

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
	(Dollars in thousands, except per share amounts)			
<b>Revenues:</b>				
Home sales	\$ 135,409	\$ 173,921	\$ 426,251	\$ 532,352
Land sales	—	17,091	157	41,664
Fee building, including management fees	10,165	31,124	81,003	95,333
	<u>145,574</u>	<u>222,136</u>	<u>507,411</u>	<u>669,349</u>
<b>Cost of Sales:</b>				
Home sales	115,313	153,700	367,026	469,557
Home sales impairments	—	6,600	19,000	8,300
Land sales	—	17,091	157	43,169
Land sales impairment	—	—	—	1,900
Fee building	9,951	30,628	79,583	93,281
	<u>125,264</u>	<u>208,019</u>	<u>465,766</u>	<u>616,207</u>
<b>Gross Margin:</b>				
Home sales	20,096	13,621	40,225	54,495
Land sales	—	—	—	(3,405)
Fee building	214	496	1,420	2,052
	<u>20,310</u>	<u>14,117</u>	<u>41,645</u>	<u>53,142</u>
Selling and marketing expenses	(8,869)	(10,167)	(30,777)	(36,357)
General and administrative expenses	(7,398)	(7,130)	(26,699)	(25,723)
Equity in net income (loss) of unconsolidated joint ventures	3,206	(3,809)	(18,791)	(3,503)
Interest expense	(567)	—	(3,655)	—
Project abandonment costs	(1)	(65)	(14,098)	(94)
Gain (loss) on early extinguishment of debt	(8,024)	195	(7,254)	1,164
Other income (expense), net	(6)	(93)	173	(445)
Pretax loss	<u>(1,349)</u>	<u>(6,952)</u>	<u>(59,456)</u>	<u>(11,816)</u>
Benefit for income taxes	111	3,953	26,587	3,815
Net loss	<u>(1,238)</u>	<u>(2,999)</u>	<u>(32,869)</u>	<u>(8,001)</u>
Net (income) loss attributable to non-controlling interest	—	1	50	(36)
Net loss attributable to The New Home Company Inc.	<u>\$ (1,238)</u>	<u>\$ (2,998)</u>	<u>\$ (32,819)</u>	<u>\$ (8,037)</u>
Loss per share attributable to The New Home Company Inc.:				
Basic	\$ (0.07)	\$ (0.15)	\$ (1.76)	\$ (0.40)
Diluted	\$ (0.07)	\$ (0.15)	\$ (1.76)	\$ (0.40)

Weighted average shares outstanding:				
Basic	18,208,766	20,096,969	18,680,993	20,063,148
Diluted	18,208,766	20,096,969	18,680,993	20,063,148

#### CONSOLIDATED BALANCE SHEETS

	December 31, December 31,	
	2020	2019
	(Dollars in thousands, except per share amounts)	
	(Unaudited)	
<b>Assets</b>		
Cash and cash equivalents	\$ 107,279	\$ 79,314
Restricted cash	180	117
Contracts and accounts receivable	4,924	15,982
Due from affiliates	102	238
Real estate inventories	314,957	433,938
Investment in and advances to unconsolidated joint ventures	2,107	30,217
Deferred tax asset, net	15,447	17,503
Other assets	50,703	25,880
Total assets	<u>\$ 495,699</u>	<u>\$ 603,189</u>
<b>Liabilities and equity</b>		
Accounts payable	\$ 17,182	\$ 25,044
Accrued expenses and other liabilities	36,210	40,554
Senior notes, net	244,865	304,832
Total liabilities	<u>298,257</u>	<u>370,430</u>
Equity:		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, no shares outstanding	—	—
Common stock, \$0.01 par value, 500,000,000 shares authorized, 18,122,345 and 20,096,969, shares issued and outstanding as of December 31, 2020 and December 31, 2019, respectively	181	201
Additional paid-in capital	191,496	193,862
Retained earnings	5,765	38,584
Total stockholders' equity	<u>197,442</u>	<u>232,647</u>
Non-controlling interest in subsidiary	—	112
Total equity	<u>197,442</u>	<u>232,759</u>
Total liabilities and equity	<u>\$ 495,699</u>	<u>\$ 603,189</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

	Year Ended	
	December 31,	
	2020	2019
	(Dollars in thousands)	
<b>Operating activities:</b>		
Net loss	\$ (32,869)	\$ (8,001)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred taxes	2,056	(3,566)
Amortization of stock-based compensation	2,197	2,260
Distributions of earnings from unconsolidated joint ventures	110	374
Inventory impairments	19,000	10,200
Project abandonment costs	14,098	94
Equity in net (income) loss of unconsolidated joint ventures	18,791	3,503
Depreciation and amortization	6,721	8,957
Gain on early extinguishment of debt	7,254	(1,164)
Net changes in operating assets and liabilities:		
Contracts and accounts receivable	11,058	2,283
Due from affiliates	136	930
Real estate inventories	85,200	123,239
Other assets	(35,357)	(2,326)
Accounts payable	(7,862)	(14,347)
Accrued expenses and other liabilities	2,549	(1,178)
Net cash provided by operating activities	<u>93,082</u>	<u>121,258</u>
<b>Investing activities:</b>		
Purchases of property and equipment	(291)	(41)
Contributions and advances to unconsolidated joint ventures	(4,995)	(8,826)
Distributions of capital and repayment of advances from unconsolidated joint ventures	14,257	9,133
Net cash provided by investing activities	<u>8,971</u>	<u>266</u>
<b>Financing activities:</b>		
Borrowings from credit facility	—	50,000
Repayments of credit facility	—	(117,500)
Repurchases of senior notes	(312,410)	(15,605)
Proceeds from senior notes	250,000	—
Proceeds from note payable	7,036	—
Repayment of note payable	(7,036)	—
Payment of debt issuance costs	(6,970)	—
Non-controlling interest distribution	(62)	—
Repurchases of common stock	(4,279)	(1,042)
Tax withholding paid on behalf of employees for stock awards	(304)	(488)
Net cash used in financing activities	<u>(74,025)</u>	<u>(84,635)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>28,028</u>	<u>36,889</u>
Cash, cash equivalents and restricted cash – beginning of period	79,431	42,542
Cash, cash equivalents and restricted cash – end of period	<u>\$ 107,459</u>	<u>\$ 79,431</u>

**KEY FINANCIAL AND OPERATING DATA**

(Dollars in thousands)

(Unaudited)

**New Home Deliveries:**

	Three Months Ended December 31,								
	2020			2019			% Change		
	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price
Southern California	73	\$ 60,414	\$ 828	88	\$ 88,750	\$ 1,009	(17)%	(32)%	(18)%
Northern California	89	59,056	664	91	63,651	699	(2)%	(7)%	(5)%
Arizona	26	15,939	613	21	21,520	1,025	24%	(26)%	(40)%
<b>Total</b>	<b>188</b>	<b>\$ 135,409</b>	<b>\$ 720</b>	<b>200</b>	<b>\$ 173,921</b>	<b>\$ 870</b>	<b>(6)%</b>	<b>(22)%</b>	<b>(17)%</b>

  

	Year Ended December 31,								
	2020			2019			% Change		
	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price
Southern California	262	\$ 220,351	\$ 841	306	\$ 312,410	\$ 1,021	(14)%	(29)%	(18)%
Northern California	247	163,185	661	217	159,832	737	14%	2%	(10)%
Arizona	46	42,715	929	51	60,110	1,179	(10)%	(29)%	(21)%
<b>Total</b>	<b>555</b>	<b>\$ 426,251</b>	<b>\$ 768</b>	<b>574</b>	<b>\$ 532,352</b>	<b>\$ 927</b>	<b>(3)%</b>	<b>(20)%</b>	<b>(17)%</b>

	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
<b>Net New Home Orders:</b>						
Southern California	52	72	(28)%	266	288	(8)%
Northern California	120	65	85%	353	215	64%
Arizona	97	5	1840%	197	29	579%
<b>Total</b>	<b>269</b>	<b>142</b>	<b>89%</b>	<b>816</b>	<b>532</b>	<b>53%</b>

**Selling Communities at End of Period:**

Southern California	6	10	(40)%
Northern California	10	9	11%
Arizona	7	2	250%
<b>Total</b>	<b>23</b>	<b>21</b>	<b>10%</b>

**Average Selling Communities:**

Southern California	7	10	(30)%	9	11	(18)%
Northern California	10	9	11%	10	8	25%
Arizona	7	2	250%	4	2	100%
<b>Total</b>	<b>24</b>	<b>21</b>	<b>14%</b>	<b>24</b>	<b>21</b>	<b>14%</b>

**Monthly Sales Absorption Rate per Community (1):**

Southern California	2.6	2.3	13%	2.4	2.1	14%
Northern California	4.0	2.4	67%	2.9	2.3	26%
Arizona	4.4	0.8	450%	3.7	1.2	208%
<b>Total</b>	<b>3.7</b>	<b>2.2</b>	<b>68%</b>	<b>2.9</b>	<b>2.1</b>	<b>38%</b>

(1) Monthly sales absorption represents the number of net new home orders divided by the number of average selling communities for the period.