Press release

In Paris, on April 14, 2022

KAUFMAN & BROAD

1ST QUARTER 2022 RESULTS

- **Results in line with expectations**
- **Very solid financial structure**
- **€1.95 dividend per share to be proposed at the coming General Meeting on May 5, 2022**

◆ **Key sales activity indicators (Q1 2022 vs. Q1 2021)**

- **Total orders:**
  €278.0 M vs. €272.7 M incl. VAT
  Of which Housing: €278.0 M vs. €238.3 M incl. VAT
  1,237 vs. 1,144 units
- **Housing take-up period*:**
  4.5 vs. 4.9 months (0.4 months)

◆ **Key financial data (Q1 2022 vs. Q1 2021 except where otherwise stated)**

- **Revenue:**
  €279.0 M vs. €285.9 M
  Of which Housing: €235.2 M vs. €247.3 M
  Gross margin:
  €48.3 M vs. €49.4 M
- **EBIT margin**:** 7.5% vs. 7.7%
- **EBIT:** €21.0 M vs. €21.9 M
- **Attributable net income:**
  €11.8 M vs. €11.8 M
- **Net financial debt*** :**
  €69.5 M vs. -€35.9 M at end-Nov. 2021
- **Financing capacity:** €336.5 M vs. -€439.5 M at end-Nov. 2021

◆ **Key growth indicators (end-Feb. 2022 vs. end-Feb. 2021)**

- **Total backlog:**
  €3,374.1 M vs.€3,572.4 M
  Of which Housing: €2,278.7 M vs. €2,332.6 M
- **Housing property portfolio:**
  34,199 units vs 35,149 units at end-Nov. 2021

Today, Kaufman & Broad SA reported its unaudited results for the first quarter of the 2022 fiscal year (December 1, 2021 to February 28, 2022). Nordine Hachemi, Chairman and Chief Executive Officer of Kaufman & Broad, made the following comments:

"The 1st quarter results are in line with our expectations. Orders increased by 8.1% in volume, and by 18.6% in value. The pace of sales remained strong. As we had mentioned last January, the volume of construction permits granted grew, quarter-over-quarter, but did not reach the same level as in previous years.

Pressure on the cost of construction, linked to the health crisis, was anticipated and has been absorbed by the cautious provisioning policy we have implemented for the past several years, along with strict positions on real estate acquisitions.

This has allowed us to maintain an acceptable economic performance over the quarter, with a virtually stable gross margin, EBIT margin, and net result. The increased WCR compared to end-February 2021 is as expected. It reflects an accelerated start-up of operations that will help contribute to revenue over the year.

With the evolving global economic and geopolitical situation, we anticipate increased pressure on the cost of construction over the coming period, and, going forward, on interest rates.

While Kaufman & Broad is not yet seeing any particular pressure on its key sales indicators (orders, acquisition of new prospects, cancellation rate, and take-up periods), the group is already mobilized to deal with a possible deterioration of the economic situation during the coming months.

Kaufman & Broad is even more selective in the positions it takes on real estate acquisitions, the costs of which are already systematically evaluated to take account of increasing construction costs and our customers purchasing power.

In addition, we have implemented a rigorous optimization program for all of our projects, whether for their technical and financial structuring or their sales conditions.

In the medium term, by relying on the quality of our Backlog and the robustness of our financial structure, we at Kaufman & Broad are confident in our ability to take advantage of the still-strong consumer and investor demand. Housing needs has never been so high, powered by demographic, sociological and environmental factors.

To date, the outlook we announced last January for all of 2022 remains unchanged: revenue is projected to increase by at least 5%. The EBIT margin should be above 7%.

Kaufman & Broad will continue to closely monitor the evolution of the economic and financial situation, particularly in terms of interest rates"

* calculated based on the first 3 months of the financial year
** expressed as a percentage, this corresponds to current operating income, i.e. gross margin minus current operating expenses divided by revenue
*** Not including. IFRS16 Debt and Neoresid put debt

♦ Sales activity

✓ Housing

Q1 2022 saw €278.0 million (including VAT) in housing orders in value, compared to €234.3 for Q1 2021, an 18.6% increase. In volume, this amounted to 1,237 units (vs. 1,144 in Q1 2021), an 8.1% increase.

The take-up period for construction programs was 4.5 months over 3 months, a 1.9-month improvement over Q1 2021 (4.9 months).

Supply, with 94% of housing units located in high-demand, low-supply areas (A, Aa and B1), stood at 1,873 units at end-February 2022 (vs. 1,872 at end-February 2021).

Breakdown of the customer base

First-time buyer orders accounted for 18% of sales in value (including VAT), compared to 9% for Q1 2021. Second-time buyers accounted for 12% of sales, vs. 6% during the same period in 2021. Orders from investors accounted for 36% of sales (of which 30% for the Pinel incentive alone). And finally, block sales were down significantly, at 34% of orders in terms of value (incl. VAT) vs. 51% for Q1 2021.

✓ Commercial Property

No orders were recorded for Commercial properties in Q1 2022, compared to €38.4 million in net orders during Q1 2021.

Kaufman & Broad is currently marketing or reviewing approximately 130,000 sq.m of office and 214,000 sq.m of logistics space. It also currently has over 93,400 sq.m of office space either currently under construction or starting up over the next few months, along with over 42,100 sq.m of logistics space. And finally, it still has nearly 101,000 sq.m of office space transactions to be finalized.

✓ Leading sales and growth indicators

As of February 28, 2022, the Housing backlog stood at €2,278.7 million (excl. VAT), vs. €2,332.6 million (excl. VAT), covering 24.9 and 29.8 months of business respectively. Kaufman & Broad also had 145 housing programs in the marketing phase as of the same date, representing 1,873 housing units (vs. 146 programs and 2,011 units at end- 2021).
The Housing property portfolio represents 34,199 units. It is down 5.5% compared to end-February 2021, and corresponds to over 5 years of commercial business.
Land reserves make up 94% of the housing units located in high-demand, low-supply areas, i.e. 32,198 units as of end-February 2022.

In Q2 2022, the group plans to start up 35 new programs, including 17 in Ile-de-France with 694 units, and 18 in the Provinces, with 797 units.

At end-February, the Commercial properties Backlog had recorded no sales, compared to €1,239.8 million excl. VAT at end-February 2021.

♦ Financial results

✓ Activity

Overall revenue stands at €279.0 million, compared to €285.9 million in Q1 2021.

Housing revenue was €235.2 million (excl. VAT), vs. €247.3 million (excl. VAT) in H1 2021. This represents 84.3% of group revenue.

Revenue from the Apartment business stands at €229.3 million (excl. VAT),(vs. €227.9 million (excl. VAT) in Q1 2021).

Revenue in the Commercial Property segment came to €41.3 million (excl. VAT), compared to €36.3 million for the same period in 2021.

Other business generated revenue of €2.5 million (excl. VAT), vs. €2.3 million in 2021.

✓ Profitability data

Gross margin was €48.3 million for Q1 2022, compared to €49.4 million for the same period in 2021. The gross margin ratio was the same as for 2021, standing at 17.3%.

Current operating expenses totaled €27.3 million (9.8% of revenue), vs. €27.5 million in Q1 2021 (9.6% of revenue).

Current operating income stood at €21.0 million, compared to €21.9 million in 2021. The current operating income margin was 7.5% vs. 7.7% for Q1 2021.

Consolidated net income for Q1 2022 totaled €15.7 million vs. €14.8 million for 2021. Non-controlling equity interests stood at €3.9 million vs. €3.0 million for Q1 2021.

At €11.8 million, attributable net income was the same as for Q1 2021.

✓ Financial structure and liquidity

The financial net debt as at February 28, 2022 (not including IFRS 16 lease liabilities and Neoresid put debt) was €69.5 million, to be weighed against €35.9 million in positive net cash at end-November 2021. Cash assets (available cash and investment securities) stood at €86.5 million on February 28, 2022, compared to €189.5 million as at November 30, 2021. Financial capacity was €336.5 million compared to €439.5 million at end-November 2021.

Working capital requirements stood at €229.4 million at end-February 2022, i.e. 18.0% of revenue, compared to €169.3 million as at Febuary 28, 2021 (14.7% of revenue).

♦ Dividends

Kaufman & Broad Sa's Board of Directors plans to propose a dividend payment of €1.95 per share at the Shareholders' Meeting to be held on May 5, 2022.

♦ 2022 outlook

To date, the outlook we announced last January for all of 2022 is bearing out: revenue is projected to increase by at least 5%. The EBIT margin should be above 7%.
Kaufman & Broad will continue to closely monitor the evolution of the economic and financial situation, particularly in terms of interest rates.

This press release is available at www.kaufmanbroad.fr

♦ **Next periodic disclosure date:**

- ✓ May 5, 2022: General Meeting of shareholders
- ✓ July 12, 2022: H1 2022 Results (after market close)

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About Kaufman & Broad - Kaufman & Broad has been designing, developing, building, and selling single-family homes in communities, apartments, and offices on behalf of third parties for more than 50 years. Its size, profitability and strong brand name have made Kaufman & Broad one of France's leading property developers and builders.

Kaufman & Broad's Universal Registration Document was filed with the Autorité des Marchés Financiers (French Financial Markets Authority, the "AMF") on March 31, 2022 under number D.22-0223. It is available on the websites of the AMF (www.amf-france.org) and Kaufman & Broad (www.kaufmanbroad.fr). It contains a detailed description of Kaufman & Broad's operations, results and outlook, as well as the related risk factors. Kaufman & Broad notes in particular the risk factors described in Chapter 4 of the Universal Registration Document. Should one or more of these risks occur, the operations, assets, financial position, results or outlook of the Kaufman & Broad group, as well as the market price of Kaufman & Broad shares, could be materially adversely affected.
This press release does not, and shall not, constitute a public offer, nor an offer to sell or to subscribe, nor a solicitation to offer to purchase or to subscribe securities in any jurisdiction.

GLOSSARY

Backlog (order book): in the case of sales before completion (VEFA), the backlog covers orders for housing units that have not been delivered and for which a notarized deed of sale has not yet been signed, and orders for housing units that have not been delivered and for which a notarized deed of sale has been signed for the portion not yet recorded in revenue (in the case of a program that is 30% complete, 30% of the revenue from a housing unit for which a notarized deed has been signed is recognized as revenue, while 70% is included in the backlog). The backlog is a summary established at a given time, making it possible to estimate the amount of revenue yet to be recognized over the coming months and thus upholding the group's forecasts - with the proviso that there is an element of uncertainty in the conversion of the backlog into revenue, particularly for orders for which a deed of sale has not yet been signed.

Lease-before-completion (BEFA): a lease-before-completion involves a customer leasing a building before it is built or redeveloped.

Working Capital Requirement (WCR): WCR results from deferrals of cash flow: inflows and outflows relating to operating expenditures and revenues necessary for the design, production and marketing of real estate projects. WCR can thus be simply expressed as current assets (inventory + accounts receivable + other operating receivables + advances received + deferred income) minus current liabilities (accounts payable + VAT and social security liabilities + other operating liabilities + prepaid expenses). The amount of WCR will depend in particular on the length of the operating cycle, the extent and duration of the work-in-process inventory carried, the number of projects initiated, and the payment terms granted by suppliers and delivery schedules granted to customers.

Free cash flow: free cash flow is equal to cash flow minus net operating investments for the financial period.

Cash flow: cash flow after cost of financial debt and taxes is equal to consolidated net income adjusted for the group's share of the income of equity affiliates and joint ventures, the income from discontinued operations, and estimated income and expenses.

Financing capacity: corresponds to cash assets plus lines of credit not yet drawn.

Senior loans (lines of credit): banks use senior debt to fund LBO (leveraged buyout) transactions. LBO financing by banks is risky in the bank credit market. It consists of loans repayable by installments and/or, most frequently, "bullet repayment" type loans, but also lines of credit to finance the working capital requirements and growth policies of companies involved in this type of acquisition. Senior debt is debt that enjoys specific guarantees, the repayment of which has priority over other so-called subordinated debt. It is therefore "priority debt".

Take-up period: the inventory take-up period is the number of months required for available housing units to be sold if sales continue at the same pace as in previous months, i.e. housing units outstanding (available supply) per quarter divided by the number of orders per quarter ended and with orders in turn divided by three.

Dividend: the dividend is the share of a company's annual net profit distributed to shareholders. Its amount is proposed by the Board of Directors and is subject to approval at the Shareholders' Meeting. It is payable within a maximum period of nine months after the end of the fiscal year.

EBIT: corresponds to current operating income, i.e. gross margin minus current operating expenses.

Gross debt or gross financial debt: gross financial debt consists of long-term and short-term financial liabilities, financial hedging instruments relating to those liabilities, and accrued interest on those liabilities and hedging instruments.

Net debt or net financial debt: a company's net debt or net financial debt is the balance between its gross financial liabilities (or gross financial debt) on the one hand, and the available cash and financial investments constituting its "cash assets" on the other. It represents the company's creditor or debtor position with respect to third parties outside the operating cycle.

EHU: EHUs (Equivalent Housing Units) are a direct reflection of business volumes. The number of EHUs is a function of multiplying (i) the number of housing units of a given program for which notarized sales deeds have been signed by (ii) the ratio between the group's property expenses and construction expenses incurred on said program and the total expense budget for said program.

Gross margin: corresponds to revenue minus the cost of sales. The cost of sales is made up of the price of land and any related costs plus the cost of construction.

Property supply: refers to the total inventory of properties available for sale as of the date in question, i.e. all unordered housing units as of this date (minus the programs that have not yet entered the marketing phase).

Property portfolio: includes land for development (otherwise called the land portfolio), i.e. land for which a deed or promise of sale has been signed, as well as land under review, i.e. land for which a deed or promise of sale has not yet been signed.

Debt (or gearing) ratio: the ratio of net debt (or net financial debt) to the company's consolidated shareholders' equity. It measures the risk to the company's financial structure.

Orders: measured in volume terms (units) and value terms; orders reflect the group's sales activity. Orders are recognized in revenue based on the time necessary to "convert" an order into a signed and notarized deed, which is the point at which income is generated. In addition, in the case of multi-occupancy housing programs that include mixed-use buildings (apartments, business premises, retail space, and offices), all of the floor space is converted into housing unit equivalents.

Orders (in value): this figure represents the value of the real estate as expressed in order contracts signed, including VAT, for a given period. It is net of cancellations recorded during that period.

Managed housing: managed housing, or service housing, refers to building complexes made up of units (houses or apartments) for residential use, offering certain services such as reception, linens, housekeeping and maintenance, and breakfast. There are several different types of housing in this category: student housing including apartment complexes, mostly furnished studios with a kitchenette located in the vicinity of schools and universities and close to public transportation; tourist accommodation located in high-potential tourist areas offering, in addition to the usual services, amenities such as swimming pools, sports fields, sometimes saunas, steam rooms, jacuzzis and children's clubs; corporate housing as an alternative to traditional hotels, including studios (about 80%) and two-room apartments located in city centers or close to major business hubs with convenient access to everything; and lastly, senior residences (including both assisted and non-assisted living facilities for the elderly) designed to prepare for an aging population and housing people aged 55 and over; their customers include both leaseholders and property owners.

CSR (Corporate Social Responsibility): Corporate Social Responsibility (CSR) is the contribution made by businesses to sustainable development issues. For businesses, this consists in taking into account the social and environmental impacts of their activities and adopting the best possible practices, thus helping to improve society and protect the environment. CSR makes it possible to combine economic thinking, social responsibility and environmental responsibility (as defined by the French Ministry of Ecology, Sustainable Development and Energy).

Take-up rate: this represents the percentage of a real estate program's initial inventory that is sold on a monthly basis (sales per month divided by the initial inventory), i.e. net monthly orders divided by the ratio between the opening inventory and the closing inventory, divided by two.

EBIT margin: expressed as a percentage, this corresponds to current operating income, i.e. gross margin minus current operating expenses divided by revenue.

Cash assets: correspond to cash and cash equivalents on the assets side of the balance sheet, i.e. all available cash (bank balances and cash on hand), investment securities (short-term investments and term deposits), and order balances.

Net cash: corresponds to "negative" net debt or "negative" net financial debt, meaning that the company's balance of available cash and financial investments making up its "cash assets" is greater than the amount of its gross liabilities (or gross financial debt).

Units: the number of housing units or equivalent housing units (for mixed projects) in a given project. The number of equivalent housing units is calculated as a ratio between the surface area by type (business premises, retail space or offices) and the average surface area of the housing units previously obtained.

Sale-before-completion (VEFA): a sale-before-completion is an agreement whereby the seller immediately transfers its rights to the land and ownership of the existing buildings to the buyer. The future structures will become the buyer's property as and when they are completed: the buyer is required to pay the price of these structures as construction on them progresses. The seller retains the powers of the Project Owner until acceptance of the work.

APPENDICES

♦ Financial data

Key consolidated data

In € millions	Q1 2022	Q1 2021
Revenue	279.0	285.9
· *Of which Housing*	235.2	247.3
· *Of which Commercial properties*	41.3	36.3
· *Of which Other*	2.5	2.3
Gross margin	48.3	49.4
Gross margin (%)	*17.3%*	*17.3%*
EBIT*	21.0	21.9
EBIT margin (%)	*7.5%*	*7.7%*
Attributable net income	11.8	11.8
Attributable net income per share (€/share)**	€ 0.55	€ 0.54

**EBIT corresponds to current operating income, i.e., gross margin minus current operating expenses.*
***Based on the number of shares that make up the share capital of Kaufman & Broad SA, i.e., 22,088,023 shares at February 28, 2020 and 21,713,023 shares at February 28, 2021 (following the capital reduction of 375,000 treasury shares completed on February 5, 2021).*

Consolidated income statement*

In € thousands	Q1 2022	Q1 2021
Revenue	**279,013**	**285,915**
Cost of sales	-230,723	-236,501
Gross margin	**48,290**	**49,413**
Selling expenses	-4,701	-3,922
Administrative expenses	-16,222	-15,427
Technical and after-sales service expenses	-5,830	-5,258
Development and program expenses	-555	-2,898
EBIT	**20,983**	**21,908**
Other non-recurring income and expenses	-	-
Operating income	**20,983**	**21,908**
Cost of net financial debt	-2,844	-2,229
Other financial income and expenses	-	-
Income tax	-3,775	-5,577
Share of income (loss) of equity affiliates and joint ventures	1,338	709
Consolidated net income	**15,701**	**14,812**
Non-controlling interests	3,885	3,010
Attributable net income	**11,816**	**11,802**

**Not approved by the Board of Directors and not audited.*

Consolidated balance sheet*

In € thousands	**February 28, 2022**	**November 30, 2021**
ASSETS		
Goodwill	68,661	68,661
Intangible assets	91,637	91,157
Property, plant and equipment	17,634	17,364
Right-of-use assets	21,870	15,514
Associates and joint ventures	11,392	10,537
Other non-current financial assets	7,274	7,170
Deferred tax assets	706	791
Non-current assets	**219,173**	**211,194**
Inventory	449,787	421,876
Trade receivables	474,510	456,548
Other receivables	176,006	187,618
Cash and cash equivalents	86,484	189,460
Prepaid expenses	1,340	588
Current assets	**1,191,310**	**1,256,344**
TOTAL ASSETS	**1,410,483**	**1,467,537**

	February 28, 2022	**November 30, 2021**
LIABILITIES		
Share capital	5,541	5,645
Additional paid-in capital	240,748	205,629
Attributable net income	11,816	43,866
Attributable shareholders' equity	**258,105**	**255,140**
Non-controlling interests	13,863	12,566
Shareholders' equity	**271,968**	**267,707**
Non-current provisions	32,920	31,998
Non-current financial liabilities	152,936	149,392
Long-term financial lease liabilities	14,763	10,342
Deferred tax liabilities	44,715	41,362
Non-current liabilities	**245,334**	**233,094**
Current provisions	4,879	4,660
Other current financial liabilities	6,699	4,212
Short-term financial lease liabilities	6,423	4,647
Trade payables	764,783	800,550
Other liabilities	109,046	151,537
Prepaid income	1,552	1,131
Current liabilities	**893,182**	**966,737**
TOTAL LIABILITIES	**1,410,483**	**1,467,537**

*Not approved by the Board of Directors and unaudited

♦ Operating data

Housing	Q1 2022	Q1 2021
Revenue (€M excl. VAT)	235.2	247.3
· *Of which apartments*	*229.3*	*227.9*
· *Of which single-family homes in communities*	*5.8*	*19.4*
Deliveries (EHUs)	1,348	1,383
· *Of which apartments*	*1,324*	*1,299*
· *Of which single-family homes in communities*	*24*	*84*
Net orders (number)	1,237	1,144
· *Of which apartments*	*1,147*	*1,138*
· *Of which single-family homes in communities*	*90*	*6*
Net orders (€M incl. VAT)	278.0	234.3
· *Of which apartments*	*252.2*	*231.9*
· *Of which single-family homes in communities*	*25.8*	*2.5*
Property supply at end of period (number)	1,873	1,872
Backlog at end of period		
· *In value (€M excl. VAT)*	*2,278.7*	*2,332.6*
- *Of which apartments*	*2,124.3*	*2,235.6*
- *Of which single-family homes in communities*	*154.4*	*97.1*
· *In months of business*	*24.9*	*29.8*
End-of-period land reserve (number)	34,199	36,177

Commercial Property	Q1 2022	Q1 2021
Revenue (€M excl. VAT)	41.3	36.3
Net orders (€M incl. VAT)	0	38.4
Backlog at end of period (€M excl. VAT)	1,095.4	1,239.8