



# INVESTOR PRESENTATION

Second Quarter 2023

# CAUTIONARY STATEMENT

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## Forward-Looking Statements

This presentation includes statements concerning our expectations, beliefs, plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are not historical facts. These statements are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied by these statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “will” or other similar words. The statements in this presentation that are not historical statements, including statements regarding LGI Homes, Inc.’s (“LGI Homes”) future expectations, beliefs, plans, objectives, financial conditions, assumptions or future events or performance, are forward-looking statements within the meaning of the federal securities laws. LGI Homes has based its forward-looking statements on its management’s beliefs and assumptions based on information available to its management at the time the statements are made. LGI Homes cautions you that assumptions, beliefs, expectations, intentions and projections about future events may and often do vary materially from actual results. Therefore, LGI Homes cannot assure you that actual results will not differ materially from those expressed or implied by its forward-looking statements. Please read LGI Homes’ most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q filed thereafter and other filings with the Securities and Exchange Commission, including the “Risk Factors” and “Cautionary Statement about Forward-Looking Statements” sections in such filings, for a discussion of some of the factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. LGI Homes expressly disclaims any intent, obligation or undertaking to update or revise any forward-looking statements to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

## Use of Non-GAAP Financial Measures

In addition to the financial statements presented in accordance with U.S. generally accepted accounting principles (“GAAP”), LGI Homes uses certain non-GAAP financial measures, including Adjusted Gross Margin. Adjusted Gross Margin is a non-GAAP financial measure used by management as a supplemental measure in evaluating LGI Homes’ operating performance. LGI Homes defines Adjusted Gross Margin as Gross Margin less Capitalized Interest and adjustments resulting from the application of purchase accounting included in the Cost of Sales. Other companies may not calculate Adjusted Gross Margin or other non-GAAP financial measures in the same manner as LGI Homes and therefore such information may not be directly comparable to those measures of LGI Homes’ performance. Reconciliations of Adjusted Gross Margin to Gross Margin, the GAAP financial measure that management believe to be most directly comparable, are included in the Appendix at the end of this presentation. References to LTM, or last twelve months, in this presentation are to the twelve months ended June 30, 2023.

# RECENT FINANCIAL RESULTS

## Second Quarter 2023

- ▶ Home Closings: 1,854, (8.5%)
- ▶ Home Sales Revenues: \$645.3 Million, (10.8%)
- ▶ Average Sales Price: \$348,042, (2.4%)
- ▶ Ending Active Communities: 102
- ▶ Average Active Communities: 102.0
- ▶ Gross Margin: 22.0%, (1,000) basis points
- ▶ Adjusted Gross Margin <sup>(1)</sup>: 23.8%, (930) basis points
- ▶ Pre-Tax Net Income: \$71.4 Million, (56.2%)
- ▶ Net Income: \$53.1 Million, (56.9%)
- ▶ Basic EPS: \$2.26; Diluted EPS: \$2.25

## Year-to-Date 2023

- ▶ Home Closings: 3,220, (11.2%)
- ▶ Home Sales Revenues: \$1.1 Billion, (10.8%)
- ▶ Average Sales Price: \$351,748, +0.5%
- ▶ Ending Active Communities: 102
- ▶ Average Active Communities: 99.8
- ▶ Gross Margin: 21.3%, (940) basis points
- ▶ Adjusted Gross Margin <sup>(1)</sup>: 23.1%, (880) basis points
- ▶ Pre-Tax Net Income: \$103.8 Million, (60.5%)
- ▶ Net Income: \$80.1 Million, (60.4%)
- ▶ Basic EPS: \$3.41; Diluted EPS: \$3.39

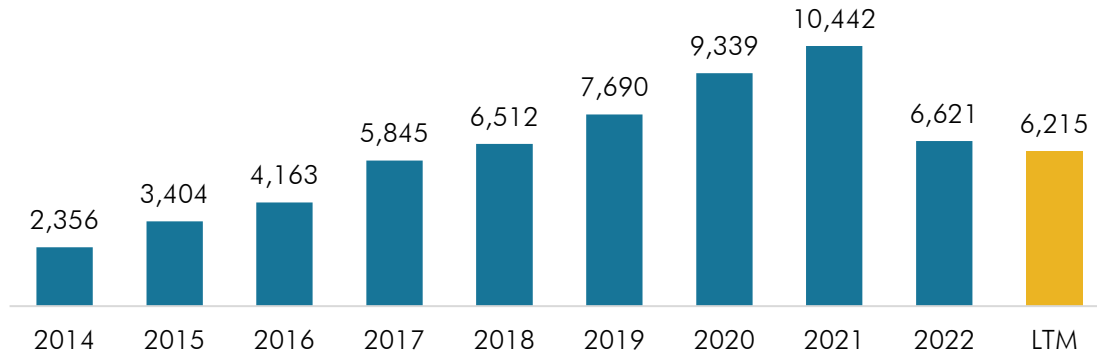
Note: Metrics compared to the second quarter and year-to-date results as of June 30, 2022; numbers may not foot due to rounding

1) Adjusted Gross Margin is a non-GAAP measure defined as Gross Margin adjusted for Capitalized Interest and adjustments resulting from the application of purchase accounting included in Cost of Sales. See the Appendix for a reconciliation of Adjusted Gross Margin to Gross Margin

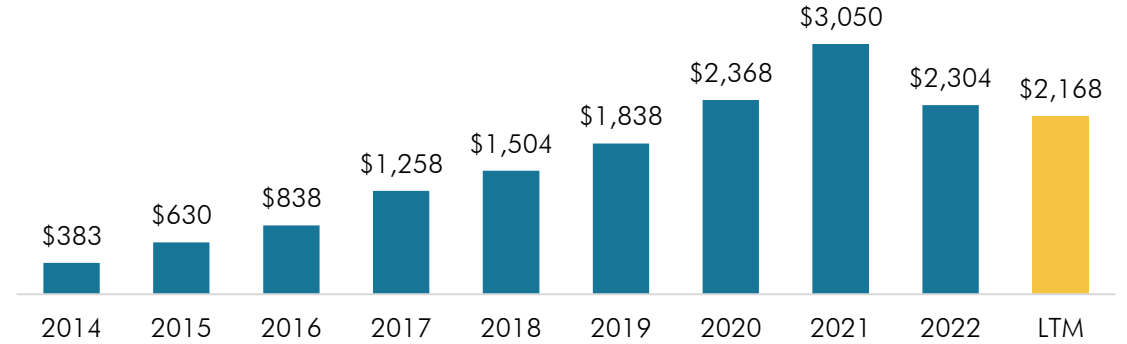
# STRONG OPERATING RESULTS

LGI HOMES HAS GENERATED STRONG RESULTS AND INDUSTRY-LEADING ABSORPTIONS

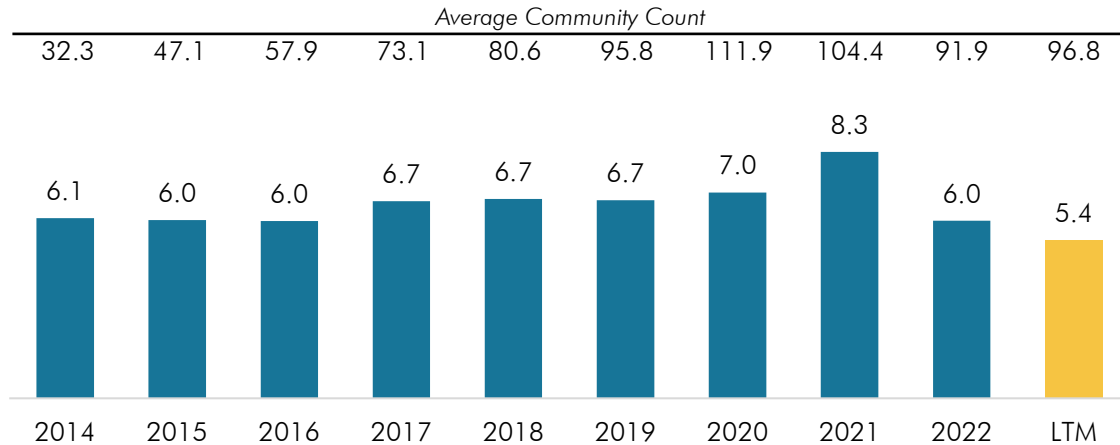
## Home Closings (Units)



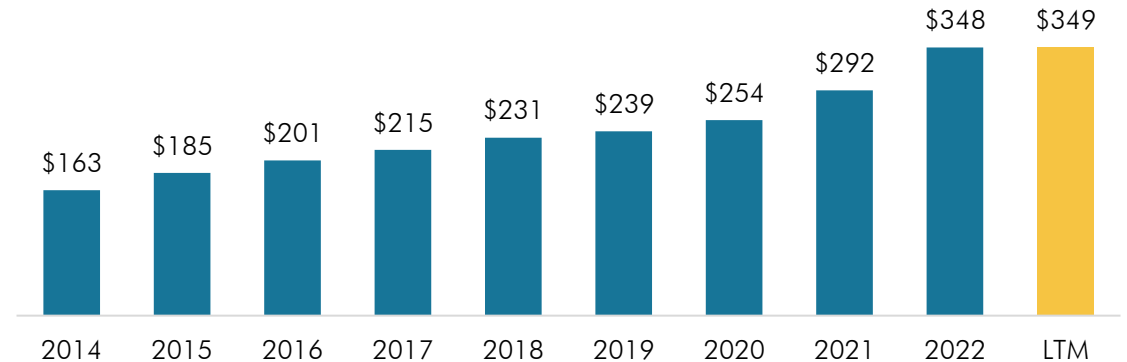
## Revenue (\$ millions)



## Average Absorptions and Communities<sup>(1)</sup>



## Average Sales Price (\$ thousands)



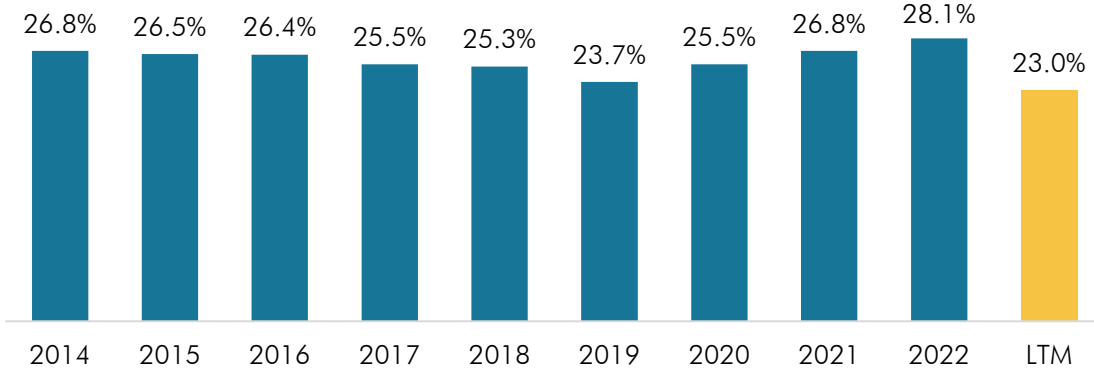
Note: LTM as of June 30, 2023

1) Absorptions per Community per Month; includes wholesale closings

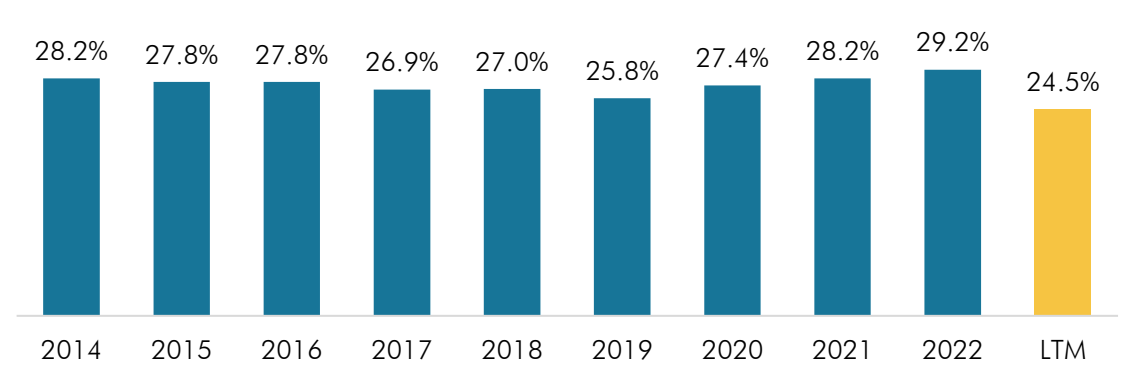
# LEADING MARGINS & PROFITABILITY

LGI HOMES HAS CONSISTENTLY GENERATED STRONG MARGINS & PROFITABILITY

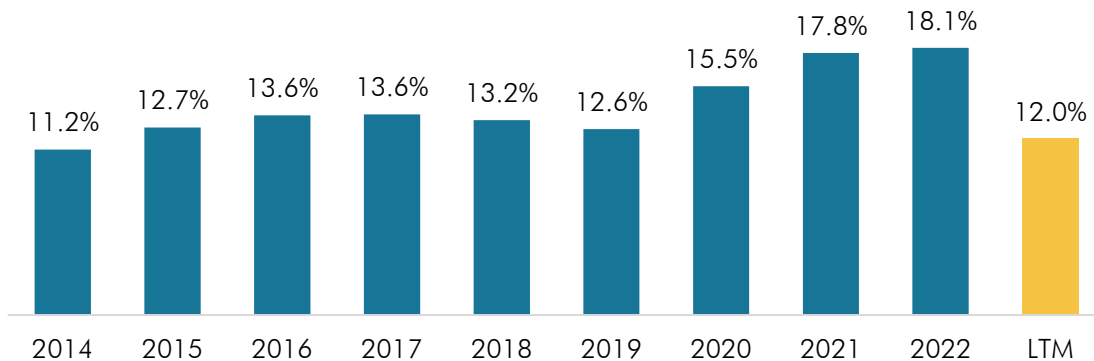
**Gross Margin Percentage (1) (2)**



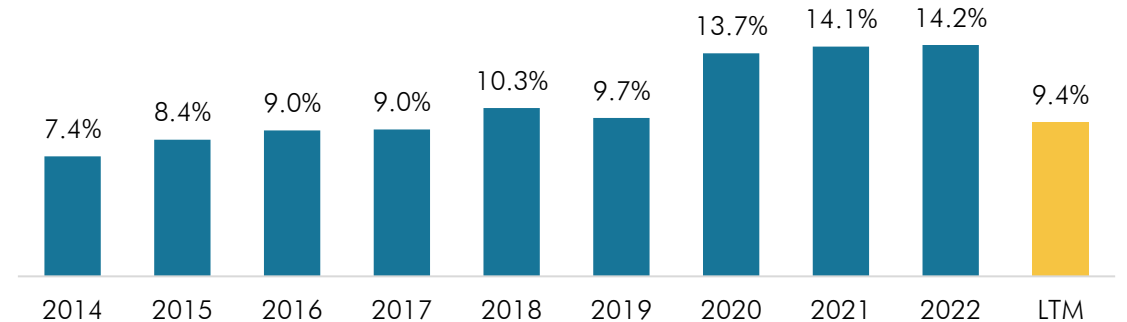
**Adjusted Gross Margin Percentage (2) (3)**



**Pre-Tax Net Income Percentage (2)**



**Net Income Percentage (2) (4)**



Note: LTM as of June 30, 2023

1) Gross Margin is defined as Home Sales Revenues less Cost of Sales

2) Calculated as a percentage of Home Sales Revenues

3) Adjusted Gross Margin is a non-GAAP measure defined as Gross Margin adjusted for Capitalized Interest and adjustments resulting from the application of purchase accounting included in Cost of Sales. See the Appendix for a reconciliation of Adjusted Gross Margin to Gross Margin

4) Beginning in FY 2020, results include the impact of 45L tax credits

# BALANCE SHEET

FINANCIAL PERFORMANCE HAS STRENGTHENED CAPITAL STRUCTURE

(\$ in thousands)	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	June 30, 2023
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 38,345	\$ 35,942	\$ 50,514	\$ 31,998	\$ 43,334
Accounts Receivable	56,390	115,939	57,909	25,143	48,166
Real Estate Inventory	1,499,624	1,569,489	2,085,904	2,898,296	2,889,113
Goodwill	12,018	12,018	12,018	12,018	12,018
Other Assets	59,738	92,699	145,520	157,373	146,908
Total Assets	<u>\$ 1,666,115</u>	<u>\$ 1,826,087</u>	<u>\$ 2,351,865</u>	<u>\$ 3,124,828</u>	<u>\$ 3,139,539</u>
<b>LIABILITIES</b>					
Accounts Payable and Other Liabilities	\$ 130,363	\$ 148,684	\$ 150,781	\$ 365,415	\$ 355,130
Notes Payable	690,559	538,398	805,236	1,117,001	1,053,397
Total Liabilities	<u>820,922</u>	<u>687,082</u>	<u>956,017</u>	<u>1,482,416</u>	<u>1,408,527</u>
<b>EQUITY</b>					
Common Stock	264	267	269	272	275
Additional Paid-In Capital	252,603	270,598	291,577	306,673	315,174
Retained Earnings	610,382	934,277	1,363,922	1,690,489	1,770,585
Treasury Stock, at Cost	(18,056)	(66,137)	(259,920)	(355,022)	(355,022)
Total Equity	<u>845,193</u>	<u>1,139,005</u>	<u>1,395,848</u>	<u>1,642,412</u>	<u>1,731,012</u>
Total Liabilities and Equity	<u>\$ 1,666,115</u>	<u>\$ 1,826,087</u>	<u>\$ 2,351,865</u>	<u>\$ 3,124,828</u>	<u>\$ 3,139,539</u>
Gross Debt to Capitalization <sup>(1)</sup>	45.0%	32.1%	36.6%	40.5%	37.8%
Net Debt to Capitalization <sup>(2)</sup>	43.6%	30.6%	35.1%	39.8%	36.8%

As of June 30, 2023:

**\$43 million  
in Cash**

**\$2.9 billion in  
Inventory**

**Net leverage of  
36.8%**

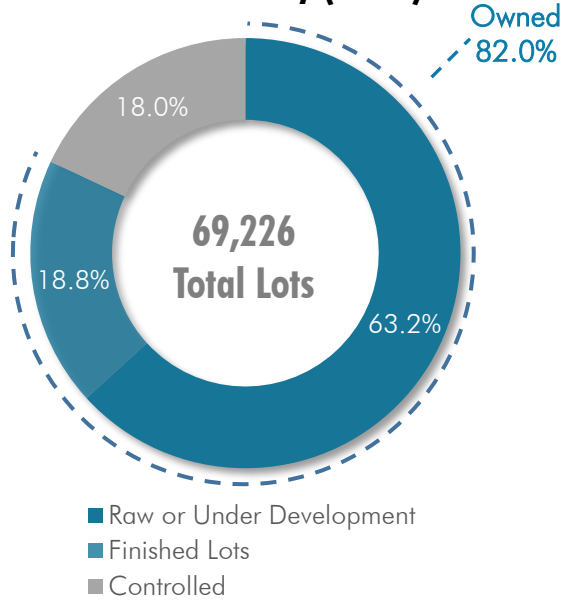
**Liquidity of  
\$385 million**

1) Calculated as Notes Payable as a percentage of the sum of Notes Payable and Total Equity

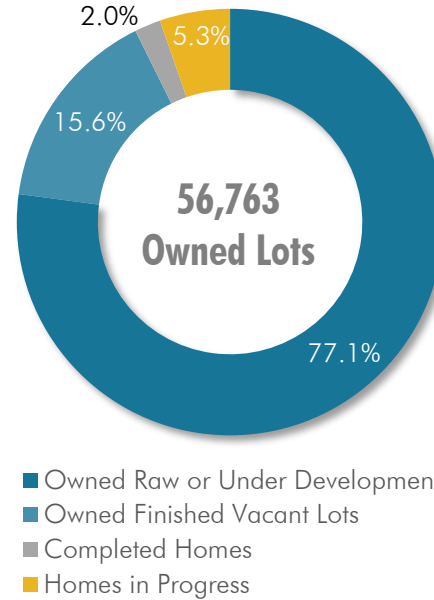
2) Calculated as Notes Payable less Cash and Cash Equivalents ("Net Debt") as a percentage of the sum of Net Debt and Total Equity

# INVENTORY MANAGEMENT

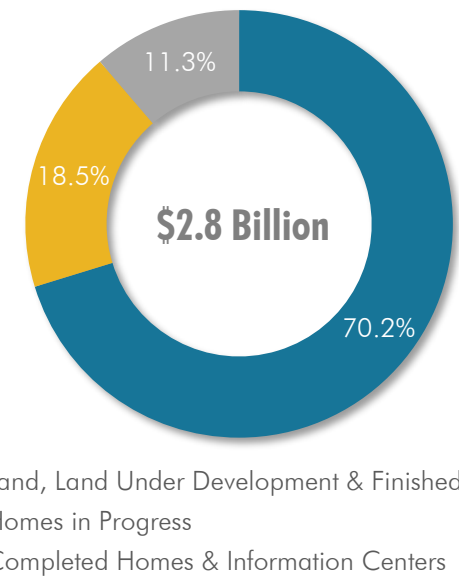
**Total Lot Inventory (Units)** <sup>(1)</sup>



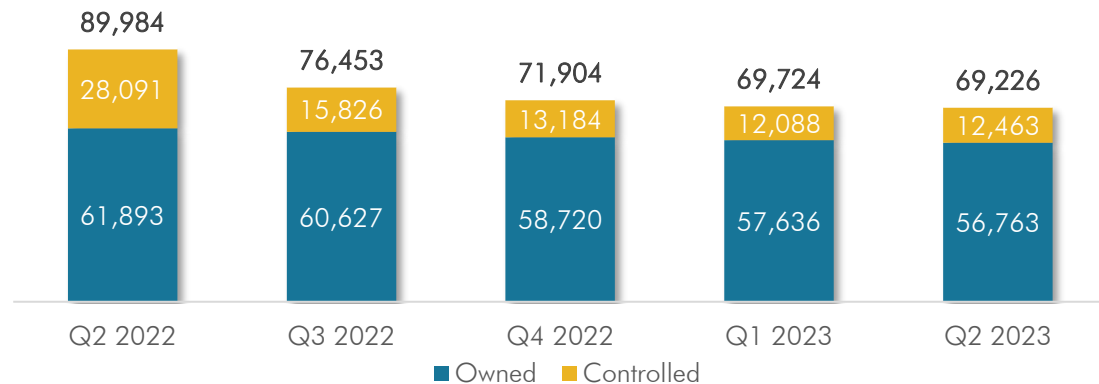
**Owned Lot Inventory (Units)** <sup>(1)</sup>



**Owned Real Estate Inventory (\$ Value)** <sup>(1) (2)</sup>



**Total Owned and Controlled Lots Over Time**



**Total Real Estate Inventory by Reportable Segment** <sup>(3)</sup>

	LTM Home Closings	Owned Lots	Controlled Lots	Total Lots
Central	2,478	21,314	3,551	24,865
Southeast	1,569	14,468	2,859	17,327
Northwest	470	6,435	1,459	7,894
West	731	9,373	1,635	11,008
Florida	967	5,173	2,959	8,132
<b>Total</b>	<b>6,215</b>	<b>56,763</b>	<b>12,463</b>	<b>69,226</b>

Note: Some numbers may not foot due to rounding

1) As of June 30, 2023

2) Excludes real estate not owned of \$135.2 million

3) LTM as of June 30, 2023



# Appendix

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# HISTORICAL SECOND QUARTER OPERATING RESULTS

QUARTERS ENDED JUNE 30<sup>th</sup>

	Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021	Q2 2022	Q2 2023
Home Closings	662	853	1,128	1,511	1,815	1,944	2,005	<b>2,856</b>	2,027	1,854
Average Active Communities	30.0	44.3	55.7	71.3	78.0	93.0	<b>116.0</b>	105.0	91.3	102.0
Avg. Monthly Absorption Rate	7.4	6.4	6.8	7.1	7.8	7.0	5.8	<b>9.1</b>	7.4	6.1
Average Sales Price	\$160,744	\$186,197	\$197,450	\$214,545	\$231,321	\$237,567	\$240,200	\$277,140	<b>\$356,719</b>	\$348,042
Home Sales Revenues (\$M)	\$106.4	\$158.8	\$222.7	\$324.2	\$419.8	\$461.8	\$481.6	<b>\$791.5</b>	\$723.1	\$645.3
Gross Margin %	26.7%	26.8%	26.5%	26.6%	26.1%	24.1%	24.5%	27.0%	<b>32.0%</b>	22.0%
Adjusted Gross Margin % <sup>(1)</sup>	27.9%	28.2%	27.8%	28.0%	27.7%	26.3%	26.6%	28.5%	<b>33.1%</b>	23.8%
SG&A %	13.6%	13.4%	12.7%	11.7%	11.3%	11.4%	10.4%	<b>8.6%</b>	10.0%	11.9%
Pre-Tax Net Income (\$M)	\$13.9	\$21.2	\$31.4	\$48.6	\$62.7	\$60.5	\$68.6	\$149.1	<b>\$163.0</b>	\$71.4
Pre-Tax Net Income %	13.1%	13.4%	14.1%	15.0%	14.9%	13.1%	14.2%	18.8%	<b>22.5%</b>	11.1%
Effective Tax Rate %	35.0%	34.2%	34.2%	33.8%	24.0%	23.9%	<b>18.9%</b>	20.8%	24.3%	25.6%
Net Income (\$M)	\$9.0	\$14.0	\$20.7	\$32.2	\$47.6	\$46.1	\$55.6	\$118.1	<b>\$123.4</b>	\$53.1
Net Income %	8.5%	8.8%	9.3%	9.9%	11.3%	10.0%	11.5%	14.9%	<b>17.1%</b>	8.2%
Basic Earnings per Share	\$0.44	\$0.70	\$1.01	\$1.49	\$2.11	\$2.01	\$2.22	\$4.75	<b>\$5.24</b>	\$2.26
Diluted Earnings per Share	\$0.43	\$0.66	\$0.96	\$1.39	\$1.90	\$1.82	\$2.21	\$4.71	<b>\$5.20</b>	\$2.25

Note: Highlighted bold values represent most favorable metrics for periods shown

1) Adjusted Gross Margin is a non-GAAP measure defined as Gross Margin adjusted for Capitalized Interest and adjustments resulting from the application of purchase accounting included in Cost of Sales

# HISTORICAL ANNUAL OPERATING RESULTS

YEARS ENDED DECEMBER 31<sup>ST</sup> & LAST TWELVE MONTHS ENDED JUNE 30, 2023

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM <sup>(1)</sup>
<b>Home Closings</b>	2,356	3,404	4,163	5,845	6,512	7,690	9,339	<b>10,442</b>	6,621	6,215
<b>Average Active Communities</b>	32.3	47.1	57.9	73.1	80.6	95.8	<b>111.9</b>	104.4	91.9	96.8
<b>Avg. Monthly Absorption Rate</b>	6.1	6.0	6.0	6.7	6.7	6.7	7.0	<b>8.3</b>	6.0	5.4
<b>Average Sales Price</b>	\$162,677	\$185,146	\$201,374	\$215,220	\$231,020	\$239,032	\$253,553	\$292,104	\$348,052	<b>\$348,828</b>
<b>Home Sales Revenues (\$M)</b>	\$383.3	\$630.2	\$838.3	\$1,258.0	\$1,504.4	\$1,838.2	\$2,367.9	<b>\$3,050.1</b>	\$2,304.5	\$2,168.0
<b>Gross Margin %</b>	26.8%	26.5%	26.4%	25.5%	25.3%	23.7%	25.5%	26.8%	<b>28.1%</b>	23.0%
<b>Adjusted Gross Margin % <sup>(2)</sup></b>	28.2%	27.8%	27.8%	26.9%	27.0%	25.8%	27.4%	28.2%	<b>29.2%</b>	24.5%
<b>SG&amp;A %</b>	15.8%	13.8%	13.1%	12.0%	12.0%	11.4%	10.1%	<b>8.9%</b>	11.1%	12.5%
<b>Pre-Tax Net Income (\$M)</b>	\$43.1	\$80.3	\$113.7	\$171.4	\$199.1	\$231.8	\$367.8	<b>\$542.8</b>	\$418.1	\$259.3
<b>Pre-Tax Net Income %</b>	11.2%	12.7%	13.6%	13.6%	13.2%	12.6%	15.5%	17.8%	<b>18.1%</b>	12.0%
<b>Effective Tax Rate %</b>	34.5%	34.2%	34.0%	33.9%	22.0%	23.0%	<b>11.9%</b>	20.8%	21.9%	21.1%
<b>Net Income (\$M)</b>	\$28.2	\$52.8	\$75.0	\$113.3	\$155.3	\$178.6	\$323.9	<b>\$429.6</b>	\$326.6	\$204.6
<b>Net Income %</b>	7.4%	8.4%	9.0%	9.0%	10.3%	9.7%	13.7%	14.1%	<b>14.2%</b>	9.4%
<b>Basic Earnings per Share</b>	\$1.37	\$2.65	\$3.61	\$5.24	\$6.89	\$7.70	\$12.89	<b>\$17.46</b>	\$13.90	\$8.75 <sup>(3)</sup>
<b>Diluted Earnings per Share</b>	\$1.33	\$2.44	\$3.41	\$4.73	\$6.24	\$7.02	\$12.76	<b>\$17.25</b>	\$13.76	\$8.69 <sup>(3)</sup>

Note: Highlighted bold values represent most favorable metrics for periods shown excluding the LTM period

1) LTM as of June 30, 2023

2) Adjusted Gross Margin is a non-GAAP measure defined as Gross Margin adjusted for Capitalized Interest and adjustments resulting from the application of purchase accounting included in Cost of Sales

3) Calculated as the sum of the prior four quarters

# RECONCILIATION OF ADJUSTED GROSS MARGIN (NON-GAAP)

QUARTERS ENDED JUNE 30<sup>TH</sup>

(\$ in thousands)	Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	Q2 2019	Q2 2020	Q2 2021	Q2 2022	Q2 2023
<b>Home Sales Revenues</b>	\$106,412	\$158,826	\$222,723	\$324,178	\$419,847	\$461,830	\$481,602	\$791,512	\$723,069	\$645,270
<b>Cost of Home Sales</b>	\$78,016	\$116,253	\$163,628	\$237,830	\$310,082	\$350,519	\$363,629	\$577,433	\$491,710	\$503,333
<b>Gross Margin</b>	<b>\$28,396</b>	<b>\$42,573</b>	<b>\$59,095</b>	<b>\$86,348</b>	<b>\$109,765</b>	<b>\$111,311</b>	<b>\$117,973</b>	<b>\$214,079</b>	<b>\$231,359</b>	<b>\$141,937</b>
<b>Capitalized Interest Charged to Cost of Sales</b>	\$396	\$1,490	\$2,669	\$4,338	\$6,588	\$8,989	\$8,684	\$10,442	\$5,735	\$9,138
<b>Purchase Accounting Adjustment <sup>(1)</sup></b>	\$923	\$760	\$211	\$137	\$0	\$956	\$1,252	\$1,446	\$2,026	\$2,708
<b>Adjusted Gross Margin (Non-GAAP)</b>	<b>\$29,715</b>	<b>\$44,823</b>	<b>\$61,975</b>	<b>\$90,823</b>	<b>\$116,353</b>	<b>\$121,256</b>	<b>\$127,909</b>	<b>\$225,967</b>	<b>\$239,120</b>	<b>\$153,783</b>
<b>Gross Margin % <sup>(2)</sup></b>	26.7%	26.8%	26.5%	26.6%	26.1%	24.1%	24.5%	27.0%	32.0%	22.0%
<b>Adjusted Gross Margin % <sup>(2)</sup></b>	27.9%	28.2%	27.8%	28.0%	27.7%	26.3%	26.6%	28.5%	33.1%	23.8%

1) Adjustments result from the application of purchase accounting related to prior acquisitions and represent the amount of the fair value step-up adjustments for real estate inventory included in Cost of Sales

2) Calculated as a percentage of Home Sales Revenues

# RECONCILIATION OF ADJUSTED GROSS MARGIN (NON-GAAP)

FOR THE TWELVE MONTHS ENDED DECEMBER 31<sup>ST</sup> & LAST TWELVE MONTHS ENDED JUNE 30, 2023

(\$ in thousands)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	LTM <sup>(1)</sup>
<b>Home Sales Revenues</b>	\$383,268	\$630,236	\$838,320	\$1,257,960	\$1,504,400	\$1,838,154	\$2,367,929	\$3,050,149	\$2,304,455	\$2,167,963
<b>Cost of Home Sales</b>	\$280,481	\$463,304	\$616,707	\$937,540	\$1,124,484	\$1,401,675	\$1,764,832	\$2,232,115	\$1,657,855	\$1,670,376
<b>Gross Margin</b>	<b>\$102,787</b>	<b>\$166,932</b>	<b>\$221,613</b>	<b>\$320,420</b>	<b>\$379,916</b>	<b>\$436,479</b>	<b>\$603,097</b>	<b>\$818,034</b>	<b>\$646,600</b>	<b>\$497,587</b>
<b>Capitalized Interest Charged to Cost of Sales</b>	\$1,704	\$6,057	\$10,680	\$17,400	\$24,311	\$35,230	\$40,381	\$37,546	\$20,276	\$25,923
<b>Purchase Accounting Adjustment <sup>(2)</sup></b>	\$3,620	\$2,131	\$485	\$246	\$1,408	\$3,324	\$4,872	\$4,964	\$6,869	\$7,305
<b>Adjusted Gross Margin (Non-GAAP)</b>	<b>\$108,111</b>	<b>\$175,120</b>	<b>\$232,778</b>	<b>\$338,066</b>	<b>\$405,635</b>	<b>\$475,033</b>	<b>\$648,350</b>	<b>\$860,544</b>	<b>\$673,745</b>	<b>\$530,815</b>
<b>Gross Margin % <sup>(3)</sup></b>	26.8%	26.5%	26.4%	25.5%	25.3%	23.7%	25.5%	26.8%	28.1%	23.0%
<b>Adjusted Gross Margin % <sup>(3)</sup></b>	28.2%	27.8%	27.8%	26.9%	27.0%	25.8%	27.4%	28.2%	29.2%	24.5%

1) LTM as of June 30, 2023

2) Adjustments result from the application of purchase accounting related to prior acquisitions and represent the amount of the fair value step-up adjustments for real estate inventory included in Cost of Sales

3) Calculated as a percentage of Home Sales Revenues



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