

**2022 REVENUE UP +6.9% TO €1,065.3 MILLION**

**BUSINESS REMAINS RESILIENT  
DESPITE MARKET CHALLENGES**

**B2B RENOVATION BUSINESS  
WILL IMPACT 2022 RESULTS**

**ORDER INTAKE OFFERS PROMISING OUTLOOK FOR 2023**

Consolidated (€M) unaudited	4 <sup>th</sup> quarter			12 months (January 1 to December 31)		
	2022	2021	% change	2022	2021	% change
Total Revenue	299.7	289.5	+3.5%	1,065.3	997.0	+6.9%
Home Building	220.2	192.6	+14.3%	809.3	721.1	+12.2%
Real Estate Development	23.5	26.3	-10.6%	67.1	65.0	+3.2%
Land Development	12.8	11.9	+7.6%	39.8	29.5	+34.9%
B2C Renovation	15.3	13.5	+13.3%	52.9	48.9	+8.2%
B2B Renovation	27.8	45.3	-38.6%	96.3	132.5	-27.3%

**Production for the year: €1,065.3M, up 6.9% organically**

Hexaom's annual revenue for 2022 was up 6.9% to €1,065.3 million. This like-for-like growth in production is a comparison with record levels seen in 2021.

This level of production occurred in a very complex environment marked throughout the year by:

- Longer construction times due to supply chain disruptions and subcontractor availability problems;
- A sharp increase in construction costs due to the scarcity of materials and the rise in energy prices;
- Economic uncertainties linked to a sharp rise in inflation

In the fourth quarter, Hexaom's revenue was up 3.5% to €299.7 million, demonstrating its resilience in this unstable environment.

With the exception of B2B Renovation, all of the group's businesses and know-how contributed to this growth.

The breakdown of annual revenue by business is as follows:

- The **Home Building** business performed well with revenue of €809.3 million, up 12.2% compared to last year. Nevertheless, record sales in 2021 (resulting in an increase in subcontracting activity in 2022) combined with material sourcing difficulties amid the Ukrainian crisis had an impact on construction times. These increased by an average of two months, thus pushing a part of production into 2023.
- The **Real Estate Development** business contributed €67.1 million to revenue, up +3.2% over the year. This business also suffered significant production setback. Contrary to home building, this shift is mainly due to longer administrative delays (increasing amount of red tape prolonging the time it takes to get a building permit, third parties almost systematically contesting permits, etc.). However, this business pursues its development and remains an important area of diversification for the group.
- **Land Development** reached €39.8 million in revenue, up +34.9% over the entire year in line with the group's expectations.
- The **B2C Renovation** business also grew steadily. Driven by government subsidies as well as changes in energy regulations and the development of its network, revenue from this business was up +8.2% to €52.9 million, demonstrating the group's development potential in this line of business. Thanks to a well-controlled model and short lead times, this business was able to update selling prices to reflect higher material costs and in doing so better preserve its margins.
- As expected, **B2B Renovation** brought in revenue of €96.3 million, down 27.3% over the year. As a result of excessively fast and poorly managed growth, this business has been undergoing restructuring for several months. Unfavorable internal and external factors are also affecting its production and profitability:
  - o Increasing material and labor costs throughout the year which could not be passed on to customers because, up to now, most selling prices were not indexed to inflation.
  - o Actions to restructure the business and set up new processes suffered from a relatively long production cycle (times between the acceptance of the offer and final delivery vary between 12 and 36 months).
  - o Longer production times caused by supply and labor challenges resulted in higher delay penalties.

Organizational failures within this business also impacted its profitability. In light of this situation, the group has put in place rigorous processes to validate client contracts and monitor work site progress. This restructuring went hand in hand with a 100% takeover of the subsidiary and a change in governance beginning January 1<sup>st</sup>, 2023. Loïc Vandromme, current Hexaom CEO, has also been appointed as CEO of the subsidiary.

In connection with this massive restructuring, final margin projections for work in progress have been cautiously revised as well as provisions for risk, both of which will have a significant negative impact on this business's 2022 results.

The losses recorded for this subsidiary in the first half of 2022 continued throughout the second half of the year. The current operating loss from this business for the entire year is estimated to be around €30 million.

The residual goodwill associated with this business amounted to €31 million at December 31<sup>st</sup>, 2021. Within the preparation of the annual accounts and the impairment tests to be

carried out, the valuation of this asset will be analysed in the light of the 2022 operating loss as well as this subsidiary's prospects of recovery.

The overall impact of the operating loss (current and non-current) from this business could be around €60 million.

At the consolidated level, the group expects all its other profitable businesses to compensate for the current operating loss of the B2B Renovation business, resulting in a nearly break-even consolidated current operating income.

Convinced of L'Atelier Des Compagnons' potential for growth in the promising B2B renovation market that usually turns out profitable margins when processes are properly controlled, the group carried out a nearly €26 million recapitalization of its subsidiary at the end of 2022, thanks to its solid financial structure.

In 2023, the restructuring work on this subsidiary will continue so that it can recover a strong but controlled rate of growth. The group considers, however, that in view of the remaining legacy contracts to be performed, a return to profitability is not expected before 2024. The subsidiary will post another loss in 2023 but much less than the one expected for 2022.

### **Order intake at December 31<sup>st</sup>, 2022**

#### *Home Building Business*

After a record-breaking 2021 and in a difficult construction market, the home building order book for 2022 fell back to more normal levels. Annual order intake was down 29% to 6,090 in volume and represented revenue of €941.1 million, down 18.4% compared to last year.

Throughout the year, the group adjusted its selling prices to compensate for both the increase in construction costs (materials and subcontracting) and changing regulatory standards (RE 2020). The average selling price at the end of December 2022 was €154.5k excluding VAT, compared to €134.5k excluding VAT for the same period in 2021, an increase of +14.9% over one year.

In a complex market where the entire industry is suffering from increasing construction costs and tighter financing conditions (rising interest rates, usury rates preventing loans from being approved for the better part of the year, etc.), the group remains confident and confirms that it will continue to gain market shares (position as an industry leader, consolidation, etc.).

Difficult market conditions have also resulted in several home builders going out of business. Hexaom intends to partly offset its slowdown in sales in 2022 by taking over some of the construction projects of defaulting builders. Agreements reached with certain guarantors in 2022 will have an impact on production as early as 2023.

#### *Land and Real Estate Development Business*

At the end of December 2022, the order book (reserved stock for which notarial deeds of sale have not yet been signed) of the Land Development business stood at €24.8 million, representing 340 lots.

At the same date, the Real Estate Development business backlog was €92.4 million and the total potential inventory to be delivered represented revenue of €302.9 million, or 1,386 housing units. Well established in the French Ile de France department (Hibana) and in western France (Claimo Group and Plaire Group), the group foresees significant growth potential for this business.

### *B2C Renovation Business*

B2C Renovation sales continue to progress. At the end of December 2022, “general contractor” order intake amounted to €47.6 million. At the same date, intermediated order intake for Illico Travaux and Camif Habitat franchisees had grown by +39.3% to €84.6 million.

With a model that is now well developed and profitable, the group is focusing on two areas to grow this business:

- Increasing the number of franchisees with a goal to reach approximately 40 Camif Habitat franchisees and 180 Illico Travaux franchisees in 2023.
- Rolling out a renovation and extension offer in home building sales points. Over the next two years, all regions and group subsidiaries should offer a B2C renovation and extension package in addition to their home building offering. This ambitious plan will leverage the reputation of the group’s brands to succeed. With strong footholds in their respective regions, these brands have many assets (local notoriety, recognized know-how, former customers looking to improve their homes, ...).

### *B2B Renovation Business*

B2B Renovation sales were closely monitored to make sure this subsidiary takes on profitable contracts. At the end of December, the order book amounted to €80.6 million compared to €98.6 million at the end of 2021. Efforts to put in place an efficient and profitable organization for this promising market will continue in 2023.

### **Outlook for 2023**

In 2023, for the home building business, the group has good visibility thanks to its good level of orders. In addition, given its reputation, its solid financials, and its strong presence throughout France, the group will continue to gain market shares as the industry consolidates, will improve its margins after raising prices in 2022, and will leverage the high variability of its costs.

As for the B2B Renovation business, efforts to turn this subsidiary around will continue, so it may profit from the promising market in its sector of activity.

Growth in the other areas of diversification (B2C Renovation, Land Development, and Real Estate Development) will continue. The growth of the B2C Renovation business should accelerate thanks to measures taken and the extremely promising trends in this market.

Given this outlook for each business segment and in particular the actions to turn around the B2B business, the group remains confident that its 2023 operating margin will improve significantly.

With its solid financial structure, Hexaom Group will continue to increase its market share in all its businesses, further strengthening its position as a major player in the French housing market.

**Next press release**, 2022 annual results, March 22<sup>nd</sup>, 2023, after closing

**Next information meeting**, March 24<sup>th</sup>, 2023, at 10:00 am at the Edouard VII Business Center.

## ABOUT THE GROUP

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Since 1919, five generations of the same family have successively taken over the helm of Hexaom, a group that drives and federates an ecosystem of 46 brands and subsidiaries with complementary expertise. A unique story of family entrepreneurship characterized by its stability in a complex market sector.

The group, leader in the home building, renovation, and first-time owners' markets in France currently serves more than 13,000 customers a year, has built more than 105,000 houses, has carried out over 85,000 renovations, employs more than 2,250 people, and recorded revenue of €997 million in 2021.

HEXAOM is listed on Euronext Growth Paris.

HEXAOM equities are eligible for PEA-PME equity savings plan.

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## GLOSSARY:

**Gross order intake:** a contract is recorded in the gross order intake as soon as it is signed by the customer and accepted by our sales administration department (administrative control of the documents and validity of the financing plan, site inspection, verification, and acceptance of the selling price). The amount recorded corresponds to the revenue excluding taxes to be generated by the contract.

**Backlog (real estate development):** represents the group's already secured future revenue, expressed in euros, for its real estate development business. The backlog includes reservations for which notarial deeds of sale have not yet been signed and the portion of revenue remaining to be generated on units for which notarial deeds of sale have already been signed (portion remaining to be built).

**Order book (land development):** represents recorded land orders that have not been canceled and for which notarial deeds of sale have not yet been signed.

**Production in progress:** all orders for which the conditions precedent to begin work have been met (building permit and client financing obtained, client ownership of the land) and which have not been accepted by the client (delivered)

**Change in like-for-like revenue:** changes in revenue for the periods under comparison, recalculated as follows:

- in the event of an acquisition, revenue from the acquired company is deducted from the current period if it was not part of the group during the previous period,
- in the event of a sale, the revenue of the divested company that is no longer part of the group during the current period is deducted from the comparison period.

**B2B (business to business):** refers to transactions conducted between two companies.

**B2C (business to consumer):** refers to transactions conducted between the company and consumers.

**Net contribution margin** corresponds to the difference between the revenue generated by contracts and the costs directly related to these contracts (construction costs, sales or broker commissions, taxes, insurance, etc.).

**Current operating income:** intended to present the group's operating performance excluding the impact of non-recurring operations and events during the period.

**Cash position:** includes cash on hand and demand deposits.

**Debt:** includes all current and non-current financial liabilities except leases according to the restatement of IFRS 16.

**Net cash:** cash position less debt.