assets	*25,342*	*15,899*
o/w deferred tax liabilities	*(80,137)*	*(98,921)*

31.5 Tax amounts by type without tax base

(in thousands of euros)	Balance at 31/12/2023	Balance at 31/12/2022	Change
Loss carryforwards	68,664	69,522	(858)
Other deferred provisions, income and expenses	24,735	29,585	(4,850)
TOTAL AMOUNTS WITHOUT TAX BASE	**93,399**	**99,107**	**(5,708)**

Deferred taxes have not been calculated for these amounts as it is unlikely that they will be used and/or the timing of their use cannot be estimated reliably or is too distant in the future.

Note 32 Earnings per share

The calculation of basic earnings per share (EPS) is based on the net profit attributable to shareholders of the parent company and the average number of shares outstanding during the fiscal year, less the average number of treasury shares held during the fiscal year.

As regards free share allocations, the calculation of diluted earnings per share is based on the treasury stock method assuming that all dilutive options and other dilutive potential ordinary shares are exercised. Dilution is attributable to the free share award plans described in Note 18. The average number of shares is calculated as the weighted average number of shares outstanding, which reflects the grant dates of plans during the fiscal year. The numbers of potentially dilutive shares only take into account plans for which the stock price or grant criteria relating to the stock market price are lower than the average share price over the period.

Convertible bonds have a dilutive impact on the diluted earnings per share when the net interest expense recorded is lower than the basic earnings per share for each bond. The weighted average number of shares is therefore increased by the weighted average number of convertible bonds, and the Group share of net profit is adjusted for the net financial expense of the convertible bonds.

The maximum potential dilution resulting from the conversion of all the convertible bonds and the vesting of all free shares in awards granted would be 15.3% (as a percentage of share capital ownership) based on the number of shares at the reporting date.

	31/12/2023 *(in number of shares)*	Earnings per share *(in euros)*	31/12/2022 *(in number of shares)*	Earnings per share *(in euros)*
Number of shares at end of period	56,129,724		56,129,724	
Average number of shares outstanding during the period	55,586,633	0.35	55,289,167	3.40
Dilutive effect of share plans using the treasury stock method	24,484		321,194	
Dilutive effect of convertible bond issues	8,914,754		8,111,186	
Average number of shares (diluted)	64,525,870	0.33	63,721,547	2.98

ADDITIONAL INFORMATION

Note 33 Off-balance sheet commitments

Off-balance sheet items are described in the consolidated financial statements to 31 December 2023.

33.1 Off-balance sheet commitments related to the Group's scope

LIABILITY GUARANTEES

(in thousands of euros)	Total at 31/12/2023	Total at 31/12/2022
Liability guarantees received	19,294	19,294
Liability guarantees given	69,705	58,450

Liability guarantees received are related to the acquisition of companies and decrease at the end of the guaranteed period.

33.2 Off-balance sheet commitments related to Group financing

The Group has not granted any guarantees, collateral or pledges to banks in relation to its credit facilities.

33.3 Off-balance sheet commitments related to operating activities

The commitments given and received listed below include activities related to joint ventures and reflect operational reporting.

Commitments received

COMMITMENTS RECEIVED FOR RECURRING OPERATIONS

(in thousands of euros)	Total at 31/12/2023	Total at 31/12/2022
Payment guarantees received from clients in respect of development contracts	459,112	820,570
Other commitments	3	3
Purchase agreement on non-controlling interests	61,836	61,836
TOTAL COMMITMENTS RECEIVED	**520,951**	**882,409**

Payment guarantees in respect of development contracts primarily relate to Commercial Real Estate. These guarantees are issued by financial institutions. Their amount is calculated every six months in relation to the total outstanding balance owed by the client. The Group grants the client a corresponding performance bond (see below).

Other commitments mainly concern guarantees on various indemnity payments.

In the course of its ordinary business in France, the Group also receives retention bonds in lieu of holdback from contractors on construction projects (up to 5% of the contract amount).

The shareholders of the Angelotti group have granted the Group a unilateral purchase agreement for the 45% of shares they still hold to date.

Commitments given

COMMITMENTS GIVEN FOR RECURRING OPERATIONS

(in thousands of euros)	Total at 31/12/2023	Total at 31/12/2022
Residential Real Estate	*2,724,865*	*2,705,601*
Commercial Real Estate	*395,853*	*694,768*
Counter-guarantees for performance bonds	3,120,718	3,400,369
Counter-guarantees for deposit payment bonds	52,969	60,514
Other commitments given	529,203	403,667
TOTAL COMMITMENTS GIVEN	**3,702,890**	**3,864,550**

Completion bonds are issued on a case-by-case basis by financial institutions to clients buying property, in accordance with existing law. In exchange, Nexity grants financial institutions an irrevocable undertaking to mortgage the property and a commitment not to transfer or sell its shares in the Company backing the development project.

The value of completion bonds is measured internally on a quarterly basis, before being reconciled and adjusted to the values set by the financial institutions based on changes in their commitments. Such a guarantee has never been exercised.

Deposit payment bonds are bank guarantees that may substitute cash payments on reacquisition agreements and promises to buy land and involve counter guarantees offered by Nexity to the financial institutions issuing the guarantees (see section on bilateral commitments below).

Other commitments given include guarantees on deferred payments relating to land purchases and planning taxes and duties.

Bilateral commitments

In the course of its normal business, the Group enters into the following agreements:

- In order to secure land for future housing and land development, the Group signs unilateral and bilateral purchase agreements with landowners:
  - under a unilateral purchase agreement to sell, the landowner agrees to sell the land. In exchange, the Group agrees to pay an indemnity, which the landowner may retain if the transaction falls through,
  - under bilateral purchase agreements, the landowner agrees to sell the land, and the Group agrees to buy it if the conditions precedent are fulfilled. The Group undertakes to pay an indemnity, or penalty clause, if it does not purchase the land despite all the conditions precedent being lifted, and
  - when the commitments are signed, the reservation fees are either paid by the Group and sequestered by the notary, or are subject to a bank guarantee;
- In order to market its real estate development and subdivision programmes, the Group signs reservation or purchase agreements with its clients:
  - the pre-acquisition agreements become deeds of sale if the conditions precedent are fulfilled (particularly if clients obtain financing to buy the property), and
  - in return for the reservation of the property, the clients pay a deposit (or guarantee), which is returned if the sale falls through;
- Real estate agents and intermediaries from the Services division are also required to provide guarantees pursuant to the Hoguet Act, which sets forth regulations governing the profession, particularly with regard to the management of client working capital accounts. At 31 December 2023, the amount guaranteed came to €1,334 million.

33.4 Schedule of contractual commitments and obligations

(in thousands of euros)	Total at 31/12/2023	Schedule at 31 December 2023 under 1 year	1 year to 5 years	over 5 years
Long-term borrowings and financial debt	594,180		594,180	-
Operating loans and borrowings	967,433	636,905	330,528	-
Completion bonds	3,120,718	1,555,154	1,565,565	-
Other off-balance sheet commitments	529,203	114,667	405,223	9,313
TOTAL CONTRACTUAL COMMITMENTS AND OBLIGATIONS	**5,211,534**	**2,306,726**	**2,895,496**	**9,313**

Note 34 Statutory Auditors' fees

FISCAL YEARS: 2023 AND 2022 (1)	KPMG				MAZARS				OTHER FIRMS			
	Amount excl. VAT		%		Amount excl. VAT		%		Amount excl. VAT		%	
(in thousands of euros)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Statutory Auditors, certification, review of individual and consolidated financial statements (2)												
Issuer: Nexity SA	433	451	17%	17%	422	471	23%	30%	-			
Fully consolidated subsidiaries	2,065	1,917	83%	74%	1,277	1,032	71%	66%	49	104	100%	100%
Services other than the certification of financial statements (3)												
Issuer: Nexity SA	-	215	-	8%	-	31	0%	2%	-			
Fully consolidated subsidiaries	4	16	0%	1%	111	32	6%	2%	-		-	-
TOTAL	**2,502**	**2,599**	**100%**	**100%**	**1,810**	**1,567**	**100%**	**100%**	**49**	**104**	**100%**	**100%**

(1) Services provided during the accounting period and expensed in the income statement.
(2) Including the services of independent experts and members of the Statutory Auditor's network, who were called upon in connection with the certification of the financial statements.
(3) Mainly certification of CSR information, pre-acquisition audits and various statements.

Note 35 Information on related parties

35.1 Services between related parties

Ægide-Domitys

Nexity holds 18% of this company, which is the French leader in the development and management of senior independent living facilities. Several residences are built as part of a joint venture every year.

Villes et Commerces

An agreement to upgrade 76 Carrefour sites and create a property venture was signed in 2023. The agreement covers 800,000 square metres to be regenerated and developed, including the creation of 12,000 homes.

Co-development projects

The Group engages in numerous co-developments *via* programme-specific companies. In accordance with IFRS 11, those entities are accounted for using the equity method. Their results are reflected in the column entitled "Restatement of joint ventures" in Note 6.

35.2 Remuneration of Directors and executive officers

Remuneration of Directors and executive officers concerns company officers.

The amounts equal the expense recognised in the income statement for the period.

(in thousands of euros)	31/12/2023
Short-term benefits	1,618
Post-employment benefits	N/A
Long-term benefits	N/A
Termination benefits	N/A
Share-based payments	112

N/A: Not applicable.

Note 36 Events after the reporting period

The sale of the Services to Individuals business to Bridgepoint was finalised on 2 April 2024.

No other significant events occurred between 31 December 2023 and the Board of Directors' meeting of 28 February 2024 convened to approve the financial statements for the period ended 31 December 2023.

Note 37 Main consolidated companies at 31 December 2023

MAIN FULLY CONSOLIDATED COMPANIES

Company name	Address	Siren	Legal form	% of holding
NEXITY	**19, rue de Vienne – 75801 PARIS CEDEX 08**	**444 346 795**	**SA**	**100.00%**
ACCESSITE	35, quai du Lazaret – 13002 MARSEILLE	394 232 300	SAS	90.40%
APOLLONIA	19, rue de Vienne – 75801 PARIS CEDEX 08	332 540 087	SAS	100.00%
ANSIÈRES ÎLOT B1	25, allée Vauban – 59562 LA MADELEINE CEDEX	839 037 652	SCI	100.00%
BUREAUX À PARTAGER	21, place de la République – 75003 PARIS	789 597 317	SAS	92.00%
BYM STUDIO	21, place de la République – 75003 PARIS	879 907 020	SAS	92.00%
CERGY BOULEVARD DE L'OISE	25, allée Vauban – 59562 LA MADELEINE CEDEX	814 368 023	SNC	100.00%
COLOMBES ÎLOT MAGELLAN	25, allée Vauban – 59562 LA MADELEINE CEDEX	835 177 478	SCI	100.00%
NEXITY IR PROGR MIDI-PYRÉNÉES	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 448 815	SAS	100.00%
CONSTRUGESTION	35, allée du Chargement – 59650 VILLENEUVE-D'ASCQ	430 342 667	SARL	100.00%
EDMP – HAUTS-DE-FRANCE	35, allée du Chargement – 59650 VILLENEUVE-D'ASCQ	879 769 115	SAS	100.00%
EDMP – IDF	35, allée du Chargement – 59650 VILLENEUVE-D'ASCQ	879 767 887	SAS	100.00%
ÉDOUARD DENIS DÉVELOPPEMENT	35, allée du Chargement – 59650 VILLENEUVE-D'ASCQ	531 728 889	SAS	100.00%
ÉDOUARD DENIS INGIENERING	35, allée du Chargement – 59650 VILLENEUVE-D'ASCQ	484 839 857	SARL	100.00%
EURIEL INVEST	26, rue Denis-Papin – 59650 VILLENEUVE-D'ASCQ	500 298 542	SNC	100.00%
FONCIER CONSEIL	19, rue de Vienne – 75801 PARIS CEDEX 08	732 014 964	SNC	100.00%
GARENNE AMÉNAGEMENT	19, rue de Vienne – 75801 PARIS CEDEX 08	837 487 172	SAS	100.00%
GARENNE DÉVELOPPEMENT	19, rue de Vienne – 75801 PARIS CEDEX 08	839 944 352	SCI	100.00%
GEORGE V GESTION	19, rue de Vienne – 75801 PARIS CEDEX 08	327 256 947	SAS	100.00%
NEXIMMO 113 (CPI Colisée Paris)	19, rue de Vienne – 75801 PARIS CEDEX 08	830 844 650	SAS	100.00%
I INVEST	400, promenade des Anglais – 06200 NICE	479 020 893	SAS	100.00%
CORBEIL SO GREEN SCI	25, allée Vauban – 59562 LA MADELEINE CEDEX	514 015 973	SCI	100.00%
IMMOPERL 2	115, rue Réaumur – 75002 PARIS	820 891 612	SNC	100.00%
ISELECTION	400, promenade des Anglais – 06200 NICE	432 316 032	SAS	100.00%
L'ESPACE	21, place de la République – 75003 PARIS	811 806 215	SAS	92.00%
LES DUNES DE FLANDRES	35, allée du Chargement – 59650 VILLENEUVE-D'ASCQ	408 888 659	SARL	100.00%
MARSEILLE RUE CALLELONGUE	25, allée Vauban – 59562 LA MADELEINE CEDEX	838 039 105	SCI	100.00%
MONTREUIL LES RESERVOIRS BOULEVARD DE LA BOISSIERE	25, allée Vauban – 59562 LA MADELEINE CEDEX	480 556 042	SCI	70.00%
NEXIMMO 106	19, rue de Vienne – 75801 PARIS CEDEX 08	823 421 482	SAS	100.00%
NEXIMMO 108	19, rue de Vienne – 75801 PARIS CEDEX 08	823 425 764	SAS	100.00%
NEXIMMO 110	19, rue de Vienne – 75801 PARIS CEDEX 08	823 425 889	SAS	100.00%
NEXIMMO 116	19, rue de Vienne – 75801 PARIS CEDEX 08	834 215 485	SAS	100.00%
NEXIMMO 120	19, rue de Vienne – 75801 PARIS CEDEX 08	834 215 865	SAS	100.00%
OTHIS JALAISE	25, allée Vauban – 59562 LA MADELEINE CEDEX	879 850 451	SAS	65.00%
NEXITY DOMAINES	25, allée Vauban – 59562 LA MADELEINE CEDEX	415 120 955	SNC	100.00%
NEXITY DEUTSCHLAND	Carmerstraße 2 – D-10623 Berlin	HRB24493	GmbH	100.00%
NEXITY GRAND PARIS	19, rue de Vienne – 75801 PARIS CEDEX 08	334 850 690	SA	100.00%
EDMP PAYS DE LOIRE	35, allée du Chargement – 59650 VILLENEUVE-D'ASCQ	879 768 760	SAS	100.00%
NEXITY IMMOBILIER D'ENTREPRISE	19, rue de Vienne – 75801 PARIS CEDEX 08	332 335 769	SA	100.00%

MAIN FULLY CONSOLIDATED COMPANIES

Company name	Address	Siren	Legal form	% of holding
NEXITY IR PROGR ALPES	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 381 214	SAS	100.00%
MONTPELLIER FAUBOURG 56	25, allée Vauban – 59562 LA MADELEINE CEDEX	879 852 846	SCCV	65.00%
NEXITY IR PROGR ATLANTIQUE	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 381 305	SAS	100.00%
NEXITY IR PROGR BRETAGNE	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 381 354	SAS	100.00%
NEXITY IR PROGR CENTRE	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 381 453	SAS	100.00%
NEXITY IR PROGR DOMAINES	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 309 751	SAS	100.00%
NEXITY IR PROGR EST	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 485 304	SAS	100.00%
NEXITY IR PROGR GFI	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 381 586	SAS	100.00%
NEXITY IR PROGR GRAND PARIS	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 350 763	SAS	100.00%
NEXITY IR PROGR LOIRE	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 485 353	SAS	100.00%
NEXITY IR PROGR NORMANDIE	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 418 503	SAS	100.00%
NEXITY IR PROGR PAYS BASQUE	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 381 768	SAS	100.00%
NEXITY IR PROGR RÉGION SUD	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 485 320	SAS	100.00%
NEXITY IR PROGR RHÔNE BOURGOGNE AUVERGNE	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 350 813	SAS	100.00%
NEXITY IR PROGR SEERI	25, allée Vauban – 59562 LA MADELEINE CEDEX	824 350 797	SAS	100.00%
NEXITY IR PROGRAMS ESPRIT VILLAGE AQUITAINE	25, allée Vauban – 59562 LA MADELEINE CEDEX	834 116 261	SAS	100.00%
NEXITY LAMY	19, rue de Vienne – 75801 PARIS CEDEX 08	487 530 099	SAS	100.00%
NEXITY LOGEMENT	19, rue de Vienne – 75801 PARIS CEDEX 08	399 381 821	SAS	100.00%
NEXITY PATRIMOINE	19, rue de Vienne – 75801 PARIS CEDEX 08	329 087 118	SNC	100.00%
PARC MULTILOM	25, allée Vauban – 59562 LA MADELEINE CEDEX	817 479 090	SNC	100.00%
LE BLANC-MESNIL ARISTIDE BRIAND SCCV	25, allée Vauban – 59562 LA MADELEINE CEDEX	843 563 370	SCCV	100.00%
NEXITY PROPERTY MANAGEMENT	2, rue Olympe-de-Gouges – 92600 ASNIÈRES-SUR-SEINE	732 073 887	SA	100.00%
NEXITY RÉGION SUD	5, rue René-Cassin – 13331 MARSEILLE	351 039 193	SNC	100.00%
NEXITY STUDÉA	19, rue de Vienne – 75801 PARIS CEDEX 08	342 090 834	SA	100.00%
NEXITY RHÔNE BOURGOGNE AUV.	32, Rue Joannès-Carret – 69009 LYON	385 116 025	SAS	100.00%
ORALIA PARTENAIRES	94, quai Charles-de-Gaulle – 69006 LYON	397 581 984	SAS	100.00%
PERL	115, rue Réaumur – 75002 PARIS	438 411 035	SAS	100.00%
PRADO GESTION	30, rue Louis-Rège – 13008 MARSEILLE	479 927 238	SAS	82.50%
PRIMOSUD	30, rue Louis-Rège – 13008 MARSEILLE	339 901 365	SAS	82.50%
RICHARDIÈRE	22, rue Georges-Picquart – 75017 PARIS	682 009 121	SAS	100.00%
ST-OUEN COURS DES DOCKS N11	25, allée Vauban – 59562 LA MADELEINE CEDEX	825 382 393	SCI	100.00%
TOULOUSE ARÈNES	25, allée Vauban – 59562 LA MADELEINE CEDEX	814 795 779	SAS	60.00%
VILLES & PROJETS	19, rue de Vienne – 75801 PARIS CEDEX 08	409 260 775	SAS	100.00%

MAIN EQUITY-ACCOUNTED COMPANIES

Company name	Address	Siren	Legal form	% of holding
Joint ventures				
AQUEDUC	12, place des États-Unis – 92545 MONTROUGE	831 208 590	SAS	50.00%
BAGNEUX VICTOR-HUGO	19, rue de Vienne – 75801 PARIS CEDEX 08	825 193 329	SAS	50.00%
SAINT-OUEN HÉRITAGE	25, allée Vauban – 59562 LA MADELEINE CEDEX	879 895 381	SCI	37.50%
12-14 FRUCTIDOR	19, rue de Vienne – 75801 PARIS CEDEX 08	903 078 673	SCI	50.00%
Associates				
ÆGIDE	42, avenue Raymond-Poincaré – 75116 PARIS	401 397 765	SA	18.00%
BIEN'ICI	19, rue de Vienne – 75801 PARIS CEDEX 08	488 073 412	SAS	56.10%
VILLES ET COMMERCES	93, Avenue de Paris 91300 Massy	977 819 747	SNC	20.00%
THE BOSON PROJECT	39, rue d'Aboukir – 75002 PARIS CEDEX 02	789 508 843	SAS	48.99%
URBAN CAMPUS	16, rue Sainte-Apolline – 75002 PARIS	840 172 670	SAS	34.74%

5.1.3 Statutory Auditors' report on the consolidated financial statements

Statutory Auditors' Report on the Consolidated Financial Statements

Year ended 31 December 2023

This is a free translation into English of the Statutory Auditor's Report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction and construed in accordance with French law and the professional auditing standards applicable in France.

To the Shareholders of Nexity,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Nexity for the year ended December, 31th 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December, 31th 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Financial Statements Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirement rules required by the required by the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1st, 2023, to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) N° 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.821-53 et R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the aforementioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of goodwill

(Note 7 to the consolidated financial statements)

Risk identified

In the framework of its development, the Group has undertaken a certain number of acquisitions and has recognised goodwill in the consolidated statement of financial position as at 31 December 2023 for a total carrying amount of €1,171,9 million.

At each year end, the Group's management reviews the carrying amounts of goodwill and tests them for impairment at least once per year and whenever any indication of impairment is noted. For that purpose, goodwill is allocated to cash-generating units (CGUs) defined as homogeneous groups of assets that generate separately identifiable cash flows. Impairment testing involves comparing the carrying amount of each CGU with its recoverable amount. The bases applied for that purpose by management, and details of the applicable assumptions, are described in Note 7 to the consolidated financial statements. Recoverable amounts are determined by reference to the value in use of each CGU based on the present value of its estimated future cash flows, the applicable 5-year business plan used by general management and presented to the Board of Directors, and the perpetual growth rate estimated for the period beyond the 5-year horizon.

The Group performs sensitivity analyses as described in Note 7 to the consolidated financial statements.

Given the judgement required by management to determine recoverable amounts, the sensitivity analysis, the impact of the new allocation and the materiality of goodwill, we consider the measurement of goodwill to be a key audit matter.

Audit procedures in response to the risk identified

We assessed the compliance of the Company's valuation methodology with the applicable accounting standards, and its bases of application, with particular regard to:

- The reasonableness of the approach used, particularly following disposal commitments, to determine the allocation of the share of goodwill to the items disposed of;
- The appropriateness of the approach used to determine the CGUs on which impairment tests are performed;
- The reasonableness of the process used to draw up the 5-year business plan, particularly by comparing forecasts for previous periods with the corresponding actual figures, in order to assess whether past targets have been reached;
- The consistency of the expected cash flows used to calculate the value in use of each CGU with those of the 5-year business plan adopted by General Management;
- The reasonableness of the applicable discount rate and perpetual growth rate assumptions as assessed by our financial appraisal specialists;
- Management's analysis of the sensitivity of value in use to changes in the main underlying assumptions.

We also assessed the appropriateness of the financial information provided in Note 7 to the consolidated financial statements.

Recognition of revenue and profit based on percentage of completion for real estate development operations under VEFA off-plan agreements and CPI development contracts

(Note 4 to the consolidated financial statements)

Risk identified

As indicated in Note 4 to the consolidated financial statements, Nexity's revenue from residential and commercial real estate development operations involving VEFA off-plan agreements and CPI property development contracts amounts to €2,929 million, accounting for 74% of consolidated revenue.

Revenue and profit for such real estate development operations are recognised using the percentage of completion method.

Percentage of completion is determined on the basis of the commercial stage of development and on the percentage of development expenditure already incurred at year-end in comparison with the latest budget estimate updated at year-end.

Given that the determination of the budgets on which the percentage-of-completion method is based involves significant judgments and estimates by management, we consider the recognition of revenue and profit based on the percentage of completion of real estate development operations involving VEFA off-plan agreements and CPI property development contracts to be a key audit matter.

Audit procedures in response to the risk identified

Our approach was adapted to the degree of maturity of the system of internal control applicable to each business or subsidiary:

The first such approach was notably based on the following work:

- Assessment of the relevant controls implemented by Group management for the preparation and updating of operating budgets contributing to their reliability;
- Assessment of the relevant controls implemented by Group management for the management of purchases and sales contributing to the reliability of the calculation of percentage of technical and commercial completion of real estate development operations;
- Analysis of significant changes in revenue and profit from one period to the next.

The second such approach was notably based on the following work:

- Assessment of the consistency of the latest updated operating budgets for the period and comparison with supporting documentation and information obtained from the applicable financial controllers and/or programme managers;
- Comparison of accounting data with the operating data for each programme and cross-checking of percentage of completion data with operating data on contract progress or architects' certificates or sale agreements.

We also assessed the appropriateness of the financial information provided in the notes to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's management report, it being specified that, in accordance with article L.821-54 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Verifications or Report on Other Legal and Regulatory Requirements

Presentation of the consolidated financial statements included in the annual financial report

We have also proceeded, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in article L451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the executive management complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Nexity by the annual general meeting held on April, 30th 2008 for Mazars and on October, 16th 2003 for KPMG.

As at December, 31th 2023, Mazars and KPMG were in the 16th year and 21th year of the total uninterrupted engagement, which are the 16th and 20th years, respectively, since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 it is expected to liquidate the Company or to cease operations.

The Audit and Financial Statements Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Board of Directors.

Statatutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his audit 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;
- Obtains 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 internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Financial Statements Committee

We submit a report to the Audit and Financial Statements Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Financial Statements Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Financial Statements Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (*Code de commerce*) and in the French code of ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit and Financial Statements Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, 3 April 2024

The Statutory Auditors

KPMG Audit IS	MAZARS
Stéphanie Millet	Claire Gueydan-O'Quin
Partner	Partner