

M.D.C. HOLDINGS ANNOUNCES FIRST QUARTER 2022 RESULTS

Home sale revenues growth of 19% and a 380 basis point expansion of our gross margin from home sales to 25.7% resulted in a 34% increase in net income for the quarter

DENVER, April 28, 2022 /PRNewswire/ -- M.D.C Holdings, Inc. (NYSE: MDC), one of the nation's leading homebuilders, announced results for the quarter ended March 31, 2022.

"MDC delivered strong results in the first quarter of 2022 both in terms of profitability and order activity," said MDC's Executive Chairman, Larry Mizel. "We generated earnings of \$2.02 per diluted share for the quarter, representing a 34% improvement over the first quarter of 2021. This significant increase to our bottom-line results was largely driven by a 19% year-over-year rise in home sale revenues and a 380-basis point improvement in our home sale gross margin to 25.7%. Our teams did an excellent job delivering homes in a timely manner this quarter in what continues to be a challenging supply chain environment, as we came in near the high-end of our stated guidance with total new home deliveries of 2,233 units."

Mr. Mizel continued, "We continued to see solid demand across our homebuilding divisions during the quarter, as evidenced by our sales pace of 5.4 homes per community per month. The combination of favorable demographics, strong local economies and historically low inventory levels in our markets has created an excellent operating environment for our company. We have strategically positioned MDC to address the needs of today's homebuyer and believe this is reflected in our strong results this quarter."

Mr. Mizel concluded, "With a strong balance sheet, a seasoned management team and a sizable quarter-end backlog, MDC is in a great position to deliver on its goals for the year. Our growing presence in high growth markets and focus on more affordable price points has led to record levels of profitability for our company, and we continue to see strong demand at our communities despite the recent rise in interest rates. As a result, we remain positive about the future of MDC."

"Traffic levels at our communities and online remained strong during the first quarter" said David Mandarich, MDC's President and Chief Executive Officer. "Traffic conversion rates also stayed at high levels despite the higher mortgage rate environment, as the ongoing imbalance between housing demand and supply continued to create a sense of urgency with prospective buyers. We believe that this is a testament to the strength of the housing market as well as our approach to the business, which focuses on a build-to-order operating model that allows for personalization. It is also a testament to our teams' ability to successfully adapt and adjust to changing market conditions."

Mr. Mandarich concluded, "We recently announced that we have agreed to acquire substantially all of the homebuilding assets of The Jones Company of Tennessee, L.L.C. We believe that this transaction, combined with the organic land pipeline we have secured since starting in Nashville approximately one year ago, has the potential to launch MDC into a leadership position in the Nashville market."

2022 First Quarter Highlights and Comparisons to 2021 First Quarter

- Home sale revenues increased 19% to \$1.24 billion from \$1.04 billion
 - Unit deliveries up 3% to 2,233
 - Average selling price of deliveries up 16% to \$556,000
- Homebuilding pretax income increased 66% to \$188.5 million from \$113.5 million
 - Gross margin from home sales increased 380 basis points to 25.7% from 21.9%
 - Inventory impairment and warranty adjustment totaled \$3.1 million in Q1 2022
- Selling, general and administrative expenses as a percentage of home sale revenues ("SG&A rate") improved by 60 basis points to 10.4%
- Net income of \$148.4 million, or \$2.02 per diluted share, up 34% from \$110.7 million or \$1.51 per diluted share
 - Effective tax rate of 26.5% vs. 23.3%
- Dollar value of net new orders increased 12% to \$1.84 billion from \$1.64 billion
 - Average selling price of net orders up 14%
 - Unit net orders decreased 2% to 3,151
- Dollar value of ending backlog up 26% to \$4.95 billion from \$3.93 billion
 - Unit backlog increased 11% to 8,558
 - Average selling price of homes in backlog up 13%

2022 Outlook and Other Selected Information^{1, 2}

- Projected home deliveries for the 2022 second quarter between 2,400 and 2,600
 - Projected average selling price for 2022 second quarter unit deliveries between \$560,000 and \$570,000
 - Projected gross margin from home sales for the 2022 second quarter exceeding 26.0% (excluding impairments and warranty adjustments)
- Projected full year 2022 home deliveries between 10,500 and 11,000
- Projected lots controlled of 37,812 at March 31, 2022, up 18% year-over-year
- Recently announced acquisition of substantially all of the homebuilding assets of The Jones Company of Tennessee, L.L.C. ("Jones") is expected to close near the end of the second quarter of 2022
 - Expected to add approximately 10 selling communities, 1,700 controlled lots and 150 units to backlog
- Quarterly cash dividend of fifty cents (\$0.50) per share declared on April 25, 2022, up 25% year-over-year
 - Consistent dividend program for over 25 years
 - Quarterly dividend has more than doubled in the past five years

¹ See **"Forward-Looking Statements"** below.

² Projected metrics do not reflect the impact of the asset acquisition of Jones. Any impact is not expected to be significant.

About MDC

M.D.C. Holdings, Inc. was founded in 1972. MDC's homebuilding subsidiaries, which operate under the name Richmond American Homes, have built and financed the American Dream for more than 220,000 homebuyers since 1977. MDC's commitment to customer satisfaction, quality and value is reflected in each home its subsidiaries build. MDC is one of the largest homebuilders in the United States. Its subsidiaries have homebuilding operations across the country, including the metropolitan areas of Denver, Colorado Springs, Salt Lake City, Las Vegas, Phoenix, Tucson, Riverside-San Bernardino, Los Angeles, San Diego, Orange County, San Francisco Bay Area, Sacramento, Washington D.C., Baltimore, Orlando, Jacksonville, Seattle, Portland, Boise, Nashville, Austin and Albuquerque. The Company's subsidiaries also provide mortgage financing, insurance and title services, primarily for Richmond American homebuyers, through HomeAmerican Mortgage Corporation, American Home Insurance Agency, Inc. and American Home Title and Escrow Company, respectively. M.D.C. Holdings, Inc. is traded on the New York Stock Exchange under the symbol "MDC." For more information, visit www.mdcholdings.com.

Forward-Looking Statements

Certain statements in this release, including any statements regarding our business, financial condition, results of operation, cash flows, strategies and prospects, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of MDC to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among other things, (1) general economic conditions, including the impact of the COVID-19 pandemic, changes in consumer confidence, inflation

or deflation and employment levels; (2) changes in business conditions experienced by MDC, including restrictions on business activities resulting from the COVID-19 pandemic, cancellation rates, net home orders, home gross margins, land and home values and subdivision counts; (3) changes in interest rates, mortgage lending programs and the availability of credit; (4) changes in the market value of MDC's investments in marketable securities; (5) uncertainty in the mortgage lending industry, including repurchase requirements associated with HomeAmerican Mortgage Corporation's sale of mortgage loans (6) the relative stability of debt and equity markets; (7) competition; (8) the availability and cost of land and other raw materials used by MDC in its homebuilding operations; (9) the availability and cost of performance bonds and insurance covering risks associated with our business; (10) shortages and the cost of labor; (11) weather related slowdowns and natural disasters; (12) slow growth initiatives; (13) building moratoria; (14) governmental regulation, including orders addressing the COVID-19 pandemic, the interpretation of tax, labor and environmental laws; (15) terrorist acts and other acts of war; (16) changes in energy prices; and (17) other factors over which MDC has little or no control. **Additional information about the risks and uncertainties applicable to MDC's business is contained in MDC's Form 10-Q for the quarter ended March 31, 2022, which is scheduled to be filed with the Securities and Exchange Commission today.** All forward-looking statements made in this press release are made as of the date hereof, and the risk that actual results will differ materially from expectations expressed in this press release will increase with the passage of time. MDC undertakes no duty to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent filings, releases or webcasts should be consulted.

M.D.C. HOLDINGS, INC.
Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------------|
| | 2022 | 2021 |
| (Dollars in thousands, except per share amounts) | | |
| Homebuilding: | | |
| Home sale revenues | \$ 1,240,520 | \$ 1,041,858 |
| Home cost of sales | (921,378) | (813,888) |
| Inventory impairments | (660) | — |
| Total cost of sales | (922,038) | (813,888) |
| Gross profit | 318,482 | 227,970 |
| Selling, general and administrative expenses | (129,314) | (114,993) |
| Interest and other income | 755 | 967 |
| Other expense | (1,424) | (437) |
| Homebuilding pretax income | 188,499 | 113,507 |
| Financial Services: | | |
| Revenues | 29,131 | 45,023 |
| Expenses | (16,935) | (15,105) |
| Other income, net | 1,187 | 887 |
| Financial services pretax income | 13,383 | 30,805 |
| Income before income taxes | 201,882 | 144,312 |
| Provision for income taxes | (53,461) | (33,622) |
| Net income | <u>\$ 148,421</u> | <u>\$ 110,690</u> |
| Comprehensive income | <u>\$ 148,421</u> | <u>\$ 110,690</u> |
| Earnings per share: | | |
| Basic | \$ 2.09 | \$ 1.58 |
| Diluted | \$ 2.02 | \$ 1.51 |
| Weighted average common shares outstanding: | | |
| Basic | 70,766,146 | 69,790,927 |
| Diluted | 72,938,414 | 72,788,177 |
| Dividends declared per share | \$ 0.50 | \$ 0.37 |

M.D.C. HOLDINGS, INC.
Consolidated Balance Sheets
(Unaudited)

| | March 31, 2022 | December 31, 2021 |
|--|-------------------|----------------------|
| (Dollars in thousands, except per share amounts) | | |
| ASSETS | | |
| Homebuilding: | | |
| Cash and cash equivalents | \$ 474,447 | \$ 485,839 |
| Restricted cash | 6,400 | 12,799 |
| Trade and other receivables | 114,823 | 98,580 |
| Inventories: | | |
| Housing completed or under construction | 2,194,303 | 1,917,616 |
| Land and land under development | 1,734,515 | 1,843,235 |
| Total inventories | 3,928,818 | 3,760,851 |
| Property and equipment, net | 61,856 | 60,561 |
| Deferred tax asset, net | 17,100 | 17,942 |
| Prepays and other assets | 114,120 | 106,562 |
| Total homebuilding assets | 4,717,564 | 4,543,134 |
| Financial Services: | | |
| Cash and cash equivalents | 107,503 | 104,821 |
| Mortgage loans held-for-sale, net | 187,914 | 282,529 |
| Other assets | 46,133 | 33,044 |

Total financial services assets
Total Assets

341,550 420,394
\$ 5,059,114 \$ 4,963,528

LIABILITIES AND EQUITY

Homebuilding:

| | | |
|--------------------------------|------------|------------|
| Accounts payable | \$ 172,134 | \$ 149,488 |
| Accrued and other liabilities | 405,140 | 370,910 |
| Revolving credit facility | 10,000 | 10,000 |
| Senior notes, net | 1,481,976 | 1,481,781 |
| Total homebuilding liabilities | 2,069,250 | 2,012,179 |

Financial Services:

| | | |
|--|-----------|-----------|
| Accounts payable and accrued liabilities | 100,551 | 97,903 |
| Mortgage repurchase facility | 178,231 | 256,300 |
| Total financial services liabilities | 278,782 | 354,203 |
| Total Liabilities | 2,348,032 | 2,366,382 |

Stockholders' Equity

| | | |
|---|--------------|--------------|
| Preferred stock, \$0.01 par value; 25,000,000 shares authorized; none issued or outstanding | — | — |
| Common stock, \$0.01 par value; 250,000,000 shares authorized; 71,162,245 and 70,668,093 issued and outstanding at March 31, 2022 and December 31, 2021, respectively | 712 | 707 |
| Additional paid-in-capital | 1,710,369 | 1,709,276 |
| Retained earnings | 1,000,001 | 887,163 |
| Total Stockholders' Equity | 2,711,082 | 2,597,146 |
| Total Liabilities and Stockholders' Equity | \$ 5,059,114 | \$ 4,963,528 |

M.D.C. HOLDINGS, INC. Consolidated Statement of Cash Flows (Unaudited)

Three Months Ended
March 31,

2022 2021

(Dollars in thousands)

Operating Activities:

| | | |
|---|------------|------------|
| Net income | \$ 148,421 | \$ 110,690 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Stock-based compensation expense | 14,882 | 9,926 |
| Depreciation and amortization | 6,652 | 7,003 |
| Inventory impairments | 660 | — |
| Deferred income tax expense (benefit) | 842 | (1,348) |
| Net changes in assets and liabilities: | | |
| Trade and other receivables | (16,677) | (40,282) |
| Mortgage loans held-for-sale, net | 94,615 | 1,767 |
| Housing completed or under construction | (277,187) | (218,655) |
| Land and land under development | 108,755 | 34,978 |
| Prepays and other assets | (20,479) | (23,594) |
| Accounts payable and accrued other liabilities | 57,571 | 61,558 |
| Net cash provided by (used in) operating activities | 118,055 | (57,957) |

Investing Activities:

| | | |
|---------------------------------------|---------|---------|
| Purchases of property and equipment | (6,884) | (5,749) |
| Net cash used in investing activities | (6,884) | (5,749) |

Financing Activities:

| | | |
|---|-----------|----------|
| Proceeds from (payments on) mortgage repurchase facility, net | (78,069) | 15,092 |
| Proceeds from issuance of senior notes | — | 347,725 |
| Dividend payments | (35,583) | (26,665) |
| Payments of deferred financing costs | — | (819) |
| Issuance of shares under stock-based compensation programs, net | (12,628) | 1,009 |
| Net cash provided by (used in) financing activities | (126,280) | 336,342 |

| | | |
|---|------------|------------|
| Net increase (decrease) in cash, cash equivalents and restricted cash | (15,109) | 272,636 |
| Cash, cash equivalents and restricted cash: | | |
| Beginning of period | 603,459 | 503,972 |
| End of period | \$ 588,350 | \$ 776,608 |

Reconciliation of cash, cash equivalents and restricted cash:

| | | |
|--|------------|------------|
| Homebuilding: | | |
| Cash and cash equivalents | \$ 474,447 | \$ 678,194 |
| Restricted cash | 6,400 | 17,314 |
| Financial Services: | | |
| Cash and cash equivalents | 107,503 | 81,100 |
| Total cash, cash equivalents and restricted cash | \$ 588,350 | \$ 776,608 |

New Home Deliveries

Three Months Ended March 31,

| | 2022 | | | 2021 | | | % Change | | |
|------------------------|----------|------------|----------|----------|------------|----------|----------|---------|-----|
| | Home | Average | | Home | Average | | Home | Average | |
| Homes | Sale | Price | | Sale | Price | | Sale | Price | |
| | Revenues | | | Revenues | | | Revenues | | |
| (Dollars in thousands) | | | | | | | | | |
| West | 1,243 | \$ 707,311 | \$ 569.0 | 1,276 | \$ 616,611 | \$ 483.2 | (3)% | 15% | 18% |

| | | | | | | | | | |
|----------|--------------|---------------------|-----------------|--------------|---------------------|-----------------|-------|-----|-----|
| Mountain | <u>848</u> | <u>398,088</u> | <u>648.5</u> | <u>890</u> | <u>300,330</u> | <u>336.6</u> | (15)% | 93% | 29% |
| Total | <u>2,233</u> | <u>\$ 1,240,520</u> | <u>\$ 555.5</u> | <u>2,178</u> | <u>\$ 1,041,858</u> | <u>\$ 478.4</u> | 3% | 19% | 16% |

Net New Orders

| Three Months Ended March 31, | | | | | | | | | | | | |
|------------------------------|--------------|---------------------|---------------------------|-------------|--------------|---------------------|---------------------------|-------------|--------------|---------------|-------------------------|-------------|
| 2022 | | | | 2021 | | | | % Change | | | | |
| Homes | Dollar Value | Average Price | Monthly Absorption Rate * | Homes | Dollar Value | Average Price | Monthly Absorption Rate * | Homes | Dollar Value | Average Price | Monthly Absorption Rate | |
| (Dollars in thousands) | | | | | | | | | | | | |
| West | 1,704 | \$ 1,000,954 | \$ 587.4 | 5.54 | 1,775 | \$ 904,691 | \$ 509.7 | 5.80 | (4)% | 11% | 15% | (4)% |
| Mountain | 920 | 581,971 | 632.6 | 5.63 | 1,011 | 562,753 | 556.6 | 5.91 | (9)% | 3% | 14% | (5)% |
| East | 527 | 253,850 | 481.7 | 4.78 | 423 | 168,021 | 397.2 | 4.62 | 25% | 51% | 21% | 3% |
| Total | <u>3,151</u> | <u>\$ 1,836,775</u> | <u>\$ 582.9</u> | <u>5.42</u> | <u>3,209</u> | <u>\$ 1,635,465</u> | <u>\$ 509.6</u> | <u>5.64</u> | <u>(2)%</u> | <u>12%</u> | <u>14%</u> | <u>(4)%</u> |

*Calculated as total net new orders (gross orders less cancellations) in period ÷ average active communities during period ÷ number of months in period

Active Subdivisions

| Active Subdivisions | | | Average Active Subdivisions | | |
|---------------------|------------|------------|-----------------------------|------------|-----------|
| March 31, | | | Three Months Ended | | |
| 2022 | 2021 | % Change | 2022 | 2021 | % Change |
| West | 112 | 97 | 103 | 102 | 1% |
| Mountain | 53 | 55 | 55 | 57 | (4)% |
| East | 35 | 34 | 37 | 31 | 19% |
| Total | <u>200</u> | <u>186</u> | <u>195</u> | <u>190</u> | <u>3%</u> |

Backlog

| March 31, | | | | | | | | | |
|------------------------|--------------|---------------------|-----------------|--------------|---------------------|-----------------|--------------|---------------|------------|
| 2022 | | | 2021 | | | % Change | | | |
| Homes | Dollar Value | Average Price | Homes | Dollar Value | Average Price | Homes | Dollar Value | Average Price | |
| (Dollars in thousands) | | | | | | | | | |
| West | 4,677 | \$ 2,651,123 | \$ 566.8 | 4,209 | \$ 2,157,618 | \$ 512.6 | 11% | 23% | 11% |
| Mountain | 2,546 | 1,668,048 | 655.2 | 2,417 | 1,355,201 | 560.7 | 5% | 23% | 17% |
| East | 1,335 | 628,631 | 470.9 | 1,060 | 414,474 | 391.0 | 26% | 52% | 20% |
| Total | <u>8,558</u> | <u>\$ 4,947,802</u> | <u>\$ 578.1</u> | <u>7,686</u> | <u>\$ 3,927,293</u> | <u>\$ 511.0</u> | <u>11%</u> | <u>26%</u> | <u>13%</u> |

Homes Completed or Under Construction (WIP lots)

| March 31, | | | % Change | |
|---|--------------|--------------|-------------|--|
| 2022 | 2021 | | | |
| Unsold: | | | | |
| Completed | 19 | 36 | (47)% | |
| Under construction | 313 | 64 | 389% | |
| Total unsold started homes | <u>332</u> | <u>100</u> | <u>232%</u> | |
| Sold homes under construction or completed | 7,445 | 5,854 | 27% | |
| Model homes under construction or completed | 513 | 502 | 2% | |
| Total homes completed or under construction | <u>8,290</u> | <u>6,456</u> | <u>28%</u> | |

Lots Owned and Optioned (including homes completed or under construction)

| | March 31, 2022 | | | March 31, 2021 | | | |
|----------|----------------|------------------|--------|----------------|------------------|--------|-------------------|
| | Lots Owned | Lots Optioned | Total | Lots Owned | Lots Optioned | Total | Total % Change |
| West | 15,548 | 4,237 | 19,785 | 12,658 | 3,921 | 16,579 | 19% |
| Mountain | 6,741 | 4,240 | 10,981 | 6,790 | 3,418 | 10,208 | 8% |
| East | 4,318 | 2,728 | 7,046 | 3,088 | 2,148 | 5,236 | 35% |
| Total | 26,607 | 11,205 | 37,812 | 22,536 | 9,487 | 32,023 | 18% |

Selling, General and Administrative Expenses

| Three Months Ended March 31, | | | |
|---|-----------|-----------|-----------|
| 2022 | 2021 | Change | |
| (Dollars in thousands) | | | |
| General and administrative expenses | \$ 71,983 | \$ 57,163 | \$ 14,820 |
| General and administrative expenses as a percentage of home sale revenues | 5.8% | 5.5% | 30 bps |
| Marketing expenses | \$ 25,632 | \$ 25,703 | \$ (71) |
| Marketing expenses as a percentage of home sale revenues | 2.1% | 2.5% | -40 bps |
| Commissions expenses | \$ 31,699 | \$ 32,127 | \$ (428) |
| Commissions expenses as a percentage of home sale revenues | 2.6% | 3.1% | -50 bps |

| | | | |
|---|--------------|--------------|----------------|
| Total selling, general and administrative expenses | \$ 129,314 | \$ 114,993 | \$ 14,321 |
| <i>Total selling, general and administrative expenses as a percentage of home sale revenues</i> | <u>10.4%</u> | <u>11.0%</u> | <u>-60 bps</u> |

Capitalized Interest

| | Three Months Ended March 31, | |
|--|---------------------------------|------------------|
| | 2022 | 2021 |
| | (Dollars in thousands) | |
| Homebuilding interest incurred | \$ 17,258 | \$ 17,332 |
| Less: Interest capitalized | (17,258) | (17,332) |
| Homebuilding interest expensed | <u>\$ —</u> | <u>\$ —</u> |
| Interest capitalized, beginning of period | \$ 58,054 | \$ 52,777 |
| Plus: Interest capitalized during period | 17,258 | 17,332 |
| Less: Previously capitalized interest included in home cost of sales | (14,844) | (14,841) |
| Interest capitalized, end of period | <u>\$ 60,468</u> | <u>\$ 55,268</u> |

SOURCE M.D.C. Holdings, Inc.

For further information: Robert N. Martin, Senior Vice President and Chief Financial Officer, 1-866-424-3395, IR@mdch.com

<https://ir.richmondamerican.com/2022-04-28-M-D-C-HOLDINGS-ANNOUNCES-FIRST-QUARTER-2022-RESULTS>