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Q2

GROUP INTERIM REPORT
INSTONE REAL ESTATE GROUP
30/06/2021

▸ Key indicators

Interim group management report

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Overview of key figures

TABLE 001

In millions of euros

		6M 2021	6M 2020
Performance indicators			
Volume of sales contracts		207.7	123.5
Volume of new approvals[1]		235.8	186.9
Revenues adjusted		260.5	179.6
Key earnings figures			
Gross profit adjusted		76.7	57.8
Gross profit margin adjusted	In %	29.4	32.2
EBIT adjusted		41.1	28.2
EBIT margin adjusted	In %	15.8	15.7
EBT adjusted		33.5	18.7
EBT margin adjusted	In %	12.9	10.4
EAT adjusted		23.4	13.7
EAT margin adjusted	In %	9.0	7.6
Key liquidity figures			
Cash flow from operations		146.2	– 37.8
Cash flow from operations without new investments		192.0	12.5
Free cash flow		148.8	– 49.3
Cash and cash equivalents and term deposits[2]		272.1	60.0

[1] Excluding volume of approvals from joint ventures consolidated at equity.

[2] Term deposits are comprised of cash investments of more than three months.

Overview of key figures

TABLE 001

In millions of euros

		30/06/2021	31/12/2020
Performance indicators			
Project portfolio		6,268.1	6,053.6
Key balance sheet figures			
Total assets		1,379.7	1,283.1
Equity		527.8	521.0
Net financial debt[1]		128.8	249.7
Leverage		1.3	2.8
Loan-to-Cost[2]	In %	12.5	25.7
ROCE[3] adjusted	In %	13.4	10.3
Employees			
Quantity		437	413
FTE[4]		365.4	342.5

[1] Net financial debt = financial liabilities less cash and cash equivalents and term deposits.

[2] Loan-to-cost = net financial debt/(inventories + contract assets).

[3] Return on capital employed = LTM EBIT adjusted/(four-quarter average equity + net financial debt).

[4] Full-time employees.

OVERVIEW H1 2021

VOLUME OF SALES CONTRACTS
increased to

€207.7 MILLION

Previous year: €123.5 million

ADJUSTED REVENUE
increased to

€260.5 MILLION

Previous year: €179.6 million

PROJECT PORTFOLIO
of

€6.3 BILLION

Previous year: €5.7 billion

ADJUSTED EAT
significantly increased to

€23.4 MILLION

Previous year: €13.7 million

ADJUSTED GROSS PROFIT MARGIN
of

29.4%

Previous year: 32.2%

LEVERAGE
is at

1.3

31/12/2020: 2.8

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Business model and organisational structure

Instone Real Estate is one of the leading developers of residential real estate in Germany. The share is listed on the SDAX of the Frankfurt Stock Exchange. The Instone Group develops attractive residential buildings and apartment complexes and also operates in the publicly subsidised residential construction sector. It also works on contemporary urban planning and the refurbishment of listed buildings. These are marketed to owner-occupiers, retail buy-to-let investors and institutional investors. Over the past 30 years, Instone has handled more than one million square metres of real estate. The Company employs 437 employees across nine locations in Germany. As at 30 June 2021, the project portfolio of Instone Real Estate included 52 development projects with an anticipated gross development value of approximately €6.3 billion and 14,338 units.

As at 30 June 2021, approximately 90% of our portfolio (based on anticipated revenue volume after completion of development) was located in the most important conurbations and metropolitan areas in Germany (Berlin, Bonn, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Munich, Nuremberg and Stuttgart) and approximately 10% in other prosperous medium-sized cities. Well-connected suburbs and medium-sized cities in the metropolitan regions are becoming increasingly attractive and can thus help to meet the generally high demand for residential space.

Coverage of the entire value chain

Instone Real Estate is the only listed developer in Germany that exclusively focuses on residential real estate and also covers the entire value chain. The Instone Group offers a fully integrated platform across Germany which covers land acquisition, land development, concept planning and construction management through to marketing and sales.

The Instone Real Estate locations have their own on-site teams responsible for acquisition, planning, construction management, and marketing and sales management, while strategic decisions are coordinated and implemented jointly with headquarters.

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Strategy

As one of the leading developers of residential real estate in Germany, Instone Real Estate consistently pursues a strategy of profitable growth. This strategy takes advantage of the highly attractive opportunities in the German market while creating added value for all stakeholders. This particularly includes our customers, employees, shareholders, local authorities and the social environment in which we operate. The strategy comprises the following key elements:

- → Continued focus on the most attractive metropolitan regions and conurbations in Germany
- → Growth through expansion of our innovative "Affordable housing" product
- → Taking advantage of short-term market opportunities, particularly in terms of land acquisitions
- → Using competitive advantages based on comprehensive expertise at all stages of the value chain
- → Exploiting efficiency gains through digitisation
- → Implementing a sustainability strategy and sustainability management

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Key performance indicators

Financial and real estate business key performance indicators

Important key performance indicators

In order to manage our sustainable economic success, we use the profit-based key performance indicators (KPIs) of adjusted revenue, adjusted gross profit margin and adjusted earnings after tax (EAT) as financial performance indicators and the real estate business key performance indicator of volume of sales contracts as a non-financial performance indicator.

Other important key performance indicators

In addition, the management of Instone Real Estate uses the following KPIs for analysis and reporting: current offer for sale, project portfolio, volume of new approvals, project gross profit or loss and project gross profit margin.

Further information on corporate governance key indicators, in particular regarding their calculation, can be found on ↗ pages 93–94 in the 2020 Annual Report.

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Results of operations, net assets and financial position

Cumulative key financial performance indicators TABLE 002

In millions of euros

	6M 2021	6M 2020	Change
Revenues adjusted[1]	260.5	179.6	45.0%
Gross profit adjusted	76.7	57.8	32.7%
Gross profit margin adjusted[1]	29.4%	32.2%	
EBIT adjusted	41.1	28.2	45.7%
EBT adjusted	33.5	18.7	79.1%
EAT adjusted[1]	23.4	13.7	70.8%

[1] Financial performance indicators.

Results of operations

To present the results of operations, some items in the income statement are combined into new items:

→ Cost of materials and changes in inventories form project costs.

→ The gross profit item is the balance of revenue and project costs.

→ Other operating income, staff costs as well as other operating expenses and depreciation and amortisation are summarised under the heading Platform costs.

→ The consolidated earnings from operating activities and share of results of joint ventures form earnings before interest and tax (EBIT).

From the results of operations, the following adjustments are made to the adjusted results of operations, which are relevant from the point of view of the Management of the Instone Group:

As part of the adjusted earnings situation of the Instone Group, revenue recognition will continue to reflect share deals and asset deals in the same way and similarly in accordance with IFRS 15, irrespective of a decision by the IFRS IC to exempt share deals from revenue recognition over time under IFRS 15.

Adjusted earnings after tax are intended to reflect the sustained profitability and are thus adjusted for non-recurring effects relating to other periods. In particular, the following significant expenses are adjusted for disposal losses from sales of tangible or financial assets or securities, unscheduled depreciation and amortisation of tangible and financial assets, costs for acquisitions, merger losses, contractual penalties, demands for additional taxes from previous years (e.g. based on audits), severance payments to the Management Board, and personnel reductions and restructuring to a greater extent, if these do not meet the strict criteria set out in IAS 37. The adjustment of material income includes, in particular, income from capital gains arising from sales of non-current assets, compensation for damages, write-ups on non-current assets, refunds of taxes from previous years based on audits, reversals of provisions for extraordinary events and merger gains.

The ongoing effects from purchase price allocations following the expansion of the scope of consolidation in previous years have also been eliminated in the adjusted income figures.

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The calculation of the individual adjusted items results from the following items in the income statement and the above-mentioned consolidated items:

→ Adjusted revenue is revenues adjusted for the effects from purchase price allocations and including effects from share deal agreements.

→ The adjusted project costs include the project costs adjusted for the material cost-induced other operating income (income opposed by a directly attributable item in cost of materials), indirect selling expenses and capitalised interest. It thus reflects the external costs allocated to the project developments.

→ Adjusted gross profit is the result of adjusted revenues less adjusted project costs.

→ Adjusted platform costs are the platform costs less other operating income after subtracting the cost of materials and indirect sales expenses allocated to project costs and adjusted for non-recurring effects.

→ Earnings of associates are the pro rata earnings contributions of subsidiaries included in the consolidated financial statements using the equity method.

→ Adjusted earnings before interest and tax are the adjusted gross profit reduced by the adjusted platform costs, plus the earnings of companies consolidated at equity.

→ Adjusted investment and financial result is the total of other income from investments, finance income, finance costs, and depreciation and amortisation on securities classified as financial assets less capitalised interest.

Adjusted results of operations TABLE 003

In millions of euros

	6M 2021	6M 2020	Change
Revenues adjusted	260.5	179.6	45.0%
Project costs adjusted	–183.8	–121.8	50.9%
Gross profit adjusted	**76.7**	**57.8**	**32.7%**
Gross profit margin adjusted	**29.4%**	**32.2%**	
Platform costs adjusted	–38.1	–29.9	27.4%
Share of results of joint ventures adjusted	2.5	0.3	n/a
Earnings before interest and tax (EBIT) adjusted	**41.1**	**28.2**	**45.7%**
EBIT margin adjusted	**15.8%**	**15.7%**	
Income from investments adjusted	0.1	–0.6	n/a
Financial result adjusted	–7.6	–8.9	–14.6%
Earnings before tax (EBT) adjusted	**33.5**	**18.7**	**79.1%**
EBT margin adjusted	**12.9%**	**10.4%**	
Income taxes adjusted	–10.1	–4.9	n/a
Earnings after tax (EAT) adjusted	**23.4**	**13.7**	**70.8%**
EAT margin adjusted	**9.0%**	**7.6%**	

→ Adjusted earnings before tax results from adjusted earnings before interest and tax less the adjusted investment and financial result.

→ Adjusted income taxes correspond to income taxes adjusted for the tax effects of purchase price allocations, share deal agreements and non-recurring effects.

→ Adjusted earnings after tax are the adjusted earnings before tax less the adjusted income taxes.

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Revenue

In the first six months of the 2021 financial year, adjusted revenue rose by around 45% to €260.5 million (previous-year period: €179.6 million). This increase in revenue is due to the successful marketing and on-schedule construction progress of the ongoing project developments. It also reflects the continued strong demand for residential real estate in contrast to the significant Covid-19-related slump in sales in the same period of the previous year.

Effects from purchase price allocations had an impact of €0.0 million on reported revenue (previous-year period: €0.3 million). The separate valuation of share deals ("Westville" project) increased the adjusted revenue by €20.1 million (previous-year period: €10.5 million).

Revenue TABLE 004

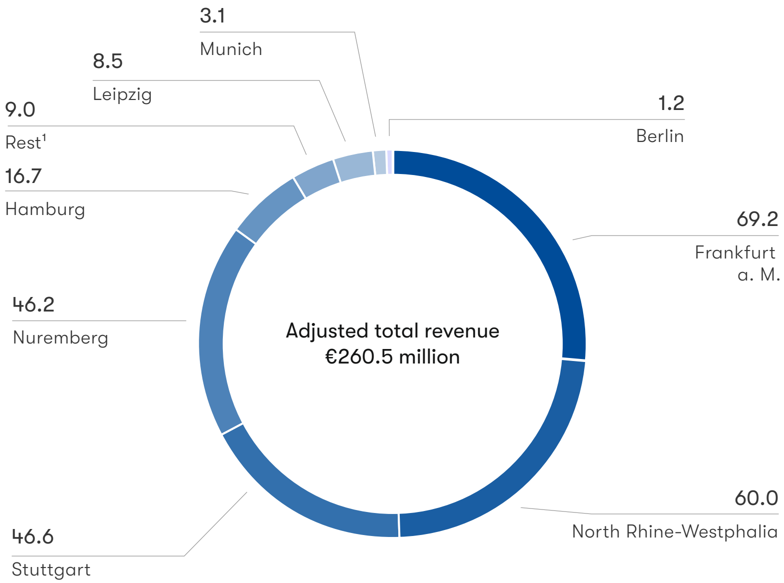
In millions of euros

	6M 2021	6M 2020	Change
Revenue	**240.3**	**168.9**	**42.3%**
+ effects from purchase price allocations	0.0	0.3	–100.0%
+ effects from share deal agreements	20.1	10.5	91.4%
Revenues adjusted	**260.5**	**179.6**	**45.0%**

The adjusted revenue of the Instone Group was almost exclusively generated in Germany and spread across the following regions:

Sales (adjusted) by region

In millions of euros



[1] Includes Potsdam, among others (€7.4 million) and Wiesbaden (€1.4 million)

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Project costs

The adjusted project costs, significantly influenced by the cost of materials and changes in inventories, rose to €183.8 million in the first half of 2021 (previous-year period: €121.8 million).

Purchases of land, which were at the same level as in the same period of the previous year, and the increased construction activity compared to the same period of the previous year led to an increase in the cost of materials to €198.6 million (previous-year period: €162.2 million). Changes in inventories fell to €29.5 million (previous-year period: €54.3 million) mainly due to higher inventory reductions from the sales of project developments.

Indirect sales expenses allocated to the project costs amounted to €0.6 million as at 30 June 2021 (previous-year period: €1.1 million). The adjustment of the capitalised interest in the changes in inventories of €1.2 million (previous-year period: €3.1 million) added to the project costs. The elimination of effects from purchase price allocations reduced the adjusted project costs by €-4.9 million (previous-year period: €–0.3 million). Due to the separate valuation of the share deals, project costs increased by €17.9 million (previous-year period: €10.1 million).

Project costs TABLE 005

In millions of euros

	6M 2021	6M 2020	Change
Project costs	**169.1**	**107.8**	**56.9%**
+ effects from purchase price allocations	–4.9	–0.3	n/a
+ effects from reclassifications	1.8	4.2	–57.1%
+ effects from share deal agreements	17.9	10.1	77.2%
Project costs adjusted	**183.8**	**121.8**	**50.9%**

Gross profit

The adjusted gross profit improved by around 33% compared to the previous-year figure, reaching €76.7 million (previous-year period: €57.8 million), due to the increase in revenue in the first half of the year.

Gross profit TABLE 006

In millions of euros

	6M 2021	6M 2020	Change
Gross profit	**71.3**	**61.1**	**16.7%**
+ effects from purchase price allocations	4.9	0.6	n/a
+ effects from reclassifications	–1.8	–4.2	–57.1%
+ effects from share deal agreements	2.2	0.4	450.0%
Gross profit adjusted	**76.7**	**57.8**	**32.7%**
Gross profit margin adjusted	**29.4%**	**32.2%**	

The adjusted gross profit margin – calculated from the adjusted gross profit relating to the adjusted revenue – amounted to 29.4% (previous-year period: 32.2%). As expected, the adjusted gross profit margin fell in the first half of the year compared to the same period in the previous year.

Platform costs

The adjusted platform costs increased to €38.1 million (previous-year period: €29.9 million). In the first half of 2021, indirect sales costs of €0.6 million (previous-year period: €1.1 million) were reclassified in project costs.

Platform costs TABLE 007

In millions of euros

	6M 2021	6M 2020	Change
Platform costs	**38.7**	**31.0**	**24.8%**
+ effects from reclassifications	–0.6	–1.1	–45.5%
Platform costs adjusted	**38.1**	**29.9**	**27.4%**

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In the first six months of the 2021 financial year, staff costs rose to €25.1 million compared to the previous year (previous-year period: €20.0 million). This is mainly due to the higher number of employees as at the reporting date of 437 (30 June 2020: 391) and the corresponding increase in the FTE figure of 365.4 (30 June 2020: 323.1). Other operating income dropped to €1.8 million mainly due to lower income from settlements in connection with legal disputes (previous-year period: €4.6 million). Other operating expenses decreased to €13.1 million in the period under review (previous-year period: €13.6 million). Depreciation and amortisation was €2.3 million (previous-year period: €2.0 million), the same level as last year.

Share of results of joint ventures

The adjusted share of results from joint ventures amounting to €2.5 million (previous-year period: €0.3 million) was mainly generated from a joint venture's successfully marketed project development.

Earnings before interest and tax (EBIT)

Adjusted earnings before interest and tax rose significantly by around 46% to €41.1 million in the first half of 2021, mainly due to the higher revenue volume and the improved gross profit (previous-year period: €28.2 million).

EBIT TABLE 008

In millions of euros

	6M 2021	6M 2020	Change
EBIT	**35.1**	**30.3**	**15.8%**
+ effects from purchase price allocations	4.9	0.6	n/a
+ effects from reclassifications	–1.2	–3.1	–61.3%
+ effects from share deal agreements	2.2	0.4	450.0%
EBIT adjusted	**41.1**	**28.2**	**45.7%**
EBIT margin adjusted	**15.8%**	**15.7%**	

Investment and financial result

The adjusted result from investments amounted to €0.1 million in the first half of 2021 (previous-year period: €–0.6 million) and thus had no material impact on results of operations.

The financial result decreased in the first six months of 2021 to €–8.8 million (previous-year period: €–12.0 million). The scheduled reduction in interest expenses is mainly due to the refinancing to better conditions successfully carried out in 2020 and the lower utilisation of project financing in the current period under review compared to the previous-year period.

The financial result, adjusted for the interest from project financing capitalised in the changes in inventories before the start of sales in the amount of €1.2 million (previous-year period: €3.1 million), improved to €–7.6 million (previous-year period: €–8.9 million).

Earnings before tax (EBT)

Adjusted earnings before tax rose significantly to €33.5 million (previous-year period: €18.7 million) mainly due to the increase in revenue, the improved gross profit and the reduced interest expenses.

EBT TABLE 009

In millions of euros

	6M 2021	6M 2020	Change
EBT	**26.4**	**17.7**	**49.2%**
+ effects from purchase price allocations	4.9	0.6	n/a
+ effects from share deal agreements	2.2	0.4	450.0%
EBT adjusted	**33.5**	**18.7**	**79.1%**
EBT margin adjusted	**12.9%**	**10.4%**	

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Income taxes

Adjusted income taxes amounted to €10.1 million in the first half of the year (previous-year period: €4.9 million). The tax rate in the adjusted results of operations was around 30% in the reporting period (previous-year period: around 26%).

Income taxes in the reported earnings amounted to an expense of €8.6 million (previous-year period: €4.7 million).

Earnings after tax (EAT)

As a result of the effects mentioned above, the adjusted earnings after tax of the Instone Group totalled €23.4 million (previous-year period: €13.7 million). Before adjustment for effects from purchase price allocations as well as effects from share deal agreements, reported earnings after tax were €17.8 million (previous-year period: €13.0 million).

EAT TABLE 010

In millions of euros

	6M 2021	6M 2020	Change
EAT	**17.8**	**13.0**	**36.9%**
+ effects from purchase price allocations	3.4	0.4	n/a
+ effects from share deal agreements	2.2	0.3	633.3%
EAT adjusted	**23.4**	**13.7**	**70.8%**
EAT margin adjusted	**9.0%**	**7.6%**	

Earnings after tax and after minority interests

The non-controlling interests in reported and adjusted earnings after tax amounted to €–2.4 million (previous-year period: €0.0 million).

Earnings after tax and after minority interests TABLE 011

In millions of euros

	6M 2021	6M 2020	Change
EAT after minority interests	**20.2**	**13.0**	**55.4%**
+ effects from purchase price allocations	3.4	0.4	n/a
+ effects from share deal agreements	2.2	0.3	633.3%
EAT adjusted after minority interests	**25.8**	**13.7**	**88.3%**

Earnings per share

Adjusted earnings per share after minority interests were significantly higher in the first half of 2021 at €0.55 (previous-year period: €0.35). In the second half of 2020, 10 million new shares were issued as part of a capital increase.

Earnings per share TABLE 012

In millions of euros

	6M 2021	6M 2020	Change
Shares (in thousands of units)[1]	46,988.3	39,299.6	19.6%
Owners of the Company	20.2	13.0	55.4%
Earnings per share (in euros)	0.43	0.33	30.0%
Owners of the Company adjusted	25.8	13.7	88.3%
Earnings per share adjusted (in euros)	0.55	0.35	57.5%

[1] Average weighted number of shares as at 30 June 2020 adjusted due to the issue of bonus shares

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Net assets

Condensed statement of financial position[1] TABLE 013

In millions of euros

	30/06/2021	31/12/2020	Change
Non-current assets	57.4	52.9	8.5%
Inventories	807.3	777.8	3.8%
Contract assets	219.4	194.2	13.0%
Other receivables and assets	23.5	26.3	–10.6%
Cash and cash equivalents and term deposits	272.1	232.0	17.3%
Assets	**1,379.7**	**1,283.1**	**7.5%**
Equity	527.8	521.0	1.3%
Liabilities from corporate finance	227.0	207.2	9.6%
Liabilities from project-related financing	173.9	274.5	–36.6%
Provisions and other liabilities	451.0	280.4	60.8%
Equity and liabilities	**1,379.7**	**1,283.1**	**7.5%**

[1] Items have been adjusted: term deposit have been allocated to liquid assets due to short- to medium-term availability, financial liabilities are classified on the basis of their use in corporate finance or project financing.

The total assets of the Instone Group increased to €1,379.7 million as at 30 June 2021 (31 December 2020: €1,283.1 million). This is mainly due to the increase in cash and cash equivalents brought about by the inflow from the operating cash flow.

As at 30 June 2021, inventories had risen to €807.3 million (31 December 2020: €777.8 million). On the one hand, this increase in inventories results from the additions from the purchase of new land for future residential project developments and capitalised construction services, and on the other, from disposals in connection with concluded sales agreements. As at 30 June 2021, historical acquisition costs and incidental acquisition costs for land amounting to €599.4 million (31 December 2020: €583.7 million) were included in inventories.

The receivables from customers for work-in-progress already sold (contract assets, gross) and valued at the current fulfilment of development had increased to €606.1 million as at 30 June 2021 (31 December 2020: €573.1 million) due to increased completions and sales. Payments received from customers amounted to €391.8 million as at 30 June 2021 (31 December 2020: €383.5 million). The capitalised direct distribution costs increased to €5.0 million (31 December 2020: €4.6 million). The balance of these items resulted in an increase in the contract assets recognised in the balance sheet to €219.4 million (31 December 2020: €194.2 million).

Contract assets TABLE 014

In millions of euros

	30/06/2021	31/12/2020	Change
Contract assets (gross)	606.1	573.1	5.8%
Payments received	–391.8	–383.5	2.2%
	214.3	**189.6**	**13.0%**
Capitalised costs to obtain a contract	5.0	4.6	8.7%
Contract assets (net)	**219.4**	**194.2**	**13.0%**

Due to the first-time consolidation of Instone Real Estate Development GmbH in 2014 and Instone Real Estate Leipzig GmbH in 2015 as well as the business activities of S&P Stadtbau GmbH in the 2019 financial year, as at 30 June 2021 inventories and contract assets still included write-ups of €38.1 million (31 December 2020: €43.0 million) from purchase price allocations. Based on current estimates, the Instone Group expects these effects to expire in 2024.

The shares accounted for using the equity method, which also include investments in project companies, rose in the first half of 2021 to €13.4 million (31 December 2020: €10.9 million) due to project developments in joint ventures starting to be realised.

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The non-current financial receivables without term deposits amounting to €23.4 million (31 December 2020: €21.5 million) included loans to joint ventures accounted for using the equity method and grew in the first half of 2021 due to further payments to joint ventures.

Cash and cash equivalents as well as long-term and short-term deposits of €272.1 million (31 December 2020: €232.0 million) increased mainly as a result of the positive inflow of cash from operations. In the period under review, project financing was also reduced. As at the reporting date, the term deposits amounted to a total of €140.0 million (31 December 2020: €145.0 million) and had a maturity of more than three months. For more information, please refer to the Group's consolidated statement of cash flows. Page 30 et seq.

Non-current financial liabilities decreased to €286.4 million as at 30 June 2021 (31 December 2020: €313.7 million). In the same period, current financial liabilities decreased to €114.5 million (31 December 2020: €168.0 million).

Liabilities from net assets attributable to non-controlling interests amounting to €0.0 million (31 December 2020: €10.3 million) related to shares of the non-controlling interests of "Projekt Wilhelmstraße Wiesbaden GmbH & Co. KG". This reduction resulted from the scheduled withdrawal of the shareholders from the company's assets.

Trade payables increased during the first half of 2021 to €91.2 million (31 December 2020: €68.9 million) and essentially comprise the services provided by contractors that had not yet been settled as at the reporting date.

Other short-term liabilities of €252.0 million (31 December 2020: €88.7 million) mainly included advance payments received for work-in-progress.

The equity ratio as at 30 June 2021 was 38.3% (31 December 2020: 40.6%).

Net financial debt and debt-to-equity ratio TABLE 015

In millions of euros

	30/06/2021	31/12/2020	Change
Non-current financial liabilities	286.4	313.7	– 8.7%
Current financial liabilities	114.5	168.0	– 31.8%
Financial liabilities	**400.9**	**481.7**	**– 16.8%**
– Cash and cash equivalents and term deposits	– 272.1	– 232.0	17.3%
Net financial debt (NFD)	**128.8**	**249.7**	**– 48.4%**
Inventories and contract assets	1,026.7	971.9	5.6%
Loan-to-cost [1]	**12.5%**	**25.7%**	
EBIT adjusted (LTM[2])	96.7	83.8	15.4%
Depreciation and amortisation (LTM[2])	4.3	4.1	4.9%
EBITDA adjusted (LTM[2])	**101.0**	**87.9**	**14.9%**
Leverage (NFS/EBITDA adjusted [LTM[2]])	1.3	2.8	

[1] Loan-to-cost = net financial debt/(inventories + contract assets).

[2] LTM = last twelve months.

Leverage has decreased compared to the corresponding value of the previous year. The disproportionately reduced net debt of €128.8 million (31 December 2020: €249.7 million) resulting from the positive operating cash inflow has reduced the leverage to 1.3 times (31 December 2020: 2.8 times) adjusted EBITDA. At the same time, the ratio of net debt to balance sheet inventories and contract assets improved to 12.5% (31 December 2020: 25.7%).

Deferred tax liabilities as at 30 June 2020 amounted to €28.8 million (31 December 2020: €22.9 million). The increase is due primarily to the increase in contract assets and the associated positive realisation of earnings.

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Utilisation of lines of corporate finance amounted to €206.0 million (31 December 2020: €206.0 million). Utilisation of lines of project financing decreased to €174.5 million (31 December 2020: €275.9 million). The total funding available, now amounting to €634.7 million (31 December 2020: €798.7 million), decreased during the period under review as more project financing came to an end than was newly agreed. As at 30 June 2021, there were unused credit lines available to Instone Real Estate amounting to €133.5 million (31 December 2020: €163.7 million) from project financing and €119.0 million (31 December 2020: €119.0 million) from corporate finance.

In the first half of 2021, recognised liabilities from corporate finance increased to €210.0 million (31 December 2020: €206.9 million). Recognised liabilities from project-related financing decreased to €173.9 million (31 December 2020: €274.5 million). Loans received from minority shareholders amounted to €16.8 million (31 December 2020: €0 million). Recognised total liabilities from financing operations thus fell to €400.9 million on the reporting date (31 December 2020: €481.5 million). The current project financing included in this is comprised of option agreements for extension.

The maturities of the non-discounted repayment amounts are as follows:

Financial liabilities TABLE 016

In millions of euros

	Due by	Credit line	Utilisation as at 30/06/2021	Interest rate conditions
Corporate finance				
Promissory note loan	02/08/2021	8.5	8.5	3.10%
Promissory note loan	31/08/2022	69.5	69.5	2.50%
Promissory note loan	31/08/2024	28.0	28.0	2.50%
Syndicated loan	31/08/2025	100.0	100.0	4.00%
Current account loans < 1 year	31/12/2023	94.0	0.0	2.85%
Current account loans > 1 and < 2 years	30/06/2022	5.0	0.0	2.00%
Current account loans > 2 and < 3 years	30/06/2023	20.0	0.0	2.85%
		325.0	**206.0**	
Project financing				
Term < 1 year	30/06/2022	113.1	101.2	1.45% to 2.25%
Term > 1 and < 2 years	30/06/2023	42.5	35.3	1.60% to 1.95%
Term > 2 and < 3 years	30/06/2024	139.2	23.3	1.25% to 2.38%
Term > 3 years	30/06/2024	14.9	14.7	2.04%
		309.7	**174.5**	

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Condensed statement of cash flows TABLE 017

In millions of euros

	6M 2021	6M 2020	Change
Cash flow from operations	146.2	–37.8	n/a
Cash flow from investing activities	2.6	–11.5	n/a
Free cash flow	**148.8**	**–49.3**	**n/a**
Cash flow from financing activities	–103.7	–7.8	n/a
Cash change in cash and cash equivalents	**45.1**	**–57.1**	**n/a**
Cash and cash equivalents at the beginning of the period	87.0	117.1	–25.7%
Other changes in cash and cash equivalents	0.0	0.0	n/a
Cash and cash equivalents at the end of the period	**132.1**	**60.0**	**120.2%**

The cash flow from operations of the Instone Group of €146.2 million in the first half of 2021 (previous-year period: €–37.8 million) was essentially due to the increased payment flows from customer payments for current projects with simultaneous purchase price payments and land acquisition taxes for land plots totalling €45.8 million (previous-year period: €50.3 million).

In the first six months of the 2021 financial year, the Instone Group was able to achieve a positive overall cash flow from operations and thus strengthen its position in terms of cash and cash equivalents. The operating cash flow, adjusted for payments for land, in the period under review was distinctly positive at €192.0 million (previous-year period: €12.5 million). This underpins the sustained positive return flows of liquidity to the Instone Group from the current residential property developments, in spite of the ongoing restrictions due to the coronavirus crisis.

Cash flow from operations TABLE 018

In millions of euros

	6M 2021	6M 2020	Change
EBITDA adjusted	43.3	30.2	43.4%
Other non-cash items	–6.9	0.5	n/a
Taxes paid	–7.4	–7.1	4.2%
Change in working capital	117.2	–61.5	n/a
Cash flow from operations	**146.2**	**–37.8**	**n/a**
Payments for land	45.8	50.3	–8.9%
Cash flow from operations without new investments	**192.0**	**12.5**	**n/a**

Cash flow from investing activities amounted to €2.6 million in the period under review (previous-year period: €–11.5 million). This was mainly influenced by the change in non-current and current financial assets in terms of free liquidity in the amount of €5.0 million, the repayment of a loan to the minority shareholders of a Group company in the amount of €1.7 million.

The cash flow from financing activities as at 30 June 2021 was at €–103.7 million (previous-year period: €–7.8 million). This was mainly due to the repayment of loans in the amount of €142.3 million, cash inflows from new loans of €39.7 million, the paid dividend of €12.2 million and payments of €16.6 million from a minority shareholder as a loan as well as €0.2 million as equity.

As at 30 June 2021, financial resources had increased to €132.1 million (31 December 2020: €87.0 million). This includes committed funds amounting to €13.1 million (31 December 2020: €8.3 million) to secure ongoing project financing.

As at 30 June 2021, the guarantee facilities of the credit insurers had been further increased to €309.0 million (31 December 2020: €272.4 million).

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Project business at a glance

Real estate business key performance indicators TABLE 019

In millions of euros

		6M 2021	6M 2020
Volume of sales contracts		207.7	123.5
Volume of sales contracts	In units	541	456
		30/06/2021	**31/12/2020**
Project portfolio (existing projects)		6,268.1	6,053.6
of which already sold		2,444.0	2,328.8
Project portfolio (existing projects)	In units	14,338	13,561
of which already sold	In units	5,679	5,381

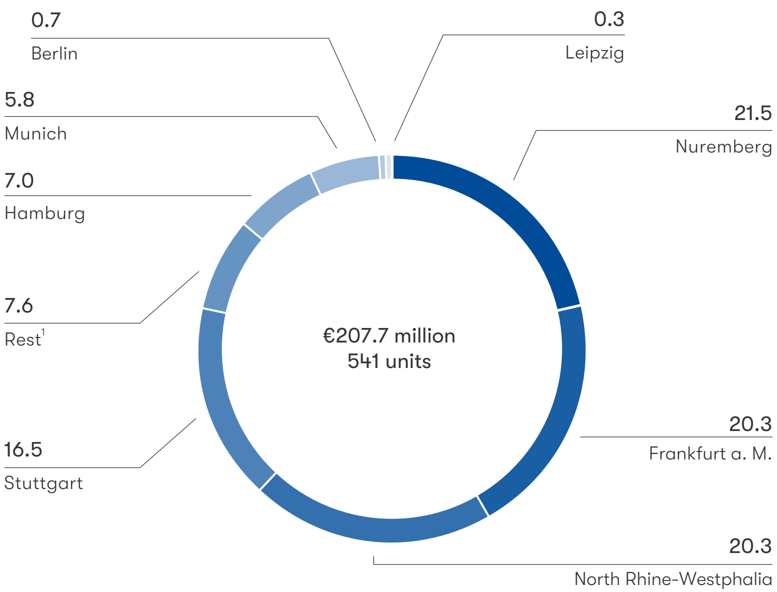
The positive sales development from the first quarter was maintained in the further course of 2021. As a result, a volume of sales contracts of €207.7 million and 541 units was achieved for the first half of 2021. This was mainly due to the consistently high rate of sales for our unit sales projects on the market. In total, some 276 units were sold with a volume of €162.9 million. For three of our projects in individual sales, we also achieved full commercialisation of all residential units in the second quarter. The sales success in the first half of 2021 was enhanced by package and property sales with a volume of €44.8 million.

Compared to the half-year value for 2020 (€123.5 million and 456 units), our volume of sales contracts increased significantly. This is due in particular to the temporarily restrained willingness to make purchases in the first half of 2020 and the limited opportunities in addressing the market due to the Covid-19 pandemic in the previous year. The stabilisation of demand on the market for residential property, which returned at the beginning of the second half of 2020, was not affected by the renewed lockdown measures in the first half of 2021. In particular, there was continuously high demand for the projects that entered commercialisation in the first half of 2021. This led to an increase in the volume of sales contracts from new projects to €162.9 million and 276 units compared to the previous year's level of €95.7 million and 156 units.

The volume of sales contracts realised as at 30 June 2021 is concentrated almost exclusively in the most important metropolitan regions in Germany, accounting for approximately 92% of the total. Around 8% is located in other prosperous medium-class cities. Diagram

Marketing in 6M 2021 by region

In %



[1] mainly includes Potsdam

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The following projects mainly contributed to successful marketing in the 2021 period under review:

Real estate business key performance indicators - Volume of sales contracts 6M 2021 TABLE 020

In millions of euros

		Volume	units
"Wohnen im Hochfeld" Unterbach	Düsseldorf	41.3	65
St. Marienkrankenhaus	Frankfurt a. M.	31.8	22
"Neckar.Au Viertel"	Rottenburg	30.6	89
Seetor "City Campus"	Nuremberg	19.5	35
"Carlina Park", Schopenhauerstraße	Nuremberg	15.7	22
Rote Kaserne West - "Fontane Gärten"	Potsdam	15.4	25
Schulterblatt "Amanda"	Hamburg	14.5	17
"Lokhöfe" Rosenheim, Bahnhofsareal Nord	Rosenheim	11.2	67
"Schönhof-Viertel" [1]	Frankfurt	6.3	186
Kitzmann, Südliche Stadtmauerstr.	Erlangen	5.3	1

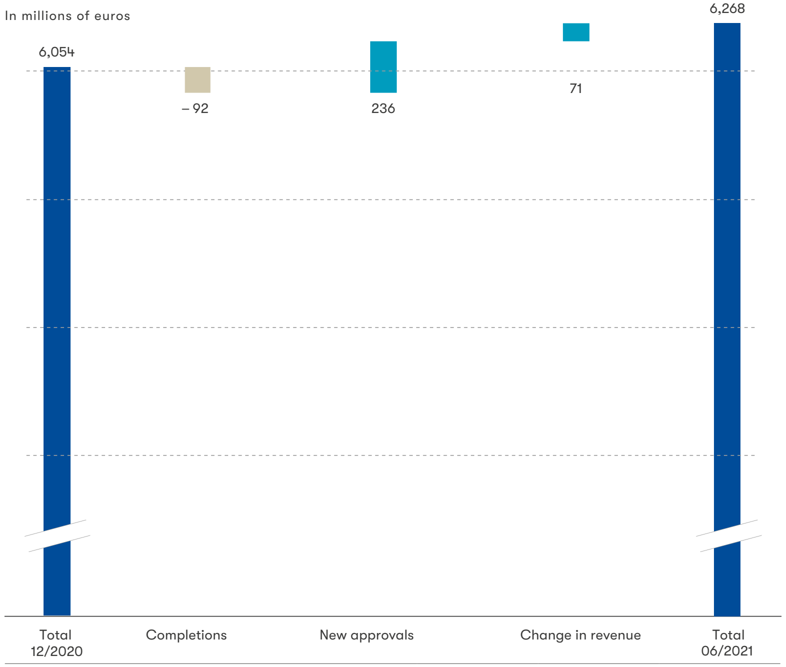
[1] Contractually agreed extra revenues from the additional spaces during the course of consolidating planning.

As at 30 June 2021, ten unit sales projects were on the market with an offer of sale of 334 units and a remaining volume of sales contracts of around €168 million. The supply base of residential units was therefore increased compared to 31 March 2021 (305 units). The start of sales in the "Lokhöfe, Bahnhofsareal Nord" project in Rosenheim, with 143 units and an expected volume of sales contracts of around €25 million, contributed to this. As expected, the sales process for the second sales phase of the "Fontane Gärten" project in Potsdam, with 54 units and a sales volume of approx. €31 million, has also begun. The excellent figures for the projects had a negative impact on the market supply at the same time. In the case of the "Lokhöfe, Bahnhofsareal Nord" project in Rosenheim, for example, almost half of the residential units were sold within the second quarter of 2021 following the start of sales in April 2021.

Compared with the end of the first half of 2020, when the offer of sale was 385 units (€273 million), the supply base on the market as at 30 June 2021 (334 units) was slightly lower. This is due, among other things, to the high speed of sales in 2021. Thus, the planned sales launches, the sales speed at a very high level and the existing reservations and notary appointments at the end of the half-year provide a good basis for successful commercialisation in the second half of the 2021 financial year.

Development of project portfolio as at 30/06/2021

In millions of euros



As at the interim reporting date, Instone Real Estate's project portfolio comprised 52 projects, from which we currently anticipate total volume of sales contracts of €6,268.1 million, and was therefore expanded in comparison to 30 March 2021 (€6,054.2 million). In addition to the acquisition in the first quarter (€70 million), two further projects were acquired with an expected volume of sales contracts of approx. €166 million and 275 units in the second quarter of 2021. At the same time, the property sale "Kitzmann, Südliche Stadtmauer, Erlangen" was handed over to the purchaser in the second quarter of 2021 (€5 million) and therefore added to the two projects completed in the first quarter of 2021 and removed from the portfolio (€87 million). Further concretisation of planning and changes in sales concepts in the portfolio projects led to realised and expected revenue increases of around €71 million.

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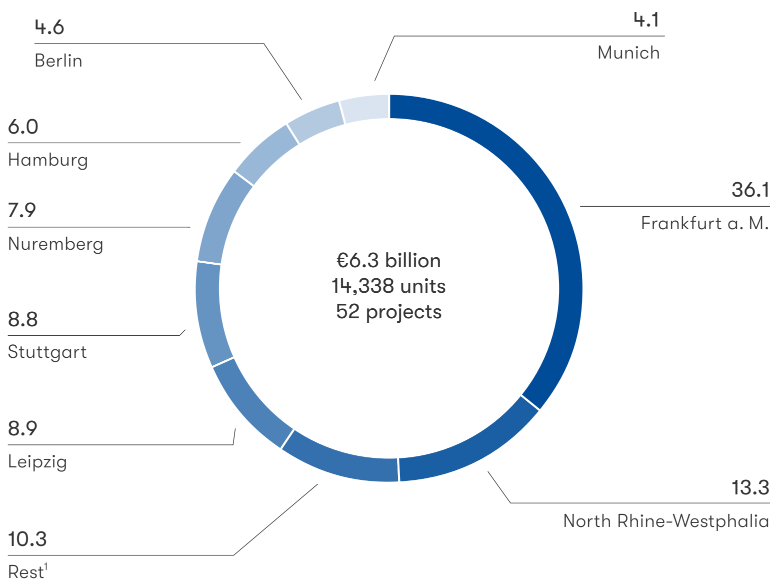
Taking into account an assumed price development for projects not yet in distribution – of 1.5% per annum on the revenue side and 3.5% per annum on the construction cost side – this results in an anticipated project gross profit margin on the project portfolio of about 26% as at the reporting date, exclusive of the large "Westville" project in Frankfurt am Main.[1)]

[1] If the major "Westville" project is taken into consideration, the expected project gross profit margin for the project portfolio is about 25%.

Project portfolio by region

In %

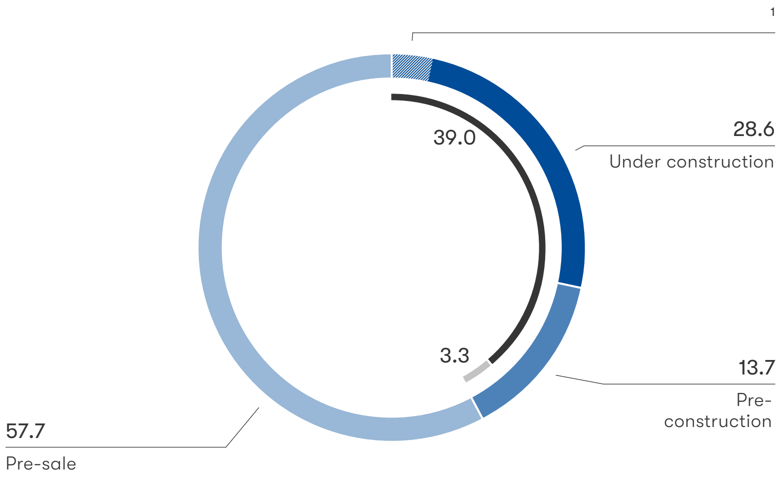


[1] Includes Wiesbaden, Hanover, Potsdam, Bamberg

The majority – approximately 90% – of anticipated overall volume of sales contracts from the project portfolio as at 30 June 2021 is located in the most important metropolitan regions of Germany: Berlin, Bonn, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Munich, Nuremberg and Stuttgart. Around 10% is attributable to other prosperous medium-sized cities.

Project portfolio by groups; Basis: Sale proceeds

In %



[1] 7.4% of the project portfolio has already been handed over.

Based on the continuous growth of our project portfolio in recent years, the majority of our ongoing projects are in the "pre-sale" stage of development. Compared with 31 March 2021, the three categories "pre-construction" 13.7% (13.2%), "under construction" 28.6% (29.6%) and "pre-sales" 57.7% (57.2%) are at a comparable level.

In addition, the preceding diagram shows that, as at 30 June 2021 we have already sold approximately 39% of the anticipated overall volume of sales contracts of the project portfolio. In terms of the anticipated volume of sales contracts, approximately 92% of the "under construction" and "pre-construction" projects were sold as at 30 June 2021.

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In addition to the 52 projects, Instone Real Estate's project portfolio will be supplemented by two further projects that will be realised in companies accounted for using the equity method. In Berlin and the Frankfurt am Main region, two neighbourhoods are being built with an expected volume of sales contracts of around €600 million (Instone's share approx. €300 million) and 1,416 units. In the Berlin project "Friedenauer Höhe", a construction phase comprising 537 rental flats has already been sold to Quantum Immobilien KVG and is under construction.

Adjusted revenue

Adjusted revenue amounted to €260.5 million as at 30 June 2021 (previous-year period: €179.6 million). The following projects carried out contributed in particular to the adjusted revenue in the period under review:

Key projects revenue recognition (adjusted) 6M 2021 TABLE 021

In millions of euros

		Revenue volume (adjusted)
St. Marienkrankenhaus	Frankfurt a. M.	43.0
"Wohnen im Hochfeld" Unterbach	Düsseldorf	24.0
west.side	Bonn	21.7
Westville	Frankfurt a. M.	20.1
Schulterblatt "Amanda"	Hamburg	16.7
"Carlina Park", Schopenhauerstraße	Nuremberg	15.3
City-Prague – Wohnen im Theaterviertel	Stuttgart	14.4
Schwarzwaldstraße	Herrenberg	12.4
S` LEDERER	Schorndorf	11.4
Stephanstraße	Nuremberg	11.1

In the first half of 2021, the first construction phase of the "Westville" major project with around 330 residential units began to be realised. In addition, the first construction phase of around 55 residential units was in Potsdam as part of the "Fontane Gärten" project. As expected, no other projects entered the construction phase in the second quarter of 2021. For the second half of 2021, we expect there to be a significant increase in construction starts, provided that there is no pandemic-related delay in building authority procedures.

The projects that are already under construction progressed according to plan in the first half of 2021. Although isolated cases of Covid-19 were reported in various trades, these were identified and isolated at an early stage, so that the effects remained manageable both in terms of people's health and the construction process, and the production process continued uninterrupted. The handover processes for the projects already completed also went according to plan.

At completion, Instone Real Estate projects have reported a 100% sales ratio in almost all cases. In the case of fully completed projects, our portfolio does not contain any more than 1% of unsold units.

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At Instone Real Estate, risk and opportunities management is an integral part of the Group-wide system of corporate governance. For a detailed overview of our risk and opportunities management processes as well as the risk and opportunities situation, please refer to the 2020 Annual Report, ↗ pages 123–138, "Risk and opportunities report".

Despite the third wave of Covid-19 and a renewed lockdown in the first half of 2021, there was no material change in the risk and opportunities situation compared to our presentation in the 2020 Annual Report. From today's perspective, there are no identifiable risks that jeopardise the continued existence of the Instone Group.

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Our forecast for business development for the 2021 financial year, which we published in the 2020 Annual Report, is fully confirmed.

The Management Board now expects the financial and operational key indicators to develop as follows:

Forecast TABLE 022

In millions of euros

	2021
Revenues (adjusted)	820 to 900
Gross profit margin (adjusted)	26 to 27%
Earnings after tax (adjusted)	90 to 95
Volume of sales contracts	greater than 900

These forecasts are based, among other things, on the assumption that – despite continuing uncertainties – there will be no renewed intensified restrictions as a result of the Covid-19 pandemic in the further course of the year which could have a temporary negative impact on Instone Real Estate's sales activities or construction performance.

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CONSOLIDATED INCOME STATEMENT TABLE 023

In thousands of euros

	01/01–30/06/2021	01/01–30/06/2020
Revenue	240,348	168,876
Changes in inventories	29,539	54,349
	269,886	**223,226**
Other operating income	1,779	4,599
Cost of materials	–198,593	–162,150
Staff costs	–25,141	–19,959
Other operating expenses	–13,072	–13,597
Depreciation and amortisation	–2,273	–2,028
Consolidated earnings from operating activities	**32,586**	**30,090**
Share of results of joint ventures	2,550	255
Other results from investments	87	–616
Finance income	7	48
Finance costs	–8,722	–11,958
Other financial result	–122	–97
Consolidated earnings before tax (EBT)	**26,387**	**17,722**
Income taxes	–8,576	–4,693
Consolidated earnings after tax (EAT)	**17,810**	**13,029**
Attributable to:		
Owners of the Company	20,222	13,023
Non-controlling interests	–2,411	6
Weighted average number of shares (in units)	46,988,336	39,299,574
Basic and diluted earnings per share (in euros)[1]	0.43	0.33

[1] The weighted average number of shares was adjusted retroactively due to the issuing of new shares with subscription rights in the 2020 financial year.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME TABLE 024

In thousands of euros

	01/01 – 30/06/2021	01/01 – 30/06/2020
Consolidated earnings after tax	**17,810**	**13,029**
Items which are not reclassified into the consolidated earnings in future periods		
Actuarial gains and losses	1,382	16
Income tax effects	– 442	– 5
Income and expenses after tax recognised directly in equity	**940**	**11**
Total comprehensive income for the financial year after tax	**18,750**	**13,040**
Attributable to:		
Owners of the Company	21,161	13,034
Non-controlling interests	– 2,411	6
	18,750	**13,040**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION TABLE 025

In thousands of euros

	30/06/2021	31/12/2020
ASSETS		
Non-current assets		
Goodwill	6,056	6,056
Intangible assets	1,311	932
Right of use assets	10,403	10,535
Property, plant and equipment	2,126	2,273
Interests in joint ventures	13,421	10,871
Other investments	455	445
Financial receivables	43,353	21,467
Deferred tax	264	297
	77,389	**52,876**
Current assets		
Inventories	807,300	777,761
Financial receivables	120,669	155,750
Contract assets	219,382	194,158
Trade receivables	2,913	1,080
Other receivables and other assets	17,221	12,065
Income tax assets	2,660	2,359
Cash and cash equivalents	132,143	87,044
	1,302,288	**1,230,218**
TOTAL ASSETS	**1,379,677**	**1,283,093**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION TABLE 025

In thousands of euros

	30/06/2021	31/12/2020
EQUITY AND LIABILITIES		
Equity		
Share capital	46,988	46,988
Capital reserves	358,983	358,983
Group retained earnings/loss carryforwards	123,548	115,544
Accumulated reserves recognised in other comprehensive income	– 1,141	– 2,080
Equity attributable to shareholders	528,379	519,435
Non-controlling interests	– 575	1,598
	527,804	**521,033**
Non-current liabilities		
Provisions for pensions and similar obligations	4,075	4,718
Other provisions	6,160	4,971
Financial liabilities	286,425	313,665
Liabilities from net assets attributable to non-controlling interests	13	10,337
Leasing liabilities	7,491	7,704
Other liabilities	4,980	4,977
Deferred tax	28,753	22,941
	337,897	**369,313**
Current liabilities		
Other provisions	24,274	24,141
Financial liabilities	114,480	168,037
Leasing liabilities	3,174	3,036
Contract liabilities	18,849	25,554
Trade payables	91,193	68,895
Other liabilities	252,027	88,726
Income tax liabilities	9,978	14,359
	513,975	**392,748**
TOTAL EQUITY AND LIABILITIES	**1,379,677**	**1,283,093**

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CONSOLIDATED STATEMENT OF CASH FLOWS TABLE 026

In thousands of euros

	01/01–30/06/2021	01/01–30/06/2020
Consolidated earnings after tax	**17,810**	**13,029**
(+) Depreciation and amortisation / (–) Write-ups of non-current assets	2,273	423
(+) Profit / (–) Loss on disposals of property, plant and equipment	0	821
(+) Increase / (–) Decrease in provisions	1,870	511
(+) Current income tax income / (–) Current income tax expense	2,732	2,591
(+) Deferred income tax income / (–) Deferred income tax expense	5,402	1,118
(+) Income from equity carrying amounts / (–) Expenses	–2,550	–255
(+) Profit from the investment result of minority interests / (–) Expenses	5	625
(+) Interest income / (–) Interest expenses	8,836	11,921
(+) Income / (–) Other non-cash expenses	0	11
(+/–) Change in net working capital [1]	117,245	–61,517
(+) Income tax reimbursements / (–) Income tax payments	–7,414	–7,116
= Cash flow from operations	**146,210**	**–37,838**
(–) Outflows for investments in intangible assets	–396	0
(+) Proceeds from disposals of property, plant and equipment	0	7
(–) Outflows for investments in property, plant and equipment	–330	–1,139
(+) Proceeds from disposals of investments	115	450
(–) Outflows for investments in financial assets	–21,896	–10,995
(+) Proceeds due to financial investments within the scope of current financial planning	125,000	0
(–) Disbursements due to financial investments within the scope of current financial planning	–100,000	0
(+) Interest received	78	193
= Cash flow from investing activities	**2,571**	**–11,484**

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CONSOLIDATED STATEMENT OF CASH FLOWS TABLE 026

In thousands of euros

	01/01 – 30/06/2021	01/01 – 30/06/2020
(+) Contributions from minority shareholders	16,849	0
(–) Payments to minority shareholders	– 363	– 390
(+) Proceeds from loans and borrowings	39,693	353,744
(–) Repayments of loans and borrowings	– 142,312	– 358,154
(–) Payments from lessees to repay liabilities from lease agreements	– 1,891	– 2,957
(–) Interest paid	– 3,440	0
(-) Dividends paid	– 12,217	0
= Cash flow from financing activities	**– 103,682**	**– 7,757**
Cash and cash equivalents at the beginning of the period	87,044	117,090
(+/–) Change in cash and cash equivalents	45,099	– 57,080
= Cash and cash equivalents at the end of the period	**132,143**	**60,010**

[1] Net working capital is composed of inventories, contract assets and trade receivables less contract liabilities and trade payables.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY TABLE 027

In thousands of euros

	Total	Share capital	Capital reserves	Group retained earnings/loss carryforwards	Accumulated reserves recognised in other comprehensive income	Equity attributable to shareholders	Non-controlling interests
As at: 31/12/2019	**310,161**	**36,988**	**198,899**	**74,713**	**–1,364**	**309,236**	**924**
As at: 01/01/2020	**310,161**	**36,988**	**198,899**	**74,713**	**–1,364**	**309,236**	**924**
Consolidated earnings after tax	13,029	0	0	13,023	0	13,023	6
Changes in actuarial gains and losses	11	0	0	0	11	11	0
Total comprehensive income	**13,040**	**0**	**0**	**13,023**	**11**	**13,034**	**6**
As at: 30/06/2020	**323,201**	**36,988**	**198,899**	**87,735**	**–1,353**	**322,270**	**931**
As at: 31/12/2020	**521,033**	**46,988**	**358,983**	**115,544**	**–2,080**	**519,435**	**1,598**
As at: 01/01/2021	**521,033**	**46,988**	**358,983**	**115,544**	**–2,080**	**519,435**	**1,598**
Consolidated earnings after tax	17,810	0	0	20,222	0	20,222	–2,411
Changes in actuarial gains and losses	940	0	0	0	940	940	0
Total comprehensive income	**18,750**	**0**	**0**	**20,222**	**940**	**21,161**	**–2,411**
Dividend payments	–12,217	0	0	–12,217	0	–12,217	0
Other changes	239	0	0	0	0	0	239
	–11,978	**0**	**0**	**–12,217**	**0**	**–12,217**	**239**
As at: 30/06/2021	**527,804**	**46,988**	**358,983**	**123,548**	**–1,141**	**528,379**	**–575**

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Basis of the condensed consolidated interim financial statements

Basis for preparing the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of Instone Real Estate and its subsidiaries as at 30 June 2021 and for the six months then ended have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim reporting" and the German Accounting Standard (DRS) 16 "Semi-annual financial reporting".

They should be read in conjunction with the consolidated financial statements and the notes thereto in the Company's Annual Report for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the related Interpretations (IFRIC) of the IFRS Interpretations Committee (IFRS IC) as they applied on the balance sheet date, in accordance with Regulation No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union and the supplementary disclosures in accordance with Section 315e HGB.

The preparation of the interim report requires management to make a series of assumptions and estimates. This may lead to discrepancies between the values shown in the interim report and the actual values.

Various items from the condensed consolidated statement of financial position and the condensed consolidated income statement are combined into one item for a better overview. The condensed consolidated income statement is prepared according to the nature of expense method.

The condensed consolidated interim financial statements are prepared in euros, which is the functional currency and the reporting currency of the Group. All amounts are expressed in thousands of euros (€ thousand) unless otherwise stated. Commercial rounding may lead to immaterial rounding differences in the totals.

First-time application of accounting standards in the current financial year

In recent years, the International Accounting Standards Board (IASB) has made various changes to existing IFRS and published new IFRS as well as Interpretations of the IFRS Interpretations Committee (IFRS IC). In addition, the IASB has published amendments to existing standards as part of the Annual Improvement Project (AIP). The primary aim of the collective standards is to clarify inconsistencies and formulations.

The changes to the accounting standards that came into effect on 1 January 2021 have no impact on these condensed consolidated interim financial statements.

Scope of consolidation

As at 30 June 2021, in addition to Instone Real Estate Group AG, a total of 18 (31 December 2020: 18) domestic and two (31 December 2020: two) European foreign companies are part of these condensed consolidated interim financial statements and are fully consolidated.

As at 30 June 2021, seven joint ventures (31 December 2020: seven) were accounted for using the equity method.

In total, six group entities (31 December 2020: six) had a low business volume or no business operation and were not consolidated for reasons of materiality. They are reported under other investments.

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Segment reporting

Segment reporting in accordance with IFRS 8 is based on the management approach and thus corresponds to the management and reporting system that Instone Real Estate uses for its segments. Instone Real Estate operates in only one business segment and one geographical segment and generates revenue and holds assets mainly in Germany.

However, the internal reporting for the single business segment differs from the figures in IFRS accounting. In its internal reporting, Instone Real Estate focuses in particular on the development of housing projects. For this reason, Instone Real Estate conducts segment reporting for this one business segment.

Internal corporate governance for this segment is based in particular on the internal reporting system for the presentation of key developments relating to real estate and financial key performance indicators, supplemented by an examination of key project milestones and liquidity development.

Instone Real Estate manages its segment through the adjusted results of operations using key performance indicators adjusted revenue, adjusted gross profit and adjusted earnings after interest and tax.

Adjusted revenue

The performance of the business segment is reported via adjusted revenue on the basis of revenue recognition over time. Adjusted revenue is calculated by adding the revenue recognition from share deals in the same way as from asset deals, without the effects from purchase price allocations.

Adjusted gross profit

The adjusted gross profit is used to analyse the project-based company performance and is determined on the basis of the adjusted revenue less the cost of materials, changes in inventories, other operating income after subtracting the cost of materials, indirect distribution costs and capitalised interest, but excluding effects from purchase price allocations and share deals.

Adjusted earnings after tax

Adjusted earnings after tax is calculated on the basis of adjusted gross profit less platform costs, consisting of staff costs, other operating income and expenses, depreciation and amortisation, income from investments and other earnings, financial result and income taxes, but is also adjusted for the effects from purchase price allocations and share deals, as well as any non-recurring effects, where applicable. The results of joint ventures are included in adjusted earnings before interest and tax, as future earnings of project companies to be recorded under this item are to be allocated to operating earnings.

The effects of the adjusted results of operations are derived from the following:

Share deal effects

The project companies Westville 2 GmbH, Westville 3 GmbH, Westville 4 GmbH and Westville 5 GmbH are commercially conceived as asset management companies and constitute a major project in Frankfurt am Main. Instone Real Estate has already sold these project companies in the form of a share deal with the obligation to build a residential complex. In the adjusted results of operations, the overall "Westville" project is managed in the same way as the other projects in the Instone Group, with revenue recognition over time in accordance with IFRS 15. These companies are valued and included in the consolidated financial statements in accordance with IAS 2. The effects from this different valuation are reflected in the revenues of €20,129 thousand(previous-year period: €10,451 thousand),project costs of €–17,912 thousand (previous-year period: €–10,085 thousand) and income taxes of €– 36 thousand (previous-year period: €–58 thousand). In the period under review, an adjustment was made to determine the tax expense for share deal effects on the expected minimum taxation of the companies' sales revenues.

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Effects from purchase price allocations

Due to the first-time consolidation of Instone Real Estate Development GmbH in 2014 and Instone Real Estate Leipzig GmbH in 2015 as well as the business activities of S&P Stadtbau GmbH in the 2020 financial year, as at 30 June 2021 inventories and contract assets still included write-ups of €38,091 thousand (31 December 2020: €43,013 thousand) from purchase price allocations. The ongoing amortisation of these purchase price allocations on the basis of the progressive implementation of the projects included in these initial consolidations is adjusted for internal reporting. The adjustment for the amortisation of purchase price allocations was attributable as follows: €17 thousand (previous-year period: €254 thousand) to revenue, €0 thousand (previous-year period: €–191 thousand) to cost of materials, €4,940 thousand (previous-year period: €524 thousand) to changes in inventories and €–1,483 thousand (previous-year period: €182 thousand) to income taxes. Based on current estimates, the Instone Group expects these effects to expire in 2024.

Reclassifications and non-recurring effects

Indirect sales expenses of €566 thousand as at 30 June 2021 (previous-year period: €1,104 thousand) were allocated to project costs. The adjustment of the capitalised interest in the changes in inventories of €1,199 thousand (previous-year period: €3,110 thousand) burdened the project costs.

In the following table, the differences arising from the valuation of the individual data are carried over from the adjusted results of operations to the consolidated reporting:

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RECONCILIATION OF ADJUSTED RESULTS OF OPERATIONS 01/01–30/06/2021

TABLE 028

In thousands of euros

	Adjusted results of operations	Share deal effects	Reclassifications	Effects from PPA	Reported results of operations
Revenue	**260,459**	**–20,129**	**0**	**17**	**240,348**
Project costs	**–183,792**	**17,912**	**1,765**	**–4,940**	**–169,054**
Cost of materials	–199,159	0	566	0	–198,593
Changes in inventories	15,367	17,912	1,199	–4,940	29,539
Gross profit	**76,667**	**–2,216**	**1,765**	**–4,922**	**71,293**
Platform costs	**–38,141**	**0**	**–566**	**0**	**–38,707**
Staff costs	–25,141	0	0	0	–25,141
Other operating income	1,779	0	0	0	1,779
Other operating expenses	–12,506	0	–566	0	–13,072
Depreciation and amortisation	–2,273	0	0	0	–2,273
Share of results of joint ventures	2,550	0	0	0	2,550
EBIT	**41,076**	**–2,216**	**1,199**	**–4,922**	**35,136**
Other results from investments	87	0	0	0	87
Financial result	–7,637	0	–1,199	0	–8,836
EBT	**33,525**	**–2,216**	**0**	**–4,922**	**26,387**
Tax	–10,095	36	0	1,483	–8,576
EAT	**23,430**	**–2,181**	**0**	**–3,439**	**17,810**

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RECONCILIATION OF ADJUSTED RESULTS OF OPERATIONS 01/01–30/06/2020

TABLE 029

In thousands of euros

	Adjusted results of operations	Share deal effects	Reclassifications	Effects from PPA	Reported results of operations
Revenue	**179,581**	**–10,451**	**0**	**–254**	**168,876**
Project costs	**–121,766**	**10,085**	**4,214**	**–333**	**–107,801**
Cost of materials	–163,445	0	1,104	191	–162,150
Changes in inventories	41,679	10,085	3,110	–524	54,349
Gross profit	**57,815**	**–366**	**4,214**	**–587**	**61,076**
Platform costs	**–29,882**	**0**	**–1,104**	**0**	**–30,986**
Staff costs	–19,959	0	0	0	–19,959
Other operating income	4,599	0	0	0	4,599
Other operating expenses	–12,493	0	–1,104	0	–13,597
Depreciation and amortisation	–2,028	0	0	0	–2,028
Share of results of joint ventures	255	0	0	0	255
EBIT	**28,189**	**–366**	**3,110**	**–587**	**30,345**
Other results from investments	–616	0	0	0	–616
Financial result	–8,897	0	–3,110	0	–12,007
EBT	**18,675**	**–366**	**0**	**–587**	**17,722**
Tax	–4,933	58	0	182	–4,693
EAT	**13,742**	**–308**	**0**	**–405**	**13,029**

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Revenue

Revenue is spread across the following regions:

REVENUE BY REGION TABLE 030

In thousands of euros

	01/01 – 30/06/2021	01/01 – 30/06/2020
Germany	240,277	168,857
Rest of Europe	71	20
	240,348	**168,876**

The composition of revenue by revenue type is shown in the following table:

REVENUE BY REVENUE TYPE TABLE 031

In thousands of euros

	01/01 – 30/06/2021	01/01 – 30/06/2020
Revenue from building contracts		
Revenue recognised over time	232,105	166,399
Revenue recognised at a point in time	5,250	0
	237,355	**166,399**
Income from leases	2,832	2,400
Other services	161	78
	240,348	**168,876**

The total amount of unfulfilled or partly unfulfilled performance obligations as at the balance sheet date is €982,842 thousand (31 December 2020: €1,036,967 thousand).

Depreciation and impairment

There was no impairment of right of use assets, property, plant and equipment or intangible assets.

DEPRECIATION AND AMORTISATION TABLE 032

In thousands of euros

	01/01 – 30/06/2021	01/01 – 30/06/2020
Right of use assets	–1,779	–1,605
Property, plant and equipment	–477	–405
Intangible assets	–17	–18
	–2,273	**–2,028**

Income taxes

INCOME TAXES TABLE 033

In thousands of euros

	01/01 – 30/06/2021	01/01 – 30/06/2020
Current income tax		
German trade tax	–1,152	–1,655
Corporation tax	–1,580	–937
	–2,732	**–2,591**
Deferred tax		
Deferred tax	–5,844	–2,101
	–8,576	**–4,693**

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Inventories

INVENTORIES TABLE 034

In thousands of euros

	30/06/2021	31/12/2020
Work-in-progress	807,244	777,705
Finished goods	56	56
	807,300	**777,761**

Work-in-progress is subject to disposal restrictions due to project financing by banks amounting to €309,655 thousand (31 December 2020: €313,056 thousand).

Borrowing costs in the amount of €2,132 thousand (previous-year period: €4,218 thousand) were capitalised as part of production costs recognised for inventories attributable to project-related financing based on individual agreements with external lenders.

As in the same period of the previous year, inventories were not subject to impairment. As in the same period of the previous year, reversals of impairment losses were not made in the period under review.

Contract assets

The structure of contract assets is composed as follows:

CONTRACT ASSETS TABLE 035

In thousands of euros

	30/06/2021	31/12/2020
Contract assets	606,113	573,066
Payments received	– 391,767	– 383,546
	214,346	**189,520**
Receivables from costs to obtain a contract	5,036	4,638
	219,382	**194,158**

The change in contract assets is due to the increase in fulfilment of the underlying contracts with customers and the parallel increase in advance payments.

The cycle of contract assets is – equivalent to the project term – an average of three years.

The amortisation of the costs to obtain a contract in the amount of €1,071 thousand (previous-year period: €2,238 thousand) offsets the fulfilment of the underlying contracts with customers.

Financial liabilities

FINANCIAL LIABILITIES TABLE 036

In thousands of euros

	30/06/2021	31/12/2020
non-current		
Loans from banks	167,169	213,094
Loans from third parties	102,601	100,526
Liabilities to minority shareholders	16,655	45
	286,425	**313,665**
current		
Loans from banks	114,150	167,849
Loans from third parties	188	188
Liabilities to minority shareholders	142	0
	114,480	**168,037**
	400,905	**481,701**

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FINANCIAL LIABILITIES 2021

TABLE 037

In thousands of euros

				Non-cash changes	
	30/06/2021	01/01/2021	Cash flow from financing activities	Deferred interest	Amortisation from the measurement using the effective interest method
Loans from banks	281,319	380,943	–103,501	2,769	1,108
Loans from third parties	102,789	100,713	0	1,984	92
Liabilities to minority shareholders	16,798	45	16,610	142	0
	400,905	**481,701**	**–86,891**	**4,895**	**1,200**

FINANCIAL LIABILITIES 2020

TABLE 038

In thousands of euros

				Non-cash changes	
	31/12/2020	01/01/2020	Cash flow from financing activities	Deferred interest	Amortisation from the measurement using the effective interest method
Loans from banks	380,943	594,881	–225,698	11,338	422
Loans from third parties	100,713	588	98,600	1,468	58
Liabilities to minority shareholders	45	45	0	0	0
	481,701	**595,513**	**–127,098**	**12,807**	**479**

Current and non-current loans from banks consisted of fixed and variable interest rate loans issued by various banks.

In accordance with the Group's policy, Instone Group's loans from banks are not the subject of contractual assurances and are instead secured by land charges.

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In the period under review, cash flow from financing activities resulted in an amount of €16,225 thousand from the payment of a loan from a minority shareholder.

Other disclosures

Disclosures about related persons and companies

Key related persons and companies include any material entities valued at equity and members of the Management Board and Supervisory Board.

Joint venture relations

RELATIONSHIPS WITH JOINT VENTURES/OTHER INVESTMENTS TABLE 039

In thousands of euros

	30/06/2021	31/12/2020
Receivables		
FHP Friedenauer Höhe Dritte GmbH & Co. KG	4,504	4,410
FHP Friedenauer Höhe Erste GmbH & Co. KG	3,817	3,783
FHP Friedenauer Höhe Sechste GmbH & Co. KG	7,619	7,532
FHP Friedenauer Höhe Vierte GmbH & Co. KG	7,354	5,742
Wohnpark Heusenstamm GmbH & Co. KG	30	0
	23,323	**21,467**
Liabilities		
Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG	77	81
Wohnpark Gießener Straße GmbH & Co. KG	145	107
	221	**188**

The financial receivables from the four project companies FHP Friedenauer Höhe Dritte GmbH & Co. KG, FHP Friedenauer Höhe Erste GmbH & Co. KG, FHP Friedenauer Höhe Sechste GmbH & Co. KG and FHP Friedenauer Höhe Vierte GmbH & Co. KG consist of interest-free loans with residual maturities of between four and seven years. The financial liabilities to Projektentwicklungsgesellschaft Holbeinviertel mbH & Co. KG and Wohnpark Gießener Straße GmbH & Co. KG consist of interest-free loans and have a residual term of up to one year.

Relationships with related persons

There were no material transactions between Instone Real Estate Group AG, Essen, Germany or a Group company and persons from the Management Board or related persons or companies during the reporting period. There are no conflicts of interest in terms of the participating members of the Management Board and the Supervisory Board.

Further disclosures on financial instruments

The carrying amounts for individual classes of financial instruments and the carrying amounts for individual categories are shown below in accordance with IFRS 7.

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CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS IN 2021

TABLE 040

In thousands of euros

	Carrying amount 30/06/2021	Fair value through profit and loss	At amortised costs	Not within the scope of application of IFRS 9
ASSETS				
Financial assets				
Financial receivables				
non-current	43,353	23,353	20,000	0
current	120,669	0	120,669	0
	164,022	**23,353**	**140,669**	**0**
Other investments	455	455	0	0
Contract assets	219,382	0	0	219,382
Trade receivables	2,913	0	2,913	0
Other receivables and other assets	17,221	0	14,461	2,760
Cash and cash equivalents	132,143	0	132,143	0
	536,137	**23,808**	**290,186**	**222,142**
EQUITY AND LIABILITIES				
Financial liabilities				
Financial liabilities				
non-current	286,425	0	286,425	0
current	114,480	0	114,480	0
	400,905	**0**	**400,905**	**0**
Contract liabilities	18,849	0	0	18,849
Liabilities from net assets attributable to non-controlling interests	13	13	0	0
Trade payables	91,193	0	91,193	0
Other liabilities	257,007	0	257,007	0
	767,967	**13**	**749,105**	**18,849**

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CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS IN 2020

TABLE 041

In thousands of euros

	Carrying amount 31/12/2020	Fair value through profit and loss	At amortised costs	Not within the scope of application of IFRS 9
ASSETS				
Financial assets				
Financial receivables				
non-current	21,467	21,467	0	0
current	155,750	0	155,750	0
	177,217	**21,467**	**155,750**	**0**
Other investments	445	445	0	0
Contract assets	194,158	0	0	194,158
Trade receivables	1,080	0	1,080	0
Other receivables and other assets	12,065	0	10,265	1,800
Cash and cash equivalents	87,044	0	87,044	0
	472,009	**21,912**	**254,139**	**195,958**
EQUITY AND LIABILITIES				
Financial liabilities				
Financial liabilities				
non-current	313,665	0	313,665	0
current	168,037	0	168,037	0
	481,701	**0**	**481,701**	**0**
Contract liabilities	25,554	0	0	25,554
Liabilities from net assets attributable to non-controlling interests	10,337	10,337	0	0
Trade payables	68,894	0	68,894	0
Other liabilities	93,703	0	93,703	0
	680,190	**10,337**	**644,299**	**25,554**

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With the short-term financial instruments accounted for at amortised costs, the carrying amount corresponds to the fair value, due to the short remaining term to maturity. In the case of non-current financial liabilities, the carrying amount of a part corresponds to the fair value due to the variable interest rate. A fair value was determined for the fixed-interest non-current liabilities, which exceeds the carrying amount by €9,885 thousand as at 30 June 2021 (31 December 2020: €11,311 thousand). Non-current liabilities fall under fair value hierarchy level 2. The fair value was determined using a cash value method using company-specific current interest rates derived from the market. Non-current financial receivables, if they are interest-free or low in interest rates, are recognised at their fair value. These bonds fall under fair value hierarchy level 2 and were determined using a cash value method taking into account current market interest rates.

Events after the balance sheet date

There were no events of particular significance to report after the balance sheet date on 30 June 2021.

Disclosures on preparation and approval

The Management Board of Instone Real Estate Group AG prepared the interim consolidated financial statements on 25 August 2021 and approved them for forwarding to the Supervisory Board.

Essen / Germany, 25 August 2021

The Management Board

Kruno Crepulja Dr Foruhar Madjlessi Andreas Gräf

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To the best of our knowledge, we hereby declare that the semi-annual report for the interim consolidated financial statements accurately reflects the results of operations, net assets and the financial position of the Instone Group in accordance with applicable accounting principles and that the Company's management report together with the combined management report accurately reflect business performance, including the operating result and financial position, of the Instone Group, and that it also describes the significant opportunities and risks associated with the anticipated development of the Instone Group during the remainder of the financial year.

Essen, 25 August 2021

The Management Board

Kruno Crepulja　Dr Foruhar Madjlessi　Andreas Gräf

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To Instone Real Estate Group AG, Essen/Germany

We have reviewed the condensed consolidated interim financial statements – comprising the condensed consolidated statement of financial position as of 30 June 2021, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity for the six month period from 1 January to 30 June 2021 as well as selected explanatory notes to the condensed consolidated interim financial statements – and the interim group management report for the six month period from 1 January to 30 June 2021 of Instone Real Estate Group AG, Essen/Germany, that are part of the half-year financial report under Section 115 German Securities Trading Act (WpHG). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors. Our responsibility is to express a conclusion on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and of the interim group management report in compliance with German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements of Instone Real Estate Group AG, Essen/Germany, are not prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Düsseldorf/Germany, 25 August 2021

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr Holger Reichmann
Wirtschaftsprüfer
(German Public Auditor)

Michael Pfeiffer
Wirtschaftsprüfer
(German Public Auditor)

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Forward-looking statements

This interim group report contains forward-looking statements that are based on current management plans, goals and forecasts. However, these statements relate only to findings that are available as at the date this condensed consolidated interim report was prepared.Management does not guarantee that these forward-looking statements will necessarily materialise.Actual future development and the results actually achieved are subject to various risks and can therefore deviate significantly from the forward-looking statements.Several risk factors cannot be influenced by Instone Real Estate and therefore cannot be conclusively assessed in advance. These include changes in the economic and competitive environment, legislation, fluctuations in interest or exchange rates, legal disputes and investigative proceedings and the availability of financial resources. These and other risks are listed in the 2020 consolidated report, which includes a summary of the management report, as well as in this condensed consolidated interim report.Furthermore, business development and economic results may also be encumbered by other factors.Following publication of this consolidated interim report, there is no intention to in any way update the forward-looking statements made herein or to adjust them to events and developments.

Rounding of figures

Some figures disclosed in this condensed consolidated interim report have been commercially rounded. As a result, there may be minor deviations between figures in tables and the respective analyses of them in the text of the condensed consolidated interim report, as well as between individual amount totals in tables and the total values indicated in the text.All key figures and percentage changes shown are calculated on the basis of the underlying data in the unit "thousands of euros".

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About us

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Kruno Crepulja (Chairman/CEO),
Dr Foruhar Madjlessi,
Andreas Gräf

Chairman of the Supervisory Board

Stefan Brendgen

Commercial Register

Registered in the Commercial Register
of the Essen Local Court under HRB 29362

Sales tax ID number
DE 300512686

Concept, design and implementation

MPM Corporate Communication Solutions,
Mainz, Germany
www.mpm.de

Financial calendar

26/08/2021	Publication of the semi-annual report as at 30 June 2021
18/11/2021	Publication of the quarterly statement as at 30 September 2021

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MULTI-YEAR OVERVIEW

In millions of euros

		6M 2021	2020	2019	2018
Key liquidity figures					
Cash flow from operations		146.2	119.9	– 205.1	-40.4
Cash flow from operations without new investments		192.0	225.0	115.0	32.1
Free cash flow		148.8	– 64.2	– 237.5	-39.9
Cash and cash equivalents and term deposits[1]		272.1	232.0	117.1	88
Key balance sheet figures					
Total assets		1,379.7	1,283.1	1,123.4	686.6
Inventories		807.3	777.8	732.1	404.4
Contract assets		219.4	194.2	219.0	158.5
Equity		527.8	521.0	310.2	246.9
Financial liabilities		400.9	481.7	595.5	265.6
of which from corporate finance		227.0	207.2	180.8	66.1
of which from project financing		173.9	274.5	414.7	199.5
Net financial debt[2]		128.8	249.7	478.4	177.5
Leverage		1.3	2.8	3.6	3.5
Loan-to-cost[3]	In %	12.5	25.7	50.3	n/a
ROCE[4] adjusted	In %	13.4	10.3	22.8	11.9
Employees					
Quantity		437	413	375	311
FTE[5]		365.4	342.5	307.7	258.7

MULTI-YEAR OVERVIEW / QUARTERLY COMPARISON

In millions of euros

		6M 2021	2020	2019	2018	Q2 2021	Q2 2020
Real estate business key performance indicators							
Volume of sales contracts		207.7	464.4	1,403.1	460.8	89.1	54.1
Volume of sales contracts	In units	541	1,292	2,733	1,033	169	347
Project portfolio (existing projects)		6,268.1	6,053.6	5,845.7	4,763.2	6,268.1	5,701.3
of which already sold		2,444.0	2,328.8	2,174.0	998.2	2,444.0	2,017.1
Project portfolio (existing projects)	In units	14,338	13,561	13,715	11,041	14,338	13,075
of which already sold	In units	5,679	5,381	4,814	2,395	5,679	4,648
Volume of new approvals[6]		235.8	489.9	1,284.2	1,298.0	165.9	186.9
Volume of new approvals	In units	436	1,171	3,857	3,314	275	492
Adjusted results of operations							
Revenues adjusted		260.5	480.1	736.7	372.8	132.4	79.9
Project costs adjusted		– 183.8	– 333.5	– 548.8	– 266.3	– 96.2	– 51.8
Gross profit adjusted		**76.7**	**146.6**	**187.8**	**106.4**	**36.2**	**28.1**
Gross profit margin adjusted		**29.4%**	**30.5%**	**25.5%**	**28.5%**	**27.3%**	**35.2%**
Platform costs adjusted		– 38.1	– 65.5	– 59.0	– 56.9	– 21.8	– 18.0
Share of results of joint ventures adjusted		2.5	2.7	0.7	0.0	0.0	0.0
Earnings before interest and tax (EBIT) adjusted		**41.1**	**83.8**	**129.6**	**49.6**	**14.4**	**10.2**
EBIT margin adjusted		**15.8%**	**17.5%**	**17.6%**	**13.7%**	**10.9%**	**12.8%**
Income from investments adjusted		0.1	– 1.2	– 5.7	– 0.4	0.1	0.2
Financial result adjusted		– 7.6	– 23.2	– 16.1	– 7.7	– 3.5	– 4.2
Earnings before tax (EBT) adjusted		**33.5**	**59.4**	**107.8**	**41.5**	**10.9**	**6.2**
EBT margin adjusted		**12.9%**	**12.4%**	**14.6%**	**11.5%**	**8.2%**	**7.8%**
Income taxes adjusted		– 10.1	– 18.3	– 2.2	– 22.4	– 3.3	– 1.1
Earnings after tax (EAT) adjusted		**23.4**	**41.1**	**105.6**	**19.1**	**7.6**	**5.0**
EAT margin adjusted		**9.0%**	**8.6%**	**14.3%**	**5.1%**	**5.7%**	**6.3%**
Earnings per share (adjusted)	In euros	0.55	0.99	2.69	0.44	0.21	0.13
Dividend per share[7]	In euros		0.3				
Dividends paid[7]			12.2				

[1] Term deposits are comprised of cash investments of more than three months.

[2] Net financial debt = financial liabilities less cash and cash equivalents and term deposits.

[3] Loan-to-cost = net financial debt/(inventories + contract assets).

[4] Return on capital employed = LTM EBIT adjusted/(four-quarter average equity + net financial debt).

[5] Full-time employees.

[6] Excluding volume of approvals from joint ventures consolidated at equity.

[7] Current financial year: proposed dividend/proposed distribution.

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