



The St. Joe Company Reports Second Quarter and First Half 2024 Results and Increases Quarterly Dividend by 17%

July 24, 2024

- Hospitality revenue increased substantially above the prior Company quarterly record achieved in the third quarter of 2023. Hospitality gross margin increased to 39.2% in the second quarter of 2024 as compared to 26.2% in the second quarter of 2023.
- Hospitality revenue increased by 38%, leasing revenue increased by 19%, while real estate revenue decreased by 51% as compared to the second quarter 2023. Overall revenue in the quarter was \$111.6 million as compared to \$128.1 million in 2023.
- For the first six-months of 2024, total revenue decreased by 1% to \$199.4 million from 2023 and net income attributable to the Company decreased to \$38.4 million, as compared to \$45.1 million in 2023. The decrease in net income is primarily due to timing and product mix of sales in residential communities, fewer commercial and one-off land sales, partially offset by growth in hospitality and leasing revenue.
- Over 22,500 homesites are in various stages of planning or development.
- Third quarter dividend increasing 17% to \$0.14 per share from \$0.12 per share.

PANAMA CITY BEACH, Fla.--(BUSINESS WIRE)--Jul. 24, 2024-- The St. Joe Company (NYSE: JOE) (the "Company," "We," or "Our") today reports second quarter and first half 2024 results.

Jorge Gonzalez, the Company's President and Chief Executive Officer, said, "We continued to focus our efforts on creating long-term shareholder value through investments in our business with an emphasis on recurring revenue streams while distributing excess cash by increasing the upcoming cash dividend by 17% to \$0.14 per share. This is our fourth dividend increase since we initiated dividends in the fourth quarter of 2020, starting at \$0.07 per share and now reaching \$0.14 per share, a 100% increase in less than four years. Turning now to our operations, we have seen dramatic positive results in the quarter from hospitality operations due to the five new hotel openings in 2023 and growth in the Watersound Club membership program as evidenced by our 38% period-over-period growth in hospitality revenue during second quarter of 2024. In fact, we again achieved record hospitality revenue for a single quarter. Hospitality gross margin also increased substantially as the Company is beginning to achieve higher revenues and operating efficiency. Leasing revenue continues to increase as additional commercial projects are completed, bringing the Company portfolio to over 1.1 million rentable square feet."

Mr. Gonzalez continued, "Despite the continued growth in hospitality and leasing revenues, overall revenue decreased as a result of an extraordinarily high number of homesites that were completed and sold in the second quarter of 2023, fueled by the completion and sale of a new phase of 133 homesites in the Watersound Origins community in June 2023. The Company sold 186 homesites in the second quarter of 2024, as compared to 300 homesites for the same period in 2023. As we often say, the 'seeding and harvesting' cycle of residential homesite development and sales is not linear and therefore not ideal for quarter-to-quarter comparisons. Total revenue in the second quarter of 2024 exceeded all quarters in 2023 except for the second quarter. Overall, there were 349 homesites and homes sold in the second quarter of 2024. This includes 186 homesites in ten different residential communities and 163 homes in the Latitude Margaritaville Watersound unconsolidated joint venture. All builders performed on their contractual obligations and no builder requested a delay in closings. The Company's residential homesite pipeline has over 22,500 homesites in twenty different communities at various stages of planning or development."

Mr. Gonzalez concluded, "This quarter demonstrates what we have been saying all along, which is that housing demand in our region is solid and our quarter-to-quarter homesite sales and margin results depend more on the timing of completion of development and product mix. The biggest driver of housing demand in our region is the net migration that is continuing from a wider range of geographies where individuals and families are looking for a high quality of life, safety, security, natural beauty, and great schools."

Consolidated Second Quarter and First Half 2024 Results

Total consolidated revenue for the second quarter of 2024 decreased by 13% to \$111.6 million as compared to \$128.1 million for the second quarter of 2023. Hospitality revenue increased by 38% to \$62.3 million and leasing revenue increased by 19% to \$14.8 million. Real estate revenue decreased by 51% to \$34.5 million due to a mix of sales from different communities, timing of homebuilder contractual closing obligations and reduced commercial transactions.

For the six months ended June 30, 2024, total consolidated revenue decreased by 1% to \$199.4 million, as compared to \$201.1 million for the first six months of 2023. Hospitality revenue increased by 46% to \$101.6 million and leasing revenue increased by 20% to \$29.1 million. Real estate revenue decreased by 36% to \$68.7 million due to mix of sales from different residential communities and fewer commercial and one-off land sales, as compared to the same period in 2023.

Over the past several years, the Company has entered into joint ventures which are unconsolidated and accounted for using the equity method. For the three months ended June 30, 2024, these unconsolidated joint ventures had \$94.1 million of revenue, as compared to \$88.8 million for the same period in 2023. The Company's economic interests in its unconsolidated joint ventures for the three months ended June 30, 2024, resulted in \$5.4

million of equity in income from unconsolidated joint ventures, as compared to \$6.0 million for the three months ended June 30, 2023. For the first six months of 2024, these unconsolidated joint ventures had \$189.9 million of revenue, as compared to \$170.6 million for the first six months of 2023. The Company's economic interests in its unconsolidated joint ventures resulted in \$12.8 million of equity in income from unconsolidated joint ventures, for the first six months of 2024, as compared to \$9.7 million for the first six months of 2023. Although these business ventures are not included as revenue in the Company's financial statements, they are part of the core business strategy, which generates substantial financial returns for the Company.

Net income attributable to the Company for the second quarter of 2024 decreased by 29% to \$24.5 million, or \$0.42 per share, as compared to net income of \$34.7 million, or \$0.60 per share, for the same period in 2023. Net income for the first six months of 2024 decreased by 15% to \$38.4 million, or \$0.66 per share, as compared to net income of \$45.1 million, or \$0.77 per share, for the same period in 2023.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), a non-GAAP financial measure, for the three months ended June 30, 2024, decreased by 18% to \$49.2 million, as compared to \$59.7 million for the same period in 2023. EBITDA for the six months ended June 30, 2024, was \$84.2 million as compared to \$84.1 million for the first six months of 2023. Depreciation is a non-cash, GAAP expense which is amortized over an asset's prescribed life, while maintenance and repair expenses are period costs and expensed as incurred. See Financial Data below for additional information, including a reconciliation of EBITDA to net income attributable to the Company.

On July 24, 2024, the Board of Directors declared a cash dividend of \$0.14 per share on the Company's common stock, payable on September 6, 2024, to shareholders of record as of the close of business on August 9, 2024. The third quarter dividend represents a 17% increase from the second quarter 2024 dividend of \$0.12 per share.

Real Estate

Total real estate revenue decreased by 51% to \$34.5 million in the second quarter of 2024, as compared to \$70.6 million in the second quarter of 2023. The quarter-to-quarter homesite sales and margin results depend more on the timing of completion of development and product mix. The second quarter of 2023 included activity which, as discussed in prior quarters, was delayed due to development delays as a result of the supply chain disruptions experienced in 2022 and early 2023.

The Company sold 186 homesites at an average base price of approximately \$140,000 and gross margin of 52.3%, in the second quarter of 2024, as compared to 300 homesites at an average base price of approximately \$153,000 and gross margin of 53.8% in the second quarter of 2023. The differences in the average sales price, number of homesite closings and gross margin period-over-period were due to the mix of sales in different communities.

As of June 30, 2024, the Company had 1,303 residential homesites under contract, which are expected to result in revenue of approximately \$114.0 million, plus residuals, over the next several years, as compared to 1,825 residential homesites under contract for \$158.5 million, plus residuals, as of June 30, 2023. The change in homesites under contract is due to increased homesite closing transactions during 2023 and the first half of 2024 and the amount of remaining homesites in current phases of residential communities. The Company's residential homesite pipeline has over 22,500 homesites in various stages of development, engineering, permitting or concept planning.

The Latitude Margaritaville Watersound unconsolidated joint venture, planned for 3,500 residential homes, had 135 net sale contracts executed in the second quarter of 2024. Since the start of sales in 2021, there have been 1,878 home contracts. For the second quarter of 2024, there were 163 completed home sales bringing the community to 1,344 occupied homes. The 534 homes under contract as of June 30, 2024, with an average sales price of approximately \$567,000, are expected to result in sales value of approximately \$302.8 million at completion, as compared to 665 homes under contract as of June 30, 2023, with an average sales price of approximately \$501,000.

Hospitality

Hospitality revenue increased by 38% to a Company quarterly record of \$62.3 million in the second quarter of 2024, as compared to \$45.1 million in the second quarter of 2023. Hospitality revenue continues to benefit from the growth of the Watersound Club membership program and the opening of five hotels throughout 2023. As of June 30, 2024, the Company had 3,571 club members, as compared to 2,853 club members as of June 30, 2023, an increase of 718 net new members. As of June 30, 2024, the Company owned (individually by the Company or through consolidated and unconsolidated joint ventures) twelve hotels with 1,298 operational hotel rooms, as compared to eleven hotels with 1,177 rooms as of June 30, 2023.

Leasing

Leasing revenue from commercial, office, retail, multi-family, senior living, self-storage and other properties increased by 19% to \$14.8 million in the second quarter of 2024, as compared to the same period in 2023. As of June 30, 2024, the Company (individually by the Company or through consolidated and unconsolidated joint ventures) had 1,383 rentable multi-family and senior living units.

Leasable space as of June 30, 2024, consisted of approximately 1,100,000 square feet, of which approximately 1,058,000, or 96%, was leased, as compared to approximately 1,041,000 square feet as of June 30, 2023, of which approximately 1,016,000, or 98%, was leased. As of June 30, 2024, the Company had an additional 82,000 square feet of leasable space under construction. The Company is focused on commercial leasing space at the Watersound Town Center, Watersound West Bay Center and the FSU/TMH Medical Campus. These three centers, and others in the planning stage, have the potential to more than double the Company's total current leasable commercial space and rental multi-family units. The Company, wholly or through joint ventures, also owns significant hospitality businesses that may otherwise be leased to others.

Corporate and Other Operating Expenses

The Company's corporate and other operating expenses for the three months ended June 30, 2024, increased by \$0.4 million to \$5.9 million, as compared to \$5.5 million for the same period in 2023. For the first six months of 2024, corporate and other operating expenses increased by \$1.6 million to \$12.9 million, as compared to \$11.3 million for the first six months of 2023.

Investments, Liquidity and Debt

In the second quarter of 2024, the Company funded \$32.4 million in capital expenditures. In addition, the Company paid \$7.0 million in cash dividends and repaid a net of \$4.7 million of debt. For the first six months of 2024, the Company funded \$63.9 million of capital expenditures, paid \$14.0 million in cash dividends and repaid a net of \$6.9 million of debt. As of June 30, 2024, the Company had \$86.7 million in cash, cash equivalents and other liquid

investments, as compared to \$88.6 million as of June 30, 2023. As of June 30, 2024, the Company had \$294.9 million invested in development property, which, when complete, will be added to operating property or sold. As of June 30, 2024, the weighted average effective interest rate of outstanding debt was 5.3% with an average remaining life of 16.9 years. 67% of the Company's outstanding debt had a fixed or swapped interest rate. The remaining 33% of debt has interest rates that vary with SOFR. Company debt as of June 30, 2024, is approximately 29% of the Company's total assets.

Additional Information and Where to Find It

Additional information with respect to the Company's results for the second quarter and first half of 2024 will be available in a Form 10-Q that will be filed with the Securities and Exchange Commission ("SEC") and can be found at www.ioe.com and at the SEC's website www.sec.gov. We recommend studying the Company's latest Form 10-K and Form 10-Q before making an investment decision.

FINANCIAL DATA SCHEDULES

Financial data schedules in this press release include consolidated results, summary balance sheets, corporate and other operating expenses and the reconciliation of earnings before interest, taxes, depreciation and amortization (EBITDA), a non-GAAP financial measure, for the second quarter and first half of 2024 and 2023, respectively.

FINANCIAL DATA

Consolidated Results (Unaudited) (\$ in millions except share and per share amounts)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
Real estate revenue	\$34.5	\$70.6	\$68.7	\$107.3
Hospitality revenue	62.3	45.1	101.6	69.6
Leasing revenue	14.8	12.4	29.1	24.2
Total revenue	111.6	128.1	199.4	201.1
Expenses				
Cost of real estate revenue	16.6	31.5	32.7	51.8
Cost of hospitality revenue	37.9	33.3	68.2	56.2
Cost of leasing revenue	7.3	6.5	14.5	11.9
Corporate and other operating expenses	5.9	5.5	12.9	11.3
Depreciation, depletion and amortization	11.3	9.5	22.5	16.8
Total expenses	79.0	86.3	150.8	148.0
Operating income	32.6	41.8	48.6	53.1
Investment income, net	3.4	3.2	6.8	6.1
Interest expense	(8.5)	(7.2)	(17.1)	(13.4)
Equity in income from unconsolidated joint ventures	5.4	6.0	12.8	9.7
Other (expense) income, net	(0.1)	1.5	(0.5)	2.7
Income before income taxes	32.8	45.3	50.6	58.2
Income tax expense	(8.3)	(11.5)	(13.0)	(14.9)
Net income	24.5	33.8	37.6	43.3
Net (income) loss attributable to non-controlling interest	--	0.9	0.8	1.8
Net income attributable to the Company	\$24.5	\$34.7	\$38.4	\$45.1
Basic net income per share attributable to the Company	\$0.42	\$0.60	\$0.66	\$0.77
Basic weighted average shares outstanding	58,331,818	58,314,117	58,326,153	58,311,619

Summary Balance Sheet (Unaudited) (\$ in millions)

	June 30, 2024	December 31, 2023
Assets		

Investment in real estate, net	\$1,035.8	\$1,018.6
Investment in unconsolidated joint ventures	71.4	66.4
Cash and cash equivalents	86.7	86.1
Other assets	90.3	82.2
Property and equipment, net	62.4	66.0
Investments held by special purpose entities	<u>203.8</u>	<u>204.2</u>
Total assets	<u>\$1,550.4</u>	<u>\$1,523.5</u>
Liabilities and Equity		
Debt, net	\$447.4	\$453.6
Accounts payable and other liabilities	65.3	58.6
Deferred revenue	64.1	62.8
Deferred tax liabilities, net	72.9	71.8
Senior Notes held by special purpose entity	<u>178.3</u>	<u>178.2</u>
Total liabilities	828.0	825.0
Total equity	<u>722.4</u>	<u>698.5</u>
Total liabilities and equity	<u>\$1,550.4</u>	<u>\$1,523.5</u>

Corporate and Other Operating Expenses (Unaudited)
(\$ in millions)

	<u>Quarter Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Employee costs	\$3.1	\$2.7	\$6.8	\$5.4
Property taxes and insurance	1.2	1.3	2.7	2.7
Professional fees	0.6	0.7	1.7	1.7
Marketing and owner association costs	0.4	0.2	0.5	0.4
Occupancy, repairs and maintenance	0.1	0.1	0.3	0.3
Other miscellaneous	<u>0.5</u>	<u>0.5</u>	<u>0.9</u>	<u>0.8</u>
Total corporate and other operating expenses	<u>\$5.9</u>	<u>\$5.5</u>	<u>\$12.9</u>	<u>\$11.3</u>

Reconciliation of Non-GAAP Financial Measures (Unaudited)
(\$ in millions)

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is a non-GAAP financial measure, which management believes assists investors by providing insight into operating performance of the Company across periods on a consistent basis and, when viewed in combination with the Company results prepared in accordance with GAAP, provides a more complete understanding of factors and trends affecting the Company. However, EBITDA has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of results reported under GAAP. EBITDA is calculated by adjusting "Interest expense", "Investment income, net", "Income tax expense", "Depreciation, depletion and amortization" to "Net income attributable to the Company".

	<u>Quarter Ended</u> <u>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Net income attributable to the Company	\$24.5	\$34.7	\$38.4	\$45.1
Plus: Interest expense	8.5	7.2	17.1	13.4
Less: Investment income, net	(3.4)	(3.2)	(6.8)	(6.1)
Plus: Income tax expense	8.3	11.5	13.0	14.9
Plus: Depreciation, depletion and amortization	<u>11.3</u>	<u>9.5</u>	<u>22.5</u>	<u>16.8</u>
EBITDA	<u>\$49.2</u>	<u>\$59.7</u>	<u>\$84.2</u>	<u>\$84.1</u>

Important Notice Regarding Forward-Looking Statements

Certain statements contained in this press release, as well as other information provided from time to time by the Company or its employees, may

contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “guidance,” “anticipate,” “estimate,” “expect,” “forecast,” “project,” “plan,” “intend,” “believe,” “confident,” “may,” “should,” “can have,” “likely,” “future” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Examples of forward-looking statements in this press release include statements regarding our growth prospects; expansion of operational assets such as increases in hotel rooms; plans to maintain an efficient cost structure; our capital allocation initiatives, including the payment of our quarterly dividend; plans regarding our joint venture developments; and the timing of current developments and new projects in 2024 and beyond. These statements involve risks and uncertainties, and actual results may differ materially from any future results expressed or implied by the forward-looking statements.

The Company wishes to caution readers that, although we believe any forward-looking statements are based on reasonable assumptions, certain important factors may have affected and could in the future affect the Company’s actual financial results and could cause the Company’s actual financial results for subsequent periods to differ materially from those expressed in any forward-looking statement made by or on behalf of the Company, including: our ability to successfully implement our strategic objectives; new or increased competition across our business units; any decline in general economic conditions, particularly in our primary markets; interest rate fluctuations; inflation; financial institution disruptions; supply chain disruptions; geopolitical conflicts (such as the conflict between Russia and Ukraine, the conflict in the Gaza Strip and the general unrest in the Middle East) and political uncertainty and the corresponding impact on the global economy; our ability to successfully execute or integrate new business endeavors and acquisitions; our ability to yield anticipated returns from our developments and projects; our ability to effectively manage our real estate assets, as well as the ability for us or our joint venture partners to effectively manage the day-to-day activities of our projects; our ability to complete construction and development projects within expected timeframes; the interest of prospective guests in our hotels, including the new hotels we have opened since the beginning of 2023; reductions in travel and other risks inherent to the hospitality industry; the illiquidity of all real estate assets; financial risks, including risks relating to currency fluctuations, credit risks, and fluctuations in the market value of our investment portfolio; any potential negative impact of our longer-term property development strategy, including losses and negative cash flows for an extended period of time if we continue with the self-development of granted entitlements; our dependence on homebuilders; mix of sales from different communities and the corresponding impact on sales period over period; the financial condition of our commercial tenants; regulatory and insurance risks associated with our senior living facilities; public health emergencies; any reduction in the supply of mortgage loans or tightening of credit markets; our dependence on strong migration and population expansion in our regions of development, particularly Northwest Florida; our ability to fully recover from natural disasters and severe weather conditions; the actual or perceived threat of climate change; the seasonality of our business; our ability to obtain adequate insurance for our properties or rising insurance costs; our dependence on certain third party providers; the inability of minority shareholders to influence corporate matters, due to concentrated ownership of largest shareholder; the impact of unfavorable legal proceedings or government investigations; the impact of complex and changing laws and regulations in the areas we operate; changes in tax rates, the adoption of new U.S. tax legislation, and exposure to additional tax liabilities, including with respect to Qualified Opportunity Zone program; new litigation; our ability to attract and retain qualified employees, particularly in our hospitality business; our ability to protect our information technology infrastructure and defend against cyber-attacks; increased media, political, and regulatory scrutiny negatively impacting our reputation; our ability to maintain adequate internal controls; risks associated with our financing arrangements, including our compliance with certain restrictions and limitations; our ability to pay our quarterly dividend; and the potential volatility of our common stock. More information on these risks and other potential factors that could affect the Company’s business and financial results is included in the Company’s filings with the SEC, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of the Company’s most recently filed periodic reports on Form 10-K and subsequent filings. The discussion of these risks is specifically incorporated by reference into this press release.

Any forward-looking statement made by us in this press release speaks only as of the date on which it is made, and we do not undertake to update these statements other than as required by law.

About The St. Joe Company

The St. Joe Company is a real estate development, asset management and operating company with real estate assets and operations in Northwest Florida. The Company intends to use existing assets for residential, hospitality and commercial ventures. St. Joe has significant residential and commercial land-use entitlements. The Company actively seeks higher and better uses for its real estate assets through a range of development activities. More information about the Company can be found on its website at www.joe.com.

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