CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Dollars in thousands, except per share amounts)	
Revenues:		
Home sales	$ 93,855	$ 95,659
Land sales	—	147
Fee building, including management fees	5,301	36,227
	99,156	132,033
Cost of Sales:		
Home sales	77,848	84,722
Land sales	—	147
Fee building	5,197	35,497
	83,045	120,366
Gross Margin:		
Home sales	16,007	10,937
Land sales	—	—
Fee building	104	730
	16,111	11,667
Selling and marketing expenses	(6,654)	(7,466)
General and administrative expenses	(8,271)	(6,023)
Equity in net income (loss) of unconsolidated joint ventures	174	(1,937)
Interest expense	(354)	(718)
Project abandonment costs	(68)	(14,036)
Loss on early extinguishment of debt	—	(123)
Other income (expense), net	66	223
Pretax income (loss)	1,004	(18,413)
(Provision) benefit for income taxes	(451)	9,937
Net income (loss)	$ 553	$ (8,476)
Earnings (loss) per share:		
Basic	$ 0.03	$ (0.42)
Diluted	$ 0.03	$ (0.42)
Weighted average shares outstanding:		
Basic	18,109,015	19,951,825
Diluted	18,420,631	19,951,825

CONSOLIDATED BALANCE SHEETS

	March 31, 2021	December 31, 2020
	(Dollars in thousands, except per share amounts)	
	(Unaudited)	
Assets		
Cash and cash equivalents	$ 114,815	$ 107,279
Restricted cash	230	180
Contracts and accounts receivable	5,130	4,924
Due from affiliates	53	102
Real estate inventories	351,589	314,957
Investment in unconsolidated joint ventures	903	2,107
Deferred tax asset, net	15,057	15,447
Other assets	51,955	50,703
Total assets	$ 539,732	$ 495,699

Liabilities and equity		
Accounts payable	$ 16,970	$ 17,182
Accrued expenses and other liabilities	44,904	36,210
Senior notes, net	280,291	244,865
Total liabilities	342,165	298,257
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, 18,080,002 and 18,122,345, shares issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	181	181
Additional paid-in capital	191,068	191,496
Retained earnings	6,318	5,765
Total stockholders' equity	197,567	197,442
Total liabilities and stockholders' equity	$ 539,732	$ 495,699

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
Operating activities:		
Net income (loss)	$ 553	$ (8,476)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred taxes	390	914
Amortization of stock-based compensation	645	589
Project abandonment costs	68	14,036
Equity in net (income) loss of unconsolidated joint ventures	(174)	1,937
Depreciation and amortization	1,256	1,845
Loss on early extinguishment of debt	—	123
Net changes in operating assets and liabilities:		
Contracts and accounts receivable	(102)	345
Due from affiliates	49	130
Real estate inventories	5,554	27,130
Other assets	337	(11,804)
Accounts payable	(2,876)	(4,006)
Accrued expenses and other liabilities	(3,194)	(5,462)
Net cash provided by operating activities	2,506	17,301
Investing activities:		
Purchases of property and equipment	(43)	(125)
Contributions to unconsolidated joint ventures	—	(2,057)
Distributions of capital and repayment of advances from unconsolidated joint ventures	1,378	1,100
Cash paid for acquisition, net of cash acquired	(6,477)	—
Net cash provided by investing activities	(5,142)	(1,082)
Financing activities:		
Proceeds from senior notes	36,138	—
Repurchases of senior notes	—	(4,827)
Repayment of notes payable	(23,848)	—
Payment of debt issuance costs	(995)	—
Repurchases of common stock	(756)	(2,233)
Tax withholding paid on behalf of employees for stock awards	(317)	(303)
Net cash used in financing activities	10,222	(7,363)
Net increase in cash, cash equivalents and restricted cash	7,586	8,856
Cash, cash equivalents and restricted cash – beginning of period	107,459	79,431
Cash, cash equivalents and restricted cash – end of period	$ 115,045	$ 88,287

KEY FINANCIAL AND OPERATING DATA

(Dollars in thousands)

(Unaudited)

New Home Deliveries:

	Three Months Ended March 31,								
	2021			2020			% Change		
	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price
Southern California	52	$ 37,541	$ 722	68	$ 63,017	$ 927	(24)%	(40)%	(22)%
Northern California	70	45,673	652	29	20,264	699	141%	125%	(7)%
Arizona	20	7,698	385	10	12,378	1,238	100%	(38)%	(69)%
Colorado	4	2,943	736	—	—	N/A	N/A	N/A	N/A
Total	146	$ 93,855	$ 643	107	$ 95,659	$ 894	36%	(2)%	(28)%

	Three Months Ended March 31,		
	2021	2020	% Change
Net New Home Orders:			
Southern California	57	62	(8)%
Northern California	129	68	90%
Arizona	82	2	4000%
Colorado	15	—	N/A
Total	283	132	114%
Selling Communities at End of Period:			
Southern California	5	11	(55)%
Northern California	8	10	(20)%
Arizona	7	1	600%
Colorado	3	—	N/A
Total	23	22	5%
Average Selling Communities:			
Southern California	5	11	(55)%
Northern California	8	10	(20)%
Arizona	7	2	250%
Colorado	1	—	N/A
Total	21	22	(5)%
Monthly Sales Absorption Rate per Community (1):			
Southern California	3.8	1.9	100%
Northern California	5.2	2.3	126%
Arizona	3.9	0.4	875%
Colorado	5.0	—	N/A
Total	4.4	2.0	120%

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

Backlog:

	As of March 31,								
	2021			2020			% Change		
	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price	Homes	Dollar Value	Average Price
Southern California	81	$ 61,820	$ 763	66	$ 53,934	$ 817	23%	15%	(7)%
Northern California	231	158,628	687	105	71,082	677	120%	123%	1%
Arizona	224	91,872	410	3	5,141	1,714	7367%	1687%	(76)%
Colorado	113	110,772	980	—	—	N/A	N/A	N/A	N/A
Total	649	$ 423,092	$ 652	174	$ 130,157	$ 748	273%	225%	(13)%

Lots Owned and Controlled:	**As of March 31,**		
	2021	**2020**	**% Change**
Lots Owned			
Southern California	248	437	(43)%
Northern California	536	588	(9)%
Arizona	483	385	25%
Colorado	150	—	N/A
Total	1,417	1,410	0%
Lots Controlled (1)			
Southern California	589	426	38%
Northern California	229	348	(34)%
Arizona	125	279	(55)%
Colorado	142	—	N/A
Total	1,085	1,053	3%
Lots Owned and Controlled - Wholly Owned	2,502	2,463	2%
Fee Building Lots (2)	38	1,070	(96)%

(1) Includes lots that we control under purchase and sale agreements or option agreements with refundable and nonrefundable deposits subject to customary conditions and have not yet closed. There can be no assurance that such acquisitions will occur.

(2) Lot owned by third party property owners for which we perform general contracting or construction management services.

Other Financial Data:	**Three Months Ended March 31,**	
	2021	**2020**
Interest incurred	$ 5,331	$ 6,380
Adjusted EBITDA(1)	$ 8,163	$ 6,981
Adjusted EBITDA margin percentage (1)	8.2%	5.3%

	LTM(2) Ended March 31,	
	2021	**2020**
Interest incurred	$ 22,887	$ 27,438
Adjusted EBITDA(1)	$ 38,507	$ 41,536
Adjusted EBITDA margin percentage (1)	8.1%	6.1%
Ratio of Adjusted EBITDA to total interest incurred(1)	1.7x	1.5x

	March 31, 2021	**December 31, 2020**
Ratio of debt-to-capital	58.7%	55.4%
Ratio of net debt-to-capital(1)	45.5%	41.0%
Ratio of debt to LTM(2) Adjusted EBITDA(1)	7.3x	6.6x
Ratio of net debt to LTM(2) Adjusted EBITDA(1)	4.3x	3.7x
Ratio of cash and inventory to debt	1.7x	1.7x

(1)Adjusted EBITDA, Adjusted EBITDA margin percentage, ratio of Adjusted EBITDA to total interest incurred, ratio of net debt-to-capital, ratio of debt to LTM Adjusted EBITDA and ratio of net debt to LTM Adjusted EBITDA are non-GAAP measures. Please see "Reconciliation of Non-GAAP Financial Measures" for a reconciliation of each of these measures to the appropriate GAAP measure.

(2)"LTM" indicates amounts for the trailing 12 months.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited)

In this earnings release, we utilize certain 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 table reconciles net income (loss) to the non-GAAP measure of adjusted net income (loss) (net income (loss) before acquisition transaction costs, abandoned project costs, joint venture impairment, and noncash deferred tax asset adjustments) and earnings (loss) per share and earnings (loss) per diluted share to the non-GAAP measures of adjusted earnings (loss) per share and adjusted diluted earnings (loss) per share (earnings (loss) per share before acquisition transaction costs, abandoned project costs, joint venture impairment and noncash deferred tax asset adjustments). We believe removing the impact of these items is relevant to provide investors with an understanding of the impact these items had on earnings.

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands, except per share amounts)	
Net income (loss)	$ 553	$ (8,476)
Acquisition transaction costs, net of tax	781	—
Abandoned project costs and joint venture impairment, net of tax	—	9,505
Noncash deferred tax asset remeasurement	175	(2,114)
Adjusted net income (loss)	$ 1,509	$ (1,085)
Earnings (loss) per share:		
Basic	$ 0.03	$ (0.42)
Diluted	$ 0.03	$ (0.42)
Adjusted earnings (loss) per share		
Basic	$ 0.08	$ (0.05)
Diluted	$ 0.08	$ (0.05)
Weighted average shares outstanding for adjusted earnings (loss) per share:		
Basic	18,109,015	19,951,825
Diluted	18,420,631	19,951,825
Abandoned projects costs related to Arizona luxury condominium community	$ —	$ 14,000
Joint venture impairment related to joint venture exit	—	2,287
Acquisition transaction costs	983	—
Less: Related tax benefit	(202)	(6,782)
Acquisition transaction costs, abandoned project costs and joint venture impairment, net of tax	$ 781	$ 9,505

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (continued)

(Unaudited)

The following table reconciles the Company's SG&A rate as a percentage of home sales revenue calculated in accordance with GAAP to the non-GAAP measure, SG&A rate excluding acquisition transaction costs. During the 2021 first quarter, the company incurred $983,000 in transaction related costs associated with the acquisition of Epic Homes. We believe removing the impact of these charges from our SG&A rate is relevant to provide investors with a better comparison to rates that do not include these charges.

	Three Months Ended March 31,		As a Percentage of Home Sales Revenue	
	2021	2020	2021	2020
	(Dollars in thousands)			
Selling and marketing expenses	$ 6,654	$ 7,466	7.1%	7.8%
General and administrative expenses ("G&A")	8,271	6,023	8.8%	6.3%
Total selling, marketing and G&A ("SG&A")	$ 14,925	$ 13,489	15.9%	14.1%
G&A	$ 8,271	$ 6,023	8.8%	6.3%
Less: Acquisition transaction costs	(983)	—	(1.0)%	—%
G&A, excluding acquisition transaction costs	$ 7,288	$ 6,023	7.8%	6.3%
Selling and marketing expenses	$ 6,654	$ 7,466	7.1%	7.8%
G&A, excluding acquisition transaction costs	7,288	6,023	7.8%	6.3%
SG&A, excluding acquisition transaction costs	$ 13,942	$ 13,489	14.9%	14.1%

The following table reconciles homebuilding gross margin percentage as reported and prepared in accordance with GAAP to the non-GAAP measures, adjusted homebuilding gross margin (or homebuilding gross margin excluding interest in cost of home sales) and homebuilding gross margin before purchase accounting adjustments. We believe this information is meaningful, as it isolates the impact leverage and purchase accounting adjustments have on homebuilding gross margin and provides investors better comparisons with our competitors, who adjust gross margins in a similar fashion.

	Three Months Ended March 31,			
	2021	%	2020	%
	(Dollars in thousands)			
Home sales revenue	$ 93,855	100.0%	$ 95,659	100.0%
Cost of home sales	77,848	82.9%	84,722	88.6%
Homebuilding gross margin	16,007	17.1%	10,937	11.4%
Add: Interest in cost of home sales	4,027	4.2%	6,146	6.5%
Adjusted homebuilding gross margin	$ 20,034	21.3%	$ 17,083	17.9%
Home sales revenue	$ 93,855	100.0%	$ 95,659	100.0%
Cost of home sales	77,848	82.9%	84,722	88.6%
Homebuilding gross margin	16,007	17.1%	10,937	11.4%
Add: Purchase accounting adjustments	295	0.3%	—	N/A
Homebuilding gross margin before purchase accounting adjustments	$ 16,302	17.4%	10,937	11.4%

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-capital. We believe that the ratio of net debt-to-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.

	March 31, 2021	December 31, 2020
	(Dollars in thousands)	
Total debt, net of unamortized premium and debt issuance costs	$ 280,291	$ 244,865
Equity	197,567	197,442
Total capital	$ 477,858	$ 442,307
Ratio of debt-to-capital(1)	58.7%	55.4%
Total debt, net of unamortized premium and debt issuance costs	$ 280,291	$ 244,865
Less: Cash, cash equivalents and restricted cash	115,045	107,459
Net debt	165,246	137,406
Equity	197,567	197,442
Total capital	$ 362,813	$ 334,848
Ratio of net debt-to-capital(2)	45.5%	41.0%

(1)The ratio of debt-to-capital is computed as the quotient obtained by dividing total debt, net of unamortized premium and debt issuance costs by total capital (the sum of total debt, net of unamortized discount, premium and debt issuance costs plus equity).

(2)The ratio of net debt-to-capital is computed as the quotient obtained by dividing net debt (which is total debt, net of unamortized premium and debt issuance costs less cash, cash equivalents and restricted cash to the extent necessary to reduce the debt balance to zero) by total capital. The most directly comparable GAAP financial measure is the ratio of debt-to-capital. We believe the ratio of net debt-to-capital is a relevant financial measure for investors to understand the leverage employed in our operations and as an indicator of our ability to obtain financing. We believe that by deducting our cash from our debt, we provide a measure of our indebtedness that takes into account our cash liquidity. We believe this provides useful information as the ratio of debt-to-capital does not take into account our liquidity and we believe that the ratio net of cash provides supplemental information by which our financial position may be considered. Investors may also find this to be helpful when comparing our leverage to the leverage of our competitors that present similar information.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES (continued)

(Unaudited)

Adjusted EBITDA, Adjusted EBITDA margin percentage, the ratio of Adjusted EBITDA to total interest incurred, the ratio of debt to Adjusted EBITDA, and the ratio of net debt to Adjusted EBITDA are non-GAAP measures. Adjusted EBITDA means net income (loss) (plus cash distributions of income from unconsolidated joint ventures) before (a) income taxes, (b) interest expense, (c) amortization of previously capitalized interest included in cost of sales (excluding amounts included in impairment charges), (d) severance charges (e) noncash inventory impairment charges and abandoned project costs, (f) gain (loss) on early extinguishment of debt (g) depreciation and amortization, (h) amortization of stock-based compensation, (i) income (loss) from unconsolidated joint ventures, and (j) acquisition transaction costs. Adjusted EBITDA margin percentage is calculated by dividing Adjusted EBITDA by total revenue for a given period. The ratio of Adjusted EBITDA to total interest incurred is calculated by dividing Adjusted EBITDA by total interest incurred for a given period. The ratio of debt to Adjusted EBITDA is calculated by dividing debt at the period end by Adjusted EBITDA for a given period. The ratio of net debt to Adjusted EBITDA is calculated by dividing debt at the period end less cash, cash equivalents and restricted cash by Adjusted EBITDA for a given period. Other companies may calculate Adjusted EBITDA differently. Management believes that Adjusted EBITDA assists investors in understanding and comparing the operating characteristics of homebuilding activities by eliminating many of the differences in companies' respective capitalization, interest costs, tax position, level of impairments and other non-recurring items. Due to the significance of the GAAP components excluded, Adjusted EBITDA should not be considered in isolation or as an alternative to net income (loss), cash flows from operations or any other performance measure prescribed by GAAP. A reconciliation of net income (loss) to Adjusted EBITDA, and the calculations of Adjusted EBITDA margin percentage, the ratio of Adjusted EBITDA to total interest incurred, the ratio of debt to Adjusted EBITDA, and the ratio of net debt to Adjusted EBITDA are provided in the following table.

	Three Months Ended March 31,		LTM(1) Ended March 31,		December 31,
	2021	2020	2021	2020	2020
	(Dollars in thousands)				
Net income (loss)	$ 553	$ (8,476)	$ (23,840)	$ (14,490)	$ (32,869)
Add:					
Interest amortized to cost of sales excluding impairment charges, and interest expensed	4,381	6,864	25,036	29,246	27,519
Provision (benefit) for income taxes	451	(9,937)	(16,199)	(13,088)	(26,587)
Depreciation and amortization	1,256	1,845	6,132	8,146	6,721
Amortization of stock-based compensation	645	589	2,253	2,283	2,197
Cash distributions of income from unconsolidated joint ventures	—	—	110	114	110
Severance charges	—	—	1,091	—	1,091
Acquisition transaction costs	983	—	983	—	—
Noncash inventory impairments and abandonments	68	14,036	19,130	24,325	33,098
Less:					
(Gain) loss on early extinguishment of debt	—	123	7,131	(624)	7,254
Equity in net (income) loss of unconsolidated joint ventures	(174)	1,937	16,680	5,624	18,791
Adjusted EBITDA	$ 8,163	$ 6,981	$ 38,507	$ 41,536	$ 37,325
Total Revenue	$ 99,156	$ 132,033	$ 474,534	$ 682,534	$ 507,411
Adjusted EBITDA margin percentage	8.2%	5.3%	8.1%	6.1%	7.4%
Interest incurred	$ 5,331	$ 6,380	$ 22,887	$ 27,438	$ 23,936
Ratio of Adjusted EBITDA to total interest incurred	1.5x	1.1x	1.7x	1.5x	1.6x
Total debt at period end			$ 280,291	$ 300,479	$ 244,865
Ratio of debt to Adjusted EBITDA			7.3x	7.2x	6.6x
Total net debt at period end			$ 165,246	$ 212,192	$ 137,406
Ratio of net debt to Adjusted EBITDA			4.3x	5.1x	3.7x
Total cash and inventory			$ 466,404	$ 486,836	$ 422,236
Ratio of cash and inventory to debt			1.7x	1.6x	1.7x

(1)LTM" indicates amounts for the trailing 12 months.