

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 August 31, 2025.

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from [] to [].

Commission File No. 001-09195

KB HOME

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

95-3666267
(IRS employer identification number)

10990 Wilshire Boulevard
Los Angeles, California 90024
(310) 231-4000

(Address, including zip code, and telephone number of principal executive offices)

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 (par value \$1.00 per share)	KBH	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 such 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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

There were 64,764,685 shares of the registrant's common stock, par value \$1.00 per share, outstanding on August 31, 2025.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts – Unaudited)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Total revenues	\$ 1,620,474	\$ 1,752,608	\$ 4,541,836	\$ 4,930,187
Homebuilding:				
Revenues	\$ 1,614,462	\$ 1,745,979	\$ 4,526,219	\$ 4,909,189
Construction and land costs	(1,321,147)	(1,385,563)	(3,658,616)	(3,874,193)
Selling, general and administrative expenses	(162,152)	(171,466)	(477,638)	(500,187)
Operating income	131,163	188,950	389,965	534,809
Interest income and other	1,870	4,073	5,628	29,379
Equity in income of unconsolidated joint ventures	1,509	3,453	5,002	3,232
Homebuilding pretax income	134,542	196,476	400,595	567,420
Financial services:				
Revenues	6,012	6,629	15,617	20,998
Expenses	(1,580)	(1,608)	(4,689)	(4,627)
Equity in income of unconsolidated joint venture	4,254	5,932	13,445	19,422
Financial services pretax income	8,686	10,953	24,373	35,793
Total pretax income	143,228	207,429	424,968	603,213
Income tax expense	(33,400)	(50,100)	(97,700)	(138,800)
Net income	\$ 109,828	\$ 157,329	\$ 327,268	\$ 464,413
Earnings per share:				
Basic	\$ 1.64	\$ 2.10	\$ 4.69	\$ 6.12
Diluted	\$ 1.61	\$ 2.04	\$ 4.60	\$ 5.94
Weighted average shares outstanding:				
Basic	66,368	74,476	69,279	75,339
Diluted	67,737	76,630	70,643	77,565

See accompanying notes.

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CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Shares – Unaudited)

	August 31, 2025	November 30, 2024
Assets		
Homebuilding:		
Cash and cash equivalents	\$ 330,586	\$ 597,973
Receivables	386,486	377,533
Inventories	5,838,816	5,528,020
Investments in unconsolidated joint ventures	67,075	67,020
Property and equipment, net	97,530	90,359
Deferred tax assets, net	102,421	102,421
Other assets	102,880	105,920
	<u>6,925,794</u>	<u>6,869,246</u>
Financial services	59,778	66,923
Total assets	<u>\$ 6,985,572</u>	<u>\$ 6,936,169</u>
Liabilities and stockholders' equity		
Homebuilding:		
Accounts payable	\$ 366,194	\$ 384,894
Accrued expenses and other liabilities	770,450	796,261
Notes payable	1,943,582	1,691,679
	<u>3,080,226</u>	<u>2,872,834</u>
Financial services	2,983	2,719
Stockholders' equity:		
Common stock — 74,451,477 and 74,409,977 shares issued at August 31, 2025 and November 30, 2024, respectively	74,451	74,410
Paid-in capital	848,909	862,049
Retained earnings	3,543,885	3,269,423
Accumulated other comprehensive loss	(3,704)	(3,704)
Treasury stock, at cost — 9,686,792 and 2,253,156 shares at August 31, 2025 and November 30, 2024, respectively	(561,178)	(141,562)
Total stockholders' equity	<u>3,902,363</u>	<u>4,060,616</u>
Total liabilities and stockholders' equity	<u>\$ 6,985,572</u>	<u>\$ 6,936,169</u>

See accompanying notes.

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands – Unaudited)

Three Months Ended August 31, 2025 and 2024

	Number of Shares			Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Grantor Stock Ownership Trust	Treasury Stock	Total Stockholders' Equity
	Common Stock	Grantor Stock Ownership Trust	Treasury Stock							
Balance at May 31, 2025	74,437	—	(6,387)	\$ 74,437	\$ 840,296	\$ 3,450,350	\$ (3,704)	\$ —	\$ (370,841)	\$ 3,990,538
Net income	—	—	—	—	—	109,828	—	—	—	109,828
Dividends on common stock	—	—	—	—	—	(16,293)	—	—	—	(16,293)
Employee stock options/other	14	—	—	14	193	—	—	—	—	207
Stock-based compensation	—	—	—	—	8,420	—	—	—	—	8,420
Stock repurchases, including excise tax	—	—	(3,300)	—	—	—	—	—	(190,337)	(190,337)
Balance at August 31, 2025	74,451	—	(9,687)	\$ 74,451	\$ 848,909	\$ 3,543,885	\$ (3,704)	\$ —	\$ (561,178)	\$ 3,902,363
Balance at May 31, 2024	101,892	(6,705)	(19,983)	\$ 101,892	\$ 848,635	\$ 3,948,878	\$ (3,671)	\$ (72,718)	\$ (831,312)	\$ 3,991,704
Net income	—	—	—	—	—	157,329	—	—	—	157,329
Dividends on common stock	—	—	—	—	—	(18,407)	—	—	—	(18,407)
Stock-based compensation	—	—	—	—	7,968	—	—	—	—	7,968
Stock repurchases, including excise tax	—	—	(1,869)	—	—	—	—	—	(151,500)	(151,500)
Balance at August 31, 2024	101,892	(6,705)	(21,852)	\$ 101,892	\$ 856,603	\$ 4,087,800	\$ (3,671)	\$ (72,718)	\$ (982,812)	\$ 3,987,094

Nine Months Ended August 31, 2025 and 2024

	Number of Shares			Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Grantor Stock Ownership Trust	Treasury Stock	Total Stockholders' Equity
	Common Stock	Grantor Stock Ownership Trust	Treasury Stock							
Balance at November 30, 2024	74,410	—	(2,253)	\$ 74,410	\$ 862,049	\$ 3,269,423	\$ (3,704)	\$ —	\$ (141,562)	\$ 4,060,616
Net income	—	—	—	—	—	327,268	—	—	—	327,268
Dividends on common stock	—	—	—	—	—	(52,806)	—	—	—	(52,806)
Employee stock options/other	41	—	—	41	611	—	—	—	—	652
Stock awards	—	—	612	—	(38,882)	—	—	—	38,882	—
Stock-based compensation	—	—	—	—	25,131	—	—	—	—	25,131
Stock repurchases, including excise tax	—	—	(7,788)	—	—	—	—	—	(442,614)	(442,614)
Tax payments associated with stock-based compensation awards	—	—	(258)	—	—	—	—	—	(15,884)	(15,884)
Balance at August 31, 2025	74,451	—	(9,687)	\$ 74,451	\$ 848,909	\$ 3,543,885	\$ (3,704)	\$ —	\$ (561,178)	\$ 3,902,363
Balance at November 30, 2023	101,276	(6,705)	(18,704)	\$ 101,276	\$ 845,693	\$ 3,676,924	\$ (3,671)	\$ (72,718)	\$ (737,364)	\$ 3,810,140
Net income	—	—	—	—	—	464,413	—	—	—	464,413
Dividends on common stock	—	—	—	—	—	(53,537)	—	—	—	(53,537)
Employee stock options/other	616	—	—	616	8,656	—	—	—	—	9,272
Stock awards	—	—	571	—	(22,998)	—	—	—	22,998	—
Stock-based compensation	—	—	—	—	25,252	—	—	—	—	25,252
Stock repurchases, including excise tax	—	—	(3,461)	—	—	—	—	—	(251,941)	(251,941)
Tax payments associated with stock-based compensation awards	—	—	(258)	—	—	—	—	—	(16,505)	(16,505)
Balance at August 31, 2024	101,892	(6,705)	(21,852)	\$ 101,892	\$ 856,603	\$ 4,087,800	\$ (3,671)	\$ (72,718)	\$ (982,812)	\$ 3,987,094

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands – Unaudited)

	Nine Months Ended August 31,	
	2025	2024
Cash flows from operating activities:		
Net income	\$ 327,268	\$ 464,413
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in income of unconsolidated joint ventures	(18,447)	(22,654)
Distributions of earnings from unconsolidated joint ventures	27,741	21,275
Amortization of debt issuance costs	2,686	2,602
Depreciation and amortization	27,440	28,259
Deferred income taxes	—	5,700
Gain on sale of investment	—	(12,516)
Stock-based compensation	25,131	25,252
Inventory impairments and land option contract abandonments	18,351	3,685
Changes in assets and liabilities:		
Receivables	7,166	6,205
Inventories	(330,019)	(504,436)
Accounts payable, accrued expenses and other liabilities	(63,835)	(14,405)
Other, net	8,358	(3,299)
Net cash provided by operating activities	31,840	81
Cash flows from investing activities:		
Contributions to unconsolidated joint ventures	(10,593)	(12,611)
Return of investments in unconsolidated joint ventures	2,965	1,992
Proceeds from sale of investment	—	1,709
Purchases of property and equipment, net	(34,609)	(29,228)
Net cash used in investing activities	(42,237)	(38,138)
Cash flows from financing activities:		
Borrowings under revolving credit facility	555,000	—
Repayments under revolving credit facility	(305,000)	—
Payments on mortgages and land contracts due to land sellers and other loans	—	(2,822)
Issuance of common stock under employee stock plans	652	9,272
Stock repurchases	(438,460)	(250,000)
Tax payments associated with stock-based compensation awards	(15,884)	(16,505)
Payments of cash dividends	(52,806)	(53,537)
Net cash used in financing activities	(256,498)	(313,592)
Net decrease in cash and cash equivalents	(266,895)	(351,649)
Cash and cash equivalents at beginning of period	599,193	727,342
Cash and cash equivalents at end of period	\$ 332,298	\$ 375,693

See accompanying notes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation. The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended November 30, 2024, which are contained in our Annual Report on Form 10-K for that period. The consolidated balance sheet at November 30, 2024 has been taken from the audited consolidated financial statements as of that date. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) considered necessary for the fair presentation of our results for the interim periods presented. The results of our consolidated operations for the three months and nine months ended August 31, 2025 are not necessarily indicative of the results to be expected for the full year due to seasonal variations in operating results and other factors.

Unless the context indicates otherwise, the terms “we,” “our,” and “us” used in this report refer to KB Home, a Delaware corporation, and its subsidiaries.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents. We consider all highly liquid short-term investments purchased with an original maturity of three months or less to be cash equivalents. Our cash equivalents totaled \$164.7 million at August 31, 2025 and \$385.1 million at November 30, 2024. At August 31, 2025 and November 30, 2024, our cash equivalents were mainly invested in interest-bearing bank deposit accounts and money market funds.

Comprehensive Income. Our comprehensive income was \$109.8 million for the three months ended August 31, 2025 and \$157.3 million for the three months ended August 31, 2024. For the nine months ended August 31, 2025 and 2024, our comprehensive income was \$327.3 million and \$464.4 million, respectively. Our comprehensive income for each of the three-month and nine-month periods ended August 31, 2025 and 2024 was equal to our net income for the respective periods.

Recent Accounting Pronouncements Not Yet Adopted. In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”), which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. ASU 2023-07 is to be applied retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which modifies the rules on income tax disclosures to require entities to disclose (1) specific categories in the rate reconciliation, (2) the income or loss from continuing operations before income tax expense or benefit (separated between domestic and foreign) and (3) income tax expense or benefit from continuing operations (separated by federal, state and foreign). ASU 2023-09 also requires entities to disclose their income tax payments to international, federal, state and local jurisdictions, among other changes. The guidance is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. ASU 2023-09 should be applied on a prospective basis, but retrospective application is permitted. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, “Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses” (“ASU 2024-03”), which requires disclosure of certain costs and expenses on an interim and annual basis in the notes to the consolidated financial statements. The guidance is effective for annual reporting periods beginning after

December 15, 2026 and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The guidance is to be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the potential impact of adopting this new guidance on our consolidated financial statements and related disclosures.

2. Segment Information

We have identified five operating reporting segments, comprised of four homebuilding reporting segments and one financial services reporting segment. As of August 31, 2025, our homebuilding reporting segments conducted ongoing operations in the following states:

West Coast: California, Idaho and Washington
 Southwest: Arizona and Nevada
 Central: Colorado and Texas
 Southeast: Florida and North Carolina

Our homebuilding reporting segments are engaged in the acquisition and development of land primarily for residential purposes and offer a wide variety of homes that are designed to appeal to first-time, first move-up and active adult homebuyers. Our homebuilding operations generate most of their revenues from the delivery of completed homes to homebuyers. They also earn revenues from the sale of land.

Our financial services reporting segment offers property and casualty insurance and, in certain instances, earthquake, flood and personal property insurance to our homebuyers in the same markets as our homebuilding reporting segments, and provides title services in the majority of our markets located within our Southwest, Central and Southeast homebuilding reporting segments. Our financial services reporting segment earns revenues primarily from insurance commissions and from the provision of title services.

We offer mortgage banking services, including residential consumer mortgage loan (“mortgage loan”) originations, to our homebuyers indirectly through KBHS Home Loans, LLC (“KBHS”), our unconsolidated joint venture with GR Alliance Ventures, LLC (“GR Alliance”), a subsidiary of Guaranteed Rate, Inc. We and GR Alliance each have a 50.0% ownership interest, with GR Alliance providing management oversight of KBHS’ operations.

Our reporting segments follow the same accounting policies used for our consolidated financial statements. The results of each reporting segment are not necessarily indicative of the results that would have occurred had the segment been an independent, stand-alone entity during the periods presented, nor are they indicative of the results to be expected in future periods.

The following tables present financial information relating to our homebuilding reporting segments (in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Revenues:				
West Coast	\$ 664,880	\$ 760,617	\$ 1,926,722	\$ 2,017,336
Southwest	335,505	312,812	962,486	954,602
Central	310,603	372,862	869,182	1,069,136
Southeast	303,474	299,688	767,829	868,115
Total	\$ 1,614,462	\$ 1,745,979	\$ 4,526,219	\$ 4,909,189

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Pretax income (loss):				
West Coast	\$ 71,280	\$ 99,222	\$ 216,925	\$ 252,099
Southwest	57,338	54,826	171,432	165,302
Central	18,211	43,304	64,387	128,446
Southeast	22,225	33,003	55,529	103,827
Corporate and other	(34,512)	(33,879)	(107,678)	(82,254)
Total	\$ 134,542	\$ 196,476	\$ 400,595	\$ 567,420

Inventory impairment and land option contract abandonment charges:

West Coast	\$ 1,133	\$ 496	\$ 2,973	\$ 2,441
Southwest	511	—	1,642	116
Central	7,240	469	9,372	725
Southeast	2,454	212	4,364	403
Total	\$ 11,338	\$ 1,177	\$ 18,351	\$ 3,685

	August 31,		November 30,	
	2025	2024	2025	2024
Assets:				
West Coast	\$ 3,426,768	\$ 3,178,188		
Southwest	981,884	915,072		
Central	1,008,330	1,001,393		
Southeast	1,008,395	972,993		
Corporate and other	500,417	801,600		
Total	\$ 6,925,794	\$ 6,869,246		

3. Financial Services

The following tables present financial information relating to our financial services reporting segment (in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Revenues				
Insurance commissions	\$ 3,331	\$ 3,691	\$ 8,268	\$ 12,685
Title services	2,681	2,938	7,349	8,313
Total	6,012	6,629	15,617	20,998
Expenses				
General and administrative	(1,580)	(1,608)	(4,689)	(4,627)
Operating income	4,432	5,021	10,928	16,371
Equity in income of unconsolidated joint venture	4,254	5,932	13,445	19,422
Pretax income	\$ 8,686	\$ 10,953	\$ 24,373	\$ 35,793

	August 31, 2025	November 30, 2024
Assets		
Cash and cash equivalents	\$ 1,712	\$ 1,220
Receivables	4,256	5,407
Investment in unconsolidated joint venture	15,386	21,997
Other assets (a)	38,424	38,299
Total assets	\$ 59,778	\$ 66,923
Liabilities		
Accounts payable and accrued expenses	\$ 2,983	\$ 2,719
Total liabilities	\$ 2,983	\$ 2,719

(a) Other assets at August 31, 2025 and November 30, 2024 included \$38.4 million and \$38.2 million, respectively, of contract assets for estimated future renewal commissions.

4. Earnings Per Share

Basic and diluted earnings per share were calculated as follows (in thousands, except per share amounts):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Numerator:				
Net income	\$ 109,828	\$ 157,329	\$ 327,268	\$ 464,413
Less: Distributed earnings allocated to participating securities	(113)	(143)	(339)	(406)
Less: Undistributed earnings allocated to participating securities	(633)	(1,062)	(1,779)	(3,137)
Numerator for basic earnings per share	109,082	156,124	325,150	460,870
Effect of dilutive securities:				
Add: Undistributed earnings allocated to participating securities	633	1,062	1,779	3,137
Less: Undistributed earnings reallocated to participating securities	(620)	(1,032)	(1,745)	(3,047)
Numerator for diluted earnings per share	\$ 109,095	\$ 156,154	\$ 325,184	\$ 460,960
Denominator:				
Weighted average shares outstanding — basic	66,368	74,476	69,279	75,339
Effect of dilutive securities:				
Share-based payments	1,369	2,154	1,364	2,226
Weighted average shares outstanding — diluted	67,737	76,630	70,643	77,565
Basic earnings per share	\$ 1.64	\$ 2.10	\$ 4.69	\$ 6.12
Diluted earnings per share	\$ 1.61	\$ 2.04	\$ 4.60	\$ 5.94

We compute earnings per share using the two-class method, which is an allocation of earnings between the holders of common stock and a company's participating security holders. Our outstanding nonvested shares of restricted stock contain non-forfeitable rights to dividends and, therefore, are considered participating securities for purposes of computing earnings per share pursuant to the two-class method. We had no other participating securities at August 31, 2025 and 2024.

For the three-month and nine-month periods ended August 31, 2025 and 2024, no outstanding stock options were excluded from the diluted earnings per share calculations. Contingently issuable shares associated with outstanding performance-based restricted stock units (each, a “PSU”) were not included in the basic earnings per share calculations for the periods presented, as the applicable vesting conditions had not been satisfied.

5. Receivables

Receivables consisted of the following (in thousands):

	August 31, 2025	November 30, 2024
Due from utility companies, improvement districts and municipalities	\$ 186,226	\$ 173,733
Recoveries related to self-insurance and other legal claims	151,918	136,949
Refundable deposits and bonds	9,217	10,667
Income taxes receivable	5,674	10,543
Other	38,102	49,887
Subtotal	391,137	381,779
Allowance for doubtful accounts	(4,651)	(4,246)
Total	<u>\$ 386,486</u>	<u>\$ 377,533</u>

6. Inventories

Inventories consisted of the following (in thousands):

	August 31, 2025	November 30, 2024
Homes completed or under construction	\$ 2,047,954	\$ 1,990,113
Land under development	3,790,862	3,537,907
Total	<u>\$ 5,838,816</u>	<u>\$ 5,528,020</u>

Land under development at August 31, 2025 and November 30, 2024 included land held for future development of \$37.8 million and \$21.2 million, respectively.

Interest is capitalized to inventories while the related communities or land parcels are being actively developed and until homes are completed or the land is available for immediate sale. Capitalized interest is amortized to construction and land costs as the related inventories are delivered to homebuyers or land buyers (as applicable). We do not capitalize interest on land held for future development and land held for sale.

Our interest costs were as follows (in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Capitalized interest at beginning of period	\$ 128,676	\$ 131,765	\$ 122,387	\$ 134,375
Interest incurred	29,658	26,583	84,676	79,665
Interest amortized to construction and land costs (a)	(27,026)	(28,180)	(75,755)	(83,872)
Capitalized interest at end of period	<u>\$ 131,308</u>	<u>\$ 130,168</u>	<u>\$ 131,308</u>	<u>\$ 130,168</u>

(a) Interest amortized to construction and land costs for the three-month and nine-month periods ended August 31, 2025 and the nine months ended August 31, 2024 included nominal amounts related to land sales during the periods.

7. Inventory Impairments and Land Option Contract Abandonments

Each community or land parcel in our owned inventory is assessed on a quarterly basis to determine if indicators of potential impairment exist. We record an inventory impairment charge on a community or land parcel that is active or held

for future development when indicators of potential impairment exist and the carrying value of the real estate asset is greater than the undiscounted future net cash flows the asset is expected to generate. These real estate assets are written down to fair value, which is primarily determined based on the estimated future net cash flows discounted for inherent risk associated with each such asset, or other valuation techniques. We record an inventory impairment charge on land held for sale when the carrying value of a land parcel is greater than its fair value. These real estate assets are written down to fair value, less associated costs to sell. The estimated fair values of such assets are generally based on bona fide letters of intent from outside parties, executed sales contracts, broker quotes or similar information.

We evaluated 14 active communities or land parcels for recoverability as of August 31, 2025 with a carrying value of \$168.7 million. As of November 30, 2024, we evaluated eight active communities or land parcels for recoverability with a carrying value of \$139.5 million. In addition, we evaluated land held for future development for recoverability as of both August 31, 2025 and November 30, 2024.

Based on the results of our evaluations, we recognized inventory impairment charges of \$7.3 million for the three-month and nine-month periods ended August 31, 2025 primarily related to one community. These charges were principally driven by both increased costs imposed by a municipality affecting the community, and our decision to make changes in our operational strategy aimed at more quickly monetizing our investment in this community, mainly by accelerating the overall pace for selling, building and delivering homes therein. For the three-month and nine-month periods ended August 31, 2024, we recognized no inventory impairment charges. If we change our strategy or if there are changes in market conditions for any given asset, we may recognize additional impairment charges.

The following table summarizes significant quantitative unobservable inputs we utilized in our fair value measurements with respect to the impaired communities written down to fair value:

Unobservable Input (a)	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Average selling price	\$394,500 - \$578,900	n/a	\$394,500 - \$578,900	n/a
Deliveries per month	2 - 3	n/a	2 - 3	n/a
Discount rate	17% - 20%	n/a	17% - 20%	n/a

(a) Ranges of inputs presented primarily reflect differences between the housing markets where each impacted community is located, rather than fluctuations in prevailing market rates.

As of August 31, 2025, the aggregate carrying value of our inventory that had been impacted by inventory impairment charges was \$26.7 million, representing six communities and various other land parcels. As of November 30, 2024, the aggregate carrying value of our inventory that had been impacted by inventory impairment charges was \$32.1 million, representing four communities and various other land parcels.

Our inventory controlled under land option contracts and other similar contracts is assessed on a quarterly basis to determine whether it continues to meet our investment return standards. When a decision is made not to exercise certain land option contracts and other similar contracts due to market conditions and/or changes in our marketing strategy, we write off the related inventory costs, including non-refundable deposits and unrecoverable pre-acquisition costs. Based on the results of our assessments, we recognized land option contract abandonment charges of \$4.0 million and \$11.0 million for the three-month and nine-month periods ended August 31, 2025, respectively. For the three-month and nine-month periods ended August 31, 2024, we recognized land option contract abandonment charges of \$1.2 million and \$3.7 million, respectively.

Due to the judgment and assumptions applied in our inventory impairment and land option contract abandonment assessment processes, and in our estimations of the remaining operating lives of our inventory assets and the realization of our inventory balances, particularly as to land held for future development, it is possible that actual results could differ substantially from those estimated.

8. Variable Interest Entities

Unconsolidated Joint Ventures. We participate in joint ventures from time to time that conduct land acquisition, land development and/or other homebuilding activities in various markets where our homebuilding operations are located. Our investments in these joint ventures may create a variable interest in a variable interest entity (“VIE”), depending on the contractual terms of the arrangement. We analyze our joint ventures under the variable interest model to determine whether they are VIEs and, if so, whether we are the primary beneficiary. Based on our analyses, we determined that one

of our joint ventures at August 31, 2025 and November 30, 2024 was a VIE, but we were not the primary beneficiary of the VIE. Therefore, all of our joint ventures at August 31, 2025 and November 30, 2024 were unconsolidated and accounted for under the equity method because we did not have a controlling financial interest.

Land Option Contracts and Other Similar Contracts. In the ordinary course of our business, we enter into land option contracts and other similar contracts with third parties and unconsolidated entities to acquire rights to land for the construction of homes. Under these contracts, we typically make a specified option payment or earnest money deposit in consideration for the right to purchase land in the future, usually at a predetermined price. We analyze each of our land option contracts and other similar contracts under the variable interest model to determine whether the land seller is a VIE and, if so, whether we are the primary beneficiary. Although we do not have legal title to the underlying land, we are required to consolidate a VIE if we are the primary beneficiary. As a result of our analyses, we determined that as of August 31, 2025 and November 30, 2024, we were not the primary beneficiary of any VIEs from which we have acquired rights to land under land option contracts and other similar contracts.

The following table presents a summary of our interests in land option contracts and other similar contracts (in thousands):

	August 31, 2025		November 30, 2024	
	Cash Deposits	Aggregate Purchase Price	Cash Deposits	Aggregate Purchase Price
Unconsolidated VIEs	\$ 46,642	\$ 1,203,536	\$ 50,469	\$ 1,705,542
Other land option contracts and other similar contracts	29,871	749,024	31,470	885,588
Total	\$ 76,513	\$ 1,952,560	\$ 81,939	\$ 2,591,130

In addition to the cash deposits presented in the table above, our exposure to loss related to our land option contracts and other similar contracts with third parties and unconsolidated entities consisted of pre-acquisition costs of \$52.3 million at August 31, 2025 and \$34.3 million at November 30, 2024. These pre-acquisition costs and cash deposits were included in inventories in our consolidated balance sheets.

For land option contracts and other similar contracts where the land seller entity is not required to be consolidated under the variable interest model, we consider whether such contracts should be accounted for as financing arrangements. Land option contracts and other similar contracts that may be considered financing arrangements include those we enter into with third-party land financiers or developers in conjunction with such third parties acquiring a specific land parcel(s) on our behalf, at our direction, and those with other landowners where we or our designee make improvements to the optioned land parcel(s) during the applicable option period. For these land option contracts and other similar contracts, we record the remaining purchase price of the associated land parcel(s) in inventories in our consolidated balance sheets with a corresponding financing obligation if we determine that we are effectively compelled to exercise the option to purchase the land parcel(s). As a result of our evaluations of land option contracts and other similar contracts for financing arrangements, we recorded inventories in our consolidated balance sheets, with a corresponding increase to accrued expenses and other liabilities, of \$20.2 million at August 31, 2025 and \$26.0 million at November 30, 2024.

9. Investments in Unconsolidated Joint Ventures

Homebuilding. We have investments in unconsolidated joint ventures that conduct land acquisition, land development and/or other homebuilding activities in various markets where our homebuilding operations are located. We and our unconsolidated joint venture partners make initial and/or ongoing capital contributions to these unconsolidated joint ventures, typically on a pro rata basis, according to our respective equity interests. The obligations to make capital contributions are governed by each such unconsolidated joint venture's respective operating agreement and related governing documents.

We had investments in six homebuilding unconsolidated joint ventures as of August 31, 2025 and November 30, 2024. The following table presents combined condensed information from the statements of operations for our homebuilding unconsolidated joint ventures (in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Revenues	\$ 19,027	\$ 32,241	\$ 58,767	\$ 37,539
Construction and land costs	(14,371)	(23,580)	(44,176)	(27,404)
Other expense, net	(1,567)	(1,694)	(4,474)	(3,541)
Income	\$ 3,089	\$ 6,967	\$ 10,117	\$ 6,594

The combined revenues and construction and land costs for the three-month and nine-month periods ended August 31, 2025 and 2024 related to homes delivered by an unconsolidated joint venture in California, which delivered its first homes in the 2024 second quarter.

The following table presents combined condensed balance sheet information for our homebuilding unconsolidated joint ventures (in thousands):

	August 31, 2025	November 30, 2024
Assets		
Cash	\$ 12,968	\$ 18,869
Receivables	5,512	2,918
Inventories	154,112	158,322
Other assets	749	1,052
Total assets	\$ 173,341	\$ 181,161
Liabilities and equity		
Accounts payable and other liabilities	\$ 12,076	\$ 8,091
Notes payable (a)	41,825	47,300
Equity	119,440	125,770
Total liabilities and equity	\$ 173,341	\$ 181,161

(a) As of both August 31, 2025 and November 30, 2024, the unconsolidated joint venture in California that delivered homes in the three-month and nine-month periods ended August 31, 2025 and 2024 had borrowings outstanding under a term loan with a third-party lender to finance its land acquisition, development and construction activities. In January 2025, the loan agreement was amended, increasing the aggregate commitment to \$60.0 million from \$55.0 million, and providing an eight-month loan extension option to replace the two previous six-month extension options. Pursuant to the amendment, the aggregate commitment was reduced to \$55.2 million on August 31, 2025, and will be reduced to \$40.0 million on February 28, 2026. This term loan is scheduled to mature on April 19, 2026, unless extended or terminated pursuant to its applicable terms. If the term loan is extended, the aggregate commitment would be reduced to \$28.0 million effective April 19, 2026. Borrowings under the term loan are secured by the underlying property and related project assets. None of our other unconsolidated joint ventures had outstanding debt at August 31, 2025 or November 30, 2024.

We provide certain guarantees and indemnities to the lender in connection with the above-described term loan, including a guaranty of interest and carry costs; a guaranty to complete the construction of phases of the improvements for the project as such phases are commenced; a guaranty against losses suffered due to certain bad acts or failures to act by the unconsolidated joint venture or its partners; and an indemnity from environmental issues. Except to the extent related to the foregoing guarantees and indemnities, we do not have a guaranty or any other obligation to repay borrowings under term loan or to support the value of the underlying collateral. However, various financial and non-financial covenants apply under the term loan and with respect to the related guaranty and indemnity obligations, and a failure to comply with such covenants could result in a default and cause the lender to seek to enforce such guaranty and indemnity obligations. As of the date of this report, we were in compliance with the relevant covenants. We do not believe that our existing exposure under our guaranty and indemnity obligations related to outstanding borrowings under the term loan is material to our consolidated financial statements.

Financial Services. The following table presents combined condensed information from the statements of operations for our financial services unconsolidated joint venture (in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Revenues	\$ 26,362	\$ 31,615	\$ 79,326	\$ 93,485
Expenses	(17,854)	(19,751)	(52,437)	(54,641)
Income	\$ 8,508	\$ 11,864	\$ 26,889	\$ 38,844

Revenues are primarily generated from fees earned on mortgage loan originations, interest earned for the period loans are held by KBHS, and gains on the sales of mortgage loans held for sale. Gains on the sales of mortgage loans held for sale include the realized and unrealized gains and losses associated with changes in the fair value of such loans and any related derivative financial instruments.

The following table presents combined condensed balance sheet information for our financial services unconsolidated joint venture (in thousands):

	August 31, 2025	November 30, 2024
Assets		
Cash and cash equivalents (a)	\$ 23,496	\$ 31,702
Mortgage loans held for sale	174,920	122,828
Other assets	13,503	22,815
Total assets	\$ 211,919	\$ 177,345
Liabilities and equity		
Accounts payable and other liabilities	\$ 13,686	\$ 15,398
Funding facilities	167,461	117,953
Equity	30,772	43,994
Total liabilities and equity	\$ 211,919	\$ 177,345

(a) Cash and cash equivalents included restricted cash of \$.8 million at August 31, 2025 and \$1.3 million at November 30, 2024.

Mortgage loans held for sale. Originated mortgage loans expected to be sold into the secondary market in the foreseeable future are reported as mortgage loans held for sale and carried in KBHS' balance sheets at fair value, with changes in fair value recognized within revenues in KBHS' statements of operations.

Interest Rate Lock Commitments ("IRLCs"). KBHS enters into IRLCs in connection with originating certain mortgage loans held for sale, at specified interest rates and within a specified period of time, with customers who have applied for a mortgage loan and meet certain credit and underwriting criteria. KBHS accounts for IRLCs as free-standing derivatives and does not designate any for hedge accounting. As a result, IRLCs are recognized in KBHS' balance sheets at fair value, and gains or losses resulting from changes in fair value are recognized within revenues in KBHS' statements of operations. The fair value of IRLCs is based on market prices, which includes an estimate of the fair value of the associated mortgage servicing rights, adjusted for estimated costs to originate the underlying mortgage loans as well as the probability that the mortgage loans will fund within the terms of the IRLCs. The fair value of IRLCs included in other assets in KBHS' balance sheets was \$9.4 million at August 31, 2025 and \$16.0 million at November 30, 2024. The changes in the fair value of IRLCs, which were reported in revenues for the applicable periods, were losses of \$3.0 million and \$6.6 million for the three-month and nine-month periods ended August 31, 2025, respectively, and a loss of \$.4 million and a gain of \$3.8 million for the three-month and nine-month periods ended August 31, 2024, respectively.

KBHS manages the interest rate and price risk associated with its outstanding IRLCs by entering into best efforts forward sale commitments under which mortgage loans locked with a borrower are simultaneously committed to a secondary market investor at a fixed price, subject to the underlying mortgage loans being funded. These best efforts forward sale commitments do not meet the definition of derivative financial instruments and are therefore not recorded in KBHS'

balance sheets. If the mortgage loans underlying the IRLCs do not fund, KBHS has no obligation to fulfill the secondary market investor commitments.

Funding facilities. KBHS maintains warehouse lines of credit and master repurchase agreements with various financial institutions to fund its originated mortgage loans, with its mortgage loans held for sale pledged as collateral under these agreements. The agreements contain covenants which include certain financial requirements, including maintenance of minimum tangible net worth, minimum liquid assets, maximum debt to net worth ratio and positive net income, as defined in the agreements. KBHS was in compliance with these covenants as of August 31, 2025. In addition to its compliance with these covenants, KBHS also depends on the ability and willingness of the applicable lenders and financial institutions to extend such credit facilities to KBHS to fund its originated mortgage loans. KBHS intends to renew these facilities when they expire at various dates in 2025 and 2026. The warehouse lines of credit and master repurchase agreements are not guaranteed by us or any of the subsidiaries that guarantee our senior notes, unsecured revolving credit facility with various banks (“Credit Facility”) and senior unsecured term loan agreement (“Term Loan”) (collectively, “Guarantor Subsidiaries”).

10. Other Assets

Other assets consisted of the following (in thousands):

	August 31, 2025	November 30, 2024
Cash surrender value of corporate-owned life insurance contracts	\$ 50,333	\$ 51,912
Lease right-of-use assets	18,250	18,704
Prepaid expenses	17,575	17,799
Other (a)	16,722	17,505
Total	<u>\$ 102,880</u>	<u>\$ 105,920</u>

(a) On March 1, 2024, substantially all the assets of an investee company, in which we had an aggregate ownership interest of approximately 13.5%, held largely through a limited liability company we established to hold the investment, were sold to a privately held buyer through a merger. From the sale, we received cash plus certain preferred and common equity interests in the buyer. Other includes these investments in equity securities without readily determinable fair values of \$15.2 million at August 31, 2025 and November 30, 2024. In connection with the sale, we recognized a gain of \$12.5 million, which is included in interest income and other in our consolidated statements of operations for the nine months ended August 31, 2024.

11. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (in thousands):

	August 31, 2025	November 30, 2024
Self-insurance and other legal liabilities	\$ 341,147	\$ 315,851
Employee compensation and related benefits	145,957	182,460
Warranty liability	98,598	96,026
Inventory-related obligations (a)	41,769	44,408
Customer deposits	38,072	44,029
Lease liabilities	20,741	20,859
Accrued interest payable	17,353	28,806
Real estate and business taxes	16,356	17,056
Federal and state taxes payable	5,061	—
Other	45,396	46,766
Total	<u>\$ 770,450</u>	<u>\$ 796,261</u>

(a) Represents liabilities for financing arrangements discussed in Note 8 – Variable Interest Entities, as well as liabilities for fixed or determinable amounts associated with tax increment financing entity (“TIFE”) assessments. As homes are

delivered, our obligation to pay the remaining TIFE assessments associated with each underlying lot is transferred to the homebuyer. As such, these assessment obligations will be paid by us only to the extent we do not deliver homes on applicable lots before the related TIFE obligations mature.

12. Leases

We lease certain property and equipment for use in our operations. We recognize lease expense for these leases generally on a straight-line basis over the lease term and combine lease and non-lease components for all leases. Lease right-of-use assets and lease liabilities are recorded in our consolidated balance sheets for leases with an expected term at the commencement date of more than 12 months. Lease expense is included in selling, general and administrative expenses in our consolidated statements of operations and includes costs for leases with terms of more than 12 months as well as short-term leases with terms of 12 months or less. Our total lease expense for the three months ended August 31, 2025 and 2024 was \$5.5 million and \$5.1 million, respectively, and included short-term lease costs of \$2.1 million and \$1.9 million, respectively. For both the nine months ended August 31, 2025 and 2024, our total lease expense was \$15.4 million, and included short-term lease costs of \$5.4 million and \$5.6 million, respectively. Variable lease costs and external sublease income for the three-month and nine-month periods ended August 31, 2025 and 2024 were immaterial.

The following table presents our lease right-of-use assets and lease liabilities (in thousands):

	August 31, 2025	November 30, 2024
Lease right-of-use assets	\$ 18,278	\$ 18,734
Lease liabilities	20,772	20,887

Lease right-of-use assets and lease liabilities are predominately within our homebuilding operations, with nominal amounts in our financial services operations.

13. Income Taxes

Income Tax Expense. Our income tax expense and effective tax rates were as follows (dollars in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Income tax expense	\$ 33,400	\$ 50,100	\$ 97,700	\$ 138,800
Effective tax rate	23.3 %	24.2 %	23.0 %	23.0 %

Our income tax expense and effective tax rate for the three months ended August 31, 2025 included the favorable impact of \$5.3 million of Internal Revenue Code Section 45L (“Section 45L”) tax credits we recognized primarily from building energy-efficient homes and \$2 million of excess tax benefits related to stock-based compensation, partly offset by \$3.6 million of non-deductible executive compensation expense. Our income tax expense and effective tax rate for the three months ended August 31, 2024 reflected the favorable impact of \$3.9 million of Section 45L tax credits, partly offset by \$2.4 million of non-deductible executive compensation expense.

For the nine months ended August 31, 2025, our income tax expense and effective tax rate included the favorable impacts of \$10.1 million of Section 45L tax credits and \$5.6 million of excess tax benefits related to stock-based compensation and, partly offset by \$8.8 million of non-deductible executive compensation expense. Our income tax expense and effective tax rate for the nine months ended August 31, 2024 reflected the favorable impacts of \$12.8 million of Section 45L tax credits, \$6.5 million of excess tax benefits related to stock-based compensation, partly offset by \$7.9 million of non-deductible executive compensation expense.

The year-over-year increase in Section 45L tax credits for the three months ended August 31, 2025 was mainly due to additional tax credits recognized based on certifications verified during the quarter. For the nine months ended August 31, 2025, Section 45L tax credits decreased year over year, largely reflecting the impact of guidance the Internal Revenue Service (“IRS”) issued in 2023 that heightened the Section 45L energy-efficiency qualification standard for homes built in California relative to other states and our decision to build homes in many of our markets beginning in 2025 that are highly energy efficient and qualify for ENERGY STAR® certification but do not qualify for Section 45L tax credits. We believe the additional costs necessary to satisfy the higher standards for some of our homes outweigh the possible benefits of meeting those higher standards for both our business and our buyers.

On July 4, 2025, H.R.1, the One Big Beautiful Bill Act (“OBBBA”), was signed into law. Among its provisions is the repeal of Section 45L tax credits for new energy-efficient homes delivered after June 30, 2026. As a result, beginning in our 2026 third quarter, our income tax expense and effective tax rate will no longer reflect a benefit from such tax credits as to homes delivered after the effective date. We are currently evaluating other elements of the legislation, but do not expect it to have a material effect on our effective tax rate for the year ending November 30, 2025.

Deferred Tax Asset Valuation Allowance. We evaluate our deferred tax assets quarterly to determine if adjustments to our valuation allowance are required based on the consideration of all available positive and negative evidence using a “more likely than not” standard with respect to whether deferred tax assets will be realized. Our evaluation considers, among other factors, our historical operating results, our expectation of future profitability, the duration of the applicable statutory carryforward periods, and conditions in the housing market and the broader economy. The ultimate realization of our deferred tax assets depends primarily on our ability to generate future taxable income during the periods in which the related deferred tax assets become deductible. The value of our deferred tax assets depends on applicable income tax rates.

As of both August 31, 2025 and November 30, 2024, we had deferred tax assets of \$119.2 million that were partly offset by valuation allowances of \$16.8 million. The deferred tax asset valuation allowances at August 31, 2025 and November 30, 2024 were primarily related to certain state net operating losses that had not met the “more likely than not” realization standard at those dates. Based on the evaluation of our deferred tax assets as of August 31, 2025, we determined that most of our deferred tax assets would be realized. Therefore, no adjustments to our deferred tax asset valuation allowance were needed for the nine months ended August 31, 2025.

We will continue to evaluate both the positive and negative evidence on a quarterly basis in determining the need for a valuation allowance with respect to our deferred tax assets. The accounting for deferred tax assets is based upon estimates of future results. Changes in positive and negative evidence, including differences between estimated and actual results, could result in changes in the valuation of our deferred tax assets that could have a material impact on our consolidated financial statements. Changes in existing federal and state tax laws and corporate income tax rates could also affect actual tax results and the realization of deferred tax assets over time.

14. Notes Payable

Notes payable consisted of the following (in thousands):

	August 31, 2025	November 30, 2024
Unsecured revolving credit facility	\$ 250,000	\$ —
Senior unsecured term loan due August 25, 2026	359,329	358,826
6.875% Senior notes due June 15, 2027	298,959	298,560
4.80% Senior notes due November 15, 2029	298,213	297,932
7.25% Senior notes due July 15, 2030	346,953	346,574
4.00% Senior notes due June 15, 2031	386,979	386,638
Mortgages and land contracts due to land sellers and other loans	3,149	3,149
Total	<u>\$ 1,943,582</u>	<u>\$ 1,691,679</u>

The carrying amounts of our senior notes listed above are net of unamortized debt issuance costs, which totaled \$9.6 million at August 31, 2025 and \$11.5 million at November 30, 2024.

Unsecured Revolving Credit Facility. We have a \$1.09 billion Credit Facility that will mature on February 18, 2027. The Credit Facility contains an uncommitted accordion feature under which its aggregate principal amount of available loans can be increased to a maximum of \$1.29 billion under certain conditions, including obtaining additional bank commitments. The Credit Facility also contains a sublimit of \$250.0 million for the issuance of letters of credit. Interest on amounts borrowed under the Credit Facility accrues at an adjusted term Secured Overnight Financing Rate (“SOFR”) or a base rate, plus a spread that depends on our consolidated leverage ratio (“Leverage Ratio”), as defined under the Credit Facility. Interest is payable quarterly (base rate) or each month or three months (adjusted term SOFR). The Credit Facility also requires the payment of a commitment fee at a per annum rate ranging from .15% to .35% of the unused commitment, based on our Leverage Ratio. Under the terms of the Credit Facility, we are required, among other things, to maintain compliance with various covenants, including financial covenants relating to our consolidated tangible net worth, Leverage Ratio, and either a consolidated interest coverage ratio (“Interest Coverage Ratio”) or minimum level of liquidity, each as defined therein. Our obligations to pay borrowings under the Credit Facility are guaranteed on a joint and several basis by

our Guarantor Subsidiaries. The amount of the Credit Facility available for cash borrowings and the issuance of letters of credit depends on the total cash borrowings and letters of credit outstanding under the Credit Facility and the maximum available amount under the terms of the Credit Facility. As of August 31, 2025, we had \$250.0 million of cash borrowings and \$8.3 million of letters of credit outstanding under the Credit Facility. Therefore, as of August 31, 2025, we had \$831.7 million available for cash borrowings under the Credit Facility, with up to \$241.7 million of that amount available for the issuance of letters of credit. As of August 31, 2025, the weighted average annual interest rate on our outstanding borrowings under the Credit Facility was 5.7%.

Senior Unsecured Term Loan. We have a \$360.0 million Term Loan with the lenders party thereto. The Term Loan will mature on August 25, 2026, or earlier if we secure borrowings under the Credit Facility without similarly securing the Term Loan (subject to certain exceptions). Interest under the Term Loan accrues at an adjusted term SOFR or a base rate, plus a spread that depends on our Leverage Ratio. Interest is payable quarterly (base rate) or each month or three months (adjusted term SOFR). The Term Loan contains various covenants that are substantially the same as those under the Credit Facility. The proceeds drawn under the Term Loan are guaranteed on a joint and several basis by our Guarantor Subsidiaries. As of August 31, 2025, the weighted average annual interest rate on our outstanding borrowings under the Term Loan was 5.8%.

Letter of Credit Facility. We maintain an unsecured letter of credit agreement with a financial institution (“LOC Facility”) to obtain letters of credit from time to time in the ordinary course of operating our business. Under the LOC Facility, which expires on February 13, 2028, we may issue up to \$100.0 million of letters of credit. As of August 31, 2025 and November 30, 2024, we had letters of credit outstanding under the LOC Facility of \$62.4 million and \$73.3 million, respectively.

Senior Notes. All the senior notes outstanding at August 31, 2025 and November 30, 2024 represent senior unsecured obligations that are guaranteed by our Guarantor Subsidiaries and rank equally in right of payment with all of our and our Guarantor Subsidiaries’ existing unsecured and unsubordinated indebtedness. All of our senior notes were issued in underwritten public offerings. Interest on each of these senior notes is payable semi-annually.

The indenture governing our senior notes does not contain any financial covenants. Subject to specified exceptions, the indenture contains certain restrictive covenants that, among other things, limit our ability to incur secured indebtedness, or engage in sale and leaseback transactions involving property above a certain specified value. In addition, the indenture contains certain limitations related to mergers, consolidations, and sales of assets.

As of August 31, 2025, we were in compliance with the applicable terms of all of our covenants and other requirements under the Credit Facility, the Term Loan, the senior notes, the indenture, the LOC Facility, and the mortgages and land contracts due to land sellers and other loans. Our ability to access the Credit Facility for cash borrowings and letters of credit and our ability to secure future debt financing depend, in part, on our ability to remain in such compliance. Our ability to access the Credit Facility’s full borrowing capacity, as well as the LOC Facility’s full issuance capacity, also depends on the ability and willingness of the applicable lenders and financial institutions, including any substitute or additional lenders and financial institutions, to meet their commitments to fund loans, extend credit or provide payment guarantees to or for us under those instruments.

Mortgages and Land Contracts Due to Land Sellers and Other Loans. As of August 31, 2025, inventories having a carrying value of \$24.4 million were pledged to collateralize mortgages and land contracts due to land sellers and other loans.

As of August 31, 2025, principal payments on our senior notes, mortgages and land contracts due to land sellers and other loans are due during each year ending November 30 as follows: 2025 – \$.1 million; 2026 – \$360.7 million; 2027 – \$300.9 million; 2028 – \$.8 million; 2029 – \$300.6 million and thereafter – \$740.0 million.

15. Fair Value Disclosures

Fair value measurements of assets and liabilities are categorized based on the following hierarchy:

- | | |
|---------|--|
| Level 1 | Fair value determined based on quoted prices in active markets for identical assets or liabilities. |
| Level 2 | Fair value determined using significant observable inputs, such as quoted prices for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data, by correlation or other means. |

Level 3 Fair value determined using significant unobservable inputs, such as pricing models, discounted cash flows, or similar techniques.

Fair value measurements are used for inventories on a nonrecurring basis when events and circumstances indicate that their carrying value is not recoverable. The following table presents the fair value hierarchy and our assets measured at fair value on a nonrecurring basis for the nine months ended August 31, 2025 and the year ended November 30, 2024 (in thousands):

Description	Fair Value Hierarchy	August 31, 2025			November 30, 2024		
		Pre-Impairment Value	Inventory Impairment Charges	Fair Value (a)	Pre-Impairment Value	Inventory Impairment Charges	Fair Value (a)
Inventories	Level 3	\$ 24,268	\$ (7,341)	\$ 16,927	\$ —	\$ —	\$ —

(a) Amounts represent the aggregate fair value for real estate assets impacted by inventory impairment charges during the applicable period, as of the date that the fair value measurements were made. The carrying value for these real estate assets may have subsequently increased or decreased from the fair value reflected due to activity that has occurred since the measurement date.

The fair values for inventories that were determined using Level 3 inputs were based on the estimated future net cash flows discounted for inherent risk associated with each underlying asset.

The following table presents the fair value hierarchy, carrying values and estimated fair values of our financial instruments, except those for which the carrying values approximate fair values (in thousands):

Description	Fair Value Hierarchy	August 31, 2025		November 30, 2024	
		Carrying Value (a)	Estimated Fair Value	Carrying Value (a)	Estimated Fair Value
Financial Liabilities:					
Senior notes	Level 2	\$ 1,331,104	\$ 1,320,913	\$ 1,329,704	\$ 1,309,700

(a) The carrying value for the senior notes, as presented, includes unamortized debt issuance costs. Debt issuance costs are not factored into the estimated fair values of these notes.

The fair values of our senior notes are generally estimated based on quoted market prices for these instruments. The carrying values reported for cash and cash equivalents, outstanding borrowings under the Credit Facility, if any, the Term Loan, and mortgages and land contracts due to land sellers and other loans approximate fair values. The carrying value of corporate-owned life insurance is based on the cash surrender value of the policies and, accordingly, approximates fair value.

16. Commitments and Contingencies

Commitments and contingencies include typical obligations of homebuilders for the completion of contracts and those incurred in the ordinary course of business.

Warranty. We provide a limited warranty on all of our homes. The specific terms and conditions of our limited warranty program vary depending upon the markets in which we do business. We generally provide a structural warranty of 10 years, a warranty on electrical, heating, cooling, plumbing and certain other building systems each varying from two to five years based on geographic market and state law, and a warranty of one year for other components of the home. Our limited warranty program is ordinarily how we respond to and account for homeowners' requests to local division offices seeking repairs of certain conditions or defects, including claims where we could have liability under applicable state statutes or tort law for a defective condition in or damages to a home. Our warranty liability covers the costs of repairs associated with homeowner claims made under our limited warranty program. These claims are generally made directly by a homeowner and involve their individual home.

We estimate the costs that may be incurred under each limited warranty and record a liability in the amount of such costs at the time the revenue associated with the sale of each home is recognized. Our primary assumption in estimating the amounts we accrue for warranty costs is that historical claims experience is a strong indicator of future claims experience.

Factors that affect our warranty liability include the number of homes delivered, historical and anticipated rates of warranty claims, and cost per claim. We periodically assess the adequacy of our accrued warranty liability, which is included in accrued expenses and other liabilities in our consolidated balance sheets, and adjust the amount as necessary based on our assessment. Our assessment includes a review of our actual warranty costs incurred to identify trends and changes in our warranty claims experience, and considers our home construction quality and customer service initiatives and outside events. While we believe the warranty liability currently reflected in our consolidated balance sheets to be adequate, unanticipated changes or developments in the legal environment, local weather, land or environmental conditions, quality of materials or methods used in the construction of homes or customer service practices and/or our warranty claims experience could have a significant impact on our actual warranty costs in future periods and such amounts could differ significantly from our current estimates.

The changes in our warranty liability were as follows (in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 97,658	\$ 94,803	\$ 96,026	\$ 98,000
Warranties issued	10,642	9,731	29,643	27,596
Payments	(9,702)	(10,864)	(27,071)	(31,926)
Balance at end of period	<u>\$ 98,598</u>	<u>\$ 93,670</u>	<u>\$ 98,598</u>	<u>\$ 93,670</u>

Guarantees. In the normal course of our business, we issue certain representations, warranties and guarantees related to our home sales and land sales. Based on historical experience, we do not believe any potential liability with respect to these representations, warranties or guarantees would be material to our consolidated financial statements.

Self-Insurance. We maintain, and require the majority of our independent contractors to maintain, general liability insurance (including construction defect and bodily injury coverage) and workers' compensation insurance. These insurance policies protect us against a portion of our risk of loss from claims related to our homebuilding activities, subject to certain self-insured retentions, deductibles and other coverage limits. We also maintain certain other insurance policies. Costs associated with our self-insurance programs are included in selling, general and administrative expenses. In Arizona, California, Colorado and Nevada, our contractors' general liability insurance primarily takes the form of a wrap-up policy under a program where eligible independent contractors are enrolled as insureds on each community. Enrolled contractors generally contribute toward the cost of the insurance and agree to pay a contractual amount in the future if there is a claim related to their work. To the extent provided under the wrap-up program, we absorb the enrolled contractors' general liability associated with the work performed on our homes within the applicable community as part of our overall general liability insurance and our self-insurance.

We self-insure a portion of our overall risk through the use of a captive insurance subsidiary, which provides coverage for our exposure to construction defect, bodily injury and property damage claims and related litigation or regulatory actions, up to certain limits. Our self-insurance liability generally covers the costs of settlements and/or repairs, if any, as well as our costs to defend and resolve the following types of claims:

- **Construction defect:** Construction defect claims, which represent the largest component of our self-insurance liability, typically originate through a legal or regulatory process rather than directly by a homeowner and involve the alleged occurrence of a condition affecting two or more homes within the same community, or they involve a common area or homeowners' association property within a community. These claims typically involve higher costs to resolve than individual homeowner warranty claims, and the rate of claims is highly variable.
- **Bodily injury:** Bodily injury claims typically involve individuals (other than our employees) who claim they were injured while on our property or as a result of our operations.
- **Property damage:** Property damage claims generally involve claims by third parties for alleged damage to real or personal property as a result of our operations. Such claims may occasionally include those made against us by owners of property located near our communities.

Our self-insurance liability at each reporting date represents the estimated costs of reported claims, claims incurred but not yet reported, and claim adjustment expenses. The amount of our self-insurance liability is based on an analysis performed by a third-party actuary that uses our historical claim and expense data, as well as industry data to estimate these overall costs. Key assumptions used in developing these estimates include claim frequencies, severities and resolution patterns, which can occur over an extended period of time. These estimates are subject to variability due to the length of time between the delivery of a home to a homebuyer and when a construction defect claim is made, and the ultimate resolution

of such claim; uncertainties regarding such claims relative to our markets and the types of products we build; and legal or regulatory actions and/or interpretations, among other factors. Due to the degree of judgment involved and the potential for variability in these underlying assumptions, our actual future costs could differ from those estimated. In addition, changes in the frequency and severity of reported claims and the estimates to resolve claims can impact the trends and assumptions used in the actuarial analysis, which could be material to our consolidated financial statements. Though state regulations vary, construction defect claims are reported and resolved over a long period of time, which can extend for 10 years or more. As a result, the majority of the estimated self-insurance liability based on the actuarial analysis relates to claims incurred but not yet reported. Therefore, adjustments related to individual existing claims generally do not significantly impact the overall estimated liability. Adjustments to our liabilities related to homes delivered in prior years are recorded in the period in which a change in our estimate occurs.

Our self-insurance liability is presented on a gross basis for all periods without consideration of insurance recoveries and amounts we have paid on behalf of and expect to recover from other parties, if any. Estimated probable insurance and other recoveries of \$22.0 million and \$22.6 million are included in receivables in our consolidated balance sheets at August 31, 2025 and November 30, 2024, respectively. These self-insurance recoveries are principally based on actuarially determined amounts and depend on various factors, including, among other things, the above-described claim cost estimates, our insurance policy coverage limits for the applicable policy year(s), historical third-party recovery rates, insurance industry practices, the regulatory environment and legal precedent, and are subject to a high degree of variability from period to period. Because of the inherent uncertainty and variability in these assumptions, our actual insurance recoveries could differ significantly from amounts currently estimated.

The changes in our self-insurance liability were as follows (in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Balance at beginning of period	\$ 187,277	\$ 173,029	\$ 185,428	\$ 179,832
Self-insurance provided	5,334	5,604	13,907	14,867
Payments	(1,199)	(3,206)	(12,540)	(14,686)
Adjustments (a)	(2,663)	(3,410)	1,954	(7,996)
Balance at end of period	<u>\$ 188,749</u>	<u>\$ 172,017</u>	<u>\$ 188,749</u>	<u>\$ 172,017</u>

(a) Represents net changes in the portion of our self-insurance liability estimated to be recoverable from our insurers or other parties, and/or actual recoveries funded directly by our insurers or other parties, if any.

For most of our claims, there is no interaction between our warranty liability and self-insurance liability. Typically, if a matter is identified at its outset as either a warranty or self-insurance claim, it remains as such through its resolution. However, there can be instances of interaction between the liabilities, such as where individual homeowners in a community separately request warranty repairs to their homes to address a similar condition or issue and subsequently join together to initiate, or potentially initiate, a legal process with respect to that condition or issue and/or the repair work we have undertaken. In these instances, the claims and related repair work generally are initially covered by our warranty liability, and the costs associated with resolving the legal matter (including any additional repair work) are covered by our self-insurance liability.

The payments we make in connection with claims and related repair work may be recovered from our insurers to the extent such payments exceed the self-insured retentions or deductibles under, and are within the scope of coverage provided by, our general liability insurance policies. Also, in certain instances, in the course of resolving a claim, we pay amounts in advance of and/or on behalf of an independent contractor(s) or their insurer(s) and believe we will be reimbursed for such payments. Estimates of all such amounts, if any, are recorded as receivables in our consolidated balance sheets when any such recovery is considered probable.

In addition to the risk that is effectively self-insured through our captive insurance subsidiary, we often obtain project-specific insurance coverage for construction defect risk on attached projects (e.g., condominiums or townhomes) with policy deductibles generally ranging from \$50,000 to \$250,000. We record estimated liabilities and recoveries for projected losses related to these projects on a gross basis, including for known claims as well as estimates for claims incurred but not yet reported, to the extent such amounts are considered probable and estimable.

Florida Chapter 558 Actions. We and certain of our trade partners have received claims in prior quarters from attorneys on behalf of individual owners of our homes and/or homeowners' associations that allege, pursuant to Chapter 558 of the Florida Statutes, various construction defects, with most relating to stucco and water-intrusion issues. The claims primarily

involve homes in our Jacksonville, Orlando, and Tampa operations. Under Chapter 558, homeowners must serve written notice of a construction defect(s) and provide the served construction and/or design contractor(s) with an opportunity to respond to the noticed issue(s) before they can file a lawsuit. Although we have resolved many of these claims without litigation, and a number of others have been resolved with applicable trade partners or their insurers covering the related costs, as of August 31, 2025, we had approximately 269 outstanding noticed claims, and some are scheduled for trial over the next few quarters and beyond. In addition, some of our trade partners' insurers in some of these cases have informed us of their inability to continue to pay claims-related costs. At August 31, 2025, we had an accrual for our estimated probable loss for these matters and a receivable for estimated probable insurance recoveries, including an estimate for claims incurred but not reported. While it is reasonably possible that our losses could exceed the amounts accrued and our recoveries could be less than the amounts recorded, at this time, we are unable to estimate the total amount of the loss in excess of the accrued amount and/or associated with a shortfall in the recoveries that is reasonably possible as each of these is dependent on several factors, including the extent of additional claims to be reported in future periods; the nature of any specific claims; our evaluation of the particular facts surrounding each such claim; and actions of third parties over which we have no control.

Performance Bonds and Letters of Credit. We are often required to provide to various municipalities and other government agencies performance bonds and/or letters of credit to secure the completion of our projects and/or in support of obligations to build community improvements such as roads, sewers, water systems and other utilities, and to support similar development activities by certain of our unconsolidated joint ventures. At August 31, 2025, we had \$1.39 billion of performance bonds and \$70.7 million of letters of credit outstanding. At November 30, 2024, we had \$1.33 billion of performance bonds and \$81.6 million of letters of credit outstanding. If any such performance bonds or letters of credit are called, we would be obligated to reimburse the issuer of the performance bond or letter of credit. We do not believe that a material amount of any currently outstanding performance bonds or letters of credit will be called. Performance bonds do not have stated expiration dates. Rather, we are released from the performance bonds as the underlying performance is completed. The expiration dates of some letters of credit issued in connection with community improvements coincide with the expected completion dates of the related projects or obligations. Most letters of credit, however, are issued with an initial term of one year and are typically extended on a year-to-year basis until the related performance obligations are completed.

Land Option Contracts and Other Similar Contracts. In the ordinary course of our business, we enter into land option contracts and other similar contracts to acquire rights to land for the construction of homes. At August 31, 2025, we had total cash deposits of \$76.5 million to purchase land having an aggregate purchase price of \$1.95 billion. Our land option contracts and other similar contracts generally do not contain provisions requiring our specific performance.

Civil Subpoena. On October 2, 2023, we received a subpoena from the U.S. Department of Justice Civil Division, dated September 27, 2023, to produce certain documents and testimony with respect to the inspection, rating, marketing and advertising of our ENERGY STAR certified homes, including our contracts and/or communications with U.S. Environmental Protection Agency and third-party ENERGY STAR rating companies, real estate brokers, real estate appraisers, financial institutions and other parties, as well as inspection-related guidelines, instructions, methods, policies, processes and procedures. We are cooperating with the government, producing documents and information. As of the date of this report, we are unable to predict what actions the government will take, if any; the timing or nature of the ultimate outcome in this matter; or the impact, if any, such outcome may have on our business or consolidated financial statements. As a result, while a loss or penalty, if any, is reasonably possible in this matter, it is not considered to be probable or estimable.

17. Legal Matters

We are involved in litigation and regulatory proceedings incidental to our business that are in various procedural stages. We believe the accruals we have recorded for probable and reasonably estimable losses with respect to these proceedings are adequate and that, as of August 31, 2025, it was not reasonably possible that an additional material loss had been incurred in an amount in excess of the estimated amounts already recognized or disclosed in our consolidated financial statements. We evaluate our accruals for litigation and regulatory proceedings at least quarterly and, as appropriate, adjust them to reflect (a) the facts and circumstances known to us at the time, including information regarding negotiations, settlements, rulings and other relevant events and developments; (b) the advice and analyses of counsel; and (c) the assumptions and judgment of management. Similar factors and considerations are used in establishing new accruals for proceedings as to which losses have become probable and reasonably estimable at the time an evaluation is made. Our accruals for litigation and regulatory proceedings are presented on a gross basis without consideration of recoveries and amounts we have paid on behalf of and expect to recover from other parties, if any. Estimates of recoveries and amounts we have paid on behalf of and expect to recover from other parties, if any, are recorded as receivables when such

recoveries are considered probable. Based on our experience, we believe the amounts that may be claimed or alleged against us in these proceedings are not a meaningful indicator of our potential liability. The outcome of any of these proceedings, including the defense and other litigation-related costs and expenses we may incur, however, is inherently uncertain and could differ significantly from the estimate reflected in a related accrual, if made. Therefore, it is possible that the ultimate outcome of any proceeding, if in excess of a related accrual or if an accrual had not been made, could be material to our consolidated financial statements. Pursuant to SEC rules, we will disclose any proceeding in which a governmental authority is a party and that arises under any federal, state or local provisions enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment only where we believe that such proceeding will result in monetary sanctions on us, exclusive of interest and costs, above \$1.0 million or is otherwise material to our consolidated financial statements.

18. Stockholders' Equity

On February 21, 2025, the management development and compensation committee of our board of directors approved the payout of 530,015 shares of our common stock in connection with the vesting of PSUs that were granted to certain employees on October 7, 2021. The shares paid out under the PSUs reflected our achievement of certain performance measures that were based on cumulative earnings per share, average return on invested capital, and revenue growth relative to a peer group of high-production public homebuilding companies over the three-year period from December 1, 2021 through November 30, 2024. Of the shares of common stock paid out, 243,729 shares, or \$14.9 million, were purchased by us in the 2025 first quarter to satisfy the recipients' withholding taxes on the vesting of the PSUs. The shares purchased were not considered repurchases under the authorizations described below.

On April 18, 2024, our board of directors authorized us to repurchase up to \$1.00 billion of our outstanding common stock. As of November 30, 2024, there was \$700.0 million of remaining availability under this share repurchase authorization. In the nine months ended August 31, 2025, we repurchased 7,788,113 shares of our common stock at a total cost of \$438.5 million. Repurchases under the authorization may occur periodically through open market purchases, privately negotiated transactions or otherwise, with the timing and amount at management's discretion and dependent on market, business and other conditions. This share repurchase authorization will continue in effect until fully used or earlier terminated or suspended by our board of directors, and does not obligate us to purchase any shares. As of August 31, 2025, there was \$261.5 million of remaining availability under this share repurchase authorization.

The Inflation Reduction Act of 2022, which was enacted into law on August 16, 2022, imposed a non-deductible 1% excise tax on the net value of certain stock repurchases made after December 31, 2022. In the three months and nine months ended August 31, 2025 and 2024, we reflected the applicable excise tax in treasury stock as part of the cost basis of the stock repurchased and recorded a corresponding liability for the excise taxes payable in accrued expenses and other liabilities on our consolidated balance sheet. All dollar amounts presented in this report related to our share repurchases and our share repurchase authorization exclude such excise taxes, to the extent applicable, unless otherwise indicated.

In the 2025 and 2024 third quarters, our board of directors declared, and we paid, a quarterly cash dividend of \$.25 per share. Quarterly dividends declared and paid during the nine months ended August 31, 2025 and 2024 totaled \$.75 and \$.70 per share, respectively.

19. Stock-Based Compensation

Stock Options. At August 31, 2025 and November 30, 2024, we had 376,641 and 418,141 stock options outstanding with a weighted average exercise price of \$16.21 and \$16.17, respectively. We have not granted any stock option awards since 2016. During the nine months ended August 31, 2025, a total of 41,500 stock options with a weighted average exercise price of \$15.77 were exercised. As of August 31, 2025, stock options outstanding and stock options exercisable each had a weighted average remaining contractual life of 1.2 years. As all outstanding stock options have been fully vested since 2019, there was no stock-based compensation expense associated with stock options for the three-month and nine-month periods ended August 31, 2025 and 2024. Stock options outstanding and stock options exercisable each had an aggregate intrinsic value of \$17.8 million at August 31, 2025. (The intrinsic value of a stock option is the amount by which the market value of a share of the underlying common stock exceeds the exercise price of the stock option.)

Other Stock-Based Awards. From time to time, we grant restricted stock and PSUs to various employees as a compensation benefit. We recognized total compensation expense of \$8.4 million and \$8.0 million for the three months ended August 31, 2025 and 2024, respectively, related to restricted stock and PSUs. For the nine months ended August 31, 2025 and 2024, we recognized total compensation expense of \$25.1 million and \$25.3 million, respectively, related to restricted stock and PSUs.

20. Supplemental Disclosure to Consolidated Statements of Cash Flows

The following are supplemental disclosures to the consolidated statements of cash flows (in thousands):

	Nine Months Ended August 31,	
	2025	2024
Summary of cash and cash equivalents at end of period:		
Homebuilding	\$ 330,586	\$ 374,911
Financial services	1,712	782
Total	<u>\$ 332,298</u>	<u>\$ 375,693</u>
Supplemental disclosures of cash flow information:		
Interest paid, net of amounts capitalized	\$ 1,453	\$ 11,999
Income taxes paid	88,901	145,915
Supplemental disclosures of non-cash activities:		
Increase (decrease) in consolidated inventories not owned	(5,762)	4,616
Increase in inventories due to distributions of land and land development from an unconsolidated joint venture	4,890	7,753
Inventories acquired through seller financing	—	3,149

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

Results of Operations

OVERVIEW

Revenues are generated from our homebuilding and financial services operations. The following table presents a summary of our consolidated results of operations (dollars in thousands, except per share amounts):

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2024	Variance	2025	2024	Variance
Revenues:						
Homebuilding	\$ 1,614,462	\$ 1,745,979	(8) %	\$ 4,526,219	\$ 4,909,189	(8) %
Financial services	6,012	6,629	(9)	15,617	20,998	(26)
Total revenues	\$ 1,620,474	\$ 1,752,608	(8) %	\$ 4,541,836	\$ 4,930,187	(8) %
Pretax income:						
Homebuilding	\$ 134,542	\$ 196,476	(32) %	\$ 400,595	\$ 567,420	(29) %
Financial services	8,686	10,953	(21)	24,373	35,793	(32)
Total pretax income	143,228	207,429	(31)	424,968	603,213	(30)
Income tax expense	(33,400)	(50,100)	33	(97,700)	(138,800)	30
Net income	\$ 109,828	\$ 157,329	(30) %	\$ 327,268	\$ 464,413	(30) %
Diluted earnings per share	\$ 1.61	\$ 2.04	(21) %	\$ 4.60	\$ 5.94	(23) %

The 2025 third quarter housing market environment was softer compared to the year-earlier period, primarily due to ongoing affordability concerns and tepid consumer confidence that caused homebuyers to hesitate on making purchase decisions during the first nine months of our fiscal year. Despite these near-term headwinds, the longer-term outlook for the housing market remains favorable, driven by demographic trends and the continued undersupply of homes.

Consumer interest in homebuying was resilient during the third quarter, as we experienced a steady level of traffic in our communities. Additionally, we were encouraged to see stabilization in demand early in the third quarter, which was sustained as the quarter progressed along with a moderation in mortgage interest rates. However, reflecting the prevailing market conditions, our 2,950 net orders for the quarter decreased 4% year over year. We generated a monthly net order pace per community of 3.8, compared to 4.1 for the year-earlier quarter when we had a lower average community count. The average community count for the 2025 third quarter increased 3% year over year to 259, while our ending community count rose 4% to 264, as we continued to invest in our business to support long-term growth.

In navigating the current environment, we have focused on delivering the most compelling value to our buyers through pricing transparency and a simplified sales approach. With this strategy, which we began implementing on a community-by-community basis in mid-February to stimulate demand, we reduced selling prices relative to applicable market conditions. We also lowered or eliminated other homebuyer concessions, which is expected to partly offset the average selling price and housing gross profit margin impacts of those price changes in the reporting period when the corresponding homes are delivered. Reflecting the price reductions we have made with this strategy, the value of our net orders for the 2025 third quarter was down 15% year over year, driven by the 4% decline in net orders and an 11% decrease in their average selling price to \$445,600.

Homebuilding revenues for the three months ended August 31, 2025 were comprised of housing revenues and nominal land sale revenues. For the three months ended August 31, 2024, homebuilding revenues were generated solely from housing operations. Our 2025 third-quarter housing revenues were down 8% year over year to \$1.61 billion, due to a 7% decrease in the number of homes delivered to 3,393 and a slight decline in their average selling price to \$475,700. Approximately 50% of our homes delivered in the 2025 third quarter were to first-time homebuyers. Our homes delivered as a percentage of backlog at the beginning of the quarter grew to 71% for the 2025 third quarter, from 58% for the year-earlier quarter, mainly due to our improved build times and an increase in the percentage of homes sold and delivered within the same quarter. Homebuilding operating income for the three months ended August 31, 2025 was \$131.2 million, compared to \$189.0 million for the year-earlier period. As a percentage of revenues, homebuilding operating income was 8.1% for the 2025 third quarter compared to 10.8% for the corresponding 2024 period, primarily reflecting a lower housing gross profit margin. Excluding total inventory-related charges of \$11.3 million for the current quarter and \$1.2 million for the year-earlier quarter, the homebuilding operating income margin was 8.8%, compared to 10.9%. Our housing gross profit margin for the 2025 third quarter decreased to 18.2%.

compared to 20.6% for the year-earlier quarter, reflecting price reductions, higher relative land costs, and geographic mix, partly offset by lower construction costs. Excluding the above-mentioned inventory-related charges, the housing gross profit margin for the current quarter was 18.9%, compared to 20.7% for the year-earlier quarter. Our selling, general and administrative expenses as a percentage of housing revenues of 10.0% for the 2025 third quarter increased 20 basis points year over year, primarily due to decreased operating leverage from lower housing revenues, partly offset by lower general and administrative expenses. Total pretax income for the 2025 third quarter was \$143.2 million, down from \$207.4 million for the year-earlier quarter. Net income and diluted earnings per share for the three months ended August 31, 2025 decreased 30% and 21%, respectively, year over year. Our diluted earnings per share for the 2025 third quarter reflected lower net income, partly offset by the favorable impact of our common stock repurchases over the past several quarters.

We take a balanced approach in allocating capital, relative to prevailing market conditions, toward our priorities of investing in land and land development to support future growth and returning capital to our stockholders. In the current environment and given our existing land pipeline, we began scaling back our investments in land and land development in the 2025 second quarter while increasing our share repurchases. In our 2025 third quarter, we maintained our land investments at a level that we believe will support our current growth projections. Our investments for the 2025 third quarter decreased by 39% year over year to \$514.1 million, and we repurchased \$188.5 million of our outstanding common stock, compared to \$150.0 million in the year-earlier quarter. For the nine months ended August 31, 2025, we invested \$1.95 billion in land and land development, representing a 7% decrease from the corresponding year-earlier period, and repurchased approximately 7.8 million shares of our common stock at a total cost of \$438.5 million, compared to approximately 3.5 million shares of our common stock at a total cost of \$250.0 million in the year-earlier period. We ended the 2025 third quarter with total liquidity of \$1.16 billion, including cash and cash equivalents and \$831.7 million of available capacity under the Credit Facility. We had \$250.0 million of cash borrowings outstanding under the Credit Facility at August 31, 2025.

Although our ending backlog value at August 31, 2025 decreased 32% year over year to approximately \$1.99 billion, we believe we are well positioned to achieve our updated projections for the 2025 fourth quarter and full year, as described below under “Outlook.”

HOMEBUILDING

Financial Results. The following table presents a summary of certain financial and operational data for our homebuilding operations (dollars in thousands, except average selling price):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Revenues:				
Housing	\$ 1,613,975	\$ 1,745,979	\$ 4,525,732	\$ 4,905,617
Land	487	—	487	3,572
Total	1,614,462	1,745,979	4,526,219	4,909,189
Costs and expenses:				
Construction and land costs				
Housing	(1,320,611)	(1,385,563)	(3,658,080)	(3,872,092)
Land	(536)	—	(536)	(2,101)
Total	(1,321,147)	(1,385,563)	(3,658,616)	(3,874,193)
Selling, general and administrative expenses				
Total	(148,299)	(171,466)	(477,638)	(500,187)
Operating income	131,163	188,950	389,965	534,809
Interest income and other	1,870	4,073	5,628	29,379
Equity in income of unconsolidated joint ventures	1,509	3,453	5,002	3,232
Homebuilding pretax income	\$ 134,542	\$ 196,476	\$ 400,595	\$ 567,420

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Homes delivered	3,393	3,631	9,283	10,191
Average selling price	\$ 475,700	\$ 480,900	\$ 487,500	\$ 481,400
Housing gross profit margin as a percentage of housing revenues	18.2 %	20.6 %	19.2 %	21.1 %
Adjusted housing gross profit margin as a percentage of housing revenues	18.9 %	20.7 %	19.6 %	21.1 %
Selling, general and administrative expenses as a percentage of housing revenues	10.0 %	9.8 %	10.6 %	10.2 %
Operating income as a percentage of revenues	8.1 %	10.8 %	8.6 %	10.9 %

Revenues. Homebuilding revenues for the three months ended August 31, 2025 were comprised of housing revenues and nominal land sale revenues. In the three months ended August 31, 2024, homebuilding revenues were generated solely from housing operations. Housing revenues for the 2025 third quarter declined 8% from the year-earlier quarter, driven by a 7% decrease in the number of homes delivered and a slight decline in their overall average selling price. Our 2025 third-quarter housing revenues reflected year-over-year decreases of 13% in our West Coast homebuilding reporting segment and 17% in our Central segment, partially offset by increases of 7% and 1% in our Southwest and Southeast segments, respectively. The decline in the number of homes delivered mainly reflected our having 24% fewer homes in backlog at the beginning of the 2025 third quarter, as compared to the year-earlier quarter.

For the nine months ended August 31, 2025 and 2024, homebuilding revenues were generated from housing operations and land sales. Housing revenues for the nine months ended August 31, 2025 decreased 8% from the corresponding 2024 period due to a 9% decline in the number of homes delivered, partly offset by a slight increase in their average selling price.

Land sale revenues for the three months and nine months ended August 31, 2025 totaled \$.5 million. There were no land sales during the three months ended August 31, 2024. For the nine months ended August 31, 2024, land sale revenues totaled \$3.6 million. Generally, land sale revenues fluctuate with our decisions to maintain or decrease our land ownership position in certain markets based upon the volume of our holdings, our business strategy, the strength and number of developers and other land buyers in particular markets at given points in time, the availability of opportunities to sell land at acceptable prices and prevailing market conditions.

Operating Income. Our homebuilding operating income for the three months ended August 31, 2025 decreased 31% year over year due to lower housing gross profits, partly offset by lower selling, general and administrative expenses. Operating income for the 2025 third quarter included inventory-related charges of \$11.3 million, compared to \$1.2 million in the year-earlier quarter. As a percentage of revenues, our operating income for the three months ended August 31, 2025 was 8.1%, compared to 10.8% for the corresponding 2024 period, mainly due to a lower housing gross profit margin. Excluding inventory-related charges, our operating income as a percentage of revenues was 8.8% for the 2025 third quarter, compared to 10.9% for the year-earlier quarter.

For the nine months ended August 31, 2025, our homebuilding operating income declined 27% from the year-earlier period, reflecting a decrease in housing gross profits and the absence of land sale profits, partly offset by lower selling, general and administrative expenses. Operating income for the nine months ended August 31, 2025 included inventory-related charges of \$18.4 million, compared to \$3.7 million of such charges for the corresponding 2024 period. As a percentage of revenues, our operating income for the nine months ended August 31, 2025 decreased 230 basis points year over year to 8.6%, mainly reflecting a lower housing gross profit margin and higher selling, general and administrative expenses as a percentage of revenues. Excluding inventory-related charges, our operating income as a percentage of revenues declined 200 basis points to 9.0% for the nine months ended August 31, 2025 from 11.0% for the corresponding year-earlier period.

- **Housing Gross Profits** – Housing gross profits of \$293.4 million for the three months ended August 31, 2025 were down 19% year over year, reflecting lower housing revenues and a 240 basis-point decrease in our housing gross profit margin to 18.2%. The decline in the housing gross profit margin reflected price reductions, higher relative land costs, and geographic mix, partly offset by lower construction costs. As a percentage of housing revenues, the amortization of previously capitalized interest associated with housing operations, which is included in construction and land costs, was 1.7% for the three months ended August 31, 2025 and 1.6% for the three months ended August 31, 2024. Excluding the above-mentioned inventory-related charges, all of which were associated with housing operations, our adjusted housing gross profit margin of 18.9% for the 2025 third quarter decreased 180 basis points year over year.

For the nine months ended August 31, 2025, our housing gross profits of \$867.7 million decreased from \$1.03 billion for the year-earlier period due to lower housing revenues and a 190 basis-point decline in our housing gross profit margin. The housing gross profit margin primarily reflected the same factors described above for the three months ended August 31, 2025. As a percentage of housing revenues, the amortization of previously capitalized interest associated with housing operations was 1.7% for both the nine months ended August 31, 2025 and 2024. Excluding the above-mentioned inventory-related charges, all of which were associated with housing operations, our adjusted housing gross profit margin of 19.6% for the nine months ended August 31, 2025 decreased 150 basis points year over year.

The calculation of adjusted housing gross profit margin, which we believe provides a clearer measure of the performance of our business, is described below under “Non-GAAP Financial Measures.”

- Land Sale Profits – Land sales generated essentially break-even results for the three months and nine months ended August 31, 2025. There were no land sales during the three months ended August 31, 2024, while land sale profits for the nine months ended August 31, 2024 totaled \$1.5 million.
- Selling, General and Administrative Expenses – The following table presents the components of our selling, general and administrative expenses (dollars in thousands):

	Three Months Ended August 31,				Nine Months Ended August 31,			
	2025	% of Housing Revenues	2024	% of Housing Revenues	2025	% of Housing Revenues	2024	% of Housing Revenues
Marketing expenses	\$ 39,894	2.4 %	\$ 39,700	2.3 %	\$ 122,159	2.7 %	\$ 115,944	2.4 %
Commission expenses (a)	56,062	3.5	59,961	3.4	155,742	3.5	172,171	3.5
General and administrative expenses	66,196	4.1	71,805	4.1	199,737	4.4	212,072	4.3
Total	<u>\$ 162,152</u>	<u>10.0 %</u>	<u>\$ 171,466</u>	<u>9.8 %</u>	<u>\$ 477,638</u>	<u>10.6 %</u>	<u>\$ 500,187</u>	<u>10.2 %</u>

(a) Commission expenses include sales commissions on homes delivered paid to internal sales counselors and external real estate brokers.

Reflecting our continued focus on prudently managing our costs and aligning our overhead structure with our volume of homes delivered, selling, general and administrative expenses for both the three-month and nine-month periods ended August 31, 2025 decreased 5% from the corresponding year-earlier periods. As a percentage of housing revenues, our selling, general and administrative expenses for the three-month and nine-month periods ended August 31, 2025 increased 20 basis points and 40 basis points, respectively, year over year. The increase in selling, general and administrative expenses as a percentage of revenues for the three months ended August 31, 2025 primarily reflected decreased operating leverage from lower housing revenues, partly offset by lower general and administrative expenses. For the nine months ended August 31, 2025, selling, general and administrative expenses as a percentage of revenues rose from the corresponding year-earlier period mainly due to higher marketing expenses and decreased operating leverage, partly offset by lower general and administrative expenses.

Interest Income/Expense and Other. Interest income and other for the three months and nine months ended August 31, 2025 and the three months ended August 31, 2024 was comprised solely of interest income. For the nine months ended August 31, 2024, interest income and other was comprised of interest income and a \$12.5 million gain associated with the sale of a privately held technology company in which we had an ownership interest.

Interest income, which is generated from short-term investments, was \$1.9 million for the three months ended August 31, 2025, compared to \$4.1 million for the year-earlier quarter. For the nine months ended August 31, 2025, interest income was \$5.6 million, compared to \$16.9 million for the corresponding 2024 period. The year-over-year decreases for the three-month and nine-month periods ended August 31, 2025 reflected our lower average balance of cash equivalents and a lower interest rate in the 2025 periods. Generally, increases and decreases in interest income are attributable to changes in the interest-bearing average balances of short-term investments and fluctuations in interest rates.

We incur interest principally from our borrowings to finance land acquisitions, land development, home construction and other operating and capital needs. All interest incurred during the three-month and nine-month periods ended August 31, 2025 and 2024 was capitalized as the average amount of our inventory qualifying for interest capitalization was higher than our average debt level for each period. Accordingly, we had no interest expense for these periods. Further information regarding our

interest incurred and capitalized is provided in Note 6 – Inventories in the Notes to Consolidated Financial Statements in this report.

Equity in Income of Unconsolidated Joint Ventures. Our equity in income of unconsolidated joint ventures was \$1.5 million for the three months ended August 31, 2025, compared to \$3.5 million for the year-earlier period, mainly reflecting a decrease in the number of homes delivered by an unconsolidated joint venture in California, which delivered its first homes in the 2024 second quarter. For the nine months ended August 31, 2025, our equity in income of unconsolidated joint ventures increased to \$5.0 million, compared to \$3.2 million for the corresponding 2024 period, primarily due to an increase in the number of homes delivered by the same California-based unconsolidated joint venture. Further information regarding our investments in homebuilding unconsolidated joint ventures is provided in Note 9 – Investments in Unconsolidated Joint Ventures in the Notes to Consolidated Financial Statements in this report.

Net Orders, Cancellation Rates, Backlog and Community Count. The following table presents information about our net orders, cancellation rate, ending backlog and community count (dollars in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Net orders	2,950	3,085	9,182	10,405
Net order value (a)	\$ 1,314,607	\$ 1,543,148	\$ 4,271,688	\$ 5,157,242
Cancellation rate (b)	17 %	15 %	16 %	14 %
Ending backlog — homes	4,333	5,724	4,333	5,724
Ending backlog — value	\$ 1,988,863	\$ 2,919,304	\$ 1,988,863	\$ 2,919,304
Ending community count	264	254	264	254
Average community count	259	251	258	245

- (a) Net order value represents potential future housing revenues associated with net orders generated during the period, as well as homebuyer selections of lot and product premiums and design choices and options for homes in backlog during the same period.
- (b) Cancellation rate represents the total number of contracts for new homes cancelled during a period divided by the total (gross) orders for new homes generated during the same period.

Net Orders. Net orders for the 2025 third quarter decreased 4%, compared to the year-earlier quarter, and the pace of monthly net orders per community was 3.8 in the 2025 third quarter, compared to 4.1 in the corresponding 2024 quarter, driven by both lower net orders and a higher average community count. The decreases in our net orders and monthly pace per community reflected prevailing market conditions in the 2025 third quarter, with softer demand relative to the year-earlier quarter due to ongoing affordability concerns and tepid consumer confidence that caused homebuyers to hesitate on making purchase decisions during the first nine months of our fiscal year.

In navigating the current environment, we have focused on delivering the most compelling value to our buyers through pricing transparency and a simplified sales approach. With this strategy, which we began implementing on a community-by-community basis in mid-February to stimulate demand, we reduced selling prices relative to applicable market conditions. We also lowered or eliminated other homebuyer concessions, which is expected to partly offset the average selling price and housing gross profit margin impacts of those price changes in the reporting period when the corresponding homes are delivered. Reflecting the price reductions we have made with this strategy, the value of our net orders for the 2025 third quarter was down 15% year over year driven by the 4% decline in net orders and an 11% decrease in their average selling price to \$445,600.

Our cancellation rate as a percentage of gross orders for the three months ended August 31, 2025 increased slightly from the year-earlier period.

Backlog. The number of homes in our backlog at August 31, 2025 decreased 24% compared to August 31, 2024. Our overall backlog value at August 31, 2025 declined 32% year over year due to the lower number of homes in backlog and a 10% decrease in their average selling price, reflecting the price reductions implemented during 2025. Backlog value was down year over year in each of our homebuilding reporting segments, with decreases ranging from 14% in our Southeast segment to 48% in our Southwest segment. Based on our historical experience, a portion of the homes in backlog will not result in homes delivered due to cancellations.

Community Count. We use the term “community count” to refer to the number of communities open for sale with at least five homes left to sell at the end of a reporting period. Our ending community count for the 2025 third quarter grew 4% from the year-earlier quarter. Our average community count for the three months ended August 31, 2025 increased 3% from the year-earlier period. While we continued to invest in land and land development during the nine months ended August 31, 2025 to help drive future growth, as discussed below under “Liquidity and Capital Resources,” we began scaling back these investments in the 2025 second quarter in response to softer market conditions. As a result, our investments in land and land development for the three-month and nine-month periods ended August 31, 2025 decreased 39% and 7%, respectively, compared to the corresponding year-earlier periods.

HOMEBUILDING REPORTING SEGMENTS

Operational Data. The following tables present information about our homes delivered, net orders, cancellation rates as a percentage of gross orders, net order value, average community count and ending backlog (number of homes and value) by homebuilding reporting segment (dollars in thousands):

Segment	Three Months Ended August 31,					
	Homes Delivered		Net Orders		Cancellation Rates	
	2025	2024	2025	2024	2025	2024
West Coast	972	1,150	870	958	18 %	15 %
Southwest	681	681	459	616	15	11
Central	943	1,073	795	871	17	15
Southeast	797	727	826	640	17	18
Total	3,393	3,631	2,950	3,085	17 %	15 %

Segment	Net Order Value			Average Community Count		
	2025	2024	Variance	2025	2024	Variance
West Coast	\$ 550,753	\$ 678,783	(19) %	89	83	7 %
Southwest	218,931	290,229	(25)	36	44	(18)
Central	255,530	313,108	(18)	66	77	(14)
Southeast	289,393	261,028	11	68	47	45
Total	\$ 1,314,607	\$ 1,543,148	(15) %	259	251	3 %

Segment	Nine Months Ended August 31,					
	Homes Delivered		Net Orders		Cancellation Rates	
	2025	2024	2025	2024	2025	2024
West Coast	2,789	3,021	2,872	3,134	15 %	13 %
Southwest	2,020	2,110	1,561	2,099	14	10
Central	2,505	2,971	2,545	3,188	16	14
Southeast	1,969	2,089	2,204	1,984	19	19
Total	9,283	10,191	9,182	10,405	16 %	14 %

Nine Months Ended August 31,

Segment	Net Order Value			Average Community Count		
	2025	2024	Variance	2025	2024	Variance
West Coast	\$ 1,886,073	\$ 2,214,666	(15) %	88	77	14 %
Southwest	757,074	967,880	(22)	38	44	(14)
Central	823,869	1,162,855	(29)	67	77	(13)
Southeast	804,672	811,841	(1)	65	47	38
Total	\$ 4,271,688	\$ 5,157,242	(17) %	258	245	5 %

August 31,

Segment	Backlog – Homes			Backlog – Value		
	2025	2024	Variance	2025	2024	Variance
West Coast	1,294	1,658	(22) %	\$ 833,715	\$ 1,223,121	(32) %
Southwest	675	1,368	(51)	326,959	629,995	(48)
Central	1,173	1,484	(21)	390,780	555,474	(30)
Southeast	1,191	1,214	(2)	437,409	510,714	(14)
Total	4,333	5,724	(24) %	\$ 1,988,863	\$ 2,919,304	(32) %

The composition of our homes delivered, net orders and backlog shifts with the product and geographic mix of our active communities and the corresponding average selling prices of the homes ordered and/or delivered at these communities in any particular period, changing as new communities open and existing communities wind down or sell out in the ordinary course. In addition, with our Built to Order business model, the selling prices of individual homes within a community may vary due to differing lot sizes and locations, home square footage, product premiums and the design choices and options buyers select. These intrinsic variations in our business limit the comparability of our homes delivered, net orders and backlog, as well as their corresponding values, between sequential and year-over-year periods, in addition to the effect of prevailing economic or housing market conditions in or across any particular periods.

Financial Results. Below is a discussion of the financial results for each of our homebuilding reporting segments. Further information regarding these segments, including their pretax income (loss), is included in Note 2 – Segment Information in the Notes to Consolidated Financial Statements in this report. The difference between each homebuilding reporting segment’s operating income (loss) and pretax income (loss) is generally due to the equity in income (loss) of unconsolidated joint ventures and/or interest income and expense.

In addition to the results of our homebuilding reporting segments presented below, our consolidated homebuilding operating income includes the results of Corporate and other, a non-operating segment. Corporate and other had operating losses of \$36.4 million and \$37.9 million in the three months ended August 31, 2025 and 2024, respectively. For the nine months ended August 31, 2025, Corporate and other had an operating loss of \$113.3 million, compared to \$111.6 million for the corresponding year-earlier period.

The financial results of our homebuilding reporting segments for the three months ended August 31, 2025 and 2024 were impacted to varying degrees by price reductions and other homebuyer concessions we extended to buyers in conjunction with our sales strategies, as well as product and geographic mix shifts of homes delivered.

West Coast. The following table presents financial information related to our West Coast segment (dollars in thousands, except average selling price):

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2024	Variance	2025	2024	Variance
Revenues	\$ 664,880	\$ 760,617	(13) %	\$ 1,926,722	\$ 2,017,336	(4) %
Construction and land costs	(549,332)	(617,497)	11	(1,579,624)	(1,629,350)	3
Selling, general and administrative expenses	(45,899)	(47,451)	3	(135,363)	(139,297)	3
Operating income	\$ 69,649	\$ 95,669	(27) %	\$ 211,735	\$ 248,689	(15) %

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2024	Variance	2025	2024	Variance
Homes delivered	972	1,150	(15) %	2,789	3,021	(8) %
Average selling price	\$ 684,000	\$ 661,400	3 %	\$ 690,800	\$ 667,600	3 %
Operating income as a percentage of revenues	10.5 %	12.6 %	(210) bps	11.0 %	12.3 %	(130) bps

In the three months and nine months ended August 31, 2025 and the three months ended August 31, 2024, this segment's revenues were generated solely from housing operations. In the nine months ended August 31, 2024, this segment's revenues were comprised of housing revenues and nominal land sale revenues. The year-over-year decline in housing revenues for the three months ended August 31, 2025 was due to a decrease in the number of homes delivered, partly offset by an increase in their average selling price. For the nine months ended August 31, 2025, housing revenues were down 4% from \$2.02 billion for the corresponding year-earlier period, reflecting the same factors. Operating income for the three months and nine months ended August 31, 2025 declined year over year due to lower housing gross profits, partly offset by lower selling, general and administrative expenses. Operating income as a percentage of revenues for the 2025 third quarter was down from the year-earlier quarter due to a 140 basis-point decrease in the housing gross profit margin to 17.4% and a 70 basis-point increase in selling, general and administrative expenses as a percentage of housing revenues to 6.9%. For the nine months ended August 31, 2025, operating income as a percentage of revenues declined from the corresponding 2024 period, mainly reflecting a 120 basis-point decrease in the housing gross profit margin to 18.0% and a 10 basis-point increase in selling, general and administrative expenses as a percentage of housing revenues to 7.0%.

The year-over-year decrease in the housing gross profit margin for the three months and nine months ended August 31, 2025 was primarily due to higher relative land costs, partly offset by lower construction costs. For the three months ended August 31, 2025, inventory-related charges associated with housing operations were \$1.1 million, compared to \$5 million for the year-earlier period. For the nine months ended August 31, 2025, inventory-related charges associated with housing operations were \$3.0 million, compared to \$2.4 million for the year-earlier period. The year-over-year increase in selling, general and administrative expenses as a percentage of housing revenues for both the three months and nine months ended August 31, 2025 was primarily due to reduced operating leverage from lower housing revenues and higher marketing and other expenses associated with our expanded community count in this segment. For the nine months ended August 31, 2025, these impacts were partly offset by lower general and administrative costs.

Southwest. The following table presents financial information related to our Southwest segment (dollars in thousands, except average selling price):

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2024	Variance	2025	2024	Variance
Revenues	\$ 335,505	\$ 312,812	7 %	\$ 962,486	\$ 954,602	1 %
Construction and land costs	(254,515)	(233,638)	(9)	(723,639)	(719,134)	(1)
Selling, general and administrative expenses	(23,544)	(24,258)	3	(67,245)	(69,979)	4
Operating income	\$ 57,446	\$ 54,916	5 %	\$ 171,602	\$ 165,489	4 %
Homes delivered	681	681	— %	2,020	2,110	(4) %
Average selling price	\$ 492,700	\$ 459,300	7 %	\$ 476,500	\$ 452,400	5 %
Operating income as a percentage of revenues	17.1 %	17.6 %	(50)bps	17.8 %	17.3 %	50 bps

In the three-month and nine-month periods ended August 31, 2025 and 2024, this segment's revenues were generated solely from housing operations. This segment's housing revenues for the three months ended August 31, 2025 increased year over year, driven by a higher average selling price of homes delivered, as the number of homes delivered was consistent with the prior-year period. For the nine months ended August 31, 2025, this segment's housing revenues rose slightly compared to the year-earlier period, reflecting an increase in the average selling price of homes delivered, largely offset by a decrease in the number of homes delivered. Operating income for the three-month and nine-month periods ended August 31, 2025 increased year over year due to higher housing gross profits and lower selling, general and administrative expenses. As a percentage of revenues, this segment's operating income for the 2025 third quarter declined from the year-earlier quarter, reflecting a 120 basis-point decrease in the housing gross profit margin to 24.1%, partly offset by a 70 basis-point improvement in selling,

general and administrative expenses as a percentage of housing revenues to 7.0%. For the nine months ended August 31, 2025, operating income as a percentage of revenues grew from the corresponding 2024 period due to a 40 basis-point improvement in selling, general and administrative expenses as a percentage of housing revenues to 7.0% and a 10 basis-point increase in the housing gross profit margin to 24.8%.

The year-over-year decrease in the housing gross profit margin for the three months ended August 31, 2025 primarily reflected higher relative land costs, partly offset by lower construction costs and increased operating leverage on higher housing revenues. Inventory-related charges associated with housing operations for the three months ended August 31, 2025 were \$0.5 million, compared to no such charges for the year-earlier period. For the nine months ended August 31, 2025, the housing gross profit margin mainly reflected lower construction costs, largely offset by higher relative land costs. Inventory-related charges associated with housing operations for the nine months ended August 31, 2025 were \$1.6 million, compared to a nominal amount for the corresponding year-earlier period. The year-over-year improvement in selling, general and administrative expenses as a percentage of housing revenues for both the three months and nine months ended August 31, 2025 was primarily due to increased operating leverage from higher housing revenues and lower general and administrative expenses.

Central. The following table presents financial information related to our Central segment (dollars in thousands, except average selling price):

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2024	Variance	2025	2024	Variance
Revenues	\$ 310,603	\$ 372,862	(17) %	\$ 869,182	\$ 1,069,136	(19) %
Construction and land costs	(261,299)	(291,734)	10	(712,516)	(834,195)	15
Selling, general and administrative expenses	(31,096)	(37,836)	18	(92,291)	(106,515)	13
Operating income	\$ 18,208	\$ 43,292	(58) %	\$ 64,375	\$ 128,426	(50) %
Homes delivered	943	1,073	(12) %	2,505	2,971	(16) %
Average selling price	\$ 329,400	\$ 347,500	(5) %	\$ 347,000	\$ 358,800	(3) %
Operating income as a percentage of revenues	5.9 %	11.6 %	(570) bps	7.4 %	12.0 %	(460) bps

In the three months and nine months ended August 31, 2025 and the three months ended August 31, 2024, this segment's revenues were generated solely from housing operations. In the nine months ended August 31, 2024, this segment's revenues were comprised of housing revenues and land sale revenues. Housing revenues for the three months ended August 31, 2025 were down from the year-earlier period due to decreases in both the number of homes delivered and their average selling price. For the nine months ended August 31, 2025, housing revenues decreased 18% year over year, from \$1.07 billion, for the same reasons. Land sale revenues totaled \$3.2 million for the nine months ended August 31, 2024. Operating income for the three months and nine months ended August 31, 2025 declined from the corresponding year-earlier periods mainly due to lower housing gross profits, partly offset by lower selling, general and administrative expenses. Also contributing to the year-over-year decrease in operating income for the nine months ended August 31, 2025 was the absence of land sales in the current period, compared to \$1.1 million of land sale profits in the corresponding year-earlier period. This segment's operating income as a percentage of revenues for the 2025 third quarter decreased from the year-earlier period, primarily due to a 590 basis-point decline in the housing gross profit margin to 15.9%, partly offset by a 20 basis-point improvement in selling, general and administrative expenses as a percentage of housing revenues to 10.0%. For the nine months ended August 31, 2025, this segment's operating income as a percentage of revenues decreased from the year-earlier period, mainly reflecting a 390 basis-point decline in the housing gross profit margin to 18.0% and a 70 basis-point increase in selling, general and administrative expenses as a percentage of housing revenues to 10.6%.

The housing gross profit margin for the three months ended August 31, 2025 declined year over year mainly due to price reductions, higher relative land costs, geographic mix, an increase in inventory-related charges and reduced operating leverage from lower housing revenues. Inventory-related charges associated with housing operations for the three months ended August 31, 2025 were \$7.2 million, compared to \$0.5 million for the year-earlier period. For the nine months ended August 31, 2025, the year-over-year decrease in the housing gross profit margin primarily reflected the same reasons described above for the three months ended August 31, 2025, partly offset by lower construction costs. Inventory-related charges associated with housing operations for the nine months ended August 31, 2025 were \$9.4 million, compared to \$0.7 million for the year-earlier period. The inventory-related charges in the three months and nine months ended August 31, 2025 mainly reflected our decisions to make changes in our operational strategies aimed at more quickly monetizing our investment in a certain

community in this segment. For the three months ended August 31, 2025, the year-over-year improvement in selling, general and administrative expenses as a percentage of housing revenues was mainly due to lower general and administrative expenses, partly offset by decreased operating leverage from lower housing revenues. For the nine months ended August 31, 2025, the year-over-year increase in selling, general and administrative expenses as a percentage of housing revenues primarily reflected higher marketing expenses and decreased operating leverage from lower housing revenues.

Southeast. The following table presents financial information related to our Southeast segment (dollars in thousands, except average selling price):

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2024	Variance	2025	2024	Variance
Revenues	\$ 303,474	\$ 299,688	1 %	\$ 767,829	\$ 868,115	(12) %
Construction and land costs	(254,025)	(239,753)	(6)	(637,145)	(686,442)	7
Selling, general and administrative expenses	(27,224)	(26,932)	(1)	(75,152)	(77,868)	3
Operating income	\$ 22,225	\$ 33,003	(33) %	\$ 55,532	\$ 103,805	(47) %
Homes delivered	797	727	10 %	1,969	2,089	(6) %
Average selling price	\$ 380,200	\$ 412,200	(8) %	\$ 389,700	\$ 415,600	(6) %
Operating income as a percentage of revenues	7.3 %	11.0 %	(370) bps	7.2 %	12.0 %	(480) bps

This segment's revenues for the three months and nine months ended August 31, 2025 were comprised of housing revenues and nominal land sale revenues. For the three months and nine months ended August 31, 2024, this segment's revenues were generated solely from housing operations. Housing revenues for the three months ended August 31, 2025 rose slightly from the year-earlier period to \$303.0 million due to an increase in the number of homes delivered, partly offset by a decrease in their average selling price. Housing revenues for the nine months ended August 31, 2025 declined 12% from the corresponding year-earlier period to \$767.3 million due to decreases in both the number of homes delivered and their average selling price. Operating income for the three months and nine months ended August 31, 2025 was down year over year, mainly reflecting lower housing gross profits. As a percentage of revenues, operating income for the 2025 third quarter declined from the year-earlier quarter due to a 370 basis-point decline in the housing gross profit margin to 16.3%, with selling, general and administrative expenses as a percentage of housing revenues remaining flat at 9.0%. Operating income as a percentage of revenues for the nine months ended August 31, 2025 decreased from the corresponding year-earlier period due to a 390 basis-point decline in the housing gross profit margin to 17.0% and a 90 basis-point increase in selling, general and administrative expenses as a percentage of housing revenues to 9.8%.

The year-over-year decrease in the housing gross profit margin for the three months ended August 31, 2025 mainly reflected price reductions, higher relative land costs, geographic mix, and an increase in inventory-related charges, partly offset by increased operating leverage from higher housing revenues. Inventory-related charges associated with housing operations for the three months ended August 31, 2025 were \$2.5 million, compared to \$.2 million for the year-earlier quarter. For the nine months ended August 31, 2025, the year-over-year decline in the housing gross profit margin was primarily due to price reductions, higher relative land costs, geographic mix, increased inventory-related charges, and decreased operating leverage from lower housing revenues, partly offset by lower construction costs. Inventory-related charges associated with housing operations for the nine months ended August 31, 2025 were \$4.4 million, compared to \$.4 million for the year-earlier period. The year-over-year increase in selling, general and administrative expenses as a percentage of housing revenues for the nine months ended August 31, 2025 was mainly due to decreased operating leverage from lower housing revenues as well as higher costs, including higher marketing and other expenses associated with our expanded community count in this segment.

FINANCIAL SERVICES REPORTING SEGMENT

The following table presents a summary of selected financial and operational data for our financial services reporting segment (dollars in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Revenues	\$ 6,012	\$ 6,629	\$ 15,617	\$ 20,998
Expenses	(1,580)	(1,608)	(4,689)	(4,627)
Equity in income of unconsolidated joint venture	4,254	5,932	13,445	19,422
Pretax income	\$ 8,686	\$ 10,953	\$ 24,373	\$ 35,793
Total originations (a):				
Loans	2,314	2,704	6,630	7,332
Principal	\$ 917,658	\$ 1,080,071	\$ 2,717,138	\$ 2,916,804
Percentage of homebuyers using KBHS	83 %	88 %	86 %	87 %
Average FICO score	740	742	743	743
Loans sold (a):				
Loans sold to GR Alliance	1,786	2,188	5,021	6,722
Principal	\$ 712,367	\$ 857,274	\$ 2,034,811	\$ 2,661,191
Loans sold to third parties	469	368	1,457	551
Principal	\$ 189,837	\$ 155,094	\$ 631,511	\$ 227,610

(a) Loan originations and sales occurred within KBHS.

Revenues. Financial services revenues for the three months and nine months ended August 31, 2025 declined 9% and 26%, respectively, from the corresponding year-earlier periods due to decreases in both insurance commissions and title services revenues. Insurance commissions were lower in the 2025 periods due to less variability in the contract assets for estimated future renewal commissions, compared to the corresponding prior-year periods. For the three months ended August 31, 2025, a modest increase in the average commission per policy was mostly offset by a modest decrease in the number of policies in force. For the nine months ended August 31, 2025, an increase in the number of policies in force was largely offset by a decrease in the average commission per policy. In contrast, the corresponding 2024 periods benefited from growth in the contract assets for estimated future renewal commissions driven by an increase in the number of policies in force, partly offset by a decrease in the average commission rates. Title services revenues decreased year over year mainly due to fewer homes delivered in the 2025 periods.

Pretax income. Financial services pretax income for the three months and nine months ended August 31, 2025 was down 21% and 32%, respectively, from the corresponding year-earlier periods. These declines were due to the above-mentioned decreases in insurance commissions and title services revenues as well as a decrease in the equity in income of our unconsolidated joint venture, KBHS. For the three months and nine months ended August 31, 2025, the equity in income of our unconsolidated joint venture was down 28% and 31%, respectively, from the corresponding year-earlier periods, reflecting a decrease in KBHS' income. The year-over-year decline in KBHS' income for the three months ended August 31, 2025 mainly reflected a loss in the fair value of IRLCs of \$3.0 million in the current period, compared to a \$.4 million loss in the year-earlier period. For the nine months ended August 31, 2025, the decrease in KBHS' income primarily reflected a loss in the fair value of IRLCs of \$6.6 million in the current period, compared to a gain in the fair value of IRLCs of \$3.8 million in the year-earlier period. Also contributing to the year-over-year decrease in KBHS' income for the three months and nine months ended August 31, 2025 was a decline in the number of loans originated, which reflected a decrease in the number of homes we delivered as well as a lower percentage of homebuyers using KBHS.

Further information regarding our investments in unconsolidated joint ventures, including KBHS, is provided in Note 9 – Investments in Unconsolidated Joint Ventures in the Notes to Consolidated Financial Statements in this report.

INCOME TAXES

Income Tax Expense. Our income tax expense and effective tax rates were as follows (dollars in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Income tax expense	\$ 33,400	\$ 50,100	\$ 97,700	\$ 138,800
Effective tax rate	23.3 %	24.2 %	23.0 %	23.0 %

Our effective tax rate for the three months ended August 31, 2025 decreased from the year-earlier period, primarily reflecting a \$1.4 million increase in Section 45L tax credits, mainly due to additional tax credits recognized based on certifications verified during the quarter, and a \$2 million increase in excess tax benefits related to stock-based compensation, partly offset by a \$1.2 million increase in non-deductible executive compensation expense. For the nine months ended August 31, 2025, our effective tax rate remained consistent with the year-earlier period.

IRS guidance issued in 2023 heightened the Section 45L energy-efficiency qualification standard for homes built in California relative to other states. This guidance, along with our decision to build homes in many of our markets beginning in 2025 that are highly energy efficient and qualify for ENERGY STAR certification but do not qualify for Section 45L tax credits, impacted the tax credits we recognized for the nine months ended August 31, 2025 relative to the corresponding prior-year period. We believe the additional costs necessary to satisfy the higher standards for some of our homes outweigh the possible benefits of meeting those standards for both our business and our buyers.

On July 4, 2025, the OBBBA was signed into law. Among its provisions is the repeal of Section 45L tax credits for new energy-efficient homes delivered after June 30, 2026. As a result, beginning in our 2026 third quarter, our income tax expense and effective tax rate will no longer reflect a benefit from such tax credits as to homes delivered after the effective date. We are currently evaluating other elements of the legislation, but do not expect it to have a material effect on our effective tax rate for the year ending November 30, 2025.

Further information regarding our income taxes is provided in Note 13 – Income Taxes in the Notes to Consolidated Financial Statements in this report.

NON-GAAP FINANCIAL MEASURES

This report contains information about our adjusted housing gross profit margin, which is not calculated in accordance with GAAP. We believe this non-GAAP financial measure is relevant and useful to investors in understanding our operations, and may be helpful in comparing us with other companies in the homebuilding industry to the extent they provide similar information. However, because it is not calculated in accordance with GAAP, this non-GAAP financial measure may not be completely comparable to other companies in the homebuilding industry and, thus, should not be considered in isolation or as an alternative to operating performance and/or financial measures prescribed by GAAP. Rather, this non-GAAP financial measure should be used to supplement the most directly comparable GAAP financial measure in order to provide a greater understanding of the factors and trends affecting our operations.

Adjusted Housing Gross Profit Margin. The following table reconciles our housing gross profit margin calculated in accordance with GAAP to the non-GAAP financial measure of our adjusted housing gross profit margin (dollars in thousands):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
Housing revenues	\$ 1,613,975	\$ 1,745,979	\$ 4,525,732	\$ 4,905,617
Housing construction and land costs	(1,320,611)	(1,385,563)	(3,658,080)	(3,872,092)
Housing gross profits	293,364	360,416	867,652	1,033,525
Add: Inventory-related charges (a)	11,338	1,177	18,351	3,685
Adjusted housing gross profits	\$ 304,702	\$ 361,593	\$ 886,003	\$ 1,037,210
Housing gross profit margin as a percentage of housing revenues	18.2 %	20.6 %	19.2 %	21.1 %
Adjusted housing gross profit margin as a percentage of housing revenues	18.9 %	20.7 %	19.6 %	21.1 %

(a) Represents inventory impairment and land option contract abandonment charges associated with housing operations.

Adjusted housing gross profit margin is a non-GAAP financial measure, which we calculate by dividing housing revenues less housing construction and land costs excluding housing inventory impairment and land option contract abandonment charges (as applicable) recorded during a given period, by housing revenues. The most directly comparable GAAP financial measure is housing gross profit margin. We believe adjusted housing gross profit margin is a relevant and useful financial measure to investors in evaluating our performance as it measures the gross profits we generated specifically on the homes delivered during a given period. This non-GAAP financial measure isolates the impact that the housing inventory impairment and land option contract abandonment charges have on housing gross profit margins, and allows investors to make comparisons with our competitors that adjust housing gross profit margins in a similar manner. We also believe investors will find adjusted housing gross profit margin relevant and useful because it represents a profitability measure that may be compared to a prior period without regard to variability of housing inventory impairment and land option contract abandonment charges. This financial measure assists us in making strategic decisions regarding community location and product mix, product pricing and construction pace.

Liquidity and Capital Resources

Overview. We have funded our homebuilding and financial services activities over the last several years with:

- internally generated cash flows;
- public issuances of debt securities;
- borrowings under the Credit Facility;
- the Term Loan;
- land option contracts and other similar contracts and seller notes;
- public issuances of our common stock; and
- letters of credit and performance bonds.

We manage our use of cash in the operation of our business to support the execution of our primary strategic goals. Over the past several years, we have primarily used cash for:

- land acquisitions and land development;
- home construction;
- operating expenses;
- principal and interest payments on notes payable;
- repayments of borrowings under the Credit Facility;
- dividends paid to stockholders; and
- repurchases of our common stock.

We ended the 2025 third quarter with total liquidity of \$1.16 billion, including cash and cash equivalents and \$831.7 million of available capacity under the Credit Facility, with \$250.0 million of cash borrowings outstanding. Cash and cash equivalents totaled \$330.6 million at August 31, 2025, compared to \$598.0 million at November 30, 2024. Cash equivalents included in the total were \$164.7 million at August 31, 2025 and \$385.1 million at November 30, 2024, and were mainly invested in interest-bearing bank deposit accounts and money market funds. Based on our financial position as of August 31, 2025, and our business forecast as discussed below under “Outlook,” we have no material concerns related to our liquidity. We believe that our existing cash and cash equivalents, our anticipated cash flows from operations and amounts available under our Credit Facility will be sufficient to fund our anticipated operating and land-related investment needs for at least the next 12 months.

Cash Requirements. In the nine months ended August 31, 2025, there have been no significant changes in our cash requirements from those reported in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our Annual Report on Form 10-K for the year ended November 30, 2024.

Investments in Land and Land Development. In the 2025 first quarter, our investments in land and land development increased 57% year over year to \$920.3 million, which included our opportunistic purchase of two sizable land parcels in our Southwest homebuilding reporting segment to replace a large community that is approaching close out. As a result of the heightened first-quarter investment level, our existing land pipeline and softer market conditions, however, we began scaling back our investments in land and land development in the 2025 second quarter. In our 2025 third quarter, we maintained our land investments at a level that we believe will support our current growth projections. Our investments for the 2025 third quarter decreased 39% year over year to \$514.1 million. For the nine months ended August 31, 2025, our investments in land and land development declined 7% year over year to \$1.95 billion. Land acquisition expenditures, which are included in our investments in land and land development, decreased to \$771.3 million, or 40% of our total investments, for the nine months ended August 31, 2025, compared to \$916.9 million, or approximately 44% of our total investments, for the corresponding period of 2024. While we made investments in land and land development in each of our homebuilding reporting segments during the

nine months ended August 31, 2025 and 2024, approximately 51% and 55%, respectively, of these investments for each period were made in our West Coast homebuilding reporting segment.

For the 2025 fourth quarter, although we expect a year-over-year decrease in our land-related investments, we intend to continue to invest in and develop land positions within attractive submarkets and selectively acquire or control additional land that meets our investment standards, depending significantly on market conditions and available opportunities that meet our investment return standards.

The following table presents the number of lots we owned or controlled under land option contracts and other similar contracts and the carrying value of inventory by homebuilding reporting segment (dollars in thousands):

Segment	August 31, 2025		November 30, 2024		Variance	
	Lots	Carrying Value	Lots	Carrying Value	Lots	Carrying Value
West Coast	21,030	\$ 3,116,438	23,956	\$ 2,915,543	(2,926)	\$ 200,895
Southwest	10,666	925,458	13,117	845,910	(2,451)	79,548
Central	20,531	838,656	21,056	839,920	(525)	(1,264)
Southeast	13,024	958,264	18,574	926,647	(5,550)	31,617
Total	65,251	\$ 5,838,816	76,703	\$ 5,528,020	(11,452)	\$ 310,796

The carrying value of lots we owned or controlled under land option contracts and other similar contracts at August 31, 2025 increased 6% from November 30, 2024, mainly due to land and land development investments during the nine months ended August 31, 2025. The number of lots we owned or controlled as of August 31, 2025 decreased 15% from November 30, 2024, largely reflecting homes delivered and our strategic abandonment of 21,054 previously controlled lots, partly offset by newly optioned lots during the period. The number of lots in inventory as of August 31, 2025 included 6,310 lots under contract where the associated deposits were refundable at our discretion, compared to 18,923 of such lots at November 30, 2024. Our lots controlled under land option contracts and other similar contracts as a percentage of total lots was 42% at August 31, 2025, compared to 49% at November 30, 2024. Generally, this percentage fluctuates with our decisions to control (or abandon) lots under land option contracts and other similar contracts or to purchase (or sell owned) lots based on available opportunities and our investment return standards.

Land Option Contracts and Other Similar Contracts. As discussed in Note 8 – Variable Interest Entities in the Notes to Consolidated Financial Statements in this report, our land option contracts and other similar contracts generally do not contain provisions requiring our specific performance. Our decision to exercise a particular land option contract or other similar contract depends on the results of our due diligence reviews and ongoing market and project feasibility analysis that we conduct after entering into such a contract. In some cases, our decision to exercise a land option contract or other similar contract may be conditioned on the land seller obtaining necessary entitlements, such as zoning rights and environmental and development approvals, and/or physically developing the underlying land by a pre-determined date. We typically have the ability not to exercise our rights to the underlying land for any reason and, if applicable, forfeit our deposits without further penalty or obligation to the sellers. If we were to acquire all the land we had under land option contracts and other similar contracts at August 31, 2025, we estimate the remaining purchase price to be paid would be as follows: 2025 – \$392.5 million; 2026 – \$894.3 million; 2027 – \$372.0 million; 2028 – \$148.0 million; 2029 – \$69.3 million; and thereafter – \$0.

Liquidity. The table below summarizes our cash and cash equivalents, and total liquidity (in thousands):

	August 31, 2025	November 30, 2024
Cash and cash equivalents	\$ 330,586	\$ 597,973
Credit Facility commitment	1,090,000	1,090,000
Borrowings outstanding under the Credit Facility	(250,000)	—
Letters of credit outstanding under the Credit Facility	(8,260)	(8,260)
Credit Facility availability	831,740	1,081,740
Total liquidity	\$ 1,162,326	\$ 1,679,713

Capital Resources. Our notes payable consisted of the following (in thousands):

	August 31, 2025	November 30, 2024	Variance
Credit Facility	\$ 250,000	\$ —	\$ 250,000
Term Loan	359,329	358,826	503
Senior notes	1,331,104	1,329,704	1,400
Mortgages and land contracts due to land sellers and other loans	3,149	3,149	—
Total	<u>\$ 1,943,582</u>	<u>\$ 1,691,679</u>	<u>\$ 251,903</u>

Our financial leverage, as measured by the ratio of debt to capital, increased 380 basis points to 33.2% at August 31, 2025, compared to 29.4% at November 30, 2024 due to cash borrowings outstanding under the Credit Facility. The ratio of debt to capital is calculated by dividing notes payable by capital (notes payable plus stockholders' equity).

LOC Facility. We maintain the LOC Facility to obtain letters of credit from time to time in the ordinary course of operating our business. Under the LOC Facility, which expires on February 13, 2028, we may issue up to \$100.0 million of letters of credit. As of August 31, 2025 and November 30, 2024, we had letters of credit outstanding under the LOC Facility of \$62.4 million and \$73.3 million, respectively.

Performance Bonds. As discussed in Note 16 – Commitments and Contingencies in the Notes to Consolidated Financial Statements in this report, we had \$1.39 billion and \$1.33 billion of performance bonds outstanding at August 31, 2025 and November 30, 2024, respectively.

Unsecured Revolving Credit Facility. We have a \$1.09 billion Credit Facility that will mature on February 18, 2027. The Credit Facility contains an uncommitted accordion feature under which its aggregate principal amount of available loans can be increased to a maximum of \$1.29 billion under certain conditions, including obtaining additional bank commitments. The amount of the Credit Facility available for cash borrowings and the issuance of letters of credit depends on the total cash borrowings and letters of credit outstanding under the Credit Facility and the maximum available amount under the terms of the Credit Facility. As of August 31, 2025, we had \$250.0 million of cash borrowings and \$8.3 million of letters of credit outstanding under the Credit Facility. The Credit Facility is further described in Note 14 – Notes Payable in the Notes to Consolidated Financial Statements in this report.

Under the terms of the Credit Facility and the Term Loan, we are required, among other things, to maintain compliance with various covenants, including financial covenants regarding our consolidated tangible net worth, Leverage Ratio, and either an Interest Coverage Ratio or minimum liquidity level, each as defined therein. Our compliance with these financial covenants is measured by calculations and metrics that are specifically defined or described by the terms of the Credit Facility and the Term Loan and can differ in certain respects from comparable GAAP or other commonly used terms. The financial covenant requirements under the Credit Facility and the Term Loan are set forth below:

- Consolidated tangible net worth – We must maintain a consolidated tangible net worth at the end of any fiscal quarter greater than or equal to the sum of (a) \$2.09 billion, plus (b) an amount equal to 50% of the aggregate of the cumulative consolidated net income for each fiscal quarter commencing after November 30, 2021 and ending as of the last day of such fiscal quarter (though there is no reduction if there is a consolidated net loss in any fiscal quarter), plus (c) an amount equal to 50% of the cumulative net proceeds we receive from the issuance of our capital stock after November 30, 2021.
- Leverage Ratio – We must also maintain a Leverage Ratio of less than or equal to .60 at the end of each fiscal quarter. The Leverage Ratio is calculated as the ratio of our consolidated total indebtedness to the sum of consolidated total indebtedness and consolidated tangible net worth, all as defined under the Credit Facility and the Term Loan.
- Interest Coverage Ratio or liquidity – We are also required to maintain either (a) an Interest Coverage Ratio of greater than or equal to 1.50 at the end of each fiscal quarter; or (b) a minimum level of liquidity, but not both. The Interest Coverage Ratio is the ratio of our consolidated adjusted EBITDA to consolidated interest incurred, each as defined under the Credit Facility and the Term Loan, in each case for the previous 12 months. Our minimum liquidity is required to be greater than or equal to consolidated interest incurred, as defined under the Credit Facility and the Term Loan, for the four most recently ended fiscal quarters in the aggregate.

In addition, under the Credit Facility and the Term Loan, our equity investments in joint ventures and non-guarantor subsidiaries and other unconsolidated entities as of the end of each fiscal quarter cannot exceed the sum of (a) \$104.8 million and (b) 20% of consolidated tangible net worth. Further, for so long as we do not hold an investment grade rating, as defined under the Credit Facility and the Term Loan, the Credit Facility and the Term Loan do not permit our borrowing base

indebtedness, which, subject to certain exceptions, is the aggregate principal amount of our and certain of our subsidiaries' outstanding indebtedness for borrowed money and non-collateralized financial letters of credit, to be greater than our borrowing base (a measure relating to our inventory and unrestricted cash assets).

The covenants and other requirements under the Credit Facility and the Term Loan represent the most restrictive covenants that we are subject to with respect to our notes payable. The following table summarizes the financial covenants and other requirements under the Credit Facility and the Term Loan, and our actual levels or ratios (as applicable) with respect to those covenants and other requirements, in each case as of August 31, 2025:

Financial Covenants and Other Requirements	Covenant Requirement	Actual
Consolidated tangible net worth	≥ \$3.29 billion	\$3.86 billion
Leverage Ratio	≤ .600	.336
Interest Coverage Ratio (a)	≥ 1.500	8.027
Minimum liquidity (a)	≥ \$102.3 million	\$80.6 million
Investments in joint ventures and non-guarantor subsidiaries	≤ \$876.5 million	\$445.5 million
Borrowing base in excess of borrowing base indebtedness (as defined)	n/a	\$2.55 billion

(a) Under the terms of the Credit Facility and the Term Loan, we are required to maintain either a minimum Interest Coverage Ratio or a minimum level of liquidity.

The indenture governing our senior notes does not contain any financial covenants. Subject to specified exceptions, the indenture contains certain restrictive covenants that, among other things, limit our ability to incur secured indebtedness, or engage in sale-leaseback transactions involving property above a certain specified value. In addition, the indenture contains certain limitations related to mergers, consolidations, and sales of assets.

As of August 31, 2025, we were in compliance with the applicable terms of all of our covenants and other requirements under the Credit Facility, the Term Loan, the senior notes, the indenture, the LOC Facility and the mortgages and land contracts due to land sellers and other loans. Our ability to access the Credit Facility for cash borrowings and letters of credit and our ability to secure future debt financing depend, in part, on our ability to remain in such compliance. Our ability to access the Credit Facility's full borrowing capacity, as well as the LOC Facility's full issuance capacity, also depends on the ability and willingness of the applicable lenders and financial institutions, including any substitute or additional lenders and financial institutions, to meet their commitments to fund loans, extend credit or provide payment guarantees to or for us under those instruments.

There are no agreements that restrict our payment of dividends other than the Credit Facility and the Term Loan, which would restrict our payment of certain dividends, such as cash dividends on our common stock, if a default under the Credit Facility or the Term Loan exists at the time of any such payment, or if any such payment would result in such a default (other than dividends paid within 60 days after declaration, if there was no default at the time of declaration).

Depending on available terms, we finance certain land acquisitions with purchase-money financing from land sellers or with other forms of financing from third parties. At August 31, 2025, we had outstanding mortgages and land contracts due to land sellers and other loans payable in connection with such financing of \$3.1 million, secured primarily by the underlying property, which had an aggregate carrying value of \$24.4 million.

Senior Unsecured Term Loan. We have a \$360.0 million Term Loan with the lenders party thereto that will mature on August 25, 2026, or earlier if we secure borrowings under the Credit Facility without similarly securing the Term Loan (subject to certain exceptions). The Term Loan is further described in Note 14 – Notes Payable in the Notes to Consolidated Financial Statements in this report.

Unconsolidated Joint Ventures. As discussed in Note 9 – Investments in Unconsolidated Joint Ventures in the Notes to Consolidated Financial Statements in this report, we have investments in unconsolidated joint ventures in various markets where our homebuilding operations are located. As of August 31, 2025, one of our unconsolidated joint ventures had borrowings outstanding under a term loan with a third-party lender and secured by the underlying property and related project assets. None of our other homebuilding unconsolidated joint ventures had outstanding debt at August 31, 2025.

Consolidated Cash Flows. The following table presents a summary of net cash provided by (used in) our operating, investing and financing activities (in thousands):

	Nine Months Ended August 31,	
	2025	2024
Net cash provided by (used in):		
Operating activities	\$ 31,840	\$ 81
Investing activities	(42,237)	(38,138)
Financing activities	(256,498)	(313,592)
Net decrease in cash and cash equivalents	<u>\$ (266,895)</u>	<u>\$ (351,649)</u>

Operating Activities. Generally, our net operating cash flows fluctuate mainly based on changes in our inventories and our profitability. Our net cash provided by operating activities for the nine months ended August 31, 2025 mainly reflected net income of \$327.3 million and a net decrease in receivables of \$7.2 million, partly offset by a net increase in inventories of \$330.0 million and a net decrease in accounts payable, accrued expenses and other liabilities of \$63.8 million. In the nine months ended August 31, 2024, our net cash provided by operating activities primarily reflected net income of \$464.4 million and a net decrease in receivables of \$6.2 million, partly offset by a net increase in inventories of \$504.4 million and a net decrease in accounts payable, accrued expenses and other liabilities of \$14.4 million.

Investing Activities. In the nine months ended August 31, 2025, our net cash used in investing activities reflected \$34.6 million used for net purchases of property and equipment and \$10.6 million for contributions to unconsolidated joint ventures, partially offset by a \$3.0 million return of investments in unconsolidated joint ventures. In the nine months ended August 31, 2024, the net cash used in investing activities included \$29.2 million for net purchases of property and equipment and \$12.6 million for contributions to unconsolidated joint ventures, partly offset by a \$2.0 million return of investments in unconsolidated joint ventures and \$1.7 million of proceeds from the sale of a privately held technology company in which we had an ownership interest.

Financing Activities. In the nine months ended August 31, 2025, cash was used for stock repurchases of \$438.5 million, dividend payments on our common stock of \$52.8 million, and tax payments associated with stock-based compensation awards of \$15.9 million. The cash used was partly offset by \$250.0 million of net borrowings under the Credit Facility and \$.7 million of issuances of common stock under employee stock plans. In the nine months ended August 31, 2024, our uses of cash included stock repurchases of \$250.0 million, dividend payments on our common stock of \$53.5 million, tax payments associated with stock-based compensation awards of \$16.5 million, and payments on mortgages and land contracts due to land sellers and other loans of \$2.8 million. The cash used was partially offset by \$9.3 million of issuances of common stock under employee stock plans.

Dividends. In the 2025 and 2024 third quarters, our board of directors declared, and we paid, a quarterly cash dividend of \$.25 per share. Quarterly dividends declared and paid during the nine months ended August 31, 2025 and 2024 totaled \$.75 and \$.70 per share, respectively. The declaration and payment of future cash dividends on our common stock, whether at current levels or at all, are at the discretion of our board of directors, and depend upon, among other things, our expected future earnings, cash flows, capital requirements, access to external financing, debt structure and any adjustments thereto, operational and financial investment strategy and general financial condition, as well as general business conditions.

Share Repurchase Program. On April 18, 2024, our board of directors authorized us to repurchase up to \$1.00 billion of our outstanding common stock. As of November 30, 2024, there was \$700.0 million of remaining availability under this share repurchase authorization. In the 2025 first nine months, we repurchased 7.8 million shares of our common stock at a total cost of \$438.5 million. Repurchases under the authorization may occur periodically through open market purchases, privately negotiated transactions or otherwise, with the timing and amount at management's discretion and dependent on market, business and other conditions. This share repurchase authorization will continue in effect until fully used or earlier terminated or suspended by our board of directors, and does not obligate us to purchase any shares. As of August 31, 2025, there was \$261.5 million of remaining availability under this share repurchase authorization.

As of the date of this report, and as stated above, we believe we have adequate capital resources and sufficient access to external financing sources to satisfy our current and reasonably anticipated requirements for funds to conduct our operations and meet other needs in the ordinary course of our business. For the 2025 fourth quarter, we expect to use or redeploy our cash resources or cash borrowings under the Credit Facility to support our business within the context of prevailing market conditions. During this time, we may also engage in capital markets, bank loan, project debt or other financial transactions, including the repurchase of debt or equity securities 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 Credit Facility or the LOC 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 or loans to mature or expire. Our ability to engage in such transactions may be constrained by volatile or tight economic, capital, credit and/or financial market conditions or other factors, including those described below under “Outlook,” and/or our liquidity, leverage and net worth, and we can provide no assurance as to successfully completing, the costs of, or the operational limitations arising from any one or series of such transactions.

Supplemental Guarantor Financial Information

As of August 31, 2025, we had \$1.34 billion in aggregate principal amount of outstanding senior notes, \$250.0 million of borrowings outstanding under the Credit Facility and \$360.0 million in aggregate principal amount of borrowings outstanding under the Term Loan. Our obligations to pay principal and interest on the senior notes and borrowings, if any, under the Credit Facility and the Term Loan are guaranteed on a joint and several basis by our Guarantor Subsidiaries. Our other subsidiaries, including all of our subsidiaries associated with our financial services operations, do not guarantee any such indebtedness (collectively, “Non-Guarantor Subsidiaries”), although we may cause a Non-Guarantor Subsidiary to become a Guarantor Subsidiary if we believe it to be in our or the relevant subsidiary’s best interest. See Note 14 – Notes Payable in the Notes to Consolidated Financial Statements in this report for additional information regarding the terms of our senior notes, the Credit Facility and the Term Loan.

The guarantees are full and unconditional, and the Guarantor Subsidiaries are 100% owned by us. The guarantees are senior unsecured obligations of each of the Guarantor Subsidiaries and rank equally in right of payment with all unsecured and unsubordinated indebtedness and guarantees of such Guarantor Subsidiaries. The guarantees are effectively subordinated to any secured indebtedness of such Guarantor Subsidiaries to the extent of the value of the assets securing such indebtedness, and structurally subordinated to indebtedness and other liabilities of Non-Guarantor Subsidiaries.

Pursuant to the terms of the indenture governing the senior notes and the terms of the Credit Facility and the Term Loan, if any of the Guarantor Subsidiaries ceases to be a “significant subsidiary” as defined by Rule 1-02 of Regulation S-X using a 5% rather than a 10% threshold (provided that the assets of our Non-Guarantor Subsidiaries do not in the aggregate exceed 10% of an adjusted measure of our consolidated total assets), it will be automatically and unconditionally released and discharged from its guaranty of the senior notes, the Credit Facility and the Term Loan so long as all guarantees by such Guarantor Subsidiary of any other of our or our subsidiaries’ indebtedness are terminated at or prior to the time of such release.

The following tables present summarized financial information for KB Home and the Guarantor Subsidiaries on a combined basis, excluding unconsolidated joint ventures and after the elimination of (a) intercompany transactions and balances between KB Home and the Guarantor Subsidiaries and (b) equity in earnings from and investments in the Non-Guarantor Subsidiaries. See Note 9 – Investments in Unconsolidated Joint Ventures in the Notes to Consolidated Financial Statements in this report for additional information regarding our unconsolidated joint ventures.

Summarized Balance Sheet Data (in thousands)	August 31, 2025	November 30, 2024
Assets		
Cash	\$ 274,523	\$ 543,233
Inventories	5,240,220	4,981,097
Amounts due from Non-Guarantor Subsidiaries	520,833	500,321
Total assets	6,672,704	6,657,479
Liabilities and Stockholders’ Equity		
Notes payable	\$ 1,943,582	\$ 1,691,679
Amounts due to Non-Guarantor Subsidiaries	420,888	382,356
Total liabilities	3,133,492	2,928,169
Stockholders’ equity	3,539,212	3,729,310

Summarized Statement of Operations Data (in thousands)	Nine Months Ended August 31, 2025
Revenues	\$ 4,107,293
Construction and land costs	(3,291,449)
Selling, general and administrative expenses	(446,500)
Interest income from Non-Guarantor Subsidiaries	25,865
Pretax income	399,679
Net income	307,879

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires the use of judgment in the application of accounting policies and estimates of uncertain matters. There have been no significant changes to our critical accounting policies and estimates during the nine months ended August 31, 2025 from those disclosed in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of our Annual Report on Form 10-K for the year ended November 30, 2024.

Recent Accounting Pronouncements

There are no recent accounting pronouncements that are expected to have a material impact on our consolidated financial statements.

Outlook

We continue to view the long-term outlook for the housing market favorably, based on demographic trends and the continued undersupply of homes. While market conditions were softer in the first three quarters of 2025 relative to the corresponding year-earlier periods, demand stabilized in the third quarter, which was sustained as the quarter progressed along with a moderation in mortgage interest rates. Looking ahead to the fourth quarter, we expect ongoing affordability concerns and cautious consumer sentiment to continue to temper housing demand. At the same time, we are encouraged by the moderation in mortgage interest rates in the third quarter and believe that continued moderation, if it occurs, should support greater demand for homeownership by improving affordability.

Reflecting the prevailing environment, despite a steady level of traffic in our communities, we experienced year-over-year decreases in our 2025 third quarter net orders of 4%, ending backlog of 24% and ending backlog value of 32%. The value of our net orders for the 2025 third quarter was down 15% year over year driven by the decline in net orders and an 11% decrease in their average selling price to \$445,600, largely due to price reductions we implemented beginning in mid-February 2025 as part of our strategic focus on delivering the most compelling value to our buyers through pricing transparency and a simplified sales approach. We expect these price reductions to moderate our overall average selling price and housing gross profit margin on homes delivered for the 2025 fourth quarter.

In navigating the current environment, we intend to remain nimble, balancing pace and price at the community level to optimize our assets for the highest possible returns. In executing on this approach in the fourth quarter, which is a seasonally inelastic demand period in which other builders have typically pursued aggressive, incentive-oriented sales strategies, we plan to focus on generating net orders that maximize margins, returns and cash flow over volume. We will also emphasize our Built to Order homes while continuing to sell through our inventory. Our Built to Order homes are our core competency, a key competitive differentiator, and, particularly with the significant reduction in our build times since 2024, an appealing proposition to buyers.

In the 2025 fourth quarter, we expect to continue to invest in and develop land positions within attractive submarkets and acquire or control additional land that meets our investment standards, depending significantly on market conditions and available opportunities. However, given our existing land pipeline, since the 2025 second quarter, we have been scaling back our investments in land and land development to align with current conditions. As a result, we anticipate a year-over-year decrease in our land-related investments in the 2025 fourth quarter. Additionally, we intend to continue to prioritize capital efficiency, developing lots where possible in smaller phases and balancing development with our starts pace to manage our inventory of finished lots.

At the same time, and consistent with our balanced approach to capital allocation, we plan to continue returning capital to our stockholders, primarily through additional share repurchases. As of August 31, 2025, we had \$261.5 million of remaining availability under our current board of directors share repurchase authorization. This provides us the opportunity to repurchase

our common stock in the 2025 fourth quarter, with the pace, volume and timing based on considerations of our operating cash flow, liquidity outlook, land investment opportunities and needs, the market price of our common stock, and the housing market and general economic conditions. Subject to these factors, we expect to repurchase between \$50.0 million and \$150.0 million of our common stock in our 2025 fourth quarter, and to continue repurchases in our 2026 fiscal year.

Considering the foregoing, we have revised our projections for 2025 that were made in our Quarterly Report on Form 10-Q for the quarterly period ended May 31, 2025. Our present outlook for the 2025 fourth quarter and the 2025 full year as to certain metrics is as follows:

2025 Fourth Quarter

- We expect to generate housing revenues in the range of \$1.60 billion to \$1.70 billion, compared to \$1.99 billion for the corresponding 2024 period, and anticipate our average selling price to be between \$465,000 and \$475,000, compared to \$501,000 in the year-earlier period.
- We expect our homebuilding operating income margin as a percentage of revenues to be in the range of 8.5% to 8.9%, assuming no inventory-related charges, compared to 11.5% for the year-earlier quarter.
 - We expect our housing gross profit margin will be in the range of 18.0% to 18.4%, assuming no inventory-related charges, compared to 20.9% for the corresponding 2024 quarter.
 - We expect our selling, general and administrative expenses as a percentage of housing revenues to be in the range of 9.3% to 9.7%, compared to 9.4% for the 2024 fourth quarter.
- We expect our effective tax rate will be approximately 23.0%, compared to 23.1% for the year-earlier quarter.

2025 Full Year

- We expect our housing revenues to be in the range of \$6.10 billion to \$6.20 billion, compared to \$6.90 billion for 2024.
- We expect our average selling price will be approximately \$483,000, compared to \$486,900 for 2024.
- We expect our homebuilding operating income margin as a percentage of revenues to be approximately 8.9%, assuming no inventory-related charges, compared to 11.1% for 2024.
 - We expect our housing gross profit margin to be in the range of 19.2% to 19.3%, assuming no inventory-related charges, compared to 21.1% for 2024.
 - We expect our selling, general and administrative expenses as a percentage of housing revenues to be in the range of 10.2% to 10.3%, compared to 10.0% for 2024.
- We expect our effective tax rate will be approximately 23.0%, essentially the same as 2024.
- We expect our ending community count to be approximately 260, compared to 258 for 2024.

In addition to factors discussed elsewhere in this report, our future performance and the strategies we implement (and adjust or refine as necessary or appropriate) will depend significantly on prevailing economic, employment, homebuilding industry and capital, credit and financial market conditions and on a fairly stable and constructive political and regulatory environment (particularly in regard to housing and mortgage loan financing policies). This includes U.S. trade policy and recently implemented and proposed tariffs, and other countries' countervailing measures, on raw building materials, such as steel, lumber, drywall and concrete, and/or finished products. Though certain tariffs and countervailing measures instituted in 2025 have influenced pricing in adjacent sectors, we have not experienced significant cost increases or raw material/finished product availability constraints as of the date of this filing. However, if the U.S. or foreign governments take actions that cause tariff-related cost or availability pressures to escalate or expand, we could experience significant construction cost increases and/or supply chain disruptions that, in turn, would impact our business and our consolidated financial statements in future reporting periods. Additionally, while the Federal Reserve reduced interest rates in September 2025, and may lower rates further in 2025 or later periods, we cannot provide any assurance it will or that any interest rate reduction(s), or other monetary policy changes, will positively affect demand or our business, results of operations or consolidated financial statements. The potential extent and effect of these and other factors on our business is highly uncertain, unpredictable and outside our control, and our past performance, including in the three months and nine months ended August 31, 2025, should not be considered indicative of our future results on any metric or set of metrics, including, but not limited to, our net orders, backlog, revenues, margins and returns.

Forward-Looking Statements

Investors are cautioned that certain statements contained in this report, as well as some statements by us in periodic press releases and other public disclosures and some oral statements by us to securities analysts, stockholders and others during presentations, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”). Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “estimate,” “hope,” and similar expressions constitute forward-looking statements. In addition, any statements that we may make or provide concerning future financial or operating performance (including without limitation future revenues, community count, homes delivered, net orders, selling prices, sales pace per new community, expenses, expense ratios, housing gross profits, housing gross profit margins, earnings or earnings per share, or growth or growth rates), future market conditions, future interest rates, and other economic conditions, ongoing business strategies or prospects, future dividends and changes in dividend levels, the value of our backlog (including amounts that we expect to realize upon delivery of homes included in our backlog and the timing of those deliveries), the value of our net orders, potential future asset acquisitions and the impact of completed acquisitions, future share issuances or repurchases, future debt issuances, repurchases or redemptions and other possible future actions are also forward-looking statements as defined by the Act. Forward-looking statements are based on our current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about our operations, economic and market factors, and the homebuilding industry, among other things. These statements are not guarantees of future performance, and we have no specific policy or intention to update these statements. If we update or revise any such statement(s), no assumption should be made that we will further update or revise that statement(s) or update or revise any other such statement(s). In addition, forward-looking and other statements in this report and in other public or oral disclosures that express or contain opinions, views or assumptions about market or economic conditions; the success, performance, effectiveness and/or relative positioning of our strategies, initiatives or operational activities; and other matters, may be based in whole or in part on general observations of our management, limited or anecdotal evidence and/or business or industry experience without in-depth or any particular empirical investigation, inquiry or analysis.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The most important risk factors that could cause our actual performance and future events and actions to differ materially from such forward-looking statements include, but are not limited to, the following:

- general economic, employment and business conditions;
- population growth, household formations and demographic trends;
- conditions in the capital, credit and financial markets;
- our ability to access external financing sources and raise capital through the issuance of common stock, debt or other securities, and/or project financing, on favorable terms;
- the execution of any securities repurchases pursuant to our board of directors’ authorization;
- material and trade costs and availability, including the greater costs associated with achieving current and expected higher standards for ENERGY STAR certified homes, and delays related to state and municipal construction, permitting, inspection and utility processes, which have been disrupted by key equipment shortages;
- consumer and producer price inflation;
- changes in interest rates, including those set by the Federal Reserve, and those available in the capital markets or from financial institutions and other lenders, and applicable to mortgage loans;
- our debt level, including our ratio of debt to capital, and our ability to adjust our debt level and maturity schedule;
- our compliance with the terms of the Credit Facility and the Term Loan;
- the ability and willingness of the applicable lenders and financial institutions, or any substitute or additional lenders and financial institutions, to meet their commitments or fund borrowings, extend credit or provide payment guarantees to or for us under the Credit Facility or LOC Facility;
- volatility in the market price of our common stock;
- our obtaining adequate levels of affordable insurance for our business and our ability to cover any incurred costs, liabilities or losses that are not covered by the insurance we have procured or that are due to our deciding not to procure certain types or amounts of insurance coverage;
- home selling prices, including our homes’ selling prices, being unaffordable relative to consumer incomes;

- weak or declining consumer confidence, either generally or specifically with respect to purchasing homes;
- competition from other sellers of new and resale homes;
- weather events, significant natural disasters and other climate and environmental factors, such as a lack of adequate water supply to permit new home communities in certain areas;
- any failure of lawmakers to agree on a budget or appropriation legislation to fund the federal government's operations (also known as a government shutdown), and financial markets' and businesses' reactions to any such failure;
- regulatory instability associated with the current U.S. presidential administration, and the impact on the economy or financial markets therefrom;
- government actions, policies, programs and regulations directed at or affecting the housing market (including the tax benefits associated with purchasing and owning a home, and the standards, fees and size limits applicable to the purchase or insuring of mortgage loans by government-sponsored enterprises and government agencies, and the potential significant scaling back or ending of the federal conservatorship of the government-sponsored enterprises), the homebuilding industry, or construction activities;
- changes in existing tax laws or enacted corporate income tax rates, including those resulting from regulatory guidance and interpretations issued with respect thereto, such as IRS guidance regarding heightened qualification requirements for federal tax credits for building energy-efficient homes, and the potential accelerated phaseout of such tax credits in 2026;
- changes in U.S. trade policies, including the imposition of tariffs and duties on homebuilding materials and products, and related trade disputes with and retaliatory measures taken by other countries, and financial markets' and businesses' reactions to any such policies;
- disruptions in world and regional trade flows, economic activity and supply chains due to the military conflict and other attacks in the Middle East region and military conflict in Ukraine, including those stemming from wide-ranging sanctions the U.S. and other countries have imposed or may further impose on Russian business sectors, financial organizations, individuals and raw materials, the impact of which may, among other things, increase our operational costs, exacerbate building materials and appliance shortages and/or reduce our revenues and earnings;
- the adoption of new or amended financial accounting standards and the guidance and/or interpretations with respect thereto;
- the availability and cost of land in desirable areas and our ability to timely and efficiently develop acquired land parcels and open new home communities;
- impairment, land option contract abandonment or other inventory-related charges, including any stemming from decreases in the value of our land assets;
- our warranty claims experience with respect to homes previously delivered and actual warranty costs incurred;
- costs and/or charges arising from regulatory compliance requirements, including implementing state climate-related disclosure rules, or from legal, arbitral or regulatory proceedings, investigations, claims or settlements, including unfavorable outcomes in any such matters resulting in actual or potential monetary damage awards, penalties, fines or other direct or indirect payments, or injunctions, consent decrees or other voluntary or involuntary restrictions or adjustments to our business operations or practices that are beyond our current expectations and/or accruals;
- our ability to use/realize the net deferred tax assets we have generated;
- our ability to successfully implement our current and planned strategies and initiatives related to our product, geographic and market positioning, gaining share and scale in our served markets, through, among other things, our making substantial investments in land and land development, which, in some cases, involves putting significant capital over several years into large projects in one location, and in entering into new markets;
- our operational and investment concentration in markets in California;
- consumer interest in our new home communities and products, particularly from first-time homebuyers and higher-income consumers;
- our ability to generate orders and convert our backlog of orders to home deliveries and revenues, particularly in key markets in California, and the costs and margin impact we incur from any incentives or concessions we may provide to buyers to do so;

- our ability to successfully implement our business strategies and achieve any associated financial and operational targets and objectives, including those discussed in this report or in any of our other public filings, presentations or disclosures;
- income tax expense volatility associated with stock-based compensation;
- the ability of our homebuyers to obtain or afford homeowners and flood insurance policies, and/or typical or lender-required policies for other hazards or events, for their homes, which may depend on the ability and willingness of insurers or government-funded or -sponsored programs to offer coverage at an affordable price or at all;
- the ability of our homebuyers to obtain residential mortgage loans and mortgage banking services, which may depend on the ability and willingness of lenders and financial institutions to offer such loans and services to our homebuyers;
- the performance of mortgage lenders to our homebuyers;
- the performance of KBHS;
- the ability and willingness of lenders and financial institutions to extend credit facilities to KBHS to fund its originated mortgage loans;
- information technology failures and data security breaches;
- an epidemic, pandemic or significant seasonal or other disease outbreak, and the control response measures that international, federal, state and local governments, agencies, law enforcement and/or health authorities implement to address it, which may precipitate or exacerbate one or more of the above-mentioned and/or other risks, and significantly disrupt or prevent us from operating our business in the ordinary course for an extended period;
- widespread protests and/or civil unrest, whether due to political events, social movements or other reasons; and
- other events outside of our control.

Please see our Annual Report on Form 10-K for the year ended November 30, 2024 and other filings with the SEC for a further discussion of these and other risks and uncertainties applicable to our business.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our market risk since November 30, 2024, other than our \$250.0 million of cash borrowings outstanding under the Credit Facility as of August 31, 2025. As disclosed in Note 14 – Notes Payable in the Notes to Consolidated Financial Statements in this report, our Credit Facility is subject to interest rate changes as the borrowing rates are based on SOFR or a base rate, plus a spread that depends on our Leverage Ratio. For additional information regarding our market risk, refer to the “Quantitative and Qualitative Disclosures About Market Risk” section of our Annual Report on Form 10-K for the year ended November 30, 2024.

Item 4. Controls and Procedures

We have established disclosure controls and procedures to ensure that information we are required to disclose in the reports we file or submit under the Securities Exchange Act of 1934, as amended (“Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and accumulated and communicated to management, including our Chief Executive Officer (“Principal Executive Officer”) and Chief Financial Officer (“Principal Financial Officer”), as appropriate, to allow timely decisions regarding required disclosure. Under the supervision and with the participation of senior management, including our Principal Executive Officer and our Principal Financial Officer, we evaluated our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective as of August 31, 2025.

There have been no changes in our internal control over financial reporting during the quarter ended August 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of our legal proceedings, see Note 17 – Legal Matters in the Notes to Consolidated Financial Statements in this report.

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 November 30, 2024. However, we cannot provide any assurance that any such risk factor will not materialize.

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

The following table summarizes purchases of our own equity securities during the three months ended August 31, 2025 (dollars in thousands, except per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Dollar Value of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs (a)
June 1-30	—	\$ —	\$ —	\$ 450,000
July 1-31	2,135,092	56.20	119,999	330,001
August 1-31	1,164,407	58.79	68,461	261,540
Total	3,299,499	\$ 57.12	\$ 188,460	

- (a) On April 18, 2024, our board of directors authorized us to repurchase up to \$1.00 billion of our outstanding common stock. As of November 30, 2024, there was \$700.0 million of remaining availability under this share repurchase authorization. In the 2025 third quarter, we repurchased 3,299,499 shares of our common stock on the open market pursuant to this authorization at a total cost of \$188.5 million. As of August 31, 2025, we were authorized to repurchase up to \$261.5 million of our outstanding common stock.

Item 5. Other Information

None of our directors or executive officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarter ended August 31, 2025, as such terms are defined under Item 408(a) of Regulation S-K. Additionally, we did not adopt or terminate a Rule 10b5-1 trading arrangement during the quarter ended August 31, 2025.

Item 6. Exhibits

Exhibits

- 10.28 [Amended and Restated KB Home 2014 Equity Incentive Plan Performance-Based Restricted Stock Unit Award Agreement \(2025\).](#)
- 10.29 [Amended and Restated KB Home 2014 Equity Incentive Plan Restricted Stock Award Agreement \(2025\).](#)
- 22 [List of Guarantor Subsidiaries, filed as an exhibit to our Annual Report on Form 10-K for the year ended November 30, 2024 \(File No. 001-09195\), is incorporated by reference herein.](#)
- 31.1 [Certification of Jeffrey T. Mezger, Chairman and Chief Executive Officer of KB Home Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Robert R. Dillard, Executive Vice President and Chief Financial Officer of KB Home Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32.1 [Certification of Jeffrey T. Mezger, Chairman and Chief Executive Officer of KB Home 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 Robert R. Dillard, Executive Vice President and Chief Financial Officer of KB Home Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- 101.INS 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 (embedded within the Inline XBRL document and included in Exhibit 101).

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.

KB HOME
Registrant

Dated October 9, 2025 By: /s/ ROBERT R. DILLARD
Robert R. Dillard
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated October 9, 2025 By: /s/ WILLIAM R. HOLLINGER
William R. Hollinger
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

**AMENDED AND RESTATED KB HOME
2014 EQUITY INCENTIVE PLAN
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Performance-Based Restricted Stock Unit Award Agreement (“Agreement”) is made on [DATE] (“Grant Date”) by and between KB Home, a Delaware corporation (“Company”), and [NAME] (“Employee”). Capitalized terms used in this Agreement and not defined herein have the respective meanings given to them in the Amended and Restated KB Home 2014 Equity Incentive Plan (“Plan”).

A G R E E M E N T

1. Award. Subject to the terms of the Plan and this Agreement, the Company hereby awards to Employee (“Award”) a target number of [NUMBER] performance-based Restricted Stock Units (“Target Restricted Stock Units”). Except as otherwise set forth in the Plan or this Agreement, (i) the Award represents the right to receive a percentage of the Target Restricted Stock Units upon vesting thereof (“Award Shares”), with each Award Share representing the right to receive one (1) Share of Common Stock of the Company, and (ii) unless and until the Award has vested in accordance with the terms of this Agreement, Employee shall not have any right to the issuance or delivery of any Shares underlying the applicable Award Shares, any right as a stockholder with respect to such Shares, or any other consideration in respect of the Award or the applicable Award Shares. A copy of the Plan is attached hereto and/or is available upon request, and is made a part hereof.

2. Vesting and Delivery of Award. Subject to Section 3 below, a percentage of the Award will vest based on satisfaction of the performance conditions and the other terms set forth in Attachment A to this Agreement as determined by the Committee in its sole discretion, which determination will be made on a date (“Determination Date”) that is within the first sixty (60) days of the calendar year following the calendar year in which the Performance Period (as defined in Attachment A) ended, subject to Employee’s being employed from the Grant Date through to and including the Determination Date by the Company or any “subsidiary corporation” as defined in Section 424(f) of the Code and any applicable regulations promulgated thereunder or any other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Company (each, a “Subsidiary”). Subject to the terms of the Plan and this Agreement, the Shares corresponding to the percentage of the Award that vests hereunder shall be delivered directly or indirectly to Employee (or Employee’s estate or permitted beneficiary(ies) in the event of the Employee’s death) within thirty (30) days following the Determination Date; provided that Employee (or Employee’s estate or permitted beneficiary(ies)) has paid to the Company the amount of any applicable taxes the Company is required to withhold. At Employee’s (or Employee’s estate’s or permitted beneficiary(ies)’) discretion, Employee (or Employee’s estate or permitted beneficiary(ies)) may direct the Company to withhold Shares to satisfy any such tax withholding obligation.

3. Forfeiture of Award. Employee will immediately forfeit all rights, title and interests in and to any and all of the Award, without any consideration, that is unvested on the date Employee experiences a Termination of Service other than a Qualifying Termination (as defined below) or a Termination of Service as a result of Employee’s death or Disability (as defined below) or when Employee has attained the service-related condition in Section 3(a) below. Such forfeiture of the Award will also result in Employee immediately forfeiting any and all right to payment of any corresponding Dividend Equivalent (as defined in Section 4 below). The Committee, in its discretion, may accelerate the vesting under this Agreement for some or all of the Award at any time, subject to the limitations on acceleration set forth in the Plan. If and to the extent so accelerated, vesting will occur as of the date or upon the occurrence of the condition specified by the Committee.

(a) If Employee experiences a severance from employment with the Company and its Affiliates for any reason other than a leave of absence, termination for cause, death or Disability at such time as Employee is at least 55 years of age and has at least 15 consecutive years of service with the

Company, Employee will be eligible to receive the full Award Shares and Dividend Equivalent amount that Employee would otherwise be eligible to receive under Section 2 of this Agreement had Employee remained employed through the Determination Date; provided that, subject to applicable law, Employee will forfeit entirely such eligibility, without any consideration, if Employee (i) is employed in any capacity at any time prior to the Determination Date by a competitor of the Company, including without limitation any subsidiary or affiliate of any such competitor; or (ii) fails to render, as an independent advisor and not as an Employee or a Consultant, such advisory services to the Company (or any Affiliate) as shall reasonably be requested by the Company (or any Affiliate). The Company shall have the sole right to determine whether Employee has attained the service-related condition in the first sentence of this Section 3(a), whether Employee is employed by a competitor or any subsidiary or affiliate thereof, and whether Employee has failed to render requested advisory services.

(b) If Employee dies or becomes Disabled, Employee (or Employee's estate or permitted beneficiary(ies)) will be eligible to receive the applicable Award Shares and Dividend Equivalent amount that Employee would otherwise be eligible to receive under this Agreement had Employee remained employed through the Determination Date. "Disability" means (i) "disability" as defined in any employment agreement then in effect between Employee and the Company or applicable Subsidiary or (ii) if not defined therein, or if there shall be no such agreement, "disability" as defined in the long-term disability plan then maintained by the Company or the applicable Subsidiary, or (iii) if there shall be no plan, a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where such impairment causes Employee to be unable to perform in all material respects his or her duties and responsibilities to the Company or applicable Subsidiary or any substantially similar duties and responsibilities. The Company shall have the sole right to determine whether Employee's Termination of Service constitutes a Disability.

4. Crediting and Payment of Dividend Equivalents. Employee will be credited with an amount ("Dividend Equivalent") equal to the number of Target Restricted Stock Units multiplied by the amount per Share of any cash dividends declared by the Board on the outstanding Shares as and when declared with a record date during the period beginning on the Grant Date and ending on the Determination Date, or, if earlier, the date on which Employee forfeits any unvested Award. The Company will pay in cash to Employee an amount equal to the Dividend Equivalent credited to Employee multiplied by the ratio of (a) the applicable Award Shares Employee is eligible to receive as determined pursuant to Attachment A and (b) the Target Restricted Stock Units, as promptly as may be practicable, but, in any event, no later than the 15th day of the third month following the end of the first taxable year in which the Determination Date occurs.

5. Additional Terms and Adjustments; Cancellation and Replacement.

(a) This Award is made subject to all of the terms and conditions of the Plan, including without limitation any terms, rules, or determinations made by the Committee pursuant to its authority under the Plan and Plan provisions on adjustment of awards, non-transferability, satisfaction of tax requirements and compliance with other laws.

(b) This Award may be canceled or replaced with a revised award at any time if the Company determines that this Award was granted in error or that this Agreement contains an error. If such determination is made, upon notice by the Company, all of Employee's rights and all of the Company's obligations as to any unvested portion of this Award shall immediately terminate. If the Company replaces this Award with a revised award, then Employee will solely have the benefits conferred under the revised award when and as such revised award is effective.

6. Additional Restrictions. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales or other transfers of any applicable Award Shares, including without limitation (a) restrictions under an insider trading or

other Company policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Employee and others following a public offering of the Company's securities, (c) stock ownership or holding requirements and (d) the required use of a specified brokerage firm for such resales or other transfers. The Award Shares may not be sold, pledged, assigned or transferred in any manner other than as permitted by the Plan.

7. **California Law.** This Agreement will be construed, administered and enforced in accordance with the laws of the State of California.

8. **Compliance With Laws.** Employee acknowledges that the Plan and this Agreement are subject to compliance with all applicable laws and regulations, the rules of any Securities Exchange, and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The applicable Award Shares will be subject to such restrictions, and Employee will, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements.

9. **Entire Agreement.** This Agreement sets forth the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and supersedes all prior and contemporaneous oral and written agreements and understandings relating to such subject matter. Employee agrees to be bound by the terms and conditions of this Agreement and of the Plan, and that in the event of any conflict between this Agreement and the terms of the Plan, the terms of the Plan will prevail. All designations, determinations, interpretations, and other decisions under or with respect to this Agreement or the Award will be within the sole discretion of the Committee, may be made at any time and will be final, conclusive, and binding upon all persons, including, but not limited to, the Company, any Subsidiary, Employee, any stockholder and any employee of the Company or any Subsidiary. EMPLOYEE ACKNOWLEDGES AND AGREES THAT THE COMMITTEE SHALL ADMINISTER THIS AGREEMENT AND THE AWARD, AND THAT EMPLOYEE IS BOUND BY, AND THE AWARD IS SUBJECT TO, ANY TERMS, RULES OR DETERMINATIONS MADE BY THE COMMITTEE.

10. **Non-Transferability.** The Award may not be sold, pledged, assigned or transferred in any manner other than as permitted by the Plan.

11. **No Obligation.** Neither the execution and delivery of this Agreement nor the issuance of the Award or any Shares will confer upon Employee any right to be employed or engaged in any capacity by the Company or any Subsidiary, or to continue in such employment or engagement, or will interfere with or restrict in any way the rights of the Company and any Subsidiary, which rights are hereby expressly reserved, to discharge Employee at any time.

12. **Notice.** Any notice given hereunder to the Company will be addressed to the Company at its corporate headquarters, attention Senior Vice President and Chief Human Resources Officer, and any notice given hereunder to Employee will be addressed to Employee at Employee's address as shown on the records of the Company.

13. **Section 409A.** This Agreement will be interpreted in accordance with Section 409A of the Code, to the extent applicable, including without limitation any Treasury Regulations or other Department of Treasury guidance that may be issued or amended after the date hereof, and will not be amended or modified in any manner that would cause this Agreement to violate the requirements of Section 409A. If, following the date hereof, the Committee determines that the Award may be subject to Section 409A, including such Department of Treasury guidance as may be issued after the date hereof, then either (a) the Company will cause Shares and any Dividend Equivalent amount be delivered pursuant to Sections 2 and 4 above no later than 15th day of the third month following the end of the calendar year which includes the end of the Performance Period, or (b) the Committee may, in its discretion, adopt such amendments to this Agreement or adopt such other policies and procedures (including amendments, policies and

procedures with retroactive effect), or take any other actions, as the Committee determines are necessary or appropriate, to (i) exempt the Award from Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A. Notwithstanding anything to the contrary in the Plan or in this Agreement, Employee agrees that Employee (or Employee's estate or permitted beneficiary(ies)) will be solely responsible for the satisfaction of all taxes, interest and penalties that may be imposed on Employee or for Employee's account in connection with this Award (including, without limitation, any taxes, interest and penalties under Section 409A), and neither the Company nor its Affiliates will have any obligation to reimburse, indemnify or otherwise hold Employee (or Employee's estate or permitted beneficiary(ies)) harmless from any or all of such taxes, interest or penalties.

14. Rescission; Recovery. This Agreement and the Award will be subject to rescission by the Company if an original of this Agreement executed by Employee is not received by the Company within four weeks of the Grant Date. In addition, Employee acknowledges the Award and any Award Shares and Dividend Equivalent are subject to, as the Committee determines, cancellation, recoupment, rescission, payback, offset, deduction or other recovery action by the Company under any applicable Company compensation recovery policy(ies), as it (they) may be amended from time to time.

15. Term. Upon forfeiture of all of Employee's rights, title, and interests in and to any and all of the Award pursuant to Section 3 above, this Agreement will terminate and be of no further force or effect.

16. Effect of Change of Ownership.

(a) If Employee is (1) a participant under the Company's Change in Control Severance Plan; or (2) is a participant under any other Company plan or policy (either, a "Policy"), or is party to a written agreement with the Company, providing for the acceleration of the vesting of, or the lapsing of restrictions with respect to, any compensatory equity award upon a Change of Ownership, Employee acknowledges and agrees that notwithstanding the terms of the Change in Control Severance Plan or of any other such Policy or written agreement, which terms Employee hereby waives to the extent set forth in this Section 16, the vesting of the Award will not accelerate upon a Change of Ownership if (i) the Company is the surviving company and remains publicly traded, or the surviving company (if not the Company) assumes the Award and is publicly traded, and (ii) the post-Change of Ownership Fair Market Value of the Award (inclusive of Award Shares and Dividend Equivalent) payable upon vesting (such value to be computed immediately after the Change of Ownership) is at least equal to the Award's "Adjusted Value" immediately before the Change of Ownership; provided, that if within the 18-month period following the Change of Ownership Employee experiences an involuntary Termination of Service without cause or a voluntary Termination of Service for good reason (either, a "Qualifying Termination"), the vesting of the Award will accelerate in full upon the effective date of any such Qualifying Termination as set forth in this Section 16. If a Change of Ownership occurs within one (1) year of the beginning of the Performance Period, the Award's "Adjusted Value" equals 100% of the value as of the Change of Ownership of the Target Restricted Stock Units and Dividend Equivalent (with the applicable Determination Date for Dividend Equivalent being the effective date of the Change of Ownership). If a Change of Ownership occurs after the first year of the Performance Period, the Award's "Adjusted Value" equals the value as of the Change of Ownership of the percentage of Award Shares and Dividend Equivalent (with the applicable Determination Date for Dividend Equivalent being the effective date of the Change of Ownership) payable to Employee as calculated in accordance with Attachment A, with the applicable Performance Period being deemed to have run until the end of the fiscal quarter immediately preceding the effective date of the Change of Ownership ("Adjusted Performance Period"), and for each metric set forth in Attachment A described to be measured or computed on a cumulative basis for the full original Performance Period, such metric will be calculated on a prorated basis equal to the length of the Adjusted Performance Period. If a Change of Ownership occurs prior to the beginning of the Performance Period, the Award will not vest and no amount will be payable to Employee under this Agreement. In addition, for these purposes, "good reason" and "cause" will have the definitions (A) as

set forth in the Company's Change in Control Severance Plan, or (B) as set forth in any Policy under which Employee is a participant or in a written agreement to which Employee is party if such Policy or such written agreement came into effect after the original effective date of the Company's Change in Control Severance Plan.

(b) If there is a Change of Ownership that results in the acceleration of the vesting of the Award, including as a consequence of a Qualifying Termination, Employee shall be entitled to receive, subject to the terms of Sections 3 and 6 above, the Adjusted Value of the Award as set forth in Section 16(a) above.

(c) If prior to a Change of Ownership that occurs before the Performance Period ends Employee has died, become Disabled or met the service-related vesting condition in Section 3(a) above (i) the effective date of the Change of Ownership shall be treated as the Determination Date for purposes of Section 3(a) and Section 3(b) above, respectively; (ii) the end of the fiscal quarter immediately preceding the effective date of the Change of Ownership shall be treated as the end of the Performance Period for purposes of Section 3(a) above; and (iii) the Award (inclusive of Award Shares and Dividend Equivalent) payable to Employee shall otherwise be computed pursuant to Section 16(b) above and, subject to the terms of Section 6 above, paid to Employee (or Employee's estate or permitted beneficiary(ies)) within thirty (30) days following the Determination Date established in (i) of this Section 16(c).

(d) By executing this Agreement and accepting the Award, Employee acknowledges and agrees that Employee is providing Employee's express consent that (1) upon a Change of Ownership, the treatment of the Award shall be governed solely by this Section 16, which shall supersede and replace any vesting or restriction lapsing acceleration provisions that might apply to the Award in connection with a Change of Ownership under the Change in Control Severance Plan, or under any Policy under which Employee is a participant or in a written agreement to which Employee is a party, whether in existence currently or entered into in the future, unless a future arrangement or agreement specifically amends the terms of this Agreement; and (2) this Agreement shall override, amend and take precedence over any integration or entire agreement provisions in the Change in Control Severance Plan, under any Policy under which Employee is a participant or in a written agreement to which Employee is a party, in each case, as in effect on the Grant Date.

17. General. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to Employee or the Award, or would disqualify the Award under any law deemed applicable by the Committee, such provision will be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Agreement, such provision will be stricken as to such jurisdiction, and the remainder of this Agreement will remain in full force and effect. Headings are given to the Sections and subsections of this Agreement solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision thereof and, in the event of any conflict, the text of this Agreement, rather than such titles or headings, will control.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, and Employee have executed this Agreement as of the Grant Date.

KB HOME

By: Jeffrey T. Mezger
Chief Executive Officer

EMPLOYEE:

By: _____
[NAME]

Date: _____

Attachment A

**AMENDED AND RESTATED KB HOME
2014 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

This Restricted Stock Agreement (“Agreement”) is made on [DATE] (“Award Date”) by and between KB Home, a Delaware corporation (“Company”), and [NAME] (“Holder”). Capitalized terms used in this Agreement and not defined herein have the respective meanings given to them in the Amended KB Home 2014 Equity Incentive Plan (“Plan”).

A G R E E M E N T

1. Award. Subject to the terms of the Plan and this Agreement, the Company hereby awards to Holder an aggregate of [SHARES #] shares of Common Stock of the Company (“Award”). Except as provided in this Agreement, the shares of Common Stock subject to the Award (“Award Shares”) cannot be transferred in any manner. A copy of the Plan is attached hereto and/or is available upon request, and is made a part hereof.

2. Lapse of Transferability Restrictions (Vesting of Award). Subject to Section 3 and Section 4 below, the transferability restrictions imposed by this Agreement and the Plan on the Award Shares will lapse, and, subject to Section 7 below, the Award Shares will become freely tradable, according to the following vesting schedule:

On		Shares Subject to Lapse of Transferability Restrictions
October 25, XXXX		33 1/3% of Grant
October 25, XXXX	an additional	33 1/3% of Grant
October 25, XXXX	an additional	33 1/3% of Grant

3. Forfeiture of Award Shares. Holder will immediately forfeit all rights, title and interests in and to all Award Shares, without any consideration, that are subject to transferability restrictions under this Agreement on the date Holder experiences a Termination of Service other than a Qualifying Termination (as defined below), or a Termination of Service as a result of Holder’s death or Disability (as defined below).

(a) If Holder’s Termination of Service is due to Holder’s death or Disability, the transferability restrictions imposed by this Agreement and the Plan on the Award Shares will lapse, and, subject to Section 7 below, the Award Shares will become freely tradable on the date of such event.

(b) “Disability” means (i) “disability” as defined in any employment agreement then in effect between Holder and the Company or applicable Affiliate or (ii) if not defined therein, or if there shall be no such agreement, “disability” as defined in the long-term disability plan then maintained by the Company or the applicable Affiliate, or (iii) if there shall be no plan, a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where such impairment causes Holder to be unable to perform in all material respects his or her duties and responsibilities to the Company or applicable Affiliate or any substantially similar duties and responsibilities. The Company shall have the sole right to determine whether Holder’s Termination of Service constitutes a Disability.

4. Retirement Eligibility Vesting Acceleration. Notwithstanding any other provision of this Agreement, if Holder becomes retirement-eligible, as defined below, the transferability restrictions imposed by this Agreement and the Plan on any then-unvested Award Shares will lapse, and, subject to Section 7 below, such Award Shares will become freely tradable on such eligibility date.

(a) To be “retirement-eligible” means Holder is at least 55 years of age and has at least 15 consecutive years of service with the Company. For these purposes, the Company shall have the sole right to determine whether Holder is retirement-eligible.

(b) The Committee, in its discretion, may also accelerate the lapsing of the transferability restrictions under this Agreement for some or all of the Award Shares at any time, subject to the limitations on acceleration set forth in the Plan. If and to the extent so accelerated, the transferability restrictions will lapse as of the date or upon the occurrence of the condition specified by the Committee.

5. Delivery of Award Shares; Taxes. Subject to the Company’s right under the Plan to record Award Shares in the Company’s books in uncertificated form, the Company will deliver to Holder (or to Holder’s estate or permitted beneficiary(ies) in the event of Holder’s death) stock certificate(s) representing those Award Shares as to which transferability restrictions have lapsed in accordance with this Agreement as promptly as may be practicable, but, in any event, no later than sixty (60) days, after any such lapse, provided that Holder (or Holder’s estate or permitted beneficiary(ies)) has paid to the Company the amount of any taxes the Company is required to withhold in connection with any such lapse. At Holder’s (or Holder’s estate’s or permitted beneficiary(ies)’) discretion, Holder (or Holder’s estate or permitted beneficiary(ies)) may direct the Company to withhold Award Shares to satisfy any tax withholding obligation that may arise upon the lapse of transferability restrictions as provided under this Agreement. If Holder makes an election under Section 83(b) of the Code to be taxed with respect to the Award as of the Award Date rather than as of the date any transferability restrictions lapse or the date upon which Holder would otherwise be taxed under Section 83(a) of the Code, Holder must deliver a copy of such election to the Company promptly after filing such election with the Internal Revenue Service.

6. Dividends. Cash dividends or other cash distributions paid on or in respect of shares of Common Stock of the Company that are not restricted and are freely tradeable (“Unrestricted Shares”) will be equally and contemporaneously paid to Holder on or in respect of any Award Shares that are subject to transferability restrictions under this Agreement. In addition, any stock or other non-cash distributions issued on or in respect of Unrestricted Shares will be equally and contemporaneously issued on or in respect of such Award Shares, but will be held in escrow and will be subject to the transferability restrictions and forfeiture conditions imposed under this Agreement on Award Shares.

7. Additional Terms and Adjustments; Cancellation and Replacement.

(a) This Award is made subject to all of the terms and conditions of the Plan, including without limitation any terms, rules, or determinations made by the Committee pursuant to its authority under the Plan and Plan provisions on adjustment of awards, non-transferability, satisfaction of tax requirements and compliance with other laws.

(b) This Award may be canceled or replaced with a revised award at any time if the Company determines that this Award was granted in error or that this Agreement contains an error. If such determination is made, upon notice by the Company, all of Holder’s rights and all of the Company’s obligations as to any unvested portion of this Award shall immediately terminate. If the Company replaces this Award with a revised award, then Holder will solely have the benefits conferred under the revised award when and as such revised award is effective.

8. Additional Restrictions. The Company may impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales or other transfers of any Award Shares as to which transferability restrictions have lapsed as provided under this Agreement, including without limitation (a) restrictions under an insider trading or other Company policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Holder and others following a public offering of the Company’s securities, (c) stock ownership or holding requirements and (d) the required use of a specified brokerage firm for such resales or other transfers.

9. California Law. This Agreement will be construed, administered and enforced in accordance with the laws of the State of California.

10. Rescission; Recovery. This Agreement and the Award will be subject to rescission by the Company if an executed original of this Agreement executed by Holder is not received by the Company within four weeks of the Award Date. In addition, Holder acknowledges the Award and the Award Shares are subject to, as the Committee determines, cancellation, recoupment, rescission, payback, offset, deduction or other recovery action by the Company under any applicable Company compensation recovery policy(ies), as it (they) may be amended from time to time.

11. Compliance With Laws. Holder acknowledges that the Plan and this Agreement are subject to compliance with all applicable laws and regulations, the rules of any Securities Exchange, and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. The Award Shares shall be subject to such restrictions, and Holder shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements.

12. Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and supersedes all prior and contemporaneous oral and written agreements and understandings relating to such subject matter. Holder agrees to be bound by the terms and conditions of this Agreement and of the Plan, and that in the event of any conflict between this Agreement and the terms of the Plan, the terms of the Plan shall prevail. All designations, determinations, interpretations, and other decisions under or with respect to this Agreement or the Award will be within the sole discretion of the Committee, may be made at any time and will be final, conclusive, and binding upon all persons, including, but not limited to, the Company, any Subsidiary, Holder, any stockholder and any employee of the Company or any Affiliate. HOLDER ACKNOWLEDGES AND AGREES THAT THE COMMITTEE SHALL ADMINISTER THIS AGREEMENT AND THE AWARD, AND THAT HOLDER IS BOUND BY, AND THE AWARD IS SUBJECT TO, ANY TERMS, RULES OR DETERMINATIONS MADE BY THE COMMITTEE.

13. Non-Transferability. The Award may not be sold, pledged, assigned or transferred in any manner other than as permitted by the Plan.

14. No Obligation. Neither the execution and delivery of this Agreement nor the issuance of the Award shall confer upon Holder any right to be employed or engaged in any capacity by the Company or any Affiliate, or to continue in such employment or engagement, or shall interfere with or restrict in any way the rights of the Company and any Affiliate, which rights are hereby expressly reserved, to discharge Holder at any time.

15. Notice. Any notice given hereunder to the Company will be addressed to the Company at its corporate headquarters, attention Senior Vice President and Chief Human Resources Officer, and any notice given hereunder to Holder will be addressed to Holder at Holder's address as shown on the records of the Company.

16. Section 409A. The Award is intended to be outside the scope of Section 409A of the Code, and this Agreement shall be interpreted in a manner consistent with such intent. Notwithstanding anything to the contrary in the Plan or in this Agreement, Holder agrees that Holder (or Holder's estate or permitted beneficiary(ies)) shall be solely responsible for the satisfaction of all taxes, interest and penalties that may be imposed on Holder or for Holder's account in connection with this Award (including, without limitation, any taxes, interest and penalties under Section 409A), and neither the Company nor its Affiliates shall have any obligation to reimburse, indemnify or otherwise hold Holder (or Holder's estate or permitted beneficiary(ies)) harmless from any or all of such taxes, interest or penalties.

17. Term. Upon forfeiture of all of Holder's rights, title, and interests in and to any and all of the Award pursuant to Section 3 above, this Agreement will terminate and be of no further force or effect.

18. Effect of Change of Ownership. If Holder is (a) a participant under the Company's Change in Control Severance Plan; or (b) is a participant under any other Company plan or policy (either, a "Policy"), or is party to a written agreement with the Company, providing for the acceleration of the vesting of, or the lapsing of restrictions with respect to, any compensatory equity award upon a Change of Ownership, Holder acknowledges and agrees that notwithstanding the terms of the Change in Control Severance Plan or of any other such Policy or written agreement, which terms Holder hereby waives to the extent set forth in this Section 17, the transferability restrictions imposed on the Award will not lapse upon a Change of Ownership if (i) the Company is the surviving company and remains publicly traded, or the surviving company (if not the Company) assumes the Award and is publicly traded, and (ii) the post-Change of Ownership Fair Market Value of the number of Award Shares that may become freely tradable hereunder after the Change of Ownership (such value to be computed immediately after the Change of Ownership) is at least equal to the value immediately before the Change of Ownership; provided, that if within the 18-month period following the Change of Ownership Holder experiences an involuntary Termination of Service without cause or a voluntary Termination of Service for good reason (either, a "Qualifying Termination"), the transferability restrictions imposed on the Award will lapse in full, and, subject to the terms of Section 7 above, the Award Shares shall become freely tradable upon the effective date of any such Qualifying Termination. For these purposes, "good reason" and "cause" will have the definitions (A) as set forth in the Company's Change in Control Severance Plan, or (B) as set forth in any Policy under which Holder is a participant or in a written agreement to which Holder is party if such Policy or such written agreement came into effect after the original effective date of the Company's Change in Control Severance Plan. By executing this Agreement and accepting the Award, Holder acknowledges and agrees that Holder is providing Holder's express consent that (1) upon a Change of Ownership, the treatment of the Award shall be governed solely by this Section 17, which shall supersede and replace any vesting or restriction lapsing acceleration provisions that might apply to the Award in connection with a Change of Ownership under the Change in Control Severance Plan, or under any Policy under which Holder is a participant or in a written agreement to which Holder is a party, whether in existence currently or entered into in the future, unless a future arrangement or agreement specifically amends the terms of this Agreement; and (2) this Agreement shall override, amend and take precedence over any integration or entire agreement provisions in the Change in Control Severance Plan, under any Policy under which Holder is a participant or in a written agreement to which Holder is a party, in each case, as in effect on the Award Date.

19. General. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to Holder or the Award, or would disqualify the Award under any law deemed applicable by the Committee, such provision will be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Agreement, such provision will be stricken as to such jurisdiction, and the remainder of this Agreement will remain in full force and effect. Headings are given to the Sections and subsections of this Agreement solely as a convenience to facilitate reference. Such headings will not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision thereof and, in the event of any conflict, the text of this Agreement, rather than such titles or headings, will control.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, and Holder have executed this Agreement as of the Award Date.

KB HOME

By: Jeffrey T. Mezger
Chief Executive Officer

HOLDER:

By: _____
[NAME]

Date: _____

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey T. Mezger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of KB Home;
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 (the registrant's fourth fiscal quarter in the case of an annual report) 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.

Dated October 9, 2025

/s/ JEFFREY T. MEZGER

Jeffrey T. Mezger
Chairman and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert R. Dillard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of KB Home;
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 (the registrant's fourth fiscal quarter in the case of an annual report) 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.

Dated October 9, 2025

/s/ ROBERT R. DILLARD

Robert R. Dillard
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of KB Home (the "Company") on Form 10-Q for the period ended August 31, 2025 (the "Report"), I, Jeffrey T. Mezger, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated October 9, 2025

/s/ JEFFREY T. MEZGER
Jeffrey T. Mezger
Chairman and Chief Executive Officer
(Principal Executive Officer)

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

In connection with the Quarterly Report of KB Home (the "Company") on Form 10-Q for the period ended August 31, 2025 (the "Report"), I, Robert R. Dillard, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated October 9, 2025

/s/ ROBERT R. DILLARD
Robert R. Dillard
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)