# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended June 30, 2025**
**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number 001-12822**

# BEAZER HOMES USA, INC.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware**<br>**(State or other jurisdiction of incorporation or organization)** | **58-2086934**<br>**(I.R.S. Employer Identification No.)** |
| **2002 Summit Boulevard NE, 15th Floor, Atlanta, Georgia**<br>**(Address of principal executive offices)** | **30319**<br>**(Zip Code)** |

**(770) 829-3700**
**(Registrant's telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.001 par value | BZH | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | | | | |
|---|---|---|---|---|
| Large accelerated filer ☒ | Accelerated filer ☐ | Non-accelerated filer ☐ | Smaller reporting company ☐ | Emerging growth company ☐ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of common stock outstanding as of July 28, 2025: 29,725,726

**BEAZER HOMES USA, INC.**
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# PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

### BEAZER HOMES USA, INC.
### CONDENSED CONSOLIDATED BALANCE SHEETS
### (Unaudited)

| *in thousands (except share and per share data)* | | June 30, 2025 | | September 30, 2024 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | **$** | **82,932** | $ | 203,907 |
| Restricted cash | | **7,490** | | 38,703 |
| Accounts receivable (net of allowance of $266 and $284, respectively) | | **76,124** | | 65,423 |
| Income tax receivable | | **1,532** | | — |
| Owned inventory | | **2,292,063** | | 2,040,640 |
| Deferred tax assets, net | | **135,281** | | 128,525 |
| Property and equipment, net | | **46,382** | | 38,628 |
| Operating lease right-of-use assets | | **17,305** | | 18,356 |
| Goodwill | | **11,376** | | 11,376 |
| Other assets | | **41,839** | | 45,969 |
| Total assets | **$** | **2,712,324** | $ | 2,591,527 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| Trade accounts payable | **$** | **184,528** | $ | 164,389 |
| Operating lease liabilities | | **18,774** | | 19,778 |
| Other liabilities | | **148,818** | | 149,900 |
| Total debt (net of debt issuance costs of $7,036 and $8,310, respectively) | | **1,143,173** | | 1,025,349 |
| Total liabilities | | **1,495,293** | | 1,359,416 |
| Stockholders' equity: | | | | |
| Preferred stock (par value $0.01 per share, 5,000,000 shares authorized, no shares issued) | | **—** | | — |
| Common stock (par value $0.001 per share, 63,000,000 shares authorized, 29,726,410 issued and outstanding and 31,047,510 issued and outstanding, respectively) | | **30** | | 31 |
| Paid-in capital | | **823,232** | | 853,895 |
| Retained earnings | | **393,769** | | 378,185 |
| Total stockholders' equity | | **1,217,031** | | 1,232,111 |
| Total liabilities and stockholders' equity | **$** | **2,712,324** | $ | 2,591,527 |

See accompanying notes to condensed consolidated financial statements.

**BEAZER HOMES USA, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Unaudited)**

| *in thousands (except per share data)* | Three Months Ended June 30, 2025 | Three Months Ended June 30, 2024 | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|---|---|
| Total revenue | **$ 545,367** | $ 595,682 | **$ 1,579,659** | $ 1,524,040 |
| Home construction and land sales expenses | **462,448** | 492,178 | **1,338,136** | 1,240,953 |
| Inventory impairments and abandonments | **10,339** | 200 | **10,867** | 200 |
| Gross profit | **72,580** | 103,304 | **230,656** | 282,887 |
| Commissions | **18,615** | 21,233 | **53,511** | 52,764 |
| General and administrative expenses | **53,104** | 49,655 | **152,075** | 135,645 |
| Depreciation and amortization | **4,571** | 3,892 | **13,273** | 9,698 |
| Operating (loss) income | **(3,710)** | 28,524 | **11,797** | 84,780 |
| Loss on extinguishment of debt, net | **—** | — | **—** | (437) |
| Other income, net | **1,204** | 1,136 | **3,031** | 14,136 |
| (Loss) income from continuing operations before income taxes | **(2,506)** | 29,660 | **14,828** | 98,479 |
| (Benefit) expense from income taxes | **(2,182)** | 2,452 | **(756)** | 10,372 |
| (Loss) income from continuing operations | **(324)** | 27,208 | **15,584** | 88,107 |
| Income from discontinued operations, net of tax | **—** | 2 | **—** | 2 |
| Net (loss) income | **$ (324)** | $ 27,210 | **$ 15,584** | $ 88,109 |
| Weighted-average number of shares: | | | | |
| Basic | **29,440** | 30,513 | **29,996** | 30,625 |
| Diluted | **29,440** | 30,935 | **30,238** | 31,017 |
| Basic (loss) income per share: | | | | |
| Continuing operations | **$ (0.01)** | $ 0.89 | **$ 0.52** | $ 2.88 |
| Discontinued operations | **—** | — | **—** | — |
| Total | **$ (0.01)** | $ 0.89 | **$ 0.52** | $ 2.88 |
| Diluted (loss) income per share: | | | | |
| Continuing operations | **$ (0.01)** | $ 0.88 | **$ 0.52** | $ 2.84 |
| Discontinued operations | **—** | — | **—** | — |
| Total | **$ (0.01)** | $ 0.88 | **$ 0.52** | $ 2.84 |

See accompanying notes to condensed consolidated financial statements.

**BEAZER HOMES USA, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Unaudited)**

| | Three Months Ended June 30, 2025 | | | | |
|---|---|---|---|---|---|
| | Common Stock | | | | |
| *in thousands* | Shares | Amount | Paid-in Capital | Retained Earnings | Total |
| Balance as of March 31, 2025 | 30,303 | $ 30 | $ 833,944 | $ 394,093 | $ 1,228,067 |
| Net loss and comprehensive loss | — | — | — | (324) | (324) |
| Stock-based compensation expense | — | — | 1,817 | — | 1,817 |
| Stock option exercises | — | — | 1 | — | 1 |
| Shares issued under employee stock plans, net | 12 | — | — | — | — |
| Forfeiture and other settlements of restricted stock | (2) | — | — | — | — |
| Common stock redeemed for tax liability | (1) | — | (15) | — | (15) |
| Share repurchases | (586) | — | (12,515) | — | (12,515) |
| Balance as of June 30, 2025 | 29,726 | $ 30 | $ 823,232 | $ 393,769 | $ 1,217,031 |

| | Nine Months Ended June 30, 2025 | | | | |
|---|---|---|---|---|---|
| | Common Stock | | | | |
| *in thousands* | Shares | Amount | Paid-in Capital | Retained Earnings | Total |
| Balance as of September 30, 2024 | 31,048 | $ 31 | $ 853,895 | $ 378,185 | $ 1,232,111 |
| Net income and comprehensive income | — | — | — | 15,584 | 15,584 |
| Stock-based compensation expense | — | — | 5,442 | — | 5,442 |
| Stock option exercises | 11 | — | 107 | — | 107 |
| Shares issued under employee stock plans, net | 286 | — | — | — | — |
| Forfeiture and other settlements of restricted stock | (32) | — | — | — | — |
| Common stock redeemed for tax liability | (96) | — | (3,136) | — | (3,136) |
| Share repurchases | (1,491) | (1) | (33,076) | — | (33,077) |
| Balance as of June 30, 2025 | 29,726 | $ 30 | $ 823,232 | $ 393,769 | $ 1,217,031 |

**BEAZER HOMES USA, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Unaudited)**

| | Three Months Ended June 30, 2024 | | | | |
|---|---|---|---|---|---|
| | Common Stock | | | | |
| *in thousands* | Shares | Amount | Paid-in Capital | Retained Earnings | Total |
| Balance as of March 31, 2024 | 31,547 | $ 32 | $ 862,636 | $ 298,909 | $ 1,161,577 |
| Net income and comprehensive income | — | — | — | 27,210 | 27,210 |
| Stock-based compensation expense | — | — | 2,474 | — | 2,474 |
| Shares issued under employee stock plans, net | 7 | — | — | — | — |
| Forfeiture and other settlements of restricted stock | (16) | — | — | — | — |
| Common stock redeemed for tax liability | (1) | — | (17) | — | (17) |
| Share repurchases | (455) | (1) | (12,928) | — | (12,929) |
| Balance as of June 30, 2024 | 31,082 | $ 31 | $ 852,165 | $ 326,119 | $ 1,178,315 |

| | Nine Months Ended June 30, 2024 | | | | |
|---|---|---|---|---|---|
| | Common Stock | | | | |
| *in thousands* | Shares | Amount | Paid-in Capital | Retained Earnings | Total |
| Balance as of September 30, 2023 | 31,351 | $ 31 | $ 864,778 | $ 238,010 | $ 1,102,819 |
| Net income and comprehensive income | — | — | — | 88,109 | 88,109 |
| Stock-based compensation expense | — | — | 5,536 | — | 5,536 |
| Stock option exercises | 2 | — | 16 | — | 16 |
| Shares issued under employee stock plans, net | 383 | 1 | — | — | 1 |
| Forfeiture and other settlements of restricted stock | (26) | — | — | — | — |
| Common stock redeemed for tax liability | (173) | — | (5,237) | — | (5,237) |
| Share repurchases | (455) | (1) | (12,928) | — | (12,929) |
| Balance as of June 30, 2024 | 31,082 | $ 31 | $ 852,165 | $ 326,119 | $ 1,178,315 |

See accompanying notes to condensed consolidated financial statements.

**BEAZER HOMES USA, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Unaudited)**

| *in thousands* | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | **$ 15,584** | $ 88,109 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation and amortization | **13,273** | 9,698 |
| Stock-based compensation expense | **5,442** | 5,536 |
| Inventory impairments and abandonments | **10,867** | 200 |
| (Benefit) expense from income taxes | **(756)** | 10,373 |
| Gain on disposal of fixed assets | **(192)** | (350) |
| Gain on sale of investment | **—** | (8,591) |
| Loss on extinguishment of debt, net | **—** | 437 |
| Changes in operating assets and liabilities: | | |
| Increase in accounts receivable | **(10,701)** | (18,968) |
| Increase in income tax receivable | **(1,532)** | (1,675) |
| Increase in inventory | **(258,908)** | (412,665) |
| Increase in other assets | **(4,377)** | (1,374) |
| Increase in trade accounts payable | **20,139** | 34,616 |
| Decrease in other liabilities | **(7,035)** | (28,327) |
| Net cash used in operating activities | **(218,196)** | (322,981) |
| Cash flows from investing activities: | | |
| Capital expenditures | **(21,027)** | (16,691) |
| Proceeds from sale of fixed assets | **192** | 352 |
| Purchases of investment securities | **(965)** | (7,536) |
| Proceeds from maturities of investment securities | **9,144** | — |
| Net cash used in investing activities | **(12,656)** | (23,875) |
| Cash flows from financing activities: | | |
| Repayment of debt | **—** | (202,195) |
| Proceeds from issuance of debt | **—** | 250,000 |
| Repayment of borrowings from credit facility | **(260,000)** | (150,000) |
| Borrowings from credit facility | **375,000** | 195,000 |
| Debt issuance costs | **(230)** | (5,653) |
| Repurchase of common stock | **(33,077)** | (12,928) |
| Tax payments for stock-based compensation awards | **(3,136)** | (5,237) |
| Stock option exercises | **107** | 16 |
| Net cash provided by financing activities | **78,664** | 69,003 |
| Net decrease in cash, cash equivalents, and restricted cash | **(152,188)** | (277,853) |
| Cash, cash equivalents, and restricted cash at beginning of period | **242,610** | 386,289 |
| Cash, cash equivalents, and restricted cash at end of period | **$ 90,422** | $ 108,436 |

See accompanying notes to condensed consolidated financial statements.

**BEAZER HOMES USA, INC.**
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

**(1) Description of Business**

Beazer Homes USA, Inc. ("we," "us," "our," "Beazer," "Beazer Homes" or the "Company") is a geographically diversified homebuilder with active operations in 13 states within three geographic regions in the United States: the West, East, and Southeast.

Our homes are designed to appeal to homeowners at different price points across various demographic segments. Our objective is to provide our customers with homes that incorporate extraordinary value at an affordable price, delivered through our three strategic differentiators of Mortgage Choice, Choice Plans®, and Surprising Performance, while seeking to maximize our investment returns over the course of a housing cycle.

For an additional description of our business and strategic differentiators, refer to Item 1 within our Annual Report on Form 10-K for the fiscal year ended September 30, 2024 (2024 Annual Report).

**(2) Basis of Presentation and Summary of Significant Accounting Policies**

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. The unaudited condensed consolidated financial statements do not include all of the information and disclosures required by GAAP for complete financial statements. As such, the accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2024 Annual Report. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation have been included in the accompanying unaudited condensed consolidated financial statements. The results of the Company's consolidated operations presented herein for the three and nine months ended June 30, 2025 are not necessarily indicative of the results to be expected for the full fiscal year due to seasonal variations in our operations and other factors.

***Basis of Consolidation***

The accompanying unaudited condensed consolidated financial statements include the accounts of Beazer Homes USA, Inc. and its consolidated subsidiaries. Intercompany transactions and balances have been eliminated in consolidation. Our net (loss) income is equivalent to our comprehensive (loss) income, so we have not presented a separate statement of comprehensive (loss) income.

In the past, we have discontinued homebuilding operations in various markets. Results from certain of these exited markets are reported as discontinued operations in the accompanying unaudited condensed consolidated statements of operations for all periods presented.

Our fiscal year 2025 began on October 1, 2024 and ends on September 30, 2025. Our fiscal year 2024 began on October 1, 2023 and ended on September 30, 2024.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make informed estimates and judgments that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Accordingly, actual results could differ from these estimates.

***Share Repurchase Program***

In April 2025, the Company's Board of Directors approved a new share repurchase program that authorizes the Company to repurchase up to $100.0 million of its outstanding common stock. The newly authorized program replaced the prior share repurchase program authorized in May 2022 of up to $50.0 million of common stock repurchases, pursuant to which $8.3 million of the capacity remained prior to the replacement of the program. Under the new share repurchase program, the Company repurchased 586 thousand shares of its common stock for $12.5 million at an average price per share of $21.38 during the three months ended June 30, 2025 through open market transactions. This brings the total repurchases for the nine months ended June 30, 2025 to 1.5 million shares of common stock for $33.1 million at an average price per share of $22.20. During the three and nine months ended June 30, 2024, 455 thousand shares were repurchased for $12.9 million at an average price per share of $28.41 through open market transactions. All shares have been retired upon repurchase.

The aggregate reduction to stockholders' equity related to share repurchases during the three and nine months ended June 30, 2025 was $12.5 million and $33.1 million, respectively. As of June 30, 2025, the remaining availability of the share repurchase program was $87.5 million.

***Revenue Recognition***

We recognize revenue upon the transfer of promised goods to our customers in an amount that reflects the consideration to which we expect to be entitled by applying the process specified in Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*.

The following table presents our total revenue disaggregated by revenue stream for the periods presented:

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **2025** | 2024 |
| Homebuilding revenue | **$ 535,390** | $ 589,643 | **$ 1,551,844** | $ 1,509,198 |
| Land sales and other revenue | **9,977** | 6,039 | **27,815** | 14,842 |
| Total revenue[a] | **$ 545,367** | $ 595,682 | **$ 1,579,659** | $ 1,524,040 |

[a] Please see Note 14 for total revenue disaggregated by reportable segment.

*Homebuilding revenue*

Homebuilding revenue is reported net of price concessions, including discounts on home prices, discounts on homebuilding options and option upgrades. Closing cost incentives, such as seller-paid financing or closing costs, including rate buydowns, are recognized as a cost of selling the home and are included in home construction expenses.

Homebuilding revenue is generally recognized when title to and possession of the home is transferred to the buyer at the closing date. The performance obligation to deliver the home is generally satisfied in less than one year from the original contract date. Home sale contract assets consist of cash from home closings held by title companies in escrow for our benefit, typically for less than five days, and are considered accounts receivable. Contract liabilities include customer deposits related to sold but undelivered homes and totaled $20.7 million and $18.7 million as of June 30, 2025 and September 30, 2024, respectively. Of the customer liabilities outstanding as of September 30, 2024, $2.0 million and $15.8 million was recognized in revenue during the three and nine months ended June 30, 2025 upon closing of the related homes.

*Land sales and other revenue*

Land sales revenue relates to land that does not fit within our homebuilding programs or strategic plans. Land sales typically require cash consideration on the closing date, which is generally when performance obligations are satisfied. We also provide title examinations for our homebuyers in certain markets. Revenues associated with our title operations are recognized when closing services are rendered and title insurance policies are issued, both of which generally occur as each home is closed.

**Recent Accounting Pronouncements**

*Segment Reporting.* In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. ASU 2023-07 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. ASU 2023-07 will be effective for our fiscal year ending September 30, 2025 and for our interim periods starting in our first quarter of fiscal 2026. Early adoption is permitted and the amendments in this update are required to be applied on a retrospective basis. The Company is still evaluating the impact of the adoption of ASU 2023-07 and expects to include additional disclosures within the consolidated financial statements for the fiscal year ending September 30, 2025.

*Income Taxes.* In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. ASU 2023-09 will be effective for our fiscal year ending September 30, 2026. Early adoption is permitted and the amendments in this update should be applied on a prospective basis. The Company is currently evaluating the impact that the adoption of ASU 2023-09 may have on our consolidated financial statements and disclosures.

*Income Statement Disclosures.* In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU 2024-03 requires disclosure of additional information about specific expense categories in the notes to the financial statements. ASU 2024-03 will be effective for our fiscal year ending September 30, 2028. Early adoption is permitted and the amendments in this update should be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact that the adoption of ASU 2024-03 may have on our consolidated financial statements and disclosures.

### (3) Supplemental Cash Flow Information

The following table presents supplemental disclosure of non-cash and cash activity as well as a reconciliation of total cash balances between the condensed consolidated balance sheets and condensed consolidated statements of cash flows for the periods presented:

| | Nine Months Ended June 30, | | | |
|---|---|---|---|---|
| *in thousands* | | **2025** | | 2024 |
| **Supplemental disclosure of non-cash activity:** | | | | |
| Increase in operating lease right-of-use assets[a] | **$** | **1,493** | $ | 4,114 |
| Increase in operating lease liabilities[a] | **$** | **1,493** | $ | 4,114 |
| **Supplemental disclosure of cash activity:** | | | | |
| Interest payments | **$** | **67,645** | $ | 60,715 |
| Income tax payments | **$** | **9,930** | $ | 10,321 |
| **Reconciliation of cash, cash equivalents, and restricted cash:** | | | | |
| Cash and cash equivalents | **$** | **82,932** | $ | 73,212 |
| Restricted cash | | **7,490** | | 35,224 |
| Total cash, cash equivalents, and restricted cash shown in the statement of cash flows | **$** | **90,422** | $ | 108,436 |

[a] Represents leases renewed or additional leases that commenced during the nine months ended June 30, 2025 and 2024.

## (4) Owned Inventory

The components of our owned inventory are as follows as of June 30, 2025 and September 30, 2024:

| *in thousands* | **As of June 30, 2025** | As of September 30, 2024 |
|---|---|---|
| Homes under construction | **$ 914,261** | $ 754,705 |
| Land under development | **1,073,661** | 1,023,188 |
| Land held for future development | **19,489** | 19,879 |
| Land held for sale | **44,024** | 19,086 |
| Capitalized interest | **137,759** | 124,182 |
| Model homes | **102,869** | 99,600 |
| Total owned inventory | **$ 2,292,063** | $ 2,040,640 |

Homes under construction include homes substantially finished and ready for delivery and homes in various stages of construction, including costs of the underlying lot, direct construction costs and capitalized indirect costs. As of June 30, 2025, we had 2,539 homes under construction, including 1,376 speculative (spec) homes totaling $490.5 million (1,004 in-process spec homes totaling $332.2 million, and 372 finished spec homes totaling $158.3 million). As of September 30, 2024, we had 2,315 homes under construction, including 1,154 spec homes totaling $360.9 million (827 in-process spec homes totaling $231.4 million, and 327 finished spec units totaling $129.5 million).

Land under development consists principally of land acquisition, land development and other common costs. These land related costs are allocated to individual lots on a pro-rata basis, and the lot costs are transferred to homes under construction when home construction begins for the respective lots. Certain of the fully developed lots in this category are reserved by a customer deposit or sales contract.

Land held for future development consists of communities for which construction and development activities are expected to occur in the future or have been idled and are stated at cost unless facts and circumstances indicate that the carrying value of the assets may not be recoverable. All applicable carrying costs, such as interest and real estate taxes, are expensed as incurred.

Land held for sale includes land and lots that do not fit within our homebuilding programs or strategic plans in certain markets, and land is classified as held for sale once certain criteria are met (refer to Note 2 to the consolidated financial statements within our 2024 Annual Report). These assets are recorded at the lower of the carrying value or fair value less costs to sell.

The amount of interest we are able to capitalize depends on our qualified inventory balance, which considers the status of our inventory holdings. Our qualified inventory balance includes the majority of our homes under construction and land under development but excludes land held for future development and land held for sale (see Note 5 for additional information on capitalized interest).

Total owned inventory by reportable segment and Corporate and unallocated is presented in the table below as of June 30, 2025 and September 30, 2024:

| *in thousands* | Projects in Progress[(a)] | Land Held for Future Development | Land Held for Sale | Total Owned Inventory |
|---|---|---|---|---|
| ***June 30, 2025*** | | | | |
| **West** | **$ 1,117,885** | **$ 3,483** | **$ 24,811** | **$ 1,146,179** |
| **East** | **457,064** | **10,888** | **14,357** | **482,309** |
| **Southeast** | **430,325** | **5,118** | **4,856** | **440,299** |
| **Corporate and unallocated[(b)]** | **223,276** | **—** | **—** | **223,276** |
| **Total** | **$ 2,228,550** | **$ 19,489** | **$ 44,024** | **$ 2,292,063** |
| *September 30, 2024* | | | | |
| West | $ 1,023,140 | $ 3,483 | $ 17,110 | $ 1,043,733 |
| East | 411,914 | 10,888 | 1,300 | 424,102 |
| Southeast | 365,676 | 5,508 | 676 | 371,860 |
| Corporate and unallocated[(b)] | 200,945 | — | — | 200,945 |
| Total | $ 2,001,675 | $ 19,879 | $ 19,086 | $ 2,040,640 |

[(a)] Projects in progress include homes under construction, land under development, capitalized interest, and model home categories from the preceding table.

[(b)] Projects in progress amount includes capitalized interest and indirect costs that are maintained within Corporate and unallocated.

***Inventory Impairments***

Inventory assets are assessed for recoverability periodically in accordance with the policies described in Notes 2 and 4 to the consolidated financial statements within our 2024 Annual Report.

The following table presents by reportable segment and Corporate and unallocated our total impairment and abandonment charges for the periods presented:

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **2025** | 2024 |
| **Projects in Progress:** | | | | |
| West | **$ 2,236** | $ — | **$ 2,236** | $ — |
| Southeast | **5,404** | — | **5,404** | — |
| Corporate and unallocated[(a)] | **1,002** | — | **1,002** | — |
| Total impairment charges on projects in progress | **8,642** | — | **8,642** | — |
| **Land Held for Sale:** | | | | |
| West | **845** | — | **845** | — |
| Corporate and unallocated[(a)] | **621** | — | **621** | — |
| Total impairment charges on land held for sale | **1,466** | — | **1,466** | — |
| **Abandonments:** | | | | |
| West | **—** | 9 | **528** | 9 |
| East | **—** | 91 | **—** | 91 |
| Southeast | **231** | 100 | **231** | 100 |
| Total abandonments charges | **231** | 200 | **759** | 200 |
| Total impairment and abandonment charges | **$ 10,339** | $ 200 | **$ 10,867** | $ 200 |

[(a)] Amount represents capitalized interest and indirects balance that was impaired. Capitalized interest and indirects are maintained within Corporate and unallocated.

***Projects in Progress Impairments***

Projects in progress inventory includes homes under construction and land under development grouped together as communities. Projects in progress are stated at cost unless facts and circumstances indicate that the carrying value of the assets may not be recoverable.

We assess our projects in progress inventory for indicators of impairment at the community level on a quarterly basis. If indicators of impairment are present for a community with more than ten homes remaining to close, we perform a recoverability test by comparing the expected undiscounted cash flows for the community to its carrying value. If the aggregate undiscounted cash flows are in excess of the carrying value, the asset is considered to be recoverable and is not impaired. If the carrying value exceeds the aggregate undiscounted cash flows, we perform a discounted cash flow analysis to determine the fair value of the community, and impairment charges are recorded if the fair value of the community's inventory is less than its carrying value.

Valuation assumptions for communities tested for impairment are specific to each community. For projects in progress impaired during the periods presented, we determined the fair value of each community by discounting its estimated future cash flows at a rate commensurate with the risks associated with the underlying community. The discount rate used depends on (1) community specific factors such as product types, development stage and expected duration of the project, and competitive factors influencing the sales performance of the community, (2) local market factors such as employment levels, consumer confidence and existing supply of new and used homes for sale, and (3) other specific factors. The estimated future cash flows for each community were determined based on the expected pace of closings and average sales price less expected costs for land acquisition and land development, direct construction, overhead and interest. The assumptions used in the determination of fair value of projects in progress communities are based on factors known to us at the time such estimates are made and our expectations of future operations and market conditions. Due to uncertainties in the estimation process, the significant volatility in market conditions, the long life cycles of many communities, and potential changes in our strategy related to certain communities, actual results could differ significantly from our estimates.

During the three and nine months ended June 30, 2025, we performed discounted cash flow analyses to determine the fair value of two projects in progress communities, one located in our Phoenix market and the other in our Orlando market. These analyses led to an $8.6 million projects in progress impairment charge, principally due to a reduction in price that is other than temporary based on current competitive and market dynamics. No projects in progress impairments were recognized during the three and nine ended June 30, 2024.

The following table presents by reportable segment and Corporate and unallocated details of the impairment charges taken on projects in progress for the period presented:

| *$ in thousands* | Results of Impairment Analysis | | | |
|---|---|---|---|---|
| | **# of Communities Impaired** | **# of Lots Impaired** | **Impairment Charge** | **Estimated Fair Value of Impaired Inventory at Time of Impairment**[b] |
| *Three Months Ended June 30, 2025* | | | | |
| West | 1 | 24 | $ 2,236 | $ 5,003 |
| Southeast | 1 | 65 | 5,404 | 11,837 |
| Corporate and unallocated[a] | — | — | 1,002 | 2,210 |
| Total | 2 | 89 | $ 8,642 | $ 19,050 |

[a] Amount represents the capitalized interest and indirects balances that were impaired. Capitalized interest and indirects are maintained within Corporate and unallocated.

[b] Projects in progress assets are measured at fair value on a non-recurring basis when events and circumstances indicate that their carrying value is not recoverable. The fair value of projects in progress is determined using Level 3 unobservable inputs. Refer to Note 9 for further discussion of our fair value measurements and hierarchy levels.

The following table presents the ranges or values of significant quantitative unobservable inputs we used in determining the fair value of the communities impaired during the period presented:

*$ in thousands*

| **Unobservable Inputs** | **Three Months Ended June 30, 2025** |
|---|---|
| Average selling price | $360 - $444 |
| Closings per community per month | 1 - 6 |
| Discount rate | 15.0 % |

***Land Held for Sale Impairments***

We evaluate the fair value less cost to sell of a land held for sale asset when indicators of impairment are present. Impairments on land held for sale generally represent write downs of these properties from their carrying values to estimated fair value less cost to sell based on executed sales contracts, current sales prices for comparable assets in the area, recent market analysis studies, appraisals, recent legitimate offers and listing prices of similar properties, as applicable. Absent an executed sales contract, our assumptions related to land sales prices are based on factors known to us at the time such estimates are made and require significant judgment because the real estate market is highly sensitive to changes in economic conditions, and our estimates of sale prices could differ significantly from actual results.

In conjunction with the discounted cash flow analysis conducted for the project in progress community in Phoenix discussed above, we performed a strategic review of this community and determined to sell a portion of the lots that were no longer aligned with our operating plans. As a result of this change in strategy, we reclassified 38 lots from project in progress to land held for sale and recognized a land held for sale impairment charge of $1.5 million during the three and nine months ended June 30, 2025. No land held for sale impairments were recognized during the three and nine ended June 30, 2024.

The following table presents by reportable segment and Corporate and unallocated details of the impairment charges taken on land held for sale for the period presented:

| *$ in thousands* | **Results of Impairment Analysis** | | | |
|---|---|---|---|---|
| | **# of Communities Impaired** | **# of Lots Impaired** | **Impairment Charge** | **Estimated Fair Value Less Cost to Sell of Impaired Inventory at Time of Impairment[b]** |
| *Three Months Ended June 30, 2025* | | | | |
| West | 1 | 38 | $ 845 | $ 3,686 |
| Corporate and unallocated[a] | — | — | 621 | — |
| Total | 1 | 38 | $ 1,466 | $ 3,686 |

[a] Amount represents the capitalized interest and indirects balances that were impaired. Capitalized interest and indirects are maintained within Corporate and unallocated.

[b] Land held for sale assets are measured at fair value less cost to sell on a non-recurring basis when events and circumstances indicate that their carrying value is not recoverable. The fair values of land held for sale assets are determined using Level 3 unobservable inputs. Refer to Note 9 for further discussion of our fair value measurements and hierarchy levels.

***Abandonments***

From time to time, we may determine to abandon lots or not exercise certain option agreements that are not projected to produce adequate results or no longer fit with our long-term strategic plan. Additionally, in certain limited instances, we are forced to abandon lots due to seller non-performance, permitting or other regulatory issues that do not allow us to build on those lots. If we intend to no longer pursue the purchase of property, we record an abandonment charge to earnings for the non-refundable deposit amount and any related capitalized costs in the period such decision is made.

We recognized $0.2 million and $0.8 million of abandonment charges during the three and nine months ended June 30, 2025, respectively. We recognized $0.2 million of abandonment charges during the three and nine months ended June 30, 2024. As we grow our business in the years ahead, the dollar value of abandonment charges may also grow.

***Lot Option Agreements***

In addition to purchasing land directly, we utilize lot option agreements that enable us to defer acquiring portions of properties owned by third parties and unconsolidated entities until we have determined whether to exercise our lot option. The majority of our lot option agreements require a non-refundable cash deposit or issuance of an irrevocable letter of credit or surety bond based on a percentage of the purchase price of the land for the right to acquire lots during a specified period at a specified price. Purchase of the properties under these agreements is contingent upon satisfaction of certain requirements by us and the sellers. Under lot option agreements, our liability is generally limited to forfeiture of the non-refundable deposits, letters of credit or surety bonds, and other non-refundable amounts incurred. If the Company cancels a lot option agreement, the cancellation would result in a write-off of the related deposits and pre-acquisition costs but would not expose the Company to the overall risks or losses of the applicable entity we are purchasing from. We expect to exercise, subject to market conditions and seller satisfaction of contract terms, most of our remaining option agreements. Various factors, some of which are beyond our control, such as market conditions, weather conditions, and the timing of the completion of development activities, will have a significant impact on the timing of option exercises or whether lot options will be exercised at all.

The following table provides a summary of our interests in lot option agreements as of June 30, 2025 and September 30, 2024:

| *in thousands* | **As of June 30, 2025** | As of September 30, 2024 |
|---|---|---|
| Deposits and non-refundable pre-acquisition costs incurred[a] | **$ 322,574** | $ 227,770 |
| Remaining purchase price if lot option agreements are exercised | **$ 1,651,071** | $ 1,458,679 |

[a] Amount is included as a component of land under development within our owned inventory in the condensed consolidated balance sheets.

**(5) Interest**

Interest capitalized during the three and nine months ended June 30, 2025 and 2024 was based upon the balance of inventory eligible for capitalization. The following table presents certain information regarding interest for the periods presented:

| | **Three Months Ended June 30,** | | **Nine Months Ended June 30,** | |
|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **2025** | 2024 |
| Capitalized interest in inventory, beginning of period | **$ 134,292** | $ 123,214 | **$ 124,182** | $ 112,580 |
| Interest incurred | **22,441** | 20,615 | **64,219** | 58,510 |
| Capitalized interest impaired | **(1,096)** | — | **(1,096)** | — |
| Capitalized interest amortized to home construction and land sales expenses[a] | **(17,878)** | (17,267) | **(49,546)** | (44,528) |
| Capitalized interest in inventory, end of period | **$ 137,759** | $ 126,562 | **$ 137,759** | $ 126,562 |

[a] Capitalized interest amortized to home construction and land sales expenses varies based on the number of homes closed during the period and land sales, if any, as well as other factors.

**(6) Borrowings**

The Company's debt, net of unamortized debt issuance costs consisted of the following as of June 30, 2025 and September 30, 2024:

| *in thousands* | **Maturity Date** | **June 30, 2025** | September 30, 2024 |
|---|---|---|---|
| 5.875% Senior Notes (2027 Notes) | October 2027 | **$ 357,255** | $ 357,255 |
| 7.250% Senior Notes (2029 Notes) | October 2029 | **350,000** | 350,000 |
| 7.500% Senior Notes (2031 Notes) | March 2031 | **250,000** | 250,000 |
| Unamortized debt issuance costs | | **(7,036)** | (8,310) |
| Total Senior Notes, net | | **950,219** | 948,945 |
| Junior Subordinated Notes (net of unamortized accretion of $22,819 and $24,369, respectively) | July 2036 | **77,954** | 76,404 |
| Senior Unsecured Revolving Credit Facility | March 2028 | **115,000** | — |
| Total debt, net | | **$ 1,143,173** | $ 1,025,349 |

***Senior Unsecured Revolving Credit Facility***

The Senior Unsecured Revolving Credit Facility (Unsecured Facility) provides working capital and letter of credit borrowing capacity. On January 28, 2025, the Company increased its available borrowing capacity under the Unsecured Facility from $300.0 million to $365.0 million. The $365.0 million capacity includes a letter of credit facility of up to $100.0 million. The Company also will have the right from time to time to request to increase the size of the commitments under the Unsecured Facility by up to $35.0 million for a maximum of $400.0 million. The Unsecured Facility terminates on March 15, 2028 (Termination Date), and the Company may borrow, repay, and reborrow amounts under the Unsecured Facility until the Termination Date.

Substantially all of the Company's significant subsidiaries are full and unconditional guarantors of the Unsecured Facility and are jointly and severally liable for obligations under the Unsecured Facility. For additional discussion of the Unsecured Facility, refer to Note 7 to the consolidated financial statements within our 2024 Annual Report.

As of June 30, 2025, we had $115.0 million in borrowings and $40.6 million in letters of credit outstanding under the Unsecured Facility, resulting in a remaining capacity of $209.4 million. The Unsecured Facility requires compliance with certain covenants, including affirmative covenants, negative covenants and financial covenants. As of June 30, 2025, the Company believes it was in compliance with all such covenants.

***Letter of Credit Facilities***

The Company has entered into stand-alone letter of credit agreements with banks, secured with cash or certificates of deposit, to maintain pre-existing letters of credit and to provide for the issuance of new letters of credit (in addition to the letters of credit issued under the Unsecured Facility). As of June 30, 2025 and September 30, 2024, the Company had letters of credit outstanding under these additional facilities of $0.4 million and $36.4 million, respectively. The Company may enter into additional arrangements to provide additional letter of credit capacity.

***Senior Notes***

The Company's senior notes (Senior Notes) are unsecured obligations that rank equally in right of payment with all existing and future senior unsecured obligations, senior to all of the Company's existing and future subordinated indebtedness, and effectively subordinated to the Company's future secured indebtedness, to the extent of the value of the assets securing such indebtedness. Substantially all of the Company's significant subsidiaries are full and unconditional guarantors of the Senior Notes and are jointly and severally liable for obligations under the Senior Notes. Each guarantor subsidiary is a wholly owned subsidiary of Beazer Homes. The Senior Notes and related guarantees are structurally subordinated to all indebtedness and other liabilities of all of the Company's subsidiaries that do not guarantee these notes.

The Company's Senior Notes are issued under indentures that contain certain restrictive covenants which, among other things, restrict our ability to pay dividends, repurchase our common stock, incur certain types of additional indebtedness, and make certain investments. Compliance with the Senior Note covenants does not significantly impact the Company's operations. The Company believes it was in compliance with the covenants contained in the indentures of all of its Senior Notes as of June 30, 2025.

No debt repurchases were made during the three and nine months ended June 30, 2025.

No debt repurchases were made during the three months ended June 30, 2024. For the nine months ended June 30, 2024, we repurchased $202.2 million of our outstanding 2025 Notes using proceeds from the issuance of the 2031 Notes and cash on hand, resulting in a loss on extinguishment of debt of $0.4 million.

For additional redemption features, refer to the table below that summarizes the redemption terms of our Senior Notes:

| Senior Note Description | Issuance Date | Maturity Date | Redemption Terms |
|---|---|---|---|
| 5.875% Senior Notes | October 2017 | October 2027 | Callable at any time prior to October 15, 2022, in whole or in part, at a redemption price equal to 100.000% of the principal amount, plus a customary make-whole premium; on or after October 15, 2022, callable at a redemption price equal to 102.938% of the principal amount; on or after October 15, 2023, callable at a redemption price equal to 101.958% of the principal amount; on or after October 15, 2024, callable at a redemption price equal to 100.979% of the principal amount; on or after October 15, 2025, callable at a redemption price equal to 100.000% of the principal amount, plus, in each case, accrued and unpaid interest. |
| 7.250% Senior Notes | September 2019 | October 2029 | Callable at any time prior to October 15, 2024, in whole or in part, at a redemption price equal to 100.000% of the principal amount, plus a customary make-whole premium; on or after October 15, 2024, callable at a redemption price equal to 103.625% of the principal amount; on or after October 15, 2025, callable at a redemption price equal to 102.417% of the principal amount; on or after October 15, 2026, callable at a redemption price equal to 101.208% of the principal amount; on or after October 15, 2027, callable at a redemption price equal to 100.000% of the principal amount, plus, in each case, accrued and unpaid interest. |
| 7.500% Senior Notes | March 2024 | March 2031 | On or prior to March 15, 2027, we may redeem up to 35% of the aggregate principal amount of the 2031 Notes with the net cash proceeds of certain equity offerings at a redemption price equal to 107.500% of the principal amount, plus accrued and unpaid interest to, but excluding, the redemption date, provided at least 65% of the aggregate principal amount of the 2031 Notes originally issued remains outstanding immediately after such redemption.<br>Callable at any time prior to March 15, 2027, in whole or in part, at a redemption price equal to 100.000% of the principal amount, plus a customary make-whole premium; on or after March 15, 2027, callable at a redemption price equal to 103.750% of the principal amount; on or after March 15, 2028, callable at a redemption price equal to 101.875% of the principal amount; on or after March 15, 2029, callable at a redemption price equal to 100.000% of the principal amount, plus, in each case, accrued and unpaid interest. |

***Junior Subordinated Notes***

The Company's unsecured junior subordinated notes (Junior Subordinated Notes) mature on July 30, 2036 and have an aggregate principal balance of $100.8 million as of June 30, 2025. The securities have a floating interest rate as defined in the Junior Subordinated Notes Indentures, which was a weighted-average of 6.99% as of June 30, 2025. The obligations relating to these notes are subordinated to the Unsecured Facility and the Senior Notes. In January 2010, the Company restructured $75.0 million of these notes (Restructured Notes) and recorded them at their then estimated fair value. Over the remaining life of the Restructured Notes, we will increase their carrying value until this carrying value equals the face value of the notes. As of June 30, 2025, the unamortized accretion was $22.8 million and will be amortized over the remaining life of the Restructured Notes. The remaining $25.8 million of the Junior Subordinated Notes are subject to the terms of the original agreement, have a floating interest rate equal to a three-month SOFR plus 2.71% per annum, resetting quarterly, and are redeemable in whole or in part at par value. The material terms of the $75.0 million Restructured Notes are identical to the terms of the original agreement except that the floating interest rate is subject to a floor of 4.25% and a cap of 9.25%. In addition, beginning on June 1, 2012, the Company has the option to redeem the $75.0 million principal balance in whole or in part at 75% of par value, and beginning on June 1, 2022, the redemption price has increased by 1.785% annually. As of June 30, 2025, the Company believes it was in compliance with all covenants under the Junior Subordinated Notes.

**(7) Operating Leases**

The Company leases certain office space and equipment under operating leases for use in our operations. We recognize operating lease expense on a straight-line basis over the lease term. Some of our lease agreements include one or more options to renew. The exercise of lease renewal options is generally at our discretion. Variable lease expense primarily relates to maintenance and other monthly expenses that do not depend on an index or rate.

We determine if an arrangement is a lease at contract inception. Lease and non-lease components are accounted for as a single component for all leases. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term, which includes optional renewal periods if we determine it is reasonably certain that the option will be exercised. As our leases do not provide an implicit rate, the discount rate used in the present value calculation represents our incremental borrowing rate determined using information available at the commencement date.

Operating lease expense is included as a component of general and administrative expenses in our condensed consolidated statements of operations. Sublease income and variable lease expenses are de minimis. The following table presents operating lease expense and cash payments on lease liabilities for the periods presented:

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **2025** | 2024 |
| Operating lease expense | **$ 1,172** | $ 1,108 | **$ 3,481** | $ 3,207 |
| Cash payments on lease liabilities | **$ 1,154** | $ 1,399 | **$ 3,435** | $ 3,393 |

At June 30, 2025 and 2024, the weighted-average remaining lease term and discount rate were as follows:

| | As of June 30, | |
|---|---|---|
| | **2025** | 2024 |
| Weighted-average remaining lease term | **6.2 years** | 6.7 years |
| Weighted-average discount rate | **6.43%** | 6.26% |

The following is a maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities as of June 30, 2025:

| **Fiscal Years Ending September 30,** | |
|---|---|
| *in thousands* | |
| 2025[(a)] | **$ 1,160** |
| 2026 | **4,379** |
| 2027 | **3,499** |
| 2028 | **3,293** |
| 2029 | **3,225** |
| Thereafter | **7,776** |
| Total lease payments[(b)] | **23,332** |
| Less: imputed interest | **4,558** |
| Total operating lease liabilities | **$ 18,774** |

(a) Remaining lease payments are for the period beginning July 1, 2025 through September 30, 2025.

(b) Lease payments exclude $1.5 million of legally binding minimum lease payments for office leases signed but not yet commenced. The related right-of-use asset and operating lease liability are not reflected on the Company's condensed consolidated balance sheet as of June 30, 2025.

**(8) Contingencies**

Beazer Homes and certain of its subsidiaries have been and continue to be named as defendants in various construction defect claims, complaints, and other legal actions. The Company is subject to the possibility of loss contingencies related to these alleged defects as well as others arising from its business. In determining loss contingencies, we consider the likelihood of loss and our ability to reasonably estimate the amount of such loss. An estimated loss is recorded when it is considered probable that a liability has been incurred and the amount of loss can be reasonably estimated.

***Warranty Reserves***

We currently provide a limited warranty ranging from one to two years covering workmanship and materials per our defined quality standards. In addition, we provide a limited warranty for up to ten years covering certain defined structural element failures.

Our homebuilding work is performed by subcontractors who typically must agree to indemnify us with regard to their work and provide certificates of insurance demonstrating that they have met our insurance requirements and have named us as an additional insured under their policies. Therefore, many claims relating to workmanship and materials that result in warranty spending are the primary responsibility of these subcontractors.

Warranty reserves are included in other liabilities within the condensed consolidated balance sheets, and the provision for warranty accruals is included in home construction expenses in the condensed consolidated statements of operations. Reserves covering anticipated warranty expenses are recorded for each home closed, which are a function of the number of home closings in the period, the selling prices of the homes closed and the rates of accrual per home estimated as a percentage of the selling price of the home. Management assesses the adequacy of warranty reserves each reporting period based on historical experience and the expected costs to remediate potential claims. Our review includes a quarterly analysis of the historical data and trends in warranty expense by division. An analysis by division allows us to consider market-specific factors such as warranty experience, the number of home closings, the selling prices of homes, product mix, and other data in estimating warranty reserves. In addition, the analysis also contemplates the existence of any non-recurring or community-specific warranty-related matters that might not be included in historical data and trends that may need to be separately estimated based on management's judgment of the ultimate cost of repair for that specific issue. While estimated warranty liabilities are adjusted each reporting period based on the results of our quarterly analyses, we may not accurately predict actual warranty costs, which could lead to significant changes in the reserve.

In addition, we maintain third-party insurance, subject to applicable self-insured retentions, for most construction defects that we encounter in the normal course of business. We believe that our warranty and litigation accruals and third-party insurance are adequate to cover the ultimate resolution of our potential liabilities associated with known and anticipated warranty and construction defect related claims and litigation. However, there can be no assurance that the terms and limitations of the limited warranty will be effective against claims made by homebuyers; that we will be able to renew our insurance coverage or renew it at reasonable rates; that we will not be liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible construction defects, soil subsidence, or building related claims; or that claims will not arise out of events or circumstances not covered by insurance and/or not subject to effective indemnification agreements with our subcontractors.

Changes in warranty reserves are as follows for the periods presented:

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **2025** | 2024 |
| Balance at beginning of period | **$ 11,554** | $ 12,129 | **$ 12,717** | $ 13,046 |
| Warranty provision | **1,521** | 2,387 | **4,766** | 6,499 |
| Warranty expenditures | **(2,162)** | (2,681) | **(6,570)** | (7,710) |
| Balance at end of period | **$ 10,913** | $ 11,835 | **$ 10,913** | $ 11,835 |

***Insurance Recoveries***

The Company has insurance policies that provide for the reimbursement of certain warranty costs incurred above specified thresholds for each period covered. Amounts recorded for anticipated insurance recoveries are reflected within the condensed consolidated statements of operations as a reduction of home construction expenses, if applicable. Amounts not yet received from our insurer are recorded on a gross basis, without any reduction for the associated warranty expense, within accounts receivable on our condensed consolidated balance sheets, if applicable.

***Litigation***

In the normal course of business, we and certain of our subsidiaries are subject to various lawsuits and have been named as defendants in various claims, complaints, and other legal actions, most relating to construction defects, moisture intrusion, and product liability. Certain of the liabilities resulting from these actions are covered in whole or in part by insurance.

We cannot predict or determine the timing or final outcome of these lawsuits or the effect that any adverse findings or determinations in pending lawsuits may have on us. In addition, an estimate of possible loss or range of loss, if any, cannot presently be made with respect to certain of these pending matters. An unfavorable determination in pending lawsuits could result in the payment by us of substantial monetary damages that may not be fully covered by insurance. Further, the legal costs associated with the lawsuits and the amount of time required to be spent by management and our Board of Directors on these matters, even if we are ultimately successful, could have a material adverse effect on our financial condition, results of operations, or cash flows.

We have an accrual of $9.8 million and $9.3 million in other liabilities on our condensed consolidated balance sheets related to litigation matters as of June 30, 2025 and September 30, 2024, respectively.

***Surety Bonds and Letters of Credit***

We had outstanding letters of credit and surety bonds of $41.0 million and $330.2 million, respectively, as of June 30, 2025, related principally to our obligations to local governments to construct roads and other improvements in various developments.

**(9) Fair Value Measurements**

As of the dates presented, we had assets on our condensed consolidated balance sheets that were required to be measured at fair value on a recurring or non-recurring basis. We use a fair value hierarchy that requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly through corroboration with market data; and
- Level 3 – Unobservable inputs that reflect our own estimates about the assumptions market participants would use in pricing the asset or liability.

Certain of our assets are required to be recorded at fair value on a non-recurring basis when events and circumstances indicate that the carrying value of these assets may not be recoverable. We review our long-lived assets, including inventory, for recoverability when factors indicate an impairment may exist, but no less than quarterly. The fair value of assets deemed to be impaired is determined based upon the type of asset being evaluated. The fair value of our owned inventory assets, when required to be calculated, is further discussed within Note 4. Due to the substantial use of unobservable inputs in valuing the assets on a non-recurring basis, they are classified within Level 3.

Determining within which hierarchical level an asset or liability falls requires significant judgment. We evaluate our hierarchy disclosures each quarter. The following table presents the period-end balances of assets measured at fair value on a recurring basis for each hierarchy level:

| *in thousands* | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **As of June 30, 2025** | | | | |
| **Deferred compensation plan assets[a]** | **$ 8,288** | **$ —** | **$ —** | **$ 8,288** |
| As of September 30, 2024 | | | | |
| Deferred compensation plan assets[a] | $ 8,115 | $ — | $ — | $ 8,115 |

[a] Amount is included in other assets within the condensed consolidated balance sheets.

The fair value of cash and cash equivalents, restricted cash, accounts receivable, trade accounts payable, other liabilities, and amounts due under the Unsecured Facility (if outstanding) approximate their carrying amounts due to the short maturity of these assets and liabilities. When outstanding, obligations related to land not owned under option agreements approximate fair value.

The following table presents the carrying value and estimated fair value of certain other financial assets and liabilities as of June 30, 2025 and September 30, 2024:

| in thousands | As of June 30, 2025 | | As of September 30, 2024 | |
|---|---|---|---|---|
| | **Carrying Amount** | **Fair Value** | Carrying Amount | Fair Value |
| Financial assets | | | | |
| Certificates of deposit[a] | **$ 412** | **$ 412** | $ 9,449 | $ 9,584 |
| Total financial assets | **$ 412** | **$ 412** | $ 9,449 | $ 9,584 |
| Financial liabilities[b] | | | | |
| Senior Notes[c] | **$ 950,219** | **$ 964,995** | $ 948,945 | $ 976,494 |
| Junior Subordinated Notes[d] | **77,954** | **77,954** | 76,404 | 76,404 |
| Total financial liabilities | **$ 1,028,173** | **$ 1,042,949** | $ 1,025,349 | $ 1,052,898 |

(a) Certificates of deposit held for investment with an original maturity greater than three months are carried at original cost plus accrued interest and reported as other assets on the condensed consolidated balance sheets. The type of certificates of deposit that the Company invests in are not considered debt securities under ASC Topic 320, *Investments - Debt Securities*. The estimated fair value of our certificates of deposit has been determined using quoted market rates (Level 2).

(b) Carrying amounts for financial liabilities are net of unamortized debt issuance costs or accretion.

(c) The estimated fair value of our publicly-held Senior Notes has been determined using quoted market rates (Level 2).

(d) Since there is no trading market for our Junior Subordinated Notes, the fair value of these notes is estimated by discounting scheduled cash flows through maturity (Level 3). The discount rate is estimated using market rates currently being offered on loans with similar terms and credit quality. Judgment is required in interpreting market data to develop these estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that we could realize in a current market exchange.

**(10) Income Taxes**

***Income Tax Provision***

The Company's income tax provision for quarterly interim periods is based on an estimated annual effective income tax rate calculated separately from the effect of significant, infrequent, or unusual items. We recognized income tax benefit from continuing operations of $2.2 million and $0.8 million for the three and nine months ended June 30, 2025, respectively, compared to income tax expense from continuing operations of $2.5 million and $10.4 million for the three and nine months ended June 30, 2024, respectively. Income tax benefit for the nine months ended June 30, 2025 was primarily driven by energy efficiency tax credits generated from expected closings during the current fiscal year and stock-based compensation activity in the period, partially offset by income tax expense on earnings from continuing operations and permanent differences. Income tax expense for the nine months ended June 30, 2024 was primarily driven by income tax expense on earnings from continuing operations and permanent differences, partially offset by energy efficiency tax credits generated from expected closings during the current year, the discrete tax benefits related to the generation of additional energy efficiency tax credits from homes closed in prior periods, and stock-based compensation activity in the period.

***Deferred Tax Assets and Liabilities***

The Company continues to evaluate its deferred tax assets each period to determine if a valuation allowance is required based on whether it is more likely than not that some portion of these deferred tax assets will not be realized. As of June 30, 2025, management concluded that it is more likely than not that all of our federal and certain state deferred tax assets will be realized. As part of our analysis, we considered both positive and negative factors that impact profitability and whether those factors would lead to a change in the estimate of our deferred tax assets that may be realized in the future. At this time, our conclusions on the valuation allowance and Internal Revenue Code Section 382 limitations related to our deferred tax assets remain consistent with the determinations we made during the period ended September 30, 2024, and such conclusions are based on similar company specific and industry factors to those discussed in Note 12 to the consolidated financial statements within our 2024 Annual Report.

### (11) Stock-Based Compensation

Stock-based compensation expense is included in general and administrative expenses in our condensed consolidated statements of operations. The following table presents a summary of stock-based compensation expense related to stock options and restricted stock awards for the periods presented:

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **2025** | 2024 |
| Stock-based compensation expense | **$ 1,817** | $ 2,474 | **$ 5,442** | $ 5,536 |

***Stock Options***

Following is a summary of stock option activity for the nine months ended June 30, 2025:

| | Nine Months Ended June 30, 2025 | |
|---|---|---|
| | **Shares** | **Weighted Average Exercise Price** |
| Outstanding at beginning of period | 11,150 | $ 10.04 |
| Granted | 1,692 | 22.38 |
| Exercised | (11,000) | 9.79 |
| Cancelled | (200) | 20.27 |
| Outstanding at end of period | 1,642 | 23.14 |

As of June 30, 2025 and September 30, 2024, there was less than $0.1 million of total unrecognized compensation costs related to unvested stock options.

***Restricted Stock Awards***

During the nine months ended June 30, 2025, the Company issued time-based and performance-based restricted stock awards. The time-based restricted shares granted to our non-employee directors vest on the first anniversary of the grant, while the time-based restricted shares granted to our executive officers and other employees generally vest ratably over three years from the date of grant. Performance-based restricted share awards vest subject to the achievement of performance and market conditions over a three-year performance period.

Following is a summary of restricted stock activity for the nine months ended June 30, 2025:

| | Nine Months Ended June 30, 2025 | | |
|---|---|---|---|
| | **Performance-Based Restricted Shares** | **Time-Based Restricted Shares** | **Total Restricted Shares** |
| Beginning of period | 303,712 | 415,787 | 719,499 |
| Granted | 96,603 | 189,186 | 285,789 |
| Vested | (71,470) | (224,458) | (295,928) |
| Forfeited[(a)] | (21,357) | (10,832) | (32,189) |
| End of period | 307,488 | 369,683 | 677,171 |

[(a)] Each of our performance shares represent a contingent right to receive one share of the Company's common stock if vesting is satisfied at the end of the three-year performance period. Our performance stock award plans provide that any performance shares earned in excess of the target number of performance shares issued may be settled in cash or additional shares at the discretion of the Human Capital Committee. We have no current plans to settle any additional performance-based restricted shares in the future in cash. During November 2024, the Company forfeited 17,875 of the 89,345 performance shares that remained outstanding under the fiscal 2022 performance-based award plan. The forfeiture was determined based on the performance level achieved under the terms of the plan.

As of June 30, 2025 and September 30, 2024, total unrecognized compensation costs related to unvested restricted stock awards were $10.3 million and $6.8 million, respectively. The costs remaining as of June 30, 2025 are expected to be recognized over a weighted average period of 1.9 years.

## (12) Earnings Per Share

Basic (loss) income per share is calculated by dividing net (loss) income by the weighted-average number of shares outstanding during the period. Diluted (loss) income per share adjusts the basic (loss) income per share for the effects of any potentially dilutive securities in periods in which the Company has net income and such effects are dilutive under the treasury stock method.

Following is a summary of the components of basic and diluted (loss) income per share for the periods presented:

| *in thousands (except per share data)* | Three Months Ended June 30, 2025 | Three Months Ended June 30, 2024 | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|---|---|
| **Numerator:** | | | | |
| (Loss) income from continuing operations | **$ (324)** | $ 27,208 | **$ 15,584** | $ 88,107 |
| Income from discontinued operations, net of tax | **—** | 2 | **—** | 2 |
| Net (loss) income | **$ (324)** | $ 27,210 | **$ 15,584** | $ 88,109 |
| | | | | |
| **Denominator:** | | | | |
| Basic weighted-average shares | **29,440** | 30,513 | **29,996** | 30,625 |
| Dilutive effect of restricted stock awards | **—** | 414 | **240** | 384 |
| Dilutive effect of stock options | **—** | 8 | **2** | 8 |
| Diluted weighted-average shares[(a)] | **29,440** | 30,935 | **30,238** | 31,017 |
| | | | | |
| **Basic (loss) income per share:** | | | | |
| Continuing operations | **$ (0.01)** | $ 0.89 | **$ 0.52** | $ 2.88 |
| Discontinued operations | **—** | — | **—** | — |
| Total | **$ (0.01)** | $ 0.89 | **$ 0.52** | $ 2.88 |
| | | | | |
| **Diluted (loss) income per share:** | | | | |
| Continuing operations | **$ (0.01)** | $ 0.88 | **$ 0.52** | $ 2.84 |
| Discontinued operations | **—** | — | **—** | — |
| Total | **$ (0.01)** | $ 0.88 | **$ 0.52** | $ 2.84 |

[(a)] The following potentially dilutive shares were excluded from the calculation of diluted (loss) income per share as a result of their anti-dilutive effect. Due to the reported net loss for the three months ended June 30, 2025, all common stock equivalents were excluded from the computation of diluted loss per share for that respective quarter because inclusion would have resulted in anti-dilution.

| *in thousands* | Three Months Ended June 30, 2025 | Three Months Ended June 30, 2024 | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|---|---|
| Stock options | **2** | — | **1** | 1 |
| Time-based restricted stock | **370** | 3 | **110** | 1 |
| Performance-based restricted stock | **307** | — | **2** | — |

## (13) Other Liabilities

Other liabilities include the following as of June 30, 2025 and September 30, 2024:

| *in thousands* | As of June 30, 2025 | As of September 30, 2024 |
|---|---|---|
| Accrued compensations and benefits | **$ 32,344** | $ 45,335 |
| Customer deposits | **20,730** | 18,669 |
| Accrued interest | **16,562** | 23,369 |
| Warranty reserves | **10,913** | 12,717 |
| Litigation accruals | **9,844** | 9,297 |
| Income tax liabilities | **—** | 2,399 |
| Other | **58,425** | 38,114 |
| Total | **$ 148,818** | $ 149,900 |

## (14) Segment Information

We currently operate in 13 states that are grouped into three homebuilding segments based on geography. Revenues from our homebuilding segments are derived from the sale of homes that we construct, land and lot sales, and our title operations. Land sales revenue relates to land that does not fit within our homebuilding programs or strategic plans. We also provide title examinations for our homebuyers in certain markets. Our reportable segments have been determined on a basis that is used internally by management for evaluating segment performance and resource allocations. We have considered the applicable aggregation criteria and have combined our homebuilding operations into three reportable segments as follows:

*West*: Arizona, California, Nevada, and Texas

*East*: Delaware, Indiana, Maryland, New Jersey[a], Tennessee, and Virginia

*Southeast*: Florida, Georgia, North Carolina, and South Carolina

[a] During our fiscal 2015, we made the decision that we would not continue to reinvest in new homebuilding assets in our New Jersey division; therefore, it is no longer considered an active operation. However, it is included in this listing because the segment information below continues to include New Jersey.

Management's evaluation of segment performance is based on segment operating income. Operating income for our homebuilding segments is defined as homebuilding and land sales and other revenue less home construction, land development, land sales expense, title operations expense, commission expense, depreciation and amortization, and certain G&A expenses that are incurred by or allocated to our homebuilding segments. The accounting policies of our segments are those described in Note 2 to the consolidated financial statements within our 2024 Annual Report.

The following tables contain our revenue, operating income, and depreciation and amortization by reportable segment and Corporate and unallocated for the periods presented:

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---|---|---|---|---|
| *in thousands* | 2025 | 2024 | 2025 | 2024 |
| **Revenue** | | | | |
| West | **$ 329,149** | $ 369,359 | **$ 1,001,921** | $ 953,790 |
| East | **149,160** | 123,565 | **379,898** | 310,186 |
| Southeast | **67,058** | 102,758 | **197,840** | 260,064 |
| Total revenue | **$ 545,367** | $ 595,682 | **$ 1,579,659** | $ 1,524,040 |

| *in thousands* | Three Months Ended June 30, 2025 | Three Months Ended June 30, 2024 | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|---|---|
| **Operating (loss) income** | | | | |
| West | **$ 27,402** | $ 45,582 | **$ 94,291** | $ 119,951 |
| East | **14,473** | 9,158 | **28,702** | 27,796 |
| Southeast | **(2,561)** | 12,755 | **3,797** | 32,848 |
| Segment total | **39,314** | 67,495 | **126,790** | 180,595 |
| Corporate and unallocated[a] | **(43,024)** | (38,971) | **(114,993)** | (95,815) |
| Total operating (loss) income | **$ (3,710)** | $ 28,524 | **$ 11,797** | $ 84,780 |

[a] Includes amortization of capitalized interest, capitalization and amortization of indirect costs, impairment of capitalized interest and capitalized indirect costs, when applicable, expenses related to numerous shared services functions that benefit all segments but are not allocated to the operating segments reported above, including information technology, treasury, corporate finance, legal, branding and national marketing, and certain other amounts that are not allocated to our operating segments.

| *in thousands* | Three Months Ended June 30, 2025 | Three Months Ended June 30, 2024 | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|---|---|
| **Depreciation and amortization** | | | | |
| West | **$ 2,151** | $ 2,520 | **$ 6,860** | $ 6,283 |
| East | **633** | 494 | **1,637** | 1,109 |
| Southeast | **428** | 397 | **1,123** | 985 |
| Segment total | **3,212** | 3,411 | **9,620** | 8,377 |
| Corporate and unallocated[a] | **1,359** | 481 | **3,653** | 1,321 |
| Total depreciation and amortization | **$ 4,571** | $ 3,892 | **$ 13,273** | $ 9,698 |

[a] Represents depreciation and amortization related to assets held by our corporate functions that benefit all segments.

The following table presents capital expenditures by reportable segment and Corporate and unallocated for the periods presented:

| *in thousands* | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|
| **Capital expenditures** | | |
| West | **$ 7,627** | $ 9,132 |
| East | **2,274** | 1,829 |
| Southeast | **3,753** | 756 |
| Corporate and unallocated | **7,373** | 4,974 |
| Total capital expenditures | **$ 21,027** | $ 16,691 |

The following table presents assets by reportable segment and Corporate and unallocated as of June 30, 2025 and September 30, 2024:

| *in thousands* | **June 30, 2025** | September 30, 2024 |
|---|---|---|
| **Assets** | | |
| West | **$ 1,222,047** | $ 1,114,450 |
| East | **512,577** | 454,255 |
| Southeast | **474,221** | 389,058 |
| Corporate and unallocated[(a)] | **503,479** | 633,764 |
| Total assets | **$ 2,712,324** | $ 2,591,527 |

[(a)] Primarily consists of cash and cash equivalents, restricted cash, deferred taxes, capitalized interest and indirect costs, and other items that are not allocated to the segments.

## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (Form 10-Q) contains forward-looking statements. These forward-looking statements represent our expectations or beliefs concerning future events or results, and it is possible that such events or results described in this Form 10-Q will not occur or be achieved. These forward-looking statements can generally be identified by the use of statements that include words such as "outlook," "may," "will," "strategy," "believe," "expect," "anticipate," "intend," "plan," "foresee," "likely," "goal," "target," "estimate," "project," "initial" or other similar words or phrases.

These forward-looking statements involve risks, uncertainties and other factors, many of which are outside of our control, that could cause actual events or results to differ materially from the results discussed in the forward-looking statements, including, among other things, the matters discussed in this Form 10-Q in the section captioned “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Additional information about factors that could lead to material changes is contained in Part I, Item 1A— Risk Factors of our Annual Report on Form 10-K for the fiscal year ended September 30, 2024. These factors are not intended to be an all-inclusive list of risks and uncertainties that may affect the operations, performance, development and results of our business, but instead are the risks that we currently perceive as potentially being material. Such factors may include:

- macroeconomic uncertainty, including high levels of inflation, elevated interest rates and insurance costs, stock market volatility, and historic changes in U.S. trade policy, negatively impacting consumer sentiment and softening demand for the homes we sell;
- elevated mortgage interest rates for prolonged periods, as well as further increases to, and reduced availability of, mortgage financing due to, among other factors, additional actions by the Federal Reserve to address inflation;
- supply chain challenges (including as a result of U.S. trade policies and retaliatory responses from other countries) negatively impacting our homebuilding production, including shortages of raw materials and other critical components such as windows, doors, and appliances;
- our ability to meet or achieve our sustainability related goals, aspirations, initiatives, and our public statements and disclosures regarding them;
- inaccurate estimates related to homes to be delivered in the future (backlog), as they are subject to various cancellation risks that cannot be fully controlled;
- factors affecting margins, such as adjustments to home pricing, increased sales incentives and mortgage rate buy down programs in order to remain competitive;
- decreased revenues;
- decreased land values underlying land option agreements;
- increased land development costs in communities under development or delays or difficulties in implementing initiatives to reduce our cycle times and production and overhead cost structures;
- not being able to pass on cost increases (including cost increases due to increasing the energy efficiency of our homes) through pricing increases;
- the availability and cost of land and the risks associated with the future value of our inventory, including impairment and abandonment charges;
- our ability to raise debt and/or equity capital, due to factors such as limitations in the capital markets (including market volatility), adverse credit market conditions and financial institution disruptions, and our ability to otherwise meet our ongoing liquidity needs (which could cause us to fail to meet the terms of our covenants and other requirements under our various debt instruments and therefore trigger an acceleration of a significant portion or all of our outstanding debt obligations), including the impact of any downgrades of our credit ratings or reduction in our liquidity levels;
- market perceptions regarding any capital raising initiatives we may undertake (including future issuances of equity or debt capital);
- inefficient or ineffective allocation of capital, including with respect to planned share repurchases;

- changes in tax laws, such as the recently passed One Big Beautiful Bill Act, or otherwise regarding the deductibility of mortgage interest expenses and real estate taxes, including those resulting from regulatory guidance and interpretations issued with respect thereto, such as the IRS's guidance regarding heightened qualification requirements for federal credits for building energy-efficient homes;
- increased competition or delays in reacting to changing consumer preferences in home design;
- natural disasters or other related events that could result in delays in land development or home construction, increase our costs or decrease demand in the impacted areas;
- shortages of or increased costs for labor used in housing production, including as a result of federal or state legislation and/or enforcement, and the level of quality and craftsmanship provided by such labor;
- terrorist acts, protests and civil unrest, political uncertainty, acts of war or other factors over which the Company has no control;
- potential negative impacts of public health emergencies and lingering impacts of past pandemics;
- the potential recoverability of our deferred tax assets;
- potential delays or increased costs in obtaining necessary permits as a result of changes to, or complying with, laws, regulations or governmental policies, and possible penalties for failure to comply with such laws, regulations or governmental policies, including those related to the environment;
- the results of litigation or government proceedings and fulfillment of any related obligations;
- the impact of construction defect and home warranty claims;
- the cost and availability of insurance and surety bonds, as well as the sufficiency of these instruments to cover potential losses incurred;
- the impact of information technology failures, cybersecurity issues or data security breaches, including cybersecurity incidents deploying evolving artificial intelligence tools and incidents impacting third-party service providers that we depend on to conduct our business;
- the impact of governmental regulations on homebuilding in key markets, such as regulations limiting the availability of water and electricity (including availability of electrical equipment such as transformers and meters); and
- the success of our sustainability initiatives, including our ability to meet our goal that by the end of 2025 every home we start will be Zero Energy Ready, as well as the success of any other related partnerships or pilot programs we may enter into in order to increase the energy efficiency of our homes and prepare for a Zero Energy Ready future.

Any forward-looking statement, including any statement expressing confidence regarding future outcomes, speaks only as of the date on which such statement is made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible to predict all such factors.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Executive Overview and Outlook

*Market Conditions and Strategy*

During the third quarter of fiscal 2025, the sales environment remained challenging due to elevated mortgage rates, weak consumer sentiment, and continued uncertainties in the macroeconomic environment. In response, we are taking a disciplined approach to our operations and capital allocation by slowing land spend to match current market conditions, renegotiating land acquisition terms to reduce costs and enhance flexibility, and pursuing capital-efficient growth opportunities through expanded usage of lot option agreements. Additionally, with our shares currently trading below book value, we prioritized share repurchases, buying back approximately 586,000 shares of our common stock for $12.5 million during the third quarter of fiscal 2025.

While the headwinds of affordability and consumer sentiment continue to create challenges for us and our peers, we are committed to leaning into our differentiators, as follows: (1) our Mortgage Choice platform which identifies qualified lenders and encourages multiple lenders to compete for our customer's business with the most competitive interest rates, fees, and service levels; (2) our Choice Plans® which allow customers to select from a list of structural options that meets their lifestyle at no additional cost; and (3) our homes are designed to deliver Surprising Performance with nearly all new home starts built to Zero Energy Ready standards, reducing the cost to operate a home. We continue to enhance the durability and quality of our homes through innovative design and superior construction standards, reinforcing our commitment to delivering high-quality, differentiated homes in desirable locations.

For the remainder of fiscal 2025, we will continue to focus on deleveraging, growing book value per share, and positioning our business for durable long-term growth. Our Multi-Year Goals, updated during the second quarter of fiscal 2025, include reducing our net debt to net capitalization ratio to the low 30% range by the end of fiscal 2027, achieving a double-digit compound annual growth in book value per share from the end of fiscal 2024 through fiscal 2027, and reaching more than 200 active communities by the end of fiscal 2027. With a path to 200 active communities in sight, supported by our current land position, we are prioritizing deleveraging and book value growth. Backed by a strong balance sheet, ample liquidity, and a focused sales strategy, we believe we are well-equipped to navigate the macroeconomic uncertainty as we continue to progress toward our Multi-Year Goals.

*Overview of Results for Our Fiscal Third Quarter*

The following is a summary of our performance against certain key operating and financial metrics during the quarter ended June 30, 2025 and a comparison to the quarter ended June 30, 2024:

- **During the quarter ended June 30, 2025, our average active community count of 167 was up 14.9% from 146 in the prior year quarter.** We invested $153.8 million in land acquisition and land development during the quarter ended June 30, 2025, down from $201.1 million in land spend during the quarter ended June 30, 2024. We expect the pace of community growth to moderate as we strategically reallocate a portion of our land investment toward reaching our Multi-Year Goals of deleveraging and growth in book value per share. This shift underscores our confidence in the long-term value of our business and reinforces our commitment to enhancing shareholder returns while reducing risk.

- **As of June 30, 2025, our land position included 27,794 controlled lots, down 2.0% from 28,365 as of June 30, 2024.** Excluding land held for future development and land held for sale lots, we controlled 26,944 active lots, down 3.2% from a year ago. We remain focused on the expanded usage of lot option agreements, which allow us to position for future growth while providing the flexibility to respond to market conditions. As of June 30, 2025, we had 16,195 lots, or 60.1% of our total active lots, under option agreements as compared to 15,434 lots, or 55.5% of our total active lots, under option agreements as of June 30, 2024.

- **During the quarter ended June 30, 2025, orders per community per month were 1.7 compared to 2.4 in the prior year quarter, and our net new orders were 861, down 19.5% from 1,070 in the prior year quarter**. Sales pace fell short of expectations, softening in May and remained subdued in June. The decrease in sales pace compared to the prior year quarter reflected weaker consumer sentiment driven by affordability challenges and uncertainties in the macroeconomic environment. While all of our markets experienced challenging market conditions, we saw the most pronounced pressure in our Houston, San Antonio and Orlando markets. We continue to adjust prices and features to align with the current market, including offering rate buy-downs and other closing incentives.

- **Our Average Selling Price (ASP) for homes closed during the quarter ended June 30, 2025 was $517.3 thousand, up 2.4% from $505.3 thousand in the prior year quarter.** The increase in ASP compared to prior year quarter was primarily due to changes in product and community mix in the East segment.

- **Homebuilding gross margin for the quarter ended June 30, 2025 was 13.5%, down from 17.3% compared to the prior year quarter.** Homebuilding gross margin was impacted by inventory impairment and abandonment charges of $8.9 million during the quarter ended June 30, 2025, of which $8.6 million related to impairments recorded for two projects in progress communities, one located in our Phoenix market and the other in our Orlando market, principally due to a reduction in price that is other than temporary based on current competitive and market dynamics. The remaining $0.2 million represents abandonment charges related to a land acquisition deal we terminated during the quarter. Refer to Note 4 of the notes to the condensed consolidated financial statements included in this Form 10-Q for further discussion. Homebuilding gross margin, excluding impairments, abandonments, and interest for the quarter ended June 30, 2025, was 18.4%, down from 20.3% in the prior year quarter. The decrease in homebuilding gross margin, excluding impairments, abandonments, and interest, compared to the prior year quarter was primarily due to an increase in price concessions and closing cost incentives, an increased share of spec home closings which generally have lower margins than "to be built" homes, and changes in product and community mix.

- **SG&A for the quarter ended June 30, 2025 was 13.2% of total revenue, up from 11.9% in the prior year quarter.** The increase in SG&A as a percentage of total revenue compared to the prior year quarter was primarily due to lower homebuilding revenue. We remain focused on prudently managing overhead costs.

*Seasonal and Quarterly Variability*

Our homebuilding operating cycle historically has reflected escalating new order activity in the second and third fiscal quarters and increased closings in the third and fourth fiscal quarters. However, these seasonal patterns may be impacted by a variety of factors, including periods of market volatility and changes in mortgage interest rates, which may result in increased or decreased new orders and/or revenues and closings that are outside of the normal ranges typically realized on account of seasonality. Accordingly, our financial results for the three and nine months ended June 30, 2025 may not be indicative of our full year results.

**RESULTS OF CONTINUING OPERATIONS:**

The following table summarizes certain key income statement metrics for the periods presented:

| *$ in thousands* | Three Months Ended June 30, 2025 | Three Months Ended June 30, 2024 | Nine Months Ended June 30, 2025 | Nine Months Ended June 30, 2024 |
|---|---|---|---|---|
| **Revenue:** | | | | |
| Homebuilding | **$ 535,390** | $ 589,643 | **$ 1,551,844** | $ 1,509,198 |
| Land sales and other | **9,977** | 6,039 | **27,815** | 14,842 |
| Total | **$ 545,367** | $ 595,682 | **$ 1,579,659** | $ 1,524,040 |
| **Gross profit:** | | | | |
| Homebuilding | **$ 72,474** | $ 101,983 | **$ 226,581** | $ 278,700 |
| Land sales and other | **106** | 1,321 | **4,075** | 4,187 |
| Total | **$ 72,580** | $ 103,304 | **$ 230,656** | $ 282,887 |
| **Gross margin:** | | | | |
| Homebuilding[(a)] | **13.5 %** | 17.3 % | **14.6 %** | 18.5 % |
| Land sales and other[(b)] | **1.1 %** | 21.9 % | **14.7 %** | 28.2 % |
| Total | **13.3 %** | 17.3 % | **14.6 %** | 18.6 % |
| **Commissions** | **$ 18,615** | $ 21,233 | **$ 53,511** | $ 52,764 |
| **General and administrative expenses (G&A)** | **$ 53,104** | $ 49,655 | **$ 152,075** | $ 135,645 |
| **SG&A (commissions plus G&A) as a percentage of total revenue** | **13.2 %** | 11.9 % | **13.0 %** | 12.4 % |
| **G&A as a percentage of total revenue** | **9.7 %** | 8.3 % | **9.6 %** | 8.9 % |
| **Depreciation and amortization** | **$ 4,571** | $ 3,892 | **$ 13,273** | $ 9,698 |
| **Operating (loss) income** | **$ (3,710)** | $ 28,524 | **$ 11,797** | $ 84,780 |
| **Operating (loss) income as a percentage of total revenue** | **(0.7) %** | 4.8 % | **0.7 %** | 5.6 % |
| **Effective tax rate[(c)]** | **87.1 %** | 8.3 % | **(5.1) %** | 10.5 % |
| **Inventory impairments and abandonments** | **$ 10,339** | $ 200 | **$ 10,867** | $ 200 |
| **Loss on extinguishment of debt, net** | **$ —** | $ — | **$ —** | $ (437) |

(a) Excluding impairments, abandonments, and interest amortized to cost of sales, homebuilding gross margin was 18.4% and 20.3% for the three months ended June 30, 2025 and 2024, respectively, and 18.3% and 21.4% for the nine months ended June 30, 2025 and 2024, respectively. Please see the "Homebuilding Gross Profit and Gross Margin" section below for a reconciliation of homebuilding gross profit and the related gross margin excluding impairments and abandonments and interest amortized to cost of sales (non-GAAP measures) to homebuilding gross profit and gross margin, the most directly comparable GAAP measure.

(b) Calculated as land sales and other gross profit divided by land sales and other revenue.

(c) Calculated as tax (benefit) expense for the period divided by (loss) income from continuing operations before income taxes. Our income tax (benefit) expense is not always directly correlated to the amount of pre-tax (loss) income for the associated period due to a variety of factors, including, but not limited to, the impact of tax credits and permanent differences. Our tax credits are predominantly due to the energy efficiency of our homes, with credits valued between $2,000 and $5,000 per single family home. For the three months ended June 30, 2025, the tax benefit arising from our pre-tax loss, in part driven by the $10.3 million inventory impairment and abandonment charges, combined with energy efficiency tax credits, resulted in a total tax benefit that was similar in size to our pre-tax loss from continuing operations, yielding an effective tax rate of 87.1%. On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. The OBBBA repeals many of the energy efficiency credits enacted under the Inflation Reduction Act, including our ability to claim energy efficient new home tax credits for homes that close after June 30, 2026. While this change does not impact our fiscal 2025 effective tax rate and deferred tax balances, we are evaluating the full impact of OBBBA on our future tax provision and financial results.

Reconciliation of Net (Loss) Income (GAAP) to Adjusted EBITDA (Non-GAAP)

Reconciliation of net (loss) income (GAAP measure) to Adjusted EBITDA (Non-GAAP measure) is provided for each period discussed below. Management believes that Adjusted EBITDA assists investors in understanding and comparing core operating results and underlying business trends by eliminating many of the differences in companies' respective capitalization, tax position, level of impairments, and other non-recurring items. This non-GAAP financial measure 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 our net (loss) income (GAAP) to Adjusted EBITDA (non-GAAP) for the periods presented:

| | Three Months Ended June 30, | | | Nine Months Ended June 30, | | | LTM Ended June 30,[a] | | |
|---|---|---|---|---|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** |
| Net (loss) income (GAAP) | **$ (324)** | $ 27,210 | **$ (27,534)** | **$ 15,584** | $ 88,109 | **$ (72,525)** | **$ 67,650** | $ 143,865 | **$ (76,215)** |
| (Benefit) expense from income taxes | **(2,182)** | 2,453 | **(4,635)** | **(756)** | 10,373 | **(11,129)** | **7,781** | 18,843 | **(11,062)** |
| Interest amortized to home construction and land sales expenses and capitalized interest impaired | **18,974** | 17,267 | **1,707** | **50,642** | 44,528 | **6,114** | **74,347** | 64,447 | **9,900** |
| EBIT (Non-GAAP) | **16,468** | 46,930 | **(30,462)** | **65,470** | 143,010 | **(77,540)** | **149,778** | 227,155 | **(77,377)** |
| Depreciation and amortization | **4,571** | 3,892 | **679** | **13,273** | 9,698 | **3,575** | **18,442** | 13,456 | **4,986** |
| EBITDA (Non-GAAP) | **21,039** | 50,822 | **(29,783)** | **78,743** | 152,708 | **(73,965)** | **168,220** | 240,611 | **(72,391)** |
| Stock-based compensation expense | **1,817** | 2,474 | **(657)** | **5,442** | 5,536 | **(94)** | **7,297** | 7,564 | **(267)** |
| Loss on extinguishment of debt | **—** | — | **—** | **—** | 437 | **(437)** | **—** | 450 | **(450)** |
| Inventory impairments and abandonments[b] | **9,243** | 200 | **9,043** | **9,771** | 200 | **9,571** | **11,567** | 225 | **11,342** |
| Gain on sale of investment[c] | **—** | — | **—** | **—** | (8,591) | **8,591** | **—** | (8,591) | **8,591** |
| Adjusted EBITDA (Non-GAAP) | **$ 32,099** | $ 53,496 | **$ (21,397)** | **$ 93,956** | $ 150,290 | **$ (56,334)** | **$ 187,084** | $ 240,259 | **$ (53,175)** |

[a] "LTM" indicates amounts for the trailing 12 months.

[b] In periods during which we impaired certain of our inventory assets, capitalized interest that is impaired is included in the line above titled "Interest amortized to home construction and land sales expenses and capitalized interest impaired."

[c] We previously held a minority interest in a technology company specializing in digital marketing for new home communities, which was sold during the quarter ended March 31, 2024. In exchange for the previously held investment, we received cash in escrow along with a minority partnership interest in the acquiring company, which was recorded within other assets in our condensed consolidated balance sheets. The resulting gain of $8.6 million from this transaction was recognized in other income, net on our condensed consolidated statement of operations. The Company believes excluding this one-time gain from Adjusted EBITDA provides a better reflection of the Company's performance as this item is not representative of our core operations.

**Reconciliation of Total Debt to Total Capitalization Ratio (GAAP) to Net Debt to Net Capitalization Ratio (Non-GAAP)**

Reconciliation of total debt to total capitalization ratio (GAAP measure) to net debt to net capitalization ratio (non-GAAP measure) is provided for each period below. Management believes that net debt to net capitalization ratio is useful in understanding the leverage employed in our operations and as an indicator of our ability to obtain financing. This non-GAAP financial measure 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.

| *in thousands* | **As of June 30, 2025** | As of June 30, 2024 |
|---|---|---|
| Total debt (GAAP) | **$ 1,143,173** | $ 1,069,408 |
| Stockholders' equity (GAAP) | **1,217,031** | 1,178,315 |
| Total capitalization (GAAP) | **$ 2,360,204** | $ 2,247,723 |
| Total debt to total capitalization ratio (GAAP) | **48.4 %** | 47.6 % |
| | | |
| Total debt (GAAP) | **$ 1,143,173** | $ 1,069,408 |
| Less: cash and cash equivalents (GAAP) | **82,932** | 73,212 |
| Net debt (Non-GAAP) | **1,060,241** | 996,196 |
| Stockholders' equity (GAAP) | **1,217,031** | 1,178,315 |
| Net capitalization (Non-GAAP) | **$ 2,277,272** | $ 2,174,511 |
| Net debt to net capitalization ratio (Non-GAAP) | **46.6 %** | 45.8 % |

## Homebuilding Operations Data

The following table summarizes new orders and cancellation rates by reportable segment for the periods presented:

| | Three Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | New Orders, net | | | Cancellation Rates | |
| | **2025** | 2024 | **25 vs 24** | **2025** | 2024 |
| West | **482** | 715 | **(32.6)%** | **23.9 %** | 17.1 % |
| East | **224** | 250 | **(10.4)%** | **14.8 %** | 18.8 % |
| Southeast | **155** | 105 | **47.6 %** | **12.9 %** | 27.6 % |
| Total | **861** | 1,070 | **(19.5)%** | **19.8 %** | 18.6 % |

| | Nine Months Ended June 30, | | | | |
|---|---|---|---|---|---|
| | New Orders, net | | | Cancellation Rates | |
| | **2025** | 2024 | **25 vs 24** | **2025** | 2024 |
| West | **1,736** | 2,108 | **(17.6)%** | **19.6 %** | 15.9 % |
| East | **708** | 685 | **3.4 %** | **15.1 %** | 15.6 % |
| Southeast | **447** | 399 | **12.0 %** | **13.9 %** | 18.7 % |
| Total | **2,891** | 3,192 | **(9.4)%** | **17.7 %** | 16.2 % |

Net new orders for the quarter ended June 30, 2025 decreased to 861, down 19.5% from the quarter ended June 30, 2024. The decrease in net new orders compared to the prior year quarter was driven by a 30.0% decrease in sales pace from 2.4 orders per community per month in the prior year quarter to 1.7, partially offset by a 14.9% increase in average active community count from 146 in the prior year quarter to 167. The decrease in sales pace compared to the prior year quarter reflected weaker consumer sentiment driven by affordability challenges and uncertainties in the macroeconomic environment.

Net new orders for the nine months ended June 30, 2025 decreased to 2,891, down 9.4% from the nine months ended June 30, 2024. The decrease in net new orders compared to the prior year period was driven by an 22.0% decrease in sales pace from 2.5 orders per community per month in the prior year period to 2.0, partially offset by a 16.2% increase in average active community count from 141 in the prior year period to 164.

***Three Months Ended June 30, 2025 as compared to 2024***

*West Segment:* Net new orders for the quarter ended June 30, 2025 decreased to 482, down 32.6% from the quarter ended June 30, 2024. The decrease in net new orders compared to the prior year quarter was driven by a 37.4% decrease in sales pace from 2.5 orders per community per month in the prior year quarter to 1.6, partially offset by a 7.7% increase in average active community count from 95 in the prior year quarter to 103. Our Houston and San Antonio markets experienced the greatest sales pace challenges.

*East Segment:* Net new orders for the quarter ended June 30, 2025 decreased to 224, down 10.4% from the quarter ended June 30, 2024. The decrease in net new orders compared to the prior year quarter was driven by a 25.2% decrease in sales pace from 2.6 orders per community per month in the prior year quarter to 1.9, partially offset by a 19.8% increase in average active community count from 32 in the prior year quarter to 38.

*Southeast Segment:* Net new orders for the quarter ended June 30, 2025 increased to 155, up 47.6% from the quarter ended June 30, 2024. The increase in net new orders compared to the prior year quarter was driven by a 43.6% increase in average active community count from 18 in the prior year quarter to 26 and a 2.8% increase in sales pace from 1.9 orders per community per month in the prior year quarter to 2.0.

***Nine Months Ended June 30, 2025 as compared to 2024***

*West Segment:* Net new orders for the nine months ended June 30, 2025 decreased to 1,736, down 17.6% from the nine months ended June 30, 2024. The decrease in net new orders was driven by a 26.7% decrease in sales pace from 2.6 orders per community per month to 1.9, partially offset by a 12.4% increase in average active community count from 91 to 102.

*East Segment:* Net new orders for the nine months ended June 30, 2025 increased to 708, up 3.4% from the nine months ended June 30, 2024. The increase in net new orders was driven by a 26.2% increase in average active community count from 29 to 36, partially offset by an 18.1% decrease in sales pace from 2.6 orders per community per month to 2.2.

*Southeast Segment:* Net new orders for the nine months ended June 30, 2025 increased to 447, up 12.0% from the nine months ended June 30, 2024. The increase in net new orders was driven by an 18.8% increase in average active community count from 21 to 25, partially offset by a 5.6% decrease in sales pace from 2.1 orders per community per month to 2.0.

The table below summarizes backlog units by reportable segment as well as the aggregate dollar value and ASP of homes in backlog as of June 30, 2025 and 2024:

| | As of June 30, | | |
|---|---|---|---|
| | **2025** | 2024 | **25 vs 24** |
| **Backlog Units:** | | | |
| West | **766** | 1,292 | **(40.7)%** |
| East | **336** | 417 | **(19.4)%** |
| Southeast | **250** | 240 | **4.2 %** |
| Total | **1,352** | 1,949 | **(30.6)%** |
| Aggregate dollar value of homes in backlog (in millions) | **$ 742.5** | $ 1,046.5 | **(29.0)%** |
| ASP in backlog (in thousands) | **$ 549.2** | $ 536.9 | **2.3 %** |

Backlog reflects the number of homes for which the Company has entered into a sales contract with a customer but has not yet delivered the home. The decrease in backlog units was primarily due to beginning the fiscal quarter with fewer backlog units and year-over-year lower net new orders for the quarter ended June 30, 2025. The aggregate dollar value of homes in backlog as of June 30, 2025 decreased 29.0% compared to June 30, 2024 due to a 30.6% decrease in backlog units, partially offset by a 2.3% increase in the ASP of homes in backlog. The increase in backlog ASP compared to prior year quarter was primarily due to changes in product and community mix.

### Homebuilding Revenue, Average Selling Price, and Closings

The table below summarizes homebuilding revenue, ASP of our homes closed, and closings by reportable segment for the periods presented:

| | Three Months Ended June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Homebuilding Revenue | | | Average Selling Price | | | Closings | | |
| *$ in thousands* | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** |
| West | **$ 322,935** | $ 365,906 | **(11.7)%** | **$ 499.1** | $ 502.6 | **(0.7)%** | **647** | 728 | **(11.1)%** |
| East | **145,587** | 121,239 | **20.1 %** | **568.7** | 505.2 | **12.6 %** | **256** | 240 | **6.7 %** |
| Southeast | **66,868** | 102,498 | **(34.8)%** | **506.6** | 515.1 | **(1.7)%** | **132** | 199 | **(33.7)%** |
| Total | **$ 535,390** | $ 589,643 | **(9.2)%** | **$ 517.3** | $ 505.3 | **2.4 %** | **1,035** | 1,167 | **(11.3)%** |

| | Nine Months Ended June 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Homebuilding Revenue | | | Average Selling Price | | | Closings | | |
| *$ in thousands* | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** |
| West | **$ 979,939** | $ 945,179 | **3.7 %** | **$ 506.4** | $ 511.2 | **(0.9)%** | **1,935** | 1,849 | **4.7 %** |
| East | **374,571** | 304,623 | **23.0 %** | **545.2** | 515.4 | **5.8 %** | **687** | 591 | **16.2 %** |
| Southeast | **197,334** | 259,396 | **(23.9)%** | **494.6** | 504.7 | **(2.0)%** | **399** | 514 | **(22.4)%** |
| Total | **$ 1,551,844** | $ 1,509,198 | **2.8 %** | **$ 513.7** | $ 510.9 | **0.5 %** | **3,021** | 2,954 | **2.3 %** |

***Three Months Ended June 30, 2025 as compared to 2024***

*West Segment:* Homebuilding revenue decreased by 11.7% for the three months ended June 30, 2025 compared to the prior year quarter due to a 11.1% decrease in closings and a 0.7% decrease in ASP. The decrease in closings was primarily due to the lower beginning backlog, partially offset by higher volume of spec homes that sold and closed within the current fiscal quarter and improved construction cycle times compared to prior year quarter.

*East Segment:* Homebuilding revenue increased by 20.1% for the three months ended June 30, 2025 compared to the prior year quarter due to a 12.6% increase in ASP and a 6.7% increase in closings. The increase in closings was primarily due to higher share of homes near completion within beginning backlog as well as improved construction cycle times compared to prior year quarter.

*Southeast Segment:* Homebuilding revenue decreased by 34.8% for the three months ended June 30, 2025 compared to the prior year quarter due to a 33.7% decrease in closings and a 1.7% decrease in ASP. The decrease in closings was primarily due to lower beginning backlog, partially offset by higher volume of spec homes that sold and closed within the current fiscal quarter and improved construction cycle times compared to prior year quarter.

***Nine Months Ended June 30, 2025 as compared to 2024***

*West Segment:* Homebuilding revenue increased by 3.7% for the nine months ended June 30, 2025 compared to the nine months ended June 30, 2024 due to a 4.7% increase in closings, partially offset by a 0.9% decrease in ASP. The increase in closings was primarily due to higher volume of spec homes that sold and closed within the current year period and improved construction cycle times compared to prior year period.

*East Segment:* Homebuilding revenue increased by 23.0% for the nine months ended June 30, 2025 compared to the nine months ended June 30, 2024 due to a 16.2% increase in closings and a 5.8% increase in ASP. The increase in closings was primarily due to higher volume of spec homes that sold and closed within the current year period and improved construction cycle times compared to prior year period.

*Southeast Segment:* Homebuilding revenue decreased by 23.9% nine months ended June 30, 2025 compared to the nine months ended June 30, 2024 due to a 22.4% decrease in closings and a 2.0% decrease in ASP. The decrease in closings was primarily due to lower beginning backlog, partially offset by improved construction cycle times compared to prior year period.

### Homebuilding Gross Profit and Gross Margin

The following tables present our homebuilding (HB) gross profit and gross margin by reportable segment and Corporate and unallocated. In addition, such amounts are presented excluding inventory impairments and abandonments and interest amortized to cost of sales (COS). Homebuilding gross profit is defined as homebuilding revenue less home cost of sales (which includes land and land development costs, home construction costs, capitalized interest, indirect costs of construction, estimated warranty costs, closing costs, and inventory impairment and abandonment charges).

Reconciliation of homebuilding gross profit and homebuilding gross margin (GAAP measures) to homebuilding gross profit and the related gross margin excluding impairments and abandonments and interest amortized to cost of sales (non-GAAP measures) is provided for each period discussed below. Management believes that this information assists investors in comparing the operating characteristics of homebuilding activities by eliminating many of the differences in companies' respective level of impairments and level of debt. These non-GAAP financial measures 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.

| | Three Months Ended June 30, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| *$ in thousands* | **HB Gross Profit (GAAP)** | **HB Gross Margin (GAAP)** | **Impairments & Abandonments (I&A)** | **HB Gross Profit excluding I&A (Non-GAAP)** | **HB Gross Margin excluding I&A (Non-GAAP)** | **Interest Amortized to COS (Interest)** | **HB Gross Profit excluding I&A and Interest (Non-GAAP)** | **HB Gross Margin excluding I&A and Interest (Non-GAAP)** |
| **West** | **$ 56,256** | **17.4 %** | **$ 2,236** | **$ 58,492** | **18.1 %** | **$ —** | **$ 58,492** | **18.1 %** |
| **East** | **25,975** | **17.8 %** | **—** | **25,975** | **17.8 %** | **—** | **25,975** | **17.8 %** |
| **Southeast** | **6,180** | **9.2 %** | **5,635** | **11,815** | **17.7 %** | **—** | **11,815** | **17.7 %** |
| **Corporate & unallocated[(a)]** | **(15,937)** | | **1,002** | **(14,935)** | | **17,383** | **2,448** | |
| **Total homebuilding** | **$ 72,474** | **13.5 %** | **$ 8,873** | **$ 81,347** | **15.2 %** | **$ 17,383** | **$ 98,730** | **18.4 %** |

| | Three Months Ended June 30, 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *$ in thousands* | **HB Gross Profit (GAAP)** | **HB Gross Margin (GAAP)** | **Impairments & Abandonments (I&A)** | **HB Gross Profit excluding I&A (Non-GAAP)** | **HB Gross Margin excluding I&A (Non-GAAP)** | **Interest Amortized to COS (Interest)** | **HB Gross Profit excluding I&A and Interest (Non-GAAP)** | **HB Gross Margin excluding I&A and Interest (Non-GAAP)** |
| West | $ 75,467 | 20.6 % | $ 9 | $ 75,476 | 20.6 % | $ — | $ 75,476 | 20.6 % |
| East | 19,683 | 16.2 % | 91 | 19,774 | 16.3 % | — | 19,774 | 16.3 % |
| Southeast | 21,872 | 21.3 % | 100 | 21,972 | 21.4 % | — | 21,972 | 21.4 % |
| Corporate & unallocated[(a)] | (15,039) | | — | (15,039) | | 17,267 | 2,228 | |
| Total homebuilding | $ 101,983 | 17.3 % | $ 200 | $ 102,183 | 17.3 % | $ 17,267 | $ 119,450 | 20.3 % |

| $ in thousands | HB Gross Profit (GAAP) | HB Gross Margin (GAAP) | Impairments & Abandonments (I&A) | HB Gross Profit excluding I&A (Non-GAAP) | HB Gross Margin excluding I&A (Non-GAAP) | Interest Amortized to COS (Interest) | HB Gross Profit excluding I&A and Interest (Non-GAAP) | HB Gross Margin excluding I&A and Interest (Non-GAAP) |
|---|---|---|---|---|---|---|---|---|
| | **Nine Months Ended June 30, 2025** | | | | | | | |
| **West** | **$ 178,769** | **18.2 %** | **$ 2,764** | **$ 181,533** | **18.5 %** | **$ —** | **$ 181,533** | **18.5 %** |
| **East** | **60,025** | **16.0 %** | **—** | **60,025** | **16.0 %** | **—** | **60,025** | **16.0 %** |
| **Southeast** | **27,319** | **13.8 %** | **5,635** | **32,954** | **16.7 %** | **—** | **32,954** | **16.7 %** |
| **Corporate & unallocated [(a)]** | **(39,532)** | | **1,002** | **(38,530)** | | **48,519** | **9,989** | |
| **Total homebuilding** | **$ 226,581** | **14.6 %** | **$ 9,401** | **$ 235,982** | **15.2 %** | **$ 48,519** | **$ 284,501** | **18.3 %** |
| | Nine Months Ended June 30, 2024 | | | | | | | |
| West | $ 200,544 | 21.2 % | $ 9 | $ 200,553 | 21.2 % | $ — | $ 200,553 | 21.2 % |
| East | 54,181 | 17.8 % | 91 | 54,272 | 17.8 % | — | 54,272 | 17.8 % |
| Southeast | 57,212 | 22.1 % | 100 | 57,312 | 22.1 % | — | 57,312 | 22.1 % |
| Corporate & unallocated [(a)] | (33,237) | | — | (33,237) | | 44,528 | 11,291 | |
| Total homebuilding | $ 278,700 | 18.5 % | $ 200 | $ 278,900 | 18.5 % | $ 44,528 | $ 323,428 | 21.4 % |

[(a)] Corporate and unallocated includes amortization of capitalized interest, capitalization and amortization of indirect costs related to homebuilding activities, as well as capitalized interest and capitalized indirect costs impaired in order to reflect projects in progress assets at fair value, when applicable.

***Three Months Ended June 30, 2025 as compared to 2024***

Our homebuilding gross profit decreased by $29.5 million to $72.5 million for the three months ended June 30, 2025, compared to $102.0 million in the prior year quarter. The decrease in homebuilding gross profit compared to the prior year quarter was primarily due to a decrease in homebuilding revenue of $54.3 million and a decrease in gross margin of 380 basis points to 13.5%. As shown in the tables above, the comparability of our gross profit and gross margin was impacted by impairment and abandonment charges, which increased by $8.7 million, and interest amortized to homebuilding cost of sales, which increased by $0.1 million compared to the prior year quarter (refer to Note 4 and Note 5 of the notes to the condensed consolidated financial statements in this Form 10-Q for additional details). When excluding the impact of impairment and abandonment charges and interest amortized to homebuilding cost of sales, homebuilding gross profit decreased by $20.7 million compared to the prior year quarter, while homebuilding gross margin decreased by 190 basis points to 18.4%. The decrease in gross margin for the three months ended June 30, 2025 compared to the prior year quarter was due to an increase in price concessions and closing cost incentives, an increased share of spec home closings which generally have lower margins than "to be built" homes, and changes in product and community mix.

*West Segment:* Compared to the prior year quarter, homebuilding gross profit decreased by $19.2 million due to a decrease in homebuilding revenue and lower gross margin. Homebuilding gross margin, excluding impairments and abandonments, decreased to 18.1%, down from 20.6% in the prior year quarter, primarily due to an increase in price concessions and closing cost incentives, an increased share of spec home closings which generally have lower margins than "to be built" homes, and changes in product and community mix.

*East Segment:* Compared to the prior year quarter, homebuilding gross profit increased by $6.3 million due to an increase in homebuilding revenue and higher gross margin. Homebuilding gross margin, excluding impairments and abandonments, increased to 17.8%, up from 16.3% in the prior year quarter, primarily due to changes in product and community mix as we closed more homes at higher margin communities, partially offset by an increase in price concessions.

*Southeast Segment:* Compared to the prior year quarter, homebuilding gross profit decreased by $15.7 million due to a decrease in homebuilding revenue and lower gross margin. Homebuilding gross margin, excluding impairments and abandonments, decreased to 17.7%, down from 21.4% in the prior year quarter, primarily due to an increase in price concessions, an increased share of spec home closings which generally have lower margins than "to be built" homes, and changes in product and community mix.

***Nine Months Ended June 30, 2025 as compared to 2024***

Our homebuilding gross profit decreased by $52.1 million to $226.6 million for the nine months ended June 30, 2025, from $278.7 million in the prior year period. The decrease in homebuilding gross profit was primarily due to a decrease in gross margin of 390 basis points to 14.6%, partially offset by an increase in homebuilding revenue of $42.6 million. Similar to the three-month period discussed above, the comparability of our gross profit and gross margin for the nine-month period was impacted by impairment and abandonment charges, which increased by $9.2 million, and interest amortized to homebuilding cost of sales, which increased by $4.0 million year-over-year (refer to Note 4 and Note 5 of the notes to the condensed consolidated financial statements in this Form 10-Q for additional details). When excluding the impact of impairment and abandonment charges and interest amortized to homebuilding cost of sales, homebuilding gross profit decreased by $38.9 million compared to the prior year period, while homebuilding gross margin decreased by 310 basis points to 18.3%. The decrease in gross margin for the nine months ended June 30, 2025 compared to the prior year period was primarily due to an increase in price concessions and closing cost incentives, an increased share of spec home closings which generally have lower margins than "to be built" homes, and changes in product and community mix.

*West Segment:* Compared to the prior year period, homebuilding gross profit decreased by $21.8 million due to lower gross margin, partially offset by an increase in homebuilding revenue. Homebuilding gross margin, excluding impairments and abandonments, decreased to 18.5%, down from 21.2% in the prior year period, primarily due to an increase in price concessions and closing cost incentives, an increased share of spec home closings which generally have lower margins than "to be built" homes, and changes in product and community mix.

*East Segment:* Compared to the prior year period, homebuilding gross profit increased by $5.8 million due to an increase in homebuilding revenue, partially offset by lower gross margin. Homebuilding gross margin, excluding impairments and abandonments, decreased to 16.0%, down from 17.8% in the prior year period, primarily due to an increase in price concessions and closing cost incentives, an increased share of spec home closings which generally have lower margins than "to be built" homes, and changes in product and community mix.

*Southeast Segment:* Compared to the prior year period, homebuilding gross profit decreased by $29.9 million due to a decrease in homebuilding revenue and lower gross margin. Homebuilding gross margin, excluding impairments and abandonments, decreased to 16.7%, down from 22.1% in the prior year period, primarily due to an increase in price concessions and changes in product and community mix.

Measures of homebuilding gross profit and gross margin after excluding inventory impairments and abandonments, interest amortized to cost of sales, and other non-recurring items are non-GAAP financial measures. These measures should not be considered alternatives to homebuilding gross profit and gross margin determined in accordance with GAAP as an indicator of operating performance.

**Land Sales and Other Revenue and Gross Profit**

Land sales relate to land and lots sold that do not fit within our homebuilding programs or strategic plans. We also have other revenue related to title examinations provided for our homebuyers in certain markets. The following tables summarize our land sales and other revenue and related gross profit by reportable segment and Corporate and unallocated for the periods presented:

| | Land Sales and Other Revenue | | | Land Sales and Other Gross Profit | | |
|---|---|---|---|---|---|---|
| | Three Months Ended June 30, | | | Three Months Ended June 30, | | |
| *in thousands* | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** |
| West | **$ 6,214** | $ 3,453 | **$ 2,761** | **$ 614** | $ 874 | **$ (260)** |
| East | **3,573** | 2,326 | **1,247** | **690** | 253 | **437** |
| Southeast | **190** | 260 | **(70)** | **131** | 194 | **(63)** |
| Corporate and unallocated [a] | **—** | — | **—** | **(1,329)** | — | **(1,329)** |
| Total | **$ 9,977** | $ 6,039 | **$ 3,938** | **$ 106** | $ 1,321 | **$ (1,215)** |

| | Land Sales and Other Revenues | | | Land Sales and Other Gross Profit | | |
|---|---|---|---|---|---|---|
| | Nine Months Ended June 30, | | | Nine Months Ended June 30, | | |
| *in thousands* | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** |
| West | **$ 21,982** | $ 8,611 | **$ 13,371** | **$ 4,547** | $ 2,252 | **$ 2,295** |
| East | **5,327** | 5,563 | **(236)** | **1,278** | 1,464 | **(186)** |
| Southeast | **506** | 668 | **(162)** | **345** | 471 | **(126)** |
| Corporate and unallocated [a] | **—** | — | **—** | **(2,095)** | — | **(2,095)** |
| Total | **$ 27,815** | $ 14,842 | **$ 12,973** | **$ 4,075** | $ 4,187 | **$ (112)** |

[a] Corporate and unallocated includes capitalized interest and capitalized indirect costs expensed to land cost of sales related to land and lots sold, as well as capitalized interest and capitalized indirect costs impaired in order to reflect land held for sale assets at fair value less cost to sell.

For the three months ended June 30, 2025, land sales and other revenue increased by $3.9 million to $10.0 million, and land sales and other gross profit decreased by $1.2 million to $0.1 million compared to the prior year quarter. For the nine months ended June 30, 2025, land sales and other revenue increased by $13.0 million to $27.8 million, and land sales and other gross profit decreased by $0.1 million to $4.1 million compared to the prior year period.

During the three months ended June 30, 2025, we performed a strategic review of a community in our Phoenix market and determined to sell a portion of the lots that were no longer aligned with our operating plans. As a result of this change in strategy, we reclassified 38 lots from project in progress to land held for sale and recognized a land held for sale impairment charge of $1.5 million during the three and nine months ended June 30, 2025. No land held for sale impairments were recognized during the three and nine ended June 30, 2024. Refer to Note 4 of the notes to the condensed consolidated financial statements included in this Form 10-Q for further discussion.

Period-over-period fluctuations on land sales and other revenue are primarily driven by the timing and volume of land and lot sales closings. As we continue to proactively manage our land position and divest land assets that no longer align with our strategic priorities, the dollar value of land sales and other revenue may grow. Land sales and other gross profit are primarily impacted by the profitability of individual land and lot sale transactions as well as the volume of our title examinations operations. Future land and lot sales will depend on a variety of factors, including local market conditions, individual community performance, and changing strategic plans.

**Operating (Loss) Income**

The table below summarizes operating (loss) income by reportable segment and Corporate and unallocated for the periods presented:

| | Three Months Ended June 30, | | | Nine Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| *in thousands* | **2025** | 2024 | **25 vs 24** | **2025** | 2024 | **25 vs 24** |
| West | **$ 27,402** | $ 45,582 | **$ (18,180)** | **$ 94,291** | $ 119,951 | **$ (25,660)** |
| East | **14,473** | 9,158 | **5,315** | **28,702** | 27,796 | **906** |
| Southeast | **(2,561)** | 12,755 | **(15,316)** | **3,797** | 32,848 | **(29,051)** |
| Corporate and unallocated[a] | **(43,024)** | (38,971) | **(4,053)** | **(114,993)** | (95,815) | **(19,178)** |
| Operating (loss) income | **$ (3,710)** | $ 28,524 | **$ (32,234)** | **$ 11,797** | $ 84,780 | **$ (72,983)** |

[a] Includes amortization of capitalized interest, capitalization and amortization of indirect costs, impairment of capitalized interest and capitalized indirect costs, when applicable, expenses related to numerous shared services functions that benefit all segments but are not allocated to the operating segments reported above, including information technology, treasury, corporate finance, legal, branding and national marketing, and certain other amounts that are not allocated to our operating segments.

Our operating income decreased by $32.2 million to a loss of $3.7 million for the three months ended June 30, 2025, compared to income of $28.5 million for the three months ended June 30, 2024. This decrease compared to the prior year quarter was primarily due to the previously discussed decrease in gross profit and gross margin, including the impact of $10.3 million inventory impairments and abandonments recognized during the three months ended June 30, 2025. SG&A expense increased by 1.2% compared to prior year primarily due to higher sales and marketing costs and other G&A expenses, partially offset by lower commissions expense on lower homebuilding revenue to support community count growth. SG&A as a percentage of total revenue increased by 130 basis points compared to the prior year quarter, from 11.9% to 13.2%, primarily due to lower homebuilding revenue.

Our operating income decreased by $73.0 million to $11.8 million for the nine months ended June 30, 2025, compared to operating income of $84.8 million for the nine months ended June 30, 2024. This decrease compared to the prior year period was primarily due to the previously discussed decrease in gross profit and gross margin, including the impact of $10.9 million inventory impairments and abandonments recognized during the nine months ended June 30, 2025. SG&A expense increased by 9.1% compared to prior year in proportion to active community count growth. SG&A as a percentage of total revenue increased by 60 basis points compared to the prior year period, from 12.4% to 13.0%, primarily due to higher other G&A expenses and higher sales and marketing costs as we continue to grow and activate new communities.

***Three Months Ended June 30, 2025 as compared to 2024***

*West Segment:* The $18.2 million decrease in operating income compared to the prior year quarter was primarily due to the lower gross profit previously discussed, including the impact of $3.1 million inventory impairments and abandonments recognized during the current quarter, partially offset by lower commissions expense on lower homebuilding revenue.

*East Segment:* The $5.3 million increase in operating income compared to the prior year quarter was primarily due to the higher gross profit previously discussed, partially offset by higher other G&A expenses and higher commissions expense on higher homebuilding revenue.

*Southeast Segment:* The $15.3 million decrease in operating income compared to the prior year quarter was primarily due to the lower gross profit previously discussed, including the impact of $5.6 million inventory impairments and abandonments recognized during the current quarter, and higher other G&A expenses, partially offset by lower commissions expense on lower homebuilding revenue.

*Corporate and Unallocated:* Our corporate and unallocated results include amortization of capitalized interest, capitalization and amortization of indirect costs, impairment of capitalized interest and capitalized indirect costs, expenses for various shared services functions that benefit all segments but are not allocated, including information technology, treasury, corporate finance, legal, branding and national marketing, and certain other amounts that are not allocated to our operating segments. For the three months ended June 30, 2025, corporate and unallocated net expenses increased by $4.1 million from the prior year quarter primarily due to an impairment of capitalized interest and capitalized indirects costs of $1.6 million recognized during the current quarter, higher G&A expenses, higher depreciation and amortization expenses, and higher capitalized interest and capitalized indirect costs expensed to land cost of sales related to land and lots sold.

***Nine Months Ended June 30, 2025 as compared to 2024***

*West Segment:* The $25.7 million decrease in operating income compared to the prior year period was primarily due to the decrease in gross profit previously discussed, including the impact of $3.6 million inventory impairments and abandonments recognized during the current period, as well as higher sales and marketing expenses and higher commissions expense on higher homebuilding revenue.

*East Segment:* The $0.9 million increase in operating income compared to the prior year period was primarily due to the increase in gross profit previously discussed, partially offset by higher commission expenses on higher homebuilding revenue, higher other G&A expenses, and higher sales and marketing expenses.

*Southeast Segment:* The $29.1 million decrease in operating income compared to the prior year period was primarily due to the decrease in gross profit previously discussed, including the impact of $5.7 million inventory impairments and abandonments recognized during the current period, and higher other G&A expenses, partially offset by lower commissions expense on lower homebuilding revenue.

*Corporate and Unallocated:* For the nine months ended June 30, 2025, corporate and unallocated net expenses increased by $19.2 million over the prior year period. This increase was primarily due to higher G&A expenses, higher amortization of capitalized interest to cost of sales on higher closings and homebuilding revenue, higher depreciation and amortization expenses, higher capitalized interest and capitalized indirect costs expensed to land cost of sales related to land and lots sold, and an impairment of capitalized interest and capitalized indirects costs of $1.6 million recognized during the current year period compared to no such charge in the prior year period.

Below operating income, we had three noteworthy fluctuations for the nine months ended June 30, 2025 compared to the prior year periods. Specifically, (1) within other income, net, we recognized a gain on sale of investment of $8.6 million during the nine months ended June 30, 2024 compared to no such transaction in the current period (See the "EBITDA: Reconciliation of Net Income to Adjusted EBITDA" section above for further discussion on this transaction), (2) within other income, net, we experienced lower interest income driven by lower interest rates on lower operating cash balances, and (3) we recorded a loss on extinguishment of debt of $0.4 million during the nine months ended June 30, 2024 compared to no such loss in the current period. See Note 6 of the notes to our condensed consolidated financial statements in this Form 10-Q for a further discussion of debt.

**Income Taxes**

Our income tax assets and liabilities and related effective tax rate are affected by a variety of factors, including, but not limited to, tax credits, permanent differences and other discrete items. A comparison of our effective tax rates should also consider the changes in valuation allowance in periods when a change occurs. As such, our income tax expense/benefit is not always directly correlated to the amount of pre-tax income or loss for the associated periods.

We recognized income tax benefit from continuing operations of $2.2 million and $0.8 million for the three and nine months ended June 30, 2025, respectively, compared to income tax expense of $2.5 million and $10.4 million for the three and nine months ended June 30, 2024, respectively. Income tax benefit for the nine months ended June 30, 2025 was primarily driven by energy efficiency tax credits generated from expected closings during the current fiscal year and stock-based compensation activity in the period, partially offset by income tax expense on earnings from continuing operations and permanent differences. Income tax expense for the nine months ended June 30, 2024 was primarily driven by income tax expense on earnings from continuing operations and permanent differences, partially offset by energy efficiency tax credits generated from expected closings during the current year, the discrete tax benefits related to the generation of additional energy efficiency tax credits from homes closed in prior periods, and stock-based compensation activity in the period. Refer to Note 10 of the notes to the condensed consolidated financial statements included in this Form 10-Q for further discussion of our income taxes.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was signed into law. The OBBBA repeals many of the energy efficiency credits enacted under the Inflation Reduction Act, including our ability to claim energy efficient new home tax credits for homes that close after June 30, 2026. While this change does not impact our fiscal 2025 effective tax rate and deferred tax balances, we are evaluating the full impact of OBBBA on our future tax provision and financial results.

**Liquidity and Capital Resources**

Our sources of liquidity include, but are not limited to, cash from operations, proceeds from Senior Notes, our Senior Unsecured Revolving Credit Facility and other bank borrowings, the issuance of equity and equity-linked securities, and other external sources of funds. Our short-term and long-term liquidity depends primarily upon our level of net income, working capital management (cash, accounts receivable, accounts payable and other liabilities), and available credit facilities.

Net changes in cash, cash equivalents, and restricted cash are as follows for the periods presented:

| | Nine Months Ended June 30, | |
|---|---|---|
| *in thousands* | **2025** | 2024 |
| Net cash used in operating activities | **$ (218,196)** | $ (322,981) |
| Net cash used in investing activities | **(12,656)** | (23,875) |
| Net cash provided by financing activities | **78,664** | 69,003 |
| Net decrease in cash, cash equivalents, and restricted cash | **$ (152,188)** | $ (277,853) |

*Operating Activities*

Net cash used in operating activities was $218.2 million for the nine months ended June 30, 2025. The primary drivers of operating cash flows are typically cash earnings and changes in inventory levels, including land acquisition and development spending. Net cash used in operating activities during the period was primarily driven by an increase in inventory of $258.9 million resulting from land acquisition, land development and house construction spending and a net increase in non-inventory working capital balances of $3.5 million. This was partially offset by cash inflows from income before income taxes of $14.8 million, which included $29.4 million of non-cash charges.

Net cash used in operating activities was $323.0 million for the nine months ended June 30, 2024. Net cash used in operating activities during the period was primarily driven by an increase in inventory of $412.7 million resulting from land acquisition, land development and house construction spending, and a net increase in non-inventory working capital balances of $15.7 million. This was partially offset by cash inflows from income before income taxes of $98.5 million, which included $6.9 million of non-cash charges.

*Investing Activities*

Net cash used in investing activities was $12.7 million for the nine months ended June 30, 2025, primarily driven by capital expenditures for model homes and information systems infrastructure and purchase of investment securities, partially offset by proceeds from maturities in investment securities.

Net cash used in investing activities was $23.9 million for the nine months ended June 30, 2024, primarily driven by capital expenditures for model homes and information systems infrastructure, and purchases of investment securities.

*Financing Activities*

Net cash provided by financing activities was $78.7 million for the nine months ended June 30, 2025, primarily driven by net borrowings from our Unsecured Facility (refer to Note 6 of the notes to the condensed consolidated financial statements included in this Form 10-Q for further discussion), partially offset by common stock repurchases under our share repurchase program and tax payments for stock-based compensation awards vesting.

Net cash provided by financing activities was $69.0 million for the nine months ended June 30, 2024, primarily driven by inflows from the issuance of the 2031 Notes and borrowings from our Unsecured Facility, partially offset by outflows from redemption of our 2025 Notes, debt issuance costs related to the 2031 Notes and extension of the term of our Unsecured Facility (refer to Note 6 of the notes to the condensed consolidated financial statements included in this Form 10-Q for further discussion), repurchases of common stock, and tax payments for stock-based compensation awards vesting.

**Financial Position**

As of June 30, 2025, our liquidity position consisted of $82.9 million in cash and cash equivalents and $209.4 million of remaining capacity under the Unsecured Facility, compared to $73.2 million in cash and cash equivalents and $255.0 million of remaining capacity under the Unsecured Facility as of June 30, 2024.

While we believe we possess sufficient liquidity, we are mindful of potential short-term or seasonal requirements for enhanced liquidity that may arise to operate and grow our business. As of the date of this report, we believe we have adequate capital resources and sufficient access to external financing sources to satisfy our current and long-term liquidity needs for funds to conduct our operations and meet other needs in the ordinary course of our business, however, we are continually reviewing our capital resources to determine whether we can meet our short- and long-term goals, and we may require additional capital to do so.

At times, we may also engage in capital markets, bank loans, project debt or other financial transactions, including the repurchase of debt or potential new issuances of debt or equity securities to support our business needs. The amounts involved in these transactions, if any, may be material. In addition, as necessary or desirable, we may adjust or amend the terms of and/or expand the capacity of the Unsecured Facility, or enter into additional letter of credit facilities, or other similar facility arrangements, in each case with the same or other financial institutions, or allow any such facilities to mature or expire.

**Debt**

We generally fulfill our short-term cash requirements with cash generated from our operations and available borrowings. Additionally, our Unsecured Facility provides working capital and letter of credit capacity of $365.0 million, which includes a letter of credit capacity of $100.0 million. As of June 30, 2025, we had $115.0 million in borrowings and $40.6 million in letters of credit were outstanding under the Unsecured Facility, resulting in a remaining borrowing capacity of $209.4 million.

We have also entered into a number of stand-alone letter of credit agreements with banks, secured with cash or certificates of deposit. These combined facilities provide for letter of credit needs collateralized by either cash or assets of the Company. We currently have $0.4 million of outstanding letters of credit under these facilities.

In the future, we may from time to time seek to continue to retire or purchase our outstanding debt through cash repurchases or in exchange for other debt securities, in open market purchases, privately negotiated transactions, or otherwise. In addition, any material variance from our projected operating results could require us to obtain additional equity or debt financing. There can be no assurance that we will be able to complete any of these transactions in the future on favorable terms or at all. See Note 6 of the notes to the condensed consolidated financial statements in this Form 10-Q for additional details related to our borrowings.

**Supplemental Guarantor Information**

As discussed in Note 6 of the notes to the condensed consolidated financial statements in this Form 10-Q, the Company's obligations to pay principal and interest under certain debt agreements are guaranteed on a joint and several basis by substantially all of the Company's subsidiaries. Some of the immaterial subsidiaries do not guarantee the Senior Notes. The guarantees are full and unconditional. Summarized financial information is not presented for Beazer Homes USA, Inc. and the guarantor subsidiaries on a combined basis as the assets, liabilities and results of operations of the combined issuer and guarantors of the guaranteed security are not materially different than corresponding amounts presented in the condensed consolidated financial statements of the parent company.

**Credit Ratings**

Our credit ratings are periodically reviewed by rating agencies. In February 2025, S&P reaffirmed the Company’s corporate credit rating of B+ and revised the Company's outlook from stable to negative. In October 2024, Moody's reaffirmed the Company's issuer corporate family rating of B1 and reaffirmed the Company's outlook of stable. In addition, our Senior Notes have a rating of B+ and B1 per S&P and Moody's, respectively. These ratings and our current credit condition affect, among other things, our ability to access new capital. These ratings are not recommendations to buy, sell or hold debt securities. Negative changes to these ratings may result in more stringent covenants and higher interest rates under the terms of any new debt. Our credit ratings could be lowered, or rating agencies could issue adverse commentaries in the future, which could have a material adverse effect on our business, financial condition, results of operations, and liquidity. In particular, a weakening of our financial condition, including any further increase in our leverage or decrease in our profitability or cash flows, could adversely affect our ability to obtain necessary funds, could result in a credit rating downgrade or change in outlook, or could otherwise increase our cost of borrowing.

**Stock Repurchases and Dividends Paid**

In April 2025, the Company's Board of Directors approved a new share repurchase program that authorizes the Company to repurchase up to $100.0 million of its outstanding common stock. The newly authorized program replaced the prior share repurchase program authorized in May 2022 of up to $50.0 million of common stock repurchases, pursuant to which $8.3 million of the capacity remained prior to the replacement of the program. Under the new share repurchase program, the Company repurchased 586 thousand shares of its common stock for $12.5 million at an average price per share of $21.38 during the three months ended June 30, 2025 through open market transactions. This brings the total repurchases for the nine months ended June 30, 2025 to 1.5 million shares of common stock for $33.1 million at an average price per share of $22.20. During the three and nine months ended June 30, 2024, 455 thousand shares were repurchased for $12.9 million at an average price per share of $28.41 through open market transactions. All shares have been retired upon repurchase.

The indentures under which our Senior Notes were issued contain certain restrictive covenants, including limitations on the payment of dividends. There were no dividends paid during the three and nine months ended June 30, 2025 or 2024.

**Off-Balance Sheet Arrangements and Aggregate Contractual Commitments**

*Lot Option Agreements*

In addition to purchasing land directly, we control a portion of our land supply through lot option agreements with land developers and land bankers, which generally require the payment of cash or issuance of an irrevocable letter of credit or surety bond for the right to acquire lots during a specified period of time at a specified price. In recent years, we have focused on increasing our lot option agreement usage to minimize risk as we grow our land position. As of June 30, 2025, we controlled 27,794 lots, which includes 251 lots of land held for future development and 599 lots of land held for sale. Of the 26,944 active lots, we controlled 16,195 of these lots, or 60.1%, through option agreements, as compared to 15,434 active lots controlled, or 55.5% of our total active lots, through option agreements as of June 30, 2024. Lot option agreements allow us to position for future growth while providing the flexibility to respond to market conditions by renegotiating the terms of the options prior to exercise or terminating the agreement.

Under option agreements, purchase of the properties is contingent upon satisfaction of certain requirements by us and the sellers, and our liability is generally limited to forfeiture of the non-refundable deposits, letters of credit or surety bonds, and other non-refundable amounts incurred, which totaled $322.6 million as of June 30, 2025. The total remaining purchase price, net of cash deposits, committed under all options was $1.65 billion as of June 30, 2025. Subject to market conditions and our liquidity, we may further expand our use of option agreements to supplement our owned inventory supply.

We expect to exercise, subject to market conditions and seller satisfaction of contract terms, most of our option agreements. Various factors, some of which are beyond our control, such as market conditions, weather conditions, and the timing of the completion of development activities, will have a significant impact on the timing of option exercises or whether lot options will be exercised at all.

We have historically funded the exercise of lot options with operating cash flows. We expect these sources to continue to be adequate to fund anticipated future option exercises. Therefore, we do not anticipate that the exercise of our lot options will have a material adverse effect on our liquidity.

*Letters of Credit and Surety Bonds*

In connection with the development of our communities, we are frequently required to provide performance, maintenance, and other bonds and letters of credit in support of our related obligations with respect to such developments. The amount of such obligations outstanding at any time varies in accordance with our pending development activities. In the event any such bonds or letters of credit are drawn upon, we would be obligated to reimburse the issuer of such bonds or letters of credit. We had outstanding letters of credit and surety bonds of $41.0 million and $330.2 million, respectively, as of June 30, 2025, primarily related to our obligations to local governments to construct roads and other improvements in various developments.

**Critical Accounting Estimates**

Our critical accounting policies require the use of judgment in their application and in certain cases require estimates of inherently uncertain matters. Although our accounting policies are in compliance with accounting principles generally accepted in the United States of America (GAAP), a change in the facts and circumstances of the underlying transactions could significantly change the application of the accounting policies and the resulting financial statement impact. It is also possible that other professionals applying reasonable judgment to the same set of facts and circumstances could reach a different conclusion. As disclosed in our 2024 Annual Report, our most critical accounting policies relate to inventory valuation of projects in progress, warranty reserves, and income tax valuation allowances. There have been no significant changes to our critical accounting policies and estimates during the nine months ended June 30, 2025 as compared to those described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2024 Annual Report on Form 10-K.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to a number of market risks in the ordinary course of business. Our primary market risk exposure relates to fluctuations in interest rates. We do not believe that our exposure in this area is material to our cash flows or results of operations. As of June 30, 2025, we had variable rate debt outstanding totaling approximately $78.0 million. A one percent increase in the interest rate for these notes would result in an increase of our interest expense by approximately $1.0 million over the next twelve-month period. The estimated fair value of our fixed-rate debt as of June 30, 2025 was $965.0 million, compared to a carrying amount of $950.2 million. The effect of a hypothetical one-percentage point decrease in our estimated discount rates would increase the estimated fair value of the fixed rate debt instruments from $965.0 million to $997.8 million as of June 30, 2025.

**Item 4. Controls and Procedures**

***Disclosure Controls and Procedures***

As of the end of the period covered by this report, an evaluation was performed based on criteria established in the *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Act). Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were effective as of June 30, 2025 at a reasonable assurance level.

Attached as exhibits to this Form 10-Q are certifications of our CEO and CFO, which are required by Rule 13a-14 of the Act. This Disclosure Controls and Procedures section includes information concerning management's evaluation of disclosure controls and procedures referred to in those certifications and should be read in conjunction with the certifications of the CEO and CFO.

***Changes in Internal Control Over Financial Reporting***

There have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**PART II. OTHER INFORMATION**

**Item 1. Legal Proceedings**

For a discussion of our legal proceedings, see Note 8 of the notes to our condensed consolidated financial statements in this Form 10-Q.

**Item 1A. Risk Factors**

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K for the year ended September 30, 2024.

## Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table summarizes the Company's common stock repurchases during the quarter ended June 30, 2025:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program [(a)] |
|---|---|---|---|---|
| April 1 - April 30, 2025 | — | $ — | — | $ 100,000,000 |
| May 1 - May 31, 2025 | 100,000 | $ 21.74 | 100,000 | $ 97,826,070 |
| June 1 - June 30, 2025 | 485,959 | $ 21.31 | 485,959 | $ 87,472,259 |
| Total | 585,959 | $ 21.38 | 585,959 | $ 87,472,259 |

[(a)] In April 2025, the Company's Board of Directors approved a new share repurchase program that authorizes the Company to repurchase up to $100.0 million of its outstanding common stock. This newly authorized program replaced the prior share repurchase program. The repurchase program has no expiration date. As of June 30, 2025, the remaining availability of the share repurchase program was $87.5 million.

## Item 5. Other Information

### *Rule 10b5-1 Trading Plans*

During the fiscal quarter ended June 30, 2025, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

## Item 6. Exhibits

| | |
|---|---|
| 22.1 | List of Guarantor Subsidiaries (incorporated herein by reference to Exhibit 22.1 of the Company's Form 10-Q filed on May 1, 2024) |
| 31.1 | Certification of Chief Executive Officer pursuant to 17 CFR 240.13a-14 promulgated under Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of Chief Financial Officer pursuant to 17 CFR 240.13a-14 promulgated under Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1# | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2# | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101 | The condensed consolidated financial statements and accompanying notes in Part I, Financial Information on Form 10-Q are formatted in Inline XBRL |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101) |

# Furnished, not filed.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | | | |
|---|---|---|---|
| Date: | July 31, 2025 | Beazer Homes USA, Inc. | |
| | | By: | /s/ David I. Goldberg |
| | | Name: | **David I. Goldberg** |
| | | | **Senior Vice President and Chief Financial Officer** |

**Exhibit 31.1**

**CERTIFICATION**
**PURSUANT TO 17 CFR 240.13a-14**
**PROMULGATED UNDER**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Allan P. Merrill, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Beazer Homes USA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2025

/s/ Allan P. Merrill

Allan P. Merrill
President and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**
**PURSUANT TO 17 CFR 240.13a-14**
**PROMULGATED UNDER**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David I. Goldberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Beazer Homes USA, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2025

/s/ David I. Goldberg
David I. Goldberg
Senior Vice President and Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Executive Officer of Beazer Homes USA, Inc. (the "Company") hereby certifies that the Report on Form 10-Q of the Company for the period ended June 30, 2025, accompanying this certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2025

/s/ Allan P. Merrill
Allan P. Merrill
President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Title 18, United States Code, and is not being filed as part of the report or as a separate disclosure document.

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Chief Financial Officer of Beazer Homes USA, Inc. (the “Company”) hereby certifies that the Report on Form 10-Q of the Company for the period ended June 30, 2025, accompanying this certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2025

/s/ David I. Goldberg
David I. Goldberg
Senior Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and Section 1350 of Title 18, United States Code, and is not being filed as part of the report or as a separate disclosure document.