

NVR, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31, 2019	December 31, 2018
ASSETS		
<i>Homebuilding:</i>		
Cash and cash equivalents	\$ 1,110,892	\$ 688,783
Restricted cash	17,943	16,982
Receivables	18,278	18,641
Inventory:		
Lots and housing units, covered under sales agreements with customers	1,075,420	1,076,904
Unsold lots and housing units	184,352	115,631
Land under development	69,196	38,857
Building materials and other	18,320	21,718
	<u>1,347,288</u>	<u>1,253,110</u>
Contract land deposits, net	413,851	396,177
Property, plant and equipment, net	52,260	42,234
Operating lease right-of-use assets	63,825	—
Reorganization value in excess of amounts allocable to identifiable assets, net	41,580	41,580
Deferred tax assets, net	115,731	112,333
Other assets	60,413	71,671
	<u>3,242,061</u>	<u>2,641,511</u>
<i>Mortgage Banking:</i>		
Cash and cash equivalents	29,412	23,092
Restricted cash	2,276	3,071
Mortgage loans held for sale, net	492,125	458,324
Property and equipment, net	5,828	6,510
Operating lease right-of-use assets	13,345	—
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	7,347
Other assets	17,421	26,078
	<u>567,754</u>	<u>524,422</u>
Total assets	<u><u>\$ 3,809,815</u></u>	<u><u>\$ 3,165,933</u></u>

See notes to consolidated financial statements.

NVR, Inc.
Consolidated Balance Sheets (Continued)
(in thousands, except share and per share data)

	December 31, 2019	December 31, 2018
LIABILITIES AND SHAREHOLDERS' EQUITY		
<i>Homebuilding:</i>		
Accounts payable	\$ 262,987	\$ 244,496
Accrued expenses and other liabilities	346,035	332,871
Customer deposits	131,886	138,246
Operating lease liabilities	71,095	—
Senior notes	598,301	597,681
	<u>1,410,304</u>	<u>1,313,294</u>
<i>Mortgage Banking:</i>		
Accounts payable and other liabilities	43,985	44,077
Operating lease liabilities	14,282	—
	<u>58,267</u>	<u>44,077</u>
Total liabilities	<u>1,468,571</u>	<u>1,357,371</u>
<i>Commitments and contingencies</i>		
<i>Shareholders' equity:</i>		
Common stock, \$0.01 par value; 60,000,000 shares authorized; 20,555,330 shares issued as of both December 31, 2019 and December 31, 2018	206	206
Additional paid-in capital	2,055,407	1,820,223
Deferred compensation trust – 107,295 and 107,340 shares of NVR, Inc. common stock as of December 31, 2019 and December 31, 2018, respectively	(16,912)	(16,937)
Deferred compensation liability	16,912	16,937
Retained earnings	7,909,872	7,031,333
Less treasury stock at cost – 16,922,558 and 16,977,499 shares as of December 31, 2019 and December 31, 2018, respectively	(7,624,241)	(7,043,200)
Total shareholders' equity	<u>2,341,244</u>	<u>1,808,562</u>
Total liabilities and shareholders' equity	<u>\$ 3,809,815</u>	<u>\$ 3,165,933</u>

See notes to consolidated financial statements.

NVR, Inc.
Consolidated Statements of Income
(in thousands, except per share data)

	Year Ended December 31,		
	2019	2018	2017
<i>Homebuilding:</i>			
Revenues	\$ 7,220,844	\$ 7,004,304	\$ 6,175,521
Other income	24,779	11,839	6,536
Cost of sales	(5,849,862)	(5,692,127)	(4,990,378)
Selling, general and administrative	(447,547)	(428,874)	(392,272)
Operating income	948,214	895,142	799,407
Interest expense	(24,335)	(24,036)	(23,037)
Homebuilding income	923,879	871,106	776,370
<i>Mortgage Banking:</i>			
Mortgage banking fees	167,820	159,370	130,319
Interest income	12,142	11,593	7,850
Other income	2,857	2,546	2,048
General and administrative	(79,858)	(83,838)	(68,528)
Interest expense	(1,045)	(1,045)	(1,148)
Mortgage banking income	101,916	88,626	70,541
<i>Income before taxes</i>	1,025,795	959,732	846,911
Income tax expense	(147,256)	(162,535)	(309,390)
<i>Net income</i>	<u>\$ 878,539</u>	<u>\$ 797,197</u>	<u>\$ 537,521</u>
<i>Basic earnings per share</i>	<u>\$ 241.31</u>	<u>\$ 219.58</u>	<u>\$ 144.00</u>
<i>Diluted earnings per share</i>	<u>\$ 221.13</u>	<u>\$ 194.80</u>	<u>\$ 126.77</u>
<i>Basic weighted average shares outstanding</i>	<u>3,641</u>	<u>3,631</u>	<u>3,733</u>
<i>Diluted weighted average shares outstanding</i>	<u>3,973</u>	<u>4,092</u>	<u>4,240</u>

See notes to consolidated financial statements.

NVR, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
<i>Cash flows from operating activities:</i>			
Net income	\$ 878,539	\$ 797,197	\$ 537,521
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,818	20,168	22,667
Equity-based compensation expense	78,532	75,701	44,562
Contract land deposit (recoveries) impairments, net	(680)	11,760	1,238
Gain on sale of loans, net	(128,642)	(122,755)	(99,132)
Deferred tax (benefit) expense	(4,070)	914	61,290
Mortgage loans closed	(5,169,422)	(4,828,615)	(4,077,372)
Mortgage loans sold and principal payments on mortgage loans held for sale	5,260,600	4,845,999	4,182,220
Distribution of earnings from unconsolidated joint ventures	3,476	4,596	4,788
Net change in assets and liabilities:			
Increase in inventory	(94,178)	(6,911)	(154,099)
(Increase) decrease in contract land deposits	(16,994)	(30,863)	8,177
Decrease (increase) in receivables	2,754	(1,008)	(348)
Increase (decrease) in accounts payable and accrued expenses	33,926	(30,713)	10,789
(Decrease) increase in customer deposits	(6,360)	(11,787)	27,797
Other, net	8,236	(557)	256
Net cash provided by operating activities	<u>866,535</u>	<u>723,126</u>	<u>570,354</u>
<i>Cash flows from investing activities:</i>			
Investments in and advances to unconsolidated joint ventures	(702)	(284)	(3,800)
Distribution of capital from unconsolidated joint ventures	8,247	10,515	8,029
Purchase of property, plant and equipment	(22,699)	(19,665)	(20,269)
Proceeds from the sale of property, plant and equipment	1,870	1,257	847
Net cash used in investing activities	<u>(13,284)</u>	<u>(8,177)</u>	<u>(15,193)</u>
<i>Cash flows from financing activities:</i>			
Purchase of treasury stock	(698,417)	(846,134)	(422,166)
Principal payments on finance lease liabilities	(306)	—	—
Distributions to partner in consolidated variable interest entity	—	(234)	—
Proceeds from the exercise of stock options	274,028	174,110	140,525
Net cash used in financing activities	<u>(424,695)</u>	<u>(672,258)</u>	<u>(281,641)</u>
Net increase in cash, restricted cash, and cash equivalents	428,556	42,691	273,520
Cash, restricted cash, and cash equivalents, beginning of the year	732,248	689,557	416,037
Cash, restricted cash, and cash equivalents, end of the year	<u>\$ 1,160,804</u>	<u>\$ 732,248</u>	<u>\$ 689,557</u>
<i>Supplemental disclosures of cash flow information:</i>			
Interest paid during the year, net of interest capitalized	<u>\$ 24,453</u>	<u>\$ 24,178</u>	<u>\$ 23,251</u>
Income taxes paid during the year, net of refunds	<u>\$ 153,915</u>	<u>\$ 181,166</u>	<u>\$ 260,232</u>

See notes to consolidated financial statements.