**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**FORM 8-K**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of**

**The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) July 21, 2022**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_



**Tri Pointe Homes, Inc.**

**(Exact name of registrant as specified in its charter)**

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| **Delaware** | **1-35796** | **61-1763235** |
| **(State or other jurisdiction** | **(Commission** | **(IRS Employer** |
| **of incorporation)** | **File Number)** | **Identification No.)** |
|  | **940 Southwood Blvd, Suite 200** |  |
|  | **Incline Village, Nevada 89451** |  |
|  | **(Address of principal executive offices) (Zip Code)** |  |
|  | **Registrant’s telephone number, including area code (775) 413-1030** |  |
|  | **Not Applicable** |  |
|  | **(Former name or former address, if changed since last report.)** |  |
|  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

* Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
* Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
* Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
* Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)) Securities registered pursuant to Section 12(b) of the Act:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Title of each class** | | **Trading Symbol(s)** | | **Name of each exchange on which registered** |
| Common Stock, par value $0.01 per share |  | TPH |  | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐



**Item 2.02 Results of Operations and Financial Condition**

On July 21, 2022, Tri Pointe Homes, Inc., a Delaware corporation (the “Company”), announced in a press release its financial results for the quarter ended June 30, 2022. A copy of the Company’s press release announcing these financial results is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished pursuant to this Item 2.02, including the exhibits attached hereto, shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into any filings under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth in such filing. In addition, the press release furnished as an exhibit to this report includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995.

**Item 9.01 Financial Statements and Exhibits**

1. Exhibits

99.1Press Release dated July 21, 2022

104Cover Page Interactive Data File, formatted in Inline XBRL

2



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Tri Pointe Homes, Inc.

Date: July 21, 2022 By: /s/ Glenn J. Keeler



Glenn J. Keeler,

Chief Financial Officer

3

**Exhibit 99.1**



**TRI POINTE HOMES, INC. REPORTS 2022 SECOND QUARTER RESULTS**

**-Diluted Earnings Per Share of $1.33-**

**-Homebuilding Gross Margin Percentage of 27.2%-**

**-Monthly Absorption Rate of 3.7-**

**-Backlog Dollar Value up 18% Year-Over-Year-**

INCLINE VILLAGE, Nev., July 21, 2022 / Tri Pointe Homes, Inc. (the “Company”) (NYSE:TPH) today announced results for the second quarter ended June 30, 2022.

“Tri Pointe Homes delivered another quarter of strong top- and bottom-line results for the second quarter of 2022,” said Doug Bauer, Tri Pointe Homes Chief Executive Officer. “Home sales revenue eclipsed the $1 billion mark for the quarter thanks to our operating teams who once again did an outstanding job managing backlog, overcoming labor and supply chain issues and delivering homes in a timely manner. Home sales gross margin percentage was 27.2% for the quarter, a record for our company, while SG&A as a percentage of home sales revenue was 9.5%. This strong margin performance was the primary driver behind the 33% year-over-year increase in our fully diluted earnings per share to $1.33.”

Mr. Bauer continued, “We generated 1,356 net new home orders during the quarter on a sales pace of 3.7 homes per community per month. While this pace is consistent with our company’s pre-pandemic order performance for a second quarter, we experienced softening in order activity as the quarter progressed, as the combination of higher mortgage interest rates and lower consumer confidence began to impact demand. We believe there will likely be a period of adjustment as buyers adapt to this new reality, however, we believe the favorable fundamentals of demographic trends and undersupply of housing in our markets remain in place and we are confident in the long-term health of our industry.”

Mr. Bauer concluded, “Our balance sheet remained in excellent condition, as we ended the quarter with total liquidity of $938 million, including cash and cash equivalents of $270 million and $668 million available under our unsecured revolving credit facility. The company’s debt-to-capital ratio was 35.0% and our net debt-to-net capital ratio was 30.1%\*. We believe this combination of low leverage and ample liquidity will allow us to make smart, rational decisions from a position of financial strength going forward and that Tri Pointe is well prepared for what comes next.”

**Results and Operational Data for Second Quarter 2022 and Comparisons to Second Quarter 2021**

* Net income available to common stockholders was $136.4 million, or $1.33 per diluted share, compared to $117.9 million, or $1.00 per diluted share
* Home sales revenue of $1.0 billion for both periods
  + New home deliveries of 1,485 homes compared to 1,545 homes, a decrease of 4%
  + Average sales price of homes delivered of $677,000 compared to $653,000, an increase of 4%
* Homebuilding gross margin percentage of 27.2% compared to 24.6%, an increase of 260 basis points
  + Excluding interest and impairments and lot option abandonments, adjusted homebuilding gross margin percentage was 29.8%\*
* SG&A expense as a percentage of homes sales revenue of 9.5% compared to 9.6%, a decrease of 10 basis points
* Net new home orders of 1,356 compared to 1,622, a decrease of 16%
* Active selling communities averaged 121.8 compared to 114.5, an increase of 6%

Page 1



* + - Net new home orders per average selling community were 11.1 orders (3.7 monthly) compared to 14.2 orders (4.7 monthly)
    - Cancellation rate of 16% compared to 7%
* Backlog units at quarter end of 3,826 homes compared to 3,902, a decrease of 2%
  + - Dollar value of backlog at quarter end of $3.0 billion compared to $2.5 billion, an increase of 18%
    - Average sales price of homes in backlog at quarter end of $779,000 compared to $647,000, an increase of 20%
* Ratios of debt-to-capital and net debt-to-net capital of 35.0% and 30.1%\*, respectively, as of June 30, 2022
* Repurchased 3,152,234 shares of common stock at a weighted average price per share of $19.92 for an aggregate dollar amount of $62.8 million in the three months ended June 30, 2022
* Increased the maximum amount of our revolving credit facility from $650 million to $750 million and extended the maturity date of our revolving credit facility and term loan facility to June 2027
* Ended the second quarter of 2022 with total liquidity of $937.7 million, including cash and cash equivalents of $270.1 million and $667.5 million of availability under our revolving credit facility

\* See “Reconciliation of Non-GAAP Financial Measures”

“Tri Pointe ended the second quarter with a record sold backlog of nearly $3 billion, putting us in an excellent position to continue delivering strong top- and bottom-line results for the remainder of the year,” said Tri Pointe Homes President and Chief Operating Officer Tom Mitchell. “We believe that our approach of acquiring land in prime locations close to employment and transportation centers and other lifestyle amenities that homebuyers value, combined with our innovative, premium homes, gives us a distinct selling advantage in a challenging market. We also have strong leadership teams at both the local and national levels who have successfully navigated prior housing cycles and are skilled at operating through such times. Given these positives, we remain as confident as ever in the long-term outlook for Tri Pointe Homes.”

**Outlook**

For the third quarter, the Company anticipates delivering between 1,300 and 1,500 homes at an average sales price between $700,000 and $715,000. The Company expects homebuilding gross margin percentage to be in the range of 26.0% to 27.0% for the third quarter and anticipates its SG&A expense as a percentage of home sales revenue will be in the range of 10.0% to 11.0%. Finally, the Company expects its effective tax rate for the third quarter to be in the range of 25.0% to 26.0%.

Due to quickly changing market conditions and significant uncertainty related to the broader economy, the Company is providing guidance for the third quarter and is not providing updated guidance for the full year at this time.

**Earnings Conference Call**

The Company will host a conference call via live webcast for investors and other interested parties beginning at 10:00 a.m. Eastern Time on Thursday, July 21, 2022. The call will be hosted by Doug Bauer, Chief Executive Officer, Tom Mitchell, President and Chief Operating Officer, and Glenn Keeler, Chief Financial Officer. Interested parties can listen to the call live and view the related slides on the Internet under the Events & Presentations heading in the Investors section of the Company’s website at www.TriPointeHomes.com. Listeners should go to the website at least fifteen minutes prior to the call to download and install any necessary audio software. The call can also be accessed toll free at (877) 407-3982, or (201) 493-6780 for international participants. Participants should ask for the Tri Pointe Homes Second Quarter 2022 Earnings Conference Call. Those dialing in should do so at least ten minutes prior to the start of the call. A replay of the call will be available for two weeks following the call toll free at (844) 512-2921, or (412) 317-6671 for international participants, using the reference number 13730783. An archive of the webcast will also be available on the Company’s website for a limited time.

Page 2



**About Tri Pointe Homes, Inc.**

One of the largest homebuilders in the U.S., Tri Pointe Homes, Inc. (NYSE: TPH) is a publicly traded company and a recognized leader in customer experience, innovative design, and environmentally responsible business practices. The company builds premium homes and communities in 10 states, with deep ties to the communities it serves—some for as long as a century. Tri Pointe Homes combines the financial resources, technology platforms and proven leadership of a national organization with the regional insights, longstanding community connections and agility of empowered local teams. Tri Pointe has won multiple Builder of the Year awards, most recently in 2019, and made Fortune magazine’s 2017 100 Fastest-Growing Companies list. Named one of the Best Places to Work by the Orange County Business Journal for four consecutive years, Tri Pointe Homes was also named a Great Place to Work-CertifiedTM company in both 2021 and 2022. For more information, please visit TriPointeHomes.com.

**Forward-Looking Statements**

*Various statements contained in this press release, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements. These forward-looking statements may include, but are not limited to, statements regarding our strategy, projections and estimates concerning the timing and success of specific projects and our future production, land and lot sales, operational and financial results, including our estimates for growth, financial condition, sales prices, prospects, and capital spending. Forward-looking statements that are included in this press release are generally accompanied by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “future,” “goal,” “guidance,” “intend,” “likely,” “may,” “might,” “outlook,” “plan,” “potential,” “predict,” “project,” “should,” “strategy,” “target,” “will,” “would,” or other words that convey future events or outcomes. The forward-looking statements in this press release speak only as of the date of this press release, and we disclaim any obligation to update these statements unless required by law, and we caution you not to rely on them unduly. These forward-looking statements are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. The following factors, among others, may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements: the effects of the ongoing COVID-19 pandemic, which are highly uncertain and subject to rapid change, cannot be predicted and will depend upon future developments, including the emergence and spread of new strains or variants of COVID-19, the severity and the duration of the outbreak, the duration of existing and future social distancing and shelter-in-place orders, further mitigation strategies taken by applicable government authorities, the availability and acceptance of effective vaccines, adequate testing and treatments and the prevalence of widespread immunity to COVID-19; the impacts on our supply chain, the health of our employees, service providers and trade partners, and the reactions of U.S. and global markets and their effects on consumer confidence and spending; the effects of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and strength of the U.S. dollar; market demand for our products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions; the availability of desirable and reasonably priced land and our ability to control, purchase, hold and develop such parcels; access to adequate capital on acceptable terms; geographic concentration of our operations, particularly within California; levels of competition; the successful execution of our internal performance plans, including restructuring and cost reduction initiatives; the prices and availability of supply chain inputs, including raw materials and labor; oil and other energy prices; the effects of U.S. trade policies, including the imposition of tariffs and duties on homebuilding products and retaliatory measures taken by other countries; the effects of weather, including the occurrence of drought conditions in California; the risk of loss from earthquakes, volcanoes, fires, floods, droughts, windstorms, hurricanes, pest infestations and other natural disasters, and the risk of delays, reduced consumer demand, and shortages and price increases in labor or materials associated with such natural disasters; the risk of loss from acts of war, terrorism, civil unrest or outbreaks of contagious diseases, such as COVID-19; transportation costs; federal and state tax policies; the effects of land use, environment and other governmental laws and regulations; legal proceedings or disputes and the adequacy of reserves; risks relating to any unforeseen changes to or effects on liabilities, future capital expenditures, revenues, expenses, earnings, synergies, indebtedness, financial condition, losses and future prospects; changes in accounting principles; risks*

Page 3



*related to unauthorized access to our computer systems, theft of our homebuyers’ confidential information or other forms of cyber-attack; and additional factors discussed under the sections captioned “Risk Factors” included in our annual and quarterly reports filed with the Securities and Exchange Commission. The foregoing list is not exhaustive. New risk factors may emerge from time to time and it is not possible for management to predict all such risk factors or to assess the impact of such risk factors on our business.*

**Investor Relations Contact:**

Drew Mackintosh, Mackintosh Investor Relations

InvestorRelations@TriPointeHomes.com, 949-478-8696

**Media Contact:**

Carol Ruiz, cruiz@newgroundco.com, 310-437-0045

Page 4



**KEY OPERATIONS AND FINANCIAL DATA**

(dollars in thousands)

(unaudited)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Three Months Ended June 30,** | | | | |  |  |  |  |  | **Six Months Ended June 30,** | | |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **Change** | | **% Change** |  |  | **2022** |  | **2021** |  | **Change** | **% Change** |  |
| Operating Data: |  |  |  |  |  |  |  |  |  | (unaudited) | |  |  |  |  |  |  |  |  |
| Home sales revenue | $ | 1,004,644 |  | $ | 1,009,307 |  | $ | (4,663) |  | 0 % |  | $ | 1,729,895 | $ | 1,725,982 | $ | 3,913 | 0 % |  |
| Homebuilding gross margin | $ | 273,292 |  | $ | 248,092 |  | $ | 25,200 |  | 10 % |  | $ | 467,883 | $ | 419,411 | $ | 48,472 | 12 % |  |
| Homebuilding gross margin % |  | 27.2 % |  |  | 24.6 % |  |  | 2.6 % |  |  |  |  | 27.0 % |  | 24.3 % |  | 2.7 % |  |  |
| Adjusted homebuilding gross margin |  | 29.8 % |  |  | 27.7 % |  |  | 2.1 % |  |  |  |  | 29.6 % |  | 27.3 % |  | 2.3 % |  |  |
| %\* |  |  |  |  |  |  |  |  |  |  |  |  |  |
| SG&A expense | $ | 95,352 |  | $ | 96,752 |  | $ | (1,400) |  | (1)% |  | $ | 176,047 | $ | 178,561 | $ | (2,514) | (1)% |  |
| SG&A expense as a % of home sales |  | 9.5 % |  |  | 9.6 % |  |  | (0.1)% |  |  |  |  | 10.2 % |  | 10.3 % |  | (0.1)% |  |  |
| revenue |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income available to common | $ | 136,383 |  | $ | 117,869 |  | $ | 18,514 |  | 16 % |  | $ | 223,861 | $ | 188,671 | $ | 35,190 | 19 % |  |
| stockholders |  |  |  |  |  |
| Adjusted EBITDA\* | $ | 220,905 |  | $ | 201,986 |  | $ | 18,919 |  | 9 % |  | $ | 366,996 | $ | 328,066 | $ | 38,930 | 12 % |  |
| Interest incurred | $ | 28,789 |  | $ | 22,558 |  | $ | 6,231 |  | 28 % |  | $ | 57,342 | $ | 43,737 | $ | 13,605 | 31 % |  |
| Interest in cost of home sales | $ | 24,963 |  | $ | 30,851 |  | $ | (5,888) |  | (19)% |  | $ | 42,028 | $ | 51,529 | $ | (9,501) | (18)% |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other Data: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Net new home orders |  | 1,356 |  |  | 1,622 |  |  | (266) |  | (16)% |  |  | 3,252 |  | 3,609 |  | (357) | (10)% |  |
| New homes delivered |  | 1,485 |  |  | 1,545 |  |  | (60) |  | (4)% |  |  | 2,584 |  | 2,671 |  | (87) | (3)% |  |
| Average sales price of homes delivered | $ | 677 |  | $ | 653 |  | $ | 24 |  | 4 % |  | $ | 669 | $ | 646 | $ | 23 | 4 % |  |
| Cancellation rate |  | 16 % |  |  | 7 % |  |  | 9 % |  |  |  |  | 11 % |  | 7 % |  | 4 % |  |  |
| Average selling communities |  | 121.8 |  |  | 114.5 |  |  | 7.3 |  | 6 % |  |  | 116.7 |  | 113.4 |  | 3.3 | 3 % |  |
| Selling communities at end of period |  | 123 |  |  | 109 |  |  | 14 |  | 13 % |  |  |  |  |  |  |  |  |  |
| Backlog (estimated dollar value) | $ | 2,981,255 |  | $ | 2,524,442 |  | $ | 456,813 |  | 18 % |  |  |  |  |  |  |  |  |  |
| Backlog (homes) |  | 3,826 |  |  | 3,902 |  |  | (76) |  | (2)% |  |  |  |  |  |  |  |  |  |
| Average sales price in backlog | $ | 779 |  | $ | 647 |  | $ | 132 |  | 20 % |  |  |  |  |  |  |  |  |  |
|  |  | **June 30,** | |  | **December 31,** | |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **Change** | | **% Change** | |  |  |  |  |  |  |  |  |
| Balance Sheet Data: |  | (unaudited) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 270,124 |  | $ | 681,528 |  | $ | (411,404) |  | (60)% |  |  |  |  |  |  |  |  |  |
| Real estate inventories | $ | 3,490,321 |  | $ | 3,054,743 |  | $ | 435,578 |  | 14 % |  |  |  |  |  |  |  |  |  |
| Lots owned or controlled |  | 39,082 |  |  | 41,675 |  |  | (2,593) |  | (6)% |  |  |  |  |  |  |  |  |  |
| Homes under construction (1) |  | 4,707 |  |  | 3,632 |  |  | 1,075 |  | 30 % |  |  |  |  |  |  |  |  |  |
| Homes completed, unsold |  | 42 |  |  | 27 |  |  | 15 |  | 56 % |  |  |  |  |  |  |  |  |  |
| Debt | $ | 1,338,895 |  | $ | 1,337,723 |  | $ | 1,172 |  | 0 % |  |  |  |  |  |  |  |  |  |
| Stockholders’ equity | $ | 2,487,566 |  | $ | 2,447,621 |  | $ | 39,945 |  | 2 % |  |  |  |  |  |  |  |  |  |
| Book capitalization | $ | 3,826,461 |  | $ | 3,785,344 |  | $ | 41,117 |  | 1 % |  |  |  |  |  |  |  |  |  |
| Ratio of debt-to-capital |  | 35.0 % |  |  | 35.3 % |  |  | (0.3)% |  |  |  |  |  |  |  |  |  |  |  |
| Ratio of net debt-to-net capital\* |  | 30.1 % |  |  | 21.1 % |  |  | 9.0 % |  |  |  |  |  |  |  |  |  |  |  |

\_\_\_\_\_\_\_\_\_\_

1. Homes under construction included 88 and 85 models at June 30, 2022 and December 31, 2021, respectively. \* See “Reconciliation of Non-GAAP Financial Measures”

Page 5

**CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share amounts)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **June 30,** | |  | **December 31,** |
|  |  | **2022** |  |  | **2021** |
|  |  |  |  |  |  |
| **Assets** |  | (unaudited) |  |  |  |
| Cash and cash equivalents | $ | 270,124 |  | $ | 681,528 |
| Receivables |  | 145,430 |  |  | 116,996 |
| Real estate inventories |  | 3,490,321 |  |  | 3,054,743 |
| Investments in unconsolidated entities |  | 131,399 |  |  | 118,095 |
| Goodwill and other intangible assets, net |  | 156,603 |  |  | 156,603 |
| Deferred tax assets, net |  | 57,095 |  |  | 57,096 |
| Other assets |  | 163,686 |  |  | 151,162 |
| Total assets | $ | 4,414,658 |  | $ | 4,336,223 |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| **Liabilities** |  |  |  |  |  |
| Accounts payable | $ | 112,942 |  | $ | 84,854 |
| Accrued expenses and other liabilities |  | 474,202 |  |  | 466,013 |
| Loans payable |  | 250,000 |  |  | 250,504 |
| Senior notes |  | 1,088,895 |  |  | 1,087,219 |
| Total liabilities |  | 1,926,039 |  |  | 1,888,590 |
|  |  |  |  |  |  |
| Commitments and contingencies |  |  |  |  |  |
|  |  |  |  |  |  |
| **Equity** |  |  |  |  |  |
| Stockholders’ equity: |  |  |  |  |  |
| Preferred stock, $0.01 par value, 50,000,000 shares authorized; no shares issued and outstanding as of June 30, 2022 |  |  |  |  |  |
| and December 31, 2021, respectively |  | — | |  | — |
| Common stock, $0.01 par value, 500,000,000 shares authorized; 101,860,993 and 109,644,474 shares issued and |  |  |  |  |  |
| outstanding at June 30, 2022 and December 31, 2021, respectively |  | 1,019 |  |  | 1,096 |
| Additional paid-in capital |  | — | |  | 91,077 |
| Retained earnings |  | 2,486,547 |  |  | 2,355,448 |
| Total stockholders’ equity |  | 2,487,566 |  |  | 2,447,621 |
| Noncontrolling interests |  | 1,053 |  |  | 12 |
| Total equity |  | 2,488,619 |  |  | 2,447,633 |
| Total liabilities and equity | $ | 4,414,658 |  | $ | 4,336,223 |
|  |  |  |  |  |  |

Page 6

**CONSOLIDATED STATEMENT OF OPERATIONS**

(in thousands, except share and per share amounts)

(unaudited)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three Months Ended June 30,** | | | | |  | **Six Months Ended June 30,** | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |
| **Homebuilding:** |  |  |  |  |  |  |  |  |  |  |  |
| Home sales revenue | $ | 1,004,644 |  | $ | 1,009,307 |  | $ | 1,729,895 |  | $ | 1,725,982 |
| Land and lot sales revenue |  | 114 |  |  | 5,416 |  |  | 1,711 |  |  | 6,939 |
| Other operations revenue |  | 703 |  |  | 660 |  |  | 1,347 |  |  | 1,323 |
| Total revenues |  | 1,005,461 |  |  | 1,015,383 |  |  | 1,732,953 |  |  | 1,734,244 |
| Cost of home sales |  | 731,352 |  |  | 761,215 |  |  | 1,262,012 |  |  | 1,306,571 |
| Cost of land and lot sales |  | 344 |  |  | 4,874 |  |  | 819 |  |  | 5,027 |
| Other operations expense |  | 704 |  |  | 686 |  |  | 1,350 |  |  | 1,310 |
| Sales and marketing |  | 38,523 |  |  | 45,489 |  |  | 70,762 |  |  | 85,949 |
| General and administrative |  | 56,829 |  |  | 51,263 |  |  | 105,285 |  |  | 92,612 |
| Homebuilding income from operations |  | 177,709 |  |  | 151,856 |  |  | 292,725 |  |  | 242,775 |
| Equity in income (loss) of unconsolidated entities |  | 143 |  |  | (16) |  |  | 88 |  |  | (29) |
| Other income, net |  | 116 |  |  | 149 |  |  | 389 |  |  | 257 |
| Homebuilding income before income taxes |  | 177,968 |  |  | 151,989 |  |  | 293,202 |  |  | 243,003 |
| **Financial Services:** |  |  |  |  |  |  |  |  |  |  |  |
| Revenues |  | 12,228 |  |  | 2,681 |  |  | 20,980 |  |  | 4,786 |
| Expenses |  | 6,322 |  |  | 1,485 |  |  | 11,630 |  |  | 2,892 |
| Equity in income of unconsolidated entities |  | — | |  | 3,949 |  |  | 46 |  |  | 6,640 |
| Financial services income before income taxes |  | 5,906 |  |  | 5,145 |  |  | 9,396 |  |  | 8,534 |
| **Income before income taxes** |  | 183,874 |  |  | 157,134 |  |  | 302,598 |  |  | 251,537 |
| Provision for income taxes |  | (45,936) |  |  | (39,265) |  |  | (76,161) |  |  | (62,866) |
| Net income |  | 137,938 |  |  | 117,869 |  |  | 226,437 |  |  | 188,671 |
| Net income attributable to noncontrolling interests |  | (1,555) |  |  | — | |  | (2,576) |  |  | — |
| Net income available to common stockholders | $ | 136,383 |  | $ | 117,869 |  | $ | 223,861 |  | $ | 188,671 |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Earnings per share |  |  |  |  |  |  |  |  |  |  |  |
| Basic | $ | 1.33 |  | $ | 1.01 |  | $ | 2.14 |  | $ | 1.60 |
| Diluted | $ | 1.33 |  | $ | 1.00 |  | $ | 2.12 |  | $ | 1.59 |
| Weighted average shares outstanding |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | 102,164,377 |  |  | 116,824,108 |  |  | 104,731,388 |  |  | 118,082,691 |
| Diluted |  | 102,787,919 |  |  | 117,770,084 |  |  | 105,478,446 |  |  | 118,921,340 |

Page 7

**MARKET DATA BY REPORTING SEGMENT & GEOGRAPHY**

(dollars in thousands)

(unaudited)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Three Months Ended June 30,** | | | |  |  |  |  |  |  | **Six Months Ended June 30,** | | |  |  |  |
|  |  |  | |  |  |  | | |  |  |  |  | |  |  |  |  | |  |
|  |  | **2022** | |  |  | **2021** | | |  |  |  | **2022** | |  |  |  | **2021** | |  |
|  | **New** |  |  | **Average** |  | **New** | |  | **Average** |  | **New** |  |  | **Average** |  | **New** |  |  | **Average** |
|  | **Homes** |  |  | **Sales** | | **Homes** | |  | **Sales** | | **Homes** |  |  | **Sales** | | **Homes** |  |  | **Sales** |
|  | **Delivered** |  |  | **Price** | | **Delivered** | |  | **Price** | | **Delivered** |  |  | **Price** | | **Delivered** |  |  | **Price** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Arizona | 127 | $ | | 732 |  | 223 |  | $ | 652 |  | 197 | $ | | 733 |  | 383 | $ | | 658 |
| California | 579 |  |  | 698 |  | 698 |  |  | 705 |  | 1,093 |  |  | 690 |  | 1,155 |  |  | 692 |
| Nevada | 157 |  |  | 724 |  | 127 |  |  | 589 |  | 241 |  |  | 711 |  | 201 |  |  | 602 |
| Washington | 54 |  |  | 1,092 |  | 69 |  |  | 968 |  | 126 |  |  | 1,023 |  | 147 |  |  | 985 |
| West total | 917 |  |  | 731 |  | 1,117 |  |  | 697 |  | 1,657 |  |  | 723 |  | 1,886 |  |  | 698 |
| Colorado | 76 |  |  | 682 |  | 59 |  |  | 568 |  | 119 |  |  | 662 |  | 99 |  |  | 582 |
| Texas | 318 |  |  | 511 |  | 233 |  |  | 498 |  | 538 |  |  | 507 |  | 447 |  |  | 477 |
| Central total | 394 |  |  | 544 |  | 292 |  |  | 512 |  | 657 |  |  | 535 |  | 546 |  |  | 496 |
| Carolinas(1) | 44 |  |  | 462 |  | 21 |  |  | 407 |  | 72 |  |  | 458 |  | 39 |  |  | 381 |
| Washington D.C. Area(2) | 130 |  |  | 770 |  | 115 |  |  | 628 |  | 198 |  |  | 744 |  | 200 |  |  | 618 |
| East total | 174 |  |  | 692 |  | 136 |  |  | 594 |  | 270 |  |  | 668 |  | 239 |  |  | 579 |
| Total | 1,485 |  | $ | 677 |  | 1,545 |  | $ | 653 |  | 2,584 |  | $ | 669 |  | 2,671 |  | $ | 646 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **Three Months Ended June 30,** | | | |  |  |  |  |  |  | **Six Months Ended June 30,** | | |  |  |  |
|  |  |  | |  |  |  | | |  |  |  |  | |  |  |  |  | |  |
|  |  | **2022** | |  |  | **2021** | | |  |  |  | **2022** | |  |  |  | **2021** | |  |
|  | **Net New** |  |  | **Average** |  | **Net New** | |  | **Average** |  | **Net New** |  |  | **Average** |  | **Net New** |  |  | **Average** |
|  | **Home** |  |  | **Selling** | | **Home** | |  | **Selling** | | **Home** |  |  | **Selling** | | **Home** |  |  | **Selling** |
|  | **Orders** |  | **Communities** | | | **Orders** | |  | **Communities** | | **Orders** |  | **Communities** | | | **Orders** |  | **Communities** | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Arizona | 195 |  |  | 14.2 |  | 233 |  |  | 15.2 |  | 410 |  |  | 13.6 |  | 494 |  |  | 15.1 |
| California | 601 |  |  | 49.2 |  | 630 |  |  | 39.0 |  | 1,302 |  |  | 44.7 |  | 1,320 |  |  | 38.6 |
| Nevada | 116 |  |  | 7.3 |  | 180 |  |  | 11.3 |  | 261 |  |  | 8.0 |  | 435 |  |  | 11.6 |
| Washington | 21 |  |  | 1.8 |  | 90 |  |  | 6.2 |  | 69 |  |  | 2.4 |  | 161 |  |  | 5.6 |
| West total | 933 |  |  | 72.5 |  | 1,133 |  |  | 71.7 |  | 2,042 |  |  | 68.7 |  | 2,410 |  |  | 70.9 |
| Colorado | 34 |  |  | 8.0 |  | 58 |  |  | 5.8 |  | 165 |  |  | 8.0 |  | 163 |  |  | 5.3 |
| Texas | 153 |  |  | 22.0 |  | 278 |  |  | 22.0 |  | 568 |  |  | 22.1 |  | 707 |  |  | 23.0 |
| Central total | 187 |  |  | 30.0 |  | 336 |  |  | 27.8 |  | 733 |  |  | 30.1 |  | 870 |  |  | 28.3 |
| Carolinas(1) | 170 |  |  | 11.5 |  | 40 |  |  | 3.8 |  | 296 |  |  | 10.0 |  | 88 |  |  | 3.1 |
| Washington D.C. Area(2) | 66 |  |  | 7.8 |  | 113 |  |  | 11.2 |  | 181 |  |  | 7.9 |  | 241 |  |  | 11.1 |
| East total | 236 |  |  | 19.3 |  | 153 |  |  | 15.0 |  | 477 |  |  | 17.9 |  | 329 |  |  | 14.2 |
| Total | 1,356 |  |  | 121.8 |  | 1,622 |  |  | 114.5 |  | 3,252 |  |  | 116.7 |  | 3,609 |  |  | 113.4 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Carolinas comprises North Carolina and South Carolina.
2. Washington D.C. Area comprises Maryland, Virginia and the District of Columbia.

Page 8

**MARKET DATA BY REPORTING SEGMENT & GEOGRAPHY, continued**

(dollars in thousands)

(unaudited)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **As of June 30, 2022** |  |  |  |  |  |  |  | **As of June 30, 2021** | |  |  |  |
|  |  |  |  |  |  |  |  |  | |  |  |  |  | |  |  |  |
|  | **Backlog** |  |  |  | **Backlog** |  |  | **Average** |  | **Backlog** | |  | **Backlog** | |  | **Average** |  |
|  |  |  |  | **Dollar** |  |  | **Sales** | |  | **Dollar** | |  | **Sales** |  |
|  | **Units** |  |  |  | **Value** |  |  | **Price** | | **Units** | |  | **Value** | |  | **Price** |  |
| Arizona |  | 733 |  | $ | 586,871 |  | $ | 801 |  | 590 |  | $ | 424,048 |  | $ | 719 |  |
| California | | 1,245 |  |  | 1,128,517 |  |  | 906 |  | 1,423 |  |  | 921,602 |  |  | 648 |  |
| Nevada | | 346 |  |  | 279,679 |  |  | 808 |  | 370 |  |  | 245,895 |  |  | 665 |  |
| Washington | | 72 |  |  | 60,188 |  |  | 836 |  | 153 |  |  | 165,314 |  |  | 1,080 |  |
| West total |  | 2,396 |  |  | 2,055,255 |  |  | 858 |  | 2,536 |  |  | 1,756,859 |  |  | 693 |  |
| Colorado |  | 230 |  |  | 178,845 |  |  | 778 |  | 190 |  |  | 126,913 |  |  | 668 |  |
| Texas | | 666 |  |  | 408,415 |  |  | 613 |  | 758 |  |  | 372,381 |  |  | 491 |  |
| Central total |  | 896 |  |  | 587,260 |  |  | 655 |  | 948 |  |  | 499,294 |  |  | 527 |  |
| Carolinas(1) |  | 345 |  |  | 162,317 |  |  | 470 |  | 64 |  |  | 26,171 |  |  | 409 |  |
| Washington D.C. Area(2) | | 189 |  |  | 176,423 |  |  | 933 |  | 354 |  |  | 242,118 |  |  | 684 |  |
| East total |  | 534 |  |  | 338,740 |  |  | 634 |  | 418 |  |  | 268,289 |  |  | 642 |  |
| Total | | 3,826 |  | $ | 2,981,255 |  | $ | 779 |  | 3,902 |  | $ | 2,524,442 |  | $ | 647 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **June 30,** |  |  |  | **December 31,** |  |  |  |  |  |  |  |  |  |  |  |  |
| **2022** | |  |  |  | **2021** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Lots Owned or Controlled:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Arizona | | 3,522 |  |  | 4,607 |  |  |  |  |  |  |  |  |  |  |  |  |
| California | | 13,588 |  |  | 15,091 |  |  |  |  |  |  |  |  |  |  |  |  |
| Nevada | | 2,064 |  |  | 2,161 |  |  |  |  |  |  |  |  |  |  |  |  |
| Washington | | 937 |  |  | 1,010 |  |  |  |  |  |  |  |  |  |  |  |  |
| West total |  | 20,111 |  |  | 22,869 |  |  |  |  |  |  |  |  |  |  |  |  |
| Colorado |  | 2,045 |  |  | 1,683 |  |  |  |  |  |  |  |  |  |  |  |  |
| Texas | | 11,321 |  |  | 12,297 |  |  |  |  |  |  |  |  |  |  |  |  |
| Central total |  | 13,366 |  |  | 13,980 |  |  |  |  |  |  |  |  |  |  |  |  |
| Carolinas(1) |  | 4,075 |  |  | 3,458 |  |  |  |  |  |  |  |  |  |  |  |  |
| Washington D.C. Area(2) | | 1,530 |  |  | 1,368 |  |  |  |  |  |  |  |  |  |  |  |  |
| East total |  | 5,605 |  |  | 4,826 |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | | 39,082 |  |  | 41,675 |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | **June 30,** |  |  |  | **December 31,** |  |  |  |  |  |  |  |  |  |  |  |  |
| **2022** | |  |  |  | **2021** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Lots by Ownership Type:** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Lots owned | | 21,579 |  |  | 22,136 |  |  |  |  |  |  |  |  |  |  |  |  |
| Lots controlled (3) |  | 17,503 |  |  | 19,539 |  |  |  |  |  |  |  |  |  |  |  |  |
| Total | | 39,082 |  |  | 41,675 |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Carolinas comprises North Carolina and South Carolina.
2. Washington D.C. Area comprises Maryland, Virginia and the District of Columbia.
3. As of June 30, 2022 and December 31, 2021, lots controlled included lots that were under land option contracts or purchase contracts. As of June 30, 2022 and December 31, 2021, lots controlled for Central include 3,447 and 2,950 lots, respectively, and lots controlled for East include 157 and 179 lots, respectively, which represent our expected share of lots owned by our investments in unconsolidated land development joint ventures.

Page 9

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

(unaudited)

In this press release, we utilize certain financial measures that are non-GAAP financial measures as defined by the Securities and Exchange Commission. We present these measures because we believe they and similar measures are useful to management and investors in evaluating the Company’s operating performance and financing structure. We also believe these measures facilitate the comparison of our operating performance and financing structure with other companies in our industry. Because these measures are not calculated in accordance with Generally Accepted Accounting Principles (“GAAP”), they may not be comparable to other similarly titled measures of other companies and should not be considered in isolation or as a substitute for, or superior to, financial measures prepared in accordance with GAAP.

The following tables reconcile homebuilding gross margin percentage, as reported and prepared in accordance with GAAP, to the non-GAAP measure adjusted homebuilding gross margin percentage. We believe this information is meaningful as it isolates the impact that leverage has on homebuilding gross margin and permits investors to make better comparisons with our competitors, who adjust gross margins in a similar fashion.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  | **Three Months Ended June 30,** | | | | | | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  | **2022** |  |  | **%** | |  |  |  |  | **2021** |  |  | **%** | |  |
|  |  |  |  |  |  |  |  | (dollars in thousands) | | | | |  |  |  |  |  |  |
|  | Home sales revenue | $ |  | 1,004,644 |  |  | 100.0 % | |  |  | $ | | 1,009,307 |  |  | 100.0 % | |  |
|  | Cost of home sales |  |  | 731,352 |  |  | 72.8 % | |  |  |  |  | 761,215 |  |  | 75.4 % | |  |
|  | Homebuilding gross margin |  |  | 273,292 |  |  | 27.2 % | |  |  |  |  | 248,092 |  |  | 24.6 % | |  |
|  | Add: interest in cost of home sales |  |  | 24,963 |  |  | 2.5 % | |  |  |  |  | 30,851 |  |  | 3.1 % | |  |
|  | Add: impairments and lot option abandonments |  |  | 972 |  |  | 0.1 % | |  |  |  |  | 232 |  |  | 0.0 % | |  |
|  | Adjusted homebuilding gross margin | $ |  | 299,227 |  |  | 29.8 % | |  |  | $ | | 279,175 |  |  | 27.7 % | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Homebuilding gross margin percentage |  |  | 27.2 % |  |  |  |  |  |  |  |  | 24.6 % |  |  |  |  |  |
|  | Adjusted homebuilding gross margin percentage |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | 29.8 % |  |  |  |  |  |  |  |  | 27.7 % |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |
|  |  |  |  |  |  |  |  | **Six Months Ended June 30,** | | | | | | | |  |  |  |
|  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  | |  |
|  |  |  |  | **2022** |  |  | **%** | |  |  |  |  | **2021** |  |  | **%** | |  |
|  | Home sales revenue | $ | | 1,729,895 |  |  | 100.0 % | | |  | $ | | 1,725,982 |  |  | 100.0 % | |  |
|  | Cost of home sales |  |  | 1,262,012 |  |  | 73.0 % | | |  |  |  | 1,306,571 |  |  | 75.7 % | |  |
|  | Homebuilding gross margin |  |  | 467,883 |  |  |  | 27.0 % | |  |  |  | 419,411 |  |  |  | 24.3 % |  |
|  | Add: interest in cost of home sales |  |  | 42,028 |  |  | 2.4 % | | |  |  |  | 51,529 |  |  | 3.0 % | |  |
|  | Add: impairments and lot option abandonments |  |  | 1,461 |  |  | 0.1 % | | |  |  |  | 445 |  |  | 0.0 % | |  |
|  | Adjusted homebuilding gross margin |  | $ | 511,372 |  |  |  | 29.6 % | |  |  | $ | 471,385 |  |  |  | 27.3 % |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Homebuilding gross margin percentage |  |  | 27.0 % | |  |  |  |  |  |  |  | 24.3 % | |  |  |  |  |
|  | Adjusted homebuilding gross margin percentage |  |  |  | |  |  |  |  |  |  |  |  | |  |  |  |  |
|  |  |  | 29.6 % | |  |  |  |  |  |  |  | 27.3 % | |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

Page 10



**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (continued)**

(unaudited)

The following table reconciles the Company’s ratio of debt-to-capital to the non-GAAP ratio of net debt-to-net capital. We believe that the ratio of net debt-to-net capital is a relevant financial measure for management and investors to understand the leverage employed in our operations and as an indicator of the Company’s ability to obtain financing.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **June 30, 2022** | |  | **December 31, 2021** |
|  |  |  |  |  |  |
| Loans payable | $ | 250,000 |  | $ | 250,504 |
| Senior notes |  | 1,088,895 |  |  | 1,087,219 |
| Total debt |  | 1,338,895 |  |  | 1,337,723 |
| Stockholders’ equity |  | 2,487,566 |  |  | 2,447,621 |
| Total capital | $ | 3,826,461 |  | $ | 3,785,344 |
|  |  |  |  |  |  |
| Ratio of debt-to-capital(1) |  | 35.0 % |  |  | 35.3 % |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
| Total debt | $ | 1,338,895 |  | $ | 1,337,723 |
| Less: Cash and cash equivalents |  | (270,124) |  |  | (681,528) |
| Net debt |  | 1,068,771 |  |  | 656,195 |
| Stockholders’ equity |  | 2,487,566 |  |  | 2,447,621 |
| Net capital | $ | 3,556,337 |  | $ | 3,103,816 |
|  |  |  |  |  |  |
| Ratio of net debt-to-net capital(2) |  | 30.1 % |  |  | 21.1 % |
|  |  |  |  |  |  |

\_\_\_\_\_\_\_\_\_\_

1. The ratio of debt-to-capital is computed as the quotient obtained by dividing total debt by the sum of total debt plus stockholders’ equity.
2. The ratio of net debt-to-net capital is computed as the quotient obtained by dividing net debt (which is total debt less cash and cash equivalents) by the sum of net debt plus stockholders’ equity.

Page 11

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (continued)**

(unaudited)

The following table calculates the non-GAAP financial measures of EBITDA and Adjusted EBITDA and reconciles those amounts to net income available to common stockholders, as reported and prepared in accordance with GAAP. EBITDA means net income available to common stockholders before

1. interest expense, (b) expensing of previously capitalized interest included in costs of home sales, (c) income taxes and (d) depreciation and amortization. Adjusted EBITDA means EBITDA before (e) amortization of stock-based compensation and (f) impairments and lot option abandonments. Other companies may calculate EBITDA and Adjusted EBITDA (or similarly titled measures) differently. We believe EBITDA and Adjusted EBITDA are useful measures of the Company’s ability to service debt and obtain financing.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three Months Ended June 30,** | | | | | |  | **Six Months Ended June 30,** | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **2022** |  |  |  | **2021** |  |  | **2022** |  |  | **2021** |
|  |  |  |  |  | (in thousands) | | |  |  |  |  |
| Net income available to common stockholders | $ | 136,383 |  | $ | 117,869 |  | $ | 223,861 |  | $ | 188 |
| Interest expense: |  |  |  |  |  |  |  |  |  |  |  |
| Interest incurred |  | 28,789 |  |  | 22,558 |  |  | 57,342 |  |  | 43 |
| Interest capitalized |  | (28,789) |  |  | (22,558) |  |  | (57,342) |  |  | (43 |
| Amortization of interest in cost of sales |  | 24,963 |  |  | 31,124 |  |  | 42,028 |  |  | 51 |
| Provision for income taxes |  | 45,936 |  |  | 39,265 |  |  | 76,161 |  |  | 62 |
| Depreciation and amortization |  | 6,741 |  |  | 8,990 |  |  | 12,026 |  |  | 16 |
| EBITDA |  | 214,023 |  |  | 197,248 |  |  | 354,076 |  |  | 319 |
| Amortization of stock-based compensation |  | 5,751 |  |  | 4,506 |  |  | 11,023 |  |  | 8 |
| Impairments and lot option abandonments |  | 1,131 |  |  | 232 |  |  | 1,897 |  |  |  |
| Adjusted EBITDA | $ | 220,905 |  | $ | 201,986 |  | $ | 366,996 |  | $ | 328 |
|  |  |  |  |  |  |  |  |  |  |  |  |

Page 12