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 March 31, 2024
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 **(State or other jurisdiction of incorporation or organization)**	**58-2086934** **(I.R.S. Employer Identification No.)**
2002 Summit Boulevard NE, 15th Floor, Atlanta, Georgia **(Address of principal executive offices)**	**30319** **(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 April 26, 2024: 31,547,284

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)		**March 31, 2024**		September 30, 2023
ASSETS				
Cash and cash equivalents	**$**	**132,867**	$	345,590
Restricted cash		**32,527**		40,699
Accounts receivable (net of allowance of $284 and $284, respectively)		**54,226**		45,598
Income tax receivable		**246**		—
Owned inventory		**2,057,461**		1,756,203
Deferred tax assets, net		**132,521**		133,949
Property and equipment, net		**36,839**		31,144
Operating lease right-of-use assets		**15,867**		17,398
Goodwill		**11,376**		11,376
Other assets		**41,480**		29,076
Total assets	**$**	**2,515,410**	$	2,411,033
LIABILITIES AND STOCKHOLDERS' EQUITY				
Trade accounts payable	**$**	**168,669**	$	154,256
Operating lease liabilities		**17,543**		18,969
Other liabilities		**144,310**		156,961
Total debt (net of debt issuance costs of $9,314 and $5,759, respectively)		**1,023,311**		978,028
Total liabilities		**1,353,833**		1,308,214
Stockholders' equity:				
Preferred stock (par value $0.01 per share, 5,000,000 shares authorized, no shares issued)		**—**		—
Common stock (par value $0.001 per share, 63,000,000 shares authorized, 31,547,284 issued and outstanding and 31,351,434 issued and outstanding, respectively)		**32**		31
Paid-in capital		**862,636**		864,778
Retained earnings		**298,909**		238,010
Total stockholders' equity		**1,161,577**		1,102,819
Total liabilities and stockholders' equity	**$**	**2,515,410**	$	2,411,033

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 March 31, 2024	Three Months Ended March 31, 2023	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Total revenue	**$ 541,540**	$ 543,908	**$ 928,358**	$ 988,836
Home construction and land sales expenses	**439,687**	440,901	**748,775**	799,871
Inventory impairments and abandonments	**—**	111	**—**	301
Gross profit	**101,853**	102,896	**179,583**	188,664
Commissions	**18,285**	18,305	**31,531**	32,410
General and administrative expenses	**44,004**	42,779	**85,990**	83,427
Depreciation and amortization	**3,573**	3,020	**5,806**	5,533
Operating income	**35,991**	38,792	**56,256**	67,294
Loss on extinguishment of debt, net	**(424)**	—	**(437)**	(515)
Other income, net	**10,343**	1,007	**13,000**	1,583
Income from continuing operations before income taxes	**45,910**	39,799	**68,819**	68,362
Expense from income taxes	**6,739**	5,092	**7,920**	9,247
Income from continuing operations	**39,171**	34,707	**60,899**	59,115
Loss from discontinued operations, net of tax	**—**	—	**—**	(77)
Net income	**$ 39,171**	$ 34,707	**$ 60,899**	$ 59,038
Weighted-average number of shares:				
Basic	**30,769**	30,394	**30,681**	30,464
Diluted	**31,133**	30,610	**31,064**	30,702
Basic income per share:				
Continuing operations	**$ 1.27**	$ 1.14	**$ 1.98**	$ 1.94
Discontinued operations	**—**	—	**—**	—
Total	**$ 1.27**	$ 1.14	**$ 1.98**	$ 1.94
Diluted income per share:				
Continuing operations	**$ 1.26**	$ 1.13	**$ 1.96**	$ 1.93
Discontinued operations	**—**	—	**—**	—
Total	**$ 1.26**	$ 1.13	**$ 1.96**	$ 1.93

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31, 2024				
	Common Stock				
in thousands	Shares	Amount	Paid-in Capital	Retained Earnings	Total
Balance as of December 31, 2023	31,533	$ 32	$ 861,241	$ 259,738	$ 1,121,011
Net income and comprehensive income	—	—	—	39,171	39,171
Stock-based compensation expense	—	—	1,389	—	1,389
Stock option exercises	2	—	16	—	16
Shares issued under employee stock plans, net	14	—	—	—	—
Forfeiture and other settlements of restricted stock	(2)	—	—	—	—
Common stock redeemed for tax liability	—	—	(10)	—	(10)
Balance as of March 31, 2024	31,547	$ 32	$ 862,636	$ 298,909	$ 1,161,577

	Six Months Ended March 31, 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	—	—	—	60,899	60,899
Stock-based compensation expense	—	—	3,062	—	3,062
Stock option exercises	2	—	16	—	16
Shares issued under employee stock plans, net	376	1	—	—	1
Forfeiture and other settlements of restricted stock	(10)	—	—	—	—
Common stock redeemed for tax liability	(172)	—	(5,220)	—	(5,220)
Balance as of March 31, 2024	31,547	$ 32	$ 862,636	$ 298,909	$ 1,161,577

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

	Three Months Ended March 31, 2023				
	Common Stock				
in thousands	Shares	Amount	Paid-in Capital	Retained Earnings	Total
Balance as of December 31, 2022	31,347	$ 31	$ 858,839	$ 103,730	$ 962,600
Net income and comprehensive income	—	—	—	34,707	34,707
Stock-based compensation expense	—	—	1,678	—	1,678
Shares issued under employee stock plans, net	3	—	—	—	—
Forfeiture and other settlements of restricted stock	(3)	—	—	—	—
Balance as of March 31, 2023	31,347	$ 31	$ 860,517	$ 138,437	$ 998,985

	Six Months Ended March 31, 2023				
	Common Stock				
in thousands	Shares	Amount	Paid-in Capital	Retained Earnings	Total
Balance as of September 30, 2022	30,880	$ 31	$ 859,856	$ 79,399	$ 939,286
Net income and comprehensive income	—	—	—	59,038	59,038
Stock-based compensation expense	—	—	3,258	—	3,258
Shares issued under employee stock plans, net	675	—	—	—	—
Forfeiture and other settlements of restricted stock	(3)	—	—	—	—
Common stock redeemed for tax liability	(205)	—	(2,597)	—	(2,597)
Balance as of March 31, 2023	31,347	$ 31	$ 860,517	$ 138,437	$ 998,985

See accompanying notes to condensed consolidated financial statements.

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

in thousands	Six Months Ended March 31, 2024	2023
Cash flows from operating activities:		
Net income	**$ 60,899**	$ 59,038
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	**5,806**	5,533
Stock-based compensation expense	**3,062**	3,258
Inventory impairments and abandonments	**—**	301
Deferred and other income tax expense	**7,920**	9,225
(Gain) loss on disposal of fixed assets	**(194)**	1,265
Gain on sale of investment	**(8,591)**	—
Loss on extinguishment of debt, net	**437**	515
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	**(8,628)**	7,429
(Increase) decrease in income tax receivable	**(246)**	9,667
Increase in inventory	**(299,116)**	(2,275)
Decrease (increase) in other assets	**4,350**	(1,755)
Increase (decrease) in trade accounts payable	**14,413**	(18,401)
Decrease in other liabilities	**(19,685)**	(33,532)
Net cash (used in) provided by operating activities	**(239,573)**	40,268
Cash flows from investing activities:		
Capital expenditures	**(11,501)**	(7,824)
Proceeds from sale of fixed assets	**194**	52
Purchases of investment securities	**(7,454)**	—
Other	**—**	(2)
Net cash used in investing activities	**(18,761)**	(7,774)
Cash flows from financing activities:		
Repayment of debt	**(202,195)**	—
Proceeds from issuance of debt	**250,000**	—
Repayment of borrowings from credit facility	**(115,000)**	—
Borrowings from credit facility	**115,000**	—
Debt issuance costs	**(5,162)**	(2,575)
Tax payments for stock-based compensation awards	**(5,220)**	(2,597)
Stock option exercises	**16**	—
Net cash provided by (used in) financing activities	**37,439**	(5,172)
Net (decrease) increase in cash, cash equivalents, and restricted cash	**(220,895)**	27,322
Cash, cash equivalents, and restricted cash at beginning of period	**386,289**	251,828
Cash, cash equivalents, and restricted cash at end of period	**$ 165,394**	$ 279,150

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 and are generally offered for sale in advance of their construction. 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, 2023 (2023 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 2023 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 six months ended March 31, 2024 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 income is equivalent to our comprehensive income, so we have not presented a separate statement of comprehensive 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 2024 began on October 1, 2023 and ends on September 30, 2024. Our fiscal year 2023 began on October 1, 2022 and ended on September 30, 2023.

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 May 2022, the Company's Board of Directors approved a share repurchase program that authorizes the Company to repurchase up to $50.0 million of its outstanding common stock. This share repurchase program replaced the prior share repurchase program, authorized in the first quarter of fiscal 2019 of up to $50.0 million of common stock repurchases, pursuant to which $12.0 million of the capacity remained prior to the replacement of the program. No share repurchases were made during the three and six months ended March 31, 2024 and 2023. As of March 31, 2024, the remaining availability of the new share repurchase program was $41.8 million. The repurchase program has no expiration date. Previously repurchased shares under the program have been retired.

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 March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Homebuilding revenue	**$ 538,636**	$ 542,007	**$ 919,555**	$ 986,091
Land sales and other revenue	**2,904**	1,901	**8,803**	2,745
Total revenue[a]	**$ 541,540**	$ 543,908	**$ 928,358**	$ 988,836

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

Homebuilding revenue

Homebuilding revenue is reported net of discounts and 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 $28.7 million and $27.6 million as of March 31, 2024 and September 30, 2023, respectively. Of the customer liabilities outstanding as of September 30, 2023, $10.1 million and $21.9 million was recognized in revenue during the three and six months ended March 31, 2024 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 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. All disclosure requirements of ASU 2023-07 are required for entities with a single reportable segment. 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 currently evaluating the impact that the adoption of ASU 2023-07 may have on our consolidated financial statements and disclosures.

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.

(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:

in thousands	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Supplemental disclosure of non-cash activity:		
Increase in operating lease right-of-use assets[a]	**$ —**	$ 7,034
Increase in operating lease liabilities[a]	**$ —**	$ 7,482
Supplemental disclosure of cash activity:		
Interest payments	**$ 34,555**	$ 33,406
Income tax payments	**$ 7,010**	$ 378
Tax refunds received	**$ —**	$ 9,667
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	**$ 132,867**	$ 240,829
Restricted cash	**32,527**	38,321
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	**$ 165,394**	$ 279,150

[a] Represents leases renewed or additional leases commenced during the six months ended March 31, 2024 and 2023.

(4) Owned Inventory

The components of our owned inventory are as follows as of March 31, 2024 and September 30, 2023:

in thousands	As of March 31, 2024	As of September 30, 2023
Homes under construction	**$ 851,278**	$ 644,363
Land under development	**951,221**	870,740
Land held for future development	**19,879**	19,879
Land held for sale	**18,264**	18,579
Capitalized interest	**123,214**	112,580
Model homes	**93,605**	90,062
Total owned inventory	**$ 2,057,461**	$ 1,756,203

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 March 31, 2024, we had 2,829 homes under construction, including 1,084 spec homes totaling $309.0 million (903 in-process spec homes totaling $234.9 million, and 181 finished spec homes totaling $74.1 million). As of September 30, 2023, we had 2,163 homes under construction, including 779 spec homes totaling $218.0 million (645 in-process spec homes totaling $162.0 million, and 134 finished spec units totaling $56.0 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 2023 Annual Report). These assets are recorded at the lower of the carrying value or fair value less costs to sell (net realizable value).

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 is presented in the table below as of March 31, 2024 and September 30, 2023:

in thousands	Projects in Progress[(a)]	Land Held for Future Development	Land Held for Sale	Total Owned Inventory
March 31, 2024				
West	**$ 1,076,824**	**$ 3,483**	**$ 13,004**	**$ 1,093,311**
East	**392,848**	**10,888**	**4,584**	**408,320**
Southeast	**349,560**	**5,508**	**676**	**355,744**
Corporate and unallocated[(b)]	**200,086**	**—**	**—**	**200,086**
Total	**$ 2,019,318**	**$ 19,879**	**$ 18,264**	**$ 2,057,461**
September 30, 2023				
West	$ 914,908	$ 3,483	$ 14,702	$ 933,093
East	325,395	10,888	3,201	339,484
Southeast	297,142	5,508	676	303,326
Corporate and unallocated[(b)]	180,300	—	—	180,300
Total	$ 1,717,745	$ 19,879	$ 18,579	$ 1,756,203

(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 our Corporate and unallocated segment.

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 2023 Annual Report.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Abandonments:				
West	**$ —**	$ 111	**$ —**	$ 147
East	**—**	—	**—**	154
Total abandonments charges	**$ —**	$ 111	**$ —**	$ 301
Total impairment and abandonment charges	**$ —**	$ 111	**$ —**	$ 301

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.

No project in progress impairments were recognized during the three and six months ended March 31, 2024 and 2023.

Land Held for Sale Impairments

We evaluate the net realizable value (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 to net realizable value based on sales contracts, letters of intent, current market conditions, and recent comparable land sale transactions, as applicable. Absent an executed sales contract, our assumptions related to land sales prices 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.

No land held for sale impairments were recognized during the three and six months ended March 31, 2024 and 2023.

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 abandon or walk away from a 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.

No abandonment charges were recognized during the three and six months ended March 31, 2024. We recognized $0.1 million and $0.3 million of abandonment charges during the three and six months ended March 31, 2023, respectively. 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 March 31, 2024 and September 30, 2023:

in thousands	**As of March 31, 2024**	As of September 30, 2023
Deposits and non-refundable pre-acquisition costs incurred[a]	**$ 174,602**	$ 165,371
Remaining purchase price if lot option agreements are exercised	**$ 989,420**	$ 949,447

[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 six months ended March 31, 2024 and 2023 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 March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Capitalized interest in inventory, beginning of period	**$ 119,596**	$ 113,143	**$ 112,580**	$ 109,088
Interest incurred	**19,689**	18,034	**37,895**	35,864
Capitalized interest amortized to home construction and land sales expenses[a]	**(16,071)**	(17,291)	**(27,261)**	(31,066)
Capitalized interest in inventory, end of period	**$ 123,214**	$ 113,886	**$ 123,214**	$ 113,886

[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 March 31, 2024 and September 30, 2023:

in thousands	**Maturity Date**	**March 31, 2024**	September 30, 2023
6.750% Senior Notes (2025 Notes)	March 2025	**$ —**	$ 202,195
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**	—
Unamortized debt issuance costs		**(9,314)**	(5,759)
Total Senior Notes, net		**947,941**	903,691
Junior Subordinated Notes (net of unamortized accretion of $25,403 and $26,436, respectively)	July 2036	**75,370**	74,337
Senior Unsecured Revolving Credit Facility	March 2028	**—**	—
Total debt, net		**$ 1,023,311**	$ 978,028

Senior Unsecured Revolving Credit Facility

The Senior Unsecured Revolving Credit Facility (Unsecured Facility) provides working capital and letter of credit borrowing capacity of $300.0 million. The $300.0 million capacity includes a letter of credit facility of up to $100.0 million. The Company has the right from time to time to request to increase the size of the commitments under the Unsecured Facility by up to $100.0 million for a maximum of $400.0 million. In March 2024, the Company executed an amendment to extend the termination date (Termination Date) from October 13, 2026 to March 15, 2028. 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 2023 Annual Report.

As of March 31, 2024, no borrowings and no letters of credit were outstanding under the Unsecured Facility, resulting in a remaining capacity of $300.0 million. The Unsecured Facility requires compliance with certain covenants, including affirmative covenants, negative covenants and financial covenants. As of March 31, 2024, 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 March 31, 2024 and September 30, 2023, the Company had letters of credit outstanding under these additional facilities of $34.8 million and $31.2 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 March 31, 2024.

In March 2024, we issued and sold $250.0 million aggregate principal amount of the 2031 Notes at par (before underwriting and other issuance costs) through a private placement to qualified institutional buyers. Interest on the 2031 Notes is payable semiannually, beginning in September 2024. The 2031 Notes will mature in March 2031. The covenants related to the 2031 Notes are substantially consistent with our other Senior Notes.

During the three months ended December 31, 2023, we repurchased $4.3 million of our outstanding 2025 Notes using cash on hand, resulting in a loss on extinguishment of debt of less than $0.1 million. In March 2024, we also redeemed the remaining $197.9 million of our outstanding 2025 Notes using proceeds from the issuance of the 2031 Notes, resulting in a loss on extinguishment of debt of $0.4 million. The Company has terminated, cancelled, and discharged all of its obligations under the 2025 Notes as of March 31, 2024.

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. 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 March 31, 2024. The securities have a floating interest rate as defined in the Junior Subordinated Notes Indentures, which was a weighted-average of 8.03% as of March 31, 2024. 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 March 31, 2024, the unamortized accretion was $25.4 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 LIBOR (on and prior to June 30, 2023) plus 2.45% per annum, or three-month SOFR (on and after July 1, 2023) 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; beginning on June 1, 2022, the redemption price increased by 1.785% annually. As of March 31, 2024, 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. Certain 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 to use (ROU) 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 March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Operating lease expense	**$ 1,018**	$ 956	**$ 2,099**	$ 1,957
Cash payments on lease liabilities	**$ 1,021**	$ 1,103	**$ 1,994**	$ 2,244

At March 31, 2024 and 2023, the weighted-average remaining lease term and discount rate were as follows:

	As of March 31,	
	2024	2023
Weighted-average remaining lease term	**6.8 years**	7.3 years
Weighted-average discount rate	**6.07%**	5.79%

The following is a maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities as of March 31, 2024:

Fiscal Years Ending September 30,		
in thousands		
2024[(a)]	**$**	**2,131**
2025		**4,004**
2026		**3,393**
2027		**2,467**
2028		**2,212**
Thereafter		**7,967**
Total lease payments[(b)]		**22,174**
Less: imputed interest		**4,631**
Total operating lease liabilities	**$**	**17,543**

(a) Remaining lease payments are for the period beginning April 1, 2024 through September 30, 2024.

(b) Lease payments exclude $3.5 million of legally binding minimum lease payments for office leases signed but not yet commenced. The related ROU asset and operating lease liability are not reflected on the Company's condensed consolidated balance sheet as of March 31, 2024.

(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 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 March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Balance at beginning of period	**$ 12,348**	$ 13,159	**$ 13,046**	$ 13,926
Warranty provision	**2,208**	2,335	**4,112**	3,938
Warranty expenditures	**(2,427)**	(2,421)	**(5,029)**	(4,791)
Balance at end of period	**$ 12,129**	$ 13,073	**$ 12,129**	$ 13,073

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 $8.8 million and $9.4 million in other liabilities on our condensed consolidated balance sheets related to litigation matters as of March 31, 2024 and September 30, 2023, respectively.

Surety Bonds and Letters of Credit

We had outstanding letters of credit and surety bonds of $34.8 million and $255.4 million, respectively, as of March 31, 2024, 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 for each hierarchy level:

in thousands	Level 1	Level 2	Level 3	Total
As of March 31, 2024				
Deferred compensation plan assets[a]	**$ 7,500**	**$ —**	**$ —**	**$ 7,500**
As of September 30, 2023				
Deferred compensation plan assets[a]	$ 6,495	$ —	$ —	$ 6,495

[a] Amount is measured at fair value on a recurring basis and 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 March 31, 2024 and September 30, 2023:

	As of March 31, 2024		As of September 30, 2023	
in thousands	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Certificates of deposit[a]	**$ 9,279**	**$ 9,579**	$ 1,951	$ 1,986
Total financial assets	**$ 9,279**	**$ 9,579**	$ 1,951	$ 1,986
Financial liabilities[b]				
Senior Notes[c]	**$ 947,941**	**$ 958,980**	$ 903,691	$ 858,528
Junior Subordinated Notes[d]	**75,370**	**75,370**	74,337	74,337
Total financial liabilities	**$ 1,023,311**	**$ 1,034,350**	$ 978,028	$ 932,865

[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 expense from continuing operations of $6.7 million and $7.9 million for the three and six months ended March 31, 2024, compared to $5.1 million and $9.2 million for the three and six months ended March 31, 2023. Income tax expense for the six months ended March 31, 2024 was primarily driven by income tax expense on earnings from continuing operations and permanent differences, partially offset by both energy efficiency tax credits generated from expected closings during the current year and the discrete tax benefits related to the generation of additional energy efficiency tax credits from homes closed in prior periods, as well as stock-based compensation activity in the period. Income tax expense for the six months ended March 31, 2023 was primarily driven by income tax expense on earnings from continuing operations, permanent differences, and the discrete tax expense related to stock-based compensation activity in the period, partially offset by the discrete tax benefits related to the generation of additional energy efficiency tax credits for homes closed in prior periods and interest received with the refund of our alternative minimum tax credit.

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 March 31, 2024, 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, 2023, 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 2023 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 March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Stock-based compensation expense	**$ 1,389**	$ 1,678	**$ 3,062**	$ 3,258

Stock Options

Following is a summary of stock option activity for the six months ended March 31, 2024:

	Six Months Ended March 31, 2024	
	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	13,575	$ 9.61
Exercised	(2,110)	7.56
Outstanding at end of period	11,465	9.99
Exercisable at end of period	11,365	$ 9.83

As of March 31, 2024 and September 30, 2023, there was less than $0.1 million of total unrecognized compensation costs related to unvested stock options, respectively.

Restricted Stock Awards

During the six months ended March 31, 2024, 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 two to 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 six months ended March 31, 2024:

	Six Months Ended March 31, 2024		
	Performance-Based Restricted Shares	Time-Based Restricted Shares	Total Restricted Shares
Beginning of period	348,223	593,834	942,057
Granted [a]	180,144	194,498	374,642
Vested	(210,176)	(319,828)	(530,004)
Forfeited	(791)	(9,106)	(9,897)
End of period	317,400	459,398	776,798

[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 Compensation Committee. In November 2023, we issued 108,108 shares earned above target level based on the performance level achieved under the fiscal 2021 performance-based award plan.

As of March 31, 2024 and September 30, 2023, total unrecognized compensation costs related to unvested restricted stock awards were $10.5 million and $6.9 million, respectively. The costs remaining as of March 31, 2024 are expected to be recognized over a weighted average period of 1.95 years.

(12) Earnings Per Share

Basic income per share is calculated by dividing net income by the weighted-average number of shares outstanding during the period. Diluted income per share adjusts the basic 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 income per share for the periods presented:

	Three Months Ended March 31,		Six Months Ended March 31,	
in thousands (except per share data)	**2024**	2023	**2024**	2023
Numerator:				
Income from continuing operations	**$ 39,171**	$ 34,707	**$ 60,899**	$ 59,115
Loss from discontinued operations, net of tax	**—**	—	**—**	(77)
Net income	**$ 39,171**	$ 34,707	**$ 60,899**	$ 59,038
Denominator:				
Basic weighted-average shares	**30,769**	30,394	**30,681**	30,464
Dilutive effect of restricted stock awards	**357**	211	**375**	234
Dilutive effect of stock options	**7**	5	**8**	4
Diluted weighted-average shares[(a)]	**31,133**	30,610	**31,064**	30,702
Basic income per share:				
Continuing operations	**$ 1.27**	$ 1.14	**$ 1.98**	$ 1.94
Discontinued operations	**—**	—	**—**	—
Total	**$ 1.27**	$ 1.14	**$ 1.98**	$ 1.94
Diluted income per share:				
Continuing operations	**$ 1.26**	$ 1.13	**$ 1.96**	$ 1.93
Discontinued operations	**—**	—	**—**	—
Total	**$ 1.26**	$ 1.13	**$ 1.96**	$ 1.93

[(a)] The following potentially dilutive shares were excluded from the calculation of diluted income per share as a result of their anti-dilutive effect.

	Three Months Ended March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Stock options	**—**	12	**—**	12
Time-based restricted stock	**1**	119	**2**	134

(13) Other Liabilities

Other liabilities include the following as of March 31, 2024 and September 30, 2023:

in thousands	**As of March 31, 2024**	As of September 30, 2023
Accrued compensations and benefits	**32,335**	$ 50,242
Customer deposits	**28,716**	27,577
Accrued interest	**24,328**	23,132
Warranty reserves	**12,129**	13,046
Litigation accruals	**8,775**	9,404
Income tax liabilities	**—**	272
Other	**38,027**	33,288
Total	**$ 144,310**	$ 156,961

(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 2023 Annual Report.

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

	Three Months Ended March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Revenue				
West	**$ 347,338**	$ 330,413	**$ 584,431**	$ 605,228
East	**111,844**	120,071	**186,621**	206,261
Southeast	**82,358**	93,424	**157,306**	177,347
Total revenue	**$ 541,540**	$ 543,908	**$ 928,358**	$ 988,836

	Three Months Ended March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Operating income				
West	**$ 46,030**	$ 45,513	**$ 74,369**	$ 82,870
East	**12,282**	16,244	**18,638**	25,506
Southeast	**10,953**	11,517	**20,093**	22,196
Segment total	**69,265**	73,274	**113,100**	130,572
Corporate and unallocated[a]	**(33,274)**	(34,482)	**(56,844)**	(63,278)
Total operating income	**$ 35,991**	$ 38,792	**$ 56,256**	$ 67,294

[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.

Below operating income, we recognized a gain on sale of investment of $8.6 million during the three and six months ended March 31, 2024 within other income, net. 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.

	Three Months Ended March 31,		Six Months Ended March 31,	
in thousands	**2024**	2023	**2024**	2023
Depreciation and amortization				
West	**$ 2,452**	$ 1,939	**$ 3,763**	$ 3,544
East	**406**	388	**615**	661
Southeast	**268**	398	**588**	728
Segment total	**3,126**	2,725	**4,966**	4,933
Corporate and unallocated[(a)]	**447**	295	**840**	600
Total depreciation and amortization	**$ 3,573**	$ 3,020	**$ 5,806**	$ 5,533

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

The following table presents capital expenditures by segment for the periods presented:

	Six Months Ended March 31,	
in thousands	**2024**	2023
Capital expenditures		
West	**$ 6,873**	$ 3,086
East	**865**	1,239
Southeast	**462**	925
Corporate and unallocated	**3,301**	2,574
Total capital expenditures	**$ 11,501**	$ 7,824

The following table presents assets by segment as of March 31, 2024 and September 30, 2023:

in thousands	**As of March 31, 2024**	As of September 30, 2023
Assets		
West	**$ 1,157,508**	$ 994,597
East	**432,585**	356,020
Southeast	**372,324**	320,430
Corporate and unallocated[(a)]	**552,993**	739,986
Total assets	**$ 2,515,410**	$ 2,411,033

[(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.

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

Executive Overview and Outlook

Market Conditions

During the second quarter of fiscal 2024, we observed healthy demand for our homes as mortgage rates continue to modestly adjust, ultimately rising about 20 basis points. We generated a solid sales pace and achieved double-digit growth in our net new orders compared to the quarter ended March 31, 2023. We believe these results reflect the underlying demand for homeownership and a favorable economic backdrop characterized by low unemployment rates, fairly strong consumer confidence, and sustained low levels of resale inventory.

Despite the overall strength in demand bolstered by favorable economic conditions, the housing industry remains sensitive to fluctuations in mortgage rates, and home affordability remains a challenge. One way we address affordability concerns is through our Mortgage Choice platform, which identifies qualified lenders and encourages competition among them to offer our customers the most competitive interest rates, fees, and service levels. Additionally, we continue to refine our product offerings in certain markets by adjusting home sizes and specification levels to address pricing and affordability concerns.

Although we expect uncertainty around mortgage interest rates in near-term market conditions to persist, we remain confident in the long-term outlook for the housing market, supported by favorable demographic trends and a multimillion unit housing deficit that has accumulated over the past decade. Our long-term strategic business objectives encompass expanding our active communities to over 200 by the end of fiscal 2026, reducing our net debt to net capitalization ratio below 30% by the end of fiscal 2026, and reaching our target of 100% of home starts as Zero Energy Ready by the end of the calendar year 2025.

Looking ahead to the remainder of fiscal 2024, our strategic focus remains on positioning our business for durable long-term growth. In March 2024, we successfully refinanced our remaining outstanding 2025 Notes of $197.9 million through the issuance of $250.0 million of Senior Notes due 2031 and extended the maturity of our Unsecured Facility. With an improved balance sheet and ample liquidity, we believe we are well-equipped to navigate the evolving market dynamics as we continue to make strides in achieving our long-term strategic objectives.

Overview of Results for Our Fiscal Second Quarter

The following is a summary of our performance against certain key operating and financial metrics during the quarter ended March 31, 2024 and a comparison to the quarter ended March 31, 2023:

- **During the quarter ended March 31, 2024, our average active community count of 140 was up 13.8% from 123 in the prior year quarter.** We ended the quarter with 145 active communities, up 19.8% from 121 a year ago. This marks the eighth consecutive quarter of year-over-year growth in community count as we work towards our goal of reaching more than 200 active communities by the end of fiscal 2026. We invested $197.8 million in land acquisition and land development during the quarter ended March 31, 2024, representing an increase of 75.0% compared to $113.0 million in land spend during the quarter ended March 31, 2023.

- **During the quarter ended March 31, 2024, sales per community per month was 3.1 compared to 3.2 in the prior year quarter, and our net new orders were 1,299, up 10.0% from 1,181 in the prior year quarter**. The expanded average active community count allowed us to deliver higher net new orders year-over-year despite a slight decline in sales pace to 3.1 orders per community per month during the fiscal second quarter compared to the prior year quarter.

- **As of March 31, 2024, our land position included 26,887 controlled lots, up 12.9% from 23,820 as of March 31, 2023.** Excluding land held for future development and land held for sale lots, we controlled 26,218 active lots, up 13.5% from a year ago. As of March 31, 2024, we had 13,527 lots, or 51.6% of our total active lots, under option agreements as compared to 12,460 lots, or 54.0% of our total active lots, under option agreements as of March 31, 2023.

- **Our Average Selling Price (ASP) for homes closed during the quarter ended March 31, 2024 was $515.9 thousand, up 1.2% from $509.9 thousand in the prior year quarter.** Our backlog ASP of $525.5 thousand as of March 31, 2024 was down slightly from $531.3 thousand as of March 31, 2023. We are addressing new home affordability challenges by altering our product strategy in certain markets through reduction of homes sizes and/or features included in our base price.

- **Homebuilding gross margin for the quarter ended March 31, 2024 remained consistent at 18.7% compared to the prior year quarter.** Homebuilding gross margin, excluding impairments, abandonments, and interest for the quarter ended March 31, 2024, was 21.7%, down from 22.0% in the prior year quarter. The decrease in homebuilding gross margin compared to the prior year quarter was primarily due to changes in product and community mix and an increase in closing cost incentives, partially offset by a decrease in build costs. If market conditions deteriorate due to unfavorable mortgage rate movements, gross margin may be compressed in the future.

- **SG&A for the quarter ended March 31, 2024 was 11.5% of total revenue, up from 11.2% 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 higher sales and marketing costs as we prepare for new community activations and future growth, as well as a slight decrease in homebuilding revenues. 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 six months ended March 31, 2024 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 March 31, 2024	Three Months Ended March 31, 2023	Six Months Ended March 31, 2024	Six Months Ended March 31, 2023
Revenue:				
Homebuilding	**$ 538,636**	$ 542,007	**$ 919,555**	$ 986,091
Land sales and other	**2,904**	1,901	**8,803**	2,745
Total	**$ 541,540**	$ 543,908	**$ 928,358**	$ 988,836
Gross profit:				
Homebuilding	**$ 100,774**	$ 101,588	**$ 176,717**	$ 186,702
Land sales and other	**1,079**	1,308	**2,866**	1,962
Total	**$ 101,853**	$ 102,896	**$ 179,583**	$ 188,664
Gross margin:				
Homebuilding[(a)]	**18.7 %**	18.7 %	**19.2 %**	18.9 %
Land sales and other[(b)]	**37.2 %**	68.8 %	**32.6 %**	71.5 %
Total	**18.8 %**	18.9 %	**19.3 %**	19.1 %
Commissions	**$ 18,285**	$ 18,305	**$ 31,531**	$ 32,410
General and administrative expenses (G&A)	**$ 44,004**	$ 42,779	**$ 85,990**	$ 83,427
SG&A (commissions plus G&A) as a percentage of total revenue	**11.5 %**	11.2 %	**12.7 %**	11.7 %
G&A as a percentage of total revenue	**8.1 %**	7.9 %	**9.3 %**	8.4 %
Depreciation and amortization	**$ 3,573**	$ 3,020	**$ 5,806**	$ 5,533
Operating income	**$ 35,991**	$ 38,792	**$ 56,256**	$ 67,294
Operating income as a percentage of total revenue	**6.6 %**	7.1 %	**6.1 %**	6.8 %
Effective tax rate[(c)]	**14.7 %**	12.8 %	**11.5 %**	13.5 %
Inventory impairments and abandonments	**$ —**	$ 111	**$ —**	$ 301
Loss on extinguishment of debt, net	**$ (424)**	$ —	**$ (437)**	$ (515)

(a) Excluding impairments, abandonments, and interest amortized to cost of sales, homebuilding gross margin was 21.7% and 22.0% for the three months ended March 31, 2024 and 2023, respectively, and 22.2% and 22.1% for the six months ended March 31, 2024 and 2023, 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 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 expense for the period divided by income from continuing operations. Our income tax expenses are not always directly correlated to the amount of pre-tax 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 and, historically, were valued at $2,000 per single family home. The Inflation Reduction Act increased these credits to $2,500 or $5,000 per single family home meeting Energy Star or Zero Energy Ready qualifications, respectively. As we work towards our goal of building 100% Zero Energy Ready homes, we expect our energy efficiency tax credits to shift increasingly towards $5,000 per single family home in the current and future years.

EBITDA: Reconciliation of Net Income to Adjusted EBITDA

Reconciliation of Adjusted EBITDA (a non-GAAP financial measure) to total company net income, the most directly comparable 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 income to Adjusted EBITDA for the periods presented:

	Three Months Ended March 31,			Six Months Ended March 31,			LTM Ended March 31,[a]		
in thousands	**2024**	2023	**24 vs 23**	**2024**	2023	**24 vs 23**	**2024**	2023	**24 vs 23**
Net income	**$ 39,171**	$ 34,707	**$ 4,464**	**$ 60,899**	$ 59,038	**$ 1,861**	**$ 160,472**	$ 200,185	**$ (39,713)**
Expense from income taxes	**6,739**	5,092	**1,647**	**7,920**	9,225	**(1,305)**	**22,631**	45,961	**(23,330)**
Interest amortized to home construction and land sales expenses and capitalized interest impaired	**16,071**	17,291	**(1,220)**	**27,261**	31,066	**(3,805)**	**64,684**	72,261	**(7,577)**
EBIT	**61,981**	57,090	**4,891**	**96,080**	99,329	**(3,249)**	**247,787**	318,407	**(70,620)**
Depreciation and amortization	**3,573**	3,020	**553**	**5,806**	5,533	**273**	**12,471**	12,981	**(510)**
EBITDA	**65,554**	60,110	**5,444**	**101,886**	104,862	**(2,976)**	**260,258**	331,388	**(71,130)**
Stock-based compensation expense	**1,389**	1,678	**(289)**	**3,062**	3,258	**(196)**	**7,079**	7,204	**(125)**
Loss on extinguishment of debt	**424**	—	**424**	**437**	515	**(78)**	**468**	42	**426**
Inventory impairments and abandonments[b]	**—**	111	**(111)**	**—**	301	**(301)**	**340**	1,890	**(1,550)**
Gain on sale of investment[c]	**(8,591)**	—	**(8,591)**	**(8,591)**	—	**(8,591)**	**(8,591)**	—	**(8,591)**
Severance expenses	**—**	224	**(224)**	**—**	335	**(335)**	**—**	335	**(335)**
Adjusted EBITDA	**$ 58,776**	$ 62,123	**$ (3,347)**	**$ 96,794**	$ 109,271	**$ (12,477)**	**$ 259,554**	$ 340,859	**$ (81,305)**

[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 to Net Debt to Net Capitalization Ratio

Reconciliation of net debt to net capitalization ratio (a non-GAAP financial measure) to total debt to total capitalization ratio, the most directly comparable 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 March 31, 2024**	As of March 31, 2023
Total debt	**$ 1,023,311**	$ 985,220
Stockholders' equity	**1,161,577**	998,985
Total capitalization	**$ 2,184,888**	$ 1,984,205
Total debt to total capitalization ratio	**46.8 %**	49.7 %
Total debt	**$ 1,023,311**	$ 985,220
Less: cash and cash equivalents	**132,867**	240,829
Net debt	**890,444**	744,391
Stockholders' equity	**1,161,577**	998,985
Net capitalization	**$ 2,052,021**	$ 1,743,376
Net debt to net capitalization ratio	**43.4 %**	42.7 %

Homebuilding Operations Data

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

	Three Months Ended March 31,				
	New Orders, net			Cancellation Rates	
	2024	2023	**24 vs 23**	**2024**	2023
West	**860**	631	**36.3 %**	**12.3 %**	20.2 %
East	**263**	296	**(11.1)%**	**11.7 %**	18.0 %
Southeast	**176**	254	**(30.7)%**	**12.4 %**	15.1 %
Total	**1,299**	1,181	**10.0 %**	**12.2 %**	18.6 %

	Six Months Ended March 31,				
	New Orders, net			Cancellation Rates	
	2024	2023	**24 vs 23**	**2024**	2023
West	**1,393**	879	**58.5 %**	**15.4 %**	28.6 %
East	**435**	416	**4.6 %**	**13.7 %**	20.0 %
Southeast	**294**	368	**(20.1)%**	**15.0 %**	21.0 %
Total	**2,122**	1,663	**27.6 %**	**15.0 %**	25.0 %

Net new orders for the quarter ended March 31, 2024 increased to 1,299, up 10.0% from the quarter ended March 31, 2023. The increase in net new orders compared to the prior year quarter was driven by a 13.8% increase in average active community count from 123 in the prior year quarter to 140, partially offset by a 3.3% decrease in sales pace from 3.2 orders per community per month in the prior year quarter to 3.1.

Net new orders for the six months ended March 31, 2024 increased to 2,122, up 27.6% from the six months ended March 31, 2023. The year-over-year increase in net new orders was attributed to the low sales pace and historically high cancellation rates we experienced during our fiscal first quarter in the prior year period as a result of a significant decline in the housing market conditions at the time, as well as the improvements in fiscal second quarter performance discussed above.

Three Months Ended March 31, 2024 as compared to 2023

West Segment: New net orders for the quarter ended March 31, 2024 increased to 860, up 36.3% from the quarter ended March 31, 2023. The increase in net new orders compared to the prior year quarter was driven by a 25.0% increase in average active community count from 72 in the prior year quarter to 90 and a 10.3% increase in sales pace from 2.9 orders per community per month in the prior year quarter to 3.2.

East Segment: New net orders for the quarter ended March 31, 2024 decreased to 263, down 11.1% from the quarter ended March 31, 2023. The decrease in net new orders compared to the prior year quarter was driven by a 22.5% decrease in sales pace from 4.0 orders per community per month in the prior year quarter to 3.1, partially offset by a 16.0% increase in average active community count from 25 in the prior year quarter to 29.

Southeast Segment: New net orders for the quarter ended March 31, 2024 decreased to 176, down 30.7% from the quarter ended March 31, 2023. The decrease in new orders compared to the prior year quarter was driven by a 15.6% decrease in sales pace from 3.2 orders per community per month in the prior year quarter to 2.7 and a 15.4% decrease in average active community count from 26 in the prior year quarter to 22.

Six Months Ended March 31, 2024 as compared to 2023

West Segment: Net new orders for the six months ended March 31, 2024 increased to 1,393, up 58.5% from the six months ended March 31, 2023. The increase in net new orders was driven by a 25.4% increase in average active community count from 71 to 89 and a 23.8% increase in sales pace from 2.1 orders per community per month to 2.6.

East Segment: Net new orders for the six months ended March 31, 2024 increased to 435, up 4.6% from the six months ended March 31, 2023. The increase in net new orders was driven by an 8.0% increase in average active community count from 25 to 27, partially offset by a 3.6% decrease in sales pace from 2.8 orders per community per month to 2.7.

Southeast Segment: Net new orders for the six months ended March 31, 2024 decreased to 294, down 20.1% from the six months ended March 31, 2023. The decrease in net new orders was driven by a 11.5% decrease in average active community count from 26 to 23 and an 8.7% decrease in sales pace from 2.3 orders per community per month to 2.1.

The table below summarizes backlog units by reportable segment as well as the aggregate dollar value and ASP of homes in backlog as of March 31, 2024 and 2023:

	As of March 31,		
	2024	2023	**24 vs 23**
Backlog Units:			
West	**1,305**	995	**31.2 %**
East	**407**	435	**(6.4)%**
Southeast	**334**	428	**(22.0)%**
Total	**2,046**	1,858	**10.1 %**
Aggregate dollar value of homes in backlog (in millions)	**$ 1,075.1**	$ 987.2	**8.9 %**
ASP in backlog (in thousands)	**$ 525.5**	$ 531.3	**(1.1)%**

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 aggregate dollar value of homes in backlog as of March 31, 2024 increased 8.9% compared to March 31, 2023 due to a 10.1% increase in backlog units, partially offset by a 1.1% decrease in the ASP of homes in backlog. The increase in backlog units compared to the prior year quarter is primarily due to the increase in new net orders discussed above. The decrease in backlog ASP was partially due to our efforts in addressing new home affordability challenges by altering our product strategy in certain markets through reduction of homes sizes and/or features included in our base price.

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 March 31,												
	Homebuilding Revenue					Average Selling Price					Closings		
$ in thousands	**2024**		2023		24 vs 23	**2024**		2023		24 vs 23	**2024**	2023	24 vs 23
West	**$**	**344,864**	$	328,961	**4.8 %**	**$**	**517.0**	$	521.3	**(0.8)%**	**667**	631	**5.7 %**
East		**111,631**		119,869	**(6.9)%**		**519.2**		507.9	**2.2 %**	**215**	236	**(8.9)%**
Southeast		**82,141**		93,177	**(11.8)%**		**507.0**		475.4	**6.6 %**	**162**	196	**(17.3)%**
Total	**$**	**538,636**	$	542,007	**(0.6)%**	**$**	**515.9**	$	509.9	**1.2 %**	**1,044**	1,063	**(1.8)%**

	Six Months Ended March 31,												
	Homebuilding Revenue					Average Selling Price					Closings		
$ in thousands	**2024**		2023		24 vs 23	**2024**		2023		24 vs 23	**2024**	2023	24 vs 23
West	**$**	**579,273**	$	603,283	**(4.0)%**	**$**	**516.7**	$	528.7	**(2.3)%**	**1,121**	1,141	**(1.8)%**
East		**183,384**		205,900	**(10.9)%**		**522.5**		526.6	**(0.8)%**	**351**	391	**(10.2)%**
Southeast		**156,898**		176,908	**(11.3)%**		**498.1**		486.0	**2.5 %**	**315**	364	**(13.5)%**
Total	**$**	**919,555**	$	986,091	**(6.7)%**	**$**	**514.6**	$	520.1	**(1.1)%**	**1,787**	1,896	**(5.7)%**

Three Months Ended March 31, 2024 as compared to 2023

West Segment: Homebuilding revenue increased by 4.8% for the three months ended March 31, 2024 compared to the prior year quarter due to a 5.7% increase in closings, partially offset by a 0.8% decrease in ASP. The increase in closings was primarily due to higher beginning backlog.

East Segment: Homebuilding revenue decreased by 6.9% for the three months ended March 31, 2024 compared to the prior year quarter due to an 8.9% decrease in closings, partially offset by a 2.2% increase in ASP. The decrease in closings was primarily due to lower beginning backlog.

Southeast Segment: Homebuilding revenue decreased by 11.8% for the three months ended March 31, 2024 compared to the prior year quarter due to a 17.3% decrease in closings, partially offset by a 6.6% increase in ASP. The decrease in closings was primarily due to lower beginning backlog.

For the three months ended March 31, 2024, construction cycle times improved compared to the prior year quarter, however our backlog conversion rates decreased compared to the prior year quarter due to a lower volume of spec homes sold and delivered within the current quarter compared to prior year quarter.

Six Months Ended March 31, 2024 as compared to 2023

West Segment: Homebuilding revenue decreased by 4.0% for the six months ended March 31, 2024 compared to the six months ended March 31, 2023 due to a 2.3% decrease in ASP as well as a 1.8% decrease in closings. The decrease in closings was primarily due to lower beginning backlog, partially offset by a flat backlog conversion rate while construction cycle times improved compared to prior year period.

East Segment: Homebuilding revenue decreased by 10.9% for the six months ended March 31, 2024 compared to the six months ended March 31, 2023 due to a 10.2% decrease in closings as well as a 0.8% decrease in ASP. The decrease in closings was primarily due to lower beginning backlog, partially offset by a higher backlog conversion rate as a result of improved construction cycle times compared to the prior year period.

Southeast Segment: Homebuilding revenue decreased by 11.3% six months ended March 31, 2024 compared to the six months ended March 31, 2023 due to a 13.5% decrease in closings, partially offset by a 2.5% increase in ASP. The decrease in closings was primarily due to lower beginning backlog, partially offset by a higher backlog conversion rate as a result of improved construction cycle times compared to the 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 in total. 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 impairments and abandonment charges).

Reconciliation of homebuilding gross profit and the related gross margin excluding impairments and abandonments and interest amortized to cost of sales (each a non-GAAP financial measure) to their most directly comparable 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 March 31, 2024							
$ in thousands	**HB Gross Profit**	**HB Gross Margin**	**Impairments & Abandonments (I&A)**	**HB Gross Profit excluding I&A**	**HB Gross Margin excluding I&A**	**Interest Amortized to COS (Interest)**	**HB Gross Profit excluding I&A and Interest**	**HB Gross Margin excluding I&A and Interest**
West	**$ 74,277**	**21.5 %**	**$ —**	**$ 74,277**	**21.5 %**	**$ —**	**$ 74,277**	**21.5 %**
East	**21,775**	**19.5 %**	**—**	**21,775**	**19.5 %**	**—**	**21,775**	**19.5 %**
Southeast	**18,602**	**22.6 %**	**—**	**18,602**	**22.6 %**	**—**	**18,602**	**22.6 %**
Corporate & unallocated[(a)]	**(13,880)**		**—**	**(13,880)**		**16,071**	**2,191**	
Total homebuilding	**$ 100,774**	**18.7 %**	**$ —**	**$ 100,774**	**18.7 %**	**$ 16,071**	**$ 116,845**	**21.7 %**

	Three Months Ended March 31, 2023							
$ in thousands	HB Gross Profit	HB Gross Margin	Impairments & Abandonments (I&A)	HB Gross Profit excluding I&A	HB Gross Margin excluding I&A	Interest Amortized to COS (Interest)	HB Gross Profit excluding I&A and Interest	HB Gross Margin excluding I&A and Interest
West	$ 71,390	21.7 %	$ 111	$ 71,501	21.7 %	$ —	$ 71,501	21.7 %
East	26,062	21.7 %	—	26,062	21.7 %	—	26,062	21.7 %
Southeast	19,985	21.4 %	—	19,985	21.4 %	—	19,985	21.4 %
Corporate & unallocated[(a)]	(15,849)		—	(15,849)		17,291	1,442	
Total homebuilding	$ 101,588	18.7 %	$ 111	$ 101,699	18.8 %	$ 17,291	$ 118,990	22.0 %

$ in thousands	Six Months Ended March 31, 2024 HB Gross Profit	HB Gross Margin	Impairments & Abandonments (I&A)	HB Gross Profit excluding I&A	HB Gross Margin excluding I&A	Interest Amortized to COS (Interest)	HB Gross Profit excluding I&A and Interest	HB Gross Margin excluding I&A and Interest
West	**$ 125,077**	**21.6 %**	**$ —**	**$ 125,077**	**21.6 %**	**$ —**	**$ 125,077**	**21.6 %**
East	**34,498**	**18.8 %**	**—**	**34,498**	**18.8 %**	**—**	**34,498**	**18.8 %**
Southeast	**35,340**	**22.5 %**	**—**	**35,340**	**22.5 %**	**—**	**35,340**	**22.5 %**
Corporate & unallocated [(a)]	**(18,198)**		**—**	**(18,198)**		**27,261**	**9,063**	
Total homebuilding	**$ 176,717**	**19.2 %**	**$ —**	**$ 176,717**	**19.2 %**	**$ 27,261**	**$ 203,978**	**22.2 %**

$ in thousands	Six Months Ended March 31, 2023 HB Gross Profit	HB Gross Margin	Impairments & Abandonments (I&A)	HB Gross Profit excluding I&A	HB Gross Margin excluding I&A	Interest Amortized to COS (Interest)	HB Gross Profit excluding I&A and Interest	HB Gross Margin excluding I&A and Interest
West	$ 130,752	21.7 %	$ 147	$ 130,899	21.7 %	$ —	$ 130,899	21.7 %
East	42,583	20.7 %	154	42,737	20.8 %	—	42,737	20.8 %
Southeast	38,486	21.8 %	—	38,486	21.8 %	—	38,486	21.8 %
Corporate & unallocated [(a)]	(25,119)		—	(25,119)		31,066	5,947	
Total homebuilding	$ 186,702	18.9 %	$ 301	$ 187,003	19.0 %	$ 31,066	$ 218,069	22.1 %

[(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 March 31, 2024 as compared to 2023

Our homebuilding gross profit decreased by $0.8 million to $100.8 million for the three months ended March 31, 2024, compared to $101.6 million in the prior year quarter. The decrease in homebuilding gross profit was primarily due to a decrease in homebuilding revenue of $3.4 million, while homebuilding gross margin remained flat compared to the prior year quarter at 18.7%. As shown in the tables above, the comparability of our gross profit and gross margin was slightly impacted by impairment and abandonment charges, which decreased by $0.1 million, and interest amortized to homebuilding cost of sales, which decreased by $1.2 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 $2.1 million compared to the prior year quarter, while homebuilding gross margin decreased by 30 basis points to 21.7%. The decrease in gross margin for the three months ended March 31, 2024 compared to the prior year quarter was primarily due to changes in product and community mix and an increase in closing cost incentives, partially offset by a decrease in build costs.

West Segment: Compared to the prior year quarter, homebuilding gross profit increased by $2.9 million primarily due to an increase in homebuilding revenue. Homebuilding gross margin, excluding impairments and abandonments, decreased to 21.5%, down from 21.7% in the prior year quarter, primarily due to changes in product and community mix, partially offset by a decrease in build costs and price concessions.

East Segment: Compared to the prior year quarter, homebuilding gross profit decreased by $4.3 million due to lower gross margin as well as a decrease in homebuilding revenue. Homebuilding gross margin, excluding impairments and abandonments, decreased to 19.5%, down from 21.7% in the prior year quarter, primarily due to changes in product and community mix.

Southeast Segment: Compared to the prior year quarter, homebuilding gross profit decreased by $1.4 million due to a decrease in homebuilding revenue, partially offset by higher gross margin. Homebuilding gross margin, excluding impairments and abandonments, increased to 22.6%, up from 21.4% in the prior year quarter, primarily driven by a decrease in build costs.

Six Months Ended March 31, 2024 as compared to 2023

Our homebuilding gross profit decreased by $10.0 million to $176.7 million for the six months ended March 31, 2024, from $186.7 million in the prior year period. The decrease in homebuilding gross profit was primarily due to a decrease in homebuilding revenue of $66.5 million, partially offset by an increase in gross margin of 30 basis points to 19.2%. Similar to the three-month period discussed above, the comparability of our gross profit and gross margin for the six-month period was slightly impacted by impairment and abandonment charges, which decreased by $0.3 million, and interest amortized to homebuilding cost of sales, which decreased by $3.8 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 $14.1 million compared to the prior year period, while homebuilding gross margin increased by 10 basis points to 22.2%. The increase in gross margin for the six months ended March 31, 2024 compared to the prior year period was primarily driven by a decrease in build costs and lower amortization of capitalized indirect costs due to lower closings, partially offset by changes in product and community mix.

West Segment: Compared to the prior year period, homebuilding gross profit decreased by $5.7 million due to a decrease in homebuilding revenue as well as lower gross margin. Homebuilding gross margin, excluding impairments and abandonments, decreased to 21.6%, down from 21.7% in the prior year period, primarily driven by changes in product and community mix, partially offset by a decrease in build costs.

East Segment: Compared to the prior year period, homebuilding gross profit decreased by $8.1 million due to a decrease in homebuilding revenue as well as lower gross margin. Homebuilding gross margin, excluding impairments and abandonments, decreased to 18.8%, down from 20.8% in the prior year period, primarily driven by changes in product and community mix.

Southeast Segment: Compared to the prior year period, homebuilding gross profit decreased by $3.1 million due to a decrease in homebuilding revenue, partially offset by higher gross margin. Homebuilding gross margin, excluding impairments and abandonments, increased to 22.5%, up from 21.8% in the prior year period, primarily driven by lower build costs, partially offset by 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.

In particular, the magnitude and volatility of non-cash inventory impairments and abandonment charges for the Company and other homebuilders have been significant historically and, as such, have made financial analysis of our industry more difficult. Homebuilding metrics excluding these charges, as well as interest amortized to cost of sales and other similar presentations by analysts and other companies, are frequently used to assist investors in understanding and comparing the operating characteristics of homebuilding activities by eliminating many of the differences in companies' respective level of impairments and levels of debt. Management believes these non-GAAP measures enable holders of our securities to better understand the cash implications of our operating performance, and our ability to service our debt obligations as they currently exist and as additional indebtedness is incurred in the future. These measures are also useful internally, helping management to compare operating results and to measure cash available for discretionary spending.

In a given period, our reported gross profit is generated from both communities previously impaired and communities not previously impaired. In addition, as indicated above, certain gross profit amounts arise from recoveries of prior period costs, including warranty items that are not directly tied to communities generating revenue in the period. Home closings from communities previously impaired would, in most instances, generate very low or negative gross margins prior to the impact of the previously recognized impairment. Gross margin for each home closing is higher for a particular community after an impairment because the carrying value of the underlying land was previously reduced to the present value of future cash flows as a result of the impairment, leading to lower cost of sales at the home closing. This improvement in gross margin resulting from one or more prior impairments is frequently referred to in the aggregate as the “impairment turn” or “flow-back” of impairments within the reporting period. The amount of this impairment turn may exceed the gross margin for an individual impaired asset if the gross margin for that asset prior to the impairment would have been negative. The extent to which this impairment turn is greater than the reported gross margin for the individual asset is related to the specific historical cost basis of that individual asset.

The asset valuations that result from our impairment calculations are based on discounted cash flow analyses and are not derived by simply applying prospective gross margins to individual communities. As such, impaired communities may have gross margins that are somewhat higher or lower than the gross margins for unimpaired communities. The mix of home closings in any particular quarter varies to such an extent that comparisons between previously impaired and never impaired communities would not be a reliable way to ascertain profitability trends or to assess the accuracy of previous valuation estimates. In addition, since any amount of impairment turn is tied to individual lots in specific communities, it will vary considerably from period to period. As a result of these factors, we review the impairment turn impact on gross margin on a trailing 12-month basis rather than a quarterly basis as a way of considering whether our impairment calculations are resulting in gross margins for impaired communities that are comparable to our unimpaired communities. For the trailing 12-month period ended March 31, 2024, our homebuilding gross margin was 20.1%. Excluding interest amortized to cost of sales and inventory impairments and abandonments, our homebuilding gross margin for the trailing 12-month period ended March 31, 2024 was 23.1%. For the same trailing 12-month period, homebuilding gross margin was as follows in those communities that have previously been impaired, which represented 79 homes and 1.9% of total closings during this period:

Homebuilding Gross Margin from previously impaired communities:	
Pre-impairment turn gross margin	(2.4)%
Impact of interest amortized to COS related to these communities	2.7 %
Pre-impairment turn gross margin, excluding interest amortization	0.3 %
Impact of impairment turns	22.3 %
Gross margin (post impairment turns), excluding interest amortization	22.6 %

For further discussion of our impairment policies, refer to Note 4 of the notes to the condensed consolidated financial statements in this Form 10-Q.

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 for the periods presented:

	Land Sales and Other Revenue			**Land Sales and Other Gross Profit**		
	Three Months Ended March 31,			**Three Months Ended March 31,**		
in thousands	**2024**	2023	**24 vs 23**	**2024**	2023	**24 vs 23**
West	**$ 2,474**	$ 1,452	**$ 1,022**	**$ 766**	$ 972	**$ (206)**
East	**213**	202	**11**	**156**	151	**5**
Southeast	**217**	247	**(30)**	**157**	185	**(28)**
Total	**$ 2,904**	$ 1,901	**$ 1,003**	**$ 1,079**	$ 1,308	**$ (229)**

	Land Sales and Other Revenues			**Land Sales and Other Gross Profit**		
	Six Months Ended March 31,			**Six Months Ended March 31,**		
in thousands	**2024**	2023	**24 vs 23**	**2024**	2023	**24 vs 23**
West	**$ 5,158**	$ 1,945	**$ 3,213**	**$ 1,378**	$ 1,354	**$ 24**
East	**3,237**	361	**2,876**	**1,211**	274	**937**
Southeast	**408**	439	**(31)**	**277**	334	**(57)**
Total	**$ 8,803**	$ 2,745	**$ 6,058**	**$ 2,866**	$ 1,962	**$ 904**

For the three months ended March 31, 2024, land sales and other revenue increased by $1.0 million to $2.9 million, and land sales and other gross profit decreased by $0.2 million to $1.1 million compared to the prior year quarter. For the six months ended March 31, 2024, land sales and other revenue increased by $6.1 million to $8.8 million, and land sales and other gross profit increased by $0.9 million to $2.9 million compared to the prior year period. Period-over-period fluctuations on land sales and other revenue are primarily driven by the timing and volume of land and lot sales closings. Land sales and other gross profit is 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 Income

The table below summarizes operating income by reportable segment for the periods presented:

	Three Months Ended March 31,			Six Months Ended March 31,		
in thousands	**2024**	2023	**24 vs 23**	**2024**	2023	**24 vs 23**
West	**$ 46,030**	$ 45,513	**$ 517**	**$ 74,369**	$ 82,870	**$ (8,501)**
East	**12,282**	16,244	**(3,962)**	**18,638**	25,506	**(6,868)**
Southeast	**10,953**	11,517	**(564)**	**20,093**	22,196	**(2,103)**
Corporate and unallocated[a]	**(33,274)**	(34,482)	**1,208**	**(56,844)**	(63,278)	**6,434**
Operating income	**$ 35,991**	$ 38,792	**$ (2,801)**	**$ 56,256**	$ 67,294	**$ (11,038)**

[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 $2.8 million to $36.0 million for the three months ended March 31, 2024, compared to operating income of $38.8 million for the three months ended March 31, 2023. This decrease compared to the prior year quarter was primarily due to the previously discussed decrease in gross profit and higher sales and marketing costs, partially offset by lower commissions expense on lower homebuilding revenue and lower other G&A expenses. SG&A as a percentage of total revenue increased by 30 basis points compared to the prior year quarter, from 11.2% to 11.5%, primarily due to higher sales and marketing costs as we prepare for new community activations, and a decrease in homebuilding revenues.

Our operating income decreased by $11.0 million to $56.3 million for the six months ended March 31, 2024, compared to operating income of $67.3 million for the six months ended March 31, 2023. This decrease compared to the prior year period was primarily due to the previously discussed decrease in gross profit and higher sales and marketing costs, partially offset by lower commissions expense on lower homebuilding revenue and lower other G&A expenses. SG&A as a percentage of total revenue increased by 100 basis points compared to the prior year period, from 11.7% to 12.7%, primarily due to higher sales and marketing costs as we prepare for new community activations, and a decrease in homebuilding revenues.

Three Months Ended March 31, 2024 as compared to 2023

West Segment: The $0.5 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 commissions expense on higher homebuilding revenue in the segment, higher sales and marketing costs, and higher other G&A expenses.

East Segment: The $4.0 million decrease in operating income compared to the prior year quarter was primarily due to the lower gross profit previously discussed and higher sales and marketing costs, partially offset by lower commissions expense on lower homebuilding revenue, and lower other G&A expenses in the segment.

Southeast Segment: The $0.6 million decrease in operating income compared to the prior year quarter was primarily due to the lower gross profit previously discussed as well as higher sales and marketing costs, partially offset by lower commissions expense on lower homebuilding revenue, and lower other G&A expenses in the segment.

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 March 31, 2024, corporate and unallocated net expenses decreased by $1.2 million from the prior year quarter primarily due to lower amortization of capitalized interest and capitalized indirect costs to cost of sales on lower closings and homebuilding revenue.

Six Months Ended March 31, 2024 as compared to 2023

West Segment: The $8.5 million decrease in operating income compared to the prior year period was primarily due to the decrease in gross profit previously discussed as well as higher sales and marketing expenses and higher other G&A expenses, partially offset by lower commissions expense on lower homebuilding revenue.

East Segment: The $6.9 million decrease in operating income compared to the prior year period was primarily due to the decrease in gross profit previously discussed as well as higher sales and marketing expenses, partially offset by lower commission expenses on lower homebuilding revenue and lower other G&A expenses.

Southeast Segment: The $2.1 million decrease in operating income compared to the prior year period was primarily due to the decrease in gross profit previously discussed as well as higher sales and marketing expenses, partially offset by lower commissions expense on lower homebuilding revenue and lower other G&A expenses.

Corporate and Unallocated: For the six months ended March 31, 2024, corporate and unallocated net expenses decreased by $6.4 million over the prior year period. This decrease was primarily due to lower amortization of capitalized interest and capitalized indirect costs to cost of sales on lower closings and homebuilding revenue.

Below operating income, we had three noteworthy fluctuations for the three and six months ended March 31, 2024 compared to the prior periods. Specifically, (1) within other income, net, we recognized a gain on sale of investment of $8.6 million during the three and six months ended March 31, 2024 compared to no such transaction in the prior year periods (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 a year-over-year increase in interest income due to higher interest rates on cash balances, and (3) we recorded a loss on extinguishment of debt of $0.4 million during the three and six months ended March 31, 2024 compared to no such loss and a loss of $0.5 million during the three and six months ended March 31, 2023, respectively. 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 expense from continuing operations of $6.7 million and $7.9 million for the three and six months ended March 31, 2024, compared to $5.1 million and $9.2 million for the three and six months ended March 31, 2023. Income tax expense for the six months ended March 31, 2024 was primarily driven by income tax expense on earnings from continuing operations and permanent differences, partially offset by both energy efficiency tax credits generated from expected closings during the current year and the discrete tax benefits related to the generation of additional energy efficiency tax credits from homes closed in prior periods, as well as stock-based compensation activity in the period. Income tax expense for the six months ended March 31, 2023 was primarily driven by income tax expense on earnings from continuing operations, permanent differences, and the discrete tax expense related to stock-based compensation activity in the period, partially offset by the discrete tax benefits related to the generation of additional energy efficiency tax credits for homes closed in prior periods and interest received with the refund of our alternative minimum tax credit. 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.

Liquidity and Capital Resources

Our sources of liquidity include, but are not limited to, cash from operations, proceeds from Senior Notes, the Unsecured 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:

	Six Months Ended March 31,	
in thousands	**2024**	2023
Net cash (used in) provided by operating activities	**$ (239,573)**	$ 40,268
Net cash used in investing activities	**(18,761)**	(7,774)
Net cash provided by (used in) financing activities	**37,439**	(5,172)
Net (decrease) increase in cash, cash equivalents, and restricted cash	**$ (220,895)**	$ 27,322

Operating Activities

Net cash used in operating activities was $239.6 million for the six months ended March 31, 2024. 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 $299.1 million resulting from land acquisition, land development and house construction spending, and a net increase in non-inventory working capital balances of $9.8 million. This was partially offset by cash inflows from income before income taxes of $68.8 million, which included $0.5 million of non-cash charges.

Net cash provided by operating activities was $40.3 million for the six months ended March 31, 2023, primarily driven by cash inflows from income before income taxes of $68.4 million, which included $10.8 million of non-cash charges. This was partially offset by a net increase in non-inventory working capital balances of $36.6 million and an increase in inventory of $2.3 million resulting from land acquisition, land development and house construction spending.

Investing Activities

Net cash used in investing activities was $18.8 million for the six months ended March 31, 2024, primarily driven by capital expenditures for model homes and information systems infrastructure, and purchases of investment securities.

Net cash used in investing activities was $7.8 million for the six months ended March 31, 2023, primarily driven by capital expenditures for model homes and information systems infrastructure.

Financing Activities

Net cash provided by financing activities was $37.4 million for the six months ended March 31, 2024, primarily driven by inflows from the issuance of the 2031 Notes, 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 (see Note 6), and tax payments for stock-based compensation awards vesting.

Net cash used in financing activities was $5.2 million for the six months ended March 31, 2023, primarily driven by debt issuance costs for the Unsecured Facility and tax payments for stock-based compensation awards vesting.

Financial Position

As of March 31, 2024, our liquidity position consisted of $132.9 million in cash and cash equivalents and $300.0 million of remaining capacity under the Unsecured Facility, compared to $240.8 million in cash and cash equivalents and $265.0 million of remaining capacity under the Unsecured Facility as of March 31, 2023. Meanwhile, we invested $197.8 million and $113.0 million in land acquisition and land development during quarters ended March 31, 2024 and March 31, 2023, respectively.

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 $300.0 million. As of March 31, 2024, no borrowings and no letters of credit were outstanding under the Unsecured Facility, resulting in a remaining capacity of $300.0 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 $34.8 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 March 2024, upon the issuance of our 2031 Notes, S&P reaffirmed the rating for our senior unsecured notes of B+, reaffirmed the Company’s corporate credit rating of B+, and reaffirmed the Company's outlook of stable; Moody's reaffirmed the rating for our senior unsecured notes of B1, reaffirmed the Company's issuer corporate family rating of B1, and reaffirmed the Company's outlook of stable. 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 May 2022, the Company's Board of Directors approved a share repurchase program that authorizes the Company to repurchase up to $50.0 million of its outstanding common stock. This share repurchase program replaced the prior share repurchase program, authorized in the first quarter of fiscal 2019 of up to $50.0 million of common stock repurchases, pursuant to which $12.0 million of the capacity remained prior to the replacement of the program. No share repurchases were made during the three and six months ended March 31, 2024 or 2023. As of March 31, 2024, the remaining availability of the new share repurchase program was $41.8 million. The repurchase program has no expiration date. Previously repurchased shares under the program have been retired.

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 six months ended March 31, 2024 or 2023.

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 March 31, 2024, we controlled 26,887 lots, which includes 272 lots of land held for future development and 397 lots of land held for sale. Of the 26,218 active lots, we controlled 13,527 of these lots, or 51.6%, through option agreements, as compared to 12,460 active lots controlled, or 54.0% of our total active lots, through option agreements as of March 31, 2023. 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 $174.6 million as of March 31, 2024. The total remaining purchase price, net of cash deposits, committed under all options was $989.4 million as of March 31, 2024. 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 $34.8 million and $255.4 million, respectively, as of March 31, 2024, 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 2023 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 six months ended March 31, 2024 as compared to those described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2023 Annual Report on Form 10-K.

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, 2023. 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:

- the cyclical nature of the homebuilding industry and deterioration in homebuilding industry conditions;
- other economic changes nationally and in local markets, including declines in employment levels, increases in the number of foreclosures and wage levels, each of which are outside our control and may impact consumer confidence and affect the affordability of, and demand for, the homes we sell;
- elevated mortgage interest rates for prolonged periods, as well as further increases and reduced availability of mortgage financing due to, among other factors, additional actions by the Federal Reserve to address sharp increases in inflation;
- financial institution disruptions, such as the bank failures that occurred in 2023;
- continued supply chain challenges negatively impacting our homebuilding production, including shortages of raw materials and other critical components such as windows, doors, and appliances;
- continued shortages of or increased costs for labor used in housing production, and the level of quality and craftsmanship provided by such labor;
- 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;
- 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);
- changes in tax laws 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 recent 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;
- terrorist acts, protests and civil unrest, political uncertainty, acts of war or other factors over which the Company has no control, such as the conflict between Russia and Ukraine and the conflict in the Gaza strip;
- potential negative impacts of public health emergencies such as the COVID-19 pandemic;
- the potential recoverability of our deferred tax assets;
- increases in corporate tax rates;
- 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 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 ESG 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 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 March 31, 2024, we had variable rate debt outstanding totaling approximately $75.4 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 March 31, 2024 was $959.0 million, compared to a carrying amount of $947.9 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 $959.0 million to $1.00 billion as of March 31, 2024.

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 March 31, 2024 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 March 31, 2024 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, 2023.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the fiscal quarter ended March 31, 2024, 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," except as follows:

			Plan Arrangement			
Name and Title	**Action**	**Date**	**Rule 10b5-1**	**Non-Rule 10b5-1**	**Total Number of Securities Being Sold**	**Plan Expiration Date**
Keith L. Belknap, Executive Vice President, General Counsel and Corporate Secretary	Adoption	02/05/24	X	—	174,903	05/30/25

Item 6. Exhibits

4.1	Indenture, dated as of March 15, 2024, among the Company, the Guarantors and Regions Bank, as trustee (incorporated herein by reference to Exhibit 4.1 of the Company's Form 8-K filed on March 18, 2024)
4.2	Form of 7.500% Senior Note due 2031 (incorporated herein by reference to Exhibit 4.2 of the Company's Form 8-K filed on March 18, 2024)
10.1*	Amended and Restated 2014 Long-Term Incentive Plan (incorporated herein by reference to Appendix I of the Company's Form DEF 14A filed on December 21, 2023)
22.1	List of Guarantor Subsidiaries
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 of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Represents a management contract or compensatory plan or arrangement.

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:	May 1, 2024	Beazer Homes USA, Inc.		
		By:		/s/ David I. Goldberg
			Name:	**David I. Goldberg**
				Senior Vice President and Chief Financial Officer

EXHIBIT 22.1

List of Guarantor Subsidiaries

As of March 31, 2024, the following subsidiaries of Beazer Homes USA, Inc. a Delaware corporation (the "Company"), jointly and severally and fully and unconditionally, guaranteed the Company's (i) 5 7/8% Senior Notes due 2027, (ii) 7 1/4% Senior Notes due 2029, and (iii) 7 1/2% Senior Notes due 2031:

Name of Guarantor Subsidiary	Jurisdiction of Incorporation
Ballard Green Utility Company, LLC	Maryland
Beazer Clarksburg, LLC	Maryland
Beazer Fundamental, LLC	Delaware
Beazer Gain, LLC	Delaware
Beazer General Services, Inc.	Delaware
Beazer Homes Holdings, LLC	Delaware
Beazer Homes Indiana Holdings Corp.	Delaware
Beazer Homes Indiana LLP	Indiana
Beazer Homes Investments, LLC	Delaware
Beazer Homes, LLC	Delaware
Beazer Homes Sales, Inc.	Delaware
Beazer Homes Texas Holdings, Inc.	Delaware
Beazer Homes Texas, L.P.	Delaware
Beazer Mortgage Corporation	Delaware
Beazer Realty Corp.	Georgia
Beazer Realty Los Angeles, Inc.	Delaware
Beazer Realty Services, LLC	Delaware
BH Building Products, LP	Delaware
BH Investment Holdings, LLC	Delaware
BH Materials, LLC	Delaware
BH Procurement Services, LLC	Delaware
Clarksburg Arora LLC	Maryland
Clarksburg Skylark, LLC	Maryland
Dove Barrington Development LLC	Delaware
Marshfield Land, LLC	Delaware

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: May 1, 2024

/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: May 1, 2024

/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 March 31, 2024, 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: May 1, 2024

/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 March 31, 2024, 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: May 1, 2024

/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.